



**GREAT YARMOUTH**  
BOROUGH COUNCIL

# Council

**Date:** Thursday, 20 February 2020  
**Time:** 19:00  
**Venue:** Council Chamber  
**Address:** Town Hall, Hall Plain, Great Yarmouth, NR30 2QF

## AGENDA

Open to Public and Press

### 1 APOLOGIES FOR ABSENCE

To receive any apologies for absence.

### 2 DECLARATIONS OF INTEREST

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

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

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

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

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

**3     ITEMS OF URGENT BUSINESS**

To consider any items of urgent business.

**4     MAYORS ANNOUNCEMENTS**

To receive announcements from His Worship the Mayor.

**5     MINUTES**

**5 - 15**

To confirm the minutes of the meeting held on the 19 December 2019.

**6     QUESTIONS FROM THE PUBLIC**

The following question has been submitted to the Leader of the Council from Mr J Cannell, Great Yarmouth & District Trades Union Council.

The Great Yarmouth & District Trades Union Council would wish to seek assurances over the drinking water quality within the Borough in view of agricultural practices used for the production of salad crops on land surrounding the Trinity Boards where our drinking water supply is extracted from.

These crops are subject to a high element of spraying with insecticide and irrigation which directly flows into the broads system.

When recently silt was removed from the broad, it had to be spread on the land at low level because of the level of chemicals contained within it.

The Trades Council request that the Borough Council join in a campaign to improve the quality of water in the broads along with other environmental groups.

**7     CORPORATE PLAN 2020-2025**

**16 - 34**

Report attached.

<b>8</b>	<b><u>FINAL DRAFT LOCAL PLAN PART 2 - PUBLICATION AND SUBMISSION</u></b>	<b>35 - 44</b>
	Report attached. Appendices to the Local Plan Part 2 report can be found at the foot of the CMIS page as follows :- <ul style="list-style-type: none"> <li>• Attachment 1 Local Plan Part 2 Final Draft</li> <li>• Attachment 2a Sustainability Appraisal Report</li> <li>• Attachment 2b Sustainability Appraisal appendix</li> <li>• Attachment 3 Habitat Regulations Assessment</li> <li>• Attachment 4 Consultation Statement</li> <li>• Attachment 5 Equality Impact Assessment</li> <li>• Attachment 6 Draft Policies Map</li> </ul>	
<b>9</b>	<b><u>SERVICE COMMITTEE DECISION LIST FOR THE PERIOD 27 NOVEMBER 2019 TO 23 JANUARY 2020</u></b>	<b>45 - 50</b>
	Report attached.	
<b>10</b>	<b><u>GOVERNANCE REVIEW</u></b>	<b>51 - 67</b>
	Report attached.	
<b>11</b>	<b><u>PAY POLICY STATEMENT 2020/21</u></b>	<b>68 - 74</b>
	Report attached.	
<b>12</b>	<b><u>HOUSING REVENUE ACCOUNT BUDGET SETTING 2020/21</u></b>	<b>75 - 97</b>
	Report attached.	
<b>13</b>	<b><u>TREASURY MANAGEMENT STRATEGY 2020/21</u></b>	<b>98 - 114</b>
	Report attached.	
<b>14</b>	<b><u>2020/21 BUDGET REPORT</u></b>	<b>115 - 171</b>
	Report attached.	

**15     COUNCIL TAX SETTING 2020/21**

**172 -  
183**

Report attached.

**16     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.

**17     EXCLUSION OF PUBLIC**

In the event of the Committee wishing to exclude the public from the meeting, the following resolution will be moved:-

"That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 1 of Part I of Schedule 12(A) of the said Act."

**18     CONFIDENTIAL SERVICE COMMITTEE DECISION LIST FOR  
THE PERIOD 27 NOVEMBER 2019 TO 23 JANUARY 2020**

Details

# Council

## Minutes

Thursday, 19 December 2019 at 19:00

Present :-

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

Also in attendance :-

Mrs S Oxtoby (Chief Executive Officer); Ms C Whatling (Monitoring Officer); Mrs K Sly (Finance Director); Mrs N Turner (Director of Housing); Mr J Wilson (Head of Environmental Services); Mr J Williams (Community Protection Manager) and Mrs S Wintle (Corporate Services Manager)

### **1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Hacon, B walker, C Walker, C M Walker and Williamson.

### **2 DECLARATIONS OF INTEREST**

Councillor Wells declared a personal interest in the item 9 in his capacity as a Director of the Great Yarmouth Preservation Trust.

Councillor Fairhead declared a personal interest in the item 9 in her capacity

as a Director of the Great Yarmouth Preservation Trust.

Councillor Freeman declared a personal interest in the item 9 in his capacity as a Director of the Great Yarmouth Preservation Trust.

Councillor Jeal declared a personal interest in the item 6 with regard to Voluntary Sector Grants.

Councillor Scott-Greenard declared a personal interest in the item 6 with regard to Voluntary Sector Grants

### **3 URGENT ITEMS OF BUSINESS**

His Worship the Mayor advised that he had been made aware of three items of urgent business for the meeting as follows :-

(1) Housing Allocations Scheme.

Councillor Grant as Chairman of the Housing and Neighbourhoods Committee reported to Council that a new proposed Housing Allocations scheme had been produced to replace the current scheme which was no longer meeting the requirements of the Council. The new scheme had a number of differences to the existing scheme which are designed to improve the allocation process and address current issues of low demand properties. To maximise the effective use of the affordable housing stock, the scheme includes a transfer quota to increase the number of tenants who are able to move through the scheme.

Councillor Grant advised that the Housing and Neighbourhoods Committee recommended that Council approved and adopts the Housing Allocations Scheme with two changes, firstly that the residence qualification criteria was changed from one year's residence to residence of three out of five years and secondly that the scheme is clearer that applicants who need help to apply online will be supported to do so. These changes had been made to the scheme and he therefore proposed that Council approve and adopts the Housing Allocations Scheme.

Proposer : Councillor Grant

Seconder : Councillor Flaxman-Taylor

That the Housing Allocations Scheme be approved and adopted.

**CARRIED**

(2) Strategic Director Appointments

Council considered the Chief Executives report which sought ratification of the

recommendations from the Employment Committee following the recruitment and selection process undertaken by the Committee for the post of Strategic Director.

It was recommended that Paula Boyce be appointed as Strategic Director.

Proposer : Councillor Smith

Seconder : Councillor Wainwright

That Paula Boyce be appointed as Strategic Director.

**CARRIED**

(3) Service Committee Decision List - Housing and Neighbourhoods 16 December 2019

His Worship advised that this item would be discussed alongside the Service Committee Decision List.

#### **4 MAYORS ANNOUNCEMENTS**

His Worship the Mayor advised Members that following the Council meeting all Members were invited to join His Worship for drinks and refreshments in the Assembly Room.

His Worship the Mayor commented on the recent passing of Ernie Childs and suggested that a Bronze be considered in memory, his Worship suggested that crowd funding be looked into. The Chief Executive suggested that this matter be looked into and a report be brought back to the next meeting of Council.

His Worship the Mayor passed on his thanks to Neil Shaw (Strategic Director) for his work undertaken during his time at the Council and wished him good luck in his new position.

#### **5 MINUTES**

Proposer : Councillor Smith

Seconder : Councillor Plant

That the minutes of the meeting held on the 7 November 2019 be confirmed.

**CARRIED**

## **6 PROPOSAL TO RENEW PUBLIC SPACES PROTECTION ORDER NO.2**

Council considered the Community Protection Manager's report which asked Members to consider renewal of the Public Spaces Protection Order No.2 for a further 3 years.

The Community Protection Manager reported that current Great Yarmouth Borough Council Public Spaces Protection Order No. 2 (the Order) was introduced in 2017 to tackle vehicle related anti-social behaviour. He advised that the Order was due to expire on the 2 February 2020.

Members were advised that following a consultation exercise with the police, public and businesses, it was evident that the Order had, had a positive impact on reducing vehicle-related anti-social behaviour and that stakeholders would like to see the Council renew the Order for a further 3 years.

Proposer : Councillor Bird

Seconder : Councillor P Carpenter

That the Council agree to the renewal of Public Spaces Protection Order No.2 for a further 3 years.

CARRIED

## **7 SERVICE COMMITTEE DECISION LIST FOR THE PERIOD 5 SEPTEMBER TO 26 NOVEMBER 2019**

Council considered the Service Committee Decision List for the period 5 September to 26 November 2019.

Proposer : Councillor Smith

Seconder : Councillor P Hammond



That the Service Committee Decision List for the period 5 September to 26 November 2019 be approved.

CARRIED

Service Committee Decision List - Housing and Neighbourhoods 16 December 2019.

Council considered the Service Committee Decision List for the Housing and Neighbourhoods Committee of the 16 December 2019.

Councillor Grant advised that he wished to propose an amendment to the decision made by the Housing and Neighbourhoods Committee on the 16 December with regard to the Voluntary, Community and Social Enterprise Grant Process 2020/21. Councillor Jeal and Councillor Scott-Greenard hereby left the meeting whilst discussion with regard to this item took place. Councillor Smith hereby took the Chair for this item.

Councillor Grant proposed an amendment to the decision as follows :-

That the Committee agree to option 1 as detailed within the Community Development Manager's report which had been detailed to the Housing and Neighbourhoods Committee and revoke the original decision of option 2.

Seconder : Councillor Flaxman - Taylor

That the amendment be approved

CARRIED

## **8 BULKY WASTE SERVICE CHARGES**

Council considered the Head of Environmental Service's report which asked Council to consider the approval of a number of recommendations.

Councillor T Wright commented on the report and asked that Members consider referring the matter back to the Policy and Resources Committee for further work to be undertaken on the charging structure. Councillor Wright raised some concern with regard to the proposed charging structure in that he felt the majority of collections were for 1 item collections only and therefore if the proposed structure was approved this would see a significant increase and he commented that this may lead to items being left in gardens as residents may not be able to afford to have collections, he further commented that the collections should be a service and not a business and therefore proposed that this matter be referred back to the Policy and Resources Committee for further work to be undertaken on the charging structure.

Councillor Talbot raised concern with regard to the proposed increase in 1 item collections and commented that she also felt this could encourage items

to be left in the gardens If residents could not afford to have items removed.

Councillor Plant reminded Members that that the charging structures for Bulky Waste had not been reviewed for a number of years.

Proposer : Councillor T Wright  
Seconder : Councillor Wainwright

That this item be referred back to the policy and Resources Committee for further work to be undertaken on the charging structure.

LOST

Proposer : Councillor Smith  
Seconder : Councillor Plant

That the following recommendations be approved :-

- (1) April 2020/21 fees and charges for the Bulky Waste service are set at £20 for 1-3 items and £40 for 4-6 items.
- (2) To include the revised charging structure for the Bulky Waste service within the existing fees and charges list for the Council to review annually in line with the Council's fees and charges policy from 21/22 onwards.
- (3) To develop a cost effective service for local communities and landlords for large collections such as after a tenant has vacated a house.

CARRIED

## **9 ST GEORGES TRUST - LIAISON BOARD**

Council considered the Head of Inward Investment's report which asked Members to consider the creation of St George's Trust Liaison Board in accordance with the Terms of Reference.

Councillor Smith proposed the following Members to sit on the Board :-

Councillor Plant

Councillor Wainwright proposed the following Members to sit on the Board :-

Councillor T Wright

Proposer : Councillor Smith

Seconded : Councillor Wainwright

That approval be given the creation of a St George's Trust Liaison Board and that Councillors Plant and T Wright be appointed as Members of the Board.

CARRIED

**10 LOAN TO GREAT YARMOUTH PRESERVATION TRUST TO PURCHASE  
14 KING STREET GREAT YARMOUTH**

Council considered the Heritage Culture and Design Manager's report which recommended the decision to offer Great Yarmouth Preservation Trust a £230,000 loan to purchase 14 King Street (Greenwoods), to repair and convert the building into a Heritage Centre / Tourist Information Centre with residential unit above. Thereby supporting the aims of the Future High Streets Fund initiative.

Proposer : Councillor Smith

Seconded : Councillor Wainwright

That approval be given to the proposal to offer a further loan facility to GYPT to purchase No 14 King Street and approve the establishment of a capital budget of £230,000 subject to providing a full specification for repair and reuse, together with a clear business plan.

CARRIED

**11 COUNCIL TAX SUPPORT SCHEME 2020**

Council considered the Head of Customer Services report which sought decision and approval of the 2020 Local Council Tax Support Scheme.

Proposer : Councillor Smith

Seconded : Councillor P Hammond

That approval be given to the following recommendations :-

To continue with the existing scheme for 2020 - a maximum award of 91.5% of the Council Tax Liability for Working Age but including:

- 1) The introducing a flat rate non-dependant deduction of £5.00 per week
- 2) A self-employed minimum income floor based on the minimum wage for existing council tax support recipients.

- 3) Extend the period of backdated council tax support to 12 months, with discretion for a longer period under exceptional circumstances
- 4) To combine smaller adjustments of council tax support entitlement until such a time that a revised Council Tax bill should be practically issued

CARRIED

## **12 COUNCIL TAX DISCOUNTS 2020-21**

Council considered the Revenues Manager's report which asked Council to approve the levels of Council Tax Discount to be applied for 2020/21.

Proposer : Councillor Smith

Seconder : Councillor Plant

That approval be given to the following :-

- 1) The council tax discounts as shown in Section 3.1 of the Revenue Manager's report which will apply for 2020/21
- 2) Approval in principle to adopt the discount changes in section 2.3 of the Revenue Manager's report for the future years, subject to recommendations and approvals each year.

CARRIED

## **13 COUNCIL TAX - TAX BASE 2020**

Council considered the Revenue Manager's report which asked Members to consider approval of the calculation of the 2020/21 tax base totalling 29,048, this is the total number of domestic properties in the Borough using Band D as the average property band.

Proposer : Councillor Smith

Seconder : Councillor Annison

That the estimated tax bases for the Borough and for each parish, as shown within Appendix A of the Revenues Manager's report be approved.

CARRIED

## **14 FEES AND CHARGES POLICY 2020-21 TO 2024-25**

Council considered the Finance Director's report which recommended the fees and charges policy for the period 2020/21 to 2024/25.

Members were advised that the current policy was introduced in 2015/16 and covered the period up until the current financial year. Income from fees and charges provide Local Authorities with funds for the provision of services and should be kept under regular review. The updated policy provides the framework within which fees and charges should be considered for approval.

Proposer : Councillor Smith

Seconder : Councillor Stenhouse

That approval be given to the revised fees and charges policy 2020/21 to 2024/25.

CARRIED

## **15 MEDIUM TERM FINANCIAL STRATEGY 2020-21**

Council considered the Finance Director's report which presented an updated medium-term financial strategy for 2020/21. Members were advised that the strategy had been updated to support the Corporate Plan and would be used to inform the detailed budget for 2020/21.

Proposer : Councillor Smith

Seconder : Councillor Lawn

That the following be agreed :-

- (1) The updated Medium-Term Financial Strategy;
- (2) The current financial forecast for 2020/21;
- (3) The revised reserves statement as included at Appendix B to the financial strategy
- (4) That Great Yarmouth Borough Council takes part in the Norfolk Business Rates Pool for 2020/21.

CARRIED

## **16 REVIEW OF THE TWO DAY MARKET FEES**

Council considered the Head of Property and Asset Management's report which recommended the fees and charges for January 2020 to April 2020/21 for the two day Markets.

Councillor Wainwright proposed an amendment to the recommendations as follows :-

That approval be given to the January 2020 to April 2020/21 fees and charges for the two day Markets at a rate for permanent traders of £0.50 per foot, but that this be backdated to April 2019.

Seconder : Councillor Robinson-Payne

LOST

Proposer : Councillor Smith

Seconder : Councillor Candon

That the following recommendations be approved :-

(1) January 2020 – April 2020/21 fees and charges for two day Markets. Rate for permanent traders of £0.50 per foot (depth calculations will remain unchanged) with a 50% addition for casual traders.

(2) Fixed rate daily electricity charge of £3.

CARRIED

## **17 FEES AND CHARGES BEACH HUTS**

Council considered the Head of Property and Asset Management's report which sought approval of the rental and sale options for the Beach Huts located on the Lower Promenade, Gorleston-on-sea.

Proposer : Councillor Smith

Seconder : Councillor D Hammond

That approval be given to the rental and sale options for the Beach Huts located on the Lower Promenade, Gorleston-on-Sea.

CARRIED

## **18 ANY OTHER BUSINESS**

There was no other business to be discussed.

## **19 EXCLUSION OF PUBLIC**

RESOLVED :

"That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 1 of Part I of Schedule 12(A) of the said Act."

**20 CONFIDENTIAL BEACH HUT FEES AND CHARGES APPENDIX**

Council noted the contents of the confidential appendix.

**21 CONFIDENTIAL SERVICE COMMITTEE DECISION LIST FOR THE PERIOD 18 OCTOBER 2019 to 26 NOVEMBER 2019**

Proposer : Councillor Smith

Seconder : Councillor Plant

That the Confidential Service Committee decision list for the period 18 October to 26 November 2019 be approved.

CARRIED

**22 CONFIDENTIAL MINUTES**

Proposer : Councillor Smith

Seconder : Councillor Plant

That the confidential minutes of the meeting held on the 16 December 2019 be approved.

CARRIED

The meeting ended at: 21:00

Subject: Corporate Plan 2020 - 2025

Report to: Council – 20 February 2020

Report by: James Wedon – Senior Performance and Data Protection Officer

## **SUBJECT MATTER/RECOMMENDATIONS**

A new Corporate Plan (2020-2025) has been created to give a strategic vision, context and priorities for the organisation for a five year period.

### **RECOMMENDATION**

That Council be asked to formally endorse The Plan 2020 – 2025 for adoption as the Council's strategic mandate.

## **1. INTRODUCTION/BACKGROUND**

- 1.1. The Council's Corporate Plan sets the strategic context and priorities for the organisation for a five-year period. The current plan which was adopted in September 2015 is due to end.
- 1.2. Therefore, the Council has developed a new Corporate Plan for the period 2020 to 2025 which sets out the Council's vision for the next five years. The vision will be delivered by driving change in four priority areas

## **2. MAIN BODY**

- 2.1 In producing the Corporate Plan (2015-2020) the Council considered a range of issues and evidence. In addition a Member workshop was held on the 1<sup>st</sup> October 2019 as well as staff consultation. Following this process, a new Corporate Plan has been developed "The Plan 2020 – 2025" which creates a cohesive vision for the Borough covering the period 2020 - 2025 along with identifying the Strategic Priorities required to deliver the vision.
- 2.2 The proposed Corporate Plan (2020-2025) was considered by the Policy and Resources Committee at its meeting on the 26th November 2019 and approval was given to the final draft version of the Plan 2020-2025 for consultation with Key Stakeholders.



- 2.3 Following approval consultation was undertaken with Key Stakeholders from December 2019 to January 2020. As part of the consultation Stakeholders were invited to submit comments on “The Plan 2020- 2025”.
- 2.4 At the end of the consultation period two responses had been received, one from the Environment Agency and the other from the Great Yarmouth Civic Society. The comments received are detailed in Appendix 1 along with a formal response from the Council. Feedback received has been helpful in shaping the Annual Action Plan for 2020-2025.
- 2.5 On adoption of the Corporate Plan, the Council will produce an Annual Action Plan describing the work that the Council will undertake during the year. The Annual Action Plan will be submitted to the Policy & Resources Committee for approval in May 2020.
- 2.6 Service Improvement Plans will also be developed by each Head of Service by the 30<sup>th</sup> April 2020, together with the Annual Action Plan, these will feed into the Performance Review process for staff.
- 2.7 Members are asked to note the comments detailed within Appendix 1 and endorse “The Plan 2020 – 2025” as the Councils strategic mandate.

### **3 FINANCIAL IMPLICATIONS**

None

### **4 RISK IMPLICATIONS**

None

### **5 CONCLUSIONS**

The Council’s Corporate Plan (2020-2025) has been shaped through consultation and sets out sound strategic context and priorities for the timeframe.

### **6 RECOMMENDATIONS**

That Council formally endorse The Plan 2020 – 2025 for adoption as the Councils strategic mandate.

### **7 BACKGROUND PAPERS**

None

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

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

## The Plan 2020 – 2025 Consultation Feedback

Feedback	Council response
<b>Improved Housing and Strong Communities</b>	
<p>The number of people sleeping in the open is increasing and the Council needs to work with the churches and charities to tackle this problem. The situation is bad for the people involved and is not a good advertisement for the Borough.</p>	<p>The Council is working proactively with both statutory and voluntary organisations and groups including local church groups to support rough sleepers into accommodation. Reducing the number of rough sleepers across the borough is a priority for the Council.</p>
<p>Communities and Neighbourhood Watch Committees could help communities to be self-sufficient and develop pride in their communities. The plan needs to emphasise that the community and the Council must work together and it should not be a “them and us”. There must be greater emphasis on how the two can work together and take pride in the Borough.</p>	<p>We facilitate 3 neighbourhood partnership boards where residents and wider community representatives take the lead on shaping agendas and services, to best meet and address local priorities. As part of this work we also provide development support to community groups and organisations across the borough, enabling them to explore ideas, set up projects, access funding, etc in order to become more self-sufficient and develop local pride. By providing the right support, and through creating an enabling environment, our aim is that communities will feel empowered to work collaboratively with each other, with the council and with other partners, to create strong and healthy communities.</p>
<p>We would ask that Great Yarmouth to consider the delivery of new homes against their aspiration relating to carbon, CO<sub>2</sub> emissions and a changing climate</p>	<p>The Borough Council has a requirement to meet its identified housing needs and is working proactively to achieve this. Through the adopted Local Plan Core Strategy, the Borough Council is seeking to minimise impacts on climate change by suitably locating developments and encouraging the use of renewable and low carbon energy. Policy CS13 of the Strategy and the emerging Local Plan Part 2 ensure that people, homes and properties are protected from the risks of flooding and coastal change, also taking account of the impacts from climate change. The Borough Council is working with other authorities (at a Norfolk-wide level) to investigate how planning can better address some of the causes of CO<sub>2</sub> emissions and make adaptations which will reduce overall vulnerability to the effects of climate change. The Borough Council will continue to work effectively with partners and communities to help in addressing the impacts of emissions and climate change, while meeting its housing needs.</p>
<p>We would urge Great Yarmouth Borough Council to align the regeneration and refurbishment of its largest housing estates with embracing a changing climate and recognise the opportunity to</p>	<p>In undertaking the refurbishment and regeneration of the Council's homes we will seek to improve the energy efficiency and thermal comfort as part of a package of improvement works to the homes.</p>

address some of the more energy inefficient properties and therefore the greatest contributors to climate change.	A pilot of such an approach on six homes is currently underway.
<b>A Quality and sustainable environment</b>	
We would ask Great Yarmouth to consider how they “Play an important local role in enhancing environmental sustainability, using resources more efficiently, recycling more and promoting the use of ‘green energy’. Increasing recycling rates is to be encouraged but overall reduction in waste would be welcome as there is still an impact in the recycling process which can be avoided if it isn’t generated and reduction and reuse takes place within the domestic environment	<p>The Council see its role to get its own house in order around operating in a more sustainable way and the promoting this ethos across the Borough, working with local businesses and residents.</p> <p>The Council has a number of plans working as part of the Norfolk Waste partnership to deliver the governments ambitions around waste reduction and increased reuse and recycling.</p>
Over the last three years (2016/17 to 2018/19) the Borough's recycling rate has declined from 33.3% to 29%, and down to 313 <sup>th</sup> from 290 <sup>th</sup> in the national recycling league table. GYBC needs to understand why the recycling rate has declined, and only then will they be able to improve things.	<p>The Council works across the County as part of the Norfolk Waste Partnership, a number of studies to understand this issue have been undertaken and the Council is looking to learn these lessons and implement their findings across the Borough to improve the recycling rate.</p> <p>We will produce a toolkit for officers to use across different areas of the Borough dependant on the barriers to recycling.</p>
GYBC needs to raise awareness of the link between climate change and waste. It needs to put in measures not only to increase the recycling rate but to move waste up the waste hierarchy, seeing it as a resource by promoting the circular economy in the business sector.	The Council is developing an Environmental Strategy which will include both climate change and waste themes. Moving waste up the hierarchy will be a key aspect to this work, and we are working in partnership to look at the circular economy within the tourist trade, through a FACET project.
We are not sure how the strategic priorities for “A quality and Sustainable Environment” will deliver the outcome of – Our coastline and inland water will be managed in an environmentally focused and holistic way	
We would welcome a clear statement that historic contamination will be fully addressed as part of any redevelopment proposals.	<p>Land Contamination will be addressed as part of any redevelopment proposal as through the planning process Environmental Services are statutory consultees and would ensure land is fit for its proposed use.</p> <p>The Council also has a contaminated and inspection strategy which outlines how the Council will compete its statutory duties to deal with historical land contamination.</p>
It would be beneficial if Great Yarmouth Borough Councils aspiration to lead by example through its work on tackling carbon reduction and the challenges associated with climate change was expanded further.	The Councils carbon reduction plan will look at the wider community of the borough and how we can target or influence specific areas of concern. Through the Councils statutory obligation to monitor air

and clarified specifically in terms of focus. Carbon embedded or otherwise is different to Green House Gas emissions associated with transport and energy production which are two of the major contributors to CO2 emission levels in Great Yarmouth.	quality we have a good understanding of the pollution levels and issues across the borough and these 2 pieces of work would be closely linked in the future.
We need to “clean up, green up and light up” the borough. Owners of properties need to be responsible for their properties as well as the pavement and gutter outside them. The roads, pavements, grass verges, flower beds and parks need to be well maintained, we need to plant more trees and to provide planters and hanging baskets throughout the area. The Council needs to develop policies to discourage the dropping of litter and cigarette butts and should aim to illuminate all heritage buildings, the town wall and the bridges leading into the town.	The Council is undertaking a review of its street cleaning regime, looking at how we keep our streets clean and what we can do differently to make a difference. This will include campaign around littering and will focus on education, information and enforcement.
<b>An Efficient and Effective Council</b>	
This is essential and the council needs to work with the community and regularly demonstrate its plans and achievements. How about aiming to be the cleanest seaside resort in the country and becoming the country's seaside result of culture?	The Council has applied and been awarded green flag awards and there is the potential at looking at other awards such as the blue flag scheme to demonstrate the cleanliness of the Borough. Working in conjunction with the Greater Yarmouth Tourism Business Improvement Area, these awards can be used to promote our resort.
<b>Other</b>	
Overall I think the Plan has the main essentials, but could be improved by: <ul style="list-style-type: none"> <li>• increasing the font size</li> <li>• changing the grey/white colour scheme which makes it very difficult, and in some cases, impossible to read</li> <li>• enlarging the Borough Profile headings in the grey sections.</li> <li>• numbering the headings in black 1-6.</li> </ul>	The Council has considered this feedback and has subsequently increased the font size of the text. In addition, the colour palette used has been made more dynamic, resulting in the document becoming more readable and accessible to a wide-ranging audience.
The document talks about outcomes and strategies but there is little about how these are to be achieved. Is it planned to have a second document going into how these strategies are to be developed?	Following the formal adoption of “The Plan 2020 – 2025” by Councillors an Annual Action Plan will be produced which will detail the work that will be undertaken during the year to achieve the stated outcomes.
We can understand the need not to have too many strategic priority areas but feel that a transport and parking policy is needed as well as greater emphasis on health and education. The latter two are just touched upon.	A new Great Yarmouth Transport Strategy has recently been endorsed by our Economic Development Committee, this now passes onto Norfolk County Council for their endorsement. Once complete Norfolk County Council will lead on developing transport

	within the area. Health & Education are covered in the below sections.
Health and wellbeing are so important and the Borough should be leading on this in helping to fight the obesity epidemic, reducing smoking, alcoholism, drug abuse and promoting the benefits of exercise.	<p>The Council takes the health, wellbeing and life chances of the Boroughs residents very seriously. The Council is working with partners Active Norfolk to develop a new 'Framework for Action' that supports and further develops the initial vision and objectives set out in the Sport and Leisure Strategy.</p> <p>In addition, to this, the £26m capital investment in a new Great Yarmouth Water and Leisure Facility will be a once-in-a-generation development for both the economy and the community for many years to come. The building will be much more than just a leisure centre for residents and tourists, as it will provide a much-improved range and quality of facilities, enabling the Council, along with its strategic partners to deliver a broader range of health and wellbeing activities providing for existing users and for members of the community that are not currently active, in terms of sport or any physical activity. The Council has been working with Sport England, Active Norfolk and the existing Operator to understand the health inequalities of the Boroughs residents and develop a plan of activities that will reach out to encourage, support and increase the adoption of healthier lifestyles, prevent ill-health and reduce the risks of chronic health conditions and health inequalities.</p>
Education is important for people of all ages and it is sad that the schools and colleges are not producing enough people with the necessary skills to fill the many offshore jobs which are available. This could be worked into A Strong and Growing Economy.	The Council chairs a Locality Board made up of key stakeholders including East Coast College & East Norfolk Sixth Form College. One of the key strategic objectives of this Board is to help residents fulfil their potential by increasing the GCSE attainment level to at least the national average and increasing the number of local residents who have 'A' levels, NVQs & Degrees. The Council also promotes the use of apprenticeships and hosts job fairs in conjunction with the Department of Work and Pensions, which seek to match jobseekers to employment opportunities within the local area.







# INTRODUCTION

Great Yarmouth is a special borough – the holiday destination for millions of visitors, a place to call home for our communities and the centre of England's offshore energy sector. As a Council and place leader, we have a shared ambition for our Borough and the people we represent. This five-year Plan is set in the context of a longer-term vision for our borough which is supported by four key strategic priorities.

Our vision is: to have a vibrant economy, capitalising on the investment in clean energy alongside further investment in our place and our visitor economy; creating a quality environment for all and improving the life chances of all those living and working in our borough.

We will achieve this by driving and facilitating change in four strategic priority areas:

- A strong and growing economy
- Improved housing and strong communities
- High-quality and sustainable environment
- An efficient and effective council

Our priorities are strongly focused on outcomes. We remain focused and responsive to the people we serve plus the other strategies relating to our borough, such as the Local Industrial Strategy and the Economic Strategy for Norfolk and Suffolk.

Each priority within The Plan is explained in terms

of what we will achieve for our residents, visitors and business communities. The Plan is underpinned by detailed actions which are reviewed annually to ensure specific activities and projects remain on track to deliver.

Supported by The Plan, Great Yarmouth is well placed to adapt and flourish, thanks to a unique mix of assets and opportunities, which provide a solid platform for place-making, in addition to tackling the complex challenges we share with other coastal resorts.

As England's offshore energy capital, centred around the port and top-performing Enterprise Zone, our borough is at the forefront of £39bn of energy investment over the next 20 years, including in the burgeoning area of offshore wind. We are working with partners to maximise and capture these significant opportunities to benefit local communities and improve life chances for all. We will also look to lead by example through our work on tackling carbon reduction and the challenges associated with climate change.

Great Yarmouth remains Norfolk's top seaside destination, with a growing visitor economy worth £625m annually. To continue to grow, we are working collaboratively to harness our immensely rich cultural heritage.

The town centre is another area of focus. Working with stakeholders and partners, we are delivering an exciting Town Centre Masterplan to regenerate and unlock the potential of our historic town

centre as a community hub and destination.

To drive these improvements, we also recognise the importance of fostering communities where people can access the help they need, are proud ambassadors of their borough and can live well in good quality housing and in clean neighbourhoods.

There are both opportunities and challenges. To succeed in the future, Great Yarmouth will increasingly need to guide its own destiny: to play to our strengths and to work collaboratively with key partners. As the elected representatives of local people, members have given a clear mandate for growth and enabling local people to be more socially mobile.





## OUR VALUES

The way we do things is important. The priorities we are looking to deliver are underpinned by our values. During the last twelve months we have undertaken significant work with staff to better understand and develop our values.

## TEAM WORK

We seek to work together to help each other and by working together we aim to provide better solutions for the people that use our services.

## POSITIVE

The Council seeks to identify positive solutions, act with energy and work at pace. We look to make a positive impact on the borough and on the lives of its residents.

## PEOPLE FOCUSSED

Our people are our greatest asset. As well as looking after our staff we aim to have a strong focus on meeting the needs of each individual person that uses our services and treating them as we would like to be treated ourselves.

## HONESTY

Making decisions in a transparent way and being clear on what we can do, and sometimes what we cannot do, is important to the local people we serve. We will look to be clear with service users and act with integrity at all time.

## PROFESSIONAL

We seek to take pride in providing services and advice which are competent, reliable and respectful.

# A STRONG AND GROWING ECONOMY

The nature of the local economy continues to change and we will be playing an active role in creating the right conditions for local businesses to thrive. The borough's offshore energy industries will continue to grow and greater numbers of local people will benefit from a vibrant local job market with young people aspiring to access quality jobs. The tourism industry will continue to evolve, creating a year-round visitor economy which generates better-paid jobs in the hospitality sector and contributing to a quality environment. Our culture and heritage offer will be strong and unique, with enhancements made to signage, streetscapes and the setting of key buildings and locations.

## BOROUGH PROFILE



2

Enterprises zones



325

New business start ups  
each year (2018)



39,750

Jobs in the borough



£625M

Visitor economy  
per annum



## OUTCOMES

By 2025 we will focus on the following key outcomes:

- To have secured new inward investment in the borough creating a vibrant economy and matching local skills provision with future job and career opportunities.
- To support Great Yarmouth and Gorleston town centres as important community hubs and places where people choose to live as well as work, shop and undertake leisure activities.
- Improved median wage levels in Great Yarmouth and increased the number of local people accessing better paid work.
- A thriving visitor economy with an extended season beyond the peak summer period.





# STRATEGIC PRIORITIES

To achieve these outcomes we will focus on the following strategic aims:

- To actively work with businesses to ensure that supply chain opportunities are maximised and Great Yarmouth has strengthened its status as a hub for expertise in clean energy and decommissioning.
- To attract new investment into the borough through the promotion of the port, expertise, and land availability with a focus on the opportunities in the offshore energy sector and nuclear sector.
- Shape our town centres to make them places where people will choose to visit, shop, socialise and live.

- Continue to assemble land along North Quay for regeneration purposes to deliver an improved gateway to the town through appropriate re-development.
- To transform The Conge as the key linkage between the railway station and town centre by delivering a mix of new residential and employment opportunities as well as improving the physical environment.
- Strengthen our tourism and culture offer to provide greater year-round attractions and a more integrated visitor experience.
- To continue to develop our heritage offer through the promotion and development of our own assets across the borough.
- Extend Beacon Business Park and encourage growth in the South Denes Enterprise

Zone to support new businesses establishing themselves as well as attracting existing businesses to expand.

- Convert greater numbers of planning permissions into developed out sites.
- Support the completion of the Great Yarmouth Third River Crossing and continue to dual the A47.
- To work with colleges, schools and businesses to match future business opportunities with the right skill provision, to boost the number of apprenticeships, encourage social mobility and ensure more local people can benefit from local job opportunities.
- To explore opportunities with the Higher Education sector to have a greater presence and influence within Great Yarmouth.

# IMPROVED HOUSING AND STRONG COMMUNITIES

Having access to a good quality home to either rent or buy plays a fundamental part in our residents' quality of life. We will be focusing on improving the range and quality of housing in the borough. The age profile of our residents is increasing but their health demonstrates that ageing healthily is a challenge. We want local people to have good access to facilities and services to improve both physical and mental well-being and to lead healthier, more active lifestyles as a consequence. We want to support communities to be self-sufficient and to be doing more to help themselves and their fellow residents. Overall our aim is to have a borough with vibrant, sustainable and self-reliant communities.

## BOROUGH PROFILE



**48,011**

homes in Great Yarmouth 2018/19



**17%**

of residents live in social housing



**£172,500**

Average price of a property



**33%**

of residents live in rented accommodation



## OUTCOMES

By 2025 we will focus on the following key outcomes:

- To have delivered more new homes of mixed tenure including meeting specific identified needs, such as for older and disabled people.
- Improved the health and well-being of residents through better access to facilities and an inclusive approach to addressing physical and mental well-being, and reduce health inequalities.
- For our residents to feel safe in their homes and communities and share a sense of pride in their immediate community and the wider borough.





# STRATEGIC PRIORITIES

To achieve these outcomes we will focus on the following strategic aims:

- Increase the number of good quality new homes and associated infrastructure built through both direct provision and by working with Registered Social Landlords and private sector developers.
- Better quality private rental accommodation will be available for residents by tackling substandard provision and ensuring the roll-out of the selective licensing scheme.
- Providing decent homes to our existing

tenants through a planned programme of improvement works and providing a responsive and quality repair service.

- To understand the issues facing our largest housing estates and where appropriate bring forward regeneration plans.
- Bring empty properties back into use and in the town centre bring the first and second floors of appropriate properties back into residential use, creating quality homes.
- To support residents to live in high quality and warm homes.
- Enable residents to remain in their own homes and live independent lives through a comprehensive

adaptations programme and working closely with key health partners.

