GREAT YARMOUTH
BOROUGH COUNCIL

Full Council

Date: Wednesday, 24 February 2016
Time: 19:00
Venue: Council Chamber
Address: Town Hall, Hall Plain, Great Yarmouth, NR30 2QF

AGENDA

Open to Public and Press

1 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.

2 APOLOGIES FOR ABSENCE

To receive any apologies for absence.

3	**PUBLIC QUESTION TIME**		

Question from Stephen Siegert:-

"Retroskate Artistic Club has very successfully delivered an Annual Gala for the past 6 years, last years gala attracted nearly 300 skaters and had over 1000 spectators over the weekend, bringing significant benefits to the borough through tourism alone. The club is under threat due to the continuing uncertainty over the Marina Centre. Please can the council provide a guarantee that this years Gala in November can continue to be part of the National Skating calendar at the Retroskate Venue?"

b **Minutes of Cabinet Meeting 10 February 2016** **141 - 144**

Minutes Attached

c **Minutes of Audit & Risk Meeting 2 February 2016** **145 - 150**

Minutes Attached

6 QUESTIONS BY MEMBERS

a) In accordance with paragraph 10.2 of Part 4 (Rules of Procedure) of the Constitution, Councillor Bird will ask the following question of the Cabinet Member (Tourism and Business Services):-

"Would the Cabinet Member for Tourism and Business Services be so good to supply the Council with details of the operation of the Ice Skating Rink situated in the Market Square over the recent Christmas period to include attendance figures and the cost associated with this festive event?

Could the Member also advise us as to whether something similar would be proposed for Christmas 2016?"

7 ANY OTHER BUSINESS

To consider any other business as may be determined by the Chairman of the meeting as being of sufficient urgency to warrant consideration.

Subject: **Treasury Management Strategy 2016/17**

Report to: Cabinet

Report by: Group Manager, Resources

SUBJECT MATTER/RECOMMENDATIONS
To consider and recommend to Council the 2016/17 Treasury Management Strategy, including the Prudential Indicators, Minimum Revenue Provision Policy Statement and the Annual Investment Strategy.

1. INTRODUCTION/BACKGROUND

1.1 The Council is required to determine annually its Treasury Management Strategy. The Treasury Management Strategy for the 2016/17 financial year is attached at Appendix A and includes the following:

- the Prudential Indicators,
- Minimum Revenue Provision Policy Statement and
- the Annual Investment Strategy.

1.2 The Council continues to maintain an under-borrowed position which means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high. An under borrowing position is forecast to continue.

1.3 The Council is required to operate a balanced budget, whereby cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

1.4 The second main function of the treasury management service is the funding of the Council's planned capital plans. These capital plans provide a guide to the borrowing need of the Council, informing the longer term cash flow planning, to ensure the Council can meet its capital spending obligations.

1.5 The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

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

1.7 The revenue implications of the strategy have been included in the General Fund and HRA budgets for 2016/17.

Add information as is relevant to report being written, plus the following three boxes must be completed:-

FINANCIAL IMPLICATIONS: Detailed within the Strategy Document

LEGAL IMPLICATIONS:

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

RECOMMENDATIONS

It is recommended that Cabinet agree and recommend to Council:

a) **The Treasury Management Strategy for 2016/17;**
b) **The Prudential Indicators and Limits for the three year period 2016/17 to 2018/19 as contained (Appendix A, section 2);**
c) **The Minimum Revenue Provision Statement (Appendix A, section 2)**
d) **The Annual Investment Strategy (Appendix A, section 4)**

Does this report raise any legal, financial, sustainability, equality, crime and disorder or human rights issues and, if so, have they been considered?	Issues	
	Legal	Yes
	Financial	Yes
	Risk	No
	Sustainability	No
	Equality	No
	Crime and Disorder	No

	Human Rights	No
	Every Child Matters	No

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Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

Great Yarmouth Borough Council
2016/17

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1 INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

> *"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

1.2 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:
- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny
The above reports are required to be adequately scrutinised before being recommended to the Council.

1.3 Treasury Management Strategy for 2016/17

The strategy for 2016/17 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsibe for scrutiny. Members received training from Chris Scott, Director, Capita on Treasury Management in February 2015 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Capita Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2016/17 – 2018/19

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £m	2014-15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Housing & Neighbourhoods	£2.557	£3.264	£17.915	£2.400	£0.800
Customer Services	£0.361	£1.364	£1.031	£0.200	£0.200
Resources, Governance & Growth	£8.251	£8.736	£9.300	£1.625	£0
Non-HRA	**£11.169**	**£13.364**	**£28.246**	**£4.225**	**£1.000**
HRA	**£8.722**	**£5.955**	**£8.561**	**£7.651**	**£6.497**
Total	**£19,891**	**£19.319**	**£36.807**	**£11.876**	**£7.497**

Other long term liabilities. The above financing need excludes other long term liabilities, such as leasing arrangements which already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital expenditure £m	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Non-HRA	£11.169	£13.364	£28.246	£4.225	£1.000
HRA	£8.722	£5.955	£8.561	£7.651	£6.497
Total	**£19.891**	**19.319**	**£36.807**	**£11.876**	**£7.497**
Financed by:					
Capital receipts	£2.973	£1.143	£1.060	£0.877	£0.569
Capital grants	£3.941	£3.183	£4.667	£0.567	£0.567
Capital reserves	-	-	-	-	-
Revenue	£7.362	£5.251	£5.571	£4.722	£4.928
Net financing need for the year	**£5.615**	**£9.742**	**£25.509**	**£5.710**	**£1.433**

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £1.107m of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£m	**2014/15 Actual**	**2015/16 Estimate**	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**
Capital Financing Requirement					
CFR – non housing	£39.137	£47.506	£69.265	£70.731	£68.986
CFR – housing	**£77.552**	**£77.551**	**£79.652**	**£81.703**	**£82.703**
Total CFR	**£116.689**	**£125.057**	**£148.917**	**£152.434**	**£151.689**
Movement in CFR	**£4.319**	**£8.368**	**£23.860**	**£3.517**	**-£0.745**

Movement in CFR represented by					
Net financing need for the year (above)	£5.614	£9.741	£25.510	£5.709	£1.432
Less MRP/VRP and other financing movements	-£1.295	-£1.373	-£1.650	-£2.192	-£2.177
Movement in CFR	**£4.319**	**£8.368**	**£23.860**	**£3.517**	**-£0.745**

2.3 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement*:*

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1);

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be*:*

- **Asset life method –** MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

These options provide for a reduction in the borrowing need over approximately the asset's life.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

2.4 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £m	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Fund balances / reserves	£22.254m	£22.638m	£22.163m	£21.676m	£19.064m
Capital receipts	£0.531m	£0.416m	£6.550m	£3.429m	£1.171m
Provisions	£5.189m	£0	£0	£0	£0
Other	£0	£0	£0	£0	£0
Total core funds	**£27.974m**	**£23.054m**	**£28.713m**	**£25.105m**	**£20.235m**
Working capital*	**£8.258m**	**-£4.923m**	**-£1.844m**	**-£3.470m**	**-£6.863m**
Under/over borrowing**	£19.716m	£27.977m	£30.557m	£28.575m	£27.098m
Expected investments	**£0**	**£0**	**£0**	**£0**	**£0**

*Working capital balances shown are estimated year end; these may be higher mid-year

2.5 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.6 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Non-HRA	8.60%	15.44%	18.01%	21.41%	28.46%
HRA	11.85%	10.90%	10.95%	11.00%	10.94%

The estimates of financing costs include current commitments and the proposals in this budget report.

2.7 Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Incremental impact of capital investment decisions on the band D council tax

£	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Council tax - band D	£14.85	£19.70	£34.00	£23.99	£0.44

2.8 Estimates of the incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

Incremental impact of capital investment decisions on housing rent levels

£	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Weekly housing rent levels	**£27.37**	**£17.15**	**£17.28**	**£15.71**	**£16.35**

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

2.9 HRA ratios

£	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
HRA debt £m	**£77.551m**	**£74.552m**	**£75.008m**	**£77.060m**	**£77.786m**
Number of HRA dwellings	**5,929**	**5,896**	**5,876**	**5,856**	**5,836**
Debt per dwelling £	**£13,080**	**£12,645**	**£12,765**	**£13,159**	**£13,329**

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2015, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
External Debt					
Debt at 1 April	£97.365	£98.080	£96.080	£118.359	£123.859
Expected change in Debt	-£0.392	-£2.857	£22.509	£5.710	£0.933
Other long-term liabilities (OLTL)	£1.371	£1.107	£0.857	£0.627	£0.417
Expected change in OLTL	-£0.264	-£0.250	-£0.230	-£0.210	-£0.200
Actual gross debt at 31 March	**£98.080**	**£96.080**	**£118.359**	**£123.859**	**£124.592**
The Capital Financing Requirement	**£116.689**	**£125.057**	**£148.916**	**£152.434**	**£151.690**
Under / (over) borrowing	**£18.609**	**£28.977**	**£30.557**	**£28.575**	**£27.098**

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the

Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Full details of the capital programme can be found as an appendix to the budget report for 2016-17. Initially to fund the projects short term loans will be used to maximize on very low interest rates. However, longer term borrowing will be required and the timing of this will be critical, to ensure that we secure affordable long term rates for the future.

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2015/16 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary £m	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Debt	£127.000	£150.000	£154.000	£154.000
Other long term liabilities	£2.000	£2.000	£2.000	£2.000
Total	£129.000	£152.000	£156.000	£156.000

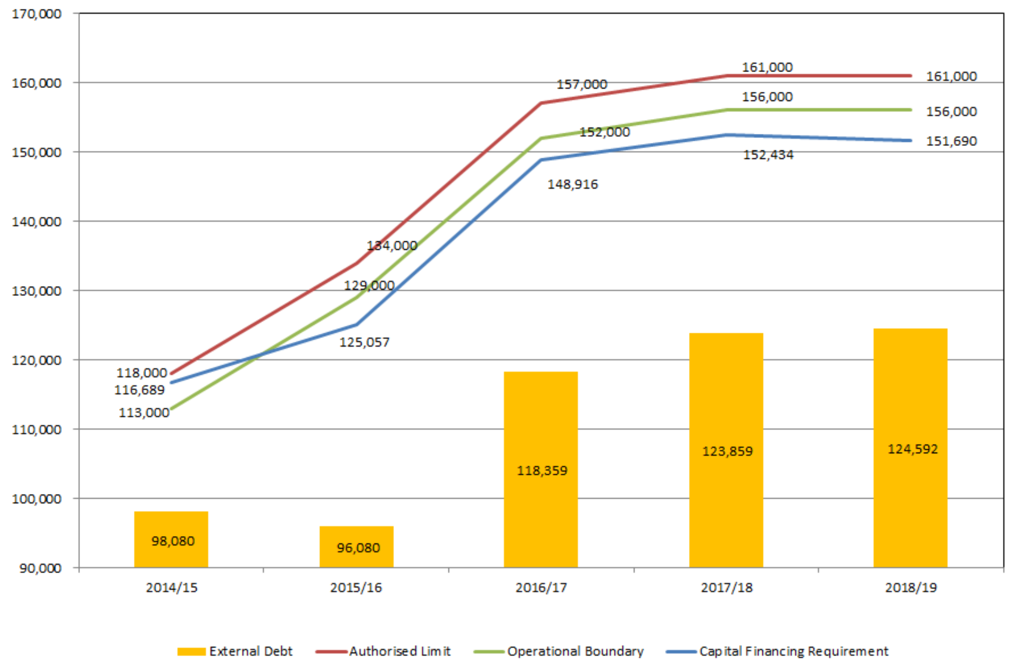
The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit £m	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Debt	£132.000	£155.000	£159.000	£159.000
Other long term liabilities	£2.000	£2.000	£2.000	£2.000
Total	£134.000	£157.000	£161.000	£161.000

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £m	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
HRA debt cap	£89.998	£89.998	£89.998	£89.998
HRA CFR	£77.551	£79.651	£81.703	£82.703
HRA headroom	£12.447	£10.347	£8.295	£7.295



3.3 Prospects for interest rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view.

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
5yr PWLB rate	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
10yr PWLB rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
25yr PWLB rate	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
50yr PWLB rate	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%

UK. UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, probably being second to the US. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a rebound in quarter 2 to +0.7% (+2.4% y/y) before weakening again to +0.5% (2.3% y/y) in quarter 3. The November Bank of England Inflation Report included a forecast for growth to remain around 2.5 – 2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, most worldwide economic statistics have been weak and the November Inflation Report flagged up particular concerns for the potential impact on the UK.

The Inflation Report was also notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel prices will now delay a significant tick up in inflation from around zero: this is now expected to get back to around 1% in the second half of 2016 and not get to near 2% until 2017, though the forecasts in the Report itself were for an even slower rate of increase. There is considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate.

USA. The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.1% in quarter 3. The run of strong monthly increases in nonfarm payrolls figures for growth in employment in 2015 has prepared the way for the Fed. to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

EZ. In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to an improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4%

(+1.5% y/y) in quarter 2 and +0.3% in quarter 3. However, this lacklustre progress in 2015 together with the recent downbeat Chinese and emerging markets news, has prompted comments by the ECB that it stands ready to strengthen this programme of QE by extending its time frame and / or increasing its size in order to get inflation up from the current level of around zero towards its target of 2% and to help boost the rate of growth in the EZ.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost power. A left wing / communist coalition has taken power in Portugal which is heading towards unravelling previous pro austerity reforms. This outcome could be replicated in Spain. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

- Investment returns are likely to remain relatively low during 2016/17 and beyond;
- Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenominally low levels during 2015. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2016/17 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

The current level of under-borrowing plus the need to fund the capital programme requires debt to rise by £25 million. The timing of the borrowing will be driven by cash flow needs for the capital projects and securing good interest rates.

The borrowing to fund these projects will initially be on a short term basis to take advantage of low interest rates. Discussions are being held with Capita to look at the best way to secure long term borrowing needs moving forward.. This would enable the Council to secure good, long term interest rates for the future at today's low term rates.

Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m	2016/17	2017/18	2018/19
Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	100%	100%	100%
Maturity structure of fixed interest rate borrowing 2016/17			
		Lower	**Upper**
Under 12 months		0%	20%
12 months to 2 years		0%	40%
2 years to 5 years		0%	60%
5 years to 10 years		0%	80%
10 years to 20 years		0%	100%
20 years to 30 years		0%	100%
30 years to 40 years		0%	100%

40 years to 50 years	0%	100%
Maturity structure of variable interest rate borrowing 2016/17		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	40%
2 years to 5 years	0%	60%
5 years to 10 years	0%	80%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior financial appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Council, at the earliest meeting following its action

4 ANNUAL INVESTMENT STRATEGY

Introduction: changes to credit rating methodology

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency.

In keeping with the agencies' new methodologies, the rating element of our own credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used for Standard & Poor's, this has been a change in the use of Fitch and Moody's ratings. It is important to stress that the other key elements to our process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.

The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, clients typically assigned the highest sovereign rating to their criteria, the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AAA, with the exception of the UK. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution. They are merely reflective of a reassessment of rating agency methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the "support" phase of the financial crisis.

4.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in appendix 5.3 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Section 151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Capita Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality **–** the Council will only use banks which:
    i. are UK banks; and/or
    ii. are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AAA

  and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
    i. Short Term – *F1,P1*
    ii. Long Term – *A-,A3*
- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Building societies The Council will *use* all societies which:
    i. Meet the ratings for banks outlined above;
    ii. Have assets in excess of *£2bn*;

  or meet both criteria.
- Money market funds (MMFs) – *AAA*
- *Enhanced money market funds (EMMFs) - AAA*
- UK Government (including gilts and the DMADF)
- Local authorities, parish councils etc
- Supranational institutions

A limit of 30% will be applied to the use of non-specified investments.

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long term Rating (or equivalent)	Money	Time Limit
Banks 1 higher quality	*AA*	£4m	3 yrs
Banks 1 medium quality	*AA*	£4m	1 yr
Banks 1 lower quality	*A-*	£3m	1 yr
Banks 2 – part nationalised	N/A	£4m per group	1 yr
Limit 3 category – Council's banker (not meeting Banks 1)	XXX	£3m	3 months
DMADF	AAA	unlimited	6 months
Local authorities	N/A	£3m	2 yrs
	Fund rating	Money and/or % Limit	Time Limit
Money market funds	AAA	£3m per fund	liquid
Enhanced money market funds	AAA	£3m per fund	liquid

The proposed criteria for specified and non-specified investments are shown in Appendix 5.4 for approval.

4.3 Country and sector limits

Due care will be taken to consider the country, group and sector exposure of the Council's investments.

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of *AA*. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.5. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

In addition:

- no more than 10% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.75%
- 2017/18 1.25%
- 2018/19 1.75%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:

2016/17 0.60%
2017/18 1.25%
2018/19 1.75%
2019/20 2.25%
2020/21 2.50%
2021/22 2.75%
2022/23 2.75%
Later years 3.00%

The overall balance of risks to these forecasts is currently to the downside (i.e. start of increases in Bank Rate occurs later). However, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days			
£m	**2016/17**	**2017/18**	**2018/19**
Principal sums invested > 364 days	£2m	£2m	£2m

Against this view the Treasury officers expect to generate income of £35k.

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to100 days) in order to benefit from the compounding of interest.

4.5 Investment risk benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.
Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- **0.00% historic risk of default when compared to the whole portfolio.**

Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £250k
- Liquid short term deposits of at least £1m available with a week's notice.
- Weighted average life benchmark is expected to be 45 days, with a maximum of 180 days.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID rate

And in addition that the security benchmark for each individual year is:

Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.007%	0.029%	0.130%	0.278%	0.425%
A	0.062%	0.202%	0.370%	0.581%	0.813%
BBB	0.150%	0.502%	0.910%	1.428%	1.912%

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5 APPENDICES

1. Treasury management practice 1 – credit and counter[party risk management
2. Approved countries for investments
3. Treasury management scheme of delegation
4. The treasury management role of the section 151 officer

5.1 APPENDIX: Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 25/05/2004 and will apply its principles to all investment activity. In accordance with the Code, the Section 151 Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated *AAA* by Standard and Poor's, Moody's and / or Fitch rating agencies.

5. A body that is considered of a high credit quality (such as a bank or building society For category 5 this covers bodies with a minimum Short Term rating of F1,P1 (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies .

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is shown in the table below:

	Fitch Long term Rating (or equivalent)	Money Limit	Time Limit
Banks 1 higher quality	***AA***	**£4m**	**3yrs**
Banks 1 medium quality	***AA***	**£4m**	**364days**
Banks 1 lower quality	***A+***	**£3m**	**364days**
Banks 2 – part nationalised	**N/A**	**£4m per group**	**364days**
Limit 3 category – Council's banker (not meeting Banks 1)	**A-**	**£3m**	**1 day**
DMADF	**AAA**	**unlimited**	**6 months**
Local authorities	**N/A**	**£3m**	**1yr**
Money market funds	**AAA**	**£3m per fund**	**liquid**
Enhanced money market funds	**AAA**	**£3m**	**liquid**

Non-specified investments –are any other type of investment (i.e. not defined as specified above). At the present time the Council does not have the resources to consider Non-Specified investments.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Section 151 Officer, and if required new counterparties which meet the criteria will be added to the list.

Section 151 Officer

5.2 APPENDIX: Approved countries for investments

AAA

- Australia
- Canada
- Denmark
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland

5.3 APPENDIX: Treasury management scheme of delegation

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Boards/committees/council/responsible body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.4 APPENDIX: The treasury management role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

Subject: **2016/17 BUDGET REPORT**

Report to: **CABINET**

Report by: **INTERIM SECTION 151 OFFICER**

SUBJECT MATTER/RECOMMENDATIONS

Summary:

This report presents for approval the 2016/17 budget along with the latest financial projections for the following three years to 2019/20. The report includes details of the provisional finance settlement along with the key assumptions that have been made within the budget. Overall the position shows a surplus of £107,223 for 2016/17 and forecast deficits over the following three years of up to £2.2 million by 2019/20. The report also details a summary of the medium term financial strategy options that will be progressed over the short to medium term to reduce the forecast deficit.

The Council's budget is set for approval each year; it is presented to Cabinet before recommendations are made to Full Council on the budget and the setting of Council Tax for the forthcoming year. The budget has been produced based on a number of assumptions as detailed within the main body of the report and also reflects the provisional finance settlement announced on 17 December 2015. The final settlement is due to be announced early February and any amendments to the figures included in the report will be updated at the meeting as applicable and reflected in the Council Tax setting report to Full Council in February 2016. The report recommends that the surplus for the year is allocated to the general reserve. The report also outlines the risks facing the Council in setting the budget and forecasting future spending plans and resources.

Recommendations:

It is recommended that Cabinet agree and where necessary recommend to Full Council:

1) **The 2016/17 revenue budget as outlined at Appendix A;**
2) **The surplus of £107,223 be allocated to the general reserve; ;**
3) **The demand on the Collection Fund for 2016/17 be:**
   a. **£3,914,239 for District purposes**
   b. **£354,143 for Parish Precepts;**
4) **The statement of and movement on the reserves as detailed at Appendix D;**
5) **The updated Capital Programme and financing for 2015/16 to 2018/19 as detailed at Appendix E;**
6) **That an allocation of £1million from the general reserve be earmarked in an Invest to Save Reserve, as detailed within the report (4.6);**
7) **That members note the current financial projections for the period 2017/18 to 2019/20;**
8) **That delegated authority be given to the Chief Executive to submit the Council's Efficiency Plan as required once further guidance is published and that the Council accepts the four year finance settlement as referred to within the report.**

Introduction and Background

1.1. This report presents the detail of the 2016/17 revenue budget and the indicative projections for the following three financial years, 2017/18 to 2019/20.

1.2. An updated Capital Programme has also been included, which takes account of slippage of schemes between financial years. Details of new capital schemes are included within the report and appendices for approval.

1.3. Recommendations from this report will be made to Full Council on 24 February 2016 as part of the annual Budget and Council Tax setting.

1.4. The financial projections for the period 2016/17 to 2019/20 were presented to Members in February 2015 alongside consideration of the budget for 2015/16. An update to the Medium Term Financial Strategy (MTFS) covering the period 2016/17 to 2019/20 was then presented to the meeting of the Cabinet in September 2015. The following table provides a summary of the forecast surplus/budget gap presented at those times.

Table 1 - Background	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000
February 2015	(1,061)	160	1,066	1,270	1,643
September 2015	(958)	(342)	514	486	917

1.5. The above financial position were predicated on a number of assumptions around future projects for which detailed plans around future savings and additional income streams were yet to be quantified. The position as included in this report reflects savings programmes that have, and are forecast to deliver ongoing savings and additional income to the Council and where applicable starts to identified future projects.

1.6. The annual budget and future financial projections will be based on a number of assumptions around future levels of funding and grant along with local spending pressures and challenges. These assumptions will change over time and the level of savings and additional income will fluctuate.

1.7. The budget for 2016/17 as included in this report and appendices is the culmination of work carried out by finance and service areas along with Executive Management Team. The position has been informed by the detail of the provisional local government finance settlement as announced on 17 December 2015 and the assumptions around future funding reductions reflect those included in the four year settlement. The final settlement is expected early February and the final budget presented for approval on 24 February 2016 will be updated to reflect the final figures as applicable.

1.8. The following sections of the report present the detail and context within which the budget has been produced. The summary of the budget and service budget details are included at appendices A and B respectively.

2. Provisional Local Government Finance Settlement (LGFS)

2.1. On 17 December 2015 the Local Government Minister, Greg Clark, announced a four year provisional Local Government Finance Settlement (LGFS) for the period 2016/17 to 2019/20.

2.2. The final settlement figures are due to be announced in early February and where applicable any changes resulting from the final settlement will be reflected in the budget report to Full Council on 24 February 2016.

2.3. Some of the key messages from the settlements are as follows:

2.3.1. **Four Year Settlement** - The settlement covers a four year period 2016/17 to 2019/20, although the acceptance of the four year settlement is dependant upon the production of an efficiency plan. Further details on what the efficiency plan will cover are expected alongside the final settlement.

2.3.2. **RSG Reductions** - The main change in the settlement this year is that the Revenue Support Grant allocations have taken into account Local Authorities ability to generate resources from Council Tax and those with higher tax bases have seen higher reductions in RSG and some are in a position of negative RSG through a greater increase in the business rates tariff. By 2019/20 approximately one third of Councils will be in a negative RSG position. Great Yarmouth Borough Council is not in this position, although it has been assumed that RSG is removed in full from the funding system by 2020/21.

2.3.3. **Council Tax Income** - The shift in generating resources locally, i.e. through the increasing of Council Tax is a factor that has been assumed in the four year settlement in that headline figures are quoting very little cash reductions in the four years of the settlement. This is based on the assumption that local council tax is increased in line with the council tax principles announced within the settlement (see below also).

2.3.4. **Social Care** - A new 2% Social Care precept for council tax has been announced for those authorities with responsibility for social care (this would not apply to GYBC).

2.3.5. **Council Tax Principles -** The lowest quartile of District Councils have been given the ability to raise their band D council tax by £5 annually if this is higher than 2%. This applies to all districts with an average band D council tax of less than £145. The settlement assumptions assume that this will apply to GYBC from 2018/19.

2.3.6. **NHB -** New Homes Bonus allocation methodology remains the same for 2016/17 with a consultation issued for changes to the scheme from 2017/18 which allows for £800 million to be top sliced for Social Care and the scheme reduced from a six to four year scheme.

2.4. Alongside the provisional settlement a number of other key announcements were made which will inform the 2016/17 budget and future financial projections, these included:

2.4.1. **Allocations of the 2016/17 NHB funding** - The settlement announced a total provisional amount of £1,461million for the New Homes Bonus (NHB) in

2016/17. This will continue to be funded through £210 million in specific grant with the rest being top-sliced funding, expected to be £1,275 million.

2.4.2. **NHB Changes Consultation** - As announced in the October 2015 Spending Review, the Government has issued a consultation on delivering savings to the new homes bonus that will come into effect from 2017/18.

2.4.3. **Council Tax Referendum principles** - The proposed principle for Council tax increases for 2016/17 is 2%, with the exception of Police and Crime commissioners and shire district authorities which are in the lowest quartile by council tax level, for which a higher limit of either 2 per cent or £5 (on a Band D bill) applies (GYBC is currently above the lower quartile at £146.48). In addition, social care authorities will be able to increase their council tax by 2% over the existing referendum threshold, with the condition that the additional 2% social care precept is spent on adult social care services. This will have to be separately itemised on council tax bills.

2.5. Within the 2016/17 settlement the Government has used a measure of "Core Spending Power (CSP)" which sets out potential revenue income for Local Authorities for the period 2017/18 to 2019/20 from the following sources:

- The "Modified Settlement Funding Assessment (MSFA)" – this includes the amounts included in the provisional local government finance settlement consultation namely Revenue Support Grant (RSG) and Business Rates Baseline funding including where necessary tariff and top up adjustments;
- The council tax requirement (excluding parish precepts) - , ie income generated locally from Council Tax;
- New Homes Bonus allocation;
- Rural Services Delivery Grant (where applicable).

2.6. A number of assumptions have been made within the future years CSP as included in the provisional LGFS, for each of the income sources the assumptions are outlined below:

a) MMSFA – Annual reductions have been made to the RSG and increases to the business rates baseline.
b) Council Tax Base Growth – the CSP assumes there will be annual growth in the Council Tax base throughout the period to 2019/20. The level of growth has been based on the average annual growth in the council tax base between 2013/14 and 2015/16 throughout the period to 2019/20.
c) Council Tax Increases – the CSP assumes that Local Authorities will increase their Band D council tax in line with the Office for Budget Responsibilities (OBR) forecast for CPI for each year (which is an annual average of 1.75%) throughout the period to 2019/20, rather than the 2% allowed before triggering a referendum.
d) Additional Council Tax – the potential additional council tax available from the adult social care council tax flexibility has been estimated by assuming all eligible local authorities take up the adult social care flexibilities announced at the Spending Review in each year to 2019/20.
e) Additional council tax available from a £5 cash principle – it has been assumed that all districts within the lower quartile Band D council tax level will increase council tax by £5 where applicable. This has been

estimated by assuming that the 51 shire district councils with the lowest Band D council tax in the previous year will increase their Band D council tax by whichever is the greater of £5 or 2%.

f) New Homes Bonus – for 2016/17, the CSP includes the actual allocations along with returned funding. For 2017/18 onwards the CSP assumes that the total funding (after planned reductions of at least £800million to be released for the improved Better Care Fund) is apportioned to local authorities based on the allocations in 2016/17.

g) Rural Services Delivery Grant - This provides £20 million of funding in 2016/17, rising to £65 million in 2019/20. This funding is distributed to the top-quartile of authorities ranked by super-sparsity, as per the distributional methodology for the Rural Services Delivery Grant indicator in 2015/16.

