



GREAT YARMOUTH
BOROUGH COUNCIL

Council

Date: Tuesday, 23 February 2021

Time: 18:30

Venue: Virtual

Address: [Venue Address]

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.

3 ITEMS OF URGENT BUSINESS

To consider any items of urgent business.

4 MAYORS ANNOUNCEMENTS

To receive announcements from His Worship the Mayor.

5 MINUTES

5 - 10

To confirm the minutes of the meeting held on the 26 November 2020.

**6 SERVICE COMMITTEE DECISION LIST FOR THE PERIOD 5
NOVEMBER 2020 TO 9 FEBRUARY 2021**

11 - 20

Members are asked to note the contents of the Service Committee Decision list for the period 5 November 2020 to 9 February 2021.

**7 OUTSIDE BODY APPOINTMENT - WATER RESOURCES EAST
(WRE) LIMITED**

21 - 38

Council are asked to appoint a representative to the Water Resources East (WRE) Limited.

Report attached for Member consideration.

**8 OUTSIDE BODY APPOINTMENT - BROADLAND FUTURE
INITIATIVE**

39 - 42

Council are asked to appoint a representative and deputy to the Water Resources East (WRE) Limited.

Report attached for Member consideration.

9 CHANGE IN MEMBER APPOINTMENT

43 - 44

Report attached.

10	<u>REVISION TO LIST OF STATUTORY PROPER OFFICERS</u>	45 - 46
	Report attached.	
11	<u>CONTRACT STANDING ORDERS</u>	47 - 52
	Report attached.	
12	<u>ACQUISITION AND DISPOSAL POLICY</u>	53 - 106
	Report attached.	
13	<u>PAY POLICY STATEMENT 2021/22</u>	107 - 114
	Report attached.	
14	<u>2019/20 PERIOD 10 HOUSING REVENUE ACCOUNT BUDGET MONITORING REPORT</u>	115 - 124
	Report attached.	
15	<u>TREASURY MANAGEMENT STRATEGY STATEMENT 2021-22</u>	125 - 142
	Report attached.	
16	<u>2021/22 GENERAL FUND BUDGET REPORT</u>	143 - 194
	Report attached.	
17	<u>COUNCIL TAX SETTING 2021/22</u>	195 - 206
	Report attached.	
18	<u>ANY OTHER BUSINESS</u>	
	To consider any other business as may be determined by the Chairman of the meeting as being of sufficient urgency to warrant consideration.	

19 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."

20 CONFIDENTIAL MINUTES

Details

**21 CONFIDENTIAL SERVICE COMMITTEE DECISION LIST FOR
THE PERIOD 5 NOVEMBER 2020 TO 9 FEBRUARY 2021**

Details



Council

Minutes

Thursday, 26 November 2020 at 18:30

PRESENT:-

His Worship, The Mayor, Councillor Jeal (in the Chair); Councillors Annison, Bensly, Bird, Borg, Cameron, Candon, G Carpenter, P Carpenter, Cordiner-Achenbach, Fairhead, Flaxman-Taylor, Freeman, Galer, Grant, Hacon, D Hammond, P Hammond, Lawn, Martin, Mogford, Myers, Plant, Robinson-Payne, Scott-Greenard, Smith, Smith-Clare, Stenhouse, Talbot, Thompson, Wainwright, B Walker, C M Walker, Waters-Bunn, Wells, Williamson, A Wright & B Wright.

Ms S Oxtoby (Chief Executive Officer), Mrs P Boyce (Strategic Director), Ms K Watts (Strategic Director), Ms C Whatling (Monitoring Officer), Mrs D Wilby (Licensing & Elections Manager) & Mrs S Wintle (Corporate Services Manager).

Mr A Quinton & Mr M Severn (IT Support).

1 APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillor Cara Walker.

2 DECLARATIONS OF INTEREST

Councillors P Carpenter, Grant, Plant, Smith, Smith-Clare & C M Walker declared a personal interest in confidential item number 14, Great Yarmouth Third River Crossing Land Compensation, as they were also elected Members of Norfolk County Council.

However, in accordance with the Council's Constitution, were allowed to both speak and vote on the item.

3 MAYOR'S ANNOUNCEMENTS

His Worship, The Mayor, Councillor Jeal, wished those present a very Happy Christmas and a safe, peaceful New Year.

The Leader, Councillor Smith, gave an update to Council regarding the Covid19 pandemic and he thanked Councillor Wainwright, the Chief Executive and all her staff for all their hard work and support during the past 9 months on behalf of the residents and businesses of the Borough. He reported that an All-Member briefing would be held on Monday, 14 December 2020 at 6 pm on the Tiered System and further Government funding initiatives.

Councillor Wainwright endorsed the Leader's comments and thanked the Chief Executive and her staff for their incredible hard work to date. He made special mention of Karen Sly and her team for the speed of which they disseminated grants to local businesses which was a lifeline to them and much appreciated across the Borough.

Councillor Myers congratulated the Chief Executive and her staff for the exemplary response to the pandemic across the Borough and it was disappointing that the council had been designated as Tier 2.

The Monitoring Officer reminded all County Councillors that they should declare an interest in item 14 of the agenda if they had not already done so in the interest of openness and transparency.

4 MINUTES

The minutes of the meeting held on 29 September 2020 were confirmed by

assent.

It was noted that His Worship, The Mayor, Councillor Jeal had chaired the meeting and not The leader of the Council, Councillor Smith and it was agreed that the minutes would be amended as such.

CARRIED.

5 SERVICE COMMITTEE DECISION LIST FOR THE PERIOD 29 JULY 2020 TO 4 NOVEMBER 2020

That the Service Committee Decision List for the period 29 July 2020 to 4 November 2020 be approved by assent.

CARRIED.

6 STATEMENT OF LICENSING POLICY

Council received and considered the report from the Licensing & Elections Manager.

Councillor G Carpenter, Chairman of the Licensing Committee reported that under the Licensing Act 2003, licensing authorities were required to review their licensing policy every five years. Great Yarmouth Borough Council's current policy came into effect on 7 January 2016 and would expire on 6 January 2021.

Councillor G Carpenter reported that the current policy had been reviewed and updated and amendments to the policy were minimal. The draft policy had been subject to an eight week formal consultation process between July and September 2020. Five comments had been received as a result of the consultation process and had been set out in the agenda report with officer comments and whether they had been incorporated into the policy.

Councillor G carpenter reported that Licensing Committee had agreed the draft policy at their meeting on 19 October 2020 and had recommended to Council for this to be the adopted new Statement of Licensing Policy which would be published on 9 December 2020 and would come into effect on 7 January 2021.

PROPOSER: Councillor G Carpenter

SECONDER: Councillor Wells

That Full Council adopt the draft policy as the new Statement of Licensing Policy.

CARRIED.

7 COUNCIL TAX SUPPORT SCHEME 2021-2022

Council received and considered the report from the Head of Customer Services.

The Leader of the Council reported that Council on the 21 July 2020 had given permission to commence consultation in relation to the 2021/22 Local Council Tax Support Scheme. Following consultation, it was advised that a maximum award of 91.5% of the Council Tax Liability for the Working Age including:

- Automatic assessment of entitlement and award of Council tax Support based on receipt of a Universal Credit notification
- Council tax Support claims to remain open for a period of 26 weeks from the date that a claim becomes "nil qualifying"
- Exemption for customers who were entitled to the Disability Premium, Enhanced Disability Premium or Severe Disability Premium, and Carers Allowance to the self-employed minimum income floor calculation.

Councillor Martin reported that she wished to thank officers for the third listed exemption; the self-employed minimum income floor calculation which would be welcomed by many residents across the Borough.

PROPOSER: Councillor Smith

SECONDER: Councillor Plant

That Council approves the recommendation to continue with the exiting scheme for 2021/22 which includes a maximum award of 91.5% of the Council Tax Liability for Working Age including:-

- (i) Automatic assessment of entitlement and award of Council tax Support based on receipt of a Universal Credit notification
- (ii) Council tax Support claims to remain open for a period of 26 weeks from the date that a claim becomes "nil qualifying"
- (iii) Exemption for customers who were entitled to the Disability Premium, Enhanced Disability Premium or Severe Disability Premium, and Carers Allowance to the self-employed minimum income floor calculation.

CARRIED.

8 COUNCIL TAX DISCOUNTS 2021-2022

Council received and considered the report from the Revenue Services Manager.

The Leader of the Council reported that for the financial year 2021/22, it was proposed that there was one change to the discounts following a change in legislation on Long-Term Empty Premiums in 2018. From 2021/22, regulations allowed for a further discretion, which meant that the Council could now increase the premium to 300% for properties which have been empty for more than ten years.

PROPOSER: Councillor Smith
SECONDER: Councillor Plant

That Council approves the Council Tax Discounts as shown in Section 3.1 of the report, which will apply for 2021/22/ and includes the discount change outlined in Section 2.2 of the report.

CARRIED.

9 COUNCIL TAX BASE 2021-2022

Council received and considered the report from the Revenue Services Manager.

The Leader of the Council reported that the Council Tax base was a technical calculation which must be formally set each year. It was the first stage of the Council tax setting process that would be finalised once the budgets had been agreed.

PROPOSER: Councillor Smith
SECONDER: Councillor Plant

That Council approve the calculation of the 2021/22 tax base totaling 28,910 and the estimated tax bases for the Borough and for each parish, as shown in Appendix A of the report.

CARRIED.

10 MEDIUM TERM FINANCIAL STRATEGY 2021-2022

Council received and considered the report from the Finance Director.

The Leader of the Council reported that the Medium-Term financial Strategy had been refreshed and updated to reflect the latest external pressures and

challenges facing the Council that would impact on the financial position of the Authority moving forward, most significantly the impact of Covid19.

The Leader reported that the Working Party Members had been identified in consultation with Councillor Wainwright.

PROPOSER: Councillor Smith

SECONDER: Councillor Plant

That Council approve:-

(i) The updated Medium Term Financial Strategy (MTFS) and the key themes of the business strategy as outlined at section 8 of the MTFS,

(ii) The revised Reserves Statement as included at Appendix A of the MTFS,

(iii) To set up a small Working Group of five Members to develop and agree the Additional Restrictions Grant Scheme and criteria and delegate authority to the Section 151 officer and Head of Customer Services; and

(iv) The allocation of £1 million to the capital programme to support the Digital strategy as outlined in section 8 of the MTFS.

CARRIED.

11 ANY OTHER BUSINESS

His Worship, The Mayor, Councillor Jeal reported that there was no other business being of sufficient urgency to warrant consideration.

12 EXCLUSION OF PUBLIC

RESOLVED:-

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.

CARRIED.

Service Committee Decision List from 5 November 2020 to 9 February 2021

	Details of Decision	Officer Lead
1	<p>Policy & Resources Committee– 17 November 2020</p> <p>STATEMENT OF COMMUNITY INVOLVEMENT</p> <p>RESOLVED :</p> <p>That the Committee adopts the revised Statement of Community Involvement</p>	Paula Boyce
2	<p>Policy & Resources Committee – 17 November 2020</p> <p>REVIEW OF MATERNITY POLICY</p> <p>RESOLVED :</p> <p>That the Committee approve the new Maternity Policy and agrees to carry out a review of this policy after 3 years, unless there is a significant change in legislation requiring an earlier review.</p>	Sarah Tate
3	<p>Policy & Resources Committee– 17 November 2020</p> <p>PARENTAL BEREAVEMENT LEAVE POLICY</p> <p>RESOLVED :</p> <p>That the Committee approve the new Parental Bereavement Leave Policy and agrees to carry out a review of this policy after three years unless there is a significant change in legislation requiring earlier review.</p>	Sarah Tate.

4	<p>Policy & Resources Committee– 17 November 2020</p> <p>COUNCIL TAX SUPPORT SCHEME 2021-22</p> <p>RESOLVED :</p> <p>That the Committee recommend to Full Council :-</p> <p>To endorse the recommendation to continue with the existing scheme for 2021/22 which is a maximum award of 91.5% of the Council Tax Liability for Working Age but including:</p> <p>(i) Automatic assessment of entitlement and award of Council Tax Support based on receipt of a Universal Credit notification, (ii) Council Tax Support claims to remain open for a period of 26 weeks from the date that a claim becomes "nil qualifying" ; and (iii) Exemption for customers who are entitled to the Disability premium, Enhanced Disability Premium or Severe Disability Premium to the self-employed minimum income floor calculation.</p>	Miranda Lee
5	<p>Policy & Resources Committee – 17 November 2020</p> <p>COUNCIL TAX DISCOUNTS</p> <p>RESOLVED :</p> <p>That the Committee recommend to Full Council that the council tax discounts as shown in section 3.1 of the report and which will apply for 2021/22 including the discount charge outlined in section 2.2 of the report.</p>	Miranda Lee
6	<p>Policy & Resources Committee – 17 November 2020</p> <p>COUNCIL TAX BASE 2021-22</p> <p>RESOLVED :</p> <p>That the Committee recommend to Full Council that the calculation of the 2021/22 tax base totalling 28,910 and the estimated tax bases for the Borough and for each Parish, as detailed in Appendix 1 of the report.</p>	Miranda Lee

7	<p>Policy and Resources Committee – 17 November 2020</p> <p>MEDIUM TERM FINANCIAL STRATEGY</p> <p>RESOLVED :</p> <p>(1) That the Committee approve the updated Medium Term Financial Strategy (MTFS) and the key themes of the business strategy outlined as section 8,</p> <p>(2) That the Committee approve the revised reserves statement as included at Appendix A of the MTFS; and</p> <p>(3) That the Committee agree to set up a small Working Group of five Members, Councillors P Carpenter, Candon, Wells, Wainwright & Williamson, to develop and agree the Additional Restrictions Grant scheme and criteria and delegate authority to the Section 151 Officer and Head of Customer Services.</p> <p>(4) That the Committee recommend to Full Council: (i) The allocation of £1million to the Capital programme to support the Digital Strategy as outlined in section 8 of the MTFS.</p>	Karen Sly
8	<p>Policy and Resources Committee – 15 December 2020</p> <p>GYTC PARTNERSHIP BID – FOURTH TERM</p> <p>RESOLVED:</p> <p>(1) That the Committee notes that the information had been supplied by the Great Yarmouth Town Centre Partnership Business Improvement District (TCP/gyBID) to the Council as Billing Authority in respect to the information listed under Regulation 4, Schedule 1 of the Business Improvement Districts (England) Regulations 2004,</p> <p>(2) That the Committee approves the draft Business Plan proposed by TCP/gyBID as described in the Annual Report and gyBID Renewal Prospectus at Appendix 1; and</p> <p>(3) That the Committee approves the Council's support for the TCP/gyBID in relation to its ballot for a fourth BID term.</p>	Paula Boyce
9	<p>Policy and Resources Committee – 15 December 2020</p> <p>TREASURY MANAGEMENT MID YEAR REPORT 2021-22</p> <p>RESOLVED:</p> <p>That the Committee approve the Treasury Management half-yearly report for 2020/21.</p>	Karen Sly

10	<p>Policy & Resources Committee – 15 December 2020</p> <p>KEY SAFES & SUITED LOCKS</p> <p>RESOLVED:</p> <p>That the Committee agree and approve the cost of the works to install Key Safes to all sheltered housing properties and complete the installation of suited locks in sheltered housing schemes at a cost of £168,577</p>	Justin Gibbs
11	<p>Policy & Resources Committee – 25 January 2021</p> <p>FUTURE HIGH STREET FUND – TECHNICAL UPDATE</p> <p>RESOLVED:</p> <p>(1) That the Committee review the content of the report, noting the provisional offer of funding, conclusions set out in Section 5 and the appended confidential annex; and</p> <p>(2) That the Committee approve the update to the capital programme as detailed within the report to reflect the provisional Future High Streets funding award of £13,774,730.</p>	Simon Best
12	<p>Policy & Resources Committee – 25 January 2021</p> <p>NORFOLK OVERARCHING INFORMATION SHARING PROTOCOL</p> <p>RESOLVED:</p> <p>That the Committee be advised that the Council will become a signatory to the Norfolk Overarching Information Sharing Protocol.</p>	James Wedon
13	<p>Environment Committee – 27 January 2021</p> <p>COUNCIL MEMBERSHIP OF WATER RESOURCES EAST LTD</p> <p>RESOLVED:</p> <p>That the Committee recommend to Full Council the appointment of Great Yarmouth Borough Council Member to membership of the Water Resources East (WRE) Strategic Advisory Group.</p>	Sam Hubbard

14	<p>Environment Committee - 27 January 2021</p> <p>OUTDOOR SPACES</p> <p>RESOLVED:</p> <p>That the Committee note the content of the report and approve to use the previous committed funding allocation of £15,790, to appoint a Technical Assistant, on a part-time basis, to survey and log all of the Council's outdoor assets, to enable a detailed, strategic review of these could then be undertaken and presented to this Committee.</p>	Kate Watts
15	<p>Housing & Neighbourhoods Committee – 4 February 2021</p> <p>HRA BUDGET REPORT 2021-22</p> <p>RESOLVED:</p> <p>That the Committee recommend to Full Council:-</p> <p>(1) The increase in rents of CPI + 1%, as set out in the new Rents for Social Housing Policy for 2021/22. For 2021/22 this equates to 1.5%, (2) The Revenue Budget for 2021/22, together with the forecast projections for the period up to 2025/26, including the extended borrowing to support the provision of additional HRA homes, (3) The Capital Budget for the period 2021/22 to 2025/26, (iv) The HRA Service Charges for 2021/22; and (v) The revised HRA Capital and Revenue forecasts for 2020/21</p>	Karen Sly
16	<p>Housing & Neighbourhoods Committee – 4 February 2021</p> <p>RETAINED RIGHT TO BUY RECEIPTS POLICY</p> <p>RESOLVED:</p> <p>That the Committee recommend to Policy & Resources Committee:-</p> <p>(1) That the Committee approve the updated use of Retained Right to Buy Receipts Policy and recommend the adoption of the policy by Policy & Resources Committee; and (2) That Policy & Resources Committee approve the Use of Retained Right to Buy Receipts Policy and delegate approval of expenditure in accordance with the use of Retained Right to Buy Policy to a Strategic Director in conjunction with the Section 151 Officer.</p>	Nicola Turner

17	<p>Policy & Resources Committee – 9 February 2021</p> <p>ST. GEORGES TRUST – FUNDING AGREEMENT EXTENSION</p> <p>RESOLVED:</p> <p>(1) Note the progress of the Trust over the past two years; and (2) Agree £25,000 grant funding (for 2021/22) to cover the Trust’s programming against a business plan for the next financial year, and that the existing Funding Agreement is extended on that basis.</p>	Michelle Burdett
18	<p>Policy & Resources Committee – 9 February 2021</p> <p>RETAINED RIGHT TO BUY RECEIPTS</p> <p>RESOLVED:</p> <p>That the Committee approve the updated Use of Retained Right to Buy Receipts Policy and recommend the adoption of the policy to the Policy & Resources Committee</p>	Nicola Turner
19	<p>Policy & Resources Committee – 9 February 2021</p> <p>FEES & CHARGES 2021-22</p> <p>RESOLVED:</p> <p>That the Committee agree the schedule of fees and charges for 2021/22 as detailed in appendix A of the report.</p>	Karen Sly
20	<p>Policy & Resources Committee – 9 February 2021</p> <p>TREASURY MANAGEMENT STRATEGY STATEMENT 2021-22</p> <p>RESOLVED:</p> <p>That the Committee agree and recommend to Council:</p> <p>(1) The Treasury Management Strategy for 2021/22 (2) The Annual Investment Strategy (3) The Operational Boundary & Authorised Limits.</p>	Karen Sly

21	<p>Policy & Resources Committee – 9 February 2021</p> <p>2021-22 GENERAL FUND BUDGET REPORT</p> <p>RESOLVED:</p> <p>That the Committee consider and recommend the following to Council:</p> <p>(1) The general fund revenue budget as detailed at Appendix A,</p> <p>(2) The Council Tax for 2021/22 for the Borough Council tax be £171.48 (for an average Band D),</p> <p>(3) That the demand on the Collection Fund for 2021/22 be: a. £4,865,925 for the Borough Council purposes; and b. £519,506 for Parish Precepts,</p> <p>(4) The statement of and movement on the reserves as detailed at Appendix D and within section 8 of the report, (v) The Policy framework for reserves as detailed at Appendix E,</p> <p>(5) The updated Capital Programme and financing for 2020/21 to 2021/22 as detailed at Appendix F; and</p> <p>(6) New capital bid proposals at Appendix G and Minimum Revenue Provision Statement at Appendix H</p>	Karen Sly

URN: 21-006

Subject: Council Membership of Water Resources East (WRE) Limited

Report to: Full Council (23rd February 2021)

Report by: Senior Strategic Planner

SUBJECT MATTER

Appointment of Great Yarmouth Borough Council to membership of the Water Resources East (WRE) Strategic Advisory Group

RECOMMENDATION

That Full Council :

1. Endorse the report as set out; and
2. Appoint one member who currently sits on the Coastal Partnership East body to the membership of the Water Resources East (WRE) Strategic Advisory Group.

1. Introduction

- 1.1. Water Resources East (WRE) is a collaborative membership organisation in the East of England, bringing together companies with a stake in water to safeguard a sustainable supply of water for all water users.
- 1.2. WRE is one of five regional groups in England formed through Defra and the Environment Agency to create a National Framework for water resource management. WRE is currently preparing a water resource management plan for the eastern region to 2045, helping (amongst other priorities) to secure water resources needed for housing development and economic growth.

2. Work to Date

- 2.1. Water Resources East has encouraged the Council to seek appointment as a member of the WRE Strategic Advisory Group.
- 2.2. Kings Lynn & West Norfolk, Breckland, the Broads Authority and North Norfolk District Council are current members of the Strategic Advisory Group, with the ability to vote on key matters including shaping the emergent resource management plan.
- 2.3. Whilst water resources are not identified as a current strategic issue within the Council's Local Plan, this future position may change. The Council will be embarking on a whole Local Plan review later in 2021, therefore membership of WRE would offer the Council greater

opportunities to plan for future water resources, both strategically and collaboratively with other County partners, as part of the Council's ongoing Duty to Co-operate.

3. Next Steps

- 3.1. Membership of the WRE Strategic Advisory Group requires the participation of one Member of the Council, meeting quarterly (three full days in total) during the year. By being elected to membership of WRE, the Council's total liability would be limited to £1 should WRE be dissolved.
- 3.2. At their meeting on 27 January 2021, the Environment Committee recommended to Full Council that the Council becomes a member of the WRE Strategic Advisory Group. At this meeting, it was also recommended that the appointed Council Member should be the same as that appointed to the Coastal Partnership East body. This is currently occupied by Councillors P Carpenter and J Bensly.

4. Financial Implications

- 4.1. Membership of Water Resources East may result in some efficiency savings for the Council through further collaborative planning of water resources across Norfolk, as part of discharging its Duty to Co-operate.

5. Risk Implications

- 5.1. Membership of Water Resources East would mean that the Council would become a formal member of the company, however the total liability fee is nominal should the company be dissolved.

6. Legal Implications

- 6.1. None directly.

7. Conclusion

- 7.1. The Environment Committee has recommended to Full Council that the Council becomes a member of the WRE Strategic Advisory Group.
- 7.2. It is recommended that the required (one) appointed member to WRE should be the same as that appointed to the Coastal Partnership East body. This is currently occupied by Councillors P Carpenter and J Bensly.

8. Background Papers

- 8.1. The terms of reference for membership of Water Resources East are provided in Appendix 1 of this report. Further details on the role and purpose of WRE can be found at <http://wre.org.uk/wp-content/uploads/2020/01/WRE-Business-Plan-Approved-V6-Jun19.pdf>

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:	Yes – Executive Leadership Team (20 th January 2021)
Section 151 Officer Consultation:	Yes – Executive Leadership Team (20 th January 2021)
Existing Council Policies:	N/A
Financial Implications (including VAT and tax):	Discussed in the report
Legal Implications (including human rights):	None directly.
Risk Implications:	Discussed in the report
Equality Issues/EQIA assessment:	None
Crime & Disorder:	None
Every Child Matters:	None

Appendix 1 – Draft Articles of Association for Water Resources (WRE) Ltd.

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY GUARANTEE

ARTICLES OF ASSOCIATION

OF

WATER RESOURCES EAST (WRE) LIMITED

(the “Company”)

The subscriber to this memorandum of association wishes to form a company under the Companies Act 2006 and agrees to become a member of a company.

Name of subscriber

Authentication by each subscriber

Dated:

1. **PRELIMINARY**

The regulations contained in the model articles of association for private companies limited by guarantee contained in Schedule 2 to The Companies (Model Articles) Regulations 2008 in force at the time of adoption of these Articles shall not apply to the Company and these Articles alone shall constitute the articles of the Company.

2. **DEFINITIONS AND INTERPRETATION**

2.1 In these Articles the following expressions have the following meanings unless inconsistent with the context:

"these Articles"	these Articles of Association, whether as originally adopted or as from time to time altered by special resolution
"the 2006 Act "	the Companies Act 2006
"Connected"	in relation to a director of the Company has the meaning given in section 252 of the 2006 Act
"Directors"	the directors for the time being of the Company or (as the context shall require) any of them acting as the board of directors of the Company
"electronic address"	any address or number used for the purposes of sending or receiving documents or information by electronic means
"electronic form" and "electronic means"	have the meaning given in section 1168 of the 2006 Act
"executed"	includes any mode of execution
"hard copy form"	has the meaning given in section 1168 of the 2006 Act
"Net Funding Requirement"	The annual amount of funding required by the Company for its day to day operation as determined by an annual operating budget prepared by the Board, which excludes the costs relating to the Technical Programme
"office"	the registered office of the Company
"ordinary resolution"	has the meaning given in section 282 of the 2006 Act
"Principal Funding Members"	members of the Company who contribute 3% or more of the Company's Net Funding Requirement on an annual basis in cash, or (subject to Board approval) an in kind contribution which reduces the operating costs of the business
"seal"	the common seal of the Company (if any)
"special resolution"	has the meaning given in section 283 of the 2006 Act
"Standard Members"	any member of the Company that is not a Principal Funding Member
"Stakeholder Director"	a director of the Company appointed pursuant to the process detailed at article 16.3
"Technical Programme"	the technical programme will consist of all aspects of the Company's work, other than its day to day

operation

"the Statutes" the Companies Acts as defined in section 2 of the 2006 Act and every other statute, order, regulation, instrument or other subordinate legislation in force from time to time relating to companies and affecting the Company

"United Kingdom" Great Britain and Northern Ireland.

"in writing" hard copy form or to the extent agreed (or deemed to be agreed by virtue of a provision of the Statutes) electronic form or website communication

- 2.2 Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Statutes but excluding any statutory modification thereof not in force when these Articles become binding on the Company.
- 2.3 Words importing the masculine gender only shall include the feminine gender and the neuter (as appropriate).
- 2.4 References to any Statute or statutory provision include, unless the context otherwise requires, a reference to that Statute or statutory provision as modified, replaced, re-enacted or consolidated and in force from time to time and any subordinate legislation made under the relevant Statute or statutory provision.
- 2.5 Where the word "address" appears in these Articles it is deemed to include postal address and, where applicable, electronic address.
- 2.6 The expression "working day" in relation to a period of notice means any day other than Saturday, Sunday and Christmas Day, Good Friday or any day that is a bank holiday under the Banking and Financial Dealing Act 1971 in the part of the UK where the company is registered.
- 2.7 The expression "clear days" in relation to a period of notice to call a meeting means the number of days referred to excluding the day when the notice is given and the day of the meeting.

3. **OBJECTS**

- 3.1 The Company's object(s), which are on a not-for-profit basis (save that any residual income will be distributed in accordance with article 29.2 on winding up) are:
- 3.1.1 To raise income by membership subscriptions, available public and private funding and the sale of services arising from pursuit of its objects, for example provision of technical consultancy services.
- 3.1.2 To create a sustainable governance model for how water resources are managed across a wide range of stakeholders including, but not limited to, water companies, the agricultural sector, regulatory bodies, local authorities and those who use, have an impact on, and are affected by future water resource change.
- 3.1.3 To assist the Company's members in resilience planning and responding to regulators on matters of national policy and planning.
- 3.1.4 To provide technical resources and decision making tools to assist the agricultural sector in responding effectively to the challenges of growth, climate change and the reductions in abstraction needed to meet the needs of the environment.
- 3.1.5 To promote delivery of change at landscape scale, linking the activities of water companies, agriculture and other sectors in a framework that enhances biodiversity and conservation and the restoration of priority habitats through decisions about the management and use of water.
- 3.1.6 To influence the development of the environmental land management system, securing farm revenues, whilst building natural capital and increasing the flow of eco-system services.
- 3.1.7 To provide insight into other sector plans, for example increasing understanding of future energy needs for each sector in so far as they impact on critical water related interests.

- 3.1.8 To plan for the water resources needed for housing development and economic growth, in a way that promotes a flourishing natural environment and associated local interests.
- 3.1.9 To deliver the water related elements of the 25 Year Environment Plan for Eastern England (and any subsequent strategic plan that replaces it in future), whilst seeking to improve water quality at source.
- 3.1.10 To own appropriate trademarks and other intellectual property as may be appropriate relating to the operation and administration of the Company.
- 3.1.11 To appoint persons to represent the interests of the Company to any body and to pay towards the expenses of that body.
- 3.1.12 To purchase, take on lease or in exchange, hire or otherwise acquire any real or personal property and any rights or privileges which the Company may think necessary or convenient for the promotion of its objects and to construct, maintain and alter any buildings or erections necessary or convenient for the work of the Company.
- 3.1.13 To improve, manage, construct, repair develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company as may be thought expedient with a view to the promotion of its objects.
- 3.1.14 To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.
- 3.1.15 To lend and advance money or give credit on any terms and with or without security to any person, firm or company, to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company.
- 3.1.16 To borrow and raise money for the purposes of the Company on such terms and such security as may be thought fit.
- 3.1.17 To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures and other negotiable, transferable instruments.
- 3.1.18 To enter into any arrangements with any government or authority (supreme, municipal, local, or otherwise) that may seem conducive to the attainment of the Company's objects, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise and comply with such charters, decrees, rights, privileges, and concessions.
- 3.1.19 To co-operate with, or subscribe to any association, society or corporation whose objects are in general similar to the objects of the Company.
- 3.1.20 To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same.
- 3.1.21 To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects.
- 3.1.22 None of the objects set forth in any sub-article of this article 3 shall be restrictively construed but the widest interpretation shall be given to each such object, and none of such objects shall except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other objects or objects set forth in such sub-article, or by reference to or inference from the name of the Company.

4. MEMBERS

- 4.1 The subscribers to the Memorandum of Association of the Company and such other persons as are admitted to membership in accordance with these Articles shall be members of the Company. No person shall be admitted as a member of the Company unless he is approved by the Directors. Every person who wishes to become a member shall deliver to the Company an application for membership in such

form as the Directors require to be executed by him agreeing to be bound by these Articles and on being so admitted his name shall be entered in the register of members of the Company.

4.2 Subject to the provisions of article 4.1, the membership of the Company shall comprise the following classes of member:

4.2.1 Principal Funding Members; and

4.2.2 Standard Members

4.3 Each of the (i) Principal Funding Members and (ii) Standard Members shall constitute separate classes of membership for the purposes of voting and of class rights as set out in these Articles. The Principal Funding Members and the Standard Members shall have voting rights in the Company.

4.4 The Directors shall have absolute discretion in determining whether to accept or reject any application for membership and shall not be bound to assign any reason for their decision but nothing in these Articles shall entitle the Directors to discriminate in any way between applicants for membership by reason of race, colour, sex, creed, age or disability.

4.5 In order to apply for membership of the Company each potential new member of the Company must have a relevant interest in sustainable water management issues and a desire to collaborate on multi-sector planning. The Directors will have sole discretion in determining whether a potential new member of the Company satisfies this condition.

4.6 No person or organisation shall hold membership as a Principal Funding Member and as a Standard Member concurrently, however, where a member is admitted as either such class of member and ceases to meet the criteria to remain in such class of member but fulfils the criteria for another class of membership, such member may be reclassified as being in such alternate class of membership by resolution of the Directors.

4.7 Subject to all moneys presently payable by him to the Company pursuant to any rules or bye-laws made by the Directors pursuant to **article 26** or otherwise having been paid, a member may at any time withdraw from the Company by giving at least seven clear days' notice in writing to the Company provided that after such retirement the number of members remaining is not less than two.

4.8 Membership shall:

4.8.1 not be transferable and shall cease on death or, for organisational membership, upon the winding up of that organisation; and

4.8.2 terminate if the majority of the Directors of the Company resolve that it is in the best interests of the Company that a membership is terminated.

4.9 The members may, by special resolution, direct the Directors to take, or refrain from taking, specified action. No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

4.10 Any such person who contributes to the Company's activities set out in the provisions of article 5 is treated as *ex officio* and shall become a member of the Company upon the Company's approval of the member pursuant to article 4.1 and approval of the contributions.

5. **FUNDING OF THE COMPANY**

5.1 In order to fund the day-to-day operational activities of the Company (Net Funding Requirements pursuant to article 5.2) and in addition to receipts by way of subscription or dues, the Company shall have powers to obtain, collect and receive money and funds by way of contributions, donations, affiliation fees, subscriptions, grants, loans and any other lawful method, and to issue and make appeals and to take such other steps as may be required for the purpose of procuring contributions to the funds of the Company by any such method.

5.2 Subject to article 4.4 each Principal Funding Member will annually make a direct financial contribution of a minimum 3% of the Net Funding Requirements of the Company in cash or will make an 'in-kind' contribution, with a market value equal to 3% of the Net Funding Requirement, which reduces the overall operational cost of the business. The Board of Directors will decide the market value of any in-kind contribution after making reasonable enquiries, and the Board of Directors has the option to accept or decline an in-kind contribution as a contribution towards the Net Funding Requirement from any Principal Funding Member, or any potential Principal Funding Member. The board of Directors shall review and approve the cash contributions and the in-kind contributions annually to ensure the Net Funding

Requirement is met in full. Any such member may, by notice to the Company, contribute to the funding of the Company by way of gift or by loan that is approved by the Company.

