



# GREAT YARMOUTH BOROUGH COUNCIL

## Council

**Date:** Thursday, 14 December 2023  
**Time:** 19:00  
**Venue:** Council Chamber  
**Address:** Town Hall, Hall Plain, Great Yarmouth, NR30 2QF

### AGENDA

Open to Public and Press

**1 APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

**2 DECLARATIONS OF INTEREST**

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

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

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

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

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

**3**     **MAYOR'S ANNOUNCEMENTS**

To consider any announcements from Her Worship the Mayor.

**4**     **LEADER'S ANNOUNCEMENTS**

To consider any announcements from the Leader of the Council.

**5**     **ITEMS OF URGENT BUSINESS**

To consider any items of Urgent Business.

**6**     **MINUTES**

**5 - 12**

To confirm the Council minutes of the meeting held on the 27 July 2023.

**7**     **PUBLIC QUESTION TIME**

Council are asked to consider the following question from Mr John Cannell of The Great Yarmouth and District Trades Union Council :-

'The Great Yarmouth and District Trades Union Council would like Great Yarmouth Borough Council to ask Anglian Water when they are going to construct a full sewage treatment works at Caister to replace the existing pumping station? Until such time as that is complete, and raw sewage is no longer being pumped into the North Sea, will Great Yarmouth Borough Council suspend future development in the Borough, until such time as there is an adequate sewage treatment infrastructure for new development has been provided?'

**8**     **APPOINTMENT OF SUBSTITUTE MEMBER FOR THE NORFOLK COMMUNITY SAFETY PARTNERSHIP**

Council are asked to consider the appointment of a substitute Member on the Norfolk Community Safety Partnership.

**9**     **23-150 - REALLOCATION OF UNUSED CASINO LICENCE**

**13 - 14**

Report attached.

10	<b><u>23-202 - REVIEW OF POLLING DISTRICTS, POLLING PLACES AND POLLING STATIONS</u></b>	15 - 21
	Report attached.	
11	<b><u>23-162 - GREAT YARMOUTH'S USE OF TEMPORARY ACCOMODATION</u></b>	22 - 27
	Report attached.	
12	<b><u>23-052 - COUNCIL TAX DISCOUNTS 2024-25</u></b>	28 - 36
	Report attached.	
13	<b><u>23-051 - COUNCIL TAX SUPPORT SCHEME 2024-25</u></b>	37 - 41
	Report attached.	
14	<b><u>23-053 - COUNCIL TAX BASE 2024-25</u></b>	42 - 45
	Report attached.	
15	<b><u>23-173 - 2023-24 TREASURY MANAGEMENT MID YEAR REPORT</u></b>	46 - 59
	Report attached.	
16	<b><u>23-174 - MEDIUM TERM FINANCIAL STRATEGY REVIEW 2024- 25 TO 2026-27</u></b>	60 - 80
	Report attached.	
17	<b><u>23-155 - SAVINGS 2024-25 - MEDIUM TERM FINANCIAL STRATEGY</u></b>	81 - 89

Report attached.

**18 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."



**GREAT YARMOUTH**  
BOROUGH COUNCIL

# Council

## Minutes

Thursday, 27 July 2023 at 19:00

### PRESENT:-

Her Worship, The Mayor, Councillor Penny Carpenter, Councillors Annison, Bensley, Bird, Borg, Boyd, Candon, Capewell, G Carpenter, Cordiner-Achenbach, Flaxman-Taylor, Freeman, Galer, Grant, Green, Hammond, Jeal, Lawn, Martin, McMullen, Mogford, Murray-Smith, Newcombe, Pilkington, Rundle, Smith, Stenhouse, Thompson, Upton, Wainwright, Waters-Bunn, A Wright and B Wright

Ms S Oxtoby (Chief Executive Officer), Ms C Whatling (Monitoring Officer – via Teams), Mrs P Boyce (Strategic Director – People), Mrs C Webb (Democratic Services Officer), Mr D Zimmerling (IT Support) & Mrs A Krout (Democratic Services Officer)

### **1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Plant, Robinson-Payne, Sharp, Smith-Clare, Wells & Williamson.

### **2 DECLARATIONS OF INTEREST**

Councillor Bensley declared an interest in Item 7 as he was Ward and County Councillor for East Flegg.

Councillor Flaxman-Taylor declared an interest in Item 9 as she was a director of Great Yarmouth Norse Limited.

### **3 MAYOR'S ANNOUNCEMENTS**

Her Worship, The Mayor, asked the Leader of the Council to make his announcements.

The Leader of the Council advised that prior to his update on the County Deal, he would like to thank the amazing response from across the council, but particularly Paula Boyce, Julian Potter, Tanya Rayner, Kate Price and Sally Embalo, following a major fire in an HMO in Nelson Road at the weekend. A rest centre was set up which remained open, staffed 24 hours a day by the Council, for the next three nights, until everyone was found accommodation.

Councillor Wright echoed Councillor Smith's comments and thanked the emergency services from preventing the fire from spreading.

Councillor Wainwright asked if the Council could thank the emergency services and the Chief Executive Officer advised that she would do so.

The Leader of the Council reported that the Secretary of State for Levelling Up had responded to a letter from Councillor Mason Billig, stating that he, "was keen to see County and District Councils continue, and accelerate, the work to develop and implement a Norfolk Leadership Board, ahead of having a directly Elected Leader. He saw this as crucial to demonstrating that the deal, as a catalyst for a renewed shared vision for Norfolk, could be fully implemented, and advantage taken of the opportunities it brought. He also recognised the active role that Norfolk was playing in the national development of a Scrutiny Protocol, part of the English Devolution Accountability Framework."

### **4 URGENT ITEMS OF BUSINESS**

Her Worship, The Mayor, reported that she had not been made aware of any items of urgent business for consideration at Council this evening.

### **5 MINUTES**

That the minutes of the meeting held on the 15 June 2023 be confirmed subject to the following amendment: -

That it be noted that Councillor Jeal had proposed that Councillor Robinson-Payne be wished a speedy recovery from her surgery.

Proposer: Councillor Smith  
Secunder: Councillor Candon

CARRIED

## **6 PUBLIC QUESTION TIME**

Council was advised that Ms Livingstone was unable to attend Council this evening to ask her question in person.

The Leader advised that he would respond in writing to Ms Livingstone and would circulate his response to Members for information.

## **7 ADOPTION OF HEMSBY NEIGHBOURHOOD PLAN (URN-23-088)**

Council received and considered the report from the Executive Director of Place.

Councillor Candon reported that the Hemsby Neighbourhood Plan had been prepared and submitted by Hemsby Parish Council. The plan contained planning policies to be used in determining planning applications within the parish. Following the Full Council decision to approve the Hemsby Neighbourhood Plan for referendum, the referendum took place in the local Village Hall on Thursday 22 June 2023 with an 80% majority of votes cast.

In accordance with the Regulations, the Borough Council must now adopt the plan unless it would breach any retained European Union obligations or Convention Rights. It was considered that the plan did not breach such obligations or rights and therefore the recommendation was for Full Council to adopt the Hemsby Neighbourhood Plan. This recommendation was endorsed to Full Council by the Local Plan Working Party on the 17<sup>th</sup> July 2023.

Upon adoption, the Neighbourhood Plan would become part of the Borough Council's Development Plan.

Proposer: Councillor Candon  
Secunder: Councillor Annison

That Council adopt the Hemsby Neighbourhood Plan.

CARRIED

## **8 REVIEW OF MEMBER SPECIAL RESPONSIBILITY ALLOWANCES FOLLOWING THE COUNCIL'S CHANGE TO AN EXECUTIVE MODEL OF GOVERNANCE**

Council received and considered the report from the Independent Remuneration Panel.

A full Review of the Scheme of Members' Allowances was undertaken in 2021 and agreed by Full Council at its meeting on the 9 December 2021. As part of this review, the Independent Remuneration Panel informed Council that should a change in Governance take place, in line with Government Regulations, a further review would be triggered. Since the Council voted to move to Executive (Cabinet) Model of Governance in May 2023, the Panel has convened to review the Scheme of Allowances. The Independent Remuneration Panel only considered the Special Responsibility Allowances (SRA) during this review, a further review of the whole scheme of allowances was due to take place in 2025 in line with the statutory guidance

and acknowledged that the basic allowance was index linked to staff pay awards and had therefore increased in 2022. The Panel acknowledged that the Council were in the early stages of embedding the Executive System of Governance, therefore, it was recommended that a meeting be convened in one year's time to ensure the Special Responsibility Allowances were in line with the responsibilities and workloads of those Members receiving an SRA.

Proposed: Councillor Smith

Seconder: Councillor Wainwright

That Council:-

1. Agree the SRA for the Leader of the Council should be calculated by way of a multiplier of x2.25 of the Basic Allowance.
2. Agree the SRA for the Deputy Leader of the Council should be calculated by way of a multiplier of x1.5 of the Basic Allowance.
3. Agree the SRA for the Cabinet Members should be calculated by way of a multiplier of x1.3 of the Basic Allowance.
4. Agree the SRA for the Shadow Leader of the Council should be calculated by way of a multiplier of x1 of the Basic Allowance.
5. Agree the SRA for the Chair of the Scrutiny Committee should be calculated by way of a multiplier of x1 of the Basic Allowance.
6. Agree the SRA for the Vice-Chair of the Scrutiny Committee should be calculated by way of a multiplier of x0.25 of the Basic Allowance.
7. Agree the SRA for the Chair of the Audit, Risk and Standards Committee should be calculated by way of a multiplier of x1 of the Basic Allowance.
8. Agree the SRA for the Vice-Chair of the Audit, Risk and Standards Committee should be calculated by way of a multiplier of x0.25 of the Basic Allowance.
9. Agree the SRA for the Chair of the Licensing Committee should be calculated by way of a multiplier of x1 of the Basic Allowance.
10. Agree the SRA for the Vice-Chair of the Licensing Committee should be calculated by way of a multiplier of x0.25 of the Basic Allowance.
11. Agree the SRA for the Chair of the Development Management Committee should be calculated by way of a multiplier of x1.25 of the Basic Allowance.
12. Agree the SRA for the Vice-Chair of the Development Management Committee should be calculated by way of a multiplier of x0.33 of the Basic Allowance.
13. Agree the SRA for the Mayor (Chair of the Council) should be calculated by way of a multiplier of x0.5 of the Basic Allowance.
14. Agree the SRA for the Deputy Mayor should be calculated by way of a multiplier of x0.2 of the Basic Allowance.
15. Agree to a meeting being convened in one years' time to review Special Responsibility Allowances to ensure these are in line with the responsibilities and workloads of those Members receiving a SRA.



## **9 APPOINTMENT OF REPLACEMENT COMPANY DIRECTOR**

That Nicola Turner replace Jane Beck as a Director for GYN.

Proposer: Councillor Smith  
Seconder: Councillor Boyd

CARRIED

## **10 TEMPORARY ACCOMMODATION – Purchase of additional properties (URN 23-101)**

Council received and considered the report from the Housing Options Service Manager and the Housing Delivery Manager.

The Council together with 229 other local authorities in the UK had been notified that assistance was required to support the resettlement of Afghan families as part of the Government's Afghan Citizens Resettlement Scheme.

The scheme prioritised those who had assisted the UK efforts in Afghanistan standing-up for the values of democracy, women's rights, freedom of speech, and rule of law. Priority was also given to vulnerable people, including women and girls at risk, and members of minority groups at risk (including ethnic and religious minorities and LGBTQ+).

There were a significant number of these families still within bridging accommodation across the Country in need of a self-contained home.

Whilst the Council accepted and acknowledged the current housing pressures facing those already living within the Borough, the homes required to support Afghan families would be let on a temporary basis until such time as the families secured more permanent homes and would therefore not impact upon the wider Council efforts to provide housing to those who qualified.

Central Government had allocated £526,000 to Great Yarmouth to enable the Council to purchase 5 properties to meet this requirement. To match the Government's Local Authority Housing Grant, the Council was being asked to approve borrowing of £704,000 in order to finance the scheme.

The benefits of accepting the grant funding were 3-fold:

- (i) The Council had to provide homes for Afghans with or without the funding. The funding would enable the acquisition of 5 additional homes so as not to impact on current temporary accommodation provision or the Borough existing social housing stock.
- (ii) Under the terms of the funding agreement, once the resettlement programme ended, these homes could be retained by the Council as part of its wider temporary accommodation portfolio. Therefore, providing long term assets for those in need of emergency accommodation.
- (iii) The scheme was financially self-sufficient. Whilst there was an element of Council borrowing, the rental income generated from the homes would cover all

expenditure on repairs, management, interest payments on the borrowing and repay the capital invested.

Councillor Wainwright advised that he fully supported the report and asked how many Afghan families were resident in the Borough at the current time; and would Members be informed if Afghan families moved into their ward or houses were purchased in their wards.

Councillor Flaxman-Taylor advised that she was not aware of any families currently in the Borough and that ward members would be notified if any Afghan families moved into their wards or houses were purchased in their wards.

Councillor Wainwright queried whether, if there were no Afghan families currently in the Borough, would it be possible to use the accommodation to house other families.

Councillor Flaxman-Taylor responded that it would be possible to use the houses as council stock until such time as it was required for Afghan families.

Councillor Hammond commented that it would be beneficial for the houses to be near each other to create a sense of community.

Councillor Flaxman-Taylor agreed that would be beneficial, but it would depend on where the houses were purchased.

Proposer: Councillor Flaxman-Taylor  
Secunder: Councillor G Carpenter

That Council approve the expenditure of up to £1,230,000 supported by up to £704,000 of Council borrowing to deliver this grant-aided Temporary Accommodation Scheme.

CARRIED

## **11 MOTION ON NOTICE**

Councillor Wainwright presented the following Motion to Council:-

Council are asked to consider the following Motion on Notice from Councillors Wainwright, Williamson, T. Wright, B. Wright. Jeal and Martin:-

Council notes with concern the recent announcement that all 980 staffed ticket offices in England could be closed following discussions between the Department for Transport and the Rail Delivery Group, and changes to the Governments guidance relating to ticket office opening hours. Council believes that ticket offices provide a vital service to residents in Great Yarmouth. Having a clearly sign-posted place in the station for people with ticket enquiries provides certainty and confidence for customers who may struggle to otherwise contact station staff. Not all residents are able to use station ticket machines or have the means to book a ticket in advance. Complicated journeys involving connections are likely to require human assistance to ensure customers purchase the most appropriate and cheapest tickets, and do not incur penalties from mis-booked tickets. Council is concerned the closure of tickets offices will disproportionately affect elderly and disabled residents in Great Yarmouth as well as those with poor literacy and IT skills. Council also notes that possible implications

for current station staff and the concerns that have been raised over possible staff redundancies.

Council was asked to note the Leader's response to the consultation.

Council requested that the Leader to write to the Secretary of State for Transport, and the Government Railways Minister, expressing the Council's opposition to the closure of staffed rail ticket offices and the ticket office at Great Yarmouth.

Council requested that the Leader to write to Greater Anglia expressing the Council's opposition to any plans to close the staffed ticket office at Great Yarmouth.

Council asked that the matter be referred to the Scrutiny Committee with the recommendation that representatives from Greater Anglia and other relevant bodies were invited to attend a Scrutiny Committee meeting at their earliest convenience to discuss future plans at Great Yarmouth.

Councillor Wainwright thanked the Leader for agreeing the amendments to the Motion but that it would carry more weight coming from the Chief Executive Officer.

Councillor Wright commented that he was pleased to see agreement from both sides of the Council and that he hoped it might persuade the Government and the Department of Transport to take the closing of ticket offices off the agenda.

Councillor Flaxman-Taylor requested that a copy of the response be sent to all Members.

Council agreed the following steps to address the motion:-

(i) That Council requested that the Chief Executive Officer to write to the Secretary of State for Transport, and the Government Railways Minister, expressing the Council's opposition to the closure of staffed rail ticket offices and, in particular, the office at Great Yarmouth.

(ii) Council requested that the Chief Executive Officer to write to Greater Anglia expressing the Council's opposition to any plans to close the staffed ticket office at Great Yarmouth.

(iii) Council asked that the matter be referred to the Scrutiny Committee with the recommendation that representatives from Greater Anglia were invited to attend a Scrutiny Committee meeting at their earliest convenience to discuss future plans at Great Yarmouth.

## **12 EXCLUSION OF PUBLIC**

There were no members of the public present at the meeting to warrant the exclusion of the public.

## **13 CONFIDENTIAL MINUTES**

That the confidential minutes of the meeting held on 12 July 2022 be confirmed.

Proposed: Councillor Smith  
Seconder: Councillor Candon

CARRIED

The meeting ended at: 19:36



**URN: 23-150**

**Report Title : Reallocation of unused casino licence**

**Report to: Council**

**Date of meeting : 14 December 2023**

**Responsible Director / Officer : Natasha Hayes; Executive Director of Place**

### **EXECUTIVE SUMMARY / INTRODUCTION**

Following the governments review of the Gambling Act 2005 and the publication of the Gambling White Paper in April 2023, the Department for Media, Culture and Sport recently wrote to the Council requesting that we confirm whether we wish to retain the large casino licence, granted in 2008. To retain the licence, the Council must be able to provide persuasive evidence that this is likely to lead to the development of a large casino within a reasonable time frame. The Council must provide it's feedback to this request by 19<sup>th</sup> December 2023.

The reforms proposed in the White Paper make the rules on the number of machines in casino's more uniform across the sizes of casino and to allow sports betting.

This permission was given in May 2008 but no casino has yet to be developed, and a large casino does not feature in the Town Investment Plan (TIP)

### **RECOMMENDATION :**

That Council agree with the proposal for the reallocation of the unused large casino licence.

## **1. Introduction**

Great Yarmouth was granted permission to issue a Large casino licence under the Gambling Act 2005 in May 2008. This was 1 of 8 licences awarded in the UK.

The 2023 Gambling White Paper highlights that "300,000 people in Great Britain are estimated to be experiencing 'problem gambling', defined as gambling to a degree which compromises, disrupts, or damages family, personal or recreational pursuits, and a further 1.8 million are identified as gambling at elevated levels of risk"

Great Yarmouth is well served with an existing smaller casino, smaller casino's and slot machine arcades.

A lengthy competitive process was carried out which began in 2011 with the completion resulting in a provisional statement being awarded to Pleasure and Leisure Property Corporation

Plc in April 2012. Although originally awarded for 12 months, Pleasure and Leisure applied to the Licensing Committee for it to be extended for 4 years.

This provisional statement expired in April 2017 and therefore a large casino licence has not been issued, and no progress to implement a large casino has been made.

## 2. Current situation

A letter has been received from the Department for Culture, Media & Sport, which asks the authority to confirm whether their intention is to develop a large casino or whether the Secretary of State can reallocate the licence.

To retain the current permission to issue a large casino licence, a substantive plan would be required to evidence how the authority is planning to implement this development within a reasonable timeframe. This evidence does not exist, nor does it form part of the wider regeneration plans in the Town that form part of the Town Investment Plan (TIP).

## 3. Recommendation

There is no strategic plan to seek to implement a large casino in the town, and the council is not able to provide the required evidence to DCMS to retain the licence. Furthermore, the Town is well served with existing casinos and smaller slot machine arcades. It is recommended that Council agree with the proposal for the reallocation of the unused large casino licence.