2.7. The following table summarises the Core Spending Power for GYBC as announced within the provisional settlement.

Table 2 - Core Spending Power	**2015/16 Adjusted**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Settlement Funding Assessment:					
Revenue Support Grant		3,740	3,007	2,545	2,029
Baseline Funding Level		3,515	3,584	3,690	3,808
Modified Settlement Funding Assessment (MSFA)	8,135	7,255	6,591	6,235	5,837
Council Tax:	3,831	3,946	4,084	4,290	4,449
Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)	3,831	3,946	4,084	4,232	4,388
additional revenue from £5 referendum principle for lower quartile districts Band D Council Tax level	0	0	0	59	61
New Homes Bonus and returned funding	1,168	1,385	1,393	875	840
Core Spending Power (as per announcement)	**13,134**	**12,586**	**12,068**	**11,400**	**11,126**
Reduction £		(548)	(518)	(668)	(274)
Reduction %		-4.2%	-4.1%	-5.5%	-2.4%
					(2,009)
					-15.3%

2.8. The Core Spending power assumes that the resources will reduce over the next four years by 15.3% equating to approximately £2 million, although this is based on the assumption that the Council will increase its band D council tax in 2018/19 by £5 when it has been assumed it will fall into the lowest quartile on band D properties.

2.9. The key element in terms of external support is the 'Settlement Funding Assessment'. This essentially comprises the Council's Revenue Support Grant (RSG) and the Business Rates baseline funding level (uprated by the

Retail Price Index). Table 3 below provides a breakdown of this element and the reductions included in the settlement.

Table 3 Settlement Funding Assessment	2015/16 Adjusted	2016-17	2017-18	2018-19	2019-20
Settlement Funding Assessment:					
Revenue Support Grant		3,740	3,007	2,545	2,029
Baseline Funding Level		3,515	3,584	3,690	3,808
Total Settlement Funding Assessment	8,135	7,255	6,591	6,235	5,837
Movement - Year on Year					
Revenue Support Grant £ (Reduction)		3,740	(733)	(462)	(516)
Revenue Support Grant % Reduction			-19.6%	-15.4%	-20.3%
Baseline Funding Level £ Increase		3,515	69	106	118
Baseline Funding Level % Increase			1.967%	2.950%	3.196%
Total Settlement Funding Assessment (Reduction) £		**(880)**	**(664)**	**(356)**	**(398)**
Total Settlement Funding Assessment (Reduction) %		-10.8%	-9.2%	-5.4%	-6.4%
					(2,298)
					-28%

2.10. The above table illustrates the settlement funding assessment as announced within the provisional settlement. Total funding (excluding the New Homes Bonus) is expected to reduce by 11% in 2016/17 (compared to 2015/16) and over the length of the settlement by 28%.

2.11. New Homes Bonus – the provisional finance settlement includes announcements on the New Homes Bonus for 2016/17, further details on this are provided at section 3.

2.12. Business Rates Retention – The scheme of Business Rates retention came into operation in April 2013, and no changes to the scheme were announced as part of the settlement. The percentage shares are 50% central government; 40% GYBC and 10% Norfolk County Council. The Government has confirmed that it will pay in full for the continuation of the doubling of Small Business Rate Relief which will continue for a further year but the retail discount will end on 31 March 2016. The multiplier will therefore be 49.7 pence, with the small business multiplier being 48.4 pence. Top-ups and tariffs will be uprated by 0.8% in line with the increase in the September 2015 Retail Price Index.

2.13. The amount of the Section 31 grant will not be confirmed until the NNDR returns for 2016/17 have been finalised. The annual National Non-Domestic Rates Return (NNDR1 form) provides an estimate of what the Council will collect in business rate income for the following financial year. The variation between the estimate and the actual is then dealt with through the surplus/deficit on the (business rates) collection fund in the following year, in the similar way to the operation of the Council tax collection fund. The actual position will be influenced by fluctuations in business rate income actually received in the year, for example as a result of appeals and reductions in property rateable value and also new business rate growth.

2.14. For example a forecast surplus or deficit on the 2015/16 business rates collection fund will be taken into account within the 2016/17 NNDR1 return and determining the respective values of the shares of the business rates income. This will also determine the payment of the levy due from the authority in relation to increases in business rate income compared to the baseline.

2.15. The budget position as included within the report makes an assumption of the net amount of retained income for 2016/17 after allowing for the section 31 grant and the payment of the levy will be as per the baseline funding announcements within the settlement. Further work on the business rates profile and forecast of the net amount to be retained will be carried out to inform the future financial projections. At the end of 2014/15 there was a significant appeals provision in relation to the Council's business rates income largely in connection to the power station and GP surgeries. Whilst the impact of the power stations is anticipated to be reduced there still remains an appeal and therefore at this time the baseline funding is a prudent approach to the 2016/17 budget.

3. New Homes Bonus (NHB)

3.1. The New Homes Bonus was introduced in 2011/12 to incentivise and reward Councils and Communities that build new homes in their area. The bonus is paid as an un-ringfenced grant for six years and is paid based on the net additional1 homes plus an additional supplement of £350 per affordable dwelling. The payment is then split between local authority tiers: 80% to the lower tier and 20% to the upper tier.

3.2. The provisional allocation of NHB for 2016/17 for GYBC is £1,377,044 and is based on the council tax data return submitted in October 2015 and represents additions of 246 and an increase in empty properties of 24 resulting in a net movement of 222. The bonus also includes an affordable homes premium of £16,520 for 59 properties.

3.3. Table 3 provides details of the Council's allocations of NHB to date.

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1. [1] **Net additional homes as recorded on the council tax base return (submitted October annually) takes into growth in property numbers, demolitions and movement in empty properties.**

Table 4 – New Homes Bonus – Allocations to date						
Allocation	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	£	£	£	£	£	£
2011/12	274	274	274	274	274	274
2012/13		234	234	234	234	234
2013/14			321	321	321	321
2014/15				119	119	119
2015/16					208	208
2016/17						220
Total	**274**	**508**	**829**	**949**	**1,157**	**1,377**

3.4. Whilst the NHB is included within the Government's assessment of spending power, the future return and allocation is subject to a consultation which will make changes to the scheme from 2017/18 onwards. The consultation seeks views on a number of factors of the current system including reducing it to a four year system (from the current six years) and allocation being more closely linked to certain areas of planning including abatements for non delivery of a local plan and where housing developments are approved on appeal. The consultation continues with the allocation of funding between two tier levels of local authority.

3.5. The provisional settlement for 2017/18 to 2019/20 includes NHB allocations based upon a prorated distribution of forecast reduced funding based on the 2016/17 allocations. At this time the forward projections assume this level of funding will be received, there are risks around this in that should the level of funding from NHB not be received then this will increase the forecast deficits. This would be mitigated by the general reserve in the short term.

4. Savings and Additional Income 2016/17 Onwards

4.1. The 2016/17 budget assumes the continued delivery of the savings and efficiencies from the transformation work streams which include digital by design, flexible working, leisure centre review and fees and charges. As these projects continue, further work will be carried out to quantify the level of future savings and efficiencies where applicable that can be factored in to the future projections.

4.2. At the time of approving the budget for 2015/16 a number of indicative savings targets and financial implications from projects were factored into the budget for 2015/16 and forward financial projections for 2016/17 onwards. At that time detailed project plans and identification of budget headings where the savings and additional income would be coming from had yet to be completed for some of these projects.

4.3. The work on the current years financial position and base budget for 2016/17 has sought to establish the status of these savings plans and where applicable factor these at the relevant service budget headings. It is acknowledged that at the time of setting the budget there is further work on the future years financial implications of some of these and these will inform the Medium Term Financial Strategy that will be presented later in the year.

4.4. In addition a number of work streams have been identified that will help to address the forecast funding deficit which include the following:

4.4.1. **Strategic Asset Management** – The Council holds on its balance sheet general fund assets valued at in the region of £70million although the basis upon which these assets are valued will depend upon the type of asset. For example assets held for operational reasons will be valued at depreciated replacement cost which may not reflect the true market value. Also some assets will be generating the Council income, others will be costing the Council on both revenue terms and future capital investment needs. In order to position the Council better to take informed decisions on existing asset holdings, an asset management strategy is being prepared which will explore opportunities to maximize the Council's return on assets. Once the strategy is completed, the Council will be asked to agree a number of projects to be taken forward to generate future income for the Council. Until this work is complete it is not possible to quantify the future savings or additional income which will be generated. Work on the strategy has recently been commissioned and it is expected to report early in the new financial year. It would not be unreasonable, however, for the Council to set a savings target of £250,000 for 2017/18.

4.4.2. **Leisure Services –** One of the assets which the Council holds is the Marina Centre and this is operated through a contract with Sentinel Leisure Trust. The Council will need to make a decision in respect of the future provision of this service and a key decision will be the investment needed in the Marina Centre to retain a leisure offer for the Borough whilst at the same time seeking to reduce the revenue budget through a reduced management fee to the Trust. The capital budget, as previously agreed by Council, is included within this budget.

4.4.3. **Business Rates Retention** – Under existing arrangements, the Council is able to retain a proportion of growth in the business rate base above a certain threshold which is set by government. Further work is underway to identify the potential growth in the business rate base over the next 4 years, what the risks will be under the current scheme and the potential for improving the collection position of the rates. This work is due to be completed by the end of March and will inform a future update of the financial strategy in a more meaningful way than has previously been reported. This will include the financial position of the Enterprise Zones and will help inform the issues which the Council will need to be raising as part of the consultation into the design of the new scheme post 2020.

4.4.4. **Council tax Base Growth** – For each additional property built and each empty property brought back into use the Council will receive an adjustment to its council tax base as well as receiving additional New Homes Bonus. There are currently over 1,000 planning permissions granted but not yet implemented across the Borough and a commitment as part of the five year land supply to provide an additional 300 houses per annum, increasing to nearly 500 per annum in later years. If the Council were able to accelerate this growth and bring more empty properties back into use through a concerted effort on a corporate approach to enforcement then this will generate much greater income than is currently included within the forecast. The forecast is currently based upon the government's projections and assumes growth based on previous years. An additional 300 properties would generate in the region of £30,000 to £40,000 in 2016/17 alone. The empty properties strategy can again be reviewed with a view to bringing more houses and shop premises back into use by using the collective range of enforcement powers available to the Borough.

4.4.5. **GYBC Operating Model** – There are various strands to considering what is the right operating model for the Council and this includes the Organisational Development work already underway as well as the governance review which now incorporates the change to the Committee System. This is an opportunity to review the way in which services are delivered and the strategic capacity of the organisation. This is to ensure that decisions are being taken in the right place by the right people with the right skills, whilst at the same time empowering staff and Members to challenge and drive forward transformation initiatives, being clear on the benefits they will bring and being accountable for their delivery. Other specific work strands which will drive efficiency and savings include the following:

a) **Digital by Design –** The current estimate of transactions which are fully e-enabled is only 5% across the Council. Further savings of £165,000 have already been factored into the 2016/17 budget to increase this figure to £400,000. Further savings can be achieved through increased e-enablement, this will require some redesign of business processes and tasks as new on-line services are rolled out. The current ICT provision will need to be fully explored to ensure that the existing arrangements are fit-for-purpose in driving forward with a digital transformation process. This will be a key piece of work in early 2016 and will inform future year savings.

b) **Procurement and Contract Management** – The Council spends over £5million through contracted services to GYBS and the ability to drive efficiencies through these arrangements is undertaken through a joint partnership approach. Whilst it is always best practice to have good relationships with partners/contractors this should always be underpinned by a strong performance and monitoring framework that provides clarity to the service and has a clearly defined client/contractor split. As part of considering savings options for the future the way in which some services are provided can be reviewed and benchmarked during 2016/17 to inform 2017/18 savings.

c) **Shared Services** – A business case and options for future sharing arrangements is being prepared for consideration by Members in June 2016. This will include the potential for sharing back office services and building resilience in key areas of the Council as well as identifying potential future savings. It will also include a range of options for considering the sharing of management and the benefits and risks that such arrangements could bring whilst learning from other Councils who already have shared arrangements in place.

d) **Enforcement Strategy** – To develop the Council's approach to enforcement as a means of meeting objectives within the Corporate Plan as well as linking directly to the financial strategy. There are currently 534 empty properties in the Borough which have been empty for more than 6 months.

e) **Partnerships and Integration** – to explore the use of partnerships in delivering the Council's Corporate Objectives and to identify opportunities for better working across the public and private sectors to remove any duplication and focus resources more effectively.

4.5. These areas will be worked on over the coming months and as financial savings and income targets quantified, the timing and delivery of these will be reflected in the future financial forecasts and budget setting processes.

4.6. In order to deliver some of the above, there may be a need to fund one-off costs on an invest to save basis, in that the expenditure will deliver future efficiencies to the Council. This report is recommending that £1 million be allocated from the general reserve to an 'Invest to Save' earmarked reserve to be used for such purposes.

4.7. Establishing an Invest to Save reserve will provide funding to support expenditure on initiatives which will either deliver future savings or generate additional income for the council to bring the budget into a financially sustainable position. This will ensure that the Council has access to funding to ensure that the necessary skills or investment is available to take forward projects or initiatives.

5 Revenue Account Base Budget 2016/17

5.1 The detail of the revenue budget now presented for approval is included within Appendices A and B. Appendix A shows the overall position in the form of the General Fund Summary. Further detail on the individual service budgets is included at Appendix B which shows the movement of the 2016/17 budget compared to the base budget for 2015/16 as set in February 2015 along with comments of the more significant variances.

5.2 The capital programme is discussed in detail at section 8 which includes both an update to the current capital programme along with new capital schemes and the financing of the programme.

5.3 The revenue budget for 2016/17 makes a number of assumptions, the more significant ones are as follows:

a) **Council Tax** – The budget assumes a Council tax freeze for the Boroughs element of Council Tax in 2016/17, based on the tax base of 26,722 (an increase of 567 compared to 2014/15) as approved in December 2015. This means that the district element of the council tax remains at £146.48 for 2016/17.

b) **Employee budgets** – The budget assumes a 1% pay award for 2016/17, although a local agreement on pay has yet to be agreed. As a guide a 0.5% sensitivity to the pay award equates to approximately £45k per annum. An allowance has been made to reflect vacancy/turnover savings of £100,000. Where annual increments are due these have continued to be factored into the budget.

The employer pension contribution rates are based upon the results of the tri-ennial valuation of the pension fund as at 31 March 2013. For 2016/17 and future years, the contribution rate will remain unchanged at 15.5% of the payroll plus an additional monetary contribution. The next pension fund valuation is due on 31 March 2016 to take effect from April 2017. The fixed payment has been adjusted to take into account likely movements and has been factored into the budget. For 2017/18 the budget assumes the monetary contribution charged to the general fund will increase from £1,092,000 to £1,314,000, an increase of £222,000. For 2018/19 it will increase to £1,549,500 an increase of £235,000 and for 2019/20 it will increase to £1,799,250 an increase of £249,750.

The forward projections include an allowance for apprenticeship levy which will come into effect in April 2017. The levy was announced as part of the chancellors Autumn statement in November 2015 to raise £3 billion nationally to fund 3 million apprenticeships. The levy is payable at a rate of 0.5% by all employer's where the pay bill is over £3 million. From 2017/18 onwards £36,000 has been factored into the projections.

The position also includes budgetary provision of £100,000 in respect of the implementation of living wage (plus allowance for back pay).

c) **Fees and Charges** – The impact of the fees and charges as previously agreed have been factored into the position now presented for approval.

d) **Contract inflation** – Where applicable contract inflation has been factored into the budget and forecasts.

e) **Interest and Minimum Revenue Provision (MRP)** – A total of £703,998 interest payable is included in the budget for 2016/17. The MRP reflects the current programme of capital budgets along with the new schemes that have been put forward for 2016/17 for approval.

f) **Service Budgets** – The detail of the service budgets have been informed by current trends along with prudent estimates on future spending and income plans. Where one off costs have been included in the budget in previous years, these will have been removed where applicable. The Ward budgets were approved in 2015/16 as a one off, the position as presented within this report assumes they continue in 2016/17 at half of the previous budget i.e. totalling £39,000 to be funded from the general reserve as a one-off.

5.4 The General Fund Summary presented at Appendix A shows a balanced budget for 2016/17 and is summarised in Table 5 with the equivalent figures from the 2015/16 budget.

Table 5 – Variance of 2015/16 to 2016/17 Base Budget	2015/16 Base Budget	2016/17 Base Budget	Variance
	£000	£000	£000
Net cost of services (incl. Parishes)	12,967	12,471	(496)
Non service expenditure/ income	(426)	321	748
Net budget requirement	12,541	12,793	252
Funded by:			
Local Taxpayers - Parishes	(312)	(354)	(42)
Local Taxpayers - District Council	(3,831)	(3,914)	(83)
Revenue Support Grant & Retained Business Rates	(8,255)	(7,255)	1,000
New Homes Bonus	(1,157)	(1,377)	(220)
Council Tax Freeze Grant one off (14/15)	(47)	0	47
Total Income	(13,602)	(12,900)	702
(Surplus)/ Deficit	(1,061)	(107)	954

5.5 Non-Service Expenditure and Income includes the adjustments for notional items that are required to be charged within Net Cost of Services, for example, International Accounting Standard 19 (IAS19) pension costs and capital charges, it also includes interest receivable and payable, movements to and from reserves and revenue implications of capital programme financing, ie MRP.

5.6 Appendix B shows the detail of the service movements for each of the service areas.

5.7 This report recommends that the surplus of £107k for 2016/17 be allocated to the general reserve to be used to mitigate the short term deficit in 2017/18 pending further work on the future years budget to deliver a sustainable budget in the medium term.

6 Council Tax 2016/17

6.1 As detailed in section 2, the finance settlement announcement has assumed that local authorities will increase council tax annually by upto 2% or the £5 where the LA is in the lowest quartile. GYBC is not assumed to be in the lower quartile until 2018/19, the funding assumptions made in the settlement assume that there is an annual increase in council tax of 1.75% for the first two years and then increases of £5 are assumed. The budget assumes a council tax freeze for 2016/17.

6.2 Table 6 below summarises how the budget for 2016/17 will be financed and the District's net call on the Collection Fund for 2016/17. The Council tax summary is included at Appendix C.

Table 6 – Council Tax Summary 2016/17	£
Total District amount to be met from Government Grant & Local Taxation	12,438,654
Less:	
Revenue Support Grant	(3,739,667)
Business Rates Retained	(3,514,927)
New Homes Bonus	(1,377,044)
District call on Collection Fund – excluding Parish Precepts	(3,914,239)
Surplus	**(107,223)**

6.3 A Council Tax Base of 26,722 Band D equivalent properties was approved in December 2015. The summary below shows the equivalent charge for the council tax bandings for the 2016/17 charge.

Band	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Council Tax Per Annum	£ 97.65	£ 113.93	£ 130.20	£ 146.48	£ 179.03	£ 211.58	£ 244.13	£ 292.96

7 Reserves

7.1 The current position and forecast on the General and Earmarked Reserves is attached at Appendix D. The statement provides the latest proposals for use of reserves in the current financial year along with the budgeted movements in 2016/17, and proposed movements in the following three financial years. The current recommended balance on the general reserve is £2 million.

7.2 There are three main reasons for holding reserves:

- To provide a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the General Fund Reserve
- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of the General Reserve
- As a means of building up funds, referred to as earmarked reserves, to meet known or predicted requirements. Earmarked reserves are accounted for separately but remain legally part of the General Fund. The title of the earmarked reserve generally reflects the purpose for which the balance is being maintained.

7.3 As part of considering the budget for 2016/17 the balance in the general and earmarked reserves should be taken into account. The level of reserves and unallocated balances provide a cushion referred to above and to mitigate against unforeseen fluctuations in income and where for example savings to do come into fruition.

7.4 The report is recommending that the surplus in the year is allocated to the general reserve as detailed at 5.7, in addition the report is recommending that £1million be allocated to a new ‘Invest to Save’ reserve to fund one-off costs associated with delivering the business strategy as outlined at section 4.

7.5 The balance on the general reserve at 31 March 2015 was £5.397 million. After allowing for the current year movements and the recommended budgeted movements in 2016/17 the forecast balance at 31 March 2017 is £5.437million, this allows for the earmarking of £1million for invest to save as detailed earlier in the report.

7.6 The reserve statement at appendix D shows forecast transfers from the general reserve to cover the forecast funding deficits. It should be recognised that the use of reserves is not a long term financial strategy but does allow time for planning further efficiencies and consideration of budget options to inform future budget setting processes and to allow for the smoothing of funding reductions.

7.7 A comprehensive statement about the adequacy of the reserves and recommended balance will be included within the Chief Financial Officer's report, which forms part of the annual Council Tax and Budget report to Full Council in February.

8 Capital

8.1 A revised capital programme for the current year is included at Appendix E to the report. The capital programme has been updated to take into consideration those changes identified within the current financial year and where timing of projects has not been as planned the budgets have slipped between financial years.

8.2 **Capital Scheme Slippage**

8.3 With regard to the Capital Programme, the only other changes to the budgets have been made in relation to the profiling of expenditure between financial years for the following schemes. This is to reflect more accurately when expenditure is anticipated to be incurred, although it should be noted that neither the scheme budgets, nor the sources of financing for any of these schemes have been changed.

8.4 The detail of the slippage of the capital programme is included in the Appendix E. In total the updated capital budget will see a reprofiling of £14,455,897 capital spend from 2016/17 to 2017/18.

New Capital Schemes

8.5 In addition to the existing capital programme amendments, approval is also being sought for a number of new capital projects as identified within the Capital Appendix.

8.6 The total of the estimated project costs associated with these capital bids is £3,039,700 of which £1,967,000 has identified funding sources with the balance needing to be funded from unsupported borrowing.

8.7 Where the current and future capital programmes are being funded by capital receipts, the certainty of new capital receipts will be monitored as part of the on-going budget monitoring process, and where applicable recommendations will be made to amend the capital programme and it's financing.

8.8 **Capital Programme Funding**

8.9 There are a number of sources of funding available to fund the capital expenditure. The following outlines those which are available to the Council:

a) External Contributions or Grants – e.g. from third party organisations.
b) Reserves – Available capital and revenue reserves can be used to fund capital expenditure,
c) Capital Receipts – Capital receipts are generated from asset disposals and can only be used to fund capital expenditure or repay debt.
d) Borrowing – Under the Prudential Framework, the Council is able to fund expenditure from borrowing provided that they can demonstrate affordability and need. Borrowing (internal or external) to finance capital spend will attract charges to the revenue account in the form of interest and Minimum Revenue Provision (MRP) charges.

9 Future Projections 2017/18 to 2019/20

9.1 As mentioned within the report the provisional Local Government Finance Settlement announcement is for a four year period but is subject to signing up to an efficiency plan. The details and implications of signing up or not are yet to be determined but in terms of certainty around funding from RSG, it would be prudent to accept the four year settlement.

9.2 The forecast financial projections included at Appendix A for the period 2017/18 to 2019/20 make assumptions around spending forecasts and currently include the provisional settlement figures for these periods, although the assumptions around council tax funding have been amended to reflect the a council tax freeze for 2016/17 and include local assumptions around potential tax base growth for the period.

9.3 After allowing for these assumptions the overall position shows a current forecast budget gap of £885k in 2017/18, increasing to £1.75million in 2018/19 and £2.2 million in 2019/20. The following year the deficit is currently forecast to be in the region of £4 million, the reason for the significant shift is the assumed removal of the RSG from Local Authority funding from 2020/21.

9.4 The report (section 4) starts to highlight a number of workstreams and projects to be delivered over the short to medium term that will help to deliver future savings and additional income to reduce the forecast funding gap. These work streams will be continuing and will be used to inform the updated financial strategy and financial projections that will be completed in 2016/17.

9.5 Since the Government made available the Council Tax freeze grant the Council has been able to accommodate a freeze in Council tax levels. In view of the Governments change in approach towards funding for Local Authorities with a greater emphasis on Council Tax rises, and the cumulative impact of grant reductions from RSG and New Homes Bonus, a continuation of Council Tax freeze is not an approach that can be recommended in the medium to long term. Therefore as part of considering the financial strategy moving forward and options or closing the budget gap, this is an area that needs further consideration in line with the government's policy and principles on Council Tax.

10 Financial Implications and Risks

10.1 The overall budget for 2016/17 is balanced and actually delivers a surplus for the year which is being recommended be transferred to the general reserve. The recommended level of the General Reserve is currently £2 million, the detail of the report highlights why this reserve is forecast to be maintained at or above this level for the four year period 2016/17 to 2019/20

10.2 The following outlines the main risks faced by the authority in the medium to long term and not only in relation to the 2016/17 budget.

10.3 **Future Funding** – The provisional Local Government Finance Settlement confirms that Local Government will continue to face funding reductions for the period of the financial forecasts. The provisional settlement figures confirm the continued shift from central government support from Revenue Support Grant to local funding from retained business rate (Baseline Funding), and Council Tax. The overall reduction in RSG between financial years covered by the settlement period is just over £1.7m. The financial planning process has taken account of this change, however the future funding gaps still remain a risk. The future forecasts will assume the removal of RSG in full from 2020/21 which will mean a reduction of over £2 million in funding from 2019/20 to 2020/21.

10.4 **New Homes Bonus (NHB)** – The provisional settlement confirmed the allocation of the 2016/17 New Homes Bonus grant which based on the current methodology. Changes to the NHB is currently being consulted upon and changes proposed changes will be influenced by local planning decisions and Local Plan.

10.5 **Business Rates** – The risk of funding fluctuations from business rate continues to be a prevalent feature of the funding of local authorities. The impact of appeals only exacerbates this risk and this applies to current appeals and new appeals. Whilst the risk is shared between Districts, County and Central Government in the proportionate shares ie, 40:10:50, the impact can be over a number of years where there is a deficit to be covered from the collection of business rate income. Factors that will lead to the fluctuations include for example, economic downturn leading to business closures and reducing the income from business rates, reduced income from rateable value appeals, including the impact of back dated appeals, reduced income as schools transfer to academy status, the national impact of the GP surgery appeals which are being finalised through the appeal process and also the new emerging risk around hospital and NHS trust properties. The NNDR provision currently only reflect the potential impact of appeals currently in the appeals system. Continuation of measures announced within the Autumn Statement and detailed earlier in the report, continue to present a risk to Local Authorities, albeit some of this risk is mitigated by the section 31 grant announced within the LGFS. A further risk in relation to the income retained from the business rates retention system is the review that will see changes to the system albeit keeping the impact fiscally neutral in that the amount of income collected through business rates will remain the same. As the impact of these changes are quantified, these will be reflected in the future MTFS and taken account of in the respective budget setting process.

10.6 **Savings** – The Council has continued to deliver savings and efficiencies from a number of projects within the transformation programme, for example, digital by design, flexible working, fees and charges. Savings and additional income from these projects have started to be achieved in the current financial year and the 2016/17 budget and forward projections assume that these will continue. It is critical that the delivery of these savings is closely monitored by Officers and Members, for example through the various monitoring boards i.e. transformation and delivery board and formally through the committee reporting system. Further work on quantifying the size of future savings and efficiencies will be carried out in 2016/17 to inform the future medium term financial strategy.

10.7 **Income –** Income from a number of demand led services remains a financial risk that cannot be fully influenced by the Council. Whilst estimates have been based on previous actuals and knowledge of the service delivery, income levels need to be closely monitored, for example for planning and car park income. It is for reasons such as this that a factor in determining the recommended general reserve balance includes an amount for the more significant demand led income budgets.

10.8 **Interest Payable and MRP** – The revenue budget takes account of the planned borrowing and financing of the current and future capital programmes. Slippage of capital schemes will impact on the level of borrowing required along with the associated financing costs. In addition as new schemes and projects are approved this too will have an impact on the associated financing costs and will need to be considered as part of the options appraisal and business case.

10.9 **Reserves –** Whilst the Council currently has a number of earmarked reserves for which some are allocated for specific purposes, the profile of spend is not yet agreed and commitments not currently made. As mentioned earlier in the report reserves provide a short term solution to mitigate the forecast deficit and can also be used to mitigate the impact of where for example savings are not achieved as planned, but do not provide a long term solution for a sustainable budget.