- To provide improved access to a range of health and well-being activities through a range of measures including the provision of a new Marina Centre facility acting as a hub for both indoor and outdoor well-being programmes.
- To continue to develop our partnership approach to early help and preventative services to support our most vulnerable residents.
- Pro-actively engaging with younger residents to encourage them to be involved in shaping the borough's future and supporting community wellbeing.

# A QUALITY AND SUSTAINABLE ENVIRONMENT

The communities in which local people live will be clean and attractive. The Council recognises the value of our physical and built environment and the particular importance of our coastline, our relationship to the Broads National Park and particular challenges associated with future climate change. We recognise the world is changing and we must meet the challenge of global climate change by playing a positive local role leading by example. Great Yarmouth will be a place where sustainability is at the heart of our work and where people take pride in the clean and attractive environments found here. We will lead by example with local businesses to promote carbon reduction actions.

## BOROUGH PROFILE



6

Sites of Special  
Scientific Interest (SSSI)



24,506

Tonnes of residual  
waste in 2018/19



12,119

Tonnes recycled  
in 2018/19



‘EXCELLENT’

Water quality at all 6  
bathing beaches



SSSI

Breydon Water • Burgh Common & Muckfleet marshes • North Denes Dunes • Hall Farm Fen  
• Trinity Broads • Winterton & Horsey Dunes

## OUTCOMES

By 2025 we will focus on the following key outcomes:

- A high quality sustainable local environment where people feel proud to live.
- Our coastline and inland water will be managed in an environmentally-focused and holistic way.
- Reduced our carbon footprint and improved recycling rates across the Borough.



# STRATEGIC PRIORITIES

To achieve these outcomes we will focus on the following strategic aims:

- To ensure all year round we have a clean and attractive borough, including our streets, green spaces and beaches.
- To ensure pro-active use of enforcement powers and activity to ensure that the borough is a welcoming and high quality environment creating a positive perception of Great Yarmouth.
- To have implemented successful campaigns to generate civic pride and responsible citizenship.
- With partners there is a zero tolerance to activity damaging the local environment and we are continuing to work towards reducing our carbon footprint through enhancements to walking, cycling, public transport and buildings.
- Environmentally sustainable long-term management of our high-quality coastal environment.
- Play an important local role in enhancing environmental sustainability, using resources more efficiently, recycling more and promoting the use of 'green energy'.
- Ensure our high quality natural and built environments are as accessible and inclusive as possible and we seek ways to improve and enhance our compliance with the Disability Discrimination Act.
- Working with local tourism businesses to improve the sustainability of our visitor economy and promoting our green credentials to visitors.



# AN EFFICIENT AND EFFECTIVE COUNCIL

It is important that we are an effective and efficient Council, one with ambition, clear direction, which is operationally sound and which provides good value for money to our residents. Our customers will receive a responsive service and we will continue to invest in digital technology to improve the way in which we interact with our residents. As a democratic organisation we will be transparent and accountable in our decision-making.

## BOROUGH PROFILE



**376**

Council employees



**28,000**

Customers served  
online



**£300M**

Worth of assets owned by  
the council



## OUTCOMES

By 2025 we will focus on the following key outcomes:

- Provide good quality and responsive services embracing new technology and increasing our range of customer channels.
- Be a financially sustainable council with commercial acumen which understand the importance of social value.
- Provide sound governance to enable key decisions and major projects to be progressed, using all the resources available to the Council in the most efficient and business-like way.
- Have a skilled and positive workforce, with career and succession planning in place, able to retain good staff, making us an employer of choice.





# STRATEGIC PRIORITIES

To achieve these outcomes we will focus on the following strategic aims:

- Create a positive skilled workforce proud to work for GYBC. We will be a council with a strong reputation to attract and retain good quality staff, acting as a centre of excellence for staff development.
- A constitutional system and processes which support sound governance which are

widely understood and support transparency and accountability.

- Continue to develop a robust approach to business planning and project management which underpins good decision-making.
- To strengthen our portfolio of assets which maximise income and/or support service delivery, with a pro-active approach to the acquisition of assets to generate income.
- To have a digital strategy in place which is customer focused and moving us towards being a

digitally enabled council with cost effective and responsive customer services.

- A strong financially aware organisation with a financial strategy which supports good decision-making and capitalises on opportunities, giving confidence to external funding partners.
- Meet our equalities responsibilities by ensuring that equality sits at the heart of our decision-making.



Subject: Final Draft Local Plan Part 2 – Publication and Submission

Report to: Council 20 February 2020

Report by: Samuel Hubbard Strategic Planning Manager

## **SUBJECT MATTER**

### **Publication and Submission of the Local Plan Part 2**

## **RECOMMENDATIONS**

**That Council:**

- 1) Approves the publication of the Final Draft Local Plan Part 2 under Regulation 19 of the Town and Country Planning (Local Planning) Regulations 2012 (as amended) to receive representations in relation to soundness.**
- 2) Delegates authority to the Director of Development to, prior to the publication, finalise the formatting of the document and make any appropriate minor typographical changes.**
- 3) Delegates authority to the Director of Development to submit the Final Draft Local Plan Part 2 to the Secretary of State following the representations period, together with:**
  - a. a request under Section 20(7C) of the Planning and Compulsory Purchase Act 2004 to request the Planning Inspector to recommend any main modifications necessary to make the plan sound; and**
  - b. a request under paragraph 74 of the National Planning Policy Framework to request the Planning Inspector to confirm the five-year land supply on adoption.**
- 4) Delegates authority to the Director of Development to work with the Inspector and participants of the examination to agree necessary main modifications under point 3a above and to make minor (“additional”) modifications to the plan as necessary.**
- 5) Delegates authority to the Director of Development to conduct a public consultation on any necessary main modifications (should they arise).**

## **1 INTRODUCTION**

1.1 The Local Plan sets out the level of growth which needs to be planned for in the Borough, where that growth should be located and how it should be delivered. It also sets out the planning policies which the Council will use in determining planning applications. The Local Plan is a key tool for delivering housing to meet local needs by ensuring there is a sufficient supply of land for housing in the most sustainable and appropriate locations. The Council has a statutory duty to prepare Local Plans and keep them up to date. An up

to date Local Plan and a five-year supply of housing land, which the Plan will help to secure, ensures a plan-led approach to development (which the Council has more influence over than the current situation where there is not a five-year housing land supply).

1.2 The Core Strategy (Local Plan Part 1) was adopted in December 2015 and sets out strategic policies governing how development should be planned in the Borough. It sets out the overall level of growth and the distribution of growth. It also includes policies to secure regeneration, deliver housing of all types and tenures, support the local economy and protect and enhance the natural, built and historic environments.

1.3 The Final Draft Local Plan Part 2 (which is attached to this report) builds upon and supplements the policies within the Core Strategy, in some cases adding detail to them.

1.4 The Local Plan Working Party has considered the Final Draft Plan in light of all the representations received throughout the previous consultation stages and have endorsed the final draft of the plan (as attached) to the Policy and Resources Committee and Full Council. The Policy and Resources Committee endorsed the recommendations on 21<sup>st</sup> January 2020.

## **2 SUMMARY OF LOCAL PLAN PART 2**

2.1 Part 2 of the Local Plan (LPP2) builds upon and supplements the policies within the Core Strategy and adds detail to them. Given the time passed since the adoption of the Core Strategy, this plan includes some amendments to policies within the Core Strategy, principally overall housing and retail requirements. LPP2 also identifies specific sites for allocation for various different uses and (as required) includes both Strategic and Non-Strategic Policies. Neighbourhood Plans have to be in general conformity with Strategic Policies of the Local Plan.

2.2 In terms of amendments to the Core Strategy, LPP2 seeks to reduce the overall housing requirement for the Borough from 7,140 (over the period 2013-2030) to 5,297, to bring it in line with the latest method for calculating housing need (as set out in national planning policy and guidance). The Local Plan Part 2 also seeks to remove the Core Strategy's retail development target of 4,305 sqm food and 8,865 sqm non-food development. This is due to the latest evidence on the scale of retail need (which is zero), given the significant changes in the sector since the Core Strategy was adopted. The removal of the target does not prohibit new retail schemes coming forward in Town Centres and District Centres; however, it will reduce pressure for retail proposals in out-of-centre sites. The Local Part 2 also seeks to amend the boundary of Great Yarmouth Town Centre to make it clear where different town centre uses will be supported.

2.3 The plan sets out a series of other 'strategic policies' to supplement the Core Strategy. These include the setting of Development Limits, provision of housing for Neighbourhood Plan Areas, Coastal Change Management, habitat mitigation, green infrastructure, cycle routes and planning obligations (Section 106 agreements).

2.4 A key part of LPP2 is the suite of strategic site allocations and designations under the 'Policies for Places' section. The site allocations for housing are central to ensuring there is a sufficient supply of land for housing to meet needs over the plan period. In accordance with best practice, the site allocations, together with existing planning permissions, will deliver in excess of the amended housing target by 32%. This over-allocation will ensure flexibility in supply should there be delays in particular sites coming forward and therefore provide a greater chance of being able to maintain a five-year supply of housing land and meeting the ongoing requirements of the Government's new Housing Delivery Test. The site allocations include:

- 500 homes to the south of Links Road, Gorleston
- 725 homes to the west of Jack Chase Way (Caister by-pass), Caister (a planning application for mixed-use development comprising 665 homes has been recently submitted and is under determination at present)
- A number of other allocations ranging in size from 20 homes to 190 homes across the Main Towns (Great Yarmouth and Gorleston) and Primary Villages (Belton, Hemsby, Hopton, Martham, Ormesby St. Margaret)
- A 20-hectare extension to Beacon Business Park (already allocated in principle through Policy C18 of the Core Strategy).

2.5 The preparation of the plan has involved assessing the likely infrastructure requirements to support the growth. The infrastructure requirements for each site allocation are set out in each site allocation policy and supporting text, together with indicative developer contributions.

2.6 The plan also includes several non-strategic development management policies which will be used in the day-to-day decision making on planning applications. These policies cover a range of topics, including design and amenity, housing, business development, retail development, tourism and leisure, the environment and infrastructure.

2.7 The plan involves a number of changes to the Policies Maps. As such the proposed amended Policies Maps are also attached to this report.

2.8 The plan is supported by a number of background technical studies which justify the options included in the plan and demonstrate the plan's deliverability.

### **3. PREPARATION OF THE PLAN AND NEXT STEPS**

3.1 A 'Call for Sites and Suggestions' consultation took place in 2016. This helped inform a first draft of Local Plan Part 2, which was consulted on during August and September 2018. The Local Plan Working Party considered the responses to that consultation in a series of meetings earlier in 2019. In July 2019, following recommendations from the Local Plan Working Party, the Council's Policy and Resources Committee agreed to undertake a consultation on some significant proposed changes to the emerging Local Plan Part 2. These changes included several additional site allocations for housing development. The consultation also included several changes to

policies previously consulted on and a number of additional policies for inclusion in the final LPP2.

3.2 The Final Draft LPP2 takes into account the comments raised during the previous consultations, latest changes to national planning policy and guidance, new evidence base and the Sustainability Appraisal and Habitat Regulations Assessment. A Consultation Statement is attached, which details how all comments raised to date have been considered and taken into account in the preparation of the Final Draft Local Plan Part 2.

3.3 Key changes to the plan from the previous consultation stages include:

- Removal of proposed allocation on land north of A143 in Bradwell for 600 homes, due to highway constraints which do not appear at present to be resolvable. This was originally consulted upon as a possible preferred option in August 2019. During this consultation, the Highway Authority raised concerns about the impact on the highways. A consequent benefit of the not including the site in the plan is that it will also ensure a better balance of distribution of development across the Borough in accordance with the Core Strategy and reduce the amount of best and most versatile agricultural land lost to development within the plan period.
- Amendment of the draft policy for Land South of Links Road, Gorleston (Policy GN1) as consulted upon in August 2019 to exclude the 200sqm element of retail. This is in order to focus provision on the nearby Beacon Park District Centre, which is already allocated in the Core Strategy and therefore is better-located in terms of the retail sequential test, which seeks to focus retail growth within or as close to town and district centres as possible.
- New amendment to the Core Strategy to remove retail development targets from Policy CS7 (Policy UCS7).
- Changes to the boundary of Great Yarmouth Town Centre and identification of a Primary Shopping Area.
- Introduction of the principle of contributions towards healthcare facilities in the Planning Obligations policy.
- Deletion of the proposed policy for The Conge to avoid potentially confusing repetition with Policy CS17. Part of the area covered by this policy is now being covered by the (emerging) North Quay Supplementary Planning Document.
- Reduction in the level of development on the site allocation at Ferryside, High Road Gorleston (Policy GN3) in light of recent reasons for the refusal of planning permission to ensure trees on the site can be retained.
- Requirement of a developer contribution towards a new community centre in Caister from land allocated west of Jack Chase Way (Caister by-pass) (Policy CA) rather than provision of land on-site.
- Removal of reference to a bypass of Longfulans Lane through the site allocated to the west of Potters, Hopton (Policy HP2) to address concerns raised by Highway Authority. Instead the policy focuses on improvements to the existing



Longfulans Lane.

- Slight reduction in number of homes on land north of Hemsby Road, Martham (Policy MA1) and additional requirements on the protection of safeguarded employment land.
- Deletion of housing allocation in Rollesby as the community is preparing their own allocations in the parish through a Neighbourhood Plan.
- Added in details of indicative developer contributions towards education, healthcare, community uses and open space to each site allocation policy, as relevant.
- New requirement in design policy for all homes to meet adaptable homes standard (M4(2) of Building Regulations).
- New policy on affordable housing tenure to ensure that sufficient levels of affordable rent homes are delivered within the affordable housing requirement in the context of new guidance in national planning policy.
- New policy on minimum housing densities to reflect new national planning policy requirement to ensure an effective and efficient use of land.
- New policy on local centres to provide further detail to Policy CS7.
- Various other technical changes to policies to ensure they are effective, justified and in accordance with national planning policy (the three key tests for any Local Plan).

3.4 The Final Draft Local Plan Part 2 is a plan that the Council considers to be sound and would wish to adopt following examination. Soundness is defined by the following tests (set out in the National Planning Policy Framework):

- a) Positively prepared – providing a strategy which, as a minimum, seeks to meet the area's objectively assessed needs; and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;
- b) Justified – an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;
- c) Effective – deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and
- d) Consistent with national policy – enabling the delivery of sustainable development in accordance with the policies in this Framework.

3.5 This report recommends that Council approves the Final Draft Local Plan as attached for publication under Regulation 19 of the Town and Country Planning (Local Planning) Regulations 2012 and then (later) submission under Regulation 22. The Regulation 19 stage is a formal stage where stakeholders and members of the public get

a final chance to make representations on whether they consider the plan to be “sound” or not. The Final Draft Local Plan will be published for an eight-week representations period from the end of February/early March 2020 (exact dates to be confirmed).

3.6 Following the Publication/Pre-Submission stage, the next step is to submit the plan under Regulation 22 to the Secretary of State for independent examination into its soundness (providing there are no significant issues raised in representations under Regulations). The Council has the option at submission to request that the Inspector confirms the five-year supply of housing upon adoption under paragraph 74(a) of the National Planning Policy Framework. It is recommended that the Council requests this when submitting the plan.

3.7 Upon submission, a Planning Inspector (appointed by the Secretary of State) will undertake the examination and will consider all the representations made on the Final Draft Plan. The Inspector will hold a public hearing where those who have made representations can advance their arguments verbally. The hearings take the format of informal round table exploration of the main issues.

3.8 It is highly likely that the Inspector will conclude that a number of modifications will need to be made to the Local Plan in order for it to be found sound. Modifications necessary to make the plan sound as recommended by the Inspector are known as ‘Main Modifications’. Not a single plan in the country has yet managed to navigate through the examination process without having to make at least one “Main Modification”. However, the Inspector can only recommend modifications to the plan if they are expressly asked by the Council under Section 20(7C) of the Planning and Compulsory Purchase Act 2004. If not asked to recommend modifications, the Inspector is left with a default position of either finding the plan sound as submitted or finding the plan unsound – clearly an extremely risky and therefore unwise strategy. This report therefore recommends that on submission the Council invites the Inspector to recommend necessary modifications. During the examination, the Inspector will generally seek agreement from the Council and other participants on potential main modifications. To enable the examination to progress efficiently it is therefore necessary for officers to have delegated authority to agree these modifications. The Inspector will ask the Council to consult on any main modifications which they recommend.

3.8 Between publication and adoption of a Local Plan it is also possible to make minor modifications to the plan. These are known as ‘Additional Modifications’ and do not materially alter the policies of the plan and are generally minor clarifications, consequential amendments associated with the Main Modifications and corrections of factual errors in the supporting text of the plan. Often these are as a result of comments made at the Regulation 19 stage or minor issues with wording identified during the hearings. To aid the progress of the examination of the plan, this report requests delegated authority to the Director of Development to make any necessary ‘Additional Modifications’.

3.9 Following the examination, should the Inspector find the Local Plan to be sound, a subsequent report will be brought before this Council to adopt the Local Plan. This is



expected to be in late 2020. At this stage the Council will have the choice of either i) adopting the plan with any 'Main Modifications' the Inspector has concluded necessary or ii) not adopting the plan. All modifications, both 'Main Modifications' and 'Additional Modifications', will be clearly identified in the report to Council recommending adoption. On adoption the Local Plan Part will form part of the Development Plan for the Borough and will supersede all of the remaining 'saved' policies from the Brough Wide Local Plan (2001).

#### **4 FINANCIAL IMPLICATIONS**

4.1 No additional implications. Preparation of the Local Plan is provided for in the agreed Strategic Planning budget.

#### **5 LEGAL AND RISK IMPLICATIONS**

5.1 The plan has been prepared in accordance with the relevant legislation including the Planning and Compulsory Purchase Act 2004 (as amended), the Town and County Planning (Local Planning) Regulations 2012 (as amended), the Environmental Assessment of Plans and Programmes Regulations 2004 and the Conservation of Habitats and Species Regulations 2017. The Council has a statutory requirement to keep Local Plans up to date.

5.2 Sustainability Appraisal is an integral part of the plan making process and this has been undertaken during the preparation of the Local Plan. To inform and support the Final Draft Local Plan a Sustainability Appraisal Report has been prepared and is attached to this report to demonstrate how sustainability appraisal, including the consideration of alternative site and policy options, have informed the document and the policies within it. The sustainability appraisal process meets the requirements of the Environmental Assessment of Plans and Programmes Regulations 2004.

5.3 The Local Plan has also been subject to a Habitat Regulations Assessment which is attached to this report. This assesses the likely impacts on internationally protected nature conservation sites. The HRA concludes that effects arising from the plan can be mitigated. The Habitat Regulations Assessment meets the requirements of the Conservation of Habitats and Species Regulations 2017.

5.4 An Equality Impact Assessment has also been undertaken and is also attached. The assessment has not identified any issues.

5.5 Section 110 of the Localism Act sets out the duty to cooperate. The duty applies to all Local Planning Authorities, National Park Authorities and County Councils in England and to a number of other prescribed public bodies. The duty to cooperate requires these bodies to engage constructively, actively and on an ongoing basis on strategic cross boundary planning issues when preparing a Local Plan. For Great Yarmouth this is principally achieved through the Norfolk Strategic Planning Framework which comprises a Statement of Common Ground made up of a number of agreements with respect to strategic cross-border matters. The Council has also worked closely with East Suffolk

Council (formerly Waveney District Council) and agreed a statement of common ground with Waveney during the preparation of the Waveney Local Plan. An updated Statement of Common Ground is being prepared with East Suffolk to help support the examination of the LPP2. At present East Suffolk has no concerns with the LPP2.

## **6 CONCLUSIONS**

6.1 The report recommends that the attached Final Draft Local Plan is published under Regulation 19 of the Town and Country Planning (Local Planning) Regulations 2012 and following the representations period submit the plan under Regulation 22 for independent examination.

6.2 Not progressing the plan to publication and submission is not advised. The Council has a statutory duty to keep local plans up to date. An up-to-date and complete Local Plan for Great Yarmouth will help ensure development across the Borough is delivered in a planned approach in sustainable locations. Crucially it will enable the Council to demonstrate a five-year supply of housing. This reduces the risk of poorly planned, speculative development taking place and reduces the risk of planning appeals for developments not in accordance with the existing Local Plan being successful.

## **7 RECOMMENDATIONS**

**That Council:**

- 1) Approves the publication of the Final Draft Local Plan Part 2 under Regulation 19 of the Town and Country Planning (Local Planning) Regulations 2012 (as amended) to receive representations in relation to soundness.**
- 2) Delegates authority to the Director of Development to, prior to the publication, finalise the formatting of the document and make any appropriate minor typographical changes.**
- 3) Delegates authority to the Director of Development to submit the Final Draft Local Plan Part 2 to the Secretary of State following the representations period, together with:**
  - a. a request under Section 20(7C) of the Planning and Compulsory Purchase Act 2004 to request the Planning Inspector to recommend any main modifications necessary to make the plan sound; and**
  - b. a request under paragraph 74 of the National Planning Policy Framework to request the Planning Inspector to confirm the five-year land supply on adoption.**
- 4) Delegates authority to the Director of Development to work with the Inspector and participants of the examination to agree necessary main modifications under point 3a above and to make minor (“additional”) modifications to the plan as necessary.**
- 5) Delegates authority to the Director of Development to conduct a**

**public consultation on any necessary main modifications (should they arise).**

**Attachments:**

- 1.Final Draft Local Plan Part 2 (Proposed Submission Version)
- 2.Sustainability Appraisal Report
- 3.Habitat Regulations Assessment Report
- 4.Consultation Statement
- 5.Equalities Impact Assessment
- 6.Draft Policies Maps

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

<b>Area for consideration</b>	<b>Comment</b>
Monitoring Officer Consultation:	n/a
Section 151 Officer Consultation:	n/a
Existing Council Policies:	Local Plan Part 1 (Core Strategy)
Financial Implications:	Addressed in the report
Legal Implications (including human rights):	Addressed in the report
Risk Implications:	Addressed in the report
Equality Issues/EQIA assessment:	Attached
Crime & Disorder:	n/a
Every Child Matters:	n/a



**Service Committee Decision List from 17 December 2019 to 23 January 2020**

	<b>Details of Decision</b>	<b>Officer Lead</b>
1	<p><b>Environment Committee – 15 January 2020</b></p> <p><b>QUARTER 2 KEY PROJECT AND PERFORMANCE</b></p> <p>RESOLVED :</p> <p>The Committee note the Quarter 2 Performance report</p>	James Wilson
2	<p><b>Environment Committee – 15 January 2020</b></p> <p><b>AIR QUALITY</b></p> <p>RESOLVED :</p> <p>That the Committee note the report.</p>	James Wilson
3	<p><b>Environment Committee – 15 January 2020</b></p> <p><b>PUBLIC SPACE PROTECTION ORDER NO.3 - DOGS</b></p> <p>RESOLVED :</p> <p>(1) That consideration is given to the feedback and comments received from the Public Consultation held around PSPO No.3.</p> <p>(2) That Council be recommended to renew the PSPO No.3 for a further 3 years</p>	James Wilson

4	<p><b>Policy and Resources Committee – 21 January 2020</b></p> <p><b>MARKET PLACE REDEVELOPMENT</b></p> <p>RESOLVED :</p> <p>(1) That approval be given to progress the formal planning application and subsequent redevelopment of the covered Market.</p> <p>(2) That approval be given to a capital reserve to underwrite the market redevelopment scheme cost of £900,000 to enable commencement of the works ahead of final notification of the Future High Street Fund.</p>	Jane Beck
5	<p><b>Policy and Resources Committee – 21 January 2020</b></p> <p><b>REVISION OF LOCAL DEVELOPMENT SCHEME</b></p> <p>RESOLVED :</p> <p>That approval be given to adopt the replacement Local Development Scheme.</p>	Sam Hubbard
6	<p><b>Policy and Resources Committee – 21 January 2020</b></p> <p><b>FINAL DRAFT LOCAL PLAN PART 2 - PUBLICATION AND SUBMISSION</b></p> <p>RESOLVED :</p> <p>That Policy and Resources Committee recommend that Council:</p> <p>(1) Approves the publication of the Final Draft Local Plan Part 2 under Regulation 19 of the Town and Country Planning (Local Planning) Regulations 2012 (as amended) to receive representations in relation to soundness.</p> <p style="text-align: center;"><a href="#">Page 46 of 183</a></p> <p>(2) Delegates authority to the Director of Development to, prior to the publication, finalise the formatting of the document and make any appropriate minor typographical changes.</p>	Sam Hubbard

	<p>(3) Delegates authority to the Director of Development to submit the Final Draft Local Plan Part 2 to the Secretary of State following the representations period, together with: a. a request under Section 20(7C) of the Planning and Compulsory Purchase Act 2004 to request the Planning Inspector to recommend any main modifications necessary to make the plan sound; and b. a request under paragraph 74 of the National Planning Policy Framework to request the Planning Inspector to confirm the five-year land supply on adoption.</p> <p>(4) Delegates authority to the Director of Development to work with the Inspector and participants of the examination to agree necessary main modifications under point 3a above and to make minor (“additional”) modifications to the plan as necessary.</p> <p>(5) Delegates authority to the Director of Development to conduct a public consultation on any necessary main modifications (should they arise).</p>	
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4	<p><b>Policy and Resources Committee – 21 January 2020</b></p> <p><b>DRAFT NORTH QUAY SUPPLEMENTARY PLANNING DOCUMENT - PUBLIC CONSULTATION</b></p> <p>RESOLVED :</p> <p>1) That the Committee endorse the draft Supplementary Planning Document for consultation;</p> <p>2) That approval be given to delegate authority to the Director of Development to make minor amendments i.e. formatting and typographical changes to Supplementary Planning Document prior to consultation.</p>	Sam Hubbard
5	<p><b>Policy and Resources Committee – 21 January 2020</b></p> <p><b>AMENDMENT TO DIRECTORSHIPS</b></p> <p>RESOLVED :</p> <p>(1) That Equinox Enterprises Ltd replace Neil Shaw (former Strategic Director) with Paula Boyce (current Strategic Director) and that Paula Boyce is appointed to the Board as a Director of Equinox Enterprises.</p> <p>(2) That Equinox Property Holdings Ltd replace Neil Shaw (former Strategic Director) with Paula Boyce (current Strategic Director) and that Paula Boyce is appointed to the Board as a Director of Equinox Property Holdings.</p> <p>(3) That the Council's joint venture company, Great Yarmouth Borough Services (GYBS) replace Neil Shaw (former Strategic Director) with Paula Boyce (current Strategic Director) and that Paula Boyce is appointed to the Board of GYBS.</p>	Sheila Oxtoby



6	<p><b>Policy and Resources Committee – 21 January 2020</b></p> <p><b>POPS MEADOW</b></p> <p>RESOLVED :</p> <p>(1) That approval be given to invite formal expressions of interest in the Pops Meadow site – marketing open for a 12-week period on a formal tender basis.</p> <p>(2) That approval be given to establish a politically balanced (3:2) Task and Finish panel including Group Leaders to review, evaluate and recommend, based on the criteria for evaluation, to Council the proposed successful option for the Pops Meadow site.</p> <p>(3) The following Members be appointed to sit on the Task and Finish Group :- Councillors Smith, P Carpenter, Grant Labour Members to be confirmed.</p> <p>(4) That approval be given to the criteria for evaluation.</p>	Jane Beck
	<p><b>Housing and Neighbourhoods Committee – 23 January 2020</b></p> <p><b>ACTIVITY FRAMEWORK AND STRATEGY REFRESH</b></p> <p>RESOLVED :</p> <p>That the following be approved in principle but a breakdown of activities be provided for the next meeting:-</p> <ul style="list-style-type: none"> <li>• Approved the draft Active Great Yarmouth Framework that has been developed by Active Norfolk/GYBC in partnership with a wide range of stakeholders.</li> <li>• Approved the proposed governance structure for oversight of the implementation of the Framework.</li> <li>• Approved the scoping of a planned shared post between Active Norfolk, GYBC and potentially GY&amp;WCCG to lead on the strategic implementation of the Framework.</li> </ul>	Claire Sullivan

	<p><b>Housing and Neighbourhoods Committee – 23 January 2020</b></p> <p><b>HRA BUDGET REPORT</b></p> <p>RESOLVED :</p> <p>Housing and Neighbourhoods Committee agree and recommend to Full Council:</p> <ul style="list-style-type: none"> <li>• The increase in rents of CPI + 1%, as set out in the new Rents for Social Housing policy for 2020/21. For 2020/21 this equates to 3%</li> <li>• The Revenue budget for 2020/21 along with the forecast projects for the period up until 2024/2025 including the extended borrowing to support the provision of additional HRA homes</li> <li>• The Capital budget for the period 2020/21 to 2024/25</li> <li>• The HRA Service charges for 2020/21</li> <li>• The revised HRA Capital and Revenue forecasts for 2019/20.</li> </ul>	Danielle Lee
	<p><b>Housing and Neighbourhoods Committee – 23 January 2020</b></p> <p><b>EMPTY HOMES UPDATE</b></p> <p>RESOLVED :</p> <p>The Committee noted the report</p>	Sue Bolan
	<p><b>Housing and Neighbourhoods Committee – 23 January 2020</b></p> <p><b>HOMELESSNESS FUNDING</b></p> <p>RESOLVED :</p> <p>The Committee noted the report.</p>	Nicola Turner

Subject: Governance Review  
Report to: Council  
Report by: Monitoring Officer  
Date: 20 February 2020

## **RECOMMENDATIONS**

That Council approve the actions proposed by the Monitoring Officer following consultation with the Constitution Working Party (CWP) in relation to:

1. Streamlining of the Committee System, as set out in paragraphs 3.1.2, 3.1.3, 3.1.4, 3.1.5 and 3.1.6;
2. Member Working Groups as set out in paragraphs 3.2.2 and 3.2.3;
3. Pre Agenda Meetings as set out at paragraph 3.4.2;
4. Outside Bodies as set out at 3.5.2 and 3.5.3 and
5. amendments to the Constitution set out in 3.6 and the associated appendices.

## **1. INTRODUCTION/BACKGROUND**

On 1 November 2018 Council resolved to undertake a governance review and allocated the work to a Governance Review Task & Finish Group comprising officers and members. On 18<sup>th</sup> December 2018 the Group participated in a workshop with a consultant from the Centre for Public Scrutiny (CfPS). Many members of the Group had experience of both Cabinet and Committee governance systems. The workshop examined the strengths and weaknesses of the current committee system, asking participants to reflect on existing system design, culture and practices and to identify actions to enhance the current arrangements.

This report incorporates conclusions from the workshop and reflects on issues around the Council's current governance arrangements, including the committee system. It is not intended substantively to address any potential reversion to the cabinet system, as this will be the subject of a separate report to follow in February 2020 (see paragraph 3.8) but rather to identify changes and improvements which might be made to the existing system for as long as it remains in place. It is best practice, prior to the consideration of system change, to examine what adjustments might be made to improve the current system, and to reconsider the position following implementation of those adjustments.

## **2. MAIN BODY**

For noting: the CfPS workshop identified the following points around the committee system:

## 2.1 Participants' views of the strengths of the current system

- Committee system helps clarify goals and purpose - reflects the 'corporate journey'
- Committees are multi-group and can offer and support different perspectives
- Offers continuity – Committees endure after political change
- Inclusive – the Committees offer a range of participation and involvement
- Builds better member / officer relationships
- The system can be reviewed and adjusted
- Provides transparency in decision-making for members and for the public and thus improves 'customer perceptions' of the Council
- Ensures every member feels a 'stake' in the Council
- Offers a clear, departmentalised focus and promotes in-depth debate on topics
- Enables a wider variety of members to bring knowledge, expertise and insights
- Being part of Committees builds the knowledge and confidence of members
- Members are better informed about the full range of council business

## 2.2 Summary of participants' top priorities for improving the committee system

- 2.2.1 Improve reporting – provide clear, accessible summaries of key issues
- 2.2.2 Ensure members have enough reading and preparation time to engage in the committees in a meaningful way
- 2.2.2 Ensure the efficient timetabling of committee meetings
- 2.2.3 Ensure agendas are focused and streamlined
- 2.2.4 Improve chairing of meetings – support chairs and vice chairs – offer training
- 2.2.5 Enable everyone to feel they have an opportunity to speak at meetings
- 2.2.6 Ensure the reporting processes for committees (both before and after meetings) is transparent and members have full access to briefings
- 2.2.7 Agree a collective way to 'manage the politics' to support effective committee meetings
- 2.2.8 Ensure that members who are also involved in the governance of outside bodies (for example in health and other local agencies) and organisations are supported to feed back to and interact with the committees

## **3. MONITORING OFFICER RECOMMENDATIONS FOR TARGET AREAS**

Having consulted the Constitution Working Party, the Monitoring Officer makes the following proposals:

### 3.1 Streamlining of the Committee System

Issue identified: some committees have excessive programmes while others do not carry a substantial workload.

Actions proposed:

- 3.1.1 The Monitoring Officer had proposed to CWP that a **Shareholder Committee** should be created to represent all of the Council's shareholding interests in

companies it owns wholly or in part (GYBS, GYN, Equinox Enterprises Ltd, Equinox Property Holdings Ltd). Reporting lines for these companies currently sit either with P&R (the Equinox companies) or with the Liaison Boards (GYBS/GYN). It should be noted that while accountability for GYBS/GYN in theory sits with the respective Liaison Boards, membership for the liaison boards replicates the company boards, thus rendering scrutiny/accountability ineffective. Members should note that while some limited powers are reserved to the Shareholder role within a company's constitution, it is the Directors who run the companies and make both operational and strategic decisions. However a Shareholder Committee would have a role of oversight and monitoring, with all companies reporting regularly on performance and future business plans. The requirements for reporting and performance monitoring plans should be written into each individual company's governance arrangements, or may be achieved via Shareholder Agreements. It is proposed that the new Shareholder Committee should report to Full Council annually with its findings.

- 3.1.2 CWP did not approve this proposal, as it was felt the existing arrangement should not be terminated.

The following action, put forward by CWP is now proposed: that the membership of the Liaison Boards and Directorships of the companies should be changed, so that different members sit on the company boards and the liaison boards respectively. This would provide for separate of the roles and therefore a more effective method for oversight and scrutiny. It was proposed that the Vice Chair of a service committee be appointed to the Company Board, with the Chair being appointed to the Liaison Board, to separate the functions.

- 3.1.3 **Area Museums Committee** to be redesignated as a Working Group with a reporting line to Economic Development Committee (which is already responsible for the Council's Museums and Heritage and Arts & Cultural strategies).

CWP approved this proposal.

- 3.1.4 **Appeals Committee** (which currently deals with staffing matters only) also to deal with Housing Appeals and the dedicated **Housing Appeals Committee** to be abolished. The current Appeals Committee rarely meets, and this means that members may not build skills and experience in these areas.

CWP approved this proposal. Members proposed a 4:3 political split for the combined Appeals Committee.



- 3.1.5 Consideration of whether the **Area Committees** remain necessary, by reference to business conducted and any decisions taken over the past year.

CWP proposed that any Area Committee should be treated as a non-decision-making public forum. As such, they need no longer be formally constituted as committees, with member appointments not required to be Widdecombed.

- 3.1.6 Consider whether **Policy and Resources Committee** should delegate more work to **Economic Development Committee**. The latter carries a low workload. Members should decide whether to pass on more responsibility from Policy and Resources, which has a heavy agenda, or to remove Economic Development Committee altogether.

CWP approved this proposal, adding that Economic Development Committee should be given its own threshold for expenditure up to £200,000, (consequential amendment to be made to the Constitution) with more work being directed to it – including referrals by the Chair of Policy and Resources Committee as appropriate.

### 3.2 Review of Member Working Groups

- 3.2.1 For noting: the Council currently has 11 member working groups. Meetings may be held on an ad hoc or regular basis. Corporate Services officers are responsible for minuting meetings of the groups and contacting relevant officers for any actions required. Working Groups are not decision-making bodies. They have a consultative role. They need not be politically balanced (although they often are). Nominees may, if members agree, be selected on the basis of 'best person for the job', i.e. those with particular expertise, experience or interest.

- 3.2.2 It is proposed that Corporate Services be asked to undertake an annual review of member working groups to ensure that activity is sufficient to require a continued use of resource and that the group's terms of reference are clear and remain relevant to the Council's corporate objectives, with the outcome of the review to be reported to Constitution Working Party annually.

CWP approved this proposal.

- 3.2.3 Members are asked to consider whether the work of Civic Twinning Group and Civic Working Party WWI (which is residual) could be taken on by another Working Group or Committee.

CWP approved this proposal. The three Civic Working Groups (marked with asterisks on Appendix 1) should be combined to form one single group.

### 3.3 Increased use of Task & Finish Groups in place of Working Groups

For noting: members are asked to consider whether on occasion the authority's objective might be effectively met by a Task & Finish Group rather than a Working Group. When a Task & Finish Group is proposed, clear terms of reference and a set end date should be established, sometimes in relation to a specific event.