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

Consultations	Comment
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	
Existing Council Policies:	
Equality Issues/EQIA assessment:	



URN: 23/202

Subject: Review of polling districts, polling places and polling stations

Report to: ELT / Council – 14 December 2023

Report by: Licensing and Elections Manager

**SUBJECT MATTER AND DECISION REQUIRED**

Members are reminded of the compulsory review of polling districts, polling places and polling stations which has been subject to consultation from 9 October to 14 November.

All comments have been considered and Members are asked to approve the final recommendations as attached.

**RECOMMENDATION :**

That Council :

(1) Note the outcome of the review of polling places and polling stations in accordance with the Council's statutory obligations.

(2) Approve the attached schedule of polling districts and polling stations incorporating the proposed final recommendations.

**1. Background**

- 1.1 Under the Electoral Registration and Administration Act 2013 all local authorities are required to complete a review of their parliamentary polling districts and polling places at least every five years.
- 1.2 The last review in Great Yarmouth took place in 2019 although polling places are kept under review annually following an election.
- 1.3 The next compulsory review is required to be completed by 31 January 2025.
- 1.4 Polling arrangements for both parliamentary and local elections are the subject of legislation, principally the Representation of People Act 1983 (as amended)
- 1.5 Polling arrangements are determined by three inter-related features:
  - **Polling District** - is a geographical sub-division of an electoral area. For voting purposes, each Parliamentary constituency and every local government ward is divided into smaller polling districts. Great Yarmouth has 17 wards and 46 districts.
  - **Polling Place** – is the building or area in which polling stations are selected. A polling place within a polling district must be designated so that polling stations are within easy reach of all electors
  - **Polling Station** – is the room or area within the polling place where voting takes place.
- 1.6 When undertaking a review, the law says that an authority must
  - a) Seek to ensure that all the electors in the constituency have such reasonable facilities for voting as are practicable in the circumstances;

- b) Seek to ensure that so far as is reasonable and practicable, the polling places they are responsible for are accessible to all electors, including those who are disabled, and when considering the designation of a polling place, must have regard to the accessibility of disabled persons.

## **2. Review Process**

- 2.1 As part of the consultation process, existing electoral arrangements were published and sent to the following interested parties:
- Local MP
  - NCC Councillors
  - GYBC Councillors
  - Parish Councils
  - Local political parties
  - Centre 81
  - Dial
  - Headway
  - Opening doors
  - RNIB
  - Vision Norfolk
  - Great Yarmouth and Waveney Mind
  - Age connected
- 2.2 The Returning Officer was also consulted for her views on the existing arrangements
- 2.3 The consultation period ran from 9 October – 14 November 2023.
- 2.4 Several comments were received and these are attached in Appendix 1.
- 2.5 It should be noted that two of the comments received did include a suggested alternative, and the reasons for not changing these are in the attached schedule of polling districts and polling stations.
- 2.5 Following the review it will still be possible to change polling stations if a building became unavailable at election time.

## **3. Conclusion**

- 3.1 On completion of the review the Council is required to give reasons for its decisions in the review and to publish the result.
- 3.2 Following the review, it is considered that there should be no change to the existing arrangements. Current arrangements provide all electors with such reasonable facilities for voting as are practicable in the circumstances and so far as is reasonable and practicable the polling places are accessible to all electors, including those who are disabled.



#### 4. Decision Required

4.1 To note the outcome of the review of polling places and polling stations in accordance with the Council's statutory obligations and to approve the attached schedule of polling districts and polling stations incorporating the proposed final recommendations.

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

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

Polling Station no.	Polling Station Name	Polling Station Address	Polling District	Electorate	Electoral Ward	Accessibility	Returning Officer Comments	Alternative suggested	Recommendation to Council
1-2	Mill Lane Centre	Playing Field Mill Lane Bradwell NR31 8HS	BN1	5,078	Bradwell North	Level	This polling station is suitably located and accessible. It has a large car park and is able to accommodate the two polling stations needed for the electorate.	None	No change necessary
3	Communal Room	The Close Bradwell NR31 8DS	BS1	1,452	Bradwell South and Hopton	Level	This is a suitable location for the area it covers, good accessibility and availability	None	No change necessary
4	Community Centre	Lords Lane Bradwell NR31 8QH	BS2	2,826		Level	This polling station is well positioned for the polling district.	None	No change necessary
5	Village Hall	Hopton NR31 9BE	BS3	3,643		Level	Village Hall purpose built and accessible	None	No change necessary
6-7	The Centurion	Ormesby Road Caister Nr30 5NJ	CN	3,643	Caister North	Level	Polling station is used for two polling stations to accommodate large electorate. Premises is centrally located with large car park.	None	No change necessary
8-9	Council Hall	Yarmouth Road Caister NR30 5DL	CS1 CS2	3428 149	Caister South	Level	Premise used is accessible and has good availability. Car parking can be a little difficult but the area does have short stay spaces on roadside	None	No change necessary
10	Emmanuel Church	Northgate Street Great Yarmouth NR30 1BJ	CE1	2,580	Central and Northgate	Ramp for disabled access	Has continued to be used for several years with no adverse comments received. Parking is a little limited but we ensure cones are placed outside the station to allow for polling day parking only and will continue to do so.	None	No change necessary
11	The Priory Centre	Priory Passage Great Yarmouth NR31 1NW	CE2	3,057		Level	Accessible premise, although it is hidden from the main road. Extra signage is provided to alleviate this difficulty. Car parking is available on road side	None	No change necessary
12	Communal Room	Manor Close Gorleston NR31 0PX	CL1 AND CL2	1562 and 1085	Claydon	Slope to entrance	Good accessible building with confirmed availability. Extra signage at Junction of manor Road & Suffolk Road is helpful.	None	No change necessary
13	Communal Room	Genista Green Gorleston NR31 0PX	CL3	1,226		Purpose built ramp	Accessible building with the use of a ramp. Confirmed availability and centrally located. Extra signage required to identify location from main road.	None	No change necessary
14	Youth and Adult Centre	Magdalen Way Gorleston NR31 7BW	CL4	1,631		Level	Accessible building .	None	No change necessary
15	Village Hall St Mary's Room	Waters Lane Hemsby NR29 4NH	EF1	2,746	East Flegg	Level	Village Hall for parish - centrally located and known to the area	Pavilion, Waters Lane Hemsby	Comments received regarding alternative building. Venue inspected and building is accessible and fit for purpose however so is current premises. Both venues are within the same polling place and as such there is deemed no reason to alter the existing set up at this stage.
16	Village Hall	Somerton NR29 4DL	EF2	209		Level	Village Hall for parish - centrally located and known to the area	None	No change necessary

17	Village Hall	Kings Corner Winterton NR29 4DD	EF3	999		Removable ramp	Village Hall for parish - centrally located and known to the area	None	No change necessary
18	Club Room	Main Road Filby NR29 3AA	FL1	703	Fleggburgh	External ramp to rear of building	Accessible building - village hall for parish, centrally located	None	No change necessary
19	Village Hall	Main Road Fleggburgh Nr29 3AG	FL2	856		Level	Accessible building - village hall for parish, centrally located, ample parking.	None	No change necessary
20	Village Hall	Runham NR29 3AH	FL3	340		Level	Accessible building - village hall for parish, centrally located and known to area	None	No change necessary
21	Community Centre	Old School Stokesby NR29 3ER	FL4	269		Disabled access ramp at rear	Centrally located with parking. Known to area	None	No change necessary
22	Cliff Hotel	Cliff Hill Gorleston NR31 6DH	GO1	3,052	Gorleston	Level	Well known in area and can accommodate large electorate. Parking is however a little limited.	None	No change necessary
23	Unit 4 Wellington Par	Excalibur Road Beacon Park Gorleston NR31 7BB	GO2 GO3	692 326		Level into foyer. Stairs for access to first floor. Lift is available	Good location for residents on the Beacon Park estate. Great difficulty in finding alternative premises, this premise has been used for the last few elections and no adverse comments have been received. The unit changed in 2023 and a room on the first floor was made available. Although not ideal there is use of a lift.	None	No change necessary
24	The Institute	Station Road South, Belton NR31 9JG	LO1	2,879	Lothingland	Level with separate entrance for disabled access	Building accessible, although no specified parking. Well known to area with good availability.	Sports Hall New Road Belton	Comments received regarding alternative building. Venue suggested was inspected and building is accessible and fit for purpose, it is however on the outskirts of the parish. Existing arrangement is centrally located and within walking distance for many residents. It is therefore recommended that there is no change necessary.
25	Village Hall	Church Road Burgh Castle Nr31 9QF	LO2	907		Level	Accessible village Hall, centrally located for village. External lighting could be improved	None	No change necessary
26	Village Institute	Fritton NR31 9AB	LO3	207		Level	Accessible village hall well known to residents, good availability.	None	No change necessary
27	Village Institute	St Olaves Nr31 9HD	LO4	229		Level	Accessible village Hall, centrally located for village.	None	No change necessary
28	Methodist Church Hall	Magdalen Way Gorleston NR31 7BW	MA1	2,470	Magdalen	Level	Accessible hall, adequate for polling district	None	No change necessary
29	St Mary's Church Hall	Fastolff Avenue Gorleston NR31 7ND	MA2	2,196		Level	Accessible hall, adequate for polling district	None	No change necessary
30	Community Building	Amethyst Close Gorleston Nr31 6EU	MA3	513		Alternative arrangement for disabled access	Small room for a compact polling district. Extra signage is required, especially on main road as can be difficult to locate	None	No change necessary
31	St Georges Theatre Café	King Street Great Yarmouth NR30 2PG	NE1	2,181	Nelson	Level	Good location and easily identified. Accessible building	None	No change necessary
32	Comfort Inn	Albert Square Great Yarmouth NR30 3JH	NE2	1,782		Level	Accessible room. Has been used for the last few elections with no adverse comments received.	None	No change necessary

33	Community Centre	Peggotty Road Great Yarmouth NR30 3EF	NE3	1,221		Level	Accessible hall, centrally located	None	No change necessary
34	Village Centre	Ormesby St Margaret NR29 3PU	OR1	2,266	Ormesby	Level with ramp access for disabled.	Accessible hall, centrally located within village. Adequate parking	None	No change necessary
35	Village Hall	Ormesby St Michael NR29 3LW	OR2	265		Alternative arrangement for disabled access	Accessible hall, centrally located within village. Adequate parking	None	No change necessary
36	All Saints Parish Hall	Beach Road Scratby NR29 3AJ	OR3	1,256		Level	Accessible hall, ample parking.	None	No change necessary
37	Communal Room	Priory Street Gorleston NR31 6NG	SA1	1,443	St Andrews	Level	Accessible hall, good availability	None	No change necessary
38	Methodist Church	Lowestoft Road Gorleston NR31 6SX	SA2	2,044		Small lip - temporary ramp available	Accessible with temporary ramp. Parking only available on roadside	None	No change necessary
39	Cobholm Community Centre	St Luke's Terrace Cobholm NR31 0AP	SC1	1,803	Southtown and Cobholm	Fitted ramp to front door with small lip	Accessible building. Parking very limited on roadside.	None	No change necessary
40	Lichfield Community Centre	Southtown NR31 0QL	SC2	1,775		Level	Accessible building, adequate for polling district	None	No change necessary
41	Chapel Schoolroom	Thurne NR29 3AP	WF1 WF5	44 114	West Flegg	Level	Joint station for adjoining villages,	None	No change necessary
42	Village Hall	White Stsreet Martham NR29 4PG	WF2	2,992		Gently sloping ramp to entrance	Village hall, centrally located within the village	None	No change necessary
43	Village Hall	Playingfield Repps NR29 5EU	WF3	324		Level	Village hall, centrally located within the village. Ample parking	None	No change necessary
44	The Pavillion	Playingfield Rollesby NR29 5EG	WF4	792		Level	Village hall, centrally located within the village.	None	No change necessary
45	Communal Room	Hawkins Close Gt Yarmouth NR30 4AY	YN1	2,179	Yarmouth North	Level	Convenient hall with good availability	None	No change necessary
46	Communal Room	Beatty Close Great Yarmouth NR30 4BN	YN2	1,192		Level	Accessible unit - a little difficult to locate so extra signage is required. Some parking available	None	No change necessary

Comments received on polling station review

Name	Ward	Polling District	Comments
Resident	Ormesby	OR3	<p>Although my official address is Ormesby I am actually closer to Caister. In the recent local elections I remember on my polling card, it said my nearest polling station was at Scratby Village Hall.</p> <p>When I looked at a map I found this was incorrect there was a nearer polling station in Caister which is much more appropriate and accessible by foot from my property, having to vote at Scratby meant travelling by car so I didn't bother!</p> <p>So can I please cast my vote at a polling station in Caister!</p>
Ormesby st Michael Parish Council	Ormesby	OR1	The Ormesby St Michael Parsh Council have reviewed the existing arrangements of the polling station listed for the parish and are happy with the current site and the access for parishioners.
County Councillor	Magdalen	CL3, CL4, MA1, MA2, MA3	I am happy with the status quo
Hemsby Parish Council	East Flegg		Hemsby Parish Council would like to put the pavilion forward. The Parish Council is keeping this facility open at great expense & would like this venue re-instated as historically it was used as the village polling station.
Belton with Browston Parish Council	Lothingland		<p>Belton with Browston Parish Council would like to suggest that the New Road Sport &amp; Leisure Centre in Belton is used as an alternative venue to be used as a polling station in Belton.</p> <p>New Road Sport and Leisure Centre has many benefits such as a large car park which holds at least 80 cars at any one time. New Road has full disabled access and disabled toilets, also the X11 bus service stops directly outside the entrance to the centre.</p>

# Cabinet /Council



**URN:** 23-162

**Report Title:** Great Yarmouth's Use of Temporary Accommodation - ensuring it is minimised and cost-effective

**Report to: Council:** 14 December 2023

**Responsible Cabinet Member:** Cllr Emma Flaxman-Taylor

**Responsible Director / Officer:** Melanie Holland, Head of Strategic Housing  
Nicola Turner, Head of Housing Assets

**Is this a Key decision? Yes**

**Date added to Forward Plan: 5 October 2023**

## **INTRODUCTION FROM CABINET MEMBER**

Limited availability of affordable rented accommodation in both the private and social sectors, has resulted in the Council not always being able to prevent homelessness or, where a household is found to be statutorily homeless, secure suitable settled accommodation in a reasonable amount of time. This situation has led to the need to accommodate high numbers of households in temporary accommodation, which includes the use of costly and unsuitable bed and breakfast accommodation.

To reduce the need for temporary accommodation it is proposed to facilitate access to affordable private rented accommodation through the creation of a social lettings scheme and to provide more social housing by accelerating the Council's affordable housing delivery programme.

As an interim measure it is proposed to pursue leasing opportunities to provide temporary accommodation.

## **RECOMMENDATIONS:**

### **That Council:**

- (i) Approve a £2 million in principle capital budget to be set aside to fund a social lettings scheme.

## 1. INTRODUCTION

- 1.1. The majority of housing in the Great Yarmouth Borough Council area is owner-occupied (just over 60%), 22% of households privately rent and 15% of households rent social housing. In recent years private rent levels have substantially increased, resulting in private rented accommodation no longer being accessible to many households on low incomes. This places greater demand on the Borough's limited social housing stock.
- 1.2. The Borough's social housing stock comprises just over 5,700 dwellings owned by the Council and approximately 1,900 dwellings owned or leased by private registered providers<sup>1</sup>. When social housing becomes empty it is allocated<sup>2</sup> to applicants on the housing register, all of whom are in housing need, that is, it has been determined that they are unable to meet their housing needs in the open market. However, the amount of social housing stock available for letting through turnover is currently less than 5% of stock, this being a reduction on previous years.
- 1.3. The Council seeks to facilitate the delivery of additional social housing through both direct delivery and enabling. Since April 2020, a combination of new build, acquisitions and planning gain has resulted in the delivery of 240 new social housing dwellings, of which 47 have been delivered by the Council. During this same period sales as a result of tenants exercising their Right to Buy have resulted in the loss of over 70 dwellings from the Council's housing stock.
- 1.4. People can become at risk of homelessness or homeless due to a range of reasons. Examples include where a household that is privately renting being issued with a 'no fault' eviction notice by their landlord, an owner-occupier being re-possessed due to mortgage arrears, someone being asked to leave by family or friends, and people fleeing domestic abuse. Although the Council seeks to try to prevent households becoming homeless, given the limited availability of affordable accommodation in both the private and social rented sectors, unfortunately, homelessness cannot always be avoided. Also, sometimes, for example, when someone is fleeing domestic abuse, there are circumstances where a household is already homeless when they contact the Council to make a homeless application.
- 1.5. Under the Housing Act 1996, if at any point during enquires surrounding a homeless application there is reason to believe that an applicant may be homeless, eligible for assistance, and in priority need, then the Council is required to provide temporary accommodation. Where an applicant is found to be statutorily homeless and owed the main duty of an offer of settled accommodation, and is currently accommodated in temporary accommodation, the Council has a duty to provide temporary accommodation until such time as the duty is ended either by an offer of settled accommodation or due to another specified reason.

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<sup>1</sup> Housing organisations, usually housing associations, registered with the Regulator of Social Housing.

<sup>2</sup> An allocation of accommodation includes a nomination to a private registered provider dwelling.

- 1.6. The current housing market, where private rents are unaffordable for many households on low incomes and the limited availability of social housing, has led to a situation where limited opportunities to prevent homeless through securing alternative housing is resulting in increased numbers of households being placed in temporary accommodation, sometimes for very long periods of time.
- 1.7. An end of year snapshot of households accommodated in temporary accommodation, shows that at the end of March 2021, 83 households were accommodated in temporary accommodation, this increased to 86 at the end of March 2022 and increased by 27% to 109 at the end of March 2023. Currently there are over 100 households in temporary accommodation, over ten of whom have been accommodated for over a year due to the lack of suitable settled private or social rented accommodation to meet their needs, predominantly this being one-bedroom or four- and five-bedroom dwellings.
- 1.8. Temporary accommodation is an umbrella term and includes housing (both social and private rented), hostels, and bed and breakfast accommodation. Although the Council has a portfolio of owned and leased housing stock which is used for temporary accommodation, the increased need to provide temporary accommodation has resulted in the increased use of bed and breakfast accommodation. Bed and breakfast accommodation is neither a cost-effective nor suitable form of temporary accommodation and should only be used in emergencies.
- 1.9. The Council is not alone in this situation. Indeed, the District Councils' Network (DCN) has recently written to the Chancellor of the Exchequer to highlight the pressures felt by Councils' temporary accommodation services and suggesting solutions to alleviate the situation. These include increasing access to private rented accommodation and delivering additional social housing.
- 1.10. This report sets out how the Council intends to minimise the use of temporary accommodation by increasing access to private rented accommodation and accelerating the Council's affordable housing delivery programme. It also proposes that as an interim cost-saving measure to negate the use of bed and breakfast accommodation, additional units of temporary accommodation are to be provided through short-term leasing opportunities.