10.10 **Pay –** There are a couple of risks that need to be highlighted in relation to current pay issues and assumptions that have been made in the budget position now being reported. There has been a national holiday pay and overtime case in relation to whether 'non-guaranteed overtime' should count towards holiday pay. Officers are currently looking at the implications of this and whether there are any financial implications for the Council. At this time no budget has been allocated for this and therefore there still remains as a potential financial risk. The budget includes provision of £100,000 in relation to the financial impact of implementing the National Living Wage. The Council has approved the payment of the Living Wage to directly employed staff and in addition to the in-year costs associated with its implementation there are anticipated to be back pay costs. Furthermore there could be costs to the Council as a result of partners implementing the National Living Wage (subject to contracts). Costs above the provision in the annual budget will need to be mitigated by the use of reserves as applicable.

10.11 **Devolution** – The devolution work is ongoing, whilst no direct financial implications have been factored into the budget or future projections, the outcome and any associated impact will be considered as part of the future financial planning process.

FINANCIAL IMPLICATIONS: These are detailed in the main body of the report.

LEGAL IMPLICATIONS:

EXECUTIVE BOARD OR DIRECTOR CONSULTATION: EMT

11 RECOMMENDATIONS

Does this report raise any legal, financial, sustainability, equality, crime and disorder or human rights issues and, if so, have they been considered?	Issues	
	Legal	Yes
	Financial	Yes
	Risk	Yes
	Sustainability	No
	Equality	No
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No

List of Appendices:
A – GF Summary
B – Detailed Appendices
C Tax Summary
D – Reserves
E – Capital

General Fund Summary	**2014/15 Actual**	**2015/16 Base Budget**	**2015/16 Updated Budget**	**2016/17 Forecast**	**2017/18 Forecast**	**2018/19 Forecast**	**2019/20 Forecast**	**2020/21**
				LOCAL GOVERNMENT FINANCE SETTLEMENT PERIOD				
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Services:								
Executive	951,049	558,966	1,084,080	489,562	457,261	462,776	469,547	473,593
Resources Growth and Governance	1,930,490	1,821,559	1,940,438	1,439,829	973,822	933,943	963,876	979,738
Customer Services	8,823,553	7,426,231	7,536,231	7,437,849	7,073,191	7,088,011	7,108,806	7,115,719
Housing and Neighbourhoods	3,993,190	2,949,876	3,023,414	2,711,094	2,606,872	2,521,698	2,479,959	2,526,689
Savings to be achieved (net of costs)	0	(101,545)	(373,975)	0	0	0	0	0
Net Cost of Service	15,698,282	12,655,087	13,210,188	12,078,334	11,111,146	11,006,428	11,022,188	11,095,739
Non Service Exp/(Income):								
Recharges to HRA	(1,392,608)	(1,492,288)	(1,418,858)	(1,215,998)	(1,226,438)	(1,244,548)	(1,276,578)	(1,299,628)
Parish Precepts	294,169	312,190	312,190	354,143	361,231	368,454	375,829	383,342
Parish CTSS Grant	45,979	42,566	42,566	41,289	40,050	38,850	37,680	36,550
Capital Charges	(1,538,421)	(1,565,000)	(1,565,000)	(1,564,720)	(1,290,618)	(1,290,426)	(1,290,426)	(1,290,426)
Interest Receivable	(21,722)	(20,000)	(20,000)	(25,000)	(30,000)	(35,000)	(35,000)	(35,000)
Interest Payable	644,379	694,440	694,440	703,998	797,950	893,140	893,140	893,140
Minimum Revenue Provision	1,295,388	1,351,525	1,351,525	1,649,720	2,192,120	2,177,520	2,177,520	2,177,520
IAS19 Pension Adjustment	637,352	970,500	970,500	1,092,000	1,314,000	1,549,500	1,799,250	1,799,250
Vacancy Management	0	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Contingency	0	300,000	300,000	0	0	0	0	0
Ward Budgets	0	0	78,000	39,000	0	0	0	0
Living wage	0	0	0	100,000	100,000	100,000	100,000	100,000
Apprenticeship Levy	0	0	0	0	36,000	36,000	36,000	36,000
Sub total - Non Service Exp/Inc	**(35,484)**	**493,933**	**645,363**	**1,074,432**	**2,194,295**	**2,493,490**	**2,717,415**	**2,700,748**
Net Operating Expenditure	**15,662,798**	**13,149,020**	**13,855,551**	**13,152,766**	**13,305,441**	**13,499,918**	**13,739,603**	**13,796,487**
Contributions to/(from) Reserves:								
Planning Delivery Grant	(11,101)	(40,000)	(90,000)	(43,000)	0	0	0	0
Insurance Fund	(176,120)	0	0	0	0	0	0	0
Area Based/Town Centre	(47,494)	(199,000)	0	0	0	0	0	0
Neighbourhood Management	0	0	(175,952)	0	0	0	0	0
SHARP Funding	0	0	0	0	0	0	0	0
Restricted Use Grant	4,478,368	(61,000)	(136,209)	(37,290)	0	0	0	0
Efficiency Support Grant	595,578	(79,991)	(695,105)	0	0	0	0	0
Specific Budget	0	0	90,000	0	0	0	0	0
Repairs and Maintenance	(50,000)	0	0	0	0	0	0	0
Second Homes Council Tax	(92,923)	(86,040)	(87,296)	(76,676)	(1,850)	0	0	0
Waste Management	36,376	(137,980)	(137,980)	(110,000)	(10,750)	0	0	0
Invest To Save	0	0	0	1,000,000	0	0	0	0
General Reserve	0	0	0	(1,089,000)	0	0	0	0
Other Reserves	9,650	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	0
Sub Total Reserves	**4,742,334**	**(608,011)**	**(1,236,542)**	**(359,966)**	**(16,600)**	**(4,000)**	**(4,000)**	**0**
Amount to be met from Government Grant and Local Taxpayers	**20,405,132**	**12,541,009**	**12,619,009**	**12,792,800**	**13,288,841**	**13,495,918**	**13,735,603**	**13,796,487**
Collection Fund - Parishes	(294,169)	(312,190)	(312,190)	(354,143)	(361,231)	(368,454)	(375,829)	(383,342)
Collection Fund - Borough	(3,772,006)	(3,831,214)	(3,831,214)	(3,914,239)	(3,980,155)	(4,046,071)	(4,111,987)	(4,177,903)
Collection - LGFS Assumptions (SCENAI	0	0	0	0	(79,205)	(218,630)	(362,550)	(458,830)
Collection Fund	(124,825)	0	0	0	0	0	0	0
Retained Business Rates (net)	(4,160,000)	(3,715,878)	(3,715,878)	(3,514,927)	(3,584,060)	(3,689,793)	(3,807,725)	(3,894,175)
Revenue Support Grant	(5,827,000)	(4,538,641)	(4,538,641)	(3,739,670)	(3,006,670)	(2,544,900)	(2,029,120)	0
Council Tax Freeze 2015/16	(47,178)	(47,457)	(47,457)	0	0	0	0	0
New Homes Bonus	(960,344)	(1,156,647)	(1,156,647)	(1,377,044)	(1,392,934)	(875,132)	(839,679)	(796,710)
Business Rates - Year End (accounting)	(4,249,610)							
Income from Grant and Taxpayers	**(19,435,132)**	**(13,602,027)**	**(13,602,027)**	**(12,900,023)**	**(12,404,255)**	**(11,742,980)**	**(11,526,890)**	**(9,710,960)**
(Surplus)/Deficit	**970,000**	**(1,061,018)**	**(983,018)**	**(107,223)**	**884,586**	**1,752,938**	**2,208,713**	**4,085,527**

GREAT YARMOUTH BOROUGH COUNCIL - DRAFT BUDGET 2015-16 - 2019-20

Service	Budget 2015/16	Budget 2016/17	Base to Base Variance	Reasons for Major Variances
Resources, Governance & Growth				
Executive Team	558,966	489,562	(69,404)	2015-16 included a 'one off' allocation for agency staffing (£64.7k) while 2016-17 includes full year Chief Exec post as per the establishment, as well as a reduction for transformation budget (£80k) and resources for transformation work £38k.
Resources Manager				
Finance	872,263	896,607	24,344	2016-17 includes computer contract £18.8k previously omitted from the budget plus £9.6k one-off costs towards the Integra finance system upgrade.
HR	344,564	350,258	5,694	No major variances
Total	**1,216,827**	**1,246,865**	**30,038**	
Growth Manager				
Strategic Planning	452,746	482,622	29,876	Replacement plotter one-off cost & Norfolk-wide Strategic Planning Framework
Economic Development	296,372	218,367	(78,005)	£100k contribution for Coastal Communities Fund work removed as this is funded by grant; less post previously omitted from budget £22k
Enterprise GY	199,291	-	(199,291)	Service is fully funded from coastal communities grant until 2016-17
Total	**948,409**	**700,989**	**(247,420)**	
Property & Construction				
Markets	(99,024)	(94,893)	4,131	No major variances
Depot Costs	-	-	-	
Property Services	(1,935,584)	(1,966,973)	(31,389)	£114.5k increase in centrally allocated costs covering utilities and rates, reduction for Brett's profit share income £30k, increase in renegotiated contract (£106.8k), an additional void at Minerva House £30.8k, increase in property occupancy Beacon Park (£56k) and LEP income(£99.9k). £52k net cost for office build at Beacon Park in 2016-17 before surplus in generated in future years.
Modernisation team	81,404	80,041	(1,363)	No major variances
Construction Services	716,837	635,874	(80,963)	Novus Centre income (£55.5k), reduction in R&M allocation of (£42.7k) and special works (£15.2k) less change in depreciation £27.6k
Total	**(1,236,367)**	**(1,345,951)**	**(109,584)**	
Governance Manager				
Member Services	504,763	473,644	(31,119)	There is a saving due to transfer of post to Corporate Strategy less increase in budget for central costs £14.4k.
Corporate Strategy	190,721	154,395	(36,326)	2015-16 base excludes in year transfer of staff (£70.1k) to elections cost centre.
Legal (Client)	197,206	209,887	12,681	Reduction in income for court recoveries
Total	**892,690**	**837,926**	**(54,764)**	
GRAND TOTAL R,G & G	**1,821,559**	**1,439,829**	**(381,730)**	
Customer Services				
Planning Manager				
Development Control	44,931	62,913	17,982	1 FTE post omitted from the budget in 2015-16 £38k, partly offset by additional income (£22k)
Building Control	(2,359)	11,745	14,104	IT software costs
Land Charges	(15,403)	(21,967)	(6,564)	No major variances
Total	**27,169**	**52,691**	**25,522**	

Service	Budget 2015/16	Budget 2016/17	Base to Base Variance	Reasons for Major Variances
Environmental Services Manager				
Environmental Health/Food Safety	1,410,422	1,356,266	(54,156)	Duplicate post deleted and emergency planner now from NCC
Coastal Protection	363,196	366,947	3,751	No major variances
Pest Control	-	-		
Total	**1,773,618**	**1,723,213**	**(50,405)**	
Customer Services Manager				
Benefits	(711,644)	(583,884)	127,760	2 FTE previously omitted from the budget, and one post deleted to give net £30k increase; £80k less subsidy grant from DWP due to Universal Credit
Customer Services	453,292	524,205	70,913	Restructure business case to support Web Development as a key area of work £64k; translation costs budget previously omitted £7k
Revenues	405,822	220,513	(185,309)	Cost of collection income omitted (£150k); 4 fraud posts moved to DWP (£112k) offset by a reduction in admin grant in the Benefits service; IT software £80k
Crematorium	(631,246)	(687,454)	(56,208)	(£145k) additional fee income to cover cost of new cremator; £21k increase in rates and energy costs; £13k new cremator servicing and £52k interest charge
Support Services	278,183	252,712	(25,471)	IT contract costs recalculated (£15k)
Car Parking	(1,186,736)	(1,148,066)	38,670	(£8k) net Pay & Display income; £25k credit card transaction and enforcement costs under-estimated previously; (£63k) saving due to restructure in 2015-16; (£15k) rent saving following relocation to Greyfriars House; (£7k) previously overestimated energy costs; (£4k) cash collection saving from renegotiated contract; The previous budget assumed a surplus for the permits and enforcement work provided to Norfolk County Council, although the agreement does not allow a surplus to be made - this resulted in a £110k net reduction
ICT Client	988,009	1,128,773	140,764	5 FTE previously omitted from the structure along with a new manager post £177k, partially offset by a net reduction in ICT contact costs (£58k) ; photocopier charges £20k previously omitted.
Total	**(404,320)**	**(293,201)**	**111,119**	
GYBS				
Grounds Maintenance	373,098	376,275	3,177	No major variances
Parks and Gardens	506,449	518,213	11,764	£12K increase in grant payments to parish councils for maintenance of parks and open spaces
Street Cleansing	960,231	920,202	(40,029)	GYBS reduction in 1 FTE (£40k)
Waste	1,229,088	1,326,640	97,552	£110k contribution to refuse vehicle from earmarked reserves; (£28k) from deleted post; £100k to Norfolk Waste Partnership as part of Joint Venture arrangement; net recycling income reduced by £50k as rates significantly dropped; (£121k) net additional income from brown bins resulting from high take-up; (£18k) increase in bulky items income.
Streetway & Footway Lighting	550,947	560,611	9,664	No major variances
Repairs & Maintenance	1,112,670	864,540	(248,130)	Profit share from GYBS and GYN
Public Conveniences	386,400	359,744	(26,656)	Saving on GYBS contract
Outdoor Sport	242,361	229,208	(13,153)	£8K reduction in repairs & maintenance
Total	**5,361,244**	**5,155,433**	**(205,811)**	
Elections & Licensing Manager				
Elections	106,180	208,789	102,609	Staffing costs transferred from corporate strategy £81k; additional canvas for Registration of Electors £25k required.
Licensing	(199,033)	(188,652)	10,381	No major variances
Total	**(92,853)**	**20,137**	**112,990**	

Service	Budget 2015/16	Budget 2016/17	Base to Base Variance	Reasons for Major Variances
Tourism & Marketing Manager				
Tourism	438,180	441,350	3,170	No major variances
Weddings & Functions	(7,112)	(2,981)	4,131	No major variances
Reprographics	129,166	122,315	(6,851)	No major variances
Civic & Portering	135,578	152,006	16,428	£5k recalculated establishment costs; additional one-off costs £11k for twinning, WW1 and market 950 events
Communications	65,561	66,886	1,325	No major variances
Total	**761,373**	**779,576**	**18,203**	
Transformation Team Adj	-	-		
GRAND TOTAL CUSTOMER SERVICES	**7,426,231**	**7,437,849**	**11,618**	
Housing & Neighbourhoods				
GF Neighbourhoods & Communities				
Culture & Leisure	254,216	235,288	(18,928)	Savings within the service from repairs and maintenance and planned reductions in other budgets with the service area.
Marina Centre/Phoenix Pool	590,588	735,116	144,528	2016-17 budget now reflects current management fee for the Marina and Phoenix centres. The increased amount of net cost has been exacerbated due to the 2015-16 budget having been reduced by an incorrect amount, and therefore not reflective of the current arrangement [£77k]. The draft budget has also been updated to reflect the income from Norfolk County Council for the hire of pools by schools no longer being due [£82.5k]. Some of these costs have been mitigated by a reduction in insurance costs (£20k).
Conservation	212,193	223,525	11,332	Previously omitted £4k Lydia Eva contribution & overstated Preservation trust income £5k
CCTV	144,780	139,193	(5,587)	No major variances
Neighbourhood Management	365,961	374,664	8,703	No major variances
Grants to Voluntary Sector	186,156	161,856	(24,300)	Centre81 Grant - 5 years paid in 2014/15 for capital purchase
Total	**1,753,894**	**1,869,642**	**115,748**	
Housing Services				
Housing Needs	910,082	550,207	(359,875)	£424K reduction in costs on leased properties less £37K increase in lease property costs. £17K reduction in net income on GYBC property
Housing Strategy	120,405	123,637	3,232	No major variances
Total	**1,030,487**	**673,844**	**(356,643)**	
Housing Health & Wellbeing				
Private Sector Housing	103,630	99,986	(3,644)	No major variances
Safe At Home	61,865	67,622	5,757	No major variances
Total	**165,495**	**167,608**	**2,113**	
Transformation Team Adj	-	-		
GF Housing & Neighbourhoods Total	**2,949,876**	**2,711,094**	**(238,782)**	
GRAND TOTAL GENERAL FUND	**12,756,632**	**12,078,334**	**(678,298)**	

Appendix D - Reserves Schedule

	Opening Balance 01.04.15	Movement 2015-16	Closing Balance 31.03.16	Movement 2016-17	Closing Balance 31.03.17	Movement 2017-18	Closing Balance 31.03.18	Movement 2018-19	Closing Balance 31.03.19	Movement 2019-20	Closing Balance 31.03.20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Planning Delivery Grant	133	-90	43	-43	0	0	0	0	0	0	0
Insurance Fund	123	0	123	0	123	0	123	0	123	0	123
Town Centre Management	952	-176	776	0	776	0	776	0	776	0	776
SHARP Funding	493	0	493	0	493	0	493	0	493	0	493
Restricted use grant	660	-136	524	-37	487	0	487	0	487	0	487
Efficiency Support grant	1,227	-695	532	0	532	0	532	0	532	0	532
Specific budget	3	90	93	0	93	0	93	0	93	0	93
LEGI	524	0	524	0	524	0	524	0	524	0	524
Repairs and maintenance	434	0	434	0	434	0	434	0	434	0	434
Second Homes Council tax	225	-87	138	-77	61	0	61	0	61	0	61
Waste Management	259	-138	121	-110	11	-11	0	0	0	0	0
Collection Fund (B Rates) *	4,699	0	4,699	0	4,699	0	4,699	0	4,699	0	4,699
Invest to Save Reserve	0	0	0	1,000	1,000		1,000		1,000		1,000
Other Reserves	189	-4	185	-4	181	-4	177	-4	173	-4	169
	9,921.00	-1,236.00	8,685.00	729.00	9,414.00	-15.00	9,399.00	-4.00	9,395.00	-4.00	9,391.00
General Fund**	5,397	983	6,380	-943	5,437	0	5,437	0	5,437	0	5,437
Total Revenue Reserves	15,318.00	-253.00	15,065.00	-214.00	14,851.00	-15.00	14,836.00	-4.00	14,832.00	-4.00	14,828.00

* Note - whilst included in the GF reserves, this was an accounting adjustment as part of the 2014/15 accounts and is not currently available as a reserve balance.

** Note - Movements for 2016/17 take account of the recommended £1million transfer for Invest to Save.

Commentary on Earmarked Reserves

The following provides a commentary on the purpose and intended use of each of the earmarked reserves.

Reserve	Purpose of Reserve	Plans for utilisation of the Reserve
Planning Delivery Grant	The Planning Delivery Grant Reserve was established to voluntarily ring-fence Planning Delivery Grant to the Planning Service	The Reserve is planned to be used to provide service improvements in Planning, and deliver the Local Development Framework.
Insurance Fund	Provides internal insurance provision to cover excesses on external insurance policies and smaller items not covered externally.	The Council budgets for a level of excess being charged to the Service Accounts annually. Any under provision is met from the Insurance Fund, and any surplus is transferred to the fund.
Town Centre Initiative Reserve	To deliver a package of environmental and presentation initiatives to improve the visitor experience. To work with the Great Yarmouth town centre partnership, property owners and other stakeholders as soon as possible to identify the role of the town centre in the next 10 – 20 years. To develop a long term strategy to plan key changes and to guide investment, operational and marketing plans.	A one-off contribution to create a source of funding, with proposals to be drawn up for its use.
SHARP Funding	This Reserve provides funding to support any of the Council's capital allocation activities	The Council will utilise this funding for capital expenditure as allocated.
Restricted use grant	Grants received in year for specific expenditure are carried forward for use in future years	These Reserves are utilised as expenditure is incurred. No provision has been made to add to these reserves in future years.
Efficiency Support Grant	Balance of the ESG received to be used for transformation programme.	This reserve is utilised as expenditure is incurred during the year.
Specific budget	Specific budgets allocated to project type expenditure that have not been completed by year end.	These Reserves are utilised as expenditure is incurred.

Reserve	Purpose of Reserve	Plans for utilisation of the Reserve
LEGI	A reserve to cover the capital costs for economic development within the Borough	As costs are incurred, these are offset by the Reserve.
Repairs and Maintenance	Recognition of the required repairs yet to be specifically scheduled for completion within existing budgets.	These Reserves are utilised as expenditure is incurred. Use of this will be considered alongside the asset management review.
Second Homes Council Tax	This reserve was established to fund projects that contribute towards the achievement of Borough wide objectives.	These Reserves are utilised as expenditure is incurred. No provision has been made to add to these Reserves in future years.
Waste Management	This reserve was set up to improve waste management services within the District, by providing weekly residual waste collections to approximately 23% of the Borough's urban households.	These Reserves are utilised as expenditure is incurred. No provision has been made to add to these Reserves in future years.
Collection Fund	Established as part of the 2014/15 accounts audit in respect of the business rates safety net.	Use of this will be to offset return of monies to the Government or as a result of appeals, not currently available for spend.
Invest to Save	A reserve to be established to support expenditure on initiatives which will either deliver future savings or generate additional income for the council to bring the budget into a financially sustainable position. To ensure that the Council has access to funding to ensure the necessary skills or investment is available to take forward projects or initiatives.	As detailed plans are produced the timing of use recommendations for use of this reserve will be made.
Other Reserves	Other Reserves are small in value.	These Reserves are utilised as expenditure is incurred. No provision has been made to add to these Reserves in future years.

Capital Programme Budget 2015-16

Project	Directorate	Total Revised Budget	BORROWING: Unsupported Borrowing	GRANTS & CONTRIBUTIONS: DFG	SHIP/SHARP/N&WELS	HLF/THI	Other Grants/3rd Party Contributions	CAPITAL RECEIPTS: Capital Receipts - Sth Gorleston	Capital Receipt - Housing	Capital Receipts - other	REVENUE: Revenue Funding
Housing Capital Programme	Housing & Neighbourhoods	5,954,553.00	-						877,000.00		5,077,553.00
Beacon Park LATC - Project Costs	Housing & Neighbourhoods	60,000.00	60,000.00								
Disabled Facilities grants	Housing & Neighbourhoods	850,000.00	282,631.00	567,369.00							
Home Improvement Loans	Housing & Neighbourhoods	25,000.00								25,000.00	
Norfolk & Waveney Equity Loan Scheme	Housing & Neighbourhoods	133,949.00			133,949.00						
Empty Homes - Council Funded scheme to provide non -temporary Accommodation	Housing & Neighbourhoods	350,000.00	350,000.00								
Homes 4 Health	Housing & Neighbourhoods	50,000.00			50,000.00						
Runham Vauxhall	Housing & Neighbourhoods	-								-	
King Street Housing (Loan to GY Preservation Trust to renovate 133 & 135 King Street)	Housing & Neighbourhoods	-									
Marina Centre Refurbishment- Old Pr	Housing & Neighbourhoods	270,000.00	270,000.00								
New Budget for Phoenix Pool	Housing & Neighbourhoods	1,270,000.00	1,270,000.00								
New Budget for Marina Centre	Housing & Neighbourhoods	255,000.00	255,000.00								
Total for Housing and Neighbourhoods - GF		**3,263,949**									
Total for Housing and Neighbourhoods - Incl. HRA		**9,218,502**									
Footway Lighting	Customer Services	100,000.00	100,000.00								
Euston Road Car Park Extension	Customer Services	231,000.00	231,000.00								
Tar Works Rd Resurface	Customer Services	40,000.00	40,000.00								
Digital By Design	Customer Services	250,000.00	250,000.00								
Coastal Protection - Scratby.	Customer Services	596,000.00					423,000.00				173,000.00

			BORROWING	GRANTS & CONTRIBUTIONS				CAPITAL RECEIPTS			REVENUE
Project	**Directorate**	**Total Revised Budget**	**Unsupported Borrowing**	**DFG**	**SHIP/SHARP/N&WELS**	**HLF/THI**	**Other Grants/3rd Party Contributions**	**Capital Receipts - Sth Gorleston**	**Capital Receipt - Housing**	**Capital Receipts - other**	**Revenue Funding**
Remodelling Work at Britannia Pier	Customer Services	70,000.00	70,000.00								
Crematorium Improvements	Customer Services	60,000.00	60,000.00								
Depot Vehicle Washbay	Customer Services	17,300.00	17,300.00								
Total for Customer Services		**1,364,300**									
Refurbishment of South East Town Wall Tower	Resources, Governance & Growth	91,000.00	91,000.00								
St George's - THI Grants	Resources, Governance & Growth	380,000.00	220,657.00			159,343					
Flexible Workforce	Transformation team	590,000.00	590,000.00								
Beacon Park	Resources, Governance & Growth	6,700,000.00	5,009,214.00				1,449,786.00	241,000.00			
Beacon Park - Site 4	Resources, Governance & Growth	575,000.00	575,000.00								
Opportunity Project Acquisitions	Resources, Governance & Growth	-	-								
South Denes	Resources, Governance & Growth	400,000.00					400,000.00				
Total for Resources, Governance and Growth		**8,736,000.00**									
Total - GF		**13,364,249.00**	**9,741,802.00**	**567,369.00**	**183,949.00**	**159,343.00**	**2,272,786.00**	**241,000.00**	**-**	**25,000.00**	**173,000.00**
Total - GF+HRA		**19,318,802.00**	**9,741,802.00**	**567,369.00**	**183,949.00**	**159,343.00**	**2,272,786.00**	**241,000.00**	**877,000.00**	**25,000.00**	**5,250,553.00**

Capital Programme Forward Budget 2016-17

			BORROWING	GRANTS & CONTRIBUTIONS				CAPITAL RECEIPTS		REVENUE
Project	Directorate	Total Proposed Budget 16-17	Unsupported Borrowing	DFG	SHIP/SHARP/N &WELS	NCC	Other Grants/3rd Party Contributions	Capital Receipt - Housing	Capital Receipts - other	Revenue Funding
		NEW BID								
Housing Capital Programme	Housing & Neighbourhoods	8,561,460	2,100,000					890,000		5,571,460
Beacon Park LATC - Phase 1	Housing & Neighbourhoods	9,400,000	9,400,000							
Disabled Facilities grants	Housing & Neighbourhoods	800,000	233,000	567,000						
Emergency Home Improvement Loai	Housing & Neighbourhoods	50,000							50,000	
Empty Homes	Housing & Neighbourhoods	757,508	757,508							
Homes 4 Health	Housing & Neighbourhoods	350,000			350,000					
Runham Vauxhall	Housing & Neighbourhoods	119,541							119,541	
Phoenix Pool Reurbishment	Housing & Neighbourhoods	900,000	900,000							
New Marina Centre Refurbishment	Housing & Neighbourhoods	3,900,000	3,900,000							
The Waterways - Refurbishment	Housing & Neighbourhoods	1,300,000					1,300,000			
Cobholm Skatepark	Housing & Neighbourhoods	100,000					100,000			
Mill Lane Hot Water Vessels	Housing & Neighbourhoods	31,000	31,000							
Childrens Playground Refurbishment & Resurfacing	Housing & Neighbourhoods	109,200	109,200							
Conversion of The North West Tower into holiday accommodation	Housing & Neighbourhoods	98,000	98,000							
Footway Lighting	Customer Services	100,000	100,000							
Tar Works Rd Resurface	Customer Services	-								
Esplanade Resurfacing	Customer Services	180,000	180,000							
New Cremators	Customer Services	398,848	398,848							
Server Upgrades - Integra	Customer Services	20,000	20,000							

Capital Programme Forward Budget 2016-17

			BORROWING	GRANTS & CONTRIBUTIONS				CAPITAL RECEIPTS		REVENUE
Project	Directorate	**Total Proposed Budget 16-17**	Unsupported Borrowing	DFG	SHIP/SHARP/N &WELS	NCC	Other Grants/3rd Party Contributions	Capital Receipt - Housing	Capital Receipts - other	Revenue Funding
		NEW BID								
Public Toilets - Automated Locking Systems	Customer Services	**21,500**	21,500							
Public Toilets - Refurbishment		**160,000**	160,000							
Central Heating Boilers - Greyfriars House		**35,000**	35,000							
Loan to GYBS to purchase 2 new refuse vehicles		**115,000**	115,000							
Beacon Park	Resources, Governance & Growth	**1,950,000**	1,950,000							
Beacon Park-Site 4-Development of Office Premises	Resources, Governance & Growth	**4,750,000**	4,750,000							
South Denes	Resources, Governance & Growth	**2,600,000**	250,000			2,350,000				
Opportunity Project Acquisitions	Resources, Governance & Growth	**-**								
Total		**36,807,057**	**25,509,056**	**567,000**	**350,000**	**2,350,000**	**1,400,000**	**890,000**	**169,541**	**5,571,460**

Appendix E

Capital Programme Forward Budget 2017-18

			BORROWING	GRANTS & CONTRIBUTIONS	\APITAL RECEIP	REVENUE
Project	Directorate	**Total Proposed Budget 17-18**	Unsupported Borrowing	DFG	Capital Receipt - Housing	Revenue Funding
Housing Capital Programme	Housing & Neighbourhoods	**7,651,080**	2,052,000		877,000	4,722,080
Disabled Facilities grants	Housing & Neighbourhoods	**800,000**	233,000	567,000		
New Marina Centre Refurbishment	Housing & Neighbourhoods	**1,600,000**	1,600,000			
Footway Lighting	Customer Services	**100,000**	100,000			
Esplanade Resurfacing	Customer Services	**100,000**	100,000			
Tar Works Rd Resurface	Customer Services	**-**				
Beacon Park	Resources, Governance & Growth	**350,000**	350,000			
Beacon Park - Site 4	Resources, Governance & Growth	**1,275,000**	1,275,000			
Opportunity Project Acquisitions	Resources, Governance & Growth	**-**				
Total		**11,876,080**	**5,710,000**	**567,000**	**877,000**	**4,722,080**

Capital Programme Forward Budget 2018-19

Project	Directorate	Total Proposed Budget 18-19	BORROWING	GRANTS & CONTRIBUTIONS		CAPITAL RECEIPTS			REVENUE
			Unsupported Borrowing	DFG	Other Grants/3rd Party Contributions	Capital Receipts - Sth Gorleston	Capital Receipt - Housing	Capital Receipts - other	Revenue Funding
Housing Capital Programme	Housing & Neighbourhoods	**6,497,080**	1,000,000				569,000		4,928,080
Disabled Facilities grants	Housing & Neighbourhoods	**800,000**	233,000	567,000					
Esplanade Resurfacing	Customer Services	**100,000**	100,000						
Footway Lighting	Customer Services	**100,000**	100,000						
Total		**7,497,080**	**1,433,000**	**567,000**	**-**	**-**	**569,000**	**-**	**4,928,080**

Subject: **REVENUE BUDGET AND COUNCIL TAX SETTING 2016/17**

Report to: **FULL COUNCIL 24 FEBRUARY 2016**

Report by: **INTERIM SECTION 151 OFFICER**

SUBJECT MATTER

This report presents for approval the budget for 2016/17 and to make statutory calculations in accordance with the Local Government Finance Act 1992 to set the Council Tax for 2016/17. The report also includes the Chief Financial Officer's report on the robustness of the estimates and adequacy of reserves. This report should be considered alongside the budget report as presented to Cabinet on 10 February 2016 which is also included on the agenda.

