



GREAT YARMOUTH
BOROUGH COUNCIL

Policy and Resources Committee

Date: Tuesday, 31 July 2018

Time: 18:30

Venue: Supper Room

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

AGENDA

Open to Public and Press

1 APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2 DECLARATIONS OF INTEREST

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

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

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

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

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

3	<u>ITEMS OF URGENT BUSINESS</u>	
	To consider any items of urgent business.	
4	<u>PRE APPLICATION CHARGING - DEVELOPMENT CONTROL</u>	3 - 19
5	<u>GORLESTON BEACH HUTS</u>	20 - 25
6	<u>IN-SOURCING THE GYBS BUILDING SERVICE</u>	26 - 34
7	<u>ST GEORGES TRUST</u>	35 - 44
8	<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.	
9	<u>EXCLUSION OF PUBLIC</u>	
	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."	
10	<u>ST GEORGE'S TRUST - CONSULTANTS REPORT</u>	
	Details	

Subject: Introduction of pre-application charging for potential planning applications

Report to: Policy and Resources Committee, 31st July 2018; Full Council 6th September 2018

Report by: Dean Minns, Planning Manager, and Adam Nicholls, Head of Planning & Growth

SUBJECT MATTER

Charging for pre-application planning advice is an increasingly common practice for Local Planning Authorities. The Council has previously agreed to introduce such a service, and this paper sets out the details of the proposed regime in Great Yarmouth Borough.

Policy and Resources Committee is asked to recommend that Full Council resolves to agree:

- a) That the Council introduces a system of charging for pre-application advice for a Great Yarmouth, with effect from 1st October 2018 as detailed in Section 6 of the report;
- b) That the Director of Development, is given delegated approval to produce, finalise and refine the supporting guidance, detailed fees schedule and application forms;
- c) That there will be a formal review of the first 12 months' operation, with Policy and Resources Committee considering a paper with recommendations for any more significant changes in autumn 2019.

1. INTRODUCTION

1.1 Charging for planning applications has been required for many decades now. The rates are set nationally, and were last increased in January 2018. Apart from some limited exceptions (such as in areas covered by Local Development Orders, as in parts of the Borough, and a second "free go" if the first application is refused), all applicants for which an application needs to be made have to pay the relevant fee (which varies depending on the application's type and size).

1.2 Pre-application planning advice is where prospective applicants (and/or their agents) seek advice and guidance from their Local Planning Authority (LPA) before deciding whether to submit a planning application, although it can sometimes be earlier in the process. For example, it is not uncommon, if particular houses or plots of land are for sale, for LPAs to receive inquiries from prospective purchasers as to whether planning permission would likely be granted for a large extension, and/or additional dwellings (for popular disposals, multiple such requests can sometimes be made). In such cases, there can be little or no detail available of the potentially-desired proposal.

1.3 Although engagement/discussions prior to the submission of a planning application is not a statutory requirement, it is often sensible for potential applicants to seek such advice (particularly on larger or more potentially controversial schemes), which can disclose the main issues the potential scheme could face and a potential steer (in principle) as to how the LPA might view such an application.

1.4 For the same reasons, there can be benefits to the LPA for engaging too, as it can contribute to higher quality development (i.e. some no-hope schemes never make it off the drawing board, and other applicants may have dealt with issues which may have caused delays and taken more officer time later on in the process). Like all other LPAs, the Council still has difficulties with poor-quality applications being made, with key information missing or incorrect more often than is ideal (despite regular reminders from officers). A pre-application fee could also help reduce this (particularly if it included an element of “application checking”) – the Council clearly incurs costs in dealing with invalid applications (even if they can be made valid later).

1.5 There are a number of exemptions from paying planning fees, including applications for the registered disabled people relating to access and extension to dwellings houses, Listed Buildings consent and for the resubmission of an application within 12 months of the refusal decision (or, in the case of an appeal, the final date of the appeal dismissed). Of these applications, those linked to disability in particular would logically also not be charged for pre-application advice. Further suggested exemptions are set out below in this paper.

1.6 Through reducing risk and uncertainty for developers/applicants, pre-application discussions can therefore help promote growth and inward investment, and lead to consents which are implementable and implemented.

1.7 Pre-application advice has therefore been sought by some prospective applicants and house-purchasers for many decades, too; as it has traditionally been given free of charge by LPAs, it has often been a “no-brainer”.

1.8 The practice of pre-application engagement is firmly encouraged in the National Planning Policy Framework (NPPF). Relevant pre-application engagement is considered to be very important part for both LPAs and applicants/developers in order to help secure developments that improve the economic, social and environmental conditions of an area, as well as saving time and money for both parties.

1.9 Guidance on the value of pre application engagement, and more specifically here charging for the service is also provided by national Planning Practice Guidance (PPG). The PPG recognises the importance of pre-application engagement by prospective applicants in improving the efficiency and effectiveness of the planning application system. It recognises that pre application engagement needs to be tailored to the nature of the proposed development, the issues to be addressed and that local planning authorities may charge for planning advice.

1.10 However, Councils are increasingly charging for the provision of this advice, to recover at least some of the cost of providing the service in advance of submission of an application and to help see better quality applications submitted. The increasing pressure on local authorities to be self-financing by 2020, the drive to be more commercially-minded and the recognition that paid-for pre-application advice is now widespread in England and generally accepted by most developers, has led to this proposal for Great Yarmouth Borough Council.

1.11 The Local Government Act 2003 provides authorities with a power to charge for discretionary services, including the provision of planning pre-application advice, and therefore allows authorities to recover at least some of these costs incurred before an application is submitted. [Page 4 of 6](#) raised must not exceed the costs of providing the service (i.e. it cannot be a profit-making service).

1.12 Primary legislation, set out in section 303 of the Town and Country Planning Act 1990 (“TCPA 1990”), establishes that pre-application fees must be set at a level which ensures that, taking one financial year with another, the income from fees charged for pre-application advice does not exceed the cost of providing that service. In other words, it does not have to be demonstrated that the income from each and every chargeable pre-application would not make a “profit” (which would obviously be extremely onerous and time-consuming to manage, and inherently uncertain anyway), only overall.

1.13 To ensure transparency, the PPG advises that, where local planning authorities opt to charge for certain pre-application services, they are strongly encouraged to provide clear information online about:

- the scale of charges for pre-application services applicable to different types of application (e.g. “minor” or “major” or “other”);
- the level of service that will be provided for the charge, including:
 - the scope of work and what is included (e.g. duration and number of meetings or site visits);
 - the amount of officer time to be provided (recognising that some proposed development may usefully have input from officers across the local authority and/or from other statutory and non-statutory bodies);
 - the outputs that can be expected (e.g. a letter or report) and firm response times for arranging meetings and providing these outputs;
 - it is also helpful for local planning authorities to provide links to any charges that [statutory consultees](#) (such as the Highway Authority and Environment Agency) may levy for pre-application advice, where this is known.

1.14 The PPG also explains that pre-application engagement should be a two-way process and the level of information required by the LPA should to be proportionate to the development proposed.

1.15 The advice within the PPG is itself recognition of the acceptance of charging for pre-application advice to improve the quality of submissions and a better built environment whilst working proactively at an early stage in the planning process. Today, charging for pre-application advice is therefore common amongst LPAs. In considering the setting of the charging rates, there are therefore a number of other examples (in Norfolk and elsewhere) to draw on.

1.16 Within Norfolk and Suffolk, the majority of councils have a system of pre-application charging in place, albeit there are differences and variations in the charging systems. Nearby, only the Broads Authority, Broadland DC and Breckland DC currently do not currently charge for pre-application advice.

1.17 The Council has already committed to introducing pre-application charging as part of the work undertaken to identify additional income and efficiency savings and formed part of the budget setting for the current (2018/19) financial year.

2. **BACKGROUND**

2.1 Despite the pressures that the Planning & Growth section has experienced over recent years, officers have continued to offer free pre-application advice as an integral part of the overall service to a range of customers in connection with different types of planning applications. However, the service provided has been dependent upon

resources and capacity, with (entirely logically) priority being given to dealing with formal planning applications.

2.2 The Council's own [Statement of Community Involvement](#) (adopted in March 2013) refers to the importance good quality of pre-application discussion and consultation, which enables better co-ordination between public and private resources and improved outcomes for the community. It states that the Council will positively promote pre-application discussions, *"the benefits being early engagement with the community has the potential to improve the efficiency and effectiveness of the planning system for all stakeholders."* It further states: *"We will be happy to advise developers on when and how they might involve the community before submitting a planning application, based on the significance of the proposals for the community, previous planning history and experience, but developers will carry out the consultation process"*.

2.3 In term of the current volumes of pre-application enquires, the national planning application forms have a box in which details of pre-application engagement with the LPA should be entered. The submitted forms therefore give an indication of the number of applications that are result in an application being submitted, and this is approximately 20% of applications received in the Borough. On average, over the last five years, this has equated to about 160 pre-applications inquires per year. The level and time spent at the pre-application stage obviously varies, according to the complexity of the situation. At the lowest level it can be as little as directing an applicant to the correct forms and fees, through to a number of lengthier meetings and discussions for some larger applications.

2.4 Pre-application advice currently falls into three categories.

- a) Over the telephone (which can vary from the simple to the complicated);
- b) by email or letter; and/or
- c) meeting or site visit.

2.5 Based on information recorded by Development Control officers (DC) from sample information b) + c) above, over a 48-week period there were some 576 occasions when some form of pre-application advice has taken place. An average of 30 minutes per enquiry equates to about 288 hours of interaction overall, although this time taken is not always in a single block of time – there might, for example, be a number of separate telephone conversations, or telephone conversations, analysis of material provided and meetings.