### 3.4 Pre Agenda Meetings

3.4.1 Issue identified: during the workshop both members and officers commented on the duration and detailed discussion taking place at some PAMs, to the extent that may be a risk that these meetings become a 'pre-run' of the meeting proper. PAMs are being used to raise complaints, queries or referrals which members have received from members of the public. The content of a PAM should relate to proposed agenda items only. Members should feel that they can locate and contact the relevant officer (or Head of Service in the first instance) at any time during to raise a query or complaint, or to make a referral as part of day-to-day business, rather than during a PAM.

3.4.2 Proposed action: following consultation with CWP the proposal is that PAMs as *a matter of course* be restricted to the following Committees only: **Council, Policy & Resources, Economic Development, Development Control, Housing & Neighbourhoods, Environment and Audit & Risk** while the following Committees would have PAMs on a need only basis, i.e. if there was a particularly challenging, technically difficult or controversial item on the agenda: **Licensing, Standards, Appeals, the Area Committees, Employment Committee**. For these Committees the proposal is that unless a full PAM was determined to be required, the Chair would have a scheduled telephone conversation with the relevant Head of Service or team manager to provide an outline as to the proposed agenda content. PAMs will not be held for working groups, task groups or liaison boards.

### 3.5 Audit and Review of Outside Bodies

3.5.1 Issue identified: GYBC's CMIS (Committee Management Information System) lists connections with 60 outside bodies (see Appendix 2) to which GYBC makes appointments and/or provides support in some other way. This is a significant number and with limited resource in the Corporate Services Team, it has become challenging to maintain appropriate oversight and ensure that the relationship with each outside body continues to be of mutual benefit and aligned with the Council's corporate objectives. The reason for the original

appointment or connection may have become unclear over time and there is now a need for audit of existing relationships, with the removal of any which are no longer relevant. This should be followed, on an ongoing basis, by annual review of the outside bodies' activities.

3.5.2 Proposed action: the Council must establish and maintain a clear understanding of the terms of reference and governance of any outside bodies to which members are appointed or to which funding or other support is provided. The reporting lines and accountability for GYBC's input for such groups and any financial contributions are not always clear. Currently there is no central oversight of the Council's relationships with outside bodies, and they are not managed sufficiently to give the Council reassurance as to the continuing status of the outside body. It is proposed that this be undertaken within Corporate Services, with a specific officer to be identified to take ownership of the management of this ongoing task. The officer will also be responsible for supporting members and officers who sit on outside bodies to report back regularly through the committee system.

3.5.3 Proposed action: following consultation with CWP it is understood that the following groups should be removed from the list as they are no longer active or relevant to the Council's priorities:

Economic Reference Group  
Enterprise GY Board  
Great Yarmouth Development Company  
Great Yarmouth Marketing Initiative  
Great Yarmouth Sports Council  
Great Yarmouth Sports Partnership  
Nelson Museum Management Board

Questions were raised as to whether the following should remain listed and members of CWP agreed to make enquiries and confirm with Corporate Services whether they might be removed from the list:

East Anglia Port Welfare Committee  
Great Yarmouth Seafarers Centre  
Norfolk Rail Group

### 3.6 Review of Constitution

Particular areas of the constitution require review and updating. Proposed

actions follow:

Article 23 Joint Arrangements – see Appendix 3

Reason: details of joint arrangements are not currently provided.

Article 30 Scheme of Delegation – see Appendix 4

Reason: Heads of Service did not have a clear general delegation and the list of Heads of Service is out of date.

Article 32 Financial and Contract Procedure Rules (see below)

Article 44 Management Structure – see Appendix 5

Reason: The management structure is out of date.

The s151 officer has proposed a draft replacement for Article 32, the Financial and Contract Procedure rules. This will need to be considered by Constitution Working Group and Policy and Resources Committee and will come forward under a separate report.

Replacements/amendments for the other articles listed are attached in the relevant appendices as noted above.

### 3.7 Review of Report Templates and report-writing practices

For noting:

- 3.7.1 New templates have been created and are being rolled out for officer use via Corporate Services. A unique registration number (URN) is to be incorporated into each report from the date it is taken to ELT. This will enable reports and decisions (and therefore any follow-up action) to be traced more easily.
- 3.7.2 It is proposed that a deadline for submission of reports should be set and adhered to. Corporate Services need to receive reports sufficiently in advance to enable them to be quality checked, particularly in terms of the clarity of purpose, summary and recommendations, as well as the application of any confidentiality provisions. Some reports may require s151 officer or legal input.
- 3.7.3 Relevant officers should be required to attend training for report writing, and guidance issued.

### 3.8 Consideration of Return to Cabinet System

I have been asked by group leaders to provide advice about a potential return to the cabinet system. Council was previously advised on this in November 2018. In

summary, the 2018 advice was that the authority was effectively “locked in” to the committee system until May 2021, i.e. the Council could not make such a decision to revert to cabinet system by resolution, but would need to hold a public referendum. If the outcome of that referendum did not support a return to cabinet system this would cause a further ‘lock in’ period of 10 years. It was decided by leaders at the time that due to the cost of holding a stand-alone referendum and the risk of causing a further lock-in period, that the authority should defer any potential system change until after May 2021. However, it was recommended that the Governance Review Task and Finish Group/CWP should further discuss the rationale for system change substantially ahead of that date, to establish whether political will existed to make the change by resolution post May 2021. A separate report on the legal and procedural implications of the change, and the practical steps involved will be taken to the CWP in February 2020. The outcome of that consultation and the CWP’s decision as to whether there is a rationale for change will trigger a recommendation to full Council (April 2020) from the Monitoring Officer on system change and any associated proposal. If system change were to be agreed by Council in April 2020 this would enable some preparation to take place in advance of the expiry of the lock in period in May 2021.

#### **4. FINANCIAL IMPLICATIONS**

The steps proposed as part of governance review will require additional resource within Corporate Services.

#### **5. RISK IMPLICATIONS**

If its relationships and involvement with outside bodies are not given thorough oversight, this may put the Council at reputational risk.

#### **6. CONCLUSIONS**

There is a need for the authority to address governance issues within the Committee system, regardless of whether system change is proposed to occur. The Constitution needs to be updated to reflect the Council’s current joint arrangements and to clarify the Scheme of Delegation under the current management system. The committee system would benefit from some degree of streamlining to improve the progress of business. Reporting lines need to be strengthened to ensure effective accountability and follow-up of actions. Working Groups and Outside Bodies both require initial audit and review on an ongoing basis. Members have identified that improvements need to be made in report writing, guidance and briefing, support for chairs and timetabling of meetings.

#### **7. RECOMMENDATIONS**

That Council approve the actions proposed by the Monitoring Officer following consultation with the Constitution Working Party (CWP) in relation to:



- 7.1 Streamlining of the Committee System, as set out in paragraphs 3.1.2, 3.1.3, 3.1.4, 3.1.5 and 3.1.6;
- 7.2 Member Working Groups, as set out in paragraphs 3.2.2 and 3.2.3;
- 7.3 Pre Agenda Meetings, as set out at paragraph 3.4.2;
- 7.4 Outside Bodies, as set out at 3.5.2 and 3.5.3 and
- 7.5 amendments to the Constitution, set out in 3.6 and the associated appendices.

## 8. BACKGROUND PAPERS

None

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

Area for consideration	Comment
Monitoring Officer Consultation:	N/A
Section 151 Officer Consultation:	At ELT
Existing Council Policies:	None
Financial Implications (including VAT and tax):	
Legal Implications (including human rights):	
Risk Implications:	Inconsistency or discrepancy in governance may lead to challenge. Ineffective oversight of relationships with outside bodies creates reputational risk.
Equality Issues/EQIA assessment:	N/A
Crime & Disorder:	N/A
Every Child Matters:	N/A

## APPENDIX 1 – LIST OF WORKING GROUPS

Civic Working Group\*

Civic Twinning Group\*

Civic Working Party WWI\*

Constitution Working Party

Joint Consultative Working Group

Local Plan Working Group

Middlegate Estate Member Working Group

Great Yarmouth Town Centre Masterplan Working Group

Marina Centre Members Working Group

Wellesley Recreation Ground Working Group

Wintergardens Working Group

## APPENDIX 2 – LIST OF OUTSIDE BODIES (AS SHOWN ON CMIS)

A47 Alliance  
Bowls Tournament Working Party  
Broads Authority  
Broads Internal Drainage Board  
Chamber of Commerce - Norfolk (Great Yarmouth Committee) Chamber Council  
Coastal Partnership East  
Community Association Management Committee - South Yarmouth  
Community Association Management Committees - Claydon Pavilion  
Community Rail Partnership  
Community Safety (Great Yarmouth) Ltd (CCTV Co)  
East Anglia Port Welfare Committee  
East of England LGA  
Economic Reference Group  
EnterpriseGY Board  
Gorleston Poor Land Trustees  
Great Yarmouth and Rambouillet Twinning Association  
Great Yarmouth Development Company  
Great Yarmouth in Bloom  
Great Yarmouth Marketing Initiative  
Great Yarmouth Municipal Charities  
Great Yarmouth Preservation Trust  
Great Yarmouth Racecourse  
Great Yarmouth Seafarers Centre  
Great Yarmouth Sports Council  
Great Yarmouth Sports Partnership  
Great Yarmouth Transport and Infrastructure Steering Group  
Greater Yarmouth Tourism & Business Improvement Area Ltd / Interim Board of Directors \*\*Members of the Greater Yarmouth Tourism & Business Improvement Area Ltd  
GY Norse Company Board  
GY Norse Liaison Board  
GYB Services Company Board  
GYB Services Liaison Board  
High School Foundation  
James Paget Healthcare NHS Trust (Governors' Council)  
Local Government Association - Coastal Issues  
Local Government Association - General Assembly  
Neighbourhood Management Board - MESH (Gorleston)  
Neighbourhood Management Board - Yarmouth

Neighbourhood Management Boards - Make It Happen (Southtown, Cobholm and Halfway House)  
Nelson Museum Management Board  
New Anglia Local Enterprise Partnership  
Norfolk Coast Partnership (Joint Advisory Panel)  
Norfolk County Joint Museums Committee  
Norfolk Countywide Community Safety Partnership  
Norfolk Health & Wellbeing Board  
Norfolk Health Overview & Scrutiny Committee  
Norfolk Parking Partnership Joint Committee  
Norfolk Rail Group  
Norfolk Records Committee  
Norfolk Strategic Planning Framework  
Norfolk Waste Partnership  
Nplaw Board  
Older Peoples Partnership  
Parking and Traffic Regulations Outside London Adjudication Joint Committee (PATROL AJC)  
Police and Crime Panel  
Sea Change Board  
Sentinel Leisure Trust  
Sentinel Leisure Trust Partnership Board  
Town Centre Company (Great Yarmouth) Ltd  
Waveney, Lower Yare and Lothingland Internal Drainage Board  
Youth Advisory Board

## APPENDIX 3 – Replacement for Article 23 – Joint Arrangements

### **ARTICLE 23 - JOINT ARRANGEMENTS**

#### **23.1 Joint Arrangements**

The Council has made joint arrangements with one or more other local authorities under Section 101 (5) of the Local Government Act 1972 for the exercise of certain of its functions. These arrangements are described below

#### **23.2 Joint Committees**

The Council also appoints with those other authorities Joint Committees to exercise these functions. The membership, terms of reference and functions of these Joint Committees and the rules governing the conduct and proceedings of their meetings are also described below.

#### **23.3 Delegation**

The arrangements with the Borough Council of King's Lynn and West Norfolk in respect of the civil enforcement of parking contraventions involves the delegation of responsibility for off-street penalty charge processing and appeals (Traffic Management Act 2004) to the Borough Council of King's Lynn and West Norfolk.

### **DESCRIPTION OF JOINT ARRANGEMENTS**

1. The Council has established the joint arrangements described below and for this purpose has joined in appointing the following Joint Committees:-

Norfolk Joint Museums Committee  
Norfolk Records Committee

each of which exercise functions of the Council under Section 101 (5) of the Local Government Act 1972.

2. The membership, terms of reference and functions of the Joint Committees and the rules governing the conduct and proceedings of their meetings and the public's right of access to these meetings are set out below:-

#### **a) Norfolk Joint Museums Committee**

##### **(i) Membership**

Norfolk County Council, Breckland District Council, Broadland District Council, Great Yarmouth Borough Council, King's Lynn and West Norfolk Borough Council, North Norfolk District Council, Norwich City Council, South Norfolk District Council

The County Council appoints 9 members, Norwich City Council 3 members and the remaining Councils 1 member each.



This Committee has also established Area Committees for Breckland, Great Yarmouth, King's Lynn and West Norfolk, North Norfolk and Norwich.

The Chair and Vice-Chair of the Joint Museums Committee shall be ex-officio, non-voting members of the Area Committees. The Chair and Vice-Chairs of the Area Committees must be voting members of the Joint Museums Committee.

#### (ii) Terms of Reference

The Joint Museums Committee is responsible for:-

- the effective operation of the Norfolk Museums Service
- advising all the participating Councils on the strategic framework for museums in Norfolk
- agreeing policies for the Norfolk Museums Service in accordance with national and local guidelines
- agreeing an annual budget for the Museums Service

The Area Committees are each responsible for:-

- advising the Joint Committee on museums issues within their area
- agreeing and reviewing on a regular basis a museums strategy for their area
- developing and agreeing a yearly action plan
- advising on the terms of any service level agreement with the Norfolk Museums Service for the provision of museums services within their area

#### (iii) Functions

The Joint Museums Committee exercises the functions of the participating local authorities under Section 12 of the Public Libraries and Museums Act 1964 with regard to the provision and maintenance of museums and art galleries in their areas, except to the extent specifically provided for in the current agreement constituting the Committee dated 6 January 1999.

#### (iv) Rules governing the conduct and proceedings of meetings

The conduct and proceedings of meetings of the Joint Museums Committee are governed by the rules relating to meetings of Norfolk County Council Committees. The standing orders of the relevant District Council apply to meetings of the Area Committees.

#### (v) Rules relating to access to meetings

The right of the public to attend meetings of the Joint Museums Committee are set out in paragraph 2 of the Access to Information Procedure Rules of Norfolk County Council.

### **b) Norfolk Records Committee**

#### (i) Membership

Norfolk County Council, Breckland District Council, Broadland District Council, Great Yarmouth Borough Council, King's Lynn and West Norfolk Borough Council, North Norfolk District Council, Norwich City Council, South Norfolk District Council  
The County Council and the City Council appoints 3 members each and the remaining District Councils 1 member each. There are also non-voting members as follows:

Custos Rotolorum  
A representative of the Bishop of Norwich  
A representative of the Norfolk Records Society  
3 co-opted members

(ii) Terms of Reference

The Norfolk Records Committee has the responsibility for carrying out the functions of the participating local authorities under the Local Government (Records) Act 1962 and for the control of the Norfolk Records Office with a view to ensuring as far as possible that:-

a) storage and maintenance facilities are provided to it for archives relating to or deriving from the areas of the participating local authorities; and

b) there is at the Record Office an adequate means of reference to the archives and facilities are provided for the public to inspect and take copies of deposited documents

(iii) Functions

The Norfolk Records Committee exercises functions of the participating local authorities under the Local Government (Records) Act 1962.

(iv) Rules governing the conduct and proceedings of meetings

The conduct and proceedings of meetings of the Norfolk Records Committee are governed by the rules relating to the meetings of Norfolk County Council Committees.

(v) Rules relating to access to meetings

The rights of the public to attend meetings of the Norfolk Records Committee are set out in paragraph 2 of the Access to Information Procedure Rules of Norfolk County Council.

APPENDIX 4 – Replacements for:  
Article 30.1 – General Delegations and  
Article 30.5.3.3 Heads of Service

Existing Article 30.1 to be removed and replaced with the following:

**Article 30.1 - General Delegations**

The Council under section 100 of the Local Government Act 1972 has resolved to delegate to each Director and Head of Service the power to manage and operate the department and the services for which s/he is responsible provided that any action taken is within the operational plans, budgets and policy and financial guidelines set by the Council and relevant committee/s and subject to the conditions and requirements in or implied by the Council's Constitution and the Scheme of Delegations.

Each Director and Head of Service is also authorised as follows:

Existing Article 30.5.3.3 to be removed and replaced with the following:

**Article 30.5.3.3 - Heads of Service**

Head of Communications and Marketing  
Head of Customer Services  
Head of Environmental Services  
Head of Inward Investment  
Head of Planning and Growth  
Head of Property and Asset Management

## APPENDIX 5 – Article 44 – Management Structure

Removal of the existing chart and replacement with the attached

**Subject: Pay Policy Statement 2020/21**

**Report to: Council 20 February 2020**

**Report by: Finance Director**

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

To adopt the attached Pay Policy Statement for 2020/21 and to publish on the Council's website.

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

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

### **2. Pay Policy Statement**

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

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

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

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

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

- The Head of Paid Service (Chief Executive)
- The Monitoring Officer

- A statutory Chief Officer and non-statutory Chief Officer (section 2 of that Act)
- A deputy Chief Officer (section 2 of that Act)

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

### **3. Financial and Risk Implications**

3.1 There are no increased risk implications as a result of setting and publishing the pay policy statement. The financial implications have been factored into the budget setting process for the 2020/21 budget.

### **4. Conclusion**

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

### **5. Recommendations**

5.1 It is recommended that Council adopt the attached Pay Policy Statement for 2020/21 and to publish on the council's website.

### **6. Background Papers**

6.1 Current pay structure

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

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



# PAY POLICY STATEMENT 2020/21

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 20 February 2020 and is made available on the Council's website. The Council's website also includes separately published data on salary information relating to Chief Officers and this can be accessed at [Senior Salary Information](#).

## 1. **Remuneration of Employees**

- 1.1 For employees subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council (NJC) for Local Government Services' (commonly known as the 'Green Book'), the Council uses a pay spine that commences at national Spinal Column Point (SCP) 1 and ends at local SCP 45. This pay spine is divided into 10 pay bands, which each contain between three and six incremental points. Band 1 is the lowest and Band 10 is the highest of these pay grades. Posts are allocated to a pay band through a process of job evaluation. See Appendix A for the current pay bands.
- 1.2 For the purpose of this Policy Statement, employees on Band 1 are defined as our lowest-paid employees. These are the lowest paid employees other than apprentices who are paid in line with national standards to reflect the nature of the training and development role.
- 1.3 The values of the SCPs in these pay grades are updated by the pay awards notified from time to time by the National Joint Council for Local Government Services.
- 1.4 The minimum (pro rata) salary paid by the Council to employees in established posts should not be less than the Foundation Living Wage which is currently £9.00 per hour (£9.30 from May 2020). This rate is reviewed and updated annually by the Living Wage Foundation and the new rate is announced in November of each year. Where an employee's contractual (pro-rata) pay is less than the Foundation Living Wage they receive a supplement to raise their pay to the Foundation Living Wage level (excluding apprentices).
- 1.5 The Council uses the National Job Evaluation Scheme to establish the relative 'sizes' of jobs within the Council. An evaluation results in an overall job evaluation score which is used to rank jobs within the organisation. The overall job evaluation score for a job is used to allocate that job to the appropriate pay grade of the Council's pay structure.

## 2. **Remuneration of Senior Managers**

### 2.1 **Chief Executive**

- 2.1.1 The Council's Chief Executive is the Council's Head of Paid Service. As at 31 March 2020, the FTE salary range for this post is £113,127 - £128,318. There are five incremental points in the grade.

- 2.1.2 It is the Council's policy that the FTE salary range for the post of Chief Executive will normally be no greater than 8.5x the FTE salary range of a Band 1 'Green Book' employee. This maximum is not being exceeded. The current pay levels within the Council define the pay multiple between the median full time equivalent (FTE) earnings and the Chief Executive as 1:5.32.
- 2.1.3 Notwithstanding 2.1.2, the value of the SCP's in the Chief Executive's grade will be updated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Executives of Local Authorities.
- 2.1.4 The Chief Executive also receives a (Deputy) Returning Officer fee in respect of County, District and Parish Council Elections. The fee for undertaking this role in Norfolk is calculated in accordance with a formula approved annually by the Norfolk Chief Executives' Group, based on a recommendation by the County Electoral Officers' Group. Fees for conducting Parliamentary Elections are determined by way of a Statutory Instrument.

## 2.2 Directors

- 2.2.1 The Directors report to the Chief Executive. As at 31 March 2020, the annual FTE range for the grade of the Director posts is currently £70,367 – £84,272.
- 2.2.2 It is the Council's policy that the FTE salary range for the posts of Director will normally be no greater than 6x the FTE salary range of a Band 1 'Green Book' employee. This maximum is not being exceeded. The current pay levels within the Council define the multiple between the median employee full time equivalent (FTE) earnings and the median Chief Officers' earnings as 1:3.38.
- 2.2.3 Notwithstanding 2.2.2, the value of the SCPs in the Director grades will be updated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities.
- 2.2.4 The Council's Monitoring Officer is employed by Norfolk County Council (through the nplaw agreement). This Policy Statement does not, therefore, concern the remuneration of the post whose holder undertakes that role.

## 2.3 Heads of Service

- 2.3.1 The Heads of Service report to the Executive Leadership Team (ELT). ELT is comprised of the Chief Executive and the Directors. As at 31 March 2020, the annual FTE salary range for the Heads of Service posts is £60,119 - £64,505.
- 2.3.2 It is the Council's policy that the FTE salary range for Head of Service posts will normally be no greater than 4.5x the FTE salary range of a Band 1 'Green Book' employee. This maximum is not being exceeded.

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

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

the Council's Relocation Scheme may also be granted in certain cases, when new starters need to move to the area.

- 3.2 Individuals will normally receive an annual increment, subject to the top of their grade not being exceeded. In exceptional circumstances (e.g. examination success), individuals will receive accelerated increments. Again, this is subject to the top of their grade not being exceeded.
- 3.3 The Council does not apply performance-related pay, with the exception of the Directors and Heads of Service whose progression through the increments of the pay grade is subject to performance management. The Council does not apply any bonuses.
- 3.4 On ceasing to be employed by the Council, individuals will only receive compensation:
  - (a) in circumstances that are relevant (e.g. redundancy), and
  - (b) that is in accordance with our published Policy Statement on how the Council will exercise the various employer discretions provided by the Local Government Pension Scheme (LGPS), and/or
  - (c) that complies with the specific term(s) of a settlement agreement used to avoid or settle a potential legal claim.
- 3.5 The Policy Statement on how the Council will exercise the various employer discretions provided by the LGPS also summarises how Flexible Retirement might be allowed. This is where an individual aged 55 or over who reduces their grade or hours of work (or both) may receive their LGPS benefits immediately, even though they haven't left the Council's employment. This will be allowed only in circumstances where it is demonstrated to be in the Council's long-term interests.
- 3.6 Any decision to re-employ an individual who was previously employed by the Council and, on ceasing to be employed, was in receipt of a severance or redundancy payment, will be made on merit. The Council will not, however, normally engage such an individual under a contract for services.
- 3.7 Any Market Supplement that is paid will be in accordance with our Protocol for Payment of Market Supplements.
- 3.8 If it is appropriate for an honorarium to be paid, this will be in accordance with our Principles for Payment of Honoraria.
- 3.9 The Council pays Essential and Casual Car User allowances in appropriate circumstances. These allowances are in accordance with 'Green Book' rates, although the Council does not recognise the 1200cc to 1450cc (i.e. the top) band and mileage may only be claimed at a reduced local rate. There are also local rates in force for individuals who use their motorcycles or bicycles on official business.
- 3.11 Any excess travelling allowance that is paid will be in accordance with the Change in Place of Employment – Scheme for Payment of Allowance.
- 3.12 Any subsistence allowance that is paid will normally be no higher than the rates notified from time to time by the East of England Local Government Association.

- 3.13 The Council operates the Local Government Pension Scheme (LGPS) for employees within scope of this statement.
- 3.14 Where severance payments over £100,000 are considered, this matter must be referred to Full Council.

#### **4. Consultants and Agency Workers**

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

#### **5. Tax Avoidance**

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

#### **6. Review**

- 6.1 The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each subsequent financial year. Our next Statement is scheduled to be for 2021/22 and will be submitted to Full Council for approval by 31 March 2021.
- 6.2 If it should be necessary to amend this 2020/21 Statement during the year that it applies, an appropriate resolution will be made by Full Council.

GYBC PAY STRUCTURE - 2019/20						
Spinal Column Point	Annual FT Rate April 2019	Pay Bands		Break Points		2019 Hourly Rate
1	£17,364	Band 1		Band 1		£9.0002
2	£17,711	Band 1		Up to 222 points		£9.1801
3	£18,065	Band 1	Band 2	Band 2		£9.3636
4	£18,426		Band 2	223 to 279 pints		£9.5507
5	£18,795	Band 3	Band 2	Band 3		£9.7419
6	£19,171	Band 3		280 to 321 points		£9.9368
7	£19,554	Band 3	Band 4	Band 4		£10.1354
8	£19,945		Band 4	322 to 363 points		£10.3380
9	£20,344		Band 4			£10.5448
10	£20,751		Band 4			£10.7558
11	£21,166		Band 4			£10.9709
12	£21,589	not used	Band 4			£11.1902
13	£22,021	not used				£11.4141
14	£22,462	Band 5		Band 5		£11.6427
15	£22,911	Band 5		364 to 417 points		£11.8754
16	£23,369	Band 5				£12.1128
17	£23,836	Band 5				£12.3548
18	£24,313	Band 5				£12.6021
19	£24,799	Band 5				£12.8540
20	£25,295		Band 6	Band 6		£13.1111
21	£25,801		Band 6	418 to 471 points		£13.3733
22	£26,317		Band 6			£13.6408
23	£26,999		Band 6			£13.9943
24	£27,905		Band 6			£14.4639
25	£28,785		Band 6			£14.9200
26	£29,636	Band 7		Band 7		£15.3611
27	£30,507	Band 7		472 to 527 points		£15.8126
28	£31,371	Band 7				£16.2604
29	£32,029	Band 7				£16.6015
30	£32,878	Band 7				£17.0415
31	£33,799		Band 8	Band 8		£17.5189
32	£34,788		Band 8	525 to 577 points		£18.0315
33	£35,934		Band 8			£18.6255
34	£36,876		Band 8			£19.1138
35	£37,849		Band 8			£19.6181
36	£38,813	Band 9		Band 9		£20.1178
37	£39,782	Band 9		578 to 632 points		£20.6201
38	£40,760	Band 9				£21.1270
39	£41,675	Band 9				£21.6013
40	£42,683	Band 9				£22.1237
41	£43,662		Band 10	Band 10		£22.6312
42	£44,632		Band 10	633 points and above		£23.1340
43	£45,591		Band 10			£23.6310
44	£46,432		Band 10			£24.0669
45	£47,318		Band 10			£24.5262

Subject: **Housing Revenue Account Budget setting 2020/21**

Report to: Housing and Neighbourhoods Committee  
Full Council

Report by: HRA Service Accountant

## **SUBJECT MATTER**

This report sets out the Housing Revenue Account (HRA) budget 2020/21 to 2024/25, HRA Capital Programme 2020/21 to 2024/25, HRA Rent and Service Charge proposal 2020/21 and the revised HRA revenue and capital forecasts for 2019/20.

## **RECOMMENDATIONS**

It is recommended that Housing and Neighbourhoods Committee agree and recommend to Full Council:

1. The increase in rents of CPI + 1%, as set out in the new Rents for Social Housing policy for 2020/21. For 2020/21 this equates to 3%
2. The Revenue budget for 2020/21 along with the forecast projects for the period up until 2024/2025 including the extended borrowing to support the provision of additional HRA homes
3. The Capital budget for the period 2020/21 to 2024/25
4. The HRA Service charges for 2020/21
5. The revised HRA Capital and Revenue forecasts for 2019/20.

## **1 Introduction**

1.1 The Housing Revenue Account (HRA) is the ring-fenced rent account that funds the Council's activity as a landlord. The HRA records all the income and expenditure associated with the provision and management of Council owned homes in the borough. This account funds a significant range of services to 5783 homes for Great Yarmouth Borough tenants and their families and to 369 homes for leaseholders. This includes housing management, repairs and improvements, sheltered housing services, caretaking and capital investment on housing.

1.2 The Council is required by law to avoid budgeting for a deficit on the HRA (Local



Government & Housing Act 1989, section 76). This means that the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of reserves and this provides a contingency against unforeseen events and known risks. Great Yarmouth Borough Council's HRA currently maintains a minimum balance of £2 million.

- 1.3 In April 2012 the HRA moved to a Self-financing model which accompanied a limit on the amount of housing debt that an authority could hold within an HRA. The limit was based on a calculation of the level of debt that a landlord/council could support, based primarily on the valuation of each authority's current housing stock, along with income and expenditure assumptions. A total borrowing limit was set for each landlord, which for Great Yarmouth Borough Council was £89 million.
- 1.4 A key feature of the self-financing was that Council's would be able to borrow within their HRA's in order to invest in the housing stock. This borrowing must be financed from HRA income and so introduces risks and opportunities for managing resources in this area. As local authority borrowing is included in the national Public Sector Borrowing Requirement, it must remain affordable both nationally and locally.
- 1.5 From October, the Government removed the debt cap limitations on how much councils can borrow against their HRA Assets.
- 1.6 Authorities are now able to borrow above their original debt cap, to meet their spending requirements and take advantage of interest rates while they remain low. Although additional borrowing is now available beyond the debt cap, borrowing plans must still display affordability within the HRA business plan.
- 1.7 Following the above changes the self-financing arrangements have led to the development of a 30-year business plan supporting the delivery of the HRA under the new arrangements. The 30-year business plan makes assumptions regarding the level of income available based on the expected levels of rent, along with the key risks facing housing service delivery within this timeframe. The main areas of this are the management and timing of debt use, affordability and the impact of changes as Government policies are enacted.
- 1.8 The HRA capital and revenue 2020/21 estimates and the Great Yarmouth

Borough Council 30 year Business Plan, have been prepared using the self-financing arrangements for the HRA, which include a requirement to prepare and publish a rolling 30 year HRA Business Plan covering both capital and revenue expenditure projections.

- 1.9 The budget process for 2020/21 onwards has taken due consideration of the HRA's 2017/18 stock condition survey results. Implications highlighted by the stock condition survey have been reflected within the capital programme going forward.
- 1.10 The budget and forecasts presented do assume additional borrowing in the medium term to support the continued improvement in the stock. Due to reductions in day to day revenue repairs, in 2020/21 and the following three financial years additional borrowing has been forecast to provide additional Affordable housing in excess of the requirement of the retained receipts. An additional £1.5 million of funding will be used to support further borrowing to deliver additional homes within the HRA, through acquisitions or new build programmes.

## **2. Rent setting policy changes – Increase of CPI + 1%**

- 2.1 Each year local housing landlords must set rents and budgets for the forthcoming financial year and provide each individual tenant's with statutory notice of any proposed rent change. This report sets out proposals regarding the budget, rents, service charges and other charges to tenants for the 2020/21 rental year.
- 2.2 The self-financing HRA remains governed by guidelines on rent setting for tenants. The council no longer had flexibility on the approach to rent setting due to the policy announced as part of the Welfare Reform and Work Act 2016. Rents have reduced annually by 1% over the four year period 2016/17 – 2019/20.
- 2.3 Rent setting following the end of the 1% reduction to all social rents in 2019/20, will be based on increases of CPI + 1%. For 2020/21 this equates to 3%, on both social and affordable rent in line with the new Rents for Social Housing policy for 2020/21.
- 2.4 The average rent for 2020/21 will be £76.44 per week over a 50 week period. Future rent increases have been factored into budgets within Appendix B.

2.5 Estimated rent charges for 2020/21 on average:

<b>Property Type</b>	<b>Average weekly Rent 19/20 £ (50 wk.)</b>	<b>Average weekly Rent 20/21 £ (50 wk.)</b>
<b>Bedsit</b>	<b>58.63</b>	<b>60.46</b>
<b>1 Bedroom</b>	<b>67.39</b>	<b>69.51</b>
<b>2 Bedroom</b>	<b>74.50</b>	<b>76.77</b>
<b>3 Bedroom</b>	<b>80.54</b>	<b>83.02</b>
<b>4 Bedroom</b>	<b>89.10</b>	<b>91.84</b>
<b>5 Bedroom</b>	<b>96.71</b>	<b>99.61</b>
<b>Average for all properties</b>	<b>74.18</b>	<b>76.44</b>

**3. Proposed Rent Service Charges 2020/21**

- 3.1 The proposals in relation to service and agreement charges are set out in Appendix A. The increases proposed and applied are in line with the corporate formula adopted by the Council, being set at least at RPI + 2%. For 2020/21 this equates to 4.8%, to close the gap in terms of recovery of costs.
- 3.2 Service charges for 2020/21 (excluding caretaking charges) have been reviewed to ensure that each individual service charge element is recharged on a cost basis, whereas previously the income and expenditure for service charges as a whole was on a cost basis.

#### **4. Housing Revenue Account Budget 2020/21 – 2024/25 and Revised Forecast 2019/20**

- 4.1 The approach to HRA budget setting focuses on three separate areas for 2020/21:
- Expected income and proposals on rent and service charge levels;
  - Expenditure plans that reflect local priorities and the impact of the self-financing business model on service delivery; and,
  - The reserves and provisions needed to ensure that the HRA is delivering strong financial performance over a longer period of time.
- 4.2 The HRA receives income from tenant rents and service charges levied on tenants and leaseholders. The self-financing HRA remains governed by guidelines on rent setting for tenants. Income from rents is a key driver of the total income available to the HRA, making up approximately 90% of the total income. The approach and policy for rent therefore affects the resources available to re-invest in expenditure plans across the HRA to deliver the outcomes outlined in the HRA business plan for all tenants.
- 4.3 Expectations for income, and therefore the rent budget, are driven by three key elements:
- Expected stock levels for 2020/21;
  - The CPI + 1% increase on the 2019/20 actual rents charged. For 2020/21 this equates to 3%; and,
  - The resourcing needs outlined in the HRA Business Plan.
- 4.4 For 2020/21, the average stock level across Great Yarmouth Borough Council is expected to be 5,750 properties. This is based on known changes to the current stock profile of 5,783 (as at 1 April 2019) including adjustments for projected Right to Buy sales, disposals and acquisitions.
- 4.5 The repairs and maintenance programme includes the planned cyclical upkeep to the specific areas of heating, lighting, lifts, smoke alarms, garden maintenance and minor neighborhood planned works. It also relates to day to day repairs for tenants and refurbishment of empty properties in between tenant occupancy. The Council also has an adaptations team, adjusting tenant's homes for their specific needs. In 2020/21 and 2021/22, the revenue

adaptations budget has been increased by £150,000 per annum to address an existing backlog in adaptations work.

- 4.6 Leasehold service charges are required to be transparent and reflect the actual cost of the services incurred. It is recommended to set leaseholder service charges in line with actual expenditure plans as per the approach in previous years. Service charges will be based on 2018/19 expenditure levels and final charges for 2019/20.
- 4.7 The HRA currently holds a 2019/20 opening reserve balance of £11.3 million. This is due to prior year savings and underspends of estimated budgets, specific planned budgets being carried forward to future years and programmes not being completed at the original time anticipated.
- 4.8 The HRA 30 year business plan demonstrates how reserves are reduced and managed over the next five years within the housing major works capital programme. Capital works were significantly increased from 2018/19 to ensure that both homes identified as part of the 2017/18 Stock Condition Survey as non decent and future homes, which become non decent are addressed over a five year period. It has been recommended that a further survey is undertaken following the initial five year period. This additional survey has been included within the 2022/23 and 2023/24 budget forecasts.

#### 4.9 Revised 2019/20 position

4.10 The original 2019/20 budget reported a forecast deficit of £3.935 million. Quarter 3 monitoring has identified that this needs to be revised, resulting in a decrease to the original 2019/20 deficit by £485k, to an estimated £3.450m deficit at year end.

	<b>Revised budget 2019/20</b>	<b>Variance</b>	<b>Reason</b>	<b>Financed from</b>
	<b>£000</b>	<b>£000</b>		
<b>Charges for services and facilities</b>	(1,418)	(24)	Inflationary increase	N/A
<b>Repairs &amp; Maintenance</b>	8,970	(553)	Increased capital investment works to the stock in prior years has reduced the demand and requirement of revenue responsive repairs by £500k. Savings also reflect the revision of the GYBS cesspool contract.	N/A
<b>Capital Grants &amp; Contribution receivable</b>	0	50	Leasehold income received reduced due to no rechargeable Leasehold capital works being completed in year.	N/A
<b>Capital Expenditure financed from revenue</b>	5,636	50	Increase in revenue required to finance capital following the reduction in leasehold contributions.	Revenue Reserve
<b>Total Variance</b>		<b>(477)</b>		



4.11 **Proposed growth/savings in HRA Revenue 2020/21 budget**

4.12 The following table summaries the more significant movements compared to the previous business plan as approved in February 2019.