RECOMMENDATIONS:

It is recommended that having considered the Chief Financial Officer's report of the robustness of the estimates and the adequacy of the proposed financial reserves, the following is approved:

1. That the Budget for 2016/17 as detailed in the Revenue Budget and Council Tax 2016/17 is approved;
2. The Policy Framework for the Earmarked Reserves and the Optimum Level of the General Reserve 2016/17 to 2019/20 (**Appendix A** within this report) is approved;
3. That Members undertake the Council Tax and statutory calculations set out in the following recommendations:
4. Under the Localism Act 2011, the Council is recommended that it **be noted** that on 9 December 2015 the following was calculated:
   (a) the Council Tax Base 2016/17 for the whole Council area as **26,722** [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")] and,
   (b) for dwellings in those parts of its area to which a Parish precept relates as in the Revenue Budget and Council Tax 2016/17 Report **Appendix C**.
5. Tax requirement for the Council's own purposes for 2016/17 (excluding Parish precepts) is **£3,914,268**.
6. That the following amounts **be calculated** for the Council for the year 2016/17 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992 and the relevant regulations and directions as follows:

(a)	£71,013,400	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
(b)	£66,744,989	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£4,268,411	Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31A(4) of the Act).
(d)	£159.73	Being the amount at 3(c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
(e)	£354,143	Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
(f)	£146.48	Being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (2 above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
(g)		**Appendix D** being the amounts given by adding to the amount at 6(f) above to the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 4(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate

7. That it be **noted** that for the year 2016/17 Norfolk County Council have issued their precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings within the Council's area as indicated in the table in **Appendix B.** Norfolk County Council met on 16 February 2015 and set their precept at £1190.79. The Council's precept has increased by 3.99% on last year. This results in a Band D Council Tax of £1190.79 and an increase of £45.72 from 2015/16.

8. That it be **noted** that The Norfolk Police and Crime Commissioner has issued his precept of £5,690,225 to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings within the Council's area as indicated in the table in **Appendix B**. The Commissioner's precept has increased by 1.98% on last year. This results in a Band D Council Tax of £212.94 and an increase of £4.14 from 2015/16.

9. The Council, in accordance with Sections 30 to 36 of the Local Government Finance Act 1992, **hereby sets** the aggregate provisional amounts shown in the table in **Appendix C** as the amounts of Council Tax for 2016/17 for each of its

area and categories of dwellings.

10. Excessiveness Determination - The Council's basic amount of council tax as calculated above is the same as that calculated for 2015/16, and therefore within the 2.0% and £5 increase limit at which a referendum would be required.

11. The Council has determined that its relevant basic amount of Council Tax for 2016/17 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2016/17 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992**.**

12. If the formal Council Tax Resolution is approved, the total Band D Council Tax for 2016/17 will be **as follows:**

	2015/16 £	**2016/17 £**	**Increase %**
Great Yarmouth Borough Council	146.48	146.48	0%
Norfolk County Council	1,145.07	1,190.79	3.99%
Norfolk Police Authority	208.80	212.94	1.98%
Sub-Total	1,500.35	1550.21	
Parish Council (average)	11.94	13.25	11.00%
Total	**1,512.29**	**1,563.46**	

REVENUE BUDGET AND COUNCIL TAX SETTING 2016/17 - REPORT

1. INTRODUCTION/BACKGROUND/

1.1 This report presents for approval the 2016/17 revenue budget along with undertaking the statutory calculations for the determination of the Council Tax for 2016/17. This report should be considered alongside the budget report that was presented to Cabinet on 10 February 2016.

1.2 The budget for 2016/17, along with detailed projections for the following three financial years, were recommended by Cabinet on 10 February 2016.

1.3 The Cabinet report included the provisional finance settlement for 2016/17. As outlined verbally at the meeting of cabinet the final settlement has not made any significant changes to the funding position for Great Yarmouth Borough Council as included in the Cabinet papers. An overview of the outcome of the final settlement announcement is included at section 2 of the report for information.

2. 2016/17 BUDGET

2.1 The key points from the final settlement announcements included the following:

2.1.1 Compared to the provisional settlement, no authority would receive a lower settlement in the final announcement;

2.1.2 Nationally there has been an increase in funding available over the four year period of £525m as included in the Core Spending Power, this is due to:

- £150m per annum in Transitional Funding for 2016/17 and 2017/18;
- £25m in removing the Tariff / Top Up adjustment over 2017/18 and 2018/19;
- £91m in additional Rural Services Delivery Grant over 2016/17 and 2017/18,
- £109m in potential higher council tax increases for district councils over the four years – due to extension of the £5 Council tax increases referendum principles, i.e. the higher of 2% or £5 to all, not just those authorities in the lower quartile for band D Council Tax, this has updated the core settlement funding assumptions for GYBC in that it assumes a greater income from council tax from 2016/17 onwards.

2.2 In making decisions in relation to setting the Council Tax, section 25 of the Local Government Act 2003 requires the Chief Financial Officer of the Council to report to the Council on the following matters:

- the robustness of the estimates made for the purpose of the budget calculations and
- the adequacy of the proposed financial reserves.

2.3 This is provided in section 3 of the report.

3. CHIEF FINANCIAL OFFICER'S REPORT

The Robustness of the Estimates

3.1 This section of the report provides a commentary on the robustness of the estimates now presented and provides an analysis of the risks facing the Council in relation to the control of income and expenditure flows compared to the budgets that are recommended for 2016/17.

3.2 The framework within which the budget for 2016/17 has been constructed takes into account a number of factors including the previous financial year out-turn position (2014/15), the in-year budget monitoring and associated reports along with the 2016/17 finance settlement. These are outlined in more detail in the following paragraphs.

3.3 The outturn position for 2014/15 was reported to Members in September 2015 this was later than would normally have been due to a number of issues with the outturn and the audit, the position was then subject to external audit review and reported to Members in September 2015. The outturn position is used to update the financial planning process and establishes the baseline for the current estimates by reflecting significant movements against the current position and those which will have an on-going impact on the future financial position of the Council.

In Year Budget Monitoring and Financial Control

3.4 Best practice suggests that regular financial monitoring reports are presented to officers and members periodically during the year for scrutiny and also to ensure transparency of decision making and financial control.

3.5 Due to some issues in the current year including interim resources and capacity, to date there has only been one budget monitoring report presented to members for the current financial year, this is for the position to the end of December 2015 and was presented to Cabinet in February to be considered by Scrutiny later in the month. In the previous two financial years there have been two budget monitoring reports to Scrutiny in the year. The current year's budget monitoring report has confirmed that the current year budget is on track and is forecast to deliver a saving above the level previously budgeted. The position contained within the report has however highlighted a number of in-year variances including a combination of favourable, i.e. additional income or underspends and some where there is forecast to be an overspend or under achievement of income targets. The in-year variances have informed the 2016/17 budget to ensure that an accurate position is reflected in the budget and future projections informed by current spending plans and commitments.

3.6 There has been a lack of detailed financial reporting to Members over a number of years and the current systems and processes are not sufficiently well developed to enable reports which accord with best practice to be produced which suggests there is not a consistent approach by managers pro-actively using financial information to manage their services. It is an area which will need developing and improving during 2016/17 to satisfy current senior management that managers, Members and auditors have the required information to undertake their duties effectively and to ensure strong governance and sound decision-making.

3.7 Budgets are prepared using the best information that is available to the Council from its own sources i.e. budget holders, service managers and Directors and from external advisors for example the Council's treasury advisors, Capita. However, many budgets are related to factors that fall outside the control of the Council, for example pay awards, demand led income levels, inflation and interest rates, and all can have a significant impact on the Council's overall budget and financial position both in the current and future years. Forecasting for these areas requires an examination of recent trends as well as assimilating future projections from known factors.

3.8 There are a number of financial risks facing the authority which are relevant at both service and corporate levels. In order that these risks are managed, a number of key areas within the budget need to be closely monitored in the coming financial year, these include:

a) **Car Park Income** –This area generates income for the Council which in turn supports the delivery of other services across the Council. With being a demand led service which is influenced by external factors this service is regularly monitored. The 2016/17 budget assumes gross income of in the region of £1.6 million from all car parking related fees and charges.

b) **Planning and Building Control Fees** – The 2016/17 base budget includes income totalling approximately £612k from planning and building control fees, this too is subject to external demands and is monitored regularly to highlight any significant fluctuations against the budget.

c) **Waste and Recycling Credits** – This is a significant source of income to the Council and reflects the activity across the District in recycling domestic refuse and providing a garden waste service. A total of £1.03 million is included in the 2016/17 base budget.

d) **Planned Savings and Additional Income** – The Council is continuing to deliver against a number of work streams that are continuing to deliver service efficiencies and cashable savings over the short to medium term, for example digital by design, flexible working. Monitoring of the costs and savings from these projects are monitored during the year as part of the reports to the Delivery Board and Transformation Board. Monitoring in this way will ensure that the projects remain accountable and savings monitored as part of the overall financial control processes.

e) **Council Tax Support** – The Local Council Tax Support Scheme (LCTSS) was implemented from April 2013; whilst there have been no changes to the Council's scheme for 2016/17, there still remains a risk of increases in the number of those eligible for Council Tax Support and the ability to collect Council Tax and is an area that will continue to be monitored including the impact on collection rate.

f) **Business Rates Retention –** The implications of this system of funding is that the income from the Council's share of the business rates will fluctuate in-year and between years. The budget has been informed by the shares of the income as specified in the National Non Domestic Rate 1 (NNDR) return submitted for 2016/17 and current assume the baseline level of funding in the settlement. The actuals for 2016/17 will not be confirmed until the annual NNDR3 return is completed in June 2017. The extension of the small business rate relief continues to be funded by a section 31 grant for the amount of income foregone by providing the reliefs, the actual income will fluctuate in the year in response to changes in rate payers eligibility. Other factors that will have an impact on the level of rates retained are current and backdated appeals, along with new appeals for example from NHS trusts which has been identified recently.

3.9 Looking beyond 2017/18, the financial projections included in the budget report indicate that further savings will have to be made; this is based on the assumptions about the future level of funding as included in the finance settlement. The financial projections show a forecast deficit of £885k in 2017/18 increasing to £2.2 million in 2019/20, with a significant increase in the funding gap of £4 million by 2020/21 after the removal of revenue support grant of £2 million funding from 2020/21.

3.10 The capital programme continues to be funded from a number of external and internal resources, for example, capital receipts from the sale of assets, internal and external borrowing. In both cases prudent estimates are made of the timing of such receipts and the expenditure profiles within the overall capital programme.

3.11 Budget monitoring throughout the financial year is critical to the robustness of the estimates and maintaining a sound financial position. It is through the ability to manage and control the spending within the approved budgets and, where appropriate, identify and recommend appropriate actions, which serves to mitigate the Council's level of financial risk.

3.12 The Council also takes advice from third party organisations concerning a number of more technical factors that impact on the budget process, for example external advice in relation to treasury management, VAT and Insurance. By doing so the Council is able to monitor the wider implications of changes in interest rates, inflation and employment and take remedial action to mitigate financial risk.

Adequacy of the Reserves

3.13 An assessment of the adequacy of the reserves, estimated to be available to the Council throughout 2016/17 is based on the possible commitments falling to be discharged against the following categories of reserves:

- General Reserve
- Earmarked Reserves.

3.14 Where there is budgeted expenditure to be funded from a reserve (earmarked or general) these will be allowed for within the reserves statement.

3.15 There are three main reasons for holding reserves:

a) as a contingency to cushion the impact of unexpected events or emergencies;
b) to cushion against the impact of uneven cash flows and to avoid temporary borrowing; and
c) as a means of building up funds to meet known or predicted liabilities (earmarked reserves).

3.16 Reviewing the reserves is an important part of the financial planning and budget setting process and is informed by the framework as set out in Appendix A to this report.

3.17 When assessing the level of reserves the Council should take account of strategic, operational and financial risks facing them.

3.18 In particular, the risks associated with the Local Government funding mechanism, for example the retention of business rates continues to be a risk for Local Authorities.

The system now means there will be fluctuations of income in year and between years, an element of this risk can be mitigated by the level of the general reserve and the earmarked reserve.

3.19 Other income streams from demand led services remain vulnerable both from economic factors and seasonal factors including weather that can influence for example car parking income. Steps have been taken to set prudent estimates of income from these services as appropriate but the activity that drives the income remains very difficult to predict.

3.20 The programme of savings and efficiencies which the Council is continuing to deliver against remains critical in terms of delivering a balanced budget and therefore the monitoring and ownership at both officer and member level is essential.

3.21 The assessment of the General Reserve for 2016/17 and forward years as included in Appendix A overall shows little change from the current recommended minimum level of general reserve. The actual level of the General Reserve at the end of the financial year 2016/17 is estimated to be above the current recommended balance.

3.22 Earmarked reserves are estimated to total £9.4 million by the end of the 2016/17 financial year, although one of the significant reserves is the business rates collection fund (£4.7 million) for which the timing of utilisation is dependent upon the position as reported in the annual NNDR return in 2015/16 and 2016/17. All earmarked reserves will be reviewed against the framework in Appendix A, as decisions are made on the utilisation of the reserve and the overall reserves position and projections will be updated accordingly.

3.23 The budget report has recommended the establishing of an Invest to Save earmarked reserve to be used to fund one-off costs on an invest to save basis to deliver future efficiencies and savings to the Council.

3.24 Where applicable the earmarked reserves follow the protocol at paragraph 2.2 of the Policy Framework at Appendix A to this report.

Summary

3.25 In the opinion of the Chief Financial Officer the overall budgeted level of both the General Reserve and the Earmarked Reserves included in the budget report are considered adequate in the short term. The General Reserve balance is forecast to be above that of the recommended balance (£2 million), all reserves will be subject to further annual review in 2016/17.

3.26 When considering the robustness of the estimates and adequacy of reserves a holistic approach is taken, which considers the general reserve, earmarked reserves and also the identified risks in relation to the revenue and capital budgets presented for approval.

FINANCIAL IMPLICATIONS:

Detailed within the body of the report

LEGAL IMPLICATIONS:
The report and recommendations outline the statutory requirements in relation to the setting of the Council Tax for the coming financial year.

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

RECOMMENDATIONS

Does this report raise any legal, financial, sustainability, equality, crime and disorder or human rights issues and, if so, have they been considered?	Issues	
	Legal	
	Financial	
	Risk	
	Sustainability	
	Equality	
	Crime and Disorder	
	Human Rights	
	Every Child Matters	

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Policy Framework for the Earmarked Reserves and Assessing the Optimum Level of the General Reserve for the period 2016/17 to 2019/20

1 Background

1.1 In accordance with statute (principally the Local Government Finance Act 2002) and following the Guidance Note on Local Authority Reserves and Balances (LAAP Bulletin No. 77 – November 2008), Great Yarmouth Borough Council maintains a range of reserves.

1.2 Two types of reserves are discussed in this policy framework:

- Earmarked Reserves
- The General Reserve

1.3 There are also a number of other reserves which local authorities hold in relation to legislation and proper accounting practices, these are not resource-backed reserves and therefore are not considered as part of this policy framework.

1.4 In making decisions in relation to setting the Council Tax, section 25 of the Local Government Act 2003 requires the Chief Financial Officer of the Council to report to the Council on the adequacy of the proposed financial reserves.

1.5 This Policy framework has been informed by current guidance on the level of reserves including, both the Local Authority Accounting Panel (LAAP) Bulletin No. 77 and the Audit Commissions report published in December 2012 'Striking a Balance' Improving Councils' Decision Making on Reserves'.

2 Earmarked Reserves

2.1 Purpose

2.1.1 Earmarked reserves are a means of building up funds to meet known or predicted liabilities.

2.1.2 Typically earmarked reserves are used to set aside sums for major schemes, such as capital developments or asset purchases, or to fund reorganisations and restructurings to deliver longer term savings and efficiencies. Reserves can also be held for trading and business units built up from surpluses to cover potential losses in future years, or to finance capital expenditure. In certain circumstances, if expenditure is delayed on specific budgets, it may be agreed that the underspending at a year end is carried forward for future use in an earmarked reserve.

2.2 Earmarked Reserves Protocol

2.2.1 For each reserve the following arrangements have been established:

- the reasons for / purpose of the reserve
- how and when the reserve can be used
- procedures for the reserve's management and control
- a process and timetable for review of the reserve to ensure continuing relevance and adequacy.

2.2.2 The establishment and use of earmarked reserves is reviewed at the time of budget setting and then controlled through the year as part of the regular budget monitoring processes.

2.3 Review of Earmarked Reserves

2.3.1 The Reserves Statement as included in the Budget Report to Cabinet gives full details of the earmarked reserves and current planned use.

2.3.2 It is considered that sufficient provision for the Council's capital programme (as recommended) has been included in the capital estimates and capital reserves, and that nothing further is required.

2.3.3 Where in-year expenditure is being funded by earmarked reserves, the relevant transfers from the reserves have been allowed for within the reserves balances and revenue account budgets as detailed in the budget report.

3 <u>The General Reserve</u>

3.1 Purpose

3.1.1 The general reserve is held for two main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- a contingency to help cushion the impact of unexpected events or emergencies.

3.2 The Optimum Level of the General Reserve

3.2.1 There are two recommended approaches for deciding the optimum level of the general reserve:

- A risk assessment of the budget which takes full account of the context within which the budget has been prepared. The budget report itself provides this contextual information.
- To set the reserve at a percentage of expenditure. Too low a level puts the council at unacceptable risk of failing to meet its obligations, too high a level unnecessarily ties up resources.

3.2.2 This appendix sets out the framework for considering a risk assessment approach and validating the result against a percentage calculation. At the end of the day, the level of reserves is a matter of opinion informed by the judgement of the Council's Chief Financial Officer.

3.3 Assessment Framework

3.3.1 The issues to be considered include the following:

- The Council continues to operate on an ongoing basis.
- The robustness of the budget process including recognition of the linkages with the corporate plan, the strategic risks and the financial plan update.
- The adequacy of earmarked reserves and the movements on the general reserves both in the past and planned.
- The extent to which savings and planned service reductions are required and can be relied upon to support corporate plan targets.
- The risk of major litigation and legal claims, both currently and in the future.
- The impact of future Government funding reductions.
- Implications of the Local Council Tax Support Scheme and increase in the demand for support.
- Fluctuations in retained business rate income and funding from the government for the extensions to reliefs for example small business rates.
- Fluctuations around certain income streams and grants, for example demand led services such as planning, building control income, land charges and car parking.
- Future changes to the funding for Local Authorities, for example the New Homes Bonus.

- Unplanned volume increases in major demand led budgets, particularly in the context of the current economic climate for example housing benefits, council tax support and homelessness.
- The need to retain a general contingency to provide for any unforeseen circumstances that may arise including inadequately funded Government initiatives.
- Where there is a move to do less by direct service provision (either through the Localism Agenda or through third parties, including outsourcing), this in turn increases the risks borne by authorities. There is a risk that these arrangements fail and there are many circumstances when a statutory liability remains with the local authority. Such risks may not be insurable at an economic level and demand rigorous risk minimisation strategies and this is an area that will be considered in more detail if the Council pursues these arrangements in future years.
- The need to retain reserves for general day to day cash flow requirements.

3.3.2 All of these issues interlink and any one incident is likely to span across many of the issues. Risks change over time and the general reserve needs to be considered across the medium term financial plan. What might be an adequate level of reserves now may not be reflective of what would be deemed to be adequate in years two to four.

3.4 The Assessment of the General Fund Reserve

3.4.1 When undertaking the assessment it must be remembered that the items considered are merely guides to assessing the overall level of the reserve. In no way is it a budget for any of the items being created since by its nature a general reserve is designed to protect against the unexpected and unquantifiable for whatever reason.

3.4.2 Having considered the relevant risks and the mitigation measures already in place, it is felt that the following indicative items should be taken into account in the budget risk assessment for 2016/17:

Item	2016/17	2017/18	2018/19	2019/20
1 Pay and Price Inflation (0.5% sensitivity to budget assumption)	86,000	86,000	86,000	86,000
2 Interest Rates & MRP (0.5% sensitivity to short term borrowing and profiling of capital spend and MRP impact)	115,000	125,000	125,000	125,000
3 Failure to Achieve Planned Savings and Cost Pressures from Corporate Plan Targets (to ensure core services are maintained)	110,000	90,000	90,000	90,000
4 Major Litigation and Legal Claims (to provide additional comfort above earmarked reserves)	100,000	100,000	100,000	100,000
5 Emergencies and Other Unknowns (to recognise the risks associated with unpredictable events)	500,000	500,000	500,000	500,000
6 Treatment of Demand Led Pressures (recognising the impact of increase or reduction in demand and compensating increase or reduction in expenditure or income)	170,000	170,000	170,000	170,000
7 Cash Flow (the impact of timing of cash flow, including the profiling of expenditure)	50,000	50,000	50,000	50,000

Item	2016/17	2017/18	2018/19	2019/20
8 Future Funding Fluctuations (an allowance to reflect the increased risk around local funding, ie business rates and new homes bonus, to mitigate the impact within and between financial years)	863,000	863,000	863,000	863,000
Total Indicated General Fund Reserve Recommended	**1,994,000**	**1,984,000**	**1,984,000**	**1,984,000**
% of Net Budgeted Operating Expenditure (excluding parish precepts)	**15.9%**	**15.3%**	**15.0%**	**14.8%**

4 Chief Financial Officer's Opinion

4.1 The Earmarked Reserves detailed within the reserves statement are proper and appropriate with regard to purpose, level and proposed use, although the future timing of their use will be reported within the budget monitoring reports and the statement updated accordingly.

4.2 Based on the assessment detailed above the recommended level of the general reserve for 2016/17 should be £1.994million, which is within a reasonable tolerance of the current recommended general reserve of £2 million, and therefore it is recommended that the minimum level of the general reserve remain at £2 million for 2016/17. The budgeted General Fund Reserve included within the budget report is currently above the recommended level and the future use will be determined as part of the financial process during 2016/17 and should be considered within the context of future funding for the Council.

