Policy and Resources Committee

Date: Tuesday, 05 February 2019
Time: 18:30
Venue: Supper Room
Address: Town Hall, Hall Plain, Great Yarmouth, NR30 2QF

AGENDA

Open to Public and Press

1 APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2 DECLARATIONS OF INTEREST

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

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

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

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

10 **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.

11 **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."

12 <u>SOUTH EAST TOWER - APPENDIX 1 (Excempt information by virtue of Paragraph 3 of Part 1)</u>

Details

Policy and Resources Committee

Minutes

Thursday, 10 January 2019 at 18:30

Councillor Plant (in the Chair), Councillors, G Carpenter, B Coleman, Flaxman-Taylor, Grant, Jeal, K Grey, Smith, Wainwright, B Walker, Williamson, A Wright.

Councillor P Carpenter attended as substitute for Councillor Annison.

Also in attendance at the above meeting were:

Mrs S Oxtoby (Chief Executive), Ms Kate Watts (Strategic Director), Ms Karen Sly (Director of Finance), Ms Caroline Whatling (Monitoring Officer), Mrs Jane Beck (Head of Property and Asset Management), Mrs M Burdett (Head of Inward Investment) and Mr S Ellwood (Interim Democratic Services Manager).

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Annison.

2 DECLARATIONS OF INTEREST

Councillors Coleman, Plant and Wainwright all declared personal interests in the item relating to St George's Trust by virtue of being representatives and Chairman on that body and indicated that they would leave the room whilst the matter was discussed.

Councillors Flaxman-Taylor and Williamson subsequently declared personal interests in the item relating to St George's Trust as being members of Sea Change and indicated that they were allowed to speak and vote on the item.

3 MINUTES

The minutes of the meeting held on the 27 November 2018 were confirmed.

4 FORWARD PLAN

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

5 REVIEW OF THE SIX DAY AND TWO DAY MARKET PLACE FEES AND CHARGES

The Committee considered the report of the Head of Property and Asset Management on the review of the six day and two day Market Place fees and charges. This matter had been considered by Economic development Committee at it's recent meeting who had requested additional information. This was circulated at the meeting.

During consideration of this matter it was suggested that £11k should be taken from the shopfront initiative scheme to cover part of the £14k shortfall for the remainder of this financial year to enable the 50p per foot rate to be continued until March 2019.
An amendment was put proposing that the 2019/20 fees and charges for two day markets remain at 50p per foot. Upon being put to the vote this was LOST.

RECOMMENDED TO COUNCIL :

(1) That the 2019/20 fees and charges for two day markets a year round rate of £1.00 per foot (depth calculations will remain unchanged.
(2) That the existing 50p per foot rate through to 31st March 2019 be continued and that £11k be taken from the shopfront initiative scheme to cover part of the £14k shortfall.
(3) That the current fees in relation to the six day market be maintained.
(4) That the fees and charges as contained in the schedule attached to the report be approved.

6 ENFORCEMENT GROUP - PROGRESS UPDATE

The Committee considered the report of the Strategic Director (KW) on :

- a detailed 18/19 work plan for the Enforcement Group
- a summary of properties, actions and progress in relation to the Operational Property Enforcement Task Group
- a dashboard of performance measures in relation to this work

Confidential information were contained in appendices included in the confidential part of the agenda.

RESOLVED :

That the contents of the report be noted.

7 ANY OTHER BUSINESS

There were no items of any other business.

8 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 items of business on the grounds that they involved the likely disclosure of exempt information as indicated under the said Act.

9 ENFORCEMENT GROUP PREOGRESS UPDATE - CONFIDENTIAL APPENDIX

Exempt information by virtue of Paragraph 1 of Part 1

Officers answered questions from Members in relation to the confidential appendix.

RESOLVED :

That the details contained in the confidential appendix be noted.

10 ST GEORGES TRUST

Exempt information by virtue of Paragraph 3 of Part 1.

Councillor Barry Coleman, in his role as Chairman of the St Georges Trustees, remained in the meeting to answer any questions. He left the room prior to the full debate and any vote taking place.

Sandy Johnson financial contact for the Trust remained in the meeting to answer any queries from Members.

RESOLVED :

1. That the progress of the trust be noted and commended.

2. That the council provides £27,000 grant fund to cover the trust’s operations for the rest of the financial year (until March 2019), to be funded from the Special Projects Reserve.

3. That the council provides a £25,000 management fee to the Trust for 2019/20 and 2020/21 and that a formal grant agreement is prepared and agreed between the two parties.

4. That a decision of whether to allocate an additional sum for 2019/20 and 2020/21, which would act as match funding for an Arts Council bid, is deferred until the outcome of the Arts Council bid is known.

5. That the member working group changes to a Liaison Board where the quarterly reports are provided and agreement for fund draw down are agreed.

6. That the council does not nominate appointees to the trust from May 2019 and enables the Trust to complete the board renewal as already commenced.

7. That the electricity debt be held and recovered at a future date.

Note : Councillors Jeal, Walker, Williamson and Wright all voted against the decision referred to in 4 above and requested that this be recorded in the minutes.

The meeting ended at: 21:00

Forward Plan for Policy & Resources Committee

	Matter for Decision	Report by	Pre Agenda Meeting (PAM)	Policy & Resources	Economic Development	Environment	Housing & Neighbourhoods	Council
1	General Fund Budget Report	Finance Director	28/01/19	05/02/19				19/02/19
2	Habitats Monitoring and Mitigation Strategy Revision	Prinicipal Strategic Planner	28/01/19	05/02/19				
3	Hall Quay Planning Brief	Development Director	28/01/19	05/02/19				
4	South East Tower	Head of Property and Asset Management	28/01/19	05/02/19				
5	Town Centre Regeneration	CEO	28/01/19	05/02/19				
6	Treasury Mangement Strategy 2019/20	Finance Director	28/01/19	05/02/19				
7	Compulsory Purchase Order	Strategic Director (KW)	11/03/19	19/03/19				
8	North Quay Update	Development Director	11/03/19	19/03/19				
9	PRE CPE (Civil Parking Enforcement) Surplus Fund (NCC Ringfenced Great Yarmouth Funding)	Head of Customer Services	11/03/19	19/03/19				
10	Quarter 3 Performance Report	Strategic Director (KW)	11/03/19	19/03/19				
11	Sentinel Partnership Board - Six Monthly Report from Board	Strategic Director (KW)	11/03/19	19/03/19				
12	RIPA Annual Usage Report 2019	Head of Organisational Development	03/06/19	11/06/19				
13	Annual Performance Report	Strategic Director (KW)	15/07/19	23/07/19				
14	Endorsement of Revised Norfolk Strategic Planning Framework	Prinicipal Strategic Planner	15/07/19	23/07/19				
15	Customer Services - Customer Care Standards	Head of Customer Services	TBC	TBC				

16	Market Redevelopment - Options	Head of Property and Asset Management	TBC	TBC				

Subject: **Treasury Management Strategy 2019/20**

Report to: Policy and Resources Committee – 5th February 2019

Full Council – 19th February 2019

Report by: Finance Director

SUBJECT MATTER/RECOMMENDATIONS
To consider and recommend to Council the 2019/20 Treasury Management Strategy and Annual Investment Strategy.

1. INTRODUCTION/BACKGROUND

1.1 The Council is required to determine annually its Treasury Management Strategy (TMS). The TMS for 2019/20 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 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 2019/20.

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. RECOMMENDATIONS

4.1 It is recommended that the Cabinet agree and recommend to Council:

a) The TMS for 2019/20

b) The Annual Investment Strategy (section 4)

c) Operational Boundary and Authorised Limits (Appendix C)

5. BACKGROUND PAPERS

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

Area for consideration	**Comment**
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 2019/20

1. Introduction

1.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

1.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

1.3 Investments held for service purposes or for commercial profit are not considered within this report, a separate Investment Strategy that covers this will be presented later in the year.

1.4 Appendix A and B provide more detailed commentary on current economic context and interest rate forecast.

2. Current Position and Projection

2.1 On 31st December 2018, the Council held £125,872m of borrowing and £28,335m of investments, excluding the investment in Equinox. Table 1 below provides a summary of the Council's treasury portfolio at the end of December 2018.

Table 1: Councils treasury portfolio as at 31st December 2018

As at 31/12/18	**Principal £000**	**Average Interest Rate %**
Call accounts	1,250	0.60%
Money Market Funds	10,000	0.67%
DMO	16,085	0.50%
Local Authority	1,000	0.70%
Total Investments	**28,335**	
Long –term PWLB loans	71,388	3.15 - 4.40%
Long-term loans other	37,480	3.35 - 4.44%
Short term borrowing	17,004	0.75 - 1.10%
Total Borrowing	**125,872**	
Net Borrowing	**97,537**	

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.

Table 2: Balance sheet summary and forecast

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
General Fund CFR	50.013	52.102	60.376	64.539	68.455
HRA CFR	81.542	83.640	85.779	87.900	90.112
Total CFR	**131.555**	**135.742**	**146.155**	**152.439**	**158.567**
Less: *Other debt liabilities	(1.010)	(0.119)	(0.110)	(0.087)	(0.084)
Borrowing CFR	**130.545**	**135.623**	**146.045**	**152.352**	**158.483**
Less: External borrowing **	(109.893)	(117.852)	(108.768)	(86.180)	(82.852)
Internal (over) borrowing	**20.652**	**17.771**	**37.277**	**66.172**	**75.631**
Less: Usable reserves	(26.139)	(25.862)	(24.626)	(22.541)	(20.342)
Less: Working capital	(6.000)	(6.000)	(6.000)	(6.000)	(6.000)
Investments or (New borrowing)* **	**11.487**	**14.091**	**(6.651)**	**(37.631)**	**(49.289)**

* finance leases, PFI liabilities and transferred debt that form part of the Council's total debt
** shows only loans to which the Council is committed and excludes optional refinancing

2.3 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

2.4 The Council has an increasing CFR due to the timing of the approved capital programme, but minimal investments and will therefore be required to borrow up to £49m 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 £125,872 million of loans, an increase of £16 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 would be expected to borrow £6m in 2019/20 if it used of 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 £16m. The Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £156 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 forward borrowed on a short-term basis (within year only).

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 2019/20 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 Alternatively, the Council may arrange forward starting loans during 2019/20, 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.

3.6 In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.

3.7 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

3.8 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

3.9 The Council has previously raised a significant proportion of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local Authority loans and bank loans that may be available at more favourable rates.

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 joint and several 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 full Council.

3.11 LOBOs: The Council holds £3m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. The next date for this option is 2nd November 2019.

3.12 Short-term and variable rate loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the net interest rate exposure limits in the treasury management indicators below.

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

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 year, the Council's investments balance average at £22 million, and similar levels are expected to be maintained in the forthcoming year.

4.2 Both 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 2019/20, 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 diversify into more secure and/or higher yielding asset classes during 2019/20. This is especially the case for the estimated £10m that is available for longer-term investment. All of the Council's surplus cash (average £22m) is currently invested in a mixture of short-term secured and unsecured bank deposits, Local Authorities and money market funds. 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 year	£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	£1.0m 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 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 and, 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.

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 though 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 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 no investments other than call investments 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 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, then the Council will use the UK Government or other Local authorities although this will cause a reduction in the level of investment income 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 £6 million on 31st March 2019. In order that 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 than 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.

Table 4: Maximum Investment limits by category

	Cash limit
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	£4m 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. Long-term investment strategy is based on the Council's medium term financial 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 of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

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

Liquidity risk indicator	Target £m
Liquid short term deposits	£11.000
Bank Overdraft	£0.25

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	£15,403
Upper limit on one-year revenue impact of a 1% fall in interest rates	(£15,403)

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 all the Council's exposure to refinancing risk, both fixed and variable. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	30%	0%
12 months and within 24 months	40%	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:

	2019/20	2020/21	2021/22
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 **Policy on use of financial derivatives:**

6.3 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).

6.4 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.

6.5 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.

6.6 **Policy on apportioning interest the HRA:** On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Annually a calculation is performed to allocated interest between the General Fund and HRA.

6.7 **Treasury Management advisors:** The Council's treasury management advisor is Arlingclose Ltd. Arlingclose provide advice and information on the Council's investment, borrowing and capital financing activities. However, responsibility for final decision making remains with the Council and it treasury officers. The quality of the service will be monitored by the S 151 Officer and treasury officers using the service and meet with a representative of the advisor at least twice a year.

6.8 **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 2019/20 is £401 thousand, based on an average investment portfolio of £16 million at an interest rate of 0.6%. The budget for debt interest paid for general fund and HRA in 2019/20 is £3.5 million. 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 S 151 Officer believes that the above 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 and 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

Appendix A

Economic background and interest rate forecast

The following provides commentary around the current economic background and interest rate forecast and the potential implications for 2019/20.

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 Council's treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

Credit outlook

The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest rate forecast

Following the increase in Bank Rate to 0.75% in August 2018, the Council's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity *(at the time of writing this commentary in mid-December).* As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

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

Appendix B

Arlingclose Economic & Interest Rate Forecast December 2018

Underlying assumptions:

- Our central interest rate forecasts are predicated on there being a transitionary period following the UK's official exit from the EU.

- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.

- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.

- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.

- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.

- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening – previous hikes and heightened expectations will, however, slow economic growth.

- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.

- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitionary period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	**0.17**
Arlingclose Central Case	**0.75**	**0.75**	**1.00**	**1.00**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.13**
Downside risk	0.00	-0.50	-0.75	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	**-0.85**
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	**0.17**
Arlingclose Central Case	**0.90**	**0.95**	**1.10**	**1.30**	**1.40**	**1.40**	**1.40**	**1.35**	**1.35**	**1.35**	**1.35**	**1.35**	**1.35**	**1.27**
Downside risk	-0.20	-0.45	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	**-0.76**
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	**0.33**
Arlingclose Central Case	**1.15**	**1.25**	**1.35**	**1.50**	**1.70**	**1.60**	**1.50**	**1.40**	**1.35**	**1.35**	**1.35**	**1.35**	**1.35**	**1.40**
Downside risk	-0.35	-0.50	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	**-0.77**
5-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	**0.37**
Arlingclose Central Case	**1.15**	**1.25**	**1.35**	**1.50**	**1.50**	**1.40**	**1.35**	**1.35**	**1.30**	**1.30**	**1.30**	**1.30**	**1.30**	**1.33**
Downside risk	-0.50	-0.60	-0.65	-0.80	-0.80	-0.70	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	**-0.66**
10-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	**0.37**
Arlingclose Central Case	**1.50**	**1.65**	**1.70**	**1.80**	**1.80**	**1.75**	**1.75**	**1.70**	**1.70**	**1.70**	**1.70**	**1.70**	**1.70**	**1.70**
Downside risk	-0.55	-0.70	-0.70	-0.80	-0.80	-0.75	-0.75	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	**-0.71**
20-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	**0.37**
Arlingclose Central Case	**2.00**	**2.10**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.18**
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	**-0.73**
50-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	**0.37**
Arlingclose Central Case	**1.90**	**1.95**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**1.99**
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	**-0.73**

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

<u>Appendix C</u>

Operational Boundary and Authorised Limits

Operational boundary £m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Debt	£139.000	£149.000	£155.000	£162.000
Other long term liabilities	£2.000	£2.000	£2.000	£2.000
Total	£141.000	£151.000	£157.000	£164.000

Authorised limit £m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Debt	£144.000	£154.000	£160.000	£167.000
Other long term liabilities	£2.000	£2.000	£2.000	£2.000
Total	£146.000	£156.000	£162.000	£169.000

Subject: **2019/20 BUDGET REPORT**

Report to: Management Team 21 January 2018

Policy and Resources Committee - 5 February 2019

Full Council - 19 February 2019

Report by: Finance Director

SUBJECT MATTER AND RECOMMENDATIONS

This report presents for consideration and recommendation to Full Council the 2019/20 budget along with the latest financial projections for the following three years to 2021/22. The report includes details of the provisional finance settlement along with the key assumptions that have been made within the budget.

The position shows a balanced position for 2019/20 after allowing for a transfer from general reserves of £87,135.

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 13 December 2018. The final settlement is due to be announced early February and any amendments to the figures included in the report will be updated at the meeting as applicable and reflected in the Council Tax setting report to Full Council in February 2019.

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

The report 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 2019/20 general fund revenue budget as outlined at Appendix A;

2) The fees and charges as detailed at Appendix D (in addition to those previously agreed in December 2018);

3) The Council Tax for 2019/20 for the Borough Council tax be £161.48 (for an average Band D);

4) That the demand on the Collection Fund for 2019/20 be:

a. £4,611,869 for the Borough Council purposes;

b. £429,723 for Parish Precepts;

5) The statement of and movement on the reserves as detailed at Appendix F and within section 8 of the report;

6) The Policy framework for reserves as detailed at Appendix G;

7) **The updated Capital Programme and financing for 2018/19 to 2019/20 as detailed at Appendix H;**

8) **The additional capital budget of £75,000 for the Venetian Waterways project as detailed within the report;**

9) **The Capital Strategy for 2019/20 as set out in Appendix J**

10) **The prudential indicators and minimum revenue provision policy as detailed at Appendix J;**

11) **That members note the current financial projections for the period 2020/21 to 2021/22.**

1. Introduction and Background

1.1 This report presents for recommendation the detail of the 2019/20 revenue budget and the indicative projections for the following two financial years, 2020/21 and 2021/22.

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 19 February 2019 as part of the annual Budget and Council Tax setting.

1.3 The financial projections for the period 2018/19 to 2020/21 were presented to Members in February 2018 alongside consideration of the budget for 2018/19. These provided indicative forecasts for the future taking into account the multi-year settlement figures for the four year period 2016/17 to 2019/20. An update to the Medium Term Financial Strategy (MTFS) covering the period 2019/20 to 2021/22 was presented to Members for consideration in November 2018. Table 1 below provides a summary of the forecast surplus/budget gap presented at those times.

Table 1 - Background - Funding Gaps			
	2019/20	**2020/21**	**2021/22**
	£000	**£000**	**£000**
February 2018	373	2,586	3,260
November 2018	859	2,472	3,146

* Nov 2018 Figures included in the MTFS assumed targets for savings and additional income would be delivered.

1.4 The forecast in November 2018 reflected in-year budget monitoring variances previously reported for service and non-service areas. In addition a reduction in the level of New Homes Bonus (NHB) payable for 2019/20 was assumed due to forecast growth in new homes not being as previously anticipated and below the growth baseline that exists in the method of allocation of NHB. The projections as summarised above were based on a number of assumptions around future spending plans, income and delivery of new and ongoing savings and efficiencies.

1.5 The budget for 2019/20 and future financial projections as included in this report and accompanying appendices is the culmination of work carried out to produce the budget to be presented for approval. The position has been informed by the confirmation of year four of the multi-year settlement and provisional allocations of new homes bonus funding for 2019/20 as announced in December 2018. The final settlement is expected early February and the final budget presented for approval on 19 February 2019 will be updated where applicable to reflect any changes.

1.6 Appendix A provides a general fund summary for 2019/20 and future financial projections with more detail within Appendix B which also provides commentary on the more significant movements from the 2018/19 base budget.

2. Provisional Local Government Finance Settlement

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 13 December 2018. The final settlement figures are due to be announced in early February and where applicable any changes resulting from the final settlement will be reflected in the budget report to Full Council on 19 February 2019.

2.2 Some of the key messages from the settlement statement and the subsequent analysis are as follows:

a) Council Tax Referendum Limit – This has been increased from 1.99% to 2.99% for 2018/19 and 2019/20. For shire districts the limit for 2018/19 would be the greater of £5 or 3% and under the changes 88 shire districts (including Great Yarmouth) would not see any additional resource from this greater flexibility. The social care precept as announced under previous settlements of 3% for 2018/19 and 2019/20 is still in place. No limits have been introduced for town and parish councils for three years;

b) New Homes Bonus - The 0.4% threshold for growth is still used in the allocation of NHB for 2019/2020;

c) Business Rate Pilots – 16 areas for piloting 75% of business rates for 2019/20 were announced including Norfolk;

d) Core Spending Power – The figures announced indicate that the Core Spending Power will rise by an average of 2.8% in 2019/20, on the basis that Council's will raise council tax by the maximum amount permitted without a referendum. For GYBC CSP for 2019/20 has reduced by 3.1%, this is due to no 'new' New Homes Bonus Payment being payable for 2019/20.

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

Table 2 - Core Spending Power	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Settlement Funding Assessment (1)	8,135	7,255	6,593	6,239	5,808
Compensation for under-indexing the business rates multiplier	51	51	54	85	123
Council Tax of which;	3,831	3,914	4,142	4,391	4,630
Council Tax Requirement excluding parish precepts (including base and levels growth)	3,831	3,914	4,085	4,319	4,630
Potential additional Council Tax from £5 referendum principle for all Districts	-	-	57	73	85
New Homes Bonus	1,157	1,377	1,063	628	427
New Homes Bonus returned funding	11	8	9	-	-
Core Spending Power	**13,185**	**12,605**	**11,861**	**11,343**	**10,988**
Change over the Spending Review period (£ millions)					(2,197)
Change over the Spending Review period (% change)					-16.7%

2.5 The Core Spending power for 2019/20 assumes growth in the tax base and increases of Council Tax up to the referendum limit. The actual amount for 2019/20 will be £4,611,869, 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). For 2019/20, as Norfolk has been successful in being awarded a pilot for 75% rates retention, the RSG has been rolled into the baseline funding level and will be payable via the rates retention. The additional business rates retained across the Norfolk through the pilot will be allocated to ensure that no authority is at a detriment of being in the pilot and the level of growth generated allocated in line with growth and also for economic development projects.

2.7 Table 3 below provides a breakdown of the Settlement Funding Assessment which consists of RSG and Business Rates Baseline funding although the payments for 2019/20 RSG will not be received separately.

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

* Pilot for 2019/20 means that RSG payment that would have been paid will be allocated from business rates.

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. The bonus is paid as an un-ring fenced grant and prior to 2016/17 was paid for six years. Following on it was reduced to a four year payment. 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 allocation of NHB funding from 2017/18. This means that a Local Authority will need to achieve total housing growth of higher than 0.4% to receive a payment of NHB. The baseline remained at 0.4% within the provisional settlement.

3.3 The total provisional allocation of NHB for 2019/20 for GYBC is £7,000 which represents the amount for delivery of 25 affordable homes (18 for 2018/19).

3.4 As flagged previously in the Medium Term Financial Strategy the financial projections had been revised to remove any new bonus from 2019/20 and legacy payments only remaining from 2020/21 onwards, although this will need to be revised as outcomes of the 2019 spending review are published.

3.5 After allowing for the previous years' allocations, the total amount payable for 2019/20 is £426,641.

3.6 Table 4 provides details of the Council's allocations of NHB for 2019/20 including previous years' payments.

3.7 From 2020/21 onwards the projections assume only the legacy payments are received with no new NHB grants awarded.

Table 4 – New Homes Bonus – Allocations to date	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £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
2018/19								5	5
2019/20									7
Total	**274**	**508**	**829**	**949**	**1,157**	**1,377**	**1,063**	**628**	**427**

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.

4.2 Previous budget announcements confirmed the intention to move to a greater share of business rates retention locally from 2020. Primary legislation would be required to move to 100% rates retention and therefore the intention is to move to 75% rates retention from 2020/21.

4.3 The impact of moving to 75% business rates retention in 2020/21 for all authorities will mean the rolling in of a number of grants to the funding system, including the Revenue Support Grant.

4.4 In order to inform the implementation of a great share of rates retention, pilots for 100% retention were agreed for some areas in 2017/18 and 2018/19 with further opportunities to become pilots for 75% retention for 2019/20. Norfolk authorities applied to become a pilot in 2018/19 for which they were not successful. A further application was made to become a pilot in 2019/20 which was confirmed in the provisional settlement.

5. Savings and Additional Income

5.1 The 2019/20 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. 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 2019/20 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. In addition, where restructures have been completed the budget has been updated to reflect any savings as a result. 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 Fees and Charges for 2019/20, the majority of which have been set in line with the current policy which essentially recommends annual increases of RPI of 3.2% plus 2%. Details are provided at section 6.3 (c) for final fees and charges that were not confirmed at the time of reporting to December 2018 Council or have since been updated as part of further work on the budget.

6. Revenue Account Base Budget – 2019/20

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 2019/20 along with projections for the following two financial years. Further details on the individual service budgets is included at Appendix B which shows the movement compared to the 2018/19 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 2019/20 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 2019/20 of £5 for a band D property, based on the tax base of 28,560 (an increase of 496 compared to 2018/19) as approved in December 2018. This means that the borough element for a band D Council Tax for 2019/20 would be £161.48 (an increase of £5, 3.2% compared to 2018/19). 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 £220,400 funding compared to 2018/19.

b) **Employee budgets –** The budget assumes a 2% pay award for 2019/20, 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 £200,000 which equates to turnover of approximately 2.0%. Where annual increments are due these have continued to be factored into the budget. The agreement reached in 2018 at NJC for a two year pay settlement included a commitment that local authorities using the NJC pay spine would move to the updated version from April 2019. The 2019/20 budget makes allowance for the implementation of changes to the relevant changes to the pay grade. Further work is still to be completed and the budgets will be updated accordingly for this work.

The apprenticeship levy is payable at a rate of 0.5% by all employers where the pay bill is over £3 million. From 2019/20 onwards £35,000 has continued to be factored into the budget.

c) **Fees and Charges** – The fees and charges for 2019/20 were approved by Full Council in December 2018. In the main the fees and charges for 2019/20 were increased in line with the policy as previously agreed by the Council. The policy allows for annual increases to those fees and charges which are set locally of RPI plus 2% to 2020. For 2019/20 this equates to 5.2%. At the time of reporting to Policy and Resources and Full Council in December 2018, further work was still required in respect of market and crematorium and cemeteries fees and charges.

A schedule is now attached at Appendix D detailing the charges now being recommended for approval and includes:

- The fees and charges for two day markets to be set at a rate of £1.00 per foot and to maintain current fees in relation to the six day market, following a report to Economic Development for recommendation to Policy and Resources committee for approval in January 2019.
- Crematorium and cemeteries fees and charges have three adjustments to the preliminary fees and charges provided earlier.
- Further review of the fees and charges since December flagged an oversight in respect of the fees for the garden bins, these have now been corrected and include at Appendix D for recommendation.

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 £859,000 interest payable is included in the budget for 2019/20 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 £1.3 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 2019/20 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. No provision has been allowed for within the interest and MRP projections for future years for additional capital budget for the planned new water and leisure complex above the level currently approved. When the decision and funding for the new facility is approved the projections will be updated accordingly to reflect the amount and timing of the project.

6.4 The General Fund Summary presented at Appendix A shows a budget for 2019/20 which is summarised in Table 5 with the equivalent figures from the 2018/19 base budget.

Table 5 – Variance of 2017/18 to 2018/19 Base Budget	2018/19 Base Budget	2019/20 Base Budget	Variance
	£000	£000	£000
Net cost of services (incl. Parishes)	12,350	12,684	334
Non service expenditure/ income	(227)	(752)	(525)
Net budget requirement	12,122	11,932	(191)
Funded by:			
Local Taxpayers - Parishes	(354)	(429)	(75)
Local Taxpayers - District Council	(4,391)	(4,612)	(220)
Revenue Support Grant & Retained Business Rates	(6,762)	(6,377)	386
New Homes Bonus	(628)	(427)	201
Total Income	(12,136)	(11,844)	292
(Surplus)/ Deficit	(14)	87	101

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 3% or £5 per annum. The budget for 2019/20 assumes a band D council tax increase of £5. This is line with the previous financial projections and the 2019/20 MTFS as presented in November 2018.

7.2 The Council Tax Base of 28,560 Band D equivalent properties for 2019/20 (28,064 for 2018/19) was approved by Full Council in December 2018. The summary below shows the equivalent charge for the council tax bandings for the 2019/20 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 68% of properties are within bands A and B.

Table 6– Council Tax Summary 2019/20	£
Total District amount to be met from Government Grant & Local Taxation	11,518,145
Less:	
Funding (Business Rates Pilot)	(6,336,580)
New Homes Bonus	(426,641)
District call on Collection Fund – excluding Parish Precepts	(4,611,869)
Deficit (to be funded from reserves)	**143,055**

	Banding							
Council Tax Per Annum	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
2018/19	£104.32	£121.71	£139.09	£156.48	£191.25	£226.03	£260.80	£312.96
2019/20	£107.65	£125.60	£143.53	£161.48	£197.36	£233.25	£269.13	£322.96
Increase	£3.33	£3.89	£4.44	£5.00	£6.11	£7.22	£8.33	£10.00

8. Reserves

8.1 The statement for the current and future forecast on the General and Earmarked Reserves is attached at Appendix D. This details the latest proposals for use of reserves in the current financial year along with the budgeted movements in 2019/20, 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 24 January 2019.

8.4 As part of considering the budget for 2019/20 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 £2.75 million and has been informed by the policy framework for reserves and is included at Appendix G to this report. The framework takes into account a number of factors and sensitivities to budgets included in the base budget for 2019/20.

8.6 The balance in the general reserve at 1 April 2018 was £2.89 million. The Council holds a number of more significant reserves including:

a) **Invest to Save** – An invest to save reserve was established during 2016/17 and provides 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 2020 is £1.068 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 serves to provide a fund 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 2020.

8.7 The reserve statement at Appendix F 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 Following a review of the current level and balances within earmarked reserves this report is recommending a number of re-allocations of reserve balances. This is largely where previously earmarked reserve balances are no longer required for the original purposes, due to the ending of schemes and projects and where there are no current planned commitments. It is therefore recommended that the following re-allocations be made as part of the budget report and new reserves established as detailed below:

a) LEGI – Transfer £400,000 from the reserve, leaving a remaining balance for continuing commitments;

b) Second Homes Council Tax – Transfer the remaining balance of £155,962 from this reserve as there are no remaining commitments;

c) Coast Protection – It is recommended that a new reserve be established from £150,000 re-allocated of the above for coast protection to mitigate one-off impacts of coastal work and to allow for matched funding where applicable for coastal protection schemes;

d) Empty Business Property Initiative Fund – It is recommended that £100,000 be allocated to a new earmarked reserve to be used a business rate relief initiative aimed at incentivising empty properties to be brought back into use. The relief would be aimed at those properties that have remained empty for a prolonged period. A separate report on eligibility for the relief will be presented for approval to a later meeting of the Policy and Resources Committee, at this stage the funding is only being earmarked.

8.10 The total re-allocations would leave £305,962 to be re-allocated. It is recommended that £150,000 is transferred to the restructuring and invest to save reserve and the remaining amount allocated to the general reserve.

8.11 The above re-allocations will ensure that resources remain available for current and future projects in addition in response to current priorities.

8.12 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 H to the report. The capital programme has been updated to take into consideration those changes identified within the current financial year and where timing of projects has not been as planned the budgets have slipped between financial years.

Current 2019/20 Capital Programme

9.2 Appendix H includes a summary of the 2019/20 capital programme, excluding new bids, slippage on the 2018/19 capital programme and capital projects approved as part of prior year budget setting. This results in a 2019/20 capital budget of £17.6m, of which £3.3m 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 2019/20 capital programme, approval is also being sought for a number of new capital projects for 2019/20, and subsequent years as identified within the Capital Appendix I.

9.4 The total of the estimated project costs for 2019/20 associated with these capital bids is £0.6m to be funded by unsupported borrowing. New capital receipts will be monitored as part of the on-going budget monitoring process, and where applicable recommendations will be made to amend the capital programme and it's financing.

9.5 From 2019/20 local authorities are required to have a capital strategy in place for consideration of capital proposals. This section of the report is also presenting for the capital strategy for 2019/20 which is included at Appendix I. This strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas. Further review of the capital strategy will be undertaken during 2019/20 and updates provided where applicable as part of future financial strategy and budget reports.

Capital Programme Funding

9.6 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.

9.7 **Venetian Waterways and Boating Lake**

9.8 Members will be aware that the Venetian Waterways and Boating Lake is a key corporate project restoring a park of significant historical importance in partnership with the Heritage Lottery Fund (HLF). The total budget for the project was set at £2,755,564, of which 64% of this has been awarded as a grant by the HLF. The remaining £880,000 has been funded by the Council. The budget for the project has been split between a capital budget to undertake the physical restoration works on the site and a revenue budget to support a number of areas of work, including managing volunteers and developing interpretation for the site.