2.6 Advice over the telephone (a) over the same period roughly equates to 192 hours, leading to a combined total of 480 hours.

2.7 The turnaround depends on the complexity of the matter and also the quality of information provided by the potential applicant (e.g. any studies already done, or other existing information). Turnaround generally is within five working days (for site visits it is 10 days) but there are no set standards. Advice given on site visits/ meetings is for the most part verbal and is generally limited to officer opinion and policy direction.

2.8 The Council would continue to provide, free of charge, advice in the following areas:

- i) The need for planning permission
- ii) Works to listed buildings; and
- iii) Works to protected trees.

2.9 Pre-application advice can never be binding on an LPA; it is just that – **advice**, not a draft decision. In most cases, there will (understandably) be gaps in supporting information and no certainty of the precise intentions of the potential applicant – for example, a potential developer may not want to spend a significant sum of money drawing up a detailed scheme if the LPA's pre-application view is that permission would be very unlikely to be granted for that kind of scheme in principle. Circumstances can change, more information can become available, national and local planning policy can alter and in some cases the potential views of other key consultees (such as the Highway Authority, Environment Agency, parish council etc) may not be known at an early pre-application stage either. That being said, all LPAs aim to produce helpful pre-application advice which gives a balanced view of the strengths and weaknesses of a particular draft proposal.

2.10 In 2009, a charge for responding to Permitted Development (PD) enquiries for householders was introduced. The fee is linked to half the cost of a formal application for a Certificate of Lawful Development. For the last year (2017/18) the fee of £43 has produced an income of £2,500 from 58 enquiry forms and has generally been accepted by users of the service. Enquirers receive a letter from confirming whether the proposed development would be permitted development or not (based on the information supplied by the enquirer). The letter does not constitute a formal decision, however, and a lawful development certificate (LDC) is the statutory process in planning law and is double the cost of the permitted development letter (so currently £172).

2.11 The introduction of the fee and form has effectively reduced the number of miscellaneous permitted development enquiries received (from some prospective house purchasers, for example) and provides a structured and controlled way for the Council to deal with the enquiries.

3 PREDICTED LEVELS OF PRE-APPLICATION ENQUIRIES

3.1 Most LPA that have introduced charges find, entirely predictably, that as a consequence they had seen a significant reduction (generally 50% or so) in the number of pre-application enquiries, most particularly those of a “speculative” nature. The recent experience of King's Lynn and West Norfolk Borough Council (which introduced pre-application charging in 2011) shows that pre-application advice has levelled out at about 10% of all applications (later) submitted.

3.2 For Great Yarmouth borough, based on the above data this 50% drop would equate to 80 pre-application enquiries (based purely on the submitted applications; obviously there will be further pre-application enquiries which do not lead on to an application being made). The permitted development forms are in addition to these figures.

3.3 In terms of the 80 pre-application enquiries, 13 of these applications are likely to be associated with “major” applications (*simply put, 10 dwellings or more or 1,000m² or larger for commercial proposals*), whether residential and commercial. These numbers are obviously arising from a small number of applicants, which means that there is a level of uncertainty and inter-year variability likely. For example, if (hypothetical) developer/housebuilder A tends to submit 2-4 “major” applications per year (on average), but determined that it would not pay pre-application fees in principle (no matter what the fee level), this would skew the take-up and therefore money received.

3.4 Over a five-year period, “major” planning applications have equated to approximately 2% of all planning related applications submitted, but in some years the fees associated with those applications have amounted to 60% of the total planning fees received (as the level of planning application fee is linked to the size of the development). Because of the financial investment involved in “major” applications, most such cases are subject to pre-application advice. It is anticipated that in terms of paid for pre-application advice this will continue, subject – of course – to the cost of the service and quality of the advice given, as the pre-application fee is likely to be a small proportion of the total potential development cost.

3.5 Of the remaining 60 proposals (which would later become applications) expected to seek pre-application advice, these effectively will be “minor” (such as residential development under 10 dwellings) and “other” applications (such as householder development). Based on the number of applications received in each category, this would equate to roughly two-thirds “other” and one third “minor”. Many LPAs initially exempted householder development from pre-application charging but now the majority of authorities charge (as householder enquiries can be significant in volume). As mentioned above in paragraph 2.10, there is a chargeable request service for whether a proposal would likely constitute permitted development or not. However, for proposals beyond the scope of permitted development rights, it is likely that, subject to the level of fee charged, that this will still prove beneficial to applicants and uses of the service, although the percentage of take-up is less quantifiable. At the very least there are considerable efficiency savings to be made for the Council from not actively engaging in pre-application discussions unless a fee has been paid.

3.6 It is clearly more difficult to estimate the future number of paid-for pre-application enquiries that would not later turn into formal applications. There are more likely to be focused on “minor” and “householder” applications; to take the example given in paragraph 1.2 of a popular house for sale with hoped-for potential for a large extension or additional dwellings, the Council might receive three or four paid-for enquiries from prospective purchasers. Clearly at most only one of these potential purchasers will end up buying the house and perhaps submitting a formal application later on.

3.7 The flip side of introducing a pre-application charging service is that those not willing to pay for such a service obviously cannot expect – and will not get – the same level of service those paying will get (which will be enhanced from that currently provided). But they would also not get the same level of advice received currently (i.e. without pre-application charging in place) – it will be a reduced level of service, otherwise it would reduce the incentive for anyone to pay pre-application charges. The level of service would effectively be limited to that in paragraph 2.8 above, with only the most general advice given.

4 FEE SETTING OPTIONS

4.1 There is a wide variety of fees charged by different LPAs for providing pre-application advice. Whatever fee mechanism is chosen, it must be easily understood by customers and relatively straightforward for the LPA to administer. Broadly speaking, they fall into three categories:

- Fixed fee related to the type and/or size of application;
- Hourly rate; or
- Charge a proportion of the planning application fee.

Fixed Fee

4.2 Many authorities set a fixed fee for different categories of development, for example, different fees for Majors, Minors and Others.

4.3 An advantage of a fixed fee is that it should be clear what the fee is and that it is required to be paid up-front before the service is provided. It is also of note the Welsh Government recently introduced a statutory pre-application fixed rate fee depending on the four set categories of development.

4.4 One difficulty is setting the appropriate level of fixed fees, because there are different levels of resource input required when dealing with different types of development proposals (and the same types of proposals can also vary considerably in complexity and issues). Therefore there needs to be a balance between setting an appropriate fee to cover most scenarios, whilst not dissuading potential applicants from using the service (if the fee is perceived to be too high). The difficulty is perhaps reflected in the wide range of fixed fees charged by other authorities using this system.

Hourly Charge

4.5 In reviewing other LPA schemes, the use of hourly charges is not generally favoured. This is on the basis they can be tricky to administer and a final fee is difficult to estimate accurately in advance. This potentially has the additional expense for the LPA of sending out invoices after the work is carried out, and there is likely to be time and effort required in chasing outstanding fees, which in some cases may not be recouped.

4.6 An hourly charge must be based on a “blended” officer rate, which takes account of salaries and on-costs (heating, lighting, etc). It will not always be known in advance who precisely will be involved in particular pre-application discussions from the Council side, and for how long, but it could range from Planning Officers up to Directors, whose hourly rate will obviously vary significantly. The overall blended rate for Council officers is about £64 per hour (at current 2018 values).

4.7 The area where time charging may be potentially useful, however, is if there is further advice is sought by the after receipt of initial pre-application advice. The main fee would already have been paid and the extra work can be charged on top of this. (In addition, some authorities do offer a one-off hourly rate for discussing a refused application, which the LPA plans to consider introducing.)

Percentage of the Planning Application Fee

4.8 Those authorities using a proportionate/percentage approach consider that this allows the fee to reflect the proposed development and the resources likely in pre-application advice. Planning application fees are set nationally and attempt to reflect the complexity and scale of development. A potential downside would be the very small pre-application fee associated with small development which would not necessarily reflect the time and effort needed to deal with these small proposals. There would therefore have to be minimum fees set to cover some forms of development. In addition, the potentially high level of charges for advice for the bigger sites may well dissuade applicants from entering pre-application negotiations, and which is unlikely to be in the best interests of all parties.

Neighbouring authorities' pre-application advice regimes

4.9 The neighbouring local authorities to Great Yarmouth Borough charge as follows:

- [Norwich City Council](#) – charges a percentage of the application fee (15%) for large proposals and a flat rate for other applications (since 2009);
- [North Norfolk DC](#) – charges a flat fee which varies depending on the type and scale of the development proposal and offer a bronze and silver service with a higher fee (silver) depending on the detailed response to the query and response time sought. Maximum fee £72,000 (including VAT);
- [South Norfolk Council](#) – of the authorities above, they adopted the pre-application charging most recently (in 2015), and use a sliding fee scale depending on the scale of the proposal, ranging from householder, small, medium and large scale proposals. Fees range from £43 to £3,810 including VAT. Advice and information varies according to the information given, which is set out in the service;
- [Waveney/East Suffolk Council](#) – combination of flat and sliding scale for residential and commercial fees from £35 to £4,500 plus VAT for schemes of 50 dwellings, beyond which there are fees of £250 to have meeting to negotiate the fee on large scale applications. Introduced in October 2014.

4.10 All the above authorities' pre-application charging systems include full exemptions or reduced fees (50%) for Parish Councils, charities and voluntary groups plus full exemptions which involve adaption development for the registered disabled. In addition, Waveney/East Suffolk does not charge for schemes located in the areas covered by Local Development Orders (and which meet the requirement of the relevant order) or for schemes delivering 100% affordable housing.