2016/17
Great Yarmouth Borough Council

Borough purposes	3,914,268	146.48
Parish purposes	354,143	13.25
	-----------------	-------------
Total precept	4,268,411	159.73
Norfolk County Council	**31,820,529**	**1,190.79**
Norfolk Police Authority	**5,690,225**	**212.94**
	------------------	-------------
Average council tax (Band D)	41,779,165	1,563.46
	===========	=======
Overall Taxbase	26,722.20	

0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00

Council Tax Schedule 2016/17	**Valuation Bands**							
	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Great Yarmouth Borough Council	97.65	113.93	130.20	146.48	179.03	211.58	244.13	292.96
Norfolk County Council	793.86	926.17	1,058.48	1,190.79	1,455.41	1,720.03	1,984.65	2,381.58
Norfolk Police Authority *note	141.96	165.62	189.28	212.94	260.26	307.58	354.90	425.88
Parish	8.83	10.31	11.78	13.25	16.19	19.14	22.08	26.50
Parish and Borough	106.49	124.23	141.98	159.73	195.23	230.72	266.22	319.46
Total	**1,042.31**	**1,216.02**	**1,389.74**	**1,563.46**	**1,910.90**	**2,258.33**	**2,605.77**	**3,126.92**
PARISHES								
Ashby with Oby	1,033.47	1,205.72	1,377.96	1,550.21	1,894.70	2,239.19	2,583.68	3,100.42
Belton with Browston	1,056.64	1,232.75	1,408.85	1,584.96	1,937.17	2,289.38	2,641.60	3,169.92
Bradwell	1,042.46	1,216.21	1,389.95	1,563.70	1,911.19	2,258.68	2,606.16	3,127.40
Burgh Castle	1,042.78	1,216.58	1,390.37	1,564.17	1,911.76	2,259.35	2,606.95	3,128.34
Caister on Sea	1,048.65	1,223.43	1,398.20	1,572.98	1,922.53	2,272.08	2,621.63	3,145.96
Filby	1,041.25	1,214.80	1,388.33	1,561.88	1,908.96	2,256.05	2,603.13	3,123.76
Fleggburgh	1,039.42	1,212.66	1,385.89	1,559.13	1,905.60	2,252.07	2,598.55	3,118.26
Fritton with St Olaves	1,049.15	1,224.01	1,398.87	1,573.73	1,923.45	2,273.16	2,622.88	3,147.46
Hemsby	1,050.91	1,226.07	1,401.21	1,576.37	1,926.67	2,276.98	2,627.28	3,152.74
Hopton	1,052.46	1,227.87	1,403.28	1,578.69	1,929.51	2,280.33	2,631.15	3,157.38
Martham	1,060.29	1,237.01	1,413.72	1,590.44	1,943.87	2,297.30	2,650.73	3,180.88
Mautby	1,047.98	1,222.65	1,397.31	1,571.98	1,921.31	2,270.64	2,619.96	3,143.96
Ormesby St Margaret w Scratby	1,056.68	1,232.79	1,408.90	1,585.02	1,937.25	2,289.47	2,641.70	3,170.04
Ormesby St Michael	1,039.76	1,213.06	1,386.35	1,559.65	1,906.24	2,252.83	2,599.41	3,119.30
Repps with Bastwick	1,049.20	1,224.07	1,398.93	1,573.80	1,923.53	2,273.26	2,623.00	3,147.60
Rollesby	1,046.01	1,220.35	1,394.68	1,569.02	1,917.69	2,266.36	2,615.03	3,138.04
Somerton	1,043.99	1,217.99	1,391.99	1,565.99	1,913.99	2,261.98	2,609.98	3,131.98
Stokesby	1,049.75	1,224.71	1,399.67	1,574.63	1,924.55	2,274.46	2,624.38	3,149.26
Thurne	1,048.43	1,223.17	1,397.91	1,572.65	1,922.13	2,271.60	2,621.08	3,145.30
West Caister	1,033.47	1,205.72	1,377.96	1,550.21	1,894.70	2,239.19	2,583.68	3,100.42
Winterton	1,052.58	1,228.01	1,403.44	1,578.87	1,929.73	2,280.59	2,631.45	3,157.74
Great Yarmouth & Gorleston	1,033.47	1,205.72	1,377.96	1,550.21	1,894.70	2,239.19	2,583.68	3,100.42

Appendix C

Parish Precepts	2014/15 Tax base	2014/15 Precept £	2014/15 Council Tax Band D £	2015/16 Tax base	2015/16 Precept £	2015/16 Council Tax Band D £	Council Tax Increase
Ashby with Oby	23	0	0	24	0	0	0.0%
Belton with Browston	1,099	35,576	32.37	1,087	37,775	34.75	7.4%
Bradwell	3,288	43,240	13.15	3,367	45,428	13.49	2.6%
Burgh Castle	383	5,186	13.54	384	5,361	13.96	3.1%
Caister on Sea	2,700	44,201	16.37	2,726	62,074	22.77	39.1%
Filby	290	2,987	10.30	302	3,525	11.67	13.3%
Fleggburgh	382	3,158	8.27	377	3,362	8.92	7.9%
Fritton with St Olaves	266	6,239	23.45	274	6,445	23.52	0.3%
Hemsby	1,216	30,073	24.73	1,231	32,205	26.16	5.8%
Hopton	987	28,111	28.48	1,011	28,794	28.48	0.0%
Martham	1,042	36,992	35.50	1,076	43,292	40.23	13.3%
Mautby	142	2,624	18.48	138	3,004	21.77	17.8%
Ormesby St Margaret w Scratby	1,462	46,413	31.75	1,477	51,412	34.81	9.6%
Ormesby St Michael	108	1,017	9.42	108	1,020	9.44	0.2%
Repps with Bastwick	149	2,501	16.79	146	3,444	23.59	40.5%
Rollesby	327	5,822	17.80	330	6,208	18.81	5.7%
Somerton	103	1,085	10.53	108	1,704	15.78	49.9%
Stokesby	119	2,830	23.78	115	2,808	24.42	2.7%
Thurne	49	1,109	22.63	50	1,122	22.44	-0.8%
West Caister	72	0	0	74	0	0	0.0%
Winterton	528	13,026	24.67	529	15,160	28.66	16.2%
Great Yarmouth & Gorleston	11,420	0	0	11,788	0	0	0.0%
TOTAL	**26,155**	**312,190**		**26,722**	**354,143**		

Borough & Parish Council Tax Amounts

Parish	- - - - - - - Borough & parish council tax amounts - - - - - -							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Ashby with Oby	97.65	113.93	130.20	146.48	179.03	211.58	244.13	292.96
Belton with Browston	120.82	140.96	161.09	181.23	221.50	261.77	302.05	362.46
Bradwell	106.64	124.42	142.19	159.97	195.52	231.07	266.61	319.94
Burgh Castle	106.96	124.79	142.61	160.44	196.09	231.74	267.40	320.88
Caister on Sea	112.83	131.64	150.44	169.25	206.86	244.47	282.08	338.50
Filby	105.43	123.01	140.57	158.15	193.29	228.44	263.58	316.30
Fleggburgh	103.60	120.87	138.13	155.40	189.93	224.46	259.00	310.80
Fritton with St Olaves	113.33	132.22	151.11	170.00	207.78	245.55	283.33	340.00
Hemsby	115.09	134.28	153.45	172.64	211.00	249.37	287.73	345.28
Hopton	116.64	136.08	155.52	174.96	213.84	252.72	291.60	349.92
Martham	124.47	145.22	165.96	186.71	228.20	269.69	311.18	373.42
Mautby	112.16	130.86	149.55	168.25	205.64	243.03	280.41	336.50
Ormesby St Margaret w Scratby	120.86	141.00	161.14	181.29	221.58	261.86	302.15	362.58
Ormesby St Michael	103.94	121.27	138.59	155.92	190.57	225.22	259.86	311.84
Repps with Bastwick	113.38	132.28	151.17	170.07	207.86	245.65	283.45	340.14
Rollesby	110.19	128.56	146.92	165.29	202.02	238.75	275.48	330.58
Somerton	108.17	126.20	144.23	162.26	198.32	234.37	270.43	324.52
Stokesby	113.93	132.92	151.91	170.90	208.88	246.85	284.83	341.80
Thurne	112.61	131.38	150.15	168.92	206.46	243.99	281.53	337.84
West Caister	97.65	113.93	130.20	146.48	179.03	211.58	244.13	292.96
Winterton	116.76	136.22	155.68	175.14	214.06	252.98	291.90	350.28
Great Yarmouth & Gorleston	97.65	113.93	130.20	146.48	179.03	211.58	244.13	292.96

GREAT YARMOUTH
COMMUNITY HOUSING

Subject:	**HOUSING REVENUE ACCOUNT: BUDGET ESTIMATES (2016-2017 to 2020-2021)**
Report to:	**Full Council**
Date:	**24th February 2016**
Report by:	**Robert Read, Director of Housing & Neighbourhoods**

Subject matter and recommendations

This report sets out the Housing Revenue Account (HRA) budget, rent and service charge proposal for 2016-2017 and the revised HRA forecast for 2015-2016.

Recommendations:

Full Council is asked to:

Review the government proposals set out in the Welfare Reform and Work Bill 2015 & Housing Planning Bill - which include the 1% rent decrease per year for 4 years. *(Section 2-9)*

Note the Government's exemption to the 1% rent decrease for tenants in Supported Housing and decide on whether to increase rents for sheltered housing tenants by the Government recommended increase of CPI + 1%.

Review and approve budget estimates 2016-17 to 2020-21 *(Section 7-9)*

Review the Revised Forecast for 2015-16 *(Section 7-9)*

Approve the proposed Fees and Charges for 2016-17 (*Section 10)*

1.0. <u>Summary</u>

1.1. **Appendix A** shows the five year budget for the Housing Revenue Account (HRA) and a revised 2015/16 budget

1.2. A rent decrease of 1% has been incorporated into the 2016/17 budget and the following 3 year budgets as a result of the Welfare Reform & work Bill 2015. Further details of the 1% rent decrease are explained below.

1.3. **Appendix B** details our proposals in relation to service and agreement charges. A 2.8% (RPI plus 2%) increase has been proposed, as per council wide policy, to service charges in 2016-17 where income does not meet the cost of the service.

1.4. **Appendix C & D**– show the Housing revenue account over 30 years as per the Housing Revenue Account Business Planning models.

2.0. <u>Rent - 1% Reduction over 4 years – Welfare and Work Bill 2015.</u>

2.1. In 2015, the Government introduced the Welfare and Work Bill. This Bill introduces a 1% reduction to social housing rents, per year, over 4 years. This replaces the government’s rent policy, which commenced in April 2015 to limit rent increases to CPI + 1%.

2.2. The government has said that 1% reduction will ‘reset the levels of rents in the social housing sector’, which over the recent years have become out of kilter with private rents. This will help protect taxpayers from the rising costs of subsiding rents through housing benefit, and protect tenants from rising housing costs. This will reduce average rents for households in the social housing sector by around 12% by 2020 compared to current forecasts.

2.3. Great Yarmouth Borough Council rents have historically been very low compared to housing association rents and other neighbouring Local authority landlords. Despite generally raising rents each year by the maximum amount, they are still well below the formula rent.

2.4. The impact of the rent decrease will be to further reduce the amount of money available to manage, maintain and improve the housing stock. The modelled reduction in resources amounts to £9.6m over four years and £142m over the course of the 30 year business plan.

2.5. On 9th February 2016, the government notified the Council that Supported Housing, which includes Sheltered Housing accommodation for older people, has been exempted for the first year of the rent decrease. The Government has recognised, following lobbying by the sector, that there are additional costs in managing supported housing and has agreed a 1 year exemption while they carry out a review.

2.6. The Council is, therefore able to set a rent increase for Sheltered Housing tenants only, with the expectation, that any rent increase would be in line with the previous rent guidance of CPI +1%.

2.7. We have carried out modelling to assess the individual and business plan impact of this specific increase. The impact on a one year increase only, based on CPI + 1%, would be an average rent increase for sheltered housing tenants of 0.57p per week which would yield an additional £60k of rental income in 2016/17.

2.8. Any sheltered housing tenants on Housing Benefit, currently 87% of tenants, would be likely to have any increase covered by Housing Benefit. This would certainly be the case for tenants in receipt of full housing benefit. There are 13% of tenants not on Housing Benefit, who would be liable to make an additional payment.

GYBC Current rent charges for 2015/16 are on average

Property type	Current Rent £ (50 Wk)
Bedsit	60.53
1 Bedroom	69.26
2 Bedroom	76.98
3 Bedroom	83.34
4 Bedroom	92.41
5 Bedroom	100.68
Average for all properties	73.63

3.0. Housing and Planning Bill 2015

3.1. The Housing and Planning Bill 2015 introduces measures which will further impact on the HRA, possibly part way through the financial year. These are the 'disposal of high value properties' and 'pay to stay.'

4.0 Disposal of 'high value' properties

4.1 The Housing and Planning Bill makes provision for grants to be made to private registered providers in respect of Right to Buy (RTB) discounts. The grants may be made by the Secretary of the State, the Homes and Communities Agency (HCA) and, in relation to dwellings in London, the Greater London Authority

4.2 To meet the costs of providing discounts, a determination may be made requiring a local authority in England with an HRA to make a payment to the government for a financial year reflecting the market value of high value housing likely to become vacant during the year, less costs, whether or not receipts are realised. Regulations will determine 'high value' as applicable to different areas. The detail of how this will work in practice is still to be finalised. However, current understanding and assumptions are set out below. Without the full detail, it is not possible to model the financial impact. However, it is possible that the timing of enactment may require 'in year' adjustment to the HRA revenue and capital budgets.

4.3 The determination may make different provisions by area, a particular description of a local authority or by individual housing authority. Like the pre Self-financing subsidy determinations they will be consulted upon before the commencement of the applicable financial year(s). However, were enactment of the housing and planning bill occurs part way through a financial year the consultation for the first determination may take place before the enactment of the Bill and the determination maybe introduced part way through a year. The determination will set out a payment schedule and details of interest payments that will become due in the event of late payments.

4.4 The secretary of state may enter into an agreement with a local authority to reduce the amount that the authority is required to pay. The agreement will include a condition requiring the local housing authority to use the amount by which the payment is reduced for the provision of housing or for things that facilitate the provision of housing.

4.5 The local authority must consider selling its interest (Freehold or leasehold) in high value housing but it is assumed that it could fund the payment by other means.

4.6 All the payments will be based on assumptions about receipts from voids sales; it may be the case that actual receipts fall short of the payments due. In this case local authorities will need to fund the payments from other sources or face interest charges on late payments.

4.7 As a result of this policy, the Council will lose rental streams from any high value properties that are sold, along with any marginal costs of managing and maintaining those units. It would be equitable for authorities to receive some form of compensation for the loss of net rent income.

4.8 The bill does not address the applicability of this policy to properties provided under the new build schemes, which may be among the top third of property values in an area. However, it provides the government with the power to make an agreement with a local authority which reduces the amount it is required to pay under the determination. The agreement will contain terms and conditions specifying what the local authority must do with the retained money.

4.9 The explanatory notes accompanying the bill state that if a local authority wanted to lead on a programme to build new housing then the secretary of state could decide to enter into an agreement with the authority which would reduce the amount it had to pay under the determination. The local authority would then use that money to fund building of new housing in accordance with terms and conditions set out in the agreement.

4.10 There is potential for DCLG to administer the scheme through self-determination, which set the contribution required from each authority. This suggests a return to a similar mechanism that existed under HRA Subsidy, albeit one where contributions are retained by Government for repayment to RP's, instead of being redistributed to local authorities.

5.0 Pay to Stay

5.1 The Housing and Planning Bill makes provision for the charging of rent with reference to the market rate or other factors based on income and housing area. Although the original announcement referred to relevant income levels of households in London and outside of London (£30k pa) the reference in the Bill to 'different areas' could mean further local valuations.

5.2 Regulations will define how income is calculated and what constitutes 'high income' and 'household'. In addition there may be regulation to require tenants to provide information and evidence of income and/or this may be provided through HMRC tax records. Registered providers may be required to charge rent at the market rate to a tenant who has failed to comply with the requirement to provide information.

5.3 The previous guidance for the optional 'pay to stay' scheme was as follows:

5.4 A 'household' relates to the tenant(s) named on the tenancy agreement and their named spouse, civil partner (where they reside in the accommodation.)

5.5 'Income' is that taxable income for the tax year ending in the year prior to the rent year (i.e. for 2017/18 this would be 2015/16 taxable income)

5.6 Rents would be reviewed if the household experiences a sudden and ongoing reduction in income.

5.7 Regulations are likely to require local authorities to make payment to the government in respect of estimated increases in rent and may include provision for administration costs. In addition the local authority may be required to provide information to the Secretary of State, presumably for audit or checking that regulations have been followed.

5.8 High income social tenants will be exempt from the 1% rent reduction laid out in the welfare and Reform Bill.

5.9 Although not referred to in the bill, it is understood that the government is considering the introduction of a taper so that tenants earning just above the high income threshold may not have to pay market or near market rents. Instead, rent will be gradually increased as household income rises further above the threshold.

5.10 Currently local authorities have a lack of information on household income, which makes it difficult to quantify the amount of additional income that will be raised through the pay to stay proposals. However, implementation of the policy will undoubtedly increase the administrative burden on local authorities, requiring them to identify (with advice from HMRC) which households have income in excess of the threshold, maintain additional records and process any change in circumstances. It is likely that the associated regulations will be adjusted from time to time, for example to reflect changes in national average income levels, the application of any taper system or the introduction of exceptions, and this will again increase the administrative burden associated with managing the scheme.

6.0 Impact of the changes on the HRA

6.1 Although a number of details are still to emerge, it is clear that the Council needs to prepare for significant reduction in resource available to manage, maintain, improve and add to its housing stock. In addition, it is likely that additional costs will be incurred through administration of the new regulations.

6.2 To mitigate this loss of revenue, Community Housing has carried out a review of all revenue spending to look at where savings can be made. We have also reviewed the Capital programme, which is funded in large part by contributions from revenue, and reduced or slowed down certain areas of works. Careful consideration has been made not to reduce capital spend where this would have a detrimental impact on revenue costs.

6.3 We have reviewed new build plans and the amount of money in the capital programme for new build is limited to the amount of money that needs to be spent in order to use available RTB receipts.

6.4 Consideration will be given to selling empty properties where this makes best use of the stock and the economic option.

6.5 Service charges have been proposed to raise in line with councils Policy in order the close the gap between cost and income.

7.0 Budget and Revised Forecast

7.1 The table below summarises the revised forecast 2015-16 and the draft 2016-17 budget for the Housing Revenue Account. More detail is shown at Appendix A.

HRA Revised Forecast 2015-16 & HRA Draft Budget 2016-17

	2015-16 Original Budget	2015-16 Revised Forecast	2016-17 Draft Budget (Rent -1%)	Variance
	£000	£000	£000	£000
Income:				
Dwelling Rents	(22,490)	(22,490)	(22,228)	262
Other Income	(1,736)	(1,730)	(1,642)	88
Total Income:	**(24,226)**	**(24,220)**	**(23,870)**	**350**
Expenditure:				
Repairs and Maintenance	10,928	10,419	11,435	1,016
General Management	4,474	4,494	4,682	188
Interest and repayment of borrowing	2,693	2,821	2,901	80
Revenue contribution to capital	9,449	5,077	5,571	494
Other expenditure	485	487	427	(60)
Total Expenditure:	**28,029**	**23,298**	**25,016**	**1,718**
Net (Surplus) / Deficit for the year	**3,803**	**(921)**	**1,146**	**2,068**
Forecast Balance B/Fwd.	(6,584)	(6,584)	(7,505)	
Budget Balance C/Fwd.	**(2,781)**	**(7,505)**	**(6,359)**	

8.0 Explanation of variances between revised 15/16 and 16/17 budgets:

8.1 The Repairs & Maintenance budget in 2016-17 has increased by £1m due to an increase to the electrical testing and remedial budgets to move our electrical testing to a 5 year rolling programme from a 10 year programme. This brings Great Yarmouth Borough Council in line with recommended regulations for electrical testing and inspections. There are also inflationary increases on maintenance contracts.

8.2 The General Management budget includes identified savings within the 16/17 Establishment budgets, however short-term IT development requirements, in conjunction with the Council's digital by design programme, have meant these savings will be used to contribute to financing improvements to the IT systems within Housing Services. A pay rise of 1% has also been incorporated into the salary estimates within the general management budgets.

8.3 A rent decrease of -1% in 2016/17, shows a decrease in our rental income between 15/16 and 16/17 of £262k in year 1. The full cost to the Business Plan, when assumed rent increases under the government's previous rent guidance scheme are taken in into consideration, there is a decrease of £9.6m in rental income in years 1-4 (2016-2019).

8.4 The decrease in Contributions to Income is due to the removal of the budget for tenant contributions to Adaptations works to council properties.

9.0 **<u>Revised 2015-16 budgets:</u>**

9.1 HRA spending and resources were reviewed in Qtr. 3 of 2015-16. Outputs from this review have been included in the 2015-16 budget forecast. Subsequently, the revenue contribution to capital, which is used to meet any shortfall in resources to meet the capital programme, has been reduced to reflect the latest changes to the major works and new build programme for 2015-16 and actual progress on some of the capital projects. More details of our plans are shown separately in the Housing Major Works Capital Programme report.

9.2 The forecast surplus for 2015-16 is £921k, which will increase the reserves balance carried forward to £7.505m.

9.3 The draft budget has been prepared using this revised 2015-16 budget forecast. Inflation has been applied where it is known to be built into existing contracts.

9.4 A detailed 5 year budget plan can be seen in Appendix A.

10.0 **<u>Service Agreement Charges</u>**

10.1 Our proposals in relation to service and agreement charges are set out in Appendix B. The increases proposed are summarised in the table below and follow the corporate formula adopted by the Council of being set at least at RPI (0.8) + 2% to close the gap in terms of recovery of costs:

10.2 Proposed Service and Agreement Charges 2016-17

Service	Proposal
Garden Maintenance Charges	2.8% increase – RPI + 2% - to improve cost recovery
Garages	2.8% increase – RPI + 2% - to improve cost recovery
Caretaking service charges	2.8% increase – RPI + 2% - to improve cost recovery
Communal heating	13.6% Decrease – in line with reduction to heating costs as a result of investment in new communal boilers
Communal water	2.8% increase – RPI + 2% - to improve cost recovery
Digital TV aerials	2.8% increase – RPI + 2% - to improve cost recovery
Sewerage charges	2.8% increase – RPI + 2% - to improve cost recovery
Alarm Charge	2.8% increase – RPI + 2% - to improve cost recovery
Supporting People charges	2.8% increase – RPI + 2% - to improve cost recovery

10.3 The Government's "Supporting People" programme has been in place since April 2003 and under this regime, the costs of housing related support services provided to tenants in sheltered housing are met from the Supporting People Budget, managed by the Norfolk County Council through the Supporting People Commissioning Body.

10.4 Supporting People currently meet the support charge of those sheltered housing tenants receiving housing benefit. On average the grant pays the charges of around 621 tenants. Tenants not receiving housing benefit pay the support charge themselves**.**

11.0 <u>Other Income</u>

11.1 Leaseholder recharges, in respect of service and agreement charges, are charged at actual cost of provision. Non-service and agreement charges, i.e. those for repairs, are unknown as these only arise when a failure occurs. Therefore, the 2016-17 budgets exclude any income in relation to these costs. For planned or cyclical works these again are currently unknown and will depend upon the works undertaken in line with the maintenance and investment programme

12.0 <u>Maintenance and Investment</u>

12.1 A new Asset Management strategy has been agreed between Great Yarmouth Norse (GYN) and the Council and known changes to our revenue maintenance plans have been reflected in the forecast and our draft budget.

There are a number of detailed changes to the budgets that will be applied for 2016-17, which include an increase in the revenue planned maintenance costs due to a carry forward of the budget for the neighbourhood plans.

12.2 As part of the Asset management strategy, a refreshed stock condition survey will start at the end of 2015-16 financial year and continue into 2016/17, to gather updated information about the stock we hold.

12.3 The impact of the latest forecasts and changes to our investment plans are reported separately in the Housing Major Works Capital Programme 2016-17.

13.0 Management and Central Support Costs

13.1 As part of the review of HRA resources, there has been some restructuring within the HRA. The implications of this restructure and an allowance for a pay award are reflected in the latest forecasts and the draft budget.

13.2 The costs of central support services are recovered by internal charging mechanisms. The introduction of self-financing retained the principles of the HRA ring-fence which aims to protect rental income for the provision of landlord services.

13.3 A review of central support service charges has been undertaken during 2015-16 and is reflected in the draft budget. This has resulted in some reallocation of charges to the HRA but no significant adjustments to the overall charge. These charges will continue to be monitored and reviewed, to ensure that they remain transparent to both tenants, and council tax payers, in the future.

14.0 Capital Financing Costs

14.1 As a result of the introduction of self-financing the Council paid the Government £58.4m on behalf of the HRA. The implications of interest payable on borrowing and debt repayments are built into the draft HRA budget.

14.2 The existing debt attributable to both the HRA and GF has been split (nominally) into two separate pools. The self-financing settlement debt was aggregated within the new HRA debt pool from 1 April 2012.

14.3 The financing costs charged to the HRA will continue to be monitored and reviewed, to ensure that the implications of treasury management decisions are recognised corporately and reflected in budgeting and forecasting.

15.0 Depreciation and Revenue Financing

15.1 In accordance with proper accounting practice, depreciation must be charged to the HRA on an annual basis. This charge is then applied as resources for the capital programme through the Major Repairs Reserve.

The expectation of the Government is that this will be based on component lifecycles i.e. the cost of maintaining the properties in their existing condition.

15.2 For 2016-17, component methodology has been used for the draft budget. The depreciation charge takes the form of a revenue contribution to capital expenditure.

15.3 There is a minimum level of revenue balance identified as necessary to protect the HRA against unforeseen circumstances. Once this level is budgeted, any surplus resources can be made available to support capital expenditure if required. For 2016-2017 it is proposed that the requirements for the capital programme are met from HRA reserves. Additional borrowing will only be undertaken for the new build programme.

15.4 The financing of the capital programme is reported separately in the Housing Major Works Capital Programme 2016-17.

16.0 Right to Buy Receipts and other Capital Resources

16.1 The latest estimate for sales in 2015-16 is for 40 sales and current projections for 2016-17 onwards is 20 sales.

16.2 The latest regulations governing the apportionment of RTB receipts are split, according to a formula as follows:

- Transaction Costs of £1,300 per sale;
- Allowable Debt for sales above those assumed in the self-financing settlement;
- Local Authority Income in line with pre self-financing receipt assumptions;
- Government Income also in line with pre self-financing pooling assumptions;
- Buy Back Allowance to support the costs of buying back ex Council property; and
- Retained Receipts, which can support up to 30% of the cost of replacement homes if incurred in a 3 year period and where a retention agreement is in place.

16.3 If retained receipts are not used, the Council is liable to repayment of the receipt plus interest, so It is important to monitor and project RTB sales and RTB receipts in order to plan for their appropriate use. The latest draft budget incorporates the sales (and lost rental income of approximately £3,800 for a full year) and the receipts arising from this analysis.

16.4 The 1 for 1 replacement programme which began in 2013/2014 has retained £2.1m receipts for the Council (up to Qtr.3 15/16). £456k of these retained receipts has been used to finance the build of 12 new properties for the council, which were completed in 2014/15. Further increases in affordable housing are being put in place to ensure the continued retention of the remaining receipts.

16.5 The planned resourcing of our investment programme is reported separately in the Housing Major Works Capital Programme 2016-17. Where these plans extend to additional borrowing requirements, the revenue costs of the additional borrowing are included in the interest and repayment of borrowing budget.

17.0 **<u>New Affordable Housing – RTB retained receipt options</u>**

17.1 The Council will continue to look at options for new build sites and as well as the opportunity for an element of the Beacon Park development to become affordable Council Housing, a further in-fill site in Gorleston is currently being prepared for a planning application.

17.2 In addition to the funding of new build properties, it is proposed to increase the availability of affordable housing with a combination of three options.

18.0 **Grant contribution to Housing Association development**

18.1 RTB Receipts can be offered as grant funding to other registered providers (Housing Associations) operating in the borough in order to make potential development schemes viable. The maximum contribution would be 30% of any scheme costs. This form of financial assistance cannot be offered in addition to any grant in place from the Homes & Communities Agency (HCA). GYBC would receive nomination rights to these properties under our allocation scheme.

18.2 There are potential schemes available in the borough, which are not currently being developed due to a lack of grant funding. Once an agreement to provide funding had been approved, planning permission would be required.

19.0 **Purchasing empty homes on the open market**

19.1 There are currently around 500 empty homes within the borough. A property is classified as an empty home if it has been unoccupied for 6 months or more. These homes are empty for various reasons including awaiting renovation, subject to probate or the owner has not been able to dispose of the property.

19.2 GYBC operated a part HCA funded project between 2012 to 2015 where we purchased 9 empty homes. The HCA provided a grant of £17,000 per property. It is possible to replicate this project using RTB receipts to contribute up to 30% of the costs.

19.3 Our experience of this project is that the number of properties that are suitable for purchase are limited due to historic features e.g. steep stairs, bedroom off another bedroom etc., price or overall condition, however, the scheme would provide a positive contribution to the provision of affordable housing.

19.4 Any properties considered for purchase would be checked to ensure that they meet the housing needs of residents in our 'housing pool'. They will be surveyed to assess any costs involved in ensuring they are ready for letting and a calculation will be undertaken of the full costs and payback period from rent in the same way that a new build schemes are assessed for viability. This will ensure that there is no adverse impact long term on the HRA Business Plan. The purchase price will be negotiated by the Property Services team.

20.0 Purchase of a limited number of suitable properties on the open market

20.1 This option mirrors the empty homes option above, including the criteria to ensure that the RTB receipts are spent appropriately. Properties would not be limited to properties classified as 'empty', however, a condition that the properties were of a type that would meet the high housing need of applicants within the allocation pool would apply. This would enable properties to be identified and purchased in a timely manner. A maximum of 6 properties would be purchased under this option.

21.0 <u>Balances</u>

21.1 In the light of the statutory requirement to keep an HRA that does not have an end of year deficit, it is prudent to maintain a working balance on the HRA to protect against unforeseen events. The revised forecast surplus for 2015-16 of £921k will be added back to the HRA reserves. The level of prudent HRA reserve from 2016-17 has been assessed in the short term at between £2m and £3m.

21.2 The forecast balance brought forward from 2015-16 is £7.505m. It is planned to utilise reserves of £1.199m to support the capital programme in 2016-17 as opposed to increasing borrowing, thereby reducing the reserves to £6.305m.

21.3 Appendix A indicates HRA reserves above the minimum level. Further analysis of the longer term HRA will be considered as part of the business planning process (see Future Plans below).

22.0 <u>Future Plans</u>

22.1 There are two key strands to our investment plans:

- Maintaining and improving our housing stock;

- New build council housing, including new housing to replace sales under RTB in line with Government guidance.

22.2 The next stage of our HRA review will be the preparation of the revised HRA 30 year business plan incorporating our long term spending plans and the resourcing of those plans including the impact of RTB sales and social rent policy.

23.0 HRA Business Model – 30 year plan

23.1 The HRA Business plan sets out the purpose and objectives that Great Yarmouth Borough Council will adopt in managing and maintaining its housing stock. It demonstrates that continued management by the council will achieve and maintain good quality homes for tenants. The Business Plan has been prepared as part of the reform of social housing finance and the introduction of self-financing of Council homes.

23.2 The Business Plan operates alongside the HRA Asset Strategy and shows the main areas of income and expenditure on the housing stock and housing services that are within the HRA, projected over a thirty year timeframe.

23.3 The management of the housing stock and the Councils assets is a corporate and service priority. There is an emphasis on asset management recognising that Council homes are valuable resources and that they need to be properly managed and maintained. We will continue to look to reduce our spend on responsive repairs and maintenance, enabling us to move resources to planned and capital expenditure in order to ensure greatest value for money and impact for tenants and neighbourhoods.

23.4 There will not be sufficient resources available in the HRA to do all we want in terms of investment into services and the housing stock immediately, so it is important that this Business Plan sets out priorities for investment based upon our stock condition and resources available at that specific time.

23.5 The Business Plan is reviewed at regular intervals to ensure that it reflects as accurately as possible the known condition of the housing stock and funding available to achieve objectives and targets set.

23.6 All councils had an obligation to prepare a 30 year business plan and a financial model to ensure that the business plan was viable and that they are able to repay the debt taken on at the time of settlement.

23.7 However, there is no requirement within the self-financing regime for any of the debt to be repaid over the 30 year period of the business plan.

