



**GREAT YARMOUTH**  
BOROUGH COUNCIL

# Policy and Resources Committee

**Date:** Tuesday, 19 March 2019

**Time:** 18:30

**Venue:** Supper Room

**Address:** Town Hall, Hall Plain, Great Yarmouth, NR30 2QF

## **AGENDA**

**Open to Public and Press**

### **1 APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

### **2 DECLARATIONS OF INTEREST**

You have a Disclosable Pecuniary Interest in a matter to be discussed if it relates to something on your Register of Interests form. You must declare the interest and leave the room while the matter is dealt with.

You have a Personal Interest in a matter to be discussed if it affects

- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

You must declare a personal interest but can speak and vote on the matter.

Whenever you declare an interest you must say why the interest arises, so that it can be included in the minutes.



<b>3</b>	<b><u>MINUTES</u></b>	<b>4 - 8</b>
	To confirm the minutes of the meeting held on the 5 February 2019.	
<b>4</b>	<b><u>FORWARD PLAN</u></b>	<b>9 - 10</b>
	Report attached.	
<b>5</b>	<b><u>QUARTER 3 KEY PROJECTS AND PERFORMANCE REPORT</u></b>	<b>11 - 45</b>
	Report attached.	
<b>6</b>	<b><u>TOWN CENTRE BUSINESS RATES RELIEF</u></b>	<b>46 - 56</b>
	Report attached.	
<b>7</b>	<b><u>STATEMENT OF COMMUNITY INVOLVEMENT - ADDENDUM FOR NEIGHBOURHOOD PLANNING</u></b>	<b>57 - 66</b>
	Report attached.	
<b>8</b>	<b><u>2018/19 PERIOD 10 BUDGET MONITORING REPORT</u></b>	<b>67 - 101</b>
	Report attached.	
<b>9</b>	<b><u>INVESTMENT STRATEGY 2019/20</u></b>	<b>102 - 110</b>
	Report attached.	
<b>10</b>	<b><u>PROPERTY ACQUISITION &amp; DISPOSAL POLICY</u></b>	<b>111 - 142</b>
	Report attached.	
<b>11</b>	<b><u>COMPULSORY PURCHASE ORDER</u></b>	<b>143 - 147</b>
	Details	



- 12     **HMO AND GUESTHOUSE PURCHASE AND REPAIR SCHEME**     148 -  
155
- Report attached.
- 13     **ANY OTHER BUSINESS**
- To consider any other business as may be determined by the Chairman of the meeting as being of sufficient urgency to warrant consideration.
- 14     **EXCLUSION OF PUBLIC**
- In the event of the Committee wishing to exclude the public from the meeting, the following resolution will be moved:-
- "That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 1 of Part I of Schedule 12(A) of the said Act."
- 15     **CONFIDENTIAL APPENDIX - COMPULSORY PURCHASE ORDER**
- Details
- 16     **HMO AND GUESTHOUSE PURCHASE AND REPAIR SCHEME**
- CONFIDENTIAL APPENDIX**
- Details



# Policy and Resources Committee

## Minutes

Tuesday, 05 February 2019 at 18:30

Present : Councillor Plant (in the Chair); Councillors Annison, B Coleman, G Carpenter, Flaxman-Taylor, Grant, K Grey, Jeal, Smith, Wainwright, B Walker, Williamson and T Wright

Also in attendance : Mrs S Oxtoby (Chief Executive Officer), Ms K Watts (Strategic Director), Ms K Sly (Finance Director), Mr D Glason (Development Director), Mrs J Beck (Head of Property and Asset Management), Mrs C Whatling (Monitoring Officer), Mr J Clements (Strategic Planning Manager), Mr K Balls (Senior Strategic Planning Officer) and Mr S Ellwood (Interim Democratic Services Manager).

### **1 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **2 DECLARATIONS OF INTEREST**

Councillors B Coleman and B Williamson declared interests in the items relating to the South East Tower in their capacities as Members of the Great Yarmouth Preservation Trust, Councillor Jeal declared an interest in the item relating to the Budget report in his capacity as a Trustee of the First Move Furnishaid but all Councillors were allowed to speak and vote on the items.

### **3 MINUTES**

The minutes of the meeting held on 10 January were confirmed.



#### **4 FORWARD PLAN**

The Committee received and noted the items contained within the Forward Plan for the Policy and Resources Committee.

#### **5 TREASURY MANAGEMENT STRATEGY 2019/20**

The Committee considered the Finance Director's report on the Treasury Management Strategy 2019/20.

The Finance Director reported that the Council was required to determine annually the Treasury Management Strategy ,Annual Investment Strategy and Operational Boundary and Authorised Limits.

RESOLVED :

That Council be recommended to agree :-

(a) The Treasury Management Strategy for 2019/20

(b) The Annual Investment Strategy

(c) Operational Boundary and Authorised Limits

#### **6 2019-20 BUDGET REPORT**

The Committee considered the Finance Director's report in respect of the 2019/20 Budget along with the latest financial projections for the following 3 years to 2021-22. The report included details of the provisional financial settlement along with the Key Assumptions that had been made within the budget. Circulated at the meeting were revised Appendices A and F.

The Finance Director reported that the overall position shows a balanced position for 2019/20 after allowing a transfer from general reserves of £87,135.

The budget has been produced based on a number of assumptions as detailed within the Finance Director's report and also reflects the provisional finance settlement announced on the 13 December 2018. The final settlement is due to be announced early February and any amendments to the figures included in the report will be updated at the meeting as applicable and reflected in the Council Tax setting report to Council in February 2019.

The report also recommends an updated capital programme for the current and future years after allowing for slippage of schemes between financial years and approval for new capital bids and projects. The report outlines the risks facing the Council in setting the budget and forecasting future spending plans and resources.



RESOLVED :- That the Policy and Resources Committee recommend to Full Council the following :-

- (1) The 2019/20 general fund revenue budget as outlined at Appendix A of the Finance Director's report
- (2) The fees and charges as detailed at Appendix D in the Finance Director's report (in addition to those previously agreed in December 2018)
- (3) The Council Tax for 2019/20 for the Borough Council tax be £161.48 (for an average Band D)
- (4) That the demand on the Collection Fund for 2019/20 be:-
  - (a) £4,611,869 for the Borough Council purposes
  - (b) £429,723 for Parish Precepts
- (5) The statement of and movement on the reserves as detailed at Appendix F of the Finance Director's report.
- (6) The Policy Framework for reserves as detailed at Appendix G of the Finance Director's report.
- (7) The updated Capital Programme and financing for 2018/19 to 2019/20 as detailed at Appendix H of the Finance Director's report.
- (8) The additional capital budget of £75,000 for the Venetian Waterways project as detailed in the Finance Director's report.
- (9) The Capital Strategy for 2019/20 as set out in Appendix J in the Finance Director's report.
- (10) The Prudential Indicators and Minimum Revenue Provision Policy as detailed at Appendix K of the Finance Director's report.
- (11) That members note the current financial projections for the period 2020/21 to 2021/22.

## **7 DRAFT HALL QUAY PLANNING BRIEF - PUBLIC CONSULTATION**

The Committee considered the Head of Planning and Growth's report on the draft Hall Quay Planning brief which provides further detailed policy and guidance to unlock the future potential of Hall Quay as a new restaurant/cafe based area within Great Yarmouth Town Centre, as promoted by the Council's adopted Great Yarmouth Town Centre Masterplan (2017).

The Senior Strategic Planner (Policy) gave a presentation at the meeting outlining the planning brief purpose, policy context, planning considerations



and preparation timeline.

RESOLVED :

(1) That the Draft Hall Quay Planning Brief as attached to the report (together with supporting documentation) be endorsed for consultation.

(2) That the Director of Development be delegated authority to make minor amendments ie formatting, completion of appendices to the Draft Hall Quay Planning brief prior to consultation.

(3) That the consultation approach as set out in the report be endorsed.

## **8 UPDATE TO ADOPTED HABITATS MONITORING AND MITIGATION STRATEGY**

The Committee considered the Head of Planning and Growth's report on the Habitats Monitoring and Mitigation Strategy.

The Strategic Planning Manager reported that when the previous version of the Strategy had been adopted in 2018 it had been envisaged that a further review would be undertaken following consultation. This revised strategy was the result of that review. Two objections had been received to a policy in the draft Local Plan which related to the Strategy, but both were based on misunderstandings of the legal basis of the Strategy.

RESOLVED :

That the revised Habitats Monitoring and Mitigation Strategy as attached to the report be adopted.

## **9 THE SOUTH EAST TOWER**

The Committee considered the Head of Property and asset Management's report on the future management and repair of the South East Tower as holiday accommodation.

Confidential information was contained in the appendix included in the confidential part of the agenda. There were no questions from Members regarding the confidential appendix.

RESOLVED :

That the ownership of the South East Tower be transferred, with appropriate covenants, to the Great Yarmouth Preservation Trust for continued operation as holiday accommodation.



## **10 ANY OTHER BUSINESS**

There were no items of any other business.

The meeting ended at: 19:05



### Forward Plan for Policy & Resources Committee

	<b>Matter for Decision</b>	<b>Report by</b>	<b>Pre Agenda Meeting (PAM)</b>	<b>Policy &amp; Resources</b>	<b>Economic Development</b>	<b>Environment</b>	<b>Housing &amp; Neighbourhoods</b>	<b>Council</b>
1	Compulsory Purchase Order	Strategic Director (KW)	11/03/19	19/03/19				
2	GF Period 10 Budget Monitoring	Finance Director	11/03/19	19/03/19				
3	GY Town Centre Business Rates Relief report	Development Director	11/03/19	19/03/19				
4	Investment Strategy	Finance Director	11/03/19	19/03/19				
5	Property Disposal and Acquisition Policy	Housing Growth Manager	11/03/19	19/03/19			14/03/19	
6	Quarter 3 Performance Report	Strategic Director (KW)	11/03/19	19/03/19				
7	Statement of Community Involvement Addendum for Neighbourhood Planning	Principal Strategic Planner	11/03/19	19/03/19				
8	Crematorium Tea Room - Business Case for Capital	Head of Customer Services	03/06/19	11/06/19				
9	Equinox Enterprises update	Strategic Director (NS)	03/06/19	11/06/19				
10	Revenues Annual Debt Report	Head of Customer Services	03/06/19	11/06/19				
11	Revenues Write Off Report	Head of Customer Services	03/06/19	11/06/19				
12	RIPA Annual Usage Report 2019	Head of Organisational Development	03/06/19	11/06/19				
13	Sentinel Partnership Board - Six Monthly Report from Board	Strategic Director (KW)	03/06/19	11/06/19				
14	Annual Performance Report	Strategic Director (KW)	15/07/19	23/07/19				
15	Council Tax Reduction Scheme Options to Consult on	Head of Customer Services	15/07/19	23/07/19				



	<b>Matter for Decision</b>	<b>Report by</b>	<b>Pre Agenda Meeting (PAM)</b>	<b>Policy &amp; Resources</b>	<b>Economic Development</b>	<b>Environment</b>	<b>Housing &amp; Neighbourhoods</b>	<b>Council</b>
16	Endorsement of Revised Norfolk Strategic Planning Framework	Principal Strategic Planner	15/07/19	23/07/19				
17	North Quay Update	Development Director	15/07/19	23/07/19				
18	Council Tax Discounts Report	Head of Customer Services	18/11/19	26/11/19				19/12/19
19	Council Tax Reduction Scheme Report	Head of Customer Services	18/11/19	26/11/19				19/12/19
20	Council Taxbase Report	Head of Customer Services	18/11/19	26/11/19				19/12/19
21	Customer Services - Customer Care Standards	Head of Customer Services	TBC	TBC				
22	Housing System Capital Budget - Business Case for the Housing Management IT System Replacement	Housing Director	TBC	TBC				
23	Market Redevelopment - Options	Head of Property and Asset Management	TBC	TBC				
24	PRE CPE (Civil Parking Enforcement) Surplus Fund (NCC Ringfenced Great Yarmouth Funding)	Head of Customer Services	TBC	TBC				
25	Review of Corporate Plan	ELT	TBC	TBC				



Subject: Quarter 3 Key Project and Performance Report

Report to: Policy & Resources Committee – 19 March 2019

Report by: Strategic Director

### **SUBJECT MATTER/RECOMMENDATIONS**

The following gives an update on current performance for the third quarter of 2018/19 (Oct - Dec) where progress is assessed against targets which are set at the start of the financial year. Progress against targets is assessed by RAG (Red/Amber/Green) ratings and is also assessed in terms of Direction of Travel (DoT) through use of arrows.

The report also gives an update to the position of key projects that are linked to the corporate priorities from 'The Plan 2015-2020'. A summary of progress for the suite of key projects and individual highlight reports for each of these key projects are presented in Appendix 1 of this report.

The performance measures, see attached Appendix 2, give a comprehensive overview of how the authority as a whole is performing and cover most Council functions. This report highlights performance measures that have not achieved the target for this period and measures that do not have a target but are moving in the wrong direction. The report also highlights a number of measures that are showing exceptional performance against targets.

Measures have been separated into five headings consisting of the four service committees, with commentary at the end of each section highlighting those measures that outturns are below target or moving in the wrong direction.

The fifth section will only be reported to ELT as it contains measures that do not have targets but are reported for contextual information.

### **RECOMMENDATIONS**

The actions are:

- All measures to be monitored during the next quarter.
- All key projects will continue to be monitored over the next quarter with the aim of maintaining a green status and where possible attaining a green status for those key projects which are currently amber.

## **1. INTRODUCTION/BACKGROUND**

To consider all measures and key projects within the report and to continue to monitor throughout the year and report quarterly to Executive Leadership Team (ELT)/Management Team (MT). Performance measures will be presented to the relevant service committees on a quarterly basis with the complete suite going to



Policy & Resources Committee. The suite of nine new Key Projects will be reported to Policy & Resources Committee quarterly.

## 2. PROGRESS OVERVIEW OF KEY PROJECTS

A review of all projects was conducted at the end of the 2017/18 financial year and a new list of key projects was established and was included in the Council's Annual Action Plan 2018/19 which was approved by Policy & Resources Committee on 24 July 2018. Each highlight report details a summary of the project, milestones and achievements, alongside open issues, mitigation and a financial summary. Each report also has a current status, which can be green, amber or red. Out of the nine reports, seven have a current green status defined as no problems or minor issues.

The remaining two key projects have an amber status defined as having problems which have been identified but with a contingency plan in place.

	Key Project Current Status	Total
<b>G</b>	Green - no problems or minor issues	7
<b>A</b>	Amber - problems identified but contingency plan in place	2
<b>R</b>	Red – serious problems out of tolerance	0

The number of key projects showing green status has risen since Quarter 2, where there were six projects in the green status and three in amber.

**KP08** – Venetian Waterways and Boating Lake: This has been given an amber status as during the construction element of this project a number of unforeseen issues have been identified which has led to the capita contingency for this project being spent. The quantity surveyor for the project has undertaken a worst case scenario exercise and as a result a maximum of an additional £75,000 to the support the project has been requested and subsequently agreed as part of the budget setting process. It is hoped that this amount will not be fully spent.

**KP09** – Improving the Markets and the Market Place: This has been given an amber status because the planned redevelopment of the Market Place has been challenged by existing six-day market traders who have raised a number of concerns about the project. The Policy & Resources committee asked for a deferment on the decision surrounding the development of the market until all 32 of the six-day traders had been individually consulted with.

## 3. Performance Measures




### Performance Measures – Highlights

Performance measures cover the full range of services delivered by the Council. The details in the summary report provide quantitative information about the performance of these services and provide useful trend data. A traffic light status easily identifies if improvement is required.



Where performance is below the target level set (RAG rating) or where no target has been set performance is moving in the wrong directions (Direction of Travel), these measures are highlighted in the appropriate service committee section in the report.

Breakdown of the measures is shown below.

	Performance Measures against Targets	Total
	Green - Performance has met or exceeded target	36
	Amber - Performance is below target but within tolerance	13
	Red – Performance is below target and tolerance	4

The number of measures showing green status has risen from 32 in Quarter 2 to 36 in the current quarter. The number of measures in the red status remains at four.

The four measures that are within the Red status and are not achieving the target and below the tolerance level set are:

- PR10: Percentage of FOI and EIR requests responded to within 20 working days
- PR11: % of completed Interim Performance Reviews
- PR19: Corporate Property Portfolio Revenue Growth per annum
- HN09: Number of DFGs: Numbers of calendar days from initial request to works complete

The following areas of performance are brought to your attention:

#### **Improved performance:**

##### **1. Contact Centre telephone calls: Percentage of Contact Centre calls answered as a % of all calls offered (PR06) and Average wait time by customers contacting the Contact Centre (PR07)**

This reflects an increase in resource following a successful business plan for continuous improvements to Customer Services and the launch of the new Customer Service Charter in October 2018. This enables us to divert much needed resource to frontline services and provide a high quality service whilst still working to increase and encourage the use of transactional online services.

##### **2. Average Time to Re-let Local Authority Housing (HN03)**

Significant reduction in void property re-let times have been achieved through actions delivered from the void review led by Tenancy Services Manager. This process involved colleagues at the Council and GYN working together with an overall objective to reduce waiting times for applicants waiting for a new home. Key areas delivered included introduction of a comprehensive performance management system; new communication model and new void policy/improved void standard. This has been supported by GYN reducing property repair timescales.



## **Reduced performance:**

### **3. Percentage of FOI and EIR requests responded to within 20 working days (PR10)**

The actual performance during this quarter was 70.5%, which has resulted in the cumulative figure for the first nine months of 2018/19 to be 74.01%. New procedures have been introduced with full implementation expected to be completed during the final quarter of 2018/19. It is envisaged that once the new procedures are fully implemented and staff are fully trained on the new process then performance of this measure will improve.

### **4. Percentage of completed Interim Performance Reviews (PDRs) (PR11)**

The Interim PDR period for completing forms was 17 September to 17 December 2018. The low figure at this stage can be attributed primarily to the paperwork not being returned to HR within the deadlines. Managers have confirmed that the majority have been completed. All outstanding PDR's are expected to be completed by year end.

### **5. Corporate Property Portfolio Revenue Growth per annum (PR19)**

As reported in Quarter two the overall rental income is significantly above target but the revenue growth has reduced purely as a result of Market income, which has had a negative impact giving a revenue growth of 4.38%. It is anticipated that the Market income will be £53k lower than anticipated, this is a direct result of the reduction in the 2-day market rate for the 2018/19 financial year which has now been profiled as a result of the first quarter activity.

### **6. Number of Disabled Facilities Grant (DFGs): Numbers of calendar days from initial request to works complete (HN09)**

Performance has improved this quarter from the last quarter however it remains below target. As reported in Quarter two there continues to be delays with two areas of the process:-

- (i) the Occupational Therapist assessment and the recommendation for works and;
- (ii) the technical officer availability.

There continues to be a 0.4 fte vacancy for an Occupational Therapist within the team and Norfolk County Council is currently running a recruitment process. The technical officer resource is being monitored with caseloads being kept under review to determine whether the level of resource available needs to be re-evaluated.



## Data Quality note

All data included in this report for the current financial year is provisional unaudited data and is categorised as management information. All current in-year results may therefore be subject to later revision.

### 4. FINANCIAL IMPLICATIONS

None

### 5. RISK IMPLICATIONS

None

### 6. CONCLUSIONS

None

### 7. RECOMMENDATIONS

The actions are:

- All measures to be monitored during the next quarter
- All key projects will continue to be monitored over the next quarter with the aim of maintaining a green status and where possible attaining a green status for those key projects which are currently amber.

### 8. BACKGROUND PAPERS

None

*Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?*

Area for consideration	Comment
Monitoring Officer Consultation:	N/A
Section 151 Officer Consultation:	N/A
Existing Council Policies:	None
Financial Implications:	None
Legal Implications (including human rights):	None
Risk Implications:	None
Equality Issues/EQIA assessment:	N/A
Crime & Disorder:	N/A
Every Child Matters:	N/A



**KEY PROJECTS – SUMMARY REPORT QUARTER 3 2018/19 (OCT- DEC)****Key projects that impact on the corporate priorities in ‘The Plan 2015 – 2020’.**

Detailed commentary from each project lead is provided in the next section.

<b>Project</b>	<b>Project Lead</b>	<b>Lead ELT</b>	<b>Current Position</b>
<b>KP01</b> – Energy Park & South Denes Regeneration	Stuart Dawson	David Glason	<b>G</b>
<b>KP02</b> - Beacon Park Housing Development	Dawn Edwards	Neil Shaw	<b>G</b>
<b>KP03</b> –Middlegate Estate	Anthony Moore	Kate Watts	<b>G</b>
<b>KP04</b> – Licensing Programme for Private Sector Housing (Selective Licensing)	David Addy	Kate Watts	<b>G</b>
<b>KP05</b> – Wellesley Road Recreation Ground	Claire Sullivan	Kate Watts	<b>G</b>
<b>KP06</b> – Marina Centre	Michelle Burdett	Kate Watts	<b>G</b>
<b>KP07</b> – Winter Gardens	Michelle Burdett	Kate Watts	<b>G</b>
<b>KP08</b> – Venetian Waterways	Michelle Burdett	Kate Watts	<b>A</b>
<b>KP09</b> – Improving the Markets and the Market Place	David Helsdon	Kate Watts	<b>A</b>

<b>Key</b>	
<b>G</b>	<b>No problems or minor issues</b>
<b>A</b>	<b>Problems identified but contingency plan in place</b>
<b>R</b>	<b>Serious problems out of tolerance</b>



## PROJECT REPORT

<b>Project Name</b>	(KP01) Energy Park & South Denes Regeneration	<b>Date</b>	December 2018
<b>Project Manager</b>	Stuart Dawson	<b>Lead ELT Officer</b>	David Glason
<b>Status (delete as appropriate)</b>			<b>Green - no problems or only minor issues</b>

### Project Overview

The Great Yarmouth Energy Park was launched in late 2013 by the Great Yarmouth Development Company (a joint venture between GYBC & Norfolk County Council) and its purpose is to seek to regenerate the project area thereby targeted redevelopment and re-use of sites by private and public sectors, focusing on the energy industry.

The ambition is to secure inward investment to the area, to generate economic growth and improve the environment by redevelopment. The strategy is a reflection of the demand on the port area, in particular by the renewables sector. The Enterprise Zone status of the port area predicts a demand for sites that is likely to be higher than the supply within the port area creating a pressure on land adjacent to the port.

The Great Yarmouth Energy Park is complementary to the Enterprise Zone at the port.

The forecast arrival of the East Anglia Array, as well as other Round 2 (windfarm) Projects is a limited window of opportunity to secure inward investment to Great Yarmouth, with the supply chain and operations and maintenance requiring proximity to the windfarm and potentially both deep water harbour and river port access.

The strategy of the GYEP addresses the 'need' to regenerate the project area due to the outdated and generally run down appearance. The opportunity presented by the new economic activity has been the trigger.

Part funding for the project has been put in place by Norfolk County Council from the Norfolk Infrastructure Fund, this is recorded by the NIF Annual report dated 3 March 2014 where it is decided to support the project to £2.75m. The remaining funding, £250,000, will come from Great Yarmouth Borough Council from its capital reserves

<b>Key Project Targets and Achievements</b>	<b>Milestones</b>	<b>Achieved/ Target Date</b>
Business Growth / Development	Tecta Site – ground breaking commenced	September 2018
Land Assembly	Ocean Yard site clearance complete	August 2018
Land Assembly	Vanguard Point site clearance completed	January 2018
Land Assembly	Millora Works – 2 acre site acquired	February 2017
Land Assembly	The first non-energy business to relocate away from the Energy Park has completed freeing up just under an acre of land.	January 2015
Promotion of scheme	Marketing strategy /particulars produced. Promotion of scheme	March 2014
	Established locations for relocating non-energy business's 'off site'	January 2014
	Launched late 2013	November 2013
<b>Summary / Progress</b>		



**Marketing**

Building on the success of the numerous site acquisitions by GYBC the next phase is to partner with a reputable commercial property agent/s to support wider marketing of these sites with other stakeholders and maximise delivery of development within South Denes. A draft specification has been produced (for approval by GYEP officer group). Appointments will be made by March 2019.

**Land Assembly**

Land assembly remains a priority together with securing agreements with a number of non-port related businesses' to relocate 'off site'.

**Havenshore North (5 acres approx)**

The site is expected to be vacated by the end of 2019 and will be marketed in-line with this timeline.

**Havenshore South (1 acres approx)** Site cleared ready for use

**Ocean Yard South (1 acre approx)** – Site cleared ready for use

**Millora Works & adjacent site (2.67 acres approx)** - Delays encountered with appointing demolition contractor owing to a tender documentation error on Pro-contract. Contract re-tendered and supplier has been appointed. Prestart meeting week commencing 14<sup>th</sup> January 2019

**Vanguard Point (0.80 acre approx) – Site cleared ready for use**

Planning permission has been granted to advertise on the hoarding for marketing purposes and to promote the EZ extension. Quotes received to arrange poster advertising

**General**

- Tecta (Block 1) Phase 1 of major infrastructure is nearing completion by the incoming tenant. Lawyers are finalising legal documentation.
- The prospect of relocating a manufacturing company (non-port related) currently based in South Denes is under review (following consultant's report).
- Construction of the 81 Bedroom Premier Inn hotel (Edge development, South Denes) is progressing and still on program with an anticipated opening of Spring 2018

**Financial Summary**

Overall Approved Budget		Actual Spend to date		Savings Achieved	Income Achieved
Capital	Revenue	Capital	Revenue		
£3,000,000	£9,000	£792,000	£40,000	n/a	n/a
Financial data verified by (name of finance officer)				Date	
Lorna Snow					



## PROJECT REPORT

Project Name	(KP02) Beacon Park Housing Development		Date	16 January 2019
Project Manager	Dawn Edwards	Lead ELT Officer	Neil Shaw	
Status (delete as appropriate)	Red – serious problems out of tolerance	Amber - problems but within contingency plan	Green - no problems or only minor issues	
Project Overview				
Housing development project on Eastwood - Site 25, Beacon Park. The project is separated into three phases. The first phase of 56 properties received detailed planning approval in 2016 and is scheduled to be complete by 2020. Planning for phase 2 will start during 2018/19 once construction on phase 1 has progressed. The project is being delivered through the council's Local Authority Trading Company: Equinox Enterprises.				

<b>Key Project Targets and Achievements</b>	<b>Milestones</b>	<b>Achieved/ Target Date</b>
Nov 2016	Approval of the original business case	Met
Mar 2017	Outline planning permission for the whole site and detailed planning consent for phase 1	Met
Mar 2017	Completion of s106 agreement and transfer of land to Equinox	Met
June 2018	Installation of rising main	Met
June 2018	Upgrade of Woodfarm Lane	Met
Feb 2017	Tendering process (phase 1)	Met
May 2018	Final agreement of tender (phase 1)	Met
June 2018	Contract signature	Met
Aug 2018	Commence procurement, mobilise contractors, site set up	Met
Sept 2018	Commence construction	Met
Jul 2019	Completion of first tranche of development inc show home (phase 1)	Jul 2019
Nov 2019	Completion of second tranche of development (phase 1)	Nov 2019
Jan 2020	Completion of third tranche of development (phase 1)	Jan 2020
Mar 2020	Completion of fourth tranche of development (phase 1)	Mar 2020
Jun 2020	Completion of fifth tranche of development (phase 1)	Jun 2020
Sep 2020	Final site completion (phase 1)	Sep 2020
<b>Summary / Progress</b>		



Lovells mobilized sub-contractors in August 2018. Groundworks began in October 2018. The site has been re-levelled, contractor compound completed during Oct-Dec 2018. NHBC registration completed.

Groundwork has been completed for the first 7 plots by Christmas 2018.

Future work during the next period includes:

Agreement of the sales strategy to determine, for example, engagement of an estate agent, approach to the show home, brochures and online marketing.

Construction of the first tranche of 7 properties between Jan and June 2019 and construction of groundworks and commencement of construction for the second and third tranches during the same period. The first tranche will include a show home, projected to be open in July 2019.

Financial Summary					
Overall Approved Budget		Actual Spend to date		Savings Achieved	Income Achieved
Capital	Revenue	Capital	Revenue		
£9,460k		£2,082k			
Financial data verified by (name of finance officer)				Date	
Jane Bowgen				January 2019	



## PROJECT REPORT

Project Name	(KP03) Middlegate Estate		Date	January 2019
Project Manager	Anthony Moore	Lead ELT Officer	Kate Watts	
Status (delete as appropriate)	Red – serious problems out of tolerance	Amber - problems but within contingency plan	Green - no problems or only minor issues	
Project Overview				
A feasibility study for potential to regenerate Middlegate Estate.				

<b>Key Project Targets and Achievements</b>	<b>Milestones</b>	<b>Achieved/ Target Date</b>
<b>A high level options appraisal for the site has been undertaken alongside extensive stakeholder engagement. As a result these options have been finalized and developed to form part of a master plan for the whole site, which will include detailed financial analysis.</b>	Create project team	Met
	Tender consultants	Met
	Appoint Consultant	Met
	Area Appraisal – Member's review	Met
	Viability Report – Member's review	Met
	Options Appraisal – Member and Stakeholder participation	Met
	Options Appraisal report - member's review and recommendation to H & N Committee	<b>02/19</b>
	Final Report to H & N Committee	<b>02/19</b>
	Final Report to DCLG	<b>03/19</b>
	Final Report to Council	<b>04/19</b>
	Project Review	<b>05/19</b>

<b>Summary / Progress</b>
<p>Extensive stakeholder engagement has taken place and as a result a master plan for the area was being progressed. However due to the announcement that the cap on HRA borrowing would be lifted it has been agreed with the Member's working group that additional work will be undertaken to reflect this new opportunity. As a result the master plan will not be completed until the new year.</p> <p>Officer's review of more ambitious plan 15/1/19  Member's working group review to be diarised following officer's review.</p>



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Financial Summary					
Overall Approved Budget		Actual Spend to date		Savings Achieved	Income Achieved
Capital	Revenue	Capital	Revenue		
£320,000 (DCLG)		£117,304.28			
Financial data verified by (name of finance officer)				Date	
Danielle Lee				17.12.18	



## PROJECT REPORT

Project Name	(KP04) Selective Licensing		Date	14/01/2019
Project Manager	David Addy	Lead ELT Officer	Kate Watts	
Status (delete as appropriate)	Red – serious problems out of tolerance	Amber - problems but within contingency plan	Green - no problems or only minor issues	
Project Overview				
Selective Licensing of the Private Rented Sector, within a discrete legally designated area in the Nelson Ward.				

<b>Key Project Targets and Achievements</b>	<b>Milestones</b>	<b>Achieved/ Target Date</b>
<p>To intention is to consult upon, and designate the areas of Great Yarmouth with the most deprivation and challenges, as a Selective Licensing area. Selective Licensing requires all privately rented dwellings within the designated area to be licensed.</p> <p>The objectives are improving the living conditions and life outcomes for tenants in the private rented sector, and their neighbours. This will result in a better environment for our tourist and visitors, leading to repeat demand. Our Landlords will get increase rents and property values, and better tenants. Low housing demand, anti-social behaviour, poor property conditions, migration, deprivation, and crime will all be significantly improved for communities within the designated Selective Licensing areas.</p>	Data gathering/peer review visits	Met
	Appointment of intelligence & data analysis consultants	Met
	Produce communications plan with David Wiles	Met
	Procured intelligence & data analysis report submitted	Met
	Define proposed designation area and produce consultation document	Met
	Report to Housing and Neighbourhoods Committee on consultation proposals	Met
	Full media rollout	Met
	10 week statutory consultation on Selective Licensing	Met
	Report on consultation responses	Met
	Verbal update to Housing and Neighbourhoods Committee	Met
	Report to seek approval from Full Council to designate Selective Licensing area(s)	Met
	Designation of Selective Licensing area(s)	Met
	Award of Delivery Partner Concession Contract	Met
	Appointment of Housing Licensing Officers	Met
	Online application system for Selective licensing active	Met
	Selective Licensing Designation commences	Met
	Selective Licensing inspections begin <a href="#">Page 23 of 155</a>	4/19
	Business as usual stage	Met



	Scheme ends (if not renewed)	1/24
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### Summary / Progress

The three Housing Licensing Officers to administrate the scheme, following interviews on 9/10/18, with locally based internal candidates appointed to the one five year fixed term post, and two one year fixed term posts. Their training has been ongoing since appointment.