Income/ Expenditure	2020/21 Revised Budgets	2020/21 Growth (Saving)	Details	Financed from
	£000	£000		
<b>Dwelling Rent</b>	(21,817)	115	Rent forecasts amended following increased Right to Buy sales in 2018/19 and reduction in sales to quarter three 2019/20.	N/A
<b>Non-Dwelling Rents</b>	(275)	(4)	Inflationary increase	N/A
<b>Charges for services and Facilities</b>	(1,442)	(12)	Inflationary increase	N/A
<b>Revenue contribution to capital</b>	3,268	281	Capital programmes have been reprofiled and brought forward in line with the works highlighted as part of the stock condition survey, reducing revenue contributions to fund capital in 2020/21 for Housing improvements. £415k One off budget allocation for projects which will transform the efficiency and effectiveness of the management of the Council's housing stock has led to increased need for revenue contribution in year.	Revenue Income
<b>Depreciation</b>	3,780	264	Estimated budget revised as previous underestimated.	Revenue Income
<b>Interest and Investment Income</b>	(15)	(9)	Original Budget under estimated.	N/A
<b>Repairs &amp; Maintenance</b>	8,984	(588)	Increase in capital investment in the stock in prior years has reduced the	N/A

<b>Income/ Expenditure</b>	<b>2020/21 Revised Budgets</b>	<b>2020/21 Growth (Saving)</b>	<b>Details</b>	<b>Financed from</b>
			demand and requirement of revenue responsive repairs by £526k. Increased investment has also resulted in further savings within areas such as revenue electrical remedial works (£75k), heating repairs (£158k) and gas servicing (£82k). Major adaptations works have increased by £150k in order to complete increase demand and reduce waiting times.	
<b>Supervision &amp; Management (Direct Employee)</b>	2,439	178	Increase following housing restructure and as a result of job evaluation of existing posts. Also includes additional fixed term posts to support delivery of timely adaptations to Council properties.	Revenue Reserves
<b>Supervision, Management, internal recharges</b>	2,908	224	Increased budget for the purchase of additional and upgraded Yarecare alarms (£10k). Recharges are higher than originally budgeted partly due to a review of the allocation methodology. Support services recharge variances are driven by the variances in direct costs and income identified under those services recharged across the Council.	Revenue Reserves
<b>Interest Payable and Similar Charges</b>	2,874	281	Increased Interest Payable due to additional borrowing for the Affordable Housing programme, including the £250k provision for additional housing beyond the requirement of the Retained Receipts.	Revenue Reserves
<b>Rents, rates &amp; Other Charges</b>	249	(18)	Reduced insurance costs partly due to reduced stock	N/A

<b>Income/ Expenditure</b>	<b>2020/21 Revised Budgets</b>	<b>2020/21 Growth (Saving)</b>	<b>Details</b>	<b>Financed from</b>
			numbers following high levels of RTB sales in prior years (£14k). Revised utility budgets to reflect spende in prior years (£3k).	
<b>Capital Grants &amp; Contribution receivable</b>	(50)	50	Leasehold income	N/A
<b>Employer's Pension Adjustment</b>	394	(17)	Revised budget based on pension estimates supplied.	N/A
<b>Total Variance</b>		<b>745</b>		

4.13 The next table summarises the revised forecast for 2019/20 and the draft 2020/21 budget for the Housing Revenue Account. Further detail is shown in appendix B.

	2019/20 Original Budget	2019/20 Revised Budget	Variance	2020/21 Draft Budget
	£000	£000	£000	£000
<b>Dwellings Rents</b>	(21,279)	(21,279)	0	(21,817)
<b>Non Dwelling rents</b>	(263)	(263)	0	(275)
<b>Interest &amp; Investment income</b>	(5)	(5)	0	(15)
<b>Charges for services and facilities</b>	(1,394)	(1,418)	(24)	(1,442)
<b>Total Income</b>	(22,941)	(22,965)	(24)	(23,549)
<b>Repairs &amp; Maintenance</b>	9,523	8,970	(553)	8,984
<b>Supervision and Management (Direct Employee)</b>	2,201	2,201	0	2,439
<b>Supervision and Management</b>	2,684	2,676	(8)	2,908
<b>Rents, Rates &amp; Taxes</b>	261	261	0	249
<b>Depreciation</b>	3,482	3,482	0	3,780
<b>Capital Expenditure funded by the HRA</b>	5,586	5,636	50	3,268
<b>HRA Interest Payable</b>	2,751	2,751	0	2,874
<b>Provision for bad and doubtful debts</b>	150	150	0	150
<b>Employer's Pension Adjustment</b>	392	392	0	394
<b>Total Expenditure</b>	27,030	26,519	(511)	25,046
<b>Transfers (from)/to Earmarked Reserve</b>	(104)	(104)	0	0
<b>Capital Grants &amp; Contribution receivable</b>	(50)	(0)	50	(50)
<b>Net (surplus)/Deficit for the year</b>	3,935	3,450	(485)	1,447
<b>HRA Reserves Balance B/Fwd.</b>	11,399	11,399	0	7,949
<b>Deficit/(Surplus) in year</b>	3,935	3,450	485	1,447
<b>HRA Reserves Balance C/Fwd.</b>	7,464	7,949	(485)	6,502

## **5 Housing Major Works Capital Programme (HMWCP) 2019/20 to 2024/25**

- 5.1 This section of the report sets out the new housing capital investment requests for the five year period covering 2019/20 to 2024/25.
- 5.2 The HMWCP is subject to ongoing review and continues to take into account the priorities and objectives which have been derived from our understanding of 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.
- 5.3 There are two key strands to the investment plans:
- Maintaining and improving the Council's housing stock;
  - New Affordable Council housing, including new housing to replace sales under RTB in line with Government guidance.
- 5.4 The 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.
- 5.5 The housing major works capital programme has been adapted to meet the needs of the housing stock identified within the 2017/18 stock condition survey, as well as maintaining the newly arising to ensure that all stock meets Decent home standards.
- 5.6 The programme includes the continuation of the kitchen and bathroom programme, an enhancement to the boiler and heating replacement schemes, investment into empty homes, delivery of external wall insulation along with roofing and insulation works.
- 5.7 These schemes offer both the opportunity to modernise properties, sustain them for the future and increase the thermal comfort of tenants. They also continue to bring potential savings from future revenue repairs budgets.
- 5.8 New affordable housing budgets included within the programme are estimated in line with the 1-4-1 receipt restrictions following the Right to Buy sales of council dwellings in previous years. These estimates reflect the minimum expenditure required to avoid any repayments of receipts, along with looking at options for new build sites and the completion of new build developments.

- 5.9 The HRA is still part of a retention agreement, meaning the HRA can retain receipts to support up to 30% of the cost of replacement homes if incurred in a 3 year period. If retained receipts are not used, the Council is required to pay any unused retained receipts plus interest to Central Government.
- 5.10 The HRA will continue to borrow specifically for the new affordable housing programme, so the HRA reserves balances can be used on investment on the current stock. Affordable housing budget estimates are based on the requirement of a contribution of 70% of costs to invest and develop new housing opportunities within the council, alongside 30% retained receipts contributions from Right to Buy sales to ensure the council can fully commit all Right to Buy retained receipts.
- 5.11 The HRA proposes to increase the availability of affordable housing with a combination of direct new build, grant contributions to Housing Association developments and purchasing the appropriate empty and suitable homes on the open market, to maintain the level of spending required to meet the retained receipt demand.
- 5.12 The Right to Buy discounts have increased since the introduction of Self Financing. The maximum discount increases each year based on the consumer price index (CPI). The business model has been amended to incorporate this change which is currently estimated at 2.0% CPI, forecasting a maximum discount of £84,200 for 2020/21.
- 5.13 Year to date Right to Buy sales for 2019/20 have reflected a decline in comparison to prior years. The Council has completed 19 sales year to date to Quarter 3, in comparison to 34 completions in 2018/19 for the same period.
- 5.14 The level of Right to Buy sales will continue to be monitored in 2019/20 and revised projections produced to accurately project future RTB sales and RTB receipts in order to plan for their appropriate use. A total of 37 sales have predicted as part of the 2020/21 budget.
- 5.15 As discussed at paragraph 1.10 above, borrowing to support the increase of HRA assets through acquisitions and new build programmes will be increased using revenue funding totaling £1.5 million released in 2020/21 and the following three financial years from spend on revenue day to day repairs as a



result of reductions in demand. This funding will support prudential borrowing to support an increased capital programme on affordable housing delivery.

#### 5.16 Revised 2019/20 position for HRA Major works Capital Programme.

5.17 The following table summaries the in-year 2019/20 virements within the capital budget.

	<b>2019/20 Revised Budget</b>	<b>Variance to original budget</b>	<b>Reason</b>	<b>Financed from</b>
	<b>£000</b>	<b>£000</b>		
<b>Kitchens &amp; Bathrooms</b>	3,366	470	Void kitchen programme accelerated due to increased demand in year.	N/A
<b>Windows &amp; Door Improvements</b>	650	(270)	Windows and door programme reduced due to delays sourcing fire door replacements to meet the relevant standards required. Programmed works within communal areas and blocks is currently delayed pending formal fire door specification.	N/A
<b>Specific Planned projects</b>	1,061	(200)	Reduced Whole house and Long Term void works in year. Programme scheduled to continue in 2020/21 to reduce the number of Long Term voids held.	N/A
<b>Total</b>		<b>0</b>		

#### 5.17 Proposed growth/savings in HRA Capital Programme 2020/21

5.18 The following table summaries the more significant movements compared to the previous business plan as approved in February 2019.

	<b>2020/21 Revised Budgets</b>	<b>2020/21 Growth/ (Saving)</b>	<b>Details</b>	<b>Financed from</b>
	<b>£000</b>	<b>£000</b>		<b>£000</b>
<b>Kitchen &amp; Bathroom</b>	3,050	350	Void kitchen budget increased following increased demand in prior years.	Revenue income
<b>Energy &amp;</b>	1,185	235	Budget increased to complete	

	<b>2020/21 Revised Budgets</b>	<b>2020/21 Growth/ (Saving)</b>	<b>Details</b>	<b>Financed from</b>
	<b>£000</b>	<b>£000</b>		<b>£000</b>
<b>Efficiency</b>			works identified as part of the stock condition survey. Continual capital improvements have resulted in a decline in revenue repairs required.	Revenue income
<b>New Affordable Housing – Right to Buy receipts</b>	3,280	1,159	Affordable budget revised due to the original budget underestimating RTB sale numbers in prior years.	Borrowing/ RTB Receipts
<b>New Affordable Housing – Additional Provision</b>	250	250	Additional Capital budget for new Affordable Housing. This budget is separate from the Retained Receipts budget and is additional following the reduction in Revenue Responsive Repair costs.	Borrowing
<b>Planned Maintenance</b>	665	130	Capital adaptations works have increased by £50k in order to complete increased demand, along with reducing waiting times for completions. Capital rewiring budgets increase by £80k to accelerate the programme ensure its in line with the stock condition survey requirements and to complete properties previously restricted by access refusals.	Revenue income
<b>Neighborhood Plans</b>	2,090	150	Roofing, Finlock & Loft Insulation programmes increase to retain programme schedules and remain in line with stock demand.	Revenue Income
<b>Housing Transformation Budget</b>	415	415	One off budget allocation for projects which will transform the efficiency and effectiveness of the management of the Council's housing stock.	Revenue Income
<b>Total Expenditure</b>		<b>2,689</b>		

5.19 The table below summarises the revised forecast for 2019/20 along with the draft 2020/21 Capital programme for the Housing Revenue Account. Further detail is shown in Appendix C & Appendix D.

<b>HRA Capital programme</b>	<b>Original Budget 2019/20</b>	<b>Revised Forecast 2019/20</b>	<b>Variance</b>	<b>Revised Draft Budget 2020/21</b>
<b>Expenditure:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Kitchens & Bathrooms	2,896	3,366	470	3,050
Windows & Doors	920	650	(270)	650
Planned Maintenance	782	782	0	665
Energy Efficiency Improvements	1,015	1,015	0	1,185
Specific Planned Projects	1,261	1,061	(200)	620
Estate Improvements	80	80	0	0
Empty Properties	1,160	1,160	0	700
New Affordable Housing - Right to Buy receipts	2,139	2,139	0	3,280
New Affordable Housing – Additional Provision	0	0	0	250
Neighbourhood Plans	2,465	2,465	0	2,090
Housing Transformation Budget	0	0	0	415
<b>Total Expenditure</b>	<b>12,718</b>	<b>12,718</b>	<b>0</b>	<b>12,905</b>
<b>Financing:</b>				
Borrowing	2,139	2,139	0	3,530
Capital Receipts	1,471	1,471	0	2,288
Revenue	5,587	5,637	50	3,268
Depreciation	3,471	3,471	0	3,769
Leasehold Contribution	50	0	(50)	50
<b>Total Financing</b>	<b>12,718</b>	<b>12,718</b>	<b>0</b>	<b>12,905</b>

## **6. Other implications to the Housing Revenue Account.**

- 6.1 Since the introduction of self-financing in 2012, the 30 year HRA business plan has continued to be challenged by a number of changes, such as increased Right to buy discounts and sales and the 1% rent reduction policy.
- 6.2 In response to these changes the Council has, in the short term, previously kept the HRA reserves levels high in order to mitigate this loss of revenue. The Council still needs to prepare for further reductions in resources available to manage, maintain, improve and add to its housing stock and manage the implications from the stock condition survey.
- 6.3 The HRA is continually reviewed to ensure the budgets accurately reflect service demands and to challenge where savings could be achieved. The capital programme, which is funded in large part by contributions from revenue, is monitored regularly during the year and has been reviewed in detail to inform the 2019/20 budget reflecting the outcomes of the 2017/18 stock condition survey. The overall capital programmes in prior years have significantly increased due to additional works needed, careful consideration has been taken to the deliver these works over the 5 year period and to manage the financial impact.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The detail within the report highlights the significant variances for the current year to date, including a full year impact to the HRA revenue and Capital budgets for future years.
- 7.2 The income and expenditure will continue to be monitored in detail during the current year, including additional reviews of the HRA 30 year business plan.
- 7.3 The HRA is dependent mainly on the rental income stream of the social housing rents, and the Council have a dedicated team monitoring tenant arrears on a regular basis.
- 7.4 The HRA has a 2019/20 opening reserves balance of £11.40 million. The 2020/21 opening reserve balance is forecast at £7.95 million, reflecting a 2019/20 forecast deficit of £3.45 million.
- 7.5 The removal of the debt cap has allowed the Council to increase the amount it can borrow on a prudential basis, to extend the affordable housing programme beyond the requirements of spending retained Right to Buy receipts as set out

in the report. Commitments, value for money and spend will be closely monitored and subject to regular budget monitoring and reporting.

## **8. RISK IMPLICATIONS**

- 8.1 It is recognised that since the results of the 2017/18 stock condition survey, a significantly increased Major Works Capital programme has been maintained following the 2018/19 budget setting process. Continual programmed works have been maintained to ensure that both the homes identified as non Decent as a result of the Stock Condition Survey and future homes, which become non Decent are addressed over a five year period. Overall ensuring that all homes within the dwelling stock are Decent.
- 8.2 Where service delivery plans have changed, the budget setting process must reflect the subsequent impact on resources and also recognise known risks for the HRA and ensure there are adequate balances in place to these as they materialise.
- 8.3 Further review of the detail of the HRA budget for both capital and revenue spend will be carried out during 2020/21, in preparation for the longer term investment requirements in the stock, new affordable housing programme and to inform future budget setting decisions to identify efficiencies within the program of works.
- 8.4 There continues to be an ongoing risk to the HRA of non-collection of tenant rental arrears and maintaining budgeted collection rates. This continues to be monitored and managed along with any further implications arising following the final migration of housing benefit to universal credit.

## **9. RECOMMENDATIONS**

- 9.1 The increase in rents of CPI + 1%, as set out in the new Rents for Social Housing policy for 2020/21. For 2020/21 this equates to 3%
- 9.2 The Revenue budget for 2020/21 along with the forecast projects for the period up until 2024/2025 including the extended borrowing to support the provision of additional HRA homes
- 9.3 To review the Capital budget for the period 2020/21 to 2024/25

9.4 To review the service charges for 2020/21

9.5 To review the revised Revenue and Capital forecasts for 2019/20.

## 10. BACKGROUND PAPERS

In year budget monitoring reports

Stock Condition Survey

Service Charge fees

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

Area for consideration	Comment
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	<b>Sent for Review</b>
Existing Council Policies:	
Financial Implications:	Considered
Legal Implications (including human rights):	
Risk Implications:	Considered
Equality Issues/EQIA assessment:	n/a
Crime & Disorder:	n/a
Every Child Matters:	n/a



## Appendix A – Fees and charge proposals 2020/21

2020/21 Rent increase and Service Charges (Exclusive of VAT where applicable)	2019/20	2020/21	2020/21
	Average Charge 50 Wks	Average Charge 50 Wks	Increase/ decrease per wk
<b>Tenant Rent</b>	£74.18	£76.44	£2.26
<b>Garages Basic – Tenants</b>	£10.87	£11.39	£0.52
<b>Garages Premium – Tenants plus Town Centre Surcharge</b>	£14.50	£15.20	£0.70
<b>Caretaking charge – Basic</b>	£0.97	£1.02	£0.05
<b>Caretaking charge – Enhanced</b>	£0.97	£1.02	£0.05
<b>Maintenance of Aged Persons gardens</b>			
Up to 30 minutes maintenance	£5.27	£4.25	-£1.02
Over 30 minutes maintenance	£8.42	£7.50	-£0.92
<b>Communal Heating</b>	£10.48	£5.38	-£5.10
<b>Communal Water</b>	£4.31	£4.51	£0.20
<b>Digital Communal TV Aerials</b>	£0.76	£0.96	£0.20
<b>Sewerage charge</b>	£6.73	£7.05	£0.32

Sheltered Housing Support Charges 2020/21	2020/21 Average charge 50 wk	2020/21 Average Charge 50 wk
Standard tenancies plus Alarm Charge	11.00	9.38

YARE CARE CHARGES	Weekly Charge		
	2020/21 Exc VAT	2020/21 Inc VAT	
52 week Calculation for Private users			
Private – Rental + Monitoring	£3.15	£3.94	
Private – Monitoring	£1.38	£1.72	
50 week calculation for Community Housing Tenants			
Council – Rental + Monitoring	£3.41	£4.09	
Council – Monitoring	£1.48	£1.78	
Yarecare Installation Charge	2019/20	2020/21	2020/21
	Average Charge	Average Charge	% Average Increase
Yarecare Installation Charge (Plus VAT)			
Charge within Borough	£44.40	£46.53	£2.13
Charge outside of Borough	£50.40	£52.82	£2.42
Alarm Unit – Purchase (Plus VAT) – One Off	£163.57	£171.42	£7.85

## Appendix B – Revenue Income and Expenditure 2019/20 – 2024/25

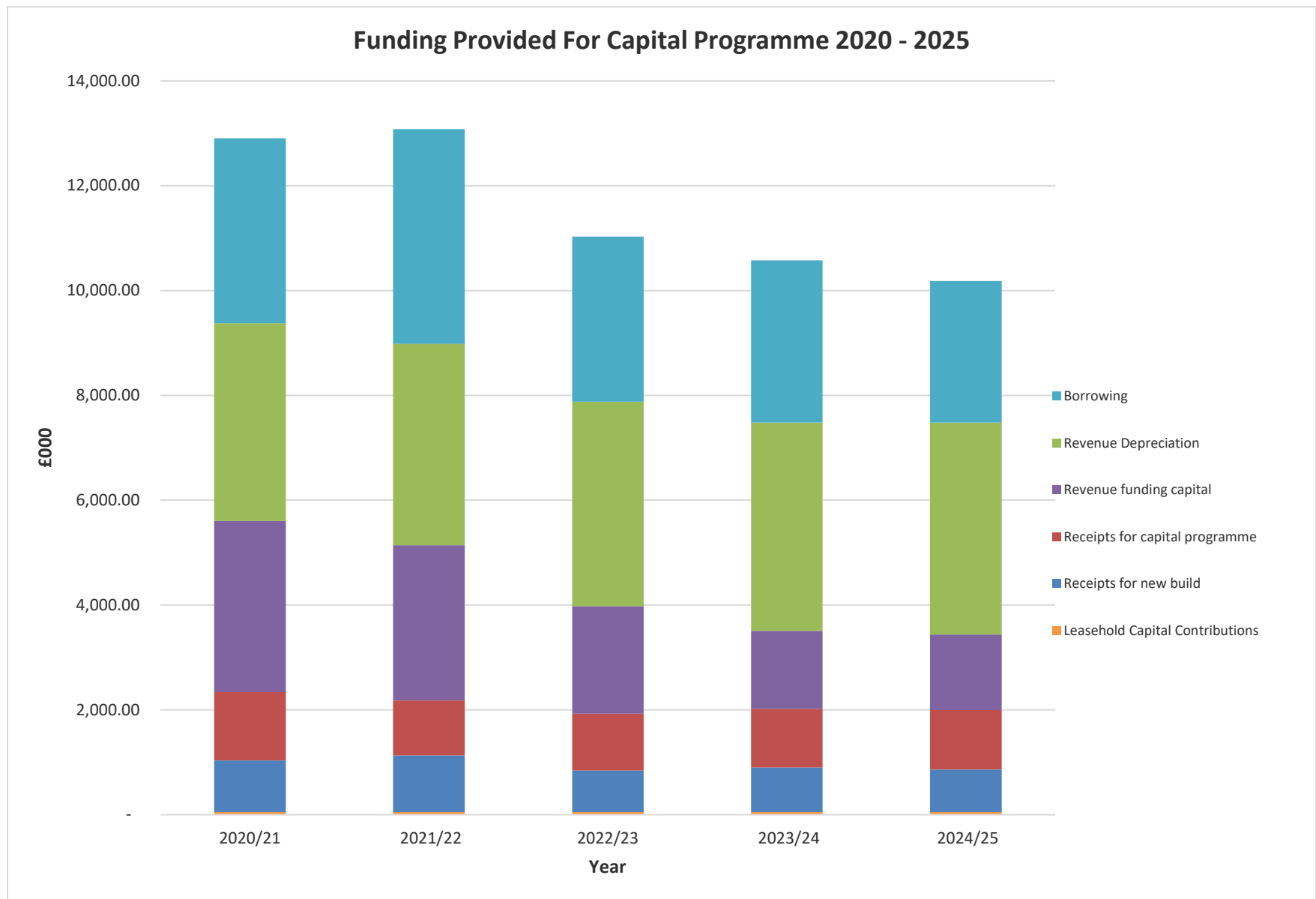
				Forecast Projections				
Income/ Expenditure		Budget	Revised	Budget	Budget	Budget	Budget	Budget
		2019-20	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Income	Charges for Services and Facilities	-1,393,926	-1,417,844	-1,441,750	-1,477,166	-1,513,606	-1,551,099	-987,014
	Dwelling Rents	-21,279,162	-21,279,162	-21,816,687	-22,345,553	-22,998,268	-23,667,935	-24,357,047
	Interest and Investment Income	-5,453	-5,453	-15,000	-15,420	-15,852	-16,296	-16,752
	Non Dwelling Rents	-262,562	-262,562	-274,715	-282,404	-290,308	-298,434	-306,788
Income Total		-22,941,103	-22,965,021	-23,548,152	-24,120,543	-24,818,034	-25,533,764	-25,667,600
Expenditure	Capital Expenditure funded by Revenue	5,586,419	5,636,419	3,267,459	2,961,518	2,049,866	1,491,648	1,444,982
	Depreciation and Impairment of Fixed Assets: Dwellings	3,343,648	3,343,648	3,612,910	3,676,046	3,737,782	3,800,516	3,864,265
	Depreciation and Impairment of Fixed Assets: Non - Dwellings	138,080	138,080	166,889	171,272	175,778	180,410	185,172
	Interest Payable and Similar Charges	2,750,644	2,750,644	2,873,627	2,931,194	3,045,324	3,125,114	3,043,467
	Provision for bad and doubtful debts	150,000	150,000	150,000	150,000	150,000	150,000	150,000
	Rents, Rates, Taxes and Other Charges	261,487	261,487	248,941	252,347	255,813	259,338	262,923
	Repairs & Maintenance	9,507,861	8,969,824	8,984,154	9,146,067	9,226,766	9,413,812	9,657,382
	Supervision and Management	2,684,141	2,675,515	2,908,290	2,865,017	2,918,246	2,973,944	3,004,331
	Supervision and Management (Staff Pay)	2,201,242	2,201,242	2,439,276	2,509,523	2,534,337	2,577,187	2,643,419
Expenditure Total		26,623,522	26,126,859	24,651,545	24,662,985	24,093,912	23,971,969	24,255,942
Below The Line	Employer's Contributions Payable to or from Norfolk County.	552,356	552,356	584,225	595,530	607,060	618,821	630,818
	HRA Earmarked reserves	-104,018	-104,018	0	0	0	0	0
	Impairment of Fixed Assets	0	0	0	0	0	0	
	Net Charges made for Retirement Benefits in accordance with IAS 19	-533,356	-533,356	-622,531	-634,981	-647,681	-660,635	-673,847
	(Gain) / Loss on Sale of HRA non-current	0	0	0	0	0	0	
	Capital Grants & Contributions receivable (Leasehold income)	-50,000	0	-50,000	-50,000	-50,000	-50,000	-50,000
	Pension Backfunding	372,668	372,668	432,645	463,644	496,365	531,690	546,577
Below The Line Total		237,650	287,650	344,339	374,192	405,744	439,876	453,547
Net (surplus)/Deficit for the year		3,920,069	3,449,488	1,447,733	916,634	-318,378	-1,121,920	-958,111

Housing Revenue Account Reserves	Year	2019-20	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	B/Fwd	11,399,612	11,399,612	7,950,124	6,502,391	5,585,757	5,904,135	7,026,055
	In Year	3,920,069	3,449,488	1,447,733	916,634	-318,378	-1,121,920	-958,111
	C/Fwd	7,479,543	7,950,124	6,502,391	5,585,757	5,904,135	7,026,055	7,984,166

## Appendix C – HRA Major Works Capital Programme 2019/20 – 2024/25

	Original budget 2019/20	Revised budget 2019/20	Forecast Projections				
			Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Kitchen & Bathrooms Improvements							
Kitchens planned	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000
Bathrooms planned	881,000	881,000	780,000	780,000	800,000	600,000	600,000
Kitchen Voids	345,000	815,000	450,000	450,000	250,000	250,000	250,000
Bathroom Voids	40,000	40,000	190,000	190,000	40,000	40,000	40,000
Windows & Doors Improvements							
Windows & Doors Improvements	920,000	650,000	650,000	650,000	500,000	500,000	500,000
Planned Maintenance							
Major R&M	133,000	133,000	75,000	75,000	75,000	75,000	75,000
Rewiring Dwellings	499,000	499,000	390,000	390,000	390,000	390,000	390,000
Major Adaptations	150,000	150,000	200,000	200,000	150,000	150,000	150,000
Neighbourhood Planned works							
Neighbourhood Plans	579,000	579,000	370,000	370,000	370,000	370,000	370,000
Roofing	1,119,000	1,119,000	1,120,000	1,040,000	970,000	970,000	970,000
Concrete improvement works	100,000	100,000	100,000	100,000	100,000	100,000	100,000
External Wall Insulation	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Upgrade Stair Enclosures	266,500	266,500	100,000	100,000	100,000	-	-
Off Street Parking - MCE		-	-	-	-	-	-
Energy & Efficiency Improvements							
Heating and Boiler replacments	1,015,000	1,015,000	1,185,000	1,185,000	1,185,000	1,185,000	1,185,000
Specific Planned Projects							
Stock Condition Survey	-	-	-	100,000	100,000	-	-
GYN Management	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Whole House Inc Long Term Voids	1,241,000	1,041,000	600,000	600,000	600,000	600,000	600,000
Estate Improvements							
First Time Installation Sewerage Schemes	80,000	80,000	-	-	-	-	-
Empty Properties							
Major Voids	1,160,000	1,160,000	700,000	700,000	200,000	200,000	200,000
New Affordable Housing							
Affordable Housing (Retained Receipts)	2,138,772	2,138,772	3,280,288	3,599,691	3,469,549	3,624,492	3,394,171
Additonal Housing	-	-	250,000	500,000	500,000	250,000	-
Housing Transformation Budget							
Housing Transformation Budget	-	-	415,000	-	-	-	-
Total	12,717,272	12,717,272	12,905,288	13,079,691	11,849,549	11,354,492	10,874,171

## Appendix D – Funding Provided for the Capital Programme 2020/21 – 2024/25



Subject: **Treasury Management Strategy 2020/21**

Report to: Policy and Resources Committee – 4<sup>th</sup> February 2020  
Full Council – 20<sup>th</sup> February 2020

Report by: Finance Director

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

To consider and recommend to Council the 2020/21 Treasury Management Strategy and Annual Investment Strategy.

#### **RECOMMENDATIONS**

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

- The TMS for 2020/21
- The Annual Investment Strategy (section 4)
- Operational Boundary and Authorised Limits (Appendix C)

### **1. INTRODUCTION/BACKGROUND**

- 1.1 The Council is required to determine annually its Treasury Management Strategy (TMS). The TMS for 2020/21 financial year is attached and includes the following:
- Annual Investment Strategy (section 4)
  - Operational Boundary and Authorised Limits (Appendix C)
- 1.2 The Council continues to maintain an under-borrowed position, which means the capital borrowing need (the Capital Financing Requirement) has not been fully funded with external loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. The strategy is prudent as investment returns are low and counterparty risk is relatively high. An under borrowing position is forecast to continue.
- 1.3 The Council is required to operate a balanced budget, whereby cash raised during the year will meet the cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.4 The second main function of the treasury management service is the funding of the Council's planned capital plans. These capital plans provide a guide to the borrowing need of the Council, informing the longer term cash flow planning, to ensure the Council can meet its capital spending obligations.
- 1.5 The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet the Council risk or cost objectives.
- 1.6 The treasury strategy has been informed by the current capital programme and updates to the programme as included within the budget report which is being recommended elsewhere on the agenda.

- 1.7 The revenue implications of the strategy have been included in the General Fund and HRA budgets for 2020/21.

## **2. FINANCIAL AND RISK IMPLICATIONS**

- 2.1 Detailed within the Strategy Document.

## **3. CONCLUSIONS**

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

## **4. BACKGROUND PAPERS**

- 4.1 The Council is required to determine annually its Treasury Management Strategy.

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

## Treasury Management Strategy Statement 2020/21.

### 1. Introduction

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

### 2. Current Position and Projection

- 2.1 On 31<sup>st</sup> December 2019, the Council held £116.8 million of borrowing and £15 million of treasury investments, excluding the investment in Equinox. Table 1 below provides a summary of the Council's treasury portfolio at the end of December 2019.

<b>Table 1: Councils treasury portfolio as at 31st December 2019</b>	<b>Principal £000</b>	<b>Average Interest Rate %</b>
Call accounts	100	0.60%
Building Society	1,000	0.68%
Money Market Funds	12,000	0.68%
DMO	910	0.50%
Property Fund	1,000	4.38%
<b>Total Investments</b>	<b>15,010</b>	
Long –term PWLB loans	71,388	3.15 - 4.40%
Long-term loans other	14,897	3.35 - 4.44%
Short term borrowing	30,504	0.75 - 1.10%
<b>Total Borrowing</b>	<b>116,789</b>	
<b>Net Borrowing</b>	<b>101,779</b>	

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



<b>Table 2: Balance sheet summary and forecast</b>	<b>31.3.19 Actual £m</b>	<b>31.3.20 Estimate £m</b>	<b>31.3.21 Forecast £m</b>	<b>31.3.22 Forecast £m</b>	<b>31.3.23 Forecast £m</b>
General Fund CFR	50.907	62.854	83.540	84.573	82.648
HRA CFR	82.077	84.216	87.747	91.846	94.995
Total CFR	132.984	147.070	171.287	176.419	177.643
Less: *Other debt liabilities	(0.898)	(0.803)	(0.718)	(0.634)	(0.549)
<b>Borrowing CFR</b>	<b>132.086</b>	<b>146.267</b>	<b>170.569</b>	<b>175.785</b>	<b>177.094</b>
Less: External borrowing **	(121.851)	(108.767)	(86.179)	(82.587)	(82.492)
<b>Internal (over) borrowing</b>	<b>10.235</b>	<b>37.500</b>	<b>84.390</b>	<b>93.198</b>	<b>94.602</b>
Less: Usable reserves***	(26.997)	(26.924)	(26.002)	(25.890)	(26.914)
Less: Working capital***	(3.219)	(14.000)	(14.000)	(14.000)	(14.000)
<b>Treasury investments (or New borrowing)</b>	<b>13.543</b>	<b>(3.424)</b>	<b>44.388</b>	<b>53.308</b>	<b>53.688</b>

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

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

\*\*\*revised from 18/19 Treasury Management Outturn following audit of 2018/19 accounts

- 2.3 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 2.4 The Council has an increasing CFR due to the timing of the approved capital programme, but minimal investments and will therefore be required to borrow up to £54m over the forecast period.
- 2.5 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 2 shows that the Council expects to comply with this recommendation during 2019/20, and Appendix C illustrates the Operational Boundary and Authorised Limits.

### 3. Borrowing Strategy

- 3.1 The Council currently holds £116.789 million of loans, a decrease of £9 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in Table 2 shows that the Council expects to borrow up to £44m in 2020/21 if it used all its internal resources (i.e. usable reserves and working capital shown in Table 2). However, as the Council will need to maintain investments of at least £10m to remain a Professional Client under MiFID II (see paragraph 6.8), this net borrowing requirement will rise to £54m. The Council may also borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £181 million as per the Councils operational boundary and authorised limits (detailed in Appendix C).

- 3.2 The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. With short-term interest rates lower than long-term borrowing rates, the Council has felt it was more cost effective in the near term to use internal resources, or to borrow short-term loans.
- 3.3 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 3.4 By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2020/21 with a view to keeping future interest costs low, even if this causes additional cost in the short-term. The cost of carry analysis performed by the Council's treasury management advisors Arlingclose has not indicated any value in borrowing in advance for future year's planned expenditure and therefore none has been undertaken.
- 3.5 The Council has previously raised the majority of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive option. The Council will now look to borrow any long-term loans from other sources including banks and local authorities and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.
- 3.6 Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.7 In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.
- 3.8 Sources of borrowing: The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board (PWLB) and any successor body
  - any institution approved for investments (see below)
  - any other bank or building society authorised to operate in the UK
  - any other UK public sector body
  - UK public and private sector pension funds (except Norfolk Pension Fund)
  - capital market bond investors
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues

- 3.9 Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
  - hire purchase
  - Private Finance Initiative
  - sale and leaseback
- 3.10 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.
- 3.11 LOBOs: The Council holds £3m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. The next date for this option is 2<sup>nd</sup> November 2024.
- 3.12 Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

#### **4. Investment Strategy**

- 4.1 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investments balance average is £20 million, and similar levels are expected to be maintained in the forthcoming year.
- 4.2 Objectives: The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 4.3 If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

- 4.4 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to [further] diversify into more secure and/or higher yielding asset classes during 2020/21. This is especially the case for the estimated £10m that is available for longer-term investment. All of the Council's surplus cash (average £20m) is currently invested in a mixture of short-term secured and unsecured bank deposits, money market funds and £1 million invested in a longer-term pooled fund. This diversification will represent a substantial change in strategy over the coming year.
- 4.5 **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 4.6 The Council may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£1.5m 3 years	£2m 20 years	n/a	£1m 20 years	£1.5m 20 years
AA+	£1.5m 1 years	£2m 10 years	n/a	£1m 10 years	£1.5m 10 years
AA	£1.5m 1 years	£2m 5 years	n/a	£1m 5 years	£1.5m 10 years
AA-	£1.5m 1 years	£2m 4 years	n/a	£1m 4 years	£1.5m 10 years
A+	£1.5m 1 years	£2m 3 years	n/a	£1m 3 years	£1.5m 5 years
A	£1.5m 1 years	£2m 2 years	n/a	£1m 2 years	£1.5m 5 years
A-	£1.5m 6 months	£2m 13 months	n/a	£1m 13 months	£1m 5 years
None	£1m 6 months	n/a	n/a	£0.5m 5 years	£1m 5 years
UK Govt		UK Local Council £2m 2 years (per council)			
Pooled funds		£3m per fund			

This table must be read in conjunction with the notes below

- 4.7 **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

- 4.8 **Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 4.9 **Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- 4.10 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- 4.11 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment and will be subject to individual business cases and not for treasury management purpose but for service purpose.
- 4.12 **Registered providers:** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 4.13 **Pooled funds:** Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods. The limit may be exceeded at times due to higher retained cash balances than anticipated. Considering our strategic goals of security, liquidity and return we would choose the Money Market Funds as the most appropriated to achieve the strategic goal.