23.8 We have taken the approach to review two options for the 30 year business plan. This has enabled us to decide whether we should seek to repay the majority (£44m) of the self-financing settlement debt over the period of the financial model; specifically between years 14 and 26 of the model, or refinance the debt as it becomes due for repayment.

23.9 We have also excluded the redemption of existing debt where this matures during the lifetime of the model. There is further debt which has a maturity beyond the lifetime of the model and we have provided for the interest payments on this debt.

23.10 Appendices C & D show two versions our debt profile over the 30 year life of the Business Model. Both show the exact same availability of Revenue and Capital expenditure up to year 20 of the plan. After that, the HRA is able to reinvest £113m compared to £75m, if the Self-financing debt is refinanced.

Glossary:

CHMT	Community Housing Management Team

CLG	Department for Communities and Local Government
CPI	Consumer Price Index
DCLG	Department for Communities and Local Government
GF	General Fund
GYBC	Great Yarmouth Borough Council
GYCH	Great Yarmouth Community Housing (department)
HRA	Housing Revenue Account
HRAS	Housing Revenue Account Subsidy
PWLB	Public Works Loan Board
RPI	Retail Price Index
RTB	Right to Buy

Departmental reference: JB version – Community Board 07/01/2016
..\1.HRA Full Budget Master File V7 130116.xlsx
GYCH HMWCP Budget Report 2016-17 130116.docx
..\3. Capital programme 1617 130116.xlsx
..\4. RTB Capital Budgets - to avoid repayment of RTBs.xlsx
..\1.HRA Full Budget Master File V7 130116.xlsx
..\..\2. Monitoring - HRA Capital Programme 1516\Qtr 3\Capital monitoring sheet P9 - Qtr3 updated by GYN.xlsx
..\..\RTB and Quarterly Pooling Returns 1516\Qtr 3\6. R15 Q3 Great Yarmouth RTB Model v14.xlsm

Prepared by: Jane Bowgen – Housing Business and Finance Manager
Date: 13/01/2016

Does this report raise any legal, financial, risk, sustainability, equality, crime and disorder, human rights or every child matters issues and, if so, have they been considered?	Issues	
	Legal	Yes, and taken into account
	Financial	Yes, and taken into account
	Risk	Yes, and taken into account
	Sustainability	Yes, and taken into account
	Equality	Yes, and taken into account
	Crime and Disorder	Yes, and taken into account
	Human Rights	N/A
	Every Child Matters	N/A

Appendix A
Housing Revenue Account Budget 2016/17 - 2020/21 & Revised 2015/16 Budget.

Income / Expenditure		Original Budget 2015-16	Revised 2015-16	Budget 2016-17	Budget 2017-18	Budget 2018-19	Budget 2019-20	Budget 2020-21
Income	Charges for Services and Facilities	(1,256,627)	(1,250,782)	(1,261,545)	(1,287,868)	(1,314,838)	(1,342,473)	(1,370,789)
	Contributions towards Expenditure	(247,888)	(247,888)	(148,948)	(150,445)	(151,966)	(153,510)	(155,079)
	Dwelling Rents	(22,490,000)	(22,490,000)	(22,228,000)	(22,004,000)	(21,806,000)	(22,040,000)	(22,273,000)
	Interest and Investment Income	(12,500)	(12,500)	(5,000)	(5,140)	(5,284)	(5,432)	(5,584)
	Non Dwelling Rents	(218,719)	(218,719)	(227,154)	(233,515)	(240,053)	(246,774)	(253,684)
Income Total		(24,225,734)	(24,219,889)	(23,870,647)	(23,680,967)	(23,518,141)	(23,788,189)	(24,058,136)
Expenditure	Capital Expenditure funded by the HRA	6,464,200	2,038,553	2,532,414	1,597,941	1,716,465	1,329,040	935,534
	Debt Management Cost	540	540	0	0	0	0	0
	Depreciation and Impairment of Fixed Assets: Dwellings	2,854,000	2,920,098	2,920,098	3,001,861	3,085,913	3,172,318	3,261,143
	Depreciation and Impairment of Fixed Assets: Non - Dwellings	131,000	118,948	118,948	122,279	125,702	129,222	132,840
	Impairment of Fixed Assets	0	0	0	0	0	0	0
	Interest Payable and Similar Charges	2,692,577	2,821,000	2,901,216	3,021,888	3,062,622	3,124,398	3,123,210
	Provision for bad and doubtful debts	150,000	150,000	150,000	154,200	158,518	162,956	167,519
	Rents, Rates, Taxes & Other charges	162,181	163,590	147,256	151,379	155,618	159,975	164,454
	Repairs and Maintenance	10,934,637	10,425,830	11,434,495	11,676,823	11,500,352	11,776,643	12,100,677
	Supervision and Management	4,469,322	4,489,096	4,682,040	4,425,776	4,478,848	4,567,521	4,655,501
Expenditure Total		27,858,457	23,127,655	24,886,467	24,152,146	24,284,038	24,422,073	24,540,879
Below The Line	(Gain) / Loss on Sale of HRA non-current Assets	0	0	0	0	0	0	0
	Employer's Contributions Payable to or from Norfolk County.	591,000	591,000	555,475	571,028	587,017	603,454	620,350
	Impairment of Fixed Assets	0	0	0	0	0	0	0
	Net Charges made for Retirement Benefits in accordance with IAS 19	(420,000)	(420,000)	(425,000)	(436,900)	(449,133)	(461,709)	(474,637)
Below The Line Total		171,000	171,000	130,475	134,128	137,884	141,745	145,713
Grand Total		**3,803,723**	**(921,234)**	**1,146,295**	**605,307**	**903,781**	**775,629**	**628,456**

Housing Revenue Account Reserves summary	Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Bwfd	6,584,000	7,505,234	6,358,938	5,753,631	4,849,850	4,074,221
	In year	(921,234)	1,146,295	605,307	903,781	775,629	628,456
	Cfwd	**7,505,234**	**6,358,938**	**5,753,631**	**4,849,850**	**4,074,221**	**3,445,765**

Appendix C

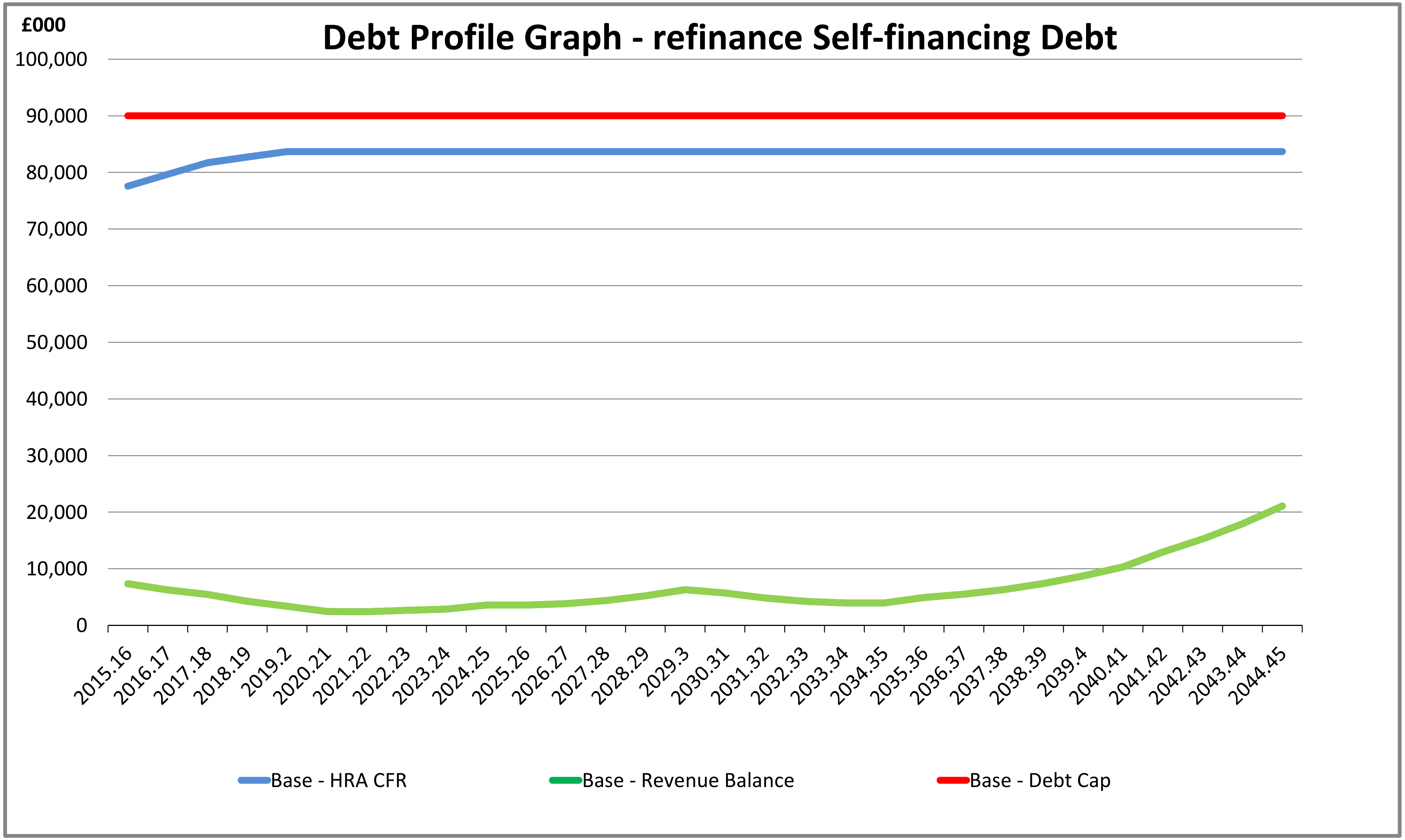
Housing Revenue Account 2016-17 Service Charges

2015-2016 Rent increase and Service Charges	2015/16 Average Charge 50wks	2016/17 Average Charge 50 wks	2016/17 % Average Increase/decrease per wk	2016/17 % Increase/decrease per wk
Rent Decrease (-1%)	£73.63	£72.90	-£0.73	-1.0%
Garages Basic - Tenants	£9.21	£9.47	£0.26	2.8%
Garages Premium - Tenants plus Town Centre Surcharge	£12.29	£12.63	£0.34	2.8%
Town Centre Surcharge	£3.08	£3.16	£0.08	2.8%
Caretaking charge - Basic	£0.82	£0.84	£0.02	2.8%
Caretaking charge - Basic + Enhanced	£1.64	£1.68	£0.04	2.8%
Maintenance of Aged Persons gardens	£4.16	£4.28	£0.12	2.8%
Communal Heating	£10.99	£9.49	-£1.50	-13.6%
Communal Water	£3.65	£3.75	£0.10	2.8%
Digital Communal TV Aerials	£0.64	£0.66	£0.02	2.8%
Sewerage charge	£5.70	£5.86	£0.16	2.8%

Sheltered Housing Support Charges 2015-2016	2015/16 Average Charge 50wks	2016/17 Average Charge 50wks	2016/17 Average Increase per wk	2016/17 % Increase per wk
Protected tenancies (pre 01/04/03)	£8.24	£8.47	£0.35	2.8%
plus Alarm Charge	£1.22	£1.25	£0.05	2.8%
Protected tenancies (pre 01/04/03)	£9.46	£9.72	£0.40	
Standard Tenancies (starting from 01/04/03)	£11.52	£11.85	£0.48	2.8%
plus Alarm Charge	£1.22	£1.25	£0.05	2.8%
Standard Tenancies (starting from 01/04/03)	£12.21	£13.10	£0.53	
Alarm Charge only	£1.22	£1.25	£0.05	2.8%
Alarm Unit Rental (plus VAT)	£2.80	£2.87	£0.07	2.8%
Alarm Unit - purchase (plus VAT) - One -off payment	£135.00	£135.00	£0.00	0.0%

YARE CARE CHARGES	2015/16 Charge	2016/17 Charge	Average Increase per wk	% Increase
52 Week Calculation for Private users				
Private - Rental + Monitoring	£2.68	£2.76	£0.08	2.8%
Private - Rental + Monitoring (plus VAT)	£3.22	£3.31	£0.09	2.8%
Private - Monitoring	£1.17	£1.20	£0.03	2.8%
Private - Monitoring (Plus VAT)	£1.40	£1.44	£0.04	2.8%
50 week calculation for Community Housing Tenants				
Council - Rental + Monitoring	£2.80	£2.87	£0.07	2.8%
Council - Rental + Monitoring (plus VAT)	£3.35	£3.44	£0.09	2.8%
Council - Monitoring	£1.22	£1.25	£0.03	2.8%
Council - Monitoring (Plus VAT)	£1.46	£1.50	£0.04	2.8%

Appendix C


£000
Debt Profile Graph - refinance Self-financing Debt
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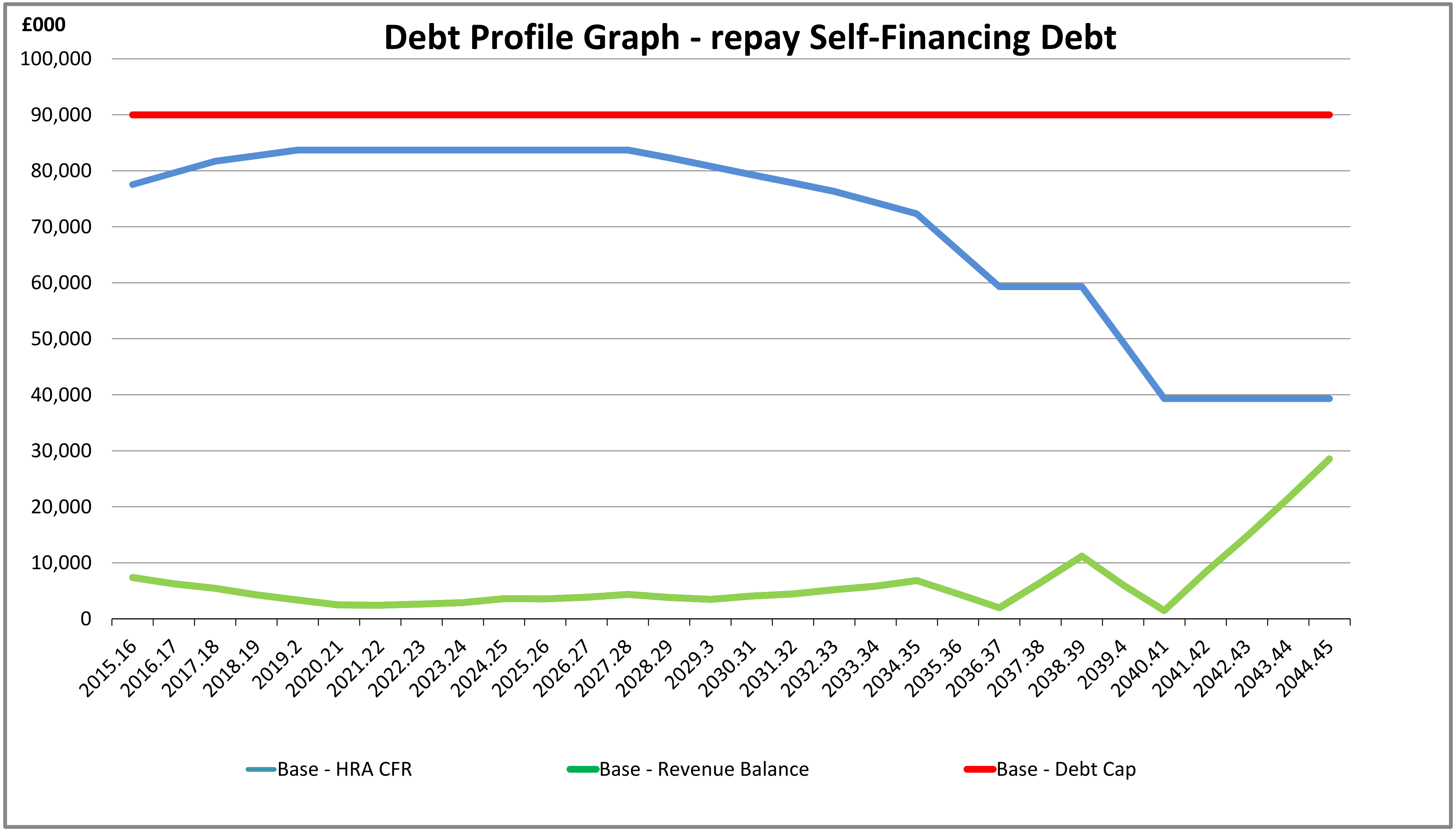
Base - HRA CFR
Base - Revenue Balance
Base - Debt Cap

Appendix D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Debt Profile Graph - repay Self-Financing Debt
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Base - HRA CFR
Base - Revenue Balance
Base - Debt Cap

GREAT YARMOUTH
COMMUNITY HOUSING

Subject:	**HOUSING MAJOR WORKS CAPITAL PROGRAMME: BUDGET ESTIMATES (2016-2017 to 2020-2021)**
Report to:	**Council**
Date:	**24th February 2016**
Report by:	**Robert Read, Director of Housing & Neighbourhoods**

Subject matter and recommendations:

This report provides estimates in respect of the Housing Revenue Account (HRA) Major Works Capital Programme 2016-2017 to 2020-2021.

Recommendations:

Full Council is asked to recommend:

- The proposed Housing Major Works Capital Programme budget and programme for 2016- 2017 and the provisional programme for 2017-2018 to 2020-2021.
- The revised forecast programme for 2015-2016.

1.1. **Background**

1.2. Local authorities' housing capital expenditure programmes cover both Housing Revenue Account (HRA) related expenditure (which is largely stock related) and non HRA (support for private sector housing) expenditure. The focus is mainly in relation to the authority's own stock but the programme should reflect the specific needs and priorities of the area as set out in the housing strategy.

1.3. The size of an authority's housing capital expenditure programme is a matter for it to determine in the light of its assessment of the resources available to finance capital expenditure for the authority as a whole and the proportion of that which is to be spent on housing.

1.4. The local government capital finance system, introduced in Part 1 of the Local Government Act 2003 together with the various regulations made under that Part, applies to all local authority capital expenditure with no specific reference to housing. There is no ring fence arrangement applicable to capital but the GYCH capital programme as it relates to the HRA is separately monitored. The rules governing the way in which the revenue consequences of capital expenditure and capital receipts relating to HRA property are recorded in the HRA build on these rules and are set out in the 'Item 8 Credit and Item 8 Debit (General) Determination from 1 April 2012'.

2.1. **Housing Major Works Capital Programme (HMWCP)**

2.2. The HMWCP is subject to ongoing review and continues to be refined to take into account the priorities and objectives which have been derived from our understanding or the stock; the needs of current and future tenants; the opportunities presented by funding streams and; options for procurement and delivery of our investment plans.

2.3. There are two key strands to our investment plans:

- Maintaining and improving our housing stock;
- New Affordable Council housing, including new housing to replace sales under RTB in line with Government guidance.

2.4. Our plans are prepared over the medium term and are reviewed and updated annually. Future investment decisions will be based on local decision making and local knowledge of the condition of the stock and the components within the stock.

2.5. Drawing upon information derived from the stock condition surveys a programme has been drawn together which addresses known replacement issues of components from the stock condition data.

2.6. The programme includes the continuation of the kitchen and bathroom programme, an enhancement to the boiler and heating replacement schemes and the delivery of external wall insulation. Major Roofing works and loft insulation works have also been added to the budget in 2016-17.

2.7. These schemes offer both the opportunity to modernise properties, sustain them for the future and increase the thermal comfort of tenants. They also bring about potential savings from future revenue repairs budgets.

2.8. The programme is summarised in the table below:

Draft Housing Major Works Capital Programme (Further detail in Appendix A)

	Original Budget 2015-16	**Revised Forecast 2015-16**	**Draft Budget 2016-2017**	**Plan 2017-18**	**Plan 2018-19**	**Plan 2019-20**	**Plan 2020-21**
	£000	£000	£000	£000	£000	£000	£000
Expenditure							
Kitchens & Bathrooms	3,781	2,374	1,734	1,734	1,734	1,734	1,479
Windows & Doors	175	205	185	125	125	450	450
Planned Maintenance	1,050	793	1,543	1,420	1,420	1,420	1,220
Energy Efficiency Improvements	2,573	1,255	1,390	1,315	1,215	515	515
Specific Planned Projects	275	406	489	315	313	305	305
Estate Improvements	422	515	620	390	390	340	340
Empty Properties	545	406	500	300	300	300	300
New Affordable Housing	2,000	0	2,100	2,052	1,000	1,000	0
Total Expenditure	**10,821**	**5,954**	**8,561**	**7,651**	**6,497**	**6,064**	**4,609**

3.1. Forecast 2015-16

3.2. An updated forecast of expenditure for 2015-2016 was prepared in Qtr 3 of the financial year 2015-2016 to account for changes known at that time. The budget for 2015-2016 has been revised to provide clearer expenditure categorisation and to take account of the reduction in spending in year.

3.3. The reductions in the 2015-16 programme are mainly in relation to a New Affordable Housing Programme not starting in 15/16 and being moved into 16/17; the delay of the External Wall insulation project into 2016/17 due to changes in available external funding through the Green Deal; the loft insulation budget being moved into 2016/17 to be in line with roofing works and the stock condition survey starting in Qtr. 4 of 15/16 and continuing into 16/17. The Kitchens and Bathrooms project was put on hold in quarter 3 due to the current contract ending and the need to review budgets in light of the legislative changes identified in the revenue report. This provides revenue contribution savings to carry forward into 16/17 of £1m.

3.4. This reduction in capital expenditure does not generally create any accounting problems as the expenditure can be incurred in the following year using: resources from the Major Repairs Reserve, which can be carried forward from one year to the next (and will attract interest to the HRA); capital receipts unapplied, which can be carried forward (although any interest is paid to the General Fund); and revenue balances, which can be retained in the HRA. The draft programme for 2016-17 includes expenditure in relation to schemes that have slipped from 2015-2016.

3.5. Further detail of the programme of works is appended to this report.

4.1. 2016-17 Draft Budget and Future Expenditure Plans

4.2. The Council's future investment in its housing stock will be determined by its Asset Management Strategy, subject to the constraints of available resources. The development of the HRA Major Works Capital Programme is on-going and the plans for 2016-2017 and later years have been prepared using the HRA Business Plan model

4.3. The HRA Business model has incorporated the rent decrease of 1% per year for the next four years. After that it assumes a rent increase of CPI + 1% each year following. The HRA business model provides an overview of availability of resources for future investments into Capital Programmes.

4.4. It is expected that the capital budgets will continue to be refined and re-aligned over the coming months and years, as plans for the future are further developed. These future plans will be reviewed as part of the annual budget setting process.

5.1. Resources and Links to the HRA

5.2. Financing of the Housing Programme has changed as a result of the move to self-financing. The HRA does not receive any support for borrowing but can still do so, subject to certain limits where this can be supported from future income. There are also significant changes to the retention and use of capital receipts.

5.3. Capital expenditure within the HMWCP is anticipated to be financed as follows.

Housing Major Works Capital Programme

	Original Budget 2015-2016	Revised Forecast 2015-2016	Draft Budget 2016-2017	Plan 2017-2018	Plan 2018-2019	Plan 2019-2020	Plan 2020-2021
	£000	£000	£000	£000	£000	£000	£000
Financing							
Borrowing	959	0	2,100	2,052	1,000	1,000	0
Capital Receipts	877	877	890	877	569	433	279
Major Repairs Reserve	2,980	3,039	3,039	3,124	3,212	3,302	3,394
Revenue	6,005	2,038	2,532	1,598	1,716	1,329	935
Total Financing	10,821	5,954	8,561	7,651	6,497	6,064	4,608

5.4. Explanations of the sources of finance and the links to the HRA are given below.

6.1. Borrowing

6.2. Borrowing can be undertaken by the Council to support the HMWCP subject to the constraints imposed by the "cap" imposed in relation to the HRA through the Limit on Indebtedness Determination 2012. This cap currently restricts housing debt for Great Yarmouth to just under £90m (giving borrowing capacity of about £12.5m). The costs associated with borrowing are charged to the HRA as calculated by the Council in accordance with the 'Item 8 Credit and Item 8 Debit (General) Determination from 1 April 2012'.

6.3. The draft budget uses borrowing to support the programme where required resources exceed the other sources of finance. It should be noted that where borrowing is undertaken the costs of borrowing are met by the HRA and revenue resources applied to the capital programme are reduced accordingly. The planned borrowing for future years is indicative at this stage. It is anticipated that there will still be borrowing capacity of about £6.3m in addition to the current borrowing plans.

6.4. If required the Council could also consider bidding to any future bidding rounds, announced by the Government, for increasing the debt cap. Our future borrowing therefore, will be reviewed and updated annually to reflect this and any other changes to our capital and revenue programmes.

7.1. Capital Receipts

7.2. Increases to the maximum discount available for the Right to Buy (RTB) scheme is currently leading to a high amount of RTB sales. The latest estimate for 2015-2016 is for 40 sales, however this will be held under continual review. For

7.3. The apportionment of receipts from these sales is complex and is set out in recent statutory instruments amending the Local Authorities (Capital Finance and Accounting) Regulations 2003. We have undertaken separate detailed analysis to determine the receipts applicable to the programme. In order to retain all of these receipts expenditure on new building to replace sales must meet certain requirements or repayments of the receipts are required to be made. The table below sets out the required expenditure necessary to retain all the anticipated receipts:

Apportionment of RTB Receipts and Required New Build Expenditure

Year	RTB Receipts	RTB Admin	Allowable Debt	Authority Income	Government Income	Retained Receipts	New Build Expenditure Required
	£	£	£	£	£	£	£
2012-2013	927,795	27,300	288,746	107,097	256,856	247,797	0
2013-2014	2,087,490	61,100	768,052	125,318	295,848	837,172	0
2014-2015	1,825,920	53,300	691,650	140,536	324,852	615,583	0
2015-2016	1,152,718	35,100	445,932	146,641	371,611	153,434	0
2016-2017	925,428	26,000	266,896	148,112	368,632	115,788	2,096,712
2017-2018	948,564	26,000	271,832	153,339	381,639	115,754	2,051,942
2018-2019	972,278	26,000	276,836	158,744	395,092	115,606	511,959

2019-2020	996,585	26,000	281,903	164,340	409,019	115,323	385,959
2020-2021	1,021,500	26,000	287,030	170,133	423,437	114,899	385,959

7.4. The planned expenditure on new build schemes ensures that there is sufficient spend to meet the Government requirements for the retention of RTB receipts. If changes are made to reduce spending (and the timing of that spend) on new building to less than indicated in the table above this could result in the Council having to repay retained RTB receipts and interest to the Government.

8.1 <u>New Affordable Housing – RTB retained receipt options</u>

8.2 From 2016/17 onwards, the Council will continue to look at options for new build sites and as well as the opportunity for an element of the Beacon Park development to become affordable Council Housing, a further in-fill site in Gorleston is currently being prepared for a planning application.

8.3 In addition to the funding of new build properties, it is proposed to increase the availability of affordable housing in order to help to meet the needs of those on the Council's allocations pool, with a combination of three options.

9.1 Grant contribution to Housing Association development

9.2 RTB Receipts can be offered as grant funding to other registered providers (Housing Associations) operating in the borough in order to make potential development schemes viable. The maximum contribution would be 30% of any scheme costs. This form of financial assistance cannot be offered in addition to any grant in place from the Homes & Communities Agency (HCA). GYBC would receive nomination rights to these properties under our allocation scheme.

9.3 There are potential schemes available in the borough, which are not currently being developed due to a lack of grant funding. Once an agreement to provide funding had been approved, planning permission would be required.

10.1 Purchasing 'empty homes' on the open market

10.2 There are currently around 500 empty homes within the borough. A property is classified as an empty home if it has been unoccupied for 6 months or more. These homes are empty for various reasons including awaiting renovation, subject to probate or the owner has not been able to dispose of the property.

10.3 GYBC operated a part HCA funded project between 2012 to 2015 where we purchased 9 empty homes. The HCA provided a grant of £17,000 per property. It is possible to replicate this project using RTB receipts to contribute up to 30% of the costs.

10.4 Our experience of this project is that the number of properties that are suitable for purchase are limited due to historic features e.g. steep stairs, bedroom off another bedroom etc., price or overall condition, however, the scheme would provide a positive contribution to the provision of affordable housing.

10.5 Any properties considered for purchase would be checked to ensure that they meet the housing needs of residents in our ‘housing pool’. They will be surveyed to assess any costs involved in ensuring they are ready for letting and a calculation will be undertaken of the full costs and payback period from rent in the same way that a new build schemes are assessed for viability. This will ensure that there is no adverse impact long term on the HRA Business Plan. The purchase price will be negotiated by the Property Services team.