9.9 Within the project there has been some movement within the overall budget, totalling £199,661. This was reported to the Council's Policy and Resources Committee on 16th October 2018. As part of the project a contingency budget was set for the capital project totalling £172,000. With support from the HLF this was increased but within the overall project costs to £248,000 as it became apparent that a number elements of the site required extensive repairs, more than originally budgeted for.

9.10 Unfortunately it is now likely that this contingency budget will be exceeded as more costs have come into the project, such an additional repairs to the boating lake floor which were only identified as the restoration work in this area commenced and the requirement for the installation of new irrigation of both the Waterways and Boating lake as the old irrigation system was found to be in such a condition that it could not be repaired as previously budgeted for.

9.11 Therefore working with the quantity surveyor on the project a worst case financial forecast has been developed which requires the Council to identify an additional £75,000 of funding for the site. Whilst we are hopeful this full amount will not be required it is prudent to earmark this amount to this project as part of the budget setting process.

10. Future Financial Forecasts

10.1 As flagged earlier in the report the future funding for Local Government from 2020/21 onwards will be subject to the outcome of three significant pieces of work underway nationally, namely, Fair Funding Review, Business Rates Retention and Spending Review 2019. The detailed impact of these three reviews will not be known until later in 2019 and therefore the financial forecasts presented in the budget report for the period beyond 2019/20 are very high level and will be subject to revisions and updates as the outcomes of the fair funding review and implications of a greater share of business rates retention are announced.

10.2 Spending Review – A spending review will take place in 2019 which will inform future funding allocations. The timing of the review has not been confirmed, only that it will be during 2019. The review will outline the government's spending plans for the medium term and this will in turn inform the fair funding review and resetting of baseline funding levels from 2020/21.

10.3 Fair Funding Review – The fair funding review is due to be finalised during 2019 and 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.

10.4 Business Rates Retention – The government previously announced the shift to a greater proportion of rates being retained locally from 2020/21. The current system of 50% rates retention will become 75% from 2020/21. Again, the implications for this will not be known until later in the 2019/20 financial year.

10.5 The forecast funding available from 2020/21 has therefore been updated to reflect assumptions around removal of the revenue support grant allowing for an element of transitional protection funding, although the length of timing of transitional protection is not yet known it has been assumed that the RSG would be rolled into the baseline funding albeit at a reduced level. RPI increases have been applied to the level of retained business rates and the removal of 'new' New Homes Bonus but with the continuation of legacy NHB payments and continued increases to council tax along the lines of previous finance settlement, i.e. £5 per annum (band D) and local council tax base growth of 500 per annum[1].

10.6 After allowing for these assumptions the overall position shows a current forecast budget gap of £1.6.m in 2020/21, increasing to £2.4 million in 2021/22. As announcements and modelling becomes available for the 2020/21 funding position the forward financial projections will be updated.

10.7 The report (section 4) details 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 monitoring of the savings and income will be factored into the regular budget monitoring reports during 2019/20. Once the outcome of the fair funding review and business rates retention system has been confirmed the Medium Term Financial Strategy will be updated to reflect the new level of baseline funding available to the Council.

11. Financial Implications and Risks

11.1 The overall budget for the general fund as presented within this report shows a balanced position after allowing for a transfer from reserves of £87,135. The actual general fund reserve balance is forecast to be just under £3 million at the end of 2019/20 which is slightly above the current recommended balance of £2.75 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. Work will be ongoing during 2019/20 to understand and model the outcomes of the spending review, fair funding review and the implementation of 75% business rates.

11.3 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 2019/20 budget.

11.4 **Future Funding** – 2019/20 is the final year of the multi-year settlement, future funding allocations will not be known until later in the 2019 year. The financial projections for 2020/21 onwards will be updated as announcement and modelling is carried out. However the future funding gaps still remain a risk with the significant reduction in 2020/21 when there will be no RSG and funding will be from a greater share of business rates and council tax.

11.5 **New Homes Bonus** – The provisional settlement has confirmed the allocation of NHB for 2019/20 for which a payment for the affordable homes is due but no further addition

[1] Note: Tax base growth does not just reflect property growth but also collection rates, changes in council tax discounts and movements in the numbers eligible for the discounts.

linked to growth as the baseline was not met. The baseline of 0.4% significantly reduces the ability of the Council to benefit from the scheme to access funding for the delivery of new homes in the borough. Whilst there have been no further changes to the scheme, there still remains a significant risk in terms of future funding for the Borough.

11.6 **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.

11.7 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.

11.8 **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 £361k have been factored into the 2019/20 budget increasing to £482k from 2020/21. 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.

11.9 **Interest Payable and MRP** - The budget reflects the revenue costs of the planned borrowing and financing of the current and future capital programmes. Slippage of capital schemes will impact on the level of borrowing required along with the associated financing costs. The capital programmes have been reviewed to accurately reflect the timing of the projects, to ensure an accurate provision for MRP 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.

11.10 **Budgeted Income** – The budget presented for approval includes a number of significant service income areas which are reliant on external demand. These include car parking, planning and building control, crematorium and property rentals from council assets. Whilst budgets have been based on previous actuals and knowledge of the service delivery, income levels need to be 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.

11.11 **Reserves** - The Council currently holds a number of earmarked reserves for which some are allocated for specific purposes, although the profile of spend is not yet agreed and commitments not currently made. The report is recommending some re-allocations from reserves that are no longer required to allow greater flexibility for funding one-off projects and up-front costs to deliver future efficiencies. 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, but reserves do not provide a long term solution for a sustainable budget.

11.12 **Universal Credit and Housing Benefit Subsidy** – The budget reflects the reducing funding from the Department for Work and Pensions for housing benefit administration. The Council is responsible for paying out in the region of £40 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. As a significant expenditure and income line in the budget this area is closely monitored.

11.13 **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 2019/20 along with high level financial forecast for the following three financial years. The budget has been informed by the multi-year settlement for the period 2016/17 to 2019/20 for which the year for recommendation is the final year. The provisional finance settlement for 2019/20 and a number of key assumptions around future savings and income are detailed within the report and appendices.

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 2020.

13. Background Papers

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

a) 2017/18 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 2019/20.

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 – Fees and Charges (additions to those previously agreed)

E – Council Tax Summary 2019/20

F – Reserves Statement

G – Policy Framework for Reserves

H – Capital Programme

I – New Capital Bids

J – Capital Strategy 2019/20

K – Prudential Indicators and Annual Minimum Revenue Provision Statement

General Fund Summary	Original 2018/19 Budget	2018/19 updated Forecast	2019/20 Budget	2020/21 Forecast	2021/22 Forecast
	£	£			£
Services:					
Executive	928,915	1,187,066	1,026,461	1,052,623	1,120,993
Inward Investment	2,777,334	2,548,233	2,119,077	2,171,255	2,167,282
Housing	914,319	909,512	682,156	709,862	748,231
Organisational Development	957,387	1,074,776	994,731	913,418	1,046,449
Planning and Growth	323,709	470,969	559,679	517,689	503,367
Customer Services	(926,604)	(853,821)	(890,180)	(1,211,382)	(1,354,213)
Property and Asset Management	563,200	689,447	506,770	302,148	281,139
IT, Communications and Marketing	2,034,428	2,068,765	2,239,935	2,129,161	2,151,750
Environmental Services	3,677,947	4,492,975	4,368,755	4,371,187	4,302,308
Finance	843,177	870,313	963,870	976,034	998,992
Savings/Costs to be allocated to service	(200,000)	(200,000)	(148,000)	(50,000)	(50,000)
Net Cost of Service	**11,893,812**	**13,258,235**	**12,423,254**	**11,881,995**	**11,916,298**
Non Service Exp/(Income):					
Recharges to HRA	(1,506,252)	(1,455,341)	(1,769,638)	(1,769,638)	(1,769,638)
Parish Precepts	377,953	377,953	429,323	429,323	429,323
Parish CTSS Grant	33,710	33,710	30,080	12,608	12,608
Capital Charges	(1,830,134)	(1,530,134)	(1,931,389)	(1,931,389)	(1,931,389)
Revenue Contribution to Capital Outturn	600,000	600,000	0	0	0
Interest Receivable	(64,315)	(100,389)	(401,013)	(130,027)	(102,056)
Interest Payable	809,113	809,113	859,299	972,207	1,111,068
Minimum Revenue Provision	1,432,906	1,170,906	1,296,495	1,614,237	1,835,197
IAS19 Pension Adjustment	1,403,000	1,489,975	1,690,232	1,798,701	1,915,001
Vacancy Management	(150,050)	0	(204,867)	(152,949)	(152,949)
Apprenticeship Levy	35,500	35,500	35,500	35,500	35,500
Sub total - Non Service Exp/Inc	**1,141,431**	**1,431,293**	**34,021**	**878,572**	**1,382,664**
Net Operating Expenditure	**13,035,243**	**14,689,528**	**12,457,276**	**12,760,567**	**13,298,962**
Contributions to/(from) Reserves:					
Town Centre	(25,175)	(240,728)	0	0	0
Enforcement	0	(1,568)	0	0	0
Restricted Use Grant	(24,000)	(151,910)	(169,195)	(37,802)	(20,815)
Specific Budget	0	94,750	(27,230)	(1,370)	(1,770)
LEGI	0	0	(400,000)	0	0
Repairs and Maintenance		(42,895)	0	0	0
Second Homes Council Tax	0	0	(155,962)	0	0
Invest To Save	(175,341)	(628,887)	140,471	0	0
Benefits	0	(10,379)	0	0	0
Collection Fund Reserve	0		(180,000)	80,201	0
Special Project Reserve	(696,742)	(575,864)	(139,774)	(6,455)	0
Other Reserves	0	(277,600)	0	0	0
Coast Protection	0	0	150,000	0	0
Empty Business Property Initiative Reserve	0	0	100,000	0	0
General Reserve	0	0	155,962	0	0
Sub Total Reserves	**(921,258)**	**(1,835,081)**	**(525,728)**	**34,574**	**(22,585)**
Amount to be met from Government Grant and Local Taxpayers	**12,113,985**	**12,854,447**	**11,931,548**	**12,795,141**	**13,276,377**
Collection Fund - Parishes	(377,953)	(377,953)	(429,323)	(429,323)	(429,323)
Collection Fund - Borough	(4,391,455)	(4,391,455)	(4,611,869)	(4,786,539)	(5,017,579)
Retained Business Rates (net)	(4,145,833)	(4,145,833)	(4,347,457)	(4,358,165)	(4,445,329)
Transitional Funding (estimate of assumptions for future funding)	0	0	0	(1,500,000)	(1,000,000)
Revenue Support Grant	(2,544,905)	(2,544,905)	(2,029,123)	0	0
New Homes Bonus	(627,700)	(627,700)	(426,641)	(213,240)	(19,040)
Other Grants	(31,199)	(31,199)	0	0	0
Income from Grant and Taxpayers	**(12,119,045)**	**(12,119,045)**	**(11,844,413)**	**(11,287,267)**	**(10,911,270)**
(Surplus)/Deficit (before general reserve transfer)	**(5,060)**	**735,402**	**87,135**	**1,507,874**	**2,365,107**

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
Executive:							
EQUX	**Equinox**						
	Supplies & Services	0	0	0	30,177	30,177	Anticpated Property and Asset Management Services surveyors costs for work undertaken on behalf of Equinox Enterprise Ltd.
	Support Services - Recharges In	0	0	0	79,040	79,040	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	(39,862)	(39,862)	Expected income from Equinox Enterprises Ltd to cover management & adminstration fees undertaken by the Council on behalf of the Company.
		0	0	0	69,355	69,355	
ETCI	**Town Centre Initiative**						
	Employee	0	9,986	9,986	0	0	
	Premises	0	1,074	1,074	0	0	
	Supplies & Services	0	170,099	170,099	0	0	
	Income	0	6,957	6,957	0	0	
		0	188,116	188,116	0	0	
EXCC	**Corporate costs**						
	Transport	5,400	5,400	5,400	6,000	600	
	Supplies & Services	108,726	115,726	115,726	123,564	14,838	External Audit cost transferred from other departments to create one central budget.
	Support Services - Recharges Out	0	0	0	(300,280)	(300,280)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	0	0	0	303,330	303,330	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
		114,126	121,126	121,126	132,614	18,488	
EXTE	**Executive Team**						
	Employee	637,603	633,792	655,092	673,300	35,697	Increase in budget reflects increases in increments & pay awards.
	Premises	0	0	0	0	0	
	Transport	5,000	5,000	5,000	5,000	0	
	Supplies & Services	12,186	12,186	12,186	17,522	5,336	
	Support Services - Recharges Out	(1,053,020)	(1,053,020)	(1,053,020)	(970,550)	82,470	Reflects reduction in service cost therefore corresponding reduction in the amount to be recharged out.
	Support Services - Recharges In	448,230	448,230	448,230	329,170	(119,060)	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	(50,000)	(50,000)	(50,000)	0	50,000	Funding ceased from Norfolk County Council in 2019/20.
		(1)	(3,812)	17,488	54,442	54,443	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
ROLE	**Legal**						
	Third Party Payments	240,000	240,000	258,124	245,760	5,760	
	Support Services - Recharges Out	(211,410)	(211,410)	(211,410)	(223,550)	(12,140)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	1,400	1,400	1,400	18,750	17,350	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	(30,000)	(30,000)	(48,300)	(35,000)	(5,000)	
		(10)	(10)	(186)	5,960	5,970	
	Total Executive:	**114,115**	**305,420**	**326,544**	**262,371**	**148,256**	
	Total Executive excluding recharges:	**928,915**	**1,120,220**	**1,141,344**	**1,026,461**	**148,256**	

Inward Investment

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
EXPP	**Projects and Programmes**						
	Employee	175,857	144,698	152,093	191,122	15,265	Increase in staff costs due to increase in funding from the European Social Fund as part of the 'Inclusion project' (recognised under Transfer costs below).
	Premises	0	0	0	0	0	
	Transport	1,500	1,500	1,500	1,500	0	
	Supplies & Services	3,100	3,100	3,100	3,100	0	
	Transfer Payments	0	0	0	(48,807)	(48,807)	As above - increased funding from the European Social Fund.
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	36,760	36,760	36,760	192,790	156,030	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
		217,217	186,058	193,453	339,705	122,488	
CGGP	**Grounds & Parks**						
	Employee	0	0	0	0	0	
	Premises	427,729	83,114	84,860	84,828	(342,901)	Reallocation of GYBS Partnership contract fee budget between cost centres.
	Supplies & Services	8,318	8,318	8,318	8,318	0	
	Third Party Payments	90,285	90,285	90,285	90,285	0	
	Capital Charges	3,367	3,367	3,367	3,522	155	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	27,720	27,720	27,720	14,200	(13,520)	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	0	
		557,419	212,804	214,550	201,153	(356,266)	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CGOS	**Outdoor Sports**						
	Employee	0	0	0	0	0	
	Premises	238,390	265,854	267,968	271,399	33,009	Reallocation of GYBS Partnership contract fee budget between cost centres.
	Transport	0	0	0	0	0	
	Supplies & Services	7,831	33,831	33,831	8,043	212	
	Third Party Payments	42,953	42,953	42,953	42,379	(574)	
	Capital Charges	33,434	33,434	33,434	36,997	3,563	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	38,490	38,490	38,490	26,380	(12,110)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	(112,726)	(112,726)	(112,726)	(122,755)	(10,029)	
		248,372	301,836	303,950	262,443	14,071	
GNCC	**CCTV**						
	Employee	0	0	0	0	0	
	Premises	4,000	4,000	4,000	4,000	0	
	Transport	0	0	0	0	0	
	Supplies & Services	143,153	143,153	143,153	143,153	0	
	Support Services	0	0	0	0	0	
	Capital Charges	1,500	1,500	1,500	0	(1,500)	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	22,410	22,410	22,410	16,550	(5,860)	
	Income	(4,000)	(4,000)	(4,000)	(4,000)	0	
		167,063	167,063	167,063	159,703	(7,360)	
GNCL	**Culture & Leisure**						
	Employee	21,984	21,001	21,001	0	(21,984)	Changes in temporary staff costs.
	Premises	0	0	0	0	0	
	Transport	500	500	500	0	(500)	
	Supplies & Services	69,344	94,344	94,344	68,944	(400)	
	Third Party Payments	61,900	61,900	61,900	59,761	(2,139)	
	Capital Charges	0	0	0	0	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	42,290	42,290	42,290	50,420	8,130	
	Income	0	0	0	0	0	
		196,018	220,035	220,035	179,125	(16,893)	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
RPCO	**Conservation**						
	Employee	111,125	109,930	104,930	112,420	1,295	
	Premises	30,234	30,234	62,015	60,363	30,129	Additional £30k spend on Town Wall repairs funded by a grant from English Heritage .
	Transport	200	200	200	200	0	
	Supplies & Services	66,411	66,411	66,411	46,477	(19,934)	£20k reduction in grant to external organisation.
	Support Services	0	0	0	0	0	
	Capital Charges	26,129	26,129	26,129	26,904	775	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	63,580	63,580	63,580	47,570	(16,010)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Income	0	0	(30,000)	(30,000)	(30,000)	Additional £30k funding for Town Wall repairs (as reflected above) from English Heritage.
		297,679	296,484	293,265	263,934	(33,745)	
RPPW	**Waterways**						
	Employee	155,979	155,979	191,946	153,682	(2,297)	
	Premises	12,062	12,062	12,062	24,000	11,938	During 2018/19 no maintenance costs were required as major capital works were being undertaken as part of the Waterways Regeneration project. In 2019/20 ground maintenance fees will be incurred and therefore the increase in the budget reflects this.
	Transport	0	0	0	0	0	
	Supplies & Services	112,800	112,800	113,600	55,488	(57,312)	The 2019/20 budget does not include set up costs as these are one-off costs in 2018/19 as part of the main on-site and planning phase of the Waterways Regeneration project.
	Support Services - Recharges In	0	0	0	62,760	62,760	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	(235,109)	(235,109)	(271,876)	(184,124)	50,985	Funding reflects timing change in expenditure
		45,732	45,732	45,732	111,806	66,074	
GNGV	**Voluntary sector grants**						
	Employee	0	0	0	0	0	
	Premises	0	0	0	0	0	
	Transport	0	0	0	0	0	
	Supplies & Services	93,500	93,500	93,500	93,500	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	22,760	22,760	22,760	17,580	(5,180)	
	Income	(53,000)	(53,000)	(53,000)	(53,000)	0	
		63,260	63,260	63,260	58,080	(5,180)	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
GNMP	**Indoor Leisure - Phoenix Pool & Marina Centre**						
	Employee	0	0	0	0	0	
	Premises	22,408	22,408	22,408	22,961	553	
	Transport	0	0	0	0	0	
	Supplies & Services	7,043	7,043	7,043	7,149	106	
	Third Party Payments	143,358	143,358	218,358	157,611	14,253	Increase in management fee to reflect changes in the living wage as part of the service agreement.
	Capital Charges	392,415	392,415	392,415	386,500	(5,915)	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	26,460	26,460	26,460	35,800	9,340	
	Income	0	0	0	0	0	
		591,684	591,684	666,684	610,022	18,338	
GNNM	**Neighbourhood management**						
	Employee	412,561	360,942	346,682	323,991	(88,570)	Staff restructure has resulted in overall savings within this service.
	Premises	28,355	28,355	28,355	26,163	(2,192)	
	Transport	1,800	1,800	1,800	1,800	0	
	Supplies & Services	32,873	32,873	33,131	32,413	(460)	
	Third Party Payments	0	0	0	0	0	
	Transfer Payments	842,898	842,898	842,898	705,730	(137,168)	Mainly a reduction in the anticipated spend in relation to Neighbourhoods that Work project. This is offset by a reduction in funding for the project as per the fall in income below.
	Support Services - Recharges Out	(430,450)	(430,450)	(430,450)	(313,580)	116,870	Reflects reduction in service cost therefore corresponding reduction in the amount to be recharged out.
	Support Services - Recharges In	308,090	308,090	308,090	222,950	(85,140)	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	(868,583)	(868,583)	(868,583)	(776,518)	92,065	Reduction in Neighbourhoods that Work funding (corresponding to anticipated fall in the expenditure on this project above) partially offset by Norfolk County Council funding for Early Help Hub staff costs to be received in 2019/20.
		327,544	275,925	261,923	222,949	(104,595)	
RGED	**Economic development**						
	Employee	186,157	143,988	143,988	80,628	(105,529)	Review of service including a restructure resulting in a saving in staff costs.
	Premises	0	0	0	0	0	
	Transport	4,000	4,000	4,000	0	(4,000)	
	Supplies & Services	34,799	34,799	34,799	2,881	(31,918)	Review of service delivery reducing costs of the service.
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	90,920	90,920	90,920	128,750	37,830	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	(1,500)	(1,500)	(1,500)	0	1,500	
		314,376	272,207	272,207	212,259	(102,117)	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
RGEG	**Enterprise GY**						
	Employee	0	46,823	46,823	0	0	
	Premises	0	16,058	16,058	68	68	
	Transport	0	0	0	0	0	
	Supplies & Services	0	5,660	5,660	0	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	0	0	0	0	0	
	Income	0	(13,400)	(13,400)	0	0	
		0	55,141	55,141	68	68	
	Total Inward Investment:	**3,026,364**	**2,688,229**	**2,757,263**	**2,621,247**	**(405,117)**	
	Total Inward Investment excluding recharges:	**2,777,334**	**2,439,199**	**2,508,233**	**2,119,077**	**(658,257)**	

<u>Housing:</u>

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
GHHN	**Housing Needs**						
	Employee	487,150	479,779	479,779	693,787	206,637	This increase is due to a combination of (a) reallocation of budgets to reflect the management restructure and (b)employment of additional staff funded from Homelessness grant funding.
	Premises	146,962	146,962	146,962	141,576	(5,386)	
	Transport	3,152	3,152	3,152	3,152	0	
	Supplies & Services	151,078	151,078	151,078	169,486	18,408	Reflects additional grant funded computer contract works on Locata.
	Capital Charges	18,515	18,515	18,515	11,806	(6,709)	
	Support Services - Recharges Out	(4,730)	(4,730)	(4,730)	(33,000)	(28,270)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	316,160	316,160	316,160	249,840	(66,320)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	(227,669)	(227,669)	(227,669)	(452,879)	(225,210)	Reflects additional funding towards computer contract works on Locata & Homelessness scheme. This corresponds to the increased costs noted above.
		890,618	883,247	883,247	783,767	(106,851)	
GHGH	**Gapton Hall site**						
	Supplies & Services	0	0	0	18,000	18,000	Budget funded by income
	Capital Charges	0	0	0	0	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	0	0	0	14,940	14,940	Reflects reduction in service cost therefore corresponding reduction in the amount to be recharged out.
	Income	0	0	0	(20,000)	(20,000)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
		0	0	0	12,940	12,940	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
GWBC	**Better Care Fund**						
	Employee	0	0	0	60,630	60,630	New cost centre set up to monitor spend & income in relation to the Better Care Fund (including Disabled Facilities Grant). Previously included under Private Sector Housing.
	Premises	0	0	0	0	0	
	Transport	0	0	0	2,500	2,500	
	Supplies & Services	0	0	0	23,950	23,950	New cost centre set up to monitor spend & income in relation to the Better Care Fund (including Disabled Facilities Grant). Previously included under Private Sector Housing.
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	0	0	0	28,400	28,400	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	0	0	0	(87,080)	(87,080)	New cost centre set up to monitor spend & income in relation to the Better Care Fund (including Disabled Facilities Grant). Previously included under Private Sector Housing.
		0	0	0	28,400	28,400	
GHHS	**Housing Strategy**						
	Employee	74,606	73,869	73,869	82,163	7,557	Increase due to reallocation of budgets to reflect the Housing management restructure.
	Premises	668	668	668	688	20	
	Transport	525	525	525	525	0	
	Supplies & Services	48,080	48,080	48,080	37,815	(10,265)	Budget split and transferred to (GHSR) and Gapton Hall site (GHGH).
	Capital Charges	24,437	24,437	24,437	23,215	(1,222)	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	73,400	73,400	73,400	76,070	2,670	
	Income	0	0	0	(15,000)	(15,000)	Self Build Grant Funding received on an annual basis.
		221,716	220,979	220,979	205,476	(16,240)	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
GWPS	**Private Sector Housing**						
	Employee	81,573	80,590	80,590	0	(81,573)	Employee costs reallocated to Safe at Home (GWSH) and Better Care Fund (GWBC) as part of Housing restructure to improve monitoring.
	Premises	0	0	0	0	0	
	Transport	650	650	650	0	(650)	
	Supplies & Services	55,369	61,237	61,271	0	(55,369)	Non-pay costs reallocated to Safe at Home (GWSH) and Better Care Fund (GWBC) as part of Housing restructure to improve monitoring.
	Third Party Payments	0	0	0	0	0	
	Transfer Payments	5,740	5,740	5,740	0	(5,740)	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	94,320	94,320	94,320	80	(94,240)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	(37,400)	(37,400)	(37,400)	0	37,400	Employee costs transferred to Safe at Home (GWSH) and Better Care Fund (GWBC) as part of Housing restructure and subsequent reallocation of income in line with the costs transferred.
		200,252	205,137	205,171	80	(200,172)	
GWSH	**Safe at Home**						
	Employee	312,687	307,952	307,952	231,430	(81,257)	This saving is due to a combination of (a) reallocation of budgets to reflect Housing management restructure and (b) employee costs transferred following new cost centre set up to improve monitor spend & income in relation to the Better Care Fund (including Disabled Facilities Grant).
	Premises	0	0	0	0	0	
	Transport	9,500	9,500	9,500	8,000	(1,500)	
	Supplies & Services	35,423	35,783	38,540	61,971	26,548	Expenditure budget variance due to a combination of (a) budget transferred from Private Sector Housing (GWPS) as part of code merge and (b) budget transferred to Better Care Fund (GWBC) as part of the code seperation.
	Third Party Payments	0	0	0	0	0	
	Transfer Payments	0	0	0	5,740	5,740	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	118,250	118,250	118,250	116,480	(1,770)	
	Income	(276,727)	(276,727)	(276,727)	(319,319)	(42,592)	Income budget transferred from Private Sector Housing (GWPS) as part of code merge.
		199,133	194,758	197,515	104,303	(94,830)	
	Total Housing:	**1,511,719**	**1,504,121**	**1,506,912**	**1,139,966**	**(371,753)**	
	Total Housing excluding recharges:	**914,319**	**906,721**	**909,512**	**687,156**	**(227,163)**	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
Organisational Development:							
ROCS	**Corporate strategy**						
	Employee	81,022	80,039	80,039	82,770	1,748	
	Premises	0	0	0	0	0	
	Transport	400	400	400	400	0	
	Supplies & Services	850	850	850	850	0	
	Capital Charges	0	0	0	0	0	
	Support Services - Recharges Out	(210,270)	(210,270)	(210,270)	(126,140)	84,130	Reflects reduction in service cost therefore corresponding reduction in the amount to be recharged out.
	Support Services - Recharges In	128,010	128,010	128,010	51,360	(76,650)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	0	0	0	0	0	
		12	(971)	(971)	9,240	9,228	
ROEL	**Elections**						
	Employee	149,260	148,344	148,344	170,710	21,450	Reinstatement of 18-19 budget saving for casual staff due to the four Borough Election (four year cycle).
	Premises	0	0	0	0	0	
	Transport	1,000	1,000	1,000	1,000	0	
	Supplies & Services	104,401	104,401	104,401	121,854	17,453	Reinstatement of 18-19 budget saving for printing & stationery and postage to due to the Borough Election (four year cycle).
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	220,690	220,690	220,690	184,770	(35,920)	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	(19,700)	(19,700)	(32,200)	(19,700)	0	
		455,651	454,735	442,235	458,634	2,983	
ROLI	**Licensing**						
	Employee	69,009	67,953	67,953	71,490	2,481	
	Premises	1,761	1,761	1,761	2,152	391	
	Transport	600	600	600	600	0	
	Supplies & Services	25,135	25,135	25,135	25,871	736	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	69,710	69,710	69,710	90,770	21,060	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	(276,013)	(276,013)	(276,013)	(276,013)	0	
		(109,798)	(110,854)	(110,854)	(85,130)	24,668	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
ROMS	**Member services**						
	Employee	120,511	124,817	103,817	145,920	25,409	Reinstatement of manager post to full time previously reduced as a saving.
	Premises	0	0	0	0	0	
	Transport	7,000	7,000	7,000	4,000	(3,000)	
	Supplies & Services	291,822	291,822	301,822	292,039	217	
	Support Services - Recharges Out	(485,330)	(485,330)	(485,330)	(532,630)	(47,300)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	156,720	156,720	156,720	120,120	(36,600)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	0	0	0	0	0	
		90,723	95,029	84,029	29,449	(61,274)	
RRHR	**Human Resources**						
	Employee	353,122	437,529	437,529	313,183	(39,939)	Increase in grade for manager post plus increments & pay awards
	Premises	0	0	0	0	0	
	Transport	1,000	1,000	1,000	1,000	0	
	Supplies & Services	46,207	101,338	101,338	56,605	10,398	Transfer of computer contract costs from Environmental Services miscoded in 2018-19 base budgets.
	Support Services - Recharges Out	(502,240)	(502,240)	(502,240)	(511,500)	(9,260)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	101,920	101,920	101,920	142,830	40,910	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	0	0	0	0	0	
		9	139,547	139,547	2,118	2,109	
	Total Organisational Development:	**436,597**	**577,486**	**553,986**	**414,311**	**(22,286)**	
	Total Organisational Development excluding recharges:	**957,387**	**1,098,276**	**1,074,776**	**994,731**	**37,344**	

Planning and Growth:

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CPBC	**Building control**						
	Employee	236,235	233,286	236,371	244,470	8,235	
	Premises	1,500	1,500	1,500	1,500	0	
	Transport	11,000	11,000	11,000	11,000	0	
	Supplies & Services	29,008	22,780	11,705	29,357	349	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	100,920	100,920	100,920	97,240	(3,680)	
	Income	(249,700)	(249,700)	(249,700)	(268,500)	(18,800)	Increased income following a review of current charging methodology and consistently winning more inspection work.
		128,963	119,786	111,796	115,067	(13,896)	
CPDC	**Development control**						
	Employee	511,659	534,046	489,642	581,970	70,311	Earmarked reserves funding for two temporary enforcement posts, plus increments and pay awards.
	Premises	0	0	0	0	0	
	Transport	10,000	10,000	9,000	10,000	0	
	Supplies & Services	25,140	27,948	39,186	36,682	11,542	Specialist Ecology advice needed from NCC.
	Support Services - Recharges Out	(60,040)	(60,040)	(60,040)	(56,280)	3,760	
	Support Services - Recharges In	187,410	187,410	187,410	163,860	(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	(527,000)	(527,000)	(409,500)	(474,900)	52,100	Reduction in planning income is due to an ongoing decline in the number of applications over the last few years. Pre application fees have now been introduced, but last years budget forecast predictions were overstated.
		147,169	172,364	255,698	261,332	114,163	
CPLC	**Land charges**						
	Employee	43,541	42,558	44,022	48,310	4,769	
	Premises	0	0	0	0	0	
	Transport	0	0	0	0	0	
	Supplies & Services	7,178	7,178	7,178	7,217	39	
	Third Party Payments	34,000	34,000	34,000	30,000	(4,000)	
	Capital Charges	1,746	1,746	1,746	0	(1,746)	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	62,930	62,930	62,930	45,930	(17,000)	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	(188,100)	(188,100)	(150,000)	(123,000)	65,100	More private search companies are being used, along with a slow down in the housing market, which has resulted in reduced land searches income over the last few years.
		(38,705)	(39,688)	(124)	8,457	47,162	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
RGSP	**Strategic planning**						
	Employee	302,986	345,984	296,501	360,830	57,844	Housing Manager post has been created from the deletion of posts in Economic Development.
	Premises	0	0	0	0	0	
	Transport	2,800	2,800	1,400	1,400	(1,400)	
	Supplies & Services	76,061	83,061	78,387	73,337	(2,724)	
	Third Party Payments	0	0	0	0	0	
	Transfer Payments	5,000	5,000	7,400	6,500	1,500	
	Support Services	0	0	0	0	0	
	Capital Charges	0	0	0	0	0	
	Support Services - Recharges Out	0	0	0	(12,601)	(12,601)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	109,050	109,050	109,050	136,990	27,940	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	(9,345)	(9,345)	(39,345)	(16,495)	(7,150)	
		486,552	536,550	453,393	549,961	63,409	
	Total Planning and Growth:	**723,979**	**789,012**	**820,763**	**934,818**	**210,839**	
	Total Planning and Growth excluding recharges:	**323,709**	**388,742**	**420,493**	**559,679**	**235,970**	