The Communications Plan for the Selective Licensing rollout and drop-in sessions for Prospective Selective Licence holders was completed, with the two sessions taking place in the week commencing 3<sup>rd</sup> December, when applications also opened.

The website content and supporting information for applicants, licence holders, and other stakeholders has been updated and expanded significantly.

The Selective Licensing Designation commenced on 7th January 2019, with the inspections due to start from April 2019 onwards, after the bulk of applications, have been made. To date over 40 prospective Selective Licence holders have made applications, with many of these for multiple properties.

Further Selective Licensing information and training sessions have been delivered for Council Officers and partner organisations.

### Financial Summary

Overall Approved Budget		Actual Spend to date		Savings Achieved	Income Achieved
Capital	Revenue	Capital	Revenue		
£0	-£280,248	£0	£63,967		£0
Financial data verified by (name of finance officer)				Date	
Fiona Castleton				14/01/2019	



## PROJECT REPORT

<b>Project Name</b>	<b>(KP05) Wellesley Recreation Ground</b>		<b>Date</b>	<b>14/01/2019</b>
<b>Project Manager</b>	Claire Sullivan	<b>Lead ELT Officer</b>	Kate Watts	
<b>Status (delete as appropriate)</b>			<b>Green - no problems or only minor issues</b>	

### Project Overview

Develop a clear future direction for the Wellesley Road Recreation Ground, including current and future usage, potential 3G facilities, onsite buildings and future management of the site. A review of income, expenditure, management, maintenance, issues, risks and opportunities on the site to present a calculated, coherent and comprehensive plan for the site which addresses all areas, either as one study or as linked studies.

As well as the design and management of a borough wide sports and activity participation survey the evidence from stakeholders will help us develop options to present to committee.

<b>Key Project Targets and Achievements</b>	<b>Milestones</b>	<b>Achieved/ Target Date</b>
Undertake a sports participation and activity survey across the borough.	Planning and Resource Committee - Public consultation on sports participation in the Borough report. 11th September 2018	Met
	Public survey sports participation 17th September 2018 until 12th October 2018	Met
	Wellesley Member Working Group Meeting – Discuss short option appraisal 6 <sup>th</sup> November	Met
	CPB Wellesley proposals short list options. 6 <sup>th</sup> November 2018	Met
	ELT Wellesley follow up report on preferred option. 12 <sup>th</sup> November 2018	Met
	Joint Marina and Wellesley Working Group meeting. 27 <sup>th</sup> November 2018	Met
	Housing and Neighbourhood Committee - Wellesley Options report on preferred option for further analysis. 6 <sup>th</sup> December 2018	Met



Key Project Targets and Achievements	Milestones	Achieved/ Target Date
	Housing and Neighbourhood Committee –Activity Participation Survey Update with Active Norfolk. 6 <sup>th</sup> December 2018.	Met
	Sporting Assets Meeting to discuss next stage	Met
	Members Working Group	March 2019
	Corporate Project Board	March 2019
	Housing and Neighbourhood Committee	April 2019

### Summary / Progress

Sporting Assets have produced the first stage report; this was presented to CPB and the subsequent ELT to consider the preferred option to take to full business case. A joint Marina Centre and Wellesley Member Working Group meeting was held and approved taking forward to Housing and Neighbourhood Committee the following option for further development:

Members received option report with preferred option and voted to go forward with Option 2a 9v9 floodlit artificial 3G pitch, refurbished tennis pavilion, refurbished ticket office, resurfaced athletics track and refurbished football stand changing rooms with the addition of a BMX pump track.

Sporting Assets will continue to work on developing a Full Business Case for the preferred option. The FBC be presented to Committee in April 2019.

### Financial Summary

Overall Approved Budget		Actual Spend to date		Savings Achieved	Income Achieved
Capital	Revenue	Capital	Revenue		
	£25,000		£14,198		
Financial data verified by (name of finance officer)				Date	
Keith Philips				14/January/2019	



## PROJECT REPORT

Project Name	(KP06) Marina Centre		Date	January 2019
Project Manager	Michelle Burdett	Lead ELT Officer	Kate Watts	
Status (delete as appropriate)	Red – serious problems out of tolerance	Amber - problems but within contingency plan	Green - no problems or only minor issues	
Project Overview				
<p>The project has largely completed RIBA Stage 2 with the projects multi-disciplinary team moving to RIBA stage 3. This progress was approved at the December Full Council meeting in which the funds to complete RIBA stage 3 work was released.</p> <p>The project proposes to rebuild the Leisure Centre including: 6 lane pool, sports hall, health and fitness suite, leisure water and climbing wall.</p>				

<b>Key Project Targets and Achievements</b>	<b>Milestones</b>	<b>Achieved/ Target Date</b>
	<i>Executive Approval</i>	met
	<i>Notify Tenderers</i>	met
	<b>Award Contract (Director level)</b>	Met
	Design Team (Mace) inception meeting	Met
	<b>RIBA Stage 1</b>	Met
	Officer meeting to discuss financial package	met
	Members meeting to discuss RIBA 1 principles	MET
	<b>RIBA Stage 2 – documents submitted</b>	met
	Full Council meeting – approval to release funds for RIBA Stage 3	met
	<b>RIBA Stage 3 – DEVELOPED DESIGN commences</b>	03/01/19
	Public engagement	18/2/19 to 14/03/19
	Develop Gen. Arrangement plans and layouts	27/2/19
	Complete surveys	6/14/19
	Issue RIBA 3 design snapshot for costing	18/03/19
	April Council costing exercise	29/03/19
	<b>April Full Council sign off – inc. capital release</b>	16/04/19



	Finalise RIBA 3 report	08/04/19
	RIBA 3 sign off	03/06/19
	Submit planning	29/05/19
	RIBA Stage 4 – Technical Design	June – Sept 19
	Planning Approval	29/08/19
	Approve to commence construction	07/11/19
	Appoint Contractor	October 2019
	CONSTRUCTION	Oct 19 – June 21 TBC

### Summary / Progress

- RIBA stage 2 was completed (except for intrusive surveys) and presented to the Members in December at both an all member briefing and the December Full Council.
- The S151 officer has worked through the funding required to pay for the building, taking into account the projected income for the building. This has been modeled on the option 5 proposal including some leisure water.
- Financial analysis of the potential income for the building has now been modelled. Capital costs were finalized before the December full council meeting including the revenue financial modelling and proposed designs, whereby Council released the funding for the completion of the next RIBA stage (3) with the already appointed multi-disciplinary design team led by Mace.
- The multi-disciplinary design team are now working to complete the steps required to sign off the capital budget for the April Council meeting. The completion of RIBA 3 report will follow shortly after.
- The public engagement exercise is due to commence in February and will feed into the plans for the building.
- Sport England will attend future design team meetings to provide assurances and advice on the progression of the project.

### Financial Summary

Overall Approved Budget		Actual Spend to date		Savings Achieved	Income Achieved
Capital	Revenue	Capital	Revenue		
£560,000	£0	£0	£0		
Financial data verified by (name of finance officer)				Date	
				04/02/19	



## PROJECT REPORT

Project Name	(KP07) Winter Gardens		Date	January 2019
Project Manager	Michelle Burdett	Lead ELT Officer	Kate Watts	
Status (delete as appropriate)	Red – serious problems out of tolerance	Amber - problems but within contingency plan	Green - no problems or only minor issues	
Project Overview				
The project is to restore the building and structural elements of the Heritage asset, as well as to give the building a new life by transforming both the internal and external spaces into a distinctive attraction for both the local community and the visitors to Great Yarmouth. It is intended that the facility will provide an all year round attraction along the Golden Mile.				

<b>Key Project Targets and Achievements</b>	<b>Milestones</b>	<b>Achieved/ Target Date</b>
To achieve capital investment in the steel works restoration	Investor open day 19 and 31 July	Completed
To identify a commercial end user	Arrange Project Team meeting. Operator meeting with one interested party.	Completed.
	New 2018.10 Prepare procurement tender	December 2018. Documentation Prepared.
	New 2018.10 Identify preferred operator to commence application bid process	Jan to March 2019
To generate council income and boost the local economy	Review of Business Plan and Financial Modelling. A revised business plan will be developed once a commercial operator has been identified, updating it with them.	February to March 2019
	Assess what is required for application submission	January 2019 HLF launch new application round.
	Procurement Tender. Procurement tender to identify commercial operator has been drafted ready for launch in December.	Procurement Tender not launched in December, delayed by legal advice. Launch January. Consequently pushes back timeline.
	Write up application submission	March to April 2019
	Present draft submission to CPB	March to April 2019
	Convene WG Working Group to review application	April 2019



Key Project Targets and Achievements	Milestones	Achieved/ Target Date
	Present proposed submission and updated financial modelling to Policy and Resources Committee	April 2019
	Submit Stage 1 Heritage Enterprise application	2019
	Submission of Final Business Plan and Financial Modelling alongside HLF application	2019

Summary / Progress
<p>The procurement tender has been prepared by the Regeneration and Funding Manager. This has been reviewed by the Council's procurement support (Caroline Watling) and passed to NPLaw, Sarah Gibbs, for review before launch. NPLaw have raised some issues for review such as providing an outline Contract to accompany the procurement tender. As at 18 December 2018, the tender was being drafted on Contract Finder ready for launch. Although it had been intended to launch the tender by the 10 December, reviewing these comments delayed drafting on Contract Finder until the 18<sup>th</sup>, therefore advice was provided by Caroline to delay launch until January to avoid a launch at Christmas when officers are unavailable to address questions and potential operators may miss the announcement.</p> <p>The Project Support Officer has met with the service accountant to understand spend to date.</p> <p>Property Services have conducted a risk assessment of the building which has been provided back to the Project Management Team for information. This will be reviewed by the PMO in January. A site safety induction is scheduled for January to ensure any further site visits comply with liability insurance conditions.</p>

Financial Summary					
Overall Approved Budget		Actual Spend to date		Savings Achieved	Income Achieved
Capital	Revenue	Capital	Revenue		
0.00	30,000	0.00	45,188		
Financial data verified by (name of finance officer)				Date	
Keith Phillips				18 December 2018	



## PROJECT REPORT

Project Name	(KP08) Venetian Waterways and Boating Lake		Date	January 2019
Project Manager	Michelle Burdett	Lead ELT Officer	Kate Watts	
Status (delete as appropriate)		Amber – due to capital costs exceeding contingency, but mitigation is in place		
Project Overview				
The project is to restore the building and structural elements of the Heritage asset, as well as to give the building a new life by transforming both the internal and external spaces into a distinctive attraction for both the local community and the visitors to Great Yarmouth. It is intended that the facility will provide an all year round attraction along the Golden Mile.				

Key Project Targets and Achievements	Milestones	Achieved/ Target Date
	Contractor Award and Appointment	complete
	Start date on site	complete
	Members Working group and Stakeholders site meetings	Complete and ongoing
	Volunteers to start physical works on site including planting	Complete ongoing
	Launch of tender for whole of site operation	Complete
	Recruitment of Gardeners	complete
	Beginning of graphic design works	Commenced
	Restoration work to Boat Heads	Commenced
	Thatching Work to Shelters	Complete
	Joinery works to shelters to begin	January to April (commenced)
	Oral History Interpretation	February 2019
	Apprentice Employed	Complete
	Issuing contracts for café and site maintenance	Procurement commenced Complete Easter 19
	Completion of boating lake works	Easter 19
	Completion of all site works	15/5/19



- Site works are focusing on the Boating lake site are progressing well, the whole site has now been closed so work has also commenced on the Waterways site. There are some delays but works are being moved around to accommodate this. Thus far the end date of the project has not changed.
- The stakeholder group met to be updated about the project, here a number of concerns regarding the water quality of the VW were raised, and they also visited the construction site.
- Now the gardeners are in post, detailed planning work has taken place and volunteers have started planting. Green Gym attend every Tuesday afternoon with public sessions pre booked Thursdays. This coincides with deliveries and will continue until mid-February
- Work to rethatch the rusticated shelters has been completed. A volunteer who worked alongside the thatcher's said: 'it has been a real tonic and it has given me my life back'
- The Boating Lake café / horticultural work tenders have been launched and press release gone out to publicise. So far 22 expressions of interest recorded.
- Meetings are on-going with GYPT and the College to co-ordinate the volunteer joinery works. Specification before Christmas with works after Christmas. Work with contractor to identify potential volunteer opportunities is ongoing.
- Initial design meetings with Ugly on interpretation, members happy with ideas produced and further work ongoing to produce draft boards
- Communications plan progress meetings ongoing with positive press via Radio Norfolk and via social media.
- Volunteer opportunities identified with various groups, Princes Trust, GY College, Lowestoft College, Model Boat Club, History Group, Green Gym and members of public
- Members working group met to discuss the completed business case review and have an overview of current financial position, they also visited the construction site. A paper went to P&R in October.
- As the construction side of the project has progressed a number of unforeseen issues have been identified which has led to the capital contingency for this project being spent, for example additional costs have had to be allocated to the boating lake floors and walls for repair that were only identified once initial work had begun. The quantity surveyor for the project had undertaken a worst cost scenario exercise and as a result a maximum of an additional £75,000 to support the project has been requested of Council as part of the budget setting process, although it is hoped that this amount will not be fully spent. This is why the project has been identified as Amber.

Financial Summary					
Overall Approved Budget		Actual Spend to date		Savings Achieved	Income Achieved
Capital	Revenue	Capital	Revenue		
667,727	2,884,480	63,313	402,982		
Financial data verified by (name of finance officer)				Date	
Lorna Snow				December 2018	

N.B the approved budget above includes awarded funding from Heritage Lottery Fund (HLF)



## PROJECT REPORT

<b>Project Name</b>	(KP09) Improving the Marketplace	<b>Date</b>	3 January 2019
<b>Project Manager</b>	David Helsdon	<b>Lead ELT Officer</b>	Kate Watts
<b>Status</b> (delete as appropriate)		<b>Amber - problems but within contingency plan</b>	
<b>Project Overview</b>			
By 2025, trade and custom in the 6- and 2-day markets is greatly improved, supported by new stalls and service facilities and by the newly-paved Market Place which has created a beautiful setting for an expanded programme of outdoor events and improved building frontages.			

<b>Key Project Targets and Achievements</b>	<b>Milestones</b>	<b>Achieved/ Target Date</b>
B1. Better market operations	<p><b>Better management of both markets</b> Restructure has taken place and Market Management is on site 6 days a week. New market fees for 2 day traders has encouraged new traders to join and the 6 day market remains stable ahead of development options. Regular marketing meetings are held with trader representation to strengthen the market offer.</p> <p><b>Better facilities for 2 day market</b> Revised fees in place.</p>	Met
B2. Business support	<p><b>Shopfront improvement scheme</b> Now on the 5<sup>th</sup> tranche of applications. Should all Shopfront Improvement Scheme applications be approved the figure will total £52,366.31 to date £27,725.53 has been claimed and released.</p>	The scheme will continue until the funds are exhausted. At the current rate we can expect the funds to be exhausted by Spring 2019.
B3. Public Realm investment	<p><b>Market Place and Church Square Design concept and funding bid</b> Design team has been appointed and 2<sup>nd</sup> design meeting arranged. P&amp;R Committee have deferred a decision on the redevelopment until the consultation with individual Market Traders has been completed during the course of November. No timeframe was submitted on the deferment by the P&amp;R Committee.</p>	<p>Market Trader consultations will run from 8<sup>th</sup> November to the 30<sup>th</sup> November.</p> <p>Week commencing 12<sup>th</sup> November we received notice we had not been successful with our £1.5m bid to the Coastal Communities</p>



	<p>A market place development fund of £1.5m is still required for the overall development. A successful application was submitted to the Pooled Business Rates for funding.</p>	<p>fund.</p> <p>The application has been successful, the agreed contributions will be as follows:</p> <p>2017 – 2018 Business Rates Pool: £70,000 or 50% of total project costs, whichever is lesser.</p> <p>£1,082,500.00 will be held from the 2018 – 19 and 2019 – 20 Business Rates Pool Rounds.</p>
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### Summary / Progress

The planned redevelopment of the Market Place has been challenged by existing six-day market traders who have raised a number of concerns about the project. During the P&R meeting held on Tuesday, 16 October. The committee asked for a deferment on the decision surrounding the development of the market until all 32 of the six-day traders had been individually consulted with. Commencing of the 8<sup>th</sup> November the Head of Property and Asset Management and the Project Manager started this individual business consultation process. To ensure accurate record of the consultation is kept a Statement of Common Ground will be signed by all parties around the table. Due to availability of the traders the consultations are scheduled to conclude on the 15<sup>th</sup> January, 2019.

A successful application has been made to draw down upon the Pooled Business Rates fund see point B3.

### Financial Summary

Overall Approved Budget		Actual Spend to date		Savings Achieved	Income Achieved
Capital	Revenue	Capital	Revenue		
0	£100,000	0	£95,000	0	0
Financial data verified by (name of finance officer)				Date	



## PERFORMANCE INDICATORS – SUMMARY REPORT QUARTER 3 (Oct – Dec) 2018/19

## POLICY &amp; RESOURCES COMMITTEE

Indicators	Previous Quarter	This Quarter	Target	Qtr 3 2017/18	Status	Trend	
						Last Period	Last Year
PR01: Average time to assess Housing Benefit & Council Tax Support: New claims (Quarterly Cumulative)	20 days	17 days	18 days	15 days	G	↑	↓
<b>Note:</b> The cumulative figure for the first nine months of 2018/19 was 17 days. However, the Quarter 3 performance for October to December was at 9 days, which has resulted in the measure being above the target of 18 days.							
PR02: Average time to assess Housing Benefit & Council Tax Support: Change in circumstances (Quarterly Cumulative)	11 days	9 days	10 days	9 days	G	↑	↔
PR03: Collection rates Council Tax (Quarterly Cumulative)	55.3%	82.4%	82.5%	82.1%	G	N/A	↑
PR04: Number of long term empty homes (6 months or more) (Snapshot at last day of quarter)	591	579	Less than 600	534	G	↑	↓
PR05: Collection rates NNDR (Quarterly Cumulative)	55.2%	81.1%	82.0%	80.5%	A	N/A	↑
<p><b>Note:</b> The business rates collection rate is 0.6% ahead of the collection rate at the same stage during 2017/18. However, under the profile set in April, the collection rate is 0.9% below target.</p> <p>The collection rate profile for Business Rates is set at the start of the financial year. However, there are two factors that make the Business Rates collection rate profile susceptible to variances and can skew that profile during the year.</p> <ul style="list-style-type: none"> <li>(i) Rate payers moving from 10 months (finishing in January) to 12 months (finishing in March) instalments during the year; and</li> <li>(ii) New properties increasing the rateable value and therefore amount payable, particularly when they come into the Rating List later in the year and are backdated to the start of the year</li> </ul> <p>Both the above occurrences can put proportionately more of the collectible rates into the latter instalments and thus changing the profile of the percentage collection rate for those instalments. In the current financial year there is now £378,000 more value in installments between January and March compared to the start of the financial year, which equates to 1.2%.</p>							



Indicators	Previous Quarter	This Quarter	Target	Qtr 3 2017/18	Status	Trend	
						Last Period	Last Year
PR06: Contact centre telephone calls: Percentage of Contact Centre calls answered as a % of all calls offered (Quarterly Cumulative)	80.54%	83.40%	90%	78.07%	A	↑	↑
<b>Note:</b> During Quarter 3 (October to December) performance was at 91.17%. The improvement reflects an increase in resource following a successful business plan for continuous improvements to Customer Services and the launch of the new Customer Service Charter in October 2018. This enables us to divert much needed resource to frontline services and provide a high quality service whilst still working to increase and encourage the use of transactional online services.							
PR07: Contact centre telephone calls: Average wait time by customers contacting the Contact Centre (Quarterly)	2:53 minutes	1:16 minutes	1:30 minutes	2:06 minutes	G	↑	↑
<b>Note:</b> Performance in Quarter 3 was above target and over 1 <sup>1/2</sup> minutes better than the previous quarter. This improvement reflects an increase in resource following a successful business plan for continuous improvements to Customer Services and the launch of the new Customer Service Charter in October 2018. This enables us to divert much needed resource to frontline services and provide a high quality service whilst still working to increase and encourage the use of transactional online services.							
PR08: Number of new customers signing up to 'My account' (Quarterly Cumulative)	1,868	2,614	2,800	4,316	A	N/A	↓
PR09: Visitors to GYBC website (Quarterly Cumulative)	163,237	240,589	195,000	125,567	G	N/A	N/A
PR10: Percentage of FOI and EIR requests responded to within 20 working days (Quarterly Cumulative)	80.58%	74.01%	85%	88.07%	R	↓	↓
<b>Commentary:</b> The actual performance during this quarter was 70.5%, which has resulted in the cumulative figure for the first nine months of 2018/19 to be 74.01%. New procedures have been introduced with full implementation expected to be completed during the final quarter of 2018/19. It is envisaged that once the new procedures are fully implemented and staff are fully trained on the new process then performance of this measure will improve. Additional resources have been brought in to support this work during Quarter 3.							
PR11: % of completed Interim Performance Reviews (Quarterly Cumulative)	N/A	57.11%	100%	N/A	R	N/A	N/A
<b>Commentary:</b> The Interim PDR period for completing forms was 17 September to 17 December 2018. The low figure at this stage can be attributed primarily to the paperwork not being returned to HR within the deadlines. Managers have confirmed that the majority have been completed. All outstanding PDR's are expected to be completed by year end.							



Indicators	Previous Quarter	This Quarter	Target	Qtr 3 2017/18	Status	Trend	
						Last Period	Last Year
PR12: The number of working days lost due to sickness absence per FTE. (Quarterly Cumulative)	3.17	5.54	6.37	7.90	G	N/A	↑
<b>Note:</b> Current performance of 5.54 days per FTE is over 0.8 days better than the profiled target and over 2.3 days better than the figure reported for the same period in 2017/18. In 2015/16 the Quarter 3 figure was 9.77, so sickness absence has nearly decreased by 4 <sup>1/4</sup> days per FTE.							
PR13: % of Audit days delivered (of the annual plan) (Quarterly cumulative)	39%	74%	75%	74%	G	N/A	↓
PR14: Percentage of priority 1 Internal Audit recommendations completed on time (Quarterly cumulative)	100%	100%	100%	New measure	G	N/A	N/A
<b>Note:</b> Two priority one recommendations have been raised to date in 2018/19 and both of these have been implemented by management.							
PR16: Number of people signed up to 'E Billing'(Quarterly Cumulative)	3,586	3,893	3,400	2,508	G	↑	↑
PR17: Open Access: Number of unique users accessing their accounts within 'Open Access' (Quarterly)	417	461	375	250	G	↑	↑
PR18: Number of 'Webchat' calls received (Quarterly Cumulative)	589	1,045	900	850	G	N/A	↑
PR19: Corporate Property Portfolio Revenue Growth per annum (Quarterly Cumulative)	4.38%	4.38%	10%	New measure	R	N/A	N/A
<b>Commentary:</b> As reported last quarter Revenue growth has reduced purely as a result of Market income, it is anticipated that the Market income will be £53k lower than anticipated, this is a direct result of the reduction in the 2-day market rate for the 2018/19 financial year which has now been profiled as a result of the first quarter activity. The overall rental income is significantly above target although this is then impacted by the Market income.							
PR20: Corporate Property Portfolio Arrears per annum (Quarterly Cumulative)	5.42%	5.88%	3%	New measure	G	↑	N/A
<b>Commentary:</b> *The current performance, as reported in Quarter 2 includes some payments and installments which do not yet fall due and distorts the outturn figure of 5.88%. Work is still underway to exclude these payments from the calculation.							
PR21: Corporate Property Overall Occupancy levels per annum (Quarterly Cumulative)	94.2%	94.5%	95%	New measure	A	↑	N/A



Indicators	Previous Quarter	This Quarter	Target	Qtr 3 2017/18	Status	Trend	
						Last Period	Last Year
PR22: % of agendas published in accordance with statutory deadlines (no later than five working days from date of meeting) (Quarterly Cumulative)	100%	100%	100%	New measure	<b>G</b>	↔	N/A
PR23: Payment of Invoices within 30 days (%) (Quarterly Cumulative)	96.67%	97.1%	90%	New measure	<b>G</b>	N/A	N/A



# PERFORMANCE INDICATORS – SUMMARY REPORT QUARTER 3 (Oct - Dec) 2018/19

## ECONOMIC DEVELOPMENT COMMITTEE

Measure	Previous Quarter	This Quarter	Target	Qtr 3 2017/18	Status	Trend	
						Last Period	Last Year
ED01: Planning applications: Major applications determined within 13 weeks or as agreed extension (Quarterly Cumulative)	85.7%	92.3%	75%	100%	G	↑	↓
ED02: Planning applications: Non Major (Minor or Other) applications determined within 8 weeks or as agreed extension (Quarterly Cumulative)	78%	79%	75%	85.3%	G	↔	↓
ED03: Percentage of Major planning applications processed within 13 weeks or as agreed extension over the last 24 months (Quarterly Cumulative)	95%	95.45%	75%	97.3%	G	↑	↑
ED04: Percentage of Non Major planning applications processed within 8 weeks or as agreed extension over the last 24 months (Quarterly Cumulative)	84%	83.62%	75%	New measure	G	↑	N/A
ED05: Percentage of Major planning applications overturned on appeal over the last 24 months (Quarterly Cumulative)	0.08%	0.85%	9%	0%	G	↓	↓
ED06: Planning Appeals: Percentage of Non Major Planning applications overturned on appeal over the last 24 months of an authority's total number of decisions on applications (Quarterly Cumulative)	0.16%	0.59%	9%	New measure	G	↑	N/A
ED07: Building Control: The percentage of building regulation applications where a decision notice is issued within the eight week statutory period. (Quarterly Cumulative)	100%	100%	100%	97.6%	G	↔	↑
ED08: Percentage of Land Charges search returns sent within 10 working days. (Quarterly Cumulative)	96.44%	96.80%	90%	86.5%	G	↓	↑
ED09: Enterprise Zone: Beacon Park a) % of empty floor space across Beacon Park (Quarterly Snapshot at last day of quarter)	15.56%	15.56%	15%	20.39%	G	↔	↑



# PERFORMANCE INDICATORS – SUMMARY REPORT QUARTER 3 (Oct - Dec) 2018/19

## ENVIRONMENT COMMITTEE

Measure	Previous Quarter	This Quarter	Target	Qtr 3 2017/18	Status	Trend	
						Last Period	Last Year
EN01: % of food premises scoring 3 star food hygiene ratings or above (Snapshot at last day of quarter)	96.3%	97.1%	94%	95.9%	G	↑	↑
EN02: Garden waste service:					G	↑	↑
a) Number of households taking up garden waste bin service.	9,350	9,420	9,100	9,112	G	↑	↑
b) Total tonnage of garden waste recycled. (Quarterly Cumulative)	2,249.02	2,981.78	2,200	2,872.01	G	N/A	↑
EN03: Percentage of total domestic waste collected which is sent for recycling (Quarterly Cumulative)	34.53%	32.53%	40%	New measure	A	↓	N/A
<b>Note:</b> Under current service provision the 40% target is an aspirational figure. Kerbside recycling rates remain comparable with all other Norfolk authorities and the garden waste service still sees a growth albeit the rate of which has now slowed as potential customer saturation levels are met. The recent Government release of its Waste and Resource strategy contains a number of key proposals which will support the growth of the local authority recycling service and which should also aid funding of these services. When assessing recycling rates and tonnages it should be remembered that recycling is not the primary driver under the waste hierarchy with prevention being the main target. As a result in recent years there has been a reduction of the amount of packaging that producers use and items such as glass jars are being manufactured at a thinner thickness, which in turn has an impact on potential capture rates of recyclable material. This has seen many councils recycling rates plateau and in some cases fall. It should be noted that Great Yarmouth has bucked the trend of seeing an increase in the amount of residual waste being collected which despite a growth in housing and population remained at a static level for a number of years and actually saw a reduction in 2017/18. Average monthly tonnage of household waste is 3,094 of which 964 is waste recycled. The monthly average for waste arising per household in the first nine months of 2018/19 is 59.23 kg.							
EN04: Number of Flytips reported (Quarterly Cumulative)	842	1,194	1,200	New measure	A	N/A	N/A
<b>Note:</b> A review of how flytipping is reported was carried out at the end of 2017 to provide more accurate information. Historically data also included arising's of side waste which meant data was not comparable to other local authorities who were not recording this waste stream. Whilst above the target figure our data is now more in line with the other Norfolk authorities. 2018 saw the most successful year for enforcement for the Environmental Rangers with a total of 26 successful prosecutions for waste related offences.							



Measure	Previous Quarter	This Quarter	Target	Qtr 3 2017/18	Status	Trend	
						Last Period	Last Year
EN05: Flytips removed within 3 working days (Quarterly Cumulative)	89%	89%	100%	100%	A	↔	↓
<b>Note:</b> Due to GYBS' methodology of working this figure will fluctuate and the 100% target is difficult to achieve. GYBS operate a scheduled cleansing service within the town with areas having a set collection day. If a flytip is reported a day or two after the scheduled cleanse then it would not be removed until the next scheduled cleanse the following week.							
EN06: Number of streets in the Borough meeting street cleanliness levels							
a) Litter (formerly NI195a)	98%	99%	95%	New measures	G	↑	N/A
b) Detritus (formerly NI195b)	95%	94%	93%			↓	N/A
(Snapshot at last month of quarter)							
EN07: Contamination rate in dry recycling (Quarterly Cumulative)	21.2%	22.1%	19%	New measure	A	↓	N/A
<b>Note:</b> Contamination remains an issue within the recycling stream. Authorities within the NWP have seen a marked increase in their contamination rates. The Partnership continues working on a communications strategy which will seek to address contamination at a local level by targeting properties based on their acorn data which will enable the most appropriate medium to be used. It also has developed a number of new work streams with the view to targeting contamination including producing a tool box talk for refuse collection staff.							