5.3 If a Principal Funding Member declines to contribute at least 3% of the Net Funding Requirement in cash or by way of an in-kind contribution of a value equal to 3% of the Net Funding Requirement for the relevant year, the Board has the option to remove such member's status as a Principal Funding Member. If such member has appointed a director to the board of the Company and ceases to be a Principal Funding Member in accordance with these Articles, such director will be required to resign within 28 days of the start of the Company's financial year.

5.4 Standard Members will not be subject to any requirement to pay an annual fee to retain their membership of the Company.

6. ANNUAL GENERAL MEETING

6.1 The Company shall in each calendar year hold a general meeting as the Company's Annual General Meeting in addition to any other general meeting of the Company held in that calendar year and the Company shall specify the general meeting as the Annual General Meeting in the notice calling it.

6.2 Unless the members resolve otherwise by way of ordinary resolution passed, not more than 15 months shall elapse between the date of one annual general meeting of the Company and that of the next, provided that so long as the Company holds the Company's first annual general meeting within 18 months of the Company's incorporation, the Company need not hold such first annual general meeting in the calendar year of the Company's incorporation or in the following calendar year. Each annual general meeting of the Company shall be held at such time and place as the directors shall appoint.

7. GENERAL MEETINGS

7.1 The Directors may call general meetings.

7.2 If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, any director or any two members of the Company may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

8. NOTICE OF GENERAL MEETINGS

8.1 A notice convening a general meeting of the Company shall be called by at least fourteen clear days' notice in writing. The notice shall specify the time and place of the meeting and the general nature of the business to be transacted.

8.2 Subject to the provisions of these Articles notice of general meetings shall be given to all members, to all Directors and to the auditors.

8.3 Notwithstanding the foregoing provisions of these Articles a general meeting may be called by shorter notice if it is so agreed in accordance with section 307(4) of the 2006 Act.

8.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

8.5 Notwithstanding that the Company does not have a share capital, every notice convening a general meeting shall comply with the provisions of section 325(1) of the 2006 Act as to giving information to members in regard to their right to appoint proxies.

8.6 Every notice convening a general meeting shall be given in accordance with section 308 of the 2006 Act that is, in hard copy form, electronic form or by means of a website.

8.7 The Company may send a notice of meeting by making it available on a website or by sending it in electronic form and if notice is sent in either way it will be valid provided it complies with the relevant provisions of the Companies Act 2006.

8.8 A member present, either in person or by proxy, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

9. PROCEEDINGS AT GENERAL MEETINGS

9.1 No business shall be transacted at any general meeting unless a quorum of members is present. Quorum shall be 50% of Principal Funding Members and 50% of Standard Members entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised

representative of a corporation. If within half an hour from the time appointed for the general meeting a quorum is not present the general meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Directors may determine; and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed therefore the member or members present in person or by proxy or (being a body corporate) by representative and entitled to vote upon the business to be transacted shall constitute a quorum and shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

- 9.2 The chairman, if any, of the Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.
- 9.3 If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the general meeting, the members present shall choose one of their number to be chairman of the meeting.
- 9.4 A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting.
- 9.5 The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 9.6 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the provisions of the Statutes, a poll may be demanded:
- 9.6.1 by the chairman; or
- 9.6.2 by at least two members having the right to vote at the meeting; or
- 9.6.3 by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting,
- and a demand by a person as a proxy for a member shall be the same as a demand by the member.
- 9.7 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 9.8 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 9.9 A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 9.10 A poll demanded on the election of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 9.11 No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

10. **VOTES OF MEMBERS**

- 10.1 All members shall be entitled to receive notice of, and attend and speak at, any general meeting.
- 10.2 Each member may authorise such person as it thinks fit to act as its representative (a "Member's Representative") at any general meeting, in the manner provided in section 323 of the Act and section 323 of the Act shall apply mutatis mutandis to any member which is neither a corporation nor an individual as though such member were a corporation. Such Member's Representative shall be entitled to exercise the same powers on behalf of the member in question as that member could exercise if it were the member and such member shall for the purposes of the Articles be deemed to be present in person at any such meeting if a Member's Representative so authorised is present.
- 10.3 On a written resolution, every member has one vote, on a show of hands every member (being an individual) present in person or by proxy (not being himself a member entitled to vote) or (being a corporation) present by a duly authorised representative or proxy (not being himself a member entitled to vote) has one vote and on a poll every member present in person or by proxy or by a duly authorised representative (as the case may be) has one vote.
- 10.4 A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, by his receiver, legal guardian or other person authorised in that behalf. Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable. In calculating the time period in this **article 10.4**, no account shall be taken of any part of a day that is not a working day.
- 10.5 No member shall be entitled to vote at any general meeting unless all monies presently payable by him to the Company pursuant to any rules or bye-laws made by the Directors under **article 26** or otherwise have been paid.
- 10.6 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
- 10.7 An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the Directors may approve):

"NAME [Limited]

I, [NAME], of [ADDRESS], being a member of the above-named Company, hereby appoint [NAME], of [ADDRESS], as my proxy to vote in my name and on my behalf at a general meeting of the Company to be held on [DATE], and at any adjournment thereof.

Signed on [DATE]."

- 10.8 Where it is desired to afford members an opportunity of instructing the proxy how he shall act the instrument appointing a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the Directors may approve):

"[NAME] [Limited]

I, [NAME], of [ADDRESS], being a member of the above named Company, hereby appoint [NAME], of [ADDRESS], or failing him, [NAME], of [ADDRESS], as my proxy, to vote for me in my name and on my behalf at a general meeting of the Company to be held on [DATE], and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No 1 *for *against

Resolution No 2 *for *against

* Strike out whichever is not desired

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

Signed on [DATE]."

- 10.9 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- 10.10 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a copy of that power or authority notarially or in some other way approved by the Directors may:
- 10.10.1 in the case of a proxy not being sent in electronic form be deposited at the office or at such other place within the United Kingdom as is specified for that purpose in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - 10.10.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
 - 10.10.3 where the poll is not taken immediately but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman of that meeting or to any director,
- 10.11 A proxy appointment which is being sent in electronic form must be received at an address specified by the Company for the purpose of receiving such communications in electronic form:
- 10.11.1 in (or by way of a note to) the notice convening the meeting; or
 - 10.11.2 in any form of proxy appointment sent out by the Company; or
 - 10.11.3 in any invitation contained in an electronic form to appoint a proxy issued by the Company,
- in each case not less than 48 hours before the time for holding the meeting at which the person named in the instrument proposes to vote or in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the poll is taken, or where the poll is not taken immediately but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman of that meeting or to any director.

An instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

- 10.12 In calculating the time periods in **article 10.10**, no account shall be taken of any part of a day that is not a working day.
- 10.13 A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited before commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

11. **WRITTEN RESOLUTIONS**

- 11.1 A written resolution, proposed in accordance with section 288(3) of the 2006 Act, will lapse if it is not passed before the end of the period of 28 days beginning with the circulation date.
- 11.2 For the purposes of this **article 11** "circulation date" is the day on which copies of the written resolution are sent or submitted to members or, if copies are sent or submitted on different days, to the first of those days.

12. **COMPANY SECRETARY**

The Company shall have a company secretary.

13. **NUMBER OF DIRECTORS**

Unless otherwise determined by the Board of Directors, the number of Directors shall be subject to a maximum of 20 Directors, including the Chairman and Managing Director. The minimum number of Directors shall be one.

- 13.1 Subject to article 16, the Company shall have the following board composition:
- 13.1.1 an independent non-executive chairman;
 - 13.1.2 the Managing Director;
 - 13.1.3 any non-executive directors appointed by the Principal Funding Members subject to article 16.2;
 - 13.1.4 any further non-executive directors appointed by the Principal Funding Members;
 - 13.1.5 a maximum of two Stakeholder Directors subject to article 16.3; and
 - 13.1.6 the company secretary.
14. **POWERS OF DIRECTORS**
- 14.1 Subject to the provisions of the 2006 Act and these Articles and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of these Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
- 14.2 The Directors, subject to these Articles, have unfettered power to form committees and any sub-committees in the Company as they see fit.
15. **DELEGATION OF DIRECTORS' POWERS**
- 15.1 The Directors may delegate any of their powers to:
- 15.1.1 any committee consisting of one or more directors and such other persons (if any) not being directors co-opted on to such committee as the Directors think fit provided that the number of co-opted persons not being directors shall not exceed one half of the total number of members of such committee; or
 - 15.1.2 the Managing Director (for the time being) of the Company or any director holding any other executive office.
 - 15.1.3 an alternate named substitute, who must be approved by the Board of Directors.
- 15.2 Any such delegation may be made subject to any conditions the Directors may impose and may be collateral to their own powers and may be revoked or altered. Subject to any such conditions the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying. Any committee or sub-committee are subject to their own terms of reference which must be approved by the Directors.
16. **APPOINTMENT**
- 16.1 Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:
- 16.1.1 by a decision of the Directors; or
 - 16.1.2 by ordinary resolution.
- 16.2 Subject to the provisions of article 16.1, each Principal Funding Member is entitled to appoint one person to be a director of the Company ("**Principal Funding Director**"). The Directors and members of the Company are obliged to pass the necessary board resolutions and member resolutions to appoint the Principal Funding Director to the board within 90 days of the Principal Funding Member giving notice to the Company of their intention to appoint the Principal Funding Director. Subject to the provisions of article 5.3 and article 17 the Principal Funding Director will cease to be a director if the Principal Funding Member who nominated him for appointment so determines, or if the Principal Funding Member who appointed him ceases to be a Principal Funding Member of the Company.
- 16.3 A Principal Funding Member may request the appointment of a second Principal Funding Director from their organisation. The decision to allow this appointment shall be determined by ordinary resolution of the other Principal Funding Members, subject to the provisions of Article 16.2. Only one Principal Funding

Director appointed on behalf of each Principal Funding Member may attend a meeting of the Directors or vote on a resolution of the Directors.

- 16.4 The Managing Director shall be responsible solely for nominating Stakeholder Directors. Nominees put forward by the Managing Director must then be approved by the board of Directors. Stakeholder Directors will be selected from organisations who hold charitable status, have limited financial ability to become Principal Funding Members, or from organisations that the Directors determine to be suitable. The board of Directors shall review the suitability of each Stakeholder Director at least once every five years.

17. **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

The office of a director shall be vacated if:

- 17.1 he ceases to be a director by virtue of any provision of the Statutes or these Articles or he becomes prohibited by law from being a director; or
- 17.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- 17.3 a registered medical practitioner who is treating him gives a written opinion to the Company stating that he has become mentally or physically incapable of acting as a director and may remain so for more than 3 months; or
- 17.4 he is or has been suffering from mental or physical ill health and the Directors resolve at a meeting of the Directors that his office be vacated; or
- 17.5 he resigns his office by notice to the Company; or
- 17.6 he shall for more than six consecutive months have been absent without permission of the Directors from meetings of Directors held during that period and the Directors resolve that his office be vacated.

18. **DIRECTORS' APPOINTMENTS AND INTERESTS**

- 18.1 Subject to the provisions of the Statutes, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a director notwithstanding his office:
- 18.1.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;
- 18.1.2 may hold any other office or employment with the Company (other than the office of auditor);
- 18.1.3 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;
- 18.1.4 may, or any firm or company of which he is a member or director may, act in a professional capacity for the Company or any body corporate in which the Company is in any way interested other than as an auditor;
- 18.1.5 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and
- 18.1.6 save for a vote under section 175(4) of the 2006 Act authorising any conflict of interest which the director or any other interested director may have or where the terms of authorisation of such conflict provide that the director may not vote in situations prescribed by the Directors when granting such authorisation shall be entitled to vote on any resolution and (whether or not he shall vote) shall be counted in the quorum on any matter referred to in any of **articles 18.1.1 to 18.1.4** (inclusive) or on any resolution which in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever and if he shall vote on any resolution as aforesaid his vote shall be counted.
- 18.2 For the purposes of **article 18.1**:
- 18.2.1 a general notice to the Directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a

specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;

- 18.2.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
- 18.2.3 an interest of a person who is for any purpose of the 2006 Act (excluding any statutory modification not in force when the Company was incorporated) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

19. **DIRECTORS' REMUNERATION AND EXPENSES**

- 19.1 Directors may undertake any services for the Company that the Directors decide.
- 19.2 The Company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:
 - 19.2.1 meetings of Directors or committees of directors; or
 - 19.2.2 general meetings; or
 - 19.2.3 otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.
- 19.3 Subject to the provisions of this article 19 the Company may remunerate the chairman of the Company and the Managing Director of the Company as the Directors determine.

20. **PROCEEDINGS OF THE DIRECTORS**

- 20.1 Subject to the provisions of these Articles, the Directors may regulate their meetings, as they think fit. Any director may call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. Notice of every meeting of the Directors shall be given to each director, including any director who may for the time being be absent from the United Kingdom and have given the Company an address within the United Kingdom for service.
- 20.2 Any director may participate in a meeting of the Directors or a committee constituted pursuant to **article 15** of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Statutes, shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- 20.3 The quorum for a meeting of the Directors shall be fixed to the chairman of the Company, the Managing Director of the Company and at least one third of the Principal Funding Directors, save that, if and for so long as the Company has only one Principal Funding Director, the attendance of the sole Principal Funding Director is required for a meeting of the Directors to be quorate.
- 20.4 Notwithstanding any vacancies in their number, the continuing Directors or where there is only one, the sole continuing director, may continue to act but if the number of Directors is less than the number fixed as the quorum they, or (in the case of a sole director) he, may only act for the purpose of filling vacancies or calling a general meeting.
- 20.5 The Directors may appoint one of their number to be the chairman of the board of Directors and may remove him from that office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of the Directors at which he is present. But, if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the Directors present may appoint one of their number to be chairman of the meeting.
- 20.6 All acts done by any meeting of the Directors or of a committee constituted pursuant to **article 15**, or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any director or person acting as aforesaid, or that they or any of them were disqualified from holding office or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

- 20.7 A resolution in writing, signed by all the directors entitled to receive notice of a meeting of Directors or of a committee constituted pursuant to **article 15** shall be as valid and effectual as if it had been passed at a meeting of the Directors or (as the case may be) such a committee duly convened and held and may consist of several documents in the like form each signed by one or more directors or members of the committee (as the case may be).
- 20.8 If, and as a consequence of section 175(6) of the 2006 Act a director cannot vote or be counted in the quorum at a meeting of the Directors then the following apply:
- 20.8.1 if the meeting is inquorate then the quorum for that purpose of that meeting shall be reduced by one for each director who cannot vote or be counted in the quorum; and
- 20.8.2 if despite **article 20.8.1**, the meeting is still inquorate then it must be adjourned to enable the members of the Company to authorise any situation in which a director has a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.
21. **MINUTES**
- The Directors shall cause minutes to be made in books kept for the purposes:
- 21.1 of recording the names and addresses of all members; and
- 21.2 of all appointments of officers made by the Directors; and
- 21.3 of all proceedings at meetings of the Company and of the Directors and of committees constituted pursuant to **article 15** including the names of directors and members (as appropriate) present at each such meeting.
22. **THE SEAL**
- The Company shall not have a common seal.
23. **ACCOUNTS**
- No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the Directors or by ordinary resolution of the Company.
24. **COMPANY COMMUNICATION PROVISIONS**
- 24.1 Where:
- 24.1.1 a document or information is sent by post (whether in hard copy or electronic form) to an address in the United Kingdom; and
- 24.1.2 the Company is able to show that it was properly addressed, prepaid and posted,
- it is deemed to have been received by the intended recipient 24 hours after it was posted.
- 24.2 Where:
- 24.2.1 a document or information is sent or supplied by electronic means; and
- 24.2.2 the Company is able to show that it was properly addressed,
- it is deemed to have been received by the intended recipient immediately after it was sent.
- 24.3 Where a document or information is sent or supplied by means of a website, it is deemed to have been received by the intended recipient:
- 24.3.1 when the material was first made available on the website; or
- 24.3.2 if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.
- 24.4 Pursuant to section 1147(6) of the 2006 Act, sections (2) (3) and (4) of that section shall be deemed modified by **articles 24.1, 24.2 and 24.3**.

24.5 If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post or by electronic means, a general meeting may be convened by a notice advertised in at least one national daily newspaper and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

25. **DOCUMENTS SENT IN ELECTRONIC FORM OR BY MEANS OF A WEBSITE**

25.1 Where the 2006 Act permits the Company to send documents or notices to its members in electronic form or by means of a website, the documents will be validly sent provided the Company complies with the requirements of the 2006 Act.

25.2 Subject to any requirement of the 2006 Act only such documents and notices as are specified by the Company may be sent to the Company in electronic form to the address specified by the Company for that purpose and such documents or notices sent to the Company are sufficiently authenticated if the identity of the sender is confirmed in the way the Company has specified.

26. **RULES OR BYE-LAWS**

26.1 The Directors may from time to time make such rules or bye-laws as they may deem necessary or expedient or convenient for the proper conduct and management of the Company and for the purposes of prescribing classes of and conditions of membership, and in particular but without prejudice to the generality of the foregoing, it may by such rules or bye-laws regulate:

26.1.1 the admission and classification of members of the Company, and the rights and privileges of such members, and the conditions of membership and the terms on which members may resign or have their membership terminated and the entrance fees, subscriptions and other fees or payments to be made by members;

26.1.2 the conduct of members of the Company in relation to one another, and to the Company's servants;

26.1.3 the setting aside of the whole or any part or parts of the Company's premises at any particular time or times or for any particular purpose or purposes;

26.1.4 the procedure at general meetings and meetings of the Directors and committees constituted pursuant to **article 15** in so far as such procedure is not regulated by these Articles; and

26.1.5 generally, all such matters as are commonly the subject matter of such rules,

provided, nevertheless, that no rule or bye-law shall be inconsistent with, or shall affect or repeal anything contained in these Articles.

26.2 The Company shall have power to alter or repeal the rules or bye-laws referred to in **article 26.1** and to make additions thereto. The Directors shall adopt such means as they deem sufficient to bring to the notice of members all such rules or bye-laws made pursuant to this **article 26** which, so long as they shall be in force, shall be binding on all members.

27. **INDEMNITIES FOR DIRECTORS**

27.1 Subject to the provisions of, and so far as may be permitted by, the 2006 Act but without prejudice to any indemnity to which the person concerned may be otherwise entitled, the Company may indemnify every director, alternate director or other officer of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation to or in connection with his duties, powers or office, including any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust in relation to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, alternate director or other officer of the Company and against any such liability incurred by him in connection with the Company's activities as trustee of an occupational pension scheme as defined in section 235(6) of the 2006 Act.

27.2 The directors may buy and maintain at the cost of the Company insurance cover for or for the benefit of every director, alternate director or other officer of the Company or of any associated company (as defined in section 256 of the 2006 Act) against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust by him in relation to the Company (or such associated company), including anything done or omitted to be done or alleged to have been done or

omitted to be done by him as a director, alternate director, auditor or other officer of the Company or associated company.

27.3 Subject to the provisions of, and so far as may be permitted by, the Statutes, the Company shall be entitled to fund the expenditure of every director, alternate director or other officer of the Company incurred or to be incurred:

27.3.1 in defending any criminal or civil proceedings; or

27.3.2 in connection with any application under section 1157 of the 2006 Act.

28. **REGISTERED OFFICE**

The Company's registered office is to be situated in England and Wales.

29. **LIABILITY OF MEMBERS**

29.1 The liability of the members is limited to £1, being the amount each member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up while that party is a member or within one year after such party ceases to be a member, for:

29.1.1 payment of the Company's debts and liabilities contracted before such party ceases to be a member;

29.1.2 payment of the costs, charges and expenses of winding up; and

29.1.3 the adjustment of the rights of the contributories among themselves.

29.2 If at the conclusion of the winding up or dissolution of the Company there remains after the satisfaction of all its debts and liabilities any property or operating surplus whatsoever, the same shall be paid to or distributed: (i) among the then Principal Funding Members of the Company in proportion to their contribution to the Net Funding Requirement in the year that the Company passes a resolution to wind up or is otherwise dissolved; or (ii) on such other basis as the then current Principal Funding Members shall unanimously agree in writing.

Name and Address of Subscribers:

Anglian Water Services Limited

Lancaster House
Lancaster Way
Ermine Business Park
Cambridgeshire
PE29 6XU

Affinity Water Limited

Tamblin Way, Hatfield
Hertfordshire
AL10 9EZ

Lincolnshire County Council

County Offices
Newland
Lincoln
LN1 1YL

National Farmers Union of England and Wales

Agriculture House
Stoneleigh Park
Stoneleigh
Warwickshire, CV8 2TZ

Northumbrian Water Limited

Northumbria House
Abbey Road
Pity Me
Durham
DH1 5FJ

Severn Trent Water Limited

Severn Trent Centre
2 St John's Street
Coventry
CV1 2LZ

RWE Generation UK PLC

Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire, SN5 6PB

South Staffordshire Water PLC

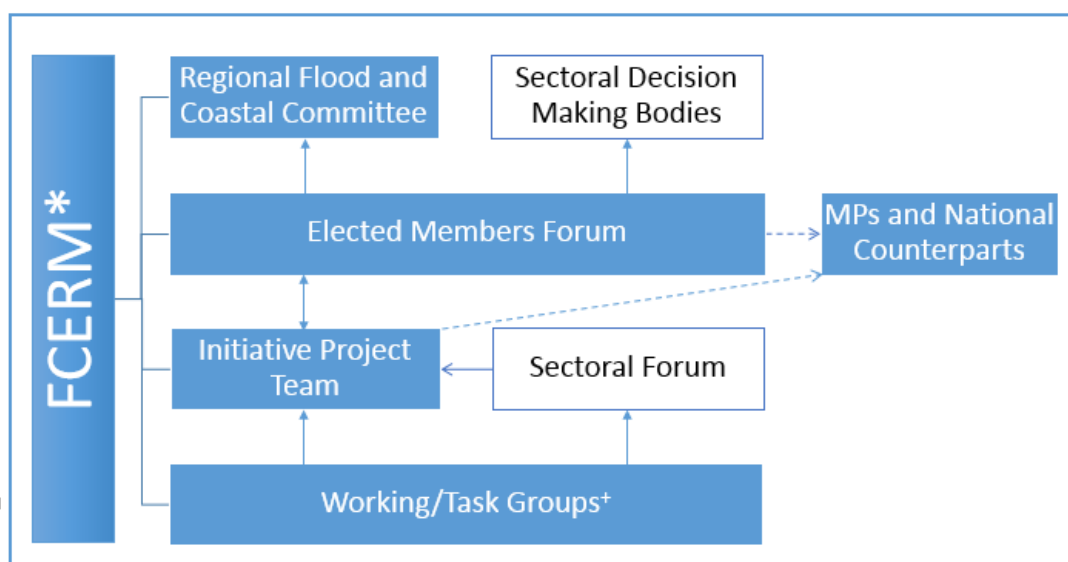
Green Lane
Walsall
West Midlands
WS2 7PD

Elected Members Forum - Terms of Reference	
<p>The membership of the Elected Members Forum</p>	<p>Core membership of the Forum is comprised of local authorities within The Broadland Futures Initiative study area, as follows:</p> <ul style="list-style-type: none"> ✓ North Norfolk District Council ✓ Great Yarmouth Borough Council ✓ Broadland District Council ✓ Norwich City Council ✓ East Suffolk Council ✓ South Norfolk Council ✓ Norfolk County Council ✓ Suffolk County Council ✓ Broads Authority <p>This is a Member-driven Forum and it is expected that Councils will have a member representative at each meeting with an officer in support, if required. Forum members are expected to attend each meeting, supplying a deputy member if not available. The proposed composition of the forum is expected to provide Regional Flood and Coastal Committee (RFCC) representation. If this is not achieved a supplementary RFCC elected member may be required and will be put forward by the RFCC.</p> <p>Additional contacts, may receive information and be kept updated on progress of the Elected Members Forum. With the prior approval of the Chairperson, these individuals may also attend meetings and speak (as appropriate).</p> <p>The Initiative Project Team will present the Forum with information to help guide discussion and agreement. Therefore, members of the Initiative Project Team may be invited to Forum meetings to provide technical information. As governance and technical lead respectively, the Broads Authority and Environment Agency lead Project Team representatives (or their deputies) will attend all Forum meetings to provide key project information. However, these leads do not vote on key decisions.</p>
<p>The purpose of the Forum</p>	<p>To agree a framework for future flood risk management that better copes with our changing climate and rising sea level.</p>

The context of the Forum	<p>A. The Initiative Project Team (IPT) makes recommendations.</p> <p>B. The Elected Members Forum (EMF) reaches agreement.</p> <p>C. The Local Authorities endorse.</p> <p>D. The RFCC adopts and is the umbrella decision making body.</p> <p>E. Environment Agency assurance is a prerequisite to approve Grant in Aid (GiA) spending.</p>
The functions of the Forum	<ol style="list-style-type: none"> 1. Receive advice and recommendations from the Initiative Project Team. 2. Review Initiative progress. 3. Provide a strategic steer to the work of the Initiative Project Team. 4. Reach agreements based on financial, environmental and technical evidence presented by the Initiative Project Team for the local authorities to endorse. 5. Provide a conduit for information exchange between appropriate groups and to raise awareness about the Broadland Futures Initiative. 6. Present conclusions for formal adoption by the Regional Flood and Coastal Committee (RFCC). 7. Share information with and involve stakeholders as appropriate. 8. Ensure adequate and appropriate liaison with ultimate decision making bodies in relation to strategic priorities. 9. Support an MP Briefing Forum. 10. Agree a long term adaptive pathway for future flood risk management projects, keeping democracy at the heart of decision making.
Frequency of meetings	<p>The Elected Members Forum will meet at least once a year and up to three times a year, dependent on progress, decisions and guidance required. Additional meetings may be called by the Chairperson if required.</p>
Election of the Chairperson / Vice Chairperson	<p>The Chairperson and Vice Chairperson of the Forum are elected through expressions of interest and subsequent vote. If no expression is made then the Norfolk County Council Cabinet Member will take the position of Chairperson.</p> <p>The Term of Office for the positions of Chairperson and Vice Chairperson will be for a period of two years with an election taking place within that time.</p>

The role of the Chairperson	<p>The Chairperson leads each meeting and ensures that discussions are relevant and follows the agenda in the given timescale. The Chairperson ensures that governance arrangements are adhered to and resolves conflicts within the group. The Chairperson ensures democratic decision making and that all members have an opportunity to be heard.</p> <p>During decision making, if votes are even between options, the Chairperson's vote will decide the option progressed.</p>
The role of the Members	To share information between its representatives regarding the Broadland Futures Initiative. Actively promote, adhere to and deliver the purpose and functions of the Forum.
The role of the Lead Officer	The Lead Officer prepares the agenda, organises the meetings, advises the Chairperson and is responsible for ensuring minutes are taken and made available within 14 working days of the meeting.

BFI hierarchy reference



BFI Phase 1

BFI Phase 2

*Flood and Coastal Erosion Risk Management

+Working/Task Groups to include geographical and/or sectoral representation

Latest Broadland Futures Initiative information, including contact details, meeting minutes of the Project Team and newsletters can be found here: <https://www.broads-authority.gov.uk/looking-after/climate-change/broadland-futures-initiative>

Subject: CHANGE IN MEMBER APPOINTMENT

Report to: Council – Tuesday 23rd February

Report by: Monitoring Officer

SUBJECT MATTER

Change in Member appointment

RECOMMENDATION

That Council approve:

That Council appoint the Vice Chair of Environment Committee to the GYBS Liaison Board and the Chair of Environment Committee to the GYBS Company Board.

1. Introduction

- 1.1. Council at its meeting on the 20 February 2020 approved a Governance review, which proposed appointments to the Council's joint venture company, Great Yarmouth Borough Services (GYBS) Liaison and Company Boards. These changes proposed that different Members should be appointed to sit on the Company Boards and the Liaison Boards respectively.
- 1.2. The proposed change was suggested to allow separation of the roles and therefore provide a more effective method for oversight and scrutiny.
- 1.3. The Governance review proposed that the Vice Chair of the Environment Committee be appointed to the Company Board, with the Chair being appointed to the Liaison Board, to separate the functions.
- 1.4. Since these appointments were approved and meetings of the (GYBS) Liaison and Company Boards have been held, it has been decided that the roles should be adjusted.

- 1.5. It is therefore proposed that these roles are reversed in order that the Chair of the Environment Committee becomes the appointed member representative on the (GYBS) Company Board and that the Vice Chair become the appointed Member representative to sit on the (GYBS) Liaison Board

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:	Yes
Section 151 Officer Consultation:	Yes
Existing Council Policies:	Yes
Financial Implications (including VAT and tax):	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

Subject: REVISION TO LIST OF STATUTORY PROPER OFFICERS

Report to: Constitution Working Party – 15 February 2021

Council – 23 February 2021

Report by: Monitoring Officer

SUBJECT MATTER

This report recommends revisions to the list of Proper Officers detailed within the Council's Constitution

RECOMMENDATION

It is recommended that Council :

- (1) Note and approve the revision to the list of statutory Proper Officers.
- (2) Give delegated authority to the Council's Monitoring Officer to make any consequential revisions to the Constitution

1. Summary

- 1.1 Local Government legislation requires Local Authorities to make and maintain appointments to a number of specified offices. Individuals who are appointed to these offices are commonly referred to as 'Proper Officers'. This term is generally used to refer to those officers who alongside their day to day roles have specific responsibilities, as set out in legislation.
- 1.2 Proper Officers are appointed to act in capacities specified across a range of statutes and are generally at senior leadership level within the organisation. An example of a matter reserved with by statute to be dealt with by a Proper Officer is the resignations of councillors, which are required to be submitted in writing to the "Proper Officer" under s84 of the Local Government Act 1972.
- 1.3 It is apparent that the Council's Constitution which currently lists the Chief Executive, Directors, Monitoring Officer and Deputy Monitoring Officer (and any persons authorised by them) as designated by the Council as such proper Officers, could be seen as too broad and therefore requires reviewing to ensure the correct Senior Officers are designated to these posts. This change would provide improved clarity

and certainty as to the officers who are to be approached when certain decisions or actions are required.

2 Conclusion

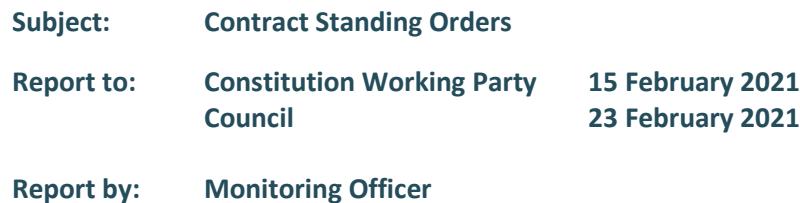
2.1 It is recommended to ensure the list of Statutory Officers listed within Article 24.8 of the Council's Constitution be revised to the following posts:-

1. The Chief Executive Officer
2. The Monitoring Officer
3. Finance Director

2. Background Papers

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:	Consulted
Section 151 Officer Consultation:	Consulted
Existing Council Policies:	Constitution
Financial Implications (including VAT and tax):	None
Legal Implications (including human rights):	Considered
Risk Implications:	None
Equality Issues/EQIA assessment:	N/A
Crime & Disorder:	N/A
Every Child Matters:	N/A



The Contract Standing Orders (CSOs) appear as Article 34 of the Council’s Constitution. There are several associated Articles: a Glossary of Terms at Article 35, a table of Procurement Authority Thresholds at Article 36 and an Exemption/Waiver Form at Article 37. Although more complete revision of the CSO’s was originally contemplated, on 15 December 2020 the government published a green paper: ‘Transforming Public Procurement’ with the aim of speeding up and simplifying procurement processes, which will lead to revisions to the procurement legislation post-Brexit. It has thus been decided that the full revision of the CSOs will be deferred pending action from central government. However the Procurement Authority Thresholds currently set by the Constitution are restrictive to the extent that they impede transactions supporting basic operational functions, and the waiver/exemption procedure does not support current business needs. This report proposes updates to those sections to make the Council more agile in its procurement processes pending full review of the CSOs.

That Council:

1. approve and adopt updated Articles 34.10 and 36 as they appear within the body of this report; and
2. delegate authority to the Monitoring Officer to make any further consequential amendments to the Constitution, including updates to the Glossary of Terms at Art 35.

The Authority's Constitution incorporates Financial Procedure Rules, a Scheme of Delegations and Contract Standing Orders that together provide a framework for managing the Authority's financial affairs. They apply to every member and officer of the Authority and anyone acting on its behalf. The Contract Standing Orders define the steps to be followed when the Authority enters into any commercial arrangement and clear processes are essential in order to maintain accountability, transparency and fairness at all levels. The Contract Standing Orders set out the procedures for obtaining written quotations and competitive tenders from suppliers for the provision of Supplies, Services and Works.

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The key changes are:

2.1 The procurement authority thresholds at Article 36 are adjusted as follows:

NEW ARTICLE 36 PROCUREMENT AUTHORITY THRESHOLDS

36.1 The following table outlines the minimum selection procedure to be used where the procurement is within these Contract Standing Orders and a framework is not being used.

Minimum Contracts Procedures for Works, Supplies or Services:

Estimated Total Value	Selection procedure	Selection Decision by	Transparency Code Obligations
Less than £10,000	Single Quotation in writing including evidence of Value for Money, such as research into typical prices or rates	Officer	Publish details of all Contracts of £5,000 + on the Council's contract register
Up to £25,000	Single Quotation in writing including evidence of Value for Money, such as research into typical prices or rates	Head of Service	Publish details of all Contracts on the Council's contract register
From £25,001 to £75,000	At least three Quotations in writing, invited and returned using the e-procurement system and the opportunity should be published on Contracts Finder.	Officer with procurement team	Publish details of all Contracts on the Council's contract register. Contract award notices must be published on Contracts Finder for Contracts with a value of £25,000 or more.
Above £75,000 but below the Public Contract Regulations 2015 financial threshold	Invitation to Tender issued to a minimum of three Tenderers or an open tender. The Council's e-procurement system should be used and the opportunity published nationally using Contracts Finder with or without any other advertisement.	Head of Service with procurement team	Publish details of all Contracts on the Council's contract register. Contract award notices must be published on Contracts Finder.