Customer Services:

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CCBE	**Benefits**						
	Employee	584,816	663,015	663,015	621,370	36,554	Temporary post funded by DWP VEP (Verify Earning and Pensions) of £27,672
	Premises	0	0	0	0	0	
	Transport	500	500	500	500	0	
	Supplies & Services	165,844	165,844	170,247	129,853	(35,991)	Transfer of Internal Audit costs and a reduction of payments to DIAL which are now being paid direct to CAB (Citizens Advice Bureau)
	Third Party Payments	0	0	0	0	0	
	Transfer Payments	27,415,171	27,415,171	27,415,171	27,415,171	0	
	Support Services	0	0	0	0	0	
	Capital Charges	0	0	0	0	0	
	Support Services - Recharges Out	(239,332)	(239,332)	(239,332)	(257,797)	(18,465)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	619,590	619,590	619,590	728,670	109,080	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	(28,454,106)	(28,454,106)	(28,454,106)	(28,394,487)	59,619	Reduction of Grants from DCLG mainly Admin Grant including CAB funding (being paid directly)
		92,483	170,682	175,085	243,280	150,797	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CCCE/R	**Crematorium and cemeteries**						
	Employee	184,550	181,502	181,502	217,361	32,811	Additional post as per Business case for Direct Funerals
	Premises	611,151	444,329	446,469	447,649	(163,502)	Reallocation of GYBS Partnership contract fee budget between cost centres.
	Transport	2,000	2,000	2,000	2,000	0	
	Supplies & Services	102,420	105,420	104,093	105,373	2,953	
	Third Party Payments	31,809	31,809	31,809	31,809	0	
	Capital Charges	59,248	59,248	59,248	58,540	(708)	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	137,130	137,130	137,130	143,470	6,340	
	Income	(1,423,607)	(1,423,607)	(1,423,607)	(1,569,988)	(146,381)	Additional income as per Business case for Direct Funerals & inflationery increase
		(295,299)	(462,169)	(461,356)	(563,785)	(268,486)	
CCCS	**Customer services**						
	Employee	629,434	521,237	521,237	673,860	44,426	Additional posts funded by DWP funding from reserves
	Premises	0	0	0	0	0	
	Transport	351	351	351	351	0	
	Supplies & Services	2,960	2,960	5,435	2,572	(388)	
	Support Services - Recharges Out	(1,062,020)	(1,062,020)	(1,062,020)	(943,060)	118,960	Reflects reduction in service cost therefore corresponding reduction in the amount to be recharged out.
	Support Services - Recharges In	429,280	429,280	429,280	441,080	11,800	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	0	0	0	0	0	
		5	(108,192)	(105,717)	174,803	174,798	
CCSS	**Support services**						
	Employee	163,031	159,538	159,538	183,480	20,449	Additional post as per Business case cashiers
	Premises	0	0	0	0	0	
	Transport	0	0	0	0	0	
	Supplies & Services	5,659	5,659	19,791	5,679	20	
	Capital Charges	0	0	0	2,063	2,063	
	Support Services - Recharges Out	(303,250)	(303,250)	(303,250)	(292,730)	10,520	Reflects reduction in service cost therefore corresponding reduction in the amount to be recharged out.
	Support Services - Recharges In	134,560	134,560	134,560	115,160	(19,400)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	0	0	0	0	0	
		0	(3,493)	10,639	13,652	13,652	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CCCG/L/N/P/O/T	**Car parks**						
	Employee	469,807	458,929	458,929	404,188	(65,619)	Staff numbers reduced due to collaboration with Kings Lynn
	Premises	307,305	251,735	271,019	253,870	(53,435)	Reallocation of GYBS Partnership contract fee budget between cost centres.
	Transport	14,740	14,740	14,740	14,740	0	
	Supplies & Services	160,037	160,037	150,037	172,696	12,659	Recalculation of recharges and expenditure with NCC reflecting the existing NPP (Norfolk Parking Partnership) agreement between GYBC & NCC and reflecting the transfer of some functions to Kings Lynn
	Third Party Payments	0	0	0	0	0	
	Transfer Payments	754,975	754,975	754,975	821,569	66,594	Recalculation in profit share with NCC reflects the original agreement between GYBC & NCC and transfer to Kings Lynn
	Capital Charges	25,036	25,036	25,036	54,325	29,289	Increased depreciation due to prior years capital expenditure in relation to the car park works.
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	396,090	396,090	396,090	271,140	(124,950)	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	(3,041,725)	(3,041,725)	(2,916,725)	(3,022,404)	19,321	Complete review of car park income to reflect changes in usage
		(913,735)	(980,183)	(845,899)	(1,029,876)	(116,141)	
RRRE	**Revenues**						
	Employee	531,298	661,518	661,518	698,090	166,792	Transfer of 4 CCIC staff (RST) to Revenues. Business case for rates collection. Part DWP funding
	Premises	0	0	0	0	0	
	Transport	2,000	2,000	2,000	2,000	0	
	Supplies & Services	232,792	232,792	275,678	258,415	25,623	External Audit budget of £8k transferred to EXCC. Postage & mailing business case CM-03 & CM-04 saving £12.5k. Transfer of "Self Service" software costs from CCIC. Costs of Civica software for Business Rates Retail Discount Scheme funded by MHLGC
	Transfer Payments	100	100	100	100	0	
	Support Services	36,000	36,000	36,000	36,000	0	
	Capital Charges	0	0	0	0	0	
	Support Services - Recharges Out	(308,810)	(308,810)	(308,810)	(653,260)	(344,450)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	751,180	751,180	751,180	682,760	(68,420)	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	(500,200)	(500,200)	(500,200)	(516,925)	(16,725)	MHLGC funding for Business Rates Retail Discount Scheme
		744,360	874,580	917,466	507,180	(237,180)	
	Total Customer Services:	**(372,186)**	**(508,775)**	**(309,782)**	**(654,747)**	**(282,561)**	
	Total Customer Services excluding recharges:	**(926,604)**	**(1,063,193)**	**(864,200)**	**(890,180)**	**36,424**	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments

Property and Asset Management:

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
RPTH	**Town Hall**						
	Employee	0	0	0	0	0	
	Premises	0	166,856	166,856	155,820	155,820	New cost centre created by transfers from RPCS Construction services
	Capital Charges	0	0	0	46,342	46,342	New cost centre so depreciation charges for the Town Hall realigned to this service.
	Support Services - Recharges Out	0	0	0	(302,690)	(302,690)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	0	0	0	104,960	104,960	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	0	0	0	0	0	
		0	166,856	166,856	4,432	4,432	
RPGF	**Greyfriars**						
	Employee	0	0	0	0	0	
	Premises	0	92,696	92,696	115,286	115,286	New cost centre created by transfers from RPCS Construction services
	Supplies & Services	0	0	0	0	0	
	Capital Charges	0	0	0	7,710	7,710	
	Support Services - Recharges Out	0	0	0	(184,170)	(184,170)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	0	0	0	60,010	60,010	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	0	
		0	92,696	92,696	(1,164)	(1,164)	
RPMH	**Maritime House**						
	Employee	0	0	0	0	0	
	Premises	0	42,706	42,706	42,676	42,676	New cost centre created by transfers from RPCS Construction services
	Transport	0	0	0	0	0	
	Supplies & Services	0	3,000	3,000	4,500	4,500	New cost centre created by transfers from RPCS Construction services
	Capital Charges	0	0	0	4,560	4,560	
	Support Services - Recharges Out	0	0	0	(94,420)	(94,420)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	0	0	0	52,350	52,350	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	0	0	0	0	0	
		0	45,706	45,706	9,666	9,666	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
RPCT	**Catalyst**						
	Employee	0	0	0	0	0	
	Premises	0	11,500	11,500	40,468	40,468	New cost centre created by transfers from RPCS Construction services
	Transport	0	0	0	0	0	
	Supplies & Services	0	3,000	3,000	0	0	
	Capital Charges	0	0	0	4,783	4,783	
	Support Services - Recharges Out	0	0	0	(86,370)	(86,370)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	0	0	0	50,280	50,280	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	0	0	0	0	0	
		0	14,500	14,500	9,161	9,161	
CGPC	**Public toliets**						
	Employee	0	0	0	0	0	
	Premises	312,521	313,266	315,055	296,060	(16,461)	2019/20 budget revised to reflect actual water & electricity charges incurred in prior years.
	Transport	0	0	0	0	0	
	Supplies & Services	10,278	10,278	10,278	10,718	440	
	Capital Charges	89,287	89,287	89,287	99,016	9,729	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	29,620	29,620	29,620	64,570	34,950	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	(4,000)	(4,000)	(4,000)	(4,000)	0	
		437,706	438,451	440,240	466,364	28,658	
CGRM	**Repairs and maintenance**						
	Employee	0	0	0	0	0	
	Premises	970,259	700,576	706,469	457,149	(513,110)	Reduction in GYBS Partnership contract including saving of £79k as per Business Case (transfer of staff).
	Supplies & Services	14,182	14,182	14,182	15,315	1,133	
	Third Party Payments	8,714	8,714	8,714	8,714	0	
	Support Services	0	0	0	0	0	
	Capital Charges	214,735	214,735	214,735	260,003	45,268	Increased depreciation due to charge for prior year capital expenditure on areas, such as playgrounds.
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	18,980	18,980	18,980	60,950	41,970	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	(249,000)	(249,000)	(209,000)	(209,000)	40,000	Removal of GYBS profit sharing income.
		977,870	708,187	754,080	593,131	(384,739)	

Appendix B

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CGSF	**Footway Lighting**						
	Employee	0	0	0	0	0	
	Premises	430,514	341,967	343,685	302,280	(128,234)	Reduction in GYBS Partnership contract including saving of £26k as per Business Case (transfer of staff).
	Transport	0	0	0	0	0	
	Supplies & Services	12,943	12,943	8,063	13,325	382	
	Capital Charges	61,230	61,230	61,230	66,260	5,030	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	18,000	18,000	18,000	59,890	41,890	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	0	0	0	0	0	
		522,687	434,140	430,978	441,755	(80,932)	
CPCP	**Coast Protection**						
	Employee	56,628	55,645	55,645	79,760	23,132	New post fixed for two years
	Premises	42,000	29,500	329,500	0	(42,000)	Reallocation of GYBS Partnership contract fee budget between cost centres.
	Transport	2,878	2,878	2,878	2,878	0	
	Supplies & Services	27,917	27,917	70,917	28,581	664	
	Capital Charges	332,393	332,393	332,393	362,692	30,299	Reflects increase in depreciation charge to this service in 2019/20.
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	23,550	23,550	23,550	60,980	37,430	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	(550)	(550)	(343,550)	(550)	0	
		484,816	471,333	471,333	534,341	49,525	
RPBH	**Beach Huts**						
	Employee	16,000	16,000	16,000	16,000	0	
	Premises	7,000	7,000	7,000	7,000	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	2,370	2,370	2,370	15,730	13,360	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	(24,500)	(24,500)	(24,500)	(24,500)	0	
		870	870	870	14,230	13,360	
RPCC	**Community centres**						
	Employee	0	0	0	0	0	
	Premises	8,788	11,683	11,683	7,020	(1,768)	
	Capital Charges	18,932	18,932	18,932	18,932	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	10,700	10,700	10,700	6,800	(3,900)	
	Income	(3,152)	(3,152)	(3,152)	(3,152)	0	
		35,268	38,163	38,163	29,600	(5,668)	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
RPCS	**Construction services**						
	Employee	87,296	445	445	0	(87,296)	Budget realigned to existing and new costs centres created to improve budget monitoring.
	Premises	352,382	9,314	9,314	(1)	(352,383)	As above.
	Transport	3,100	0	0	0	(3,100)	
	Supplies & Services	54,920	44,452	43,063	0	(54,920)	As above.
	Capital Charges	71,555	71,555	71,555	0	(71,555)	As above.
	Support Services - Recharges Out	(807,630)	(807,630)	(807,630)	0	807,630	As above.
	Support Services - Recharges In	239,230	239,230	239,230	0	(239,230)	As above.
	Income	(850)	(850)	(850)	0	850	
		3	(443,484)	(444,873)	(1)	(4)	
RPFA	**Easter Fayre**						
	Employee	2,000	2,000	2,695	2,000	0	
	Premises	0	0	0	0	0	
	Transport	0	0	0	0	0	
	Supplies & Services	20,000	20,000	22,584	20,000	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	9,680	9,680	9,680	6,010	(3,670)	
	Income	(15,265)	(15,265)	(15,775)	(15,265)	0	
		16,415	16,415	19,184	12,745	(3,670)	
RPGO	**Go Trade - Markets**						
	Employee	32,413	32,413	32,413	22,232	(10,181)	Reduction in base budget as per five year agreement
	Premises	0	0	0	0	0	
	Transport	0	0	0	0	0	
	Supplies & Services	40,606	30,606	30,606	29,067	(11,539)	Reduction in base budget as per five year agreement
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	0	0	0	0	0	
	Income	(37,995)	(37,995)	(37,995)	(35,396)	2,599	
		35,024	25,024	25,024	15,903	(19,121)	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
RPMA	**Markets**						
	Employee	63,035	60,578	60,578	69,411	6,376	
	Premises	134,774	160,451	161,025	163,542	28,768	Reallocation of GYBS Partnership contract fee budget between cost centres.
	Transport	500	500	500	500	0	
	Supplies & Services	49,368	36,783	36,783	45,158	(4,210)	
	Capital Charges	4,495	4,495	4,495	4,820	325	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	86,430	86,430	86,430	105,870	19,440	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	(318,621)	(314,321)	(261,621)	(298,361)	20,260	Reduction in income for two day markets to reflect published fees & charges
		19,981	34,916	88,190	90,940	70,959	
RPPB	**Bretts**						
	Employee	0	0	0	0	0	
	Premises	3,535	3,535	3,535	3,620	85	
	Transport	0	0	0	0	0	
	Supplies & Services	25,247	25,247	25,247	25,247	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	9,250	9,250	9,250	11,040	1,790	
	Income	(43,401)	(43,401)	(43,401)	(43,401)	0	
		(5,369)	(5,369)	(5,369)	(3,494)	1,875	
RPPC	**Courts**						
	Employee	0	0	0	0	0	
	Premises	11,555	11,555	11,555	11,616	61	
	Transport	0	0	0	0	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	12,420	12,420	12,420	12,680	260	
	Income	(24,019)	(24,019)	(24,019)	(15,819)	8,200	
		(44)	(44)	(44)	8,477	8,521	
RPPE	**South Denes Energy Park**						
	Employee	0	0	0	0	0	
	Premises	2,600	2,600	2,600	7,078	4,478	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	9,260	9,260	9,260	80,790	71,530	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	(2,600)	(2,600)	(2,600)	0	2,600	
		9,260	9,260	9,260	87,868	78,608	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
RPPF	**Factory units**						
	Employee	0	0	0	0	0	
	Premises	49,678	49,678	44,678	41,855	(7,823)	
	Transport	0	0	0	0	0	
	Supplies & Services	9,704	9,704	9,704	3,200	(6,504)	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	19,920	19,920	19,920	29,550	9,630	
	Income	(114,033)	(114,033)	(160,783)	(130,481)	(16,448)	Anticpated increase in rental incomes due to changes in lease agreements and expected occupancy rates.
		(34,731)	(34,731)	(86,481)	(55,876)	(21,145)	
RPPG	**Corporate estates**						
	Employee	19	19	19	22	3	
	Premises	187,472	346,122	404,918	312,750	125,278	Reallocation of GYBS Partnership contract fee budget between cost centres.
	Transport	0	0	0	0	0	
	Supplies & Services	28,671	29,171	29,171	30,421	1,750	
	Support Services	0	0	0	0	0	
	Capital Charges	7,124	7,124	7,124	57,562	50,438	Depreciation charges for corporate estate assets realigned to this cost centre from Construction Services in 2019/20.
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	472,590	472,590	472,590	627,540	154,950	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	(2,426,499)	(2,426,499)	(2,415,299)	(2,486,410)	(59,911)	Increase in lease rental charges less loss of rental income due to current voids
		(1,730,623)	(1,571,473)	(1,501,477)	(1,458,115)	272,508	
RPPM	**Minerva House**						
	Employee	0	0	0	0	0	
	Premises	70,301	70,301	70,301	67,667	(2,634)	
	Transport	0	0	0	0	0	
	Supplies & Services	6,562	6,562	6,562	6,712	150	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	22,670	22,670	22,670	20,450	(2,220)	
	Income	(36,600)	(36,600)	(36,600)	(36,600)	0	
		62,933	62,933	62,933	58,229	(4,704)	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
RPPO	**Onians**						
	Employee	0	0	0	0	0	
	Premises	265	265	265	265	0	
	Transport	0	0	0	0	0	
	Supplies & Services	2,560	2,560	2,560	2,560	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	10,670	10,670	10,670	7,990	(2,680)	
	Income	(13,310)	(13,310)	(13,310)	(13,310)	0	
		185	185	185	(2,495)	(2,680)	
RPPP	**Property services**						
	Employee	401,050	490,762	490,762	893,236	492,186	The increase is mainly due to the combination of transfers from Construction Services and reallocation of GYBS Partnership contract fee budget between cost centres. These later costs were funded by a reduction in GYBS Partnership contract charges.
	Premises	0	0	0	6,179	6,179	
	Transport	3,000	6,100	6,100	6,100	3,100	
	Supplies & Services	5,675	10,643	10,643	29,810	24,135	Transfers of costs from Construction Services.
	Capital Charges	0	0	0	0	0	
	Support Services - Recharges Out	(525,360)	(525,360)	(525,360)	(1,111,890)	(586,530)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	115,640	115,640	115,640	231,420	115,780	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	(22,060)	(22,060)	0	0	
		5	75,725	75,725	54,855	54,850	
RPPS	**Beacon Park**						
	Employee	0	0	0	0	0	
	Premises	175,206	200,719	167,030	314,591	139,385	Variance is a result of the reallocation of GYBS Partnership contract fee budget between cost centres, transfers within this cost centre and an increase in expected rates costs from the 2018-19 base budget.
	Supplies & Services	127,508	127,508	157,508	64,758	(62,750)	Transfers within the Beacon Park cost centre.
	Capital Charges	126,064	126,064	126,064	129,221	3,157	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	28,900	28,900	28,900	83,970	55,070	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	(919,844)	(919,844)	(930,844)	(1,022,033)	(102,189)	Increase in lease rental costs
		(462,166)	(436,653)	(451,342)	(429,493)	32,673	
	Total Property and Asset Management:	**370,090**	**143,606**	**246,337**	**481,060**	**110,970**	
	Total Property and Asset Management excluding recharges:	**563,200**	**336,716**	**439,447**	**506,770**	**(56,430)**	

IT, Communications and Marketing:

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CCIC	**ICT**						
	Employee	339,176	291,653	271,653	357,110	17,934	Business case to reorganise IT, Tourism,Communications, Events, Civic and Portering & Print & Design
	Premises	5,094	5,094	5,094	5,247	153	
	Transport	300	300	800	300	0	
	Supplies & Services	268,437	268,437	334,141	405,571	137,134	Microsoft Licenses of £64k are now a revenue item whereas in 18/19 they were treated as a capital item. The 2018/19 software cost was underbudgeted therefore an increase in the 19/20 budget is required to correct the position
	Third Party Payments	575,367	575,367	597,191	597,367	22,000	This is an increase in the charge from NCC for computer systems support.
	Transfer Payments	0	0	0	0	0	
	Support Services	0	0	0	0	0	
	Capital Charges	86,670	86,670	86,670	110,268	23,598	Increased depreciation due to prior year capital expenditure in relation to the ICT projects work completed in 2018/19.
	Support Services - Recharges Out	(1,407,480)	(1,407,480)	(1,407,480)	(1,577,840)	(170,360)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	132,440	132,440	132,440	104,910	(27,530)	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	0	
		4	(47,519)	20,509	2,933	2,929	
CTCO	**Communications**						
	Employee	180,013	177,423	159,423	187,640	7,627	
	Premises	0	0	0	0	0	
	Transport	750	750	750	750	0	
	Supplies & Services	21,236	21,236	21,236	5,236	(16,000)	Borough News no longer to be published from 2019/20.
	Support Services - Recharges Out	(310,790)	(310,790)	(310,790)	(273,610)	37,180	Reflects reduction in service cost therefore corresponding reduction in the amount to be recharged out.
	Support Services - Recharges In	108,790	108,790	108,790	108,610	(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	0	0	0	0	0	
		(1)	(2,591)	(20,591)	28,626	28,627	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CTVE	**Events**						
	Supplies & Services	7,798	7,798	7,798	7,798	(0)	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	101,540	101,540	101,540	77,330	(24,210)	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	(12,000)	(12,000)	(12,000)	(14,500)	(2,500)	
		97,338	97,338	97,338	70,628	(26,710)	
CTMA	**Mayor**						
	Supplies & Services	0	7,051	7,051	0	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	0	0	0	12,910	12,910	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
		0	7,051	7,051	12,910	12,910	
CTTO	**Tourism**						
	Employee	177,981	175,458	175,458	158,236	(19,745)	Transfer of budget to cost centre CTCP
	Premises	6,004	9,004	9,004	3,506	(2,498)	
	Transport	100	100	100	100	0	
	Supplies & Services	368,710	368,710	368,710	361,462	(7,248)	
	Third Party Payments	1,550	1,550	1,550	1,550	0	
	Support Services	1,400	1,400	1,400	1,400	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	241,190	241,190	241,190	296,500	55,310	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	(282,963)	(282,963)	(275,963)	(245,962)	37,001	
		513,972	514,449	521,449	576,792	62,820	
CTCP	**Civic and Portering**						
	Employee	154,960	147,052	147,052	182,940	27,980	Transfer of budget from cost centre CTTO
	Premises	0	0	0	0	0	
	Transport	12,512	12,512	12,512	12,024	(488)	
	Supplies & Services	37,670	36,229	36,229	24,213	(13,457)	Agreed Savings 17/18 (£6.5k) & transfer to reduce income by (£7k)
	Support Services	0	0	0	0	0	
	Capital Charges	0	0	0	0	0	
	Support Services - Recharges Out	(292,680)	(292,680)	(292,680)	(278,110)	14,570	Reflects reduction in service cost therefore corresponding reduction in the amount to be recharged out.
	Support Services - Recharges In	103,080	103,080	103,080	130,610	27,530	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	(8,500)	(8,500)	(8,500)	(1,500)	7,000	£7k transfered from supplies & Services
		7,042	(2,307)	(2,307)	70,177	63,135	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CTRE	**Print and Design**						
	Employee	42,216	41,459	41,459	43,980	1,764	
	Premises	0	0	0	0	0	
	Transport	0	0	0	0	0	
	Supplies & Services	62,447	62,447	62,447	60,449	(1,998)	
	Capital Charges	0	0	0	0	0	
	Support Services - Recharges Out	(188,290)	(188,290)	(188,290)	(142,130)	46,160	Reflects reduction in service cost therefore corresponding reduction in the amount to be recharged out.
	Support Services - Recharges In	96,130	96,130	96,130	52,870	(43,260)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	(12,500)	(12,500)	(12,500)	(15,000)	(2,500)	
		3	(754)	(754)	169	166	
	Total IT, Communications and Marketing:	**618,358**	**565,667**	**622,695**	**762,235**	**143,877**	
	Total IT, Communications and Marketing excluding recharges:	**2,034,428**	**1,981,737**	**2,038,765**	**2,250,185**	**215,757**	

Environmental Services:

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CEEH	**Environmental health**						
	Employee	1,025,496	1,053,728	986,716	1,009,478	(16,018)	Establishment restructure within the department has resulted in a net saving.
	Premises	35,902	218,500	311,227	227,393	191,491	Reallocation of GYBS Partnership contract fee budget between cost centres.
	Transport	37,811	37,811	37,811	37,981	170	
	Supplies & Services	231,139	224,629	224,800	206,487	(24,652)	Reduction in funeral costs reflects the last 3 years trend.
	Third Party Payments	10,000	10,000	10,000	10,000	0	
	Transfer Payments	245,938	245,938	228,915	253,807	7,869	
	Support Services	0	0	0	0	0	
	Capital Charges	7,831	7,831	7,831	9,340	1,509	
	Support Services - Recharges Out	(56,280)	(56,280)	(56,280)	(60,040)	(3,760)	
	Support Services - Recharges In	345,400	345,400	345,400	280,040	(65,360)	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	(112,624)	(112,624)	(187,409)	(117,819)	(5,195)	
		1,770,613	1,974,933	1,909,011	1,856,667	86,054	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CESL	**Selective Licensing**						
	Employee	0	76,746	76,746	50,330	50,330	5 year self financing project from license fees received in Jan 19 and held in reserves
	Premises	0	0	0	0	0	
	Transport	0	1,303	1,303	100	100	
	Supplies & Services	0	12,500	12,500	1,800	1,800	
	Support Services	0	0	0	0	0	
	Capital Charges	0	0	0	0	0	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	0	50,911	50,911	22,750	22,750	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year. (Not financed by licence fees held in reserves.)
	Income	0	(141,460)	(141,460)	(25,000)	(25,000)	5 year self financing project from license fees received in Jan 19 and held in reserves
		0	0	0	49,980	49,980	
CGGM	**Grounds maintenance**						
	Employee	0	0	0	0	0	
	Premises	204,557	536,590	540,909	467,946	263,389	Reallocation of GYBS Partnership contract fee budget between cost centres.
	Transport	0	0	0	0	0	
	Supplies & Services	52,570	52,570	50,860	48,922	(3,648)	
	Third Party Payments	11,540	11,540	11,540	11,540	0	
	Support Services	0	0	0	0	0	
	Capital Charges	86,092	86,092	86,092	88,142	2,050	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	57,650	57,650	57,650	48,920	(8,730)	
	Income	(38,950)	(38,950)	(32,450)	(32,450)	6,500	
		373,459	705,492	714,601	633,020	259,561	
CGSC	**Street cleansing**						
	Employee	0	0	0	0	0	
	Premises	929,105	875,165	882,527	894,411	(34,694)	Reallocation of GYBS Partnership contract fee budget between cost centres.
	Transport	0	0	0	0	0	
	Supplies & Services	0	0	0	0	0	
	Third Party Payments	381	381	381	381	(0)	
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	50,490	50,490	50,490	18,230	(32,260)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	0	0	0	0	0	
		979,976	926,036	933,398	913,022	(66,954)	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
CGWA	**Waste management**						
	Employee	38,572	37,589	33,745	0	(38,572)	2 year recycling scheme ended in 2018/19.
	Premises	110,000	110,000	110,000	110,000	0	
	Transport	1,722	1,722	7,722	0	(1,722)	
	Supplies & Services	400,460	408,760	453,760	440,335	39,875	NHS no longer provide a clinical waste collection service, so GYBC are now responsible for collection and disposal of medical sharps (can recharge cost of collection, but not disposal). 2 year recycling scheme ended in 2018/19 resulting in a reduction in new bin purchases. The projected NEWS gate fee has increased based on tonnage estimates.
	Third Party Payments	1,622,395	1,951,481	1,967,364	1,985,553	363,158	Reallocation of GYBS Partnership contract fee budget between cost centres.
	Capital Charges	135,900	135,900	135,900	17,669	(118,231)	A number of assets aligned to this service area are fully depreciated in 2019/20 so no charge is required.
	Support Services - Recharges Out	0	0	0	0	0	
	Support Services - Recharges In	83,310	83,310	83,310	91,200	7,890	
	Income	(1,357,890)	(1,357,890)	(1,392,894)	(1,327,592)	30,298	2 year recycling scheme ended in 2018/19 so there is a reduction in bin sales. Projected decrease in recycling credits based on tonnage estimates.
		1,034,469	1,370,872	1,398,907	1,317,165	282,696	
	Total Environmental Services:	**4,158,517**	**4,977,333**	**4,955,917**	**4,769,855**	**611,338**	
	Total Environmental Services excluding recharges:	**3,677,947**	**4,445,852**	**4,424,436**	**4,368,755**	**690,808**	

		Original 2018/19 Budget	Current 2018/19 Budget	2018/19 Forecast	2019/20 Budget	Variance 18/19 Base Budget to 19/20 Base Budget	Comments
Finance:							
RRFI	**Finance**						
	Employee	521,283	515,419	515,419	601,568	80,285	2 posts moved from HRA now within finance
	Premises	0	0	0	0	0	
	Transport	650	650	650	650	0	
	Supplies & Services	240,244	273,244	273,244	279,191	38,947	Increase in internal audit work based on 2019/20 programme and an increase in IT software costs based on current year actuals.
	Third Party Payments	0	0	0	0	0	
	Transfer Payments	0	0	0	0	0	
	Support Services	99,000	99,000	99,000	97,461	(1,539)	
	Capital Charges	2,000	2,000	2,000	0	(2,000)	
	Support Services - Recharges Out	(1,096,000)	(1,096,000)	(1,096,000)	(1,247,090)	(151,090)	Reflects increase in service cost therefore corresponding increase in the amount to be recharged out.
	Support Services - Recharges In	252,830	252,830	252,830	454,060	201,230	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
	Income	(20,000)	(20,000)	(20,000)	(15,000)	5,000	
		7	27,143	27,143	170,840	170,833	
	Total Finance:	**7**	**27,143**	**27,143**	**170,840**	**170,833**	
	Total Finance excluding recharges:	**843,177**	**870,313**	**870,313**	**963,870**	**120,693**	
	Total for Services:	**10,587,560**	**11,069,242**	**11,507,778**	**10,901,956**	**314,396**	
	Total for Services excluding recharges:	**12,093,812**	**12,524,583**	**12,963,119**	**12,586,504**	**543,402**	

2019/20 Budget Process - Additional income and savings proposals

Service Area	Heading	Summary of Proposal	Savings/ Income	2019/20	2020/21	2021/22
1) OPERATIONAL						
1 a - UPDATING OF THE BUDGET TO REFLECT CURRENT PRACTICE AND IN YEAR DECISIONS						
Environmental Services and Organisational Development	Structural Savings	Employee related savings from service restructurings undertaken during the year.	Savings	(39,384)	(44,500)	(48,300)
Env Services, Housing, Customer Services, Planning and Growth	Review of income levels achievable	Review of a number of smaller service income budgets to reflect more accurate levels of income achievable, including bulky waste, burial and internment, land charges and HMO.	Income	(44,350)	(47,350)	(50,350)
Housing and Inward Investment	Review of expenditure	Review of a number of smaller service expenditure budgets to reflect more accurate levels of spend, including previous underspends. income achievable, including bulky waste, burial and internment and HMO.	Savings	(10,500)	(10,500)	(10,500)
Organisational Development	CMIS application role out	The CMIS application will be rolled out to Members and Officers to reduce the necessity and cost of producing hard copies of agenda's and committee documents. There would be a one off cost of circa £1700 and potential annual savings of £8k from a reduction in the number of hard copy agendas being printed.	Savings	(8,000)	(8,000)	(8,000)
Customer Services	Installation of Rapid Electric Vehicle Charge Point	As part of a consortium of easter region authorities we are due to install a Rapid Electric charge point on Fullers Hill car park funded by Highways England. GYBC will retain the excess fee over and above the suppliers electrical charge.	Income	(10,000)	(10,000)	(10,000)
Customer Services	Direct Funerals	Following the launch of direct funerals - the budget has been updated to reflect the level of demand.	Income	(17,850)	(23,800)	(23,800)
TOTAL 1a				**(130,084)**	**(144,150)**	**(150,950)**