## PERFORMANCE INDICATORS – SUMMARY REPORT QUARTER 3 (Oct – Dec) 2018/19

### HOUSING AND NEIGHBOURHOODS COMMITTEE

Measure	Previous Quarter	This Quarter	Target	Qtr 3 2017/18	Status	Trend	
						Last Period	Last Year
HN01: Great Yarmouth Community Housing rent: GYCH rent collection rate a) % of rent & arrears collected b) Arrears as a % of rent debit c) Total rent arrears (Quarterly Cumulative)	98.08%	99.72%	98%	98.45%	<b>G</b>	↑	↑
	1.56%	1.11%	1.4%	1.09%		↑	↓
	£361,688	£243,732	£300,000	£271,580		↑	↑
HN02: Number of a) Social housing applicants in allocation pool b) Social housing new applicants awaiting assessment (Snapshot at last day of quarter)	369	347	*	220		↑	↓
	350	383	350	363	<b>G</b>	↓	↑
Note: *Although the number of applicants in the allocation pool has fallen since Quarter 2 compared to the same period in 2017/18 the number has risen. As reported last quarter this is to be seen as improved performance as it reduces the number of applicants waiting for a decision. An increased number of applicants in the pool contribute to a lower average void time (HN03) and lower nomination time (HN08) due to the immediate availability of prospective tenants. The implementation of the revised Allocation Scheme will increase the numbers in the pool further.							
HN03: Average Time to Re-let Local Authority Housing (Quarterly Cumulative)	23 days	21 days	35 days	43 days	<b>G</b>	↑	↑
<b>Note:</b> Performance has improved for the third quarter running this financial year and has seen a trend of continuous improvement over the last two years, albeit from a high baseline.							
HN04: Average cost of a Void repair (Quarterly Cumulative)	£2,745	£3,012	£2,540	*	<b>A</b>	↓	N/A
<b>Note:</b> This indicator continues to be a high priority and particularly in relation to the costs for bathrooms and kitchens, as a direct result these components will from the 1 <sup>st</sup> April be undertaken as part of the programme replacement rather than directly through the void team in a move to reduce costs. Individual monthly costs for both October and November remained around £2,800 however in month costs from December increased impacting the year to date. Void costs now incorporate all costs including areas such as asbestos management or removal, this was not the case in 2017/18 and therefore makes the comparison of year on year figures difficult to compare.							










Measure	Previous Quarter	This Quarter	Target	Qtr 3 2017/18	Status	Trend	
						Last Period	Last Year
HN05: Percentage of residents very or fairly satisfied with the repairs service they received (Quarterly Cumulative)	98%	98.03%	95%	New measure	G	↑	N/A
HN06: Time taken for GYNorse to complete standard voids (Quarterly Cumulative)	9.4 days	7.1 days	10 days	*New measure	G	↑	↑
<b>Note:</b> *During 2017/18 the information for this measure was collected in a totally different way, so it is not possible to compare current performance against those for the same period in 2017/18.							
HN07: Time taken for GYNorse to complete all voids (Quarterly Cumulative)	27.1 days	28.0 days	24.54 days	*New measure	A	↓	N/A
<b>Note:</b> The GYN Improvement Plan identifies voids as an area of continued focus although standard voids continue to be completed within target all voids remain 3.5 days above target. Work continues to improve the delivery through the void team with identification of the delivery of some component replacements through the programme rather than direct through the void team, this will continue to be monitored in relation to both cost and delivery timescales.							
HN08: Time taken for Housing Options to match property (Quarterly Cumulative)	2 days	-2 days	14 days	17 days	G	↑	↑
<b>Note:</b> As Council tenants normally have to give four weeks' notice it is possible that the Housing Options team can match a new tenant to the property before the current tenant moves out.							
HN09: Number of Disabled Facilities Grant (DFGs) Numbers of calendar days from initial request to works complete (Quarterly Cumulative)	309 days	280 days	240 days	New measure	R	↑	N/A
<b>Commentary:</b> Performance has improved this quarter from the last quarter however it remains below target. There continues to be delays with two areas of the process:- (i) the Occupational Therapist assessment and the recommendation for works and (ii) the technical officer availability. There continues to be a 0.4 fte vacancy for an Occupational Therapist within the team and Norfolk County Council is currently running a recruitment process. The technical officer resource is being monitored with caseloads being kept under review to determine whether the level of resource available needs to be re-evaluated.							
HN10: Wherry Way Control Centre call handling: a) Alarm Calls answered within 30 seconds b) Alarm Calls answered within 60 seconds (Quarterly Cumulative)	87.56% 94.06%	86.99% 94.12%	80% 98%	84.95% 93.53%	G A	↓ ↑	↑ ↑



Measure	Previous Quarter	This Quarter	Target	Qtr 3 2017/18	Status	Trend	
						Last Period	Last Year
HN11: Neighbourhoods That Work programme					<b>G</b>		
a) Number of self-help resident led community groups supported to develop.	12	16	14	4		N/A	↓
b) Number of residents who have overcome issues preventing them from getting and holding down a job, resulting in them sustaining employment.	28	33	30	5		N/A	↑
c) Number of residents with complex needs supported to overcome at least one personal challenge. (Quarterly Cumulative)	41	56	20	15		N/A	↑



Key	
Status	
	Current performance has met or exceeded target/ has met or exceeded trend
	Current performance is below target but within tolerance/ is below trend but within tolerance
	Current performance is below target and tolerance/ is below trend and tolerance
	Contextual information only
Trend	
	Performance for quarter is improving (up) or deteriorating (down) compared to previous quarter.
	Performance for period (quarter) is improving (up) or deteriorating (down) compared to same quarter last year.
	Performance for quarter is showing improvement (up) or deterioration (down) compared to same quarter last year for measures that are for contextual information.

**Key:**

NA = No target set, contextual information only

N/A = Not available/not applicable



**Subject: GREAT YARMOUTH TOWN CENTRE BUSINESS RATES RELIEF**

Report to: Great Yarmouth Town Centre Masterplan Members Working Group 11 March 2019

Policy and Resources Committee 19 March 2019

Report by: Stuart Brabben – Revenues Manager

**SUBJECT MATTER/RECOMMENDATIONS**

1. That this Committee approves the Business Rates Relief Scheme for the Town Centre contained in Appendix A and to the addition of this scheme to the current Business Rates Relief Guidelines.
2. This report asks the Committee to delegate authority to the Section 151 Officer and the Development Director to;
  - (a) Approve relief applications, and
  - (b) Make any amendment to these guidelines to ensure a consistent approach in the awarding of relief is maintained and that it continues to support the policy objectives of the Council.

**1. INTRODUCTION**

- 1.1 The Council's Town Centre Master Plan (May 2017) outlines the priorities for this area. Particular reference in this plan is made to the Town Centre Vision, that "by 2025 new investment and employment in the town centre is generating renewed pride in Great Yarmouth and building confidence for the future. Also contained in the vision are six objectives to enable the Council to work with partners to bring the vision to life"

The six objectives are:

- Strengthening the heart of the town centre
- Improving the markets and Market Place
- Transforming the Conge
- Creating a sense of arrival in the town centre
- Unlocking the potential of Hall Quay
- Linking it all together.

- 1.2 A key action within the plan is business growth and inward investment by the targeting of the reoccupation of empty retail units within the town centre area. These business rates relief guidelines aim to incentivise that ambition.
- 1.3 Business growth and inward investment may also result in additional Business Rates income for the Council following the expiry of the reduction.



## **2. BUSINESS RATES RELIEF**

- 2.1 Local authorities have the power to grant discretionary rate relief to organisations that meet certain criteria. Traditionally, this has been awarded to charitable bodies, community amateur sports clubs and not for profit organisations. On the introduction of the Localism Act 2011, discretionary relief is now also available to any organisations (subject to state aid rules) and that the assistance given provides benefit to the council tax payers of the authority.

## **3. OVERVIEW OF THE SCHEME**

- 3.1 The aim of this scheme is to promote and incentivise the occupation of empty premises in the location of Great Yarmouth Town Centre.
- 3.2 In general terms the owner or ratepayer of an existing business premises or in particular a retail unit within the area shown in Appendix A will be eligible to apply for this relief if;
- The property has been unoccupied for more than three years,
  - The rateable value of the property is greater than £12,000
  - The owner provides a clear and detailed business plan of how they will develop the property, so it is occupied by a business within two years from the first day of the award of the relief; and
  - The new business must occupy and trade from the property for a continuous period of at least one year
- 3.3 This scheme will commence from 1 April 2019
- 3.4 The scheme will be reviewed on an annual basis for its effectiveness in achieving the aims of the scheme

## **4 FINANCIAL IMPLICATIONS**

- 4.1 Business rates income forms part of the core funding of the Council and any relief reduces the income of the council and impacts other service provision. The granting of any relief under this scheme will therefore be assessed against the affordability to the Council and how the business will contribute to the delivery of the ambitions as published in the Councils Great Yarmouth Town Centre Masterplan. In determining whether any relief can be awarded relief will only be granted if it would be reasonable to do so having regard to the interests of Council Tax payers in the Borough. In assessing whether it is in the best interests of tax payers specific reference will be made to the priorities and actions contained within the Masterplan and other related corporate priorities.
- 4.2 The current direct cost impact of the award of any relief will be based on the current



rate retention guidelines. Central Government would fund 50%, Norfolk County Council 10% and the Council 40%. Under national proposals from 2020/21 there will be a greater share of the business rates retained locally, and therefore any increase to the amount retained by the Borough Council will result in the additional cost of the relief.

- 4.3** Specific budget provision is required to finance this scheme. However, in the context of the Council's funding the relief is effectively a reduction in income rather than a direct cost. As part of approving the 2019/20 budget the Council approved the earmarking of £100,000 for an Empty Business Property Initiative Fund which will be used to fund the impact of the relief.

## **5 RISK IMPLICATIONS**

- 5.1** There is a risk that the applications for the relief would be in excess of the fund available, this will be mitigated by the monitoring of the applications for the relief and awards only being approved in line with the available fund. Further extension or increasing the funds available for the relief will be considered for approval when appropriate.
- 5.2** There is a risk that should a relief be granted and the property is not occupied in the required timescale, then the relief has not achieved the intended purpose, this would be monitored as part of the granting of the relief and could lead to the relief being withdrawn.

## **6.0 RECOMMENDATIONS**

- 6.1** That this Committee approves the scheme contained in Appendix A and to the addition of this scheme to the current Business Rates Relief Guidelines.
- 6.2** This report asks the Committee to delegate authority to the Section 151 Officer and the Development Director to;
- (a) Approve relief applications, and
  - (b) Make any amendment to these guidelines to ensure a consistent approach in the awarding of relief is maintained and that it continues to support the policy objectives of the Council.

<b>Area for consideration</b>	<b>Comment</b>
Monitoring Officer Consultation:	None
Section 151 Officer Consultation:	Section 151 Officer consulted
Existing Council Policies:	Town Centre Masterplan
Financial Implications:	As detailed in the report
Legal Implications (including human	As above



rights):	
Risk Implications:	
Equality Issues/EQIA assessment:	None
Crime & Disorder:	None
Every Child Matters:	None



**Great Yarmouth Town Centre Business Rate Relief Scheme**

**1. Introduction**

Local authorities have the power to grant discretionary rate relief to organisations that meet certain criteria. Traditionally, this has been awarded to charitable bodies, community amateur sports clubs and not for profit organisations.

On the introduction of the Localism Act 2011, discretionary relief is now also available to any organisations (subject to state aid rules) and that the assistance given provides benefit to the council tax payers of the authority.

Business rates income now forms part of the core funding of the Council and any relief reduces the income of the council and impacts other service provision. The granting of any relief under this scheme is therefore assessed against the affordability to the Council and how the business will contribute to the delivery of the ambitions as published in the Councils Great Yarmouth Town Centre Masterplan.

The overarching vision contained in the Masterplan is that by 2025 new investment and employment in the town centre is generating renewed pride in Great Yarmouth and building confidence for the future. One of the six key objectives is to strengthen the heart of the town centre with a range of new occupiers and operators. These business rates relief guidelines aim to incentivise that ambition.

**2. Legislative Framework**

Section 47 of the Local Government Finance Act 1988 provides for local authorities to have a discretionary power to award rates relief to organisations that are liable to pay non-domestic rates.

Section 69 of the Localism Act amended section 47 to give local authorities the power to grant relief in any circumstances. However, this is subject to the condition the local authority may only grant relief if it would be reasonable to do so having regard to the interests of Council Tax payers in its area.

**3. Purpose and Objectives**

The purpose of these guidelines are to specify how the council will operate its discretionary powers under the Local Government Act 1988 and to indicate the factors it will consider when deciding if relief can be awarded.

The policy is intended to provide a simple and transparent process that aligns awards of discretionary relief with the Councils corporate objectives including the Great Yarmouth Town Centre Masterplan (May 2017).

**4. Award Criteria**

The Great Yarmouth Town Centre Master Plan (May 2017) outlines the priorities for this area. In determining whether any relief is in the best interests of tax payers the Council will make specific reference to the priorities and actions contained within the plan and other related corporate priorities.



Particular reference is made to the Town Centre Vision that “by 2025 new investment and employment in the town centre is generating renewed pride in Great Yarmouth and building confidence for the future and its six objectives that will enable the Council to work with partners to bring the vision to life”

The six objectives are:

- Strengthening the heart of the town centre
- Improving the markets and Market Place
- Transforming the Conge
- Creating a sense of arrival in the town centre
- Unlocking the potential of Hall Quay
- Linking it all together.

A key action within the plan is business growth and inward investment by the targeting of the reoccupation of empty retail units within the town centre area.

## **5. Applications for Town Centre Discretionary Rate Relief**

Applications must be made in writing

The application must illustrate a complete picture of what is planned and the benefit it would have to the community

The evidence needs to include:

- The business case for the proposal and why the business rates relief is required and the difference the relief will make to the proposal
- What the rate relief will contribute to make the property more attractive for businesses to occupy
- Other funding streams that have also been explored and the results or current position of them
- Financial information of the company applying for the relief, including income and expenditure or final accounts
- The completion of the Relief Application form
- The completion of a State Aid declaration in Appendix B

The application and form must be completed by the ratepayer or a person authorised to act on their behalf

The Council will have the right to request any reasonable evidence in support of the application and to verify the information third parties if required

All information supplied will be dealt with in the strictest confidence

## **6. Payment of Relief for Businesses**

Relief is granted in the form of a reduction to business rates liability. The relief will be credited directly to the businesses business rates account.

The applicant must inform the Council of any change in circumstances that affects the award of relief. In particular, this would be further assistance given that impact on the financial standing of the company or eligibility for financial assistance including state aid.



The Council will recover all overpayments of discretionary rate relief through the organisations business rates account

Any business that ceases trading will become liable for the full rates payable from the commencement of the relief.

## **7. Notifications**

The decision on whether to award the relief will be decided jointly by the Director of Finance (Section 151 Officer) and the Development Director.

The Council will inform the organisation of the outcome of their application for Discretionary Rate Relief.

Where the application is not successful, the notification will provide reasons why we have decided not to award the discretionary rate relief

Where the application is successful the notification will include the following

- The period of the award
- The percentage of rates liability awarded for that period
- The value of the rate relief to be awarded for that period
- An amended business rates demand notice

## **8. Right of Appeal**

The amount of award is at the discretion of the Council and we may only grant relief if it would be reasonable to do so having regard to the interests of council tax payers in its area.

No formal right of appeal exists

## **9. Fraud**

The Council is committed to the prevention of fraud. Any organisation that fraudulently tries to apply for discretionary rate relief by falsely declaring their circumstances or providing a false statement or evidence in support of their application may have committed an offence under the Theft Act 1968. Where the Council suspects that such a fraud may have occurred, the matter will be investigated as appropriate and this may lead to criminal proceedings being instigated.

## **10. Review**

These guidelines will be reviewed periodically taking into account Council policies and priorities and changes in legislation.

## **11. State Aid Rules**

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers will amount to State Aid. However Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)<sup>1</sup>.

The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).



To administer De Minimis it is necessary to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation).

## **12. Great Yarmouth Town Centre Business Rates Relief Scheme Qualifying Criteria**

The Council will operate a specific scheme to promote the occupation of empty premises in the location of Great Yarmouth Town Centre (see a map of the area where this relief can be applied at the end of this annex).

### **Essential Criteria**

- (a) The owner/ratepayer of an existing empty business premises or retail unit (within the applicable area) will be eligible for business rates relief if;
  - (i) Their property has been empty and unoccupied for three years or more
  - (ii) The rateable value of the property is greater than 12,000
  - (iii) The owner provides a clear and detailed business plan of how they will develop the property, so it is occupied by a business within 2 years from the first day of the award of relief
  - (iv) Once the property is occupied, the occupation of the property must be for a continuous period of two years.

For this purpose the occupation of the property cannot be by a charity, betting shop, pawnbrokers, and pay day loan shops. This is not an exhaustive list and other types of business could also come into this category. Also, it must be a new business to the town centre area or the expansion of an existing one into additional or larger premises within the town centre area

Occupation for the purposes of this relief means that the business is trading consistently from the premises within the normal trading times and periods of the town centre area

If;

- (i) the property is not occupied within the 2 years of the rate relief being awarded, or
- (ii) If the Council considers that the trading at the premises does not meet the criteria for normal trading times and periods

Then the relief will be reclaimed and recovered through the business rate account.

## **13. Value of relief**

Subject to the above criteria being met, the Council will provide from the date of application a maximum amount of discretionary relief for one fixed financial year period, of 50% in year 1 and 25% in year 2 to a maximum value of £50,000 in year 1, as long as the conditions are met.

## **14. Prioritisation**

In considering applications that meet the above essential criteria, priority consideration will be given to the following factors;

- (i) Empty retail units or business premises on ground floor locations in priority areas as described in the Great Yarmouth Town Centre Masterplan.

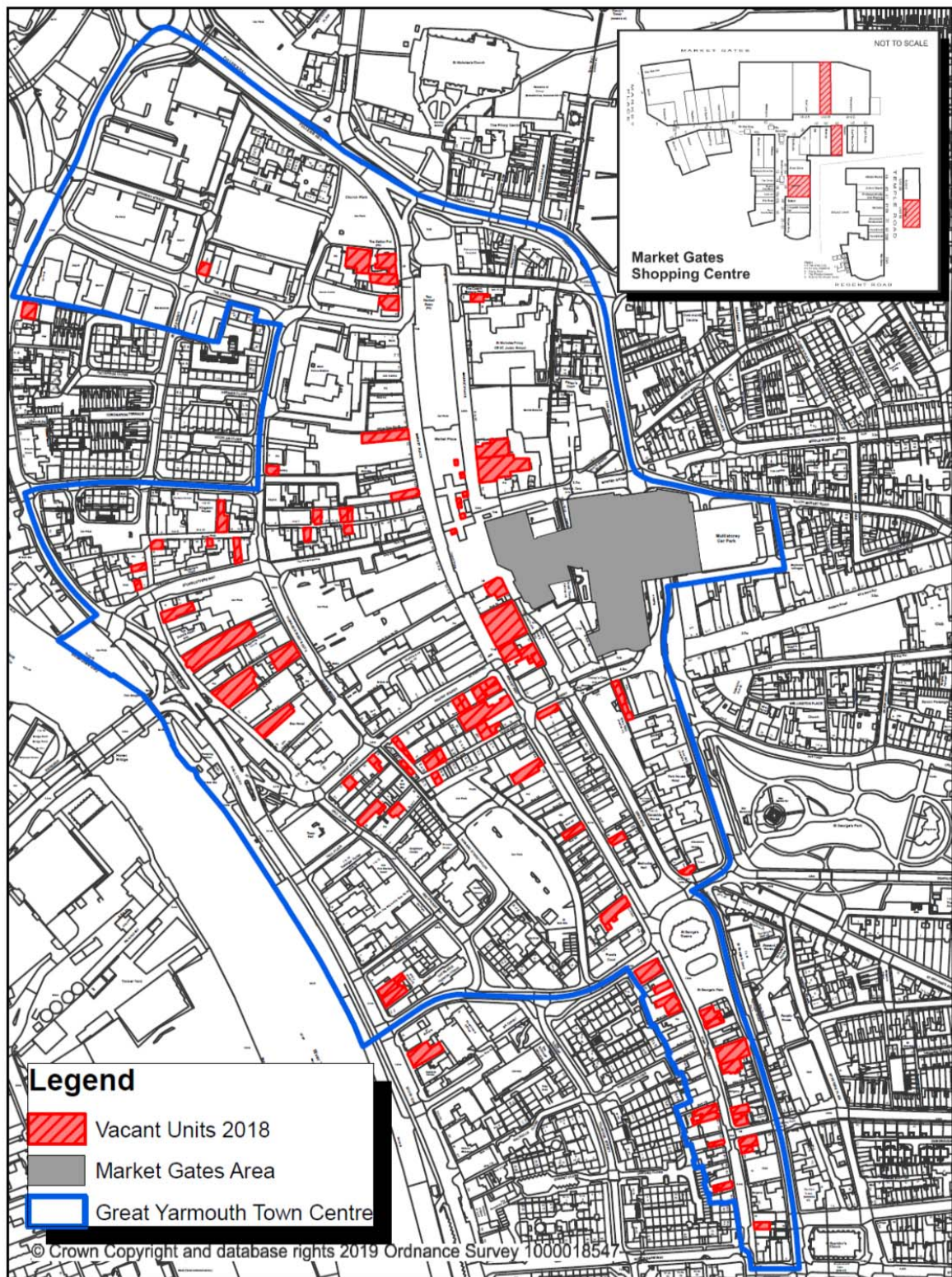


- (ii) In the business case provided to the Council, the level of a proposed financial contribution to be made by the owner to the new business occupying the premises (i.e a rent free period)

If other rate discounts or reliefs are available, these will be applied first before any relief approved through this scheme.



# Town Centre Business Rates Relief Area (From April 1st 2019)



**GREAT YARMOUTH**  
BOROUGH COUNCIL

**Strategic Planning**  
Town Hall, Hall Plain  
Great Yarmouth, Norfolk, NR30 2QF  
Customer Contact Centre Tel. (01493) 856100  
E-mail: [localplan@great-yarmouth.gov.uk](mailto:localplan@great-yarmouth.gov.uk)  
Web: [www.great-yarmouth.gov.uk](http://www.great-yarmouth.gov.uk)



Date: 04/03/2019
User Name: aparnell
Drawing No.:
Scale @ A4: 1:4,005



## Appendix B – State Aid Questionnaire



### State Aid Eligibility Questionnaire

Please complete the following boxes to confirm that you are eligible for this free support:

<b>1. Applicant details and State Aid Eligibility</b>			
Name of company:			
Address:			
Name of contact and position in company:			
Postcode:		Phone number:	
Do other firms own more than one quarter of your company? If so please state name and address Yes <input type="checkbox"/> No <input type="checkbox"/>			
Has the company received any de minimis aid in the last two and current fiscal years?*			
Yes <input type="checkbox"/> No <input type="checkbox"/>			
If 'yes' please provide further details below:			
I confirm that _____ (name of undertaking) has received the following De Minimis aid during the previous 3 fiscal years (this being the current fiscal year and the previous two fiscal years):			
Organisation providing the Assistance/ Aid	Value of Assistance	Date of Assistance	Nature of Assistance
<b>Declaration:</b>			
I acknowledge that I am authorised to sign on behalf of _____ (name of undertaking) and understand the requirements of De Minimis (EC Regulations 1998/2006).			
_____ (name of undertaking) is not a business "in difficulty" as defined at 2.1 of the Community Guidelines and State Aid for Rescuing and Restructuring Firms in Difficulty (2004/C22/02) at the date of this declaration. By signing below, I confirm that I represent _____ (name of undertaking) and that the information set out above is accurate for the purposes of the De Minimis exemption. I understand that State Aid Eligibility will be reviewed on an annual basis.			
Signed:			Date:
Position within firm:			
<b>For office use only</b>			
Rates relief eligibility criteria satisfied:		Yes <input type="checkbox"/> No <input type="checkbox"/>	
Name of project:			
Signed project manager:			Date:
PRINT NAME:			

\*Financial Years

**Privacy Notice**

At Great Yarmouth Borough Council we take your privacy seriously and will only use your personal information to provide the services requested from us. The personal information you have provided will be used to process Business Rates & Business Improvement Districts and will be processed in accordance with the General Data Protection Regulations (GDPR). It has been collected under Article 6(1)(e) also known as Public Task. If you require any further information please go to the web link below <https://www.great-yarmouth.gov.uk/privacy/business-rates-and-bids> or write to the Data Protection Officer, Great Yarmouth Borough Council, Hall Plain, Great Yarmouth, NR30 2QF



Subject: Review of the Statement of Community Involvement

Report to: Policy & Resources Committee – 19 March 2019

Report by: John Clements, Strategic Planning Manager

#### **SUBJECT MATTER**

**Review of Statement of Community Involvement, including addition of neighbourhood planning matters and personal data treatment.**

#### **RECOMMENDATION**

**That the Policy and Resources Committee adopts a revised Statement of Community Involvement comprising:**

- a) the existing Statement of Community with following additions:**
  - i. i) Addendum on Neighbourhood Planning advice and assistance.**
  - ii. ii) Paragraph explaining how personal data will be treated; and**
- b) delegated authority is provided to the Strategic Planning Manager to make any further minor changes to these required in advance of publication.**

## **1. INTRODUCTION**

1.1 A Statement of Community Involvement (SCI) is a formal document each local planning authority is required to have, explaining how it will involve the public in plan preparation and decisions on planning applications. The Council's current SCI was adopted in March 2014.

1.2 Following changes in legislation, the Council is now required to review its SCI within five years of adoption, and also to indicate how the Council will meet its obligation to provide advice and assistance to those preparing neighbourhood plans.

1.3 The existing SCI is found to remain appropriate, subject to additions meeting those obligations. Note that those additions do not require any changes to existing practices or intentions, but merely make these explicit to the general public.

1.4 The proposed changes were agreed by the Local Plan Working Party on 12<sup>th</sup> February 2019.

## **2 REVIEW OF STATEMENT OF COMMUNITY INVOLVEMENT**

2.1 The Council's current Statement of Community Involvement (SCI) can be viewed on the Council's website via the following link: <https://www.great-yarmouth.gov.uk/CHttpHandler.ashx?id=1224&p=0>

2.2 It has been reviewed and is considered to remain appropriate, except it would be desirable to add a paragraph on use of personal data (in line with GDPR legislation).



### *How will we use your personal information?*

*In accordance with the General Data Protection Act 2018 (GDPR) we will use your personal information for the purposes of the provision of the Council services. The processing of this information is necessary for the Council to undertake a public task as defined under Article 6(1)(e) of the Act, i.e. the processing is necessary for the Council to perform a task in the public interest or for its official functions, and the task or function has a clear basis in law.*

2.3 There is also a need to update the changed names of a few organisations (e.g. English Heritage is now Historic England), but this can be done under officers' delegated powers.

2.4 The SCI will need to be reviewed again within the next five years in the light of experience with its content and any change to practices and requirements.

## **3 ADVICE AND ASSISTANCE ON NEIGHBOURHOOD PLANNING**

3.1 An addendum has been prepared outlining the how advice and assistance will be provided by the Borough Council to those preparing a neighbourhood plan. Note that the Borough Council has three distinct roles in relation to neighbourhood planning:

- The first is to undertake numerous formal processes and decisions (such as designating a neighbourhood area or conducting a referendum) in a quasi-judicial manner. In these the Council's preferences are to a large extent irrelevant.
- The second, as local planning authority is to promote and protect the planning interests of the plan area as a whole (which may potentially differ from the preferences of an individual parish). Here the Council's position and judgement is critical.
- The third is to provide advice and assistance to those parish councils and neighbourhood forums preparing neighbourhood plans. It is obliged to do so whether or not it agrees with the content of those plans.

3.2 The new neighbourhood planning requirement in Statements of Community Involvement relates only to the last of these three, but it is thought more helpful for the potential users to integrate this with the formal requirements under the first of them. In the proposed addendum (Appendix 1 to this report) it is the non-bold text in the third column which provides an outline of how the advice and assistance will be provided. It is, of necessity, somewhat indicative.

## **4 FINANCIAL IMPLICATIONS**

4.1 None. Preparation and review of the SCI is part of the wider development plan making responsibilities, and provided for in the agreed Strategic Planning budget.

## **5 RISK IMPLICATIONS**

5.1 None.

## **6 CONCLUSIONS**

6.1 The SCI has been reviewed, as required, and found generally to remain appropriate, but additions to the document are necessary to meet new legislative requirements in relation to neighbourhood planning and data protection. The



amendments are modest changes to the existing document, and reflect existing practice and intentions.

The document will be reviewed again within five years, providing the potential for further adjustments and refinements.

## **7 RECOMMENDATION**

### **RECOMMENDATION**

**That the Policy and Resources Committee adopts a revised Statement of Community Involvement comprising:**

- a) the existing Statement of Community with following additions:**
  - i. i) Addendum on Neighbourhood Planning advice and assistance;**  
**and**
  - ii. ii) Paragraph explaining how personal data will be treated; and**
- b) delegated authority is provided to the Strategic Planning Manager to make any further minor changes to these required in advance of publication.**

## **8 APPENDIX**

Appendix 1 – Proposed Addendum to Statement of Community Involvement

## **9 LINK**

Current Statement of Community Involvement (March 2014)

*Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated?*

<b>Area for consideration</b>	<b>Comment</b>
Monitoring Officer Consultation:	n/a
Section 151 Officer Consultation:	n/a
Existing Council Policies:	Statement of Community Involvement adopted March 2014.
Financial Implications:	None. (See Section 4)
Legal Implications (including human rights):	The Town & Country Planning (Local Planning (England) (Amendment) Regulations 2017 requires the Council to review the SCI. The Planning & Compulsory Purchase Act, as amended by the Neighbourhood Planning Act 2017 provides the basis for the requirement to



	<p>explain in the SCI how the obligations (under the Localism Act, 2011) to advise and assist those preparing neighbourhood plans.</p> <p>The requirements in relation to personal data arise from the General Data Protection Regulation (EU) 2016/679 and Data Protection Act 2018.</p>
Risk Implications:	
Equality Issues/EQIA assessment:	n/a
Crime & Disorder:	n/a
Every Child Matters:	n/a



## **Appendix 1 – Proposed Addendum to Statement of Community Involvement**

The following Table sets out in general terms how the Borough Council will provide advice and assistance to those preparing neighbourhood plans. This is organised under the main stages of neighbourhood planning, and also guides communities through the variety of responsibilities and decision making that will need to be addressed in preparing a plan.

In practice, the types and amount of advice and assistance will depend to a large extent on the wishes of the body preparing the neighbourhood plan, and the issues it faces.

Note that:

1. References below to a parish council should be taken to include a town council or a neighbourhood forums (who can also prepare neighbourhood plans).
2. The Borough Council's will provide advice and assistance, if required, regardless of whether it agrees with the content of the neighbourhood plan.
3. In addition to the provision of advice and assistance, the Borough Council has certain formal statutory responsibilities in processing and deciding on neighbourhood plans (in bold below), and these must be undertaken as set out in legislation. The summaries of those responsibilities below are not intended to be definitive.