11.1 Purchase of a limited number of suitable properties on the open market

11.2 This option mirrors the empty homes option above, including the criteria to ensure that the RTB receipts are spent appropriately. Properties would not be limited to properties classified as ‘empty’, however, a condition that the properties were of a type that would meet the high housing need of applicants within the allocation pool would apply. This would enable properties to be identified and purchased in a timely manner. A maximum of 6 properties would be purchased under this option.

12.1 <u>Major Repairs Reserve</u>

12.2 In accordance with proper accounting practice depreciation must be charged to the HRA on an annual basis. This charge is then applied as resources for the capital programme through the Major Repairs Reserve. The expectation of the Government is that this will be based on component lifecycles i.e. the cost of maintaining the properties in their existing condition.

13.1 **<u>Revenue</u>**

13.2 For 2016-17 we have used £2.1m of borrowing, £2.5 m of revenue, £3m from the depreciation charge and £0.9m from in year Capital Receipts.

14.1 <u>HRA Business Model</u>

14.2 Appendix B has been produced by the HRA Business Model and provides an overview of how the Capital Programme will be funded over the next 30 years.

1. GYCH HRA Budget Report 2016-17 Revenue 130116.docx
1A. Appendix A Housing Revenue Account Budget 2016-2021 & Revised Draft 2015-16.xlsx
2. GYCH HMWCP Budget Report 2016-17 130116.docx
2A. Appendix A HMWCP - Capital Programme 2016-2021 & Revised Draft 2015-16.xlsx
..\3. Capital programme 1617 130116.xlsx
..\4. RTB Capital Budgets - to avoid repayment of RTBs.xlsx
..\..\2. Monitoring - HRA Capital Programme 1516\Qtr 3\Capital monitoring sheet P9 - Qtr3 updated by GYN.xlsx

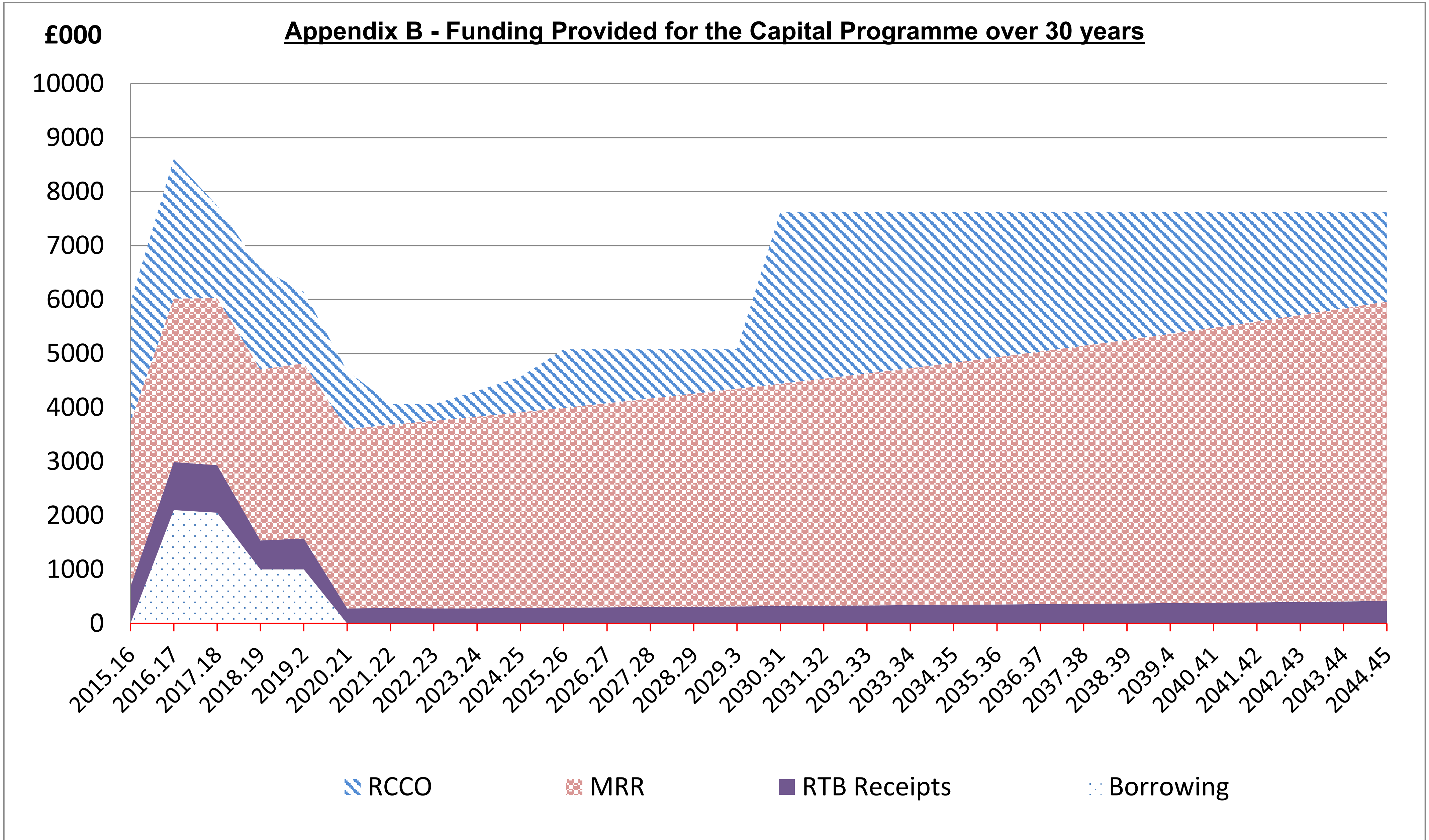
Prepared by: Jane Bowgen - Housing Business and Finance Manager
Date: 13/01/16

Does this report raise any legal, financial, sustainability, equality and diversity, crime and disorder, human rights or Every Child Matters issues, and, if so, have they been considered?	Issues	
	Legal	No
	Financial	Yes, and taken into account
	Sustainability	Yes, and taken into account
	Equality and Diversity	No
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No

Appendix A

Revised HRA Capital Programme 2015-2016 & Draft HRA Capital Programme 2016-2017 to 2020-2021.

HRA Capital Programme	Original Budget 1516	Revised Forecast Budget 1516	Budget 1617	Budget 1718	Budget 1819	Budget 1920	Budget 2021
Improvement Programme	3,956,200	2,579,000	1,919,000	1,859,000	1,859,000	2,184,000	1,928,938
Kitchens & Bathrooms	3,781,200	2,374,000	1,734,000	1,734,000	1,734,000	1,734,000	1,478,938
Windows & Doors	175,000	205,000	185,000	125,000	125,000	450,000	450,000
Energy Efficiency Improvements	2,557,000	1,271,358	1,390,000	1,315,000	1,215,000	515,000	515,000
300mm Loft Insulation	195,000	5,000	100,000	100,000	100,000	100,000	100,000
Green Deal/Eco Works - Northern Parishes	897,000	-	400,000	400,000	400,000	-	-
Insulated Coved Ceilings	-	16,000	-	-	-	-	-
Heating contract one off replacements	430,000	430,000	315,000	315,000	315,000	315,000	315,000
Replace Inefficient and Partial Heating Systems	320,000	155,000	225,000	200,000	200,000	-	-
Replace Open Flue Boilers	320,000	287,116	33,000	-	-	-	-
Boiler Replacements	-	-	200,000	200,000	100,000	-	-
Air Source Heat Pumps	-	-	-	100,000	100,000	100,000	100,000
Communal Heating	395,000	378,242	117,000	-	-	-	-
Estate Improvements	422,000	515,000	620,000	390,000	390,000	340,000	340,000
New Car Parking spaces	82,000	140,000	140,000	140,000	140,000	140,000	140,000
Upgrade Stair Enclosures	250,000	250,000	300,000	150,000	150,000	100,000	100,000
First Time Installation Sewerage Schemes	90,000	125,000	80,000	-	-	-	-
Concrete Works	-	-	100,000	100,000	100,000	100,000	100,000
Planned Maintenance	1,050,000	792,611	1,543,000	1,420,000	1,420,000	1,420,000	1,220,000
Rewiring Dwellings	350,000	215,611	320,000	320,000	320,000	320,000	320,000
Roofing	115,000	60,000	455,000	400,000	400,000	400,000	300,000
MRA	200,000	200,000	50,000	50,000	50,000	50,000	50,000
Capital Adaptation works	75,000	75,000	50,000	50,000	50,000	50,000	50,000
Neighbourhood plans	150,000	150,000	250,000	250,000	250,000	250,000	250,000
Firewalls in roof space	18,000	-	18,000	-	-	-	-
Flat Roofs	75,000	25,000	350,000	300,000	300,000	300,000	200,000
Reline Finlock Gutters	67,000	67,000	50,000	50,000	50,000	50,000	50,000
Specific Planned Projects	291,000	390,584	489,460	315,080	313,080	304,580	304,580
Jontek update	25,000	25,000	-	-	-	-	-
Heat Leasing Final Payment	-	18,575	-	-	-	-	-
Wherry Way Office remodelling	-	47,000	-	-	-	-	-
Stock Condition Survey	250,000	150,000	150,000	-	-	-	-
Oil Tanks	16,000	16,000	16,000	-	-	-	-
Whole House works	-	-	250,000	250,000	250,000	250,000	250,000
Other	-	134,009	73,460	65,080	63,080	54,580	54,580
New Affordability Housing	2,000,000	-	2,100,000	2,052,000	1,000,000	1,000,000	-
Empty Properties	545,000	406,000	500,000	300,000	300,000	300,000	300,000
Grand Total	10,821,200	5,954,553	8,561,460	7,651,080	6,497,080	6,063,580	4,608,518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Appendix B - Funding Provided for the Capital Programme over 30 years
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RTB Receipts
Borrowing

Subject: Pay Policy Statement 2016/17

Report to: Full Council 24 February 2016

Report by: Head of HR

SUBJECT MATTER – PAY POLICY STATEMENT 2016/17

RECOMMENDATION:

To adopt the attached Pay Policy Statement for 2016/17 and to publish on the Council's website.

1. BACKGROUND

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

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

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

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

- Be approved formally by Full Council and cannot be delegated to any sub committee. This includes any amendments in each financial year
- Be approved by the end of March each year
- Be published on the Council's website and in any other manner that the Council thinks appropriate as soon as it is reasonably practicable after it is approved or amended
- Be complied with when the Council sets the terms and conditions for a Chief Officer

For the purpose of the statement the term ‘Chief Officer’ in a local authority context is defined as set out in the Local Government and Housing Act 1989 as:

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

CONCLUSION

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

FINANCIAL IMPLICATIONS:

There are no increased risks or financial implications as a result of setting and publishing the Pay Policy Statement. The report and the statement outline arrangements for 2016/17. This statement builds on the publication of senior officer salary information which is already available on the website at http://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending

LEGAL IMPLICATIONS:

To comply with section 38 of the Localism Act 2011, Full Council must approve the Pay Policy Statement for 2016/17 by 31 March 2016. The Statement must be published as soon as is reasonably practicable after it has been approved, it will, therefore, be placed on the Council’s website.

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

Executive Management Team – 12 February 2016 (email)

RECOMMENDATIONS

That the Council’s Pay Policy Statement for 2016/17 be approved.

Does this report raise any legal, financial, sustainability, equality, crime and disorder or human rights issues and, if so, have they been considered?	Issues	
	Legal	Yes and taken into account
	Financial	Yes and taken into account
	Risk	No
	Sustainability	No
	Equality	No new issues raised
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No

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GREAT YARMOUTH BOROUGH COUNCIL

PAY POLICY STATEMENT 2016/17

This Pay Policy Statement is produced in accordance with Chapter 8 of the Localism Act 2011. It was approved by a meeting of Great Yarmouth Borough Council (GYBC) on 24 February 2016. It is made available on the Council's website. The Council's website also includes separately published data on salary information relating to Chief Officers and this can be accessed at http://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending

1. Remuneration of Employees

1.1 For employees subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council for Local Government Services' (commonly known as the 'Green Book'), the Council uses a pay spine that commences at national Spinal Column Point (SCP) 6 and ends at local SCP 51. This pay spine is divided into 10 pay bands, which each contain five incremental points. Band 1 is the lowest and Band 10 is the highest of these pay grades. Posts are allocated to a pay band through a process of job evaluation. See Appendix A for pay bands.

1.2 For the purpose of this Policy Statement, employees on Band 1 are defined as our lowest-paid employees. These are the lowest paid employees other than apprentices who are paid in line with national standards to reflect the nature of the training and development role. The bottom of Band 1 is national SCP 6 and the top is national SCP 10. At 31 March 2016, the full-time equivalent (FTE) annual values of these two SCPs are £13,614 (SCP 6) and £14,338 (SCP 10).

1.3 The values of the SCPs in these pay grades are uprated by the pay awards notified from time to time by the National Joint Council for Local Government Services.

1.4 The minimum (pro rata) salary paid by the Council to employees in established posts should not be less than the Living Wage. Where an employee's contractual (pro-rata) pay is less than the Living Wage they receive a supplement to raise their pay to the Living Wage level (excluding apprentices).

2. **Remuneration of Chief Officers**

2.1 Chief Executive

2.1.1 The Council's Chief Executive is employed by North Norfolk District Council (although is seconded to GYBC on an interim shared basis for this purpose). This Policy Statement does not, therefore, concern the remuneration of the post whose holder undertakes that role.

2.1.2 The Chief Executive also receives a (Deputy) Returning Officer fee in respect of County, District and Parish Council Elections. The fee for undertaking this role in Norfolk is calculated in accordance with a formula approved annually by the Norfolk Chief Executives' Group, based on a recommendation by the County Electoral Officers' Group. Fees for conducting Parliamentary Elections are determined by way of a Statutory Instrument.

2.2 Directors

2.2.1 The Directors report to the Chief Executive. As at 31 March 2016, the annual FTE range for the grade of the Director posts is shown at Appendix B.

2.2.2 It is the Council's policy that the FTE salary range for the posts of Director will normally be no greater than 6x the FTE salary range of a Band 1 'Green Book' employee. This maximum is not currently being met.

2.2.3 Notwithstanding 2.2.2, the value of the SCPs in the Director grades will be uprated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities.

2.2.4 The Council's Monitoring Officer is employed by Norfolk County Council (although is seconded to GYBC for this purpose). This Policy Statement does not, therefore, concern the remuneration of the post whose holder undertakes that role.

2.2.5 The Council's Section 151 Officer is employed by North Norfolk District Council (although is seconded to GYBC for this purpose) This Policy Statement does not, therefore, concern the remuneration of the post whose holder undertakes that role.

2.3 Group Managers

2.3.1 The Group Managers report to a Director. As at 31 March 2016, the annual FTE salary range for the Group Manager posts is shown at Appendix B.

2.3.2 It is the Council's policy that the FTE salary range for the Group Manager posts will normally be no greater than 4.5x the FTE salary range of a Band 1 'Green Book' employee. This maximum is not currently being met.

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

3.1 On recruitment, individuals will be placed on the appropriate SCP within the pay grade for the post that they are appointed to. Access to appropriate elements of the Council's Relocation Scheme may also be granted in certain cases, when new starters need to move to the area.

3.2 Individuals will normally receive an annual increment, subject to the top of their grade not being exceeded. In exceptional circumstances (e.g. examination success), individuals will receive accelerated increments. Again, this is subject to the top of their grade not being exceeded.

3.3 The Council does not apply performance-related pay, with the exception of the Directors and Group Managers whose progression through the increments of the pay grade is subject to performance management. The Council does not apply any bonuses.

3.4 The minimum point of a pay grade will not be lower than the maximum point of the preceding pay grade.

3.5 On ceasing to be employed by the Council, individuals will only receive compensation:

(a) in circumstances that are relevant (e.g. redundancy), and

(b) that is in accordance with our published Policy Statement on how the Council will exercise the various employer discretions provided by the Local Government Pension Scheme (LGPS), and/or

(c) that complies with the specific term(s) of a settlement agreement.

3.6 The Policy Statement on how the Council will exercise the various employer discretions provided by the LGPS also summarises how Flexible Retirement might be allowed. This is where an individual aged 55 or over who reduces their grade or hours of work (or both) may receive all or part of their LGPS benefits immediately, even though they haven't left the Council's employment. This will be allowed only in circumstances where it is demonstrated to be in the Council's long-term interests.

3.7 Any decision to re-employ an individual who was previously employed by the Council and, on ceasing to be employed, was in receipt of a severance or redundancy payment, will be made on merit. The Council will not, however, normally engage such an individual under a contract for services.

3.8 Any Market Supplement that is paid will be in accordance with our Protocol for Payment of Market Supplements.

3.9 If it is appropriate for an honorarium to be paid, this will be in accordance with our Principles for Payment of Honoraria.

3.10 The Council pays Essential and Casual Car User allowances in appropriate circumstances. These allowances are in accordance with 'Green Book' rates, although the Council does not recognise the 1200cc to 1450cc (i.e. the top) band and some mileage may only be claimed at a reduced local rate. There are also local rates in force for individuals who use their motorcycles or bicycles on official business.

3.11 Any excess travelling allowance that is paid will be in accordance with our Change in Place of Employment – Scheme for Payment of Allowance.

3.12 Any subsistence allowance that is paid will normally be no higher than the rates notified from time to time by the East of England Local Government Association.

4. Consultants and Agency Workers

4.1 Consultants and agency workers are not deemed to be employees and therefore their remuneration is not covered by this Pay Policy Statement. Contracts covering the engagement of consultants and agency workers will be agreed under the rules of Great Yarmouth Borough Council's Contract Standing Orders.

5. Tax Avoidance

5.1 The Council is committed to tackling all forms of tax avoidance and therefore encourages the direct employment of staff and pays them via the payroll system. In a few circumstances where it is more appropriate to engage people on a self-employed basis, the Council will utilise the procurement policy and follow guidelines to ensure that the correct employment status is identified before being engaged.

6. Review

6.1 The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each subsequent financial year. Our next Statement is scheduled to be for 2017/18 and will be submitted to Full Council for approval by 31 March 2017.

6.2 If it should be necessary to amend this 2016/17 Statement during the year that it applies, an appropriate resolution will be made by Full Council.

GYBC PAY STRUCTURE - 2015/16

Spinal Column Point	Annual FT Rate January 2015	Pay Bands		Break Points	2015 Hourly Rate
4		not used			
5		not used			
6	£13,614	Band 1		Band 1	£7.0565
7	£13,715	Band 1		Up to 222 points	£7.1088
8	£13,871	Band 1			£7.1897
9	£14,075	Band 1			£7.2954
10	£14,338	Band 1	Band 2	Band 2	£7.4318
11	£15,207		Band 2	223 to 279 points	£7.8822
12	£15,523		Band 2		£8.0460
13	£15,941		Band 2		£8.2626
14	£16,231	Band 3	Band 2	Band 3	£8.4130
15	£16,572	Band 3		280 to 321 points	£8.5897
16	£16,969	Band 3			£8.7955
17	£17,372	Band 3			£9.0044
18	£17,714	Band 3	Band 4	Band 4	£9.1816
19	£18,376		Band 4	322 to 363 points	£9.5248
20	£19,048		Band 4		£9.8731
21	£19,742		Band 4		£10.2328
22	£20,253	Band 5	Band 4	Band 5	£10.4977
23	£20,849	Band 5		364 to 417 points	£10.8066
24	£21,530	Band 5			£11.1596
25	£22,212	Band 5			£11.5131
26	£22,937	Band 5			£11.8889
27	£23,698		Band 6	Band 6	£12.2833
28	£24,472		Band 6	418 to 471 points	£12.6845
29	£25,440		Band 6		£13.1862
30	£26,293		Band 6		£13.6284
31	£27,123		Band 6		£14.0586
32	£27,924	Band 7		Band 7	£14.4738
33	£28,746	Band 7		472 to 527 points	£14.8998
34	£29,558	Band 7			£15.3207
35	£30,178	Band 7			£15.6421
36	£30,978	Band 7			£16.0567
37	£31,846		Band 8	Band 8	£16.5066
38	£32,778		Band 8	528 to 577 points	£16.9897
39	£33,857		Band 8		£17.5490
40	£34,746		Band 8		£18.0098
41	£35,662		Band 8		£18.4846
42	£36,571	Band 9		Band 9	£18.9557
43	£37,483	Band 9		578 to 632 points	£19.4284
44	£38,405	Band 9			£19.9063
45	£39,267	Band 9			£20.3531
46	£40,217	Band 9			£20.8455
47	£41,140		Band 10	Band 10	£21.3240
48	£42,053		Band 10	633 points and above	£21.7972
49	£42,957		Band 10		£22.2658
50	£43,750		Band 10		£22.6768
51	£44,585		Band 10		£23.1096

Appendix B

SALARY SCALES as at 01 January 2015

Group Managers

GPM-01	£51,001
GPM-02	£52,274
GPM-03	£53,550
GPM-04	£54,826
GPM-05	£56,099

Directors

DR-01	£66,301
DR-02	£67,574
DR-03	£68,850
DR-04	£70,126
DR-05	£71,398

Subject: Taxi Fees -

Report to: Licensing Committee — Date: 15 February 2016
Council — Date: 24 February 2016

Report by: Licensing and Elections Manager

SUBJECT MATTER AND DECISIONS REQUIRED:

This report informs Members of the changes to taxi legislation following the Deregulation Act 2015. This act introduces changes to taxi legislation which include the requirement that driver's licences should last for three years and operator's licences for five years. In light of these changes a review of the taxi licensing policy and licence fees has been undertaken.

1. Background

1.1. The Deregulation Act 2015 amends the Local Government (Miscellaneous Provisions) Act 1976 to extend the length of time a Combined Hackney Carriage/Private Hire Driver and Private Hire Operator licence remains valid for. The change aims to reduce the administrative burden placed upon the taxi trade, by reducing the amount of time spent on completing applications.

1.2. In light of these changes a review of both the taxi licensing policy and licence fees has been undertaken.

2 Taxi Licence Fees

2.1 Table 1, below, highlights Great Yarmouth's licence durations pre and post Deregulation Act 2015.

Table 1

Licence Type	Prior Deregulation Act 2015	Post Deregulation Act 2015
Combined Hackney Carriage/Private Hire Drivers	Annual licence	3 year licence
Private Hire Operators	2 year licence	5 year licence

2.2 As a result of the change, it was agreed that a review of the licensing fees for the above two licence types would be undertaken to ensure that the cost of administration is reflective of the service provided. A breakdown of costs is attached. Table 2 shows the current and proposed fee.

Table 2

Licence Type	Current Fee	Proposed Fee
Combined Hackney Carriage/Private Hire Drivers	£60 - annual fee	£150 – 3 year licence
Private Hire Operators	£230 – 2 year licence	£300 - 5 year licence -

2.3 The Local Government (Miscellaneous Provisions) Act 1976 requires Local Authorities to consult upon amendments to fees for 28 days. This consultation period expired on 5 February 2016.

2.4 Several comments were received following the consultation and these are attached, together with officer comments.

2.5 The Deregulation Act 2015, states that the Council may grant a licence for a lesser period depending upon the circumstances of the case. In this respect it may be possible to grant an annual licence in certain circumstances. For example it may be reasonable for a one year licence to be granted to drivers who require a medical annually. Currently this applies to drivers once they reach 65 years of age.

2.6 The proposed fee is reflective of the cost to issue the licence so a reduction in cost for an annual licence would be minimal. See Table 3.

Table 3

Licence Type	Suggested Fee for 1 year	Proposed Fee for 3 years
Combined Hackney Carriage/Private Hire Drivers	£95	£150

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3. RECOMMENDATIONS

3.1 To approve the option of an annual licence in certain circumstances as detailed in paragraph 2.5

3.2 That the proposed fees in Table 2 and 3 be approved in order for them to be considered by council and take effect from 1 April 2016.

LEGAL IMPLICATIONS:
Statutory requirements

FINANCIAL IMPLICATIONS:
Fees have been reviewed to cover council costs

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:
Director of Customer Services

Does this report raise any legal, financial, sustainability, equality, crime and disorder or human rights issues and, if so, have they been considered?	Issues	
	Legal	Yes
	Financial	Yes
	Sustainability	
	Equality	
	Crime and Disorder	
	Human Rights	
	Risk Considerations	Yes

Licence fee calculations

Direct Costs – Driver Application	
Staff Time • Process application • Monitoring Overheads • Legal • IT • HR • Accommodation • Accountancy • Customer services **Total Time 2.5 hours**	£141.70
Material cost • ID badge • Printing and postage • Licensing software	£10.20
Total	**£151.90**

Direct costs – Operators Licence	
Staff time • Processing application • Enforcement Overheads • Legal • IT • HR • Accommodation • Accountancy • Customer services **Total time 5.25 hours**	£296.71
Material costs • Printing and postage • Licensing software	£7.20
Total	**£303.91**

Comments received on Variation of fees

No.	Organisation	Comments	Officer Comments
1	Simon Kitchen – Albies Taxis	**New Drivers:** With the implementation of the three year licence. I would suggest the idea of possibly introducing a 1 year licence for new drivers. As no matter how you explain and show potential new drivers there is no way to show them exactly what the job entails, until they have the licence and are picking up passengers of all different walks of life. As a large company within the town we see a number of people each year obtain a licence but the job isn't for them so they never use or renew just weeks after obtaining and being able to drive a hackney or private hire within the borough. **Payment:** With the yearly licence changing to three years and knowing how some drivers panic at the last minute with regards to finding the funding to renew their licence. Would there be any sort of payment plan where drivers if they wish can still pay yearly but renewal is still every three? **School drivers:** As you are well aware many of us operators conduct school runs for Norfolk and Suffolk county council. This requires only a couple of hours work each morning and afternoon, as most schools start and finish at aprox the same times it is very hard to keep people busy for any times past these hours. With this in mind the majority of people that opt for this sort of work is people who are either retired and want to keep busy or only wanting part time work due to other commitments, therefore these sorts of employees are not interested in any other work and are happy to do the school run each day and nothing else. With this in mind I think it would be an idea for an additional licence that entitles them to drive a private hire (or school plated) vehicle for this sole purpose. As the Knowledge test does not apply to many of these people due to the school run being a daily service picking up and dropping on a regular route daily. Obviously the standard ncc disclosure that all school workers undertake would still apply. I know that uttlesford District council do just this and many people work with vehicles registered there but infact work on a Norfolk school run with ncc disclosure. But a uttleesford private hire drivers badge which was obtained with no local knowledge of the uttlesford area	Legislation provides that a lesser term should only be given in exceptional circumstances. There is no provision for a yearly payment plan The cost of the licence has been calculated to reflect the actual service cost of issuing a licence. There is no provision for a restricted or part time licence.
2.	David Colman	The new proposed Drivers licence of £150.00 for 3 years I object to I wish to pay yearly , for the simple fact I'm 69 coming on 70 and I have to have a medical each year so that would make it expensive for me to lay out that kind of money just to be able to go to work . Also I don't know	Legislation states that all drivers' licences shall be granted for 3 years. A lesser term may be given in exceptional circumstances. These

		if I will be doing this for the next 3 years so why should I have to pay for something that might not benefit me . NO I DON'T APPROVE OF THE NEW PROPOSAL .	comments will be addressed at Licensing committee.
3.	Malcolm Bloomfield	Please find my objections to this proposal below. 1. Why are you changing it every 3 years you have not given any reason. 2. It does not benefit me by not paying every year. 3. What happens if I want to retire or become ill in the first year the licence is non refundable so i am losing 2 years payments. 4.This is being introduced at the wrong time because we are all experiening hard times due to the lack of work through the downward trend in the oil and gas industry in this town and the increase in the amount of taxi drivers. I am quite happy to attend any meeting concerning my objections.	S10(2) of the Deregulation Act 2014 amends S53 of the Local Government (Miscellaneous Provisions) Act 1976, to provide that a hackney carriage and private hire driver licence **shall** remain in force for three years or for such lesser period, as the district council thinks appropriate in the circumstances of the case. These comments will be addressed at Licensing committee
4.	Simon Bellas	I am opposed to the proposed change of £150 for 3 years because I may not be doing taxiing for the next 3 years so if I stop I will be out of pocket!!! Also, I cannot afford a lump sum of £150 in one go	Legislation has stated that all drivers licences will be granted for 3 years
5.	Simon Leach	If the new proposals are implemented will there be a refund for drivers retiring within the 3 year period? If not then I would oppose the changes	There are no grounds for a refund.
6	C J Kelly	My existing licence finishes on 31/12/16 and I plan to retire 31/12/17 that would mean that under the proposed scheme I would be paying for 2 years licence fees that I would not use, therefore I would be against this proposal.	This will be addressed at Licensing Committee
7.	Anthony Paul	At the age of 67 I doubt whether I shall continue driving taxis much beyond the end of this year, certainly no later than the end of 2017. Therefore your proposed changes would force drivers in my age group to pay for a licence that only could be partially used. I believe you should also consider the situation for all drivers in these economically uncertain times who could find themselves unemployed	This will be addressed at Licensing Committee. Although the new proposals are due to take effect from 1 April, your current renewal date will remain the same.