Planning Performance Agreements

4.11 None of the above authorities are readily promoting Planning Performance Agreements or state a fee within their charges schedules. A Planning Performance Agreement (PPA) is a project management tool that the LPA and applicant can use to agree timescales, actions and resources for handling particular applications. The Government promotes their use for large or complex planning proposals. A number of London boroughs in particular promoted the use of such agreements for which there is a charge depending on the scale of the development, often a percentage of the planning fee or fixed cost. Examples vary between £40,000 to £100,000.

4.12 In terms of income associated with pre-application charging, this obviously differs between authorities depending on the overall number and scale of applications that individual authorities deal with on an annual basis. The status of the Local Plan and the quality of the response also influences the take up levels.

5 FEE SETTING

5.1 In setting the fees, the Council needs to be mindful that fee income from the service must not exceed the costs of providing the service.

5.2 The experience of other authorities is that once charging for pre-application advice was introduced, pre-application enquiries saw a 50% reduction and also (logically) a corresponding increase in the number of applications submitted for which there had been no formal pre-application advice sought.

5.3 The result of this was that more such applications tend to require modification and discussion at the application stage, and the number of invalid applications also rose (with an increase in administration costs and officer time in dealing with such applications). Therefore whilst there is potential for increased income and efficiency savings as a result of a reduction in the number of enquiries as a result of fee-charging (as well as potentially delivering some better quality applications), there will be some additional costs in other parts of the system.

5.4 The fee charges will cover only the guidance of the determining authority and excludes consultation with statutory bodies such as [Norfolk County the Highway and Local Lead Flood Authority](#) and [Environment Agency](#) and the drainage bodies, all which have their own pre-application processes (chargeable in some cases). However, for larger pre-application proposals, some time allowance is made for further consideration of proposals after receipt of the original advice, which could include knowledge of (say) the Highway Authority's view.

5.5 Norwich City Council and King's Lynn and West Norfolk Borough Council do offer an enhanced (faster) service by charging a further percentage fee on top of their standard fee - an additional 20 % of the application fee in the case of Norwich and additional 5% of the planning application fee for King's Lynn and West Norfolk BC.

5.6 As stated above, there is a variation in fees between neighbouring authorities. For Great Yarmouth, where a number of regeneration schemes are being promoted and viability can be an issue, overly prescriptive or unit-based charging could be counter-productive.

6 PREFERRED OPTION AND RECOMMENDATION

6.1 In reviewing the schemes of nearby districts a fixed fee option based upon four categories of development is considered the preferred option for the Borough and users of the service. Set fees and service delivery are considered the most transparent and straightforward with the payment being paid up front as per the submission of a planning application. From the users' perspective, it should be clear in setting out what users will get in return for payment and when it will be received.

6.2 It is recommended that the Council adopts a fee schedule and a service commitment to take effect from 1st October 2018 (see Appendix 1 for the Fee Schedule). These are recommended to be:

- i) An exemption for proposed development in the Local Development Order (LDO) areas, where proposals would likely meet the stated criteria of the LDO. If it appears that a proposal would likely exceed the parameters of the LDO, free pre-application discussions would be terminated at that point;
- ii) An exemption for proposed affordable-only housing schemes and also for potential housing adaptations for registered disabled people;
- iii) An exemption for charities, voluntary groups, and parish councils
- iv) The householder development to be consistent with the charge of the permitted development confirmation scheme;
- v) Planning Performance Agreements should also be included as an option (in other words, a bespoke arrangement for particular schemes, typically the very largest). By definition, it is not possible to set out the scale of charges for a PPA, but it would be unlikely to be below £10,000 in any particular case.

6.3 The proposed exemption for development in the LDO areas reflects that in Waveney District (East Suffolk) Council. Charging pre-application fees in the LDO areas could potentially act as a deterrent to businesses considering setting up/expanding there, and would run counter to the aims and rationale of setting up the LDO areas in the first place.

6.4 The suggested option incorporates a local fee schedule based on projected officer time and overheads in dealing with the pre-application enquiries (see Appendix 1). The detailed figures (all exclusive of VAT) are:

- i) Works to dwellings which fall outside the permitted development regime (extensions to buildings) alterations to buildings (excluding use) and advertisements – **£92**;
- ii) Minor development (9 dwellings or fewer or equivalent commercial floorspace): **£423 – £582**;
- iii) Medium scale development (10-199 dwellings or equivalent commercial floorspace): **£1,148 – £1,626**;
- iv) Major development (200 dwellings+ or equivalent commercial floorspace): **£2,364 – £2,926**.

6.5 Based on the assumption of the current average number of pre-application enquires of 160 and a drop of 50% of pre-application enquires that later result in an application – as experienced elsewhere – this would potentially amount to 80 fee paying enquires. (As stated in paragraph 3.6, this of course does not take in to account pre-application advice that does not materialise into a later planning application).

6.6 Split between householder, minor, major and large scale applications and reflecting those recent planning applications in the past years subject to pre-application advice, the projected income **could** be in the region of £36,000 per annum (based on the scale of fees proposed) **if** the scheme were to be fully embraced by the development industry. If the fee charging is introduced in October 2018 (as recommended) this **could** amount to a projected income in the region of £15,000 for the remainder of the current (2018/19) financial year.

6.7 However, it has to be borne in mind however that this is an arithmetic projection only. Information from councils elsewhere (both factual and anecdotal) is that in the early stages of charging for pre-application advice, the take-up can be slow. This is unsurprising – some developers (particularly for larger schemes) who have been used to receiving free advice as a matter of course may be unhappy and unwilling to engage (at least initially); there will be a temptation for them to rush through pre-application discussions on potential schemes before a chargeable service commences, leading to a lull in similar schemes in the early months of its implementation (at least). Some will also be cautious about paying for the service until they have seen/heard information from other developers that the pre-application charge is perceived to be worthwhile.

6.8 This emphasises how important it is that the quality and timeliness of pre-application responses are at (or beyond) the standard set out in the fees schedule. In addition, there are other factors referred to elsewhere in the report – the state of the wider housing market and the economy generally plays a significant role in affecting the health of the local development industry.

6.9 As a result, a more cautious and prudent approach to projecting fee income is taken by officers, especially for the first six months of the scheme (until the end of 2018/19). Income ranging from **£6-8,000** is projected for the period 1st October 2018-31st March 2019. **£15-18,000** income is currently projected for 2019/20, although this

will be reviewed closer to the end of the current financial year (when some actual figures and feedback from the development industry are known).

6.10 It is considered inevitable that minor changes to the regime will be necessary as it beds in, even if they are just to provide greater clarity on particular points or better guidance. Delegated approval is therefore sought to allow the Director of Development, in consultation with the Chairman of the Policy & Resources Committee to make such changes as are considered appropriate. Such changes would not consider any more fundamental matters (such as the overall fee levels and categories); the 12-month review is the time to consider such matters.

7 FINANCIAL IMPLICATIONS

7.1 The proposal will lead to increased revenue income and will help cover some of the costs of providing the Planning service. Pre-application charging has taken somewhat longer to bring in than first thought, and it is felt appropriate to take a conservative approach to the amount projected to be raised (to begin with, at least). The amount projected is **£6-8,000** for the remainder of 2018/19, with a projection for 2019/20 made closer to the end of the current financial year.

7.2 The amount of money raised is expected to increase over time (due to greater take-up of the service). However, precise figures cannot currently be projected with any certainty and how realistic these figures are will depend on the state of the local property market, the timing and size of particular (pre-)applications and developer willingness to enter into paid-for pre-application discussions. The 12-month review will enable the Council to take stock of the situation and amend the regime accordingly.

8 RISK IMPLICATIONS

8.1 The introduction of a pre-application charging service does run a risk that it may be perceived to be a further barrier to development in the Borough (as an additional charge). However, pre-application charging is not mandatory, so nobody has to do it if they do not wish to. The rates are proposed to be set at a sensible level, which would hopefully not put off too many applicants (particularly on larger schemes), and high-quality advice from the Council should hopefully pay for itself from an applicant's perspective (through leading to a higher quality application, which should hopefully be determined more quickly, with greater certainty). The 12-month review will also enable the Council to understand how the scheme has operated, and make appropriate adjustments. Officers will seek and receive regular feedback from the members of the Developers' and Agents' forum at the formal meetings, and will also receive more informal feedback from applicants/potential applicants through normal dialogue.

8.2 There is a risk that some potential applicants will try to sidestep the charges by seeking advice informally from officers (including from outside Planning & Growth) and/or councillors. For this reason, it is vital that **all** officers and councillors are alert to this possibility and direct such requests to Planning & Growth officers in the first instance.

8.3 The Council's own housing company Equinox should be treated no differently to any other potential applicant in relation to pre-application advice. To do otherwise would risk the Council being accused of practicing "double standards".

9 CONCLUSIONS

9.1 It is considered that a good, well-structured, pre-application service will play a

key role in boosting the delivery of sustainable development and growth within the Borough. The introduction of a system with charging and service standards will ensure that this part of the service is as efficient and effective as possible, whilst covering part of the cost of the service, and increasing the quality of applications later submitted.

10 RECOMMENDATIONS

Policy and Resources Committee is asked to recommend that Full Council resolves to agree:

- a) That the Council introduces a system of charging for pre-application advice for a Great Yarmouth, with effect from 1st October 2018 as detailed in Section 6 of the report;
- b) That the Development Director, is given delegated approval to produce, finalise and refine the supporting guidance, detailed fees schedule and application forms;
- c) That there will be a formal review of the first 12 months' operation, with Policy and Resources Committee considering a paper with recommendations for any more significant changes in autumn 2019.