Stage	Qualifying Body (Parish/Town Council or Neighbourhood Forum) Suggested Actions (formal stages in bold)	Great Yarmouth Borough Council Advice & Assistance Examples (obligatory formal stages in bold)
<p><b>Initial consideration:</b>  <b>Does your community want to prepare a neighbourhood plan?</b>  <b>What does it hope to achieve by doing so?</b></p>	<ul style="list-style-type: none"> <li>• Weigh up possibilities, potential opportunities, and any potential constraints such as resources, time and monetary costs when preparing a neighbourhood plan</li> <li>• Understand the statutory requirements and constraints for neighbourhood plans.</li> <li>• Have regard to Strategic Policies (such as settlement strategy and housing requirements), and existing/emerging Local Plan(s) and national planning policy</li> <li>• Consider setting up a steering group / neighbourhood forum to lead on the development of the plan</li> </ul>	<p>Attend parish council meeting to provide general outline and advice on neighbourhood plans, and answer questions.</p> <p>Provide in person, by phone or in writing more specific guidance, advice and support. This will likely help with</p> <ul style="list-style-type: none"> <li>• understanding the process of preparing a plan, ‘what happens next?’, and central government funding opportunities.</li> <li>• what neighbourhood plans, can, can’t and must do.</li> <li>• how the Borough’s Strategic Policies might affect the approach to the neighbourhood plan</li> <li>• what evidence is, and isn’t, required to support the proposals,</li> <li>• providing contacts for advice and information from others who have prepared neighbourhood plans.</li> </ul>
<p><b>Designation of Neighbourhood Area (and Forum if required)</b></p>	<ul style="list-style-type: none"> <li>• Decide upon an appropriate area for the plan (usually, but not always the whole parish area)</li> <li>• <b>Apply to the Council with a map and justification of the area</b></li> </ul>	<p>The Borough Council can provide a map (subject to being signed up to the Public Sector Mapping Agreement), and will <b>decide if the area is appropriate and designate it as soon as possible (this may require the Council to consult).</b></p>



Stage	Qualifying Body (Parish/Town Council or Neighbourhood Forum) Suggested Actions (formal stages in bold)	Great Yarmouth Borough Council Advice & Assistance Examples (obligatory formal stages in bold)
<b>Develop plan's aims and policies</b>	<ul style="list-style-type: none"> <li>Consider and develop main aims (focus) of the plan</li> <li>Draft clear policies</li> <li>If allocating sites – carry out an appraisal against identified criteria, demonstrate what alternative sites have been considered</li> <li><b>Consult the community</b></li> <li>Constructively engage with the Council</li> </ul>	The Borough Council will provide assistance if required (including mapping assistance, subject to resources). It is good practice at this stage to share plan proposals, but more generally to regularly engage with the Council, which can assist in: considering draft policies, where possible supporting evidence in making site allocations, and providing advice in meeting the 'basic conditions', and identifying issues which may cause problems later in the process
<b>Consider environmental effects - Prepare Strategic Environmental Assessment (SEA) Screening Report &amp; Habitat Regulations Assessment (HRA) screening</b>	<ul style="list-style-type: none"> <li>Consider whether the plan may have significant environmental effects</li> <li>Consider using a Sustainability Appraisal to assess sites (if you are seeking to allocate sites)</li> <li>Consider whether the plan may have significant effects on internationally protected species and/or habitat sites [Note that if there are potential effects – suitably qualified consultants may be needed to carry out a full 'HRA' assessment]</li> </ul>	The Borough Council will advise on these important but complex processes.
<b>Pre-submission consultation</b>	<ul style="list-style-type: none"> <li><b>Undertake a six week pre-submission public consultation on the draft plan options (including SEA/HRA Report – if they are required)</b></li> <li>Also provide any necessary supporting documents such as a Consultation Statement explaining what is being consulted (and what the next steps are).</li> </ul>	The Borough Council can provide guidance on who needs to be consulted, and could potentially host the consultation on its website.



Stage	Qualifying Body (Parish/Town Council or Neighbourhood Forum) Suggested Actions (formal stages in bold)	Great Yarmouth Borough Council Advice & Assistance Examples (obligatory formal stages in bold)
<b>Revising the pre-submission plan</b>	<ul style="list-style-type: none"> <li>Consider making amendments to the plan based on comments received at consultation</li> <li><b>Produce a representations report setting out how comments have been taken into consideration</b></li> </ul>	The Borough Council can provide advice, if required.
<b>Optional independent 'health check' of the plan</b>	<p>Following pre-submission consultation and amendments, the Borough Council strongly recommends that the draft plan is submitted for a 'health check' to be reviewed by an independent examiner. Those who have done this and successfully progressed their plans to adoption have found this very useful, and time saving in the long run. (It is much better to find out any problems at this stage, rather than later.) The key focus of the review is considering whether the plan has met the 'Basic conditions' and other legislative requirements, and therefore whether the plan is likely to have difficulties in the formal examination. This enables the parish council to address any concerns before the plan is formally submitted for examination, at which point it is largely out of the hands of the parish council and any changes must be decided by the Borough Council in the light of the advice of the Examiner.</p> <ul style="list-style-type: none"> <li>The cost of a health check review depends on the scope of the plan, but is typically approx. £1,000.</li> </ul>	If the parish council is willing to submit the plan to an independent 'health check' review jointly with the Borough Council, the Borough Council will consider contributing to the cost of the review, and organise the review using the Neighbourhood Plan Independent Examiners Referral Service (NPIERS).



Stage	Qualifying Body (Parish/Town Council or Neighbourhood Forum) Suggested Actions (formal stages in bold)	Great Yarmouth Borough Council Advice & Assistance Examples (obligatory formal stages in bold)
<b>Further revisions to draft plan</b>	Following an independent 'health check' – further amendments may be recommended to the plan prior to its submission (which should help it to progress through examination).	The Borough Council can provide support if required.
<b>Submitting the plan to the Council</b>	<p><b>Submit neighbourhood plan once content with the finalised document, with or including:</b></p> <ul style="list-style-type: none"> <li>• <b>Map of neighbourhood plan area</b></li> <li>• <b>Consultation Statement – setting out details of consultation and how they were considered</b></li> <li>• <b>Statement setting out how the plan meets legislation (in particular, the Basic Conditions)</b></li> <li>• <b>Environmental Report (screening or full report).</b></li> </ul> <p>Optional supporting documents could include:</p> <ul style="list-style-type: none"> <li>• Sustainability Appraisal</li> <li>• Viability Assessment</li> </ul>	The Borough Council will check that all relevant documents have been submitted and the legislative requirements have been adequately met to publish the plan and commence a six week consultation (to be held by the Council).
<b>Independent examination</b>	An independent examiner will conduct the examination of the plan usually with written representation and potential site visits. There is also the potential that a meeting/hearing may be required.	<p><b>The Borough Council will:</b></p> <ul style="list-style-type: none"> <li>• <b>consult the neighbourhood plan body on the choice of examiner</b></li> <li>• <b>appoint the Examiner</b></li> <li>• <b>Receive the examiner's report</b></li> </ul>



Stage	Qualifying Body (Parish/Town Council or Neighbourhood Forum) Suggested Actions (formal stages in bold)	Great Yarmouth Borough Council Advice & Assistance Examples (obligatory formal stages in bold)
<b>Examiner's recommendations</b>	<p>The parish council will receive a copy of the Examiner's Report.</p> <p>This can recommend that plan –</p> <ul style="list-style-type: none"> <li>• Can proceed unchanged to a referendum; or</li> <li>• (most likely) Can proceed to a referendum if it is first amended by the Borough Council to address any problems; or</li> <li>• Should not proceed to a referendum</li> </ul>	<p><b>The Borough Council will consider the Examiner's conclusions and decide whether the legislative requirements require any amendments to be made to the plan, and whether it can (then) proceed to a referendum.</b></p>
<b>Referendum</b>	<p>Receive referendum results.</p>	<p><b>The Borough Council will hold the referendum (with at least 28 days' notice prior to it taking place).</b></p>
<b>Adoption</b>	<p>Receive notice when the neighbourhood plan 'comes into force' – forming part of the Development Plan</p>	<ul style="list-style-type: none"> <li>• Upon a 'yes' vote in the referendum, the Borough Council will adopt the neighbourhood plan</li> <li>• A neighbourhood plan in force will form part of the Development Plan – and will be used to guide and support planning applications and decisions.</li> </ul>



**Subject: 2018/19 Period 10 Budget Monitoring**

**Report to: Policy and Resources Committee 19<sup>th</sup> March 2019**

**Report by: Capital Projects and Senior Accountant**

<b>SUBJECT MATTER/RECOMMENDATIONS</b>
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To consider the 2018/19 budget monitoring position.
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**1. Introduction**

- 1.1 This report compares the actual expenditure and income position at the end of January 2019 to the updated budget for 2018/19. The Original Base Budget as agreed by Full Council in February 2018 has been updated for in-year virements and for 2017/18 year end budget carry forwards for planned expenditure in the now current financial year.
- 1.2 The Base Budget for 2018/19 as approved a surplus budget with a transfer to the general reserve of £5,066 for the year. This report gives the position for the year to date and forecast outturn against this target, adjusted for any in year approved budget movements from reserves. This will be the final budget monitoring report presented to members for the current financial year and it will inform the 2018/19 outturn position.

**2. Budget Monitoring Position – Revenue Services**

- 2.1 The General Fund Summary at Appendix A shows the high level budget monitoring position at 31 January 2019 which shows an underspend to date of (£306,135) compared to the profiled budget to date. The full year forecast shows a deficit against the budget of £102,524. The forecast is made of a £592,898 overspend in relation to service variances, which is mitigated by an underspend of (£490,374) in relation to the Non Service which allows for transfers from earmarked reserves.
- 2.2 The full year service overspend of £592,898 is largely due to actual income received being less than budget for car parking of £200,000, £102,000 less brown bin income as subscriptions did not increase as anticipated from the 2 year recycling officer



initiative and planning fees of £87,500 from pre-application fees not being implemented as originally planned and lower than expected number of planning applications, while there is anticipated to be some larger planning applications this has been reflected in the forecast position.

- 2.3 Appendix A and Appendix B provide commentary on the more significant variances (£+/-£20,000 year to date and +/- £10,000 full year) from the budget monitoring process carried out between finance and services for the position at the end of period 6 and where there is anticipated to be a full year under/overspend. Appendix C provides a summary of the general fund service income and expenditure by type (e.g. employee costs).
- 2.4 The employee turnover reported to the end of period 10 is 10.15% (as provided by Human Resources. Period 6 in comparison was 8.6%). Employee turnover is the total number of leavers as a percentage of the average head count of employees over the period. The median average turnover reported by Councils for 2015/16 was 13.2% per cent (latest available data). In financial terms turnover will result in underspends against direct employee related budget, for example pay, NI and pension when posts become vacant up to the point of recruitment. Turnover savings will be also be accrued from restructuring and where there have been significant delays inbetween a post becoming vacant and then being filled. Some of the in-year vacancy savings will be offset by the use of agency and interim appointments. Overall for the period to the end of January there is an underspend of (£343,799) of direct employee costs (per Appendix C) the detail of the more significant will have been reported in the detail included at appendix B.



### 3. Budget Monitoring Position – Summary

- 3.1 The following table provides a summary of the full year projections for the service areas along with an updated use of reserves figure where applicable

Table – Summary of Full Year Effects 2018/19	Estimated Full Year Effect
Service Area	592,898
Non Service Areas	(490,374)
Use of/transfer to reserves	0
Total Deficit/ (Surplus)	102,524

- 3.2 Within the overall position there are some substantial variances including a significant shortfall of budgeted income from car parking, brown bins and planning fee income which is flagged as a risk within the budget report in terms of the limited ability that the Council can influence demand for these services.
- 3.3 The overall position will continue to be monitored in the current financial year and will be reported to Management Team and Members accordingly.

### 4. Budget Monitoring Position – Capital

- 4.1 Actual spend until the end of January 2019 totals £4.3m as summarised under Appendix D. This is in line with expectations as capital spending tends to occur in the final quarters of the financial year.
- 4.2 The original 2018/19 General Fund capital programme budget was £19.2m and has been updated to reflect the following:
- The roll forward of £3.4m from the 2017/18 capital programme;
  - The Better Care Fund allocation for Disabled Facility Grants (DFG) was confirmed in April 2018 as £0.3m higher than estimated when the budget was set;
  - The inclusion of £400k for the Gorleston splashpad as approved by Policy and Resources Committee in March 2018;



- And £42,000 capital budget for cycle shed provision was approved in June 2018 by the Policy and Resource Committee. It is to be financed from the special projects reserve to fund these facility improvements for staff which will complement the cycle to work scheme and provide a further incentive to staff to cycle to work.
- A further capital budget of £130,000 for the Beach Huts as approved at the July Policy and Resource Committee to cover the provision of an amenity block and additional costs in relation to the beach hut structures.

4.3 The forecast spend for 2018/19 on capital projects is estimated at £8.9m at the end of period 10.

4.4 Where capital budgets for the year remain unspent at the yearend, if the scheme is still to be completed then these budgets will be carried forward. The 2019/20 capital programme included a forecast roll forward of £17.6m which is the forecast position remaining at the end of period 10. Full details of these projects will be included in the outturn report to be presented in June when an updated programme for 2019/20 and future years will be agreed. The impact of delays to the capital spend in the year will result in delays to the associated costs of borrowing being charged to the revenue account including the minimum revenue provision.

## **5. Conclusion**

5.1 The revenue budget is showing a forecast full year overspend of £102,524. The overall financial position will continue to be closely monitored.

5.2 The capital budget has a revised forecast spend of £8.9m for the full year based on the expectation of capital expenditure increasing in the final quarter of the financial year. The position will continue to be monitored as projects progress.

## **6. Financial Implications and Risks**

6.1 The detail within Appendices A and B of the report highlight the significant variances including those that are estimated to result in a full year impact.



- 6.2 The Council is dependent upon a number of income streams including business rates, car parking, crematorium and planning income which are subject to factors outside of the Council's control. The monitoring report has flagged a shortfall in car park income, brown bin subscriptions and planning income for the current year.
- 6.3 The overall position for 2018/19 will continue to be monitored during the year.

**EXECUTIVE BOARD OR DIRECTOR CONSULTATION:**

Management Team

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	N/A
Section 151 Officer Consultation:	Included within the detail of the report
Existing Council Policies:	N/A
Financial Implications (including VAT and tax):	Included within the detail of the report
Legal Implications (including human rights):	N/A
Risk Implications:	Included within the detail of the report
Equality Issues/EQIA assessment:	N/A
Crime & Disorder:	N/A
Every Child Matters:	N/A



## Appendix A - General Fund Summary Period 10 2018/2019

	Original Budget 2018/19 £	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
<b>Net Cost of Services</b>								
Executive	114,115	274,789	930,059	948,771	18,712	301,129	26,340	See Appendix B for details of significant variances.
Housing	1,511,719	1,504,121	680,251	679,052	(1,198)	1,515,119	10,998	
Inward Investment	3,026,364	2,752,229	1,811,002	1,892,330	81,328	2,856,007	103,778	
Organisational Development	436,597	582,413	785,878	678,538	(107,340)	545,113	(37,300)	
Planning and Growth	723,979	732,512	262,584	255,058	(7,527)	737,556	5,044	
Customer Services	(372,186)	(498,396)	(1,170,925)	(880,795)	290,130	(238,685)	259,711	
Property and Asset Management	370,090	225,483	(559,284)	(568,314)	(9,029)	257,736	32,253	
IT, Communications and Marketing	618,358	595,667	1,205,606	1,175,479	(30,126)	629,735	34,068	
Environmental Services	4,158,517	4,985,455	4,192,264	4,089,491	(102,773)	4,952,807	(32,648)	
Finance	7	37,143	782,632	790,099	7,468	27,797	(9,346)	Savings reflected within services above - for example savings in relation to the transfer of GYBS staff to the Council within the Property and Asset Management cost centres.
Savings to be allocated to a service	(200,000)	(200,000)	0	0	0	0	200,000	
	<b>10,387,560</b>	<b>10,991,416</b>	<b>8,920,066</b>	<b>9,059,710</b>	<b>139,644</b>	<b>11,584,314</b>	<b>592,898</b>	
<b>Non Service Expenditure/Income</b>								
Loan Interest Payable	809,113	809,113	656,444	583,963	(72,481)	806,113	(3,000)	There is a current underspend on loan interest payable due to part of the cost now being recharged to the HRA which was not anticipated when the budget was set. Further short term borrowing is anticipated before the end of March.
Interest Receivable	(64,315)	(64,315)	(64,315)	(123,303)	(58,988)	(274,889)	(210,574)	Additional interest receivable secured in year from new agreements and Equinox.
Capital Charges Reversal	(1,230,134)	(1,530,134)	0	(522,138)	(522,138)	(1,530,134)	0	Additional costs in the year reflect internal restructuring in the year, where applicable these will be funded from the restructuring and invest to save reserve at the yearend.
Revenue Contribution to Capita	0	0	0	0	0	0	0	
Transfers To/From Earmarked Reserves	(921,258)	(1,462,139)	0	0	0	(1,462,139)	0	
Pension Back Funding	1,403,000	1,489,975	1,489,975	1,720,393	230,418	1,489,975	0	
Contingency	0	0	0	0	0	0	0	MRP forecast revised in line with the forecast capital expenditure as reported in Appendix D of this report, funded by borrowing, for the year being lower than expected when the 2018/19 budget was set.
Parish Precepts & Concurrent Grants	411,663	411,663	411,663	411,673	10	411,663	0	
Provision for Load Repayment (MRP)	1,432,906	1,432,906	0	0	0	1,169,961	(262,945)	
Collection Fund Adjustments	0	0	0	0	0	0	0	
Accounting Adjustments - soft loans, acc absences	0	0	0	0	0	0	0	
Vacancy Management & Apprenticeship Lev	(114,550)	35,500	29,584	28,327	(1,257)	34,200	(1,300)	
	<b>1,726,425</b>	<b>1,122,569</b>	<b>2,523,351</b>	<b>2,098,914</b>	<b>(424,437)</b>	<b>644,750</b>	<b>(477,819)</b>	
<b>Income</b>								
Council Tax - Parishes	(411,663)	(411,663)	(411,663)	(411,663)	0	(411,663)	0	Property searches new burdens grant
Council tax - Borough	(4,357,745)	(4,357,745)	(4,357,745)	(4,357,745)	0	(4,357,745)	0	
Business Rates	(4,145,833)	(4,145,833)	(3,454,861)	(3,454,861)	(0)	(4,145,833)	0	
Revenue Support Grant	(2,544,905)	(2,544,905)	(2,137,720)	(2,137,721)	(1)	(2,544,905)	0	
New Homes Bonus	(627,700)	(627,700)	(627,700)	(627,700)	0	(627,700)	0	
Other Grants	(31,199)	(31,199)	(25,999)	(47,340)	(21,341)	(43,754)	(12,555)	
	<b>(12,119,045)</b>	<b>(12,119,045)</b>	<b>(11,015,688)</b>	<b>(11,037,030)</b>	<b>(21,342)</b>	<b>(12,131,600)</b>	<b>(12,555)</b>	
<b>(Surplus)/Deficit</b>	<b>(5,060)</b>	<b>(5,060)</b>	<b>427,729</b>	<b>121,595</b>	<b>(306,135)</b>	<b>97,464</b>	<b>102,524</b>	



## Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019

### Note 1 Significant variances requiring commentary:

Significant variances of +/- £20,000 year-to-date or +/- £10,000 full year forecast variances only require commentary. This is based on the total variance for the service line level for the services as Heads of Service are able to vire budgets within their areas as required.

### Note 2 Support Services Recharges:

Support Services Recharge variances are driven by the variances in direct costs and income identified under those services recharged across the Council at year end and therefore there will be variances reported during the year.

### Note 3 IAS19 Accounting Adjustment:

IAS19 requires services to recognise pension costs for employees as provided by the Council's Actuary. These IAS19 addition pension charges do not impact on the yearend position as they are reversed under Appendix A as part of the Pension Back Funding line at year end

## Executive

Executive Team	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	633,792	528,159	541,774	13,615	649,992	16,200	The budget did not include all of the ELT incremental pay increases for 18-19 which will result in an overspend at yearend of £10.8k. Further, increased staff hours will equate to an overspend of £5.4k at yearend.
Non-pay	17,186	14,916	20,438	5,522	25,386	8,200	This relates to conference, travel & subsistence costs above base budgets.
Gross Direct Income	(50,000)	(50,000)	(51,695)	(1,695)	(50,000)	0	
Net Direct Expenditure/(Income) Total:	600,978	493,075	510,517	17,442	625,378	24,400	
Support Services Recharges	(604,790)	0	0	0	(604,790)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(3,812)	493,075	510,517	17,442	20,588	24,400	

Legal	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	240,000	200,000	216,771	16,771	258,124	18,124	An invoice has been received relating to the previous financial year which was not accrued in the previous financial year.
Gross Direct Income	(30,000)	(25,833)	(36,633)	(10,800)	(40,300)	(10,300)	Income received from the recovery of court costs has been higher than was budgeted for.
Net Direct Expenditure/(Income) Total:	210,000	174,167	180,138	5,971	217,824	7,824	
Support Services Recharges	(210,010)	0	0	0	(210,010)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(10)	174,167	180,138	5,971	7,814	7,824	



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Equinox	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	0	0	(284,540)	(284,540)	0	0	
Gross Direct Income	0	0	284,540	284,540	0	0	
Net Direct Expenditure/(Income) Total:	0	0	(0)	(0)	0	0	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	0	0	(0)	(0)	0	0	No significant variances.

Town Centre Initiative	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	17,541	17,541	17,541	(0)	17,541	0	
Non-pay	195,240	195,240	187,865	(7,375)	195,240	0	
Gross Direct Income	(49,246)	(49,246)	(40,173)	9,073	(47,549)	1,697	
Net Direct Expenditure/(Income) Total:	163,535	163,535	165,233	1,698	165,232	1,697	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	163,535	163,535	165,233	1,698	165,232	1,697	No significant variances.

Corporate Costs	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	115,076	99,282	92,943	(6,339)	107,495	(7,581)	
Gross Direct Income	0	0	(60)	(60)	0	0	
Net Direct Expenditure/(Income) Total:	115,076	99,282	92,883	(6,399)	107,495	(7,581)	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	115,076	99,282	92,883	(6,399)	107,495	(7,581)	No significant variances.

<b>Total Executive:</b>	<b>274,789</b>	<b>930,059</b>	<b>948,771</b>	<b>18,712</b>	<b>301,129</b>	<b>26,340</b>	
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## Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019

### Housing

Housing Needs	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	479,779	403,332	529,860	126,528	611,188	131,409	Revised budget forecast following a housing restructure. This increase includes posts which assist the increase in homelessness and new burdens works offset by increased funding as per below.
Non-pay	301,192	235,701	336,144	100,443	345,207	44,015	B & B costs overpent by £44k. This is a demand led service which has received increased requests year to date. Income recovery figures have also increased to partly offset the overspend as per below.
Gross Direct Income	(227,669)	(189,725)	(399,981)	(210,256)	(368,439)	(140,770)	Cost recovery income has increased by £25k. Funding of £116k for New Burdens & Homelessness projects to be completed this year.
Net Direct Expenditure/(Income) Total:	553,302	449,308	466,023	16,715	587,956	34,654	
Support Services Recharges	311,430	0	0	0	311,430	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	18,515	0	0	0	18,515	0	
Total:	883,247	449,308	466,023	16,715	917,901	34,654	

Housing Strategy	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	73,869	62,172	63,408	1,236	94,158	20,289	
Non-pay	49,273	41,172	27,412	(13,760)	37,995	(11,278)	
Gross Direct Income	0	0	(15,000)	(15,000)	(15,000)	(15,000)	
Net Direct Expenditure/(Income) Total:	123,142	103,344	75,820	(27,524)	117,153	(5,989)	
Support Services Recharges	73,400	0	0	0	73,400	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	24,437	0	0	0	24,437	0	
Total:	220,979	103,344	75,820	(27,524)	214,990	(5,989)	No significant variances.

Traveller's Site/ Gapton Hall (NEW)	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	0	0	53,672	53,672	60,000	60,000	This is a new service area. Unbudgeted sewage works were required at the site at a total cost of £15k. The overspend also reflects increased utility fees, site maintenance and clearance charges.
Gross Direct Income	0	0	(15,556)	(15,556)	(20,000)	(20,000)	Forecast includes estimated rental income received from site to cover some of the increased costs highlighted above.
Net Direct Expenditure/(Income) Total:	0	0	38,116	38,116	40,000	40,000	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	0	0	38,116	38,116	40,000	40,000	



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Private Sector Housing	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	80,590	67,977	47,048	(20,929)	39,803	(40,787)	Revised budget forecast following a housing management restructure which mitigates costs included within Housing Needs.
Non-pay	67,627	44,743	35,974	(8,769)	67,661	34	
Gross Direct Income	(37,400)	(31,167)	(16,571)	14,596	(37,400)	0	
Net Direct Expenditure/(Income) Total:	110,817	81,553	66,451	(15,102)	70,064	(40,753)	
Support Services Recharges	94,320	0	0	0	94,320	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	205,137	81,553	66,451	(15,102)	164,384	(40,753)	No significant variances.

Safe at Home	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	307,952	256,809	265,971	9,162	293,479	(14,473)	
Non-pay	45,283	24,592	34,361	9,769	42,842	(2,441)	
Gross Direct Income	(276,727)	(235,356)	(267,690)	(32,334)	(276,727)	0	
Net Direct Expenditure/(Income) Total:	76,508	46,045	32,642	(13,403)	59,594	(16,914)	
Support Services Recharges	118,250	0	0	0	118,250	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	194,758	46,045	32,642	(13,403)	177,844	(16,914)	No significant variances.

<b>Total Housing:</b>	<b>1,504,121</b>	<b>680,251</b>	<b>679,052</b>	<b>(1,198)</b>	<b>1,515,119</b>	<b>10,998</b>	
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## Inward Investment

Projects and Programmes	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	144,698	117,262	118,859	1,597	144,698	0	
Non-pay	4,600	3,834	6,184	2,350	4,600	0	
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	149,298	121,096	125,043	3,947	149,298	0	
Support Services Recharges	36,760	0	0	0	36,760	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	186,058	121,096	125,043	3,947	186,058	0	No significant variances.



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Parks and Outdoor spaces	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	181,717	181,603	182,615	1,012	182,769	1,052	
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	181,717	181,603	182,615	1,012	182,769	1,052	
Support Services Recharges	27,720	0	0	0	27,720	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	3,367	0	0	0	3,367	0	
Total:	212,804	181,603	182,615	1,012	213,856	1,052	No significant variances.

Outdoor Sports	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	342,638	339,129	333,021	(6,108)	342,638	0	
Gross Direct Income	(112,726)	(104,590)	(93,522)	11,068	(112,726)	0	
Net Direct Expenditure/(Income) Total:	229,912	234,539	239,500	4,961	229,912	0	
Support Services Recharges	38,490	0	0	0	38,490	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	33,434	0	0	0	33,434	0	
Total:	301,836	234,539	239,500	4,961	301,836	0	No significant variances.

CCTV	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	147,153	147,047	147,792	745	147,153	0	
Gross Direct Income	(4,000)	(4,000)	(4,000)	0	(4,000)	0	
Net Direct Expenditure/(Income) Total:	143,153	143,047	143,792	745	143,153	0	
Support Services Recharges	22,410	0	0	0	22,410	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	1,500	0	0	0	1,500	0	
Total:	167,063	143,047	143,792	745	167,063	0	No significant variances.



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Culture and Leisure	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	21,001	21,115	35,831	14,716	37,948	16,947	The role of Cultural Lead has been extended to the end of February 2019 this was originally budgeted for to the end of September 2018. The overspend refers specifically to additional funding for St George's Theatre Trust as approved by Committee.
Non-pay	183,744	158,575	187,946	29,371	213,744	30,000	
Gross Direct Income	0	0	(441)	(441)	0	0	
Net Direct Expenditure/(Income) Total:	204,745	179,690	223,336	43,646	251,692	46,947	
Support Services Recharges	42,290	0	0	0	42,290	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	247,035	179,690	223,336	43,646	293,982	46,947	

Voluntary Sector Grants	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	93,500	93,500	96,223	2,723	93,500	0	
Gross Direct Income	(53,000)	(53,000)	(53,000)	0	(53,000)	0	
Net Direct Expenditure/(Income) Total:	40,500	40,500	43,223	2,723	40,500	0	
Support Services Recharges	22,760	0	0	0	22,760	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	63,260	40,500	43,223	2,723	63,260	0	No significant variances.

Indoor Leisure - Phoenix Pool & Marina Centre	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	The majority of the overspend to date reflects costs incurred in respect of the living wage which has been invoiced to date. This matter is still to be resolved and therefore the forecast allows for an element of this for the current financial year.
Non-pay	172,809	148,234	205,116	56,882	247,809	75,000	
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	172,809	148,234	205,116	56,882	247,809	75,000	
Support Services Recharges	26,460	0	0	0	26,460	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	392,415	0	0	0	392,415	0	
Total:	591,684	148,234	205,116	56,882	666,684	75,000	



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Neighbourhood Management	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	360,942	311,532	293,084	(18,448)	346,682	(14,260)	This variance is a result of Maternity leave offset by agency cover costs and a vacant post due to early retirement. £53.5k expenditure on "Social Prescribing" offset by matching grant income from Norfolk County Council. Agency costs of £29.9k were incurred to cover maternity leave
Non-pay	905,926	837,863	892,909	55,046	906,184	258	
Gross Direct Income	(868,583)	(723,819)	(803,291)	(79,472)	(868,583)	0	
Net Direct Expenditure/(Income) Total:	398,285	425,576	382,702	(42,874)	384,283	(14,002)	Additional income from Social Prescribing
Support Services Recharges	(122,360)	0	0	0	(122,360)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	275,925	425,576	382,702	(42,874)	261,923	(14,002)	

Waterways	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	155,979	113,986	80,594	(33,392)	155,979	0	Staff employed on the project started later than programmed.
Non-pay	161,862	104,053	29,020	(75,033)	161,862	0	Costs have not been incurred as originally programmed but are expected to be spent.
Gross Direct Income	(235,109)	(176,332)	(44,315)	132,017	(235,109)	0	Funding is claimed based on spending therefore the fall in costs noted above results in a fall in the income claimed.
Net Direct Expenditure/(Income) Total:	82,732	41,707	65,299	23,592	82,732	0	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	82,732	41,707	65,299	23,592	82,732	0	

Conservation	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	109,930	91,609	83,117	(8,492)	102,930	(7,000)	Additional £30k costs which are being match funded by Historic England for Town Wall repairs, reflected in income variance below. Agency staff costs have been incurred to cover a vacant permanent post which has now been filled. As above.
Non-pay	96,845	96,339	143,380	47,041	128,626	31,781	
Gross Direct Income	0	0	(30,000)	(30,000)	(30,000)	(30,000)	
Net Direct Expenditure/(Income) Total:	206,775	187,948	196,498	8,550	201,556	(5,219)	
Support Services Recharges	63,580	0	0	0	63,580	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	26,129	0	0	0	26,129	0	
Total:	296,484	187,948	196,498	8,550	291,265	(5,219)	



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Economic Development	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	143,988	27,224	22,873	(4,351)	143,988	0	
Non-pay	38,799	27,247	15,024	(12,223)	38,799	0	
Gross Direct Income	(1,500)	(1,250)	0	1,250	(1,500)	0	
Net Direct Expenditure/(Income) Total:	181,287	53,221	37,898	(15,324)	181,287	0	
Support Services Recharges	90,920	0	0	0	90,920	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	272,207	53,221	37,898	(15,324)	272,207	0	No significant variances.

Enterprise GY	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	46,823	40,893	18,953	(21,940)	46,823	0	
Non-pay	21,718	19,248	43,161	23,913	21,718	0	
Gross Direct Income	(13,400)	(6,300)	(14,803)	(8,503)	(13,400)	0	
Net Direct Expenditure/(Income) Total:	55,141	53,841	47,310	(6,531)	55,141	0	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	55,141	53,841	47,310	(6,531)	55,141	0	No significant variances.

Enterprise Zone	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	0	0	62,355	62,355	0	0	
Gross Direct Income	0	0	(62,355)	(62,355)	0	0	
Net Direct Expenditure/(Income) Total:	0	0	(0)	(0)	0	0	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	0	0	(0)	(0)	0	0	No significant variances.