## **2. PROPOSAL**

- 2.1. In recent years the private rental market in the Borough Council area has seen an increase of rents. These are unaffordable to many households on low incomes, including households in receipt of benefits. The private rented sector has an important role to play in the provision of housing, therefore, to make it more accessible to households on low incomes, it is proposed to pursue the creation of a social lettings scheme. The social lettings scheme would be operated by a Council owned company and offer affordable, quality private rented accommodation to households at risk of homelessness. Moreover, such a scheme would also assist with supporting regeneration and renewal in the Borough as it provides further opportunities to bring empty homes back into use.
- 2.2. Although the Council continues to deliver and enable additional social housing, new provision combined with the impact of the Right to Buy and lower levels of turnover of existing stock is failing to meet need. Therefore, it is proposed that the Council's affordable housing delivery programme is accelerated to meet strategic housing need, which includes homeless



prevention. The proposed acquisition programme is to comprise of two funding routes: Retained Right to Buy Receipts and Homes England grant; each route will be match funded by borrowing on rental income within the Housing Revenue Account (HRA). The proposed programme will seek to deliver up to 60 acquisitions of open market dwellings over the period 2023-26 and will supplement new build delivery over this period. All housing will be held in the HRA.

- 2.3. Housing needs analysis identifies that for both private and social rented housing the gaps in existing provision, thus dwellings in the highest need, are one-bedroom dwellings (30%), with 20% of additional housing to have four or more bedrooms. There is also a need for adapted and wheelchair accessible homes.
- 2.4. As an interim measure, to ensure that the cost of temporary accommodation is minimised, it is proposed that the Council enter into lease agreements for suitable properties to be used as temporary accommodation. It will be ensured that all proposed lease agreements are subject to robust business cases and have adequate break clauses.

### **3. NEXT STEPS**

- 3.1. On the proviso that Members agree to the above proposals, work will begin in earnest to facilitate access to private rented accommodation and an increase in the provision of social housing.
- 3.2. With respect to the creation of a social lettings scheme, to enable the use of appropriate tenancies and the ability to charge sub-market rents, the delivery of the proposed scheme requires a suitable Council owned vehicle. A fully costed proposal will be presented to Cabinet in early 2024.
- 3.3. The acceleration of the affordable housing delivery programme is based on the Council acquiring open market housing to meet need. Homes England grant will be subject to successful indicative bids for affordable housing.
- 3.4. Individual business cases for leased short term temporary accommodation will consider the financial viability and dwelling mix. Officers under existing delegations will ensure leasing opportunities have adequate break clauses in order to provide the Council's temporary accommodation offer on a short-term basis.

### **4. FINANCIAL IMPLICATIONS**

- 4.1. As stated above, a fully costed proposal on the creation of a social lettings scheme will be presented to Cabinet in early 2024. However, it is asked that in principle Members agree to a £2m capital programme within the General Fund, which will initially be subject to draw down by the proposed interim leasing measure (see paragraph 4.3 below).
- 4.2. With respect to the proposed acquisition programme which seeks to accelerate the delivery of additional Council owned social housing through harnessing Retained Right to Buy Receipts and attracting Homes England Affordable Homes Programme grant, a HRA capital affordable housing programme is already in place for 2023/24, with additional allocated resources proposed as part of the 2024/25 and 2025/26 capital budgets.

- 4.3. As an interim measure whilst the Council is facilitating improved access to private and social rented housing, to negate the use of bed and breakfast accommodation it is anticipated that circa. 50 dwellings may need to be leased to be used as temporary accommodation. Based on 50 dwellings the annual estimated cost to the Council is £350,000. However, factoring in the savings as compared with using bed and breakfast for temporary accommodation there will be a projected annual net saving of £250,000.

## **5. RISK IMPLICATIONS**

- 5.1. Limited affordable private and social rented accommodation has resulted in high numbers of homeless households being accommodated in temporary accommodation. Currently the Council is utilising bed and breakfast accommodation as a form of temporary accommodation. However, bed and breakfast accommodation is not a suitable form of temporary accommodation, nor is it financially sustainable. Although the solution to reducing numbers of households in temporary accommodation lies in the provision of additional settled housing stock, be this in the private or social rented sectors, as an interim measure whilst it is not cost-neutral, it is more cost-effective to pursue leasing opportunities to deliver additional temporary accommodation as compared to continuing to use bed and breakfast.
- 5.2. Temporary accommodation will be let on licences or, when accommodated in a HRA property using, non-secure tenancies. Where a homeless applicant is accommodated in a Council owned property (be this held in the General Fund or the HRA) the applicant does not have a Right to Buy nor does the period time spent in this accommodation count towards any future Right to Buy eligibility or discount.
- 5.3. If the Council does nothing it will have no other option than to continue using bed and breakfast accommodation, the net cost of which is currently almost £700,000 per annum to the General Fund's revenue budget. This is not a sustainable position for the Council and adds further pressure to the General Fund budget.
- 5.4. Given the Council's statutory responsibilities and how households may suddenly become homeless, there will always remain a need for an element of temporary accommodation. However, if the Council can facilitate increased access to private and social rented housing over the short-term the current level of temporary accommodation need will reduce. The Council will be able to relinquish leases early without penalties, reduce its reliance on HRA dwellings, and where required appropriate temporary accommodation stock from the General Fund to the HRA to provide settled accommodation.
- 5.5. Members should however be aware that whilst Great Yarmouth Borough Council is intending to only use bed and breakfast accommodation in emergencies, it cannot be assured that other local authorities will not continue using the Borough's bed and breakfast accommodation as temporary accommodation.

## **6. LEGAL IMPLICATIONS**

- 6.1. Under the Housing Act 1996 the Council has a duty to provide temporary accommodation if at any point during enquires surrounding a homeless application, there is reason to believe that an applicant may be homeless, eligible for assistance, and in priority need. Where an

applicant is owed the main duty and is currently accommodated in temporary accommodation the Council has a duty to provide temporary accommodation until such time as the duty is ended either by an offer of settled accommodation or due to another specified reason.

- 6.2. The Council's duties in respect of homelessness fall outside the scope of the HRA as they are provided for under Part VII of the Housing Act 1996 rather than Part II of the Housing Act 1985. Therefore, any homeless administration services must be funded from the General Fund. However, Section 9 of the 1985 Act gives the Council the power to provide housing accommodation by erecting or acquiring houses, therefore, subject to any funding restrictions, dwellings held in the HRA can be used to provide temporary accommodation.

## 7. CONCLUSION

- 7.1. This report sets out proposals to facilitate access to quality, affordable housing for private and social rent which aim to prevent homelessness and reduce the number of households being placed in temporary accommodation. In addition, as an interim measure whilst additional settled accommodation is being delivered, to negate the use of bed and breakfast accommodation as a form of temporary accommodation, it recognises the need to provide more cost-effective and suitable temporary accommodation through leasing arrangements and the use of HRA dwellings.

<b>Consultations</b>	<b>Comment</b>
Monitoring Officer Consultation:	Via ELT
Section 151 Officer Consultation:	Via ELT
Existing Council Policies:	Property Acquisitions and Disposals Policy 2021
Equality Issues/EQIA assessment:	Homeless and housing register applicants are assessed from an equality perspective and their needs are considered from the outset.

# Cabinet / Council



**URN:** 23-052

**Report Title: Report to:** Council Tax Discounts 2024/25

**Date of meeting:** Council

14<sup>th</sup> December 2023

**Responsible Cabinet Member:** Cllr Carl Smith, Portfolio Holder for Governance, Finance and Major Projects

**Responsible Director / Officer:** Stuart Brabben – Revenues & Benefits Service Manager

**Is this a Key decision?** Yes

**Date added to Forward Plan of Key Decisions if a Key Decision:** 30<sup>th</sup> May 2023

## EXECUTIVE SUMMARY / INTRODUCTION FROM CABINET MEMBER

This report seeks approval of the levels of council tax discount that shall apply for 2024/25 as set out in this paper.

### RECOMMENDATIONS:

That Council:

- 1) Approve the council tax discounts as shown in the table in Section 4.1 which will apply for 2024/25
- 2) Approve the Second Homes Premium of 100% for Class B properties (that we currently charge 100% council tax) to commence from 1 April 2025

## 1. Introduction

1.1 Under Section 11A of the Local Government Finance Act 1992 as enacted by Section 75 of the Local Government Act 2003, Section 11B of the Local Government Finance Act 1992, as enacted by Section 11 and Section 12 of the Local Government Finance Act 2012 and in accordance with the provisions of the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 and the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 the mechanism for levying council tax discount on unoccupied and empty domestic properties is set out. The regulations allow Councils some discretion in setting the level of council tax charged in respect of these unoccupied properties and second homes.

## 2. Council Tax Discounts

2.1 For the financial year 2024/25 it is proposed that there is one change to these discounts regarding Empty Property Premiums, as the Levelling Up and Regeneration Bill has now been given Royal Assent. Currently Empty Property Premiums can be up to 100% for those

properties that have been empty between 2 years and less than five years, 200% for those properties empty for between 5 years and less than 10 years and 300% for properties that have been empty for more than 10 years. The enactment of the Levelling Up and Regeneration Bill now gives Councils the discretion to apply an Empty Property Premium of 100% after one year of the property being empty, instead of the current two years. The Premiums for the 200% and 300% will remain as currently of 5 years and 10 years respectively (see Appendix 4 for the increased revenue that could be generated by the change).

### 3. Information on the Long-Term Empty Property Premium

- 3.1 The Council has had discretion to be able to add a premium charge to properties that have been empty since 2013. It was introduced as part of the Government’s range of measures to bring empty homes into use. Empty homes are wasted assets and are often a blight on the local community, harming the local amenity of neighbouring properties. Therefore, putting empty homes more quickly back into productive use will increase housing supply.
- 3.2 The table below shows the empty property premium charges for 2023/24 and the proposed change for 2024/25

Table1

Financial Year	Premiums for Long-Term Empty Property (Discount Class C)	Premium Value
2023/24	Properties empty for two years and less than 5 years.	100%
	Properties empty for 5 years but less than 10 years.	200%
	Properties empty for 10 years or more	300%
2024/25	<b>Properties empty for one year and less than 5 years.</b>	100%
	Properties empty for 5 years but less than 10 years.	200%
	Properties empty for 10 years or more	300%

- 3.3 Appendix 1 provides a summary analysis of the impact of the introduction of the empty property premiums on the number of empty properties within the time periods which demonstrates an overall reduction in the number of empty properties defined as ‘long term’.

#### 4. Recommended Council Tax Discounts to be applied for 2024/25

4.1 The table below shows the full recommended Council Tax discounts to be applied in 2024/25

Table 2

Discount Class	Equivalent in 2023/24	2024/25
<b>Class C:</b> Properties vacant (unoccupied and unfurnished) for one day and less than one year	0% discount (full 100% charge). <i>NB for 2023/24 this was properties vacant (unoccupied and unfurnished) for one day and less than two years.</i>	0% discount (full 100% charge)
<b>Class C:</b> Properties vacant (unoccupied and unfurnished) for one year and less than 5 years	200% charge (100% Empty Property Premium). <i>NB for 2023/24 this was properties vacant (unoccupied and unfurnished) for two years and less than five years.</i>	200% charge (100% Empty Property Premium)
<b>Class C:</b> Properties vacant (unoccupied and unfurnished) for 5 years but less than 10 years	300% charge (200% Empty Property Premium)	300% charge (200% Empty Property Premium)
<b>Class C:</b> Properties vacant (unoccupied and unfurnished) for 10 years or more	400% charge (300% Empty Property Premium)	400% charge (300% Empty Property Premium)
<b>Class B:</b> Furnished properties and second homes that are no one's main residence (and not excluded by geographical area)	0% discount (Full 100% charge)	0% discount (Full 100% charge)
<b>Class D:</b> Property that is vacant (unoccupied and unfurnished) and (a) it requires or is undergoing major repair work to render it habitable,  (b) It is undergoing structural alteration or  (c) it has undergone major repair works to render it habitable or structural alteration and less than six months have elapsed since the	0% discount (full 100% charge)	0% discount (full 100% charge)

date on which the work was substantially completed, and the dwelling has remained vacant since that date.		
<p><b>Class A:</b> Properties that fall into Class A of Section 11A of the Local Government Finance Act 1992 and the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012</p> <ul style="list-style-type: none"> <li>- A property that is not the sole or main residence of an individual,</li> <li>- which is furnished, and</li> <li>- the occupation of which is restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in a relevant year</li> </ul>	10% discount	10% discount
<p><b>Care Leavers Discount</b> A care leaver is defined as a person aged 25 or under, who has been looked after by a local authority for at least 13 weeks since the age of 14; and who was looked after by the local authority at school-leaving age or after that date.</p>	100% Discount	100% Discount

## 5. Future Changes to Second Home Charges from 1 April 2025

- 5.1 The enactment of the Levelling Up and Regeneration Bill now also allows councils to introduce a new premium for second homes. This will give Councils discretion to apply a premium of up to 100% for properties that are substantially furnished and unoccupied (second homes). It is intended that for councils to exercise their own judgment as to whether to apply a premium and at what level (up to 100%).
- 5.2 The change in 5.1 above can only come into effect from 1 April 2025 as the Council must make the determination at least one year before the beginning of the financial year to which it relates. This is contained within the legislation and the government is clear that second homeowners should be given sufficient notice of the introduction of a premium. The period between any decision made now and coming into effect from 1 April 2025 should therefore give second homeowners plenty of time to make plans for how to respond to the forthcoming premium.

- 5.3 The Levelling Up and Regeneration Bill recognises the impact that high levels of second home ownership can have in some areas. The aim of this change is to encourage more second homes into productive use, while enabling councils to raise and retain additional revenue to support local services and keep council tax down for residents.
- 5.4 Second Homes can provide flexibility to enable people to work in and contribute to the local community, while being able to return to a family home in another part of the country on a regular basis and can benefit local economies and the tourism sector. However, the Government has stated that it understands the concerns that large numbers of second homes, particularly where they are concentrated in a small area, can have a negative effect on the vitality and viability of local communities. A large number of second homes impacts on the size of the permanent population who help to generate the demand needed for their local services the year round. This situation can create a hollowing-out effect. It can lead to local schools having insufficient pupils to remain open, local buses not having enough passengers to maintain the service and the village pubs and post offices not having the customers to sustain them through the year. In some circumstances, without action, some communities will become increasingly unviable as local services close due to a lack of a permanent year-round population.
- 5.5 For the Borough of Great Yarmouth this may not be of such a major issue as some other Council areas in Norfolk, but the number of second homes has been increasing over the last six years (see Appendix 2).
- 5.6 There are two classes of second homes under Council Tax legislation, Class A and Class B.
- 5.7 Class A Properties are properties that are not the sole or main residence of an individual, which are furnished, and the occupation of which is restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in a relevant year. The new legislation covering second homes is probably not designed for these types of property, as they are 'holiday chalet' type properties that have restricted times when they can be occupied and therefore cannot be used as a main residence all year round. Therefore, it is not recommended to impose a second home premium on these types of property.
- 5.8 Class B properties are furnished properties and that are no one's main residence (second homes). If this class was included, it would also encompass furnished lets that are temporarily unoccupied.
- 5.9 There is a risk that the second homes premium will push owners to try to have the properties classified as a business holiday let by the Valuation Office and the property would be moved into business rates and possibly attract 100% small business rates relief. However, the government has recently tightened up the legislation and the process to mitigate this.
- 5.10 The premium will provide councils with the flexibility to access additional revenue. (See Appendix 3 for the increased revenue that could be generated by this change). It will be for councils to decide how best to use this funding.
- 5.11 Therefore, it is recommended a determination is made to approve the applying of a premium to Class B properties (where we currently charge 100% Council Tax) and to commence the changes from 1 April 2025 and the percentage of 100% to be applied.



## 6. Financial Implications

- 6.1 The additional Revenue for the premium changes and discount changes above will be shared between the major preceptors in the same proportion as the share of council tax raised.

Table 3 – Estimated income in relation to the Great Yarmouth Borough Council share if premiums applied – Please refer to Appendix 3 and 4

Estimated income for empty levy if changed to one year from 1 <sup>st</sup> April 2024	<b>£28,334</b>
Estimated income for the second home premium if applied from 1 <sup>st</sup> April 2025	<b>£152.698</b>

## 7. Recommendations

7.1 That Cabinet is asked to:

- 1) Endorse the council tax discounts as shown in Table 2 that will apply for 2024/25.
- 2) Endorse the introduction of a second home premium of 100% on Class B properties from 1 April 2025.

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

<b>Consultations</b>	<b>Comment</b>
Monitoring Officer Consultation:	As part of ELT
Section 151 Officer Consultation:	Yes
Existing Council Policies:	
Equality Issues/EQIA assessment:	

## Appendix 1

### Empty Property Premium Analysis across the Borough each year from 1/10/2017 to 1/10/2022

<b>Levy Charge Type</b>	<b>As at 1/10/23</b>	<b>As at 1/10/22</b>	<b>As at 1/4/22</b>	<b>As at 1/4/21</b>	<b>As at 1/4/20</b>	<b>As at 1/4/19</b>	<b>Commentary</b>
Levy 2 (Empty Property over 2 years but under 5 years)	110	96	106	121	103	177	Reduced from 177 in April 2019 to 110 in October 2023
Levy 5 (Empty Property 5 or more years but under 10 years)	30	36	32	43	57	N/A	Reduced from 57 in April 2020 to 30 in October 2023
Levy 10 (Empty Property 10 years and over)	15	13	14	16	N/A	N/A	Reduced from 16 in April 2021 to 15 in October 2023
Total long-term empty properties	155	145	152	180	160	177	Reduced from 177 in October 2019 to 155 in October 2023

## Appendix 2

### Overall number of second homes across the Borough each year from 1/10/2018 to 1/10/2023

	As at 1/10/2023	As at 1/10/2022	As at 1/10/2021	As at 1/10/2020	As at 1/10/2019	As at 1/10/2018	As at 1/10/2017
No. of second homes	1049	972	849	772	683	639	584

The percentage growth of second homes between 1 October 2017 and 1 October 2023 is **80%**

### Change in the number of second homes between 1/10/2017 and 1/10/2023 by parish area.

Parish	As at 1/10/2023	As at 1/10/2017	Number of increase/ decrease	% increase/ decrease
Ashby	0	0	0	0%
Caister	75	58	17	29%
West Caister	1	3	-2	-67%
Filby	5	6	-1	-17%
Fleggburgh	18	7	11	157%
Hemsby	43	34	9	26%
Martham	44	25	19	76%
Mautby	5	3	2	67%
Ormesby St Margaret	88	59	29	49%
Ormesby St Michael	3	2	1	50%
Repps with Bastwick	11	2	9	450%
Rollesby	6	2	4	200%
Somerton	5	5	0	0%
Stokesby	9	7	2	29%
Thurne	5	4	1	25%
Winterton	84	71	13	18%
Belton	18	13	5	38%
Bradwell	55	19	36	189%
Burgh Castle	20	7	13	186%
Fritton and St Olaves	25	22	3	14%
Hopton	27	17	10	59%
Great Yarmouth and Gorleston	502	218	284	130%
<b>Total</b>	<b>1049</b>	<b>584</b>	<b>465</b>	<b>80%</b>

### Appendix 3

#### Potential Second Home Revenue if the Premium is endorsed

Number of second homes as at 1/10/2023	Valuation Band	2023/24 Council Tax Band Charge (£)	100% Premium Value (£)
424	A	1384.71	587,117
230	B	1615.49	371,562
231	C	1846.28	426,490
108	D	2077.06	224,322
31	E	2538.63	78,697
19	F	3000.20	57,003
4	G	3461.77	13,847
2	H	4154.12	8,308
		<b>Total increase in Revenue (£) if the second home premium of 100% was charged at this snapshot</b>	<b>1,767,346</b>

Great Yarmouth Borough Councils share would be £152,698.