11 BACKGROUND PAPERS

[National Planning Policy Framework](#) (2012 version)

[Planning Policy Practice Guidance](#)

[Planning Advisory Service – A Material World – Charging for pre-application advice](#)

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:	See Finance sections above
Existing Council Policies:	Covered in report
Financial Implications (including VAT and tax):	Covered in report
Legal Implications (including human rights):	Covered in report
Risk Implications:	See Section 8 of the report
Equality Issues/EQIA assessment:	N/A (although pre-application advice for some housing adaptations for disabled people are proposed to be free of charge)
Crime & Disorder:	N/A
Every Child Matters:	N/A

Appendix 1

The following sets out the details that you need to submit for us to be able to answer your enquiry and identifies the information which is essential and additional information which will help us to give a fuller response.

The tables set out the fee (**excluding** VAT) for each of the four pre-application categories.

Exemptions

- Parish Councils, Charities, Voluntary Groups, 100% affordable housing sites = free
- Adaptations for disabled people = free
- Enquiry relating to a refused or withdrawn planning application or follow up enquiry within 6 months of the original = free
- Schemes located in areas covered by Local Development Orders and which meets the requirement of the relevant with the terms of the relevant Order = free

* Where it is not possible to secure a comment from relevant external consultees within the above timescales, the Council will respond and forward the consultee comments separately (as appropriate)

1) Works to an existing dwelling (extensions or outbuildings), alterations to buildings (excluding use) and advertisements

Information we need from you	
Essential	<ul style="list-style-type: none"> • Location plan showing where the site is • Plan showing the position of the proposal in the site
Desirable	<ul style="list-style-type: none"> • Sketch drawings showing what the proposal looks like from each side, ideally including the dimensions • Photographs of the site and its surroundings

Information we'll provide in our reply
<ul style="list-style-type: none"> • Any relevant previous planning decisions • Summary of the main planning considerations and objectives of relevant policies • Comments on the design and relationship to neighbouring uses • Any restrictions which should be considered (Tree Preservation Order etc)

Costs and time taken for reply		
	Cost	Final response
Written reply	£92	Within 10 working days or an agreed extension of time

2) Minor Development

- Residential development of between 1 and 9 dwellings or less than 0.5 hectares
- Non-residential development of less than 1000 sq m floorspace or 1 hectare
- All Changes of Use

Information we need from you	
Essential	<ul style="list-style-type: none"> • Location plan showing where the site is • Plan showing the position of the proposal in the site
Desirable	<ul style="list-style-type: none"> • Sketch drawings showing what the proposal looks like from each side, ideally including the dimensions • Photographs of the site and its surroundings • Project brief / Design and Access Statement

Information we'll provide in our reply
<ul style="list-style-type: none"> • Any relevant previous planning decisions • Summary of the main planning considerations and objectives of relevant policies • Comments on the mix of development and need for affordable housing • Transport and highway issues <i>*(may not include advice from the Highway Authority and/or Highways England unless already known)</i> • Comments on the design and relationship to neighbouring uses • Any restrictions which should be considered (Tree Preservation Order etc) • Financial contributions – Section 106 legal obligations

Costs and time taken for reply				
	Cost	Initial contact	Meeting	Final response
Written reply	£423			Within 20 working days or an agreed extension of time
Meeting in office and written reply	£523	Within 5 working days	Within 15 working days	Within 10 working days of meeting or an agreed extension of time
Meeting on site and written reply	£582	Within 5 working days	Within 15 working days	Within 10 working days of meeting or an agreed extension of time

3) Medium development

- Residential development of between 10 and 199 dwellings or between 0.5 and 4 hectares
- Non-residential development of between 1000 and 9,999 sq m floorspace or 1-2 hectares

Information we need from you	
Essential	<ul style="list-style-type: none"> • Location plan showing where the site is • Plan showing the position of the proposal in the site • Project brief / Design and Access Statement
Desirable	<ul style="list-style-type: none"> • Sketch drawings showing what the proposal looks like from each side, ideally including the dimensions • Photographs of the site and its surroundings

Information we'll provide in our reply
<ul style="list-style-type: none"> • Any relevant previous planning decisions • Summary of the main planning considerations and objectives of relevant policies • Comments on the mix of development and need for affordable housing • Comments on sustainability • Transport and highway issues <i>*(may not include advice from the Highway Authority and/or Highways England unless already known)</i> • Comments on the design and relationship to neighbouring uses • Any restrictions which should be considered (Tree preservation Order etc) • Financial contributions – Section 106 obligations GYBC • Additional bodies you may wish to consult before submitting an application

Costs and time taken for reply				
	Cost	Initial contact	Meeting	Final response
Written reply	£1148			Within 25 working days or an agreed extension of time
Meeting in office and written reply	£1392	Within 5 working days	Within 20 working days	Within 15 working days of meeting or an agreed extension of time
Meeting on site and written reply	£1626	Within 5 working days	Within 20 working days	Within 15 working days of meeting or an agreed extension of time

4) Major development

- Residential development of 200 dwellings or more
- Non-residential development greater than 10,000 sq m floorspace
- Proposals requiring Environmental Impact Assessment

Information we need from you	
Essential	<ul style="list-style-type: none"> • Location plan showing where the site is • Plan showing the position of the proposal in the site • Project brief / Design and Access Statement
Desirable	<ul style="list-style-type: none"> • Sketch drawings showing what the proposal looks like from each side, ideally including the dimensions • Photographs of the site and its surroundings

Information we'll provide in our reply	
•	Any relevant previous planning decisions
•	Summary of the main planning considerations and objectives of relevant policies
•	Comments on the mix of development and need for affordable housing
•	Comments on sustainability
•	Transport and highway issues <i>*(may not include advice from the Highway Authority and/or Highways England unless already known)</i>
•	Comments on the design and relationship to neighbouring uses
•	Any restrictions which should be considered (Tree Preservation Order etc)
•	Financial contributions – Section 106 legal obligations
•	Additional bodies you may wish to consult before submitting an application
•	Information relating to Environmental Impact Assessment Regulations

Costs and time taken for reply				
	Cost	Initial contact	Meeting	Final response
Written reply	£2364			Within 25 working days or an agreed extension of time
Meeting in office and written reply	£2645	Within 5 working days	Within 20 working days	Within 15 working days of meeting or an agreed extension of time
Meeting on site and written reply	£2926	Within 5 working days	Within 20 working days	Within 15 working days of meeting or an agreed extension of time

5) Planning Performance Agreements

Contact Great Yarmouth Borough Council to discuss – all will be bespoke.

Great Yarmouth Borough Council – October 2018

Subject: Gorleston Beach Huts
Report to: Executive Leadership Team – 16th July 2018
Policy and Resources – 31st July 2018
Report by: Head of Property and Asset Management

SUBJECT MATTER AND RECOMMENDATIONS:

Approval of Beach Hut Development at Gorleston and the Marketing and Sale Process.

That Policy and Resources Committee approve:

- Provision of a permanent on-site amenity block solely for the use of Beach Hut owners.
- Allocation of additional Capital budget of £130k to cover the provision of the amenity block and additional costs associated with the provision of the Beach Hut structures.
- That the 70 Beach Huts be marketed for sale together with the grant of a 25 year lease for a plot subject to payment of a Ground Rent, to be released in phases with plots identified for sale through an independent Estate Agent with an annual Ground Rent of £750 plus VAT, subject to inflationary increases.
- Authority be delegated to the Director and Finance and Head of Property and Asset Management to approve plot sales.

1. INTRODUCTION

- 1.1 In November 2017 Council approved commencement of a Planning Application to install 70 Beach Huts on Gorleston Lower Promenade. The application was submitted and permission was granted on 25th May 2018.
- 1.2 Works have been ongoing during this time to confirm the budget requirement and develop the detail around advertising, purchase, lease and installation.
- 1.3 The report of November 2017 suggested three options for consideration from a 2x2m Beach Hut through to a 3x3m Beach Hut which would incorporate an external veranda. The Committee concluded the option to include the veranda be worked up to a full scheme using the initial proposals for sale and lease costs, the information below is as was presented to Committee in November 2017:



- (1) This style and size of beach hut could offer an enhanced opportunity for Gorleston. Although the same width it would give purchases a small outside space for their individual use. This size would enable a total of 70 beach huts to be developed in the first phase.

2 CURRENT POSITION

- 2.1 Property and Asset Management team have been registering interest in relation to the purchase of the Beach Huts arising from the press coverage of the previous report.
- 2.2 Interest has been high in relation to the purchase of these facilities even though no formal advertisement of the scheme has been made.
- 2.3 The original proposal included a temporary amenity block however after further investigation it has been identified and agreed through the planning process that this is a permanent amenity facility for the benefit of the Beach Huts only.

3. FINANCIAL IMPLICATIONS

- 3.1 The original Business Case identified a requirement for a Capital budget of £140k to provide and install a total of 70 Beach Huts with the provision of a porta cabin facility for the amenity block being delivered annually through a revenue cost.
- 3.2 Detailed costs in relation to the provision of the individual Beach Huts has increased from original estimates from £1,900 to £2,500 per unit.
- 3.2 In undertaking investigations costs are now clearer in relation to the overall development and are detailed below for information:

Description	Individual cost	Cost for 70 Units
Amenity Block		
Substructure	3,932.50	
Internal finishes	2,674.32	
Fittings, furnishings and equipment	5,000.00	
Installation of services including; power, drainage and water (estimated as final utilities costs awaited)	66,037.50	
Total cost of amenity block		77,644.32

	Individual cost	Cost for 70 Units
Beach Huts		
Complete buildings *	2,500	175,000
Fees – capital recharge		17,000
Overall Capital Cost		269,644.32

*Originally estimated cost per building £1,900

3.3 The overall capital cost of the works to provide the buildings has increased but will be subject to further clarification following the formal tender process. The amenity block was not originally included within capital estimates however the option to provide a permanent facility would reduce annual water and sewerage costs and enable the facility to be accessible for disabled use.