<b>Total Inward Investment:</b>	<b>2,752,229</b>	<b>1,811,002</b>	<b>1,892,330</b>	<b>81,328</b>	<b>2,856,007</b>	<b>103,778</b>	
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## Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019

### Organisational Development

Corporate Strategy	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	80,039	66,700	66,427	(273)	80,039	0	
Non-pay	1,250	1,041	823	(218)	1,250	0	
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	81,289	67,741	67,250	(491)	81,289	0	
Support Services Recharges	(82,260)	0	0	0	(82,260)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(971)	67,741	67,250	(491)	(971)	0	No significant variances.

Elections	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	148,344	117,948	128,040	10,092	154,344	6,000	
Non-pay	105,401	82,898	82,810	(88)	131,401	26,000	This full year forecast relates to an estimate of monies owed to HMRC in relation to VAT claimed twice in error for elections held in previous years.
Gross Direct Income	(19,700)	(19,583)	(34,022)	(14,439)	(32,200)	(12,500)	Increased funding in relation to the Individual Electoral Register has been received which has not been reflected by increased costs.
Net Direct Expenditure/(Income) Total:	234,045	181,263	176,827	(4,436)	253,545	19,500	
Support Services Recharges	220,690	0	0	0	220,690	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	454,735	181,263	176,827	(4,436)	474,235	19,500	

Licensing	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	67,953	56,627	53,998	(2,629)	67,953	0	
Non-pay	27,496	27,040	24,604	(2,436)	27,496	0	
Gross Direct Income	(276,013)	(257,344)	(289,851)	(32,507)	(299,013)	(23,000)	Various small balances for licensing income above budgeted levels.
Net Direct Expenditure/(Income) Total:	(180,564)	(173,677)	(211,249)	(37,572)	(203,564)	(23,000)	
Support Services Recharges	69,710	0	0	0	69,710	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(110,854)	(173,677)	(211,249)	(37,572)	(133,854)	(23,000)	



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Member Services	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	124,817	96,259	56,816	(39,443)	93,017	(31,800)	Pay is underspent due to a vacancy held all year (£27k) although this is 'off-set' by interim cover costs below. Further savings of (£9.5k) have been made due to the reduction in hours for one member of staff and (£6k) for overtime. The forecast has been reduced to reflect a carry forward of £12k to cover the 'over-lap' costs of the new Corporate Services Manager and current interim in April & May 2019.
Non-pay	300,272	250,987	263,647	12,660	317,072	16,800	An underspend has occurred as the budget anticipated 21 member allowances being paid for the year however as four members have dual Committee responsibilities they only receive one allowance, so only 17 allowances are being paid. This has resulted in cumulative underspends of (£14k) and full year of (£15k). This is offset by cumulative costs of £29k for an interim to cover the vacancy noted above, full year £32k.
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	425,089	347,246	320,463	(26,783)	410,089	(15,000)	
Support Services Recharges	(328,610)	0	0	0	(328,610)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	96,479	347,246	320,463	(26,783)	81,479	(15,000)	
Human Resources	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	437,529	302,526	278,173	(24,353)	429,029	(8,500)	The HR team were restructured during the year and although vacancies and savings have been made for established posts these have been reduced by increased costs for agency staff.
Non-pay	105,815	60,779	48,310	(12,469)	95,515	(10,300)	This consists of (£10k) saving on computers as the Nimbus software was not renewed this year, (£8.8k) for DBS checks which although additional monies were allocated was not required and £8.5k for recruitment costs to support the restructure.
Gross Direct Income	0	0	(1,236)	(1,236)	0	0	
Net Direct Expenditure/(Income) Total:	543,344	363,305	325,246	(38,058)	524,544	(18,800)	
Support Services Recharges	(400,320)	0	0	0	(400,320)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	143,024	363,305	325,246	(38,058)	124,224	(18,800)	
<b>Total Organisational Development:</b>	<b>582,413</b>	<b>785,878</b>	<b>678,538</b>	<b>(107,340)</b>	<b>545,113</b>	<b>(37,300)</b>	



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### Planning and Growth:

Building Control	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	233,286	194,405	198,216	3,811	237,762	4,476	
Non-pay	35,280	21,110	14,541	(6,569)	24,070	(11,210)	
Gross Direct Income	(249,700)	(195,583)	(208,064)	(12,481)	(249,700)	0	
Net Direct Expenditure/(Income) Total:	18,866	19,932	4,694	(15,238)	12,132	(6,734)	
Support Services Recharges	100,920	0	0	0	100,920	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	119,786	19,932	4,694	(15,238)	113,052	(6,734)	No significant variances.

Development Control	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	534,046	441,753	377,220	(64,533)	471,339	(62,707)	Two staff vacancies during the year has resulted in an estimated underspend. This is partial offset by interim agency costs as highlighted below.
Non-pay	37,948	24,888	33,085	8,197	53,186	15,238	Agency staff currently filling a vacant post.
Gross Direct Income	(527,000)	(439,166)	(370,853)	68,313	(439,500)	87,500	Income for planning fees to date are £35k lower than expected when the budget was set. This position is forecast to improve due to some anticipated large applications in the year, but will remain with income £50k lower than budgeted for the year. Pre-application fees were expected to be implemented from April 2018 when the budget was set in February 2018, but this has been postponed until October 2018. This results in a £33k lower income than budgeted year-to-date and is forecast to be a £38k variance at the end of the year.
Net Direct Expenditure/(Income) Total:	44,994	27,475	39,451	11,976	85,025	40,031	
Support Services Recharges	127,370	0	0	0	127,370	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	172,364	27,475	39,451	11,976	212,395	40,031	

Land Charges	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	42,558	35,466	38,727	3,261	45,489	2,931	
Non-pay	41,178	29,165	22,703	(6,462)	33,174	(8,004)	
Gross Direct Income	(188,100)	(156,750)	(113,867)	42,883	(150,000)	38,100	Income for land charge fee searches is lower than expected due to the housing market being generally slow so far this year. The forecast reflects that the market is anticipated to slow further during the Winter months.
Net Direct Expenditure/(Income) Total:	(104,364)	(92,119)	(52,436)	39,683	(71,337)	33,027	
Support Services Recharges	62,930	0	0	0	62,930	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	1,746	0	0	0	1,746	0	
Total:	(39,688)	(92,119)	(52,436)	39,683	(6,661)	33,027	



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Strategic Planning	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	345,984	284,993	255,538	(29,455)	309,128	(36,856)	The underspend and reduced forecast is due to a current vacancy. Local Plan consultation costs have been put back until 2019/20.
Non-pay	64,361	54,970	39,440	(15,530)	38,737	(25,624)	
Gross Direct Income	(39,345)	(32,667)	(31,630)	1,037	(38,145)	1,200	
Net Direct Expenditure/(Income) Total:	371,000	307,296	263,348	(43,948)	309,720	(61,280)	
Support Services Recharges	109,050	0	0	0	109,050	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	480,050	307,296	263,348	(43,948)	418,770	(61,280)	
<b>Total Planning and Growth:</b>	<b>732,512</b>	<b>262,584</b>	<b>255,058</b>	<b>(7,527)</b>	<b>737,556</b>	<b>5,044</b>	

## Customer Services

Benefits	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	663,015	501,920	481,515	(20,405)	613,015	(50,000)	The forecast underspend is offset by under/over spends on Customer Services, Support Services and Revenues. } Additional New Burdens payment of (£13.7k) and additional Admin grant of (£41.1k) received.
Non-pay	27,586,705	22,917,704	20,331,272	(2,586,432)	27,591,108	4,403	
Gross Direct Income	(28,454,106)	(23,798,004)	(21,267,362)	2,530,641	(28,454,106)	0	
Net Direct Expenditure/(Income) Total:	(204,386)	(378,380)	(454,575)	(76,195)	(249,983)	(45,597)	
Support Services Recharges	380,258	0	0	0	380,258	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	175,872	(378,380)	(454,575)	(76,195)	130,275	(45,597)	

Crematorium and Cemeteries	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	181,502	151,053	153,731	2,678	181,502	0	
Non-pay	583,558	554,620	548,199	(6,421)	584,531	973	
Gross Direct Income	(1,423,607)	(1,165,571)	(1,152,723)	12,848	(1,423,607)	0	
Net Direct Expenditure/(Income) Total:	(658,547)	(459,898)	(450,793)	9,105	(657,574)	973	
Support Services Recharges	137,130	0	0	0	137,130	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	59,248	0	0	0	59,248	0	
Total:	(462,169)	(459,898)	(450,793)	9,105	(461,196)	973	No significant variances.



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Customer Services	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	521,237	433,450	473,128	39,678	565,237	44,000	The forecast overspend is offset by under/over spends on Benefits, Support Services and Revenues.
Non-pay	3,311	13,211	13,053	(158)	5,786	2,475	
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	524,548	446,661	486,181	39,520	571,023	46,475	
Support Services Recharges	(632,740)	0	0	0	(632,740)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(108,192)	446,661	486,181	39,520	(61,717)	46,475	No significant variances.

Support Services	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	159,538	132,948	146,107	13,159	170,538	11,000	The forecast overspend is offset by under/over spends on Customer Services, Benefits and Revenues.
Non-pay	5,659	4,788	4,362	(426)	5,659	0	
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	165,197	137,736	150,469	12,733	176,197	11,000	
Support Services Recharges	(168,690)	0	0	0	(168,690)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(3,493)	137,736	150,469	12,733	7,507	11,000	No significant variances.

Car Parks	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	458,929	382,722	345,626	(37,096)	418,929	(40,000)	Staff costs re currently lower than budgeted due to the transfer of parking fines to Kings Lynn
Non-pay	1,181,487	1,022,794	862,507	(160,287)	1,000,720	(180,767)	
Gross Direct Income	(3,041,725)	(2,688,939)	(2,280,057)	408,882	(2,651,725)	390,000	
Net Direct Expenditure/(Income) Total:	(1,401,309)	(1,283,424)	(1,071,924)	211,499	(1,232,076)	169,233	The transfer of on street parking fines to Kings Lynn has resulted in a large reduction in the Profit Share payable to NCC of (£145k), this is forecast at (£190k) at year end Car park income is lower than expected at £408.9K below budget, £145k relates to NCC (see above) the remainder relates to GYBC car parks which is forecast to be £200k below budget at year end . This position will be closely monitored going forward and action taken to improve the position where possible.
Support Services Recharges	396,090	0	0	0	396,090	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	25,036	0	0	0	25,036	0	
Total:	(980,183)	(1,283,424)	(1,071,924)	211,499	(810,950)	169,233	



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Revenues	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	661,518	552,098	549,923	(2,175)	650,518	(11,000)	The forecast underspend is offset by under/over spends on Customer Services, Benefits and Support Services.
Non-pay	276,081	233,815	243,254	9,439	276,081	0	
Gross Direct Income	(500,200)	(419,533)	(333,330)	86,203	(411,573)	88,627	A review of bad debts and subsequent write off has resulted in an under recovery of summons income of £129.5k however this is expected to be offset by a similar reduction in the bad debt provision at year end. There is an increase in NNDR Admin income of (£40.9)k
Net Direct Expenditure/(Income) Total:	437,399	366,380	459,847	93,467	515,026	77,627	
Support Services Recharges	442,370	0	0	0	442,370	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	879,769	366,380	459,847	93,467	957,396	77,627	
<b>Total Customer Services:</b>	<b>(498,396)</b>	<b>(1,170,925)</b>	<b>(880,795)</b>	<b>290,130</b>	<b>(238,685)</b>	<b>259,711</b>	

## Property and Asset Management

Public Toilets	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	323,544	309,425	312,244	2,819	323,544	0	
Gross Direct Income	(4,000)	(3,333)	(2,181)	1,152	(4,000)	0	
Net Direct Expenditure/(Income) Total:	319,544	306,092	310,063	3,971	319,544	0	
Support Services Recharges	29,620	0	0	0	29,620	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	89,287	0	0	0	89,287	0	
Total:	438,451	306,092	310,063	3,971	438,451	0	No significant variances.

Repairs and Maintenance	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	428,707	426,323	487,928	61,605	487,257	58,550	This variance relates to the GYBS Partnership transfer and the resulting changes in the allocation of costs/savings over other cost centres budgets to reflect this. For example footway lighting below. 2018-19 GYBS Profit Sharing Income will not be received as budgeted.
Gross Direct Income	(249,000)	0	(998)	(998)	(209,000)	40,000	
Net Direct Expenditure/(Income) Total:	179,707	426,323	486,931	60,608	278,257	98,550	
Support Services Recharges	18,980	0	0	0	18,980	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	214,735	0	0	0	214,735	0	
Total:	413,422	426,323	486,931	60,608	511,972	98,550	



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Footway Lighting	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	354,910	329,789	270,769	(59,020)	297,836	(57,074)	This underspend relates to the GYBS Partnership transfer and the resulting changes in the allocation of costs/savings over other cost centres budgets to reflect this. For example repairs and maintenance above.
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	354,910	329,789	270,769	(59,020)	297,836	(57,074)	
Support Services Recharges	18,000	0	0	0	18,000	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	61,230	0	0	0	61,230	0	
Total:	434,140	329,789	270,769	(59,020)	377,066	(57,074)	

Coast Protection	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	55,645	46,371	44,182	(2,189)	55,645	0	
Non-pay	60,295	34,468	504,728	470,260	530,609	470,314	Unbudgeted costs incurred for repair work at Scratby and a Hemsby option appraisal which should be recoverable below.
Gross Direct Income	(550)	0	(464,275)	(464,275)	(464,275)	(463,725)	Recovery of above costs from the Environment Agency.
Net Direct Expenditure/(Income) Total:	115,390	80,839	84,635	3,796	121,979	6,589	
Support Services Recharges	23,550	0	0	0	23,550	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	332,393	0	0	0	332,393	0	
Total:	471,333	80,839	84,635	3,796	477,922	6,589	

Community Centres	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	11,683	11,423	10,289	(1,134)	11,683	0	
Gross Direct Income	(3,152)	(2,749)	(3,346)	(597)	(3,152)	0	
Net Direct Expenditure/(Income) Total:	8,531	8,674	6,943	(1,731)	8,531	0	
Support Services Recharges	10,700	0	0	0	10,700	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	18,932	0	0	0	18,932	0	
Total:	38,163	8,674	6,943	(1,731)	38,163	0	No significant variances.



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Construction Services	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	445	371	202	(169)	445	0	
Non-pay	53,766	29,797	29,642	(155)	52,377	(1,389)	
Gross Direct Income	(850)	(708)	0	708	(850)	0	
Net Direct Expenditure/(Income) Total:	53,361	29,460	29,844	384	51,972	(1,389)	
Support Services Recharges	(568,400)	0	0	0	(568,400)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	71,555	0	0	0	71,555	0	
Total:	(443,484)	29,460	29,844	384	(444,873)	(1,389)	No significant variances.

Council Offices - Town Hall	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	166,856	146,616	151,266	4,650	168,856	2,000	
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	166,856	146,616	151,266	4,650	168,856	2,000	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	166,856	146,616	151,266	4,650	168,856	2,000	No significant variances.

Council Offices - Greyfriars	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	92,696	81,396	86,184	4,788	91,196	(1,500)	
Gross Direct Income	0	0	(1,012)	(1,012)	0	0	
Net Direct Expenditure/(Income) Total:	92,696	81,396	85,173	3,777	91,196	(1,500)	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	92,696	81,396	85,173	3,777	91,196	(1,500)	No significant variances.

Council Offices - Maritime House	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	45,706	41,130	45,226	4,096	47,206	1,500	
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	45,706	41,130	45,226	4,096	47,206	1,500	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	45,706	41,130	45,226	4,096	47,206	1,500	No significant variances.



# **Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019**

Council Offices - Catalyst Centre	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	14,500	11,332	19,579	8,247	23,200	8,700	
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	14,500	11,332	19,579	8,247	23,200	8,700	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	14,500	11,332	19,579	8,247	23,200	8,700	No significant variances.

Beach Huts	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	16,000	0	0	0	0	(16,000)	
Non-pay	7,000	0	16	16	0	(7,000)	
Gross Direct Income	(24,500)	0	0	0	0	24,500	
Net Direct Expenditure/(Income) Total:	(1,500)	0	16	16	0	1,500	
Support Services Recharges	2,370	0	0	0	0	(2,370)	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	870	0	16	16	0	(870)	No significant variances.

Easter Fayre	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	2,000	2,000	2,695	695	2,695	695	
Non-pay	20,000	20,000	22,529	2,529	22,584	2,584	
Gross Direct Income	(15,265)	(15,265)	(15,775)	(510)	(15,775)	(510)	
Net Direct Expenditure/(Income) Total:	6,735	6,735	9,450	2,715	9,504	2,769	
Support Services Recharges	9,680	0	0	0	9,680	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	16,415	6,735	9,450	2,715	19,184	2,769	No significant variances.



## Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019

Markets	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	60,578	50,477	53,991	3,514	60,578	0	
Non-pay	197,734	162,150	160,383	(1,767)	197,734	0	
Gross Direct Income	(261,869)	(256,001)	(243,068)	12,933	(245,169)	16,700	Income from two day market fees is currently £10k lower than budget which is projected to increase to £12k at year-end. A further £4.5k fall in income is due to the food and craft fairs which have not taken place and this will rise to £4.7k by year-end.
Net Direct Expenditure/(Income) Total:	(3,557)	(43,374)	(28,694)	14,680	13,143	16,700	
Support Services Recharges	86,430	0	0	0	86,430	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	4,495	0	0	0	4,495	0	
Total:	87,368	(43,374)	(28,694)	14,680	104,068	16,700	

Go Trade	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	32,413	27,011	22,706	(4,305)	32,413	0	
Non-pay	25,606	21,343	36,906	15,563	25,606	0	
Gross Direct Income	(37,995)	(31,662)	(41,132)	(9,470)	(37,995)	0	
Net Direct Expenditure/(Income) Total:	20,024	16,692	18,480	1,788	20,024	0	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	20,024	16,692	18,480	1,788	20,024	0	No significant variances.

Bretts	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	28,782	23,985	24,793	808	28,782	0	
Gross Direct Income	(43,401)	(38,400)	(39,589)	(1,189)	(43,401)	0	
Net Direct Expenditure/(Income) Total:	(14,619)	(14,415)	(14,796)	(381)	(14,619)	0	
Support Services Recharges	9,250	0	0	0	9,250	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(5,369)	(14,415)	(14,796)	(381)	(5,369)	0	No significant variances.



## Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019

Courts	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	11,555	9,887	11,649	1,762	11,555	0	
Gross Direct Income	(24,019)	(21,499)	(17,034)	4,465	(19,719)	4,300	
Net Direct Expenditure/(Income) Total:	(12,464)	(11,612)	(5,384)	6,228	(8,164)	4,300	
Support Services Recharges	12,420	0	0	0	12,420	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(44)	(11,612)	(5,384)	6,228	4,256	4,300	No significant variances.

South Denes Energy Park	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	2,600	2,167	3,553	1,386	3,553	953	
Gross Direct Income	(2,600)	(2,167)	35,802	37,969	33,146	35,746	This under recovery of income relates to the Norfolk Infrastructure funding previously anticipated in previous years which will not now be received.
Net Direct Expenditure/(Income) Total:	0	0	39,356	39,356	36,699	36,699	
Support Services Recharges	9,260	0	0	0	9,260	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	9,260	0	39,356	39,356	45,959	36,699	

Factory Units	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	59,382	50,450	47,849	(2,601)	54,382	(5,000)	
Gross Direct Income	(114,033)	(100,111)	(149,893)	(49,782)	(163,033)	(49,000)	The higher income, both to date and forecast, is due to rentals for the prior year being invoiced in the current financial year which were not included in the 2017-18 accounts.
Net Direct Expenditure/(Income) Total:	(54,651)	(49,661)	(102,044)	(52,383)	(108,651)	(54,000)	
Support Services Recharges	19,920	0	0	0	19,920	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(34,731)	(49,661)	(102,044)	(52,383)	(88,731)	(54,000)	



## Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019

Corporate Estates	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	19	16	20	4	19	0	
Non-pay	409,718	373,354	459,025	85,671	486,270	76,552	Increased business rates costs of £40k have been incurred due to properties being empty. This is offset by a (£15k) reduction in insurance costs than anticipated when the budget was set. There has also been an overspend on both electricity £32.7k and water £18k which relates to one particular property, however this is recoverable from the occupier (and this is reflected in the income variance below).
Gross Direct Income	(2,426,499)	(2,298,946)	(2,380,613)	(81,667)	(2,449,499)	(23,000)	Recharges for electricity and water costs mentioned above equate to (£87k) which is partly due the recovery of 17-18 costs being higher than previously anticipated. This figure however is reduced by £56k due to previous year adjustments and void properties and a further £8k due to the non recovery of monies from asset sales under £10k.
Net Direct Expenditure/(Income) Total:	(2,016,762)	(1,925,576)	(1,921,567)	4,009	(1,963,210)	53,552	
Support Services Recharges	472,590	0	0	0	472,590	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	7,124	0	0	0	7,124	0	
Total:	(1,537,048)	(1,925,576)	(1,921,567)	4,009	(1,483,496)	53,552	

Minerva House	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	76,863	72,602	73,253	651	76,863	0	
Gross Direct Income	(36,600)	(36,233)	(38,022)	(1,789)	(36,600)	0	
Net Direct Expenditure/(Income) Total:	40,263	36,369	35,232	(1,137)	40,263	0	
Support Services Recharges	22,670	0	0	0	22,670	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	62,933	36,369	35,232	(1,137)	62,933	0	No significant variances.

Onians	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	2,825	2,354	466	(1,888)	2,825	0	
Gross Direct Income	(13,310)	(12,883)	(8,528)	4,355	(13,310)	0	
Net Direct Expenditure/(Income) Total:	(10,485)	(10,529)	(8,063)	2,466	(10,485)	0	
Support Services Recharges	10,670	0	0	0	10,670	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	185	(10,529)	(8,063)	2,466	185	0	No significant variances.



## Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019

Property Services	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	565,531	453,831	462,806	8,975	565,531	0	
Non-pay	18,190	14,841	17,621	2,780	18,190	0	
Gross Direct Income	(22,060)	(18,383)	13,038	31,421	9,361	31,421	This under recovery of income relates to the Norfolk Infrastructure funding previously anticipated in previous years which will not now be received.
Net Direct Expenditure/(Income) Total:	561,661	450,289	493,465	43,176	593,082	31,421	
Support Services Recharges	(409,720)	0	0	0	(409,720)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	151,941	450,289	493,465	43,176	183,362	31,421	

Beacon Park	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	328,227	278,401	293,884	15,484	318,822	(9,405)	
Gross Direct Income	(919,844)	(885,384)	(961,546)	(76,162)	(994,134)	(74,290)	Both the cumulative and forecast figures are due to the combination of a number of factors. Firstly, the under recovery of Norfolk Infrastructure funding previously anticipated in previous years which will not now be received £12k. Secondly, as LEP funding is (£58.5k) which is (£40k) above previous years estimates and (£18.5k) above 18-19 budgets. Finally, two leases being agreed at a higher rental fee after the budgets were set (£27k).
Net Direct Expenditure/(Income) Total:	(591,617)	(606,983)	(667,662)	(60,678)	(675,312)	(83,695)	
Support Services Recharges	28,900	0	0	0	28,900	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	126,064	0	0	0	126,064	0	
Total:	(436,653)	(606,983)	(667,662)	(60,678)	(520,348)	(83,695)	



## Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019

Property Building Services	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	218,549	131,130	93,470	(37,660)	186,550	(31,999)	This is a new cost centre created to reflect the orders raised by the transferees which were previously included under the GYBS Partnership. The underspend consists of (£12k) for the staff who transferred to Norse and (£20k) for repairs and maintenance.
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	218,549	131,130	93,470	(37,660)	186,550	(31,999)	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	218,549	131,130	93,470	(37,660)	186,550	(31,999)	
<b>Total Property and Asset Management:</b>	<b>225,483</b>	<b>(559,284)</b>	<b>(568,314)</b>	<b>(9,029)</b>	<b>257,736</b>	<b>32,253</b>	

## IT, Communications & Marketing

ICT	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	291,653	243,045	224,825	(18,220)	277,653	(14,000)	Vacancy saving forecast to total (£14k) by the yearend partially offset by agency costs.
Non-pay	879,198	267,869	316,885	49,016	966,642	87,444	Computer software costs across the business are currently forecast as an overspend at yearend. This position is under review as part of the wider review of the ICT services. The remaining overspend is £18k agency costs to cover staff vacancy, as noted above.
Gross Direct Income	0	0	(1,347)	(1,347)	0	0	
Net Direct Expenditure/(Income) Total:	1,170,851	510,914	540,363	29,449	1,244,295	73,444	
Support Services Recharges	(1,275,040)	0	0	0	(1,275,040)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	86,670	0	0	0	86,670	0	
Total:	(17,519)	510,914	540,363	29,449	55,925	73,444	



## Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019

Communications	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	177,423	148,020	117,100	(30,920)	147,007	(30,416)	Staff vacancies & a secondment have resulted in a (£11.3k) saving which is forecast to be (£30k) by the year end.
Non-pay	21,986	21,238	15,689	(5,549)	21,986	0	
Gross Direct Income	0	0	(1,868)	(1,868)	0	0	
Net Direct Expenditure/(Income) Total:	199,409	169,258	130,922	(38,336)	168,993	(30,416)	
Support Services Recharges	(202,000)	0	0	0	(202,000)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(2,591)	169,258	130,922	(38,336)	(33,007)	(30,416)	

Print and Design	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	41,459	34,549	34,816	267	41,459	0	There is a (£15k) underspend on computer equipment at P10 which is forecast to be (£10k) at year end.
Non-pay	62,447	52,039	29,957	(22,082)	52,447	(10,000)	
Gross Direct Income	(12,500)	(10,416)	(5,868)	4,548	(12,500)	0	
Net Direct Expenditure/(Income) Total:	91,406	76,172	58,906	(17,266)	81,406	(10,000)	
Support Services Recharges	(92,160)	0	0	0	(92,160)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(754)	76,172	58,906	(17,266)	(10,754)	(10,000)	

Tourism	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	175,458	148,426	137,715	(10,711)	160,458	(15,000)	Vacancy saving forecast to total (£15k) at year end
Non-pay	380,764	339,816	321,537	(18,279)	380,764	0	An underspend of (£14k) on advertising and (£13k) on tickets for resale and various other smaller savings are partially offset by a £25k overspend on events.
Gross Direct Income	(282,963)	(201,224)	(168,524)	32,700	(261,673)	21,290	The reimbursement of costs from GYTA is forecast to be down by £21.3k at the year end, currently this is £5.3k down against budget at P10. Advertising income is also £11.9k below budget at P10 along with ticket commission £4.7k and ticket sales £3.7k.
Net Direct Expenditure/(Income) Total:	273,259	287,018	290,728	3,710	279,549	6,290	
Support Services Recharges	241,190	0	0	0	241,190	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	514,449	287,018	290,728	3,710	520,739	6,290	



# **Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019**

Civic and Portering	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	147,052	122,678	106,152	(16,526)	125,052	(22,000)	Vacancy savings partially offset by agency costs below Agency costs incurred against vacancy saving above.
Non-pay	48,741	46,826	57,474	10,648	60,491	11,750	
Gross Direct Income	(8,500)	(7,083)	(1,702)	5,381	(3,500)	5,000	
Net Direct Expenditure/(Income) Total:	187,293	162,421	161,924	(497)	182,043	(5,250)	
Support Services Recharges	(189,600)	0	0	0	(189,600)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	(2,307)	162,421	161,924	(497)	(7,557)	(5,250)	No significant variances.

Mayor	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	7,051	5,873	6,108	235	7,051	0	
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	7,051	5,873	6,108	235	7,051	0	
Support Services Recharges	0	0	0	0	0	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	7,051	5,873	6,108	235	7,051	0	No significant variances.

Events	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	909	909	0	0	
Non-pay	7,798	5,616	3,564	(2,052)	7,798	0	
Gross Direct Income	(12,000)	(11,667)	(17,944)	(6,277)	(12,000)	0	
Net Direct Expenditure/(Income) Total:	(4,202)	(6,051)	(13,472)	(7,421)	(4,202)	0	
Support Services Recharges	101,540	0	0	0	101,540	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	97,338	(6,051)	(13,472)	(7,421)	97,338	0	No significant variances.

<b>Total IT, Communications and Marketing:</b>	<b>595,667</b>	<b>1,205,606</b>	<b>1,175,479</b>	<b>(30,126)</b>	<b>629,735</b>	<b>34,068</b>	
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## Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019

### Environmental Services

Environmental Health	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	1,053,728	884,933	767,369	(117,564)	928,259	(125,469)	Vacancies have resulted in an underspend of (£65k) to date which is forecast to be (£125k) at the year end.
Non-pay	736,878	697,333	742,311	44,979	794,027	57,149	The overspend is mainly due to demolition costs at Hemsby of £82k, although the majority of this has been funded from the Environment Agency grant funding as highlighted below. Statutory funeral costs are (£30k) underspent compared to the level budgeted.
Gross Direct Income	(112,624)	(96,765)	(143,757)	(46,992)	(179,979)	(67,355)	Environment Agency grant balance of (£70k) to contribute to the demolition costs at Hemsby as highlighted above.
Net Direct Expenditure/(Income) Total:	1,677,982	1,485,500	1,365,923	(119,578)	1,542,307	(135,675)	
Support Services Recharges	289,120	0	0	0	289,120	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	7,831	0	0	0	7,831	0	
Total:	1,974,933	1,485,500	1,365,923	(119,578)	1,839,258	(135,675)	

Selective Licensing	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	76,746	58,374	56,528	(1,846)	77,854	1,108	
Non-pay	13,803	13,152	15,604	2,452	16,363	2,560	
Gross Direct Income	(141,460)	(48,096)	(8,890)	39,206	(44,100)	97,360	Landlords license scheme was postponed until January 2019, so the majority of the fee income will now be received in 2019/20 to fund this service for the 5 years.
Net Direct Expenditure/(Income) Total:	(50,911)	23,429	63,242	39,813	50,117	101,028	
Support Services Recharges	50,911	0	0	0	50,911	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	0	23,429	63,242	39,813	101,028	101,028	

Grounds Maintenance	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:	0	0	0	0	0	0	
Pay	0	0	0	0	0	0	
Non-pay	560,700	555,405	559,667	4,262	573,903	13,203	Additional tree works £14k have been recharged to NCC as highlighted below.
Gross Direct Income	(38,950)	(32,458)	(60,075)	(27,617)	(62,350)	(23,400)	(£22k) for additional tree works and an extra grass cut have been charged to NCC.
Net Direct Expenditure/(Income) Total:	521,750	522,947	499,593	(23,354)	511,553	(10,197)	
Support Services Recharges	57,650	0	0	0	57,650	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	86,092	0	0	0	86,092	0	
Total:	665,492	522,947	499,593	(23,354)	655,295	(10,197)	



# **Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019**

Street Cleansing	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	0	0	0	0	0	0	
Non-pay	875,546	875,483	879,174	3,691	875,546	0	
Gross Direct Income	0	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	875,546	875,483	879,174	3,691	875,546	0	
Support Services Recharges	50,490	0	0	0	50,490	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	0	0	0	0	0	0	
Total:	926,036	875,483	879,174	3,691	926,036	0	No significant variances.