- 4.14 **Bond, equity and property funds** offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
- 4.15 **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in. Balances will therefore be kept as low as possible without affecting operations. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.
- 4.16 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 4.17 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 4.18 **Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 4.19 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these



restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

#### 4.20 **Investment limits:**

- 4.21 The Council's revenue reserves available to cover investment losses are forecast to be £15 million on 31<sup>st</sup> March 2020. In order to reduce the risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £2 million, other pooled funds for which the limit per fund is £3m and for UK central government where there is no limit. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

<b>Table 4: Investment limits</b>	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£2m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£2m per group
Any group of pooled funds under the same management	£6m per manager
Negotiable instruments held in a broker's nominee account	£4m per broker
Foreign countries	£1.5m per country
Registered providers and registered social landlords	£2m in total
Unsecured investments with building societies	£1.5m in total
Loans to unrated corporates	£1m in total
Money market funds	£12m in total

#### 4.22 **Cash Flow/Liquidity Management:**

- 4.23 The Council officers maintain a detailed cash flow forecast for each coming year revising it as more information becomes available. This informs the short-term investments such as those to cover precept payments. The forecast is compiled on a prudent basis with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. The long-term investment strategy is based on the Council's medium term strategy.

### 5. **Treasury Management Indicators**

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



and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit	A

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

Liquidity risk indicator	Target £m
Liquid short-term deposits	£11.000
Bank Overdraft	£0.250

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

Interest rate risk indicator	Limit £000
Upper limit on one-year revenue impact of a 1% rise in interest rates	50
Upper limit on one-year revenue impact of a 1% fall in interest rates	94

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

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

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

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

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

Price risk indicator	2020/21	2021/22	2022/23
Limit on principal invested beyond year end	£12m	£12m	£12m

## 6. Other Treasury Management Issues

- 6.1 The CIPFA Code requires the Council to include the following in its treasury management strategy.
- 6.2 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 6.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 6.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 6.5 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 6.6 **Policy on apportioning interest for HRA:** On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Annually a calculation is performed to allocate interest between the General Fund and HRA.
- 6.7 **Markets in Financial Instruments Directive (MiFID II):** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

## 7. Financial Implications

- 7.1 The budget for investment income in 2020/21 is £297 thousand, £176 thousand relating to treasury investments based on an average investment portfolio of £20 million. The majority of which is invested in low risk short term investments with of an average interest rate of 0.68%. A further £1 million is invested in a long- term pooled investment fund where the value changes with market prices and have a notice period. The budget for debt interest paid for General Fund is £1.278 million and HRA is £2.861 million in 2020/21.

Actual levels of investments and borrowing, and actual interest rates are monitored during the year as part of the budget monitoring process.

## 7.2 Other Options Considered

- 7.3 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Section 151 Officer believes that the strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications are listed below:

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

## **Appendix A**

### **Economic background and interest rate forecast**

The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2020/21. The General Election has removed some uncertainty within the market, however following the expected Withdrawal Bill, uncertainties around the future trading relationship with the EU remain.

GDP growth rose by 0.4% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.1% from 1.2%. Services, construction and production added positively to growth, by 0.5%, 1.2% and 0.1% respectively, while agriculture recorded a fall of 0.1%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.

The headline rate of UK Consumer Price Inflation remained the same in November 2019 at 1.5% year-on-year, the same as October 2019, however continuing to fall from highs of 2.1% in July and April 2019 as accommodation services and transport continued to contribute to a level of inflation below the BOE target of 2%. Labour market data continues to be positive. The ILO unemployment rate continues to hold at historic lows at 3.8%, its lowest level since 1975. The 3-month average annual growth rate for pay excluding bonuses rose to 3.5% in November 2019 providing some evidence that a shortage of labour is supporting wages. However, adjusting for inflation this means real wages were only up by 0.9% in October 2019 and only likely to have a moderate impact on household spending.

Domestic inflationary pressures have abated, as domestic gas and electricity price freezes have taken effect until 2020. The price of oil has fallen through the year, despite a rise in prices in December 2019. The limited inflationary pressure from real wages will likely keep inflation below the Bank of England target of 2%. The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.

The US economy has continued to perform relatively well compared to other developed nations; however, the Federal Reserve has started to unwind its monetary tightening through 2019. The Federal Reserve has cut rates three times to 1.5% - 1.75%, to stimulate growth as GDP growth has started to fall (to 2.1%).

The fallout from the US-China trade war continues which, risks contributing to a slowdown in global economic activity in 2019. Recent suggestions have been an initial compromise and potential unwinding of tariffs; however, this can change quickly. Slow growth in Europe, combined with changes in leadership at the ECB and IMF has led to a change of stance in 2019. Quantitative easing has continued and been extended.

## **Credit outlook**

The recent Bank of England stress tests assessed all seven UK banking groups. The tests scenarios include deep simultaneous recessions in the UK and global economies that are more severe overall than the global financial crisis, combined with large falls in asset prices and a separate stress of misconduct costs. All seven banks passed the test on both a CET1 ratio and a leverage ratio basis. Major banks have steadily increased their capital for many years now. However, there are a number of shortcomings in the Bank's approach; timeliness as the results are over 11 months of out date when they are published, being based on end-2018 balance sheets; ringfencing, as the tests ignore the restrictions on transferring capital between ringfenced "retail" banks and non-ringfenced "investment" banks within the larger groups and; coverage – the tests should be expanded to cover a wider range of UK banks and building societies.

The Bank of England will seek to address some of these issues in 2020, when Virgin Money/Clydesdale will be added to the testing group and separate tests will be included of ringfenced banks.

Challenger banks hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers.

Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

## **Interest rate forecast**

The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the upcoming general election, the need for greater clarity on Brexit and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.

Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.

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

## Appendix B

### Economic & Interest Rate Forecast January 2020

- The global economy has entered a period of weaker growth in response to political issues. The UK economy continues to experience slower growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations are low.
- Some improvement in global economic data and a more positive outlook for US/China trade negotiations has prompted worst case economic scenarios to be pared back.
- The new Conservative UK government will progress with achieving Brexit on 31<sup>st</sup> January 2020. The more stable political environment will prompt a partial return in business and household confidence in the short term, but the subsequent limited Brexit transitional period, which the government is seeking to enforce, will create additional economic uncertainty.
- UK economic growth stalled in Q4 2019. Inflation is running below target at 1.5%. The inflationary consequences of the relatively tight labour market have yet to manifest, while slower global growth should reduce the prospect of externally driven pressure, although escalating geopolitical turmoil could continue to push up oil prices.
- The first few months of 2020 will indicate whether the economy benefits from restored confidence. The government will undertake substantial fiscal easing in 2020/21, which should help support growth in the event of a downturn in private sector activity.
- The weak outlook for the UK economy and current low inflation have placed **pressure on the MPC to loosen monetary policy**. Two MPC members voted for an immediate cut in the last two MPC meetings of 2019. The evolution of the economic data and political moves over the next few months will inform policy, but **upside risks to Bank Rate are very limited**.
- Central bank actions and escalating geopolitical risks will produce volatility in financial markets, including bond markets.

#### Forecast:

- Arlingclose has maintained the Bank Rate forecast at 0.75% for the foreseeable future. Substantial risks to this forecast remain, arising primarily from the government's policy around Brexit and the transitional period.
- Arlingclose judges that the risks are weighted to the downside.
- Gilt yields remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.
- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
<b>Official Bank Rate</b>														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.21
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
<b>3-month money market rate</b>														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
<b>1yr money market rate</b>														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.60
<b>5yr gilt yield</b>														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	0.37
Arlingclose Central Case	0.50	0.50	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.56
<b>10yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.00	1.00	0.88
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.45
<b>20yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45
<b>50yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

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

## Appendix C

Operational Boundary and Authorised limits

Operational boundary	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Debt	£150.000	£174.000	£179.000	£181.000
Other long-term liabilities	£2.000	£2.000	£2.000	£2.000
<b>Total</b>	<b>£152.000</b>	<b>£176.000</b>	<b>£181.000</b>	<b>£183.000</b>

Authorised limit	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Debt	£155.000	£179.000	£184.000	£186.000
Other long-term liabilities	£2.000	£2.000	£2.000	£2.000
<b>Total</b>	<b>£157.000</b>	<b>£181.000</b>	<b>£186.000</b>	<b>£188.000</b>



**Subject: 2020/21 BUDGET REPORT**

Report to: Management Team 20 January 2020  
Policy and Resources Committee - 4 February 2020  
Full Council - 20 February 2020

Report by: Finance Director

## **SUBJECT MATTER AND RECOMMENDATIONS**

This report presents for consideration and recommendation to Full Council the 2020/21 budget. The report includes details of the provisional finance settlement along with the key assumptions that have been made within the budget.

The position as presented requires a transfer of £150,458 from the general reserve.

The Council's budget is set for approval each year, it is presented to Policy and Resources Committee for recommendation to Full Council alongside the setting of the 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 20 December 2019. 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 2020.

The report also recommends an updated capital programme for the current and future years after allowing for slippage of schemes between financial years and approval for new capital bids and projects.

The report also outlines the risks facing the Council in setting the budget and forecasting future spending plans and resources.

### **Recommendations:**

**A) It is recommended that Policy and Resources Committee agree and recommend to Full Council:**

- 1) The 2020/21 general fund revenue budget as outlined at Appendix A;**
- 2) The Council Tax for 2020/21 for the Borough Council tax be £166.48 (for an average Band D);**
- 3) That the demand on the Collection Fund for 2020/21 be:**
  - a. £4,835,911 for the Borough Council purposes;**
  - b. £474,871 for Parish Precepts;**
- 4) The statement of and movement on the reserves as detailed at Appendix E and within section 8 of the report;**
- 5) The Policy framework for reserves as detailed at Appendix F;**
- 6) The updated Capital Programme and financing for 2019/20 to 2020/21 as detailed at Appendix G;**
- 7) New capital bid proposals at Appendix H;**

<b>8) The prudential indicators and minimum revenue provision policy as detailed at Appendix I.</b>
---

## **1. Introduction and Background**

- 1.1 This report presents for recommendation the detail of the 2020/21 revenue budget and the indicative projections for the following two financial years.
- 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. Recommendations from this report will be made to Full Council on 20 February 2020 as part of the annual Budget and Council Tax setting.
- 1.3 The financial projections for the period 2019/20 to 2021/12 were presented to Members in February 2019 alongside the budget for 2019/20. These provided indicative forecasts for the future taking into account the then planned change to the funding regime and the greater level of retained business rates income. The Medium Term Financial Strategy (MTFS) covering the period 2020/21 to 2022/23 was presented to Members for consideration in November 2019. At that time there was a forecast gap of £640,000 for 2020/21 after allowing for known spending pressures highlighted from the in-year budget monitoring along with revised assumptions of funding for 2020/21 including a roll forward of the 2019/20 funding due to the delays to the fair funding review and review of business rates.
- 1.4 Since then the detailed work on the 2020/21 budget has been carried out, including consideration of fees and charges for current and future financial years and also taking into account the impact of the provisional local government finance settlement, resulting in the recommended budget for 2020/21.
- 1.5 Appendix A provides a general fund summary for 2020/21 with more detail within Appendix B which also provides commentary on the more significant movements compared to the 2019/20 base budget.
- 1.6 During 2020/21 there will be further consultations and announcements on the future funding of local government to be informed by the fair funding review and review of business rates. The outcomes of these key pieces of work is pivotal to the future funding of local government and updates will be provided as part of the future financial planning. At such time as the details are made available, the financial projections for 2021/22 onwards will be revised and updated.

## **2. Provisional Local Government Finance Settlement 2020/21**

- 2.1 The provisional finance settlement (year four of the multi-year settlement which the Council accepted) was announced by the Ministry for Housing Communities and Local Government on 20 December 2019. The final settlement is normally confirmed early February. Where applicable, any changes resulting from the final settlement will be reflected in the budget report to Full Council on 20 February 2020.
- 2.2 The following summarise some of the key messages from the settlement statement and the subsequent analysis:
  - a) Council Tax Referendum Limit – This was confirmed as the higher of 2% or £5 for 2020/21 for shire districts and confirmed no limits for parish and town councils but for these to remain under review;

- b) New Homes Bonus – Confirmation of a further year of NHB with the 0.4% threshold for growth is still used and no legacy payments for the 2020/21 allocation;
- c) Core Spending Power – The figures announced indicate that the Core Spending Power will rise by an average of 6.6% in 2020/21, on the basis that Councils will raise council tax by the maximum amount permitted without a referendum and allowing for additional social care funding. For GYBC CSP for 2020/21 has increased by 2.9%. This is due to allocation of a new homes bonus payment for 2020/21, increase to council tax and an increase to the revenue support grant;

2.3 The settlement includes a measure referred to as 'Core Spending Power'. This is essentially the Government's measure of core revenue funding components for local government consisting of the following (\*applicable sources for GYBC):

- Revenue Support Grant\*
- Retained Business Rates\*
- Section 31 grants to compensate for historic caps on business rates multiplier increases and uprating of the multiplier by Consumer Price Index (CPI) instead of by Retail Price Index (RPI) from April 2018\*;
- New Homes Bonus\*
- Improved Better Care Fund Income
- Rural Services Delivery Grant
- Assumed income from Council Tax\* – allowing for tax base growth, annual increases to the council tax to the referendum limits, and adult social care precept.

2.4 Table 1 provides a summary of the Core Spending Power (CSP) for GYBC as included in the provisional settlement announcement.

<b>Table 1 - Core Spending Power</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Settlement Funding Assessment	8,135	7,255	6,593	6,239	5,808	5,903
Compensation for under-indexing the business rates multiplier	51	51	54	85	123	154
Council Tax of which;	3,831	3,914	4,142	4,391	4,612	4,860
Council Tax Requirement excluding parish precepts (including base and levels growth)	3,831	3,914	4,085	4,319	4,527	4,720
potential additional Council Tax from £5 referendum principle for all Districts	-	-	57	73	85	140
New Homes Bonus	1,157	1,377	1,063	628	427	373
New Homes Bonus returned funding	11	8	9	-	-	-
<b>Core Spending Power</b>	<b>13,185</b>	<b>12,605</b>	<b>11,861</b>	<b>11,343</b>	<b>10,970</b>	<b>11,290</b>
Change since 2015-16 (£ millions)					-	1,895
Change since 2015-16 (% change)						-14.4%

2.5 The Core Spending power for 2020/21 assumes growth in the tax base and increases of Council Tax up to the referendum limit. The actual amount for 2020/21 will be £4,835,911, slightly below the level assumed in the core spending power assumptions.

2.6 The settlement funding assessment represents the Council's share of local government's overall control total and is made up of revenue support grant and baseline funding (from retained business rates). Table 2 below provides a breakdown of the Settlement Funding Assessment which consists of RSG and Business Rates Baseline funding.

<b>Table 2 Settlement Funding Assessment</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Settlement Funding Assessment:</b>						
Revenue Support Grant		3,740	3,007	2,545	2,029	2,062
Baseline Funding Level		3,515	3,587	3,694	3,779	3,841
<b>Total Settlement Funding Assessment *</b>	<b>8,135</b>	<b>7,255</b>	<b>6,593</b>	<b>6,239</b>	<b>5,808</b>	<b>5,903</b>
<b>Movement - Year on Year</b>						
Revenue Support Grant £ (Reduction)			(733)	(462)	(516)	33
Revenue Support Grant % Reduction			-19.6%	-15.4%	-20.3%	1.6%
Baseline Funding Level £ Increase			72	108	85	62
Baseline Funding Level % Increase			2.0%	3.0%	2.3%	1.6%
<b>Total Settlement Funding Assessment (Reduction) £</b>		<b>(880)</b>	<b>(661)</b>	<b>(354)</b>	<b>(431)</b>	<b>95</b>
<b>Total Settlement Funding Assessment (Reduction) %</b>		<b>-10.8%</b>	<b>-9.1%</b>	<b>-5.4%</b>	<b>-6.9%</b>	<b>1.6%</b>

### 3. New Homes Bonus

- 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, being payable as an un-ring fenced grant. At the start of the scheme the bonus was paid for six years, reducing to a four-year grant in recent years. The bonus is based on the net additional homes (net of new homes and changes in long term empty properties) plus an additional supplement of £350 per affordable dwelling. The payment allocated between local authority tiers: 80% to the lower tier (GYBC) and 20% to the upper tier (Norfolk County Council).
- 3.2 A threshold baseline of 0.4% growth was introduced to the system of NHB funding from 2017/18 whereby each Local Authority needed to achieve growth of above 0.4% to receive a payment of NHB. For the last two years the Council has not met the baseline and therefore only received payment for the delivery of affordable properties.
- 3.3 The provisional settlement announcement confirmed a further year of NHB funding for 2020/21 for one year only and for GYBC this equates for £166,266 as the Council has achieved growth above the baseline. The following provides a summary of the 2020/21 allocation.

<b>Table 3</b>	<b>2019/20</b>	<b>NHB Grant</b>	<b>2020/21</b>	<b>NHB Grant</b>
Net Additions (units) [a]	108		298	
Empty Homes (increase of) [b]	51		1	
Total Units Added [c=a-b]	57		297	
Units for Reward (above baseline)	0		117	£163,186
Affordable Units	25	£7,000	11	£3,080
Legacy Payments		£419,641		£206,244
<b>Total Payment</b>		<b>£426,641</b>		<b>£372,510</b>

- 3.4 From the settlement announcement there is a clear expectation that the current NHB will be reviewed and replaced and likely that NHB will have disappeared in entirety from 2022/23.
- 3.5 Table 4 provides details of the Council's allocations of NHB for 2020/21 including previous years' payments.

Table 4 – New Homes Bonus – Allocations to date										
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2011/12	274	274	274	274	274	274				
2012/13		234	234	234	234	234				
2013/14			321	321	321	321	321			
2014/15				119	119	119	119			
2015/16					208	208	208	208		
2016/17						220	220	220	220	
2017/18							194	194	194	194
2018/19								5	5	5
2019/20									7	7
2020/21										166
<b>Total</b>	<b>274</b>	<b>508</b>	<b>829</b>	<b>949</b>	<b>1,157</b>	<b>1,377</b>	<b>1,063</b>	<b>628</b>	<b>427</b>	<b>373</b>

#### 4. Business Rates Retention

- 4.1 The current scheme of Business Rates Retention came into operation in April 2013 which introduced the allocation of business rates in the following shares - 50% central government; 40% GYBC and 10% Norfolk County Council. GYBC has been part of the 75% business rates pilot for Norfolk for 2019/20, this has been confirmed as a one-year pilot only. The 2020/21 budget reflects the 50% retention system.
- 4.2 There is still the intention to move to 75% rates retention and although the implementation date has slipped to April 2021, there is expected to be further consultations and announcements during 2020/21. The impact of moving to 75% business rates retention in 2021/22 for all authorities will mean the rolling in of a number of grants to the funding system, including the Revenue Support Grant.

#### 5. Savings and Additional Income

- 5.1 The 2020/21 budget assumes the continuation of savings and additional income identified and approved as part of previous budget setting processes which are now included in the base budget as business as usual. The current financial business strategy identifies the following themes that are priorities for the Council in delivering future efficiencies and savings to reduce the forecast budget gap.
- a) **Strategic Asset Management** – To ensure that income streams from all of the Council's asset holdings are maximised and costs minimised. Identify development opportunities from new investment or assets which are underperforming for potential disposal; adding value to strategic assets; the key aim is to identify the most efficient way to utilise the Council's assets and maximise the return that the Council receives from them.
  - b) **Economic Growth** – To enhance and protect the funding from business rates and identify opportunities to encourage new growth in the Borough, including the Enterprise Zones and other areas and to support new housing growth.
  - c) **Housing Growth** – To maximise income from the New Homes Bonus and collection of Council Tax, increasing the Council Tax base, ensuring a strategy to support housing development in line with planning policy, whilst minimising empty homes across the Borough.
  - d) **Property Investment and Commercialisation** - Identify opportunities for investment in properties, whether direct or indirect, to achieve an income stream or improved returns on investment.

- e) **Technological Investment** - Enhancement and development of IT including the website to aid flexible working and access to services, ensuring linkages to the digital strategy.
- f) **Shared Services, Selling Services and Partnership** - Identifying opportunities for sharing services at a local level to allow a strengthened approach to working with communities and partners in the voluntary sector to drive better outcomes for local residents; reduce avoidable demand on council services and secure investment to drive new partnerships with partners and communities to deliver corporate ambitions.
- g) **GYBC Operating Model** - Making sure the Council operates as effectively and efficiently as possible through:
  - Digital by Design - Provision of on-line services for residents, businesses and visitors, allowing the ability to work remotely using a range of devices which automate processes and support joined-up working, and mobile solutions.
  - Procurement and Contract Management - To review current contracts in place and the arrangements for managing these contracts i.e. through a joint venture or formal contract management.
  - Enforcement Strategy - Co-ordinated approach to issues such as tackling homes and properties which blight areas and may contribute to anti-social behaviour, including a programme of work to bring empty homes back into use and to deliver new housing developments to grow the Council's tax base.
  - Efficiencies – ensuring the council operates in an efficient and effective manner, reviewing provision of services in a proactive way.

5.2 As part of the budget process, savings and additional income proposals were invited from Heads of Service for consideration over the short to medium term. A schedule of the savings proposals from this process are detailed in Appendix C for approval as part of the 2020/21 budget process. As part of the budget review and savings process a number of income and expenditure budgets have been updated to more accurately reflect current plans. These have been included as part of the proposals at Appendix C. Where applicable the timing of delivery of the proposal has been updated to reflect part year savings where lead-in time is required for implementation. In addition, some proposals require upfront one-off funding, where applicable the reserves statement allows for allocations from reserves.

5.3 Full Council in December approved the new Fees and Charges policy from 2020/21. The revised policy provides the flexibility for annual increase of RPI plus up to 2% in line with some key principles including taking into account market conditions and cost recovery.

## 6. Revenue Account Base Budget – 2020/21

6.1 The detail of the general fund revenue account budget now presented for approval is included within Appendices A and B to the report. Appendix A shows a high level summary of the revenue budget for 2020/21 supported by further details on the individual service budgets at Appendix B which shows the movement compared to the 2019/20 base budget.

6.2 The capital programme is presented in more 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. The revenue implications of the capital programme have been allowed for within the budget now presented for approval.

6.3 The revenue budget for 2020/21 makes a number of assumptions, the more significant ones are as follows:



- a) **Council Tax** – The budget assumes an increase in the Borough element of Council Tax in 2020/21 of £5 for a band D property, based on the tax base of 29,048 (an increase of 488 compared to 2019/20) as approved in December 2019. This means that the borough element for a band D Council Tax for 2020/21 would be £166.48 (an increase of £5, 3.1% compared to 2019/20). Further details on the profile and level of council tax for the individual bandings is included at section 6. After allowing for tax base growth and £5 increase the budget assumes an additional £224,000 funding compared to 2019/20.
  - b) **Employee budgets** – The budget assumes a 2% pay award for 2020/21, 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 £280,000 which equates to turnover of approximately 2.3%. Where annual increments are due these have continued to be factored into the budget. The apprenticeship levy is payable at a rate of 0.5% by all employers where the pay bill is over £3 million. The authority has been able to access training and development for employees that is funded from the levy, at least to the level of levy that is payable.
  - c) **Fees and Charges** – The revised fees and charges policy for the period 2020/21 to 2024/25 was approved by Council in December 2019. The policy provides for the general principle of setting fees to cover the cost of delivery allowing for annual increases of RPI plus up to 2%. The fees and charges for 2020/21 are included as a separate item on this agenda.
  - 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 £1.278 million interest payable is included in the budget for 2020/21 which reflects the current long-term debt portfolio and new temporary borrowing in line with the capital financing requirement as per the current treasury management strategy. The MRP budget of £1.514 million reflects the current programme of capital budgets along with planned expenditure in the current year. The new schemes that have been put forward for 2020/21 for approval have been allowed for within the future MRP forecasts. Some of the capital proposals will be subject to further detailed business cases ahead of works commencing.
- 6.4 The General Fund Summary presented at Appendix A shows a budget for 2020/21 which is summarised in Table 5 with the equivalent figures from the 2019/20 base budget.



<b>Table 5 – Variance of 2019/20 to 2020/21 Base Budget</b>	<b>2019/20 Base Budget</b>	<b>2020/21 Base Budget</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Net cost of services (incl. Parishes)	12,590	12,869	279
Non service expenditure/ income	(133)	1,059	1,192
Contributions to/(from) Reserves	(526)	(794)	(268)
Net budget requirement	11,932	13,135	1,203
<b>Funded by:</b>			
Local Taxpayers - Parishes	(429)	(475)	(46)
Local Taxpayers - District Council	(4,612)	(4,836)	(224)
Revenue Support Grant & Retained Business Rates	(6,377)	(7,301)	(924)
New Homes Bonus	(427)	(373)	54
Total Income	(11,844)	(12,984)	(1,140)
<b>(Surplus)/ Deficit</b>	<b>87</b>	<b>150</b>	<b>63</b>

## 7. Council Tax

- 7.1 As detailed in section 2, the core spending figures as included in the provisional finance settlement reflects increases to council tax annually by the higher of 2% or £5 per annum. The budget for 2020/21 assumes a band D council tax increase of £5. This is line with the previous financial projections and the 2020/21 MTFS as presented in November 2019. For 2020/21 it is recommended that the band D Council tax for the borough's element be set at £166.48. Appendix D provides a summary of the band D council tax for 2020/21 including the impact of the parish precepts. At the time of producing this report there were only two parishes yet to finalise their precept, the final figures will be included in the council tax setting report to Council on 20 February 2020.
- 7.2 The Council Tax Base of 29,048 Band D equivalent properties for 2020/21 (28,560 for 2019/20) was approved by Full Council in December 2019. The summary below shows the equivalent charge for the council tax bandings for the 2020/21 charge compared to the current charges for the Borough Council element only. The profile of property bandings across the borough is weighted towards the lower property banding, approximately 60% of properties are within bands A and B.

<b>Table 6– Council Tax Summary 2020/21</b>	<b>£000</b>
Total District amount to be met from Government Grant & Local Taxation	12,660
Less:	
Funding (Business Rates & RSG)	(7,301)
New Homes Bonus	(373)
District call on Collection Fund – excluding Parish Precepts	(4,836)
<b>Deficit (to be funded from reserves)</b>	<b>150</b>

## 8. Reserves

- 8.1 The statement of reserves for the general and earmarked reserves is attached at Appendix E. This details the planned use of reserves in the current financial year along with the budgeted movements in 2020/21, and proposed movements where known in the following three financial years.
- 8.2 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.
- 8.3 The Council also maintains a Housing Revenue Account reserve which was detailed in the HRA budget report to Housing and Neighbourhoods on 22 January 2020.
- 8.4 As part of considering the budget for 2020/21 the balance in the general and earmarked reserves should be taken into account. The level of reserves and unallocated balances provide a cushion as referred to above and to mitigate against unforeseen fluctuations in income and where for example savings do not come into fruition as planned in terms of the timing or amount.
- 8.5 The updated recommended balance in the general reserve is £2.8 million and has been informed by the policy framework for reserves and is included at Appendix F to this report. The framework takes into account a number of factors and sensitivities included in the base budget for 2020/21.
- 8.6 The balance in the general reserve at 1 April 2019 was £3.05 million. The Council holds a number of more significant reserves including:
- a) **Invest to Save** – An invest to save reserve is maintained to provide a source of funding to fund one-off costs on an invest to save basis that will deliver future efficiencies and savings to the Council. The forecast balance at March 2021 is £1.23 million.
  - b) **Collection Fund (Business Rates)** – As mentioned earlier in the report the level of funding that is received from retained business rates is subject to fluctuations between years and also influenced by factors outside of the direct control of the Council. This reserve provides a fund as required to mitigate the significant variations between years and to reduce the impact of appeals from previous years and also as funding that can be directed to increase the Council's business rate base in preparation for the implementation of a greater share of retained business rates income from 2021. The forecast balance at March 2021 is £1.26 million
- 8.7 The reserve statement at Appendix E shows the current position after allowing for the recommended movements as detailed above. It should be recognised that funding the budget from the use of reserves is not a long-term sustainable position.
- 8.8 The Council continues to hold a number of earmarked reserves for specific purposes for which the timing of their use has not yet been identified. The current virement rules allow

for the use of reserves to be approved within the overall virement limits, and as allocations are made the overall reserves position and financial position will be updated as part of the in-year budget monitoring reports.

- 8.9 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.

## **9. Capital**

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

### **Current 2020/21 Capital Programme**

- 9.2 Appendix G includes a summary of the 2020/21 capital programme (excluding new bids), slippage on the 2019/20 capital programme and capital projects approved as part of prior year budget setting. This results in a 2020/21 capital budget of £29m, of which £5m is financed from capital funding sources and the remainder is to be financed by borrowing.

### **New Capital Schemes**

- 9.3 In addition to the existing 2020/21 capital programme, approval is also being sought for a number of new capital projects for 2020/21, and subsequent years as identified within the Capital Appendix H.
- 9.4 The total of the estimated project costs for 2020/21 associated with these capital bids is £2.5m with £1.2m to be funded by unsupported borrowing.
- 9.5 Of these proposed projects, £2m are seeking approval from the 2020/21 budget setting process. It should be noted that £1.2m of the £2m relates to disabled facilities grant capital works which are funded by external funding and is a statutory requirement.
- 9.6 The remaining £0.5m of the proposed projects require business cases to support their approval but are included in Appendix H for information.
- 9.7 New capital receipts will be monitored as part of the ongoing budget monitoring process, and where applicable, recommendations will be made to amend the capital programme and its financing.

### **Capital Programme Funding**

- 9.8 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. The latter is not applicable at the moment, as the Council is currently debt free.
  - 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.

- 9.9 Alongside the budget for 2020/21 the Minimum Revenue Provision Statement and Prudential Indicators for the same period are presented for approval. These are included at Appendix I.

## **10. Future Financial Forecasts**

- 10.1 As flagged earlier in the report the future funding for Local Government from 2021/22 will be subject to the outcome of significant pieces of work underway nationally, namely, Fair Funding Review and Business Rates Retention. The detailed impact of these reviews will not be known until later in 2020 and therefore at this time no further financial forecasts are presented at this time.
- 10.2 Fair Funding Review – The fair funding review will set the new funding baselines for all Local Authorities. It will take into account a number of factors and assessments of individual authorities' relative needs and resources.
- 10.3 Business Rates Retention – The government previously announced the shift to a greater proportion of rates being retained locally from 2020/21. This has been delayed until 2021/22 and the impact of this will not be known until later in 2020.
- 10.4 The future of the New Homes Bonus as a source of funding is not known, however there is an expectation that the current allocations will be removed by 2022/23.
- 10.5 The report (section 4) detailed a number of workstreams and projects that are being delivered over the short to medium term that will help to deliver future savings and additional income to reduce the forecast funding gap. These workstreams will be continuing and identification of potential savings and income factored into future financial projections.
- 10.6 Once further detail of the impact of the fair funding review and business rates retention system have been announced, the Medium Term Financial Strategy will be updated to reflect the new level of baseline funding available to the Council and work will then commence in early 2020/21 to review current and future spending plans for the 2021/22 budget process. This will also be informed by the outcome of the Future High Streets Funding application process and the Stronger Towns Fund to ensure that the Council has the resources to deliver against the programmes if it is successful and also realise the benefit.

## **11. Financial Implications and Risks**

- 11.1 The overall budget for the general fund as presented requires a transfer from reserves in 2020/21 of £150,458. The actual general fund reserve balance is forecast to be just under £3 million at the end of 2020/21 which is slightly above the recommended balance of £2.8 million for the year. The budget as presented allows for the use of reserves to fund upfront costs which will enable the delivery of ongoing savings. Use of reserves is not a long term solution for setting a sustainable budget.
- 11.2 The Council faces and will continue to face significant financial challenges with increased risks around funding streams. The following outlines the more significant risks faced by the Council in the short to medium term and in particular those that could have an impact on delivery of the 2020/21 budget.
- 11.3 **Future Funding** – 2020/21 funding is based on a one-year finance settlement following the rollover of the previous four-year settlement for the period 2016/17 to 2019/20. The delay to the implementation of the new funding system being informed by the fair funding

review and review of business rates retention means that during 2020/21 there will be further consultations and exemplifications of the impact to individual authorities and also reduces the ability to make accurate forecasts for future funding gaps. The timing is not yet confirmed and therefore the financial projections for 2021/22 onwards will be updated as announcements and modelling is carried out. The future funding gaps still remain a risk to the overall funding for Local Government.

- 11.4 **New Homes Bonus** – The provisional settlement has confirmed the allocation of NHB for 2020/21 including an element for the net growth and delivery of affordable homes. Future new allocations are not assumed pending a review of the current system during 2020/21 with the current scheme assumed to be phased out by 2022/23. Delivery of new homes growth is still important in response to demand and also the ability to grow the council tax base as a source of income.
- 11.5 **Business Rates** - Funding fluctuations from business rate income 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. Other factors that will lead to reductions in income include for example, business closures, successful rateable value appeals (which reduce the RV and consequently the rates payable), including the impact of back dated appeals, reduced income as schools transfer to academy status, the national impact of the risk around hospital and NHS trust properties is still prevalent. The NNDR provision within the system only reflects the potential impact of appeals currently in the appeals system. The Council does hold an earmarked reserve which can mitigate the timing of fluctuations in the level of income from business rates.
- 11.6 **Savings and Additional Income** – The Council has continued to deliver savings and efficiencies from a number of projects in line with themes within the business strategy. Savings and additional income have been included in the budgets in previous years and are now part of the overall base budget position. New savings and income from services totalling £200k have been factored into the 2020/21 budget increasing to £220k from 2021/22. This is in addition to the savings from previous budget processes that continue to be monitored. It is critical that the delivery of these savings is closely monitored by Officers and Members, for example through the various monitoring reports.
- 11.7 **Interest Payable and Minimum Revenue Provision (MRP)** - The budget reflects the revenue costs of the planned borrowing and financing of the current and future capital programmes. The impact of interest rate changes will have a direct impact to the revenue account for the financing of capital schemes. Slippage of capital schemes will impact on the level of borrowing required along with the associated financing costs. The capital programmes have been reviewed to accurately reflect the timing of the projects, to ensure an accurate provision for MRP and interest can be made which reflects the timing of the capital spend. In addition, as new schemes and projects are approved outside of the budget this too will have an impact on the associated financing costs and will need to be considered as part of the options appraisal and business cases presented for approval.
- 11.8 **Budgeted Income** – The annual revenue budget is dependant upon achieving significant levels of income from a number of demand led areas, for example car parking, planning and building control, crematorium and property rentals from council assets. Whilst budgets have been based on previous actuals and knowledge of current service delivery, income is monitored closely to allow any corrective actions to be taken in year if required. Achievement of service income still remains a financial risk that cannot be fully influenced by the Council. It is for reasons such as this that a factor in determining the recommended general reserve balance includes an amount for the sensitivity in delivery of the more significant demand-led income budgets.

- 11.9 **Reserves** - The Council currently holds a number of earmarked reserves for which some are allocated for specific purposes, although the profile of spend is not yet agreed and commitments not currently made. Use of reserves provide a short-term solution to mitigate the forecast deficits and can also be used to mitigate the impact, if for example savings and income are not achieved as budgeted. As part of approving the annual budget Members are reminded that reserves do not provide a long-term solution for a sustainable budget position.
- 11.10 **Universal Credit and Housing Benefit Subsidy** – The budget reflects the reducing funding from the Department for Work and Pensions for housing benefit administration. The Council is responsible for paying out in the region of £25 million of housing benefit and rent rebates which the budget assumes is recoverable through the subsidy system. The subsidy returns are audited annually at which point any under or over recovery will be determined and adjusted for. Any under recovery that is not eligible for subsidy would result in a financial implication to the Council which can be mitigate through the use of the earmarked reserve.
- 11.11 **Partnerships and Outsourced Service Provision** – The Council has some significant partnership/joint ventures that are essential for the delivery of services internally and externally, namely GYBS, GYN and provision of ICT services by Norfolk County Council. It is essential that these arrangements are closely monitored to support the delivery of services and also to ensure that the impact of local decisions on these arrangements are considered as part of the decision making process.

## 12. Conclusions

- 12.1 The Council is required to recommend a budget for approval each year. The budget report is presented to Policy and Resources Committee for recommendation to Full Council as part of the budget and council tax setting process. The report presents the detailed budget considerations for 2020/21 along with high level financial forecast for the future financial years. The budget has been informed by the one-year provisional finance settlement for 2020/21.
- 12.2 The report provides an overview of the risks that are facing the Council in the short to medium term, the most significant being the future funding for local government and the move towards a greater share of rates retention from 2021.

## 13. Background Papers

- 13.1 The budget report has been informed in the main by the following:

- a) 2018/18 Outturn Report
- b) In year budget monitoring reports
- c) Medium Term Financial Strategy
- d) National Non-Domestic Rates returns
- e) Provisional Local Government Finance Settlement 2020/21.