3.3 Ongoing revenue costs in relation to the development are now limited to the following:

Description – costs per annum	Cost
Utilities costs – power, water, sewerage	3,000
Beach Hut Warden service, cleaning, repairs and maintenance service to be delivered jointly through Property and Asset Management and the Joint Venture services	20,000
Total	23,000

3.4 The overall budgetary impact of the development would be as follows:

	Capital Expenditure	£
Expenditure	Capital requirement to deliver scheme (excluding ongoing borrowing costs)	(269,644)
	Income will need to cover the capital costs of the project in addition to any ongoing borrowing costs, it is anticipated that this can be achieved with the purchase price being subject to independent valuation	
	Revenue Income and Expenditure	
Income	Annual ground rent income based on £750 plus VAT per unit	(52,500)
Expenditure	Annual costs	23,000
	Revenue Surplus per annum	£29,500

3.5 Annual income is estimated on 70 occupied units for which a 25 year ground rent will be payable with annual increases identified through the lease agreement based on a standard RPI+ percentage.

3.6 Section 34.8 of the Constitution identifies that assets should be sold in a manner to obtain best value for the organization, and independent valuation is to be undertaken in line with this.

3.7 Tenders will be sought for the appointment of an independent Estate Agent to value and market the Beach Huts, costs for this are estimated at £12,000.

4. RISK IMPLICATIONS

4.1 As has been mentioned previously Property and Asset Management have been gathering expressions of interest since the Committee decision to progress. Interest has been significant with numbers now exceeding supply in the first phase however it should be noted that this is with costs unknown by the interested parties.

4.2 Legal advice indicates that formal advertisement needs to be undertaken to ensure fair and transparent access to purchase the Beach Huts. Formal advertisement will therefore need to follow Committee approval of the development to include the cost, method of purchase, terms and conditions.

- 4.3 It is suggested that all customers who have to date expressed an interest be notified that a formal advertisement will be placed in the press detailing the application process.
- 4.5 Purchase and lease agreements are currently being drawn up by NPLaw and will be available at the time of advertisement to ensure all purchases are clear on the offer and aware of their responsibilities on purchase.
- 4.6 Beach Hut insurance will be mandatory as part of the purchase of the unit.
- 4.7 Should interest in the Beach Huts not reach expected levels a further report will be brought back to Members for consideration.

5. CONCLUSIONS

- 5.1 Development of the first phase of the Gorleston Beach Huts to total 70 units and a permanent amenity block solely for use by purchasers.
- 5.2 Individual units offered for sale in phases of 20 through an independent Estate Agent. A 25 year lease will be issued subject to an annual ground rent of £750 plus VAT and subject to inflationary increases as detailed in the lease agreement.
- 5.3 Sales to be approved by the Director of Finance and the Head of Property and Asset Management, release of the plots will commence with the southernmost end of the development moving north.
- 5.4 The lease agreement will cover all terms and conditions of purchase including the requirements in relation to any onward sale and the annual increase in relation to the ground rent charges.
- 5.5 It should be noted that Business Rates is chargeable on individual Beach Huts although Small Business Rate Relief would be applicable depending on circumstances.

6. RECOMMENDATIONS

That Policy and Resources Committee approve recommendations as details on page 1 of this report.

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

Subject: In-sourcing the GYBS Building Service

Report to: Executive Leadership Team – 16th July 2018
Policy and Resources – 31st July 2018

Report by: Head of Property and Asset Management

SUBJECT MATTER / RECOMMENDATIONS:

To consider the delivery of the GYBS Building Services function and identify opportunities to improve capacity and resilience of the service whilst rationalising delivery to reduce costs.

It is recommended that the committee approve:

- The transfer of the managerial staff, 4 employees from GYBS to GYBC Property and Asset Management
- Transfer the operational element of the GYBS Building Services team to GYNorse

1. INTRODUCTION/BACKGROUND

- 1.1 The GYB Services Joint Venture incorporates a range of services across Environmental and Building. This dates back to the original Delegation Agreement entered into in 2003. GYB Services deliver the day to day repairs and maintenance function together with the planned maintenance service across some but not all of the council's public assets portfolio.
- 1.2 In addition to GYB Services the council's Property and Asset Management team have responsibility for all of the council's public and commercial assets and have responsibility for the management of the service.
- 1.3 The delivery of the repairs and maintenance service has always been separate even prior to the Delegation Agreement with the services being delivered from the Borough Engineers and Borough Architects Departments never offering the opportunity to amalgamate services for improved delivery, reduced cost or improved value for money.
- 1.4 There are a number of challenges with the current model of delivery some of which are outlined below:
- No integration between GYBS and Property and Asset Management
 - Ongoing review of assets isn't undertaken by GYBS and therefore spend on assets is never questioned or reviewed
 - No clear identification of works to be undertaken, works do not form a planned programme with minor and major repairs being dealt with on an ad hoc basis
 - GYBS does not have a planned maintenance programme and to date has not undertaken stock condition surveys in relation to delegated assets
 - Visits to assets can be undertaken by both GYBS and GYBC teams indicating that there is potential to rationalisation of delivery
 - A lack of communications can see both areas undertaking works on the same asset again creating duplication and additional cost.

- 1.5 The Environment Committee at its meeting of 28th March 2018 approved that further options work be undertaken to transfer the Building Services function back to the Council.
- 1.6 As requested by the Environment Committee a range of options has been considered and this report identifies the most resilient, cost effective, efficient solution for the transfer of the Building Services function of GYBS.
2. **CURRENT POSITION**
- 2.1 Across the two service areas, Property and Asset Management and GYB Services, there are a total of 17 posts working on both management and operational delivery. There are a range of roles with six posts dedicated to asset management and a further 11 delivering the operational service.
- 2.2 The two areas of service together offer a breadth of knowledge and experience however at present these operate in silos with no clear working relationship or knowledge sharing processes in place.
- 2.3 The 11 operational staff currently working for GYB Services undertake a range of duties including electrical, carpentry, bricklaying, plumbing, painting and decorating.
- 2.4 With the current designations of duties the Joint Venture contract accounts for approximately 58% of the capacity through the general repairs and maintenance service and 65% through electrical and footway lighting delivery. The JV arrangement allows GYB Services to utilise the remaining capacity of the teams through opportunities to win additional contracts and undertake capital works and it would be fair to say that in recent year's spare capacity has been taken up through the capital works contracts from the council rather than external contracts.
- 2.5 The current service also includes a Maintenance Operative for Children's Playgrounds this role incorporates the repair and maintenance of the equipment with statutory quarterly inspection and monitoring returns in addition to the completion of any minor works identified by the annual external playground inspection.
- 2.6 Currently budgets in relation to all assets managed by GYBS are amalgamated and works carried out on an as and when basis for both responsive repairs and maintenance with no clear requirement for planned works. A works ordering system is operated by Norse although it remains difficult to extract financial information relating to specific assets.
- 2.7 The range of service undertaken through GYBS although wide ranging in relation to Environmental and Refuse for the building element of the service is relatively small and therefore means that economies of scale in most cases are not deliverable ie. savings in relation to individual trades (single points of failure) or the ability to expand the range of services on offer (minimal employees with relevant skills).
- 2.8 This report outlines the opportunities of bringing together the building elements of both the Council's Joint Venture and identifies service benefits and rationalisation. The GYNorse Joint Venture provides the operational delivery of the Community Housing Asset Management, building and associated asset services. This Joint Venture represents the larger service offering building maintenance functions and in the future could be aligned to deliver both the Community Housing and General Fund services.

- 2.9 By bringing together the GYNorse and GYBS building operational staff it would be possible to rationalise delivery to make savings across the service area with the additional benefit of increasing resilience through additional trade availability (no risk of single point of failure).
- 2.10 The merger of the two Joint Ventures in this area of delivery would also offer the ability to grow the service expanding the range of functions available and offering the service externally to commercial businesses through the Property Service Commercial portfolio to integrate repairs and maintenance contracts to our business tenants without increasing costs or staff provision.
- 2.11 With the merger of the Building functions across the two JV's it would be necessary to return the management function of the portfolio to the in-house Property and Asset Management team this would ensure that all strategic options in relation to the buildings to be coordinated through one service reducing duplication and addressing the challenges created through the current delivery model.
- 2.12 Recently changes within the Property and Asset Management Service have identified the need to have in-house provision for Quantity Surveying and Architectural services and these are now being advertised. This expansion offers the opportunity to provide a streamline service for feasibility, costing and development proposals, this restructure will provide an additional ability to review assets strategically to deliver best value and provide the opportunity to gain income generation through the introduction of alternative developments and feasibilities.
- 2.13 Over recent years external resources have been used to review opportunities ie Marks and Spencer, Equinox developments, contract management of capital works in a bid to deliver best value for the organisation it is recognised with the growing potential of development that this is financially inefficient and can lead to unnecessary delays. To address these issues and provide the opportunity for additional income the expansion of the skills within the team are essential.
- 2.14 The GYBS team includes electrical and mechanical expertise as well as civil engineering experience this together with the general building, capital, quantity surveying and design services will enable the in-house team to deliver a wide range of service for both internal and external customers.
- 2.15 The Council will then have the benefit of a large portfolio with the opportunity to undertake general fund, capital works and housing revenue projects and the use of an in-house service will reduce the requirement for external consultants.
- 2.16 Projects within the short term would include management of Equinox developments like Pops Meadow, Kitchener Road and small/individual Community Housing developments. Work to cost and develop investment schemes for bringing empty homes back into use and large development options around the redevelopment of HMO properties. The capital works identified for this year around the toilet refurbishments, seafront promenade repairs and children playground works would still be managed by the team but directly through GYBC rather than via the JV delivery.