Waste Management	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	37,589	37,753	26,591	(11,162)	25,608	(11,981)	Recycling officer scheme ended earlier due to redeployment as part of departmental restructure resulting in a saving of (£11k).
Non-pay	2,520,085	2,444,442	2,407,799	(36,644)	2,431,619	(88,466)	Waste disposal costs have a favourable variance of (£25k) year to date and full year forecast of (£88k) as there is a decrease in tonnage being collected due to the national trend of product packaging reducing and the hot summer reducing the amounth of gareden waste collected. This is offset by a reduction in income as highlighted below.
Gross Direct Income	(1,357,890)	(1,197,291)	(1,152,830)	44,461	(1,245,247)	112,643	The forecast variance reflects an increase in bulk waste collection income of (£20k) year-to-date, which is forecast to be a (£25k) for the full year. The garden waste scheme has not increased as expected from the recycling officer initiative, resulting in an adverse variance of £57k to date and a full year forecast of £102k. Recycling credits are also £37k less than budget due to the reduction in tonnage collected.
Net Direct Expenditure/(Income) Total:	1,199,784	1,284,904	1,281,560	(3,344)	1,211,980	12,196	
Support Services Recharges	83,310	0	0	0	83,310	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	135,900	0	0	0	135,900	0	
Total:	1,418,994	1,284,904	1,281,560	(3,344)	1,431,190	12,196	

<b>Total Environmental Services:</b>	<b>4,985,455</b>	<b>4,192,264</b>	<b>4,089,491</b>	<b>(102,773)</b>	<b>4,952,807</b>	<b>(32,648)</b>	
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## Appendix B - General Fund Services - Budget monitoring and commentary Period 10 2018/2019

### Finance

Finance	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £	Comments
Gross Direct Expenditure:							
Pay	515,419	435,630	427,540	(8,090)	488,398	(27,021)	Staff vacancies have resulted in a (£8k) saving year-to-date, which is forecast to be (£27k) by the year end.
Non-pay	382,894	367,002	363,906	(3,096)	390,569	7,675	
Gross Direct Income	(20,000)	(20,000)	(1,347)	18,653	(10,000)	10,000	
Net Direct Expenditure/(Income) Total:	878,313	782,632	790,099	7,468	868,967	(9,346)	
Support Services Recharges	(843,170)	0	0	0	(843,170)	0	
IAS19 Accounting Adjustment	0	0	0	0	0	0	
Capital Charges	2,000	0	0	0	2,000	0	
Total:	37,143	782,632	790,099	7,468	27,797	(9,346)	
<b>Total Finance:</b>	<b>37,143</b>	<b>782,632</b>	<b>790,099</b>	<b>7,468</b>	<b>27,797</b>	<b>(9,346)</b>	
<b>Grand Totals:</b>	<b>11,191,416</b>	<b>8,920,066</b>	<b>9,059,710</b>	<b>139,644</b>	<b>11,584,314</b>	<b>392,898</b>	



**Appendix C - Summary of General Fund Services Income & Expenditure (detail within Appendix B) for Period 10 2018/2019**

	Original Budget 2018/19 £	Current Budget 2018/19 £	P10 YTD Budget 2018/19 £	P10 YTD actual 2018/19 £	P10 YTD actual Variance £	Full Year Forecast £	Full Year Forecast Variance £
Employee	10,225,701	10,486,337	8,503,963	8,208,848	(295,116)	10,142,538	(343,799)
Premises	5,882,037	5,549,467	5,252,012	5,981,907	729,894	6,126,804	577,337
Transport	148,941	150,244	126,694	126,116	(578)	165,521	15,277
Supplies & Services	4,392,400	4,886,304	4,028,910	4,832,949	804,040	5,065,064	178,760
Third Party Payments	2,874,252	3,203,338	2,535,086	2,590,717	55,631	3,310,375	107,037
Transfer Payments	29,269,822	29,269,822	24,520,965	21,786,641	(2,734,324)	29,081,244	(188,578)
Support Services	136,400	136,400	124,917	114,420	(10,497)	132,400	(4,000)
Capital Charges	1,830,135	1,830,135	0	0	0	1,830,135	0
Support Services - Recharges Out	(9,555,412)	(9,555,412)	0	0	0	(9,555,412)	0
Support Services - Recharges In	8,049,160	8,100,071	0	0	0	8,097,701	(2,370)
Income	(42,665,876)	(42,865,290)	(36,172,481)	(34,581,887)	1,590,594	(42,812,056)	53,234
	<b>10,587,560</b>	<b>11,191,416</b>	<b>8,920,066</b>	<b>9,059,710</b>	<b>139,644</b>	<b>11,584,314</b>	<b>392,898</b>



## Appendix D - General Fund Capital Programme - Detail - 2018/19 Period 10

Services & Projects	Expenditure £000					Revised 1819 Financing - £000			
	Original Budget 1819	Revised Budget 1819	Actuals Period 10 2018/19	Variances	Forecast 2018/19	Borrowing	Grants & Contributions	Reveue/ Earmarked Reserves	Capital Receipts
<b>Neighbourhood Management</b>									
Childrens Playground Refurbishment	£47	£56	£9	(£47)	£56	£56	£0	£0	£0
Cobholm Skate Park	£100	£100	£0	(£100)	£0	£75	£0	£0	£25
Wellesley CCTV	£0	£15	£0	(£15)	£0	£15	£0	£0	£0
<b>Total: Neighbourhood Management</b>	<b>£147</b>	<b>£171</b>	<b>£9</b>	<b>(£162)</b>	<b>£56</b>	<b>£146</b>	<b>£0</b>	<b>£0</b>	<b>£25</b>
<b>Customer Services</b>									
Rebuilding sections of Factory Rd/Belvedere Rd/Nth Denes Rd Gt Yarmouth Cemetery Wall	£35	£15	£9	(£6)	£9	£15	£0	£0	£0
St Nicholas Minster West Boundary Wall	£90	£96	£1	(£95)	£20	£96	£0	£0	£0
New cremators	£0	£40	£1	(£39)	£1	£40	£0	£0	£0
Replacement P&D Machines	£107	£107	£0	(£107)	£107	£107	£0	£0	£0
Parking Services - handheld devices (Rialto Civil enforcement)	£0	£21	£0	(£21)	£0	£21	£0	£0	£0
<b>Total: Customer Services</b>	<b>£232</b>	<b>£279</b>	<b>£11</b>	<b>(£268)</b>	<b>£137</b>	<b>£279</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Inward Investment</b>									
Marina Centre Refurbishment	£5,739	£5,730	£3	(£5,727)	£123	£5,730	£0	£0	£0
33 King Street - THI & Preservation Trust project (REFCUS)	£0	£400	£327	(£73)	£400	£41	£359	£0	£0
The Waterways	£1,888	£2,371	£1,295	(£1,076)	£2,000	£604	£1,767	£0	£0
<b>Total: Inward Investment</b>	<b>£7,626</b>	<b>£8,501</b>	<b>£1,625</b>	<b>(£6,877)</b>	<b>£2,523</b>	<b>£6,375</b>	<b>£2,126</b>	<b>£0</b>	<b>£0</b>
<b>Housing</b>									
Disabled Facilities Grant	£800	£1,107	£932	(£175)	£1,107	£0	£1,107	£0	£0
Better Care Fund	£0	£7	£0	(£7)	£7	£0	£7	£0	£0
Empty Homes	£719	£719	£0	(£719)	£0	£719	£0	£0	£0
Homes for Health	£400	£400	£0	(£400)	£0	£0	£0	£400	£0
Norfolk & Waveney Equity Loan Scheme	£8	£50	£40	(£10)	£50	£0	£50	£0	£0
Emergency Home Improvement Loans	£40	£36	£19	(£17)	£36	£0	£0	£0	£36
<b>Total: Housing</b>	<b>£1,967</b>	<b>£2,319</b>	<b>£991</b>	<b>(£1,328)</b>	<b>£1,200</b>	<b>£719</b>	<b>£1,164</b>	<b>£400</b>	<b>£36</b>
<b>IT, Communications &amp; Marketing</b>									
ICT Investment to deliver GYBC ICT Strategy	£291	£291	£50	(£241)	£288	£291	£0	£0	£0
Postroom Scanners	£0	£2	£3	£1	£3	£2	£0	£0	£0
<b>Total: IT, Communications &amp; Marketing</b>	<b>£291</b>	<b>£292</b>	<b>£53</b>	<b>(£240)</b>	<b>£291</b>	<b>£292</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Property &amp; Asset Management</b>									
Public Toilet Refurbishment Programme	£160	£165	£26	(£139)	£165	£165	£0	£0	£0
Gorleston High Street car park resurfacing	£19	£19	£0	(£19)	£19	£19	£0	£0	£0
Cobholm Rugby Club roadway	£20	£20	£0	(£20)	£20	£20	£0	£0	£0
Yacht Station Improvements - welfare facilities	£12	£12	£0	(£12)	£12	£12	£0	£0	£0
Footway Lighting	£100	£103	£24	(£79)	£103	£103	£0	£0	£0
Esplande Resurfacing	£336	£331	£0	(£331)	£0	£331	£0	£0	£0
Pops Meadow, Fiskes opening Gorleston CPO	£0	£5	£1	(£3)	£5	£5	£0	£0	£0
Beach Huts	£140	£270	£38	(£232)	£125	£270	£0	£0	£0
Cycle Shed	£0	£42	£0	(£42)	£42	£0	£0	£42	£0
Gorleston Paddling Pool /Splash Pad	£0	£400	£322	(£78)	£400	£400	£0	£0	£0
Beacon Park LATC - Phase 1/ Equinox	£4,335	£7,335	£1,000	(£6,335)	£2,700	£7,335	£0	£0	£0
Beacon Park Projects	£1,500	£1,500	£95	(£1,405)	£500	£1,500	£0	£0	£0
Market Place Redevelopment	£0	£1,200	£0	(£1,200)	£0	£1,200	£0	£0	£0
Energy Park - South Denes	£2,274	£2,320	£143	(£2,178)	£600	£684	£1,636	£0	£0
<b>Total: Property &amp; Asset Management</b>	<b>£8,896</b>	<b>£13,722</b>	<b>£1,648</b>	<b>(£12,074)</b>	<b>£4,691</b>	<b>£12,045</b>	<b>£1,636</b>	<b>£42</b>	<b>£0</b>
<b>Overall Total</b>	<b>£19,159</b>	<b>£25,285</b>	<b>£4,337</b>	<b>(£20,948)</b>	<b>£8,897</b>	<b>£19,856</b>	<b>£4,926</b>	<b>£442</b>	<b>£61</b>



**Subject: Investment Strategy 2019/20**  
**Report to: Policy and Resources Committee 19 March 2019**  
**Council 23 April 2019**  
**Report by: Capital Projects and Senior Accountant**

#### **SUBJECT MATTER/RECOMMENDATIONS**

This report and document presents for approval the Council's Investment Strategy for 2019/20. The document provides a framework that informs decisions in relation to the councils investments and supports other strategies including the treasury management strategy.

#### **Recommendations:**

It is recommended that Policy and Resources Committee approve and recommend to Council the 2019/20 Investment Strategy.

### **1. Introduction and Background**

- 1.1 In accordance with statutory guidance, the Council is required to have an Investment Strategy. The investment strategy is informed by and also informs a number of the Councils other strategy documents, including the following:
- Treasury Management Strategy
  - Capital Strategy
  - Asset Management Strategy
  - Medium Term Financial Strategy.
- 1.2 There may be some cross over between the investment strategy and some of the above, but essentially the investment strategy covers the Council's approach to the service and commercial investments as opposed to treasury management investments which are covered with the annual treasury management strategy as approved by Council in February 2019.

### **2. Investment Strategy 2019/20**

- 2.1 The Investment Strategy for 2019/20 is attached at appendix A, and covers property investments, service loans and financial guarantees. The purpose of the strategy is to provide a framework to inform decisions in respect of service and commercial investments.

### **3. Financial Implications**



- 3.1 The strategy sets out the framework for investments made in respect of service and commercial investment, decisions in relation to specific investments will be presented for approval through the decision making process as per the constitution and the financial implications would be determined for the investments as part of the business case for approval.

#### **4. Risk Implications**

- 4.1 Detailed within the Strategy document.

#### **5. Recommendations**

- 5.1 It is recommended that Policy and Resources Committee approve and recommend to Council the 2019/20 Investment Strategy.

#### **6. Background Papers**

- 6.1 Capital Strategy  
6.2 Treasury Management Strategy  
6.3 Asset Management Strategy

*Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?*

<b>Area for consideration</b>	<b>Comment</b>
Monitoring Officer Consultation:	N/A
Section 151 Officer Consultation:	Yes
Existing Council Policies:	Considered – detailed within the strategy
Financial Implications (including VAT and tax):	Considered – detailed within the strategy
Legal Implications (including human rights):	N/A
Risk Implications:	Considered – detailed within the strategy
Equality Issues/EQIA assessment:	N/A
Crime & Disorder:	N/A
Every Child Matters:	N/A



# Investment Strategy 2019/20

## 1. Introduction

- 1.1. The Authority invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
  - to support local public services by lending to or buying shares in other organisations (**service investments**), and
  - to earn investment income (known as **commercial investments** where this is the main purpose).
- 1.2. This investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance, and focuses on the service and commercial investments categories.

## 2. Treasury Management Investments

- 2.1. The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes (council tax and business rates), on behalf of itself and other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £12m and £30m during the 2019/20 financial year.
- 2.2. **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.
- 2.3. **Further details:** Full details of the Authority's policies and its plan for 2019/20 for treasury management investments are covered in a separate document, the treasury management strategy, and is available here: <https://great-yarmouth.cmis.uk.com/great-yarmouth/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1114/Committee/132/Default.aspx>

## 3. Service Investments: Loans

- 3.1. **Contribution:** The Council lends money to its subsidiary (Equinox Enterprises Limited), local charities and local residents (in the form of home improvement loans), to support local public services and stimulate local economic growth.
- 3.2. The loans made to Equinox Enterprises Limited, as the subsidiary of the Council, form part of investment in the company to provide an initial cash injection to enable the company to become established. The company's purposes is to develop housing for sale (including affordable homes). This supports the Council's objective within The Plan 2015-2020 to provide a mix of attractive good quality housing for all sectors of the workforce and community that will be fit for purpose for all and meet both the borough's existing and future needs.
- 3.3. Discretionary loans are granted to local charities this will be following a decision by the Policy and Resources Committee. In line with The Plan 2015-2020 these loans are granted to support the local charities that assist in improving the communities and facilities in the borough.
- 3.4. The Council has a responsibility to address private sector housing that is in poor condition or needs adaptations to meet the needs of those with disabilities. The Council also has an objective within The Plan 2015-2020 to provide help early, when people need public health and care, to prevent avoidable problems and to help more people to help themselves as well



as tackling challenges within communities. Home improvement loans help residents to redress housing issues that impact on their health. The home improvement loans are made from a recycling pot following repayment of loans made as part of prior year capital programme allocations.

- 3.5. **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes

Category of borrower	31.3.2018 actual			2019/20
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Approved Limit £m
Equinox Enterprise Limited (subsidiary)	£1.50	£0.00	£1.50	£6.00
Local charities	£0.41	£0.00	£0.40	£0.80
Local residents (Home Improvement Loans)	£2.48	£0.02	£2.50	£0.91
<b>TOTAL</b>	<b>£4.39</b>	<b>£0.02</b>	<b>£4.40</b>	<b>£7.71</b>

- 3.6. Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate loan agreements and credit control arrangements in place to recover overdue repayments. It should be noted that both the loans to local charities and local residents are equity loan agreements so the Council obtains a share of the equity of the borrower's property as collateral. This reduces the risk of the Council not recovering the loan amount from the borrower and occasionally generates a small surplus depending on the agreement type used.

4. **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans by undertaking due diligence proportionate to the level of the loan being granted to mitigate as far as possible any risks of non-recovery. This will also include taking external advice as applicable, such as discussion with NP Law as part of the loan agreement process.

## 5. Service Investments: Shares

- 5.1. **Contribution:** The Council only invests in the shares of Equinox Enterprises as its subsidiary to enable the company to develop affordable and quality housing within the borough and with the aim of the company providing a return on the investment.
- 5.2. **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:



Table 2: Shares held for service purposes

Category of company	31.3.2018 actual			2019/20
	Amounts invested £m	Gains or (losses) £m	Value in accounts £m	Approved Limit £m
Equinox Enterprise Limited (subsidiary)	£0.5	£0.0	£0.5	£1.7

6. **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by undertaking the appropriate due diligence. As further contracts and opportunities are considered, the company's performance will inform the risk assessment.
- 6.1. **Liquidity:** Any new investment proposal will be considered for approval via the appropriate decision making route in line with the council's Constitution.
- 6.2. **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

## 7. Commercial Investments: Property

- 7.1. **Contribution:** The Council invests in local commercial property with the intention of making a profit that will be spent on local public services. The council owns a varied portfolio of commercial properties including seafront concessions, warehouses, workshops, offices and industrial units across the borough. These form a significant element of the council's asset management strategy which is available here: <https://great-yarmouth.cmis.uk.com/great-yarmouth/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1034/Committee/133/Default.aspx>

Table 3: Property held for investment purposes

Property Type	31.3.2018 actual		31.3.2019 expected	
	Gains or (losses) £m	Value in accounts £m	Gains or (losses) £m	Value in accounts £m
Offices	£0.1	£ 4.8	£0.0	£ 4.8
Corporate Estates	£1.6	£ 33.3	£0.1	£33.4
Seafront Concessions	£0.4	£ 4.7	£0.0	£ 4.7
Market	£0.0	£ 0.8	£0.0	£ 0.8
<b>TOTAL</b>	<b>£2.1</b>	<b>£43.6</b>	<b>£0.2</b>	<b>£43.7</b>



- 7.2. **Security:** In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

- 7.3. **Risk assessment:** The Council's internal Property and Asset Management team includes members of the Royal Institution of Chartered Surveyors (MRICS) and they assess the risk of loss before entering into and whilst holding property investments. They do this in a number of ways including engaging external advisors, agents and reference to quality financial/property press when required. In doing this they assesses the market that the investment will be competing in, the nature and level of competition, along with expectations on how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements. The strategic objectives of the Commercial Investment Strategy are designed to mitigate risk by:

- The Council's fundamental aim of an income rather than capital return (although the latter is part of the strategy).
- Adopting a portfolio approach so as to avoid concentration of risk in any one property, tenant or risk type.

Currently the Council has not entered into investing in commercial properties outside of the borough. If the Council were to invest elsewhere then risk assessments would be extended to national advice and any other relevant specialist advice dependent on the type of property to be acquired.

- 7.4. **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority do not rely on capital receipts to finance the capital programme. Any capital receipts received will be used to reduce the borrowing requirement within the financial year they are received.

## **8. Loan Commitments and Financial Guarantees**

- 8.1. Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness.
- 8.2. The Authority has committed to make up to £9.5m of loans to Equinox Enterprise Limited should it request it. The Council does not have any financial guarantees nor does it intend to make any.

## **9. Proportionality**

- 9.1. The Authority is dependent on profit generating investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, the Authority's contingency plans for continuing to provide these services would be to undertake further review of the delivery and potential savings or to use reserves in the short-term.



Table 4: Proportionality of Investments

	<b>2017/18 Actual £m</b>	<b>2018/19 Forecast £m</b>	<b>2019/20 Budget £m</b>	<b>2020/21 Budget £m</b>	<b>2021/22 Budget £m</b>
Gross service expenditure	74.4	71.4	73.1	73.1	73.2
Investment income	2.0	2.1	2.2	2.0	2.0
Proportion	2.7%	2.9%	2.9%	2.7%	2.7%

## 10. Borrowing in Advance of Need

- 10.1. Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority would not follow this guidance if it was financial advantageous and only after undertaking due diligence to consider risks involved. Currently the Council has not borrowed in advance of need.

## 11. Capacity, Skills and Culture

- 11.1. **Elected members:** Elected members are provided with annual investment training by our external advisors, Arlingclose. The Treasury Management Strategy and the Mid-year Treasury Management Strategy are presented to members during the financial year and should any queries arise these would be responded to by officers or advisors as applicable.
- 11.2. **Statutory officers:** Regular meetings are held throughout the year with our external advisors, Arlingclose. Officers working on a daily basis with investment decisions attend courses offered by both Arlingclose and CIPFA throughout the year. Arlingclose provide daily updates of changes in the market as well as providing staff with a contact for queries that arise.
- 11.3. **Commercial deals:** Commercial proposals would be subject to a robust business case and decision making process, including consideration by officer groups ahead of approval via the appropriate decision making process, ie to Policy and Resources Committee and/or Council. Where applicable the Council would seek to engage external professional advisors, for example financial, property and legal advice as applicable.
- 11.4. **Corporate governance:** The Asset Working Group consider initial property investment decisions. The group is made up of both finance and property and asset management officers who consider initial investment opportunities and obtain regular progress reports on any investment taken forward.

Business cases are completed for property investments, including undertaking due diligence and considering risks, and these form the basis for reports presented to the Policy and Resources Committee for approval.

Other investment decisions are based on the Treasury Management Strategy, with any changes reported for approval as required to Policy and Resources Committee.

## 12. Investment Indicators

- 12.1. The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.
- 12.2. **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.



Table 5: Total investment exposure

<b>Total investment exposure</b>	<b>31.03.2018 Actual £m</b>	<b>31.03.2019 Forecast £m</b>	<b>31.03.2020 Forecast £m</b>
Treasury management investments	£14.3	£ 16.0	£ 20.1
Service investments: Loans	£ 2.9	£ 2.9	£ 2.9
Service investments: Shares	£ 0.5	£ 0.7	£ 1.2
Commercial investments: Property	£43.6	£43.7	£46.3
<b>TOTAL INVESTMENTS</b>	<b>£61.3</b>	<b>£63.3</b>	<b>£70.5</b>
Commitments to lend	£ 0.0	£ 0.0	£ 0.0
<b>TOTAL EXPOSURE</b>	<b>£48.5</b>	<b>£63.3</b>	<b>£70.5</b>

- 12.3. **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing

<b>Investments funded by borrowing</b>	<b>31.03.2018 Actual £m</b>	<b>31.03.2019 Forecast £m</b>	<b>31.03.2020 Forecast £m</b>
Treasury management investments	£ 0.0	£ 0.0	£ 0.0
Service investments: Loans	£ 2.9	£ 2.9	£ 2.9
Service investments: Shares	£ 0.5	£ 0.7	£ 1.2
Commercial investments: Property*	£ 8.8	£ 9.4	£10.6
<b>TOTAL FUNDED BY BORROWING</b>	<b>£12.2</b>	<b>£13.0</b>	<b>£14.7</b>
<i>*Note: Commercial Investments – The majority of the asset portfolio that relates to commercial investments are historic assets which the Council own or has an interest in for which it is not possible to quantify the level of funding by borrowing. The figures quoted relate to the investments made since 2014/15.</i>			

- 12.4. **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.



Table 7: Investment rate of return (net of all costs)

<b>Investments net rate of return</b>	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Forecast</b>
Treasury management investments	1.1%	1.8%	2%
Service investments: Loans	0.0%	0.0%	0.0%
Service investments: Shares	0.0%	0.0%	0.0%
Commercial investments: Property	4.2%	4.2%	3.8%

Table 8: Other investment indicators

<b>Indicator</b>	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Forecast</b>
Debt to net service expenditure ratio	9.5%	7.9%	9.6%
Commercial income to net service expenditure ratio	18.0%	19.6%	16.8%



**Subject: Property Acquisition and Disposal Policy**

**Report to: Housing & Neighbourhoods Committee – 14<sup>th</sup> March 2019**  
**Policy & Resources Committee -19<sup>th</sup> March 2019**  
**Full Council – 23<sup>rd</sup> April 2019**

**Report by: Anthony Moore, Housing Growth Manager**

## **RECOMMENDATIONS**

**That Policy and Resources Committee:**

- 1. Approve the Acquisition and Disposal Policy attached as Appendix 1, which will replace the Council's existing Disposal of Surplus & Underused Land & Property policy and recommend to Full Council adoption of this policy and;**
- 2. Recommend that Full Council delegate authority to the Strategic Directors in consultation with the Section 151 Officer to approve the acquisition of property purchases from the open market and the disposal of properties in line with agreed budget and strategy.**

## **1. INTRODUCTION**

On 26 July 2018 the Housing & Neighbourhoods Committee approved 'A Housing Deal for Great Yarmouth'. This sets the strategic context for how the council is seeking to use housing, alongside other levers, as a force for positive place-making in the borough. On 6 December 2018 the Housing & Neighbourhoods Committee approved two approaches to bring back empty homes into usage: a home improvement loan scheme and an invest and lease scheme. The council is now seeking to build on this work to acquire residential properties in order to provide better quality homes in the borough through their refurbishment and then either resale or letting.

## **2. OVERVIEW OF CURRENT ACTIVITY**

- 2.1. On 13 September 2018 Full Council approved the establishment of a selective licensing scheme for homes in multiple occupation for key parts of the Nelson Ward. The scheme has come into place from 7 January 2019. It is too early to comment on the operation of the scheme, but it is anticipated that this will help to improve standards for tenants in the private rented sector. In some cases this might lead some landlords to consider putting their property on the market for sale.
- 2.2. The council has an Operational Property Enforcement Task Group. Through the Group problem properties are identified and enforcement powers are used to bring



properties up to an acceptable standard. This can be particularly useful for empty properties. However, this does not always bring the property back into use.

- 2.3. The Housing service has been acquiring residential properties through the reinvestment of retained Right To Buy (RTB) receipts. Since May 2016 the council has acquired 12 properties using retained RTB receipts as a 30% contribution towards the purchase and refurbishment cost of the property. On 6 September 2018 the Committee approved the policy for the use of retained RTB receipts.

### **3. PURCHASING PROPERTY**

- 3.1. The council is seeking to acquire residential properties in order to provide a greater number of better quality homes in the borough and creating a greater mix of properties in order to foster more sustainable communities. The council anticipates these properties will require some degree of refurbishment. In the case of larger properties some are likely to also require reconfiguration. Once the standard of the property has been improved the properties will either be sold to generate a capital receipt or let to provide better quality market rental accommodation for local people.
- 3.2. A potentially suitable property will be identified giving consideration to the following factors:
  - The market demand for the type of property for both sale and rental
  - The demand for the property from applicants within the council's allocation pool (where affordable rental unit(s) are being considered for a specific property)
  - Any housing management issues that may arise
  - The payback period before the property provides a return on the capital invested
  - A market valuation report
- 3.3. Once a property has been assessed as suitable the council will commission a full structural survey to highlight any areas of concern and identify any potential major defects. The Housing Growth Manager or another dedicated officer will use this to calculate the return on the asset to see if it is viable. The council's Housing Growth Group will consider each property on its merits. This report is seeking delegated authority to the council's Strategic Directors in consultation with the Section 151 Officer to approve the acquisition of property purchases. If the property is deemed to be viable and the Housing Growth Group approve, the council will enter into negotiations to agree the final purchase price before passing to nplaw for conveyancing. Details of the process are outlined in the Acquisition and Disposal Policy (attached as Appendix 1).

### **4. PROPERTY DISPOSALS**

- 4.1. Following the purchase and refurbishment of the property the council will seek to retain the property for rent or sell the property. The council is currently seeking advice from nplaw on the establishment of a property development company to hold



market rent properties. A further report on this will be provided to the Committee shortly. Each property will be considered on a case-by-case basis and this may include some of the unit(s) being retained as part of the council's own housing stock as a social rent property. Alternatively, the council may wish to dispose of the property through sale on the open market (shortly after sale or at some future point in time).

4.2. On 14<sup>th</sup> June 2016 the council approved a Disposal of Surplus & Underused Land & Property policy. The policy identified that each asset disposal will be treated on its own merits and nothing in the policy binds the council to a particular course of action in respect of a disposal. The Council's approach to disposals is now addressed through the Acquisitions and Disposal policy at Appendix 1 of this report. This will replace the previous Disposal of Surplus & Underused Land & Property policy.

4.2. The disposal element of the new policy has been updated to provide scope for the council to dispose of residential property to yield a capital receipt for commercial gain.

## **5. FINANCIAL IMPLICATIONS**

Agreement of the policy has no specific financial implications.

## **6. RISK IMPLICATIONS**

Agreement of the policy has no specific risk implications.

## **7. LEGAL**

Under the Local Government Act 1972 local authorities have powers to dispose of property in any manner they wish, subject to certain constraints which may include a requirement to obtain the consent of the Secretary of State. Under section 123 of the Local Government Act 1972 principal councils have a duty not to sell land for a consideration less than the best consideration reasonably obtainable unless the Secretary of State's consent has been obtained.

However, the Local Government Act 1972: General Disposal Consent (England) 2003, gives a general consent provided that any undervalue of the interest does not exceed £2 million and the transaction is considered by the local authority to help secure the promotion or improvement of the economic, social or environmental well-being of its area.



These powers provide the backdrop against which decisions to dispose of property in the Council's ownership must be made.

## 8. RECOMMENDATIONS

**That Policy and Resources Committee:**

1. **Approve the Acquisition and Disposal Policy attached as Appendix 1, which will replace the Council's existing Disposal of Surplus & Underused Land & Property policy and recommend to Full Council adoption of this policy and;**
2. **Recommend that Full Council delegate authority to the Strategic Directors in consultation with the Section 151 Officer to approve the acquisition of property purchases from the open market and the disposal of properties in line with agreed budget and strategy.**

## APPENDICES

Appendix 1: Great Yarmouth Borough Council Acquisition and Disposals Policy

*Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?*

Area for consideration	Comment
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	
Existing Council Policies:	Yes
Financial Implications (including VAT and tax):	No
Legal Implications (including human rights):	Yes
Risk Implications:	No
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No





**GREAT YARMOUTH**  
BOROUGH COUNCIL

## Property Acquisitions and Disposals Policy

Document created	January 2019
Agreed by Policy and Resources Committee	
Review date	



<b>Part 1</b>	<b>Acquisitions Policy</b>
1	Background
2	Purpose of the Policy
3	Policy Aims
4	Relevant Legislation
5	Process
6	Risks
7	Financial Considerations
8	Delegated Decisions
9	Monitoring & Review of the Policy



## **1 BACKGROUND**

There are a number of reasons that GYBC may wish to acquire properties. These include but are not limited to:

- it contributes towards the provision of Council services;
- there is a direct link to improving the economic, social and environmental wellbeing of the community;
- it leads to strategic benefits to the authority in relation to regeneration or redevelopment proposals;
- the acquisition furthers the provision of services for the community by third parties;
- the property is already maintained by the Council (and there is an advantage in owning it);
- revenue income generation and/or capital growth, and local community benefit purposes.

## **2 PURPOSE OF POLICY**

This policy has been written to allow for the variety of circumstances which may lead to GYBC acquiring properties. It also incorporates the council's Disposal Policy which was approved by Policy and Resources Committee in June 2016 and is part 2 of this document.

## **3 POLICY AIMS**

This policy is written to encompass social housing, market sale housing, market rent housing, commercial properties and land. Regardless of tenure there are general principles of due diligence which need to be applied and the process included in this policy creates a gateway system which allows officers freedom to act with agility in the marketplace and gives members the comfort that actions are well thought out, proportionate and controllable.

Each potential acquisition will be assessed on a case-by-case basis and in line with the acquisition criteria set out in this policy; considering the financial implications of the acquisition and the relative merits in value for money terms.

A proposed acquisition will only be progressed if the criteria are met and the relative financial benefits can be demonstrated based on the following principles:

## **4 RELEVANT LEGISLATION**

Section 111 of the Local Government Act 1972 gave local authorities the power to do anything "which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions". When using this power, a local authority would need to identify which of their functions an activity was 'incidental' to.



This situation was relaxed in the Local Government Act 2003, which permitted local authorities to pursue certain forms of commercial activity through a company structure. This was subject to statutory guidance for the use of trading powers.