At or above the Public Contract Regulations 2015 financial threshold	Advice must be sought from the procurement team and the legal service	Director with procurement team	Publish details of all Contracts on the Council's contract register. Contract award notices must be published on Contracts Finder.
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2.2 The section on exemptions is adjusted as follows:

NEW ARTICLE 34.10

34.10 EXEMPTION, WAIVER AND OPERATIONAL EMERGENCY

34.10.1 Exemption from or waivers of any of these Contract Standing Orders shall only be permitted in exceptional circumstances subject to compliance with the law. Exemptions or waivers may not be made retrospectively. The Monitoring Officer must be notified of any exemptions and waivers requested.

34.10.2 Operational emergency

Subject to the law, the Head of Paid Service, the s151 Officer, or a Strategic Director, having consulted the Monitoring Officer (or her nominated deputy), may approve an exemption to any part of these Contract Standing Orders that is necessary because of an Operational Emergency creating immediate risk to persons or property within the Borough or causing serious disruption to Council services (including any emergency or disruption under the Civil Contingencies Act 2004). An Operational Emergency is a situation that is the result of an unforeseen event over which the Council has no control. This procedure must not be used when a requirement has become late due to lack of planning on the part of the Council.

Full documentation must be completed regardless of the urgency of the requirement and a full audit trail must be made throughout the procurement process. Where the value of the Contract is over £250,000 a report supporting the use of this power must be taken to Policy & Resources Committee at the first available opportunity.

34.10.3 Exemption

Exemptions apply in certain specific circumstances and/or to certain types of Contract. Exemption to these Contract Standing Orders is subject to the law and may only be applied provided the value does not exceed the Public Contracts Regulations 2015 financial thresholds. Exemptions apply in the following circumstances:

- a) for supplies or services available only as proprietary or patented articles or which are sold by one manufacturer only at a fixed price;
- b) when using framework agreements or collaborative procurements made by a body legally able to let public contracts, e.g. Crown Commercial Services, provided that the Council is clearly identified as able to use the framework and procedures under such frameworks comply with any legislation;
- c) where the purchase of supplies, services or works from a different organisation would result in incompatibility with existing goods, services or assets or would

result in disproportionate technical difficulties or disproportionate financial disbenefit;

- d) when best value for money can be achieved by the purchase of used or pre-owned vehicles, plant, equipment or materials;
- e) the purchase of supplies or materials at an auction sale; or
- f) in exceptional circumstances; where the work to be done or the goods to be supplied constitute a valid extension to an existing contract and it is in the Council's best interest to negotiate with the existing contractor/supplier.

34.10.4 Waiver

In exceptional circumstances and subject to the law when there are justifiable technical, specialist or supply market reasons and insufficient suppliers are available from the market to enable competitive offers to be obtained, any requirement to seek more than one tender or quotation may be waived, subject to authorisation in advance by the s151 Officer and the Monitoring Officer (or their nominated deputies). The decision to waive any Contract Standing Order must take into account value for money, probity and fairness. A single tender must still be obtained and the procuring officer must consult the Council's procurement team to verify that no other option is available. Any waiver of these Contract Standing Orders may only be made provided the value does not exceed the Public Contracts Regulations 2015 financial thresholds.

34.10.5 Exemption and Waiver Procedure

Request for exemption or waiver must be submitted by the relevant Head of Service on the form provided at Article 37 of the Constitution and all associated documentation must be retained in accordance with the Council's Document Retention policy when an exemption or waiver is authorised.

3. Financial Implications

There are no direct financial implications to this report.

4. Risk Implications

Failure to adapt Standard Orders to reasonable business needs increases the risk of breach.

5. Legal Implications

Contract procedure rules are a legal requirement and constitute standing orders for the purpose of s135 of the Local Government Act 1972. The Standing Orders must have regard to relevant legislation and guidance, such as the Public Contract Regulations 2015, the Concession Contracts Regulations 2016, The Local Government (Transparency Requirements) (England) Regulations 2015 and the Transparency Code 2015.

6. Conclusions

The updates to the Procurement Authority Thresholds increase scope for procuring from a single tender which streamlines, simplifies and speeds up procurement at lower value levels. Over the range of financial limits, agility is balanced against the need to comply with legislation and guidance and the procurement principles of transparency, proportionality

and fairness. With regard to the Exemption and Waiver, again scope to apply these procedures is broadened while at the same time necessary checks and balances are put in place to ensure legal compliance and adherence to good practice.

7. Background Papers

Current Great Yarmouth Borough Council Constitution Articles 34.10, and 36.

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:	At ELT
Existing Council Policies:	Contract Standing Orders within the Constitution and associated articles (34 – 37)
Financial Implications (including VAT and tax):	None
Legal Implications (including human rights):	Addressed within the report
Risk Implications:	Addressed within the report
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No

Subject: Acquisitions and Disposals Policy

Report to: Constitution Working Party 15 February 2021
Council 23 February 2021

Report by: Monitoring Officer



SUBJECT MATTER/RECOMMENDATIONS

This report recommends that Council adopt the revised Acquisitions and Disposals Policy and summarises the key revisions within the policy and the underlying rationale for change.

RECOMMENDATIONS

It is recommended that Council:

- 1) adopt the updated Acquisitions and Disposals Policy at Appendix 1 to this report; and
- 2) give the Monitoring Officer delegated authority to make any consequential revisions to the Constitution.

1. INTRODUCTION

This report seeks approval and adoption of the Acquisitions and Disposals Policy. The policy provides the framework for decision making in relation to acquisitions and disposals of property with the exception of Right to Buy related transactions.

2 ACQUISITIONS AND DISPOSALS POLICY

2.1 The policy was last updated on 23 April 2019. The revisions currently proposed have the following effects:

- 2.1.1 clarifying the position in relation to the Use of Retained Right to Buy Receipts, which now fall under a separate policy, approved at the last meeting of the Policy & Resources Committee and confirming that Right to Buy property transactions do not fall under this policy;
- 2.1.2 updating the Scheme of Delegation and related financial thresholds for property transactions so that:
 - i) there is officer delegated authority up to £150,000 for new leases and licences replacing the previous £50,000 limit (for Beacon Park and South Denes Energy Park a different limit applies)

- ii) there is officer delegated authority up to £200,000 for transfers of freehold and leasehold land replacing the previous £100,000 limit (for Beacon Park and South Denes Energy Park a different limit applies);
- 2.1.3 adding a Strategic Director to the consulting parties in relation to all non-Committee decisions;
- 2.1.4 clarifying procedures under the Scheme of Delegation at lower financial thresholds, i.e. who may makes decisions under the minimum thresholds in the Scheme;
- 2.1.5 clarifying the Gateway procedure for decision-making on acquisitions as shown in Appendix 3 to the policy and referenced further in section 8;
- 2.1.6 simplifying the section on financial considerations in relation to acquisitions and
- 2.1.7 updating the procurement section post-Brexit.

4. FINANCIAL IMPLICATIONS

None from the updates

5. RISK IMPLICATIONS

None from the updates

6 LEGAL IMPLICATIONS

None from the updates

7 CONCLUSIONS

Several sections of the policy have benefitted from streamlining and clarification, particularly in relation to procedure and delegated powers for decision making.

8 BACKGROUND PAPERS

A comparison document at Appendix 2 to this report shows tracked changes between the current policy and the updated version.

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	Via ELT
Section 151 Officer Consultation	Via ELT
Existing Council Policies	As agreed by Council 23 April 2019
Financial Implications	See section 4
Legal Implications (including human rights)	See section 6
Risk Implications	See section 5
Equality Issues/EQIA assessment	None
Crime & Disorder	None
Every Child Matters	None



Property Acquisitions and Disposals Policy

Document created	January 2019 v1 Updated February 2021
Agreed by Policy and Resources Committee	23 April 2019
Review date	January 2022

Part 1	Acquisitions Policy
1	Background
2	Purpose of the Policy
3	Policy Aims
4	Relevant Legislation
5	Process
6	Use of Retained Right to Buy Receipts
7	Use of Compulsory Purchase Orders
8	Risks
9	Financial Considerations
10	Delegated Decisions
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PART 1 - ACQUISITIONS 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 does not cover the buy back of property previously subject to the Right to Buy.

3 POLICY AIMS

This policy covers acquisitions of residential and commercial property and land. Regardless of tenure this policy aims to set out general principles of due diligence which need to be applied. The process established by this policy creates a gateway system which allows officers freedom to act with agility in the marketplace and while providing reassurance to members that actions are well thought out, proportionate and subject to appropriate checks and controls.

Each potential acquisition will be assessed on a case-by-case basis and in line with the 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, having regard to the principles set out in this policy.

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

This document sets out a 'Gateway' procedure for acquisitions. This is a standard methodology for controlling expenditure at member level at timely and proportionate intervals whilst allowing officers to progress permitted transactions under delegated authority. Please see the related flowchart of the process at Appendix 3. Points below describe the actions on the flowchart as per the numbering. In some cases, dependent the specifics of the acquisition and the wording of the committee approval, not all actions in the Gateway procedure will need to be completed.

Actions 1a & 1b: Dependent upon the nature of the project, the relevant committee shall approve the acquisition/objectives of the acquisition programme, the financial parameters and any other pertinent criteria (such as partnering arrangements, timescales etc). On committee approval of a project delegated authority shall be passed to the appropriate Heads of Service or Directors in consultation with the S151 Officer to make acquisitions within the parameters and meeting the other criteria of that project.

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. Values and market rent information are taken from existing comparable data. Build costs (where applicable) 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 an acquisition (including any build) merits further investigation or should be stopped before incurring abortive costs. Should the acquisition (and any building scheme) merit further investigation, the officer will discuss with the Head of Property and Assets, consulting the Housing Director where necessary and a decision will be made on whether to take the scheme forward.

Action 5: This is Gateway 1. The relevant officer presents the acquisition (including any building scheme) to the appropriate Director. They should have a file of evidence of the data used to enable an informed decision to be made on whether to proceed. 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.

Actions 6 & 7: Due diligence is undertaken based on the additional information obtained at action 5 to refine the appraisal. The refined appraisal is reported to the relevant S Director and permission sought to make a conditional offer, Subject to Contract. This is Gateway 2.

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

Action 9: Full budget is released. Contracts can be exchanged and completed 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 or Assets as applicable and Finance to show consultation across the relevant affected departments and independent checking of the financial appraisal.

Should an acquisition 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. USE OF RETAINED RIGHT TO BUY RECEIPTS

In relation to all acquisitions acquired by the Council to be held in the Housing Revenue Account or General Fund and funded through the use of Retained Right to Buy Receipts, decision making and delegated authority is set out in the Use of Retained Right to Buy Policy.

7. USE OF COMPULSORY PURCHASE ORDERS

The Council's approach to the use of Compulsory Purchase Orders (CPOs) will be set out in a separate policy. CPOs may be considered when the Council needs to acquire a property from a freeholder or leaseholder, or the tenant(s) of a freeholder or leaseholder, for the purpose of carrying out of development, redevelopment or improvement on or in relation to the land. Such acquisitions will be carried out in accordance with the requirements of CPO requirements and the CPO Policy.

8. 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 which could impact on sales receipts if and when an acquisition is disposed of.
- Due to the nature of the property market, decisions may need to be taken quickly in order to put offers forward. Offers, where appropriate will 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. These costs are inevitable as acquisitions are part of the ongoing strategy for the Council. The proposed process reduces these costs to the minimum for the longest possible period. However, in a rising market or market with increased competitive activity from smaller property companies, the Council could be 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 need to be aware of this possible outcome. This 'competition' could be a measure of success in relation to some policy objectives for acquisitions.
- 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.
- 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 appropriate timescales for repayment.
- 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 will robustly evaluate risks of acquisitions on each occasion in order to act in the best interests of its Council taxpayers.

9. 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.

Internal rate of return (IRR) is the interest or inflation rate that yields a zero Net Present Value. The Council will in accessing the viability of an acquisition for the asset seek to deliver an internal interest rate that as a minimum meets the cost of borrowing whilst factoring in any additional risk which should be reflected in the IRR. In some cases, an acquisition will not meet this criteria, but the reason for this will be justified in relation to the achievement of other Council objectives and explicitly referenced in the Committee request for approval of the project.

Therefore, a low risk investment 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, the IRR should be higher reflecting 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. In some cases, reflecting the particulars of the asset and which service will own it, there is no requirement for an acquisition to repay debt but only to service interest costs.

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).

10. DELEGATED DECISIONS

Under this policy the power to approve a programme of acquisitions will sit with the appropriate committee however the expenditure limit for the project must be agreed by Policy and Resources

Committee up to £950,000 and by Council above that figure.

Once a specific programme of acquisitions and the related expenditure limit are approved by members, delegated authority is given to key officers within the Council to authorise expenditure within the limits set by the programme.

11. MONITORING AND REVIEW OF THE POLICY

The policy will be monitored and be subject to review every two years unless there is a fundamental change of legislation.

PART 2 – DISPOSALS POLICY

Part 2	Disposals Policy
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.

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 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 or the costs of required improvements
- (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 committee approval.

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. There will be occasions where the procedure may need to be changed, particularly for larger, more complex land/property sales. Properties acquired through Compulsory Purchase Orders (CPO) shall be disposed of in accordance with the principles of this Policy and the CPO Policy but are not required to meet the 'Surplus' or 'Under-Used' tests set out in this Policy.

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. It also excludes any disposals by the Council through the Right to Buy.

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 a review of operational costs and income of an asset;
- (c) following the identification of development opportunities;
- (d) through a corporate property portfolio review;
- (e) through the declaration of specific sites as being surplus to requirements;¹
- (f) through Local Plan designation;
- (g) following a direct approach from an interested party;
- (h) where the disposal helps to deliver other Council objectives e.g. the provision of housing in the Borough;
- (i) where management of the land/property is considered suitable for community ownership or has been determined as an ‘asset of community value’.

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; or
5. there is over provision in the area; or

¹ 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.

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 a purchaser 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 Community Asset Transfer and 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. Community Asset Transfer is a transfer of land, buildings or structures (assets) owned by a public body to community/voluntary groups or social enterprises.

A list of 'Assets of Community Value' (ACVs) as defined by the Localism Act 2011 which have successfully passed through a nomination and listing process is held on the Council's website. ACVs may be in private or Council ownership.

In reviewing the future of any listed ACV within its ownership, the Council will assess all the options including Community Asset Transfer (transferring it to a voluntary or community organisation at less than best consideration to achieve wider social benefits), use of the asset in a different way, or disposing of it on the open market.

Community organisations operate on a business model, often using volunteer effort and have 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 to a community organisation must 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 property assets (residential or commercial)

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 or for some other purpose, 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.).

They 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 prudential 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.

7.6 For all of the above criteria and for information only, the relevant ward Councillors should be made aware that the site is being considered for disposal at the earliest opportunity and any comments or feedback taken into consideration before a decision is made.

8. MARKETING STRATEGY

Where applicable, the Head of Property and Asset Management, 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 where appropriate or practical or will be recovered from the sales proceeds.

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, a realistic valuation of that interest will be 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 This policy sets out delegated powers in relation to disposals of the Council's assets.

10.2 The Head of Property and Asset Management 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;
- (vi) rent reviews

10.3 Appendix 2 to this policy sets out further delegated powers for asset disposals.

10.4 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 Head of Property and Asset Management 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

The most commonly used method of disposal shall be:

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. 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 financial 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.

In some cases a property will be sold via an estate or other agent.

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 following issues which have the potential to prohibit disposal or influence the sale price will be reviewed:

12.1 - the title is reviewed to identify whether there are any title issues which may impact upon the disposal process or the value which could be achieved from disposal.

12.2 Unregistered land - If the land/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.

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. In some cases, the Council may want to retain some land to provide access to land remaining in its ownership.

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. Also 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 12 of this Policy has been completed, the following will be considered, although not all may be required depending on the type of disposal or basis of the original acquisition:

1. Legislation and Secretary of State guidance governing the disposal process;
2. General guidelines which are applicable, for example, the Crichel Down rules. The Crichel 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.
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.
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 rules¹¹. 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. 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 exceed the relevant threshold, it is likely that such an arrangement may be construed as a public works contract triggering the need for compliance with the processes set out in Regulations, as well as compliance with the authority's own contract and procurement procedures.

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.

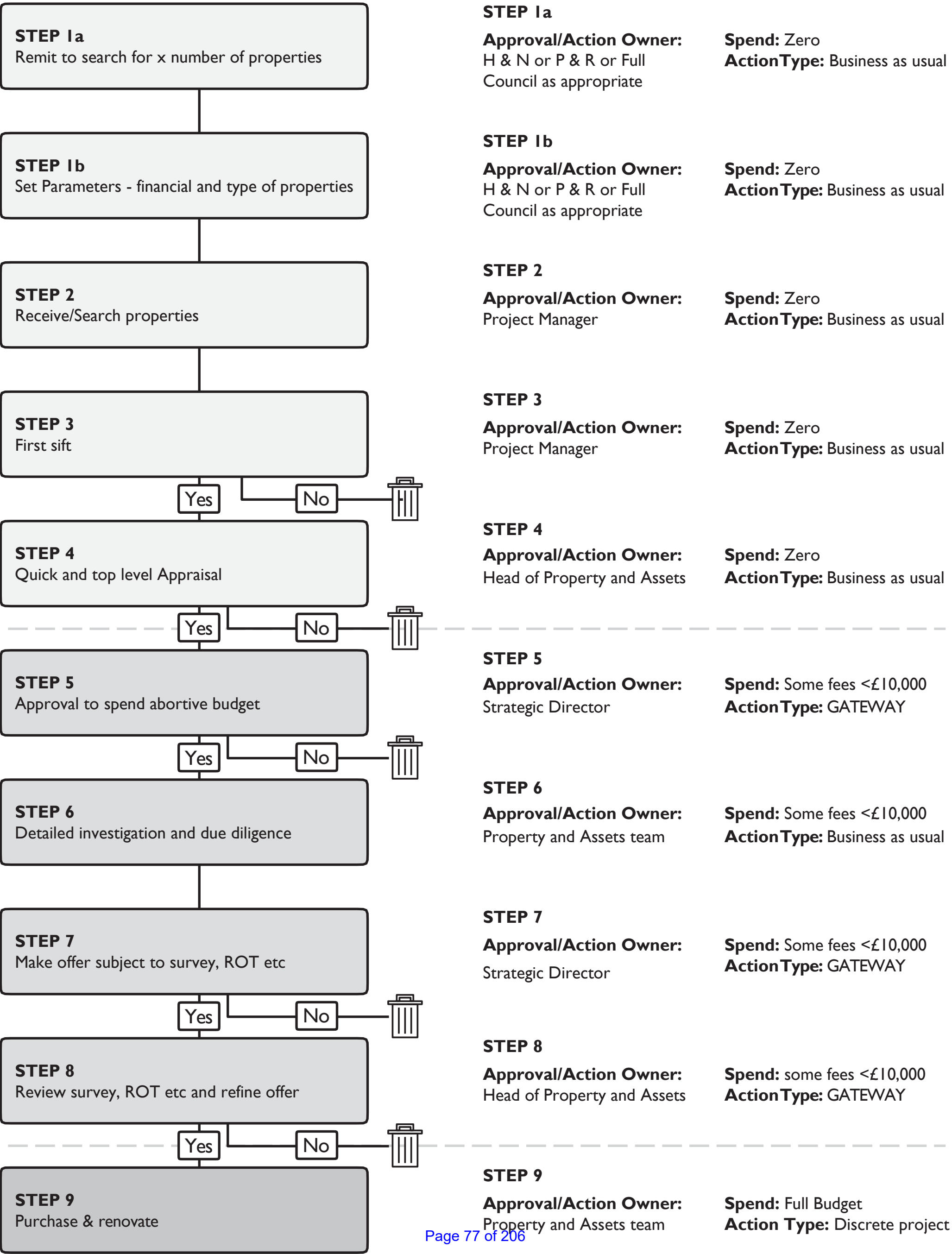
APPENDIX 2 Delegation Scheme for Property Disposals

Policy & Resources Committee	<p>New leases and licences where the premium or annual rental payment is over £150,000.</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) and a Strategic Director 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 or property where the consideration is over £200,000</p> <p>Where a lease is subject to an existing legal agreement the Head of Property and Asset Management in consultation with the Director of Finance (Section 151 Officer) and a Strategic Director 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, a Strategic Director 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, a Strategic Director 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) and a Strategic Director	<p>New leases and licenses where the premium or annual rental payment is between £10,000 and £150,000</p>
Head of Property and Asset Management in consultation with the Director of Finance (Section 151 Officer) and a Strategic Director	<p>Transfers of freehold or leasehold land or property where the consideration is between £10,000 and £200,000.</p>

Disposals below the minimum thresholds in this table (£50,000 for Beacon Park and Energy Park South Denes and £10,000 elsewhere) may be agreed by the relevant Head of Service, save for disposals of the assets listed in 10.2 which are reserved to the Head of Property & Asset Management.

Property Acquisition

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GREAT YARMOUTH
BOROUGH COUNCIL



GREAT YARMOUTH
BOROUGH COUNCIL

Document created

January 2019 v1

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Agreed by Council <u>Policy and Resources Committee</u>	23 April 2019
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Property Acquisitions and Disposals Policy

Part 1	Acquisitions Policy
1	Background
2	Purpose of the Policy
3	Policy Aims
4	Relevant Legislation
5	Process
<u>6</u>	<u>Use of Retained Right to Buy Receipts</u>
<u>7</u>	<u>Use of Compulsory Purchase Orders</u>
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<u>8</u> <u>10</u>	Delegated Decisions
<u>911</u>	Monitoring & Review of the Policy

PART 1 - ACQUISITIONS 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~~ It does not cover the buy back of property previously subject to the Right to Buy.

3 3 POLICY AIMS

This policy ~~is written to encompass social housing, market sale housing, market rent housing, covers acquisitions of residential and commercial properties~~ property and land. Regardless of tenure ~~there are~~ this policy aims to set out general principles of due diligence which need to be applied ~~and the~~ The process ~~included in~~ established by this policy creates a gateway system which allows officers freedom to act with agility in the marketplace and ~~gives~~ while providing reassurance to members ~~the comfort~~ that actions are well thought out, proportionate and ~~controllable~~ subject to appropriate checks and controls.

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, having regard to the following~~ principles: set out in this policy.

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 document sets out a 'Gateway' procedure for acquisitions.~~ This is a standard methodology for controlling expenditure at member level at timely and proportionate intervals whilst allowing officers to progress ~~work with levels of permitted transactions under~~ delegated ~~freedom authority.~~ Please see ~~appendix 1 for a the related~~ flowchart of ~~how this might work the process at Appendix 3.~~ Points below describe the actions on the flowchart as per the numbering. ~~In some cases, dependent the specifics of the acquisition and the wording of the committee approval, not all actions in the Gateway procedure will need to be completed.~~

Actions 1a & 1b: Dependent upon the ~~proposed programme nature~~ of ~~works the project~~, the relevant committee shall approve the acquisition/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 On committee approval.~~ ~~Once parameters are approved, then of a project~~ delegated authority shall be passed to the Strategic appropriate Heads of Service or Directors in consultation with the S151 Officer to make acquisitions within the parameters and meeting the other criteria of that project.

Actions 2, 3 & 4: Following approval, officers will run a financial appraisal based on best estimates and desktop research. For example ~~Agreed 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 (where applicable) 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 an acquisition (including any build)~~ merits further investigation or should be stopped before incurring abortive costs. Should the acquisition (and any building scheme) merit further investigation, the officer will discuss with the Head of Property and Assets ~~/, consulting the~~ Housing Director ~~or another responsible officer appointed by them, who decides~~ where necessary and a decision will be made on whether to take the scheme ~~forwards~~ forward.

Action 5: This is Gateway 1. The relevant officer ~~and presents~~ the ~~Head of Property and Assets~~ ~~present the acquisition (including any building scheme)~~ to the appropriate ~~Strategic~~ Director. They should have a file of evidence of the data used ~~and to~~ enable ~~the group to make~~ an informed decision ~~to be made on whether to proceed~~. 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~~Due diligence ~~required is~~ undertaken based on the additional information obtained at action 5 to refine the appraisal. ~~This~~The refined appraisal ~~would be~~is reported ~~back~~ to the relevant ~~Strategies~~ Director and permission sought to make a conditional offer, Subject to Contract. This ~~would be~~is Gateway 2.

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

Action 9: ~~Only now is the full~~Full budget ~~is~~ released. Contracts can be exchanged ~~and completed~~ 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, ~~or~~ Assets ~~as applicable~~ and Finance to show consultation across the relevant affected departments and independent checking of the financial appraisal.

Should ~~a scheme~~an acquisition 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. USE OF RETAINED RIGHT TO BUY RECEIPTS

In relation to all acquisitions acquired by the Council to be held in the Housing Revenue Account or General Fund and funded through the use of Retained Right to Buy Receipts, decision making and delegated authority is set out in the Use of Retained Right to Buy Policy.

7. USE OF COMPULSORY PURCHASE ORDERS

The Council's approach to the use of Compulsory Purchase Orders (CPOs) will be set out in a separate policy. CPOs may be considered when the Council needs to acquire a property from a freeholder or leaseholder, or the tenant(s) of a freeholder or leaseholder, for the purpose of carrying out of development, redevelopment or improvement on or in relation to the land. Such acquisitions will be carried out in accordance with the requirements of CPO requirements and the CPO Policy.

8. 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, which could impact on sales receipts if and when an acquisition is disposed of. 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~~Offers, where appropriate will 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~~. These costs are inevitable ~~if~~as acquisitions are ~~considered important for part of~~ the ongoing strategy for the Council. The proposed process reduces these costs to the minimum for the longest possible period. However, in a rising market or market with increased competitive activity from smaller property companies, the Council could be 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 need to be aware of this possible outcome. This 'competition' could be a measure of success in relation to some policy objectives for acquisitions.
- 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)~~ appropriate timescales for repayment.

- 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~~will robustly evaluate risks of acquisitions on each occasion in order to act in the best interests of its Council taxpayers.

79. 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~~ Net Present Value. The Council ~~will in accessing the viability of an acquisition for the asset seek to deliver~~ an internal interest rate that as a minimum meets ~~our~~the cost of borrowing, whilst factoring in any additional risk which should be reflected in the IRR. In some cases, an acquisition will not meet this criteria, but the reason for ~~example PWLB 30 year rate of 3%.this~~ will be justified in relation to the achievement of other Council objectives and explicitly referenced in the Committee request for approval of the project.

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,~~ the IRR should be higher reflecting 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%). In some cases, reflecting the particulars of the asset and which service will own it, there is no requirement for an acquisition to repay debt but only to service interest costs.~~

~~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. _____

10. DELEGATED DECISIONS

~~Powers~~ Under this policy the power to approve a programme of acquisitions ~~currently, dependent upon the level of capital outlay, will~~ sit with the appropriate committee, ~~most commonly~~ however the expenditure limit for the project must be agreed by Policy and Resources Committee up to £950,000 and by Council above that figure.

~~In order for this policy to be effective, once~~ Once a specific programme of acquisitions ~~is and the related expenditure limit are~~ 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 within the limits~~ set by ~~member~~ the programme.

9. ~~11.~~ MONITORING AND REVIEW OF THE POLICY

The policy will be monitored and be subject to review every two years unless there is a fundamental change of legislation.

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

PART 2 – DISPOSALS POLICY

Part 2	Disposals Policy
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.

~~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- or the costs of required improvements
- (c) ~~are~~ 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 committee approval**.

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~~ There will be occasions where the procedure may need to be changed, particularly for larger, more complex land/property sales. Properties acquired through Compulsory Purchase Orders (CPO) shall be disposed of in accordance with the principles of this Policy and the CPO Policy but are not required to meet the 'Surplus' or 'Under-Used' tests set out in this Policy.

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~~ 7 years to run are not covered by this Policy, as they are exempt from the statutory requirement to obtain best consideration. It also excludes any disposals by the Council through the Right to Buy.

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) ~~(a)~~ following an asset management review;

(b) ~~(b)~~ following a review of operational costs and income of an asset;

(c) following the identification of development opportunities;

(ed) through a corporate property portfolio review;

(de) through the declaration of specific sites as being surplus to requirements;¹

(ef) through Local Plan designation;

¹ 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.

(fg) following a direct approach from an interested party;

(gh) where the disposal helps to deliver other Council objectives e.g. the provision of housing in the Borough;

(hi) 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; or
5. there is over provision in the area; or
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~~ a purchaser 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 Community Asset Transfer and 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. Community Asset Transfer is a transfer of land, buildings or structures (assets) owned by a public body to community/voluntary groups or social enterprises.

~~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'. A list of 'Assets of Community Value' (ACVs) as defined by the Localism Act 2011 which have successfully passed through a nomination and listing process is held on the Council's website. ACVs may be in private or Council ownership.~~

In reviewing the future of any ~~asset~~listed ACV within its ownership, 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~~ including Community Asset Transfer (transferring it to a voluntary or community organisation at less than best consideration to achieve wider social benefits), use of the asset in a different way, or disposing of it on the open market.

Community organisations operate on a business model, often using volunteer effort, ~~and have~~ 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~~to a community organisation must 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~~property 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 or for some other purpose, 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.).

They 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 prudential commercial practices, including evidence of obtaining the view of a professionally qualified ~~valuer~~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.

7.6 For all of the above criteria and for information only, the relevant ward Councillors should be made aware that the site is being considered for disposal at the earliest opportunity and any comments or feedback taken into consideration before a decision is made.

8. MARKETING STRATEGY

Where applicable, the ~~Group Manager~~Head of Property & Construction and Asset Management, 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 where appropriate or practical or will be recovered from the sales proceeds.

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~~will be 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~~ This policy sets out delegated powers in relation to disposals of the Constitution/Scheme of Delegations to Officers, the Group Manager Council's assets.

10.2 The Head of Property & Construction and Asset Management 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~~ 10.3 Appendix 2 to this policy sets out further delegated powers for asset disposals.

10.4 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 Head of Property & Construction and Asset Management 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

The most commonly used method of disposal shall be:

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~~financial 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.

In some cases a property will be sold via an estate or other agent.

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 will be reviewed:

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

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, 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~~In some cases, the Council may want to retain some land to provide access to land remaining in its ownership.

~~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~~Also 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 ~~14~~12 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, although not all may be required depending on the type of disposal or basis of the original acquisition:

1. ~~Having regard to legislation~~Legislation and Secretary of State guidance governing the disposal process;

2. ~~Having regard to general~~General guidelines which are applicable, for example, the Crichton Down rules². 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~~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 rules¹¹. 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~~exceed the ~~EU~~relevant threshold, it is likely that such an arrangement may be construed as a public works contract triggering the need for ~~an EU tendering~~compliance with the processes set out in Regulations, as well as compliance with the authority's own contract and procurement procedures.

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.



APPENDIX 2 Delegation Scheme for Property Matters Disposals

Policy & Resources Committee	<p>New leases and licences where the premium or annual rental payment is over £50<u>£150</u>,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) <u>and a Strategic Director</u> 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 <u>or property</u> where the consideration is over £100<u>£200</u>,000.</p> <p>Where the<u>a</u> 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) <u>and a Strategic Director</u> 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—, <u>a Strategic Director</u> and the Director of Finance (Section 151 Officer)	<p>Beacon park<u>Park</u> 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, <u>a Strategic Director</u> 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) <u>and a Strategic Director</u>	<p>New leases and licenses were<u>where</u> the premium or annual rental payment is above<u>between</u> £10,000 <u>and</u> £150,000</p>
Head of Property and Asset Management in consultation with the Director of Finance (Section 151 Officer) <u>and a Strategic Director</u>	<p>Transfers of freehold or leasehold land <u>or property</u> where the consideration is above<u>between</u> £10,000 and below <u>£100</u>£200,000.</p>

Disposals below the minimum thresholds in this table (£50,000 for Beacon Park and Energy Park South Denes and £10,000 elsewhere) may be agreed by the relevant Head of Service, save for disposals of the assets listed in 10.2 which are reserved to the Head of Property & Asset Management.

URN: 21/026
Subject: Pay Policy Statement 2021-22
Report to: Full Council
Report by: Sarah Tate, Head of OD
Date: 15 February 2021

SUBJECT MATTER/RECOMMENDATIONS

Pay Policy Statement 2021-22

Recommendations:

1. To adopt the attached Pay Policy Statement for 2021/22 and to publish on the Council's website.
- 2.

1. BACKGROUND

- 1.1 Section 38 of the Localism Act 2011 ("the Act") requires the Council to produce an annual pay policy statement ("the Statement") for the start of each financial year. It is a legal requirement that Council formally sign off this statement and the responsibility cannot be devolved to any other person or committee.

2. PAY POLICY STATEMENT

- 2.1 The pay Policy Statement must set out the Council's policies relating to:-

- a) The remuneration of its chief officers,
- b) The remuneration of its lowest-paid employees, and
- c) The relationship between:
 - The remuneration of its Chief Officers, and
 - The remuneration of its employees who are not Chief Officers

- 2.2 With regard to the process for approving the statement, it must:

- a) Be approved formally by Council and cannot be delegated to any subcommittee.
This includes any amendments in each financial year
- b) Be approved by the end of March each year

- c) Be published on the Council's website and in any other manner that the Council thinks appropriate as soon as it is reasonably practicable after it is approved or amended
- d) Be complied with when the Council sets the terms and conditions for a Chief Officer

2.3 For the purpose of the Pay Policy Statement the term 'Chief Officer' in a local authority context is defined as set out in the Local Government and Housing Act 1989 as:

- The Head of Paid Service (Chief Executive)
- The Monitoring Officer
- A statutory Chief Officer and non-statutory Chief Officer (section 2 of that Act)
- A deputy Chief Officer (section 2 of that Act)

2.4 For the purposes the pay policy statement this covers the officers that are represented on the Councils Management Team, namely Chief Executive, Directors and Heads of Service.