- 2.17 Future resources of the building asset team will need to be monitored and the additional in-house resource will need to be cost neutral and this will be carefully evaluated over the coming months/years with the need to ensure that within the first 2 years of operation additional income generation of the team offsets any extra costs.

3. **FINANCIAL IMPLICATIONS**

- 3.1 It has been necessary to extensively review costs as part of the work to consider moving the asset management function back in house and any merger opportunities for the operational functions.
- 3.2 It is clear that the current delivery costs through the GYBS JV are not based only on the contract cost but incorporate an element of capital works to offset staffing costs, this income is neither guaranteed or should have been incorporated into the general delivery and therefore this report aims to also address how this may be managed going forward.
- 3.3 Considering just the contract requirements the evaluation identifies that resources at GYBS are 55% occupied in relation to general building works and 65% occupied in relation to electrical works the remained being used to provide resource to undertake capital works in-house. It is therefore clear that additional capacity within the team could be either reallocated or rationalised to create cost savings.
- 3.4 Although there has always in the past been an element of capital works providing income to offset the additional staffing costs this is neither guaranteed and should not have been built into the ongoing budget. It is clear however that with a small team such as GYBS should this income cease it would create delivery challenges and single points of failure in maintaining the service.
- 3.5 The financial calculations attached are based on actual costs of resource across GYBC and GYBS.
- 3.6 The following table illustrates the current JV Contract costs at present against the anticipated costs following transfer to GYBC and GYN.

Transfer of GYBS Services			
Description	2018-19 Base Budgets £	2019-20 Revised Budget £	Variance £
Expenditure:			
GYBS - Street Lighting	204,180	0	(204,180)
- Buildings	700,451	0	(700,451)
	904,631	0	(904,631)
GYBC Current Establishment	506,290	506,290	0
GYBC - Transfer of 4 Employees	0	182,918	182,918
GYN - Transfer of 7 Employees (Recharge to GYBC)	0	311,963	311,963
Materials & Subcontractors	0	329,000	329,000
Expenditure Total:	1,410,921	1,330,171	(80,750)
Income:			
Handyman	0	(25,000)	(25,000)
Beach Huts (internal recharge)	0	(20,000)	(20,000)
Income Total:	0	(45,000)	(45,000)
Total All: (Saving) / Cost	1,410,921	1,285,171	(125,750)

- 3.7 The JV productivity of 58% building and 65% electrical identifies the opportunity to reduce resources and the above table has taken the requirement for these levels as the anticipated cost.
- 3.8 Within the 2018-19 budgets there is approval for a total of £818,000 of capital works and in future years there is likely to be capital requirements although any recharge to capital has been excluded from the financial calculations of this report.
- 3.9 With the transfer of the operational staff to GYN this provides the opportunity for additional provision to be delivered through a more resilient service. There are a number of addition service elements which could be incorporated into a more resilient service provision for example the Handyman Service through Safe at Home, beach hut management/repairs service and the development of the commercial opportunity for a Repairs and Maintenance package for GYBC general fund tenants and prudent estimates in relation to these services have been included in calculations.
- 3.10 Services and resources would continue to be reviewed and rationalised as opportunities are presented.
- 3.11 The transfer also creates the potential to reduce the size of the maintenance budget at the Council's discretion having closer control over the pricing of works to drive better value for money. The JV manages a wide range of assets both buildings and infrastructure as part of this funding. Early indications identify that savings could be made and again these are incorporated into the table. It should be noted that these will be continually reviewed over the coming months/years to ensure best value. Saving in the range of £25,000 - £75,000 could be achieved without having a significant impact on services or condition of asset for the purposes of this report the lower range has been factored in.

- 3.12 Depending on the timing of the final transfer there will be in-year savings from the changes in operation, these are anticipated to be in the region of £60k for 2018/19. This will deliver part of the £200,000 saving from the GYBS review that was approved as part of the 2018/19 budget.

4 RISK IMPLICATIONS

- 4.1 The primary risks of this report are focused around the following areas:

- TUPE arrangements for the managerial staff – the detailed financial work undertaken as part of the development of this report is based on the costs of the service including revised rates of pension which minimised the risks of additional costs on transfer.
- Transfer issues between GYBS and GYN continue to be explored to understand if TUPE would apply given the overall umbrella organisation is Norse.
- Potential redundancy costs would be minimal with a proposal in a reduction of the operational element from 11 to 7 and these have been identified as a maximum of £26,148 however a recruitment freeze is now in place with the GYN contract in a bid to mitigate this further.
- The materials and subcontractors assume a saving of £50,000 saving in a full year compared to the current operation and there remains risk around the delivery of this with the changes to the operation of the service.
- It has been identified by GYBS that there may be an increase in allocation of overheads across other service areas as a result of the removal of the building services team, no allowance has been made for this possible increase although a figure of £60k has been indicated at the present time.
- Members will be aware that the 2018/19 budget as approved in February 2018 included delivery of a £200,000 saving from the joint review of the GYBS contract from 2018/19. This proposal will deliver a full year saving of £125k leaving £75k saving still to be identified. The in-year budget monitoring reports will monitor the progress of this and take into account the overall implications on the GYBC revenue budget.
- Loss of skills on transfer – it is possible as part of any potential transfer staff may decide to leave the service if this is the case a further review will be undertaken to consider impact and delivery to identify if any additional savings/opportunities can be identified
- Speed of transfer – consultation will need to be undertaken with the GYBS staff by GYBC and GYN it is anticipated that this will require a period of 2 months to complete and therefore costs in the detailed document have been calculated from October 2018 to accommodate this.

- 4.2 Transfer of the operational staff to the GYN service provides a resilient and rational solution to delivery, a wider breadth of tradesperson and increased capacity delivering similar services would be beneficial and offer stability for the staff.

- 4.3 It is clear that there will be a need to rationalise staff, the current staffing level is inefficient as demonstrated by the 58% and 65% productivity.

- 4.4 As mentioned above TUPE does apply to this transfer if only in relation to the managerial element of the service, the organised group are employed to provide a service to a particular client and the overall client (GYBC) will remain the same.

4.5 Inability after transfer to identify the savings on the general repairs and maintenance budget.

4.6 The removal of this work from the GYBS joint venture could have a detrimental impact on the joint venture's future profit generating potential as its ability to trade within the building/FM market within this partnership will be lost.

5. CONCLUSIONS

5.1 Consideration of the overall building function should not be based purely on financial savings and should be considered of both the long term operational benefits and opportunities.

5.2 The transfer would offer the rationalisation of trades and the resilience through volume that the stand alone GYBS function does not currently have.

5.3 Improved productivity without the reliance on Capital works to balance the overall staffing budget. As has been show above management costs the Capital Works budget has been removed from all calculations.

5.2 There would remain future opportunities for further resource changes and savings as projects expand/contract.

5.3 Further rationalisation of resources can continue to be considered once assets have been reviewed and are managed as part of the overall strategic delivery.

5.4 Consideration of this report by the GYBS Liaison Board will be undertaken on 24th July 2018.

6. RECOMMENDATIONS

6.1 To in-source the GYBS Building Services function by undertaking the following:

1. Transfer of the managerial staff, 4 employees from GYBS to GYBC Property and Asset Management
2. Transfer the operational element of the GYBS Building Services team to GYNorse.

7. BACKGROUND PAPERS

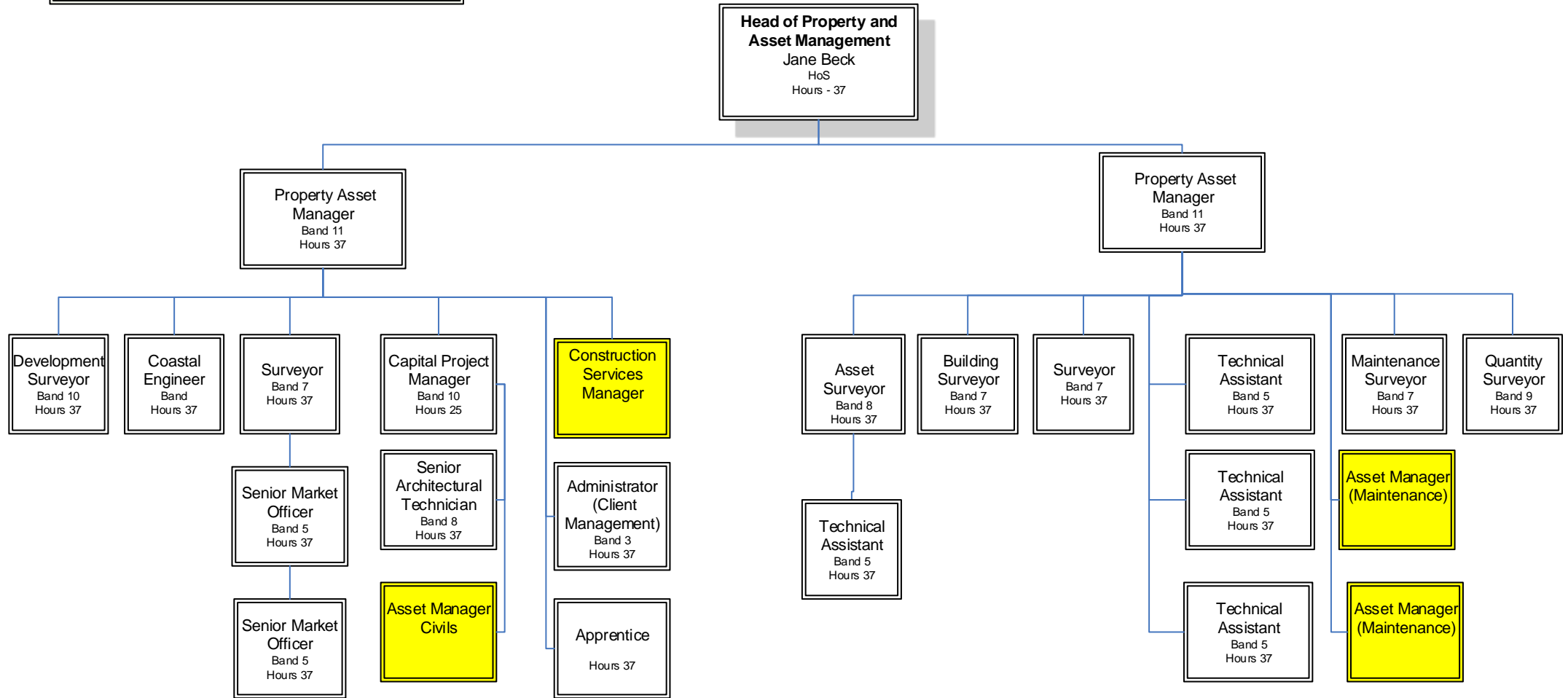
GYN Proposal for the transferred operational staff