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

Area for consideration	Comment
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	Report Author
Existing Council Policies:	

Financial Implications:	Contained within the detail of the report
Legal Implications (including human rights):	
Risk Implications:	
Equality Issues/EQIA assessment:	
Crime & Disorder:	
Every Child Matters:	

**Appendices:**

A – General Fund Summary

B – Detailed Service Appendices

C – Savings

D – Council Tax Summary 2020/21

E – Reserves Statement

F – Policy Framework for Reserves

G – Capital Programme

H – New Capital Bids

I – MRP Policy Statement



<b>General Fund Summary</b>	<b>2018/19 Outturn</b>	<b>Original 2019/20 Budget</b>	<b>Current 2019/20 Budget</b>	<b>2019/20 updated Forecast</b>	<b>2020/21 Budget</b>
	£	£	£	£	£
<b>Services:</b>					
Executive and Resources	4,298,594	4,194,866	4,484,052	4,348,527	4,185,069
Inward Investment	2,539,899	2,186,050	2,582,442	2,598,242	2,566,498
Housing	674,975	682,156	651,706	746,065	784,607
Planning and Growth	472,152	559,679	547,178	452,728	473,767
Customer Services	69,068	(890,180)	(928,797)	(715,305)	(815,896)
Property and Asset Management	1,195,634	506,770	452,699	481,236	144,575
Communications and Marketing	1,155,072	1,158,031	1,288,271	1,215,002	1,223,180
Environmental Services	4,166,898	4,192,855	3,977,840	4,005,750	4,337,382
<b>Net Cost of Service</b>	<b>14,572,293</b>	<b>12,590,227</b>	<b>13,055,391</b>	<b>13,132,245</b>	<b>12,899,182</b>
<b>Non Service Exp/(Income):</b>					
Recharges to HRA	(2,102,077)	(1,769,638)	(1,769,638)	(1,769,638)	(1,727,451)
Parish Precepts	377,953	429,323	429,323	429,323	474,871
Parish CTSS Grant	33,720	30,080	30,080	30,080	25,000
Capital Charges	(2,812,992)	(1,931,389)	(1,931,389)	(1,931,389)	(1,979,258)
Revenue Financing for Capital	148,162	0	19,000	19,000	0
Interest Receivable	(269,733)	(401,013)	(401,013)	(401,013)	(296,541)
Interest Payable	710,177	859,299	859,299	859,299	1,278,393
Minimum Revenue Provision	1,169,961	1,196,495	1,196,495	1,196,495	1,514,000
IAS19 Pension Adjustment	8,305	1,690,232	1,715,275	1,715,275	2,014,894
Accounting Adjustments	63,841	0	0	0	0
Vacancy Management	31,002	(271,840)	(4,867)	(4,867)	(279,922)
Apprenticeship Levy	0	35,500	35,500	35,500	35,500
<b>Sub total - Non Service Exp/Inc</b>	<b>(2,641,682)</b>	<b>(132,952)</b>	<b>178,065</b>	<b>178,065</b>	<b>1,059,486</b>
<b>Net Operating Expenditure</b>	<b>11,930,611</b>	<b>12,457,276</b>	<b>13,233,456</b>	<b>13,310,310</b>	<b>13,958,668</b>
<b>Contributions to/(from) Reserves:</b>					
Insurance Fund	45,975	0	45,195	45,195	0
Town Centre Initiative	(219,836)	0	(29,970)	(29,970)	0
DFG top-up capital loans & grant fund	(142,769)	0	0	0	49,730
Restricted use grant	(37,709)	(169,195)	(113,555)	(113,555)	(142,344)
Invest to Save	(116,897)	140,471	(106,818)	(106,818)	(103,946)
Specific budget	0	(27,230)	(27,230)	(27,230)	(25,153)
LEGI	0	(400,000)	(400,000)	(400,000)	(49,730)
Repairs and maintenance	53,407	0	(19,000)	(19,000)	0
Second Homes Council tax	0	(155,962)	(155,962)	(155,962)	0
Waste management	0	0	(25,000)	(25,000)	0
Collection Fund (Business Rates)	(1,104,638)	(180,000)	(180,000)	(180,000)	0
Community Housing	(45,000)	0	0	0	(30,000)
Enforcement	(1,568)	0	0	0	0
Coastal Protection	0	150,000	95,000	95,000	0
Strategic Planning Training	0	0	0	0	0
Special Projects Reserve	(68,681)	(139,774)	(124,692)	(124,692)	(176,203)
Benefits Reserve	(10,379)	0	0	0	0
Homelessness	426,366	0	0	0	103,611
Treasury Management	200,000	0	0	0	0
Asset Management	1,900,000	0	(63,445)	(63,445)	(435,700)
Empty Business Property Initiative Reserve	0	100,000	100,000	100,000	0
General Reserve	0	155,962	155,962	155,962	0
Other Reserves	422,635	0	(650,625)	(650,625)	(14,249)
<b>Sub Total Reserves</b>	<b>1,300,905</b>	<b>(525,728)</b>	<b>(1,500,140)</b>	<b>(1,500,140)</b>	<b>(823,984)</b>
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>13,231,516</b>	<b>11,931,548</b>	<b>11,733,316</b>	<b>11,810,170</b>	<b>13,134,684</b>
Collection Fund - Parishes	(354,487)	(429,323)	(429,323)	(429,323)	(474,871)
Collection Fund - Borough	(4,372,171)	(4,611,869)	(4,611,869)	(4,611,869)	(4,835,911)
Retained Business Rates	(3,614,865)	(4,347,457)	(6,376,580)	(6,376,580)	(5,238,750)
Transitional Funding (estimate of assumptions for future funding)	0	0	0	0	0
Revenue Support Grant	(2,544,905)	(2,029,123)	0	0	(2,062,184)
New Homes Bonus	(627,700)	(426,641)	(426,641)	(426,641)	(372,510)
Other Grants	(77,295)	0	(34,968)	(44,193)	0
<b>Income from Grant and Taxpayers</b>	<b>(11,591,424)</b>	<b>(11,844,413)</b>	<b>(11,879,381)</b>	<b>(11,888,606)</b>	<b>(12,984,226)</b>
<b>(Surplus)/Deficit (before general reserve transfer)</b>	<b>1,640,092</b>	<b>87,135</b>	<b>(146,065)</b>	<b>(78,436)</b>	<b>150,458</b>

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Executive and Resources:</b>					
<b>Equinox</b>					
Supplies & Services	2,790,974	30,177	39,862	9,685	
Support Services - Recharges In	0	79,110	0	(79,110)	General Recharge not required as covered by Management fee agreed separately with Equinox Enterprise Limited.
Income	(2,711,323)	(39,862)	(39,862)	0	
	<u>79,652</u>	<u>69,425</u>	<u>0</u>	<u>(69,425)</u>	
<b>Town Centre Initiative</b>					
Employee	21,418	0	0	0	
Premises	1,074	0	0	0	
Supplies & Services	201,342	0	0	0	
Income	(86,328)	0	0	0	
	<u>137,505</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<b>Corporate Costs</b>					
Transport	5,698	6,000	6,500	500	
Supplies & Services	89,678	123,564	126,012	2,448	
Support Services - Recharges Out	(418,050)	(302,160)	(386,310)	(84,150)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	322,720	303,560	253,800	(49,760)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(60)	0	0	0	
	<u>(14)</u>	<u>130,964</u>	<u>2</u>	<u>(130,962)</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Executive Team</b>					
Employee	775,804	673,300	647,907	(25,393)	Transfer of two posts to Member Services
Transport	8,654	5,000	7,500	2,500	
Supplies & Services	19,688	17,522	12,317	(5,205)	
Support Services - Recharges Out	(1,033,840)	(980,926)	(1,036,860)	(55,934)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	281,430	330,190	369,110	38,920	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(51,712)	0	0	0	
	24	45,086	(26)	(45,112)	
<b>Finance</b>					
Employee	598,636	601,568	617,063	15,495	Annual pay award.
Transport	248	650	650	0	
Supplies & Services	195,603	279,191	213,573	(65,618)	Finance system has moved to a different server which NCC now support instead of the software supplier.
Support Services	106,807	97,461	109,731	12,270	Bank charges budget increased based on prior year's costs.
Capital Charges	0	0	15,561	15,561	Financial system depreciation.
Support Services - Recharges Out	(1,177,350)	(1,254,354)	(1,352,350)	(97,996)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	288,360	453,630	405,790	(47,840)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(5,519)	(15,000)	(10,000)	5,000	
	6,784	163,146	18	(163,128)	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>ICT</b>					
Employee	330,159	357,110	441,737	84,627	Two members of staff returning to GYBC from NCC, but shared service contract has reduced. Head of Service post has moved to Communications as part of a department restructure, along with the Content Editor transferred from Marketing.
Premises	5,073	5,247	5,170	(77)	
Transport	1,231	300	2,500	2,200	
Supplies & Services	362,951	405,571	313,583	(91,988)	Reallocation of IT software maintenance costs to services after a review by ICT department.
Third Party Payments	598,607	597,367	504,593	(92,774)	Two members of staff returning to GYBC from NCC so shared service contract reduced.
Capital Charges	56,585	110,268	126,329	16,061	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges Out	(1,446,080)	(1,607,501)	(1,530,240)	77,261	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	92,830	105,240	136,330	31,090	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(1,347)	0	0	0	
	8	(26,398)	2	26,400	
<b>Corporate Strategy</b>					
Employee	84,670	82,770	85,001	2,231	
Transport	224	400	400	0	
Supplies & Services	3,634	850	543	(307)	
Support Services - Recharges Out	(136,350)	(127,598)	(112,610)	14,988	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	47,810	51,450	26,660	(24,790)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	(13)	7,872	(6)	(7,878)	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Elections</b>					
Employee	134,266	170,710	176,130	5,420	
Transport	1,015	1,000	1,000	0	
Supplies & Services	114,878	121,854	121,525	(329)	
Support Services - Recharges In	191,980	185,290	40,700	(144,590)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(34,030)	(19,700)	(114,700)	(95,000)	Cost budgets have not been reduced to reflect that local elections will not take place in 20-21. These cost budgets will be used instead for the Police & Crime Commissioner Election but these are externally funded so additional income will be received. Also County elections in 21-22 also apply on the same basis.
	<u>408,108</u>	<u>459,154</u>	<u>224,655</u>	<u>(234,499)</u>	
<b>Human Resources</b>					
Employee	396,555	313,183	406,564	93,381	Interim Head of Service post partly funded by reserves.
Transport	1,363	1,000	1,000	0	
Supplies & Services	52,311	56,605	49,239	(7,366)	
Support Services - Recharges Out	(584,490)	(567,318)	(589,750)	(22,432)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	135,410	143,560	132,940	(10,620)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	<u>(1,138)</u>	<u>0</u>	<u>0</u>	<u>0</u>	
	<u>10</u>	<u>(52,970)</u>	<u>(7)</u>	<u>52,963</u>	
<b>Legal</b>					
Third Party Payments	298,572	245,760	352,641	106,881	Increase in budget to reflect new contract with supplier.
Support Services - Recharges Out	(246,900)	(226,768)	(332,740)	(105,972)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	15,990	18,740	15,100	(3,640)	
Income	<u>(67,663)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>0</u>	
	<u>(1)</u>	<u>2,732</u>	<u>1</u>	<u>(2,731)</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
Total Executive and Resources:	632,064	799,011	224,639	(574,372)	
Total Executive and Resources excluding capital charges & recharges:	4,242,009	4,084,598	4,043,179	(41,419)	
Total Executive and Resources excluding recharges:	4,298,594	4,194,866	4,185,069	(9,797)	

### Inward Investment

#### **Projects and Programmes**

Employee	185,519	258,095	290,199	32,104	Growth in establishment structure due to ongoing & new projects. Some costs are due to be recharged to individual capital projects and additional income is expected to be generated which is reflected in the income variance below.
Transport	1,223	1,500	1,500	0	
Supplies & Services	7,152	3,100	3,202	102	
Transfer Payments	51	(48,807)	0	48,807	Budget for funding reallocated to the Inclusion Project (European Social Fund).
Support Services - Recharges In	209,890	193,320	221,100	27,780	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	(42,807)	(42,807)	Funding for the Offshore Wind Marketing Manager included in employee costs above.
	403,835	407,208	473,194	65,986	

#### **Inclusion Project (ESF)**

Employee	33,227	0	61,624	61,624	Revision of ESF budgets undertaken in 1920 resulting in a change of budget allocation.
Supplies & Services	31,727	0	75,694	75,694	Revision of ESF budgets undertaken in 1920 resulting in a change of budget allocation.
Income	(60,019)	0	(93,469)	(93,469)	Grant funding offsets majority of revenue costs above.
	4,935	0	43,849	43,849	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Grounds and Parks</b>					
Premises	85,139	84,828	94,237	9,408	
Supplies & Services	9,351	8,318	8,684	366	
Third Party Payments	77,335	90,285	90,285	0	
Capital Charges	3,522	3,522	3,522	0	
Support Services - Recharges In	11,740	14,180	33,050	18,870	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(987)	0	0	0	
	<u>186,100</u>	<u>201,133</u>	<u>229,778</u>	<u>28,645</u>	
<b>Outdoor Sports</b>					
Premises	270,022	271,399	390,190	118,792	Reallocation of GYBS contract as per external review work.
Supplies & Services	29,340	8,043	8,390	348	
Third Party Payments	29,801	42,379	42,379	0	
Capital Charges	290,989	36,997	50,385	13,388	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges In	22,510	26,330	26,110	(220)	
Income	(96,218)	(122,755)	(98,975)	23,780	Income budgets reviewed to better reflect income received in prior years. £10k income received in relation to a concession is now absorbed by property services.
	<u>546,445</u>	<u>262,393</u>	<u>418,480</u>	<u>156,087</u>	
<b>CCTV</b>					
Premises	4,000	4,000	4,000	0	
Supplies & Services	134,320	143,153	142,800	(353)	
Support Services - Recharges In	17,880	16,560	19,420	2,860	
Income	(4,000)	(4,000)	(4,000)	0	
	<u>152,200</u>	<u>159,713</u>	<u>162,220</u>	<u>2,507</u>	



	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Culture and Leisure</b>					
Employee	48,907	0	18,891	18,891	Employee contract extended, to be funded from underspend in Neighbourhood and Communities in 2019/20.
Premises	(1,000)	0	0	0	
Transport	353	0	0	0	
Supplies & Services	191,085	68,944	76,513	7,569	
Third Party Payments	61,900	59,761	59,761	0	
Support Services - Recharges In	55,800	50,470	36,490	(13,980)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	9,559	0	(20,000)	(20,000)	Additional external grant funding expected in 2021.
	<u>366,605</u>	<u>179,175</u>	<u>171,655</u>	<u>(7,520)</u>	
<b>Conservation</b>					
Employee	119,735	112,420	122,138	9,718	
Premises	76,035	60,363	61,854	1,491	
Transport	37	200	200	0	
Supplies & Services	76,733	46,477	49,080	2,603	
Capital Charges	90,049	26,904	25,408	(1,496)	
Support Services - Recharges In	40,770	47,780	24,400	(23,380)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(35,633)	(30,000)	(30,000)	0	
	<u>367,726</u>	<u>264,144</u>	<u>253,080</u>	<u>(11,064)</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Waterways</b>					
Employee	123,195	153,682	36,686	(116,996)	Following the conclusion of the setup of the Waterways project this costs are anticipated to fall.
Premises	8,135	24,000	40,853	16,853	Following conclusion of the capital stage of the project revenue costs are anticipated to increase as the premises are now operational.
Transport	0	0	0	0	
Supplies & Services	15,043	55,488	15,795	(39,693)	Following the conclusion of the setup of the Waterways project this costs are anticipated to fall.
Capital Charges	0	0	8,000	8,000	
Support Services - Recharges In	61,380	63,310	39,230	(24,080)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(111,415)	(184,124)	(31,725)	152,399	National Heritage Lottery Fund funding is set to reduce in line with the fall in costs incurred seen above.
	96,338	112,356	108,839	(3,517)	
<b>Voluntary Sector Grants</b>					
Supplies & Services	96,767	93,500	54,500	(39,000)	Budget represents the £54,500 General Fund contribution. The variance represents the HRA contribution (total contribution £45k), which is funded directly via the HRA and has been removed from the General fund budget.
Support Services - Recharges In	22,120	17,580	19,590	2,010	
Income	(53,000)	(53,000)	0	53,000	Partnership contributions to the core development support services to cease in 2019/20.
	65,887	58,080	74,090	16,010	
<b>Indoor Leisure - Phoenix Pool and Marina Centre</b>					
Premises	22,396	22,961	23,923	962	
Supplies & Services	64,932	7,149	7,196	47	
Third Party Payments	227,262	157,611	235,380	77,769	Revised budgets as per contract and impact of Marina closure.
Capital Charges	386,500	386,500	379,843	(6,657)	
Support Services - Recharges In	38,520	35,800	51,340	15,540	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	739,609	610,022	697,682	87,661	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Neighbourhood Management</b>					
Employee	391,233	323,991	289,118	(34,873)	Neighbourhoods that work (NTW) project to cease (6 month budget). Reduced budgets reflect the end of the NTW fixed term contract and removal of vacant Administrator/Receptionist post.
Premises	48,743	26,163	27,576	1,413	
Transport	0	1,800	1,800	0	
Supplies & Services	32,149	32,413	32,190	(224)	
Third Party Payments	0	0	0	0	
Transfer Payments	649,165	705,730	602,187	(103,543)	Reduced Great places budget reflecting the only Six months budget (£94k), offset by grant income below. Six month NTW budget (£395k) to conclude the project. This is also offset by grant income as per below. Budget also includes the extension of the Social Prescribing project (£113k), which is offset by grant income in 2020/21.
Support Services - Recharges Out	(413,340)	(315,810)	(296,080)	19,730	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	316,570	221,670	288,820	67,150	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(991,235)	(776,518)	(656,796)	119,722	Grant income reduced due to NTW & Great Places projects ending. Great Places £93k, NTW £395k and Social Prescribing £119k (£113k to be paid to delivery partner DIAL and £6k retained by council).
	33,285	219,439	288,815	69,376	
<b>Enterprise Zone</b>					
Supplies & Services	917,417	0	1,085,143	1,085,143	Enterprise Zone expenditure was not budgeted as part of the 1920 budget setting. There is no overall net impact for the scheme.
Income	(1,015,797)	0	(1,085,143)	(1,085,143)	Enterprise Zone income was not budgeted as part of the 1920 budget setting. There is no overall net impact for the scheme.
	(98,380)	0	0	0	
<b>Economic Development</b>					
Employee	26,053	80,628	103,957	23,329	Growth in Establishment - recharged to capital projects
Transport	110	0	0	0	
Supplies & Services	(10,600)	2,881	2,501	(380)	
Support Services - Recharges In	88,240	129,050	200,010	70,960	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	103,802	212,559	306,468	93,909	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Enterprise GY</b>					
Employee	18,778	0	0	0	
Premises	9,720	68	68	0	
Transport	70	0	0	0	
Supplies & Services	30,344	0	1,760	1,760	
Support Services - Recharges In	0	0	8,060	8,060	
Income	(15,320)	0	0	0	
	43,592	68	9,888	9,820	
<b>Total Inward Investment:</b>					
	3,011,979	2,686,290	3,238,038	551,748	
<b>Total Inward Investment excluding capital charges &amp; recharges:</b>					
	1,768,839	1,732,127	2,099,340	367,213	
<b>Total Inward Investment excluding recharges:</b>					
	2,539,899	2,186,050	2,566,498	380,448	
<b><u>Housing:</u></b>					
<b>Housing Needs</b>					
Employee	727,463	693,787	610,187	(83,600)	Reduction in staff pay following reduced temporary staffing levels.
Premises	192,439	141,576	220,859	79,283	Damage Deposit budget increased by £80k to reflect the increase in service demand. Increased expenditure offset by recovery of costs and use of Homelessness Funding.
Transport	3,292	3,152	3,152	0	
Supplies & Services	314,284	169,486	260,655	91,170	Increased B&B budget by £116k following increased service demand. Expenditure offset by recovery of costs and use of homelessness funding.
Capital Charges	11,806	11,806	11,769	(37)	
Support Services - Recharges Out	0	(33,000)	0	33,000	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	282,861	250,880	370,350	119,470	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(885,336)	(452,879)	(612,372)	(159,493)	Increased B&B (£108k) and Damage deposit (£47k) income following increase in budget provision. £216k of Homelessness grant monies included in income to offset costs as discussed above.
	646,808	784,807	864,600	79,793	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Gapton Hall Site</b>					
Supplies & Services	63,159	18,000	62,306	44,306	Change in management arrangements for site from 2020/21 will result in increased costs but these are expected to be recovered from income. Expenditure for Management costs (£45k inc internal recharges), Repairs and Maintenance (£22k) based on 80% occupation.
Support Services - Recharges In Income	19,570 (34,575)	14,950 (20,000)	18,030 (100,331)	3,080 (80,331)	One-off £26k Income received from site for legal costs incurred. 75% retained by GYBC - 25% returned to other LA's. Income increase to reflect new expected occupancy levels and new management arrangement. Assumed £67k Site rental income based on 80% occupation and £6k utility charges recovered.
	<u>48,154</u>	<u>12,950</u>	<u>(19,995)</u>	<u>(32,945)</u>	
<b>Better Care Fund</b>					
Employee	0	60,630	94,756	34,126	Includes costs of externally funded District Direct Officer post.
Transport	0	2,500	2,500	0	
Supplies & Services	0	23,950	23,579	(372)	
Support Services - Recharges In	0	28,860	65,760	36,900	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	(87,080)	(149,069)	(61,989)	Funding received to offset the District Direct Officer post (£38k), also increase in partner grants received.
	<u>0</u>	<u>28,860</u>	<u>37,526</u>	<u>8,666</u>	
<b>Housing Strategy</b>					
Employee	92,231	82,163	174,821	92,658	Housing Growth Manager (£65k) transferred from RGSP to GHHS.
Premises	724	688	777	88	
Transport	481	525	525	0	
Supplies & Services	62,671	37,815	42,383	4,568	
Capital Charges	23,792	23,215	22,603	(612)	
Support Services - Recharges In	62,840	76,190	84,700	8,510	
Income	(15,680)	(15,000)	0	15,000	£15k self build register grant transfer to Property due to Housing Strategy no longer maintaining the register.
	<u>227,059</u>	<u>205,596</u>	<u>325,809</u>	<u>120,213</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
Private Sector Housing					
Employee	64,984	0	0	0	
Transport	382	0	0	0	
Supplies & Services	35,644	0	0	0	
Transfer Payments	5,275	0	0	0	
Support Services - Recharges In	38,880	80	0	(80)	
Income	(19,477)	0	0	0	
	<u>125,688</u>	<u>80</u>	<u>0</u>	<u>(80)</u>	
Safe at Home					
Employee	361,339	231,430	275,017	43,587	Introduction of the Handy Person Post.
Transport	10,904	8,000	7,000	(1,000)	
Supplies & Services	25,940	61,971	53,868	(8,103)	
Transfer Payments	0	5,740	5,440	(300)	
Support Services - Recharges In	83,310	117,540	108,950	(8,590)	Income assumptions revised and based on the previous year’s actual income.
Income	(366,766)	(319,319)	(225,818)	93,501	
	<u>114,727</u>	<u>105,363</u>	<u>224,457</u>	<u>119,094</u>	
Total Housing:	<u>1,162,436</u>	<u>1,137,656</u>	<u>1,432,397</u>	<u>294,741</u>	
Total Housing excluding capital charges					
& recharges:	<u>639,377</u>	<u>647,135</u>	<u>750,235</u>	<u>103,100</u>	
Total Housing excluding recharges:					
	<u>674,975</u>	<u>682,156</u>	<u>784,607</u>	<u>102,451</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Planning and Growth:</b>					
<b>Building Control</b>					
Employee	284,251	244,470	247,905	3,435	
Premises	1,569	1,500	1,500	0	
Transport	12,693	11,000	11,000	0	
Supplies & Services	15,050	29,357	25,439	(3,918)	
Support Services - Recharges In	94,230	97,630	93,610	(4,020)	
Income	(271,168)	(268,500)	(295,500)	(27,000)	Additional income based on current trend of an upturn in number of inspections and an increase in the hourly charge rate based on pay inflation.
	<u>136,625</u>	<u>115,457</u>	<u>83,954</u>	<u>(31,503)</u>	
<b>Development Control</b>					
Employee	552,074	581,970	654,439	72,469	Additional employee costs to provide additional capacity to manage the current and future expected increase in planning applications, offset by additional income.
Transport	9,318	10,000	10,000	0	
Supplies & Services	38,840	36,682	46,884	10,202	Reallocation of IT software maintenance costs to services after a review by ICT department.
Support Services - Recharges Out	(58,200)	(56,280)	(62,970)	(6,690)	
Support Services - Recharges In	148,930	164,760	222,940	58,180	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(477,582)	(474,900)	(534,150)	(59,250)	The steady increase in applications seen in 19/20 is expected to continue and an increase in planning fee levels (which are set by Government) is expected to come forward during the year.
	<u>213,381</u>	<u>262,232</u>	<u>337,143</u>	<u>74,911</u>	
<b>Land Charges</b>					
Employee	55,153	48,310	49,324	1,014	
Transport	38	0	0	0	
Supplies & Services	7,037	7,217	20,061	12,844	Reallocation of IT software maintenance costs to services after a review by ICT department.
Third Party Payments	26,341	30,000	30,000	0	
Support Services - Recharges In	44,520	46,010	50,940	4,930	
Income	(113,818)	(123,000)	(126,000)	(3,000)	
	<u>19,272</u>	<u>8,537</u>	<u>24,325</u>	<u>15,788</u>	



	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Strategic Planning</b>					
Employee	369,812	360,830	270,995	(89,835)	Housing Manager post moved to Housing Strategy.
Transport	2,033	1,400	1,400	0	
Supplies & Services	40,737	73,337	75,265	1,928	
Transfer Payments	7,406	6,500	6,500	0	
Support Services - Recharges Out	(810)	(12,601)	0	12,601	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	107,120	137,630	133,880	(3,750)	
Income	(87,633)	(16,495)	(21,295)	(4,800)	
	<u>438,664</u>	<u>550,601</u>	<u>466,745</u>	<u>(83,856)</u>	
<b>Total Planning and Growth:</b>	<u><b>807,942</b></u>	<u><b>936,828</b></u>	<u><b>912,167</b></u>	<u><b>(24,660)</b></u>	
<b>Total Planning and Growth excluding capital charges &amp; recharges:</b>	<u><b>472,152</b></u>	<u><b>559,679</b></u>	<u><b>473,767</b></u>	<u><b>(85,911)</b></u>	
<b>Total Planning and Growth excluding recharges:</b>	<u><b>472,152</b></u>	<u><b>559,679</b></u>	<u><b>473,767</b></u>	<u><b>(85,911)</b></u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Customer Services:</b>					
<b>Benefits</b>					
Employee	689,288	621,370	548,831	(72,539)	19-20 base pay budgets included DWP monies (from reserves) which have significantly reduced in the 20-21 base due to the end of the funding.
Transport	1,585	500	1,200	700	
Supplies & Services	(158,129)	129,853	42,910	(86,943)	Bad debt provision reduced by £100k based on prior year outturn and following the introduction of universal credit. £100k offset by revision of recovered overpayment income. External Audit budget not identified in prior years £16.5k
Transfer Payments	24,538,775	27,415,171	23,042,927	(4,372,244)	Revised based on the Benefits 2019/20 Quarter 3 mid year subsidy to more accurately reflect the outturn of prior years. Also includes adjustment of recovered overpayment income.
Support Services - Recharges Out	(246,517)	(257,797)	(243,584)	14,213	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	681,830	728,670	565,930	(162,740)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(25,322,559)	(28,394,487)	(23,810,053)	4,584,434	Revised based on the Benefits 2019/20 Quarter 3 mid year subsidy to more accurately reflect the outturn of prior years.
	<u>184,273</u>	<u>243,280</u>	<u>148,162</u>	<u>(95,119)</u>	
<b>Crematorium and Cemeteries</b>					
Employee	217,667	217,361	222,297	4,936	
Premises	431,310	447,649	473,708	26,059	Includes update to 19-20 base budget for rates and changes to GYBS Joint Venture contract.
Transport	1,734	2,000	2,000	0	
Supplies & Services	88,537	105,373	104,098	(1,276)	
Third Party Payments	34,074	31,809	31,809	0	
Capital Charges	454,385	58,540	71,394	12,854	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges In	133,260	144,370	188,550	44,180	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(1,416,920)	(1,569,988)	(1,602,488)	(32,500)	Increase in income based upon previous actual receipts and new Fees & Charges
	<u>(55,953)</u>	<u>(562,885)</u>	<u>(508,632)</u>	<u>54,254</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Customer Services</b>					
Employee	679,423	673,860	688,018	14,158	Employee related allowing for annual increases
Transport	216	351	351	0	
Supplies & Services	1,675	2,572	12,439	9,867	
Support Services - Recharges Out	(1,120,490)	(945,560)	(1,273,870)	(328,310)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	439,170	443,700	573,060	129,360	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	(7)	174,923	(2)	(174,925)	
<b>Support Services</b>					
Employee	202,004	183,480	187,687	4,207	
Transport	46	0	0	0	
Supplies & Services	4,485	5,679	21,268	15,590	Increase in computer contract for planned development
Capital Charges	1,876	2,063	1,977	(86)	
Support Services - Recharges Out	(309,370)	(295,056)	(335,730)	(40,674)	Reflects increase in service costs therefore corresponding increase in the amount to be recharged out.
Support Services - Recharges In	100,890	115,750	124,790	9,040	
Income	67	0	0	0	
	(2)	11,916	(8)	(11,923)	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Car Parks</b>					
Employee	479,725	404,188	431,887	27,699	Budget now includes the payment of weekend allowances
Premises	270,553	253,870	295,496	41,626	Business rates increased compared to 2019/20 and increase in insurance costs.
Transport	11,805	14,740	15,557	817	
Supplies & Services	157,185	172,696	173,775	1,080	
Third Party Payments	1,547	0	0	0	
Transfer Payments	537,703	821,569	569,183	(252,386)	This reduction is due to the contracts with Norfolk County Council which are no longer applicable. Under the contract costs were incurred and reimbursed which also results in income reducing below
Capital Charges	35,562	54,325	47,873	(6,452)	
Support Services - Recharges In	262,320	273,770	375,360	101,590	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(2,525,218)	(3,022,404)	(2,748,919)	273,486	See comment under Transfer Payments.
	(768,817)	(1,027,246)	(839,787)	187,459	
<b>Revenues</b>					
Employee	783,926	698,090	711,931	13,841	Includes new post for Court Officer funded by NCC for one year included in income below
Transport	2,308	2,000	2,000	0	
Supplies & Services	246,584	258,415	236,044	(22,371)	Automated Telephony saving factored into the budget.
Transfer Payments	0	100	100	0	
Support Services	31,065	36,000	36,000	0	
Capital Charges	0	0	0	0	
Support Services - Recharges Out	(658,570)	(653,082)	(367,260)	285,822	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	851,300	685,310	853,660	168,350	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(413,216)	(516,925)	(627,198)	(110,273)	Includes Court Officer stated above and saving CS-04 Corporate Fraud Officer
	843,396	509,908	845,277	335,369	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
Total Customer Services:	202,891	(650,105)	(354,990)	295,115	
Total Customer Services excluding capital charges & recharges:	(422,755)	(1,005,108)	(937,140)	67,968	
Total Customer Services excluding recharges:	69,068	(890,180)	(815,896)	74,284	

### Property and Asset

#### Management:

#### **Repairs and Maintenance**

Premises	154,735	0	419,936	419,936	Reconfiguration of budget following the changes to the GYBS Joint Venture Service
	154,735	0	419,936	419,936	
<b>Town Hall</b>					
Premises	144,652	155,820	160,376	4,556	
Capital Charges	46,342	46,342	42,910	(3,432)	
Support Services - Recharges Out	(277,280)	(289,292)	(291,520)	(2,228)	
Support Services - Recharges In	86,290	104,910	88,230	(16,680)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	4	17,780	(4)	(17,784)	

#### **Greyfriars House**

Premises	76,554	115,286	120,529	5,243	
Capital Charges	7,710	7,710	7,710	0	
Support Services - Recharges Out	(135,450)	(173,340)	(178,940)	(5,600)	
Support Services - Recharges In	52,200	60,040	50,710	(9,330)	
Income	(1,012)	0	0	0	
	2	9,696	9	(9,687)	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Maritime House</b>					
Premises	31,262	42,676	47,160	4,484	
Supplies & Services	3,205	4,500	4,865	365	
Capital Charges	4,560	4,560	4,560	0	
Support Services - Recharges Out	(85,400)	(94,410)	(106,010)	(11,600)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	46,380	52,380	49,420	(2,960)	
	<u>7</u>	<u>9,706</u>	<u>(4)</u>	<u>(9,710)</u>	
<b>Catalyst Centre</b>					
Premises	10,990	40,468	45,410	4,942	
Supplies & Services	681	0	700	700	
Capital Charges	4,783	4,783	4,684	(99)	
Support Services - Recharges Out	(63,050)	(86,360)	(103,600)	(17,240)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	46,600	50,320	52,800	2,480	
	<u>5</u>	<u>9,211</u>	<u>(6)</u>	<u>(9,217)</u>	
<b>Public Toilets</b>					
Premises	313,976	296,060	217,054	(79,006)	Changes to GYBS Joint Venture Contract
Supplies & Services	12,357	10,718	10,015	(703)	
Capital Charges	423,729	99,016	158,788	59,772	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges In	60,530	64,650	40,530	(24,120)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	<u>(2,181)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>0</u>	
	<u>808,411</u>	<u>466,444</u>	<u>422,387</u>	<u>(44,058)</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Repairs and Maintenance</b>					
Premises	455,879	457,149	125	(457,024)	Reconfiguration of budget following the changes to the GYBS Joint Venture Service
Supplies & Services	14,439	15,315	13,422	(1,893)	
Third Party Payments	8,714	8,714	8,714	0	
Capital Charges	252,225	260,003	267,594	7,591	
Support Services - Recharges In	54,520	61,050	55,630	(5,420)	
Income	(225,175)	(209,000)	(209,000)	0	
	<u>560,602</u>	<u>593,231</u>	<u>136,485</u>	<u>(456,746)</u>	
<b>Footway Lighting</b>					
Premises	281,986	302,280	177,949	(124,331)	Reconfiguration of budget following the changes to the GYBS Joint Venture Service including £50k saving
Supplies & Services	12,249	13,325	11,650	(1,675)	
Capital Charges	64,194	66,260	68,187	1,927	
Support Services - Recharges In	54,860	59,990	54,120	(5,870)	
	<u>413,290</u>	<u>441,855</u>	<u>311,906</u>	<u>(129,949)</u>	
<b>Coast Protection</b>					
Employee	62,254	79,760	55,166	(24,594)	Transfer of post from pay to supplies and services as costs rechargeable by North Norfolk Council
Premises	453,202	0	42,000	42,000	2019-20 base correction re: repairs & maintenance understated.
Transport	1,239	2,878	2,878	0	
Supplies & Services	74,332	28,581	56,359	27,778	Transfer of post from pay to supplies and serices as costs rechargeable by North Norfolk Council
Capital Charges	362,692	362,692	362,692	0	
Support Services - Recharges In	53,210	61,160	42,870	(18,290)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(464,275)	(550)	(550)	0	
	<u>542,654</u>	<u>534,521</u>	<u>561,415</u>	<u>26,894</u>	
<b>Beach Huts</b>					
Employee	0	16,000	36,000	20,000	Increase / decrease due to the introduction of additional beach huts on the lower promenade at Gorleston
Premises	0	7,000	2,000	(5,000)	
Supplies & Services	16	0	0	0	
Support Services - Recharges In	14,350	15,760	16,080	320	
Income	0	(24,500)	(60,500)	(36,000)	Increase in income due to the introduction of additional beach huts on the lower promenade at Gorleston
	<u>14,366</u>	<u>14,260</u>	<u>(6,420)</u>	<u>(20,680)</u>	