3. REFORM OF PUBLIC SERVICES EXIT PAYMENTS REGULATIONS

3.1 The Restriction on Public Services Exit Payments Regulations 2020 became law on 4th November 2020 restricting the total value of an exit payment to £95,000. MHCLG however, have not published regulations amending the Local Government Pension scheme rules in line with the Exit Cap Regulations.

3.2 On 12th February 2021 it was announced that after extensive review of the application of the Cap, the Government has concluded that the Cap may have had unintended consequences and the Regulations should be revoked. HM Treasury Directions have been published that disapply the Cap until the Regulations have been revoked.

3.3 The Directions go on to state that "for the avoidance of doubt, it is still vital that exit payments deliver value for the taxpayer and employers should always consider whether exit payments are fair and proportionate. HM Treasury will bring forward proposals at pace to tackle unjustified exit payments".

4. FINANCIAL AND RISK IMPLICATIONS

4.1 There are no increased risk implications as a result of setting and publishing the pay policy

statement. The financial implications have been factored into the budget setting process for the 2021/22 budget.

5. CONCLUSION

5.1 The Pay Policy Statement meets the statutory requirements of the Localism Act and it is therefore recommended that the attached statement be approved.

6. BACKGROUND PAPERS

6.1 Current pay structure

Area for consideration	Comment
Monitoring Officer Consultation:	Yes
Section 151 Officer Consultation:	Yes
Existing Council Policies:	Pay Policy Statement
Financial Implications:	Considered
Legal Implications (including human rights)	Section 38 of the Localism Act 2011
Risk Implications:	Considered
Equality Issues/EQIA assessment:	Considered
Crime & Disorder:	N/A
Every Child Matters:	N/A

PAY POLICY STATEMENT 2021/22

This Pay Policy Statement is produced in accordance with Chapter 8 of the Localism Act 2011. It was approved by a meeting of Great Yarmouth Borough Council (GYBC) on 23 February 2021 and is made available on the Council's website. The Council's website also includes separately published data on salary information relating to Chief Officers and this can be accessed at [Senior Salary Information](#).

1. Remuneration of Employees

- 1.1 For employees subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council (NJC) for Local Government Services' (commonly known as the 'Green Book'), the Council uses a pay spine that commences at national Spinal Column Point (SCP) 1 and ends at local SCP 45. This pay spine is divided into 10 pay bands, which each contain between three and six incremental points. Band 1 is the lowest and Band 10 is the highest of these pay grades. Posts are allocated to a pay band through a process of job evaluation. See Appendix A for the current pay bands.
- 1.2 For the purpose of this Policy Statement, employees on Band 1 are defined as our lowest-paid employees. These are the lowest paid employees other than apprentices who are paid in line with national standards to reflect the nature of the training and development role.
- 1.3 The values of the SCPs in these pay grades are updated by the pay awards notified from time to time by the National Joint Council for Local Government Services.
- 1.4 The minimum (pro rata) salary paid by the Council to employees in established posts should not be less than the Foundation Living Wage which is currently £9.50 per hour. This rate is reviewed and updated annually by the Living Wage Foundation and the new rate is announced in November of each year. Where an employee's contractual (pro-rata) pay is less than the Foundation Living Wage they receive a supplement to raise their pay to the Foundation Living Wage level (excluding apprentices).
- 1.5 The Council uses the National Job Evaluation Scheme to establish the relative 'sizes' of jobs within the Council. An evaluation results in an overall job evaluation score which is used to rank jobs within the organisation. The overall job evaluation score for a job is used to allocate that job to the appropriate pay grade of the Council's pay structure.

2. Remuneration of Senior Managers

2.1 Chief Executive

- 2.1.1 The Council's Chief Executive is the Council's Head of Paid Service. As at 31 March 2021, the FTE salary range for this post is £116,237 - £131,846. There are five incremental points in the grade.

- 2.1.2 It is the Council's policy that the FTE salary range for the post of Chief Executive will normally be no greater than 8.5x the FTE salary range of a Band 1 'Green Book' employee. This maximum is not being exceeded. The current pay levels within the Council define the pay multiple between the median full time equivalent (FTE) earnings and the Chief Executive as 1:5.21.
- 2.1.3 Notwithstanding 2.1.2, the value of the SCP's in the Chief Executive's grade will be updated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Executives of Local Authorities.
- 2.1.4 The Chief Executive also receives a (Deputy) Returning Officer fee in respect of County, District and Parish Council Elections. The fee for undertaking this role in Norfolk is calculated in accordance with a formula approved annually by the Norfolk Chief Executives' Group, based on a recommendation by the County Electoral Officers' Group. Fees for conducting Parliamentary Elections are determined by way of a Statutory Instrument.

2.2 Directors

- 2.2.1 The Directors report to the Chief Executive. As at 31 March 2021, the annual FTE range for the grade of the Director posts is currently £72,302 – £86,589.
- 2.2.2 It is the Council's policy that the FTE salary range for the posts of Director will normally be no greater than 6x the FTE salary range of a Band 1 'Green Book' employee. This maximum is not being exceeded. The current pay levels within the Council define the multiple between the median employee full time equivalent (FTE) earnings and the median Chief Officers' earnings as 1:2.47.
- 2.2.3 Notwithstanding 2.2.2, the value of the SCPs in the Director grades will be updated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities.
- 2.2.4 The Council's Monitoring Officer is employed by Norfolk County Council (through a secondment agreement). This Policy Statement does not, therefore, concern the remuneration of the post whose holder undertakes that role.
- 2.2.5 The Council's Statutory Officer's, where employed directly by the Council, also receive a supplement of up to £5,000 for undertaking their statutory duties.

2.3 Heads of Service

- 2.3.1 The Heads of Service report to the Executive Leadership Team (ELT). ELT is comprised of the Chief Executive and the Directors. As at 31 March 2021, the annual FTE salary range for the Heads of Service posts is £61,772 - £66,278.
- 2.3.2 It is the Council's policy that the FTE salary range for Head of Service posts will normally be no greater than 4.5x the FTE salary range of a Band 1 'Green Book' employee. This maximum is not being exceeded.

3. General Principles Applying to Remuneration of Chief Officers and Employees

- 3.1 On recruitment, individuals will be placed on the appropriate SCP within the pay grade for the post that they are appointed to. This would normally be the minimum of the scale however; appointment may be at a higher point where

necessary to appoint the best candidate. Access to appropriate elements of the Council's Relocation Scheme may also be granted in certain cases, when new starters need to move to the area.

- 3.2 Individuals will normally receive an annual increment, subject to the top of their grade not being exceeded. In exceptional circumstances (e.g. examination success), individuals will receive accelerated increments. Again, this is subject to the top of their grade not being exceeded.
- 3.3 The Council does not apply performance-related pay, with the exception of the Directors and Heads of Service whose progression through the increments of the pay grade is subject to performance management. The Council does not apply any bonuses.
- 3.4 On ceasing to be employed by the Council, individuals will only receive compensation:
 - a) in circumstances that are relevant (e.g. redundancy), and
 - b) that is in accordance with our published Policy Statement on how the Council will exercise the various employer discretions provided by the Local Government Pension Scheme (LGPS), and/or
 - c) that complies with the specific term(s) of a settlement agreement used to avoid or settle a potential legal claim.
- 3.5 The Policy Statement on how the Council will exercise the various employer discretions provided by the LGPS also summarises how Flexible Retirement might be allowed. This is where an individual aged 55 or over who reduces their grade or hours of work (or both) may receive their LGPS benefits immediately, even though they haven't left the Council's employment. This will be allowed only in circumstances where it is demonstrated to be in the Council's long-term interests.
- 3.6 Any decision to re-employ an individual who was previously employed by the Council and, on ceasing to be employed, was in receipt of a severance or redundancy payment, will be made on merit. The Council will not, however, normally engage such an individual under a contract for services.
- 3.7 Any Market Supplement that is paid will be in accordance with our Protocol for Payment of Market Supplements.
- 3.8 If it is appropriate for an honorarium to be paid, this will be in accordance with our Principles for Payment of Honoraria.
- 3.9 The Council pays Essential and Casual Car User allowances in appropriate circumstances. These allowances are in accordance with 'Green Book' rates, although the Council does not recognise the 1200cc to 1450cc (i.e. the top) band and mileage may only be claimed at a reduced local rate. There are also local rates in force for individuals who use their motorcycles or bicycles on official business.
- 3.11 Any excess travelling allowance that is paid will be in accordance with the Change in Place of Employment – Scheme for Payment of Allowance.

- 3.12 Any subsistence allowance that is paid will normally be no higher than the rates notified from time to time by the East of England Local Government Association.
- 3.13 The Council operates the Local Government Pension Scheme (LGPS) for employees within scope of this statement.
- 3.14 Where severance payments over £100,000 are considered, this matter must be referred to Full Council.

4. Consultants and Agency Workers

- 4.1 Consultants and agency workers are not deemed to be employees and therefore their remuneration is not covered by this Pay Policy Statement. Contracts covering the engagement of consultants and agency workers will be agreed under the rules of Great Yarmouth Borough Council's Contract Standing Orders. Where the Council is unable to recruit officers or there is a need for interim support, the Council will, put in place the most effective arrangements to engage individuals. These arrangements will comply with HMRC IR35 requirements, relevant procurement processes and ensure the Council is able to demonstrate maximum value for money.

5. Tax Avoidance

- 5.1 The Council is committed to tackling all forms of tax avoidance and therefore encourages the direct employment of staff and pays them via the payroll system.

6. Review

- 6.1 The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each subsequent financial year. Our next Statement is scheduled to be for 2022/23 and will be submitted to Full Council for approval by 31 March 2022.
- 6.2 If it should be necessary to amend this 2021/22 Statement during the year that it applies, an appropriate resolution will be made by Full Council.

GYBC PAY STRUCTURE - 2020/21				
Spinal Column Point	Annual FT Rate April 2020	Pay Bands	Break Points	2020 Hourly Rate
1	£17,842	Band 1	<u>Band 1</u>	£9.25
2	£18,198	Band 1	Up to 222 points	£9.43
3	£18,562	Band 1	Band 2	£9.62
4	£18,933	Band 2	<u>223 to 279 pints</u>	£9.81
5	£19,312	Band 3	<u>Band 3</u>	£10.01
6	£19,698	Band 3	280 to 321 points	£10.21
7	£20,092	Band 3	<u>Band 4</u>	£10.41
8	£20,493	Band 4	322 to 363 points	£10.62
9	£20,903	Band 4		£10.83
10	£21,322	Band 4		£11.05
11	£21,748	Band 4		£11.27
12	£22,183	Band 4		£11.50
13	£22,627	not used		£11.73
14	£23,080	Band 5	<u>Band 5</u>	£11.96
15	£23,541	Band 5	364 to 417 points	£12.20
16	£24,012	Band 5		£12.45
17	£24,491	Band 5		£12.69
18	£24,982	Band 5		£12.95
19	£25,481	Band 5		£13.21
20	£25,991	Band 6	<u>Band 6</u>	£13.47
21	£26,511	Band 6	418 to 471 points	£13.74
22	£27,041	Band 6		£14.02
23	£27,741	Band 6		£14.38
24	£28,672	Band 6		£14.86
25	£29,577	Band 6		£15.33
26	£30,451	Band 7	<u>Band 7</u>	£15.78
27	£31,346	Band 7	472 to 527 points	£16.25
28	£32,234	Band 7		£16.71
29	£32,910	Band 7		£17.06
30	£33,782	Band 7		£17.51
31	£34,728	Band 8	<u>Band 8</u>	£18.00
32	£35,745	Band 8	528 to 577 points	£18.53
33	£36,922	Band 8		£19.14
34	£37,890	Band 8		£19.64
35	£38,890	Band 8		£20.16
36	£39,880	Band 9	<u>Band 9</u>	£20.67
37	£40,876	Band 9	578 to 632 points	£21.19
38	£41,881	Band 9		£21.71
39	£42,821	Band 9		£22.20
40	£43,857	Band 9		£22.73
41	£44,863	Band 10	<u>Band 10</u>	£23.25
42	£45,859	Band 10	633 points and above	£23.77
43	£46,845	Band 10		£24.28
44	£47,709	Band 10		£24.73
45	£48,619	Band 10		£25.20

Subject: 2019/20 Period 10 Housing Revenue Account Budget Monitoring Report

Report to: ELT
Housing and Neighbourhoods Committee

Report by: HRA Service Accountant

SUBJECT MATTER/RECOMMENDATIONS

To consider the 2019/20 Housing revenue budget monitoring position as at the end of period 10.

1. Introduction

- 1.1. There is a statutory requirement to maintain a Housing Revenue Account (HRA) and that account must not show a deficit. The HRA is a separate (ring fenced) account of the Council covering income and expenditure relating to its role as landlord. Under the self-financing arrangements for local authorities, the HRA records the costs of management and maintenance of the Council's dwellings and the related income from rents and other charges. The Government provides guidance on what should be included in the HRA to protect Council tenants.
- 1.2. Although there is not a requirement for a similar separation of capital expenditure, the capital programme as it relates to the HRA is separately monitored. This report outlines the estimated forecasts for the full financial year 2019/20 as well as showing the position of the HRA as at the end of period 10.
- 1.3. The regular review and monthly monitoring of the HRA budgets provides a sound basis for the preparation of estimates for 2020/21 and of the 30 year Business Plan.

2. Budget Monitoring summary Period 10 (April – January 2020)

- 2.1. For budget monitoring purposes, the actual expenditure and income to the end of period 10 is compared to the profiled budgets for the same period. Key variations are identified and explained within Appendix 1, HRA Income and Expenditure 2019/20 and Appendix 2, HRA Capital programme expenditure.

3. Forecasts for 2019/20

3.1. Forecasts are based on actual figures to date, known variations (as indicated in the budget monitoring analysis) and planned changes identified by the review work. The latest forecasts are set out below; table 1 shows the HRA Income and Expenditure forecast and table 2 shows the HRA Capital Programme and planned resourcing of the programme.

Table 1 - HRA Income and Expenditure Forecast 2019/20

	2019/20 Budget	Revised Budget Forecast	Variance
	£000	£000	£000
Dwelling Rents	(21,279)	(21,279)	0
Other non-dwelling rents	(263)	(263)	0
Charges for services and facilities	(1,418)	(1,443)	(25)
Interest & investment income	(5)	(5)	0
Income Total	(22,965)	(22,990)	(25)
Repairs & Maintenance	8,970	8,659	(311)
Supervision and Management	2,676	2,698	22
Supervision and Management (Staff Costs)	2,201	2,056	(145)
Rents Rates & Taxes	261	311	50
Capital expenditure funded by the HRA	5,636	5,505	(131)
Depreciation	3,482	3,482	0
HRA Interest Payable	2,751	2,751	0
Provision for bad and doubtful debts	150	150	0
Employer's Pension Adjustment	392	392	0
Total Expenditure	26,519	26,004	(515)
Transfers (from)/to Earmarked Reserves	(104)	(50)	54
Leasehold Capital Contributions	(0)	0	0
Deficit/(Surplus) for the year	3,450	2,964	(486)
Bfwd HRA Reserves Balance (01 Apr)	11,399	11,399	0
Deficit/(Surplus) for the year	3,450	2,964	(486)
Cfwd HRA Reserves Balance (31 Mar)	7,949	8,435	486

3.2. In summary the £486k forecast budget variance is due to the following:

- Repairs and Maintenance has a revised forecasts underspend of £311k. Demand led responsive repairs, void repairs and cleaning and clearance have continued to reflect a reduction in demand, with a revised underspend of

£371k. This is largely due to the increased capital investment programmes, implemented following the stock condition survey in 207/18.

- As a result of increased capital works programmes such as the replacement kitchen and bathrooms, some revenue programmes have reflected an increase in demand. Increased Asbestos testing requirements have resulted in a forecast overspend of £43k. An increase in activity has also reflected an increase in the completion of large revenue repairs, with a revised forecast overspend of £306k.
- Revenue neighborhood planned works are reflecting a forecast underspent of £130k. This is due to increased resources being utilized within the capital programme.
- A revised underspend of £75k is forecast for asset management costs. This is due to a pending staff review by the joint venture.

Table 2 – Summary of Capital Expenditure and Financing Forecast 2019/20

Capital programme	Original Budget	Revised budget forecast	Variance
	£000	£000	£000
Kitchens & Bathrooms	3,366	4,021	655
Windows & Doors	650	650	0
Energy & Efficiency	1,015	1,015	0
Estate Improvements	80	0	(80)
Neighbourhood Plans	2,465	1,990	(475)
New Affordable Housing	2,139	2,139	0
Planned Maintenance	782	782	0
Specific Plan Projects	1,061	811	(250)
Empty Properties	1,160	1,060	(100)
Total Expenditure	12,718	12,467	(250)
Borrowing	2,139	2,139	0
Capital Receipts	1,471	1,399	(72)
Depreciation	3,471	3,471	0
Revenue funding Capital	5,637	5,459	(178)
Leasehold Capital Contributions	0	0	0
Total Financing	12,718	12,467	(250)

- 3.3. The revised forecast changes shown within table 2, reflects the best utilization of capital resources in 2019/20. A forecast underspend of £250k within specific plan projects relates to a delay in capital long term voids and whole house works. This is as a result of contract tender delays to ensure the best value for money is achieved. This budget is forecast to be carried forward to 2020/21 to complete the scheduled works.

4. Right To Buy (RTB) Summary 2019/20

- 4.1. Table 3 provides the number of the RTB sales made in quarter 3 against our original anticipated budgeted sales.
- 4.2. The current year has reflected a decline in Right to Buy completions in comparison to prior years. The Council has completed 21 sales year to date with two sales having been completed within period 10.
- 4.3. A further 6 sales are expected within quarter four, projecting 27 completed sales by 31st March 2019 in comparison to 50 completions in 2018/19.

Table 3 – RTB Sales 2019/20

	Forecast Sales	Actual Sales
Qtr. 1	12	7
Qtr. 2	12	5
Qtr. 3	12	7
Qtr. 4	11	0
Total	47	19

5. Conclusion

- 5.1. The Housing Revenue Account currently has a revised 2019/20 forecast deficit of £2.964m, from an originally budgeted forecast deficit of £3.450m, resulting in a favorable movement of £0.486m.
- 5.2. The majority of capital spent is forecast to meet the budget provision of £12.718 million with only £250k forecast to be carried forward into 2020/21.
- 5.3. Year to date the, Right to Buy sales have reflected a decline in completions, with 21 sales completed so far. A further 6 sales are expected to compete within quarter four totaling 27 sales overall.

6. Financial implications and Risks

- 6.1. The detail within the report highlights the significant variances for the year to date, including a full year impact to the HRA revenue and capital budgets.
- 6.2. The income and expenditure will continue to be monitored in detail during the year, including additional reviews of the HRA 30 year business plan throughout the year.

- 6.3. The HRA is dependent mainly on the rental income stream of the social housing rents, and we have a dedicated team monitoring tenant arrears on a regular basis.

7. RECOMMENDATIONS

- 7.1. To consider the 2019/20 Housing revenue and capital budget monitoring position – Period 1 to 10 (April – January 2019) and the full forecast budgets for 2019/20.

8. BACKGROUND PAPERS

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:	Sent for information
Section 151 Officer Consultation:	Sent awaiting approval
Existing Council Policies:	N/A
Financial Implications:	Included within detail of the report
Legal Implications (including human rights):	N/A
Risk Implications:	Included within detail of the report
Equality Issues/EQIA assessment:	N/A
Crime & Disorder:	N/A
Every Child Matters:	N/A

Appendix 1 - HRA Income and Expenditure 2019/20

	Profiled Budget to Period 10 £000	Expenditure to Period 10 £000	Variance £000	Comments
Dwelling Rents	(17,511)	(17,458)	53	Rent received from HRA Dwellings is currently lower than expected. Income recovery rates are being closely monitored to ensure that historic levels of performance are maintained.
Other non-dwelling rents	(219)	(197)	22	Income recovery rates are being closely monitored to ensure that historic levels of performance are maintained.
Charges for services and facilities	(1,051)	(1,009)	42	Income recovery rates are being closely monitored to ensure that historic levels of performance are maintained.
Interest and investment income	0	0	0	No Significant Variance.
Income Total	(18,781)	(18,664)	117	
Repairs and Maintenance	7,729	7,041	(688)	Variances to date such as increased asbestos works and planned large repairs resulting in an underspend of £303k. Demand led revenue repairs continue to show reduction in demand such a responsive repairs (636k), void repair (165k) and void clean and clearance (73k). Neighbourhood planned works are underspent by £73k, this is due to a reduced programme being implemented so that capital programmes can be accelerated.
Supervision and Management (Staff Pay)	1,834	1,733	(101)	The underspend year to date is largely due to staff vacancies and turnover within multiple housing teams. The service is working towards recruiting into these posts going forward.
Supervision and Management	526	495	(31)	Reduction in day to day costs partly due to reduced staff numbers.
Rents Rates and Taxes	197	241	44	Increase in void council tax rates payable following the change in allowances.
Capital expenditure funded by the HRA	2,456	2,000	(456)	Revenue financing capital is currently underspend due to

	Profiled Budget to Period 10 £000	Expenditure to Period 10 £000	Variance £000	Comments
				outstanding capital works within the 2019/20 programme. Capital works are expected to meet budget provision and will be monitored closely.
HRA Interest Payable	2,308	2,272	(36)	Saving in year due to interest payments being less than budgeted due to lower rates.
Earmarked Reserves	(67)	(20)	47	
Expenditure Total	14,983	13,762	1,221	

Appendix 2 – HRA Capital Expenditure 2019/20

Capital Programme	Profiled Budget to Period 10 £000	Expenditure to Period 10 £000	Variance £000	Comment
Improvement Programme Kitchen and Bathroom	1,943	1,970	27	Kitchens and bathroom workflows have remaining high year to date and are currently on track to reach the 2019/20 budget demand.
Improvement Programme Windows and Doors	328	323	(5)	No significant variance.
Planned Maintenance	641	544	(97)	<p>Capital major repairs works are currently underspent by £93k. This is a demand led budget and following the increase in capital improvements to the stock, larger one-off capital repairs have reflected a reduction across the stock. Capital rewires are currently £55k underspent. This is partly due to access issues. Workflows are currently forecast to meet the budget provisions by the end of the year.</p> <p>Capital adaptations are overspent by £52k. This is due to increase works being completed to reduce waiting lists.</p>
Energy and Efficiency Improvements	550	725	175	Heating works are currently ahead of schedule, although spend is largely dependent on access. Workflows have been extended to also include the completion of works delayed within 2018/19. Increased capital investment into boiler & heating replacements have reflected a reduction in revenue spend for servicing & repairs required in 2019/20.
Specific Planned Projects	437	213	(224)	Whole house capital works have been delayed. Projects are individually prepared and tendered to receive the most competitive quotes for works. Underspent budgets are forecast to be carried forward to 2020/21.

Capital Programme	Profiled Budget to Period 10 £000	Expenditure to Period 10 £000	Variance £000	Comment
Empty Properties	779	636	(143)	Major voids are currently underspent by £143k. This is partly due to contractor resources being invested into the completion of kitchen and bathroom replacements. Works will continue to be closely monitored through 2019/20.
Neighbourhood Plans	1,611	1,327	(284)	Roofing works are currently overspent by £192k. External wall insulation (EWI) works have been delayed in year and will accelerate once further roofing works have been completed. Both roofing and EWI works are very weather dependant. Works will continue to be monitored throughout quarter four.
Estate Improvements	80	0	(80)	No Sewerage system works are expected to be completed within 2019/20. Spend is determined on the completion of new mains sewer systems by Anglia Water and depends on the access granted by tenants and owner-occupier to connect mains system. There is currently no revised date for the completion of this project due to access restrictions.
New Affordable Housing	1,819	2,062	243	Thirteen properties have been purchased from the open market year to date as part of the planned programme using retained receipts. Currently the 1-4-1 receipt commitments are ahead of the retention requirement.
Total	8,188	7,800	(388)	

Subject: TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22

Report to: ELT – 27 January 2021

Policy and Resources Committee – 9 February 2021

Council - 23 February 2021

Report by: Finance Director



SUBJECT MATTER/RECOMMENDATIONS

To consider and recommend to Council the 2021/22 Treasury Management Strategy and Annual Investment Strategy.

RECOMMENDATIONS

- 1) It is recommended that the Policy and Resources Committee agree and recommend to Council:
 - a. The Treasury Management Strategy for 2021/22
 - b. The Annual Investment Strategy (section 4)
 - c. Operational Boundary and Authorised Limits (Appendix C)

1. INTRODUCTION/BACKGROUND

- 1.1 The Council is required to determine annually its Treasury Management Strategy (TMS). The TMS for 2021/22 financial year is attached and includes the following:
 - Annual Investment Strategy (section 4)
 - Operational Boundary and Authorised Limits (Appendix C)
- 1.2 The Council continues to maintain an under-borrowed position, which means the capital borrowing need (the Capital Financing Requirement) has not been fully funded with external loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. The strategy is prudent as investment returns are low and counterparty risk is relatively high. An under- borrowing position is forecast to continue.
- 1.3 The Council is required to operate a balanced budget, whereby cash raised during the year will meet the cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.4 The second main function of the treasury management service is the funding of the Council's planned capital plans. These capital plans provide a guide to the borrowing need of the Council, informing the longer- term cash flow planning, to ensure the Council can meet its capital spending obligations.
- 1.5 The management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet the Council risk or cost objectives.

1.6 The treasury strategy has been informed by the current capital programme and updates to the programme as included within the budget report which is being recommended elsewhere on the agenda.

1.7 The revenue implications of the strategy have been included in the General Fund and HRA budgets for 2021/22.

2. FINANCIAL AND RISK IMPLICATIONS

2.1 Detailed within the Strategy Document.

3. CONCLUSIONS

3.1 The Council is required to determine the TMS, as covered within the attached reports Treasury Management Strategy, Annual Investment Strategy and Operational Boundary and Authorised Limits.

4. BACKGROUND PAPERS

- Arlingclose updates and reports
- Current and future cashflows and loan registers
- Capital Financing Reports for GF/HRA

Treasury Management Strategy Statement 2021/22

1. INTRODUCTION

- 1.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 1.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.3 Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy: <https://www.great-yarmouth.gov.uk/policies>
- 1.4 Appendix A and B provide more detailed commentary on economic context and interest rate forecasts.

2. Current Position and Projection

- 2.1 On 31st December 2020, the Council held £137.197m of borrowing and £36.850m of treasury investments, excluding the investment in Equinox. Table 1 below provides a summary of the Council's treasury portfolio at the end of December 2020.

Table 1: Councils treasury portfolio as at 31st December 2020	Principal £m	Average Interest Rate %
Call accounts	£1.500	0.00%
Money Market Funds	£17.600	0.02%
Local Authorities	£8.000	0.15%
DMO	£8.750	0.00%
Property Fund	£1.000	4.27%
Total Investments	£36.850	
Long –term PWLB loans	£71.387	3.15 - 4.40%
Long-term loans other	£11.310	3.35 - 4.44%
Short term borrowing	£54.500	0.05 - 1.45%
Total Borrowing	£137.197	
Net Borrowing	£100.347	

- 2.2 Future borrowing is shown below in the balance sheet analysis in table 2. The forecast changes in these sums have been informed by future housing revenue account and general fund capital programmes and are detailed in the Capital Strategy.

Table 2: Balance sheet summary and forecast	31.3.20 Actual £m	31.3.21 Estimate £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
General Fund CFR	£57.100	£64.498	£79.303	£86.423	£85.681
HRA CFR	£84.968	£88.746	£92.854	£94.977	£98.989
Total CFR	£142.068	£153.244	£172.157	£181.400	£184.670
Less: *Other debt liabilities	(£0.677)	(£0.548)	(£0.469)	(£0.388)	(£0.305)
Borrowing CFR	£141.391	£152.696	£171.688	£181.012	£184.365
Less: External borrowing **	(£118.762)	(£134.175)	(£82.583)	(£82.487)	(£82.387)
Internal (over) borrowing	£22.629	£18.521	£89.105	£98.525	£101.978
Less: Long Term Investments	(£2.022)	(£2.022)	(£2.022)	(£2.022)	(£2.022)
Less: Usable reserves	(£26.470)	(£22.387)	(£20.047)	(£19.409)	(£20.150)
Less: Working capital	(£15.700)	(£15.700)	(£15.700)	(£15.700)	(£15.700)
Treasury investments (or New borrowing)	(£21.563)	(£21.588)	£51.336	£61.394	£64.106

* finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

** shows only loans to which the Council is committed and excludes optional refinancing

- 2.3 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 2.4 The Council has an increasing CFR due to the timing of the approved capital programme, but minimal investments and will therefore be required to borrow up to £64m over the forecast period.
- 2.5 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 2 shows that the Council expects to comply with this recommendation during 2021/22, and Appendix C illustrates the Operational Boundary and Authorised Limits.

3. Borrowing Strategy

- 3.1 The Council currently holds £137.197 million of loans (table 1), an increase of £20.4 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 2 shows that the Council expects to borrow up to £51m in 2021/22 if it used all of its internal resources (i.e. usable reserves and working capital shown in table 2).

However, as the Council will need to maintain investments of at least £10m to remain a professional client under MiFID II (see paragraph 6.7), this net year borrowing requirement will rise to £64m by 2023/24. The Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £183 million as per the Councils Operational Boundary and Authorised Limits (detailed in Appendix C).

- 3.2 The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.
- 3.3 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 3.4 By doing so, the Council can reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.5 The Council has previously raised majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.
- 3.6 Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.7 In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.
- 3.8 Sources of borrowing: The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except Norfolk Pension Fund)
 - capital market bond investors

- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
- 3.9 Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback
- 3.10 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.
- 3.11 **LOBOs:** The Council holds £3m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. The next date for this option is 2nd November 2024.
- 3.12 **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.
- 4. Investment Strategy**
- 4.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investments balance average is £24 million, and reflects the significant cash amounts received in the early part of the financial year for the COVID related business grants. Due to the uncertainty similar levels are expected to be maintained in the forthcoming year.
- 4.2 **Objectives:** The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

- 4.3 The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 4.4 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2021/22. This is especially the case for the estimated £10m that is available for longer-term investment. All of the Council's surplus cash (average £24m) is currently invested in mixture of short-term secured and unsecured bank deposits, money market funds and £1 million invested in a longer-term pooled fund. This diversification will represent a substantial change in strategy over the coming year.
- 4.5 **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 4.6 The Council may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits			
Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	2 years	£3m (per council)	Unlimited
Secured investments *	5 years	£3m	Unlimited
Banks (unsecured) *	1 year	£1.6m	Unlimited
Building societies (unsecured) *	1 year	£1.5m	£1.5m
Registered providers (unsecured) *	5 years	£1.5m	£3m
Money market funds *	n/a	£4m	Unlimited
Strategic pooled funds	n/a	£3m	£6m
Other investments *	2 years	£1m	£2m

This table must be read in conjunction with the notes below

* Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty

credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

- 4.7 **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.
- 4.8 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 4.9 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 4.10 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 4.11 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 4.12 **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

- 4.13 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
- 4.14 **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept as low as possible without affecting operations. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.
- 4.15 Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 4.16 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn (on the next working day) will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 4.17 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 4.18 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

4.19 Investment limits:

- 4.20 The Council's revenue reserves available to cover investment losses are forecast to be £17 million on 31st March 2021. In order to reduce the risk of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £2 million, other than Money Market Funds which the limit per fund is £4 million, strategic pooled funds which the limit per fund is £3 million and for UK central government where there is no limit. A group of entities under the same ownership will be treated as a single organisation for limit purposes. Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £1.5 million in operational bank accounts count against the relevant investment limits, allowing £100,000 retained for operational purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits	Cash limit
Any group of pooled funds under the same management	*£7m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£1.5m per country

* incorporates Money Market Funds and Strategic Pooled Funds

4.21 **Cash Flow/Liquidity management**

- 4.22 The Council's officers maintain a detailed cash flow forecast for each coming year revising it as more information becomes available. This informs the short-term investments such as those to pay precept payments. The forecast is compiled on a prudent basis with receipts being under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. The long-term investment strategy is based on the Council's medium term strategy.
- 4.23 The Council will spread its liquid cash over at least three providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

5. **Treasury Management Indicators**

- 5.1 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 5.2 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average (credit rating/credit score) of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

- 5.3 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments it can borrow each quarter without giving prior notice.

Liquidity risk indicator	Target £m
Liquid short-term deposits	£12.000
Bank Overdraft	£0.250

- 5.4 **Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit £000
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£30
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£110

- 5.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

- 5.6 **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	80%	0%
10 years and above	100%	0%

- 5.7 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

- 5.8 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£12m	£12m	£12m

6. Other Treasury Management Issues

- 6.1 The CIPFA Code requires the Council to include the following in its treasury management strategy.

- 6.2 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 6.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 6.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty limit and the relevant foreign country limit.
- 6.5 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 6.6 **Policy on apportioning interest for HRA:** On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Annually a calculation is performed to allocate interest between the General Fund and HRA.
- 6.7 Markets in Financial Instruments Directive (MiFID II): The Council has retained retail client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

7. Financial Implications

- 7.1 The budget for investment income in 2021/22 is £59,000, £45,000 relating to treasury investments based on an average investment portfolio of £21 million. The majority of which is invested in low risk short term investments with an average interest rate of 0.00% a reflection of the ultra-low interest rate environment which is expected to prevail. A further £1 million is invested in a long-term pooled investment fund where the value changes with market prices and have a notice period. The budget for debt interest paid for the General Fund is £1.2 million and HRA is £2.9 million in 2021/22. Actual levels of investments and borrowing, and actual interest rates are monitored during the year as part of the budget monitoring process.