The General Power of Competence, introduced by the Localism Act 2011, permits a local authority exercising the general power: .... to do it in any way whatever, including— (a) power to do it anywhere in the United Kingdom or elsewhere, (b) power to do it for a commercial purpose or otherwise for a charge, or without charge, and (c) power to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area. This would mean that a local authority would have to set up a company to manage property purely for financial gain. But as mentioned, most authorities hold and manage commercial property as an adjunct to other functions

## **5 PROCESS**

A Gateway procedure is proposed. This is an industry standard methodology for controlling expenditure at timely and proportionate intervals whilst allowing officers to progress work with levels of delegated freedom. Please see appendix 1 for a flowchart of how this might work. Points below describe the actions on the flowchart as per the numbering.

**Actions 1a & 1b:** Dependent upon the proposed programme of works, the relevant committee shall approve the objectives of the acquisition programme, the financial parameters and any other pertinent criteria (such as partnering arrangements, timescales etc). In the normal way, an officer paper making recommendations shall be presented for review and approval. Once parameters are approved, then delegated authority shall be passed to the Strategic Directors in consultation with the S151 Officer.

**Actions 2,3 & 4:** Following approval, officers will run a financial appraisal based on best estimates and desktop research. For example Agreed financial parameters are set within the appraisal model, using data from GYN, Housing and Finance. Values and market rent information are taken from existing comparable data. Affordable rents are set at Local Housing Allowances. Build costs and professional fees are set at generic, generous, broad-brush levels at this early stage. The asking price is used as guidance for a purchase price.

At this early 'no cost' stage, it will be quickly apparent whether the scheme merits further investigation or should be stopped before incurring abortive costs. Should the scheme merit further investigation, the officer will discuss with the Head of Property and Assets/Housing Director or another responsible officer appointed by them, who decides whether to take the scheme forwards.

**Action 5:** This is Gateway 1. The relevant officer and the Head of Property and Assets present the scheme to the appropriate Strategic Director. They should have a file of evidence of the data used and enable the group to make an informed decision. This gateway will release a small amount of abortive budget to refine the business case with professional input. Suggested fees are up to £10,000 to cover the costs of architects, planning consultants, cost consultants, lawyers as required for high level input. It is hoped that the Property Team can undertake the majority of this in-house.



**Actions 6 & 7:** At this point the scheme hands off to the Property Team to undertake the due diligence required to refine the appraisal. This refined appraisal would be reported back to the relevant Strategic Director and permission sought to make a conditional offer, Subject to Contract. This would be Gateway 2.

**Action 8:** Once those conditions (for example a full survey or report on title) had been met, the Head of Property and Assets/Housing Director, if comfortable, would be in a position to authorise purchase. This is Gateway 3.

**Action 9:** Only now is the full budget released. Contracts can be exchanged on the property and any works packages can be authorised. At this point, the chairperson of the relevant committee should be informed by email of the successful purchase.

At each Gateway, an appraisal signature should be sought from Housing, Assets and Finance to show consultation across the relevant affected departments and independent checking of the financial appraisal.

Should a scheme not fit within the parameters but still meets strategic objectives, it is recommended that after Gateway 1, it is taken to the relevant committee for a decision as to new parameters.

## **6. Risks**

Risks to be considered and mitigated in any proposal include:

- Acquisition Risk – there is always the potential for a downturn in the property market at some point in the future, but there may be signs of increased competitive activity from smaller property companies. This could result in the Council being one of several bidders for any good quality assets available in the Borough. It is likely that the Council will be an unsuccessful bidder on a number of occasions. The Council, both Members and officers need to be aware of this possible outcome. This ‘competition’ could be a measure of success however as one of the key drivers of this policy is to rejuvenate the housing market in the town.
- Due to the nature of the property market, decisions may need to be taken quickly in order to put offers forward. Of course, offers can be subject to conditions and will be subject to due diligence being undertaken before proceeding to acquire. Agility will need to be built into any request for authority to proceed.
- Cost Risk – abortive costs, including legal costs, survey fees, and officer time all may be incurred in abortive transactions including costs for initial feasibility investigations but are inevitable if acquisitions are considered important for the ongoing strategy for the Council. The proposed process reduces these costs to the minimum for the longest possible period.
- Lack of suitable sites - The local property market is restricted and is dominated by assets that may not be good quality. There may therefore



be a shortage of suitable stock in the Borough, although this may lead to improvement/regeneration of certain areas. It is estimated that the new landlord licensing rules and recent tax changes for landlords will bring forward an initial glut of properties.

- Property Market risk - property is an inherently riskier asset than other asset classes because of its physical characteristics, which need to be managed and maintained. This is ideally compensated by increased returns. However, the property market is not a certain market and the Council may not achieve target returns if market conditions significantly worsen.
- Void Risk - close management of the asset portfolio is critical to the success in delivering additional income to the Council. The existing arrangements will be extended to cover these assets and marketing of the assets in a timely and efficient manner is crucial. Long term voids will have an impact on the overall revenue budget with no income to offset the costs of owning a property. It is therefore important to monitor the level of voids over the entire portfolio, with an allowance being made for this within the financial plan.
- Refinancing Risk - the Council exposure to increasing debt will need to be considered as part of its Treasury Management function and will be reviewed annually. Therefore when assessing investment opportunities we will use the PWLB 30 year interest rate and payback period as per the Capita HRA model (NB Capita are considering moving to a 40 year model and should they do so, then this model will follow suit).
- Liquidity Risk – property is an inherently illiquid asset that yields higher returns on long-term investment. This means that funds are not easily accessible once committed.
- Many investment transactions happen prior to even coming to the market. Information is vital and getting to know about properties for sale is important. This can be done through contacting property owners and agents in the Borough proactively.

A thorough legal, financial and practical due diligence process will help to mitigate these and other property specific, risks. The Council must robustly evaluate risks of acquisitions on each occasion in order to act in the best interests of its Council taxpayers

## **7. FINANCIAL CONSIDERATIONS**

Factors to be considered with any investment at an early stage are: Available budget, available cash flow, ability to cover capital costs of investment and revenue



costs of interest payable and the ownership costs of the property.

The HRA modelling period is, currently, over a 30 year span and consequently any investment would be appraised to payback over a similar timeframe.

Discounted cash flows are an important appraisal tool that considers the time value of money where a pound today is worth more than a pound in the future due to inflation.

Net present value (NPV) is the sum of all the outward and inward cash flows of a project adjusted for inflation to calculate the value today. We should expect to see a positive net present value.

Internal rate of return (IRR) is the interest or inflation rate that yields a zero NPV. Therefore we need to see an interest rate that as a minimum meets our cost of borrowing, for example PWLB 30 year rate of 3%.

Therefore, a low risk investment such social housing would only be required to repay the borrowed capital and the interest, so an IRR of 3% would be sufficient. For higher risk investments such as build for sale housing development we need to achieve our borrowing costs plus the price of the additional risk, such as values dropping, slow sales, competitor schemes, cost inflation etc. This is known as Risk Premium. It is up to each organisation to assign a risk premium above their cost of capital. A private property developer would generally look for a risk premium of 12 – 15%, so as an example, would require an IRR of 15 – 18% with our costs of capital (c.3%).

As a Local Authority with wider objectives, we may accept a reduced or nil risk premium to achieve strategic goals. This must be explicitly stated in any report to committee.

A sensible proposition in a robust housing market could be based on tenure type. For instance Social Rent at 3% IRR; Market Rent at 7.5% IRR and Build for Sale at 15%% IRR. Commercial IRR at 8%.

Tenure	NPV (+/-)	Payback (yrs)	IRR (%)
Social	+	30	3



Market Rent	+	30	7.5
Build for Sale	+	Build period	15
Commercial	+	30	8

It will be for officers to recommend an IRR in the initial report and for members to approve or revise at Stages 1a & b (see appended process). The above table gives a useful comparator for assessing schemes.

It is recommended at the final approval that sensitivity analysis is undertaken. This will determine the impact of key variables on the financial return. For example, what would be the impact of different rates of inflation or how much would house prices have to fall for GYBC to not recover its investment?

## **8. DELEGATED DECISIONS**

Powers to approve acquisitions currently, dependent upon the level of capital outlay, sit with the appropriate committee, most commonly Policy and Resources.

In order for this policy to be effective, once a specific programme of acquisitions is approved by members (1a & 1b), delegated authority is given to key officers within the Council to authorise expenditure: At Stage 1, Delegated authority should be given to Strategic Directors in consultation with the Section 151 Officer to approve property purchases from the open market within programme parameters set by members.

## **7. MONITORING AND REVIEW OF THE POLICY**

The policy will be monitored and be subject to bi-annual review unless there is a fundamental change of legislation.

Following commencement of the scheme a 6 month review will be undertaken.



<b>Part 2</b>	<b>Disposals Policy</b>
1	Aims of this Policy
2	The Surplus Test
3	The Under-Used Test
4	Meaning of Disposal
5	Meaning of Best Consideration
6	Means of identifying surplus or under-used land/property
7	Disposal Criteria
8	Marketing Strategy
9	Valuation
10	Decision Making
11	Means of Disposal
12	Timings of Disposals and Due Diligence
13	Other Steps to Facilitate the Disposals Process
14	References



## **THE DISPOSAL OF PROPERTY OWNED BY GREAT YARMOUTH BOROUGH COUNCIL**

### **1. AIMS OF THIS POLICY**

1.1. It is government policy that local authorities should dispose of surplus and under-used land and property wherever possible.. Under the Local Government Act 1972 local authorities have powers to dispose of property in any manner they wish, subject to certain constraints which may include a requirement to obtain the consent of the Secretary of State.

Legislation. Under Section 123 of the Local Government Act 1972 (see Appendix 1) principal councils have a duty not to sell land for a consideration less than the best consideration reasonably obtainable unless the Secretary of State's consent has been obtained.

However, the Local Government Act 1972: General Disposal Consent (England) 2003 gives a general consent provided that any undervalue of the interest does not exceed £2 million and the transaction is considered by the local authority to help secure the promotion or improvement of the economic, social or environmental well-being of its area. There are other forms of consent or exception set out in legislation.

These powers provide the backdrop against which decisions to dispose of property in the Council's ownership must be made.

1.2. The way the Council manages its property assets can have a significant impact both on the quality of services delivered to the public and the local environment. Effective asset management is essential in bringing 'agility' to land and property assets so that the delivery of the Council's goals and objectives are realised in a sustainable manner, at the right time and on budget.

1.3. The Council will consider the business case for disposing of any assets that :

(a) are no longer of any use to it and unlikely to be in the future or



(b) which provide limited benefit which is disproportionate to the opportunity cost of the capital tied up in the asset.

(c) are held as investment (residential or commercial) assets for the purpose of generating rental income and/or capital appreciation to be released through sale.

1.4. Each asset disposal is treated on its own merits and nothing in this Policy will bind the Council to a particular course of action in respect of a disposal. Alternative methods of disposal not specifically mentioned in this Policy may be used where appropriate, subject to obtaining the necessary authority

1.5. This Policy:

- sets out the procedure to be adopted in connection with the disposal of surplus and under-used assets and ensures that requests to purchase Council owned assets are dealt with in a fair and consistent manner and that any person who may have an interest in making an offer to purchase, has the opportunity to do so in circumstances no less favourable than anybody else;
- distinguishes requests for small areas of land that may be considered for sale by private treaty and larger areas with development potential that should be sold on the open market.

1.6. Although this Policy will normally be followed, there will be occasions where the procedure may need to be changed, particularly for larger, more complex land/property sales.

## **2. THE 'SURPLUS' TEST**

Land/property will be deemed surplus to the Council's requirements where:

- (a) it makes no contribution to the delivery of the Council's services, strategic or corporate objectives;
- (b) an alternative site has been identified which would be more cost effective in delivering the Council's services, strategic or corporate objectives;
- (c) it has no potential for strategic or regeneration/redevelopment purposes in the near future;
- (d) it will not contribute to the provision of a sustainable pattern of development;
- (e) it makes no contribution to protecting and enhancing the natural, built and historic environment, including making no contribution to helping to improve biodiversity.

## **3. THE 'UNDER-USED' TEST**

Land/property will be deemed to be under-used if:



- (a) part of the site is vacant and is likely to remain vacant for the foreseeable future;
- (b) the income being generated from the site is consistently below that which could be achieved from:
  - (i) disposing of the site and investing the income;
  - (ii) an alternative use;
  - (iii) intensifying the existing use;
- (c) only part of the site is used for service delivery and this could be delivered from an alternative site;
- (d) it makes no contribution to protecting and enhancing the natural, built and historic environment, including making no contribution to helping to improve biodiversity.

In the case of open spaces, amenity areas and similar sites, the under-used test should also consider the 'community value' of the asset, which would include visual amenity and not be limited solely to income generation or whether the site is vacant etc.

#### **4. MEANING OF DISPOSAL**

For the purposes of this Policy, a disposal means any freehold disposal, by sale or exchange, of Council owned land/property (including buildings) and any disposal by the granting of a lease or licence for a period greater than 7 years.

Leases of 7 years or less or assignment of a term which has not more than 7 years to run are not covered by this Policy, as they are exempt from the statutory requirement to obtain best consideration.

#### **5. MEANING OF BEST CONSIDERATION**

'Best consideration' means achieving maximum 'value' from the disposal, not just maximum price. Disposal at less than market value must contribute to the 'promotion or improvement of the economic, social or environmental wellbeing of the area' [see section 1.2 of Appendix 1].

#### **6. MEANS OF IDENTIFYING SURPLUS OR UNDER-USED LAND/PROPERTY**

Surplus or under-used land/property may be considered for disposal:

- (a) following an asset management review;
- (b) following the identification of development opportunities;



- (c) through a corporate property portfolio review;
- (d) through the declaration of specific sites as being surplus to requirements;\*
- (e) through Local Plan designation;
- (f) following a direct approach from an interested party;
- (g) where the disposal helps to deliver other Council objectives e.g. the provision of housing in the Borough;
- (h) where management of the land/property is considered suitable for community ownership or has been determined as an 'asset of community value'.

\*Where an under-used asset is generating an income, a cost/benefit analysis must be carried out to establish whether it is in the Council's best interests to dispose of the site.

## **7. DISPOSAL CRITERIA**

**7.1 Open space (including, parks, playing fields & informal open spaces(excluding amenity land on Council housing estates) of 'public value' whether or not there is public access to it** – assets in this category are considered to be valuable community resources, to be enjoyed by the wider community. Open space also enhances the quality of urban life, the character of residential areas, the environment etc. There will be a general presumption against declaring these assets as surplus/under-used unless:

1. alternative provision of equivalent community benefit is made in the locality; or
2. the area in question no longer provides a valued opportunity for sport, recreation or leisure; or
3. there is an excess of provision taking into account the long term recreation and amenity value of such provision; or
4. sport, recreation and leisure facilities can be retained and enhanced through the redevelopment of a small part of the site;
5. there is over provision in the area;
6. the asset is required for the regeneration of the area.

(a) The Council is required by law to advertise the disposal of land designated as 'public open space' in a local newspaper for two consecutive weeks and to consider any objections received. No final decision about the disposal will be made until any objections have been considered, as the response may be material to the decision. Public response may also be an important factor in any determination by the



Secretary of State of an application by the Council for specific consent to the disposal.

(b) There will be a general presumption against disposal of land designated as 'Local Green Space' either through the Local Plan or a Neighbourhood Plan.

**7.2 Amenity land** - certain rights, environmental or economic conditions may preclude the sale of amenity land for example:

(a) the land is subject to rights of way over it;

(b) the land is a landscaping feature of the local environment, or designated public open space;

(c) sale of the land would incur additional costs for the Council (for example, the re-siting of lamp posts or telephone cables) unless the applicant is willing to finance the additional costs (payable in advance);

(d) the land has been identified for future regeneration or development by the Council;

(e) following a request to purchase amenity land, a review identifies future regeneration or development opportunities for the Council;

(f) the sale of the land may prejudice future development by the Council;

(g) there are management or other issues that would cause inconvenience to the Council if the land was to be sold.

Approaches from private individuals to buy Council owned amenity land (e.g. green space land on council housing estates) to benefit their existing residential property will be considered where:

- there is a broader community benefit to the disposal e.g. a rationalisation of small parcels of 'backland' open space, either rarely used or often misused; or
- there are management/financial issues for the Council e.g. the land is costly to maintain; or
- the applicant has extenuating circumstances e.g. there are health grounds in relation to the applicant and/or their family and the sale of the land would improve their quality of life and would not adversely affect the quality of life of others in the neighbourhood – (the applicant will need to provide evidence to support and justify the application to purchase).



Where the Council considers that amenity land has development potential and agrees to dispose of the land, the valuation will reflect this. An overage clause may be applied and/or restrictive covenants placed on any future development.

Disposals of amenity land will normally be by private treaty. However, where the Council considers that the amenity land may be of interest to persons other than the applicant, the Council may dispose of the land on the open market.

### **7.3 Commercial Properties**

There will be a general presumption against declaring the following categories of assets as surplus/under-used:

1. units designed to meet the needs of new and developing small businesses where there is anticipated to be demand for such units from different occupiers in future;
2. offices/rooms within business centres that have communal reception areas, facilities and services;
3. shop units where there is a community need for continued retail occupation, or where the integrity of a building or parade of shops might be adversely affected by the sale of individual units;
4. sites in industrial estates and sensitive locations where management control by the Council is required to ensure that amenity is maintained;
5. land or property which provides revenue income for the Council where disposal would adversely impact on the Council's revenue budget.

### **7.4 Assets of Community Value**

Every town, village or neighbourhood is home to buildings or amenities that play a vital role in local life. They might include community centres, libraries, swimming pools, village shops, markets or pubs. Local life would not be the same without them, and if they are closed or sold into private use, it can be a real loss to the community.

An 'asset of community value' is an asset, which in the opinion of the Council furthers the social well-being or social interests of the local community (or has done in the recent past). 'Social Interests' can include cultural, recreational and sporting interests.

The Council maintains a list (on its website) of land and buildings which may from time to time be nominated by the local community as an 'asset of community value'.



In reviewing the future of any asset, the Council will assess all the options, to be sure that it obtains best value. Options include using the asset in a different way, disposing of it on the open market or transferring it to a voluntary or community organisation at less than best consideration to achieve wider social benefits.

Community organisations operate on a business model, often using volunteer effort, community intelligence about local needs and sources of funding not available to local authorities. They are in a position to run a community asset as a social enterprise. The business plan for the community asset transfer should demonstrate financial viability.

The Council may either advertise all community asset transfer opportunities or consider transfer requests from organisations which currently manage a property, without seeking other bids.

A community asset transfer should contribute to the Council's policies and targets. Where there are competing interests, the Council will consider which of the proposals put forward are viable and sustainable in the long term. The Council will deal with competition for a specific asset by identifying its key objectives in that area, using, for example, deprivation indices, local priorities and the current mix of buildings and services in the area and assess which bid best meets those objectives.

#### **7.5. Disposal of investment assets (residential or commercial) for capital gain.**

In disposing of property or land which the Council owns which may have been specifically purchased as an investment or to facilitate development or redevelopment of the land or property, when disposing of that land or property it is normal Council policy to achieve 'best consideration' as *Section 123 - Local Government Act 1972* (see appendix 1.2.).

There may be times when the Council may wish to dispose of the property/land at an 'undervalue'. For the benefit of any doubt, any such disposal still needs to comply with 'normal and prudent commercial practices, including evidence of obtaining the view of a professionally qualified valuer. This is in line with *The General Consent 2003* as outlined in appendix 1.2. In those cases where disposal at an under value will promote or improve the economic, social or environmental wellbeing of the area this will be recorded and will be permitted so long as the relevant limit on such disposals is not exceeded.

### **8. MARKETING STRATEGY**

Where applicable, the Group Manager Property & Construction, in consultation with the relevant Director, will determine the marketing strategy for the disposal of surplus or under-used land or property. The marketing strategy may be conducted in-house



or through an external agent. Costs should be recovered from the eventual purchaser.

## **9. VALUATIONS**

9.1 Although there is no particular prescribed route to achieve the best price reasonably obtainable, there may be circumstances in which an actual sale to the market is the only way to achieve it as opposed to one particular sale at a price according to an independent valuation.

9.2 Before disposing of any interest in land for a price which may be less than the best consideration reasonably obtainable, the Group Manager will ensure that a realistic valuation of that interest is obtained. This will apply even for disposals by means of formal tender, sealed bids or auction, and irrespective of whether the Council considers it necessary to make an application to seek the Secretary of State's specific consent. By following this procedure, the Council will be able to demonstrate that it has adopted a consistent approach to decisions about land disposals by carrying out the same step by step valuation process on each occasion. Supporting documents will provide evidence, should the need arise, that the Council has acted reasonably and with due regard to its fiduciary duty.

9.3 The return from any disposal is to be maximised unless there are over-riding factors identified in the Corporate Plan or otherwise agreed by the Chief Executive or relevant Committee, that take precedence over the receipt of capital e.g. preferred use or preferential purchaser.

## **10. DECISION MAKING**

10.1 In accordance with the Constitution/Scheme of Delegations to Officers, the Group Manager Property & Construction has delegated authority to deal with:

- (i) sales of sites for electricity sub-stations and gas governors;
- (ii) the grant, surrender and renewal of licences, wayleaves, and easements;
- (iii) grants of grazing licences;
- (iv) grant, surrender and renewal of leases where the Property concerned has been previously let;
- (v) sales of land/property.
- (vi) rent reviews

The Group Manager Property & Construction must check the Scheme of Delegations for any limitations placed on the exercise of his/her delegated authority.



10.2 Except with the consent of the Secretary of State, the Council cannot dispose of land otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.

Disposals of land/property by way of a short tenancy, for a consideration less than the best that can reasonably be obtained, will only proceed on the specific authority of the relevant Director on a report of the Group Manager Property & Construction justifying the reasons for disposal at less than the best that can reasonably be obtained.

10.3 The Council is required by law to advertise the disposal of land designated as 'public open space' in a local newspaper for two consecutive weeks and to consider any objections received. No final decision about the disposal will be made until any objections to the disposal have been considered.

## **11. MEANS OF DISPOSAL**

1. Private Treaty – a sale of land/property negotiated with one or a small number of interested parties either through a direct approach from an individual(s) or through a marketing exercise.

A private sale without marketing the land may be justified where for example:

- (a) the land to be disposed of is relatively small in size and an adjoining or closely located landowner is the only potential or likely purchaser;
- (b) the Council's corporate objectives and best consideration can best be achieved by a sale to a particular purchaser;
- (c) the purchaser has a particular interest in purchasing the land or a particular association with the land;
- (d) the nature of the Council's land ownership and that of the surrounding landownership is such that the land must be sold to adjoining or surrounding landowners if best consideration is to be obtained;
- (e) the Council's land is part of a larger area of land that is proposed for development, redevelopment or regeneration and the nature and complexity of the proposed development of the overall site is such that the Council's corporate objectives and best consideration can only be achieved by a sale to a purchaser with an existing interest in land in the area.

2. Public Auction – a sale of land/property by open auction available to anyone. The sale will be publicly advertised in advance. A binding legal agreement is created upon the acceptance of a bid by the auctioneer. Reasons justifying sale by this method and how the reserve price is determined must be recorded in writing.



3. Formal Tender – a sale of land/property by a process of public advert and tenders submitted by a given date. This is a suitable mechanism where there are identified development proposals. A fair and transparent tender process will need to be adopted.

4. Exchange of Land – a transaction involving the exchange of Council owned land with another land owner. The land acquired by the Council will meet at least one of its corporate objectives and will be 'equal' in commercial worth to the land exchanged whether from the value of the land itself or where a payment is made in addition to the land exchanged.

5. Informal Negotiated Tender – a transaction involving a public advert that requests informal offers or bids that meet a given specification or set of objectives. The Council may then negotiate further or more detailed terms with one or more individuals who submitted the most advantageous bid or bids.

## **12. TIMING OF DISPOSALS & DUE DILIGENCE**

The timing of any marketing/disposals will need to be considered against the background of the current market conditions, potential for the site value to increase in the future, whether there is a need to raise capital receipts and current planning policies.

In order to properly assess the likelihood of and business case for disposal, the asset holding department in consultation with Legal Services and/or the Group Manager Property & Construction will carry out early due diligence on land/property identified as surplus or under-used. In particular, the asset holding department will consider the following issues which have the potential to prohibit disposal or influence the sale price:

12.1 Reviewing the title - Once surplus land/property has been identified and a prima facie business case made for its disposal, the title is reviewed to identify whether there are any title issues which may impact upon the disposal process.

12.2 Unregistered land - If the land and property identified for disposal is unregistered, then it is important that the title deeds are located as soon as possible and checked for evidence of the Council's title. This can be achieved through a voluntary application to the Land Registry to register the land/property before it is put on the market.

12.3 Restrictive covenants - The land/property may be subject to restrictive covenants which limit or restrict its use or the extent to which development can be carried out on it. Whether these are a concern will depend upon the likely use of the land/property following disposal, particularly where surplus land/property is being



sold for re-development. A restrictive covenant against a certain type of development may have a significant adverse effect on the land value.

It is possible to apply to the Lands Tribunal under section 84 of the Law of Property Act 1925 for the release or modification of restrictive covenants in some circumstances. This can be a time consuming process and it is usually better undertaken before the land/property is placed on the open market.

Alternatively, it is often possible to obtain restrictive covenant indemnity insurance against future losses for breach of a restrictive covenant and a policy with an adequate limit of indemnity cover will satisfy most purchasers.

It is very important that no negotiations are carried out with any adjoining or nearby owners who may have or claim to have the benefit of the relevant covenant, prior to receiving legal advice. If negotiations do take place, then it could materially prejudice the Council's ability to obtain insurance cover against breach of the covenant.

**12.4 Ransom strip** - It will generally be sensible to resolve ransom strip issues prior to offering the property to the open market. It is crucial if the property is to achieve full value on the open market that it has adequate access rights. If development is anticipated, then access may need to be by a different route than that used historically, either because of a physical aspect of or defect with the existing access or for planning purposes or as a consequence of intensification of use. By whichever route access is obtained, a title review should be carried out to establish whether any ransom strips are present. A ransom strip is an area of land which is owned by someone other than the Council. If access is only possible via a ransom strip, then the person with title to that strip will hold the key to unlocking the development potential of the land and that may involve payment to the ransom strip owner, either in return for a formal right of way or transfer of ownership of the strip. The conventional approach to valuing ransom strips has been to offer the ransom owner one third of the uplift in value of the land/property released by unlocking it for development.

However, any agreement will ultimately depend on market conditions and the specifics of the land/property and its locality.

**12.5 Rights of way and other easements** - It is important to establish the nature of any easements benefitting the land/property, so that any that are missing can be addressed, if possible. As well as access rights, the property may benefit from rights to run services over adjoining land, rights to light, rights of support or other property specific rights. It is also useful to check whether the land/property is subject to any rights which might adversely affect the proposed disposal and subsequent development, for example, public or private rights of way or rights of support.



12.6 Retaining rights over adjoining land - It may be the case where surplus land/property is being disposed of, that the Council will be retaining adjoining land. In that case, the Council will consider whether it needs to reserve any rights over the land/property being disposed of for the benefit of that adjoining land, most commonly, access to the public highway or mains utilities.

12.7 Outline planning consent - Assessing whether an application for a change of planning use might have the potential to increase the value of the surplus land/property. If the change of use is obtained by the Council, it removes an element of risk and uncertainty for potential buyers, which may lead to an increase in the purchase price that they are willing to pay.

12.8 Development agreements - The Council as landowner may, through a development agreement, engage a developer to carry out the development of the site on its behalf. Arrangements may comprise a grant of a lease of the whole site with the developer receiving a fee based partly upon the development value. In circumstances where there is a development agreement or the grant of a lease associated with the disposal, this may trigger the need for an EU tendering exercise

### **13. OTHER STEPS TO FACILITATE THE DISPOSAL PROCESS**

When due diligence in accordance with section 11 of this Policy has been completed, there are a number of other steps that can be taken by the Group Manager Property & Construction to facilitate the disposal process and maximise the value received for the surplus or under-used land/property. The following will be considered:

1. Having regard to legislation and Secretary of State guidance governing the disposal process;
2. Having regard to general guidelines which are applicable, for example, the Crichton Down rules.; The Crichton Down Rules are rules that guide how public authorities should dispose of land previously acquired by compulsory acquisition, or land acquired under the threat of compulsory purchase. They are to be applied by any public body disposing of land that was acquired for a purpose for which the authority had compulsory purchase powers at the time of acquisition, whether or not those powers were relied on to acquire the land.

The Crichton Down Rules considered in this case were those set out in the Office of the Deputy Prime Minister Circular 06/2004. Those rules have since been updated twice in the Department for Communities and Local Government's 'Guidance on compulsory purchase process and the Crichton Down Rules' published in October 2015, and more recently in the 2018 publication of the Ministry of Housing, Communities and Local Government with the same title.



3. Carrying out a site inspection to establish what specific issues there are on the ground, for example, drainage, boundary problems or illegal occupiers. It will also assist when instructing legal advisers or other professionals, who may only have seen the property on plans or in photographs. For some disposals, it may be appropriate for the various professionals to undertake a site visit;
4. Producing a sales pack to circulate to interested parties, including title information and replies to standard pre-contract enquiries. The documents referred to in pre-contract enquiries such as copy planning consents, any asbestos surveys etc. should also be enclosed. In the case of large disposals, consider including a full set of standard property searches;
5. Considering the most appropriate pricing structure. In some cases, it may be appropriate to use an overage arrangement whereby the Council receives future payments representing any uplift in value of the land/property once it has been developed or once it has been developed and sold on. A calculation of the overage that the Council is likely to receive and the likelihood of that sum being correct given changing market conditions will be important pieces of information in assessing the business case for disposal of surplus/under-used land/property.
6. Considering whether the transaction is caught by the public procurement rules.
7. Considering whether the transaction is caught by the State Aid rules.

#### **14. REFERENCES**

- (a) A bank reference will be obtained in every case where a lease, tenancy or licence is being granted at a rent or fee in excess of any financial limit as may be defined in Financial Regulations and/or Scheme of Delegations to Officers, unless the relevant Director has agreed to dispense with this requirement.
- (b) In every case where a lease, tenancy or licence is to be granted to a limited company at a rent or fee in excess of any financial limit as may be defined in Financial Regulations and/or the Scheme of Delegations to Officers, a guarantor will be required, unless the relevant Director has agreed to dispense with this requirement.



## APPENDIX 1

### 1. LEGAL POWERS

#### Section 123 - Local Government Act 1972

1.1 In general, the Council is required to achieve the **‘best consideration reasonably obtainable’** when it is disposing of land. Section 123 imposes a duty on the Council to achieve a particular outcome (namely the best price reasonably obtainable): it is not a duty to conduct a particular process (e.g. to have regard to particular factors).

If the disposal is under the 1972 Act, there is neither express power to include covenants on a disposal, nor a prohibition. Where the disposal is a lease, that lease will contain terms and similarly, on the conveyance/transfer of freehold property or on the assignment of a lease, covenants may likewise be included by virtue of section 111 of the 1972 Act.

Under Section 123(2A), the Council must follow certain statutory requirements to advertise the disposal of land that consists of or forms part of an open space.

#### General Consent

1.2 If the Council seeks to dispose of land or buildings at less than the market value, then it has to obtain the consent of the Secretary of State Communities and Local Government. However, the Secretary of State has issued a number of ‘general consents’ i.e. a set of conditions which, if they apply to a particular transfer, means that the Council does not need to obtain specific permission to transfer at an ‘undervalue’. However, the undervalue itself still needs to comply with ‘normal and prudent commercial practices, including obtaining the view of a professionally qualified valuer’.