### Appendix 4

Value of extra revenue if 100% long-term empty premium is reduced to one year from 1 April 2024	
Estimated value if period of two years for empty levy is changed to one year.	<b>£327,945</b>
<b>Great Yarmouth Borough Council Share</b>	<b>£28,334</b>

# Cabinet / Council



**URN:** 23-051

**Report Title:** Council Tax Support Scheme 2024-25

**Report to:** Council

**Date of meeting:** 14<sup>th</sup> December 2023

**Responsible Cabinet Member:** Cllr Carl Smith, Portfolio Holder for Governance, Finance and Major Projects

**Responsible Director / Officer:** Miranda Lee – Head of Customer Services

**Is this a Key decision?** Yes

**Date added to Forward Plan of Key Decisions if a Key Decision:** 30<sup>th</sup> May 2023

## EXECUTIVE SUMMARY / INTRODUCTION FROM CABINET MEMBER

This report seeks Council approval of the recommended Council Tax Support Scheme 2024/25.

### RECOMMENDATIONS:

That Council approves the recommendation to:

- 1) To amend the Council Tax Support Scheme 2024/25 to reduce the maximum council tax support to 80% of the Council Tax liability
- 2) To protect Care Leavers from this change
- 3) To make provision for a hardship scheme of £200,000
- 4) To form a cross party Member Working Group to agree the hardship scheme and to monitor and receive regular reports on the impact of the change to the Council Tax Support Scheme
- 5) To delegate the ability for the Head of Customer Services & Revenue & Benefits Service Manager to make any smaller adjustments to the scheme that may be required to align to the wider welfare benefits system for 2024/25

## 1. Introduction

- 1.1 The Cabinet Report dated 11<sup>th</sup> September 2023 requested permission to commence a consultation on a number of options in relation to the 2024/25 Council Tax Support Scheme.
- 1.2 On the 1 April 2013 the Council introduced a new Local Council Tax Support Scheme which replaced Council Tax Benefit following the Government announcement in the Spending Review 2010 that financial support for council tax would now be localised.

1.3 In designing a local scheme, the council had to consider:

- The amount of funding initially provided to local authorities to run a localised scheme was approximately 10% less than was spent on the previous Council Tax Benefit Scheme, this funding has continued to reduce.
- Support for pensioners must be protected and would not be affected by the local scheme, meaning that the rules around a localised scheme would only apply to those customers of a working age.

1.4 The Great Yarmouth Borough Council Scheme for 2023 was introduced following a consultation with the public. The scheme was decided by Council on 15 December 2022.

1.5 Schedule 1A of the Local Government Finance Act 1992 states:

1. For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme: and
2. the authority must make any revision to its scheme, or any replacement scheme, no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.

1.6 As each Local Authority decides their local scheme it is possible that other nearby Local Authorities can have different types of schemes with varying financial implications for customers.

## **2. Current Position**

2.1 There have been minimal changes to the scheme since its first introduction and financial assistance for those classed as working age customers has been limited to a maximum of 91.5% of their council tax liability. Those customers of pension age remain unaffected by the Council Tax Support Scheme and continue to receive the same financial level of assistance as they did under the Council Tax Benefit Scheme.

2.2 Serious consideration has been given to the 2024/25 Council Tax Support Scheme in recognition that the Council, like many other Local Authorities, is facing considerable challenges with budgets and have a lack of clarity around future government funding settlements.

2.3 Unlike council tax benefit where the expenditure was fully subsidised, funding for Council Tax Support schemes was less than council tax benefit and has since been lost within the Revenue Support Grant and core funding which has continued to reduce and be re-purposed over recent years. Taking the financial challenges into account, this year the council has considered options to reduce the overall cost of the Council Tax Support scheme.

## **3. Options Considered for the 2024/25 Scheme**

**Option 1** – Retain the current scheme by maintaining the level of financial award for working age customers at a maximum of 91.5% of their Council Tax liability.

**Option 2** – Reducing the maximum level of financial award to 87.5% of their Council Tax Liability.

**Option 3** – Reducing the maximum level of financial award to 85% of their Council Tax Liability.

**Option 4** – Reducing the maximum level of financial award to 80% of their Council Tax Liability.

**Option 5** – Reducing the maximum level of financial award to 75% of their Council Tax Liability.

Options have also been considered to protect customers that may be more vulnerable. The Council consulted on whether to protect certain households which may be viewed as more vulnerable to any changes to the scheme. Our current scheme has no protections in place. It could also be considered that these households are likely to be in receipt of more income than other working age households, therefore, it may be viewed as more equitable to continue with limited protections, on the basis that any change to the scheme should affect the majority of working age households.

#### 4. Consultation

- 4.1 A public consultation on the 5 options ran for a 12 week period and has now closed. As well as being published on the Councils website, every household in receipt of council tax support at that time was contacted directly by letter advising them that the council was considering a change to the Council Tax Support Scheme for 2024/25 and that a change could affect the level of financial support they would receive. They were invited to take part in the formal consultation.
- 4.2 The options under consideration ranged from continuing with the current scheme, to various stepped reductions in the maximum award from 87.5% to 75% of the Council Tax Liability.
- 4.3 A total number of 146 responded to the consultation, 76% of the responders were in receipt of Council Tax Support.

**Table 1 – Consultation results**

Options on Scheme	No. of Responses	% of Responses
Remain at 91.5%	100	68%
Reduce to 87.5%	23	16%
Reduce to 85%	7	5%
Reduce to 80%	3	2%
Reduce to 75%	7	5%
Don't know	6	4%

- 40 responders opted for a reduction in the current maximum level of award, 32 of these opted to have some protections
  - 49% of the responders were 55 or over
- 4.4 As part of the consultation process, these options were considered by Members of Scrutiny at the 24<sup>th</sup> October 2023 committee.
- 4.5 The Committee recognised that the Council is facing ongoing financial challenges in years ahead, however, there was concern that any change to the existing scheme would affect vulnerable families who were already struggling with the cost of living. There were some assurances that

should a change go ahead a hardship fund would be available to protect the most vulnerable, however, there was a preference to retain the current scheme.

4.6 The impact of any change has been considered by undertaking an Equality Impact Assessment on the recommended option. The equality impact assessment provides Members with more information on how a change to the Council Tax Support Scheme would affect individuals/households already in receipt of Council Tax Support or those that could be eligible, in particular, those with protected characteristics. The document explains why the Council is considering a change to the scheme and includes mitigation that could be in place to protect those most vulnerable to any change. The report is attached as **Appendix A**.

## 5. Proposals

5.1 In recognition of the Council's financial position, it is recommended that a change to the existing scheme is made to reduce the overall cost to the Council. However, it is also important that a hardship fund would be available to help mitigate the impact of the change on vulnerable households.

5.2 It is proposed that the maximum award of Council Tax Support for working age is amended to 80% of the Council Tax Liability, however, Members may wish to consider the other options consulted on. **Appendix B** provides the estimated cost options of each scheme considered.

5.3 This change would affect all working age recipients with no protections in place for certain groups except for Care Leavers. The Equality Impact Assessment recognises the impact of this change on individuals and households, however, also concludes that working age households on low income eligible for Council Tax Support are likely to be similarly impacted to those with additional disability financial support to help with day to day living.

5.4 It is recommended a hardship scheme is in place in the sum of £200,000 to help support individuals and households who may be in more financial difficulty. The scheme would only be eligible to working age recipients of Council Tax Support with an eligibility criteria prioritising the most vulnerable groups.

5.5 Considering, most working age recipients of Council Tax Support reside in a Band A property, for illustrative purposes based on this year's Council Tax Charge for Great Yarmouth, the impact of the change to a household is demonstrated in Table 1.

**Table 2 – Average additional amount payable based on 23/24 Council Tax Charge**

<b>Band A Great Yarmouth</b>	<b>Full Charge £1,384.71</b>					
<b>Eligible for maximum support</b>	<b>Annual Due</b>	<b>Annual additional due</b>	<b>Monthly Due 12 inst</b>	<b>Monthly Additional 12m</b>	<b>Weekly over 52 wks</b>	<b>Weekly Additional 52 weeks</b>
<b>80%</b>	£276.94	£159.94	£23.08	£13.33	£5.33	£3.08
<b>Band A Great Yarmouth</b>	<b>Single Person Discount £1,038.53</b>					
<b>Eligible for maximum support</b>	<b>Annual Due</b>	<b>Annual additional due</b>	<b>Monthly Due 12 inst</b>	<b>Monthly Additional 12m</b>	<b>Weekly over 52 wks</b>	<b>Weekly Additional 52 weeks</b>
<b>80%</b>	£207.70	£119.42	£17.31	£9.95	£3.99	£2.30



## 6. Financial Implications

- 6.1 Based on updated forecasts this proposal would reduce the overall cost of the scheme by approximately £827,000 across the preceptors (Great Yarmouth Borough Council, Norfolk County Council and the Police).
- 6.2 Pension age Council Tax Support recipients remain unaffected. The proposed change will apply to all working age recipients of Council Tax Support except for Care Leavers.
- 6.3 The inclusion of a hardship fund helps to mitigate the impact of this change.

## 7. Risks

- 7.1 Risk were identified associated with reducing the current level of financial support including:
- Households who may be struggling with the wider 'cost of living' issues.
  - Impact on council tax collection and additional administrative work.
- 7.2 In reviewing the options considered, the recommended scheme represents a 11.5% reduction in the maximum award that would be payable. The risks identified are mitigated by the protection of care leavers and provision of a hardship fund of £200k to help households which may struggle to pay their council tax and are adversely impacted by any changes to the scheme.

## 8. Recommendations

- To amend the Council Tax Support Scheme 2024/25 to reduce the maximum council tax support to 80% of the Council Tax liability.
- To protect Care Leavers from this change.
- To make provision for a hardship scheme of £200,000.
- To form a cross party Member Working Group to agree the hardship scheme and to monitor and receive regular reports on the impact of the change to the Council Tax Support Scheme.
- To delegate the ability for the Head of Customer Services & Revenue & Benefits Service Manager to make any smaller adjustments to the scheme that may be required to align to the wider welfare benefits system for 2024/25.

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

Consultations	Comment
Monitoring Officer Consultation:	Yes
Section 151 Officer Consultation:	Yes
Existing Council Policies:	Yes S13 A Policy
Equality Issues/EQIA assessment:	Yes, attached at Appendix A

# Cabinet / Council



**URN:** 23-053

**Report Title:** Council Tax Base 2024/25

**Report to:** Council

**Date of meeting:** 14 December 2023

**Responsible Cabinet Member:** Cllr Carl Smith, Portfolio Holder for Governance, Finance and Major Projects

**Responsible Director / Officer:** Stuart Brabben, Revenues & Benefits Manager

**Is this a Key decision?** Yes

**Date added to Forward Plan of Key Decisions if a Key Decision:** 30<sup>th</sup> May 2023

## EXECUTIVE SUMMARY / INTRODUCTION FROM CABINET MEMBER

This report asks the Committee to endorse the calculation of the 2024/25 tax base totalling 30,581. This is the total number of domestic properties in the Borough using band D as the average property band which is to be approved by Council.

### RECOMMENDATIONS:

That Council:

- 1) Approve the calculation of the 2024/25 tax base totaling 30,581 which represents an increase of 730 in the tax base, and the estimated tax bases for the Borough and for each parish, as shown in Appendix A

## 1. Introduction

1.1 The Council Tax base is a technical calculation that must be formally set each year. It is the first stage of the Council Tax setting process that will be finalised once the budgets have been agreed.

## 2. Tax Base Calculation

2.1 Dwellings have been valued in accordance with the following valuation bands:

Valuation	Range of Values	Proportion of 'Band D charge'
A	Up to £40,000	6/9=2/3
B	Over £40,000 up to £52,000	7/9
C	Over £52,000 up to £68,000	8/9

D	Over £68,000 up to £88,000	9/9=1
E	Over £88,000 up to £120,000	11/9
F	Over £120,000 up to £160,000	13/9
G	Over £160,000 up to £320,000	15/9
H	Over £320,000	18/9=2

The tax bill for each band is calculated in proportion to band D, which is deemed to be the average for these purposes. Accordingly, a taxpayer whose home is in band A will pay two-thirds of what someone whose home is in band D will pay; a taxpayer whose home is in band H will pay twice what someone whose home is in band D will pay.

2.3 The calculation involves the following:

- (a) The number of current chargeable dwellings for each band shown in the valuation list:
- (b) The number of discounts and disabled reductions which apply to those dwellings:
- (c) The estimated changes during the coming year, for example, for new properties, discounts and appeals:
- (d) The proportion which dwellings in a band bear to dwellings in band D (as shown in paragraph 2.1); and
- (e) The estimated collection rate 98%

2.4 For the purposes of this report the Local Council Tax Support Scheme has been estimated for maximum award of 80% for working age claimants.

2.5 The normal non-collection rate used is 1.75%. However, for this year the non-collection rate has been estimated as higher than normal due to the national cost of living issues at 2%.

**3. Financial Implications**

3.1 To comply with a statutory requirement as the first stage of the Council Tax setting process.

**4. Recommendation**

4.1 To endorse the calculation of the 2024/25 tax base totalling 30,581 which represents an increase of 730 in the tax base, and the estimated tax bases for the Borough and for each parish, as shown in Appendix A which is to be approved by Council.

**5. Background Papers**

5.1 Local Authority (Calculation of Tax Base) Regulations 1992 and 2012 & The Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003.

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

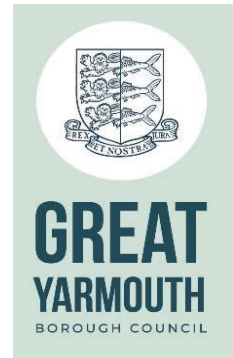
Consultations	Comment
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	Yes
Existing Council Policies:	

Equality Issues/EQIA assessment:	
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TAX BASE -EQUIVALENT BAND'D' for 2024/25 -OVERALL TAXBASE

Appendix A

	Current Data base after discounts	Adjustments for Assumptions				Adjusted total	Non- collection 2.00%	TAX BASE	Current % in parish
		+ New Props	Less Appeals	Less Seasonal	Discount Changes				
<u>PARISH:</u>									
Gt Yarmouth/Gorleston	13,779	39	0	0	-20	13,798	-276	13,522	44.16%
Ashby with Oby	23	0	0	0	0	23	0	23	0.07%
Belton with Browston	1,165	6	0	0	0	1,171	-23	1,148	3.73%
Bradwell	4,040	71	0	0	0	4,111	-82	4,029	12.95%
Burgh Castle	469	9		-12	0	466	-9	457	1.50%
Caister on Sea	2,896	29	0	0	0	2,925	-58	2,867	9.28%
Filby	357	2	0	0	0	359	-7	352	1.14%
Fleggburgh	431	5	0	0	0	436	-9	427	1.38%
Fritton with St Olaves	263	3	0	0	0	266	-5	261	0.84%
Hemsby	1,625	60	0	-139	0	1,546	-31	1,515	5.21%
Hopton	1,131	21	0	0	0	1,152	-23	1,129	3.62%
Martham	1,315	45	0	0	0	1,360	-27	1,333	4.21%
Mautby	148	2	0	0	0	150	-3	147	0.47%
Ormesby St Margaret	1,904	23	0	-97	0	1,830	-37	1,793	6.10%
Ormesby St Michael	118	0	0	0	0	118	-2	116	0.38%
Repps with Bastwick	158	0	0	0	0	158	-3	155	0.51%
Rollesby	367	1	0	0	0	368	-7	361	1.18%
Somerton	117	1	0	0	0	118	-2	116	0.37%
Stokesby	121	0	0	0	0	121	-2	119	0.39%
Thurne	54	0	0	0	0	54	-1	53	0.17%
West Caister	78	0	0	0	0	78	-2	76	0.25%
Winterton	642	1	0	-47	0	596	-12	584	2.06%
<b>TOTAL</b>	<b>31,201</b>	<b>316</b>	<b>0</b>	<b>-295</b>	<b>-20</b>	<b>31,202</b>	<b>-621</b>	<b>30,581</b>	<b>100%</b>



**Report Title: 2023/24 TREASURY MANAGEMENT MID YEAR REPORT**

**Report to: Cabinet and Council**

**Date of meeting: 13 November 2023, 14 December**

**Responsible Cabinet Member: Cllr Carl Smith, Portfolio Holder for Governance, Finance and Major Projects**

**Responsible Director / Officer: Financial Services Manager**

**Is this a Key Decision? No**

**Date added to Forward Plan of Key Decisions if a Key Decision:**

#### **EXECUTIVE SUMMARY**

This report presents for the 2023/24 financial year the following:

1. The mid-year position for treasury management;
2. The borrowing requirement and debt for the current financial year;
3. The mid-year borrowing position;
4. Reporting on quarter 2 2023/24 treasury and capital prudential indicators

compared with the Treasury Management Strategy and Investment Strategy

#### **RECOMMENDATIONS :**

That Council:

To approve the treasury management half yearly report for 2023/24 and the amended target as outlined at 9.10.

### **1. INTRODUCTION AND BACKGROUND**

- 1.1. The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.
- 1.2. This report includes the new requirement in the 2021 Code, mandatory from 1<sup>st</sup> April 2023, of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Council's normal quarterly Capital report.
- 1.3. The Council's treasury management strategy for 2023/24 was approved by Council on 21<sup>st</sup> February 2023. 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 risk remains central to the Council's treasury management strategy.

1.6 This report provides a monitoring position for the first six months of the 2023/24 financial year.

## 2. LOCAL CONTEXT

2.1 On 31 March 2023, the Council had net borrowing of £108.176 million arising from its revenue and capital income and expenditure. 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. These factors are summarised in Table 1 below.