	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Community Centres</b>					
Premises	11,424	7,020	13,374	6,354	
Capital Charges	27,142	18,932	27,142	8,210	
Support Services - Recharges In	6,310	6,790	14,650	7,860	
Income	(3,639)	(3,152)	(2,632)	520	
	<u>41,236</u>	<u>29,590</u>	<u>52,534</u>	<u>22,944</u>	
<b>Construction Services</b>					
Employee	(4,563)	0	0	0	
Premises	21,574	(1)	(1)	0	
Supplies & Services	24,278	0	0	0	
	<u>41,289</u>	<u>(1)</u>	<u>(1)</u>	<u>0</u>	
<b>Easter Fayre</b>					
Employee	2,695	2,000	2,000	0	
Supplies & Services	22,469	20,000	20,000	0	
Support Services - Recharges In	5,200	6,000	7,120	1,120	
Income	(15,775)	(15,265)	(15,265)	0	
	<u>14,589</u>	<u>12,735</u>	<u>13,855</u>	<u>1,120</u>	
<b>Go Trade - Markets</b>					
Employee	30,984	22,232	17,550	(4,682)	
Supplies & Services	41,669	29,067	17,464	(11,603)	
Income	(56,591)	(35,396)	(24,160)	11,236	
	<u>16,062</u>	<u>15,903</u>	<u>10,854</u>	<u>(5,049)</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Markets</b>					
Employee	75,767	69,411	69,926	515	
Premises	155,967	163,542	256,143	92,601	Impact of business rates and reconfiguration of budget following the changes to the GYBS Joint Venture Service.
Transport	0	500	500	0	
Supplies & Services	38,789	45,158	39,624	(5,534)	
Capital Charges	4,820	4,820	4,820	0	
Support Services - Recharges In	85,730	106,150	75,220	(30,930)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(250,497)	(298,361)	(259,759)	38,602	Includes decrease in two day market rates from January 20 to March 21 and removal of small miscellaneous income for consumable sales which are no longer undertaken.
	<u>110,576</u>	<u>91,220</u>	<u>186,473</u>	<u>95,253</u>	
<b>Bretts</b>					
Premises	19,068	3,620	3,637	17	
Supplies & Services	10,199	25,247	25,247	0	
Transfer Payments	679	0	0	0	
Support Services - Recharges In	8,220	11,030	11,690	660	
Income	(45,173)	(43,401)	(43,732)	(331)	
	<u>(7,008)</u>	<u>(3,504)</u>	<u>(3,158)</u>	<u>346</u>	
<b>Courts</b>					
Premises	1,749	11,616	7,544	(4,072)	
Support Services - Recharges In	10,040	12,660	12,580	(80)	
Income	(14,795)	(15,819)	(21,569)	(5,750)	
	<u>(3,007)</u>	<u>8,457</u>	<u>(1,445)</u>	<u>(9,902)</u>	
<b>South Denes Energy Park</b>					
Premises	(613)	7,078	7,397	319	
Supplies & Services	193	0	0	0	
Support Services - Recharges In	53,170	80,930	82,900	1,970	
Income	31,181	0	(8,004)	(8,004)	
	<u>83,931</u>	<u>88,008</u>	<u>82,293</u>	<u>(5,715)</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Factory Units</b>					
Premises	53,225	41,855	40,756	(1,099)	
Supplies & Services	55,668	3,200	2,817	(383)	
Support Services - Recharges In	26,680	29,460	24,880	(4,580)	
Income	(155,748)	(130,481)	(136,866)	(6,385)	
	(20,174)	(55,966)	(68,413)	(12,447)	
<b>Corporate Estates</b>					
Employee	20	22	19	(3)	
Premises	424,968	312,750	383,410	70,660	Includes increase in rates costs due to voids, changes to GYBS Joint Venture contract and reconfiguration of budget re: ex GYBS Joint Venture budget
Supplies & Services	100,767	30,421	31,869	1,448	
Capital Charges	17,082	57,562	14,030	(43,532)	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges In	593,790	628,300	590,850	(37,450)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(2,579,562)	(2,486,410)	(2,478,510)	7,900	
	(1,442,935)	(1,457,355)	(1,458,332)	(977)	
<b>Minerva House</b>					
Premises	65,826	67,667	68,547	880	
Supplies & Services	5,287	6,712	6,599	(113)	
Support Services - Recharges In	13,990	20,400	16,870	(3,530)	
Income	(46,394)	(36,600)	(36,600)	0	
	38,709	58,179	55,416	(2,763)	
<b>Onians</b>					
Premises	2,292	265	787	522	
Supplies & Services	60	2,560	2,560	0	
Support Services - Recharges In	8,480	8,000	9,420	1,420	
Income	(13,999)	(13,310)	(13,310)	0	
	(3,167)	(2,485)	(543)	1,942	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Property Services</b>					
Employee	793,675	893,236	983,062	89,826	Includes increase in post re: transfer from Planning, reconfiguration of budget following the exit from the GYBS Joint Venture Service, funding from increased recharges, the removal of a post re: Quantity Surveyor and saving PMA-04 new post Architect Technician.
Premises	0	6,179	6,179	0	
Transport	8,655	6,100	6,900	800	
Supplies & Services	13,112	29,810	28,828	(982)	
Support Services - Recharges Out	(997,650)	(1,117,306)	(994,307)	122,999	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	193,460	233,230	256,780	23,550	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(11,256)	0	(287,449)	(287,449)	2019-20 base correction which reflected no pay recharges plus additional increase to fund new post in building services.
	<u>(4)</u>	<u>51,249</u>	<u>(7)</u>	<u>(51,256)</u>	
<b>Beacon Park</b>					
Premises	243,150	314,591	170,070	(144,521)	Reduction in budgets to reflect reduced income from Pot B as most units now either leased or sold and reconfiguration of budget following the change to the GYBS Joint Venture Service
Supplies & Services	90,418	64,758	59,543	(5,215)	
Capital Charges	129,220	129,221	139,220	9,999	
Support Services - Recharges In	73,540	83,990	72,000	(11,990)	
Income	(716,145)	(1,022,033)	(1,060,514)	(38,481)	Reduction in budgets to reflect reduced income from Pot B as most units now either leased or sold less increase in lease rentals for same reason
	<u>(179,818)</u>	<u>(429,473)</u>	<u>(619,681)</u>	<u>(190,208)</u>	
<b>Total Property and Asset Management:</b>	<b>1,184,354</b>	<b>503,262</b>	<b>95,548</b>	<b>(407,714)</b>	
<b>Total Property and Asset Management excluding capital charges &amp; recharges:</b>	<b>(148,864)</b>	<b>(555,131)</b>	<b>(957,762)</b>	<b>(402,631)</b>	
<b>Total Property and Asset Management excluding recharges:</b>	<b>1,195,634</b>	<b>506,770</b>	<b>144,575</b>	<b>(362,195)</b>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b><u>Communications and Marketing:</u></b>					
<b>Communications</b>					
Employee	139,125	187,640	251,828	64,188	Budget now reflects Head of Service and a marketing post moving to Communications, and the transfer of the Content Editor to ICT.
Transport	48	750	750	0	
Supplies & Services	50,137	5,236	9,882	4,646	
Support Services - Recharges Out	(260,390)	(277,302)	(323,290)	(45,988)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	101,840	109,260	90,830	(18,430)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(1,898)	0	(10,000)	(10,000)	
	<u>28,862</u>	<u>25,584</u>	<u>20,000</u>	<u>(5,584)</u>	
<b>Events</b>					
Employee	1,457	0	0	0	
Supplies & Services	14,069	7,798	6,064	(1,734)	
Support Services - Recharges In	117,100	77,340	85,310	7,970	
Income	(14,743)	(14,500)	(6,100)	8,400	
	<u>117,884</u>	<u>70,638</u>	<u>85,274</u>	<u>14,636</u>	
<b>Mayor</b>					
Supplies & Services	7,025	0	9,453	9,453	
Support Services - Recharges In	13,370	12,900	15,110	2,210	
	<u>20,395</u>	<u>12,900</u>	<u>24,563</u>	<u>11,663</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Tourism</b>					
Employee	169,818	99,986	90,686	(9,300)	
Premises	7,839	3,506	1,323	(2,183)	
Transport	92	100	100	0	
Supplies & Services	299,217	361,462	232,947	(128,516)	Review of the budgets resulting in a virement of £50k advertising budget. £30k reduction in ticket purchases, but this is offset by a matching reduction in income below. £30k saving as the tourism brochure is no longer produced, but this is offset by a loss of income. Rental contract for advertising pillars is no longer required, saving £15k.
Third Party Payments	0	1,550	550	(1,000)	
Support Services	1,429	1,400	1,400	0	
Support Services - Recharges In	315,810	297,010	334,690	37,680	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(192,181)	(245,962)	(170,059)	75,903	£40k reduction in income as the brochure is no longer produced, partially offset by a reduction in costs above and a reduction in ticket sales income of £30k, matched by a cost saving above.
	<u>602,025</u>	<u>519,052</u>	<u>491,637</u>	<u>(27,415)</u>	
<b>Member Services</b>					
Employee	73,470	145,920	179,903	33,983	Transfer of two posts from Executive Team
Transport	5,546	4,000	4,000	0	
Supplies & Services	306,739	292,039	294,151	2,112	
Support Services - Recharges Out	(488,770)	(536,352)	(596,950)	(60,598)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	<u>103,010</u>	<u>120,400</u>	<u>118,890</u>	<u>(1,510)</u>	
	<u>(5)</u>	<u>26,007</u>	<u>(6)</u>	<u>(26,013)</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Civic and Portering</b>					
Employee	148,945	182,940	155,086	(27,854)	A marketing manager has moved to Communications and a fixed term 2 year post has been created to be funded by Reserves.
Premises	0	0	2,000	2,000	
Transport	15,573	12,024	12,433	409	
Supplies & Services	42,918	24,213	19,899	(4,314)	
Support Services - Recharges Out	(318,860)	(279,720)	(274,250)	5,470	
Support Services - Recharges In	113,540	130,930	91,830	(39,100)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(2,112)	(1,500)	(7,000)	(5,500)	
	5	68,887	(2)	(68,889)	
<b>Print and Design</b>					
Employee	50,561	43,980	105,892	61,912	Budget for Designer post has moved from Tourism.
Supplies & Services	37,870	60,449	55,492	(4,957)	
Support Services - Recharges Out	(137,390)	(144,405)	(214,400)	(69,995)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	54,840	53,110	70,520	17,410	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(5,874)	(15,000)	(17,500)	(2,500)	
	6	(1,866)	4	1,870	
<b>Total Communications and Marketing:</b>	<b>769,172</b>	<b>721,202</b>	<b>621,470</b>	<b>(99,733)</b>	
<b>Total Communications and Marketing excluding capital charges &amp; recharges:</b>	<b>1,155,072</b>	<b>1,158,031</b>	<b>1,223,180</b>	<b>65,148</b>	
<b>Total Communications and Marketing excluding recharges:</b>	<b>1,155,072</b>	<b>1,158,031</b>	<b>1,223,180</b>	<b>65,148</b>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Environmental Services:</b>					
<b>Environmental Health</b>					
Employee	1,117,557	1,009,478	1,167,035	157,558	Restructure costs with new permanent post and employee costs, two additional posts fixed for two years and funded by ear marked reserves.
Premises	306,491	227,393	250,910	23,517	Reallocation of GYBS contract as per external review work.
Transport	38,120	37,981	39,907	1,926	
Supplies & Services	246,277	206,487	245,879	39,391	RNLI costs were previously part of the GYBS contract but paid directly by GYBC now.
Third Party Payments	3,694	10,000	10,000	0	
Transfer Payments	244,960	253,807	261,305	7,498	
Capital Charges	9,340	9,340	9,340	0	
Support Services - Recharges Out	(61,000)	(60,040)	(63,680)	(3,640)	
Support Services - Recharges In	295,520	281,230	401,140	119,910	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(173,543)	(117,819)	(121,177)	(3,358)	
	2,027,417	1,857,857	2,200,660	342,802	
<b>Selective Licensing</b>					
Employee	92,201	50,330	73,453	23,123	Manager post extended to 2021/22 funded by income from the licensing scheme.
Transport	2,070	100	100	0	
Supplies & Services	14,386	1,800	1,646	(154)	
Support Services - Recharges In	44,040	22,740	52,460	29,720	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(93,464)	(25,000)	(50,000)	(25,000)	Late application penalty fees are of greater number than anticipated when the scheme was set up, which is being used to fund the manager post extension.
	59,233	49,970	77,659	27,689	



	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Grounds Maintenance</b>					
Employee	(2,387)	0	0	0	
Premises	515,318	467,946	525,259	57,312	Reallocation of GYBS contract as per external review work.
Supplies & Services	61,827	48,922	34,847	(14,075)	Reallocation of IT software maintenance costs to services after a review by ICT department.
Third Party Payments	22,190	11,540	11,540	0	
Capital Charges	88,142	88,142	84,906	(3,236)	
Support Services - Recharges In	45,550	49,080	24,240	(24,840)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(64,705)	(32,450)	(44,950)	(12,500)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	<u>665,935</u>	<u>633,180</u>	<u>635,841</u>	<u>2,661</u>	
<b>Street Cleansing</b>					
Premises	880,845	894,411	651,095	(243,316)	Reallocation of GYBS contract as per external review work.
Third Party Payments	435	381	404	23	
Support Services - Recharges In	19,000	18,220	19,580	1,360	
Income	(17,428)	0	0	0	
	<u>882,852</u>	<u>913,012</u>	<u>671,079</u>	<u>(241,933)</u>	
<b>Licensing</b>					
Employee	108,769	71,490	68,794	(2,696)	
Premises	1,590	2,152	2,952	800	
Transport	396	600	600	0	
Supplies & Services	26,118	25,871	35,525	9,654	
Support Services - Recharges In	86,650	91,060	62,040	(29,020)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(317,334)	(276,013)	(277,113)	(1,100)	
	<u>(93,812)</u>	<u>(84,840)</u>	<u>(107,202)</u>	<u>(22,362)</u>	

	2018/19 Actuals	Original 2019/20 Budget	2020/21 Budget	Variance 19/20 Base Budget to 20/21 Base Budget	Comments
<b>Waste Management</b>					
Employee	31,585	0	97,030	97,030	New Director of Operations post for GYBS to be fully recharged.
Premises	(110,000)	110,000	0	(110,000)	Historic budget reallocated to fund Social Blooms project £40k, Waterways £40k and GYBS joint venture costs £30k.
Transport	5,999	0	0	0	
Supplies & Services	408,261	440,335	570,252	129,917	£50k NEWS smoothing payments funded by Reserves. £40k for Social Blooms project form reallocated budget within service. £40k increase in waste disposal gate fees.
Third Party Payments	1,944,114	1,985,553	2,149,220	163,667	Reallocation of GYBS contract as per Price Bailey work.
Capital Charges	17,641	17,669	18,011	342	
Support Services - Recharges In	102,720	91,300	169,300	78,000	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(1,242,567)	(1,327,592)	(1,479,388)	(151,796)	£48k additional income from new fee structure for bulky waste and full recharge of Director of Operations to GYBS.
	<u>1,157,753</u>	<u>1,317,265</u>	<u>1,524,425</u>	<u>207,160</u>	
<b>Total Environmental Services:</b>	<b>4,699,378</b>	<b>4,686,445</b>	<b>5,002,462</b>	<b>316,018</b>	
<b>Total Environmental Services excluding capital charges &amp; recharges:</b>	<b>4,051,775</b>	<b>4,077,704</b>	<b>4,225,125</b>	<b>147,422</b>	
<b>Total Environmental Services excluding recharges:</b>	<b>4,166,898</b>	<b>4,192,855</b>	<b>4,337,382</b>	<b>144,528</b>	
<b>Total for Services:</b>	<b>12,470,216</b>	<b>10,820,589</b>	<b>11,171,731</b>	<b>351,142</b>	
<b>Total for Services excluding capital charges &amp; recharges:</b>	<b>11,757,605</b>	<b>10,699,035</b>	<b>10,919,924</b>	<b>220,889</b>	
<b>Total for Services excluding recharges:</b>	<b>14,572,293</b>	<b>12,590,227</b>	<b>12,899,182</b>	<b>308,955</b>	

**General Fund 2020/21 Budget - Expenditure Type Analysis**

<b>General Fund Expenditure Type</b>	<b>2018/19 Actuals</b>	<b>Original 2019/20 Budget</b>	<b>Current 2019/20 Budget</b>	<b>2019/20 Forecast</b>	<b>2020/21 Budget</b>
Employee	11,739,427	11,103,820	11,263,258	10,902,765	11,818,540
Premises	5,949,882	5,402,643	5,411,836	5,583,238	5,264,131
Transport	154,799	139,051	139,851	140,351	147,903
Supplies & Services	8,435,549	4,441,189	5,250,531	5,477,554	5,488,675
Third Party Payments	3,334,586	3,272,710	3,277,403	3,239,325	3,527,277
Transfer Payments	25,984,015	29,159,811	29,159,811	25,197,820	24,487,643
Support Services	139,300	134,861	134,861	134,861	147,131
Capital Charges	2,814,688	1,891,192	1,891,192	1,891,192	1,979,258
Support Services - Recharges Out	(10,675,597)	(10,694,338)	(10,694,338)	(10,694,338)	(11,067,301)
Support Services - Recharges In	10,675,597	10,694,338	8,924,700	10,694,338	11,067,301
Income	(43,979,953)	(42,955,050)	(41,703,714)	(39,434,861)	(39,961,376)
	<b>14,572,293</b>	<b>12,590,227</b>	<b>13,055,391</b>	<b>13,132,245</b>	<b>12,899,182</b>

**2020/21 Budget Process - Additional income and savings proposals**

				<b>TOTALS</b>	<b>(201,299)</b>	<b>(247,866)</b>	<b>(199,495)</b>
<b>Ref.</b>	<b>Department</b>	<b>Heading</b>	<b>Summary of Proposal</b>	<b>Savings/ Income</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>ENV-02</b>	<b>Environmental Services</b>	<b>Food Hygiene re-ratings</b>	The proposal is to start charging for Food Hygiene re-rating inspections. As most other Councils across Norfolk already do, they charge as follow: North Norfolk; £150; Norwich City £160; Breckland £180; Broadland £150; Kings Lynn and West Norfolk £225 (from April 2020). We currently have 44 requests for this service across a 12 month period and undertake these inspections for free.	Income	(6,600)	(7,040)	(7,480)
<b>PMA-04</b>	<b>Property &amp; Asset Mangement</b>	<b>Project Delivery Team</b>	Expand Project Building team to delivery project management expertise for Equinox, Empty Property Development, Community Housing	Income	(41,775)	(41,775)	(41,775)
<b>PMA-05</b>	<b>Property &amp; Asset Mangement</b>	<b>Beach Hut Rental</b>	Install additional Beach Huts along the Lower Promenade, initially additional 20 with options to increase.	Income	(9,300)	(10,740)	(12,238)
<b>CS-03</b>	<b>Customer Services</b>	<b>Removal of IVR System</b>	The council launched the Inform 360 24/7 automated telephony solution on the 30th June 2017 as a tool to help manage the demand on the Customer Service Team as well as to help encourage more customers to make use of our available online services, transacting by self-service. From a customer satisfaction perspective this is not a popular solution and lacks the evidence to support it benefits. This service has been gradually reduced from the councils main telephony lines and is now only in use for peaks in demand and out of hours. The customer Service Team have been meeting Service Level despite this and retaining this solution is no longer a viable or cost effect solution. (Funded from RRRE)	Savings	(29,791)	(29,791)	(29,791)
<b>CS-04</b>	<b>Customer Services</b>	<b>Corporate Fraud</b>	New post - Corporate Fraud Officer, based on 3 year fixed term. The officer would investigate a range of fraud within the community with the objective to reduce fraud and increase income for the council. Areas of investigation would include benefits fraud, housing fraud and business rates fraud.	Income	(16,000)	(35,500)	(35,000)
<b>PG-01</b>	<b>Planning &amp; Growth</b>	<b>Budget Increase</b>	Annual increase in the Development Control/Management fees received of £10,000 in addition to the £10,000 annual increase already included in the budget for future years. This is due to the slightly higher number and size of applications expected following adoption of the Local Plan Part 2 and projecting what else may be in the pipeline in terms of reserved matters applications.	Income	(10,000)	(10,000)	(10,000)
<b>PG-08</b>	<b>Planning &amp; Growth</b>	<b>Reviewing the hourly fee rate for Building Control</b>	The hourly rate for Building Control fees (which is a "blended" rate of all officer costs of £61) was last reviewed and updated (increased) in 2016. A review is taking place now to assess whether costs have risen such that an increase can be justified (a "profit" cannot be made on jobs; overall, it should be cost-neutral). Calculating the change requires following a formula set by CIPFA and this is in train, but initial thoughts are that an increase closer to £67 per hour or so may be the result, leading to a potential increase of about £15,000 per year.	Savings	(15,000)	(15,000)	(15,000)

Ref.	Department	Heading	Summary of Proposal	Savings/ Income	2020/21	2021/22	2022/23
PG-09	Planning & Growth	Increasing the amount per "bespoke" fee quote for Building Control	Where BC quotes for a job with multiple components (for example, inspecting a foundation plus steel beam or discounts for multiple new dwellings), a "discount" has traditionally been applied to the job overall. In 2019/20 this was modified so that less of a discount is now applied routinely. Whilst precise figures are very difficult to discern, this "discount" rate could be reduced further.	Savings	(7,500)	(7,500)	(7,500)
CM-02	Communications & Marketing	Reduction in copier paper budget	A further reduction in the corporate Print & Stationery budget given the reduced amount of items being copied/printed via MFDs whilst also switching to recycled paper. Reduce the budget line CTRE41500000 by £3,000.	Savings	(3,000)	(3,000)	(3,000)
CM-06	Communications & Marketing	Marketing income from commercialisation	The Marketing, Engagement & Events Team now operates as a full service agency and is able, within existing resources, to offer external clients a professional design and marketing service. It is proposed to set a target of £10,000 for 2020/21 for commercial income.	Income	(10,000)	(10,000)	(10,000)
PMA-01	Property & Asset Mangement	Footway Lighting	Footway lighting has been considered a number of times over the years. This proposal utilised new lamp holders to save on energy also offering the opportunity to reduce wattage during hours of the night leaving the lights on but at a dimmer level. This will involve spend to save funding in order to change the lamps. In addition to this work to begin to reduce Footway lighting by removal where duplicated with Highway Lighting, this happens in a number of areas across the Borough and could again make savings without impacting on residents.	Savings	(25,000)	(50,000)	0
PG-07	Planning & Growth	Encourage parish councils to access planning applications online	Parish councils are routinely sent copies of key documents for planning applications to help them analyse the applications and frame their response to the Council. Increasingly more councils have stopped doing this, instead requiring parish councils to access information on the website, and it is proposed that this be done at GYBC too.	Savings	(3,000)	(3,000)	(3,000)
CM-04	IT, Communications & Marketing	Public Information Pillar Advertising	The Public Information Pillar (PIPS) advertising contract with the existing provider (Sutton Media) comes to an end in 2020. During this contract period the Council has passported £15,000 to the Town Centre Partnership (TCP) as a legacy from a previous contracting relationship. It is proposed that for the financial year 2020/21, the Council ceases that arrangement and reviews the current on-street advertising assets in line with the Town Centre regeneration plans and new vision for the seafront. CTTO44010000 = £15,000.	Savings	(15,000)	(15,000)	(15,000)
CM-10	IT, Communications & Marketing	Winter off-peak closure of Tourist Information Centre	A saving was offered in the last budget-setting process for 2019/20 which saw the tightening-up of revenue expenditure across a range of budget lines. This has enabled the Tourist Information Centre (TIC) on the seafront in Maritime House to remain open for 12 months of the year. It had been anticipated that to make the saving for 2019/20, the TIC would close for 4 months in the winter off-peak season (November, December, January, February). This was not required in the end owing to finding other savings. However for 2020/21 the proposal is to close for these 4 months starting in 2020/21.	Savings	(9,333)	(9,520)	(9,711)

**Council Tax Summary 2020/21**

	2019/20 Actual	Actual 2020/21 £5 Council Tax Increase		
			Movement £	Movement %
Demand on Collection Fund (excluding Parish/Town Precepts)	£ 4,611,869	£ 4,835,911	£224,042	4.86%
Borough Council Tax Level at Band D	£ 161.48	£ 166.48	£5.00	3.10%
<b>Net Borough Council Tax at Band D</b>	<b>£ 161.48</b>	<b>£ 166.48</b>	<b>£ 5.00</b>	<b>3.10%</b>
Value of Precepts*	£ 429,323	£474,871	£45,548	10.61%
Effect of Parish/Town Precepts	£ 15.03	16.35	£1.32	8.78%
<b>Billed Borough Council Tax at Band D</b>	<b>£ 176.51</b>	<b>£ 182.83</b>	<b>£ 6.32</b>	<b>3.58%</b>

\* At time of reporting two parish precepts outstanding

Tax Base	28,560	29,048
Tax Base Movement (from 2019/20)		488

Note: The Tax Base for 2020/21 is 29,048 (2019/20 28,560) so each £29,048 change in net expenditure has £1.00 effect on Council Tax at Band D.

General Fund Reserves Schedule - 2020/21 BUDGET		Opening Balance 01/04/19	Budgeted Movement 2019/20	Forecast Movement 2019/20	Closing Balance 31/03/20	Budgeted Movement 2020/21	Closing Balance 31/03/21	Budgeted Movement 2021/22	Closing Balance 31/03/22	Budgeted Movement 2022/23	Updated Closing Balance 31/03/23
Summary and Purpose of Reserve		£	£	£	£	£	£	£	£	£	
<b>Asset Management reserve</b>	This reserve is held to mitigate the impact of fluctuations between financial years from income received from Council assets and properties, in addition it includes re-allocation from other reserves to be used for investments in Council assets including current and future asset enhancements.	1,900,000	(943)	(63,445)	1,836,555	(435,700)	1,400,855	(507,300)	893,555	0	893,555
<b>Benefits/Revenues Reserve</b>	Earmarking of grants and underspends to be used for the service and mitigation of subsidy impacts.	144,621	0	0	144,621	0	144,621	0	144,621	0	144,621
<b>Coast Protection</b>	Established as part of the 2019/20 budget process for match funding and mitigate one-off costs in relation to coast protection.	0	150,000	95,000	95,000	0	95,000	0	95,000	0	95,000
<b>Collection Fund (Business Rates)</b>	Earmarked to mitigate the fluctuations in business rate income between years.	1,440,976	(180,000)	(180,000)	1,260,976	0	1,260,976	0	1,260,976	0	1,260,976
<b>Community Housing Fund</b>	This represents grants previously received to assist with the delivery of Community Housing.	573,603	0	0	573,603	(30,000)	543,603	(30,000)	513,603	(30,000)	483,603
<b>DFG top-up capital loans &amp; grant fund</b>	This reserve is utilised as expenditure is incurred.	350,270	0	0	350,270	49,730	400,000	0	400,000	0	400,000
<b>Enforcement</b>	Earmarked for enforcement related works to address issues and bring properties back into use.	46,022	0	0	46,022	0	46,022	0	46,022	0	46,022
<b>Homelessness</b>	These Reserves are utilised as expenditure is incurred.	426,366	0	0	426,366	103,611	529,977	(46,000)	483,977	(46,000)	437,977
<b>Insurance Fund</b>	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.	215,655	0	45,195	260,850	0	260,850	0	260,850	0	260,850
<b>Invest to Save</b>	To be used to fund one-off costs associated with projects that will deliver future efficiencies and savings including costs associated with restructures.	1,589,249	140,471	(106,818)	1,482,431	(103,946)	1,378,485	0	1,378,485	0	1,378,485

General Fund Reserves Schedule - 2020/21 BUDGET		Opening Balance 01/04/19	Budgeted Movement 2019/20	Forecast Movement 2019/20	Closing Balance 31/03/20	Budgeted Movement 2020/21	Closing Balance 31/03/21	Budgeted Movement 2021/22	Closing Balance 31/03/22	Budgeted Movement 2022/23	Updated Closing Balance 31/03/23
Summary and Purpose of Reserve		£	£	£	£	£	£	£	£	£	
<b>LEGI</b>	As costs are incurred, these are offset by the reserve.	523,671	(400,000)	(400,000)	123,671	(49,730)	73,941	0	73,941	0	73,941
<b>Other Reserves</b>	These Reserves are budget carry forwards to be used in future years	729,984	0	(650,625)	79,359	(14,249)	65,110	0	65,110	0	65,110
<b>Planning Delivery Grant</b>	The reserve is planned to be used to provide service improvements in Planning, and deliver the Local Development Framework.	62,360	0	0	62,360	0	62,360	0	62,360	0	62,360
<b>Repairs and Maintenance</b>	This reserve is utilised as expenditure is incurred.	352,253	0	(19,000)	333,253	0	333,253	0	333,253	0	333,253
<b>Restricted use grant</b>	This reserves holds unspent grants received for specific purposes for which the spend has not yet been incurred.	940,610	(169,195)	(113,555)	827,055	(142,344)	684,711	(128,422)	556,289	(40,000)	516,289
<b>Second Homes Council Tax</b>	This reserve is utilised as expenditure is incurred.	155,962	(155,962)	(155,962)	(0)	0	(0)	0	(0)	0	(0)
<b>Special Project Reserve</b>	Earmarked as per the 2017/18 budget report for project spend and also for matched funding as appropriate.	743,681	(139,774)	(124,692)	618,989	(176,203)	442,786	(138,483)	304,303	(50,000)	254,303
<b>Specific budget</b>	This reserve is utilised as expenditure is incurred.	102,327	(27,230)	(27,230)	75,097	(25,153)	49,944	(26,569)	23,375	15,447	38,822
<b>Town Centre Initiative</b>	Earmarked for spend in relation to the town centre project.	33,310	0	(29,970)	3,340	0	3,340	0	3,340	0	3,340
<b>Treasury Management reserve</b>	This reserve is held to mitigate year on year fluctuations of investment income received.	200,000	0	0	200,000	0	200,000	0	200,000	0	200,000
<b>Waste Management</b>	This reserve is utilised as expenditure is incurred in relation to the service.	25,170	0	(25,000)	170	0	170	0	170	0	170
<b>Total General Fund Earmarked Reserves</b>		<b>10,556,090</b>	<b>(782,633)</b>	<b>(1,756,102)</b>	<b>8,799,988</b>	<b>(823,984)</b>	<b>7,976,004</b>	<b>(876,774)</b>	<b>7,099,230</b>	<b>(150,553)</b>	<b>6,948,677</b>
<b>General Fund Reserve Total</b>	Current recommended balance of £2.8 million (as at Feb 2019)	<b>3,005,470</b>	<b>155,962</b>	<b>155,962</b>	<b>3,161,432</b>	<b>(150,458)</b>	<b>3,010,974</b>	<b>0</b>	<b>3,010,974</b>	<b>0</b>	<b>3,010,974</b>
<b>Total General Fund Reserves</b>		<b>13,561,560</b>	<b>(626,671)</b>	<b>(1,600,140)</b>	<b>11,961,420</b>	<b>(974,442)</b>	<b>10,986,978</b>	<b>(876,774)</b>	<b>10,110,204</b>	<b>(150,553)</b>	<b>9,959,651</b>



### Policy Framework for the Earmarked Reserves and Assessing the Optimum Level of the General Reserve for the period 2020/21 to 2022/23

#### **1 Background**

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

#### **2 Earmarked Reserves**

##### **2.1 Purpose**

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

##### **2.2 Earmarked Reserves Protocol**

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

##### **2.3 Review of Earmarked Reserves**

- 2.3.1 The Reserves Statement is included as part of the Budget Report to Policy and Resources Committee and gives full details of the earmarked reserves and current planned use.
- 2.3.2 It is considered that sufficient provision for the Council's capital programme (as recommended) has been included in the capital estimates and capital reserves, and relevant revenue budgets (eg interest and Minimum revenue Provision) has been provided for that nothing further is required.
- 2.3.3 Where in-year expenditure is being funded by earmarked reserves and general reserves, the relevant transfers from the reserves have been allowed for within the reserves balances and revenue account budgets as detailed in the budget report.

### **3 The General Reserve**

#### **3.1 Purpose**

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

#### **3.2 The Optimum Level of the General Reserve**

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

#### **3.3 Assessment Framework**

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

- Fluctuations in retained business rate income and funding from the government for the extensions to reliefs for example small business rates.
- Fluctuations around certain income streams and grants, for example demand led services such as planning, building control income, land charges, car parking and recycling.
- Future changes to the funding for Local Authorities, for example the New Homes Bonus and an increase to the share of business rates that is retained locally. .
- Unplanned volume increases in major demand led budgets, particularly in the context of the current economic climate for example housing benefits, council tax support and homelessness.
- The need to retain a general contingency to provide for any unforeseen circumstances that may arise including inadequately funded Government initiatives.
- Where there is a move to do less by direct service provision for example through third parties, including outsourcing, this in turn increases the risks borne by authorities. There is a risk that these arrangements fail and there are many circumstances when a statutory liability remains with the local authority. Such risks may not be insurable at an economic level and demand rigorous risk minimisation strategies and this is an area that will be considered in more detail if the Council pursues these arrangements in future years.
- The need to retain reserves for general day to day cash flow requirements.

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

### 3.4 The Assessment of the General Fund Reserve

- 3.4.1 When undertaking the assessment it must be remembered that the items considered are merely guides to assessing the overall level of the reserve. In no way is it a budget for any of the items being created since by its nature a general reserve is designed to protect against the unexpected and unquantifiable for whatever reason.
- 3.4.2 Having considered the relevant risks and the mitigation measures already in place, it is felt that the following indicative items should be taken into account in the budget risk assessment for 2019/20 to assess the recommended level of reserves:

Item	2020/21	2021/22	2022/23
<b>1 Pay and Price Inflation</b> (0.5% sensitivity to budget assumption)	140,000	140,000	140,000
<b>2 Interest Rates &amp; MRP</b> (0.5% sensitivity to short term borrowing and profiling of capital spend and MRP impact)	160,000	180,000	180,000
<b>3 Failure to Achieve Planned Savings and Cost Pressures from Corporate Plan Targets</b> (to ensure core services are maintained)	200,000	200,000	200,000
<b>4 Major Litigation and Legal Claims</b> (to provide additional comfort above earmarked reserves)	100,000	100,000	100,000
<b>5 Emergencies and Other Unknowns</b> (to recognise the risks associated with unpredictable events)	500,000	500,000	500,000

## Appendix F

Item	2020/21	2021/22	2022/23
<b>6 Treatment of Demand Led Pressures</b> (recognising the impact of increase or reduction in demand and compensating increase or reduction in expenditure or income)	600,000	600,000	600,000
<b>7 Project Risks</b> (To recognise the risks the Authority is facing in terms of partnership work and significant projects)	200,000	200,000	200,000
<b>8 Cash Flow</b> (the impact of timing of cash flow, including the profiling of expenditure)	100,000	100,000	100,000
<b>9 Future Funding Fluctuations</b> (an allowance to reflect the increased risk around local funding, ie business rates and new homes bonus, to mitigate the impact within and between financial years)	800,000	900,000	900,000
<b>Total Indicated General Fund Reserve Recommended</b>	<b>2,800,000</b>	<b>2,800,000</b>	<b>2,800,000</b>
<b>% of Net Budgeted Operating Expenditure (excluding parish precepts)</b>	<b>22%</b>	<b>21%</b>	<b>21%</b>

#### 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 2020/21 would be £2.8 million. The budgeted General Fund Reserve as presented for approval is within an acceptable tolerance and is slightly able the recommended level.