7.2 Other Options Considered

- 7.3 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Section 151 Officer believes that the strategy represents an appropriate

balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A

Economic background and interest rate forecast

The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Council's treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a

change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit outlook

After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast

The Council's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix B.

Appendix B

Economic & Interest Rate Forecast – December 2020

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.
- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.
- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out, especially with likely emergency action in response to a no-deal Brexit.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period ends.

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Official Bank Rate													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month money market rate													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
1yr money market rate													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
5yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
10yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.30	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
20yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
50yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix C

Operational Boundary and Authorised limits

Operational boundary	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Debt	£157.000	£176.000	£185.000	£189.000
Other long-term liabilities	£2.000	£2.000	£2.000	£2.000
Total	£159.000	£178.000	£187.000	£191.000

Authorised limit	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Debt	£162.000	£181.000	£190.000	£194.000
Other long-term liabilities	£2.000	£2.000	£2.000	£2.000
Total	£164.000	£183.000	£192.000	£196.000

Subject **2021/22 GENERAL FUND BUDGET REPORT**

Report to ELT - 27 January 2021

 Policy and Resources Committee – 9 February 2021

Council 23 February 2021

Report by: **Finance Director**



SUBJECT MATTER/RECOMMENDATIONS

This report presents for approval the general fund revenue and capital budget for 2021/22.

It is recommended that the Policy and Resources Committee consider and recommend the following to Council:

- 1) The general fund revenue budget as detailed at Appendix A;**
- 2) The Council Tax for 2021/22 for the Borough Council tax be £171.48 (for an average Band D);**
- 3) That the demand on the Collection Fund for 2021/22 be:**
 - a. £4,865,925 for the Borough Council purposes;**
 - b. £519,506 for Parish Precepts;**
- 4) The statement of and movement on the reserves as detailed at Appendix D and within section 6 of the report;**
- 5) The Policy framework for reserves as detailed at Appendix E;**
- 6) The updated Capital Programme and financing for 2020/21 to 2021/22 as detailed at Appendix F;**
- 7) New capital bid proposals at Appendix G and Minimum Revenue Provision Statement at Appendix H.**

1. INTRODUCTION / BACKGROUND

- 1.1. This report presents for consideration and recommendation the detail of the 2021/22 revenue and capital budgets for the General Fund. The report also presents an updated Capital programme covering the period 2020/21 to 2022/23. Recommendations from this report will be made to Council on 23 February 2021 to inform the setting of the council tax for 2021/22.
- 1.2. The 2021/22 medium term financial strategy was presented to the Policy and Resources committee in November 2020. At the time there was a forecast gap for the 2021/22 financial year of in the region of £1 million before allowing for a transfer from general reserves.
- 1.3. Since then the provisional Local Government Finance settlement has been announced and this has been used to update the funding for the budget for 21/22 as summarised in Appendix A. The detail of the budget has been produced by joint working between the service areas and the finance team to co-ordinate the detailed service budgets which are presented in more detail in Appendix B.
- 1.4. The impact of the Covid-19 pandemic has been significant to all and assumptions of the impact of the pandemic and recovery have been necessary to inform the 2021/22 budget setting process.

2. SPENDING REVIEW 2020 AND PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT

- 2.1. In April 2020 the Ministry for Housing, Communities and Local Government (MHCLG) confirmed the delay to the Fair Funding Review and the implementation of the 75% Business Rates retention scheme from the original planned date of April 2021.
- 2.2. The one year spending review was announced on 25 November followed by the provisional Local Government Financial Settlement on 17 December 2020, at the time of writing the report the final settlement announcements had not been made and any changes to the figures included in the report will either be updated verbally or as part of the report to Council later in February 2021. The following outlines some of the key messages from the settlement and the 2020 Spending Review.
- 2.3. **Spending Review 2020 (SR2020)** – The SR2020 announced on 25 November was dominated by the effects of Covid, namely the significant increase in public borrowing due to the national funding being allocated to the public sector in response to the pandemic. Other relevant announcements were the reduction in Consumer Price Index (CPI) in 2020, being 0.5% in September. The September CPI is used to index the Small Business Rate Multiplier and despite it being low the Government confirmed it had decided to freeze the multiple for 2021/22.
- 2.4. The announcement also included increases in the Core Spending Power for Local Government of 4.5% for 2021/22 (compared to 6.4% for 2020/21) with the greatest increase to come from Council Tax.
- 2.5. The Chancellor announced pay freezes for the public sector (excluding frontline NHS staff and those earning less than the median wage).
- 2.6. A further announcement was the Tax Income Guarantee scheme to cover 75% of irrecoverable losses in Council tax and Business Rates in 2020/21 along with a continuation of the Sales, fees and charges (SFC) compensation scheme for the first quarter of 2021/22. Further details were announced in the provisional finance settlement.
- 2.7. **Provisional Local Government Finance Settlement** – This statement announced the one- year funding available for local government for 2021/22. The headlines from the announcement can be summarised as follows along with the impact to GYBC's funding:
 - 2.7.1. **Core Spending Power (CSP)** – This includes resources available to local government for the delivery of services and includes income from Council Tax (plus Adult Social Care precept where applicable), Business Rates, New Homes Bonus, revenue support grant and Lower Tier Services grant. For 2020/22 there has been a increase in CSP by an average 4.5%, the increase for GYBC for 2021/22 (see table 1 below) has been 1.2%.
 - 2.7.2. **Revenue Support Grant (RSG)** – This has increased by 0.55%, equating to £11,404 additional grant compared to the 2020/21 year.
 - 2.7.3. **New Homes Bonus (NHB)** – The NHB award for 2021/22 takes into account housing Growth in the year to September 2020 after movements in long term empty properties. For GYBC this equates to a total award of £38,766 made up of a new award of £21,406, plus £5,320 for the affordable homes bonus and legacy payments of £12,040. Disappointingly there was no allocation of legacy payments from the 2020/21 NHB allocation which for GYBC was £166,266, this was assumed in the Medium-Term Financial Strategy (MTFS) and therefore the actual allocation is a reduction of £134k compared to what was previously projected. The allocation for 2021/22 further highlights that the current NHB award scheme does not benefit those authorities that have a higher than average number of lower banded properties and also where they face challenges to deliver housing growth. Changes to the NHB system will be consulted on later in the year.

2.7.4. **Council Tax** - The CSP assumes increases in Council tax funding from tax base growth and also increases in Council tax to the capped limit, for districts and boroughs this is the higher of 2% or £5 for a band D equivalent property. Whilst the annual increase is in line with the funding assumptions for the MTFs, the movement in the tax base compared to the 2020/21 financial year has actually seen a reduction due to the impact of non-collection and greater demand for Local Council Tax Support and other discounts which then reduce the tax base.

2.7.5. **Business Rates** – With the freeze in the business rates multiplier at the 2020/21 level, this meant there would be no increase in the baseline funding level from Business Rates, although compensation is being paid in 2021/22 for this and for GYBC equates to £200,116.

2.7.6. **Lower Tier Service Grant** ¹– This is a new one-off grant allocated for 2021/22 which has sought to level up the funding as part of the settlement announcements so that no Local Authority has a Core Spending Power in 2021/22 lower than 2020/21. For GYBC the allocation is £163,563.

2.7.7. **Covid Funding** – Allocations for tranche 5² of Covid funding for 2021/22 were made as part of the announcement, it is expected that this will be the final payment to Local Government in 2021/22. GYBC's allocation is £745,722.

2.7.8. **Other Grants** – A new grant of 2021/22 for Local Council Tax Support³ was announced to compensate authorities for the expected additional cost of LCTS schemes in 2021/22. This grant has been allocated to billing and major preceptors and is not a continuation of the £500m Hardship fund that was introduced in 2020/21 which allowed Councils to reduce LCTS payments by £150.

2.8. The following table provides a summary of the Core Spending Power as announced in the provisional settlement.

Table 1 - Core Spending Power	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000	£000	£000
Settlement Funding Assessment *	8,135	7,255	6,593	6,239	5,808	5,903	5,914
Compensation for under-indexing the business rates multiplier	51	51	54	85	123	154	200
Council Tax Requirement excluding parish precepts	3,831	3,914	4,142	4,391	4,612	4,836	5,086
New Homes Bonus	1,157	1,377	1,063	628	427	373	39
Lower Tier Services Grant	-	-	-	-	-	-	164
Core Spending Power	13,174	12,597	11,852	11,343	10,970	11,265	11,403

*Includes Revenue Support Grant and Business Rates baseline Funding

2.9. Other funding and support that has been made available includes the **Tax Income Guarantee Scheme**. This scheme has £790m allocated nationally and seeks to fund 75% of irrecoverable losses in council tax and business rates, the exact amount of support from this system of

¹ Lower Tier Services Grant – 2021/22 total allocation £111m

² Covid Funding – Tranche 5, 2021/22 national allocation of £1.55 billion

³ LCTS Grant – 2021/22 National allocation of £670m

funding will not be known until later in the year when the outturn for the 2020/21 council tax and business rates has been determined.

3. FUNDING 2021/22

- 3.1. The net general fund revenue budget after allowing for service and non-service fees and charges is funded predominantly from Council Tax, Business Rates and government grants. The actual amount of funding will be slightly different than that used in the Core Spending Power analysis due to Council tax income taking into account the actual tax base and also the impact of a forecast deficit on the collection fund⁴ from 2020/21. Furthermore, the actual business rates income will be different to the baseline funding level as this will be informed by the forecast of collectable income after taking account of appeals and other factors, including non-collection.
- 3.2. **Business Rates** – The current scheme of 50% Business Rates Retention was introduced in April 2013. This saw the introduction of business rates being shared 50% to central government, 40% to billing authorities (GYBC) and 10% to Norfolk County Council. The current system uses a top up and tariff mechanism which sees lower tier authorities paying a tariff to equalise the funding across the sector and the upper tier authorities, ie County receiving a top up.
- 3.3. All Norfolk authorities took part in a pilot for 75% business rates retention in 2019/20 for one year only, the additional business rates retained locally was used to fund the grants (eg Revenue Support Grant) which were foregone from operating a pilot.
- 3.4. Alongside the current system of rates retention there is an ability for Authorities to form a pool which retains the levy (50% of growth over the baseline funding level) locally. It has been decided to revoke the business rates pool for the 2021/22 financial year due to the uncertainty around the impact of covid on the level of business rates income that is generated across the County. The impact of revoking the pool will not have an impact on the Council's budget position as any levy would still be payable direct to MHCLG as opposed to the Norfolk pool and if there is decline in business rates beyond a certain level the Council would receive the protection from MHCLG via the safety net mechanism.
- 3.5. The level of business rates forecast to be received in the year as income is less than the 2020/21 original budget mainly due to the impact of appeals from previous financial years.
- 3.6. **Grants** – As mentioned in section 2, the Council will continue to receive Revenue Support Grant in the year of £2.073 million. Other grants payable in the year include the Lower Tier Services grant of £163,563 and the Council Tax Support Grant of £139,757 which have been included in the general fund summary. The budget for 2021/22 reflects the fifth tranche of Covid funding allocated as part of the settlement which is £745,722. This will be used in the year to mitigate the continued impact of covid on the revenue budget including the impact that it has had on the ability to deliver in-year savings and efficiencies.

4. REVENUE ACCOUNT BASE BUDGET

- 4.1. The high-level summary of the general fund revenue budget is included in Appendix A. Appendix B provides more detail of the service budgets and also provides commentary on the more significant movements compared to the 2020/21 base budget. The following provides a commentary on some of the key assumptions that have been used to inform the 2021/22 budgets.

⁴ Collection fund deficit is due to the actual council tax income collected in the year (2020/21) being less than assumed when the 2020/21 budget was set in February 2020 (pre Covid)

- 4.2. **Council Tax** – See section 5 also, in summary the budget assumes a reduction in the tax base and an increase in the Band D Council Tax of £5 and after allowing for the profiling of recovery of the deficit on the collection fund from 2020/21 there is additional income compared to 2020/21 of £30,014.
- 4.3. **Funding** – The budget assumes the funding allocation from the provisional local government finance settlement and the utilisation of the grants allocated in the year, namely lower tier, New Homes Bonus, Local Council tax Support and Covid funding.
- 4.4. **Fees and Charges** – The fees and charges for 2021/22 are included as a separate report on the agenda. The budget reflects those proposed for the year which have been reviewed and increased as applicable in line with the fees and charges policy.
- 4.5. **Savings** – The 2021/22 budget assumes the continuation of prior years savings and additional income that has been included in the base budget. New savings that have been factored into the base budget for 2021/22 are largely from the following areas:
 - 4.5.1. Efficiency savings that have been identified some from the current way of working including reviewing vacant posts (£46,000);
 - 4.5.2. Relocation of staff from external offices to central buildings from the Neighbourhoods that work team (£15,000);
 - 4.5.3. Review of the provision of CCTV across the borough – to be reviewed as part of the wider investment in the equipment (refer to the capital bids) (£35,000);
 - 4.5.4. Other service budget efficiencies from critical review of base budgets (£50,000).
- 4.6. **Employee Budgets** – The budget for 2021/22 assumes a 2% pay award, although this is subject to a local agreement. Announcements were made in 2020 regarding a public sector pay freeze, Local Government pay is not set in the same way as national employers and whilst previously when there has been a pay freeze this has been taken into account by national pay groups the position will not be known until later in the year. As a guide a 0.5% sensitivity to the pay award equates to just under £50,000 per annum for the Council budget. It is current practice to allow for a turnover/vacancy element within the employee budgets for the year, for 2021/22 this equates to approximately 2.5% (£327k). Additional pension costs of £112k have been allowed for within the budget in line with the current planned level of payments to the pension scheme.
- 4.7. **Contract Inflation** – Where applicable contract inflation has been factored into the budget. This includes where applicable for the joint venture arrangements.
- 4.8. **Interest and Minimum Revenue Provision (MRP)** – The budget for 2021/22 includes £1.230million for interest payable which has been informed by the current level of interest rates and planned borrowing requirements inline with the capital programme and the treasury management strategy. Interest receivable is expected to be lower than previous years mainly due to the current interest rates on investments and also the planned repayment of borrowing by Equinox. The MRP for the year has been updated to reflect a revision to the delivery of the capital programme schemes, currently forecast to be £1.558million for the year. In addition, the budget allows for the payment of a dividend from the Equinox in line with the business plan.
- 4.9. As part of approving the 2020/21 budget in February 2020 Members approved for a review to be undertaken on the level of Concurrent Function Grants to inform the 2021/22 budget setting. The review has had to be delayed due to the Covid priorities although as part of the 2021/22 precept requests parishes were asked for information on the use of the grants in previous years. This will be used to inform the review during 2021/22 and therefore for 2021/22 the concurrent function grant amount has been frozen at the current level which totals £142,313. In addition, in February 2020 Members agreed the inclusion of a £1,000 Ward

budget for all 39 Councillors as a one off to be funded from general reserves, the budget for 2021/22 assumes a further year of ward budgets, again to be funded as a one-off as opposed to be including in the base budget.

5. COUNCIL TAX 2021/22

- 5.1. The budget as presented assume a band D increase of £5 which is in line with the Council Tax Referendum principles. For 2021/22 this would mean a band D for the Boroughs element of the council tax being set at **£171.48**. Appendix D provides a summary of the band D Council Tax for 2021/22.
- 5.2. Council in December 2020 approved the tax base for 2021/22 at 28,910, this is actually a reduction of 138 compared to the 2020/21. The reduction is due to the impact of Covid namely a reduction in the collection rate and an increase in the level of discounts for example Local Council Tax Support Scheme. The impact this has is a lower level of income from Council Tax in the year compared to what would have usually been forecast.
- 5.3. Government support has been provided for 2020/21 as part of the Tax Income Guarantee Scheme which will cover 75% of irrecoverable income losses, in addition there is the ability to spread deficits in the collection across three financial years as opposed to recovering within one financial year and this has been reflected in the amount that is assumed to be transferred from the collection fund in 2021/22.

6. RESERVES

- 6.1. The statement of general and earmarked reserves is attached at Appendix D, this details the planned use of reserves in the current and future financial years. Reserves are held and utilised in accordance with the policy framework for reserves which is attached at Appendix E.
- 6.2. The balance in the general reserve at 1 April 2020 was £3.490m and is expected to be £3.041 million at the end of the current year after allowing for the forecast movements in the current year, the final balance will be informed by the 2020/21 outturn report which will be confirmed in the first quarter of the 2021/22 financial year.
- 6.3. The Council continues to hold a number of significant earmarked reserve which are summarised below:
 - 6.3.1. Invest to Save – This reserve provides a source of funding that can be utilised for up front, one-off funding for invest to save proposals that will deliver future budget efficiencies and savings.
 - 6.3.2. Asset Management Reserve – This reserve is held to mitigate the impact of fluctuations between financial years from income received from council assets and properties and is being used to smooth the impact to the revenue account during the construction phase of the new leisure facility.
 - 6.3.3. Collection Fund Reserve – This reserve can be used to mitigate the significant variations between years and to reduce the impact of appeals from previous years. The transfer from the reserve in the 2021/22 budget seeks to mitigate the in-year impact of the reduction in the council tax base.
- 6.4. The Council continues to hold a number of other earmarked reserves for specific committed purposes for which the timing of their use has not yet been identified. The current virement rules allow for the use of reserves to be approved within the overall virement limits.⁵

⁵ The earmarked reserves statement has been updated for the transfer from the Special Projects Reserve of £25k as approved by P&R Committee 9 Feb 2021

- 6.5. A comprehensive statement on the adequacy of the reserves and recommended balance will be included with the Chief Financial Officer's report which forms part of the Council Tax and Budget report to Council in February 2021.

7. CAPITAL

- 7.1. This section of the report presents the capital budgets for consideration along with the recommended capital bids for 2021/22.
- 7.2. **Current 2021/22 Capital Programme** - Appendix F includes a summary of the 2021/22 capital programme (excluding new bids), which has been updated for slippage on the 2020/21 capital programme, capital projects approved as part of prior year budget setting and also where there has been approved in-year amendments to the capital programme.
- 7.3. This results in a current capital budget of £44.2m, of which £7m is financed from capital funding sources and the remainder is to be financed by borrowing. Of this £10.5 million is due to be completed in the current financial year and the remaining in 2021/22 onwards. The overall programme will continue to be monitored and where approved capital
- 7.4. **New Capital Schemes** - In addition to the update of the 2021/22 capital programme, approval is being sought for a number of new capital projects for 2021/22, and subsequent years as identified within the Capital Appendix G.
- 7.5. The total of the estimated project costs for 2021/22 associated with these capital bids is £1.286m of which £462k is being approved as part of the budget report with a further £825k being approved in principle subject to business cases. Of the bids £1m is recommended to be funded from borrowing.
- 7.6. New capital receipts will be monitored as part of the on-going budget monitoring process, and where applicable recommendations will be made to amend the capital programme and its financing.
- 7.7. This report is seeking agreement in principal of the IT capital bids for which the business cases will then be produced and considered by the IT Investment Group.
- 7.8. **Capital Programme Funding** - There are a number of sources of funding available to fund the capital expenditure. The following outlines those which are available to the Council:
- 7.8.1. External Contributions or Grants – e.g. from third party organisations often used to part fund capital projects, for example the future high streets fund.
 - 7.8.2. Reserves – Available capital and revenue reserves can be used to fund capital expenditure.
 - 7.8.3. Capital Receipts – Capital receipts are generated from asset disposals and can only be used to fund capital expenditure or repay debt. The latter is not applicable at the moment, as the Council is currently debt free.
 - 7.8.4. Borrowing – Under the Prudential Framework, the Council is able to fund expenditure from borrowing provided that they can demonstrate affordability and need. Borrowing (internal or external) to finance capital spend will attract charges to the revenue account in the form of interest and Minimum Revenue Provision (MRP) charges. The Council's capital programme is heavily reliant on borrowing as a source of funding. This report is presenting for approval the Minimum Revenue Provision Statement for 2021/22 which outlines the method for calculation of the MRP, this is included at Appendix H.

8. FUTURE FINANCIAL FORECASTS

- 8.1. The budget report for 2021/22 is presenting a one-year budget only in line with the one-year finance settlement. Covid has caused the fundamental reviews of Local Government funding to be delayed for a further year.
- 8.2. Fair funding review – The outcomes of the review was delayed for a further year due to Covid. The aim of the review is to set new baseline funding levels for all Local Authorities taking into account a number of factors including authorities relative needs and resources.
- 8.3. Business rates – It is expected that the system of local government funding will move to a system of 75% Business Rates Retention from April 2022. The current system sees 50% retained locally (40% retained by the Borough and 10% by the County). The new system of funding will see a new baseline of funding set for all Authorities and grants such as Revenue Support Grant rolled in.
- 8.4. The timing of the announcements of the outcomes of the above are not yet confirmed, once further detail on the future funding for local government is announced the Medium-Term Financial Strategy will be updated accordingly.

9. FINANCIAL IMPLICATIONS

- 9.1. The body of the report and appendices present the overall general fund budget for revenue and capital for 2021/22. For the revenue account there is forecast to be a deficit of £112k which will need to be funded from the general reserve.
- 9.2. The Council continues to face significant financial challenges due to the uncertainty of future funding for local government and also the impact of Covid – both the immediate lockdown and timing of recovery and future restrictions. The overall position will continue to be monitored and the MTFS updated accordingly.

10. RISKS

- 10.1. The Council budget has been informed by a number of assumptions and based on information that is available, for example funding allocations. There is risk around the assumptions that have been used in particular due the uncertainty around the effects of Covid on both the Council and the community it provides services to.
- 10.2. The following outlines the more significant risks that the Council continues to face in relation to its financial position.
- 10.3. **Future Funding** – The budget for 2021/22 is based on a one-year finance settlement. The delay to the implementation of the new funding system being informed by the fair funding review and review of business rates retention means that during 2021/22 there are likely to be exemplifications of the impact to individual authorities funding moving forward. The timing is not yet confirmed and as announcements are made the future financial projections will be updated accordingly. Future funding gaps still remain a risk to the overall funding for Local Government.
- 10.4. **New Homes Bonus** – As flagged earlier in the report there is due to be a consultation on the future of the New Homes Bonus in 2021. As a source of funding, the current scheme is heavily skewed against those authorities with a higher than average number of properties in the lower council tax bands and also where there is lower levels of housing growth. Delivery of new homes growth is still important in response to demand and also the ability to grow the council tax base as a source of income.
- 10.5. **Business Rates** - Funding fluctuations from business rate income continues to be a prevalent feature of Local Government funding. The impact of appeals only exacerbates this risk and applies to current and new appeals. Other factors that will lead to reductions in income include for example, business closures, successful rateable value appeals (which reduce the RV

and consequently the rates payable), including the impact of back dated appeals, reduced income as schools transfer to academy status, the national impact of the risk around hospital and NHS trust properties is still prevalent. The NNDR provision within the system only reflects the potential impact of appeals currently in the appeals system. The Council does hold an earmarked reserve which can mitigate the timing of fluctuations in the level of income from business rates.

- 10.6. **Interest Payable and Minimum Revenue Provision (MRP)** - The budget reflects the revenue costs of the planned borrowing and financing of the current and future capital programmes. The impact of interest rate changes will have a direct impact to the revenue account for the financing of capital schemes. Whilst interest rates continue to be at historic lows the borrowing requirements continue to be reviewed and decisions made in line with the treasury management strategy.
- 10.7. Slippage of capital schemes will impact on the level of borrowing required along with the associated financing costs. The capital programmes have been reviewed to accurately reflect the timing of the projects, to ensure an accurate provision for MRP and interest can be made which reflects the timing of the capital spend. In addition, as new schemes and projects are approved outside of the budget this too will have an impact on the associated financing costs and will need to be considered as part of the options appraisal and business cases presented for approval.
- 10.8. **Budgeted Income** – The annual revenue budget is dependent upon achieving significant levels of income from a number of demand led areas from sales, fees and charges, for example car parking, planning and building control and crematorium. Whilst budgets have been based on previous actuals and knowledge of current service delivery, the ongoing impact of covid and covid recovery will no doubt have an impact. For example in respect of car parking, whilst restrictions are in place the use of pay and display car parks in particular town centre parking will have an impact on income levels. Also in response to the lifting of restrictions and allowing travel, if there continues to be greater restrictions on travel (outside of the UK) there maybe a greater demand for staycations, however there are many factors that will impact on this including vaccination roll out, testing and restriction. Whilst a prudent approach has been taken for the setting of income budgets the actual performance will need to be monitored closely to allow any corrective actions to be taken in year if required.
- 10.9. Achievement of service income still remains a financial risk that cannot be fully influenced by the Council. It is for reasons such as this that a factor in determining the recommended general reserve balance includes an amount for the sensitivity in delivery of the more significant demand-led income budgets.
- 10.10. **Commercial Property Rentals** – The Council holds a number of commercial assets for which it receives an income from licences and rentals. The budget has made some assumptions on future rentals, however the risk of vacancies continue to be prevalent and therefore will continue to be managed by the service.
- 10.11. **Reserves** - The Council currently holds a number of earmarked reserves for which some are allocated for specific purposes, although the profile of spend is not yet agreed and commitments not currently made. Use of reserves provide a short-term solution to mitigate the forecast deficits and can also be used to mitigate the impact, if for example savings and income are not achieved as budgeted. As part of approving the annual budget Members are reminded that reserves do not provide a long-term solution for a sustainable budget position.
- 10.12. **Universal Credit and Housing Benefit Subsidy** – The budget reflects the reducing funding from the Department for Work and Pensions for housing benefit administration. The Council is responsible for paying out in the region of £22 million of housing benefit and rent rebates

which the budget assumes is recoverable through the subsidy system. The subsidy returns are audited annually at which point any under or over recovery will be determined and adjusted for. Any under recovery that is not eligible for subsidy would result in a financial implication to the Council which can be mitigated through the use of the earmarked reserve.

10.13. **Local Council Tax Support** – The LCTS scheme continues to support those households on low income or in receipt of benefit. The full impact of the pandemic on individuals will not be known until for example the end of the government support schemes such as the furlough scheme. The impact of a greater demand for LCTS would reduce the council tax collectable in the year and consequentially increase the deficit on the collection fund which will then need to be recovered in future years.

10.14. **Covid** – The Covid pandemic continues to have a significant impact on the financial position for the Council as the Council continues to respond to the pandemic and provide support to the community and businesses alike. Whilst the Council has been able to access further funding for example for the recruitment of Covid Marshalls to support the outbreak management of the pandemic, there is still a call on core staff to support services either directly or through re-deployment at the same time as continuing to provide key services. The overall impact will continue to be monitored during the year and used to inform the monthly monitoring returns to MHCLG.

11. CONCLUSIONS

11.1. The Council is required to recommend a budget for approval each year. The budget report is presented to Policy and Resources Committee for recommendation to Full Council as part of the budget and council tax setting process. The report presents the detailed budget considerations for 2021/22. The budget has been informed by the one-year provisional finance settlement for 2021/22.

11.2. The report provides an overview of the risks that are facing the Council in the short to medium term, the most significant for the short term being the uncertainty around the impact of Covid-19 on the budget position for 2021/22 and medium-term recovery.

12. BACKGROUND PAPERS

12.1. The following reports and announcements have been used to inform the budget report as presented:

- 12.1.1. 2019/20 Outturn report
- 12.1.2. 2020/21 in year financial monitoring reports
- 12.1.3. Provisional Local Government Finance Settlement
- 12.1.4. Medium Term Financial Strategy
- 12.1.5. National Non-Domestic Rates Return
- 12.1.6. Financial monitoring.

Appendices:

A – GF Summary

B1 – Service Details

B2 – Subjective Analysis

C – C Tax Summary

D – Reserves Statement

E – Policy Framework for reserves

F – Current Capital programme

G – Capital Bids

H – Prudential Indicators and MRP Statement

Area for consideration Comment	Comment
Monitoring Officer Consultation	
Section 151 Officer Consultation	
Existing Council Policies See background papers	
Financial Implications Within existing budgets	
Legal Implications (including human rights)	
Risk Implications	
Equality Issues/EQIA assessment	
Details contained in strategy	
Crime & Disorder	
Every Child Matters	

General Fund Summary	Original 2020/21 Budget	2020/21 updated Forecast	2021/22 Budget	Variance Prior Yr to Current Yr Base
	£	£	£	£
Services:				
Executive and Resources	4,702,123	3,476,302	4,108,536	(593,587)
Inward Investment	1,977,400	1,911,511	1,205,607	(771,793)
Housing	784,607	886,705	1,158,056	373,449
Planning and Growth	473,767	474,322	427,075	(46,692)
Customer Services	(815,896)	22,015	(545,451)	270,445
Property and Asset Management	144,575	446,462	167,560	22,985
Communications and Marketing	745,125	695,036	777,164	32,038
Environmental Services	4,926,480	4,933,589	5,063,127	136,647
Net Cost of Service	12,938,182	12,845,942	12,361,674	(576,509)
Non Service Exp/(Income):				
Recharges to HRA	(1,727,451)	(1,727,451)	(1,914,393)	(186,942)
Parish Precepts	479,131	479,131	519,506	40,375
Parish CTSS Grant	25,000	25,000	20,080	(4,920)
Capital Charges	(1,979,258)	(1,979,258)	(2,196,310)	(217,052)
Revenue Financing for Capital	0	0	0	0
Interest Receivable	(296,541)	(186,541)	(58,967)	237,574
Interest Payable	1,278,393	1,298,393	1,229,995	(48,398)
Minimum Revenue Provision	1,514,000	1,514,000	1,558,000	44,000
Pension Back Funding	2,014,894	2,014,894	2,126,769	111,875
Vacancy Management	(276,973)	0	(326,973)	(50,000)
Apprenticeship Levy	32,551	32,551	47,751	15,200
Sub total - Non Service Exp/Inc	1,063,746	1,470,719	1,005,458	(58,288)
Net Operating Expenditure	14,001,928	14,316,661	13,367,131	(634,797)
Contributions to/(from) Reserves:				
DFG top-up capital loans & grant fund	49,730	49,730	0	(49,730)
Restricted use grant	(142,344)	(142,344)	(3,946)	138,398
Invest to Save	(103,946)	(284,627)	0	103,946
Specific budget	(25,153)	(25,153)	1,563	26,716
LEGI	(49,730)	(49,730)	0	49,730
Waste management	0	0	(11,375)	(11,375)
Collection Fund	0	0	(100,000)	(100,000)
Community Housing	(30,000)	(30,000)	(30,000)	0
Coastal Protection	0	(75,000)	0	0
Special Projects Reserve	(176,203)	(237,735)	(118,316)	57,887
Homelessness	103,611	103,611	(164,963)	(268,574)
Asset Management	(435,700)	(744,129)	(257,300)	178,400
General Reserve	0	0	(215,000)	(215,000)
Other Reserves	(14,249)	(139,807)	(47,621)	(33,372)
Sub Total Reserves	(823,984)	(879,109)	(946,958)	(122,974)
Amount to be met from Government Grant and Local Taxpayers	13,177,944	13,437,552	12,420,173	(757,771)
Collection Fund - Parishes	(479,131)	(479,131)	(519,506)	(40,375)
Collection Fund - Borough	(4,835,911)	(4,835,911)	(4,865,925)	(30,014)
Retained Business Rates	(5,238,750)	(5,238,750)	(4,507,153)	731,597
Revenue Support Grant	(2,062,184)	(2,062,184)	(2,073,588)	(11,404)
New Homes Bonus	(372,510)	(372,510)	(38,766)	333,744
Other Grants	0	0	(303,320)	(303,320)
Income from Grant and Taxpayers	(12,988,486)	(12,988,486)	(12,308,258)	680,228
(Surplus)/Deficit (before general reserve transfer)	189,458	449,066	111,916	(77,542)

Executive and Resources:

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Equinox					
Supplies & Services	39,862	65,000	92,620	52,758	Service Level Agreement has increased between Equinox and the Council. This increases the income received also, as per below.
Income	(39,862)	(65,000)	(92,620)	(52,758)	As above.
	0	0	(0)	(0)	
Corporate Costs					
Transport	6,500	6,500	6,500	0	
Supplies & Services	126,012	124,807	175,301	49,289	Also includes an increase in External Audit fee 2021/22 informed by the prior year actuals.
Support Services - Recharges Out	(386,310)	(386,310)	(445,710)	(59,400)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	253,800	253,800	263,900	10,100	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	2	(1,203)	(9)	(11)	
Executive Team					
Employee	647,907	603,754	669,143	21,236	Interim Strategic Director to remain for first quarter of 2021/22 funded by capital projects. Plus impact of 2% pay increase.
Transport	7,500	7,500	7,500	0	
Supplies & Services	12,317	12,317	11,798	(519)	
Support Services - Recharges Out	(1,036,860)	(1,036,860)	(1,042,730)	(5,870)	
Support Services - Recharges In	369,110	369,110	354,310	(14,800)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	(26)	(44,179)	21	47	
Finance					
Employee	617,063	586,723	652,896	35,833	Maternity leave cover as well as costs of position for 2021/22. Plus impact of 2% pay increase.
Transport	650	650	500	(150)	
Supplies & Services	213,573	188,573	284,316	70,743	£53k increase to computer contract budget. Also £11k increase in Internal Audit fee reflecting the draft 2021/22 IA plan.
Support Services	109,731	109,731	86,000	(23,731)	Revised budget in line of expectation based on prior year bank giro and cheque fees.
Capital Charges	15,561	15,561	0	(15,561)	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges Out	(1,352,350)	(1,352,350)	(1,637,200)	(284,850)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	405,790	405,790	618,490	212,700	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(10,000)	(10,000)	(5,000)	5,000	
	18	(55,322)	2	(16)	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
ICT					
Employee	441,737	346,036	417,018	(24,719)	One post transferred to Communications and Marketing.
Premises	5,170	5,170	4,406	(764)	
Transport	2,500	2,500	2,500	0	
Supplies & Services	313,583	316,762	297,293	(16,290)	Reallocation of software maintenance costs to services.
Third Party Payments	504,593	504,593	474,593	(30,000)	Reduction in ICT shared service contract due to telephony changes.
Capital Charges	126,329	126,329	42,896	(83,433)	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges Out	(1,530,240)	(1,530,240)	(1,377,410)	152,830	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	136,330	136,330	138,700	2,370	
Income	0	0	0	0	
	2	(92,520)	(4)	(6)	
Corporate Strategy					
Employee	85,001	65,386	89,656	4,655	
Transport	400	400	200	(200)	
Supplies & Services	543	543	4,220	3,677	
Support Services - Recharges Out	(112,610)	(112,610)	(146,510)	(33,900)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	26,660	26,660	52,440	25,780	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	(6)	(19,621)	6	12	
Member Services					
Employee	179,903	176,143	185,480	5,577	
Transport	4,000	1,000	3,600	(400)	
Supplies & Services	333,151	324,651	325,798	(7,354)	Members allowances based on prior year actuals plus 2% increase. Ward budgets were included in 2020/21 as a one-off and removed from the 2021/22 base budget.
Support Services - Recharges Out	(596,950)	(596,950)	(646,650)	(49,700)	
Support Services - Recharges In	118,890	118,890	131,770	12,880	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	38,994	23,734	(2)	(38,997)	
Elections					
Employee	176,130	175,792	163,466	(12,664)	Split of Licencing and Elections Manager costs between Licensing and Elections - previously all within Elections.
Transport	1,000	1,000	1,000	0	
Supplies & Services	121,525	121,525	121,653	128	
Support Services - Recharges In	40,700	40,700	30,960	(9,740)	
Income	(114,700)	(114,700)	(114,700)	0	
	224,655	224,317	202,379	(22,276)	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Human Resources					
Employee	406,564	379,574	411,525	4,961	
Transport	1,000	1,000	1,000	0	
Supplies & Services	49,239	84,739	47,896	(1,343)	
Support Services - Recharges Out	(589,750)	(589,750)	(606,010)	(16,260)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	132,940	132,940	145,590	12,650	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	(7)	8,503	1	8	
Legal					
Supplies & Services	0	0	82,223	82,223	Secondment cost of Head of Legal and Governance previously included in the Nplaw contract fee.
Third Party Payments	352,641	244,971	388,582	35,941	Increase in NP Law contract.
Support Services - Recharges Out	(332,740)	(332,740)	(457,570)	(124,830)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	15,100	15,100	21,760	6,660	
Income	(35,000)	(30,000)	(35,000)	0	
	1	(102,669)	(5)	(6)	
COVID-19 costs					
Employee	0	4,330	0	0	
Premises	0	15,460	0	0	
Transport	0	1,092	0	0	
Supplies & Services	0	38,851,204	50,000	50,000	Anticipated direct costs charged to COVID service area. Payments in 2021 of £38m largely relate to payments of business grants made in the year.
Income	0	(39,775,314)	(745,722)	(745,722)	Tranche 5 COVID funding for 2122. This is to cover the direct costs noted above as well as costs incurred by other services and losses in income as a result of COVID, such as c income. £38m of the funding in 2021 relates to funding for the business grants paid by the Council in 2021 as reflected above.
	0	(903,228)	(695,722)	(695,722)	
Total Executive and Resources:	263,633	(962,188)	(493,334)	(756,967)	
Total Executive and Resources excluding capital charges & recharges:	4,560,233	3,334,412	4,065,640	(494,593)	
Total Executive and Resources excluding recharges:	4,702,123	3,476,302	4,108,536	(593,587)	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Inward Investment					
Projects and Programmes					
Employee	290,199	233,465	259,445	(30,754)	Offshore position has been transferred to new service area created for the Offshore Wind project in 2021/22.
Transport	1,500	1,500	1,500	0	
Supplies & Services	3,202	3,202	2,659	(543)	
Support Services - Recharges Out	0	0	(77,000)	(77,000)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	221,100	221,100	295,850	74,750	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(42,807)	(3)	0	42,807	Funding for offshore project transferred to the new Offshore Wind project service in 2021/22.
	<u>473,194</u>	<u>459,264</u>	<u>482,454</u>	<u>9,260</u>	
Inclusion Project (ESF)					
Employee	61,624	60,286	4,481	(57,143)	Inclusion project completes in 2020/21, with staff costs completing in first quarter of 2021/22.
Supplies & Services	75,694	75,694	0	(75,694)	Inclusion project completes in 2020/21.
Income	(93,469)	(93,469)	0	93,469	Inclusion project completes in 2020/21 so no further funding received in 2021/22.
	<u>43,849</u>	<u>42,511</u>	<u>4,481</u>	<u>(39,368)</u>	
Future High Street Fund					
Supplies & Services	0	43,115	0	0	2020/21 forecast shows the feasibility work funded by grant. The overall project budgets will be updated once the funding has been confirmed for the future project.
	<u>0</u>	<u>43,115</u>	<u>0</u>	<u>0</u>	
Towns Fund					
Supplies & Services	0	12,250	0	0	2020/21 forecast shows the feasibility work funded by grant. The overall project budgets will be updated once the funding has been confirmed for the future project.
	<u>0</u>	<u>12,250</u>	<u>0</u>	<u>0</u>	
Offshore Wind Project					
Employee	0	48,708	50,069	50,069	New project in 2021/22. Fully funded.
Income	0	(42,804)	(50,069)	(50,069)	As above.
	<u>0</u>	<u>5,904</u>	<u>0</u>	<u>0</u>	
CCTV					
Premises	4,000	4,000	4,000	0	
Supplies & Services	142,800	142,800	87,992	(54,808)	Reduced costs following a contract review following planned capital investment to ensure value for money is being delivered to the Council, while maintaining an efficient and effective service quality.
Support Services - Recharges In	19,420	19,420	20,030	610	
Income	(4,000)	(4,000)	(4,000)	0	
	<u>162,220</u>	<u>162,220</u>	<u>108,022</u>	<u>(54,198)</u>	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Culture and Leisure					
Employee	18,891	18,529	0	(18,891)	No further employee costs due to funding ending, as per variance on income noted below.
Supplies & Services	76,513	76,513	72,044	(4,469)	St Georges management fee ended in 2020/21.
Third Party Payments	59,761	59,761	61,900	2,139	
Support Services - Recharges In	36,490	36,490	38,390	1,900	
Income	(20,000)	(20,000)	0	20,000	Funding ends in 2020/21.
	<u>171,655</u>	<u>171,293</u>	<u>172,334</u>	<u>679</u>	
Conservation					
Employee	122,138	119,969	151,017	28,879	Heritage Action Zone Officer position for 4 years from 2021/22. Fully funded by increase in income noted below.
Premises	61,854	31,854	45,666	(16,188)	Heritage Action Zone project cost for the town wall in 2021/22.
Transport	200	200	200	0	
Supplies & Services	49,080	49,080	49,188	108	
Capital Charges	25,408	25,408	25,408	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	24,400	24,400	61,120	36,720	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(30,000)	(8,748)	(66,667)	(36,667)	Heritage Action Zone funding for 4 years from 2021/22.
	<u>253,080</u>	<u>242,163</u>	<u>265,932</u>	<u>12,852</u>	
Waterways					
Employee	36,686	69,978	0	(36,686)	Reduction in costs due to staff transferring of staff to Access Community Trust in 2020/21.
Premises	40,853	40,853	853	(40,000)	Reduction in maintenance costs due to transferring responsibility of the site to Access Community Trust in 2020/21.
Supplies & Services	15,795	16,595	107,000	91,205	Recognises costs in relation to events to be held at the Waterways in 2021/22 for which funding is available.
Capital Charges	8,000	8,000	53,000	45,000	Reflects changes in depreciation charge for assets aligned to this service. 2021/22 first year of depreciation following the £2.7m capital project completion on the site in prior
Support Services - Recharges In	39,230	39,230	12,870	(26,360)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(31,725)	(68,492)	(50,853)	(19,128)	Funding available until November 2021 only, 2020/21 full year funded.
	<u>108,839</u>	<u>106,164</u>	<u>122,870</u>	<u>14,031</u>	
Voluntary Sector Grants					
Supplies & Services	54,500	54,500	0	(54,500)	Voluntary Sector grants expenditure is now reflected as part of the Neighbourhoods and Communities section.
Support Services - Recharges In	19,590	19,590	7,700	(11,890)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	<u>74,090</u>	<u>74,090</u>	<u>7,700</u>	<u>(66,390)</u>	Costs now included in a separate service.

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Indoor Leisure - Phoenix Pool and Marina Centre					
Employee	0	0	0	0	
Premises	23,923	23,923	24,462	538	
Transport	0	0	0	0	
Supplies & Services	7,196	7,196	7,309	113	
Third Party Payments	235,380	195,316	131,939	(103,441)	This movement reflects a reduction in the management fee pending construction of the new facility.
Capital Charges	379,843	379,843	33,291	(346,552)	Reflects changes in depreciation charge for assets aligned to this service. Demolition of the Marina Centre in 2020/21 removes depreciation charge for 2021/22.
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	51,340	51,340	76,890	25,550	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	697,682	657,618	273,890	(423,792)	
Neighbourhood Management					
Employee	289,118	234,813	262,853	(26,264)	Employee costs reduced following the completion of the 'Neighbourhoods that Work' project within 2020/21.
Premises	27,576	27,577	10,264	(17,312)	Increased budget provision to include the Voluntary, Community and Social grants, management by the Neighbourhoods and Communities team, to aid and support community activities.
Transport	1,800	1,800	800	(1,000)	
Supplies & Services	32,190	32,189	82,784	50,595	Budget provision transferred for the Voluntary, Community and Social grants, management by the Neighbourhoods and Communities team, to aid and support community activities.
Third Party Payments	0	0	0	0	
Transfer Payments	602,187	602,187	113,000	(489,187)	Reduction reflects the completion of both the 'Neighbourhoods that Work' and 'Great Places' projects within 2020/21 offset by the reduction in income.
Support Services	0	0	0	0	
Capital Charges	0	0	0	0	
Support Services - Recharges Out	(296,080)	(296,080)	(364,400)	(68,320)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	288,820	288,820	365,450	76,630	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(656,796)	(656,796)	(113,000)	543,796	Income reduction reflects the completion of both the 'Neighbourhoods that Work' and Great Places projects within 2020/21.
	288,815	234,510	357,752	68,937	
Enterprise Zone					
Supplies & Services	1,085,143	1,085,143	1,350,000	264,857	Increase in funding means that increase project costs can be met in 2021/22.
Income	(1,085,143)	(1,085,143)	(1,600,000)	(514,857)	Increase in business rate income aligned to Enterprise Zones anticipated in 2021/22.
	0	0	(250,000)	(250,000)	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Economic Development					
Employee	103,957	100,390	103,409	(548)	
Supplies & Services	2,501	2,501	1,800	(701)	
Support Services - Recharges In	200,010	200,010	154,410	(45,600)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	(10,014)	(10,014)	
	<u>306,468</u>	<u>302,901</u>	<u>249,605</u>	<u>(56,863)</u>	
Enterprise GY					
Employee	0	0	0	0	
Premises	68	68	68	0	
Supplies & Services	1,760	1,760	1,809	49	
Support Services - Recharges In	8,060	8,060	7,700	(360)	
Income	0	0	0	0	
	<u>9,888</u>	<u>9,888</u>	<u>9,577</u>	<u>(311)</u>	
Total Inward Investment:	2,589,780	2,523,891	1,804,617	(785,163)	
Total Inward Investment excluding capital charges & recharges:	1,564,149	1,498,260	1,093,908	(470,241)	
Total Inward Investment excluding recharges:	1,977,400	1,911,511	1,205,607	(771,793)	
<u>Housing:</u>					
Housing Needs					
Employee	610,187	667,065	666,648	56,461	Increase employee cost to mitigate the increased demand reflected by the service.
Premises	220,859	220,858	153,876	(66,983)	Reduction reflects reduced general temporary accommodation cost, such as damage deposits and storage costs. Excludes specific COVID B&B and temporary accommodation expenditure.
Transport	3,152	3,152	3,152	0	
Supplies & Services	260,655	264,945	182,086	(78,569)	Reduction reflects a reduced general B&B and temporary accommodation budget. Excludes specific COVID B&B and temporary accommodation expenditure.
Capital Charges	11,769	11,769	19,013	7,244	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	370,350	370,350	321,700	(48,650)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(612,372)	(685,014)	(258,410)	353,962	Reduction in income to support homelessness compared to 2020/21, partly mitigated by a £165k transfer from earmarked reserves to support expenditure in 2021/22. The 2 budget does not include any additional Homelessness Prevention Grant monies, but this will be reviewed and monitored in the year.
	<u>864,600</u>	<u>853,125</u>	<u>1,088,065</u>	<u>223,464</u>	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Gapton Hall Site					
Employee	0	0	58,435	58,435	Gapton Hall site was previously part managed by Norfolk County Council. From 1 February 2021 management of the site will be brought back to GYBC, resulting in a new stat the site.
Supplies & Services	62,306	62,306	55,000	(7,306)	
Support Services - Recharges In	18,030	18,030	37,140	19,110	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(100,331)	(100,331)	(67,231)	33,100	Prior income assumptions have reflected higher outputs due to the income recovery following the resolution of a legal dispute. This income recovery finishes in 2020/21, the income is reduced and also reflects an element for non-collection.
	(19,995)	(19,995)	83,344	103,339	
Better Care Fund					
Employee	94,756	92,278	101,077	6,321	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Premises	0	0	0	0	
Transport	2,500	2,500	2,500	0	
Supplies & Services	23,579	23,579	23,735	156	
Support Services - Recharges In	65,760	65,760	55,620	(10,140)	
Income	(149,069)	(149,069)	(145,216)	3,853	
	37,526	35,048	37,716	190	
Housing Strategy					
Employee	174,821	172,146	176,135	1,314	No major variances
Premises	777	777	792	16	
Transport	525	525	365	(160)	
Supplies & Services	42,383	42,383	42,388	5	
Capital Charges	22,603	22,603	22,603	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	84,700	84,700	88,170	3,470	
Income	0	0	0	0	
	325,809	323,134	330,453	4,645	
Safe at Home					
Employee	275,017	268,377	279,548	4,531	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Premises	0	0	0	0	
Transport	7,000	7,000	7,000	0	
Supplies & Services	53,868	53,868	55,198	1,330	
Transfer Payments	5,440	5,440	5,440	0	
Support Services - Recharges In	108,950	108,950	94,710	(14,240)	
Income	(225,818)	(100,452)	(226,078)	(260)	
	224,457	343,183	215,819	(8,639)	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
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Total Housing: 1,432,397 1,534,495 1,755,396 322,999

Total Housing excluding capital charges
& recharges: 750,235 852,333 1,116,440 366,205

Total Housing excluding recharges: 784,607 886,705 1,158,056 373,449

Planning and Growth:

Building Control

Employee	247,905	227,530	254,661	6,756
Premises	1,500	1,500	1,500	0
Transport	11,000	11,000	11,000	0
Supplies & Services	25,439	25,439	17,737	(7,703)
Support Services - Recharges In	93,610	93,610	181,080	87,470

Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.

Income	(295,500)	(232,500)	(302,976)	(7,476)
	83,954	126,579	163,001	79,047

Development Control

Employee	654,439	601,008	654,693	254
Premises	0	0	0	0
Transport	10,000	10,000	7,500	(2,500)
Supplies & Services	46,884	46,884	26,702	(20,183)
Support Services - Recharges Out	(62,970)	(62,970)	(64,650)	(1,680)
Support Services - Recharges In	222,940	222,940	233,280	10,340

Temporary funding in 2020/21 base for one-off Specialist Ecology advice of £12k and reduction in IT software costs (£8k).

Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.

Income	(534,150)	(529,154)	(565,292)	(31,142)
	337,143	288,708	292,232	(44,911)

Increase of (£15k) identified during previous year base budget process re: expected increase in demand and 2021/22 fees & charges increase of 3.1% (£16k).

Land Charges

Employee	49,324	37,540	50,035	711
Supplies & Services	20,061	20,061	12,082	(7,979)
Third Party Payments	30,000	30,000	31,000	1,000
Support Services - Recharges In	50,940	50,940	47,760	(3,180)
Income	(126,000)	(105,000)	(138,154)	(12,154)
	24,325	33,541	2,723	(21,602)

Increase of identified during previous year base budget process partly due to the housing market and 2021/22 fees & charges increase.

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Strategic Planning					
Employee	270,995	265,644	283,962	12,967	Incremental and 2% pay award increases.
Premises	0	0	0	0	
Transport	1,400	1,400	1,000	(400)	2021/22 budget increased by £40k re: New Burdens Grant expenditure (from reserves) growth in 2020/21 base budgets for two year examination programme. Balance of £1 transfer from IT for computer costs previously allocated centrally and not to departments.
Supplies & Services	75,265	75,265	96,856	21,591	
Transfer Payments	6,500	6,500	6,500	0	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	133,880	133,880	116,690	(17,190)	
Income	(21,295)	(18,795)	(21,729)	(434)	
	<u>466,745</u>	<u>463,894</u>	<u>483,279</u>	<u>16,534</u>	
Total Planning and Growth:	912,167	912,722	941,235	29,068	
Total Planning and Growth excluding capital charges & recharges:	473,767	474,322	427,075	(46,692)	
Total Planning and Growth excluding recharges:	473,767	474,322	427,075	(46,692)	
<u>Customer Services:</u>					
Benefits					
Employee	548,831	567,545	593,279	44,448	Variances include vacancy savings of £17k, role and working hours amendments in 2020/21 (shared with Revenues) and forecast 2% increase of gross pay.
Transport	1,200	1,200	1,200	0	
Supplies & Services	42,910	42,910	72,927	30,016	No change in bad debt provision required in 2021/22 (2020/21 budget assumed a reduction in the provision required).
Third Party Payments	0	0	0	0	Revision of Benefits payments and receipts based on current year forecasts and prior year actuals offset by reduced income.
Transfer Payments	23,042,927	21,437,171	22,464,068	(578,859)	
Support Services - Recharges Out	(243,584)	(243,584)	(258,773)	(15,189)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	565,930	565,930	445,290	(120,640)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(23,810,053)	(22,277,982)	(23,223,212)	586,841	Revision of Benefits payments and receipts based on current year forecasts and prior year actuals offset by reduced spend.
	<u>148,162</u>	<u>93,190</u>	<u>94,779</u>	<u>(53,383)</u>	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Crematorium and Cemeteries					
Employee	222,297	209,491	225,337	3,039	
Premises	473,708	456,539	467,969	(5,739)	
Transport	2,000	2,000	750	(1,250)	
Supplies & Services	104,098	104,097	97,437	(6,660)	
Third Party Payments	31,809	31,809	34,074	2,265	
Capital Charges	71,394	71,394	72,149	755	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	188,550	188,550	185,040	(3,510)	
Income	(1,602,488)	(1,563,966)	(1,601,740)	748	
	(508,632)	(500,086)	(518,984)	(10,352)	No major variances
Customer Services					
Employee	688,018	637,724	652,021	(35,997)	Decrease in customer service advisor positions in 2021/22.
Transport	351	351	250	(101)	
Supplies & Services	12,439	12,439	12,432	(7)	
Support Services - Recharges Out	(1,273,870)	(1,273,870)	(1,294,430)	(20,560)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	573,060	573,060	629,730	56,670	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	(2)	(50,296)	3	5	
Support Services					
Employee	187,687	153,421	163,601	(24,086)	Decrease in support service officer positions in 2021/22.
Supplies & Services	21,268	21,268	35,682	14,414	New booking and video appointments system contract awarded resulting in £14k increase in budget required in 2021/22.
Capital Charges	1,977	1,977	3,267	1,290	
Support Services - Recharges Out	(335,730)	(335,730)	(309,060)	26,670	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	124,790	124,790	106,510	(18,280)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	(8)	(34,274)	1	8	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Car Parks					
Employee	431,887	403,760	436,269	4,382	
Premises	295,496	292,728	347,088	51,592	Transfer from Markets service area for business rates for the Market Place for carparking spaces on the site.
Transport	15,557	15,557	14,052	(1,505)	
Supplies & Services	173,775	173,775	132,425	(41,350)	Savings applied to areas such as specialist services costs, cash collection charges and other expenses within this service area.
Transfer Payments	569,183	494,818	482,117	(87,066)	Resident permits and penalty charge income now being collected by Kings Lynn Borough Council so no transfer payment required for this offset by reduced income.
Capital Charges	47,873	47,873	44,213	(3,660)	
Support Services - Recharges In	375,360	375,360	404,590	29,230	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(2,748,919)	(1,736,369)	(2,511,828)	237,091	Budget update to reflect the removal of spaces along the seafront due to the marina centre re-development. £83k reduction income for resident permits which will be collected by Kings Lynn Borough Council in 2021/22 (linked to reduction in transfer payments above). £48k revised budget for Beach Coach Station income in line with prior year actuals.
	<u>(839,787)</u>	<u>67,502</u>	<u>(651,073)</u>	<u>188,714</u>	
Revenues					
Employee	711,931	663,032	730,541	18,610	2% increase pay increase.
Premises	0	0	0	0	
Transport	2,000	2,000	2,000	0	
Supplies & Services	236,044	236,044	278,004	41,960	Budget increased in line with additional computer costs.
Third Party Payments	0	0	0	0	
Transfer Payments	100	100	100	0	
Support Services	36,000	21,000	30,000	(6,000)	
Capital Charges	0	0	0	0	
Support Services - Recharges Out	(367,260)	(367,260)	0	367,260	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	853,660	853,660	800,610	(53,050)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(627,198)	(501,691)	(601,925)	25,273	Reduction of miscellaneous income budget in line with prior year actuals.
	<u>845,277</u>	<u>906,885</u>	<u>1,239,330</u>	<u>394,053</u>	
Total Customer Services:	<u>(354,990)</u>	<u>482,921</u>	<u>164,056</u>	<u>519,046</u>	
Total Customer Services excluding capital charges & recharges:	<u>(937,140)</u>	<u>(99,229)</u>	<u>(665,080)</u>	<u>272,060</u>	
Total Customer Services excluding recharges:	<u>(815,896)</u>	<u>22,015</u>	<u>(545,451)</u>	<u>270,445</u>	

Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
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Property and Asset Management:**Property Building Services**

Premises	419,936	419,936	467,136	47,200	Revision of 2020/21 base budgets and transfers from other cost centres within Property services to realign areas of responsibility.
	419,936	419,936	467,136	47,200	

Town Hall

Premises	160,376	160,376	164,528	4,153	
Supplies & Services	0	0	1,000	1,000	
Capital Charges	42,910	42,910	49,010	6,100	
Support Services - Recharges Out	(291,520)	(291,520)	(281,270)	10,250	
Support Services - Recharges In	88,230	88,230	66,730	(21,500)	
Income	0	0	0	0	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	(4)	(4)	(2)	3	

Greyfriars House

Employee	0	0	0	0	
Premises	120,529	120,529	110,111	(10,418)	
Capital Charges	7,710	7,710	7,710	0	Reductions in utility & rates budgets (£7k).
Support Services - Recharges Out	(178,940)	(178,940)	(212,240)	(33,300)	
Support Services - Recharges In	50,710	50,710	94,420	43,710	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	9	9	1	(8)	

Maritime House

Employee	0	0	0	0	
Premises	47,160	60,511	40,107	(7,053)	
Transport	0	0	0	0	
Supplies & Services	4,865	4,865	3,528	(1,337)	
Capital Charges	4,560	4,560	4,560	0	
Support Services - Recharges Out	(106,010)	(106,010)	(109,890)	(3,880)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	49,420	49,420	61,700	12,280	
Income	0	0	0	0	No major variances
	(4)	13,346	6	10	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Catalyst Centre					
Employee	0	0	0	0	
Premises	45,410	45,409	47,730	2,320	
Supplies & Services	700	700	714	14	
Capital Charges	4,684	4,684	3,958	(726)	
Support Services - Recharges Out	(103,600)	(103,600)	(116,540)	(12,940)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	52,800	52,800	64,140	11,340	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	(6)	(7)	2	8	
Public Toilets					
Employee	0	0	0	0	
Premises	217,054	217,054	184,705	(32,349)	Removal of business rates budgets due to rate relief in 2021/22 (£22k) and transfers of costs within Property service from other areas (15k).
Supplies & Services	10,015	10,015	10,915	900	
Capital Charges	158,788	158,788	163,129	4,341	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	40,530	40,530	42,980	2,450	
Income	(4,000)	(4,000)	(4,000)	0	
	422,387	422,387	397,729	(24,658)	
Repairs and Maintenance					
Employee	0	0	0	0	
Premises	125	125	125	0	
Supplies & Services	13,422	13,422	15,741	2,319	
Third Party Payments	8,714	8,714	8,714	0	
Capital Charges	267,594	267,594	253,632	(13,962)	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	55,630	55,630	52,180	(3,450)	
Income	(209,000)	(109,000)	(97,572)	111,428	Reduction in profit share income due to transfer of GYN Asset Management Team.
	136,485	236,485	232,820	96,335	
Footway Lighting					
Employee	0	0	0	0	
Premises	177,949	177,949	179,954	2,005	
Supplies & Services	11,650	11,650	13,319	1,669	
Capital Charges	68,187	68,187	74,179	5,992	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	54,120	54,120	55,150	1,030	
Income	0	0	0	0	
	311,906	311,906	322,602	10,696	No major variances

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Coast Protection					
Employee	55,166	54,274	56,620	1,454	
Premises	42,000	42,000	42,000	0	
Transport	2,878	2,878	1,250	(1,628)	
Supplies & Services	56,359	56,359	58,195	1,836	
Capital Charges	362,692	362,692	362,692	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	42,870	42,870	51,220	8,350	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(550)	(550)	(550)	0	
	<u>561,415</u>	<u>560,523</u>	<u>571,427</u>	<u>10,012</u>	
Beach Huts					
Employee	36,000	36,000	0	(36,000)	Reallocation of base budget as per below to 'match' actual expenditure.
Premises	2,000	2,000	9,919	7,919	
Transport	0	0	0	0	
Supplies & Services	0	0	36,000	36,000	Reallocation of base budget as per above to 'match' actual expenditure.
Support Services - Recharges In	16,080	16,080	21,950	5,870	
Income	(60,500)	(44,500)	(61,940)	(1,440)	
	<u>(6,420)</u>	<u>9,580</u>	<u>5,929</u>	<u>12,349</u>	
Community Centres					
Employee	0	0	0	0	
Premises	13,374	14,126	10,799	(2,575)	
Capital Charges	27,142	27,142	27,142	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	14,650	14,650	9,580	(5,070)	
Income	(2,632)	(2,632)	(8,274)	(5,642)	
	<u>52,534</u>	<u>53,286</u>	<u>39,247</u>	<u>(13,287)</u>	No major variances
Easter Fayre					
Employee	2,000	0	0	(2,000)	
Supplies & Services	20,000	0	0	(20,000)	
Support Services - Recharges In	7,120	7,120	0	(7,120)	
Income	(15,265)	0	0	15,265	
	<u>13,855</u>	<u>7,120</u>	<u>0</u>	<u>(13,855)</u>	Budget for 2021/22 updated to reflect cancellation of the event
Go Trade - Markets					
Employee	17,550	17,550	20,161	2,611	
Supplies & Services	17,464	17,464	36,588	19,124	Extension of project by one year to March 2022.
Income	(24,160)	(24,160)	(39,154)	(14,994)	As above.
	<u>10,854</u>	<u>10,854</u>	<u>17,595</u>	<u>6,741</u>	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Markets					
Employee	69,926	68,142	72,445	2,519	
Premises	256,143	256,143	216,504	(39,639)	Transfer to Car Parking service of business rates for Market Place as per request of Property pending their confirmation of the split between Markets and Car Parking so that charge can be allocated correctly.
Transport	500	500	250	(250)	
Supplies & Services	39,624	39,624	39,400	(224)	
Capital Charges	4,820	4,820	4,820	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	75,220	75,220	57,540	(17,680)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(259,759)	(200,009)	(259,759)	0	
	<u>186,473</u>	<u>244,440</u>	<u>131,200</u>	<u>(55,274)</u>	
Bretts					
Premises	3,637	3,637	37,867	34,230	Budget updated to capture all costs, these are 'off-set' by transfer of budget below and increased charges to third parties.
Supplies & Services	25,247	25,247	6,576	(18,671)	Transfer of budget as per above.
Support Services - Recharges In	11,690	11,690	7,160	(4,530)	
Income	(43,732)	(43,732)	(56,209)	(12,477)	Increased charges as per above.
	<u>(3,158)</u>	<u>(3,158)</u>	<u>(4,606)</u>	<u>(1,448)</u>	
Courts					
Premises	7,544	7,544	7,290	(254)	
Support Services - Recharges In	12,580	12,580	7,880	(4,700)	
Income	(21,569)	(21,569)	(14,670)	6,899	
	<u>(1,445)</u>	<u>(1,445)</u>	<u>500</u>	<u>1,945</u>	No major variances
South Denes Energy Park					
Premises	7,397	7,397	2,869	(4,528)	
Support Services - Recharges In	82,900	82,900	54,050	(28,850)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(8,004)	(8,004)	(8,004)	0	
	<u>82,293</u>	<u>82,293</u>	<u>48,915</u>	<u>(33,378)</u>	
Factory Units					
Premises	40,756	40,756	38,900	(1,856)	
Supplies & Services	2,817	2,817	3,307	490	
Support Services - Recharges In	24,880	24,880	17,930	(6,950)	
Income	(136,866)	(136,866)	(134,451)	2,415	
	<u>(68,413)</u>	<u>(68,413)</u>	<u>(74,314)</u>	<u>(5,901)</u>	No major variances