Structure of Property and Asset Management Service – attached.

Area for consideration	Comment
Monitoring Officer Consultation:	Incorporated into report
Section 151 Officer Consultation:	Incorporated into report
Existing Council Policies:	
Financial Implications (including VAT and tax):	Considered and incorporated
Legal Implications (including human rights):	Considered and incorporated
Risk Implications:	
Equality Issues/EQIA assessment:	None
Crime & Disorder:	None
Every Child Matters:	None

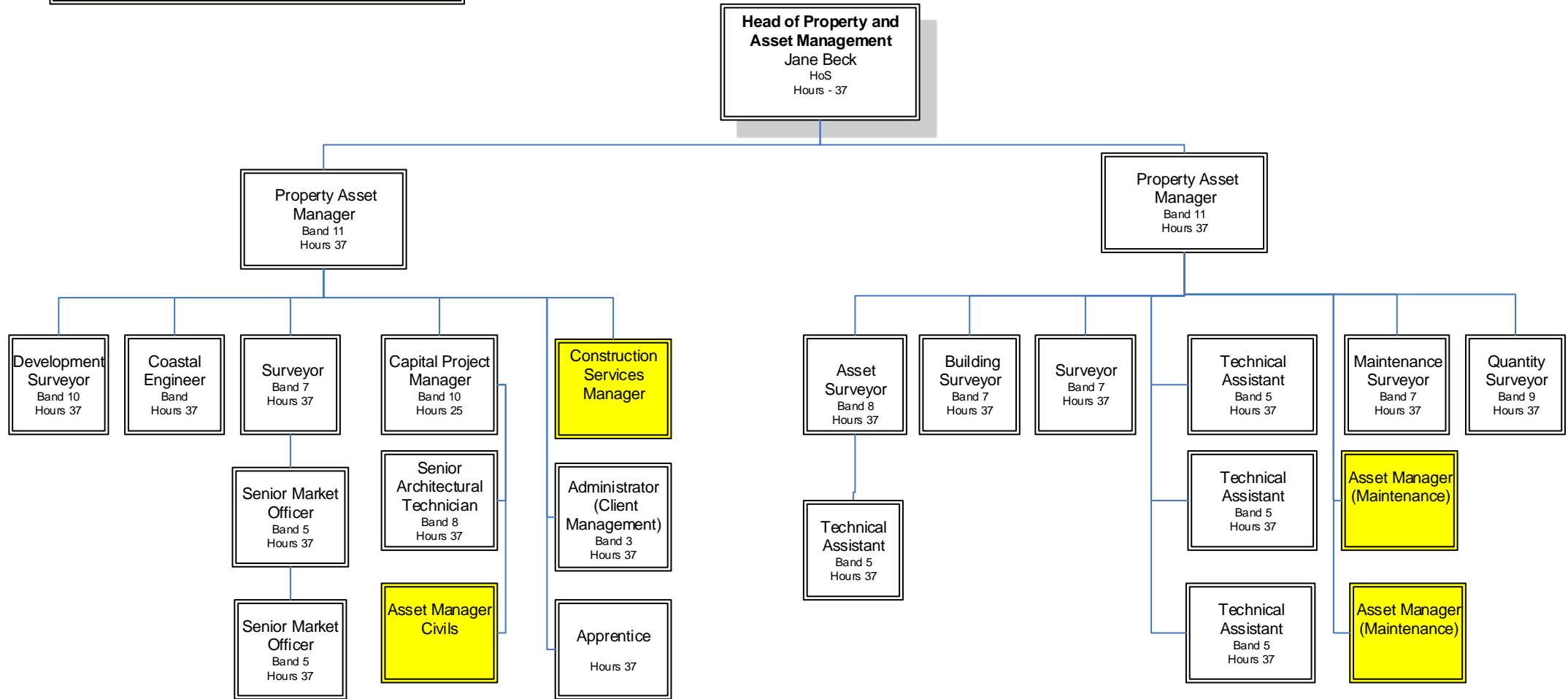
Property and Asset Management

Revised July 2018



Property and Asset Management

Revised July 2018



Subject: St Georges Trust

Report to: Policy and Resources – 31st July 2018

Report by: Michelle Burdett, Head of Inward Investment

EXECUTIVE SUMMARY

On Tuesday 6th February 2018, the Policy and Resources Committee resolved to release the sum of up to £10,000 to undertake an independent review of the future financial and business strategy of St Georges Trust. This piece of work would provide a full review of the Trusts financial and practical operations, presenting options for savings, as well as a detailed review of the governance arrangements. This was intended to then be used to determine whether the Council should continue to invest in the Trust, and if it should; exactly how much subsidy might be required and how long this may be required for. This piece of work has been completed by DCA Consultants and is appended (confidentially) to this report.

On 12th June 2018 the Policy and Resources Committee resolved to release a short term grant to St Georges Trust of £25,000 to enable it to continue its operations over the summer and to ensure there was available capacity for the Trust to receive and consider the details of the DCA review as referred to above.

In addition to the release of the short term grant, Policy and Resources also resolved to bring together a working group consisting of 5 members to consider the contents of the DCA report and review the final recommendations. This met on the 16th July and the notes have been appended (confidentially) to this report.

Members are asked to reflect on the details of the confidential DCA report and consider the future financial commitments in light of that.

RECOMMENDATIONS

- 1) That the findings of the DCA consultants report as appended to this report be noted.
- 2) That the sharing of the consultants report with the St Georges's Trust be approved.
- 3) That a response from the Trust in actioning the suggested recommendations be sought

by 21st September 2018.

- 4) That in considering future subsidy to the Trust, a formal grant agreement should be prepared and agreed between the two parties.
- 5) That officers assist the Trust in seeking external funding (including revenue) to make improvements to the internal and external works such as the café and visitor arrival. Further that an improvement programme, which should include a change management role, be established.

1. BACKGROUND

- 1.1 St Georges Theatre received an Arts Council Grant to undertake a piece of work to develop a new business model. This piece of work was completed in March 2017. The business model was developed to focus on 3 core areas:
 - Organisational development
 - Audience development
 - Programming
- 1.2 However, the business model, although comprehensive did not detail a project plan or road map to explore how these recommendations should be addressed. The result of which has meant that the Trust has found it difficult to prioritise the recommendations of the Arts Council report and allocate resources efficiently and effectively.
- 1.3 Since the Arts Council “Business of Culture” report, Policy and Resources Committee resolved to release £10,000 to procure an independent consultant team to carry out a review of the Trusts operations, governance and financial management. Whilst the review was taking place the Policy and Resources Committee also resolved to release £25,000 to the Trust to sustain their operations over the summer, and to build in enough capacity to ensure the findings and recommendations of the review could be implemented should the Trust want to.
- 1.4 Policy and Resources also resolved to establish a politically balanced working group of 5 Members to consider the DCA report and report back to the next meeting of the

committee. This working party met on the 16th July, confidential notes of that meeting are appended.

- 1.5 The Members appointed to the group were: Councillors Annison, Smith and Flaxman-Taylor (Conservatives representatives) and Councillors Jeal and Walker (Labour representatives).

2 DCA REVIEW – THE RESULTS

- 2.1 In undertaking the independent review DCA Consultants reviewed the background to the Trust, the Arts Council “Business of Culture” report, the capacity of the Trust to implement the recommendations, as well as the Trusts approach to financial management, practical operations and its governance. This covering report highlights the findings, with the full details found in the appended report.

2.1.1 Arts Council “Business of Culture” Study review (section 2)

- 2.1.2 As previously stated St Georges Trust received an Arts Council Grant to undertake a piece of work to develop a new business model. This piece of work was completed in March 2017. In general terms, the DCA review states that the Arts Council “Business of Culture” report was correct for encouraging a distinctive and consistent programme structure. However, DCA found that the Arts Council report was overly ambitious about both the programming and financial prospects for turnaround in either the short or medium term.

2.1.3 Direction and progress since the release of the Arts Council report (section 3)

- 2.1.4 Despite efforts to implement the recommendations of the Arts Council report, limited progress has been made. Unfortunate issues, such as turnover of senior staff and lack of resource have led to piecemeal change with limited impact. That being said, the recent appointment of the Creative Director has enabled an improved structure of the entertainment programme, with early programming changes showing promising results. This Creative Director post is shared with Sheringham Little Theatre.