## General Fund Current 2021 Capital Programme and 1920 Budget and Forecast

	Expenditure £000		2020/21		Budget 2021 Financing - £000			
Services & Projects	Revised Budget 1920	Forecast 2019/20	Budget	Borrowing	Grants & Contributions	Reveue/ Earmarked Reserves	Capital Receipts	
Equinox Enterprises Limited Share Capital	£1,058	£1,058	£0	£0	£0	£0	£0	
ICT Investment to deliver GYBC ICT Strategy *	£620	£411	£594	£594	£0	£0	£0	
Total: Executive & Resources	£1,678	£1,469	£594	£594	£0	£0	£0	
Childrens Playground Refurbishment	£87	£35	£52	£52	£0	£0	£0	
Cobholm Skate Park	£99	£99	£0	£0	£0	£0	£0	
Wellesley CCTV	£15	£0	£15	£15	£0	£0	£0	
Total: Neighbourhood Management	£201	£134	£67	£67	£0	£0	£0	
Rebuilding sections of Factory Rd/Belvedere Rd/Nth Denes Rd Gt								
Yarmouth Cemetery Wall	£25	£6	£0	£0	£0	£0	£0	
St Nicholas Minster West Boundary Wall	£95	£0	£95	£95	£0	£0	£0	
St Nicholas car park North Boundary Wall	£25	£0	£25	£25	£0	£0	£0	
Rebuilding sections of Great Yarmouth Cemetry Wall - East Road	£25	£25	£0	£0	£0	£0	£0	
Replacement P&D Machines	£107	£90	£0	£0	£0	£0	£0	
Crematorium Tearooms	£446	£100	£346	£346	£0	£0	£0	
King Street car parking spaces/ sub-station works	£19	£19	£0	£0	£0	£0	£0	
Total: Customer Services	£742	£240	£466	£466	£0	£0	£0	
Health and Fitness Centre	£25,893	£5,893	£20,000	£16,250	£3,750	£0	£0	
The Waterways	£400	£400	£0	£0	£0	£0	£0	
Phoenix Pool & Gym car park extension	£130	£30	£100	£100	£0	£0	£0	
Great Yarmouth Preservation Trust Loan	£140	£140	£0	£0	£0	£0	£0	
Total: Inward Investment	£26,563	£6,463	£20,100	£16,350	£3,750	£0	£0	
Disabled Facilities Grant	£1,188	£1,188	£0	£0	£0	£0	£0	
Empty Homes	£718	£100	£618	£618	£0	£0	£0	
DFG Top-up Grants	£250	£10	£240	£0	£0	£240	£0	
DFG Top-up Loans	£150	£50	£100	£0	£0	£100	£0	
Norfolk & Waveney Equity Loan Scheme	£72	£72	(£0)	(£0)	£0	£0	£0	
Equity Home Improvement Loans	£544	£100	£444	(£0)	£0	£0	£444	
HMOs /Guesthouse Purchase & Repair Scheme	£2,000	£250	£1,750	£1,750	£0	£0	£0	
Community Housing Fund Loans	£540	£101	£439	£0	£0	£439	£0	
Total: Housing	£5,461	£1,871	£3,590	£2,367	£0	£779	£444	
Public Toilet Refurbishment Programme	£265	£265	£0	£0	£0	£0	£0	
Footway Lighting **	£156	£78	£178	£178	£0	£0	£0	
Gorleston High Street car park resurfacing	£19	£19	£0	£0	£0	£0	£0	
Cobholm Rugby Club roadway	£20	£20	£0	£0	£0	£0	£0	
Yacht Station Improvements - welfare facilities	£2	£2	£0	£0	£0	£0	£0	
Esplande Resurfacing	£331	£50	£281	£281	£0	£0	£0	
GY Flood Defence Scheme Epoch 2	£50	£50	£0	£0	£0	£0	£0	
Beach Huts	£178	£178	£0	£0	£0	£0	£0	
Council Chamberr relocation	£130	£130	£0	£0	£0	£0	£0	
Cycle Sheds & Grey Friars Shower Facility	£37	£37	(£0)	(£0)	£0	£0	£0	
Gorleston Paddling Pool /Splash Pad	£10	£10	£0	£0	£0	£0	£0	
Phoenix Pool	£50	£50	£0	£0	£0	£0	£0	
Beacon Park Projects	£500	£500	£0	£0	£0	£0	£0	
Market Place Redevelopment ***	£3,600	£250	£3,350	£2,250	£1,100	£0	£0	
North Quay Redevelopment	£2,500	£1,000	£1,500	£1,500	£0	£0	£0	
Winter Gardens	£100	£100	£0	£0	£0	£0	£0	
Energy Park - South Denes	£1,908	£200	£1,708	£1,708	£0	£0	£0	
Total: Property & Asset Management	£9,857	£2,939	£7,018	£5,918	£1,100	£0	£0	
Overall Total	£44,501	£13,116	£31,835	£25,762	£4,850	£779	£444	

\* £385k approved for 2020/21 (and £279k for 2021/22) as part of the 2019/20 budget

\*\* £100k per year approved for 2020/21 to 2023/24 as part of the 2019/20 budget

\*\*\* Updated budget for the Market Place Redevelopment project in line with Policy &amp; Resources decision on the 21st January 2020.

## 2020/21 Capital Bids

Project	Approval Process	Budget 2021	Borrowing	Funding Revenue	External	Budget 2122	Funding Borrowing	Potential Savings	Revenue income & Costs inc MRP	NOTES
ICT	Budget Setting	£10,000	(£10,000)	£0	£0	£0	£0	£0	£1,429	£385k was approved for 20/21 and £279k for 21/22 as part of the 19/20 budget and this covers the main cost of ICT improvement across the Council. A further £10k has been requested for 2021 following review of ICT projects required. Additionally £135k may be added to this pending a business case for the replacement Environmental, Planning & Building Control system in 2021.
Disabled Facility Grants	Budget Setting	£1,188,068	£0	£0	(£1,188,068)	£0	£0	£0	£0	Standard DFG allocation funded externally. Amount estimated based on 2019/20.
Footway Lighting Column Replacement / LED Upgrade	Budget Setting	£200,000	(£200,000)	£0	£0	£200,000	(£200,000)	(£50,000)	£8,333	To compliment the existing footway lighting column replacement programme which looks at efficiencies in existing provision (£100k pa already approved in 2019/20 for 20/21 & 21/22) the additional requirement would embark on a programme of lantern replacement to incorporate modern energy efficient LED fittings. Revenue savings have been included within the General Fund 20/21 budget at Appendix A (£25k saving in 20/21 and further saving of £50k in 21/22).
Winter Gardens	Budget Setting	£1,000,000	(£1,000,000)	£0	£0	£0	£0	£0	£45,000	This bid recognises the need for the Council to commit to provide some budget for match funding towards capital works on the Winter Gardens when approaching potential external funders (e.g. completing funding applications). Use of the funding will be subject to full approval in line with external funders being confirmed.
GYBC Vehicle Replacement	Business Case Required	£147,000	£0	(£142,000)	(£5,000)	£0	£0	(£16,000)	£37,450	A review of the Council's current vehicle usage is required to identify efficiencies that could be identified as vehicles are due for replacement or coming to the end of the lease period (7 vehicles across 4 service areas, Environmental Services, Events, Car Parks & Property Services). The costing included here are based on replacing this mixture of leased, purchased and contract vehicles with purchased electric vehicles which would significantly reduce the fuel bill and carbon footprint of the Council whilst also making a saving over the 5 years.
Crematorium Office Roof	Business Case Required	£14,000	(£14,000)	£0	£0	£0	£0	£0	£1,050	Stripping & replacing the flat roof over the Crematorium Bereavement Office and administration area.
GYBC Resident Permit Holder Car Parks resurfacing Works	Business Case Required	TBC								Resurface (including filling pot holes & re-lining bays) for GYBC owned parking bays at various sites for resident permit holders. No estimate of costs obtained at this stage.
Beales car park resurfacing	Business Case Required	£75,000	(£75,000)	£0	£0	£0	£0	£0	£6,875	This bid would be considered as part of a wider review of the existing car park provision within the Town Centre. The £75k cost would be to complete the whole carpark but potentially a section could be completed at a cost of £35k. Internal funding/ borrowing required may be reduced if private contribution obtained.
Refurbish Tower Toilets	Business Case Required	£75,000	(£75,000)	£0	£0	£0	£0	£0	£4,375	Refurbish the Tower Toilets (on the sea front opposite Euston Road) and include potential of introducing a Changing Places facility (a combined toilet, shower and changing room, designed especially to meet the needs of people with complex and multiple disabilities).
Alterations to Throw cage at Wellesley Recreation Ground	Business Case Required	£15,000	(£15,000)	£0	£0	£0	£0	£0	£1,375	To carry out health and safety alterations to the throw cage to comply with UK Athletics' new specifications they have introduced following a review of cage safety. This may form part of a wider review of the Wellesley site.
		<b>£2,724,068</b>	<b>(£1,389,000)</b>	<b>(£142,000)</b>	<b>(£1,193,068)</b>	<b>£200,000</b>	<b>(£200,000)</b>	<b>(£66,000)</b>	<b>£105,887</b>	

Approval summary	Budget 2021	Borrowing	Funding Revenue	External	Budget 2122	Funding Borrowing	Potential Savings	Revenue income & Costs inc MRP
Budget Setting	£2,398,068	(£1,210,000)	£0	(£1,188,068)	£200,000	(£200,000)	(£50,000)	£54,762
Business Case Required	£326,000	(£179,000)	(£142,000)	(£5,000)	£0	£0	(£16,000)	£51,125
<b>Total</b>	<b>£2,724,068</b>	<b>(£1,389,000)</b>	<b>(£142,000)</b>	<b>(£1,193,068)</b>	<b>£200,000</b>	<b>(£200,000)</b>	<b>(£66,000)</b>	<b>£105,887</b>

**Subject: COUNCIL TAX SETTING 2020/21**

**Report to: Council 20 February 2020**

**Report by: Finance Director**

#### **SUBJECT MATTER**

This report presents for approval the budget for 2020/21 and to make statutory calculations in accordance with the Local Government Finance Act 1992 to set the Council Tax for 2020/21. 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 Policy and Resources Committee on 4 February 2020 for which the recommendations are included on this 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 2020/21 as detailed in the budget report to Policy and Resources Committee and outlined at Appendix A is approved;
2. That Members undertake the Council Tax and statutory calculations as set out in section 4 of the report and set the Council Tax for 2020/21;
3. The demand on the Collection Fund for 2020/21 be:
  - a. £4,835,911 for the Borough Council purposes;
  - b. £479,131 for Parish Precepts.

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

- 1.1 This report presents for approval the 2020/21 revenue budget along with undertaking the statutory calculations for the determination of the Council Tax for 2020/21. This report should be considered alongside the budget report that was presented to the Policy and Resources Committee on 4 February 2020.
- 1.2 The budget for 2020/21 was recommended to Council by the Policy and Resources Committee on 4 February 2020. A final version of the general fund budget summary has been attached at Appendix A.
- 1.3 The Committee report included the provisional finance settlement for 2020/21 which has been confirmed as part of the announcement of the final settlement published on 6 February 2020, although this is still to be approved by the House of Commons after the recess.

## **2. 2020/21 Budget**

- 2.1 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.
- 2.2 This is provided in section three 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 2020/21.
- 3.2 The framework within which the budget for 2020/21 has been constructed takes into account the following factors:
- Previous financial out-turn position as reported to Members (3.3);
  - In-year budget monitoring and associated reports that have been made to date in the current financial year (3.4 - 3.6);
  - The Medium-Term Financial Strategy as reported to Members in November 2019 (3.7);
  - The 2020/21 Local Government Finance Settlement (3.8);
  - Consideration of risks facing the Authority in the short to medium term (3.9).
- 3.3 **Previous years financial position** - The outturn position informs the update to the financial projections for the coming year by reflecting significant movements against the current position and those which will have an on-going impact to the Council.
- 3.4 **In Year Budget Monitoring and Financial Control** – It is best practice to ensure a system of regular financial monitoring exists, including reports being presented to officers and members during the year to ensure transparency of decision making and financial control. The budget monitoring process is carried out during the year between finance and service areas and is fundamental to ensuring strong financial control and governance to inform decision making and to support the longer term delivery of local services. Monitoring also ensures relevant and timely information can be used to inform budget and future projections to reflect local demand and spending pressures in order that the overall financial position of the Council can be managed.
- 3.5 During the year budget monitoring reports have been presented to the Policy and Resources and Housing and Neighbourhood Committees. The reports have highlighted some significant in-year variances within services, including under achievement of car parking income targets which is a demand led service for which the Council has limited direct control over. The in-year variances have informed the 2020/21 budget to ensure that an accurate position is reflected in the budget and future projections informed by current spending plans and commitments.
- 3.6 Budgets are prepared using the best information that is available to the Council from its own sources i.e. budget holders, Heads of Service and members of Executive Leadership Team and from external advisors for example the Council's treasury management advisors,



Arlingclose. However, many budgets are related to factors that fall outside the control of the Council, for example, 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.

- 3.7 **Medium Term Financial Strategy (MTFS)** - The financial planning process for the Council has developed over a number of years. The setting of the budget for the coming year is part of the overall financial planning process which includes financial monitoring and the Medium Term Financial Strategy. The updated MTFS was presented to Members in November 2019 and reflected the expected roll over of the 2019/20 funding settlement. The process of coordinating the MTFS and budget includes the thorough review and challenge of current expenditure and income and seeks to ensure these are in line with the Councils Plan and in response to local and national factors, including legislative changes, local economic factors and changes in demand for statutory and non-statutory services.
- 3.8 **Local Government Finance Settlement** – The Council had previously (in 2016/17) accepted and received confirmation of the offer of the four year multi-year finance settlement until 2019/20, this confirmed the level of Revenue Support Grant that will be received until 2019/20. Due to the delay in the national review of local authority funding via the fair funding review and review of business rates the current funding arrangements have been carried forward for a further year and a one year finance settlement issued for 2020/21 upon which the 2020/21 budget has been based.
- 3.9 **Risks** - There are a number of financial risks facing the authority which are relevant at both service and corporate levels. In order that these risks are managed, 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. As a demand led service which is influenced by external factors, this service is regularly monitored. The 2020/21 budget assumes gross income of in the region of £1.7 million from all car parking related fees and charges.
  - b) **Planning and Building Control Fees** – The 2020/21 base budget includes income totalling approximately £1.0m from planning and building control fees, this too is subject to external demands and is monitored regularly to highlight any significant fluctuations against the budget.
  - c) **Waste and Recycling Credits** – This is a significant source of income to the Council and reflects the activity across the borough in recycling domestic refuse and providing a garden waste service. A total of £1.4 million is included in the 2020/21 base budget.
  - d) **Crematorium Income** – The 2020/21 budget assumes gross income from the crematorium of £1.3 million. This is an income source that has fluctuated significantly in previous years and therefore remains under close review.
  - e) **Planned Savings and Additional Income** – The Council is continuing to deliver against a number of work streams for which savings have been factored into the base budgets as part of previous budget approvals and include for example, digital by design, flexible working. New savings and additional income of £0.2m have been factored into the budget for 2020/21, in addition to £1.0m identified in prior years. A schedule of the new savings

proposals for approval as part of the 2020/21 budget process are detailed in Appendix C to the budget report to Policy and Resources Committee.

- f) **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 2020/21, 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.
  - g) **Business Rates Retention** – The implications of the current system of funding Local Authorities is that the income from the Council's retained share of the business rates will fluctuate in-year and between years. The budget has been informed by the shares of the income as specified in the National Non-Domestic Rate 1 (NNDR) return submitted for 2020/21. Other factors that will have an impact on the level of rates retained are current and backdated appeals.
- 3.10 Until further announcements and detailed exemplifications are issued regarding the future funding for local government beyond 2020/21 the accuracy of the future financial forecasts are limited, therefore the budget report presented only the one year position for 2020/21. Once announcements are made further work will need to be carried out to understand the overall impact to the Council and the service budgets. This work will start in the new financial year to inform the update to the MTFS by the Autumn.
- 3.11 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. The impact of the borrowing on the revenue account is taken account of as part of the consideration of the business cases for the capital investment.
- 3.12 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.
- 3.13 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**

- 3.14 An assessment of the adequacy of the reserves, estimated to be available to the Council throughout 2020/21 is based on the possible commitments falling to be discharged against the following categories of reserves:
- General Reserve
  - Earmarked Reserves.
- 3.15 Where there is budgeted expenditure to be funded from a reserve (earmarked or general) these will be allowed for within the reserves statement.
- 3.16 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 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).
- 3.17 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, due to 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 Earmarked reserves are estimated to total £8 million by the end of the 2020/21 financial year and include two significant earmarked reserves for which the timing of their use are not yet planned as will be subject to approval of project and business cases, namely the Invest to Save reserve at £1.3 million and the Collection Fund at £1.2 million.
- 3.22 The level of all reserves (general and earmarked) are reviewed annually as part of the budget process and alongside the policy framework for earmarked reserves and assessing the optimum level of general reserve (appendix F to the budget report to Policy and Resources Committee).
- 3.23 The recommended level of the general reserve is £2.8million and the current balance forecast by 31 March 2020 after allowing for budgeted movements in 2020/21 is £3 million.

### **Summary**

- 3.24 In the opinion of the Chief Financial Officer the overall budgeted level of both the general reserve and the earmarked reserves as included in the budget report are considered adequate in the short term. The general reserve balance is forecast to be above that of the recommended balance (£2.8 million), all reserves will be subject to further annual review in 2020/21 as part of the budget monitoring and financial strategy process.
- 3.25 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.

#### **4. Council Tax Setting Resolution – 2020/21**

- 4.1 The following sections of the report and applicable appendices (appendices A and F) set out the information required for Members to set the Council Tax for the 2020/21 financial year commencing 1 April 2020.
- 4.2 Norfolk County will meet on 17 February 2020 to set its Council Tax, and the recommendation is to increase the Council Tax by 3.98%.
- 4.3 The Norfolk Police and Crime Panel met on 4 February 2020 to agree the Norfolk Police and Crime Commissioner's proposals for the Council Tax of an increase of 3.95%. The figures used in this report are based on the assumption that there will be an increase for Great Yarmouth Borough Council (excluding parish council precepts) of 3.10%, 3.98% for Norfolk County Council, and a confirmed 3.95% increase for the Norfolk Police and Crime Commissioner.
- 4.4 Under section 52ZB of the Local Government Finance Act 1992 ("the 1992 Act") each billing authority and precepting authority must determine whether its relevant basic amount of council tax for a financial year ("the year under consideration") is excessive. If an authority's relevant basic amount of council tax is excessive a referendum must be held in relation to that amount. The excessiveness principles are set out each year and for 2020/21 the principles outline that an increase above the amount for 2019/20 will be excessive, and a referendum must be held for Great Yarmouth Borough Council if the increase is 3% or more and more than £5.00 on a Band D property (i.e. an increase of more than 3% is permitted as long as it does not exceed £5.00 on a Band D property) than its relevant basic amount of council tax for 2019/20. Local precepting authorities (parish and town councils) are not subject to Council Tax referendums in 2020/21.

#### **Recommendations in relation to the setting of the Council Tax 2020/21:**

##### **The following set out the statutory calculations**

- 4.5 That it **be noted** at its meeting on 19 December 2019, Council calculated the following Council Tax bases for the year 2020/21 in accordance with (Calculation of Council Tax Base) Regulations 1992 and Local Authority (Calculation of Council Tax Base) Regulations 2012 as amended: -
- (a) the **Council Tax Base 2020/21 for the whole Council area as 29,048** [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 2020/21 Report the amounts in **Appendix B** (Parish Tax Base 2020/21) being the amounts calculated by the Council, in accordance with Regulation 6 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as the amount of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items (parish precepts).
- 4.6 That the following amounts **be calculated** for the Council for the year 2020/21 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992 and the relevant regulations and directions as follows:

- (a) **£55,817,610** Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
- (b) **£50,502,568** Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- (c) **£5,315,042** Being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31A (4) of the Act).
- (d) **£182.97** Being the amount at (c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) **£479,131** Being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.
- (f) **£166.48** Being the amount at (d) above less the result given by dividing the amount at (e) above by Item T (4.5 above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- (g) **Appendix B** Being the amounts given by adding to the amount at (f) above to the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (4.5 b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.
- (h) **Appendix C** Being the amounts given by multiplying (as appropriate) the amounts at (f) or (g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4.7 **That it be noted** that for the year 2020/21 the main precepting authorities have stated the following amounts in precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings shown below:

Band	A	B	C	D	E	F	G	H
Norfolk County Council £	944.34	1,101.73	1,259.12	1,416.51	1,731.29	2,046.07	2,360.85	2,833.02
Office of the Police and Crime Commissioner £	175.38	204.61	233.84	263.07	321.53	379.99	438.45	526.14
Total Preceptors £	1,119.72	1,306.34	1,492.96	1,679.58	2,052.82	2,426.06	2,799.30	3,359.16

- 4.8 That, having calculated the aggregate in each case of the amounts at 4.6(h) and 4.7 above, the Council, in accordance with Section 30 and 36 of the Local Government Finance Act 1992, **hereby sets** the amounts at **Appendix D** as the amounts of Council Tax for the year 2020/21 for each of the categories of dwellings shown.
- 4.9 **Excessiveness Determination** - The Council's basic amount of council tax as calculated above has increased by £5 of that calculated for 2019/20, and therefore within the £5 or 3.0% increase limit at which a referendum would be required.
- 4.10 The Council has determined that its relevant basic amount of Council Tax for 2020/21 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 2020/21 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.
- 4.11 If the formal Council Tax Resolution is approved, the total Band D Council Tax for 2020/21 will be as follows:

<b>Total Band D Council Tax</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Increase</b>	<b>Increase %</b>
Great Yarmouth Borough Council	£ 161.48	£ 166.48	£ 5.00	3.10%
Norfolk County Council	£1,362.24	£1,416.51	£ 54.27	3.98%
Office of the Police and Crime Commissioner for Norfolk	£ 253.08	£ 263.07	£ 9.99	3.95%
Sub Total	£1,776.80	£1,846.06	£ 69.26	3.90%
Parish (Average)	£ 15.05	£ 16.49	£ 1.44	9.57%
Total Including (Average) Parish	<b>£1,791.85</b>	<b>£1,862.55</b>	<b>£ 70.70</b>	<b>3.95%</b>

<b>Area for consideration</b>	<b>Comment</b>
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	Author of Report
Existing Council Policies:	
Financial Implications:	Contained within the report
Legal Implications (including human rights):	None directly
Risk Implications:	Contained within the report
Equality Issues/EQIA assessment:	
Crime & Disorder:	None directly
Every Child Matters:	None directly



<b>General Fund Summary</b>	<b>2018/19 Outturn</b>	<b>Original 2019/20 Budget</b>	<b>Current 2019/20 Budget</b>	<b>2019/20 updated Forecast</b>	<b>2020/21 Budget</b>
	£	£	£	£	£
<b>Services:</b>					
Executive and Resources	4,298,594	4,194,866	4,484,052	4,348,527	4,185,069
Inward Investment	2,539,899	2,186,050	2,582,442	2,598,242	2,566,498
Housing	674,975	682,156	651,706	746,065	784,607
Planning and Growth	472,152	559,679	547,178	452,728	473,767
Customer Services	69,068	(890,180)	(928,797)	(715,305)	(815,896)
Property and Asset Management	1,195,634	506,770	452,699	481,236	144,575
Communications and Marketing	1,155,072	1,158,031	1,288,271	1,215,002	1,223,180
Environmental Services	4,166,898	4,192,855	3,977,840	4,005,750	4,337,382
Savings/Costs to be allocated to service	0	0	0	0	0
<b>Net Cost of Service</b>	<b>14,572,293</b>	<b>12,590,227</b>	<b>13,055,391</b>	<b>13,132,245</b>	<b>12,899,182</b>
<b>Non Service Exp/(Income) :</b>					
Recharges to HRA	(2,102,077)	(1,769,638)	(1,769,638)	(1,769,638)	(1,727,451)
Parish Precepts	377,953	429,323	429,323	429,323	479,131
Parish CTSS Grant	33,720	30,080	30,080	30,080	25,000
Capital Charges	(2,812,992)	(1,931,389)	(1,931,389)	(1,931,389)	(1,979,258)
Revenue Financing for Capital	148,162	0	19,000	19,000	0
Interest Receivable	(269,733)	(401,013)	(401,013)	(401,013)	(296,541)
Interest Payable	710,177	859,299	859,299	859,299	1,278,393
Minimum Revenue Provision	1,169,961	1,196,495	1,196,495	1,196,495	1,514,000
IAS19 Pension Adjustment	8,305	1,690,232	1,715,275	1,715,275	2,014,894
Accounting Adjustments	63,841	0	0	0	0
Vacancy Management	31,002	(271,840)	(4,867)	(4,867)	(279,922)
Apprenticeship Levy	0	35,500	35,500	35,500	35,500
Contingency	0	0	0	0	0
<b>Sub total - Non Service Exp/Inc</b>	<b>(2,641,682)</b>	<b>(132,952)</b>	<b>178,065</b>	<b>178,065</b>	<b>1,063,746</b>
<b>Net Operating Expenditure</b>	<b>11,930,611</b>	<b>12,457,276</b>	<b>13,233,456</b>	<b>13,310,310</b>	<b>13,962,928</b>
<b>Contributions to/(from) Reserves:</b>					
Insurance Fund	45,975	0	45,195	45,195	0
Town Centre Initiative	(219,836)	0	(29,970)	(29,970)	0
DFG top-up capital loans & grant fund	(142,769)	0	0	0	49,730
Restricted use grant	(37,709)	(169,195)	(113,555)	(113,555)	(142,344)
Invest to Save	(116,897)	140,471	(106,818)	(106,818)	(103,946)
Specific budget	0	(27,230)	(27,230)	(27,230)	(25,153)
LEGI	0	(400,000)	(400,000)	(400,000)	(49,730)
Repairs and maintenance	53,407	0	(19,000)	(19,000)	0
Second Homes Council tax	0	(155,962)	(155,962)	(155,962)	0
Waste management	0	0	(25,000)	(25,000)	0
Collection Fund (Business Rates)	(1,104,638)	(180,000)	(180,000)	(180,000)	0
Community Housing	(45,000)	0	0	0	(30,000)
Enforcement	(1,568)	0	0	0	0
Coastal Protection	0	150,000	95,000	95,000	0
Strategic Planning Training	0	0	0	0	0
Special Projects Reserve	(68,681)	(139,774)	(124,692)	(124,692)	(176,203)
Benefits Reserve	(10,379)	0	0	0	0
Homelessness	426,366	0	0	0	103,611
Treasury Management	200,000	0	0	0	0
Asset Management	1,900,000	0	(63,445)	(63,445)	(435,700)
Empty Business Property Initiative Reserve	0	100,000	100,000	100,000	0
General Reserve	0	155,962	155,962	155,962	0
Other Reserves	422,635	0	(650,625)	(650,625)	(14,249)
<b>Sub Total Reserves</b>	<b>1,300,905</b>	<b>(525,728)</b>	<b>(1,500,140)</b>	<b>(1,500,140)</b>	<b>(823,984)</b>
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>13,231,516</b>	<b>11,931,548</b>	<b>11,733,316</b>	<b>11,810,170</b>	<b>13,138,944</b>
Collection Fund - Parishes	(354,487)	(429,323)	(429,323)	(429,323)	(479,131)
Collection Fund - Borough	(4,372,171)	(4,611,869)	(4,611,869)	(4,611,869)	(4,835,911)
Retained Business Rates	(3,614,865)	(4,347,457)	(6,376,580)	(6,376,580)	(5,238,750)
Transitional Funding (estimate of assumptions for future funding)	0	0	0	0	0
Revenue Support Grant	(2,544,905)	(2,029,123)	0	0	(2,062,184)
New Homes Bonus	(627,700)	(426,641)	(426,641)	(426,641)	(372,510)
Other Grants	(77,295)	0	(34,968)	(44,193)	0
<b>Income from Grant and Taxpayers</b>	<b>(11,591,424)</b>	<b>(11,844,413)</b>	<b>(11,879,381)</b>	<b>(11,888,606)</b>	<b>(12,988,486)</b>
<b>(Surplus)/Deficit (before general reserve transfer)</b>	<b>1,640,092</b>	<b>87,135</b>	<b>(146,065)</b>	<b>(78,436)</b>	<b>150,458</b>

## Parish Precepts and Band D Council Tax

Parishes	2019/20			2020/21			Parish Band D Movement	2020/21 Band D including Parish & Borough Charge
	Parish Tax Base	Parish Precept	Parish Council Tax Band D	Parish Tax Base	Parish Precept	Parish Council Tax Band D		
Ashby with Oby	23	£0	£0.00	24	£0	£0.00	0.00%	£166.48
Belton with Browston	1,122	£41,545	£37.03	1,128	£42,463	£37.64	1.65%	£204.12
Bradwell	3,637	£47,470	£13.05	3,667	£48,566	£13.24	1.46%	£179.72
Burgh Castle	457	£10,646	£23.30	457	£11,712	£25.63	10.00%	£192.11
Caister on Sea	2,810	£73,108	£26.02	2,860	£100,292	£35.07	34.78%	£201.55
Filby	337	£3,908	£11.59	342	£9,000	£26.32	127.09%	£192.80
Fleggburgh	396	£5,408	£13.66	407	£5,621	£13.81	1.10%	£180.29
Fritton with St Olaves	265	£7,080	£26.72	267	£7,394	£27.69	3.63%	£194.17
Hemsby	1,390	£53,595	£38.56	1,418	£53,595	£37.80	-1.97%	£204.28
Hopton	1,028	£30,131	£29.31	1,025	£30,131	£29.40	0.31%	£195.88
Martham	1,106	£44,492	£40.23	1,155	£47,069	£40.75	1.29%	£207.23
Mautby	146	£2,606	£17.85	146	£2,606	£17.85	0.00%	£184.33
Ormesby St Margaret w Scratby	1,622	£59,178	£36.48	1,649	£65,342	£39.63	8.63%	£206.11
Ormesby St Michael	112	£1,510	£13.48	114	£2,205	£19.34	43.47%	£185.82
Repps with Bastwick	148	£3,935	£26.59	151	£4,400	£29.14	9.59%	£195.62
Rollsby	341	£6,696	£19.64	344	£7,409	£21.54	9.67%	£188.02
Somerton	116	£1,707	£14.72	119	£2,086	£17.53	19.09%	£184.01
Stokesby	117	£4,095	£35.00	119	£5,323	£44.73	27.80%	£211.21
Thurne	52	£1,120	£21.54	51	£1,120	£21.96	1.95%	£188.44
West Caister	75	£0	£0.00	74	£0	£0.00	0.00%	£166.48
Winterton	575	£31,493	£54.77	581	£32,797	£56.45	3.07%	£222.93
Great Yarmouth & Gorleston	12,685	£0	£0.00	12,950	£0	£0	0.00%	£166.48
<b>TOTAL</b>	<b>28,560</b>	<b>£429,723</b>		<b>29,048</b>	<b>£479,131</b>			



## Borough &amp; Parish Council Tax Amounts

Parish	Borough & Parish Council Tax amounts by band							
	A	B	C	D	E	F	G	H
Ashby with Oby	£110.99	£129.48	£147.98	£166.48	£203.48	£240.47	£277.47	£332.96
Belton with Browston	£136.08	£158.76	£181.44	£204.12	£249.48	£294.84	£340.20	£408.24
Bradwell	£119.82	£139.78	£159.75	£179.72	£219.66	£259.59	£299.54	£359.44
Burgh Castle	£128.08	£149.41	£170.76	£192.11	£234.81	£277.49	£320.19	£384.22
Caister on Sea	£134.37	£156.76	£179.15	£201.55	£246.34	£291.13	£335.92	£403.10
Filby	£128.54	£149.95	£171.38	£192.80	£235.65	£278.49	£321.34	£385.60
Fleggburgh	£120.20	£140.22	£160.26	£180.29	£220.36	£260.42	£300.49	£360.58
Fritton with St Olaves	£129.45	£151.02	£172.59	£194.17	£237.32	£280.47	£323.62	£388.34
Hemsby	£136.19	£158.88	£181.58	£204.28	£249.68	£295.07	£340.47	£408.56
Hopton	£130.59	£152.35	£174.11	£195.88	£239.41	£282.94	£326.47	£391.76
Martham	£138.16	£161.17	£184.20	£207.23	£253.29	£299.33	£345.39	£414.46
Mautby	£122.89	£143.36	£163.85	£184.33	£225.30	£266.25	£307.22	£368.66
Ormesby St Margaret w Scratby	£137.41	£160.30	£183.21	£206.11	£251.92	£297.71	£343.52	£412.22
Ormesby St Michael	£123.88	£144.52	£165.17	£185.82	£227.12	£268.41	£309.70	£371.64
Repps with Bastwick	£130.42	£152.14	£173.88	£195.62	£239.10	£282.56	£326.04	£391.24
Rollesby	£125.35	£146.23	£167.13	£188.02	£229.81	£271.58	£313.37	£376.04
Somerton	£122.68	£143.11	£163.56	£184.01	£224.91	£265.79	£306.69	£368.02
Stokesby	£140.81	£164.27	£187.74	£211.21	£258.15	£305.08	£352.02	£422.42
Thurne	£125.63	£146.56	£167.50	£188.44	£230.32	£272.19	£314.07	£376.88
West Caister	£110.99	£129.48	£147.98	£166.48	£203.48	£240.47	£277.47	£332.96
Winterton	£148.62	£173.39	£198.16	£222.93	£272.47	£322.01	£371.55	£445.86
Great Yarmouth & Gorleston	£110.99	£129.48	£147.98	£166.48	£203.48	£240.47	£277.47	£332.96

**2021/21 COUNCIL TAX FOR BOROUGH & PARISH PURPOSES**

	<b>Precept</b>	<b>Council Tax Band D</b>
Great Yarmouth Borough Council		
Borough purposes	£4,835,911	£166.48
Parish purposes	£479,131	£16.49
<b>Total Borough &amp; Parish Precept</b>	<b>£5,315,042</b>	<b>£182.97</b>
Norfolk County Council	£37,567,778	£1,293.30
Adult Social Care (ASC)	£3,579,004	£123.21
<b>Total County Precept</b>	<b>£41,146,782</b>	<b>£1,416.51</b>
Office of the Police and Crime Commissioner for Norfolk	£7,641,657	£263.07
<b>Average council tax (Band D)</b>	<b>£54,103,482</b>	<b>£1,862.55</b>
Overall Taxbase	29,048	

<b>Council Tax Schedule 2020/21</b>	<b>Valuation Bands</b>							
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Great Yarmouth Borough Council	£110.99	£129.48	£147.98	£166.48	£203.48	£240.47	£277.47	£332.96
Parish	£10.99	£12.83	£14.66	£16.49	£20.15	£23.82	£27.48	£32.98
Parish and Borough	£121.98	£142.31	£162.64	£182.97	£223.63	£264.29	£304.95	£365.94
Norfolk County Council	£862.20	£1,005.90	£1,149.60	£1,293.30	£1,580.70	£1,868.10	£2,155.50	£2,586.60
Adult Social Care (ASC)	£82.14	£95.83	£109.52	£123.21	£150.59	£177.97	£205.35	£246.42
Norfolk County Council	£944.34	£1,101.73	£1,259.12	£1,416.51	£1,731.29	£2,046.07	£2,360.85	£2,833.02
Office of the Police and Crime Commissioner for Norfolk	£175.38	£204.61	£233.84	£263.07	£321.53	£379.99	£438.45	£526.14
<b>Total</b>	<b>£1,241.70</b>	<b>£1,448.65</b>	<b>£1,655.60</b>	<b>£1,862.55</b>	<b>£2,276.45</b>	<b>£2,690.35</b>	<b>£3,104.25</b>	<b>£3,725.10</b>

<b>Parishes</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Ashby with Oby	£1,230.71	£1,435.82	£1,640.94	£1,846.06	£2,256.30	£2,666.53	£3,076.77	£3,692.12
Belton with Browston	£1,255.80	£1,465.10	£1,674.40	£1,883.70	£2,302.30	£2,720.90	£3,139.50	£3,767.40
Bradwell	£1,239.54	£1,446.12	£1,652.71	£1,859.30	£2,272.48	£2,685.65	£3,098.84	£3,718.60
Burgh Castle	£1,247.80	£1,455.75	£1,663.72	£1,871.69	£2,287.63	£2,703.55	£3,119.49	£3,743.38
Caister on Sea	£1,254.09	£1,463.10	£1,672.11	£1,881.13	£2,299.16	£2,717.19	£3,135.22	£3,762.26
Filby	£1,248.26	£1,456.29	£1,664.34	£1,872.38	£2,288.47	£2,704.55	£3,120.64	£3,744.76
Fleggburgh	£1,239.92	£1,446.56	£1,653.22	£1,859.87	£2,273.18	£2,686.48	£3,099.79	£3,719.74
Fritton with St Olaves	£1,249.17	£1,457.36	£1,665.55	£1,873.75	£2,290.14	£2,706.53	£3,122.92	£3,747.50
Hemsby	£1,255.91	£1,465.22	£1,674.54	£1,883.86	£2,302.50	£2,721.13	£3,139.77	£3,767.72
Hopton	£1,250.31	£1,458.69	£1,667.07	£1,875.46	£2,292.23	£2,709.00	£3,125.77	£3,750.92
Martham	£1,257.88	£1,467.51	£1,677.16	£1,886.81	£2,306.11	£2,725.39	£3,144.69	£3,773.62
Mautby	£1,242.61	£1,449.70	£1,656.81	£1,863.91	£2,278.12	£2,692.31	£3,106.52	£3,727.82
Ormesby St Margaret w Scratby	£1,257.13	£1,466.64	£1,676.17	£1,885.69	£2,304.74	£2,723.77	£3,142.82	£3,771.38
Ormesby St Michael	£1,243.60	£1,450.86	£1,658.13	£1,865.40	£2,279.94	£2,694.47	£3,109.00	£3,730.80
Repps with Bastwick	£1,250.14	£1,458.48	£1,666.84	£1,875.20	£2,291.92	£2,708.62	£3,125.34	£3,750.40
Rollsby	£1,245.07	£1,452.57	£1,660.09	£1,867.60	£2,282.63	£2,697.64	£3,112.67	£3,735.20
Somerton	£1,242.40	£1,449.45	£1,656.52	£1,863.59	£2,277.73	£2,691.85	£3,105.99	£3,727.18
Stokesby	£1,260.53	£1,470.61	£1,680.70	£1,890.79	£2,310.97	£2,731.14	£3,151.32	£3,781.58
Thurne	£1,245.35	£1,452.90	£1,660.46	£1,868.02	£2,283.14	£2,698.25	£3,113.37	£3,736.04
West Caister	£1,230.71	£1,435.82	£1,640.94	£1,846.06	£2,256.30	£2,666.53	£3,076.77	£3,692.12
Winterton	£1,268.34	£1,479.73	£1,691.12	£1,902.51	£2,325.29	£2,748.07	£3,170.85	£3,805.02
Great Yarmouth & Gorleston	£1,230.71	£1,435.82	£1,640.94	£1,846.06	£2,256.30	£2,666.53	£3,076.77	£3,692.12