2019/20 Budget Process - Additional income and savings proposals

Service Area	Heading	Summary of Proposal	Savings/ Income	2019/20	2020/21	2021/22
1b) PROPOSALS TO BE COMPLETED						
Customer Services	Ctax & Business Rates High Level Debt Arrears & Increase in Collection	Additional proactive work over two years to increase the collection of council tax and business rates. This would provide a benefit to the main preceptiors as well as the Borough. Collection rates for 2017/18 were 95.7% for Council tax and 97.6% for business rates. As a guide, increases of 0.25% collection for both council tax and NNDR would deliver approximately £40k additional income retained by GYBC.	Income	(19,589)	(57,589)	(38,000)
Customer Services	Ctax Single Person Discount Review	Undertake a review of single person discounts.	Income	0	(21,000)	(21,000)
Housing (General Fund)	Housing Policy	Review of the costs and recharging basis of the Housing Strategy Policy and Peformance role by recharging the retained receipts element and any policy work associated with the HRA to the HRA. In addition capitalise the Empty Homes function of the Enabling and Empty Homes Officer to works delivered under the empty homes initiative.	Savings	(21,924)	(22,000)	(25,000)
Inward Investment	Neighbourhoods Administrator/ Receptionist	Consider options for recruitment of an apprentice following an administrator post becoming vacant.	Savings	(7,000)	(7,000)	(7,000)
IT, Communications & Marketing	Commercial Printing, Marketing and Public Events and Conributions	Seek opportunities to increase the income and sponsorship from a number of services including - Proactive marketing of the print services to external organisations e.g. local companies and community organisations from the Print Unit's new office on The Conge. Increase income via commission from sale of outlet tickets at the Tourist Information Centre and Customer Services counters. Prioritise support for public entertainment events that attract income from sponsorship, ticket sales &/or match-funding.	Income	(6,500)	(12,500)	(18,000)
Organisational Development	Structural Savings	Review of Corporate Services following a retirement within the service.	Savings	(40,000)	(40,000)	(40,000)
Planning and Growth	Reduction in Local Plan general expenditure budget	Reduction in Local Plan general expenditure budget (for preparation and consultancy). Greater combined working with other councils on evidence base work, and changes to national legislation requiring less involved evidence base gathering should lead to a reduction of about £5k pa ongoing	Savings	(5,000)	(5,000)	(5,000)
Planning and Growth	Increase Building Control fee income per relevant job	Review of the current charging methodology to seek opportunities to increase the overall fee for mulit-component jobs (for example, new internal steelwork plus a new extension).	Income	(5,000)	(7,500)	(10,000)
TOTAL 1b				**(105,013)**	**(172,589)**	**(164,000)**
TOTAL	**1 - Operational**			**(235,097)**	**(316,739)**	**(314,950)**

2019/20 Budget Process - Additional income and savings proposals

Service Area	Heading	Summary of Proposal	Savings/ Income	2019/20	2020/21	2021/22
2) CHANGES TO OPERATIONS AND WAYS OF WORKING						
Customer Services	Hybrid Mail Solutions (Corporate mailing)	Introduction of a Hybrid mail solution for corporate use - Hybrid mail is delivered using a combination of electronic and physical delivery. This involves digital data being transformed into physical letter items at distributed print centres located as close as possible to the final delivery addresses. The council already uses bulk, offsite mail solutions for large scale specific mailings such as Elections, Annual Billing/Benefit recalculation and Annual Rents. All other council mail is manually printed by the individual user, enveloped and sent via the council's post room. There are some pick up and drop off mail points throughout the main council offices. This mail is currently collected by Royal Mail.	Savings	(5,000)	(20,000)	(20,000)
Customer Services	Revs & Bens Offsite Daily Mailing solution	The council already uses bulk, offsite mail solutions for large scale specific mailings for Annual Billing/Benefit recalculation excecise as well as Revenues bulk reminders, cancellations and summons runs. This solution can be extended to include daily billing and dailing benefit notifications matching relavent council tax bills with corresponding benefit notifications. Both the Revenues and Benefit Teams have high volumes of daily mail which at the moment is handled manually increasing the risk of error on enclosures, a particularly increased risk due to the recent introduction of GDPR.	Savings	0	(15,000)	(15,000)
IT, Communications & Marketing	Communcations - Borough News	Removal of the printed version of the Borough News and replace with online publication only.	Savings	(16,000)	(16,000)	(16,000)
IT, Communications & Marketing	Tourist Information	Increase the online presence and ability to self-serve for visitors across the year. Maintain face-to-face offer during the season March to October.	Savings	(48,000)	(48,000)	(48,000)
Planning and Growth	Review of charging for discretionary elements of Street Naming and Numbering	Some parts of the Street Naming and Numbering process cannot normally be charged for, but others (such as applying to change the name of a property) can be. Some are already charged for, but a review (increase) in these fees alongside new charging areas is proposed. There is good practice from other local councils to draw from, and more detailed work will need to be undertaken to better understand the scale of the potential additional income.	Income	(7,000)	(7,000)	(7,000)
Planning and Growth	Review of various functions and efficiencies within Planning and Growth	Within the service there are a number of processes and charges that can be reviewed to deliver savings and additional income, eg review of advertising requirements including layout to ensure most efficient and deliver saving, charging for formal compliance with Section 106 and condition letters.	Income/ Saving	(5,200)	(5,200)	(5,200)
Planning and Growth	Introduction of chargeable Permitted Development form	Review of charges for permitted development enquiry form to reflect the increased amount of officer time taken to complete.	Income	(5,200)	(5,200)	(5,200)

2019/20 Budget Process - Additional income and savings proposals						
Service Area	**Heading**	**Summary of Proposal**	**Savings/ Income**	**2019/20**	**2020/21**	**2021/22**
Property and Asset Management	Advertising across Borough Assets	Explore opportunities for advertising on some of the council's outside assets.	Income	0	(10,000)	(10,000)
Property and Asset Management	Additional Beach Concessions	To open up lease opportunities for additional concessions on the beach.	Income	(20,000)	(20,000)	(25,000)
Property and Asset Management	Introduction of standard charging for the use of Council Land	To introduce a system of standard charging for the use of Council Land (similar to that of other Authorities). This would be a standard charge as per information which would be available on the website - based on the number of anticipated visitors / type of requester.	Income	(10,000)	(10,000)	(10,000)
Inward Investment	Leisure sites	Promotion of Outdoor Sports & Leisure sites to generate additional income. This represents a 9% increase in income on the 18/19 budget.	Income	(10,000)	(10,000)	(10,000)
	2 - Changes to Operations and Ways of working			**(126,400)**	**(166,400)**	**(171,400)**
				(361,497)	**(483,139)**	**(486,350)**
	SUMMARY	1) Operational		(235,097)	(316,739)	(314,950)
		2) - Changes to Operations and Ways of working		(126,400)	(166,400)	(171,400)
				(361,497)	**(483,139)**	**(486,350)**

Fees & Charges Market 2019-20

Two Day Market - charges

	2018/19 Charges		2019/20 Charges	
	per metre	**per foot**	**per metre**	**per foot**
Summer (April to September)	1.64	0.50	3.28	1.00
Winter (October to March)	1.64	0.50	3.28	1.00
Casual - Summer (April to September)	2.13	0.65	4.27	1.30
Casual - Winter (October to March)	2.13	0.65	4.27	1.30

Six Day Market - charges per stall type

Hot Food - 1	685.50	Monthly Charge	685.50	Monthly Charge	
Groceries	473.50	Monthly Charge	473.50	Monthly Charge	
Dry Goods	509.50	Monthly Charge	509.50	Monthly Charge	
Hot Food - 2	648.50	Monthly Charge	648.50	Monthly Charge	
From the 1st April 2019 fees paid in advance by direct debit will be subject to a 5% discount:					**No change**
Hot Food - 1	652.22	Monthly Charge	652.22	Monthly Charge	
Groceries	449.83	Monthly Charge	449.83	Monthly Charge	
Dry Goods	484.02	Monthly Charge	484.02	Monthly Charge	
Hot Food - 2	615.98	Monthly Charge	615.98	Monthly Charge	

Fees & Charges Crematorium and Cemeteries 2019-20

	2018/19 Charges VAT @ 20% (where applicable)	2019/20 Charges VAT @ 20% (where applicable)

Cremation Charges

NB: From 01 April 2019 the Medical Referee Fee of **£28** is included in the Cremation Fee.
The fee also includes an Environmental Charge of £65
The use of the Wesley Music System is included.

The following charges relate to cremation:

	2018/19	2019/20
Non-viable foetus or stillborn child	No Charge	No Charge
The body of a child not exceeding four years of age at time of death	No Charge	No Charge
The body of a child of four years, but not exceeding twelve years at the time of death	No Charge	No Charge
The body of a person whose age at the time of death exceeded twelve years	**See below:**	**See below:**
For Service times: 08:15, 08:45, 16:00 and 16:30 (30 minutes)	750.00	770.00
For Service times 09:15, 10:00, 10:45, 11:30, 12:15, 13:00, 13:45, 14:30, 15:15	790.00	840.00

Fees & Charges Market 2019-20

	2018/19 Charges	2019/20 Charges
Funeral Director No Attendance (arrangements required, no service) - delivery by agreement	510.00	550.00
Saturday Services details on request		
50% cancellation fee will apply to cremations cancelled within 48hrs of the service		

Fees & Charges Market 2019-20

		2018/19 Charges	2019/20 Charges
Garden Waste Bins & Bags			
		2018/19 Charges VAT @ 20% (where applicable)	**2019/20 Charges VAT @ 20% (where applicable)**
New bins (including charge for collections)			
One Bin		65.00	69.00
Two Bins		107.50	114.00
Three Bins		150.00	159.00
Four Bins		192.50	204.00
Renewal of Annual Bin (including charge for collections)			
One Bin		45.00	48.00
Two Bins		67.50	72.00
Three Bins		90.00	96.00
Four Bins		112.50	120.00
Other Charges			
Charge for garden waste bin		20.00	21.00
Brown Waste Bags	12 bags	21.00	22.50
	24 bags	41.50	44.00
Administration charge - Provision of bins at new properties		53.00	56.00
Administration charge - Replacement/extrarecycling or residual bin		32.00	34.00

Council Tax Summary 2019/20

	2018/19 Actual		Actual 2019/20 £5 Council Tax Increase			
					Movement £	**Movement %**
Demand on Collection Fund (excluding Parish/Town Precepts)	£	4,391,455	£	4,611,869	£220,414	5.02%
Borough Council Tax Level at Band D	£	156.48	£	161.48	£5.00	3.20%
Net Borough Council Tax at Band D	**£**	**156.48**	**£**	**161.48**	**£ 5.00**	3.20%
Value of Precepts	£	377,953		£429,323	£51,370	13.59%
Effect of Parish/Town Precepts	£	13.47		15.03	£1.56	11.58%
Billed Borough Council Tax at Band D	**£**	**169.95**	**£**	**176.51**	**£ 6.56**	**3.86%**

Tax Base	28,064	28,560
Tax Base Movement (from 2018/19)		496

Note: The Tax Base for 2019/20 is 28,560 (2018/19 28,064) so each £28,560 change in net expenditure has £1.00 effect on Council Tax at Band D.

General Fund Reserves Schedule	Summary and Purpose of Reserve	Openning Balance 01/04/18 £	Outturn Movement 2018/19 £	Closing Balance 31/03/19 £	Budgeted 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 £
Planning Delivery Grant	The reserve is planned to be used to provide service improvements in Planning, and deliver the Local Development Framework.	62,360	0	62,360	0	62,360	0	62,360	0	62,360
Insurance Fund	The Council budgets for a level of excess being charged to the service accounts annually. Any under provision is met from the Insurance Fund, and any surplus is transferred to the fund.	169,679	0	169,679	0	169,679	0	169,679	0	169,679
Town Centre Initiative	Earmarked for spend in relation to the town centre project.	253,147	(240,728)	12,419	0	12,419	0	12,419	0	12,419
SHARP Funding	The Council will utilise this funding for capital expenditure incurred in the Wellesley Rd, Sandown Rd, Euston Rd & Paget Rd areas.	493,039	0	493,039	0	493,039	0	493,039	0	493,039
Restricted Use Grant	These reserves are utilised as expenditure is incurred. No provision has been made to add to these reserves in future years.	920,222	(131,450)	788,772	(169,195)	619,578	(37,802)	581,776	(20,815)	560,961
Invest to Save	To be used to fund one-off costs associated with projects that will deliver future efficiencies and savings including costs associated with restructures.	1,706,147	(628,887)	1,077,259	140,471	1,217,730	0	1,267,730	0	1,267,730
Specific Budget	This reserve is utilised as expenditure is incurred and is held for specific service funds from previous years underspends.	102,327	94,750	197,077	(27,230)	169,847	(1,370)	168,477	(1,770)	166,707
LEGI	As costs are incurred, these are offset by the Reserve.	523,671	0	523,671	(400,000)	123,671	0	123,671	0	123,671
Repairs and Maintenance	This reserve is utilised as expenditure is incurred in relation to spend on Council assets.	298,846	(42,895)	255,951	0	255,951	0	255,951	0	255,951
Second Homes Council Tax	This reserve holds previous funding received from second homes and is being re-allocated as part of the 2019/20 budget.	155,962	0	155,962	(155,962)	(0)	0	(0)	0	(0)

General Fund Reserves Schedule	Summary and Purpose of Reserve	Openning Balance 01/04/18 £	Outturn Movement 2018/19 £	Closing Balance 31/03/19 £	Budgeted 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 £
Waste Management	This reserve is utilised as expenditure is incurred in relation to provision of waste service and wher one-off funding has been required.	25,170	0	25,170	0	25,170	0	25,170	0	25,170
Collection Fund (Business Rates)	Earmarked to mitigate the fluctuations in business rate income between years.	2,545,615	0	2,545,615	(180,000)	2,365,615	0	2,545,615	0	2,545,615
Neighbourhoods	Earmarked from previous grants for neighbourhood projects.	618,603	0	618,603	0	618,603	0	618,603	0	618,603
Enforcement	Earmarked for enforcement related works to address issues and bring properties back into use.	47,590	(1,568)	46,022	0	46,022	0	46,022	0	46,022
Special Project Reserve	Earmarked for project spend and also for matched funding as appropriate.	812,362	(575,864)	236,498	(139,774)	96,724	(6,455)	90,269	0	90,269
Benefits/Revenues Reserve	Earmarking of grants and underspends to be used for the service and mitigation of subsidy impacts.	155,000	(10,379)	144,621	0	144,621	0	144,621	0	144,621
Coast Protection	Established as part of the 2019/20 budget process for match funding and mitigate one-off costs in relation to coast protection.	0	0	0	150,000	150,000	0	150,000	0	150,000
Empty Business Property Incentive Fund	Earmarking of funds to be used for incentivising bringing properties back into use. Policy to be developed.	0	0	0	100,000	100,000	0	100,000	0	100,000
Other Reserves	These Reserves are utilised as expenditure is incurred and include a number of smaller service specific reserves.	365,446	(277,600)	87,846	0	87,846	0	87,846	0	87,846
Total General Fund Earmarked Reserves		**9,255,185**	**(1,814,621)**	**7,440,563**	**(681,690)**	**6,758,873**	**(45,627)**	**6,943,246**	**(22,585)**	**6,920,661**
General Fund Reserve (Minimum Recommended Balance £2.75m)	Current recommended balance of £2.75 million	2,886,211	(135,402)	**2,750,809**	155,962	**2,906,771**	0	**2,906,771**	0	**2,906,771**
Total General Fund Reserves		**12,141,396**	**(1,950,023)**	**10,191,372**	**(525,728)**	**9,665,644**	**(45,627)**	**9,850,017**	**(22,585)**	**9,827,432**

Policy Framework for the Earmarked Reserves and Assessing the Optimum Level of the General Reserve for the period 2019/20 to 2021/22

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	2019/20	2020/21	2021/22
1 **Pay and Price Inflation** (0.5% sensitivity to budget assumption)	130,000	130,000	130,000
2 **Interest Rates & MRP** (0.5% sensitivity to short term borrowing and profiling of capital spend and MRP impact)	170,000	190,000	190,000
3 **Failure to Achieve Planned Savings and Cost Pressures from Corporate Plan Targets** (to ensure core services are maintained)	200,000	200,000	200,000
4 **Major Litigation and Legal Claims** (to provide additional comfort above earmarked reserves)	100,000	100,000	100,000
5 **Emergencies and Other Unknowns** (to recognise the risks associated with unpredictable events)	500,000	500,000	500,000

Item	2019/20	2020/21	2021/22
6 Treatment of Demand Led Pressures (recognising the impact of increase or reduction in demand and compensating increase or reduction in expenditure or income)	600,000	600,000	600,000
7 Project Risks (To recognise the risks the Authority is facing in terms of partnership work and significant projects)	150,000	150,000	150,000
8 Cash Flow (the impact of timing of cash flow, including the profiling of expenditure)	100,000	100,000	100,000
9 Future Funding Fluctuations (an allowance to reflect the increased risk around local funding, ie business rates and new homes bonus, to mitigate the impact within and between financial years)	800,000	900,000	900,000
Total Indicated General Fund Reserve Recommended	**2,750,000**	**2,870,000**	**2,870,000**
% of Net Budgeted Operating Expenditure (excluding parish precepts)	**20%**	**20%**	**19%**

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 2019/20 should be £2.75million. This is slightly above the previous recommended general reserve balance of £2.5 million and reflects the greater level of risk within the 2019/20 budget around the delivery of savings, achievement of income. The budgeted General Fund Reserve as presented for approval is within an acceptable tolerance and is slightly able the recommended level.

Capital Programme: 2018/19 Budget & Forecast and 2019/20 Current Budget

Capital Programme: 2018/19 Budget & Forecast and 2019/20 Current Budget

	Expenditure £000				2019/20 Budget Financing £000			
Services & Projects	Original Budget 1819	Revised Budget 1819	Forecast 2018/19	2019/20 Budget	Borrowing	Grants & Contributions	Reveue/ Earmarked Reserves	Capital Receipts
Neighbourhood Management								
Childrens Playground Refurbishment *	£47	£56	£56	£40	£40	£0	£0	£0
Cobholm Skate Park	£100	£100	£0	£100	£75	£0	£0	£25
Wellesley CCTV	£0	£15	£0	£15	£15	£0	£0	£0
Total: Neighbourhood Management	**£147**	**£171**	**£56**	**£155**	**£130**	**£0**	**£0**	**£25**
Customer Services								
Rebuilding sections of Factory Rd/Belvedere Rd/Nth Denes Rd Gt Yarmouth Cemetery Wall	£35	£15	£15	£0	£0	£0	£0	£0
St Nicholas Minster West Boundary Wall	£90	£96	£20	£76	£76	£0	£0	£0
New cremators	£0	£40	£1	£0	£0	£0	£0	£0
Replacement P&D Machines	£107	£107	£107	£0	£0	£0	£0	£0
Parking Services - handheld devices (Rialto Civil enforcement)	£0	£21	£0	£0	£0	£0	£0	£0
Total: Customer Services	**£232**	**£279**	**£143**	**£76**	**£76**	**£0**	**£0**	**£0**
Inward Investment								
Marina Centre Refurbishment	£5,739	£5,730	£123	£5,607	£5,607	£0	£0	£0
33 King Street - THI & Preservation Trust project (REFCUS)	£0	£400	£400	£0	£0	£0	£0	£0
The Waterways	£1,888	£2,371	£2,000	£371	£134	£237	£0	£0
Total: Inward Investment	**£7,626**	**£8,501**	**£2,523**	**£5,978**	**£5,741**	**£237**	**£0**	**£0**
Housing								
Disabled Facilities Grant ^	£800	£1,114	£1,114	£1,000	£0	£1,000	£0	£0
Empty Homes	£719	£719	£0	£719	£719	£0	£0	£0
Homes for Health	£400	£400	£0	£400	£0	£0	£400	£0
Norfolk & Waveney Equity Loan Scheme	£8	£16	£16	£0	£0	£0	£0	£0
Emergency Home Improvement Loans	£40	£36	£36	£0	£0	£0	£0	£0
Total: Housing	**£1,967**	**£2,285**	**£1,166**	**£2,119**	**£719**	**£1,000**	**£400**	**£0**
IT, Communications & Marketing								
ICT Investment to deliver GYBC ICT Strategy	£291	£291	£288	£3	£3	£0	£0	£0
Postroom Scanners	£0	£2	£3	£0	£0	£0	£0	£0
Total: IT, Communications & Marketing	**£291**	**£292**	**£291**	**£3**	**£3**	**£0**	**£0**	**£0**
Property & Asset Management								
Public Toilet Refurbishment Programme *	£160	£165	£165	£155	£155	£0	£0	£0
Gorleston High Street car park resurfacing	£19	£19	£19	£0	£0	£0	£0	£0
Cobholm Rugby Club roadway	£20	£20	£20	£0	£0	£0	£0	£0
Yacht Station Improvements - welfare facilities	£12	£12	£12	£0	£0	£0	£0	£0
Footway Lighting	£100	£103	£103	£0	£0	£0	£0	£0
Esplande Resurfacing	£336	£331	£0	£331	£331	£0	£0	£0
Pops Meadow, Fiskes opening Gorleston CPO	£0	£5	£5	£0	£0	£0	£0	£0
Beach Huts	£140	£270	£125	£145	£145	£0	£0	£0
Cycle Shed	£0	£42	£42	£0	£0	£0	£0	£0
Gorleston Paddling Pool /Splash Pad	£0	£400	£400	£0	£0	£0	£0	£0
Beacon Park LATC - Phase 1/ Equinox	£4,335	£7,335	£2,700	£4,635	£4,635	£0	£0	£0
Beacon Park Projects	£1,500	£1,500	£500	£1,000	£1,000	£0	£0	£0
Market Place Redevelopment	£0	£1,200	£0	£1,200	£1,200	£0	£0	£0
Energy Park - South Denes	£2,274	£2,320	£600	£1,720	£84	£1,636	£0	£0
Total: Property & Asset Management	**£8,896**	**£13,722**	**£4,691**	**£9,186**	**£7,550**	**£1,636**	**£0**	**£0**
Overall Total	**£19,159**	**£25,251**	**£8,869**	**£17,518**	**£14,220**	**£2,873**	**£400**	**£25**

*** 2019/20 Budget includes capital projects approved as part of prior year budget setting and roll forward from 18/19 capital programme.**
^ 2019/20 Disabled Facilities Grant Capital Budget is an estimate based on prior year actuals as the allocation is not announced at this time.

Capital Bids 2019-20

Bids - seeking approval

Project Title	Total Project Cost £	Costs 19/20	20/21	21/22	22/23	23/24	External Funding	Revenue pa (inc MRP)	Notes	Align with other Council Strategy
King St car park sub-station	£19,000	£19,000.00	£0.00	£0.00	£0.00	£0.00	£0 0%	Exp £1,500 Inc (£2,000) Net (£ 500)	Project would reconstruct and then surface the area where the substation used to stand following the planned decommision and demolishing by UK Power of the substation. At the same time resurface the last section of the car park adjacent to this area & enable 6 additional car park spaces to be designated. This also results in all of the car park then being totally resurfaced. Revenue reflects expenditure from cost of borrowing (including MRP) & income from carpark charge (based on estimates of occupancy rates etc for 6 places). Figures given are based on first year expectations.	MTFS
St Nicholas car park north boundary wall	£25,000	£25,000.00	£0.00	£0.00	£0.00	£0.00	£0 0%	£1,125 (MRP & interest costs only)	Remedial works are required urgently to the lower section of the wall estimated to cost £25k. Further work is required to confirm the best option for the works required.	Asset Mgt Strategy
ICT Strategy Capital	£1,029,000.00	£365,000.00	£385,000.00	£279,000.00	£0.00	£0.00	£0 0%	£37,000 for 19/20 spend only	218/19 Budget setting approved a ICT capital programme of £240,500 for 19/20 so the proposal here has increased this by £124,500 and includes budgets for the following 2 years also but these will be updated as ICT requirements are reassessed as part of the work on the digital strategy which will be reported to Members during the year.	Digitial Strategy
Rebuilding sections of Gt Yarmouth Cemetery Wall - East Road	£25,000.00	£25,000.00	£0.00	£0.00	£0.00	£0.00	£0 0%	£1,125 (MRP & interest costs only)	Rebuild of a section of the flint cemetery wall that part collapsed and had to be reduced in height to make safe which Building Control proved approval for.	Asset Mgt Strategy
Great Yarmouth Flood Defence Scheme Epoch 2	£50,000.00	£50,000.00	£0.00	£0.00	£0.00	£0.00	£0 0%	£3,300 (MRP & interest costs only)	Capital contribution towards the Great Yarmouth Flood Defence £39 million Epoch 2 scheme as part of our partnership with the Environment Agency.	N/A
Footway Lighting	£500,000.00	£100,000.00	£100,000.00	£100,000.00	£100,000.00	£100,000.00	£0 0%	£7,000	To continue the upgrade of Footway Lighting to meet current health and safety and legal obligations, and to reduce utility and maintenance costs. The structural integrity of the lighting stock has seen significant improvement. However, there are still columns that require replacement both for structural and electrical safety certification in line with both current legal requirements and recommendations laid down by the Institute of Lighting Engineers. This part of an ongoing programme of work started in 2008.	Asset Mgt Strategy
	£1,648,000.00	**£584,000.00**	**£485,000.00**	**£379,000.00**	**£100,000.00**	**£100,000.00**				

Capital Strategy 2019/20

Introduction

This capital strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council adheres to the Code of Practice on Local Authority Accounting in the United Kingdom when considering the capitalisation of expenditure. In line with this the Council has set a de minimis of £10,000 below which asset not capitalised and are charged to revenue in year. Further details of the capital accounting policies of the Council are provided as part of the Statement of Accounts which are available at https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending.

In 2019/20, the Council is planning capital expenditure of £33.2m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2017/18 actual £m	**2018/19 forecast £m**	**2019/20 budget £m**	**2020/21 budget £m**	**2021/22 budget £m**
General Fund services	£10.6	£ 6.2	£12.9	£ 6.6	£ 6.6
Housing Revenue Account service	£ 8.6	£11.5	£11.0	£10.1	£10.4
Capital investments	£ 2.0	£ 2.7	£ 4.6	£ 0.0	£ 0.0
TOTAL	**£21.2**	**£20.4**	**£28.5**	**£16.7**	**£17.0**

The main General Fund capital projects for 2019/20 include the following that have all been approved prior to the 2019/20 budget:

- Marina Centre Development £5.6m
- Market Place Redevelopment £1.2m
- South Denes Energy park £1.7m
- Beacon park Projects £1.0m

The Council also plans to incur £4.6m of capital expenditure on investments in the Council's subsidiary company, Equinox Enterprises Ltd in 2019/20, which are detailed later in this report.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately, and includes the building and acquisition of new homes over the forecast period to replace sales under Right to Buy in line with government guidance. Programmed capital expenditure is also driven to maintaining and improve the overall stock currently held by the HRA, this is prepared over the medium term and reviewed and updated annually.

Governance: Service managers bid annually in October to include projects in the Council's capital programme. Bids are collated by finance who calculate the financing cost (which can be nil if the project is fully externally financed). The Council's Executive Leadership Team appraises all bids based on a comparison of service priorities against financing costs and identifies projects to be part of the annual budget setting and those that will be considered separately via a subsequent business case. The final capital programme is then presented to the Policy and Resource Committee in January and to Council in February each year.

- For full details of the Council's capital programme see the annual Budget report, which includes the capital bids presented, at: https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending

It should be noted that other capital projects may be brought forward during the financial year as business cases which are initially appraised by Executive Leadership Team before being passed for approval to the Policy and Resource Committee, Those capital projects costing over £100,000 would then go onto to Council for final approval. The business cases put forward to Executive Leadership Team have been considered for affordability by Finance and, if relating an IT project, the IT Investment Group.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital Financing

	2017/18 actual £m	**2018/19 forecast £m**	**2019/20 budget £m**	**2020/21 budget £m**	**2021/22 budget £m**
General Fund:					
External sources	£ 5.5	£3.0	£ 2.9	£1.0	£1.0
Own resources	£ 2.1	£0.1	£ 0.4	£0.0	£0.0
Debt	£ 5.0	£5.8	£14.2	£5.6	£5.6
Total	£12.6	£8.9	£17.5	£6.6	£6.6
Housing Revenue Account:					
External sources	£ 0.1	£ 0.0	£ 0.1	£ 0.1	£ 0.1
Own resources	£ 6.8	£ 8.6	£ 8.8	£ 8.0	£ 8.1
Debt	£ 1.7	£ 2.9	£ 2.1	£ 2.1	£ 2.2
Total	£ 8.6	£11.5	£11.0	£10.2	£10.4
TOTAL	**£21.2**	**£20.4**	**£28.5**	**£16.7**	**£17.0**

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as the minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 3: Replacement of debt finance

	2017/18 actual	**2018/19 forecast**	**2019/20 budget**	**2020/21 budget**	**2021/22 budget**

	£m	£m	£m	£m	£m
Own resources	£1.3	£1.2	£1.3	£1.4	£1.6

- The Council's full minimum revenue provision statement is available here: [link]

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with the MRP and capital receipts used to replace debt. The CFR is expected to increase by £5.1m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirements

	31.3.2018 actual £m	**31.3.2019 forecast £m**	**31.3.2020 budget £m**	**31.3.2021 budget £m**	**31.3.2022 budget £m**
General Fund services	£ 48.2	£ 52.1	£ 60.3	£ 64.5	£ 68.5
Council housing (HRA)	£ 80.7	£ 83.6	£ 85.8	£ 87.9	£ 90.1
Capital investments	£ 2.0	£ 4.7	£ 9.3	£ 9.3	£ 9.3
TOTAL CFR	**£130.9**	**£140.4**	**£155.4**	**£161.7**	**£167.9**

Asset management: To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place. The primary aim of the asset management strategy is to support the corporate priorities, achieve service requirements and comply with statutory duties by setting out the vision to improve the management and utilisation of the Council's land and buildings. The strategy provides the basis for developing a more robust and integrated approach to asset management across the Council.

The asset management strategy promotes collaboration and visibility of resources as well as embedding a culture of scrutiny that will challenge the use, effectiveness and retention of the land and building assets of the council. The strategy outlines the vision and long term approach to improve the recognition, management and utilisation of land and buildings.

- The Council's asset management strategy can be read here: https://great-yarmouth.cmis.uk.com/great-yarmouth/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1034/Committee/133/Default.aspx

Asset Management Working group: The purpose of the group is to monitor and manage asset projects for the Council. The group meets on a monthly basis. The group undertakes to review assets in relation to opportunities, developments and disposal ensuring the assets of the Council are used to the best effect. Any recommendations from the group are then formulated into report or business cases for the Consideration by the Executive Leadership team and then by the appropriate Committee.

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £6.3m of capital receipts in the coming financial year as follows:

Table 5: Capital receipts

	2017/18 actual £m	2018/19 forecast £m	2019/20 budget	2020/21 budget	2021/22 budget
General Fund - Asset sales	£ 2.1	£0.0	£4.7	£ 0.0	£ 0.0
General fund - Loans repaid	£ 0.2	£ 0.1	£0.1	£ 0.1	£ 0.1
Housing Revenue Account – Asset Sales	£ 2.5	£1.2	£1.5	£1.5	£1.6
TOTAL	**£ 4.8**	**£1.3**	**£6.3**	**£1.6**	**£1.7**

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past in relation to capital and financing decisions (general fund and HRA), the Council currently has £125.9m borrowing at an average interest rate between 0.75% - 4.44%% and £28.3m treasury investments at an average rate of 0.6%.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

Projected levels of the Council's total outstanding debt (which comprises borrowing, leases and transfers from local government reorganisation are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31.3.2018 actual £m	31.3.2019 forecast £m	31.3.2020 budget £m	31.3.2021 budget £m	31.3.2022 budget £m
Debt (incl. leases)	£111.1	£118.7	£109.5	£86.9	£83.6
Capital Financing Requirement	£130.9	£140.4	£155.4	£161.7	£167.9

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £12m at each year-end. This benchmark is currently £113.2m and is forecast to fall to £73.6 m over the next three years.

Table 7: Borrowing and the Liability Benchmark

	31.3.2018	31.3.2019	31.3.2020	31.3.2021	31.3.2022

	actual £m	forecast £m	budget £m	budget £m	budget £m
Outstanding borrowing	£110.2	£117.9	£108.8	£86.2	£82.9
Liability benchmark	£110.8	£113.2	£ 99.5	£76.9	£73.6

The table shows that the Council expects to remain borrowed above its liability benchmark. This is because cash outflows to date have been just below the assumptions made when the loans were borrowed.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

These affordable borrowing limits and operational boundaries and further details on borrowing are included within treasury management strategy at: LINK.

Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments

	31.3.2018 actual £m	31.3.2019 forecast £m	31.3.2020 budget £m	31.3.2021 budget £m	31.3.2022 budget £m
Near-term investments	£12.7	£12.0	£12.0	£12.0	£12.0
Longer-term investments	£ 2.0	£ 4.7	£ 9.3	£ 9.3	£ 9.3
TOTAL	**£14.7**	**£16.7**	**£21.3**	**£21.3**	**£21.3**

- Further details on treasury investments are in the treasury management strategy at LINK:

The near-term investment balance incorporates the £10m investment balance that needs to be held to ensure the Council maintains its professional client status under the Markets in Financial Instruments Directive (MiFID II) requirements.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the S151 Officer and staff, who must act in line with the treasury management strategy approved by Council. The Section 151 Officer, assess our investment levels to ensure we retain our status as a professional client under MiFID II in order to provide security of capital, access to better investment returns and borrowing rates.

Bi-annual reports on treasury management activity are presented to Policy and Resource Committee. The Policy and Resource Committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

The Council makes investments by providing discretionary loans to local charities and home improvement loans.

Details of the Council's discretionary Home Improvement loans are given with the Private Sector Housing Adaptation and Improvement (2015) policy which is available at https://www.great-yarmouth.gov.uk/CHttpHandler.ashx?id=1490&p=0

Home Improvement loans made are equity loan agreements so the Council obtains a share of the equity of the borrower's home as collateral. This reduces the risk of the Council not recovering the loan amount from the borrower.

Discretionary loans to charities are decided by the Policy and Resources Committee if the spend is below £100,000 or Council if over this amount. These loans incur interest charges which are set at a rate to generate a small surplus for the Council after costs. These loans are equity loans to again to reduce the risk of a borrower defaulting on payment in line with the loan agreement.

Governance: Decisions on service investments are made by the reports from the relevant service in consultation with the S151 Officer and must be supported by a business case. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

Commercial Activities

Through its significant asset base, the Council has for a number of years invested in commercial property purely or mainly for financial gain and lends to its subsidiary Equinox Enterprise Ltd for the same reason. Total commercial property investments are currently valued at £44.4m which providing a net return after all costs of £1.9m (as reported in the 2017/18 Statement of Accounts Note 15).

With central government financial support for local public services declining, this is an area that is included in the Councils current business strategy as an opportunity to mitigate reductions in funding.

With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include:

- Vacancies;
- fall in capital value;
- lessee not complying with repairs and maintenance terms of lease agreement;
- changes in demand for property types (e.g offices, industrial)

These risks are managed by the Councils Property and Asset Management service and finance.

Governance: Decisions on commercial investments are made following consideration of robust business cases for approval in line with the current decision making governance arrangements. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on commercial investments and limits on their use are covered within the Investment Strategy:
- Further details on the risk management of commercial investments are in the non-treasury management investment practices available here: [link]

Liabilities

In addition to debt of £109.5m (budgeted for 2019/20) detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £63.8m as at 31st March 2018). It has also set aside £4.0m to cover risks of Non-domestic Rate appeals (as at 31st March 2018). The Council currently has no contingent liabilities.

Governance: Decisions on incurring new discretional liabilities are taken by Head of Service in consultation with the S151 Officer. The risk of liabilities crystallising and requiring payment is monitored by Finance and where significant would be reported as part of budget monitoring reports present quarterly to Policy and Resource Committee, if relating to General Fund, and Housing and Neighbourhoods Committee if in relation to the HRA. New liabilities exceeding £1m are reported to full council for approval/notification as appropriate.

- Further details on liabilities and guarantees are included within the 2017/18 statement of accounts at https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and minimum revenue provision (MRP) are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	2017/18 actual	**2018/19 forecast**	**2019/20 budget**	**2020/21 budget**	**2021/22 budget**
Financing costs (£m)	£1.8	£2.0	£2.2	£2.3	£2.6
Proportion of net revenue stream	13.5%	16.3%	18.5%	22.6%	25.3%

- Further details on the revenue implications of capital expenditure are included within the 2019/20 revenue budget at [link]

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The S151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable because current and new capital funding decisions have been made in the context of the associated revenue implications.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the S151 Officer is a qualified accountant with over 15 years' experience and the Capital Accountant is a qualified accountant with 10 years' experience. The Councils' Property and Asset Management team includes 3 Charter Surveyors (MRICS) who are also registered valuers each with over 10 years' experience. The Council pays for junior staff to study towards relevant professional qualifications including MRICS, ACCA and AAT.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and Elysian Associates as VAT and tax advisors. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Prudential Indicators and Annual Minimum Revenue Provision Statement 2019/20

Prudential Indicators 2019/20

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Authority's planned capital expenditure and financing may be summarised as follows. Further detail is provided in the capital programme report Appendix H.

Capital Expenditure and Financing	**2018/19 Revised £'000**	**2019/20 Estimate £'000**	**2020/21 Estimate £'000**
Neighbourhood Management	£ 56	£ 155	£ 0
Customer Services	£ 143	£ 76	£ 0
Inward Investment	£ 2,523	£ 5,978	£ 0
Housing	£ 1,166	£ 2,119	£ 1,000
IT, Communications & Marketing	£ 291	£ 3	£ 385
Property & Asset Management	£ 4,691	£ 9,186	£ 100
General Fund Total	**£ 8,869**	**£17,517**	**£ 1,485**
Housing Revenue Account	£11,544	£11,000	£10,216
Total Expenditure	**£20,414**	**£28,517**	**£11,701**
Capital Receipts	£ 1,230	£ 1,495	£ 1,502
Capital Grants & Contributions	£ 3,241	£ 2,923	£ 1,100
Revenue	£ 7,449	£ 7,740	£ 6,493
Borrowing	£ 8,494	£16,359	£ 2,606
Total Financing	**£20,414**	**£28,517**	**£11,701**

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.19 Revised £m	31.03.20 Estimate £m	31.03.21 Estimate £m
General Fund	£ 56.8	£ 69.6	£ 73.8
HRA	£ 83.6	£ 85.8	£ 87.9
Total CFR	**£140.4**	**£155.4**	**£161.7**

The CFR is forecast to rise by £21m over the next two years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31.03.19 Revised £m	31.03.20 Estimate £m	31.03.21 Estimate £m
Net Borrowing	£117.9	£108.8	£86.2
Net Finance leases	£ 0.4	£ 0.3	£ 0.3
Net Transferred debt	£ 0.5	£ 0.4	£ 0.4
Total Debt	**£118.7**	**£109.5**	**£86.9**

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt: The operational boundary is based on the Authority's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease and other liabilities that are not borrowing but form part of the Authority's debt.

Operational Boundary	2018/19 Revised £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Borrowing	£139	£149	£155	£162
Other long-term liabilities	£ 2	£ 2	£ 2	£ 2
Total Debt	**£141**	**£151**	**£157**	**£164**

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	**2018/19 Revised £m**	**2019/20 Estimate £m**	**2020/21 Estimate £m**	**2021/22 Estimate £m**
Borrowing	£144	£154	£160	£167
Other long-term liabilities	£ 2	£ 2	£ 2	£ 2
Total Debt	**£146**	**£156**	**£162**	**£169**

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	**2018/19 Revised %**	**2019/20 Estimate %**	**2020/21 Estimate %**
General Fund	5.2%	3.9%	6.2%
HRA	10.9%	11.2 %	10.9%

Adoption of the CIPFA Treasury Management Code: The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* and it fully complies with the Codes recommendations.

Annual Minimum Revenue Provision Statement 2019/20

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2012.

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

The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP.

The following outlines the Council's MRP policy, as approved by the Policy & Resources Committee 28th November 2017, for the General Fund since 2017/18:

Post-2008 Expenditure - For capital expenditure financed by borrowing after 31st March 2008, the annuity MRP method is applied. This provides a lower annual charge in the earlier years which gradually increases. The approach is both prudent and a recommended method as per the CLG guidance. This method allows for a reduction in the interest costs chargeable (as the CFR is repaid) over time and is offset by a rise in the MRP over the same period, thereby resulting in a consistent revenue charge of the cost of capital.

Pre 2008 Expenditure – MRP on all General Fund capital expenditure incurred before 1st April 2008 is equal to 4% of the opening CFR less a fixed sum known as "Adjustment A". This methodology is consistent with previous years.

For assets acquired by finance leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead.

No MRP will be charged in respect of assets held within the Housing Revenue Account.

Capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2019, the budget for MRP has been set as follows:

	31.03.2019 Estimated CFR £m	**2018/19 Estimated MRP £m**
Capital expenditure before 01.04.2008	£ 14.1	£0.5
Capital expenditure after 31.03.2008	£ 38.0	£0.7
Capital Investments	£ 4.7	N/A
Total General Fund	**£ 52.1**	**£1.2**
Housing Revenue Account	£ 83.6	N/A
Total	**£135.7**	**£1.2**

Subject: Draft Hall Quay Planning Brief – Public Consultation

Report to: Policy & Resources Committee 5 February 2019

Report by: Adam Nicholls, Head of Planning & Growth

SUBJECT MATTER

Public consultation on the Draft Hall Quay Planning Brief

RECOMMENDATIONS

That the Policy & Resources Committee:

1) **endorses the attached Draft Hall Quay Planning Brief for consultation (together with supporting documentation);**
2) **delegates authority to the Director of Development to make minor amendments i.e. formatting, completion of appendices to the Draft Hall Quay Planning Brief prior to consultation;**
3) **endorses the consultation approach as set out in this report.**

1 EXECUTIVE SUMMARY

1.1 The draft Hall Quay Planning Brief provides further detailed policy and guidance to unlock the future potential of Hall Quay as a new restaurant/café based area within Great Yarmouth Town Centre, as promoted by the Council's adopted Great Yarmouth Town Centre Masterplan (2017), as well as promoting new public realm improvements, guiding new development opportunities and providing measures to help raise the environmental and historic quality of the area.

1.2 The Planning Brief has been prepared to provide supplementary planning policy to the Great Yarmouth Local Plan Core Strategy, part of the adopted Development Plan for the borough of Great Yarmouth. When completed, the policies and guidance within the document will be a material consideration when determining planning applications made within the Hall Quay Planning Brief Area, providing greater clarity and strategic direction to landowners, developers, residents and visitors of what the Council expects of future development for Hall Quay.

1.3 Members of the Great Yarmouth Town Centre Masterplan Working Group and Economic Development Committee received a presentation and verbal update, respectively, on the draft planning brief on 7 January 2019. Feedback received from members has subsequently been incorporated into the final draft Planning Brief, as attached to this report and will be presented to Policy & Resources Committee on 5 February 2019 to endorse the document for public consultation, as set out in this report.

2 THE DRAFT PLANNING BRIEF DOCUMENT

2.1 The preparation of a Hall Quay Planning Brief forms one of the main outputs of 'Project E - Unlocking the potential of Hall Quay', one of six key implementation projects of the Council's adopted Great Yarmouth Town Centre Regeneration Framework & Masterplan (May 2017), the general aims being:

- Developing a general land use and planning concept for Hall Quay; and,
- Re-landscaping of Hall Quay.

This draft planning brief helps to guide future investment and development opportunities for Hall Quay and will provide guidance to implement major public realm improvements to both the highway and landscaping of Hall Quay.

2.2 As Members will be aware, in recent years Hall Quay has undergone a significant period of change. Noticeably, many of the former banks fronting the quay having consolidated/relocated to the Market Place, leaving many large, vacant premises in what was traditionally regarded as the town's civic and banking quarter, and as a consequence, there is a need to reinvigorate the area.

2.3 The Council already has a development plan policy in place within its adopted Local Plan Core Strategy (Policy CS7) which seeks to improve the vitality and viability of its retail centres by *inter alia*: encouraging a diversity of uses; promoting the short and long-term use of vacant buildings; and improving the early evening economy. However, this policy is strategic and applicable to all retail centres in the borough.

2.4 This Planning Brief has been prepared to provide further detailed policy guidance to more closely define the type, size and form of development that is both specific and potentially acceptable within the Hall Quay area. In doing so, this Planning Brief has undertaken an in-depth analysis of Hall Quay, appraising the existing use of individual buildings as well as the characteristics of the area i.e. heritage, highways, access, landscape as well as relevant land use policies applicable to Hall Quay.

2.5 The Planning Brief has also taken into consideration current or emerging projects and initiatives which may influence or shape the future development of the area, such as the Third River Crossing (which should significantly reduce traffic congestion in Hall Quay, creating a more conducive environment for restaurant/café type based uses), as well as those initiatives or emerging schemes which require a direct steer from the Hall Quay proposals, such as the draft highway reconfiguration and re-landscaping proposals for Hall Quay that are currently being prepared by Norfolk County Council (Highways).

2.6 As a result, the draft Planning Brief provides a number of planning considerations which could be used to help guide future proposals in Hall Quay, to help establish new food, beverage, and potentially hotelier uses in the area; major highway infrastructure improvements to Hall Quay; potential new development opportunities fronting Howard Street South; as well as providing measures to help raise the environmental and historic quality of the area.

3 OUTLINE CONSULTATION PROGRAMME

3.1 Consultation on the draft Planning Brief needs to be carried out in accordance with legislation and be consistent with the Council's adopted 'Statement of Community Involvement'. The latter sets out how the Council will involve the public in its planning work.

3.2 Consultation is anticipated to begin on Monday 18 February 2019, and continue for a period of four weeks, closing at 23:59 Sunday 17 March 2019. Public notices will be issued via the press and the Council's website.

3.3 In consultation with the Council's Communications Officer, it is proposed that residents and businesses situated within the planning brief area will be directly notified on Tuesday 29 January of the Council's intention to consult on the draft planning brief. This coincides with the public release date of the Policy & Resources Committee paper and follows a similar approach that was undertaken when managing the draft Marina Centre proposals.

3.4 For the public consultation (commencing Monday 18 February 2019) direct notification will be sent (by email or letter) to local businesses, developers and property agents/estate agents in Great Yarmouth. A general letter drop will also be posted to local residents and business units within the Hall Quay Planning Brief area, as well as those businesses operating within the periphery i.e. North Quay, South Quay, Hall Plain, together with all other relevant statutory consultees (i.e. Historic England, Environment Agency, NCC Highways etc).

3.5 The draft Planning Brief (and accompanying supporting material) will be available during (and following) the consultation period:

- on the Council's website;
- in the Town Hall reception;
- at the public libraries in the Borough.

Electronic copies of the documents will be provided to each Borough Councillor. A poster display about the draft Planning Brief will be erected in the Town Hall reception for the duration of the consultation and members of the Strategic Planning Team will be available to answer any questions.

3.6 People will be strongly encouraged to submit their comments via the Council's consultation portal, but they may also do so by letter or email. All submitted comments, whether made online or otherwise, are made available for the public to view (with addresses/personal data redacted) via the consultation portal.

3.7 Following consultation, a report summarising the representations received, and recommendations of what changes should be made to the Hall Quay Planning Brief in light of those representations, will be presented to the Great Yarmouth Town Centre Members Working Group on 8 April 2019. Adoption of the Hall Quay Planning Brief as a

Supplementary Planning Document 'SPD', will follow, via Policy & Resources Committee in spring/summer 2019.

4 FINANCIAL IMPLICATIONS

4.1 The preparation of the Hall Quay Planning Brief has been funded through the Great Yarmouth Town Centre Initiative, with 50% match funding successfully secured via the Norfolk Business Rate Pool. In securing Norfolk Business Rate Pool funding, the Council is required to complete the (draft) Hall Quay Planning Brief by spring 2019.

4.2 The Great Yarmouth Transport and Infrastructure Steering Group (via New Anglia LEP Local Growth Fund) has allocated funding for the design and delivery of the planned Hall Quay junction improvements, subject to the outcome of public consultation.

5 RISK IMPLICATIONS

5.1 There is the potential that some of the intentions in the Planning Brief could restrict some forms of development coming forward. However, this is considered to be outweighed by the benefits of a more comprehensive approach to regenerating this key area of Great Yarmouth.

6 CONCLUSIONS

6.1 The draft Planning Brief provides a number of planning consideration which will be used to help guide future proposals in Hall Quay, to help establish new food, beverage and potentially hotelier uses in the area; major highway infrastructure improvements to Hall Quay; potential new development opportunities fronting Howard Street South; as well as providing measures to help raise the environmental and historic quality of the area.

6.2 The attached version of the draft Planning Brief is still subject to minor amendments i.e. formatting and completion of appendices which are not substantive to the content of the document. These will be completed prior to public consultation.

6.3 Public consultation on the draft Planning Brief is scheduled to commence on Monday 18 February 2019 for a period of 4 weeks, as outlined above.

6.4 Following consultation, a report summarising the representations received, and recommendation of what changes should be made to the Hall Quay Planning Brief in light of those representations, will be presented to the Great Yarmouth Town Centre Members Working Group on 8 April 2019. Adoption of the Hall Quay Planning Brief as a Supplementary Planning Document 'SPD' will follow, via Policy & Resources Committee in spring/summer 2019.

7 RECOMMENDATIONS

That the Policy & Resources Committee:

1. **endorses the attached Draft Hall Quay Planning Brief for consultation (together with supporting documentation);**
2. **delegates authority to the Director of Development to make minor amendments i.e. formatting, completion of appendices to the Draft Hall Quay Planning Brief prior to consultation;**
3. **endorses the consultation approach as set out in this report.**

8 ATTACHMENT

Draft Hall Quay Planning Brief

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

Area for consideration	Comment
Monitoring Officer Consultation:	N/A
Section 151 Officer Consultation:	N/A
Existing Council Policies:	Corporate Plan; Local Plan Core Strategy; Great Yarmouth Town Centre Masterplan
Financial Implications:	Budgeted through the Great Yarmouth Town Centre Initiative. 50% match funded by Norfolk Business Rates Pool.
Legal Implications (including human rights):	Accords with relevant planning legislation.
Risk Implications:	As detailed under Section 5.
Equality Issues/EQIA assessment:	None.
Crime & Disorder:	None.
Every Child Matters:	None.

DRAFT HALL QUAY PLANNING BRIEF

18th February – 17th March 2019
(Draft for Public Consultation – Regulation 13)

Contents

Executive Summary:

The Hall Quay Planning Brief has been prepared to provide supplementary planning policy to the Great Yarmouth Local Plan Core Strategy, part of the adopted Development Plan for the borough of Great Yarmouth. This document will be a material consideration when determining planning applications made within the Hall Quay Planning Brief Area.

The Planning Brief provides further detailed policy and guidance, capitalising on major new highway-led investment such as the Third River Crossing, to unlock the potential of Hall Quay as a new restaurant/café based area for Great Yarmouth town centre, as promoted by the Council's adopted Great Yarmouth Town Centre Masterplan (2017).

1.0 Introduction

1.1 Objectives

The Council is supporting and speeding up the transformation of the Hall Quay area of Great Yarmouth to:

- Grasp the opportunity to add to the town centre's food and beverage offer;
- Grow a cluster of uses which supports the town's early evening/night time economy;
- Encourage the development of new, high quality residential and tourist accommodation;
- Make the most of some fine, adaptable historic buildings (some listed)
- Reorganise the traffic layout, taking advantage of the planned reduction in throughflow traffic to create a space that appeals to pedestrians; and,
- Enhance the public realm and townscape of the area.

1.2 Purpose of the Planning Brief

This Planning Brief is intended to encourage and focus future investment and development in Hall Quay. It identifies development opportunities, provides guidance, sets out key planning considerations and development parameters to provide confidence for investors and others about the direction of change in the vicinity.

Landowners, developers, residents and visitors can use this Brief to understand the ambitions for Hall Quay, the development opportunities that exist, and the support and assistance the Council will provide to those seeking planning permission for changes of use and conversion of existing buildings.

This Brief supplements Local Plan policies, the most relevant of which are included in the remainder of this document.

1.3 Engagement and Consultation

Public consultation is an important part in both shaping the future vision for Hall Quay as well as building a consensus for change.

The Council has prepared this draft Planning Brief in consultation with individual landowners and Norfolk County Council in relation to the development of potential specific sites and a preferred movement and public realm strategy for Hall Quay. This Planning Brief also builds on consultation feedback received as part of the Council's Great Yarmouth Town Centre Masterplan (2017).

The Council is now seeking comments on this draft Planning Brief for four weeks from Monday 18 February 2019 from anyone who is interested in the future vision and development in Hall Quay. **Comments must be received by 23:59 On Sunday 17 March 2019.**

1.4 Next Steps

When completed, this planning brief will be adopted as a Supplementary Planning Document "SPD", providing detail and guidance to policy already laid down in the Council's adopted Local Plan Part 1 (Core Strategy) and emerging Local Plan Part 2 (Detailed Policies and Site Allocations).

2.0 Site Context and Surrounding Area

2.1 Site Description and Location

Hall Quay is situated on the east side of the River Yare, is centrally located in the town, it is approximately 300m from Great Yarmouth's Market Place and is within a 5 minute walk of Great Yarmouth rail station (to the north west) and Great Yarmouth bus station (due east), with the seafront beyond about 15 minutes' walk away (a site location plan and wider context plan are included in Appendix A & B).

Hall Quay serves as a key gateway into the town, and other than the A47 Breydon Bridge crossing further north and along the river, is the gateway to Great Yarmouth town centre from Southtown, Gorleston, Bradwell and places further south and west.

The Hall Quay planning area is bound by the following: Stonecutters Way on its northern boundary (though this boundary varies to include the perimeter block which includes the Red Leaf Restaurant (4-5 Hall Quay); Howard Street North on its east side; Regent Street and Hall Plain on its south side and the River Yare on its western side.

The area can be broadly described in two parts. The first is the traditional terrace of commercial buildings such as the Star Hotel and former banks as well as the Town Hall for Great Yarmouth Borough Council. The second broad part is Hall Quay itself, characterised by the expanse of road surfaces, traffic infrastructure (lights, guard rails etc) and the Stonecutters Quay car park.

Hall Quay benefits from an attractive river side setting. The most striking feature of the character of Hall Quay are the many historic (listed) buildings that line the east side of the quay itself.

The existing highway network has a significant impact on the character of Hall Quay. While the current arrangements generally work well for the distribution of vehicular traffic, the quay itself is much less "friendly" to pedestrians, cyclists and those with disabilities. The level of highway engineering is partly due to the fact that there are currently only two bridge crossings into the town from the west, hence Haven Bridge, Hall Quay, North Quay and South Quay have to handle a considerable amount of vehicular traffic entering and leaving the town centre.

2.2 Existing Land Uses and Buildings

Within the boundary area of the planning brief, over 20 individual building front Hall Quay on its north, east and south sides, as well as Regent Street, Howard Street South and Stonecutters Way.

The area incorporates a number of commercial premises, traditionally regarded as the town's civic quarter as it is home to the Council's main offices (Town Hall) and formerly a variety of national banks, though today many have closed and remain vacant.

Table 1 and Figure 2 indicates the following uses located in Hall Quay at the time of preparing this brief, including any recent planning changes relevant to the buildings (further analysis of individual properties are provided in Appendix D).

Map Reference	Address	Current Use	Notes
A	No.3 Hall Quay	Estate Agents	
B	No.4-5 Hall Quay	Restaurant	Improvements to frontage funded by shopfront improvement grant
C	No.6 Hall Quay	Vacant	Former Estate Agency
D	No.7 Hall Quay	Estate Agents	
E	Slipper Baths, Stonecutters Way	Residential	
F	10-12 Stonecutters Way	Residential	
G	No.11 Hall Quay	Vacant	Former offices
H	No.12 Hall Quay	Office	
I	No.13 Hall Quay 'Dukes Head'	Pub/Restaurant	
J	No.14 Hall Quay	Vacant	Former Bank
K	No.15 Hall Quay	Vacant	Former Bank. Planning application (CoU mixed use ground floor and residential above) Not yet determined.
L	No.16 Hall Quay	Office	
M	No.17 Hall Quay	Estate Agents	
N	No.18 Hall Quay	Estate Agents	
O	No. 19-20 Hall Quay	Vacant	Former Bank. Planning approval (CoU ground floor to A1, A3 and A5, residential above).
P	No. 21-22 Hall Quay	Office	Planning approval (residential use on upper floors)
Q	No.23 Hall Quay	Vacant	Former Bank. Planning approval (CoU ground floor to A3 & A5, residential above)
R	No.24 Hall Quay 'Star Hotel'	Hotel	Re-opened 2017. Recently refurbished.
S	No.25A Hall Quay	Offices	
T	No.25 Hall Quay	Residential	
U	No.26 Hall Quay	Residential	
V	Town Hall, Hall Quay	Offices/Assembly	Multi-use facility i.e. in addition to GYBC's main office is also a wedding venue, conference uses.
W	No.76-77 Howard St South	Offices	
X	Brahams Court, Howard St South	Residential	
Y	No.72 Howard St South	Pub/Restaurant	
Z	No.69 Howard St South	Pub	

Table 1: Existing uses in Hall Quay (correct at December 2018)

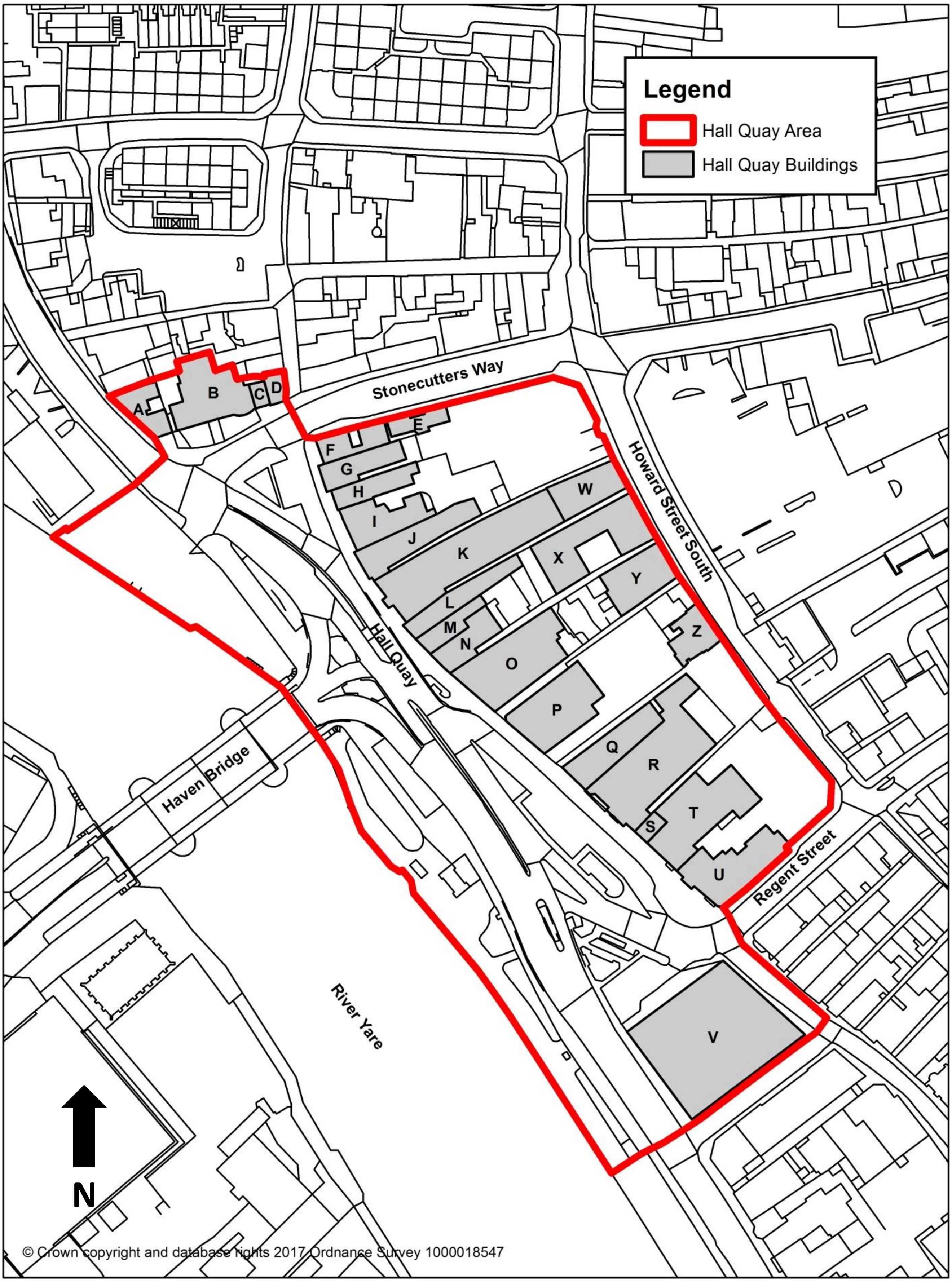


Figure 2: Existing uses at Hall Quay planning brief area

The rear of the main built frontage facing Hall Quay is the frontage to Howard Street South which is relatively free of building forms (with exceptions which include some fine historic buildings). Howard Street has traditionally supported servicing and car parking for those that front directly on to Hall Quay. This also applies to the frontage along Stonecutters Way where a surface car park occupies the junction with Howard Street South.

2.3 Scale & Massing

Hall Quay provides a lively and interesting variety of building scales and styles. Far from being plain or conforming to a single form or type, the buildings surrounding Hall Quay are varied in building height, style, width, façade treatment, fenestration and material.

The predominant building height is three commercial storeys with a wide variety of architectural expressions within building façades i.e. clear ground floor shopfronts and fascias, narrow frontages, larger floorplates and dormer windows within roof spaces.

Certain buildings have a strong heritage character and are statutorily listed (see Figure 3), whereas others are relatively plain or modern in style (and not listed). This interesting assemblage of buildings, taken together, provides an excellent backdrop to support new uses and activities in this quarter of the town centre.

2.4 Heritage & Conservation

Hall Quay, along with South Quay, has very important historical significance in the context of the town and contains some of the finest buildings. The quayside is reminiscent of an important period of maritime activity in the history of Great Yarmouth. Another historical feature of Hall Quay are the various rows that run in an east-west pattern towards the market and which are found between buildings facing the quay and are over-sailed by many of the more historic buildings fronting Hall Quay.