2.1.5 Finance (section 4)

2.1.6 DCA reviewed the financial position of the Trust, putting in stress tests to understand the periods of sensitivity and considered what action would be required at those points in time.

2.1.7 Review of the café and potential catering offer (section 5)

2.1.8 A specialist catering and events consultant, Kendrick Hobbs, undertook a review of the current café and events operation and appraised the proposal prepared by the Creative Director and the Commercial Manager for making improvements to the café's facilities to strengthen its income generating potential. This work was included within the DCA review instigated by the Council. The Kendrick Hobbs full report is contained within the confidential report appended.

A brief snapshot of findings is below:

- Trading levels are low. Provisional estimates for improved levels of income from the café/bar given changes to the layout as well as the food and beverage offer are detailed within the DCA report.
- The setting has benefits, and the space internally is of a high quality and is a good size. However, some of the earlier project related café/bar design work has limited the café to operate to its full potential.
- The menu and the food and drinks display are basic, even though there is capacity to provide a more significant food and beverage offer.
- Some improvements can be achieved in the short term, to develop a more coherent and distinctive concept and inspire more visits.
- Although St George's is only a short walk from the city centre, footfall is noticeably low in the immediate vicinity and this will be hard to combat. Providing an appropriate offer for the relatively captive theatre audience and developing the hires offer are priorities.
- There is potential to develop the events and associated catering side of the business to generate greater levels of profit than the café business. The report sets out examples of different types of event and models income based on assumed

frequencies from each type of event and the alternative approaches to catering provision.

2.1.9 Governance and Management (section 6)

2.1.10 The Arts Council Report recommended various changes to the governance arrangements, but these have not yet been implemented. DCA support these findings and suggest that change will be required in both the Board governance, and in staff structure and culture if the organisation is to become more sustainable in the short, medium and long term. The full assessment of the governance and management approaches of the Trust are detailed within the appendix, however in brief:

- The board is unbalanced – DCA recognise that most recent best practice in the sector acknowledges that Boards should have at most one or two Councillors as directors and that supervision of the Council's interests should be managed by officer supervision of service level agreements. Care should be taken that other directors do not have other roles which could lead to conflicts of interest.
- Whilst there are skills gaps in strategic finance and management, care should be taken to ensure that Board members and staff have clear roles and responsibilities that do not compromise the running of the Trust and its operations
- At staff level, the Creative Director role has worked well and there should be a priority on maintaining it.
- The organisation is too small to be thought of as two teams, the operation should have one integrated team, thus ensuring efficient practices, cost savings and a reduction in staff number. DCA recommend change that affects every post other than the Creative Director and transition to an integrated and leaner team.

2.1.11 Buildings (section 7)

2.1.12 DCA have assessed the buildings, their viability, fit out and care. The report found weaknesses in the restored chapel and the new pavilion. DCA propose that a number of capital improvements should be made to improve upon the visitor experience, which should be sensitively considered in the context that the Chapel is Grade 1 listed.

2.1.13 Outline recommendations for improvement, covering visibility of the Theatre and its purpose, visitor arrival and services, box office, seating and equipment in the theatre, some external works and the proposed approach to café improvement are fully set out in the confidential report. These improvements could significantly improve the long term potential for earnings and the audience experience. It is possible that these works could be funded from external sources such as from the Arts Council fund directly. It is proposed that officers assist the Trust to seek external funding to make these improvements should the Trust want to implement this recommendation.

2.1.14 Finance (section 8)

2.1.15 A robust assessment of the Trusts budget and its financial management was undertaken by DCA. In light of the consultants findings, members are asked to consider whether to fund the Trust, and if so, to consider the risk that this carries in the current circumstances.

2.1.16 If the Trust fully implemented the recommended improvements in programme, visitor interest, participation outcomes and general position of the Theatre, then DCA suggest that further financial support from the Council or other funders (such as the Arts Council referenced above) would be justified.

2.1.17 Options Appraisal to deliver improvements (section 9)

2.1.18 Aside from making recommendations on the operations, DCA have considered how best to implement and secure positive changes via a number of options. These options include:

- continuing to lease to the current Trust;
- seeking to end the relationship with the current Trust; and
- creating a replacement operator; and developing a relationship with an existing alternative operator.

2.1.19 The report clearly shows that there are issues and impairments that have stymied the Trust over previous years, and many of those relate to the problems within the building,

the location and market conditions. That being said, good work has commenced by the Creative Director and Commercial Manager, and there is evidence of improvement.

2.1.20 Given the recent signs of improvement and the Trusts further potential, DCA consider that there is merit in continuing to invest in the current Trust, though Members are reminded that it is not for the Council to make recommendations or changes to the governance of the Trust in any way. If the Council wishes to condition the basis for any ongoing subsidy, this may be achieved through a Grant Agreement.

2.1.21 That being said, it must not be underestimated the necessity for rapid and significant change to enable essential improvements to happen. This is likely to take longer and wont be as positive as the original Arts Council report proposed, with the report suggesting that the Trust would be best to make any major changes following the winter 18/19 pantomime.

3 PROPOSED NEXT STEPS

3.1 Members should consider only whether the Council should continue to subsidise the Trust's business operation, to what extent and under what conditions. It is not for the Council to intervene in the governance of the Trust in any way. The Council is separate from the Trust and should exercise no control over its governance or business operations.

3.2 The decision whether to adopt the recommendations contained in the DCA report is a decision for St Georges Board of Trustees alone. Members appointed to the Board by the Council should have regard to "*Guidance to the law for Councillors and Officers who are appointed by Great Yarmouth Borough Council to Outside Bodies*", available from Democratic Services.

3.3 It is recommended that members review the DCA report as appended and provide it to the Trust for implementation. In particular, the Trust should reflect on its contents and work on an improvement programme with officers of the Council supporting the development of a grant submission to external funders such as the Arts Council.

- 3.4 If the Council wishes to condition the basis for any ongoing subsidy, this may be achieved through a Grant Agreement.

4 FINANCIAL IMPLICATIONS

- 4.1 St George's Theatre is owned by the Council and is leased to St Georges Theatre Trust for 25 years from the 1st May 2015. The Council provides an annual subsidy of £20,000 to the Trust for the operation of the facility and has recently provided a £25,000 one off grant subsidy to enable them to sustain operations over the summer months.
- 4.2 On 5th June 2017 the Councils Economic Development Committee received the Arts Council business plan which identified a continued need for the Council to invest in St Georges as outlined below,

2017/18	2018/19	2019/20
25,000	20,000	10,000

- 4.3 Should members be minded to provide a grant subsidy to the Trust then this would be a risk to the Council given the issues presented by the DCA report, though this would require a formal grant agreement, which should be prepared and agreed between the two parties.
- 4.4 The working group have proposed that a response from the Trust in actioning the suggested recommendations be sought by 21st September 2018, to allow for any further report to be brought to Policy and Resources in October.

5 RISK IMPLICATIONS

- 5.1 St Georges Trust continue to face financial pressures and as senior management staff (including the Creative Director and some Board members) are concentrating on pressing operational matters, strategic projects or programmes of work are yet to be commenced. This has meant that commercial income generating activities are unable to be developed over the busy summer period.

- 5.2 The risk to the Trust and therefore the Council, is that without this increased focus on income generation, coupled with an essential focus on management of the building, its staff and its debts, the Trust will continue to face these financial pressures. The recent £25,000 grant subsidy from the Council has enabled the Trust to continue operations for the rest of the summer and should enable them to put into place the recommendations as detailed within the report should the Trust wish to do so.
- 5.3 If the Trust continue to face financial pressures to a point whereby it could no longer continue its operations and subsequently close, then the liability of the building would return to the Council. Business rates on the property at £9,860 per annum would then be a liability for the Council to pay for, as well other security and repair and maintenance costs.

6 CONCLUSIONS

6.1 In conclusion Members are asked:

- 1) That the findings of the DCA consultants report as appended to this report be noted.
- 2) That the sharing of the consultants report with the St Georges's Trust be approved.
- 3) That a response from the Trust in actioning the suggested recommendations be sought by 21st September 2018.
- 4) That in considering future subsidy to the Trust, a formal grant agreement should be prepared and agreed between the two parties.
- 5) That officers assist the Trust in seeking external funding (including revenue) to make improvements to the internal and external works such as the café and visitor arrival. Further that an improvement programme, which should include a change management role, be established.

Area for consideration	Comment
Monitoring Officer Consultation:	Members should consider only whether the Council should continue to subsidise the Trust's business operation, to what extent and under what conditions. It is not for the Council to intervene in the governance of the Trust in any way. The Council is separate from the Trust and should exercise no control over its governance or business

	operations. If the Council wishes to condition the basis for any ongoing subsidy, this may be achieved through a Grant Agreement. The decision whether to adopt the recommendations contained in the DCA report is a decision for St Georges Board of Trustees alone. Members appointed to the Board by the Council should have regard to <i>"Guidance to the law for Councillors and Officers who are appointed by Great Yarmouth Borough Council to Outside Bodies"</i> , available from Democratic Services.
Section 151 Officer Consultation:	Comments and amendments are embedded within the report. Other comments should be considered should the Trust wish to undertake the findings and recommendations of the DCA report.
Existing Council Policies:	N/A
Financial Implications:	As referenced within the report
Legal Implications (including human rights):	None other than that which was raised by the monitoring officer
Risk Implications:	As referenced within the report
Equality Issues/EQIA assessment:	N/A
Crime & Disorder:	N/A
Every Child Matters:	N/A