<b>Table 1: Balance Sheet Summary</b>	<b>31.3.23 Actual £m</b>	<b>31.3.24 Forecast £m</b>
General Fund CFR	£76.424	£101.300
HRA CFR	£91.306	£93.400
<b>Total CFR</b>	<b>£167.730</b>	<b>£194.700</b>
Less: *Other debt liabilities	(£0.564)	(£0.500)
<b>Loans CFR</b>	<b>£167.166</b>	<b>£194.20</b>
Less: External borrowing	(£108.176)	(£88.386)
Internal (over) borrowing	£58.990	£105.814
Less: Balance sheet resources	(£58.990)	(£66.100)
<b>New borrowing</b>	<b>£0.000</b>	<b>£39.714</b>

\* Finance leases, transferred debt that form part of the Councils total debt

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

2.2 The treasury management position on 30 September 2023 and the change over the period is shown in Table 2 below.

<b>Table 2: Treasury Management Summary</b>	<b>31.3.23 Balance £m</b>	<b>2023/24 Movement £m</b>	<b>30.9.23 Balance £m</b>	<b>30.9.23 Rate %</b>
Long-term borrowing				
- PWLB	£71.385	£0.00	£71.386	3.15%-4.40%
- LOBO's	£3.000	£0.00	£3.000	4.95%
- Other	£14.100	(£0.100)	£14.000	3.35%-4.65%
Short-term borrowing	£33.001	(£4.901)	£28.100	3.90%-5.60%
<b>Total borrowing</b>	<b>£121.486</b>	<b>(£4.949)</b>	<b>£116.537</b>	
Long-term investments	£1.000	£0	£1.000	N/A
Short-term investments	£9.000	£0	£9.000	0.15%-0.30%
Cash and cash equivalents	£3.310	£1.260	£4.570	5.29%
<b>Total investments</b>	<b>£13.310</b>	<b>£1.260</b>	<b>£14.570</b>	
<b>New borrowing / (Treasury Investments)</b>	<b>£108.176</b>	<b>(£6.209)</b>	<b>£101.967</b>	

*Note: the figures in the table are from the balance sheet in the Council's draft statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting*

*adjustments. Long-term investments consist of CCLA Property Fund a mid-long-term strategic investment and short-term investments consist of Local Authorities.*

- 2.3 The decrease in net borrowing in table 2 is result of a fall in short-term borrowing. The requirement to borrow has reduced due to increased internal resources this is largely as a result of Government grant funding being received, but not yet utilised on capital projects.

### **3 BORROWING**

- 3.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council.
- 3.2 The Authority has not invested in assets primarily for financial return or that are not primarily related to the functions of the Authority. It has no plans to do so in future.

### **4 BORROWING ACTIVITY – MID YEAR**

- 4.1 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 4.2 There was a substantial rise in the cost of both short- and long-term borrowing over the last 18 months. Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September. Bank Rate was 2% higher than at the end of September 2022.
- 4.3 UK gilt yields were volatile, mainly facing upward pressure since early April following signs that UK growth had been more resilient, inflation stickier than expected, and that the Bank of England saw persistently higher rates through 2023/24 as key to dampening domestic demand. Gilt yields, and consequently PWLB borrowing rates, rose and broadly remained at elevated levels. On 30th September, the PWLB certainty rates for maturity loans were 5.26% for 10-year loans, 5.64% for 20-year loans and 5.43% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively.
- 4.4 A new PWLB HRA rate which is 0.4% below the certainty rate was made available from 15th June 2023. Initially available for a period of one year, this discounted rate is to support local authorities borrowing for the Housing Revenue Account.
- 4.4 At 30th September 2023 the Council held £116.537m of loans, an decrease of £4.9m to 31st March 2023, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30th September are summarised in Table 3 below.



<b>Table 3: Borrowing Position</b>	<b>31.3.23 Balance £m</b>	<b>Net Movement £m</b>	<b>30.9.23 Balance £m</b>	<b>30.9.23 Rate %</b>	<b>30.9.23 Maturity (years)</b>
Public Works Loan Board	£71.386	£0	£71.386	3.15%-4.40%	10-40
*Banks (LOBO)	£3.000	£0	£3.000	4.95%	1-2
Banks (fixed term)	£7.000	£0	£7.000	3.35%-3.98%	<42-55
Local authorities (long-term)	£7.100	(£0.049)	£7.051	4.22%-4.44%	>1
Local authorities (short-term)	£33.000	(£4.900)	£28.100	3.90%-5.60%	<1
<b>Total borrowing</b>	<b>£121.486</b>	<b>(£4.949)</b>	<b>£116.537</b>		

*\*The LOBO has a call option which the lender can exercise every 5 years the next call date is November 2024*

- 4.4 The Council's short-term borrowing cost has continued to increase with the rise in Bank Rate and short-dated market rates. The average rate on the Council's short-term loans at 30th September 2023 of £28.1m was 4.75%, this compares with 0.28% on £18m loans 12 months ago.

<b>Table 3B: Long-dated Loans borrowed</b>	<b>Amount £m</b>	<b>Rate %</b>	<b>Period (Years)</b>
PWLB Maturity Loan	£5.000	4.25%	30-35 years
PWLB Maturity Loan	£3.000	4.40%	25-30 years
PWLB Maturity Loan	£5.000	3.70%	20-25 years
PWLB Maturity Loan	£27.000	3.47%-3.49%	15-20 years
PWLB Maturity Loan	£24.000	3.37%-3.46%	10-15 years
PWLB Maturity Loan	£7.383	3.15%-3.34%	5-10 years
Bank Loan	£7.000	3.35%-3.98%	40-55 years
Bank LOBO Loan	£3,000	4.95%	1 - 2 years
Local Authority Loan	£1,051	4.44%	5-10 years
<b>Total borrowing</b>	<b>£82,434</b>		

- 4.5 The Councils borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short- and long-term borrowing was maintained.
- 4.6 There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.
- 4.7 The UK Infrastructure Bank is one alternative source of funding which offers funding at gilt yields + 0.40% (0.40% below the PWLB certainty rate) and the possibility of more flexible funding structures than the PWLB. Funding from UKIB is generally only available for certain types of projects that meet its criteria of green energy, transport, digital, water and waste. The minimum loan size is £5 million.
- 4.8 **LOBO loans:** The Council continues to hold £3m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.
- 4.9 As market interest rates rose, there was increased probability of call options on the LOBOs being exercised by lenders. The Council's LOBO lenders do not have an option to increase rates within the next 12 months. Therefore, there is no immediate risk to these loans requiring early repayment or experiencing rate rises.

## 5 TREASURY INVESTMENT ACTIVITY

- 5.4 CIPFA revised TM Code defines treasury management investments as those which arise from the Council's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.
- 5.5 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Councils investment balances ranged between £12 and £26 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

<b>Table 4: Treasury Investment Position</b>	<b>31.3.23 Balance £m</b>	<b>Net Movement £m</b>	<b>30.9.23 Balance £m</b>	<b>Rate %</b>
Banks & building societies (unsecured)	(£0.872)	£0.872	£0	0%
Government (incl. local authorities)	£9.000	(£0)	£9.000	0.15%-0.30%
Money Market Funds	£4.180	£0.390	£4.570	5.29%
Other Pooled Funds - Property funds	£1.000	£0	£1.000	N/A
<b>Total investments</b>	<b>£13.308</b>	<b>£1.262</b>	<b>£14.570</b>	

- 5.6 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Councils 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.
- 5.7 As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.
- 5.8 In furtherance of these objectives, no new long-term borrowing was undertaken in the first half of 2023-24. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
- 5.9 Bank Rate increased by 1%, from 4.25% at the beginning of April to 5.25% by the end of September. Short-dated cash rates rose commensurately, with 3-month rates rising to around 5.25% and 12-month rates to nearly 6%. The rates on DMADF deposits also rose, ranging between 4.8% and 5.4% by the end of June and Money Market Rates between 4.7% and 4.8%.
- 5.10 Liquid cash was diversified over several counterparties and/or Money Market Funds to manage both credit and liquidity risks. £10m that is available for longer-term investment which consists of £1m in CCLA Property Fund and £9m in Local Authorities.
- 5.11 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

<b>Table 5: Investment Benchmarking – Treasury investments managed in-house</b>	<b>Credit Score</b>	<b>Credit Rating</b>	<b>Bail-in Exposure</b>	<b>Weighted Average Maturity (days)</b>	<b>Rate of Return %</b>
31.03.2023	5.10	A+	32%	290	1.50%
30.09.2023	4.31	A+	34%	160	1.97%
Similar Las	4.43	AA-	56%	63	4.95%
All LAs	4.47	AA-	59%	13	4.92%

*Weighted average maturity applies to the council's investment portfolio of local authority and money market funds.*

*\*The 2023/24 TMSS set the limit per institution at £5m with which the Council complied.*

*£4.6m of the total £14.5m investments exposed to bail-in on 30/9/2023 was invested in Money Market Funds which are pooled funds which have a highly diversified portfolio of money market and other instruments. The Money Market Funds which are used by the Council to maintain high credit security and liquidity.*

- 5.12 Externally Managed Pooled Funds: £1m of the Council's investments are held in externally managed strategic pooled Property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated a return of £9k which is used to support services in year.
- 5.13 Investor sentiment for UK commercial property was more settled than in Q3 and Q4 of 2022 when the sharp rise in bond yields resulted in a big fall in property valuations. There were signs of returning investor interest, occupier resilience and a perception that the downturn in commercial real estate may be bottoming out. It helped rental income and led to some stabilisation in capital values. However, the combination of high interest rates and bond yield, higher funding costs and the prospect of sluggish economic growth constrain the outlook for commercial property.
- 5.14 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 are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.
- 5.15 **Statutory override:** In April 2023 the Department for Levelling Up, Housing and Communities published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended for two years until 31st March 2025 but no other changes have been made; whether the override will be extended beyond the new date is unknown but commentary to the consultation outcome suggests not. The Council will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken.
- 5.16 The Council had budgeted £201k income from treasury investments in 2023/24. Income received (April-September) was £182k, whilst a further £21k has been declared and is due to be paid by October.

## 6 NON-TREASURY INVESTMENTS

- 6.1 The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury

management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

- 6.2 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.
- 6.3 At the balance sheet date of 30th September 2023, the Council also held £49m of investments in directly owned property, loans to homeowners and local bodies and investments in a trading subsidiary. There has been no significant change from 31st March 2023 (subject to audit).
- 6.4 These investments are budgeted to generate £4.9m of investment income for the Council after taking account of direct costs. This income is over a number of properties which provide varying rates of return.

## 7. TREASURY PERFORMANCE

- 7.1 The Council measures the financial performance of its treasury management activities in terms of its impact on the revenue budget. The table below sets out the comparison of the impact on borrowing between budget and actuals, as shown in Table 6 below:

<b>Table 6: Performance- Revenue Implications of Treasury Management Activity</b>	<b>Budget 2023-24 £m</b>	<b>Forecast 2023-24 £m</b>	<b>Variance (+)/-</b>
General Fund Interest Paid	£1.82	£1.59	(£0.23)
HRA Interest Paid	£3.15	£3.30	£0.15
General Fund Interest Received	(£0.47)	(£0.34)	£0.13
HRA Interest Received	(£0.04)	(£0.03)	£0.01
Minimum Revenue Provision (MRP)	£2.13	£2.03	(£0.10)

- 7.2 The amount of the Council's revenue budget required to be set aside for the future repayment of external borrowing is known as the Minimum Revenue Provision (MRP). This amount is calculated by reference to the Council's balance sheet as at the end of the previous financial year. The underspend on MRP relates to slippage in the capital programme in the 2023/24 financial year and less borrowing required to fund the capital spend.
- 7.3 The General Fund interest paid is lower due to a delay to the borrowing being undertaken to finance capital spend as anticipated when the budget was set. This has been mitigated by interest receivable not yet received from loans to Equinox that were previously anticipated when the budget was set. The HRA borrowing is slightly higher than the budget due to higher interest rates than when the budget was set.

## 8. FINANCIAL IMPLICATIONS – COMPLIANCE REPORT

- 8.1 The Chief Finance Officer reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice and the Councils approved Treasury Management Strategy, compliance with specific investment limits is demonstrated in table 6 below.
- 8.2 Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 6 below.

<b>Table 6: Debt Limits</b>	<b>2023/24 Maximum</b>	<b>30.9.23 Actual</b>	<b>2023/24 Operational Boundary</b>	<b>2023/24 Authorised Limit</b>	<b>Complied? Yes/No</b>
Borrowing	£122.461	£116.537	£202.000	£207.000	Yes
Long term liabilities, PFI and Finance Leases	£0.598	£0.598	£2.000	£2.000	Yes
<b>Total debt</b>	<b>£123.059</b>	<b>£117.135</b>	<b>£204.000</b>	<b>£209.000</b>	Yes

*'Maximum' is the highest actual outstanding borrowing at any point during the first six months of 2023/24*

- 8.3 The authorised limit for external debt represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit is set by the Council as part of the annual treasury management strategy. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the long term. The operational boundary is the limit beyond which external debt is not normally expected to exceed. In most cases this would be similar to the CFR but may be lower or higher depending on the levels of actual debt.
- 8.4 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

<b>Table 7: Investment Limits</b>	<b>2023/24 April-Sept Maximum £m</b>	<b>30.9.23 Actual £m</b>	<b>2023/24 Limit £m</b>	<b>Complied? Yes/No</b>
Any single organisation, except the UK Government	£0.220m	£0.028m	£1.6m each	Yes
Any group of pooled funds under the same management	£6.000m	£1.000m	£8m per manager	Yes
UK Central Government	Nil	Nil	Unlimited	Yes
UK Central Government Local Authorities	£9.000m	£9.000m	£3m per LA (2 years)	Yes
Money Market Funds	£16.365m	£4.570m	£5m per fund - unlimited	Yes

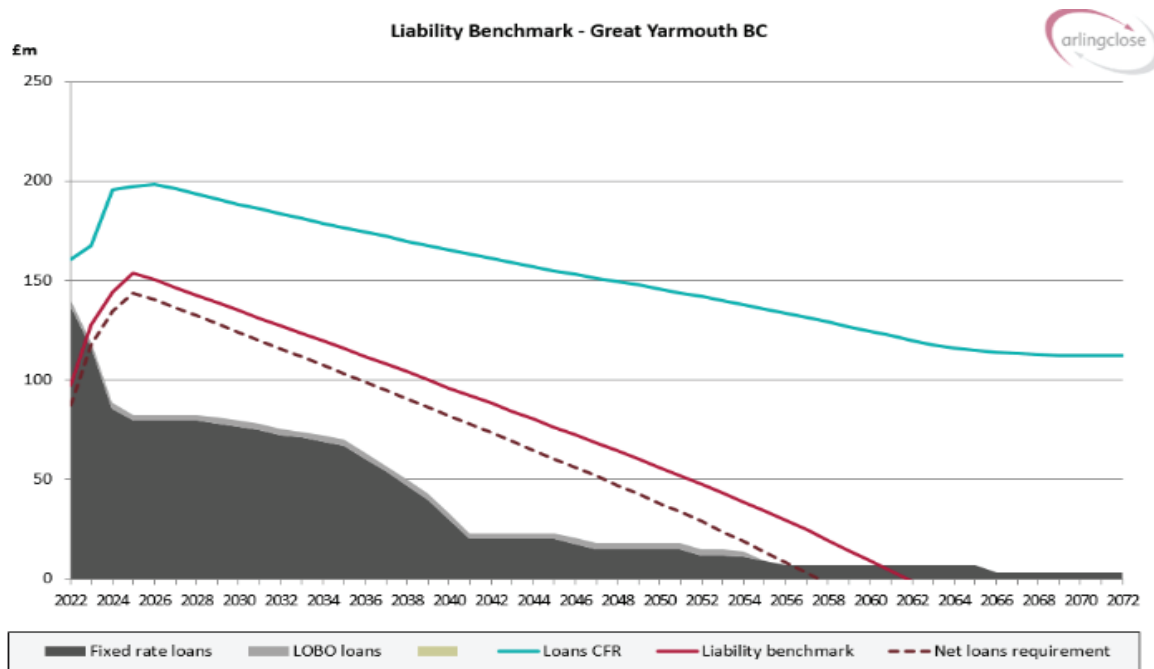
## 9. TREASURY MANAGEMENT PRUDENTIAL INDICATORS

- 9.1 As required by the 2021 CIPFA Treasury Management Code, the Council measures and manages the following treasury management prudential indicators.
- 9.2 **Liability Benchmark:** This new indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while

keeping treasury investments at the minimum level of £7m required to manage day-to-day cash flow.

Liability Benchmark	31.3.23 Actual	31.3.24 Forecast	31.3.25 Forecast	31.3.26 Forecast
Loans CFR	167.7	195.5	197.5	198.5
External Borrowing	(121.0)	(82.4)	(82.3)	(82.2)
Less: Balance sheet resources (including working capital)	(50.0)	(66.1)	(58.9)	(63.1)
<b>Investments/New borrowing</b>	<b>(3.3)</b>	<b>47.0</b>	<b>56.3</b>	<b>53.2</b>
Plus: Liquidity allowance	7.0	7.0	7.0	7.0
<b>Liability benchmark</b>	<b>124.7</b>	<b>136.4</b>	<b>145.5</b>	<b>142.5</b>
<i>Existing borrowing</i>	<i>121.0</i>	<i>82.3</i>	<i>82.2</i>	<i>82.1</i>

9.3 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing in line with the current forecast capital programme, minimum revenue provision and income, expenditure and reserves all in line with the 2023/24 budget and forecasts.



9.4 Whilst borrowing may be above the liability benchmark, strategies involving borrowing which is significantly above the liability benchmark carry higher risk.

9.5 **Maturity Structure of Borrowing:** This indicator is set to control the Councils exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Maturity Structure of Borrowing	30.9.23 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	29%	50%	0%	Yes
12 months and within 24 months	3%	50%	0%	Yes
24 months and within 5 years	0%	60%	0%	Yes
5 years and within 10 years	8%	80%	0%	Yes
10 years and above	60%	100%	0%	Yes

9.6 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.

9.7 **Long-term Treasury Management Investments:** The purpose of this indicator is to control the Councils exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

Long-term Treasury Management Investments	2023/24	2024/25	2025/26	No fixed date
Actual principal invested beyond year end	£7m	£1m	£1m	£1m
Limit on principal invested beyond year end	£10m	£10m	£10m	£1m
Complied?	Yes	Yes	Yes	Yes

9.8 Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

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

Security	30.9.23 Actual	2023/24 Target	Complied?
Portfolio average credit rating	A+	A	Yes

9.10 **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	30.9.23 Actual	2023/24 Target	Complied?
Liquid short-term deposits	£4.570m	£7m	No

Forecast projections of investment balances have decreased by 8% due to large capital projects, and also capital receipts anticipated in 2023/24 when the target was set are yet to be realised. These receipts are still predicted to be received in 2023/24 which should improve liquidity position in line with set indicator. **This remains under review and it is recommended that the target is revised to £3m.**

9.11 **Interest Rate Exposures:** This indicator is set to control the Councils exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest rate risk indicator	30.9.23 Actual	2023/24 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	£58	£50	No

Upper limit on one-year revenue impact of a 1% fall in interest rates	(£61)	(£50)	No
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The above limits were breached because they were based on lower loan and higher investment balances which reflected the Councils portfolio as at 31/12/2023 when the Treasury Management Strategy was written. The Councils loan balances have increased by 41% and investment balances have decreased by 8% due to large capital projects and for cashflow purposes.

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

9.13 For context, the changes in interest rates during the quarter were:

	<u>31/3/23</u>	<u>30/9/23</u>
Bank Rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.69%
5-year PWLB certainty rate, maturity loans	4.31%	5.22%
10-year PWLB certainty rate, maturity loans	4.33%	5.26%
20-year PWLB certainty rate, maturity loans	4.70%	5.64%
50-year PWLB certainty rate, maturity loans	4.41%	5.43%

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

## 10. Capital Prudential Indicators

10.1 The Council measures and manages its capital expenditure, borrowing and capital investments with references to the following indicators.