The Planning Brief area is entirely situated within a conservation area (No.3 Hall Quay/South Quay) and contains nine listed building which provide a high quality, historic character to the area and helps frame views and provide important landmarks (illustrated in Figure 3):

Map Reference	Building Address	Listed Status (and Norfolk Heritage Record ref)
B	4-5 Hall Quay 'former Conservative Club'	Grade II (NHER 12026)
C	6 Hall Quay	Grade II (NHER 34423)
I	13 Hall Quay 'Dukes Head'	Grade II (NHER 12027)
K	15 Hall Quay	Grade II (NHER 34424)
L	16 Hall Quay	Grade II (NHER 34425)
O	19 Hall Quay	Grade II (NHER 25981)
Q	23 Hall Quay	Grade II (NHER 34426)
R	24 Hall Quay	Grade II (NHER 34427)
V	Town Hall	Grade II* (NHER 28932)

Table 2: Listed buildings in Hall Quay

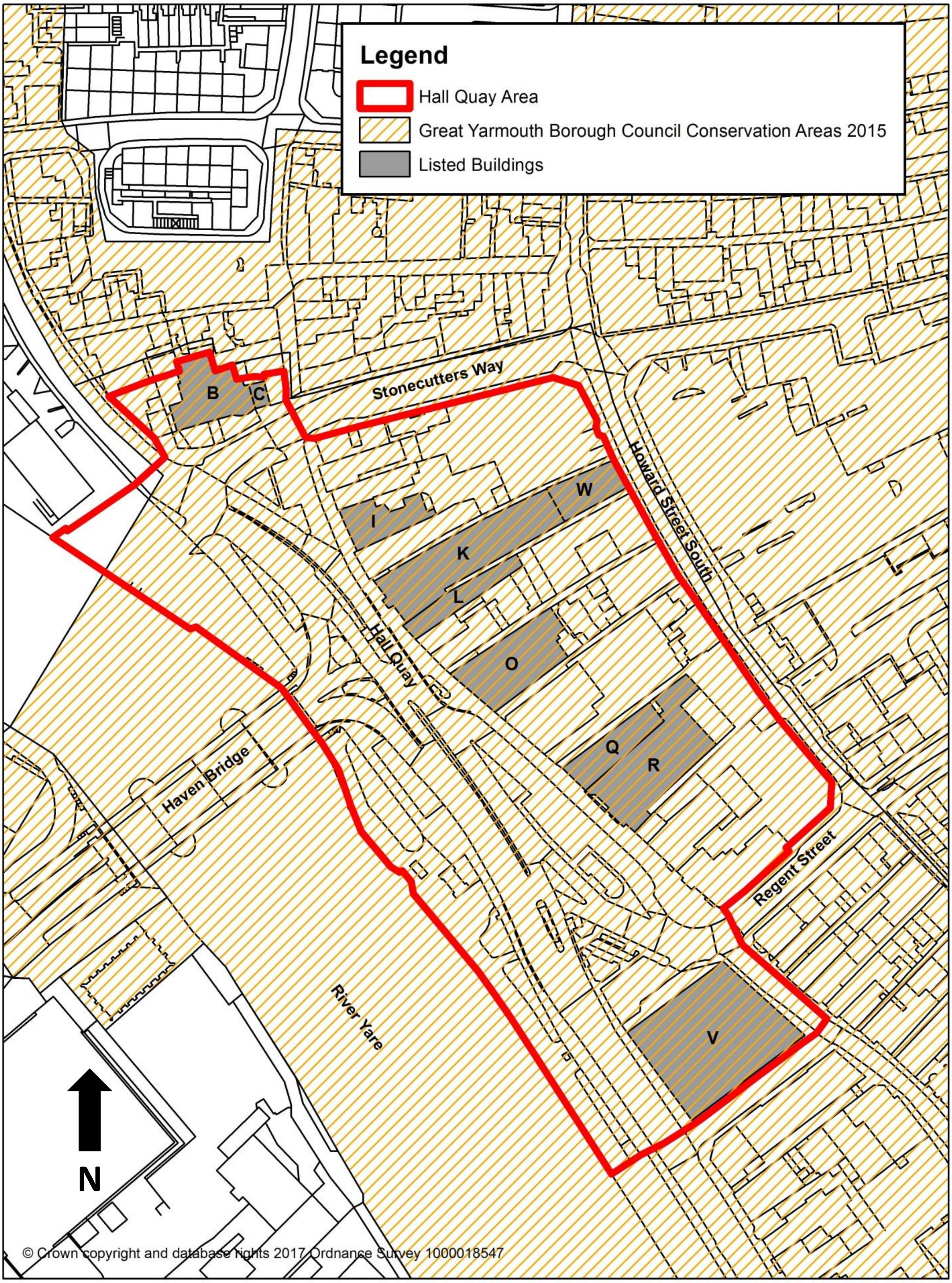


Figure 3: Hall Quay heritage constraints map

Hall Quay is dominated at its southerly end by the impressive Victorian Town Hall, a Grade II* listed building built in red sandstone which is an important and grand 19th century town hall building. Its "bookend" on the northwest end of the quay is Havenbridge House, an imposing 20th century seven storey-office block which detracts from the historic setting and conservation area generally by virtue of its height, scale and form. Recent re-cladding has seen a marked improvement to its appearance.

The first road bridge over the river was constructed in 1829 and established the permanent river crossing that defines the western side of Hall Quay.

There is no single, predominant building material within Hall Quay; however the use of clay pantiles and slate on roofs as well as red brick, flint and some stone, stucco and terra cotta can all be seen. Howard Street South, which forms the easterly edge of the planning brief boundary, does not present a uniform frontage; however, there are still a few fine buildings along this street (see Fig 4 & 5).

Sea-faring vessels were historically moored on the east bank on the River Yare and this still occurs. During the 19th century a railway line was built which passed through Hall Quay between Vauxhall Station and South Denes. This line was mainly used for port related traffic (particularly fish) and the section through Hall Quay closed in 1959.

Figure 4 & 5 (right) Uniform historic frontage along Hall Quay (left), compared to more piecemeal and 20th century frontage developments along Howard Street South (right)

2.5 Highways, Access, movement & parking

Hall Quay is dominated by an existing network of road, land and engineering features. At its widest in front of No.25 Hall Quay, there is 45 lineal metres of road space across the quay dedicated to motor vehicles. There are dozens of highway pieces of furniture i.e. pedestrian refuges, guard rails, raised central verges, traffic signals, posts and signage that further reinforce the dominance and prioritisation of motor based traffic. Access in and out of Hall Quay comprises the following "legs":

- At its northern end is North Quay which provides north and southbound access to and from Hall Quay. North Quay facilitates access to The Conge, the rail station, the A47 and beyond.
- At the north-easterly corner of the quay is Stonecutters Way, which provides two-way access to/from the market and to Howard Street South.
- At the south-east corner is Regent Street which provides for a two way access/into and out of Hall Quay (although most of the part of Regent Street is restricted to buses and taxis only).

- At the southernmost part, the road becomes South Quay. This leg takes a major portion of the traffic using Hall Quay.
- The easternmost point leads over Haven Bridge. This too is a very busy junction with much traffic connecting to Southtown and the Harfreys A47 roundabout.

There is a short cycle lane which merges into Hall Quay from Stonecutters Way in a south bound direction along the frontages of No.s 10-13 Hall Quay. The majority of cycling at present is on-road cycling.

Most pedestrian movement is accommodated outside of the terrace of buildings along the east side of Hall Quay and along the edge of the River Yare to the south of Haven Bridge. Crossing of existing road lanes and islands can be more challenging. This is due to the need to navigate multiple separate crossings over lanes of vehicular traffic. Those with disabilities face significant challenges, albeit dropped curbs and blister paving are provided as part of the highway crossings (see Fig 6 & 7).

Figure 6 & 7 (right): Heavily engineered highway features i.e. signal, pedestrian railing, multiple crossings.

A dozen car parking spaces exist immediately outside of the Star Hotel and no.s 21-22 Hall Quay. The spaces are accessed via a layby which is frequently used as a cut-through. The bulk of car parking serving Hall Quay exists to the rear of the buildings. At the northwest end of Hall Quay is Stonecutters Quay Car Park which provides space for approximately 41 vehicles, including 2 for those with disabilities.

2.6 Public realm & landscape

The public realm of Hall Quay is comprised principally of highway features and provides a less than complementary setting for the fine historic buildings found within the space. Stonecutters Quay Car Park equally provides a relatively sterile environment and is disconnected from the rest of the quay by turning lanes on and off the Haven Bridge. The areas outside the Town Hall, along the east row of commercial buildings and along the river south of the bridge provide a better, more pedestrian-friendly environment. There is little in the way of established soft landscape (trees or hedges) within the quay other than groupings of trees along the river front south of the bridge, and outside the Star Hotel and the Town Hall.

Q.1a) Do you agree with the identified characteristics in the draft planning brief?

Q.1b) Are there other characteristics that should be considered?

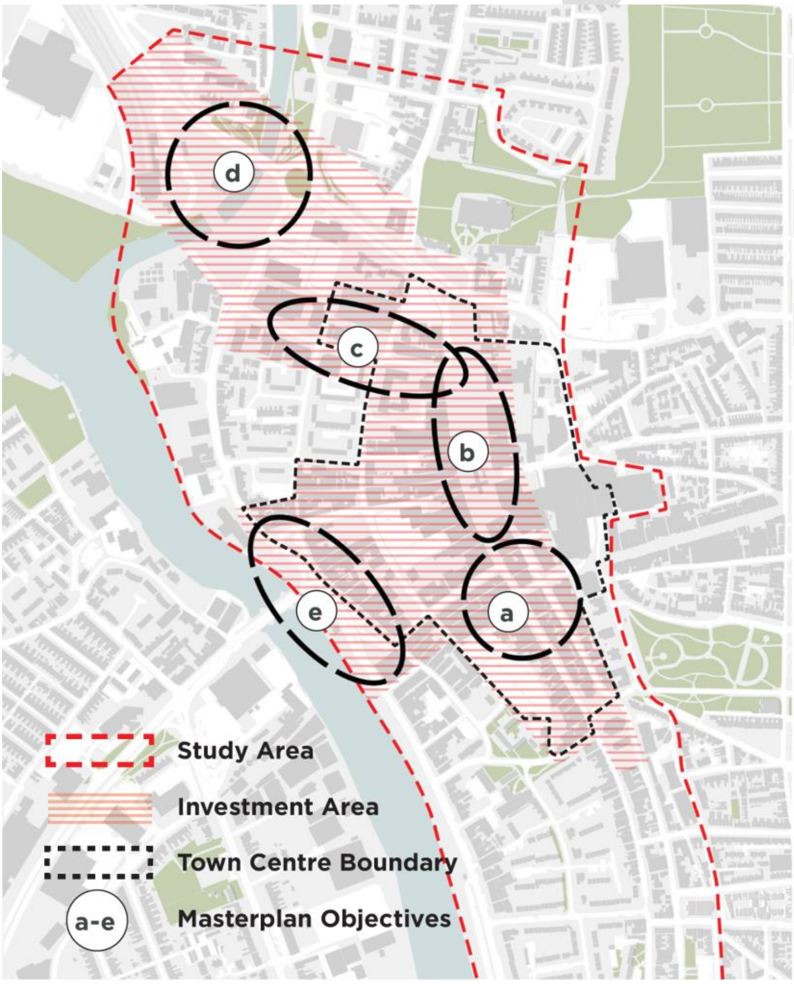
3.0 Policy Context

This section provides an overview of the existing policy context in which the area sits, summarising the key policy issues as they relate to the Brief area. The policies set out within them are not repeated in this brief.

3.1 Great Yarmouth Corporate Plan

Developing and improving Great Yarmouth's Town Centre is a key priority in the Borough Council's Corporate Plan. The aim is to refocus interest in the town centre in the short term whilst supporting greater, long term transformational change towards a commercially attractive and viable town centre. It identifies a need for a long term strategy to plan key changes and guide investment in the area. This has been fulfilled through the Council's recently adopted Great Yarmouth Town Centre Masterplan (May 2017).

The Great Yarmouth Town Centre Masterplan identifies 6 priority areas (see "a to e" below) geared at generating new investment and employment opportunities in the town centre by 2025.



- Area "A"- Strengthening the heart of the Town Centre
- Area "B" – Improving the markets and Market Place
- Area "C" – Transforming the Conge
- Area "D" – Creating a sense of arrival at the Town Centre
- Area "E" – Unlocking the potential of Hall Quay
- Area "F" – Linking it all together

This planning brief encompasses Area "E" of the Great Yarmouth Town Centre Masterplan, the general aims being to adopt guidance that ensures existing buildings are conserved and developed appropriately and establishing a new food and beverage cluster in the area.

The full Corporate Plan and Great Yarmouth Town Centre Masterplan can be viewed from the Council's website.

3.2 Great Yarmouth Development Plan

The current Development Plan primarily comprises the Great Yarmouth Local Plan Part 1 (Core Strategy), adopted in December 2015. The Local Plan Part 2 (Development Management Policies and Site Allocations) is currently in preparation with a draft plan published for consultation in August 2018 and is anticipated for adoption early 2020. A small number of policies in the (largely) former 2001 Local Plan also remain 'saved' and in force pending the adoption of Part 2 of the current Local Plan.

The following outlines the relevant policies, particularly those pertinent to the Hall Quay planning brief area and its potential for development change.

3.3 Local Plan Part 1 – Core Strategy Policies

The following summarises the key relevant Core Strategy Policies. The full policies and their associated supporting text can be viewed from the Council's website.

- **Policy CS7 – Strengthening our centres**
  The Council aims to focus new development and investment, principally in Great Yarmouth town centre and seek to improve its vitality and viability through encouraging a diversity of uses, enhancing the evening economy, enhancing appearance, safety and quality and promoting the short and long term re use of vacant buildings.
- **Policy CS1- Focusing on a Sustainable Future**
  When considering development proposals, the Council will take a positive approach, working positively with applicants and other partners to jointly find solutions so that proposals that improve the economic, social and environmental conditions of the borough can be improved wherever possible.
- **Policy CS6 – Supporting the Local Economy**
  The Council will work to ensure that the conditions are right for new and existing businesses to thrive and grow, and to make the local economy less seasonally dependant
- **Policy CS8 – Promoting tourism, leisure and culture**
  The Council aims to support and encourage a year-round tourism offering, supporting proposals which meet changes in consumer demands
- **Policy CS9 – Encouraging well-designed, distinctive places**
  The Council will ensure that new developments are of a high quality and both draw inspiration and respect the location
- **Policy CS10 – Safeguarding local heritage assets**
  The Council will promote the conservation, enhancement and enjoyment of the historic environment
- **Policy CS13 – Protecting areas at risk of flooding or coastal change**
  The Council will ensure a sustainable and practicable approach to flood risk and coastal change and ensure development does not increase the risk of flooding elsewhere.
- **Policy CS14 –Securing appropriate contributions from new development**
  The Council will ensure that all new development militates against any extra pressure placed on existing infrastructure.
- **Policy CS16 – Improving accessibility and public transport**
  The Council will work together with partners to make the best use of and improve existing

transport infrastructure, with a focus on better management and the provision of sustainable transport options

3.4 Remaining 'Saved' Policies from the former 2001 Borough-Wide Local Plan

The following summarises the main relevant policies pertinent to the Hall Quay planning brief area and potential for development change. The full text of these policies can be viewed via the Council's website (Note: these policies will be superseded on adoption of Part 2 of the current Local Plan, anticipated early 2020).

- **Policy HOU7 – New residential development**
  Hall Quay is within the urban area of Great Yarmouth where the Council will generally permit residential development.
- **Policy SHP15 – Hot food take-aways**
  The Council may permit hot food take-aways (that are not situated within the main shopping frontages) where it does not result in an overconcentration, nor adversely affect adjoining or neighbouring occupiers or affect the character of the local area.
- **Policy TCM20 – Urban public parking improvement**
  Hall Quay is situated within the Urban public parking improvement area where the Council will work towards improving the public parking provision through the identification of new parking sites, potential part and ride and temporary parking areas.
- **Policy BNV12 – Great Yarmouth town centre medieval streets and rows**
  The Council will maintain the town's medieval street network and rows and encourage, where possible their reinstatement where previously lost as a consequence of development.
- **Policy REC11 – Protection of community and street scene**
  The Council will refuse proposals which would erode the provision of land which contributes positively to the community or street scene, particularly in areas identified on the proposals map

3.5 Relevant Emerging Policies

During August and September 2018 the Council consulted on a range of emerging policies that are relevant to the Hall Quay Planning Brief Area as part of a wider public consultation on it Draft Local Plan Part 2 (Development Management Policies, Site Allocations and Revised Housing Target).

Most relevant to this draft planning brief is proposed policy **GY3-dp: Hall Quay Development Area**. This draft policy sets out the main approach to facilitating new development and environmental enhancements within the area. The draft policy is set out in full (opposite).

No objections were received on the draft Hall Quy Development Area policy during the LPP2 public consultation, therefore moderate weight could be applied with respect to its application when determining relevant planning applications in the planning brief area. Note that whilst the precise wording of the future policy may be subject to change, it does provide a clear indication of the Council's current direction of thinking for the Hall Quay area.

Other relevant draft policies, which have been subject to public consultation through the Local Plan Part 2 are provided opposite.

- **Policy UCS7a-dp – Change to Great Yarmouth Town Centre Boundary** This proposed change to the Great Yarmouth Town Centre Boundary would include the entire area of Hall Quay up to the Rive Yare. The current town centre boundary does not include the area west of the curtilage of the buildings fronting Hall Quay.
- **Policy R1-dp – Location of retail development**
  This proposed policy specifies where new town centre uses, in particular retail uses will be encouraged. This seeks to specifically encourage food and beverage type 'retail' uses within the proposed Hall Quay planning brief area.
- **Policy R5-dp – Food and drink uses**
  This proposed policy specifies where new food and drink uses will be encouraged, and specifically supports their contribution in areas such as the Hall Quay planning brief area.
- **Policy GY13-dp Hall Quay/Haven Bridge Area visitor mooring facilities**
  This proposed policy seeks to encourage improved short stay mooring facilities/information in the general vicinity of Haven Bridge and Hall Quay.

Hall Quay Development Area (Emerging Policy Option)

The key aim for Hall Quay is to create an exciting new sense of place, to improve the image of the town and its offer to residents and visitors.

In order to achieve this, a mix of uses, developments and environmental enhancements will be facilitated that will help to:

1. Address a gap in the town centre's food and beverage offer, principally focused on promoting new café's and restaurants; but not A5 (hot food takeaways) use;
2. Complement and improve the wider town centre's early evening/night time economy;
3. Provide new, high quality hotels (C1 use) to support the town's growing tourist and visitor economy;
4. Provide high quality residences; and
5. Renovate and convert existing buildings to appropriate uses, and bring buildings back into permanent active use, and make the most of listed and other heritage buildings.

The following measures will be applied in furtherance of this, particularly in relation to buildings fronting onto Hall Quay:

A. Cafés and restaurants (A3 use), drinking establishments (A4 use) and hotels (C1 use) will be positively encouraged;
B. Other uses (including A1, A2 and B1) will be supported where they provide an active ground floor frontage (i.e. window displays, entrances, and views of internal activity); and
C. Residential uses will only be supported above ground floor level

To help deliver the objectives for the Hall Quay Development Area, projects will be undertaken and influenced to:

i. Reduce the dominance of traffic and highway uses along Hall Quay;
ii. Improve the public realm and townscape of the area; and
iii. Improve pedestrian linkages with the rest of the town centre, including The Rows, where possible.

A Supplementary Planning Document will be produced to refine the proposals, guide the process of achieving the above ambitions, and more closely define the type, size and form of development.

Q.2a) Do you consider that the draft planning brief is compliant with the Great Yarmouth Local Plan?

Q.2b) Do you have any further comments relevant to the Policy Context?

4.0 Hall Quay Opportunities

The following headings list's emerging or proposed investments in the locality of Great Yarmouth Town Centre which may directly inform or shape future planning proposals within the Hall Quay Planning Brief Area.

4.1 Great Yarmouth Third River Crossing:

No single opportunity is likely to do more to boost the regeneration of Hall Quay than the proposed Great Yarmouth Third River Crossing. This new, double-leaf bascule bridge is proposed to span the River Yare, linking the A47 at Harfreys roundabout on the western side of the river with South Denes Road and the port and outer harbour on the eastern side of the river.

The new bridge will ease traffic congestion, shortening journey times and improve journey time reliability, as well as provide a much needed connection between the existing strategic road network and the fast growing energy related Enterprise Zone along the South Denes Peninsula.

In November 2017 the Department for Transport awarded £98 million towards the anticipated £120 million cost of the total project. Norfolk County Council is currently preparing an application for a Development Consent Order, anticipated for submission in spring 2019. Subject to gaining development consent from the Secretary of State, construction is due to start in late 2020 with the bridge completed and operational by early 2023.

Key opportunities for Hall Quay Planning Brief:

- Major reduction in traffic throughflow (peak times) congestion
- Redefine existing street hierarchy and rationalisation of (then) superfluous highway furniture
- Improved public realm i.e. better air quality, reduction in traffic noise, potential land-take for enhanced pedestrian activity.

4.2 Hall Quay Improvements

Norfolk County Council is currently developing a new highway-led improvement scheme to deliver a new right hand turn over Haven Bridge (south-bound approach from North Quay) and removal of additional spur roads which currently exist along the eastern side of Hall Quay to provide new landscaped areas for pedestrianised uses.

The scheme is in the early stages of design and feasibility (see Figure.8) and is funded by the New Anglia Local Enterprise Partnership 'Local Growth Fund'. The scheme is anticipated to begin construction in late 2019.

Key opportunities for Hall Quay Planning Brief:

- Major new relandscaping proposals to provide additional pedestrianised areas to those buildings fronting Hall Quay
- Reconfiguration of Hall Quay highway network, potentially rationalising highway furniture, pedestrian crossings etc

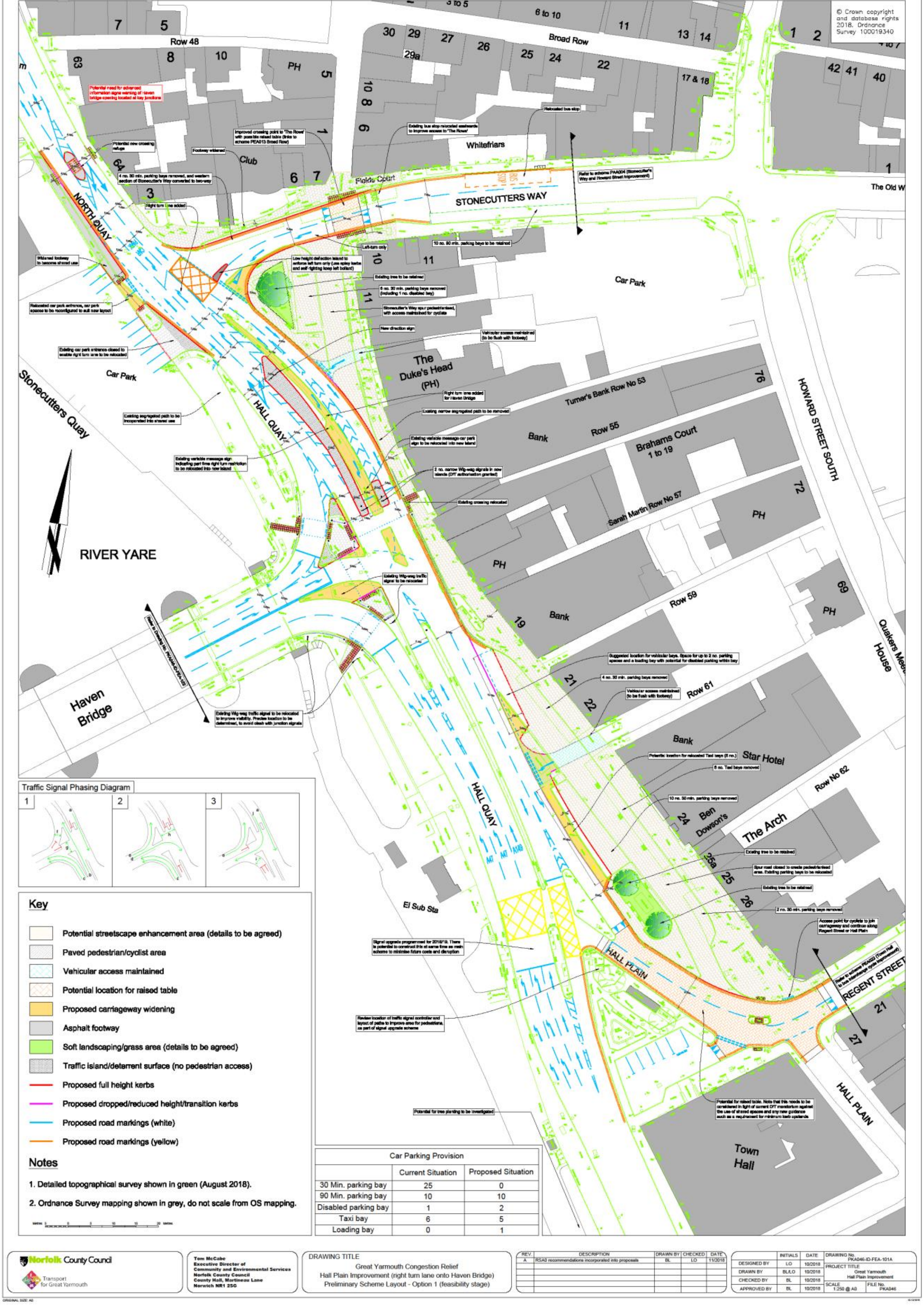


Figure 8. Emerging Hall Quay highway proposals (work in progress) – November 2018

4.3 Other major highway improvements

During the past two years, Norfolk County Council and Great Yarmouth Borough Council have invested heavily into improving the highway network to improve flow, reduce congestion, as well as providing better pedestrian connectivity around the town centre.

Upgrades to the Great Yarmouth rail station forecourt, as well as the link between the Market Place and rail station (via The Conge) were completed during 2018 providing improved pedestrian/cycling, wayfinding and junction facilities, as well as improved lighting, seating and soft landscaping at the rail station.

The scheme cost £2.2m and was funded from the New Anglia Local Enterprise Partnership 'Growth Deal' funding pot, which is to help to improve transport and infrastructure across the county.

4.4 Wayfinding

The Council is working alongside Norfolk County Council to implement a new wayfinding scheme in Great Yarmouth town centre. It is funded as part of the £8.8m congestion relief scheme in Great Yarmouth from the New Anglia Local Enterprise Partnership to help people navigate their way around the heart of Great Yarmouth.

The Wayfinding project is expected to provide a consistent 'branded' series of fingerposts, 'megalith' (information boards) at key locations in the town, as well as rationalising superfluous highway signage. It is expected to be fully implemented by March 2021 and some early improvements have already been made (see Figures 9 & 10).

Fig 9 & 10 (right): Examples of newly installed wayfinding 'megalith' and 'fingerposts'

<u>Key opportunities for Hall Quay Planning Brief:</u>

- Establishing key points of interest within Hall Quay for the town centre walking 'circuit'
- Provides a guide for a new palette of public realm design i.e. street furniture, interpretation panels etc

4.5 Great Yarmouth Rows Project

The Rows project is a project led by the Great Yarmouth Preservation Trust and funded by the Great Places Scheme. The purpose of the project is to enhance the Rows, a series of historic narrow alleyways connecting the town centre to the riverside, through repairs and artistic interventions.

A major output of the project is the installation of cast iron name plates bearing the historic names of the Rows (see Fig 11 & 12). To date this has included the installation of six new name plates along the following Rows running between Hall Quay and Howard Street South:

Row No.53 'Bank Paved Row' (formerly Turner's Bank Row)
Row No.55 'Turner's Bank Row South'
Row No.57 'Carpenter's Row' (formerly Sarah Martin Row)
Row No.59 'Woolhouse Row'
Row No.61 'Popinjay Row'
Row No.63 'Church's Row'

Further improvements to the Rows i.e. better lighting, interpretation panels with historic information are also being implemented.

Figure 11 & 12 (right): Examples of newly installed cast iron name 'Row' plates.

<u>Key opportunities for Hall Quay Planning Brief:</u>

- Potential for improved connectivity between Hall Quay and the Market Place (linked to wayfinding project)
- Potential to improve quality of the urban area i.e. lighting, improved perception, better opportunities to access new residential conversions off the Rows.
- Potential to encourage active ground floor/key building uses where the Rows and Hall Quay intersect.

4.6 Shopfront Improvements Scheme

The Council launched its Shopfront Improvement Scheme in early 2017 to offer shop owners a way of injecting investment into poor quality shopfronts (at a maximum of £3,000 and 25% match funded by the shop owners) with the intention of improving the overall appearance of the area to entice further investment and spend in the town.

To date the scheme has helped to directly improve about 20 shopfronts in the town centre, most notably funding façade refurbishment of the Star Hotel and 4-5 Hall Quay, a prominent three storey historic building at the northern end of Hall Quay (see Fig. 13 & 14). The shopfront improvement scheme is expected to continue throughout 2019 and open to other small and medium enterprise businesses in Hall Quay.

Figures 13 & 14 (left) 'China Diner' 4-5 Hall Quay – before and after illustrations showing the extent of façade improvements after a successful Shopfront Improvement Grant application by the owners

Key opportunities for the Hall Quay Planning Brief:

- Visible improvements to key facades (e.g Star Hotel, 4-5 Hall Quay) in planning brief area – similar improvement elsewhere could be sought.
- Committed public sector investment to raise the quality and value of the area.

4.7 New food and beverage offer

Great Yarmouth Town Centre has a clear role to play in driving the development of the Borough into the future; however, in an ever competitive retail environment, the town centre must seek to re-balance the retail offer to continue to hold market share against other competing centres such as Norwich and Lowestoft, as well as online competition.

A qualitative need assessment undertaken to inform a Great Yarmouth Retail Study, concluding that the town centre would benefit from and improvement and widening of its food and beverage offer and that opportunities to encourage new 'clusters' within the town (especially where the needs of tourist and locals interlap) should be explored.

A gap analysis was undertaken in support of this Planning Brief, to further explore the current health of the town centre, current retailer requirements, as well as the type and quality of new food and beverage uses which should be explored in Hall Quay. These are summarised below. The full gap analysis is available as a supporting document to the draft Planning Brief.

Key opportunities for the Hall Quay Planning Brief:

- Increasing the provision of restaurants (and range of cuisines) especially multiple operators
- Increasing the number, range and quality of café units. Potentially introducing a chain/boutique hotel to diversify choice and offer within the Town Centre.

Q.3a) Are there any further emerging or planned projects/opportunities relevant to the Hall Quay area which should be considered in the planning brief?

5.0 Planning Considerations

5.1 Land use

As set out in the emerging Local Plan Part 2 policy, new café and restaurant uses (A3, A4) will be positively encouraged on ground floor units and specifically within the following buildings below to establish a new food and beverage cluster in the town (see Figure 15.i 'Hall Quay Framework')

- 4-5 Hall Quay;
- 15 Hall Quay;
- 19-20 Hall Quay;
- 23 Hall Quay; and,
- 24 Hall Quay.

There are potential opportunities to establish a new high quality boutique hotel within Hall Quay to support the town's growing tourist and visitor economy. This might be achieved through the conversion of the former Conservative Club (4-5 Hall Quay), subject to the satisfaction of amenity issues. (See Figure 15.ii 'Hall Quay Framework') The Star Hotel will continue to be retained in C1 use.

Ground floor retail and commercial premises (A1, A2 and B1) uses will continue to be encouraged in Hall Quay and particularly supported where they provide an active ground floor frontage.

High quality residential units will be supported on upper floors only.

Existing car parking to the rear of Hall Quay should generally be retained to help provide parking for businesses, residents and tenants.

Potential opportunities to improve short stay mooring facilities along Hall Quay in the vicinity of Haven Bridge will be explored by the Council (see Figure 15.iii 'Hall Quay Framework').

5.2 Access & Movement

The existing road network and level of highway engineering work in Hall Quay should be simplified. An emerging concept is illustrated on page 19, and should be developed to achieve:

- New public open space to facilitate outdoor seating and dining area by converting the layby and parking bays in front of the buildings situated between 20 and 26 Hall Quay (this should also seek to maintain an access to the rear of 21-22 Hall Quay)
- New public open space in front of 10-14 Hall Quay by removing and re-landscaping one-way spur off Stonecutters Way (this should also seek to maintain an access through to the rear of 13 Hall Quay)
- Improve the pedestrian crossing in front of the Town Hall
- Rationalisation of highway infrastructure, signs and lines to improve the pedestrian crossing experience

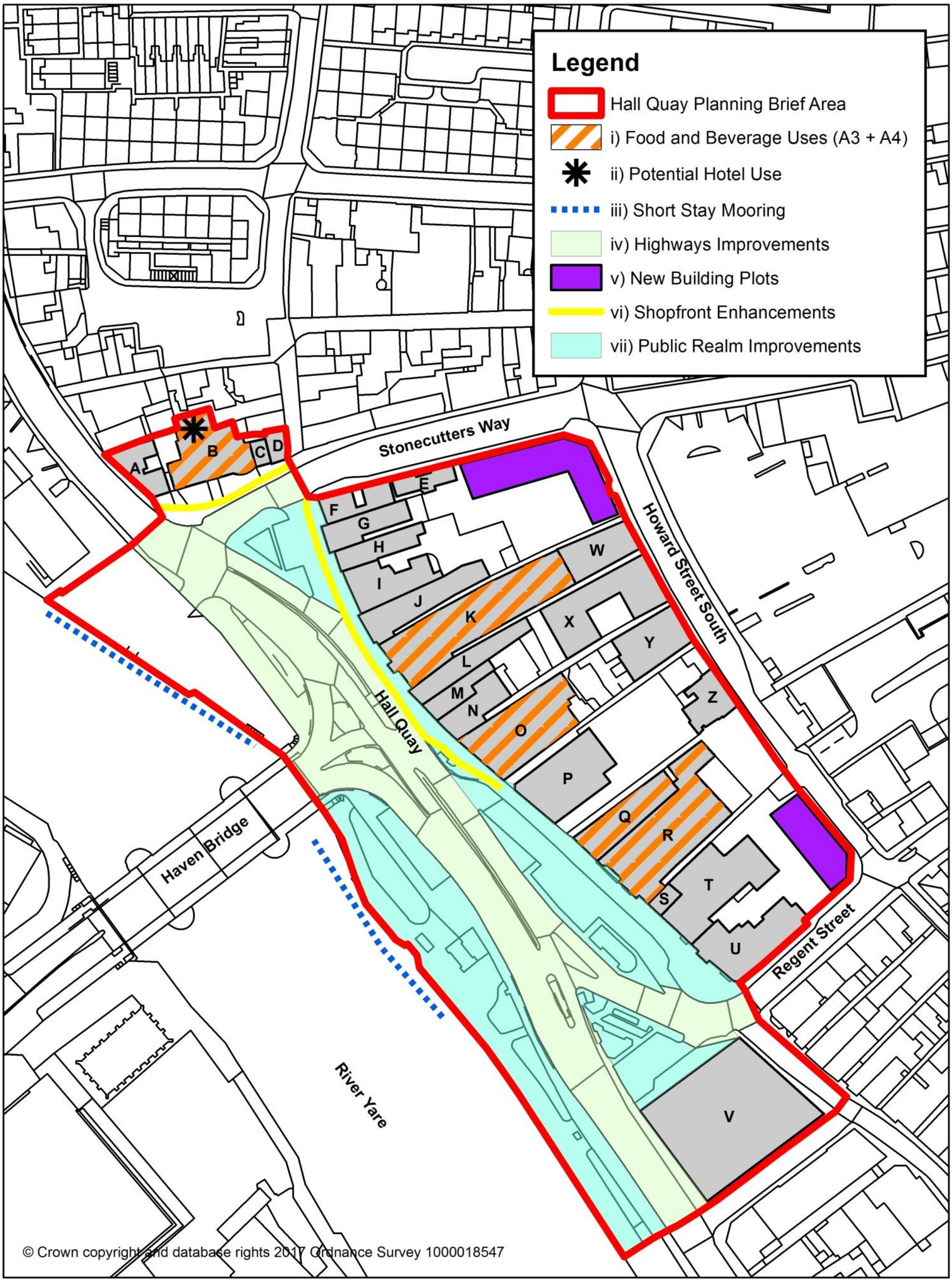


Figure 15 Hall Quay Framework Diagram

5.3 Building Design and Conversion

New built development may be supported on surface car parking to the rear of 10-13 Hall Quay and rear of 25-26 Hall Quay (see Figure 15.v 'Hall Quay Framework'); where it is:

- Limited to three residential stories in height, with potential for a fourth recessed storey in form of a 'lightweight' storey or floor space in the roof
- Of a high quality design, complements nearby heritage assets and is both respectful and complementary to their setting
- Provide for on-site residential parking provision
- If existing parking needs to be retained, the design should consider incorporating undercroft parking on the ground floor level.