The most important of these consents is the General Disposal Consent 2003 (‘the General Consent’) which permits the Council to dispose of land at less than its market value, without the need to seek specific permission from the Secretary of State, provided that:

- the purpose for which the land is to be transferred is likely to contribute to the ‘promotion or improvement’ of the economic, social, or environmental well-being of the area; and
- the difference between the market value of the land and the actual price paid for the disposal (if any), is not more than £2,000,000.



The General Consent has been issued to provide local authorities autonomy to carry out their statutory duties and functions and to fulfil such other objectives as they consider to be necessary or desirable. The General Consent does not require the Council to undertake a tendering process i.e. to market test a disposal. However, when disposing of land at an undervalue, the Council remains aware of the need to fulfil its fiduciary duty in a way which is accountable to local people. The Council will not divest itself of valuable public assets, unless it is satisfied that the circumstances warrant such action.

In justifying a disposal of land/property at undervalue, the Council will have regard to the following:

- what community benefits will be realised by the disposal;
- how the interests of local people will be better served by the disposal;
- the financial viability of the Council's plans for the land;
- the State Aid implications of the disposal;
- the Council's future plans for the land;
- the market value of the land and the difference between that and the proposed disposal value.

Housing Act 1985 (as amended)

1.5 Under s32 the local authority has the power to dispose of land and dwellings held for housing purposes. Secretary of State consent will be required unless the disposal is covered by one of the General Consents relating to the disposal of:

- vacant dwellings for owner occupation;
- occupied dwelling houses to secure tenants;
- dwellings to tenants who have the right to buy acquiring with others;
- dwellings on shared ownership terms;
- housing authority land; and
- reversionary interest in houses and flats.

Disposals are to be at market value, but discounts may be applicable to qualifying applicants. For details of criteria for disposing of individual council properties (other than through the right to buy) please refer to the Housing Asset Strategy.

Local Government Act 1988 – Section 25

1.6 The Council may provide a Registered Social Landlord with any financial assistance or gratuitous benefit of land for development as housing accommodation. This includes:



- land for development or access, easements and rights;
- dwelling houses for refurbishment;
- financial assistance for prevention of homelessness; and
- loans to RSLs.

The aggregate value of financial assistance or gratuitous benefit provided by the disposal or grant must not exceed £10 million.

#### Town and Country Planning Act 1990 – Section 233

1.7 The disposal of land held for planning purposes, follow principles similar to those of s123 of the Local Government Act 1972 and its requirement to obtain best consideration reasonably obtainable. However, it must be noted that the General Consent does not apply and a specific consent from the Secretary of State will be required if the Council is considering disposal at an undervalue.

Under s233(2), the Council must obtain the consent of the Secretary of State

to dispose of common land, which may involve the requirement to provide land in exchange.

#### State Aid

1.8 All land/property disposals need to comply with the European Commission's State Aid rules<sup>11</sup>. When disposing of land 'at less than best consideration', depending on the nature of the transaction, the Council may be 'subsidising' the purchaser. Where this occurs, the Council must ensure that the nature and amount of subsidy complies with the State Aid rules, particularly if there is no element of competition in the disposal process. Failure to comply with the rules means that the aid is unlawful, and may result in the benefit, with interest, being recovered by the Member State (the UK) from the recipient.

#### Public Procurement

1.9 A straightforward disposal of land/property for a market value price will not be caught by the Public Contracts Regulations 2006 rules. However, when disposing of land the Council is involved in determining the scope of the future development of its land and its intention is to impose on the purchaser certain obligations as to the nature of the development and also perhaps the standards to which the works must be constructed (usually through a development agreement or grant of a lease associated with the disposal), then where the values involved trigger the EU threshold, it is likely that such an arrangement may be construed as a public works contract triggering the need for an EU tendering



The applicability or otherwise of the public procurement rules will depend on the particular nature of the transaction, how it is structured and its detailed provisions. As a general rule, the risk will be higher the more the Council specifies its requirements for any full development and conversely will be lower the more the Council is willing to take a 'hands off' approach. The Council must therefore give due consideration to the possibility of public procurement rules applying to any particular disposal of land and obtain case specific legal advice before entering into any agreement.

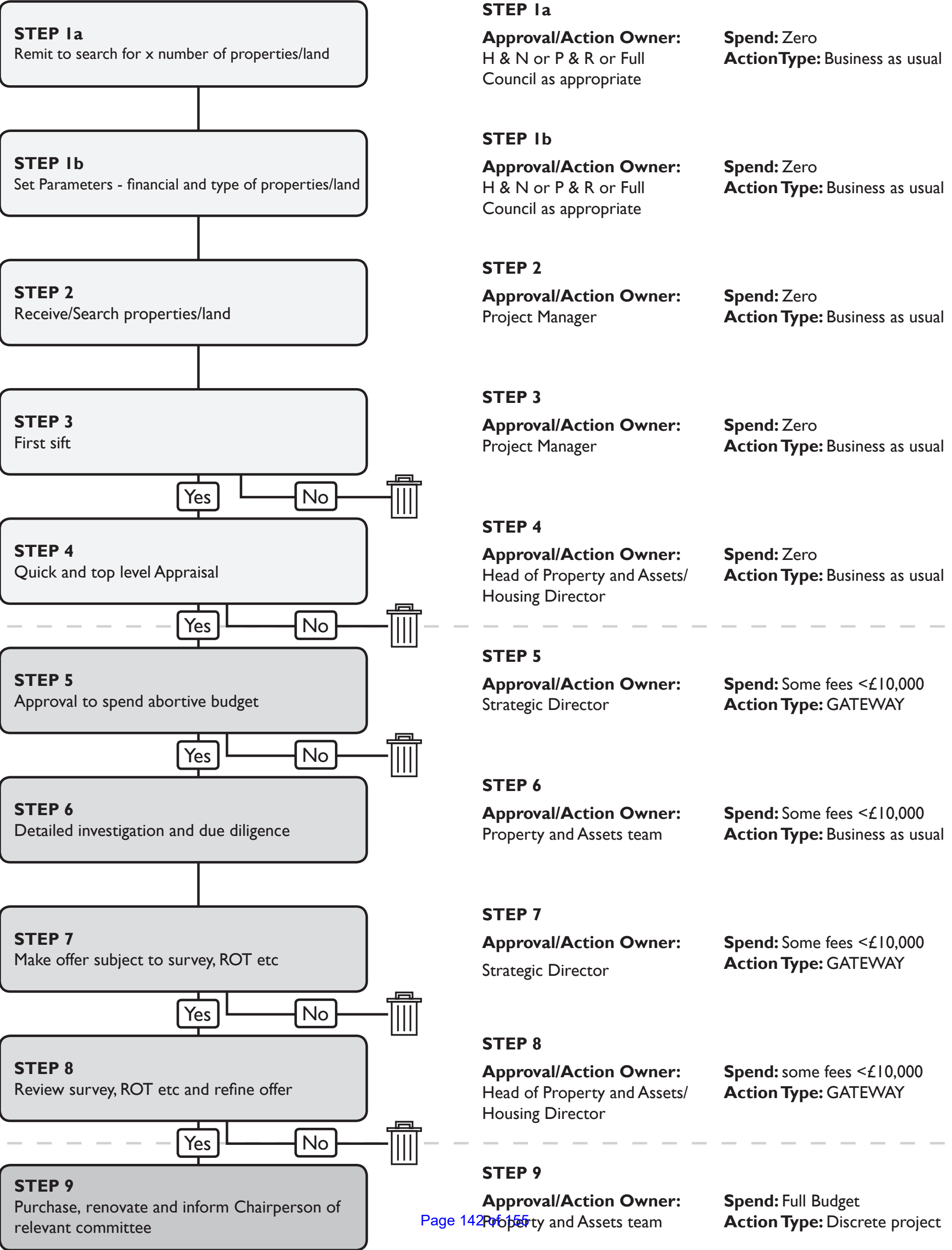
### **Delegation Scheme for Property Matters**

Policy & Resources Committee	<p>New leases and licences where the premium or annual rental payment is over £50,000.</p> <p>Where the lease or licence or transaction is subject to an existing legal agreement the Head of Property and Asset Management in consultation with the Director of Finance (Section</p>
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	<p>151 Officer) may approve the transaction.</p> <p>*see exception for Beacon Park and Energy Park</p>
Policy & Resources Committee	<p>Transfers of freehold or leasehold land where the consideration is over £100,000.</p> <p>Where the lease or licence or transaction is subject to an existing legal agreement the Head of Property and Asset Management in consultation with the Director of Finance (Section 151 Officer) may approve the transaction.</p> <p>*see exception for Beacon Park and Energy Park</p>
Head of Property and Asset Management in Consultation with Chairman/vice Chairman and Group Leaders of Policy and Resources Committee and the Director of Finance (Section 151 Officer)	<p>Beacon park and Energy Park South Denes.</p> <p>New leases and licences where the premium or annual rental payment is over £50,000</p>
Head of Property and Asset Management in Consultation with Chairman/vice Chairman and Group Leaders of Policy and Resources Committee and the Director of Finance (Section 151 Officer)	<p>Beacon Park and Energy Park South Denes.</p> <p>Transfers of freehold or leasehold land where the consideration is over £50,000</p>
Head of Property and Asset Management in consultation with the Director of Finance (Section 151 Officer)	<p>New leases and licenses where the premium or annual rental payment is above £10,000</p>
Head of Property and Asset Management in consultation with the Director of Finance (Section 151 Officer)	<p>Transfers of freehold or leasehold land where the consideration is above £10,000 and below £100,000.</p>







## **CONFIDENTIALITY**

The content of this report qualifies as exempt information under section 100(A)(4) and paragraphs 3 and 6b of Part I of Schedule 12A of the Local Government Act 1972 as it is *“Information relating to the financial or business affairs of any particular person (including the authority holding that information)”* and *“Information which reveals that the authority proposes (b) to make an order or direction under any enactment”*.

and

In relation to the “exempt” information, it has been determined that the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure of the value will prejudice the public view, adversely affecting the authority’s ability to obtain best value for the property and the failure to progress the CPO will result in a dilapidating property attracting anti-social behaviour being left in a popular village.

Accordingly, it is proposed that the Appendix to this report should remain exempt.

**Subject: Compulsory Purchase Order**

**Report to: Policy & Resources Committee – 19<sup>th</sup> March 2019**

**Report by: Sue Bolan - Enabling & Empty Homes Officer**

## **RECOMMENDATIONS**

This report requests approval for Great Yarmouth Borough Council to compulsorily acquire a property in Thurne and sell the property with restrictions to start on site within 3 months then to complete and occupy within 2 years.

That the Policy and Resources Committee give authorisation for a budget from capital receipts to be made available to cover the time period between vesting and sale.

## **1. INTRODUCTION**

The work of the Operational Property Enforcement Task Group (OPETG) has identified a long term empty property in Thurne as requiring enforcement action. Through investigations it has been deemed that a Compulsory Purchase Order (CPO) is the best approach for this property.

The property is a small 2 bed end terraced house located in the small popular village of Thurne 13 miles North West of the town of Great Yarmouth.

The property was brought to the attention of the Great Yarmouth Borough Council in December 2017. The property is causing concern and damage by way of damp and pests.

The property has been empty since 5th August 2013 when the owner passed away and has remained in probate since.



## **2. ACTIVITY SO FAR**

Following the complaint.

- Enquiries were made with enforcement, environmental health and police regarding previous involvement. Environmental health visited the property with regards to the report of vermin.
- As the property is within the Broads Authority area, a request was made for a S215 inspection – this was deemed unnecessary by the Broads Authority.
- Enquiries with council tax with regards to probate.
- Land registry search carried out.
- Relevant correspondence to establish intentions including the bank.
- OPETG consulted with regards to consideration for CPO.
- Member enquiry received and replied to.
- Chasing correspondence.
- Established the family wants to relinquish any involvement with the property.
- Continued chasing of the bank.
- Bank response to say they will take possession through litigation and have started pre-checks – same response from 12 months ago.
- All parties given notice of entry for purpose of valuation for CPO.

Initial work was carried out to assess for environmental health issues following the reports of damp and rodents. As the property is within the Broads Authority planning area they were requested to inspect the property under S215.

The bank have been contacted but are particularly difficult to obtain a response from, the last contact received stated that the bank had started their pre-litigation checks. Nothing further has been received from them despite sending a letter and attempting several telephone calls. The bank did not attend the first attempt to enter the property despite receiving notification in accordance with Section 174 (Housing & Planning Act 2016).

Following legal advice the property was entered, surveyed and valued on 7th November 2018 and again on 27<sup>th</sup> February 2019, whilst at the property it became apparent through conversations with various residents that there is concern about the condition of the property and interest in purchasing the property should it become available.

Contact details have been received from one resident who is interested in purchasing the property.



### **3. CPO OUTCOMES**

It is the intention of Great Yarmouth Borough Council to acquire this property through their powers of CPO.

The recommendation is to then sell the property with restrictions secured via a S106 agreement to ensure the works are started within 3 months of purchase and completed within 2 years at which time the property also needs to be occupied. This approach has been used previously at 5 St James' Walk which was renovated and brought back into use within 6 months.

This decision has been reached following consideration of retaining the property as our stock or renting the property privately.

Retaining the property – This option was dismissed after discussing the property with the housing options team. The need for affordable units in Thurne is limited and due to the location, layout and garden levels is not suitable. Also to ensure the property meets our standards would incur considerable costs to the council and is not justifiable given the need in the village.

Renting the property privately – This option was dismissed as we do not have a property management company in place presently. However, if the property didn't sell this could be explored using an external agent.

### **4. NEXT STEPS**

Should approval be given to the CPO, NP Law will be instructed. It is expected that the process will take approx. 1 year. All interested parties will be informed of the CPO. The process can be stopped at any stage during the process, for example if any involved party was to apply for probate and decide to sell. Where this has happened in the past the CPO has progressed until the sale has completed to ensure that the property is dealt with.

### **5. FINANCIAL IMPLICATIONS**

The CPO will have a revenue cost of £500 mainly to cover land registry charges; otherwise legal fees are covered by the ongoing contract with NP Law (estimated to be £1,500).

The property has been valued by Easton Surveyors Ltd.

Works to make the property habitable are estimated to be £45,000 - £50,000 as significant works are required to the roof and to address the extensive wet rot. It is estimated the



property could be worth up to £220,000 if fully refurbished to a high standard; this is due to the popularity of the village.

The value of the property is the amount which would need to be paid should a claim for compensation be made. Funding will need to be available to cover the time period between when the property is vesting with the council and for 7 years following the onward sale which is the time allowed for claims to cover this compensation.

There are two risks with the CPO both relating to a compensation claim being made between the vesting date and sale.

Firstly, as during this period the council do not have the funds from the sale of the property to cover the compensation. It should be noted that this risk is mitigated by the significant work undertaken prior to the commencement of the CPO to identify interested parties so a claim is considered unlikely. However it is recommended that for reassurance a capital budget is created and be funded from current capital receipts until such time as the property is sold.

Secondly, the risk that compensation is paid at the vested valuation amount during the period flagged above and subsequently the property is sold for less than that amount. The council would then have to finance the shortfall between compensation paid and the sale price from other funding sources. If capital receipts from other sales were unavailable then this would need to be met from borrowing which would have revenue implications. For example, based on borrowing of £10,000 being required, a minimum revenue provision and interest charges of approximately £1,600 would be charged to revenue per year for 7 years.

The property is currently not paying council tax as the letters of administration have not been applied for therefore it remains in probate, once brought back into use this property will be paying £1,538 per annum (18/19 rate), there is no council tax debt on this property.

## **6. RISKS**

If left this property will deteriorate and continue to cause problems.

The property is on the main approach road to the village, and provides a negative impression of the surrounding area. Work has been carried out to tidy the front of the property but only that authorised to gain entry for the purpose of CPO, the vegetation will return without proper attendance.

The property is not insured and would cause damage in the instance of fire or flood.



There is potential to be taken to public inquiry over a compulsory purchase, however this only occurs where there is an objection from a 'relevant person' to the purchase. If this was to happen, costs would be incurred by way of legal representation. Investigations have been carried out to mitigate this but it remains a risk.

There is a risk that once the property has been purchased by Great Yarmouth Borough Council it could take time to sell or may sell for a lower price than anticipated. However, as a result of Council Officer visiting the property, it is clear that there is substantial local interest in buying the property, due to its desirable location and the potential results following successfully renovation.

## **7. RECOMMENDATIONS**

That the Policy and Resources Committee give authorisation for the property to be compulsorily acquired and that a budget from capital receipts is made available to cover the time period between vesting and sale.

## **8. BACKGROUND PAPERS**

A copy of the compulsory purchase report is attached.

<b>Area for consideration</b>	<b>Comment</b>
Monitoring Officer Consultation:	Yes
Section 151 Officer Consultation:	Yes
Existing Council Policies:	Yes – Policy CS3 Local Plan (December 2015)
Financial Implications (including VAT and tax):	Yes
Legal Implications (including human rights):	Yes
Risk Implications:	Yes
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No



Subject: **HMOs and Guesthouse Purchase and Repair Scheme**

Report to: **Housing and Neighbourhoods Committee – 14<sup>th</sup> March 2019**  
**Policy and Resources Committee – 19<sup>th</sup> March 2019**  
**Full Council – 23rd April 2019**

Report by: **Anthony Moore, Housing Growth Manager**

## **RECOMMENDATIONS**

**That Policy and Resources Committee:**

- 1. Agree that the council progresses the HMO and Guesthouse purchase and repair scheme outlined in this report and recommend to Full Council for approval.**
- 2. Recommend an initial £2m capital budget to be used to deliver the purchase and repair scheme and refer the approval of the initial £2m capital budget to the Full Council.**

## **1. INTRODUCTION**

- 1.1. The council is seeking to build on the framework provided by the Acquisitions and Disposals Policy to acquire residential properties in order to provide better quality homes in the borough.
- 1.2. The housing market in parts of the town of Great Yarmouth has challenges including low property values, low rental income, economically unviable guesthouses, streets in conservation areas needing uplift and lack of private investment. Ultimately, this has led to attractive streets being converted into Houses of Multiple Occupation (HMOs) as their most or only profitable use. Many of these HMOs and guesthouses are often not well maintained and can bring an otherwise attractive area down, stalling regeneration and reducing the incentives of existing homeowners and landlords to improve their own properties.
- 1.3. This report explores opportunities for the council, like many other local authorities in coastal towns, to invest its own capital in purchasing carefully selected residential properties, renovating them and bringing them back into use as houses or flats in an improved condition. Case by case, this could be for sale, for an affordable rented home, or as a market rent scheme.
- 1.4. The council will need to establish a property development company to hold any properties outside of the HRA. Due diligence on this is nearing completion and is due to report ELT shortly. This will be reported to committee separately.



## 2. STRATEGY AND METHODOLOGY

- 2.1. The new HMO selective licensing scheme and the continuing changes in tax treatment of commercial home ownership means that some landlords are leaving the market. There is the potential for the council to play a role in filling that gap and making a positive intervention to improve the quality of rental property available in the town centre. Due to its ability to raise finance at a lower interest rate and over a longer period, the council has the potential to purchase HMO and guesthouse properties at a financially viable level.
- 2.1. The potential purchase of the property will be in line with the council's Acquisition and Disposal Policy. The policy provides the full detail of the process. A property may be suitable for a number of reasons:
- Size – a viable number of flats could be created from the property or it meets the need for larger housing;
  - Value – it is priced to make it financially viable;
  - Location – the properties are in areas which have regenerative potential;
  - Condition – presents an opportunity to uplift the area;
  - Suitable layout – they may have already had planning permission for conversion or been converted;
  - Market failure – properties which have proved not viable for previous developers to build out or were failing businesses;
- 2.2. This report will take two case studies as **examples** of investment potential. The examples chosen have recently been on the market and represent two different examples within the above proposed investment strategy in order to establish the viability of the approach.
- 2.3. The council has modelled the financial parameters of the scheme. These have been set using data from Housing, Finance and estimated repair costs from the assets team. Property values and market rent information has been taken from existing data, including Hometrack. Build costs and professional fees are set at a cautious, yet evidenced level based on upper level market costs. The asking price is used as guidance for the purchase price. Please see Appendix 2 for assumptions.
- 2.4. As a scheme appears viable it will proceed for more detailed consideration and will begin to attract cost, for example, by undertaking a survey. The overall cost of the project will be refined through professional advice, for example, by engaging an architect. The principle will be to incur as little cost as possible to make an informed, proportionate decision at each stage. If a scheme fails to meet the criteria, this will be identified at the earliest possible stage.



- 2.5. The appraisal model shows an Internal Rate of Return (IRR), Net Present Value (NPV) and payback period as outputs of financial health. IRR is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project equal zero. IRR is used to evaluate the attractiveness of a project. NPV is a tool to determine whether a project will result in a net profit or a loss. A positive NPV results in profit, while a negative NPV results in a loss. The NPV measures the excess or shortfall of cash flows, in present value terms, above the cost of funds.
- 2.6. As the inputs change, so do these outputs. For example, the council may alter the build cost based on new information and the outputs will reflect this changed figure:
- An IRR of above 3% means the scheme has a higher yield than the interest rate on monies borrowed from the Public Works Loan Board
  - A positive NPV shows the current value of the investment
  - The payback period indicates whether the return covers the initial investment, management costs and interest over a set time period. Currently this is over a 30 appraisal period as per Capita's HRA model.

### **3. INDICATIVE SCHEMES**

- 3.1. Two schemes have been chosen to model the principles of the approach. Both have been visited by officers to inform potential renovation costs.

#### Opportunity 1

- 3.2. A terrace of three 5 bed houses in a Victorian Square in central Great Yarmouth (photo attached as Appendix 1). The houses are in a dilapidated state, albeit two of the three are let at £600 pcm (we have subsequently served the owner with a notice regarding the condition). The middle house appears to have been started to be converted to 3 flats and there is an expired planning permission to convert all 3 houses to a total of 9 flats. The asking price, at the time of writing, is £375,000 and the properties have been advertised for nearly a whole year. This represents an example of an extremely poor condition property which would struggle to raise a profit yet could have a regenerative effect beyond the initial outlay.

#### Opportunity 2

- 3.3. A four storey house, again in a Victorian Square (photo attached as Appendix 1). The property has a modern rear extension and has been converted into 6 flats. The vendor has recently spent c.£40k renewing the properties to make them more attractive for a quick sale and a non-intrusive inspection showed a relatively good condition requiring relatively little investment required before letting the properties. The property was going to auction with a guide price of £350,000 but an informal



chat with the vendor elicited his expectation of around £370,000. This represents an opportunity to take over a successful, good condition conversion in a target area; maintain or improve its appearance; and bring in a profitable yield to the council and, possibly, cross-subsidise less viable schemes in the proposed programme.

#### 4. FINANCIAL APPRAISAL

- 4.1. The scheme is proposed to be at least cost-neutral with the potential to produce a profit for the council. The council will not pay above market rate for any property. The ultimate aim is to have a positive effect on the environs of the town centre, to reduce the number of poor condition HMOs and to provide a higher quality of accommodation in areas where the private market cannot afford to.
- 4.2. Both schemes have been modelled over a 30 year payback period. Both of the schemes have been appraised three times: as completely affordable rent, as completely market rent and as completely market sale. This enables a comparison between the options, to enable an informed decision as to the final mix. If the scheme fails to break even (IRR 3%), a final column indicates what purchase price the council would need to pay to meet a breakeven point.
- 4.3. Additionally, Opportunity 1 has been appraised as both 3 x 5 bed houses, meeting a definite need within the borough; and 9 flats (the expired planning permission). In both instances works costs have been provided by a Property Surveyor. The tables, below, show the headline figures:

##### Opportunity 1

##### **30 year appraisal 3 houses.**

Tenure	IRR (%)	NPV (£)	Upfront cost - net any grant	Payback period (yrs)	Break even price @3% IRR
Affordable Rent	0.5%	-£215,971	£750,628	not repaid	£150,000
Market Rent	1.59%	-£128,212	£750,628	39.7	£260,000
Outright Sale	-44.01%	-£322,312	£750,628	Not repaid	£40,000

##### **30 year appraisal 9 flats**

Tenure	IRR (%)	NPV (£)	Upfront cost - net any grant	Payback period (yrs)	Break even price @3% IRR/profit
Affordable Rent	-0.64%	-£306,996	£819,354	not repaid	£55,000
Market Rent	2.88%	-£12,430	£819,354	32.8	£360,000
Outright Sale	-22.41	-£197,754	£819,354	Not repaid	£170,000



## Opportunity 2

### **30 year appraisal 6 flats**

<b>Tenure</b>	<b>IRR (%)</b>	<b>NPV (£)</b>	<b>Upfront cost - net any grant</b>	<b>Payback period (yrs)</b>	<b>Break even price @3% IRR</b>
Affordable Rent	3.11%	£5,491	£408,975	32.5	Full asking price
Market Rent	6.21%	£172,221	£408,975	18.6	Full asking price
Outright Sale	-99.67%	£131,469	£408,975	0.4	Full asking price

## **5. FINANCIAL IMPLICATIONS**

- 5.1. This report proposes the establishment of a new capital budget from the General Fund of, initially, £2m to fund the project.
- 5.2. The £2m will be funded from borrowing and the revenue implications (costs) of the borrowing will be mitigated by the revenue income stream from the proposals.
- 5.3. In principle the council aims to 'recycle' some of this funding through the sale of properties. Close monitoring of the capital fund will be required to track the use of funds for market rent properties which are retained as this will reduce the capital funding available for further property purchases.
- 5.4. The creation of a portfolio of housing assets will provide the council with a new independent stream of medium to longer term income. The council's exposure to debt will need to be considered as part of its Treasury Management function and will be reviewed annually. When assessing investment opportunities we will use the PWLB 30 year interest rate and payback period as per the Capita HRA model.

## **6. SENSITIVITY ANALYSIS**

- 6.1. Some variables have been chosen for sensitivity analysis as an indication of how these risks may change financial outcomes and the results are shown in the table below:
  - 6.1.1. 40 year payback period. There has been recent talk of Capita moving to a 40 year payback period to help finance HRA schemes whilst remaining well within a realistic timescale for building lifespan. Modelling in this way would help the viability of the scheme but would currently be different from how we appraise other comparable schemes.
  - 6.1.2. Build costs. The most likely variable. Estimates are deliberately generous currently but with labour market forecasts suggesting a competitive labour market, these have



been modelled at a 10% increase.

- 6.1.3. Market rents. Currently modelled against local comparables and would be backed up by a market valuation should we proceed to an exchange. These are unlikely to go down in the short term considering the shortage of good quality market rented units, however they have been modelled with a 10% decrease.
- 6.1.4. Void rates. The current allowance within the model is 6.7% of units being void for 35 days. This is cautious, being modelled on the average of both GYBC's regular and major voids figures. It is unlikely a good quality, recently refurbished unit would hold the same voids risk. It has been remodelled at 3.9% for 23 days, in line with 'regular' voids.
- 6.1.5. Not modelled: Contract length – most contracts have penalty clauses which indemnify the client against poor contractor performance being a long stop date; Sales prices - We are not looking to sell these units in the current model; purchase price – our purchase offer price is calculated on what GYBC could afford to pay, not on what is requested by the vendor; Affordable rents – these are set at Local Housing Allowances and increases have been set by HM Govt for the foreseeable future.
- 6.2. Results – as an example the Market Rent scenarios based on the 30yr Model, 9 flat scheme for Opportunity 1 show these changes in outputs:

Sensitivity variable.	IRR (%)	NPV (£)	Upfront cost - net any grant	Payback period (yrs)	Break even price @3% IRR inc. SDLT
Market Rent (original appraisal)	2.88%	-£12,430	£819,354	32.8	£360,000
40 yr Payback	4.35%	£192,683	£819,354	32.8	£525,000
10% increase in build costs	2.51%	-£51,069	£860,165	34.3	£320,000
10% drop in market rents	1.44%	-£145,976	£819,354	Not repaid	£220,000
Reducing Voids from 6.7% to 3.9% and the days from 35 to 23.	3.73%	£75,390	£819,354	28.4	£450,000

## 7. RISK IMPLICATIONS

- 7.1. Acquisition risk – there is always the potential for a downturn in the property market at some point in the future. Equally there may be signs of increased competitive activity from smaller property companies. This could result in the council being one of several bidders for any



good quality properties. Just like any private sector bidder, it is likely that the council will be an unsuccessful bidder on occasions. Due to the nature of the property market, decisions may need to be taken quickly in order to put offers forward. Agility will need to be built into any request for authority to proceed. The council is seeking to mitigate this risk by having delegated authority to purchase properties to Strategic Directors and the 151 Officer as per the Acquisition and Disposal Policy.

- 7.2. Cost risk – legal costs, survey fees, and officer time may be incurred in potential purchases which do not proceed. The proposed process reduces these costs to the minimum for the longest possible period by seeking to identify issues at the earliest possible stage.
- 7.3. Property market risk – residential property is a riskier asset than other asset classes because of its physical characteristics, which need to be managed and maintained. This is often compensated by increased returns. However, the property market is not a certain market and the council may not achieve target returns if market conditions significantly worsen. This risk will be mitigated by regular reviews of market conditions.
- 7.4. Void risk - close management of the asset portfolio is critical to the success in delivering income. Long term voids will have an impact on the overall revenue budget with no income to offset the costs of owning a property. It is therefore important to monitor the level of voids over the entire portfolio, with an allowance being made for this within the financial modelling.

## **8. LEGAL**

Section 123 of the Local Government Act (1972) creates a duty on the council to obtain the best consideration that can be reasonably obtained for the disposal of a property asset. This duty is subject to certain exceptions that are set out in the General Disposal Consent (England) 2003.

## **8. CONCLUSIONS**

- 9.1. The council has an opportunity to play an active role in shaping the nature of residential communities in the town centre. Rather than simply leaving this to the open market the council can play a role by acquiring residential properties in order to provide a greater number of better quality homes in the borough. This should create a greater mix of properties in order to foster more sustainable communities.
- 9.2. Any proposal must be financially viable. Currently, the proposals have been modelled to payback over a 30 year period. The report models two different examples of the kinds of property which could be considered. The council anticipates these properties will require some degree of refurbishment. It has modelled conservative rates for costs, voids and property maintenance. Options exist for the properties to be either sold to generate a capital receipt or let to provide better quality rental accommodation for local people.



- 9.3. The council is well positioned to take advantage of borrowing facilities to achieve this at a time when some landlords are selling. Rigorous due diligence and market intelligence can mitigate most risks to the council. There is the possibility of flexibility of tenure to meet changing needs. The creation of a portfolio of housing assets will provide the council with a new independent stream of medium to longer term income.

## **10. RECOMMENDATIONS**

**That Policy and Resources Committee:**

- 10.1. **Agree that the council progresses the HMO and Guesthouse purchase and repair scheme outlined in this report and recommend to Full Council for approval.**
- 10.2. **Recommend an initial £2m capital budget to be used to deliver the purchase and repair scheme and refer the approval of the initial £2m capital budget to the Full Council.**

## **BACKGROUND PAPERS**

Acquisitions and Disposals Policy

Appendix 1 – example units under consideration

Appendix 2 – Financial Modelling assumptions.

*Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?*

<b>Area for consideration</b>	<b>Comment</b>
Monitoring Officer Consultation:	Yes
Section 151 Officer Consultation:	Yes
Existing Council Policies:	Yes
Financial Implications (including VAT and tax):	Yes
Legal Implications (including human rights):	Yes
Risk Implications:	Yes
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No