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Corporate Estates					
Employee	19	19	20	1	
Premises	383,410	423,888	399,222	15,812	Increase in business rates charges £18k.
Supplies & Services	31,869	31,869	33,473	1,604	
Capital Charges	14,030	14,030	13,869	(161)	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	590,850	590,850	505,180	(85,670)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(2,478,510)	(2,376,276)	(2,302,177)	176,333	The budget has been updated to reflect current occupancy and lease arrangements, some are temporary reductions.
	(1,458,332)	(1,315,620)	(1,350,414)	107,919	
Minerva House					
Premises	68,547	33,100	8,400	(60,147)	Change in lease has released (£44k) in rates & electricity savings with the balance transferred within Property services.
Supplies & Services	6,599	6,599	0	(6,599)	
Support Services - Recharges In	16,870	16,870	8,840	(8,030)	
Income	(36,600)	(36,600)	(65,575)	(28,975)	New tenancy 'stepped' increase in rent.
	55,416	19,969	(48,335)	(103,751)	
Onians					
Premises	787	786	493	(294)	
Supplies & Services	2,560	2,560	1,000	(1,560)	
Support Services - Recharges In	9,420	9,420	7,880	(1,540)	
Income	(13,310)	(13,310)	(10,800)	2,510	
	(543)	(544)	(1,427)	(884)	
Property Services					
Employee	983,062	863,666	1,011,788	28,726	Incremental and 2% pay award increases.
Premises	6,179	6,179	6,179	0	
Transport	6,900	6,900	6,100	(800)	
Supplies & Services	28,828	28,828	28,128	(700)	
Support Services - Recharges Out	(994,307)	(994,307)	(1,034,600)	(40,293)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	256,780	256,780	275,690	18,910	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(287,449)	(187,449)	(293,281)	(5,832)	
	(7)	(19,403)	4	11	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Housing Asset Team					
Employee	0	0	674,914	674,914	This is a new service area created by the transfer of GYN Asset Management Team to GYBC and will be recharged to the capital programme and Housing Revenue Account (r and capital) budgets. As above. As above.
Supplies & Services	0	0	104,000	104,000	
Income	0	0	(920,114)	(920,114)	
	0	0	(141,200)	(141,200)	
Beacon Park					
Employee	0	0	0	0	Reallocation of budgets as per below to 'match' actual expenditure. Reallocation of budgets as per above to 'match' actual expenditure. Reflects changes in depreciation charge for assets aligned to this service.
Premises	170,070	202,646	187,008	16,939	
Supplies & Services	59,543	59,543	49,450	(10,093)	
Capital Charges	139,220	139,220	167,536	28,316	Stepped' increases in five current leases less one termination (£68k) plus insurance charges to tenants (£15k).
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	72,000	72,000	70,010	(1,990)	
Income	(1,060,514)	(1,059,514)	(1,143,589)	(83,075)	
	(619,681)	(586,105)	(669,585)	(49,903)	
Total Property and Asset Management:	95,548	397,435	(54,770)	(150,318)	
Total Property and Asset Management excluding capital charges & recharges:	(957,762)	(655,875)	(964,677)	(6,915)	
Total Property and Asset Management excluding recharges:	144,575	446,462	167,560	22,985	
<u>Communications and Marketing:</u>					
Communications					
Employee	251,828	190,374	195,145	(56,683)	Restructure in 2020/21 moved posts to Print Room and Civic and Portering services. One post transferred from ICT.
Premises	0	0	0	0	
Transport	750	750	1,500	750	
Supplies & Services	9,882	10,132	10,424	543	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges Out	(323,290)	(323,290)	(242,110)	81,180	
Support Services - Recharges In	90,830	90,830	40,040	(50,790)	
Income	(10,000)	0	(5,000)	5,000	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	20,000	(31,204)	(1)	(20,001)	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Events					
Supplies & Services	6,064	6,064	5,875	(189)	
Support Services - Recharges In	85,310	85,310	122,110	36,800	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(6,100)	0	(6,700)	(600)	
	85,274	91,374	121,285	36,011	
Mayor					
Supplies & Services	9,453	8,478	7,300	(2,153)	
Support Services - Recharges In	15,110	15,110	15,470	360	
Income	0	0	0	0	
	24,563	23,588	22,770	(1,793)	No major variances
Tourism					
Employee	90,686	55,641	90,116	(570)	
Premises	1,323	3,823	1,359	36	
Transport	100	100	100	0	
Supplies & Services	232,947	127,106	232,118	(829)	
Third Party Payments	550	0	550	0	
Support Services	1,400	1,400	1,400	0	
Capital Charges	0	0	0	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	334,690	334,690	247,120	(87,570)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(170,059)	(26,932)	(170,959)	(900)	
	491,637	495,828	401,804	(89,833)	
Civic and Portering					
Employee	155,086	141,056	186,464	31,378	Restructure in 2020/21 moved post from Communications.
Premises	2,000	0	2,000	0	
Transport	12,433	7,433	12,746	313	
Supplies & Services	19,899	22,308	22,352	2,453	
Support Services - Recharges Out	(274,250)	(274,250)	(371,610)	(97,360)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	91,830	91,830	155,050	63,220	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(7,000)	0	(7,000)	0	
	(2)	(11,623)	2	4	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Print and Design					
Employee	105,892	101,311	164,100	58,208	Restructure in 2020/21 moved a post from Communications.
Premises	0	0	0	0	
Transport	0	0	200	200	
Supplies & Services	55,492	48,492	56,574	1,082	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges Out	(214,400)	(214,400)	(274,440)	(60,040)	
Support Services - Recharges In	70,520	70,520	77,070	6,550	
Income	(17,500)	(2,500)	(23,500)	(6,000)	
	4	3,423	4	0	
Total Communications and Marketing:	621,475	571,386	545,864	(75,612)	
Total Communications and Marketing excluding capital charges & recharges:	745,125	695,036	777,164	32,038	
Total Communications and Marketing excluding recharges:	745,125	695,036	777,164	32,038	
<u>Environmental Services:</u>					
Environmental Health					
Employee	1,167,035	1,038,755	1,157,853	(9,182)	A percentage of two posts have been transferred to Selective Licensing to cover management of the scheme.
Premises	250,910	250,910	255,828	4,918	
Transport	39,907	39,907	39,954	47	
Supplies & Services	245,879	235,907	260,317	14,438	Barrister costs for court case due in 2021/22 funded from the general reserve.
Third Party Payments	10,000	10,000	10,000	0	
Transfer Payments	261,305	267,606	276,004	14,699	
Support Services	0	0	0	0	Inflation increase on drainage board levy.
Capital Charges	9,340	9,340	9,340	0	
Support Services - Recharges Out	(63,680)	(63,680)	(69,350)	(5,670)	
Support Services - Recharges In	401,140	401,140	372,810	(28,330)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(121,177)	(93,260)	(120,034)	1,143	
	2,200,660	2,096,625	2,192,722	(7,938)	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Selective Licensing					
Employee	73,453	71,669	45,474	(27,979)	Full time secondment ended in 2020/21.
Transport	100	100	1,463	1,363	
Supplies & Services	1,646	1,646	1,547	(99)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	52,460	52,460	32,780	(19,680)	
Income	(50,000)	(50,000)	(50,000)	0	
	<u>77,659</u>	<u>75,875</u>	<u>31,264</u>	<u>(46,395)</u>	
Grounds Maintenance					
Employee	0	0	0	0	
Premises	525,259	510,976	535,018	9,759	
Transport	0	0	0	0	
Supplies & Services	34,847	43,899	42,827	7,981	
Third Party Payments	11,540	9,240	11,540	0	
Capital Charges	84,906	84,906	82,075	(2,831)	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	24,240	24,240	23,200	(1,040)	
Income	(44,950)	(44,950)	(39,950)	5,000	
	<u>635,841</u>	<u>628,311</u>	<u>654,710</u>	<u>18,869</u>	No major variances
Street Cleansing					
Employee	0	0	0	0	
Premises	651,095	651,095	664,117	13,022	Inflation increase on joint venture contract with GYB Services.
Third Party Payments	404	404	404	0	
Support Services - Recharges In	19,580	19,580	18,890	(690)	
Income	0	0	0	0	
	<u>671,079</u>	<u>671,079</u>	<u>683,411</u>	<u>12,332</u>	
Grounds and Parks					
Employee	0	0	0	0	
Premises	94,237	94,236	96,130	1,893	
Supplies & Services	8,684	8,684	10,997	2,312	
Third Party Payments	90,285	90,285	90,285	0	
Capital Charges	3,522	3,522	3,522	0	
Support Services - Recharges In	33,050	33,050	35,860	2,810	
Income	0	0	0	0	
	<u>229,778</u>	<u>229,777</u>	<u>236,794</u>	<u>7,016</u>	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Outdoor Sports					
Employee	0	0	0	0	
Premises	390,190	388,088	398,072	7,882	
Supplies & Services	8,390	8,390	11,986	3,596	
Third Party Payments	42,379	42,379	0	(42,379)	Transfer to Waste for cleaning 'Hit Squad'.
Capital Charges	50,385	50,385	55,285	4,900	
Support Services - Recharges In	26,110	26,110	44,860	18,750	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(98,975)	(56,907)	(89,686)	9,289	
	<u>418,480</u>	<u>458,445</u>	<u>420,517</u>	<u>2,037</u>	
Licensing					
Employee	68,794	66,878	111,384	42,590	Transfer of percentage of staff costs from Elections as employees work in both areas.
Premises	2,952	2,952	3,012	60	
Transport	600	600	400	(200)	
Supplies & Services	35,525	32,192	26,421	(9,104)	
Support Services - Recharges In	62,040	62,040	120,420	58,380	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(277,113)	(277,113)	(269,874)	7,240	
	<u>(107,202)</u>	<u>(112,451)</u>	<u>(8,237)</u>	<u>98,965</u>	
Waste Management					
Employee	97,030	66,138	176,239	79,209	Costs are fully funded by GYB Services and Norfolk Waste Partnership.
Premises	0	51,934	65,721	65,721	Cleaning 'Hit Squad' funded by transfer from Outdoor Sports service and Reserve balance.
Supplies & Services	570,252	565,452	610,110	39,858	Increase in gate fees and garden waste charges, along with increased recycling tonnage.
Third Party Payments	2,149,220	2,137,221	2,191,085	41,864	Inflation increase on joint venture with GYB Services.
Capital Charges	18,011	18,011	18,011	0	
Support Services - Recharges In	169,300	169,300	141,620	(27,680)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(1,479,388)	(1,397,888)	(1,629,750)	(150,362)	£23k inflation increase on bulky waste and garden bin fees. Increase in recycling tonnage credits received of £40k. Recharge of employee costs to GYB Services and Norfolk V Partnership.
	<u>1,524,425</u>	<u>1,610,168</u>	<u>1,573,036</u>	<u>48,611</u>	
Total Environmental Services:	5,650,720	5,657,829	5,784,217	133,497	
Total Environmental Services excluding capital charges & recharges:	4,760,316	4,767,425	4,894,894	134,578	
Total Environmental Services excluding recharges:	4,926,480	4,933,589	5,063,127	136,647	

	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget	Variance 20/21 Base Budget to 21/22 Base Budget	Comments
Total for Services:	11,210,731	11,118,491	10,447,281	(763,451)	
Total for Services excluding capital charges & recharges:	10,958,924	10,866,684	10,745,364	(213,561)	
Total for Services excluding recharges:	12,938,182	12,845,942	12,361,674	(576,509)	

General Fund 2021/22 Budget - Expenditure Type Analysis

General Fund Expenditure Type	2019/20 Actuals	Original 2020/21 Budget	2020/21 Forecast	2021/22 Budget
Employee	12,661,926	11,818,540	10,925,943	12,709,422
Premises	5,249,494	5,264,131	5,317,412	5,244,046
Transport	144,257	147,903	140,995	140,032
Supplies & Services	6,318,564	5,527,675	44,327,434	6,136,574
Third Party Payments	3,176,537	3,527,277	3,364,693	3,434,666
Transfer Payments	23,878,035	24,487,643	22,813,822	23,347,229
Support Services	111,205	147,131	132,131	117,400
Capital Charges	1,635,706	1,979,258	1,979,258	1,616,310
Support Services - Recharges Out	(10,115,587)	(11,067,301)	(11,067,301)	(11,440,153)
Support Services - Recharges In	8,463,390	9,339,850	9,339,850	9,525,760
Income	(40,148,712)	(39,961,376)	(76,155,746)	(40,384,006)
	11,374,815	11,210,731	11,118,491	10,447,281

Note: The 2020/21 forecast 'Income' includes the COVID funding received by the Council to pay national and discretionary grants. The 'Supplies & Services' forecast correspondingly includes the grants being paid to businesses by the Council.

Council Tax Summary 2021/22

	2020/21 Actual	Actual 2021/22 £5 Council Tax Increase			
			Movement £	Movement %	
Demand on Collection Fund (excluding Parish/Town Precepts)	£ 4,835,911	£ 4,865,925	£30,014	0.62%	
Borough Council Tax (excl Surplus/Deficit) <i>Less Estimated Collection Fund Surplus at 31st March OR PLUS Deficit</i>	£ 166.48	£ 168.31 <i>£3.17</i>	£1.83 <i>£3.17</i>		
Net Borough Council Tax at Band D	£ 166.48	£ 171.48	£ 5.00	3.00%	
Value of Precepts	£ 479,131	£519,506	£90,183	18.82%	
Effect of Parish/Town Precepts	£ 16.49	17.97	£1.48	8.98%	
Billed Borough Council Tax at Band D	£ 182.97	£ 189.45	£ 6.48	3.54%	

Tax Base	29,048	28,910
Tax Base Movement (from 2020/21)	488	-138 reduction

Note: The Tax Base for 2021/22 is 28,910 (2020/21 29,048) so each £28,910 change in net expenditure has £1.00 effect on Council Tax at Band D.

Reserves Statement

Summary and Purpose of Reserve		Opening Balance 01/04/20 £'000's	Forecast Movement 2020/21 £'000's	Forecast Closing Balance 31/03/21 £'000's	Budgeted Movement 2021/22 £'000's	Forecast Closing Balance 31/03/22 £'000's	Budgeted Movement 2022/23 £'000's	Forecast Closing Balance 31/03/23 £'000's	Budgeted Movement 2023/24 £'000's	Forecast Closing Balance 31/03/24 £'000's	Budgeted Movement 2024/25 £'000's	Forecast Closing Balance 31/03/25 £'000's
Planning Delivery Grant	The reserve is planned to be used to provide service improvements in Planning, and deliver the Local Plan.	62	0	62	0	62	0	62	0	62	0	62
Insurance Fund	The Council budgets for a level of excess being charged to the Service Accounts annually. Any under provision is met from the Insurance Fund, and any surplus is transferred to the fund.	312	0	312	0	312	0	312	0	312	0	312
DFG top-up capital loans and grant fund	To support the provision of discretionary grants and loans to enable residents to adapt their home.	350	50	400	0	400	0	400	0	400	0	400
Restricted use grant	This reserves holds unspent grants received for specific purposes for which the spend has not yet been incurred.	935	-143	792	-4	788	-41	747	-20	727	-20	707
Invest to Save	To be used to fund one-off costs associated with projects that will deliver future efficiencies and savings including costs associated with restructures.	1,553	-285	1,269	0	1,269	0	1,269	0	1,269	0	1,269
Specific budget	This reserve is utilised as expenditure is incurred.	192	-30	162	2	164	-22	142	-36	105	0	105
LEGI	As costs are incurred, these are offset by the reserve.	124	-50	74	0	74	0	74	0	74	0	74
Repairs and Maintenance	This reserve is utilised as expenditure is incurred.	302	0	302	0	302	0	302	0	302	0	302
Waste Management	This reserve is utilised as expenditure is incurred in relation to the service.	25	0	25	-11	14	-11	2	-2	0	0	0
Collection Fund	Earmarked to mitigate the fluctuations in business rate and council tax income between years.	1,884	0	1,884	-100	1,784	0	1,784	0	1,784	0	1,784

Summary and Purpose of Reserve		Opening Balance 01/04/20 £'000's	Forecast Movement 2020/21 £'000's	Forecast Closing Balance 31/03/21 £'000's	Budgeted Movement 2021/22 £'000's	Forecast Closing Balance 31/03/22 £'000's	Budgeted Movement 2022/23 £'000's	Forecast Closing Balance 31/03/23 £'000's	Budgeted Movement 2023/24 £'000's	Forecast Closing Balance 31/03/24 £'000's	Budgeted Movement 2024/25 £'000's	Forecast Closing Balance 31/03/25 £'000's
Community Housing Fund	This represents grants previously received to assist with the delivery of Community Housing.	543	-30	513	-30	483	-30	453	-30	423	-30	393
Enforcement	Earmarked for enforcement related works to address issues and bring properties back into use.	42	0	42	0	42	0	42	0	42	0	42
Special Project Reserve	Earmarked as per the 2017/18 budget report for project spend and also for matched funding as appropriate.	554	-238	316	-118	198	-79	119	-26	93	0	93
Benefits/Revenues Reserve	Earmarking of grants and underspends to be used for the service and mitigation of subsidy impacts.	145	0	145	0	145	0	145	0	145	0	145
Homelessness	These Reserves are utilised as expenditure is incurred.	281	-102	179	-165	14	-14	0	0	0	0	0
Treasury Management reserve	This reserve is held to mitigate year on year fluctuations of investment income received.	200	0	200	0	200	0	200	0	200	0	200
Asset Management reserve	This reserve is held to mitigate the impact of fluctuations between financial years from income received from Council assets and properties, in addition it includes re-allocation from other reserves to be used for investments in Council assets including current and future asset enhancements.	1,798	-744	1,054	-257	797	-205	592	-205	387	0	387
Coast Protection	Established as part of the 2019/20 budget process for match funding and mitigate one-off costs in relation to coast protection.	115	-75	40	0	40	0	40	0	40	0	40
Empty Business Property Incentive Fund	Earmarking of funds to be used for incentivising bringing properties back into use. Policy to be developed.	100	0	100	0	100	0	100	0	100	0	100
Other Reserves	These Reserves are budget carry forwards to be used in future years	1,331	-139	1,191	-48	1,144	-10	1,134	0	1,134	0	1,134
Total GF Earmarked Reserves		10,848	-1,786	9,062	-732	8,330	-412	7,918	-319	7,599	-50	7,549
General Fund Reserve	Current recommended balance of £2.8 million (as at Feb 2020)	3,490	-449	3,041	-327	2,714	0	2,714	0	2,714	0	2,714
Total GF Reserves		14,338	12,266	12,104	-1,059	11,045	-412	10,633	-319	10,313	-50	10,263

Note: movement of General Fund Reserve in 2021/22 includes the £111,916 deficit on the General Fund as per the budget in Appendix A.

Policy Framework for the Earmarked Reserves and Assessing the Optimum Level of the General Reserve for the period 2021/22 to 2023/24

1 Background

- 1.1 In accordance with statute (principally the Local Government Finance Act 2002) and following the Guidance Note on Local Authority Reserves and Balances (LAAP Bulletin No. 77 – November 2008), Great Yarmouth Borough Council maintains a range of reserves.
- 1.2 Two types of reserves are discussed in this policy framework:
 - Earmarked Reserves
 - The General Reserve
- 1.3 There are also a number of other reserves which local authorities hold in relation to legislation and proper accounting practices, these are not resource-backed reserves and therefore are not considered as part of this policy framework.
- 1.4 In making decisions in relation to setting the Council Tax, section 25 of the Local Government Act 2003 requires the Chief Financial Officer of the Council to report to the Council on the adequacy of the proposed financial reserves.
- 1.5 This Policy framework has been informed by current guidance on the level of reserves including, both the Local Authority Accounting Panel (LAAP) Bulletin No. 77 and the Audit Commissions report published in December 2012 ‘Striking a Balance’ Improving Councils’ Decision Making on Reserves’.

2 Earmarked Reserves

2.1 Purpose

- 2.1.1 Earmarked reserves are a means of building up funds to meet known or predicted liabilities.
- 2.1.2 Typically earmarked reserves are used to set aside sums for major schemes, such as capital developments, asset purchases, or to fund reorganisations and restructurings to deliver longer term savings and efficiencies. Reserves can also be held for trading and business units built up from surpluses to cover potential losses in future years, or to finance capital expenditure. In certain circumstances, if expenditure is delayed on specific budgets, it may be agreed that the underspending at a year end is carried forward for future use in an earmarked reserve. Such decisions would be subject to considering the overall financial position of a Local Authority.

2.2 Earmarked Reserves Protocol

- 2.2.1 For each reserve the following arrangements have been established:
 - the reasons for / purpose of the reserve
 - how and when the reserve can be used
 - procedures for the reserve’s management and control
 - a process and timetable for review of the reserve to ensure continuing relevance and adequacy.
- 2.2.2 The establishment and use of earmarked reserves is reviewed at the time of budget setting and then controlled through the year as part of the regular budget monitoring processes.

2.3 Review of Earmarked Reserves

- 2.3.1 The Reserves Statement is included as part of the Budget Report to Policy and Resources Committee and gives full details of the earmarked reserves and current planned use.

- 2.3.2 It is considered that sufficient provision for the Council's capital programme (as recommended) has been included in the capital estimates and capital reserves, and relevant revenue budgets (eg interest and Minimum revenue Provision) has been provided for that nothing further is required.
- 2.3.3 Where in-year expenditure is being funded by earmarked reserves and general reserves, the relevant transfers from the reserves have been allowed for within the reserves balances and revenue account budgets as detailed in the budget report.

3 The General Reserve

3.1 Purpose

- 3.1.1 The general reserve is held for two main purposes:
- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
 - a contingency to help cushion the impact of unexpected events or emergencies.

3.2 The Optimum Level of the General Reserve

- 3.2.1 There are two recommended approaches for deciding the optimum level of the general reserve:
- A risk assessment of the budget which takes full account of the context within which the budget has been prepared. The budget report itself provides this contextual information.
 - To set the reserve at a percentage of expenditure. Too low a level puts the council at unacceptable risk of failing to meet its obligations, too high a level unnecessarily ties up resources.
- 3.2.2 This appendix sets out the framework for considering a risk assessment approach and validating the result against a percentage calculation. At the end of the day, the level of reserves is a matter of opinion informed by the judgement of the Council's Chief Financial Officer.

3.3 Assessment Framework

- 3.3.1 The issues to be considered include the following:
- The Council continues to operate on an ongoing basis.
 - The robustness of the budget process including recognition of the linkages with the corporate plan, the strategic risks and the financial plan update.
 - Internal financial control mechanisms and adequacy of the budget monitoring processes.
 - The adequacy of earmarked reserves and the movements on the general reserves both in the past and planned.
 - The extent to which savings and planned service reductions are required and can be relied upon to support corporate plan targets.
 - The risk of major litigation and legal claims, both currently and in the future.
 - The impact of future Government funding reductions.
 - Implications of the Local Council Tax Support Scheme and increase in the demand for support.
 - Fluctuations in retained business rate income and funding from the government for the extensions to reliefs for example small business rates.

- Fluctuations around certain income streams and grants, for example demand led services such as planning, building control income, land charges, car parking and recycling.
 - Future changes to the funding for Local Authorities, for example the New Homes Bonus and an increase to the share of business rates that is retained locally.
 - Unplanned volume increases in major demand led budgets, particularly in the context of the current economic climate for example housing benefits, council tax support and homelessness.
 - The need to retain a general contingency to provide for any unforeseen circumstances that may arise including inadequately funded Government initiatives.
 - Where there is a move to do less by direct service provision for example through third parties, including outsourcing, this in turn increases the risks borne by authorities. There is a risk that these arrangements fail and there are many circumstances when a statutory liability remains with the local authority. Such risks may not be insurable at an economic level and demand rigorous risk minimisation strategies and this is an area that will be considered in more detail if the Council pursues these arrangements in future years.
 - The need to retain reserves for general day to day cash flow requirements.
- 3.3.2 Furthermore the impact of Covid should be taken into account when considering the recommended level of the general reserve. The budget has included the Covid funding that has been allocated to mitigate the impact of Covid to Local Authorities. The unknown impact of the effectiveness of the vaccination and lockdown on the spread of the virus presents a further uncertainty on the setting of the budget for 2021/22 and delivery of income and rental streams. This therefore needs to be taken into account when considering the factors that inform the setting of the general reserve level.
- 3.3.3 All of these issues interlink and any one incident is likely to span across many of the issues and might not be contained within one financial year. Risks change over time and the general reserve needs to be considered across the medium term financial plan. What might be an adequate level of reserves now may not be reflective of what would be deemed to be adequate in years two to four. Therefore the framework should be reviewed as part of the budget setting process.

3.4 The Assessment of the General Fund Reserve

- 3.4.1 When undertaking the assessment it must be remembered that the items considered are merely guides to assessing the overall level of the reserve. In no way is it a budget for any of the items being created since by its nature a general reserve is designed to protect against the unexpected and unquantifiable for whatever reason.
- 3.4.2 Having considered the relevant risks and the mitigation measures already in place, it is felt that the following indicative items should be taken into account in the budget risk assessment for 2021/22 to assess the recommended level of reserves:

<i>Item</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023/24</i>
1 Pay and Price Inflation (0.5% sensitivity to budget assumption)	140,000	140,000	140,000
2 Interest Rates & MRP (0.5% sensitivity to short term borrowing and profiling of capital spend and MRP impact)	150,000	150,000	150,000
3 Failure to Achieve Planned Savings and Cost Pressures from Corporate Plan Targets (to ensure core services are maintained)	200,000	150,000	150,000
4 Major Litigation and Legal Claims (to provide additional comfort above earmarked reserves)	100,000	100,000	100,000

5 Emergencies and Other Unknowns (to recognise the risks associated with unpredictable events)	500,000	500,000	500,000
6 Treatment of Demand Led Pressures (recognising the impact of increase or reduction in demand and compensating increase or reduction in expenditure or income)	700,000	700,000	700,000
7 Project Risks (To recognise the risks the Authority is facing in terms of partnership work and significant projects)	300,000	300,000	300,000
8 Cash Flow (the impact of timing of cash flow, including the profiling of expenditure)	100,000	100,000	100,000
9 Future Funding Fluctuations (an allowance to reflect the increased risk around local funding, ie business rates and new homes bonus, to mitigate the impact within and between financial years)	800,000	900,000	900,000
Total Indicated General Fund Reserve Recommended	2,990,000	3,040,000	3,040,000
% of Net Budgeted Operating Expenditure (excluding parish precepts)	25%	25%	25%

4 Chief Financial Officer's Opinion

- 4.1 The Earmarked Reserves detailed within the reserves statement are proper and appropriate with regard to purpose, level and proposed use, although the future timing of their use will be reported within the budget monitoring reports and the statement updated accordingly.
- 4.2 Based on the assessment detailed above the recommended level of the general reserve for 2021/22 would be **£3 million**, this is slightly higher than the current recommended balance (of £2.8 million). The budgeted General Fund Reserve as presented for approval is slightly below the recommended level, although there is scope within the earmarked reserves to re-allocate funds as applicable, these will be reviewed further as part of the 2020/21 outturn position which will be reported on later in the year.

Appendix F - General Fund Capital Programme - Detail - 2020/21

Services & Projects	Budget Expenditure £000	2020/21 Expenditure £000		2021 Budget Financing - £000				2021/22 Onwards
	Updated 20/21 Budget	Actuals 20/21 at Period 9	Forecast 20/21	Borrowing	Grants & Contributions	Revenue/ Earmarked Reserves	Capital Receipts	(Roll forward from 20/21)
Childrens Playground Refurbishment	87	-	-	87	-	-	-	87
Cobholm Skate Park	99	94	98	74	-	-	25	-
Wellesley CCTV	15	-	-	15	-	-	-	15
Total: Neighbourhood Management	200	94	98	175	-	-	25	102
Rebuilding sections of Factory Rd/Belvedere Rd/Nth Denes Rd Gt Yarmouth Cemetery Wall	19	19	19	19	-	-	-	-
St Nicholas Minster West Boundary Wall	95	-	-	95	-	-	-	95
St Nicholas car park North Boundary Wall	25	-	-	25	-	-	-	25
Rebuilding sections of Great Yarmouth Cemetry Wall - East Road	9	0	9	9	-	-	-	-
Crematorium Roof Works	21	-	21	21	-	-	-	-
Crematorium Tearooms	444	8	50	444	-	-	-	394
Total: Customer Services	613	28	99	613	-	-	-	514
Health and Fitness Centre	24,509	1,862	4,500	20,759	3,750	-	-	20,009
The Waterways	33	29	33	-	33	-	-	-
Phoenix Pool & Gym car park extension	130	-	130	130	-	-	-	-
Town Deal	TBC							
Future High Street Fund	TBC							
Winter Programme	905	-	905	-	905	-	-	-
Great Yarmouth Preservation Trust Loans	340	340	340	340	-	-	-	-
Total: Inward Investment	25,917	2,230	5,908	21,229	4,688	-	-	20,009

Appendix F - General Fund Capital Programme - Detail - 2020/21

Services & Projects	Budget Expenditure £000	2020/21 Expenditure £000		2021 Budget Financing - £000				2021/22 Onwards	
	Updated 20/21 Budget	Actuals 20/21 at Period 9	Forecast 20/21	Borrowing	Grants & Contributions	Revenue/ Earmarked Reserves	Capital Receipts	(Roll forward from 20/21)	
Disabled Facilities Grants	1,385	309	692	-	0	1,362	-	22	692
Better Care Fund Projects	53	43	53	-	-	53	-	-	-
Empty Homes	511	0	250	-	483	-	-	28	261
DFG Top-up Grants	250	-	20	-	-	-	250	-	230
DFG Top-up Loans	150	-	20	-	-	-	150	-	130
Norfolk & Waveney Equity Loan Scheme	36	-	32	-	-	-	-	36	4
Equity Home Improvement Loans	545	-	50	-	-	-	-	545	495
HMOs /Guesthouse Purchase & Repair Scheme	1,912	128	225	-	1,912	-	-	-	1,687
Acquisition of property for transisitional housing	260	-	260	-	260	-	-	-	-
Community Housing Fund Loans	540	-	20	-	-	-	540	-	520
Total: Housing	5,641	480	1,622	-	2,655	1,415	940	632	4,019
ICT Investment to deliver GYBC ICT Strategy	779	177	500	-	779	-	-	-	279
Total: IT, Communications & Marketing	779	177	500	-	779	-	-	-	279

Appendix F - General Fund Capital Programme - Detail - 2020/21

Services & Projects	Budget Expenditure £000	2020/21 Expenditure £000		2021 Budget Financing - £000				2021/22 Onwards
	Updated 20/21 Budget	Actuals 20/21 at Period 9	Forecast 20/21	Borrowing	Grants & Contributions	Revenue/ Earmarked Reserves	Capital Receipts	(Roll forward from 20/21)
Public Toilet Refurbishment Programme	45	0	45	45	-	-	-	0
Footway Lighting	382	123	382	382	-	-	-	0
Gorleston High Street car park resurfacing	6	-	-	6	-	-	-	-
Esplande Resurfacing	296	-	-	296	-	-	-	296
GY Flood Defence Scheme Epoch 2	50	50	50	50	-	-	-	-
Beach Huts	86	22	86	86	-	-	-	0
Council Chamber relocation	122	4	122	122	-	-	-	0
Gorleston Paddling Pool /Splash Pad	10	-	10	10	-	-	-	-
Beacon Park Projects	500	3	10	380	120	-	-	490
Market Place Redevelopment	4,477	194	500	3,377	1,100	-	-	3,977
North Quay Redevelopment	2,361	10	500	2,361	-	-	-	1,861
Winter Gardens	907	43	500	807	-	100	-	407
Hopton Section 106 funded playground works	-	-	-	-	-	-	-	-
Energy Park - South Denes	1,845	4	100	1,845	-	-	-	1,745
Total: Property & Asset Management	11,088	453	2,305	9,768	1,220	100	-	8,777
Overall Total	44,239	3,462	10,532	35,219	7,323	1,040	657	33,701

2021/22 Capital Bids

Project	Service	Approval Process *	Budget 2021	Budget 2122	Borrowing	Funding Revenue	External	Budget 2223	Funding Borrowing	Potential Savings	Revenue income & Costs inc MRP	NOTES/ SUMMARY OF PROPOSAL
ICT	ICT	Already Approved		£1,000,000	(£1,000,000)	£0	£0	£0	£0	£0	£142,857	£1m approved as part of the medium Financial Strategy, draw down will be in line with business approval via the IT Investment Group
Disabled Facility Grants	Housing	Already Approved		£1,200,000	£0	£0	(£1,200,000)	£0	£0	£0	£0	Estimate of amount as not agreed yet £1,188k in 2021 & 1920.
Footway Lighting Column Replacement / LED Upgrade	Property Asset Management	Already Approved		£300,000	(£300,000)	£0	£0	£100,000	(£100,000)	£0	£0	£300k approved for 21/22 as part of 20/21 budget setting plus £100k in both 22/23 & 23/24
HR & Payroll System replacement	Organisational Development	Business Case Required to ITIG		£114,545	(£49,545)	(£65,000)	£0	£0	£0	£0	£6,193	The procurement of a new HR and payroll system to update the current system which has been in place for circa 15 years which will deliver efficiencies within the organisation.
HR Job Evaluation System	Organisational Development	Budget Setting		£20,940	(£20,940)	£0	£0	£0	£0	£0	£1,195	Job evaluation software to replace the current paper based, process and procedures to provide a more efficient, effective and streamlined job evaluation service across the organisation.
Town Centre CCTV	Communities	Budget Setting	£179,837	£76,163	(£76,163)	(£40,000)	(£139,837)	£0	£0	(£20,000)	£8,000	The CCTV equipment is the property of Great Yarmouth Borough Council at the end of its lease and is in need of upgrading and replacement. The budget request is for digital cameras, software and data recording/storage. Various funding sources have already been secured and others are in development for the project. It is anticipated that a saving on the current management & maintenance contract could be made following the investment.
Crematorium - Re-Roofing to main chapel and all remaining flat roof areas	Customer Services	Business Case Required		£100,000	(£100,000)	£0	£0	£0	£0	£0	£4,500	The Crematorium provides an important service within the borough, but the roof areas are at the end of their life expectancy with some areas leaking. The capital bid is for the re-roofing of the chapel roof and redecoration of the high level stone fenestration. Without these works there will be continuing costs involved to monitor and emergency patch repair the roof areas as leaks occur leading to disruption to services and associated localised scaffolding/platform costs to gain temporary safe access to repairs well as increased maintenance costs for internal repairs likely due to water damage. Valuation based on quote for works.
Noise meter replacement	Environmental Health	Budget Setting		£10,665	(£10,665)	£0	£0	£0	£0	£0	£2,033	This bid is for the purchase of two new type 1 noise meters and nuisance monitoring kits to replace the existing units which are now becoming obsolete and breaking down on a regular basis. These noise meters are key to undertaking our statutory duty to investigate noise nuisance complaints and without these the Council would struggle to adequately gather the evidence we need to tackle noise nuisance and ASB related cases and undertake its statutory function.

2021/22 Capital Bids

Project	Service	Approval Process *	Budget 2021	Budget 2122	Borrowing	Funding Revenue	External	Budget 2223	Funding Borrowing	Potential Savings	Revenue income & Costs inc MRP	NOTES/ SUMMARY OF PROPOSAL
Mobile CCTV	Environmental Health	Budget Setting		£15,000	(£15,000)	£0	£0	£0	£0	£0	£4,875	Fly tipping, misuse of bins and litter are significant problems across areas of the Borough and tackling these Enviro crimes is a priority for the Council. A member working group identified hotspot locations where it was felt that specific interventions were needed to tackle these long-term issues and try and find a sustainable solution. This bid is for two deployable dome CCTV camera units to be used at multiple locations across site to gather evidence and act as a deterrent in relation to these enviro crimes.
Replacement of vehicles (used by Environmental Health, Events, Car Parking & Property)	Environmental Health	Business Case Required		£147,000	(£142,000)	£0	(£5,000)	£0	£0	£0	£54,550	The Council currently has seven vehicles across four service areas (Environmental Services, events, Car Parks and property services) that are due for replacement or coming to the end of their lease. This bid proposes reviewing the service requirements for the vehicles along with the type which could include replacing with electric vehicles which could significantly reduce the fuel bill and carbon footprint of the Council whilst also making a saving over the 5 years.
Wellesley Recreation Grounds	Communities	Business Case Required		£303,000	(£303,000)	£0	£0	£0	£0	£0	£28,000	The Wellesley Recreation ground is a key outdoor sports and leisure site for the Borough. A feasibility study for the site was commissioned in 2018 and finalised in 2019 detailing a number of options for investment and management of the site. To take this project forwards in its entirety it will require significant investment from the Council and other funding partners. The full business case is due to be completed, for the meantime it is recommended that an allocation be included in the capital programme which could be used as match funding to attract external funding.
External Redecoration & Repair of The Wellesley Grandstand	Property Asset Management	Budget Setting		£74,000	(£74,000)	£0	£0	£0	£0	£0	£17,000	The Wellesley Grandstand is a Grade II listed building. The building was extensively repaired in 2010 which included structural repairs to the timber frame. Since then, the building has had few repairs undertaken and is now in need of urgent redecoration. This bid is for external redecoration and for any pre-decorative repairs necessary.
Phoenix Pool car park soak away	Property Asset Management	Budget Setting		£40,000	(£40,000)	£0	£0	£0	£0	£0	£2,333	During sharp downpours the existing car park soakaway struggles to cope with the volume of water and consequently the water takes time to drain away. This capital bid seeks to rectify this issue by constructing a new soakaway so that surface water from the car park can drain away without the potential to flood. There are options available to reduce the funding required for the work but this would be subject to permissions/licences etc from the school. All viable options will be considered ahead of the works being completed.
Refurbish Tower Toilets, including changing places facilities	Property Asset Management	Business Case Required		£160,000	(£160,000)	£0	£0	£0	£0	£0	£9,333	This bid seeks to provide funding to complete the wider review of public convenience provision across the borough including renewing the roof covering and roof-lights to the Tower public conveniences, along with interior works.