Conversions or changes to use to buildings fronting Hall Quay, specifically those buildings included and situated between 3 to 7 Hall Quay and 11 to 20 Hall Quay, and those which intersect with The Rows, will be encouraged to improve the façade of the building to help raise the quality and value of the area (See Figure 15.vi 'Hall Quay Framework'). This could include consideration of:

- Inappropriate replacement windows and doors being replaced with timber windows to the original patterning (if known)
- Replacement roofing materials being returned to the original material
- Further large flat roofed dormer windows being discouraged
- Use of cast iron rainwater goods being encouraged
- Removal of paint and other inappropriate surface finishes from brickwork

Principal points of access to both ground floor and upper floors should be maintained from Hall Quay (rather than Howard Street South) to help maintain/create active frontages to Hall Quay.

When considering building conversion where planning permission and/or Listed Building Consent is required, it is recommended to consult the Council before submitting an application to establish key issues and requirements that require detailed consideration. Pre-application advice is free for listed building matters.

5.4 Landscaping & public realm

The landscape approach to Hall Quay should provide a relatively uniform surface treatment to unify the character and appearance of the whole space. This should specifically encourage, or at least, not preclude, the facilitation of an outdoor seating/dining experience outside of the buildings between 21-26 Hall Quay to help establish a new food and beverage cluster (see Figure 15.vii 'Hall Quay Framework').

Space for new soft landscaping should be provided and avenues of trees planted along the river's edge to reduce noise, enhance tranquillity and better define this part of the space.

Hoarding at the corner of Stonecutters Way and Howard Street South should be replaced or enhanced with more appropriate forms of enclosure (in the absence of new development) and softened with tree planting.

Historic directional signage and interpretation panels should also be encouraged in Hall Quay at key nodal points informed by the Council's current Wayfinding Strategy and Rows Project.

The alignment and integrity of The Rows must be retained and any proposals that may impact on their use and setting i.e. access to rear buildings and/or conversions should be assessed carefully.

5.5 Flood risk

Design and construction of new schemes for public highway will need to safeguard as much as possible against the risk of flooding by using appropriate surfacing, storage and storm water outfall measures at the detailed design stage.

Sustainable Drainage techniques (SuDS) should be adopted in any new surface and landscape design.

For new buildings or building conversion, advice should be sought in relation to required finished floor levels, drainage requirements and mitigation measures at the design stage from the Borough Council, Norfolk County Council and the Environment Agency as necessary.

Q.4a) Do you agree with the draft planning considerations outlined in this section?

Q.4b) Are there any further planning considerations that should be included within this section?

6.0 Delivery

6.1 Delivery

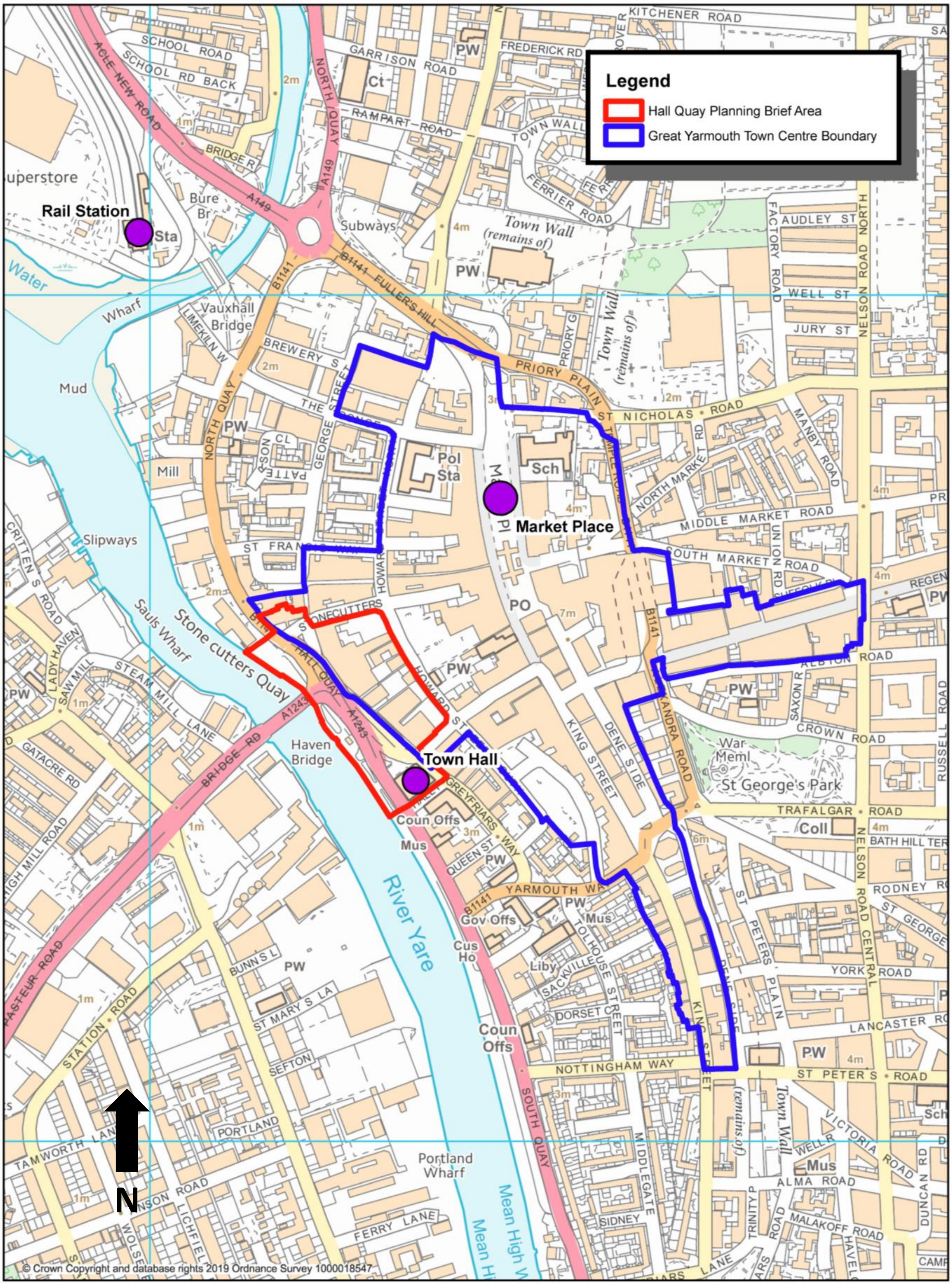
This planning brief has identified a series of critical objectives to implement future change within the Hall Quay area, of which, many are predicated on the timely delivery of both emerging and committed schemes which directly relate to Hall Quay or will help to shape proposals on the periphery.

The table below identifies the key deliverable objectives this planning brief is seeking to achieve and provides further information as to how and whom these will be achieved by and during which timescales.

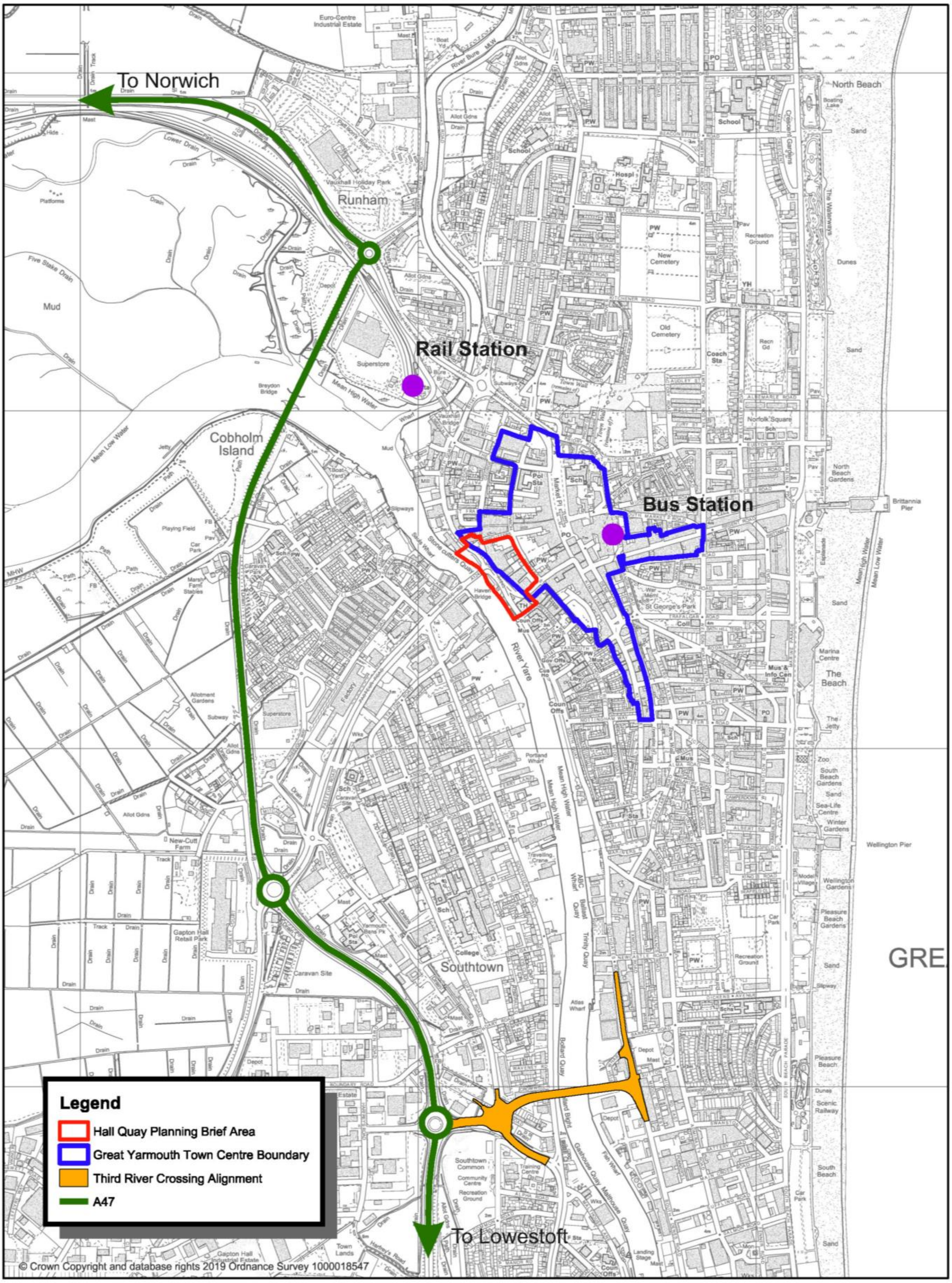
Key Deliverable Objectives	How will it be achieved?	By what timescales?
Reducing dominance of highway uses and street furniture running through Hall Quay	Plans for new right hand turn over Haven Bridge and re-landscaping of Hall Quay is currently being prepared. Exploration of other funding streams to facilitate higher quality urban environment, i.e. Heritage Lottery, Arts Council, Coastal Communities	Scheme delivery scheduled for October 2019 (funded by NALEP Local Growth Fund) On-going.
Establishing new food and, beverage 'clusters'	Proactive Council engagement with interested or prospective retail, restaurant, cafe operators and vendors. Providing business support/guidance to prospective start-ups Marketing and re-branding of Hall Quay as new 'quarter' through local (i.e. Great Yarmouth Business Improvement District, Press, Chamber of Commerce) and national (i.e. REVO, MIPIM) promotional vehicles	On-going. On-going.
Improved public realm facilities	Ongoing liaison with Norfolk County Council to position new wayfinding facilities Continued liaison with Great Yarmouth Preservation Trust e.g position of Row Improvement project infrastructure i.e. signage, interpretation boards, sympathetic public realm furniture	Scheme funding available 2018/19 (NALEP Local Growth Fund). Scheme implemented by 2019 Cast iron named plates already installed within Hall Quay 'Rows'. Interpretation panels currently being manufactured
Enhancements and improvements to Hall Quay building frontages	Continued promotion of Shopfront Improvement Grant or similar Council-led incentives Responding to individual planning applications, providing pre-application advice. Liaison with conservation team,	Current Shopfront Improvement Grant scheme likely to be available until late 2019 On-going.

Key Deliverable Objectives	How will it be achieved?	By what timescales?
	Historic England. Securing improvements via planning conditions. Council issuing Section 215 notices where condition of buildings is having harmful effect on the area.	 When required.
Providing new, improved short-stay mooring facilities	Liaison with Broads Authority, GY Port Authority, local highway authority, GYBID, GYTBIA to better understand desirability and potential constraints.	

Appendix A – Site Location Map



Appendix B – Wider Context Map



Appendix C – Unit Summaries (to be completed prior to consultation)

Subject: Update to adopted Habitats Monitoring and Mitigation Strategy

Report to: Policy and Resources Committee – 5 February 2019

Report by: Adam Nicholls, Head of Planning & Growth

SUBJECT MATTER

Amendment of the adopted Habitats Monitoring and Mitigation Strategy

RECOMMENDATION

That the Policy and Resources Committee adopts the revised Habitats Monitoring and Mitigation Strategy,

1. INTRODUCTION

1.1 It was previously agreed by Policy and Resources Committee (in July 2018) that the adopted Habitats Monitoring & Mitigation Strategy would be reviewed after consultation in August/September 2018. This report constitutes that review.

1.2 It is proposed to make only modest changes. These respond to comments received in consultation, a further review of evidence, and the recent significant changes/clarifications in the legal position in relation to protected habitats. The most significant of these changes is the exclusion of an area approximately corresponding to Hopton parish from the charging area, on the basis of evidence and expert opinion about the zone of influence of potential recreation impacts.

1.3 Updating the Strategy now will assist in easing the current difficulties both the Council and applicants face in processing planning applications as a result in recent changes in the interpretation of habitat protection laws.

2. BACKGROUND

2.1 The need for the Strategy was identified during the Examination of the Local Plan Core Strategy. It is fundamental to meeting the relevant legal obligations relating to the development provided for in the Local Plan.

2.2 In July 2018, Policy and Resources Committee adopted the current Habitats Monitoring and Mitigation Strategy. It also agreed at that time to review that document again in the light of then-already emerging issues with habitats law, and the opportunity to consult on the Strategy as part of the supporting documentation for the Draft Local Plan Part 2.

2.3 The current Strategy provides for the Council to collect a sum of £110 for each new dwelling or equivalent tourist accommodation to mitigate and avoid harm to internationally protected habitats (such as Winterton-Horsey Dunes Special Protection Area) which could arise from the cumulative impacts of new housing and tourist accommodation. Without such arrangements, the Council could not lawfully grant planning permission.

2.4 New development planned in the Core Strategy accommodates new residents or visitors, and it is their potential impacts (not any existing or other impacts) which the Council must show are avoided or sufficiently mitigated, and which are addressed by the Strategy. The main potential harm arises from recreation, especially with dogs, in or near protected sites, which can disturb protected ground nesting birds.

2.5 The monies collected under the Strategy are to fund mitigation measures (such as wardening, signage, fencing, etc.), and also monitoring work to identify the effectiveness, targeting, etc. of these measures. (Note that the Strategy deals only with the cumulative impacts: individual developments may be of such a scale, location or nature as to require specific mitigation measures in addition.)

3. PROPOSED UPDATES

3.1 There are two main changes proposed to the Strategy:

- A small reduction to the area to which the charge applies
- Reference to additional guidance for planning applications

3.2 In reviewing the Strategy and the challenges presented, it is proposed that the area to which the charge applies is altered to reflect more detailed evidence and expert opinion, this being the 'indicative habitat impact zones' which have been identified. These are based on the plan-wide Habitat Regulations Assessment (HRA) which used distance zones of 400m, 2.5km and 5km to determine the potential influence of developments on internationally protected habitat sites (Natura 2000 Sites).

3.3 The (revised) chargeable area would cover the majority of the plan area, with the exception of the parish of Hopton and a small part of South Gorleston: (see Appendix 2: the blue coloured area is excluded from the charge, and the charge applies in the rest of the plan area). Further evidence from Norfolk survey data, and the opinion of the Council's ecology consultants, Footprint Ecology, suggest that at distances beyond 5km (such as areas like Hopton), visitor rates are low. (*Note that in a previous change to the Strategy, the chargeable area was extended to the whole Borough to capture development in the southern parishes, with particular emphasis on potential impacts to Breydon Water*.) Therefore, based on this evidence and expert opinion, a charge is no longer considered to be justified for new development sites 5km or further from any Natura 2000 sites.

3.4 Following a series of recent European Court rulings in 2018 on the content of HRAs (the most notable of which is known as the 'Sweetman' case) and having worked with Footprint Ecology and Natural England, a Guidance Note has been prepared to help applicants to meet the necessary requirements when applying for planning permission. The court rulings clarify how authorities should adequately assess potential impacts (known as 'likely significant effects'), and where such impacts are identified, undertake an 'appropriate assessment' which includes the consideration of potential mitigation mechanisms to ensure there are no adverse effects on the integrity of Natura 2000 sites. It is therefore important that the Borough Council has guidance in place to ensure that the legal requirements are met, and that it is referred to in the Strategy.

3.5 In order to minimise the need for the proposers of some smaller-scale and 'low risk' (from a Natura 2000 perspective) developments to commission and undertake individual shadow HRAs (which can be costly), officers have worked closely with Natural England to agree a 'template' shadow HRA, which can be populated fairly quickly and easily by such applicants and submitted alongside their planning application. The Guidance Note contains the details of how and when the 'template' HRA could be used.

3.6 The Guidance Note and the related 'template' shadow HRA, as technical documents, were published on the Council's website on 25th January 2019 and are therefore already in use.

3.7 Both of the changes mentioned in paragraph 3.1 are recommended to be made to the Strategy with immediate effect. This will help ensure that planning applications are being determined lawfully in meeting the legislative requirements to protect internationally-designated habitats.

4 FINANCIAL IMPLICATIONS

4.1 There is no change proposed to the current charge of £110 per net dwelling (or equivalent accommodation). The reduced charging area is likely only to result in a modest drop in income to fund monitoring and mitigation measures. The charge will be reviewed annually along with the measures to ensure that they are fit for purpose.

5 RISK IMPLICATIONS

5.1 If the Council were unable to resolve the Habitats Regulations challenges, then this could have serious repercussions, but the measures outlined above seek to address those challenges. The situation, however, will be kept under close review, as this remains a fast-moving area of law and planning policy.

6 CONCLUSIONS

6.1 The Habitats Monitoring and Mitigation Strategy has been amended to meet the latest legislative requirements and is supported by more detailed evidence. It is recommended that this Strategy is adopted with immediate effect, enabling officers to ensure that relevant planning applications also meet the latest legislative requirements when assessing impacts on internationally protected habitats.

7 RECOMMENDATION

That the Policy and Resources Committee adopts the revised Habitats Monitoring and Mitigation Strategy.

8 APPENDICES

Appendix 1 - Updated Habitats Monitoring & Mitigation Strategy (with tracked-changes)

Appendix 2 – Indicative Habitat impact Zones Map

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

Area for consideration	**Comment**
Monitoring Officer Consultation:	n/a
Section 151 Officer Consultation:	n/a
Existing Council Policies:	Local Plan Core Strategy. The revised Habitats and Monitoring Strategy recommended above replaces that agreed as Council Policy in July 2018.
Financial Implications:	See section 4, above.
Legal Implications (including human rights):	Addressed in the report
Risk Implications:	See section 5, above.
Equality Issues/EQIA assessment:	n/a
Crime & Disorder:	n/a
Every Child Matters:	n/a

Habitats Monitoring and Mitigation Strategy

~~July 2018~~January 2019

Great Yarmouth Borough Council

Contents

1.0 Summary

1.1 This Monitoring and Mitigation Strategy sets out a plan to implement a programme of monitoring and mitigation measures to address potential adverse effects on European protected wildlife sites (Natura 2000 sites), which can be caused from increased visitor pressures resulting from new planned residential and tourist development.

1.2 The Strategy recommends a planning contribution of £110 per net new dwelling (including tourist and Sui Generis accommodation uses) across ~~in~~ the ~~Borough~~majority of the plan area. The contribution will provide for the necessary monitoring mitigation measures as required by the Habitat Regulations Assessment for the Local Plan Part 1: Core Strategy and emerging Local Plan Part 2: Detailed Policies and Site Allocations.

2.0 Introduction

2.1 The Council is implementing the Monitoring and Mitigation Strategy to address potential adverse impacts on European designated wildlife sites (known as Natura 2000 sites) caused by increased visitor pressures resulting from new planned residential and tourist development. The Council will therefore be seeking planning contributions from new residential and tourist development to fund necessary monitoring and mitigation measures work.

2.2 The Monitoring and Mitigation Strategy is required by the Council's adopted Local Plan Part 1: Core Strategy (2015) following recommendations from its supporting Habitat Regulations Assessment (HRA). Through international law, the EU Habitats Directive requires that all local plans are assessed for their potential effects on European designated wildlife sites. The Borough's final HRA report concluded that on the basis of objective information it was not possible to rule out the likelihood of significant effects occurring as a result of increased recreational pressure on the following sites:

- Winterton-Horsey Dunes SAC
- Great Yarmouth North Denes SPA
- Breydon Water SPA and Ramsar site

2.3 The emerging Local Plan Part 2: Detailed Policies and Site Allocations (LPP2) builds on the work of the Core Strategy. However, following changes in national planning policy (the revised draft national Planning Policy Framework), the LPP2 reduces the housing requirement, known as Local Housing Need, over the plan period by 28% from that of the original Core Strategy housing target. The consequence of this reduction is that it will likely reduce potential impacts on the integrity of Natura 2000 sites and also the required measures to mitigate effects.

2.4 The plan-wide HRA recommends that: a number of early warning monitoring measures, the continuation of existing monitoring and mitigation measures, potential additional mitigation measures, are implemented where necessary to prevent adverse effects on the above mentioned Natura 2000 sites.

~~2.4~~2.5 A project level HRA will be required for relevant planning applications, particularly following recent European Court interpretation of the European Directives[1], which have clarified the need to adequately undertake and record a HRA in a

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[1] 'Sweetman' ruling

stepwise way, with assessment of identified significant effects undertaken at the 'appropriate assessment stage,' and ensure that all development that poses a potential risk has the benefit of a HRA record. This includes small scale development such as a single new dwelling. Each should have a detailed and satisfactory HRA to demonstrate that any potential effects have been assessed. The Borough Council has published specific guidance to help applicants in the first instance, and applicants with small scale/low impact development will be able to complete and use a template shadow HRA (subject to agreement by the Borough Council as the determining authority).

3.0 Monitoring and Mitigation Planning Obligations

3.1 Planning obligations will be secured to provide a series of necessary monitoring and mitigation measures based on the proximity of new residential and tourist development to the relevant Natura 2000 sites. The policy requirement for contributions is set out in Policy CS11 of the Core Strategy and will be supported further ~~by the emerging~~a detailed policy on "Habitat and Species Impact Avoidance and Mitigation" in the emerging Local Plan Part 2 ~~(draft)~~ (see Table 1 below).

Table 1: Monitoring and Mitigation Planning Obligation for Draft Local Plan Part 2

Draft Policy Option: Habitats and species impact avoidance and mitigation

Natura 2000 designated sites in and around the Borough will be protected from adverse impacts through implementation of the Borough Council's Habitats Monitoring and Mitigation Strategy.

In order to avoid or mitigate the in-combination (cumulative) potential adverse impacts on these sites associated with the occupancy of new housing development, a financial charge will be levied on new housing or tourist accommodation development where relevant in the ~~Borough~~plan area, and applied to monitoring and mitigation measures under the guidance of an expert advisory panel.

~~In order to avoid or mitigate the cumulative~~The potential adverse impacts (likely significant effects) arising from particular housing development sites will be assessed in the first instance by ~~virtue of~~considering their size and/or proximity to Natura 2000 designated~~s~~ sites, and in some circumstances further site specific measures will also be required, particularly where direct impacts have been identified.

CUMULATIVE IMPACTS

New housing and tourism accommodation development in the identified areas on the Indicative Habitat Impact Zones Threshold Table and Map (see Appendix 1) will be required to make the specified financial contribution to the Council's Monitoring and Mitigation Programme to address its cumulative contribution to potential adverse impacts on designated Natura 2000 sites.

The initial standard charge will be:

- £110 per net dwelling or six non-dwelling bedspaces.

The charge will be uprated annually to reflect inflation. The level of charge and identified areas will be kept under review as part of the Monitoring and Mitigation and adjusted if this is found necessary.

SPECIFIC IMPACTS

Where a proposed residential or tourism accommodation development (including on allocated sites) is identified (in the allocation of the site, or in the process of considering the planning application) as having, in itself, a potential significant adverse impact on Natura 2000 designated sites, permission will be subject to the specific provision of suitable mitigation measures appropriate to the circumstances. These may typically include one or more of the following:

A. Enhanced informal recreational provision [Sustainable Accessible Natural Greenspace], on (or in close proximity to) the site to limit the likelihood of additional recreational pressure (particularly that relating to exercising dogs) on nearby relevant nature conservation sites. The provision will be likely to consist of an integrated combination of:
    i. Informal open space (over and above the Council's normal standards for play space);
    ii. Landscaping, including landscape planting and maintenance;
    iii. A network of attractive pedestrian routes (and car access to these where they are not adjacent to the development site), which provide a variety of terrain, routes and links to the wider public footpath network).
B. A financial contribution (in addition to the standard cumulative charge indicated above) to enhanced management of nearby designated nature conservation sites and/or alternative green spaces;
C. A programme of publicity to raise awareness of relevant environmental sensitivities and of alternative recreational opportunities.

Definitions

3.2 For the purposes of this charging a new dwelling or equivalent bedspaces is defined as:

1. A dwelling house ()
   a. Including Use Class C3; residential mobile home, residential park home, residential boat mooring, etc.
2. equivalent bed-spaces is defined as accommodation comprising up to 6 of the following:
   a. bedrooms (where bedrooms are so identified or rooms that can reasonably be assumed to be available for such use), or (in the case of communal sleeping accommodation) individual bedspaces, in:
      i. Hotels, boarding houses, or guest houses (Use Class C1), or
      ii. Residential Institutions (Use Class C2), or
      iii. Houses in Multiple Occupancy (HMOs) including Use Class C4 and related Sui Generis, and
      iv. Similar residential or tourist/visitor accommodation, or
   b. touring tent or caravan pitches, or
   c. visitor or private boat moorings.

3.3 Planning obligations can make development acceptable which would otherwise be unacceptable in planning terms. Tariff style planning obligations can be sought for developments "to fund measures with the purpose of facilitating development that would otherwise be unable to proceed because of regulatory or EU Directive requirements"[2].

3.4 Section 106 agreements (a type of planning obligation) will be used to secure the provision of the monitoring and mitigation measures. Contributions will be paid on the commencement of development. The majority of such charges will be pooled for application to monitoring and mitigation under the Strategy. In the case of any mitigation measures involving infrastructure, and for which pooling is restricted by the Community Infrastructure Regulations, the specific project will be identified.

3.5 If the Council introduces a CIL then a review of this strategy will take place. It is likely that the majority of mitigation measures (infrastructure projects such as provision of signs and open space enhancements) will be funded through CIL.

3.6 Developers' contributions (collected through these methods) for monitoring and mitigation measures will normally be payable at the time that the development commences on site. This will help minimise any time delay between occupation of the development and the implementation of appropriate mitigation projects.

3.7 The Council is exploring the use of an alternative method to collect contributions with the use of Section 111 undertakings which would be required when an

[2] NPPG, Planning Obligations, para 20, Ref: 23b-020-20160519

application is submitted. The system has multiple benefits in that it would avoid delays and legal costs associated with the signing of Section 106 agreements, and does not restrict the pooling of funds on required infrastructure.

Exemptions

3.8 The charges will not apply to:

- in the first instance, housing or tourist accommodation developments located in areas beyond 5km of a Natura 2000 Sites as identified on the Indicative Habitat Impact Zones Map
- developments not leading to a net gain in dwellings or non-dwelling bedspaces accommodation or increased visitation within the above mentioned
- extensions to existing dwellings (as defined above) residential properties that do not result in a net increase in residential units are not required to contribute.

3.9 Special reductions or exemptions in charges will, in very exceptional circumstances~~ly~~, be considered where it is clearly demonstrated that the additional bed-spaces developed will not result in any additional recreational visits to protected sites (e.g. residential institutions where the residents are not mobile). Where such special reductions/exemptions are given, conditions or other measures will be used to limit the use accordingly, in order that the charge can be applied in the event that the circumstances justifying the reduction or exemption no longer pertained.

4.0 Implementation and Monitoring of the Strategy

4.1 In order to ensure the effective implementation of this strategy, the Council will continue to work with a range of partners. A Monitoring and Mitigation Advisory Group will be set up and chaired by GYBC comprising representatives of Natural England, Norfolk Wildlife Trust, Broads Authority, Royal Society for the Protection of Birds (RSPB) - to advise on:

- The implementation and choice of measures, including prioritisation and identifying new or replacement measures;
- The relevance and effectiveness of measures in relation to activity arising from the Core Strategy planned growth;
- The consideration of 'trigger points' activating potential mitigation;
- The targeting and timing of monitoring;
- The interpreting and responding to results of monitoring

4.2 This strategy will be kept under review and its implementation will also be monitored through the Annual Monitoring Report. If the monitoring programme indicates that additional monitoring is needed, or that the mitigation measures are not working, or further measures are required then the strategy will be updated to reflect this. The strategy will also be updated should the Council introduce CIL.

5.0 Planning Justification

Strategy Aims and Objectives

5.1 The aim of this Strategy is to implement the protection of the main local Natura 2000 sites: Winterton-Horsey Dunes SAC, Breydon Water SPA/Ramsar site and North Denes SPA, from any significant effects resulting from increased recreational pressures which may arise from new housing and tourism development planned by the Core Strategy growth. The plan-wide HRA recommends the immediate implementation of the following measures:

a) Monitoring of visitor numbers and vegetation change to identify any impacts from the Core Strategy planned development
b) Provision of mitigation measures such as bins for dog waste, interpretation boards, waymarked routes and control of dogs
c) Contribution to the management of the little tern colony to mitigate impacts of visitor pressures

5.2 It is important to appreciate that the Monitoring and Mitigation Strategy is not intended to mitigate other impacts on the protected sites and species, such as those that might arise from growth elsewhere, or more general changes in tourism and recreation. Part of the purpose of the monitoring is to seek to disaggregate such impacts from those related to Core Strategy planned growth.