10.2 It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis. The figures below have been updated in line with the 2022/23 accounts, which are still subject to audit and with reference to capital expenditure position at the end of quarter 2.

10.3 **Capital Expenditure:** The Council has undertaken and is planning capital expenditure as summarised below.

Capital Expenditure	2022/23 actual £m	2023/24 forecast £m	2024/25 budget £m	2025/26 budget £m
General Fund services	18.0	48.5	23.4	12.3
Council housing (HRA)	11.5	15.4	9.5	9.3
Capital investments	0.2	12.8	1.0	0

10.4 The main General Fund capital projects include:

- North Quay Redevelopment
- 6 Day Market & Market Realm Redevelopment
- Wintergardens Restoration
- Conversion of former Palmers Department store to Learning Hub

10.5 HRA capital expenditure is 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.

10.6 Capital investments include loans and shares made for service purposes and property to be held primarily for financial return in line with the definition in the CIPFA Treasury Management Code.



10.7 **Capital Financing Requirement:** 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 MRP and capital receipts used to replace debt. The actual CFR is calculated on an annual basis, but an updated CFR forecast at 30th June 2023 is shown below.

<b>Capital Financing Requirement</b>	<b>31.3.2023 actual</b>	<b>31.3.2024 forecast</b>	<b>31.3.2025 budget</b>	<b>31.3.2026 budget</b>
General Fund services	74.3	87.0	87.3	87.4
Council housing (HRA)	91.3	93.4	94.3	95.1
Capital investments	2.1	14.3	15.1	15.0
<b>TOTAL CFR</b>	<b>167.7</b>	<b>194.7</b>	<b>196.7</b>	<b>197.5</b>

10.8 **Gross Debt and the Capital Financing Requirement:** Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

<b>Gross Debt and the Capital Financing Requirement</b>	<b>31.3.2023 actual</b>	<b>31.3.2024 forecast</b>	<b>31.3.2025 budget</b>	<b>31.3.2026 budget</b>	<b>Debt at 30.9.2023</b>
Debt (incl. PFI & leases)	122.0	82.8	82.6	82.4	117.1
Capital Financing Requirement	167.7	194.7	196.7	197.5	

10.9 **Proportion of Financing Costs to Net Revenue Stream:** Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. 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.

<b>Proportion of Financing Costs to Net Revenue Stream</b>	<b>2022/23 actual</b>	<b>2023/24 forecast</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
Financing costs (£m)	2.2	3.9	4.6	4.8
Proportion of net revenue stream	14.6%	25.3%	29.4%	35.8%

## 11. NATIONAL CONTEXT AND ECONOMIC COMMENTARY

11.1 Economic background: UK inflation remained stubbornly high over much the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to the regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.

11.2 Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.2%. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

11.3 July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.

- 11.4 Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.
- 11.5 The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.
- 11.6 Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.
- 11.7 Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.
- 11.8 The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the GfK measure hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to S&P/CIPS survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.
- 11.9 Having fallen throughout 2023, annual US inflation started to pick up again in July 2023, rising from 3% in June, which represented the lowest level since March 2021, to 3.2% in July and then jumping again to 3.7% in August, beating expectations for a rise to 3.6%. Rising oil prices were the main cause of the increase. US GDP growth registered 2.1% annualised in the second calendar quarter of 2023, down from the initial estimate of 2.4% but above the 2% expansion seen in the first quarter.
- 11.10 The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target.
- 11.11 Although continuing to decline steadily, inflation has been sticky, Eurozone annual headline CPI fell to 5.2% in August while annual core inflation eased to 5.3% having stuck at 5.5% in the previous two months. GDP growth remains weak, with recent data showing the region expanded by only 0.1% in the three months to June 2023, the rate as the previous quarter.
- 11.12 **Financial markets:** Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak.
- 11.13 Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Rate (SONIA) averaged 4.73% over the period.
- 11.14 **Credit review:** Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley

Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period.

- 11.15 During the second quarter of the period, Moody’s revised the outlook on Svenska Handelsbanken to negative from stable, citing concerns around the Swedish real estate sector.
- 11.16 Having put the US sovereign rating on Rating Watch Negative earlier in the period, Fitch took further action in August, downgrading the long-term rating to AA+, partly around ongoing debt ceiling concerns but also an expected fiscal deterioration over the next couple of years.
- 11.17 Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.
- 11.18 Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress and although no changes were made to recommended durations over the period, Northern Trust Corporation was added to the counterparty list.
- 11.19 Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority’s counterparty list recommended by Arlingclose remains under constant review.

## 12. CONCLUSIONS

- 12.1 Overall, the Council remains in line with the Treasury Management Strategy and Capital Strategy as approved in February 2023. The treasury activities continue to be monitored on a daily basis.

## 13. BACKGROUND PAPERS

- 13.1 Treasury Management Strategy 2023/24
- 13.2 Treasury Management Outturn report 2022/23
- 13.3 2023/24 cashflow, loan/investment register
- 13.4 Arlingclose updates and reports
- 13.5 Capital and Investment Strategies 2023/24

Area for consideration	Comment
Monitoring Officer Consultation	ELT Consultation
Section 151 Officer Consultation	Report Author
Existing Council Policies	See background papers
Financial Implications eg within existing budgets or funding identified	Included within the report
Legal Implications (including human rights)	None
Risk Implications	Included in the report
Equality Issues/EQIA assessment (if EQIA not required explain why)	None as a direct impact of the report
Details contained in strategy	None
Crime & Disorder	None
Every Child Matters	None

## Cabinet / Council

**URN** 23-174  
**Subject** Medium Term Financial Strategy 2024/25 to 2026/27  
**Report to** Cabinet and Council



**Date of meeting:** 6 November 2023, 14 December 2023

**Responsible Cabinet Member:** Cllr Carl Smith, Portfolio Holder for Governance, Finance and Major Projects

**Responsible Director / Officer:** Executive Director, Resources

**Is this a key decision?** Yes

### **SUBJECT MATTER/RECOMMENDATIONS**

This report presents an update to the Council's Medium Term Financial Strategy (MTFS) and covers the period 2024/25 to 2026/27.

#### **Recommendations:**

That Council:

- 1) Agree the updated Medium Term Financial Strategy (MTFS) and the key themes of the business strategy as outlined at Section 8;
- 2) Agree to continue with the business rates pool for 2024/25 subject to the finalisation of the forecasts for 2024/25 and the outcome local government finance settlement, to delegate authority to the Section 151 Officer in consultation with the Leader to approve.

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

- 1.1. The Council receives a refresh of the Medium Term Financial Strategy annually which is revised in light of known spending pressures taking into account the wider economic context. There is a legal requirement to set an annual budget and set the Council tax each year and part of this includes a number of preparatory reports and pieces of work that are prepared in support of setting the budget one being the update of the Council's Medium Term Financial Strategy (MTFS).
- 1.2. The MTFS sets out the context within which the financial planning for the Council is undertaken and the priorities (the business strategy) that will mitigate future funding gaps. The MTFS also includes the latest financial projections for the three years that are covered by the strategy and have been informed by known pressures in the current year and levels of inflation and interest rates. This is ahead of the provisional settlement announcement and the detailed work on the service budgets for 2024/25.
- 1.3. There continues to be significant uncertainties around funding for Local Government as the sector faces continued inflationary pressures for both day to day revenue spend and capital

projects. The challenges that the Borough Council are facing are not unique, with reports of all tiers of authorities facing continued financial pressures being made public on a regular basis, it flags the pressures facing the sector and the need for timely decisions on local government funding reviews.

## **2. Financial Forecasts**

- 2.1. The financial forecasts have been updated within the MTFs to reflect the known in-year pressures and assumptions around what future funding may look like. Due to the size of the forecast gap in the current financial year and the medium-term forecasts there will be a requirement to use reserves to partly fund the deficit and the target of £2m saving for the 2024/25 budget has been set. Meetings have already been held with Members to discuss savings and additional income proposals for the 2024/25 and future budgets, further meetings will be held in the coming months as the detail of the 2024/25 budget is pulled together and the savings proposals finalized.
- 2.2. Use of reserves is an option to mitigate some of the impact, however significant savings will be required over the medium term.
- 2.3. The current forecasts are projecting a budget gap of £2.5m in 2024/25, increasing to £3.3m in 2025/26 and to £4.1m in 2026/27. This is before the detail on the budget is finalized for the coming year and these forecasts will be updated as part of this work and once the provisional settlement is published in December.

## **3. Financial and Business Strategy**

- 3.1. The MTFs outlines the following key themes for the business strategy:
  - 3.1.1. Strategic Asset Management
  - 3.1.2. Economic and Housing Growth
  - 3.1.3. Property Investment and Commercialisation
  - 3.1.4. Technological Investment
  - 3.1.5. Partnerships
  - 3.1.6. GYBC Operating model
  - 3.1.7. Savings and additional Income
  - 3.1.8. Sustainability Strategy.
- 3.2. The above themes are presented in more detail within the MTFs and savings and additional income proposals will be brought forward for consideration as part of the budget that are aligned to these key priorities.

## **4. Housing Revenue Account**

- 4.1. The priorities for the HRA investment plans are to continue to maintain and improve the housing stock and also the provision of new affordable council housing including replacing sales under the right to buy scheme. During 2024/25 the Council will change the delivery model for the provision of the repairs and maintenance service for the housing stock as the current arrangement with Great Yarmouth Norse ends in September 2024. A project is currently underway for the future delivery of the service and the costs of the new service delivery will be reflected in the 2024/25 budget. The HRA is faced with similar financial challenges in terms of increasing costs and the impact of rent capping that was put in place in

2023/24, no announcements have yet been made for 2024/25, although the impact of this on the HRA business plan continues to be monitored. The detail of the HRA business plan for 2024/25 is currently being worked upon and will be reported to Members in the new year.

## 5. Financial Implications

- 5.1. The commentary within the MTFS has highlighted the financial challenges that continue to face the Council for both capital and revenue spend.
- 5.2. The Council continues to hold earmarked and general reserves and the MTFS recommends re-allocations of some of the earmarked reserves to the general reserve to strengthen the general reserve.

## 6. Risks

- 6.1. The risk and sensitivity section within the MTFS includes the more significant risks.

## 7. Conclusion

- 7.1. The economic climate of high inflation and interest rates and demand for services for example temporary housing has impacted on the financial position of the Council in a significant way. It is a legal requirement to set a balanced budget each year and there will be a need to identify and deliver significant savings and additional income in the short term to medium term in addition to using reserves to manage the risks.
- 7.2. The assumptions included in the MTFS will be subject to review as the detail of the 2024/25 budget is finalised.

## 8. Background Papers

- 8.1. 2023/24 Budget monitoring reports
- 8.2. 2022/23 outturn report and statement of accounts
- 8.3. Funding announcements and financial modelling

Area for consideration Comment	Comment
Monitoring Officer Consultation	Consultation via ELT
Section 151 Officer Consultation	Report Author
Existing Council Policies See background papers	
Financial Implications eg within existing budgets or funding identified	Within report
Legal Implications (including human rights)	
Risk Implications	
Equality Issues/EQIA assessment (if EQIA not required explain why)	None as a direct consequence of the report, as the budget is finalised, full EQIA's will be completed as applicable
Details contained in strategy	
Crime & Disorder	
Every Child Matters	



# Medium Term Financial Strategy 2024/25

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## **1. Introduction and background**

- 1.1. The Medium-Term Financial Strategy (MTFS) is updated annually in response to changing pressures and opportunities and supports the preparation of the coming years budget.
- 1.2. The MTFS supports the delivery of the Council's priorities by setting out the framework within which resources are available to the Council over the medium term. It provides high level financial projections taking into account known local and national factors, spending pressures and commitments, forecast of future funding reductions and the economic outlook.
- 1.3. The MTFS is a strategic document that supports the delivery of the Corporate Plan [The Plan 2020-2025](#) . Great Yarmouth Borough Council's sets out the Council's commitment to drive and facilitate in the following four strategic areas:
  - a strong and growing economy
  - improved housing and strong communities
  - high-quality and sustainable environment
  - an efficient and effective council
- 1.4. The MTFS along with the updated financial forecast outlines the demands on the capital programme of both ambition and resources, the impact on the revenue account (for both housing and non-housing) and on the level of reserves held by the Council. Furthermore, the longer-term ambitions of the Town Deal, Future High Streets and Levelling Up funding are significant investments that will support the delivery of the Corporate Plan and are also linked to the priorities of the MTFS.
- 1.5. Finally, the strategy addresses both the sustainability of the Councils financial position and examines the more significant risks inherent in the proposals.

## **2. National Context**

- 2.1. There continues to be significant uncertainty around Local Government Funding and Policy, namely delays to fundamental reviews i.e., the fair funding review and the business rates retention review that will inform the future funding for local services. In addition, like all local authorities Great Yarmouth Borough Council (GYBC) face significant financial challenges due to inflationary rises to both capital and revenue costs.
- 2.2. The continued economic uncertainty further exacerbates these challenges. There have been significant shifts in the economy whilst September saw CPI rates remain unchanged at the August level of 6.7% month on month increases had been 0.5%. Over the past 12 months there has been continued increases to the Bank of England base rate to 5.25% which remained unchanged at the September 2023 meeting of the Monetary Policy Committee. These factors coupled with the increases to fuel and utility prices are having and will continue to have a financial impact to Local Authorities in the short to medium term.
- 2.3. The Autumn statement will be made by the Chancellor later in November which will set out the plans for the UK economy for the next 12 months. Until the detail behind the announcements is made the impact for Local Government funding will not be known until later in the year, in the meantime the council is still required to make preparations for the budget for the coming financial year. Announcements on the provisional Local Government Finance Settlement are not expected until later December (before Christmas), although the 2023/24 plus inflation is the basis for the funding assumptions for 2024/25.

- 2.4. It remains important that the Council continues to adopt a prudent approach for its medium-term financial strategy to set priorities that will support and deliver savings, additional income and efficiencies for the Council. The continued uncertainty further curtails the ability to provide accurate financial projections and forecasts over the medium term, the forecasts are therefore reliant assumptions.
- 2.5. The key themes of the MTFS as outlined in the business strategy section of the document remain critical to delivery of a balanced budget for 2024/25 and future budget setting. Despite the national uncertainty, the refresh of the MTFS is required to inform the detailed budget setting process for the 2024/25 budget ahead of approval of the budget in February 2024.

### 3. Key Budget Pressures and Resources

- 3.1. This section provides an update on the financial resources available to and spending pressures facing the Council along with the assumptions to inform the updated projections. Internal resources are influenced by local decision making, for example council tax, sales, fees and charges, rentals, capital receipts from asset disposals and use of available reserves. External resources include government grants, business rates although whilst the Borough Council collects the rates, it does not set them and has very little discretion over reliefs that can be granted, however local decisions that support future growth in business rates will see a direct benefit returned to the council through the business rates retention scheme.
- 3.2. **Government Grants** – The allocation in 2023/24 of revenue support grant (RSG) is £2.6m. It is expected that this will roll over to 2024/25 with an inflationary increase. Future allocations of RSG will dependant on the reviews of local government funding namely the fair funding review and business rates reset which are now not expected to be delivered until 2025/26 or possibly 2026/27 depending on the timing of a General Election. The Council continues to be one of the largest receivers of RSG compared to similar tiers of authorities, this is primarily due to the previous method of funding allocation for local government reflecting local characteristics of deprivation and spending. This remains a risk for future funding reforms.
- 3.3. Allocations of Services Grant (£155k) and Funding Guarantee Grant (£263k) were made in 2023/24, the forecasts assume that these continue in 2024/25.
- 3.4. **Long-Term Plan for Towns** – On 1 October funding and support totalling £20m was announced for Great Yarmouth as part of the new “Long Term Plan for Towns”. Detailed guidance on the fund is still to be announced on the £1.1 billion funding that is being invested into 55 towns. From the information that has been published to date, the following is known:
  - towns will be required to develop a Long-Term Plan to invest in and regenerate their town
  - funding is to be allocated over 10 years to support the plan to be spent on issues that matter to local people including regenerating high streets and securing public safety
  - funding and support of £20 million (25% resource and 75% capital).
- 3.5. The conditions of the funding and what the funding can be used for is not known and as further guidance is received, this will be taken into account as part of the setting of the capital and revenue budgets.
- 3.6. **New Homes Bonus (NHB)** – New homes bonus has been part local government funding for over ten years and reforms are long awaited. The aim of the scheme was originally to incentivise and reward Councils for building new homes in their areas. The grant is calculated

by multiplying the national average council tax by the net additional homes growth (net of movements in long-term empty properties and demolitions), in addition to additional supplement of £350 per affordable dwelling. The system splits the grant between local authority tiers; 80% to the lower tier (GYBC) and 20% to the upper tier (NCC) with annual allocations of NHB Grant being announced as part of the finance settlement based on annual returns.

- 3.7. There are fundamental flaws in the current system in that those authorities with fewer sites and low land values are disadvantaged even when meeting their local plan housing targets. There is a clear inequity in the current system due to the factors that drive the delivery of new homes, for example land value, number of housing developers operating in an area and local demographics that influence the number of homes that are delivered. The current system makes no allowances for those areas that have a higher-than-average proportion of lower council tax banded properties, such as Great Yarmouth, for example 68% of the properties in the borough are in bands A and B, compared to a national average of 41% and county average of 55%. There is a potential for a further year of NHB funding allocation, at this time, no additional funding has been factored into the forecasts.
- 3.8. **Business rates retention** – The current system of business rates retention sees 50% of the rates collected locally retained for the provision of services and has been in place since April 2013. Under the scheme business rates are shared between central and local government. The current splits are 50% local (40% Borough and 10% County) and 50% central government.
- 3.9. The localised scheme is not without risk and complications. Businesses have the right to appeal the valuation of their premises which if successful can be backdated. Local Authorities can mitigate some of the risks of the payment of successful appeals through the making of provisions against which payment of appeals are made. The risk is whether the provision raised is sufficient to cover refunds as they materialise.
- 3.10. The current business rates system allows pooling whereby growth that would be paid to central government can be retained in the pool. Norfolk Local Authorities have operated a business rates pool since the introduction of business rates retention, albeit with varying membership over the years and due to the uncertainty of the impact of covid on business rates in 2021/22 the Norfolk pool (of all Norfolk authorities) was disbanded. It is recommended that the Council continue to be in the business rates pool for 2024/25.
- 3.11. **Council Tax** – The current band D equivalent for the boroughs Council tax is £181.48. The maximum annual council tax increase for a district council is set by government at 3% or £5 (band D) above which would trigger a referendum. The current strategy assumes annual increases of £5 per annum. 2023/24 was the first year that the annual increase to the cap would have been slightly above the £5 at to £181.76, an increase of £5.28. The current capping for Council tax for borough and district councils is the same irrespective of the current D, for example the lowest Band D of £110.46 to the highest of £395.64 for 2023/24 meant that the maximum increases for band D ranged from £5 to £11.86 for a band D property.
- 3.12. It is recommended that the MTFs reflect increases to band D to maximum Band D for the borough element, this would mean a band D of £186.91, an increase of £5.43.
- 3.13. Second Home Premium – Originally anticipated to be in place for 2024/25 from the Levelling up Bill, this is likely to be implemented from 2025/26 now, it will require approval for the charging and would deliver in the region of £180,000 of additional Council Tax Income per annum and would be prudent to factor into future financial forecasts.