2021/22 Capital Bids

Project	Service	Approval Process *	Budget 2021	Budget 2122	Borrowing	Funding Revenue	External	Budget 2223	Funding Borrowing	Potential Savings	Revenue income & Costs inc MRP	NOTES/ SUMMARY OF PROPOSAL
Replacement Lighting - Assembly Room, Town Hall	Property Asset Management	Budget Setting		£45,000	(£45,000)	£0	£0	£0	£0	£0	£4,125	The Assembly Room hosts general meetings, civic events, conferences and other functions including weddings. Currently of the total number of LED lamps (108 lamps) providing illumination only 56% (ie 60 lamps) are operational. This has lead the Assembly Room's capacity for use to be reduced. It should also be noted that 8 of these luminaires are utilised to provide emergency lighting. The failure is a combination of failed lamps and control gear both of which are contained within the suspended luminaires and only accessible by use of scaffolding. Due to their age replacement component parts are no longer available. This capital bid proposal is for the replacement of the lighting scheme which would restore full functionality of the Assembly Room and provide a lighting installation with improved control and reduced repair and maintenance costs.

£179,837 £3,606,313 (£2,336,313) (£105,000) (£1,344,837) £100,000 (£100,000) (£20,000) £284,995

Approval summary	Budget 2021	Budget 2122	Borrowing	Funding Revenue	External	Budget 2122	Funding Borrowing	Potential Savings	Revenue income & Costs inc MRP	Approval Process
Already Approved	£0	£2,500,000	(£1,300,000)	£0	(£1,200,000)	£100,000	(£100,000)	£0	£142,857	No further reporting required.
Budget Setting	£179,837	£281,768	(£281,768)	(£40,000)	(£139,837)	£0	£0	(£20,000)	£39,562	No further reporting required.
Business Case Required to ITIG	£0	£114,545	(£49,545)	(£65,000)	£0	£0	£0	£0	£6,193	Proposals to be reported to the ITIG to release funding.
Business Case Required	£0	£710,000	(£705,000)	£0	(£5,000)	£0	£0	£0	£96,383	Full business case required prior to release of funding.
Total	£179,837	£3,606,313	(£2,336,313)	(£105,000)	(£1,344,837)	£100,000	(£100,000)	(£20,000)	£284,995	

Minimum Revenue Provision Statement 2021/22

Annual Minimum Revenue Provision Statement 2021/22

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance:

- **Post-2008 Expenditure** - For capital expenditure financed by borrowing after 31st March 2008, the annuity MRP method is applied. This provides a lower annual charge in the earlier years which gradually increases. The approach is both prudent and a recommended method as per the CLG guidance. This method allows for a reduction in the interest costs chargeable (as the CFR is repaid) over time and is offset by a rise in the MRP over the same period, thereby resulting in a consistent revenue charge of the cost of capital.
- **Pre 2008 Expenditure** - MRP on all General Fund capital expenditure incurred before 1st April 2008 is equal to 4% of the opening CFR less a fixed sum known as "Adjustment A".
- **For assets acquired by leases** - MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- **For capital expenditure loans to third parties** - these are repaid in annual or more frequent instalments of principal and so the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead.
- No MRP will be charged in respect of assets held within the Housing Revenue Account.

This methodology is consistent with previous years.

Capital expenditure incurred during 2021/22 will not be subject to a MRP charge until 2022/23.

Based on the Authority's latest estimate of its capital financing requirement (CFR) on 31st March 2021, the budget for MRP has been set as follows:

	31.03.2021 Estimated CFR £m	2021/22 Estimated MRP £
Capital expenditure before 01.04.2008	13.2	0.5
Supported capital expenditure after 31.03.2008	51.3	1.1
Total General Fund	64.5	1.6
Housing Revenue Account	88.7	N/A
Total	153.2	1.6

Subject COUNCIL TAX SETTING 2021/22

Report to Council 23 February 2021

Report by: Finance Director



SUBJECT MATTER/RECOMMENDATIONS

This report presents for resolution the statutory calculations for the Council Tax Setting for 2021/22 in accordance with the Local Government Finance Act 1992 to set the Council Tax for 2021/22. The report also includes the Chief Finance Officer's report on the robustness of the estimates and adequacy of reserves.

This report should be considered alongside the budget report as presented to Policy and Resources Committee on 9 February 2021 (for which the recommendations are included on this agenda.

Recommendations:

It is recommended that having approved the Budget for 2021/22 as detailed in the earlier agenda item (Policy and Resources Committee Budget Report as outlined at Appendix A) and considered the Chief Financial Officer's report on the robustness of the estimates and the adequacy of reserves, Members resolve to:

- 1) Undertake the Council Tax and statutory calculations as set out in section 4 of the report and set the Council Tax for 2021/22;**
- 2) Approve the demand on the Collection Fund for 2020/21 be:**
 - a) £4,865,925 for the Borough Council purposes;**
 - b) £519,506 for Parish Precepts.**

1. INTRODUCTION AND BACKGROUND

- 1.1. This report presents for approval the statutory calculations for the determination of the Council tax for 2021/22. This report should be considered alongside the budget report to the Policy and Resources Committee dated 9 February 2021.
- 1.2. Following the Policy and Resources Committee the final local government finance settlement for 2021/22 has been announced and there are no changes that need to be reflected in the budget report.

2. 2021/22 BUDGET

- 2.1. The General Fund budget for 2021/22 has been detailed within the report to Policy and Resources and the Housing Revenue Account reported to the Housing and Neighbourhoods Committee. The reports were both accompanied by a suite of appendices providing details on the content of the budget for the year, reserves and the capital programme.

- 2.2. The capital programmes for the Housing Revenue Account and the General Fund continue to be significant in the short to medium term with a focus on both Council assets and also opportunity for the wider regeneration priorities for the borough, namely the new Leisure Facility, Future High Street and Town Investment Plan projects, Market place redevelopment and the Wintergardens. The leisure facility development is included in full in the capital programme and the project is underway. The other significant projects namely the future high streets, Town Deal Bid and Wintergardens are all part of wider regeneration and investment projects which will be subject to funding applications which are at various stages. As outcomes to the funding applications are confirmed the capital programme will be updated during the year.

3. CHIEF FINANCIAL OFFICER'S REPORT

- 3.1. When making decisions in relation to setting the Council Tax, section 25 of the Local Government Act 2003 requires the Chief Financial Officer of the Council to report on the robustness of the estimates and the adequacy of the reserves. Members must have regard to these comments when making a decision on the budget for the coming year.

- 3.2. This is outlined below.

3.3. The Robustness of the Estimates

- 3.4. This section of the report provides a commentary on the robustness of the estimates now presented and provides an analysis of the risks facing the Council in relation to the control of income and expenditure flows compared to the budgets that are recommended for 2020/21.

- 3.5. The framework within which the budget for 2021/22 has been constructed accounting for the following factors:

- Previous financial out-turn position as reported to Members (3.3);
- In-year budget monitoring and associated reports that have been made to date in the current financial year (3.4 - 3.6);
- The Medium-Term Financial Strategy as reported to Members in November 2019 (3.7);
- The 2020/21 Local Government Finance Settlement (3.8);
- Consideration of risks facing the Authority in the short to medium term (3.9).

- 3.6. The budget for 2021/22 has been developed during the global pandemic which has impacted on all areas of the Council since March 2020 including the impact on service delivery, the response to the pandemic, the programme of recovery as well as the financial position for the Council. Therefore producing a robust budget for the financial year 2021/22 has been challenging. The resulting budget represents the most accurate financial position that can be produced at this time and will continue to be monitored by officers and members during the year

- 3.7. **Previous years financial position** - The outturn position informs the update to the financial projections for the coming year by reflecting significant movements against the current position and those which will have an on-going impact to the Council.

- 3.8. **In Year Budget Monitoring and Financial Control** – It is best practice to ensure a system of regular financial monitoring exists, including reports being presented to officers and members during the year to ensure transparency of decision making and financial control. The budget monitoring process is carried out during the year between finance and service areas and is fundamental to ensuring strong financial control and governance to inform decision making and to support the longer-term delivery of local services. Monitoring also ensures relevant and timely information can be used to inform budget and future projections to reflect local

demand and spending pressures in order that the overall financial position of the Council can be managed. In addition the Council has been submitting the monthly Covid returns to the Government during the year.

- 3.9. During the year budget monitoring reports have been presented to Members via the relevant committees. The reports have highlighted some significant in-year variances within services, including under achievement of income targets which is a demand led service for which the Council has limited direct control over which has been exacerbated by the pandemic.
- 3.10. Budgets are prepared using the best information that is available to the Council from its own sources i.e. budget holders, Heads of Service and members of Executive Leadership Team and from external advisors for example the Council's treasury management advisors, Arlingclose. However, many budgets are influenced by factors outside the control of the Council, for example, demand led income, the impact of the pandemic including the timescales for relaxation of lockdown restrictions, the roll out of the vaccine, future waves and social distancing requirements. Furthermore, inflation and interest rates, all can have a significant impact on the Council's overall budget and financial position both in the current and future years. Forecasting for these areas requires an examination of recent trends as well as assimilating future projections from known factors. However the longer term impact of Covid still remains uncertain.
- 3.11. **Medium Term Financial Strategy (MTFS)** - The setting of the budget for the coming year is part of the overall financial planning process which includes financial monitoring and the Medium Term Financial Strategy. The updated MTFS was presented to Members in November 2020. The process of coordinating the MTFS and budget includes the thorough review and challenge of current expenditure and income and seeks to ensure these are in line with the Councils Plan and in response to local and national factors, including legislative changes, local economic factors and changes in demand for statutory and non-statutory services.
- 3.12. **Local Government Finance Settlement** – Due to the delay in the national review of local authority funding via the fair funding review and review of business rates the current funding arrangements along with the pandemic, the one-year finance settlement has been used to inform the funding for the 2021/22 budget.
- 3.13. **Risks** - There are a number of financial risks facing the authority which are relevant at both service and corporate levels. In order that these risks are managed, key areas within the budget need to be closely monitored in the coming financial year and in particular where the income levels have been impacted by Covid, include:
- a) **Car Park Income** – This area generates income for the Council which in turn supports the delivery of other services across the Council. As a demand led service which is influenced by external factors, this service is regularly monitored. The 2021/22 budget assumes gross income of in the region of £1.5 million from all car parking related fees and charges.
 - b) **Planning and Building Control Fees** – The 2021/22 base budget includes income totalling approximately £1.0m from planning and building control fees, this too is subject to external demands and is monitored regularly to highlight any significant fluctuations against the budget.
 - c) **Waste and Recycling Credits** – This is a significant source of income to the Council and reflects the activity across the borough in recycling domestic refuse and providing a garden waste service. A total of £0.7 million is included in the 2021/22 base budget.
 - d) **Crematorium Income** – The 2021/22 budget assumes gross income from the crematorium of £1.3 million. This is an income source that has fluctuated significantly in previous years and therefore remains under close review.

- e) **Planned Savings and Additional Income** – The Council is continuing to deliver against a number of work streams for which savings have been factored into the base budgets as part of previous budget approvals and include for example, digital by design, flexible working. New savings and additional income of £0.2m have been factored into the budget for 2021/22, in addition to £1.2m identified in prior years.
 - f) **Local Council Tax Support** – The Local Council Tax Support Scheme (LCTSS) was implemented from April 2013; whilst there have been no changes to the Council’s scheme for 2021/22, there still remains a risk of increases in the number of those eligible for Council Tax Support as the furlough support comes to an end and the impact of the pandemic to individuals is identified. The ability to collect Council Tax is an area that will continue to be monitored including the impact on collection rate.
 - g) **Council Tax and Business Rates Income** – The implications of the current system of funding Local Authorities is that the income from the Council’s retained share of the business rates will fluctuate in-year and between years. Other factors that will have an impact on the level of rates retained are current and backdated appeals, plus the impact of changes to reliefs that were extended during 2020/21 due to covid. The budget for Council tax Income has been informed by the activity in the 2020/21 year which reflect an increase in the demand for local council tax support and a reduction in the tax base. Central government has outlined a support package for losses to the collection fund from irrecoverable losses from the 2020/21 financial year, this will be informed by the outturn position on the collection fund. Although the longer-term risk of future recovery to pre-covid income levels is not yet quantifiable and therefore will continue to be monitored and remains a risk.
- 3.14. Until further announcements and detailed exemplifications are issued regarding the future funding for local government beyond 2021/22 the accuracy of the future financial forecasts are limited, therefore the budget report presented only the one year position for 2021/22. Once announcements are made further work will need to be carried out to understand the overall impact to the Council and the service budgets. This work will start in the new financial year to inform the update to the MTFS by the Autumn.
- 3.15. The capital programme continues to be funded from external and internal resources, for example, capital receipts from the sale of assets, internal and external borrowing. In both cases prudent estimates are made of the timing of such receipts and the expenditure profiles within the overall capital programme. The impact of the borrowing on the revenue account is taken account of as part of the consideration of the business cases for the capital investment.
- 3.16. Budget monitoring throughout the financial year is critical to the robustness of the estimates and maintaining a sound financial position. It is through the ability to manage and control the spending within the approved budgets and respond to the impact of the pandemic where appropriate by identifying and recommending appropriate actions, to mitigate the Council’s level of financial risk.
- 3.17. The Council also takes advice from third party organisations concerning more technical factors that impact on the budget process, for example external advice in relation to treasury management, VAT and insurance. By doing so the Council can monitor the wider implications of changes in interest rates, inflation and employment and take remedial action to mitigate financial risk.

Summary

- 3.18. In the opinion of the Chief Financial Officer the overall budgeted level of both the general reserve and the earmarked reserves as included in the budget report are considered adequate for 2021/22. The general reserve balance is forecast to be slightly below the recommended

balance (£3 million) at the end of 2021/22 although within an acceptable tolerance level, all reserves will be subject to further annual review in 2021/22 as part of the budget monitoring and financial strategy process.

- 3.19. When considering the robustness of the estimates and adequacy of reserves a holistic approach is taken, which considers the general reserve, earmarked reserves and also the identified risks in relation to the revenue and capital budgets presented for approval.
- 3.20. The future funding for Local Government continues to remain uncertain until. The outcome of changes to the current funding regime (in particular New Homes Bonus and Business Rates) are not known and in particular against the backdrop of recovering from the impact of COVID-19, this will present a further challenge. The Section 151 Officer will continue to monitor the progress of the Fair Funding Review, the government's departmental multi-year Spending Review (which has been delayed a further year) and the redesign of the national Business Rates Retention System and the outcomes will inform future financial projections and the medium term financial strategy.

4. COUNCIL TAX SETTING RESOLUTION – 2021/22

- 4.1. The following sections of the report and applicable appendices (appendices A and F) set out the information required for Members to set the Council Tax for the 2021/22 financial year commencing 1 April 2021.
- 4.2. Norfolk County will meet on 22 February 2021 to set its Council Tax, and the recommendation is to increase the Council Tax by 3.99%.
- 4.3. The Norfolk Police and Crime Panel met on 2 February 2021 to agree the Norfolk Police and Crime Commissioner's proposals for the Council Tax of an increase of 5.68%. The figures used in this report are based on the assumption that there will be an increase for Great Yarmouth Borough Council (excluding parish council precepts) of 3.00%, 3.99% for Norfolk County Council, and a confirmed 3.99% increase for the Norfolk Police and Crime Commissioner.
- 4.4. Under section 52ZB of the Local Government Finance Act 1992 ("the 1992 Act") each billing authority and precepting authority must determine whether its relevant basic amount of council tax for a financial year ("the year under consideration") is excessive. If an authority's relevant basic amount of council tax is excessive a referendum must be held in relation to that amount. The excessiveness principles are set out each year and for 2021/22 the principles outline that an increase above the amount for 2020/21 will be excessive, and a referendum must be held for Great Yarmouth Borough Council if the increase is 3% or more and more than £5.00 on a Band D property (i.e. an increase of more than 3% is permitted as long as it does not exceed £5.00 on a Band D property) than its relevant basic amount of council tax for 2020/21. Local precepting authorities (parish and town councils) are not subject to Council Tax referendums in 2021/22.

Recommendations in relation to the setting of the Council Tax 2021/22:

The following sets out the statutory calculations

- 4.5. That it **be noted** at its meeting on 26 November 2020, Council calculated the following Council Tax bases for the year 2021/22 in accordance with (Calculation of Council Tax Base) Regulations 1992 and Local Authority (Calculation of Council Tax Base) Regulations 2012 as amended: -

(a) the **Council Tax Base 2021/22 for the whole Council area as 28,910** [Item T in the formula

in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")) and,

- (b) for dwellings in those parts of its area to which a Parish precept relates as in the Revenue Budget and Council Tax 2021/22 Report the amounts in **Appendix B** (Parish Tax Base 2021/22) being the amounts calculated by the Council, in accordance with Regulation 6 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as the amount of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items (parish precepts).

- 4.6. That the following amounts be calculated for the Council for the year 2021/22 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992 and the relevant regulations and directions as follows:

(a)	£55,683,249	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
(b)	£50,297,818	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
(c)	£5,385,431	Being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31A (4) of the Act).
(d)	£189.45	Being the amount at (c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
(e)	£519,506	Being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.
(f)	£171.48	Being the amount at (d) above less the result given by dividing the amount at (e) above by Item T (4.5 above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
(g)	Appendix B	Being the amounts given by adding to the amount at (f) above to the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (4.5 b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.
(h)	Appendix C	Being the amounts given by multiplying (as appropriate) the amounts at (f) or (g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with

		Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.
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- 4.7. **That it be noted** that for the year 2021/22 the main precepting authorities have stated the following amounts in precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings shown below:

Band	A	B	C	D	E	F	G	H
Norfolk County Council £	981.96	1,145.62	1,309.28	1,472.94	1,800.26	2,127.58	2,454.90	2,945.88
Office of the Police and Crime Commissioner £	185.34	216.23	247.12	278.01	339.79	401.57	463.35	556.02
Total Preceptors £	1,167.30	1,361.85	1,556.40	1,750.95	2,140.05	2,529.15	2,918.25	3,501.90

- 4.8. That, having calculated the aggregate in each case of the amounts at 4.6(h) and 4.7 above, the Council, in accordance with Section 30 and 36 of the Local Government Finance Act 1992, **hereby sets** the amounts at **Appendix D** as the amounts of Council Tax for the year 2021/22 for each of the categories of dwellings shown.
- 4.9. **Excessiveness Determination** - The Council's basic amount of council tax as calculated above has increased by £5 of that calculated for 2020/21, and therefore within the £5 or 2.0% increase limit at which a referendum would be required.
- 4.10. The Council has determined that its relevant basic amount of Council Tax for 2021/22 is **not excessive** in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2021/22 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.
- 4.11. If the formal Council Tax Resolution is approved, the total Band D Council Tax for 2021/22 will be as follows:

Total Band D Council Tax	2020/21	2021/22	Increase	Increase %
Great Yarmouth Borough Council	£166.48	£171.48	£5.00	3.00%
Norfolk County Council	£1,416.51	£1,472.94	£56.43	3.99%
Office of the Police and Crime Commissioner for Norfolk	£263.07	£278.01	£14.94	5.68%
Sub Total	£1,846.06	£1,922.43	£76.37	4.14%
Parish (Average)	£16.49	£17.97	£1.48	8.98%
Total Including (Average) Parish	£1,862.55	£1,940.40	£77.85	4.18%

5. BACKGROUND PAPERS

5.1. The following reports and announcements have been used to inform the budget report as presented:

- 5.1.1.2019/20 Outturn report
- 5.1.2.2020/21 in year financial monitoring reports
- 5.1.3.Local Government Finance Settlement
- 5.1.4.Medium Term Financial Strategy
- 5.1.5.National Non-Domestic Rates Return
- 5.1.6.Financial monitoring.

Appendices:

A – GF Summary

B – Parish Precepts and Band D Council Tax (tax base, parish precept and band D)

C – Borough and Parish Council Tax Amounts (by band)

D – Council Tax for Borough and Precepting (by band)

Area for consideration	Comment
Monitoring Officer Consultation	
Section 151 Officer Consultation	
Existing Council Policies See background papers	
Financial Implications Within existing budgets	
Legal Implications (including human rights)	
Risk Implications	
Equality Issues/EQIA assessment	
Details contained in strategy	
Crime & Disorder	
Every Child Matters	

General Fund Summary	Original 2020/21 Budget	2020/21 updated Forecast	2021/22 Budget	Variance Prior Yr to Current Yr Base
	£	£	£	£
Services:				
Executive and Resources	4,702,123	3,476,302	4,108,536	(593,587)
Inward Investment	1,977,400	1,911,511	1,205,607	(771,793)
Housing	784,607	886,705	1,158,056	373,449
Planning and Growth	473,767	474,322	427,075	(46,692)
Customer Services	(815,896)	22,015	(545,451)	270,445
Property and Asset Management	144,575	446,462	167,560	22,985
Communications and Marketing	745,125	695,036	777,164	32,038
Environmental Services	4,926,480	4,933,589	5,063,127	136,647
Net Cost of Service	12,938,182	12,845,942	12,361,674	(576,509)
Non Service Exp/(Income):				
Recharges to HRA	(1,727,451)	(1,727,451)	(1,914,393)	(186,942)
Parish Precepts	479,131	479,131	519,506	40,375
Parish CTSS Grant	25,000	25,000	20,080	(4,920)
Capital Charges	(1,979,258)	(1,979,258)	(2,196,310)	(217,052)
Revenue Financing for Capital	0	0	0	0
Interest Receivable	(296,541)	(186,541)	(58,967)	237,574
Interest Payable	1,278,393	1,298,393	1,229,995	(48,398)
Minimum Revenue Provision	1,514,000	1,514,000	1,558,000	44,000
Pension Back Funding	2,014,894	2,014,894	2,126,769	111,875
Vacancy Management	(276,973)	0	(326,973)	(50,000)
Apprenticeship Levy	32,551	32,551	47,751	15,200
Sub total - Non Service Exp/Inc	1,063,746	1,470,719	1,005,458	(58,288)
Net Operating Expenditure	14,001,928	14,316,661	13,367,131	(634,797)
Contributions to/(from) Reserves:				
DFG top-up capital loans & grant fund	49,730	49,730	0	(49,730)
Restricted use grant	(142,344)	(142,344)	(3,946)	138,398
Invest to Save	(103,946)	(284,627)	0	103,946
Specific budget	(25,153)	(25,153)	1,563	26,716
LEGI	(49,730)	(49,730)	0	49,730
Waste management	0	0	(11,375)	(11,375)
Collection Fund	0	0	(100,000)	(100,000)
Community Housing	(30,000)	(30,000)	(30,000)	0
Coastal Protection	0	(75,000)	0	0
Special Projects Reserve	(176,203)	(237,735)	(118,316)	57,887
Homelessness	103,611	103,611	(164,963)	(268,574)
Asset Management	(435,700)	(744,129)	(257,300)	178,400
General Reserve	0	0	(215,000)	(215,000)
Other Reserves	(14,249)	(139,807)	(47,621)	(33,372)
Sub Total Reserves	(823,984)	(879,109)	(946,958)	(122,974)
Amount to be met from Government Grant and Local Taxpayers	13,177,944	13,437,552	12,420,173	(757,771)
Collection Fund - Parishes	(479,131)	(479,131)	(519,506)	(40,375)
Collection Fund - Borough	(4,835,911)	(4,835,911)	(4,865,925)	(30,014)
Retained Business Rates	(5,238,750)	(5,238,750)	(4,507,153)	731,597
Revenue Support Grant	(2,062,184)	(2,062,184)	(2,073,588)	(11,404)
New Homes Bonus	(372,510)	(372,510)	(38,766)	333,744
Other Grants	0	0	(303,320)	(303,320)
Income from Grant and Taxpayers	(12,988,486)	(12,988,486)	(12,308,258)	680,228
(Surplus)/Deficit (before general reserve transfer)	189,458	449,066	111,916	(77,542)

Parish Precepts and Band D Council Tax

Parishes	2020/21			2021/22			Parish Band D Movement	2021/22 Band D including Parish & Borough Charge
	Parish Tax Base	Parish Precept	Parish Council Tax Band D	Parish Tax Base	Parish Precept	Parish Council Tax Band D		
Ashby with Oby	24	£0	£0.00	22	£0	£0.00	0.00%	£171.48
Belton with Browston	1,128	£42,463	£37.64	1,124	£42,463	£37.78	0.36%	£209.26
Bradwell	3,667	£48,566	£13.24	3,750	£48,567	£12.95	-2.22%	£184.43
Burgh Castle	457	£11,712	£25.63	446	£11,712	£26.26	2.47%	£197.74
Caister on Sea	2,860	£100,292	£35.07	2,786	£100,294	£36.00	2.66%	£207.48
Filby	342	£9,000	£26.32	340	£9,857	£28.97	10.09%	£200.45
Fleggburgh	407	£5,621	£13.81	393	£6,214	£15.81	14.48%	£187.29
Fritton with St Olaves	267	£7,394	£27.69	260	£7,557	£29.07	4.97%	£200.55
Hemsby	1,418	£53,595	£37.80	1,412	£83,162	£58.90	55.84%	£230.38
Hopton	1,025	£30,131	£29.40	1,013	£30,131	£29.74	1.17%	£201.22
Martham	1,155	£47,069	£40.75	1,174	£49,869	£42.48	4.24%	£213.96
Mautby	146	£2,606	£17.85	143	£2,606	£18.22	2.08%	£189.70
Ormesby St Margaret w Scratby	1,649	£65,342	£39.63	1,723	£68,000	£39.47	-0.39%	£210.95
Ormesby St Michael	114	£2,205	£19.34	113	£3,140	£27.79	43.68%	£199.27
Repps with Bastwick	151	£4,400	£29.14	152	£4,800	£31.58	8.38%	£203.06
Rollesby	344	£7,409	£21.54	343	£8,500	£24.78	15.05%	£196.26
Somerton	119	£2,086	£17.53	113	£2,086	£18.46	5.31%	£189.94
Stokesby	119	£5,323	£44.73	119	£5,323	£44.73	0.00%	£216.21
Thurne	51	£1,120	£21.96	51	£1,120	£21.96	0.00%	£193.44
West Caister	74	£0	£0.00	73	£0	£0.00	0.00%	£171.48
Winterton	581	£32,797	£56.45	581	£34,105	£58.70	3.99%	£230.18
Great Yarmouth & Gorleston	12,950	£0	£0.00		£0	£0	0.00%	£171.48
TOTAL	29,048	£479,131		16,131	£519,506			

Borough & Parish Council Tax Amounts

Parish	Borough & Parish Council Tax amounts by band							
	A	B	C	D	E	F	G	H
Ashby with Oby	£114.32	£133.37	£152.43	£171.48	£209.59	£247.69	£285.80	£342.96
Belton with Browston	£139.51	£162.75	£186.01	£209.26	£255.77	£302.26	£348.77	£418.52
Bradwell	£122.95	£143.44	£163.94	£184.43	£225.42	£266.40	£307.38	£368.86
Burgh Castle	£131.83	£153.79	£175.77	£197.74	£241.69	£285.62	£329.57	£395.48
Caister on Sea	£138.32	£161.37	£184.43	£207.48	£253.59	£299.69	£345.80	£414.96
Filby	£133.63	£155.90	£178.18	£200.45	£245.00	£289.54	£334.08	£400.90
Fleggburgh	£124.86	£145.67	£166.48	£187.29	£228.91	£270.53	£312.15	£374.58
Fritton with St Olaves	£133.70	£155.98	£178.27	£200.55	£245.12	£289.68	£334.25	£401.10
Hemsby	£153.59	£179.18	£204.79	£230.38	£281.58	£332.77	£383.97	£460.76
Hopton	£134.15	£156.50	£178.87	£201.22	£245.94	£290.65	£335.37	£402.44
Martham	£142.64	£166.41	£190.19	£213.96	£261.51	£309.05	£356.60	£427.92
Mautby	£126.47	£147.54	£168.63	£189.70	£231.86	£274.01	£316.17	£379.40
Ormesby St Margaret w Scratby	£140.63	£164.07	£187.51	£210.95	£257.83	£304.70	£351.58	£421.90
Ormesby St Michael	£132.85	£154.98	£177.13	£199.27	£243.56	£287.83	£332.12	£398.54
Repps with Bastwick	£135.37	£157.93	£180.50	£203.06	£248.19	£293.31	£338.43	£406.12
Rollesby	£130.84	£152.64	£174.46	£196.26	£239.88	£283.48	£327.10	£392.52
Somerton	£126.63	£147.73	£168.84	£189.94	£232.15	£274.35	£316.57	£379.88
Stokesby	£144.14	£168.16	£192.19	£216.21	£264.26	£312.30	£360.35	£432.42
Thurne	£128.96	£150.45	£171.95	£193.44	£236.43	£279.41	£322.40	£386.88
West Caister	£114.32	£133.37	£152.43	£171.48	£209.59	£247.69	£285.80	£342.96
Winterton	£153.45	£179.03	£204.61	£230.18	£281.33	£332.48	£383.63	£460.36
Great Yarmouth & Gorleston	£114.32	£133.37	£152.43	£171.48	£209.59	£247.69	£285.80	£342.96

2021/22 COUNCIL TAX FOR BOROUGH & PARISH PURPOSES

	Precept	Council Tax Band D
Great Yarmouth Borough Council		
Borough purposes	£4,957,487	£171.48
Parish purposes	£519,506	£17.97
Total Borough & Parish Precept	£5,476,993	£189.45
Norfolk County Council	£38,203,698	£1,321.47
Adult Social Care (ASC)	£4,378,998	£151.47
Total County Precept	£42,582,695	£1,472.94
Office of the Police and Crime Commissioner for Norfolk	£8,037,269	£278.01
Average council tax (Band D)	£56,096,957	£1,940.40
Overall Taxbase	28,910	

Council Tax Schedule 2021/22	Valuation Bands							
	A	B	C	D	E	F	G	H
Great Yarmouth Borough Council	£114.32	£133.37	£152.43	£171.48	£209.59	£247.69	£285.80	£342.96
Parish	£11.98	£13.98	£15.97	£17.97	£21.96	£25.96	£29.95	£35.94
Parish and Borough	£126.30	£147.35	£168.40	£189.45	£231.55	£273.65	£315.75	£378.90
Norfolk County Council	£880.98	£1,027.81	£1,174.64	£1,321.47	£1,615.13	£1,908.79	£2,202.45	£2,642.94
Adult Social Care (ASC)	£100.98	£117.81	£134.64	£151.47	£185.13	£218.79	£252.45	£302.94
Norfolk County Council	£981.96	£1,145.62	£1,309.28	£1,472.94	£1,800.26	£2,127.58	£2,454.90	£2,945.88
Office of the Police and Crime Commissioner for Norfolk	£185.34	£216.23	£247.12	£278.01	£339.79	£401.57	£463.35	£556.02
Total	£1,293.60	£1,509.20	£1,724.80	£1,940.40	£2,371.60	£2,802.80	£3,234.00	£3,880.80

Parishes	A	B	C	D	E	F	G	H
Ashby with Oby	£1,281.62	£1,495.22	£1,708.83	£1,922.43	£2,349.64	£2,776.84	£3,204.05	£3,844.86
Belton with Browston	£1,306.81	£1,524.60	£1,742.41	£1,960.21	£2,395.82	£2,831.41	£3,267.02	£3,920.42
Bradwell	£1,290.25	£1,505.29	£1,720.34	£1,935.38	£2,365.47	£2,795.55	£3,225.63	£3,870.76
Burgh Castle	£1,299.13	£1,515.64	£1,732.17	£1,948.69	£2,381.74	£2,814.77	£3,247.82	£3,897.38
Caister on Sea	£1,305.62	£1,523.22	£1,740.83	£1,958.43	£2,393.64	£2,828.84	£3,264.05	£3,916.86
Filby	£1,300.93	£1,517.75	£1,734.58	£1,951.40	£2,385.05	£2,818.69	£3,252.33	£3,902.80
Fleggburgh	£1,292.16	£1,507.52	£1,722.88	£1,938.24	£2,368.96	£2,799.68	£3,230.40	£3,876.48
Fritton with St Olaves	£1,301.00	£1,517.83	£1,734.67	£1,951.50	£2,385.17	£2,818.83	£3,252.50	£3,903.00
Hemsby	£1,320.89	£1,541.03	£1,761.19	£1,981.33	£2,421.63	£2,861.92	£3,302.22	£3,962.66
Hopton	£1,301.45	£1,518.35	£1,735.27	£1,952.17	£2,385.99	£2,819.80	£3,253.62	£3,904.34
Martham	£1,309.94	£1,528.26	£1,746.59	£1,964.91	£2,401.56	£2,838.20	£3,274.85	£3,929.82
Mautby	£1,293.77	£1,509.39	£1,725.03	£1,940.65	£2,371.91	£2,803.16	£3,234.42	£3,881.30
Ormesby St Margaret w Scratby	£1,307.93	£1,525.92	£1,743.91	£1,961.90	£2,397.88	£2,833.85	£3,269.83	£3,923.80
Ormesby St Michael	£1,300.15	£1,516.83	£1,733.53	£1,950.22	£2,383.61	£2,816.98	£3,250.37	£3,900.44
Repps with Bastwick	£1,302.67	£1,519.78	£1,736.90	£1,954.01	£2,388.24	£2,822.46	£3,256.68	£3,908.02
Rollsby	£1,298.14	£1,514.49	£1,730.86	£1,947.21	£2,379.93	£2,812.63	£3,245.35	£3,894.42
Somerton	£1,293.93	£1,509.58	£1,725.24	£1,940.89	£2,372.20	£2,803.50	£3,234.82	£3,881.78
Stokesby	£1,311.44	£1,530.01	£1,748.59	£1,967.16	£2,404.31	£2,841.45	£3,278.60	£3,934.32
Thurne	£1,296.26	£1,512.30	£1,728.35	£1,944.39	£2,376.48	£2,808.56	£3,240.65	£3,888.78
West Caister	£1,281.62	£1,495.22	£1,708.83	£1,922.43	£2,349.64	£2,776.84	£3,204.05	£3,844.86
Winterton	£1,320.75	£1,540.88	£1,761.01	£1,981.13	£2,421.38	£2,861.63	£3,301.88	£3,962.26
Great Yarmouth & Gorleston	£1,281.62	£1,495.22	£1,708.83	£1,922.43	£2,349.64	£2,776.84	£3,204.05	£3,844.86