Strategy Coverage and Evidence

5.3 The ~~Monitoring and Mitigation Strategy~~mitigation measures apply (at this point in time)~~ies only~~ to the three Natura 2000 sites where the HRA identified that there may be potential effects resulting from new development at Winterton-Horsey Dunes SAC, Breydon Water SPA/Ramsar and North Denes SPA. Evidence from the HRA and a recent 'Draft Visitor surveys at European protected sites across Norfolk' report, demonstrates that the majority of visitors to Natura 2000 sites travel relatively short distances, such as between 2km and 5km. The 5km band represents a useful check and visitor data from both the Broads and East Coast sites (Panter, Liley & Lowen 2017) indicates that although there may still be impacts from recreation, at distances beyond 5km visitor rates are low. ~~There was, however, evidence also of larger journeys of up to 12km, perhaps reflecting those travelling from the main urban areas up to Winterton.~~

5.4 Based on this evidence, it is considered that residential and tourist ~~development across the Borough have~~developments across the Borough, within 5km of designated sites, have the potential to impact on ~~the three designated~~Natura 2000 sites. There was, however, evidence also of larger journeys of up to and beyond 12km, perhaps reflecting the draw of 'honeypot' sites such as the Winterton beach where people would visit from more distant urban areas such as Martham, Acle and even Norwich.~~those travelling from the main urban areas up to Winterton.~~ ~~(particularly in the northern areas within close proximity to Winterton-Horsey Dunes and North Denes, but acknowledging that those settlements in the south west of the Borough also have the potential to impact upon Breydon Water)~~.

Existing Monitoring and Mitigation Measures

5.5 There are a number of monitoring and mitigation measures already in place either due to the existing pressures on the Natura 2000 sites within the Borough or through existing Council initiatives. Such measures build on the work of Site Improvement Plans (SIPs) produced by Natural England to provide an overview of the priority issues, measures and actions to be taken on Natura 2000 Sites. Some of these measures will help to accommodate pressures arising from the Core Strategy planned growth, and therefore will be appropriately supported through planning contributions. Existing projects include:

- Wardening of Little Tern Colonies at North Denes SPA (and Winterton-Horsey Dunes SAC)
- EU Life + Nature Little Tern Recovery Project
- Potential control of dogs orders

Required Monitoring and Mitigation Measures

5.6 The HRA recommends a number of monitoring requirements and mitigation measures. Some of these measures are required as upfront mitigation provide 'headroom' to accommodate any likely impacts from early Core Strategy planned growth. Other monitoring requirements will act as 'early warning' indicators that will help to determine when and which type of mitigation measures will be appropriate to avoid potential any adverse impacts resulting from new development. The monitoring measures are primarily concerned with monitoring visitor numbers, visitor origins and behaviours, and any changes in vegetation, to identify any emerging effects related to Core Strategy planned development. Some measures are already in place or are developing to manage the exacerbation of existing recreational disturbance pressures from new developments, such as currently being addressed by the RSPB's little tern wardening scheme, which is to continue to be supported. Other potential mitigation measures will be introduced as and when a need is identified through the monitoring programme.

Potential Mitigation Measures

5.7 The potential mitigation measures recommended by the HRA have been identified in relation to specific impacts. Therefore the appropriate mitigation measure will be determined by the early warning signs of such impacts. For example, if there is evidence of frequent foot access to the southern shoreline at Breydon Water SPA and Ramsar, there is the potential to mitigate this impact by providing fencing and/or re-routing paths. The full breakdown of potential mitigation measures for each Natura 2000 site is included in the Section 6.

Planning Contribution Calculations

Monitoring Costs

5.8 The cost of the recommended monitoring package is based on a quotation to undertake the work from Footprint Ecology who wrote the HRA. This includes visitor and vegetation monitoring at Winterton-Horsey SAC and monitoring measures at Breydon Water SPA/Ramsar. The monitoring will cost £13,000 and needs to be undertaken every 3 years which will cost £65,000 over the 15 year plan period.

Little Tern Monitoring and Mitigation Measures

5.9 The Little Tern monitoring and mitigation measures are required by the HRA to address the potential impacts from increased recreational visitor pressures from new development and the associated disturbance on the Little Tern colonies based at Winterton-Horsey SAC and North Denes SPA. The cost of the Little Tern management is based on information from the RSPB to fund the management package but not including staff salaries as this cannot be funded through Section 106 agreements. The RSPB expenditure cost is £5,440 per annum and necessary equipment cost £21,870 every 3 years (annualised at £7,298). Therefore the annual cost is £5,440 +£7298 = £12,738. As the EU Life + Nature Little Tern Recovery Project provides funding for the management package to 2018 funding is being sought for last 12 years of the plan period 2018 to 2030 so the total cost is £12, 738 x 12 years = £152,856.

Total Costs

5.10 The monitoring costs and Little Tern Management, monitoring costs, and further mitigation costs have been added together. The costs were obtained back in August 2014, and have therefore increased since, up to the publication of this strategy. The following table factors in a 10% increase in costs:

Total Cost

£65,000 + £152,856 + = £217,856	+10% = £239,641.6
Collected Contributions = £58,700	£239,641.60 - £58,700 = **£180,941.60**

5.11 To set a reasonable cost per dwelling, the total cost has been divided by the potential number of new dwellings planned in the Borough as demonstrated in the table below. The figures were updated to include allocations and assumed windfall over the remaining plan period as presented in the Draft Local Plan Part 2: Detailed Policies and Site Allocations document.

Table 2: Planned growth in Borough through (Draft) Local Plan Part 2:

Planned growth in Borough	
Total Allocations	**529**
Assumed windfall	**817**
Remaining Strategic Allocations	**266**
Total remaining Housing Growth	**1612**

Total Cost per Dwelling

£180,941.60/ 1612 = £112.25	**£110.00**

5.12 The contribution cost per dwelling is slightly below what would be required to cover the full monitoring and mitigation costs (when based on the total remaining housing growth). This cost will be kept under review to ensure that the full monitoring and mitigation costs are covered (for example, a review of permissions and collected sums may conclude that a rise to £120.00 per dwelling may be appropriate).

6.0 Monitoring and Mitigation Measures Programme

The monitoring and mitigation measures for Winterton-Horsey Dunes SAC, Breydon Water SPA/Ramsar and Great Yarmouth North Denes SPA are detailed in the following tables.

Table 3: Monitoring Programme and Mitigation Measures for Winterton-Horsey Dunes SAC

Measure	What is needed	How will it be delivered?	How will it be funded?	Timeframe/ Progress
Visitor monitoring	Record visitor numbers and levels of use by interviewing a sample of visitors to ascertain details about patterns of access such as the activities undertaken during the visit, home postcode and mode of transport used to reach the site.	Monitoring programme will be managed by Great Yarmouth Borough Council (GYBC) working with Natural England's Site Improvement Plan which also identifies the need to monitor the levels, patterns, impacts and solutions of recreational disturbance (Action 3A of the Site Improvement Plan). GYBC has jointly commissioned a Norfolk-wide visitor survey at European protected sites. As part of this work a baseline record for visitor numbers has been established including the home postcode of visitors, the mode of transport, the activities undertaken and the frequency of visit. Cost £3,750 to be repeated at approximately 3 year intervals.	GYBC will fund the initial baseline monitoring working with Natural England. Contributions from developers will be sought to fund subsequent years.	Commencing Spring 2018. Repeated every 3 years.

Measure	What is needed	How will it be delivered?	How will it be funded?	Timeframe/ Progress
Vegetation monitoring	Vegetation monitoring to establish baseline conditions, and subsequently whether changes in habitat are occurring which can be correlated to changes in recreational use of the site, and in turn any extent of this which can be attributed to Core Strategy planned growth. Mapping the area of bare ground and extent of basic habitat types (embryonic dune, foredune, fixed dune, dune heath) from aerial photographs. Identifying early warning trigger points with low thresholds of vegetation change which indicate the site is deteriorating to act as an early warning mechanism for the implementation of potential mitigation mechanisms before an adverse effect upon site integrity occurs.	Monitoring programme will be managed by Great Yarmouth Borough Council (GYBC) working with Natural England whose Site Improvement Plan also identifies the need to monitor the levels, patterns, impacts and solutions of recreational disturbance (Action 3A). Cost £5,500 to be repeated at approximately 3 year intervals.	GYBC will fund the initial baseline monitoring working with Natural England and the RSPB. Contributions from developers will be sought to fund subsequent years	Commencing Spring 2018. Repeated every 3 years

Measure	What is needed	How will it be delivered?	How will it be funded?	Timeframe/ Progress
Provision of dog bins	Provision of dog bins and their maintenance in key dog walking locations. Locations should be identified from baseline visitor monitoring.	Great Yarmouth Borough Council (GYBC) working with Natural England whose Site Improvement Plan also identifies the need to implement a range of management measures to reduce/minimise recreational disturbance (Action 3C & D).	GYBC will fund the initial baseline monitoring working with Natural England and the RSPB. This will identify locations for bins. Contributions from developers will be sought to fund bins as part of a package of mitigation.	Commencing Spring 2018.
Provision of interpretation boards	Provision of interpretation boards illustrating the value of sand dune and dune heath habitats and explaining the risk of fires and problems associated with dog-fouling. The most effective format is likely to be attractive information panels located at key access points.	Great Yarmouth Borough Council (GYBC) working with Natural England whose Site Improvement Plan also identifies the need to implement a range of management measures to reduce/minimise recreational disturbance (Action 3C & D).	Natural England will fund the interpretation boards required by coastal access mitigation. GYBC and contributions from developers will be sought as required to fund subsequent years to fund interpretation boards as part of a package of mitigation.	Installed

Table 4: Potential Mitigation Measures for Winterton-Horsey Dunes SAC

The monitoring programme will inform whether further mitigation measures should be implemented to prevent any adverse effects on the site's integrity as set out below:

Winterton-Horsey Dunes SAC				
Measure	**What is needed**	**How will it be delivered?**	**How will it be funded?**	**Timeframe**
Provision of way marked routes	The provision of way marked routes which will control the increase in paths, particularly through the foredunes. Routes could be simply identified with coloured posts or, it may be necessary to further guide people with the installation of boardwalks in sensitive areas. Care needs to be taken not to provide potential perches for predatory birds.	There are a number of public rights of way through the dunes at Winterton which are not currently signed from the public highway or way marked along the routes. This has been raised with Norfolk County Council as the highways authority who are investigating the issue.	Norfolk County Council as Highways Authority.	When the monitoring indicates they are needed.

Winterton-Horsey Dunes SAC				
Measure	**What is needed**	**How will it be delivered?**	**How will it be funded?**	**Timeframe**
Additional wardening and dog control	Additional wardening to help promote responsible access and as necessary, enforce dog control orders and to require dog walkers to pick up dog waste.	Great Yarmouth Borough Council's 3 Environmental Rangers patrol the borough 7 days a week and investigate reports of dog fouling by specific individuals or in specific locations. In addition, the Borough Council's 12 civil enforcement officers, who deal with parking enforcement, also have the power to issue on the spot fines. There is 'catch and convict' policy and a person may be issued with a £80 fixed penalty fine if they do not clean up or alternatively may be prosecuted through the Magistrates Court, where the maximum fine is £1000. Dog Control Orders are currently being investigated by the Borough Council following a consultation. In response to a PSPO consultation covering dog control orders, the Strategic Planning team has suggested a 'dogs on leads' requirement along the stretch of beach covering the Winterton Dunes SAC (i.e. the part of the designated site within Great Yarmouth Borough).	GYBC The cost of additional wardening has been factored into the planning contribution.	When the monitoring indicates they are needed.

Table 5: Monitoring Programme for Breydon Water SPA/Ramsar site

Breydon Water SPA / Ramsar site				
Measure	**What is needed**	**How will it be delivered?**	**How will it be funded?**	**Timeframe**
Visitor monitoring	Access monitoring along the seawall on both the north and south shores. Due to the narrow, linear nature of the routes, automated counters such as pressure pads would provide a cost effective means of recording visitor use. In addition, periodic counts of people should be made from strategic vantage points. These counts should record the numbers of people and activities undertaken, in particular recording whether any activities are taking place that could have particular impacts. The counts should take place at strategically chosen locations important for birds. The monitoring needs to act as an early warning trigger for the implementation of potential mitigation measures, before an adverse effect upon site integrity occurs. Scale of access to act as a trigger needs to be agreed with Natural England and the RSPB.	Monitoring programme will be managed by GYBC working with Natural England, the Broads Authority and the RSPB to ensure that there is no duplication. Cost of £3,750 to be repeated at approximately 3 year intervals.	GYBC will fund the initial baseline monitoring working with Natural England and RSPB. Contributions from developers will be sought to fund subsequent years.	Commencing Spring 2018. Repeated every 3 years

Table 6: Potential Mitigation Measures for Breydon Water SPA/Ramsar site

The monitoring programme will inform the extent to which further mitigation measures should be implemented to prevent any adverse effects on the site's integrity. The measures could include some or all of the following, depending on the monitoring outcomes which needs to be agreed with Natural England and the RSPB:

Breydon Water SPA/Ramsar				
Measure	**What is needed**	**How will it be achieved?**	**How will it be funded?**	**Timeframe**
Fencing and signposting	Ensuring no informal access/access away from public footpaths takes place on the southern shore through fencing, signposting etc.	There are only 2 public access points to the southern shore of Breydon Water which are at Burgh Castle Roman Fort and Herbert Barnes Park. Both of these access points have interpretation panels and dog fouling signs. This will be investigated further if monitoring indicates that there is an issue.	Contributions from developers will be sought to fund fencing and signposting as part of a package of mitigation measures.	When the monitoring indicates they are needed.
Re-routing the path	Re-routing the path (at both the north and south shores) below the sea wall to ensure people are not visible along the skyline.	This will be investigated and implemented if monitoring indicates that there is an issue.	Contributions from developers will be sought as part of a package of mitigation measures.	When the monitoring indicates they are needed.
Ensure dogs are kept on leads	Signage and wardening to ensure that dogs are kept on leads and do not run freely on the wet grassland (southern shore) or mud-flats / saltmarsh. Interpretation boards and possibly wardening would be mechanisms to achieve this.	A new interpretation board is needed at the main entrance to the site at Breydon Bridge. This is currently being investigated.	GYBC/Natural England/Broads Authority/RSPB who sponsored the original board. Contributions from developers will be sought as part of a package of mitigation	Winter 2018

Breydon Water SPA/Ramsar				
Measure	**What is needed**	**How will it be achieved?**	**How will it be funded?**	**Timeframe**
Provision of dedicated dog-friendly sites	Provision of dedicated dog-friendly sites that act as alternatives to draw dog owners away from the sensitive areas. Herbert Barnes Park is ideal as it has good road access, is close to the areas where development will take place and is also adjacent to the estuary (in an area where there is no bird interest). Various improvements would be necessary at the site, such as: 1. improved access to the site, 2. increased parking provision, 3. landscaping and a series of way-marked, dog-friendly routes to ensure most access is concentrated within the park and at the eastern end of the estuary. There is also the potential, at the northern end of the estuary, to enhance the area adjacent to the A12 to provide an area where people can visit and view the estuary and its wildlife, without causing disturbance or increasing pressure on the site. Facilities could be generally improved so that visitors to this part of the shore are aware that the area is important for birds and that dogs should not be allowed to run loose on the saltings/mudflats.	A car park off the A12 serves Herbert Barnes Park and provides an adequate number of spaces for visitors. However, a sign is needed at the entrance of the car park to make people aware of its location. Herbert Barnes Park has a number of permissive paths which are illustrated on interpretation panels and will be mown regularly by the Council. The largest path is below the flood defence wall which helps reduce the disturbance of birds. A new interpretation board is needed at the main entrance to the site at Breydon Bridge. This is currently being investigated.	GYBC and contributions from developers will be sought to fund bins as part of a package of mitigation. GYBC/Natural England/Broads Authority/RSPB who sponsored the original board.	When the monitoring indicates they are needed.

Table 7: Monitoring and Mitigation Measures for North Denes SPA

The little tern colony is potentially vulnerable and the HRA has concluded that increased adverse effects from additional development proposed in Great Yarmouth and settlements to the north of Great Yarmouth could not be ruled out on the basis of objective information. It is important to note that there are existing problems relating to the proximity of the site to urban developments which include disturbance and confinement of the colony.

The RSPB already has a management package in place, and this goes some way to counteract the effects of the existing visitor pressure for the little tern colonies at North Denes SPA in Great Yarmouth. The RSPB have received EU Life + funding to manage the little tern colonies across the SPA for 5 years from 2013 to 2018 therefore contributions will be sought for this to continue.

North Denes SPA				
Measure	**What is needed**	**How will it be delivered?**	**How will it be funded?**	**Timeframe**
Fencing during nesting season	Fencing to protect the little tern colony from ground predators, dogs and to prevent public access to the area where the birds are nesting. Extension of the fenced area and management of beach vegetation as necessary to ensure adequate areas are fenced each year and in the right areas for the birds to nest.	Management package delivered by RSPB and Natural England. Total cost for the management package is approximately £12,738 per annum not including wardening. A recent PSPO consultation by the Council has suggested a 'dogs on leads' requirement along the stretch of beach covering the North Denes SPA.	The RSPB have received EU Life + funding to manage the little tern colonies across the SPA for 5 years from 2013 to 2018. Contributions from developers will be required to ensure certainty that the management continues beyond 2018.	Annually during breeding season
Wardening during nesting season	On-site wardening to show people the birds and prevent disturbance, dogs running loose etc.			
Vandalism prevention	Measures to stop vandalism at night, such as night time wardening.			

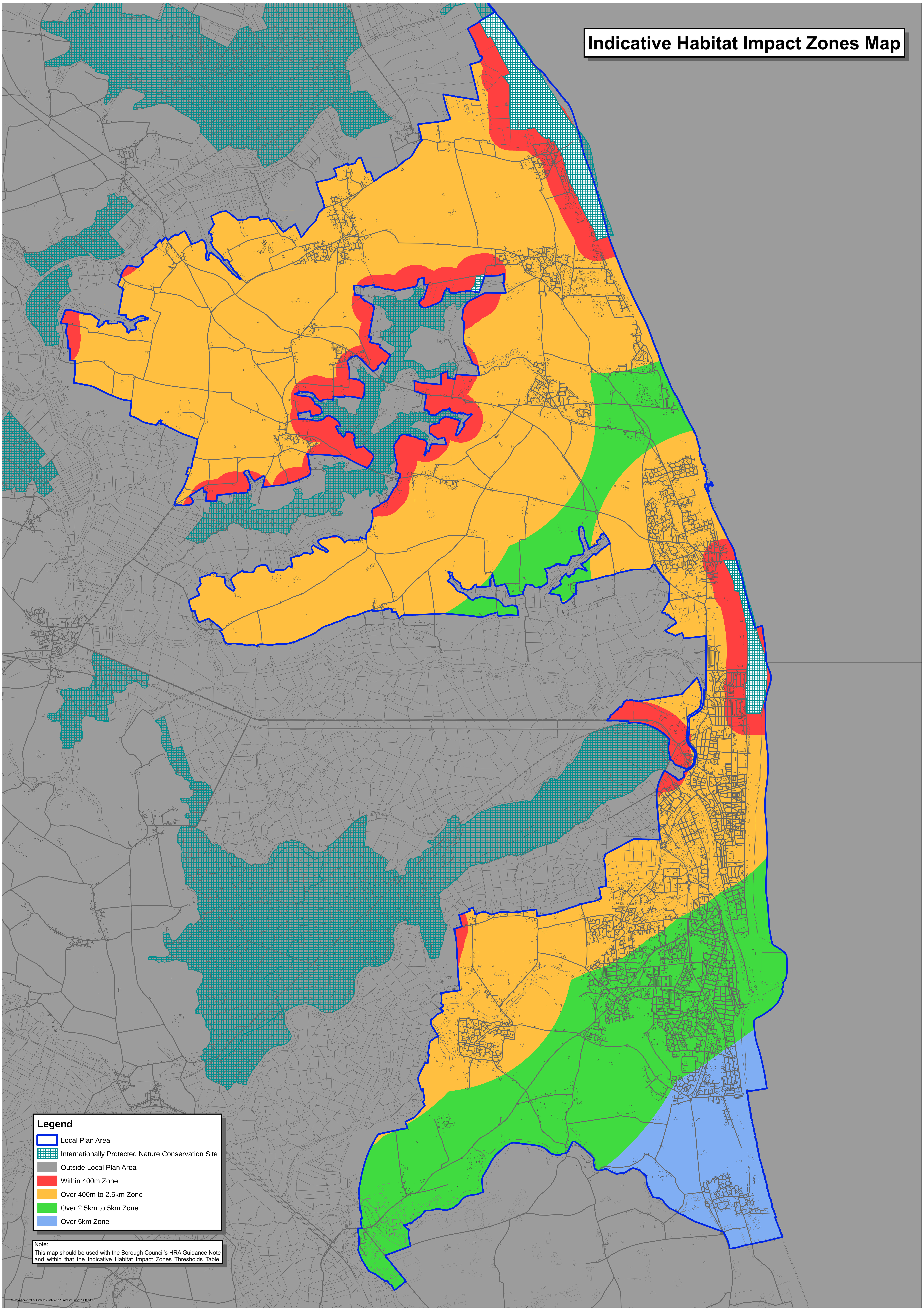
North Denes SPA				
Measure	**What is needed**	**How will it be delivered?**	**How will it be funded?**	**Timeframe**
Access Management	In the wider beach area around the colony access should be managed to create zones of low disturbance with the aim to extend the area available for the birds to nest in. Facilities for the public to view the birds, so that visitors can understand why access is prevented on part of the beach and so that local people, school groups, visiting birdwatchers etc. can see the birds easily from a suitable distance.	Management package delivered by RSPB and Natural England. Total cost for the management package is approximately is approximately £12,738 per annum not including wardening.	The RSPB have received EU Life + funding to manage the little tern colonies across the SPA for 5 years from 2013 to 2018. Contributions from developers will be required to ensure certainty that the management continues beyond 2018.	
Predator control	Control of predators.			
Monitoring	The tern colonies around the east Norfolk and north Suffolk coast should continue to be monitored annually to check how distribution/use is changing and to ensure that the mitigation package is working. Such monitoring should be comparable between years and potentially include the number of pairs of terns, their breeding success, predators and visitor numbers and distribution.			

North Denes SPA				
Measure	**What is needed**	**How will it be delivered?**	**How will it be funded?**	**Timeframe**
Education	Promotion of the colony through education, events, art, and community involvement to engender local support for the colony.	Management package delivered by RSPB and Natural England. Seashore holiday village, Great Yarmouth (adjacent to the SPA) are erecting interpretation boards about North Denes to educate their visitors. Interpretation boards at the southern part of North Denes SPA in Great Yarmouth.	EU Life + funding to 2018. Seashore holiday village. GYBC and Natural England. Contributions from developers will be sought to fund bins as part of a package of mitigation.	

Appendix 1

Indicative Habitat Impact Zones Thresholds

Development Use	Scale	Within 400m (Red zone)		Over 400m to 2.5km (Orange Zone)		Over 2.5km to 5km (Green Zone)		Over 5km (Blue Zone)	
		Monitoring & Mitigation Strategy contribution	HRA type likely to be required	Monitoring & Mitigation Strategy contribution	HRA type likely to be required	Monitoring & Mitigation Strategy contribution	HRA type likely to be required	Monitoring & Mitigation Strategy contribution	HRA type likely to be required
New Housing	1 to 9 units	Contribution required	Bespoke HRA	Contribution required	Template HRA	Contribution required	Template HRA	No contribution required	None
	10 to 25 units	Contribution required	Bespoke HRA	Contribution required	Bespoke HRA	Contribution required	Template HRA	No contribution required	None
	26 to 100 units	Contribution required	Bespoke HRA	Contribution required	Bespoke HRA	Contribution required	Bespoke HRA	No contribution required	None
	100+ units	Contribution required	Bespoke HRA	Contribution required	Bespoke HRA	Contribution required	Bespoke HRA	No contribution required	Bespoke HRA
New Holiday accommodation	1 to 20 bed spaces	Contribution required	Bespoke HRA	Contribution required	Template HRA	Contribution required	Template HRA	No contribution required	None
	21 to 60 bed spaces	Contribution required	Bespoke HRA	Contribution required	Bespoke HRA	Contribution required	Template HRA	No contribution required	None
	61 to 230 bed spaces	Contribution required	Bespoke HRA	Contribution required	Bespoke HRA	Contribution required	Bespoke HRA	No contribution required	None
	230+ bed spaces	Contribution required	Bespoke HRA	Contribution required	Bespoke HRA	Contribution required	Bespoke HRA	No contribution required	Bespoke HRA



GREAT YARMOUTH BOROUGH COUNCIL

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Drawing No.:
Scale @ A0: 1:22,000

Subject: **The South East Tower**

Report to: Executive Leadership Team – 19th November 2018

Policy and Resources Committee – 5th February 2019

Report by: Property and Asset Management

SUBJECT MATTER/RECOMMENDATIONS
Consideration and approval of the future management and repair of the South East Tower as Holiday Accommodation: Recommendation – To transfer the ownership of the South East Tower, with appropriate covenants, to the Great Yarmouth Preservation Trust for continued operation as holiday accommodation.

1. BACKGROUND

This report considers the future ownership and operation of the South East Tower.

In 2014 the Council invested £125,000 in the repair and reuse of the South East Tower, which has Historic Monument status, for holiday accommodation. The intention was that the repair and reuse would support the emerging cultural tourism offer, underpin the ambitions of the heritage strategy and provide a viable end use for an important heritage asset.

It was suggested that the revenue stream generated would then be used to maintain the tower and surrounding section of wall into the future. Great Yarmouth Preservation Trust who had presented the concept of the repair and reuse of the tower were tasked to design a scheme and manage the contract. The property was subsequently let out as a holiday home and this was managed by GYPT.

In July 2018 as part of the Councils stock condition program an inspection was carried out that identified serious shortcomings in basic risk management together with the property not complying with various H & S legislation and servicing requirements.

As a consequence of these findings it was agreed by the executive that the property should be closed with immediate effect and for any urgent remedial works undertaken together with a review of the costs and a going concern for holiday accommodation.

2 CURRENT SITUATION

Those Health & Safety issues considered needing immediate attention (to allow the property to be open for holiday bookings) have been completed. Property and Asset Management (PAM) also recommends further works to be carried out in this financial year as identified under the Planned Property Maintenance (PPM) schedule attached including the replacement of some furniture owing to its poor condition.

The PPM also identifies significant repairs being required in the next 5 years (from 2019/20 onwards) which has been budgeted at approximately £86,000. This is largely due to masonry / mortar repairs owing to the age of the tower and traditional materials used.

Annual income
Having discussed with GYPT, prior to the towers closure for emergency repairs bookings for this year were around £2000 and it is understood that a further £6,000 of bookings were secured before the tower had to closed temporarily.

It should be noted that marketing was via GYPTs own website and www.quirkyaccom.com (a niche accommodation website) which is understood to have annual visits of 1.6 million per year. By way of comparison Hoseasons (considered the largest website for holiday accommodation in the UK) have annual visitor numbers in excess of 36 million.

A further review of annual income has been considered (assuming the property remains in repair and marketing is maximized).

Holiday rent projections

Peak (per week)	£500
Offpeak (per week)	£350

Total weeks					
Peak (school holidays)	13	£	6,500		
Void period say	15%	£	975		
		Sub total		£	**5,525**
Off Peak (rest of year)	39	£	13,650		
Void period say	25%	£	3,413		
		Sub total		£	**10,238**
		Total Annual		**£**	**15,525**

Annual Outgoings

Repair costs (prorata masonry repairs etc over 5 years £86,340)	£	17,268
Annual servicing costs	£	6,000
Cleaning / Laundry	£	2,000
Utilities & Insurance	£	2,000
Agency advertising say	£	3,000
Management of property say	£	1,500
Telephone and internet	£	800
Business Rates (holiday cottage let more than 140 days per year)	£tbc	
Total per annum (incl repairs)	**£**	**32,568 exc VAT**

The full repairs cost schedule is attached as confidential appendix 1.

At the rental income estimated above and ignoring repairs (£17,268) required over the next five years the remaining overheads for the holiday accommodation will mean it will only break even. Naturally if these repairs are included there is a significant short fall. It should be noted that these repair works may also reduce the income stream from holiday lettings in one year as the tower may not be available for use whilst these works are undertaken.

2. Options for Future Management

On the basis these revised costs are accepted there are a number of ways that the property can be managed.

Option	Opportunity	Risks/costs
1. Holiday Letting Agency	Promotion and management of the Tower through a holiday letting agency.	The typical fee to an agency is 20% of the bookings plus an additional fee for cleaning, laundry and management the responsibility for insurance, utility bills and maintenance remains with the Council. Any income would need to be ring-fenced for the repair and maintenance of the Tower and Town Wall. Under this option the property would be operating at a loss and this has therefore been discounted.
2.Lease property to an holiday operator	To undertake to lease the Tower to as holiday accommodation direct to an operator	This option is unlikely to be feasible unless subsidized based on the above income and expenditure calculations.
3.Contract with Great Yarmouth Preservation Trust	To agree a contract with GYPT to advertise, promote and manage the tower as holiday accommodation.	GYPT would reclaim expenses for example administration, laundry and cleaning. Advertising, promotion and some booksing will be via AirB&B and Tripadvisor. The responsibility for insurance, utility and maintenance remains with the Council. Any income would need to be ring-fenced for the repair and maintenance of the Tower and Town Wall. Under this option the property would be operating at a loss and this has therefore been discounted.
4.Transfer of the asset to Great Yarmouth Preservation Trust	To transfer the asset to GYPT to continue operating as a holiday rental. Through conversations with GYPT it is clear that as a registered Charity the main purpose of the the company is to protect, maintain and secure the long term historic fabric of assets for the benefit and enjoyment of all. With the opportunity for GYPT to use the conservation company within GYPT ownership, Norfolk Conservation Ltd, savings in relation to all required future restorations can be managed to best effect.	The current asset valuation of the property is such that owing to the significant annual costs to maintain it is defined as de-minimus for financial reporting purposes.

3. RISKS

Each of the above options presents a level of financial risk to the council given that the facility is likely to deliver a negative return. It is clear that capacity within the Council to undertake the day to day management of the holiday accommodation is limited.

GYPT have indicated that the main opportunity with the Tower is to enable it to be used, maintained and enjoyed by the public complementing the wider regeneration ambitions of the town, especially the vital role heritage will play in regeneration plans.

Options 1 – 3 above represent an ongoing risk in relation to operational costs and repairs and maintenance of the property so for the purposes of this report have been discounted as opportunities going forward.

Option 4 would present a risk to the Great Yarmouth Preservation Trust however it is clear from discussion that they feel able to manage potential costs by utilizing the GYPT in-house Norfolk Conservation company to reduce any future maintenance liability.

In accordance with the RICS Red Book this historic monument was valued as holiday accommodation and considered de-minimus for asset valuation purposes owing to the substantial liability for ongoing repairs and management that would outweigh the income achievable in future years.

There are very limited alternative uses for this ancient scheduled monument and prior to the conversion the property had been vacant for nearly two decades. Any alternative uses (such as a small office) would require further capital expenditure and cost of ongoing repairs and maintenance as previously described would not see a return on the investment remaining de-minimus for asset valuation purposes.

Within section 123 of the Local Government Act 1972 the General Disposal Consents gives Local Authorities freedom to dispose of any interest in land at less than best consideration without the specific consent of the Secretary of State should it provide a contribution toward the promotion or improvement of the economy, social or environmental well-being of its area. Clearly as an important historic monument the environmental promotion and development of the building is essential to the history of the town. Through the transfer to a recognised and respected charity for continued use enjoyment of this property can be guaranteed. It is therefore considered there are no state aid issues.

4. RECOMMENDATIONS

Recommendation – To approve the transfer of the South East Tower, with appropriate covenants, to the Great Yarmouth Preservation Trust for continued operation as holiday accommodation.

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