- 3.14. The Council tax base is an assessment of the number of dwellings expressed in Band D equivalents after allowing for non-collection, discounts, and new property growth. The tax base for 2023/24 is 29,851, the annual forecasts assume an annual increase of 500. The level of council tax discounts has a direct impact on the net collectable council tax and therefore income that is received in the general fund. The Local Council Tax Support Scheme (LCTS) is essentially a discount that supports those households and individuals that are on low income. The scheme for 2024/25 is currently out for consultation and any changes will impact on the tax base for 2024/25.
- 3.15. **Sales, fees and charges** – Income from sales, fees and charges from the provision of services continue to be an essential source of funding for local authorities. These include income from demand led services for example, car parking, planning and building control and waste services. The general principles of the policy allow for annual increases of RPI plus up to 2% to cover the cost of service delivery. With the current level of RPI for 2024/25 the policy would allow for increases upto 10.9%. All fees and charges will be reviewed for the budget setting process and brought forward for recommendation.
- 3.16. In addition, within the levelling up bill the Government agrees that it is important for local planning authorities to have the resources they need to deliver an effective planning service. The bill if approved by Parliament, will increase planning fees by 35% for major applications and 25% for all other applications, with an indexation mechanism that will maintain the real value of the fees income. This is a national fee increase that will benefit all local planning authorities in England. No additionality of income has been factored into the financial projections at this stage due to the current pressures on the income budget and also investment required in the service to deliver planning performance.
- 3.17. **Interest rates** – The continued increase in the official Bank rate has put pressure on both the general fund and housing revenue account in terms of increased borrowing costs for capital projects. Whilst there has been some mitigation from increased interest receivable from investments the overall impact on capital projects need to be taken into account as part of the longer term capital programme delivery.
- 3.18. The borrowing requirements for the Council continue to be undertaken in line with the treasury management strategy. Due to slippage in the capital programme some of the planned borrowing will be re-profiled to 2024/25 this is therefore expected to mitigate the impact of the increased costs of borrowing costs in the year.
- 3.19. **Minimum revenue provision** – The MRP is set annually based on prior and forecast capital spend to be financed by borrowing, it reflects the allowance in the revenue account for the repayment of debt incurred for capital expenditure. New capital receipts identified and generated serve to reduce the need for external borrowing for capital purposes to smooth the future MRP charges. This approach continues to be proactively explored for significant capital receipts in the medium term to reduce the call on the revenue account of the impact of financing capital spend from borrowing.
- 3.20. **Employee costs** – The 2023/24 budget assumed an annual increase in the employee pay award of 5% per annum, this was following the final offer of £1,925 for the 2022/23 pay settlement. The final offer for 2023/24 of £1,925 upto spinal column point 43 then 3.88% above this is still to be agreed by all unions (at the time of production of the document).
- 3.21. **Council Tax** – Annual tax base growth has averaged 455 over the past 10 including 2021 which saw a reduction due to covid. An increase of 455 would add in the region of £235,000 per annum of additional Council Tax revenue (after allowing for a £5 increase in band D).

- 3.22. **Simpler Recycling Consultation** – The Government has recently published its response to the Simpler Recycling Consultation which includes the following:
- Councils won't have to put the reforms in place for households until April 2026
  - Councils will have a lot of flexibility over the number of bins they have to provide, reducing the need for changes; and
  - Charges for garden waste collection will continue as at present.
- 3.23. The reforms will place the following obligations on local authorities in respect of households:
- Collecting food waste on a weekly basis separately from all non-organic waste
  - Collecting garden waste where requested
  - Collecting dry recycling (card and paper, glass, plastics and metal) separately from residual and organic waste – but with no requirement to collect these dry recycling streams separately from each other.
  - Councils will, therefore, have to provide no more than three bins (with an optional addition for garden waste).
- 3.24. There is anticipated to be funding for the above new burdens. Some of the funding will come from central government and some from (Extended Producer Responsibility) EPR, but all EPR funding for new burdens will be in addition to EPR to fund the existing commitments of local authorities in collecting and disposing of packaging waste. The exact amount of the funding and whether it will cover all the costs is not yet known and as further guidance is published plans will need to be made to implement the changes.
- 3.25. As further guidance and implications of the new requirements are issued, the financial projections will be updated accordingly, at this time no allowance has been made for any impact.
- 3.26. **Net cost of services (NCS)** – The detailed budget monitoring reports have highlighted pressures on the revenue account in the current year. The more significant areas experiencing pressure are property services income levels for which some pro-active review work is underway within the service to mitigate where possible shortfalls in income in the current year. Further work aligned to the asset management plan including a review of assets and liabilities need to be completed over a realistic timescale to inform future budget savings and additional income opportunities. The other significant pressure on the revenue account currently is in relation to temporary accommodation due to increased demand for housing. Alternative options are currently being considered and proposals will be brought forward for recommendation.
- 3.27. As the work on the detailed budget for 2024/25 is pulled together the service budgets will be updated to reflect the latest position in respect of inflation and demand. It is prudent to assume that the inflation on expenditure will be greater than the increase in the corresponding income, resulting in anticipated net growth in the net cost of services.

#### 4. Updated Forecasts

- 4.1. The Council like all Local Authorities continues to face significant financial challenges. The continued inflationary rises and demand for services such as temporary housing places significant pressure on budgets that is not matched by funding. The increased reliance on reserves to fund in-year pressures as well as funding budget shortfalls is reducing the longer-term financial sustainability of Local Authorities across the sector and creating an even greater need to identify and deliver savings and additional income that can be sustained in the long term.

- 4.2. The production of the updated financial forecast from 2024/25 onwards is challenging due to the uncertainties around funding for local government exacerbated by the economic impact on inflationary pressures. However, the council must continue to plan and prepare for the setting of the annual budget. Taking into account the above factors and known pressures and making assumptions on the level of government funding for 2024/25 the three-year position is summarised in the table below.

£000	2024/25	2025/26	2026/27
Forecast Gap	2,514	3,282	4,100

- 4.3. The above position has been informed by the assumptions around future funding and reflects the known spending pressures and assumptions on these over the next three years. The above summary shows an increasing budget gap for the next three years estimated to be approaching £4.1 million by 2026/27, this is before the detail of the budget for 2024/25 has been produced.
- 4.4. Detailed work on the 2024/25 budget has already commenced between officers and Members with draft savings and additional income proposals being collated with the Management Team to critically review budgets and look at options to reduce the forecast gap for 2024/25. In addition, the key themes for the MTFS are included at section 8 and these will be the priorities to be taken forward for reducing the future budget gap.

## 5. Housing Revenue Account

- 5.1. Since the introduction of self-financing in 2012, the Housing Revenue Account (HRA) business plan has continued to be challenged by several changes. Right to buy (RTB) discounts have increased, rent-setting policy has changed and the current inflationary pressures places further challenges on the HRA.
- 5.2. The recent strategy for the HRA has been to keep the HRA reserves levels sufficient to mitigate any loss of revenue. The Council continues to be prepared for further reductions in resources available to manage, maintain, improve and add to its housing stock.
- 5.3. The contract for the provision of the maintenance and repairs service to the housing stock is currently provided by Great Yarmouth Norse (GYN) and comes to an end in September 2024, a project is currently underway for the future provision of the service which will see the Council taking full control. The GYN service has been undergoing transformation and it is anticipated that this will deliver efficiencies to the service. The full size of these savings will not be identified until the new model of delivery is confirmed and the budget setting process for 2024/25 and 2025/26 is underway as the implications of the overheads are yet to be quantified.
- 5.4. Additional borrowing currently maintains the affordable housing programme to comply with the RTB agreement. The current RTB regulations allow RTB receipts to be used to support up to 40% of the scheme cost of replacement homes, the time restrictions require that sale receipts must be utilised within five years from the sale of the dwelling.
- 5.5. Most fees and charges relating to the Housing Revenue Account have been increased in recent years in line with the corporate formula adopted by the Council, RPI + 2%, aiming to close the gap in terms of recovery of costs.
- 5.6. **Rent setting policy** – The Government set a cap for housing rents of 7% for 2023/24. Prior to this social landlords had been permitted to increase rents by CPI +1% (this had been in place

since 2020/21). Without the cap, rents would have been allowed to increase by a maximum of 11.1%. No guidance has been issued on rent capping for 2024/25, currently if there is no capping rent increases could be to a maximum of 7.7%. Currently the HRA Business Plan assumes that cap was in place for one year and from 2024/25 the increases revert to the CPI +1%.

- 5.7. **Right To Buy discounts and retained receipts** - Right to buy discounts have increased since the introduction of Self Financing, the maximum discount increases each year based on the consumer price index (CPI). The business model has been amended to incorporate this change.
- 5.8. The HRA is still part of a retention agreement, where the HRA can retain receipts, to support up to 40% of the cost of replacement homes if incurred in a five-year period. If retained receipts are not used, the Council is liable for repayment of the receipt plus interest, sales and receipts are therefore closely monitored to mitigate any repayment liabilities.
- 5.9. The Council has set out a plan and ambition to use retained receipts to develop affordable council housing and to further increase the supply of affordable housing using a combination of four options:
  - Grant contribution to Housing Association development
  - Development of new build homes
  - Purchasing empty homes on the open market
  - Purchase of suitable properties on the open market.
- 5.10. **HRA Borrowing** - Following the removal of the HRA borrowing cap in 2018 the Council is able to borrow against its housing assets as long as it can demonstrate affordability. The Council continues to actively review the best way to utilise the additional borrowing capacity within the HRA, to deliver further affordable homes within the Borough. The council plans to utilise revenue savings to finance additional borrowing within the HRA, along with the use of accrued 1-4-1 receipts, which may have otherwise been repaid to government along with the relevant interest.
- 5.11. Overall, the aim is to increase the levels of new housing within the existing housing stock and to increase net rental income received. The HRA continues to model the implications to the housing business plan, as well as identifying potential sites for the delivery of additional housing. Increased borrowing for the HRA will need to be able to demonstrate affordability and informed decisions taken to understand the longer-term impact to the HRA funding.
- 5.12. There are two key strands to the Council's HRA investment plans:
  - maintaining and improving the housing stock
  - new affordable council housing, including new housing to replace sales under RTB in line with Government guidance.
- 5.13. The plans are prepared over the medium term and are reviewed and updated annually. Future investment decisions will be based on local decision making and local knowledge of the condition of the stock and the components.

## 6. Reserves

- 6.1. This section provides an overview of reserves held by the Council. The Policy Framework for Reserves is reviewed annually alongside the setting of the annual budget. The reserves held by the Council fall within one of the following categories.
- General Reserve
  - Earmarked Reserves (General Fund and Housing Revenue Account)
  - Capital Receipts Reserve
  - Housing Revenue Account Reserve
- 6.2. The General Reserve is held for two main purposes - to provide a working balance to help cushion the impact of uneven cash flows to avoid temporary borrowing, and as a contingency to help cushion the impact of unexpected events or emergencies.
- 6.3. As part of setting the budget each year the adequacy of all reserves is assessed along with the optimum level of general reserve that an authority should hold. The optimum level of the general reserve takes into account a risk assessment of the budget and the context within which it has been prepared, including the following factors:
- sensitivity to pay and price inflation and fluctuations in interest rates
  - the level of savings that have been factored into the budget and the risk they will not be delivered as anticipated, both level and timing
  - potential legal claims where earmarked funds have not been allocated
  - emergencies and other unknowns
  - impact of demand led pressures which impact on both income and expenditure
  - future funding fluctuations
  - level of earmarked reserves held
  - a level of general reserve that is within 10% to 15% of net expenditure
- 6.4. A financial assessment is made of all the factors to arrive at a recommended level for the general reserve, which for the current year was assessed to be £3.5 million. The general reserve balance as at 1 April 2023 was £4.6 million, after allowing for the latest financial monitoring position in the year (before any preventative action) this could be reduced to £3.2 million.
- 6.5. **Earmarked reserves** provide a means of building up funds to meet known or predicted liabilities and can be used to set aside sums for major schemes, such as capital developments or asset purchases, or to fund restructurings as part of invest to save proposals. These reserves are earmarked until the amounts are budgeted to be taken from the reserves. Earmarked reserves can also be held for service projects and business units, which have been established from surpluses to cover potential losses in future years, or to finance capital expenditure. Earmarked reserves also provide a mechanism to carry forward underspends at the year-end for use in the following financial year.
- 6.6. For each earmarked reserve several principles should be established:
- the reasons for, or the purpose of the reserve
  - how and when the reserve can be used – short to long term
  - procedures for the reserve’s management and control



- 6.7. The planned use of earmarked reserves are reviewed during the year as part of the budget setting and year end process.
- 6.8. The following provides a commentary on some of the more significant reserves that the Council currently holds and maintains:
- 6.9. **Invest to save** – This earmarked reserve provides resources to fund one-off/upfront costs for projects that will deliver future savings. Examples include:
- officer restructures, where one-off redundancy or pension strain costs might be payable subject to a business case that delivers on-going revenue savings
  - for an investment in IT hardware, software or equipment which will deliver savings through more efficient ways of working
  - The balance at the beginning of the year was £1.525m and the forecast balance at 31 March 2024 is £1.475 million.
- 6.10. **Asset management reserve** – This reserve was established to earmark funds that will support the provision of current and future assets, of the reserve £1.26m has been committed to smooth the impact to the revenue account of the new leisure facility.
- 6.11. **Capital receipts reserve** - The Council also holds a reserve which includes the balance of receipts generated from asset disposals - capital receipts. Capital receipts can only be used to fund capital expenditure (not for on-going revenue expenditure). The balance as at 31 March 2023 was £6.11million, although this includes an element for the HRA and some set aside for existing capital project spend, the forecast balance at 31 March 2024 is £10million allowing for anticipated receipts in the year and assumed financing in the year.
- 6.12. An initial review of all reserves has been carried out with the view to re-allocating unused balances to the general reserve to strengthen the balance in the general reserve as there will be an increased requirement to use reserves to balance the budget in the medium term. From this review it is recommended that the following transfers from earmarked reserves be made in the current year:
- £100k allocated from the Empty Business Property Incentive Fund
  - £625k from the Collection Fund Compensation earmarked reserve
  - £100k from the Benefits earmarked reserve.
- 6.13. There are a number of other reserves which are holding balances from previous roll forward requests that have not been drawn down yet. It is anticipated that there are some balances in here that are no longer required for their original plans and these can be re-allocated to the general reserves. A target of £500k for re-allocation from these reserves has been set to be allocated to the general reserve.
- 6.14. Using reserves to finance one-off spend for example in relation to projects, and where the funds can be used to lever in external funding enables flexibility and releases in-year revenue budget allocations. Due to the increased pressure on the general fund revenue account there is a need to have a financial strategy that is reliant on both delivery of savings and income in year, but also some reliance on use of reserves. This is in response to the significant shift in spending pressures increasing at a greater rate than the funding and income received. This does not provide a sustainable solution in the medium to long term and financial planning options need to take into account the need to cover the future financial gap without relying on the use of reserves each year.

## 7. Capital

- 7.1. This section provides an overview of the capital programme and resources available for financing current and new schemes. A copy of the current capital programme was reported as part of the period 6 budget monitoring report.
- 7.2. The following sources of funding are available to finance the capital programme:
- capital receipts – generated from asset disposals (both new and existing within the capital receipts reserve). As part of the ongoing work and review of the asset management plan, there will be opportunities to generate capital receipts that can be used to reduce the need to rely on external borrowing to finance the capital programme. The decisions for asset disposals will also inform revenue savings for example to deliver efficiency savings and remains a priority within the business strategy
  - grants and contributions received from external sources including third parties and government, these include the allocations of Future High Street, Towns Fund and Levelling up
  - revenue – by making a revenue contribution to capital
  - prudential borrowing – financing by external loans eg PWLB.
- 7.3. Prudential borrowing to fund capital expenditure can only be undertaken when an authority can demonstrate the need to borrow through its Capital Financing Requirement, which is driven by the balance sheet of the authority and takes into account reserves (including general and earmarked). Financing costs of the borrowing are charged to the revenue account and therefore any decision to undertake external borrowing would need to take account of the debt costs including interest and the Minimum Revenue Provision (MRP) and should be able to demonstrate affordability.
- 7.4. As an example, if a £5m capital project is approved the revenue impact from an MRP charge to the revenue account will be made in line with the current MRP Policy – probably over the useful life of the asset – which would amount to £200,000 per annum (assuming a 25 year life).
- 7.5. If a decision is to be taken to use revenue reserves or capital receipts to finance the expenditure, no MRP charge would be necessary, as the expenditure would be financed immediately by a revenue contribution to capital or the receipt. When considering the financing of the capital programme, the most financial beneficial approach to the financing of the spend will be taken. Furthermore, as future capital receipts are generated, this provides an opportunity to reduce the revenue costs of borrowing.
- 7.6. Each year the most financial beneficial approach is taken when financing the capital programme. For example, it is more financially beneficial to the revenue account to finance shorter life assets, ie equipment and vehicles from capital receipts and reserves as the MRP over a shorter life increases the impact to the revenue account.
- 7.7. The 2023/24 approved capital programme totals £61.2 million for the general fund, although there is expected to be a significant amount of slippage to 2024/25. The programme includes schemes within the future high street and town deal programmes which will deliver wider investment in the borough, that will support longer term economic growth.
- 7.8. The housing revenue account capital programme continues to invest in the stock and provision of new affordable homes, financed by right to buy receipts, borrowing and grants.

- 7.9. The capital programme currently includes borrowing of £3.4 million against Future high Street Fund (FHSF) and Town Deal projects in 2022/23 and 2023/24. However, it is anticipated that this borrowing would be predicated on business cases being produced to show that this be offset by either the generation of capital receipts or revenue from future income generation as part of the development of the FHSF projects.
- 7.10. Capital growth bids for 2024/25 and future years will be considered as part of the annual budget setting process, priority will take into account the following criteria:
- Bids accompanied by funding
  - Linked to priorities of the business strategy
  - Linked to the asset management plan
  - Service delivery requirement
  - Invest to save proposal.