		after paying a relatively large amount of money for a licence they can not use. Your letter also implies that you are proposing to bring forward the licence renewal date to the 1 April. Could you please clarify if this is the case. I hope that after reading this and other letters, you will make suitable allowances for age and economic uncertainty and allow the continuation of yearly licences.	
8.	Andrew Smith	Absolute rubbish and I don't know who you are but stop keep thinking up all these silly ideas of how to keep getting extra money out of us ... that's what council tax is for lol.	Comment noted
9.	G Bone	I am writing to object to a variation in fees while it looks on paper we are making a saving of £15 over 3 years for our badge renewal I would like to know what the council would propose and promise to keep in future years as next year there won't be any cash injection into the coffers. Would this mean in three years' time we have to pay exorbitant fees to cover losses and is this just the way of introducing increases to our badge renewal when inflation is at an all time low. Also who is going to check and enforce over the 3 years that drivers are adhering to the rules of licensing since we no longer submit a yearly renewal of up to date information i.e driving convictions.	The cost of the licence has been calculated to reflect the actual service cost of issuing a licence. Monitoring of drivers will remain on an annual basis.
10.	Mr M Harwood	I would prefer to keep my license to a yearly fee, as I only drive part time as a school driver. Also as I am a pensioner it's easier on my budget. I am not a taxi driver any other time.	Legislation states that all drivers' licences shall be granted for 3 years. A lesser term may be given in exceptional circumstances. These circumstances will be addressed at Licensing Committee
11.	Mr M Brine	I do object to a 3 year licence on an age basis. For younger drivers it's probably ok but for any over the age of say 60 it is not a good idea as they may not be able to pass a medical 3 years on. So far this age group I think It should stay yearly.	This will be addressed at Licensing Committee
12.	Mr D Jewell	I object to paying the one off payment of £150.00 for a three year period, even though this offers a saving of £30.00. times are difficult in the town at the present time and with a number of taxis after the same fares, takings are scarce. Although this obviously saves on administration for the council, I would find it	There is no provision for a yearly payment plan

		extremely difficult to make this much larger one off payment. Therefore, I would prefer to continue to pay the yearly fee of £60.00 which I find more affordable. The only other option I would find acceptable is if the Council offer affordable monthly payment terms.	
13.	Mr Hunt	I am writing to you about the new proposed payment for the Hackney carriage licence. I would like to start by saying that I do not agree with the proposal and would like it to stay as it is. Last year a new £6 fee was brought in for yourselves to check our licence online and now 12 months later you are wanting to change it again, what is to say it will not change next year. My worry is once a 3 year licence is brought in,you(Great Yarmouth borough council) will not be having the money coming in from us taxi drivers for that period of time so and there is then room for you to decide that you could get some money from us by having us pay a fee in each of those years to renew the picture on our licence etc etc. I think that a option for us drivers would be a better move for you to take by ie 1 year licence at current price or 3 year licence at new proposed price, I don't find it fair that you are not giving us a choice and in a way saying like it or lump it. It is not fair on those older drivers that maybe want to retire in a year or so and to those that do not want to do this long term hence the 1 year or 3 year option. If the 3 year will be the only option those drivers who finish after a period of let's say 12 months will the difference(£100) be refunded? Thank you for taking the time to read this and a reply of acknowledgment would be appreciated. Just to clarify I do NOT agree with the new proposal	Legislation has stated that all drivers licences will be granted for 3 years. A lesser term may only be given in exceptional circumstances. There is no provision for a yearly payment plan.
14	Kevin Boyne	I wish to object to the proposed increase in the Driver`s licence fee for Hackney Carriage & Private Hire License , I accept the 3 year is a good idea but I can't see how the jump from £62 to £150 is justifiable I would propose the increase to £100 is more acceptable , With the current financial climate and the huge downturn in the offshore industry at present which is Yarmouth`s main employment area. I feel you need to take that into account as it will have a knock effect on	The cost of the licence has been calculated to reflect the actual service cost of issuing a licence.

		local suppliers. I would also like a breakdown in your costs on how you got to that figure for providing a licence.	
15.	Mr P Cutting	I am against the increase in fees & the introduction of a three year license which will result in drivers details not being checked yearly also there will be a no refund policy	Legislation has stated that all drivers licences will be granted for 3 years. A lesser term may only be given in exceptional circumstances. Annual checks on drivers will still be carried out.

Full Council

Minutes

Tuesday, 26 January 2016 at 19:00

PRESENT :

Councillor S Weymouth (in the Chair), Councillors Andrews, Annison, Bird, Carpenter, B Coleman, M Coleman, Collins, Connell, Cutting, Davis, Fairhead, Fox, Grant, Grey, Hanton, Jeal, Jermany, Jones, Lawn, Linden, Mavroudis, Myers, Plant, Pratt, Reynolds, Robinson-Payne, C Smith, J Smith, Sutton, Thirtle, H Wainwright, T Wainwright, Walker, Williamson and Wright

Also in attendance were:

Mrs S Oxtoby (Interim Chief Executive Officer), Mr C Skinner (Monitoring Officer), Mrs J Beck (Director of Customer Services), Mr R Read (Director of Housing and Neighbourhoods), Mrs K Watts (Transformation Programme Manager), Ms K Sly (Section 151 Officer) and Mr R Hodds (Cabinet Secretary).

1 DECLARATIONS OF INTEREST

There were no declarations of interest.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Blyth, Rodwell and Stenhouse.

3 PUBLIC QUESTION TIME

a) Question from Helen Farrow, Chair of Great Yarmouth Indoor Bowls Club:-

"The members of Great Yarmouth Indoor Bowls Club would like to ask the Council which of the various options available to them, they have decided to implement in the redevelopment of the Marina Centre. This decision is vital to the future of the bowls club moving forward, and it is essential we know as soon as possible, so we can plan our next season. We are also enquiring, should the Marina plans, despite our vigorous campaign, go against us remaining in the existing building, what is Council going to do about rehousing us elsewhere in the Borough?"

In response, the Cabinet Member for Environment reported that the decision on the redevelopment of the Marina Centre is a very important one for the Council in terms of its long term transformation programme. The aims of the Leisure Programme have been to create 21st century leisure facilities for the residents of the Borough whilst reducing the subsidy from the Council and ensuring the cost of redevelopment is met through increased revenue.

We recognise that in considering how to achieve our aims we may need to make some difficult decisions, to help us do that we have asked for design and financial details for a range of options for the Marina Centre and a Working Group of Members are currently considering these in advance of the Council being asked to make a final decision.

We appreciate that this is taking us longer than we originally envisaged and that this may have an impact on users being able to plan ahead. However, the decision will be one that will have a long term impact for the residents, the Council and the provision of leisure services. It is important therefore that we fully consider all of the options.

The decision will be inform by the Council's Sports Play and Leisure Strategy and should the decision that is taken impact on existing users the Council will work closely with them to look at alternative options.

In accordance with the Constitution, Helen Farrow was then entitled to ask a supplementary question as follows :-

"Does the Council not think that after 31 years of the Indoor Bowls Club operating from the Marina Centre that they should derive a benefit back from this use?"

In response, the Cabinet Member asked Helen Farrow to email him the details of this particular question and that he would respond as soon as possible.

b) Question from Mr J Cannell, Great Yarmouth Trades Council:-

"The characteristics of Great Yarmouth's economy include low wages, seasonal, part-time work and a dependency on welfare benefits such as in work tax credits.

Does the Leader of the Council believe that the introduction of a £8.25 living wage and the ending of the dependency on seasonal employment in favour of full-time, 52 weeks a year jobs would improve the local economy?

Do you agree that the Council should seek to ensure that rate payers money is not used to subsidise employers that offer zero hour contracts and that do not pay a living wage, that through doing so contribute to the poor state of the local economy?"

In response, the Leader reported that he agreed with the first question as outlined above as presented by Mr Cannell.

With regard to the second question the Leader reported that from April 2016 employers will be obliged to pay the National Living Wage. Although zero hour contracts are a feature of the wider economy, the Small Business, Enterprise and Employment Act 2015 prohibits enforcement of such contracts with exclusivity courses, meaning that workers are free to gain employment elsewhere should the hours of work on offer be too few.

In accordance with the Constitution, Mr Cannell was then entitled to ask a supplementary question as follows :-

Mr Cannell commented on his believe that the zero hour and living wage in Great

Yarmouth would be in the region of £8.17 per hour but following a ruling Her Worship the Mayor this was not deemed to be a question in accordance with the Constitution and Mr Cannell was therefore asked to cease his comments.

4 REPORTS TO COUNCIL FOR DECISION

a Honorary Aldermen

Council consider the Cabinet Secretary's report asking Council to agree to the appointment of Councillors Linden and Blyth and former Councillor Stone as Honorary Aldermen in accordance with the agreed criteria such appointment to be effective as from the 1st June 2016.

Proposer : Councillor Plant
Seconder : Councillor B Coleman

That Councillors Linden and Blyth and former Councillor Stone be appointed as Honorary Aldermen of the Borough of Great Yarmouth with effect from the 1st June 2016.

CARRIED

5 MINUTES

a) Minutes of Council of the 24th November 2015

The Mayor presented the Council Minutes for the 24th November 2015.

With regard to the issue regarding the terrorist incident in Paris the Shadow Leader asked that in future all letter of this nature should be copied to all Members of Council.

With regard to the item in respect of the Motions on Notice in respect of the British Steel Industry, Councillor B Coleman asked whether the Council has as yet received a response from the Prime Minister. The Cabinet Secretary reported to date that no response had been received.

b) Minutes of Council of the 21st December 2015

The Mayor presented the Council Minutes of the 21st December 2015.

With regard to the item in respect of the Arts, Culture and Heritage Investment 2015/16, the Shadow Leader asked whether the St Georges Theatre Trust had responded with regard to the Borough Council's request that the Council's representation be increased on the Theatre Trust.

Councillor B Coleman, in his capacity as Chairman of the Theatre Trust, reported that this matter would be considered by the Trustees at their meeting on the 4th February.

The Shadow Leader also referred to the discussion at Cabinet on the 11th November when the issue of grants to the Voluntary Sector had been discussed and that the issue of 12 month protection had been agreed and the Leader gave an assurance that this would be adhered to.

(Councillor Jeal declared a non pecuniary interest in the discussion on this matter in his capacity as a Member of a Voluntary Sector Organisation in the Borough).

With regard to the item in respect of the Budget Council meeting to be held on the 24th February 2016 Councillor Sutton asked whether the Budget papers would be ready for consideration at this meeting and the Leader gave his assurance that the necessary reports would be available.

c) Scrutiny Minutes - 3rd December 2015.

The Chairman of the Scrutiny Committee presented the minutes of the meeting held on the 3rd December 2015.

d) Audit and Risk - 7th December 2015

The Chairman presented the minutes of the meeting of the Audit and Risk Committee held on the 7th December 2015.

e) Cabinet - 9th December 2015

The Leader presented the minutes of the meeting held on the 9th December 2015.

6 MOTION ON NOTICE

Council considered the following Motion on Notice from Councillors Jeal, Pratt, T Wainwright, H Wainwright, Sutton and Williamson :-

"Norfolk Fire and Rescue proposals if implemented would see day time coverage in Gorleston and Great Yarmouth reduced to 2 whole time crews and one retained crew and night time cover reduced to one whole time crew and one retained crew. Night time cover will in effect be cut in half.

The loss of a whole time crew at night will inevitably lead to an increase in response times as retained crews take between 3 and 7 minutes longer (up to 7 minutes 20 seconds longer) to dispatch than whole time crews.

Modelling data in the proposals indicates this will lead to an increase in the loss of life the exact increase for our Borough is unclear as projections of 1.14 lives lost for the whole time and 0.51 lives lost for the retained reductions each year include other areas.

Norfolk County Council has saved over £245m in the last 3 years and through further cuts to Local Government funding is faced with finding a further £111m in savings. This is a result of the 29% cut at the Department for Communities and Local Government announced in November and agreed by Ministers that are being passed onto fire and local authorities. It is because of this pressure on its budget that Norfolk County Council finds itself in the unenviable position of considering cuts to one of the most efficient Fire and Rescue Services in England.

This Council recognises difficult decisions must be made as a result of Westminster imposed cuts however this Council resolves to write to the Leader of Norfolk County Council to object to the proposed reduction in fire crews and the loss of a fire tender from the Borough. That any reduction at our three fire stations of Martham, Gorleston and Great Yarmouth would lead to an increase in the risk to the lives of residents and visitors, that this is unacceptable and is opposed by this Council.

Furthermore it is noted that an one off grant from Norfolk County Council and DEFRA funded a flood risk capability in Norfolk, that in our "hour of need" during the storm surge of December 2013 deployed 17 specialist teams and has recently been commended for work in flood rescue in Northern England. This funding ends in 2017.

This Council resolves to write to Brandon Lewis MP to request that Norfolk's flood rescue capability is again supported through a grant from Government. Recognising the benefit and reassurance that such a capability brings to a community at risk of flooding."

In presenting the Motion Councillor Jeal asked the Council to give its full support to the details of the Motion now presented. Councillor Reynolds stated that he fully supported the Motions and referred to the likely growths in the Borough resulting in the need for further fire fighters.

The Leader reported that he fully supported both Motions and he proposed that with regard to the issue of the specialist teams that an addition be made to the Motion to state that whilst the funding ends in 2017 this should be extended beyond that date and that the specialist teams should be retained.

The Shadow Leader commented that this issue was about reducing cover for the fire service and was also about the degrading of the service provided by the Fire Brigade. Councillor Myers commented that this would be a cut to a important front line service.

Proposer : Councillor Jeal
Seconder : Councillor Williamson

1) That the Council resolves to write to the Leader of Norfolk County Council to object to the proposed reduction in fire crews and the loss of a fire tender from the Borough, and that any reduction in service at the 3 fire stations of Martham Gorleston and Great Yarmouth would lead to an increase in the risk to the lives' of residents and visitors and that this is unacceptable and is opposed by this Council.

2) Furthermore it is noted that a one off grant from Norfolk County Council and DEFRA funded a flood risk capability in Norfolk and that in our "hour of need" during the storm surge of 2013 deployed 17 specialist teams and has recently been commended for work in flood rescue in Northern England and that this funding should be extended beyond 2017 and that the specialist teams should be retained, and that the Council resolves to write to Brandon Lewis MP to request that Norfolk's flood rescue capability is again supported through a grant from Government recognising the benefit and reassurance that such capability brings to a community at risk of flooding.

CARRIED

7 INDEPENDENT REMUNERATION PANEL FOR MEMBERS ALLOWANCES

On reference from the Governance Committee of the 18th January 2016 Council was advised that Borough Council requires an Independent Remuneration Panel to give recommendations on the Members Allowances once the Constitution has been revised and adopted. North Norfolk District Council has already established an Independent Remuneration Panel and Council were asked to agree that this panel be asked to consider Members Allowances for Great Yarmouth Borough Council.

Councillor Sutton commented that in his opinion the Independent Remuneration Panel should include representation of local people from the Borough of Great Yarmouth. The Monitoring Officer clarified that the Independent Remuneration Panel remit would be to make recommendations to the Borough Council and that the final decision with regard to Members Allowances would rest with Council to decide.

Proposer : Councillor Plant
Seconder : Councillor T Wainwright

That approval be given to the establishment of an Independent Remuneration Panel, and that the already established North Norfolk District Council Panel be asked to consider Members Allowances for Great Yarmouth Borough Council.

CARRIED

8 MINUTES - PRIVATE ITEMS

Council agreed that the confidential minutes of Cabinet of the 9th December and Council of the 21st December 2015 be approved.

9 ANY OTHER BUSINESS

The Chairman reported that there was no other business as being of sufficient urgency to warrant consideration.

The meeting ended at: 19:50

Cabinet

Minutes

Wednesday, 10 February 2016 at 18:30

PRESENT :

Councillor Plant (in the Chair); Councillors Carpenter, B Coleman, Hanton, C Smith and Thirtle.

Councillors Grey, Sutton, Walker and Williamson attended as observers.

Also in attendance :

Mrs S Oxtoby (Interim Chief Executive Officer), Ms K Sly (Interim Section 151 Officer), Mrs J Beck (Director of Customer Services), Mr R Read (Director of Housing and Neighbourhoods), Mrs K Watts (Transformation Programme Manager), Mr R Hodds (Cabinet Secretary) and Mr D Wiles (Communications Officer).

1 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor T Wainwright.

2 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

3 MINUTES

The minutes of the meeting held 9 December 2015 were confirmed.

4 2016/17 BUDGET REPORT

Cabinet considered the Interim Section 151 Officer's report which presented for approval the 2016/17 Budget along with the latest financial projections for the following 3 years to 2019/20. The report includes details of the provisional finance settlement along with the key assumptions that have been made within the budget. The report also details a summary of the Medium Term Financial Strategy options that will be progressed over the short to medium term to reduce the forecast deficit.

The Council's budget is set for approval each year and is presented to Cabinet before recommendations are made to Full Council on the budget and the setting of Council Tax for the forthcoming year. The budget had been produced based on a number of assumptions as detailed within the Interim Section 151 Officer's report, and also reflected the provisional finance settlement announced on the 17 December 2015. The Cabinet Member (Resources) reported that the final settlement had been provided the day before and there were no changes tot he funding as included in the report. The Interim Section 151 Officer reported that the Council Tax increase flexibilities in the final settlement had been relaxed further which meant that GYBC could now increase by £5 in 2016/17 if approved, as opposed to previously the provisional settlement had allowed this flexibility to the bottom quartile of Councils. The report also recommends that the surplus for the year is allocated to the general reserve. The report also outlined the risks facing the Council in setting the budget and forecasting future spending plans and resources.

RESOLVED :

That Council be recommended to approve :-

(1) The 2016/17 Revenue Budget as detailed in Appendix A of the report.

(2) The surplus of £107,223 be allocated to the general reserve.

(3) The demand on the collection fund for 2016/17 will be :-

(a) £3,914,239 for District purposes
(b) £354,143 for Parish Precepts

(4) The statement of and movement of reserves as detailed in Appendix D of the report.

(5) The updated Capital Programme and Financing for 2015/16 to 2018/19 as detailed in Appendix E of the report.

(6) That an allocation of £1m from the general reserves be earmarked in an Invest to Save Reserve as detailed within the Interim Section 151 Officer's report.

(7) That Members note the current financial projections for 2017/18 to 2019/20.

(8) That delegated authority be given to the Chief Executive Officer to submit the Council's Efficiency Plan as required once further guidance is published and that the Council accepts the 4 year finance settlement as referred to within the Section 151 Officer's report.

5 GYCH HRA REVENUE BUDGET REPORT 2016/17 to 2020/21

Cabinet considered the Director of Housing and Neighbourhoods report which set out the Housing Revenue Account (HRA) Budget, Rent and Service Charge proposals for 2016/17, and the revised HRA forecast for 2015/16.

The Director of Housing and Neighbourhoods reported that over the last few days guidance had been received from the Government indicating that supported housing would be exempt from the first year of the 1% rent reduction. This was because Government had recognised the additional costs of supported housing and are to carry out a review in time to inform guidance for 2017/18.

RESOLVED :

That Council be recommended to :-

(1) Approve the draft budget estimates provided within the budget for the period 2016/17 to 2020/21.

(2) To approve the revised forecasts for 2015/16.

(3) To approve the proposed fees and charges for 2016/17.

(4) To review the Government proposals set out in the Welfare Reform and Work Bill 2015 and Housing Planning Bill which include the 1% decrease per year for 4 years.

6 GYCH - HOUSING MAJOR WORKS CAPITAL PROGRAMME 2016/17 to 2020/21

Cabinet considered the Director of Housing and Neighbourhoods report which provided estimates in respect of the Housing Revenue Account (HRA) Major Works Capital Programme 2016/17 to 2020/21.

RESOLVED :

That Council be recommended to :-

(1) Approve the proposed Housing Major Works Capital Programme Budget and Programme for 2016/17 and the provisional Programme for 2017/18 to 2020/21.

(2) Approve the revised forecast programme for 2015/16.

7 TREASURY MANAGEMENT STRATEGY

Cabinet considered the Group Manager (Resources) report on the Treasury Management Strategy 2016/17.

RESOLVED :-

That Council be recommended to :-

(1) Approve the Treasury Management Strategy for 2016/17.

(2) Approve the Prudential indicators and limits for the 3 year period 2016/17 to 2018/19 as detailed in the Group Manager's report.

(3) To approve Minimum Revenue Provision Statement.

(4) To approve the Annual Investment Strategy.

8 BUDGET MONITORING PERIOD 9

Cabinet considered the Interim Section 151 Officer's report on the 2016/17 Period 9 Budget Monitoring Report. Members were advised that the Monitoring Report would be considered by the Scrutiny Committee at its meeting on the 25 February 2016.

RESOLVED :

That the 2016/17 Period 9 Budget Monitoring Report be received.

9 HER MAJESTY THE QUEEN'S 90TH BIRTHDAY CELEBRATIONS

Cabinet was advised as part of Her Majesty the Queen's birthday celebrations on the 21 April 2016 the Beacon on the seafront would be lit on the evening of the 21 April. Cabinet was asked whether the Borough Council would wish to sponsor a firework display at a cost of approximately £1500 on the same evening.

RESOLVED :

That no action be taken to fund a firework display on the evening of the 21 April 2016.

The meeting ended at: 19:10

Audit and Risk

Minutes

Tuesday, 02 February 2016 at 18:30

PRESENT :

Councillor Grey (in the Chair); Councillors Grant, Jeal, Walker and Williamson.

Ms K Sly (Section 151 Officer) and Mrs S Wintle (Members Services Officer)

Ms E Hodds (Internal Audit Consortium Manager)

Mrs T Myer and Mrs L Snow (Ernst & Young LLP)

DECLARATIONS OF INTEREST

It was reported that there were no Declarations of Interest declared at the meeting.

APOLOGIES FOR ABSENCE

It was noted that there had been no apologies for absence received.

MINUTES

The Minutes of the meeting held on 7 December 2015 were confirmed.

INTERNAL AUDIT RECOMMENDATIONS

The Committee received and considered the comprehensive report from the Internal Audit Consortium Manager.

The Internal Audit Consortium Manager reported that her report reflected the progress made in relation to management implementation of agreed audit recommendations falling due between the 1 October and 31 December 2015.

The Internal Audit Consortium Manager reported that as at the 31 December 2015 there were a total of 37 recommendations outstanding; 19 of which had previously been reported the the Committee. In addition it was reported that there were 43 that were currently work in progress but that are not yet due for implementation and in addition 13 audits were still to be completed which related to the 2015/16 financial year.

It was noted that progress had been made by the 31 December 2015 with 39 other recommendations being closed.

A Member raised concern in regard to Services completing there audit recommendations and asked whether these could be implemented as part of Management Performance Measures, the Director of Housing and Neighbourhoods confirmed that Group Managers had Audit Recommendations within their reviews.

A Member asked in relation to progress with the recommendations set for the Markets, and was advised that there was ongoing work in progress being led by the Transformation Programme Manager.

RESOLVED :

That the Committee receives and notes the current position in relation to the completion of agreed audit recommendations.

STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS

The Committee received and considered the comprehensive report from the Internal Audit Consortium Manager.

The report provided a high level overview of the stages followed prior to the formulation of the Strategic Internal audit Plan for 2016/17 to 2018/19 and the Internal Audit Plan for 2016/17.

A Member asked in relation to the Contract Audit which Leisure provider was being used and was advised that this was Sentinel Leisure Trust.

Members requested that the IT contract held with Norfolk County Council be reviewed in 2016/17. The Internal Audit Consortium Manager agreed to allocate part of the 30 days set aside for IT to cover this request.

RESOLVED :

(i) That the Committee notes and approves the following :

- The Internal Audit Charter for 2016/17
- The Internal Audit Strategy for 2016/17
- The Strategic Internal Audit Plan 2016/17 to 2018/19
- The Annual Internal Audit Plan 2016/17.

(ii) That the Committee notes the performance measures for the Internal Audit Contractor.

(iii) That an amendment be made to the Strategic and Annual Internal Audit Plans to include a review of the IT Contract held with Norfolk County Council, as part of the 30 day audit allowance for IT.

WHISTLEBLOWING, ANTI FRAUD, ANTI MONEY LAUNDERING, CORRUPTION AND BRIBERY POLICIES

The Committee received and considered the revised Whistleblowing Policy, Anti

Fraud, Corruption, Bribery Policy and Anti-Money Laundering Policy report from the Internal Audit Consortium Manager.

RESOLVED :

That the Audit and Risk Committee note the changes to the Whistleblowing Policy, Anti Fraud, Corruption, Bribery Policy and Anti-Money Laundering Policy and endorse the sending of the above Polices to Council.

RISK MANAGEMENT FRAMEWORK

The Committee received and considered the comprehensive report from the Corporate Risk Officer.

The Internal Audit Consortium Manager reported that the report had been endorsed by the Executive Management Team.

RESOLVED :

That the Committee approve the revised Risk Management Framework.

CODE OF CORPORATE GOVERNANCE

The Committee received and considered the comprehensive report from the Interim Head of Finance.

The Internal Audit Consortium Manager reported that David Johnson (nplaw) had made a recommendation that the following be added to the Code of Corporate Governance Report :-

1.4 To delegate to the Chief Executive Officer the power to make such changes to the Code of Corporate Governance as are necessitated by the Council's change to a Committee System from May 2016.

A Member asked in relation to the need for a Standards Committee. The Committee agreed that a letter should be sent to the Chief Executive Officer to ask if it is legally necessary to have a Standards Committee.

RESOLVED :

That the Committee approve the updated Code of Corporate Governance and that the recommendation above from David Johnson (nplaw) be included.

That a letter be sent to the Chief Executive Officer as outlined above.

CORPORATE RISK REGISTER

The Committee reviewed and considered the comprehensive report from the Corporate Risk Officer.

The Internal Audit Consortium Manager reported that the Corporate Risk Register had been reviewed by the Executive Management Team.

It was reported that there were 15 risks that were not within the risk appetite, although action plans had been put in place to reduce the current scores.

RESOLVED :

That the Audit and Risk Committee reviewed and considered the Corporate Risk Register to determine whether the register correctly reflected the risks affecting the Authority.

EXTERNAL AUDIT RECOMMENDATIONS

The Committee received and noted the comprehensive report from the Corporate Risk Officer.

The Section 151 Officer reported that her report reflected the latest progress made in relation to management implementation of external audit recommendation with an implementation date of 30 December 2015 or before.

Concern was raised in regard to the requirements from Norfolk County Council for IT improvements , it was noted that a recommendation had been agreed to review this as part of the Internal Audit Plan 2016/17.

Members raised concern with regard to the capacity of the Finance department, the Section 151 Officer reported that there was currently one vacant post within the section. A Member asked for assurance regarding the capacity of the Finance team, the Chairman asked the Section 151 Officer for a report in regard to assurance and capacity of work for the departments to include priorities and strategies that had been put in place to be brought to the next Committee meeting.

RESOLVED :

That the Committee received and noted the current position in relation the the completion of audit recommendations.

CONTRACT STANDING ORDERS

The Committee considered the Director of Housing and Neighbourhood's report which asked Members to note the significant changes to the Contract Standing Orders.

A Member asked in relation to the website link for Small Businesses, it was advised that it was not yet available on the GYBC website but would be imminently.

RESOLVED :

That the Committee noted the significant changes to the Contract Standing Order and endorsed the adoption of the revised content.

ANNUAL CERTIFICATION REPORT

The External Auditor summarised the results of the work carried out on GYBC's 2014/15 Housing Benefit Claims.

The External Auditor passed thanks on to the Benefits department for their co-operation throughout the audit.

ANNUAL AUDIT LETTER

The External Auditor reported on the Annual Audit Letter which pointed out key issues most significant to Great Yarmouth Borough Council. It was reported that there had been a delay in the sign off due to the capacity within the Finance Team.

The External Auditor reported on the two main challenges for the Council :-

i) Highways Network Asset (Formerly transport Infrastructure Assets)
ii) Earlier deadline for production and audit of the financial statements from 2017/18.

The External Auditor passed thanks to the Finance Team for their co-operation during the audit process.

ANY OTHER BUSINESS

The Chairman reported that there was no other business as being of sufficient urgency to warrant consideration.

The meeting ended at: 19:35