## 8. Financial and business strategy

- 8.1. The following outlines in more detail the **key themes of the financial and business strategy** that should be prioritised over the short to medium term to reduce the forecast deficit. Each of the themes should not be seen in isolation and where applicable should support other themes in the overall delivery:
- 8.2. **Strategic asset management** – The Council owns a significant portfolio of assets across the borough and it must ensure that it is utilising its significant asset base in the most efficient way and managed via the asset management plan. Taking into account the return that the Council generates from its assets and recognising which assets should be disposed of to generate either capital receipts or reduce inefficiencies.
- 8.3. Regular review of all the Council's asset holdings in line with the asset management plan and the councils priorities with a view to adding value to strategic assets. **The key aim is to identify the most efficient way to utilise the Council's assets and maximise the benefit that the Council receives from them.** For example the work on the building rationalisation project will see changes to the use of the buildings and disposal of the Greyfriars. Delivery of this theme is informed by the Asset Management Strategy and will also cover opportunities to grow the asset base and demonstrate linkages with external funding opportunities and grants. Further work on this will be prioritised to address in year reductions against the budgeted income from some of the property assets.
- 8.4. **Economic and housing growth** – Income from homes and businesses within the borough continues to provide an essential source of income to fund the provision of local services. This will be even more essential from future reforms of local government funding. **A key aim must be to maximise income from housing and business rates through enabling growth and retaining existing baselines.** The Council already has mechanisms in place to support the priority to maximise housing growth, both within its own stock through the Housing Revenue Account and the wider delivery of homes through its companies, Equinox Enterprises Ltd and Equinox Property Holdings. Optimising the Council tax base will maximise Council Tax income. This could be through growth in property numbers, increased collection, and regular review of discounts as well as through proactive work to ensure that all eligible council tax properties are identified.
- 8.5. **Property investment and commercialisation** – This theme is closely linked to the strategic Asset management priority, but also seeks to identify other external opportunities for

investment in properties to achieve either an income stream or improved returns on investment. These would not necessarily be for investment purposes alone but seeks to regenerate areas which may require up front regeneration funding interventions, with a wider opportunity and growth potential. Opportunities could be indirect through treasury management property investments or direct delivery by the Council or through an appropriate vehicle. These could support, for example, regeneration within the Borough to deliver growth and linkages to the economic growth theme as detailed above. Any direct investment would be subject to a business case, considering all risks and the full revenue implications (including borrowing costs). Currently these opportunities are identified as part of the current asset management plan or proposals taken forward by the appropriate decision making process.

- 8.6. **Technological investment** – Improvements to the delivery of services through the use of technology. The digital strategy contains three strategic aims - **Digital Services, Digital Communities and Digital Workforce** which are supported by the objectives:
- A. To make our service provision more efficient via automation, reducing duplication of effort and reducing manual intervention.
  - B. To increase the quality of our service, by increasing speed, reliability, and consistency.
  - C. Increase data sharing across services
  - D. Create a single view of residents, land, and property
  - E. To promote Great Yarmouth as a great place to live, work, do business and visit.
  - F. To improve the accessibility and availability of our services.
  - G. To provide up to date always available information online for our customers
  - H. To have a workforce that has the right information, equipment, systems, training, and confidence to do their job in a digital workplace.
- 8.7. This is an area that needs to be accelerated to deliver efficiencies and tangible savings from investments in technology. Since the pandemic there has been a change in the some of the ways of working for example, working in an agile way will facilitate the rationalisation of office accommodation to deliver savings, possible through the use of on line meetings use of teams. This is a very small element of digital improvement and there are greater opportunities available from investment in technology that will maintain and improve service provision to customers at the same time as delivering savings, this is therefore an area of focus for the MTFS in terms mitigating future funding gaps.
- 8.8. **Partnerships** - Creating efficiencies through collaborative working with others. Identifying opportunities must continue at a local level with partners and other organisations, ensuring that realistic and deliverable benefits are achieved including opportunities for shared services with others. In addition, strengthening approaches to working with communities and partners in the voluntary sector to:
- drive better outcomes for local residents
  - reduce avoidable demand on council services
  - secure investment to drive new partnerships with partners and communities to deliver corporate ambitions
  - make better use of council assets and resources to offer greater social value to local communities and to develop a partnership approach with public sector partners to working with communities across the borough.

- 8.9. **GYBC operating model** – Ensuring the Council provides services in the most effective and efficient way, ensuring value for money and the ability to challenge where necessary. The following along with the MTFS are key to this:
- **Organisational Development Strategy**
  - **Digital Strategy**
  - **Procurement and contract management.**
- 8.10. **Savings and additional income** – Each year savings and income proposals are considered as part of the budget process, these are presented for approval alongside the budget. Outside of the budget process these opportunities should continue to be identified. The full detailed proposals for 2024/25 are currently under consideration by a cross party Member working group with a view to these being brought forward ahead of the budget report to allow implementation ahead of April 2024. This work will be finalised in the coming months ahead of consideration by Cabinet and Scrutiny as part of the budget reports.
- 8.11. **Sustainability strategy** – As part of the council’s sustainability agenda, this should be seen as a priority to support the delivery of a balanced budget. For example, through more efficient use of assets and resources that is aligned to the longer-term sustainability ambitions.
- 8.12. **Use of reserves and invest to save** - Use of reserves to balance the budget only provides a short-term solution as the funds can only be used once. Reserves can however be used to smooth the impact of reductions and fluctuations in funding over the short to medium term and to allow for planning and implementing projects and work streams that will deliver a longer-term financial benefit through reduced costs or additional income. As part of the reserves section of the document it has been flagged that there will be a requirement to use reserves to mitigate the impact to the general fund in the short term to produce a balanced budget due to the increased inflationary pressures and uncertainties around local government funding.
- 8.13. Proposals for the use of reserves to fund upfront costs can also be considered for business cases that will seek to deliver savings and /or additional income in the longer term.
- 8.14. There are a number of workstreams and priorities that are currently underway that are at different stages which could have a positive impact on the overall financial position. In the medium to longer term these have the potential to generate revenue streams to the Council, through increased business rates growth and rental opportunities, in addition to asset disposals that through the generation of capital receipts would enable a revised approach to the financing of the capital programme to minimise future increases to MRP for the financing of the capital programme. These include the Operations and Maintenance facility and the potential for rental streams through future site occupancy, land asset disposals for future housing provision in addition to taking the opportunity review council tax discounts that have been identified nationally for review including second homes. The timescales of these to deliver a financial benefit to the council will not be until 2024/25 at the earliest, with some not due until 2025/26 or later.
- 8.15. Whilst these provide longer term opportunities, there needs to be further proposals for savings and additional income in the short term to mitigate the forecast funding gaps.
- 8.16. The continued unknowns on the future local government funding and the current economic uncertainty present a significant challenge to the sector as a whole when faced with financial planning for the medium to long term. There is still work to be completed over the coming months as the detail for the 2024/25 budgets are pulled together, this includes the following:

- Budget challenge – to include review of current spend commitments and vacant posts
- Collation of savings and income proposals
- Fees and charges 2024/25
- Capital bids 2024/25
- Critical reserves review to identify available reserve for one off use and re-allocation above those identified already at section 6.

8.17. The following provides a high level summary of the forecast funding gap allowing for target savings/additional income and potential future opportunities:

<b>£000</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Forecast Gap	1,445	2,514	3,282	4,100
Savings/Income to be identified 24/25	n/a	(2,000)	(2,000)	(2,000)
Savings/Income to be identified 25/26	n/a	n/a	(1,000)	(1,000)
Savings/Income to be identified 26/27	n/a	n/a	n/a	(1,000)
<b>Cumulative Gap before use of reserves</b>		<b>514</b>	<b>282</b>	<b>100</b>
Use of earmarked/general reserves		514	796	896

8.18. **Summary** - The updated position above is prior to the detailed work on the budget for 2024/25 being completed, which is currently in progress to be presented to Members in January/February. Work is continuing with services to identify further options to reduce the forecast gap in the short to medium term.

## 9. Risk and sensitivity

- 9.1. There continues to be a number of factors that impact on the financial forecast and overall financial position, and these have been highlighted in the respective sections.
- 9.2. Despite the risks, the Council must continue to respond to the challenges and take a proactive approach to setting a balanced budget annually and continuing to deliver against the medium term financial strategy. This includes the continuous review of services to ensure they are delivering value for money in the most efficient way, identifying and delivering a programme of annual savings and additional income that will mitigate future funding gaps and continuing to support and facilitate the economic growth and regeneration of the Borough to deliver growth to tax bases for domestic and business properties to deliver direct income that can be retained in the general fund. The significant investment that continues in the borough from the external funding from future high streets, towns fund and levelling up along with partner and external investment through the County Council should continue to be a medium to long term priority to support the financial position for the authority and to meets its priorities and provide the best possible services to the borough residents and businesses. However, the short-term capacity funding to support these projects as well as the core services remains a risk and this is something that needs to be taken into account when managing the project budgets.
- 9.3. There is a legal requirement to set a balanced budget annually which must be set in an informed manner and may propose changes to service levels, which may require upfront investment. Alongside approval of the budget, the level of reserves and robustness of the estimates are factors that are considered in full ahead of approving the budget and the council tax for the coming year. Whilst reserves can be used to mitigate one-off funding gaps, the use of the reserves cannot be seen as a longer-term sustainable option to delivering robust budget

and financial management. The recent reliance on reserves as part of the approval of the budget is not sustainable in the long term.

- 9.4. The updated financial forecasts are dependent upon a number of key assumptions at a point in time. In addition to these there are a number of significant financial risks and uncertainties facing the council which could have an impact on the medium term financial strategy, these include the following:
- 9.5. **Future funding** – The timing and impact of reviews of local authority funding remains uncertain. With timing of a general election unknown, this puts timescales for future funding reforms under greater uncertainty also, as flagged earlier slipping these back. This in turn does not support longer term financial planning for local services. Continuation of grants, for example New Homes Bonus and whether this will continue is unknown. Currently the forecasts assume a rollover of the 2023/24 funding, with elements of this being subject to CPI inflation increases, this creates uncertainty in the system, as a significant receiver of RSG of £2 million per annum, until the outcome of the fair funding review is known this remains a risk for future funding.
- 9.6. **Inflation** – The Council has a significant investment programme to be delivered by 2026 including the projects to be funded through the Town Deal and Future High Streets funds along with the Wintergardens from Heritage Lottery Fund. Whilst all project budgets will include an element of contingency the increases to construction costs and the demand for materials provides further risks to the programme of delivery. A central capital contingency budget of £2.5m was previously approved of which £1.9m remains uncommitted which is available to mitigate this risk further. Furthermore, inflation on contracts has been allowed for within the financial plan, although these will all be subject to regular review.
- 9.7. **Business rates** – The current system is inherent with volatility and uncertainty for example appeals, vacant properties and non-collection. A 1% movement each year would result in approximately £50,000 additional income per annum being retained. The timescale and outcomes for the business rates reset will be linked to the wider funding reforms.
- 9.8. **Council Tax** – Increases in the tax base generate increases in the locally collected element of the council tax, however this is also dependent upon levels of discount and also the level of collection which with the increased cost of living pressures makes this inherently challenging. As a guide a 1% increase in council tax (band D) equates to approximately £53,000.
- 9.9. **Interest rate changes** – Increases in the rates can make capital projects unaffordable, requiring to scale back and reduce the call on financing by borrowing.
- 9.10. **Employee costs** – Pay awards being in excess of the level budgeted for, the impact being ongoing. 1% equates to approximately £180,000 annually including oncosts.
- 9.11. **Ability to deliver savings and additional income** – Non achievement of planned savings.
- 9.12. **Service demand and income** – Demand led services continue to provide significant income to the Council, eg car parking, planning and building control, crematorium. It is essential that the annual budgets are informed by current and prior year performance. These are monitored on a regular basis to ensure that where applicable pro-active actions can be taken to mitigate the impact to the budget. The importance of maintaining general and earmarked reserves remains essential to mitigate short term impacts of reduced income.
- 9.13. **Interest and MRP** - The revenue budget reflects the planned borrowing and financing of the current approved capital programmes. Slippage of capital schemes will impact on the level of

borrowing required along with the associated financing costs. As new schemes and projects are approved the revenue implications will need to be considered as part of the options appraisal and business case. The increased borrowing rates will continue to have an impact on the delivery of the capital programme which will need to be continually reviewed in terms of affordability.

- 9.14. **HRA** – The impact of inflationary increases to the delivery of the HRA services for the day to day maintenance and longer term stock investment will also impact on the affordability of provision of new build programmes for replacement stock through the right to buy programme. The project for the changes to the delivery of the GYN services will be underway for the new service to be delivered from October 2024, once the service is under the full operation of the Council this will enable a thorough review of the financial cost of the delivery of the service.
- 9.15. The extent to which the above factors will have an impact on the ongoing financial projections and funding gap will vary. Some will have an ongoing impact and some may be more short term. The above risks will be considered as part of the annual budget setting process.





**URN:** 23-155  
**Report Title :** Savings 2024/25 - Medium Term Financial Strategy  
**Report to:** ELT, Cabinet, Council  
**Date of meeting :** Council 14 December 2023

**Responsible Cabinet Member:** Cllr Carl Smith, Portfolio Holder for Governance, Finance and Major Projects

**Responsible Director / Officer :** Executive Director, Resources

**Is this a Key decision ?** No

**Date added to Forward Plan of Key Decisions if a Key Decision:**

#### **EXECUTIVE SUMMARY / INTRODUCTION FROM CABINET MEMBER**

Cabinet received the updated Medium Term Financial strategy for the period 2024 to 2027 in November 2023 which included the latest forecast financial position. Prior to this, work had already commenced on the 2024/25 and the identification of savings and additional income against the target of £2million to be delivered for the 2024/25 budget to mitigate the forecast funding gap. This report provides an update on this work, identifies work that is ongoing to deliver savings and income for the 2024/25 and future years and makes recommendations for proposals that will assist in reducing the forecast funding gap and be used to deliver the budget for 2024/25.

#### **RECOMMENDATIONS :**

##### **That Council**

- 1) Agree the savings and additional income proposals as outlined at Appendix A for implementation for the 2024/25 budget.

## **1. Introduction**

1.1. This report sets out the next steps for the Council's plan to present a balanced budget for approval in February 2024 for the 2024/25 financial year. The updated Medium Term Financial Strategy (MTFS) for the period 2024/25 to 2026/27 was presented to Cabinet in November for recommendation to Council in December. The MTFS included updated financial projections for the period of the strategy which at the time forecast a gap of £2.5 million in 2024/25 increasing to in excess of £4million by 2026/27. These are ahead of the detailed service budgets being produced for which work is underway.

1.2. The MTFS included a savings target of £2m for 2024/25 allowing for £500k to be taken from reserves. It should be noted that this is ahead of the production of the detailed service budget

and the announcement of the finance settlement for 2024/25, however the delivery of the savings and additional income is an essential element of the business strategy work to deliver a balanced budget for the coming financial year.

- 1.3. As part of the budget process savings and additional income proposals have been submitted by officers for consideration by Members and this report now presents an update to Members on the work to date and makes recommendations on savings and income proposals to be taken forward as part of the budget for 2024/25.
- 1.4. The MTFS outlines a number of key themes for the business strategy and prioritising these will in the medium term seek to reduce the funding gap, these are listed below:
  - Strategic Asset Management
  - Economic and Housing Growth
  - Property Investment and Commercialisation
  - Technological Investment
  - Partnerships
  - GYBC Operating model – including digital strategy, procurement and contract management and organisational development strategy
  - Savings and additional Income
  - Sustainability Strategy.

## **2. Savings and Additional Income – Business Strategy 2024/25**

- 2.1. To date there have been various officer and member working groups including joint party working groups to discuss the budget and savings proposals that are being presented for approval. Further discussions are still being held and options for closing the budget gap and these will be finalised over the coming months and presented within the budget reports for approval in February 2024. This report provides the outcome of the discussions to date and the implementation plan for the savings proposals to allow where applicable some of the proposals to be progressed for implementation to achieve forecast savings and deliver income as anticipated in the 2024/25 financial year. These have been summarised into the following groups:
- 2.2. **Group 1** – These proposals are largely operational in nature and will have little or no impact on service delivery. Some of these are related to improved service efficiencies and changes to the ways of working that will deliver savings. One of the most significant in this group of savings is in relation to the retention of business rates from the enterprise zone following the end of the current arrangements with the LEP from April 2024 which will see the share previously retained by the LEP being retained by the collecting Authority (the Borough Council). Other proposals are largely operational in nature and will include opportunities to review structures including when posts become vacant. All the stage 1 proposals are summarised at Appendix A and officers will be tasked with implementing the proposals to deliver the saving/income. In total these are expected to deliver £594,110 savings in 2024/25.
- 2.3. **Group 2** - These proposals total £422,940 for 2024/25 will require some implementation/decision due to some changes in service delivery and hence being recommended as part of this report.

For example, these proposals include £99,130 savings to be delivered from GYS business improvement plan which are planned to deliver efficiencies and savings in the operation of the services delivered through the vehicle for delivery.

2.4. **Group 3** – These proposals include some recommendations in respect of fees and charges and also related to assets which will be subject to a capital bid.

2.5. The following table provides a summary of the savings and additional income now being recommended for approval.

<b>£000</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Group 1	594	603	586
Group 2	423	465	472
Group 3	160	210	210
<b>Total</b>	<b>1,177</b>	<b>1,278</b>	<b>1,268</b>

2.6. There are other areas that are not included as savings and additional income proposals that are in progress that will have financial implications that will reduce some of the £2m gap for 2024/25, these include the recommendations for the changes to the Council Tax Support Scheme which is included as a separate report on the December Cabinet agenda, and the proposal that the reduction in cost that the scheme changes will deliver will result in an increase in the tax base and ultimately an increase to Council tax to the Borough and the major preceptors (Norfolk County Council and Office for the Police and Crime Commissioner). From discussions with the County and Police, the County are supportive of a proposal that would see a sharing of the reduced cost/benefit being returned to the Borough Council to deliver a hardship scheme for those households that are impacted by the change to the scheme. NCC recognise that whilst this is impacting on households it will deliver a higher precept that can be used for Council services, yet retention of some of the additional income at the borough will provide support to households still. There is a separate item on the Cabinet agenda on the proposed scheme which details the financial implications to the major preceptors and the borough council, overall at this stage £220,000 is planned to be factored into the budget for 2024/25. The details of how this will operate in practice will be finalised in the coming months.

2.7. Other areas will be reviewed as part of the production of the budget as the service budgets are put together. This will include other work streams that are in in progress and ongoing from the current year, one of the significant areas is the building rationalisation work which was approved by Cabinet in July 2023 and is expected to deliver savings of £200,000 per annum after the vacating of Greyfriars.

2.8. In addition the fees and charges for 2024/25 will be presented to Cabinet in January for approval, as flagged in the savings proposals the total savings do make assumptions for additional income to be delivered from increases to fees and charges in line with the current policy which allows for increase of RPI plus upto 2% and cost recovery.

2.9. The MTFs allows for annual increase in council tax of £5 per annum, this has historically been in accordance with the council tax capping principles which for the Borough's tier of local government have been the higher of £5 or 3%. 2023/24 was the first year that the capping would have allowed for an increase above the £5 and therefore in line with the capping limits it is recommended that the forecasts allow for increases upto the cap. Whilst the decision on the setting of the council tax for 2024/25 will not be made until February 2025, at this time it is

prudent to update the forecasts for the assumptions on the latest tax base and council tax allowing for increases to the cap.

- 2.10. From the work to date the savings and additional income identified and recommended for including in the 2024/25 total £1.597 million. This is a significant proportion towards the target of £2m for 2024/25 and further work will be completed as the service budgets are produced.

### 3. Financial Implications

- 3.1. The financial implications of the savings proposals are detailed within the detail of the appendices and the report.

### 4. Risk Implications

- 4.1. There is a risk that the savings and income will not be delivered in the planned timescales and amounts as budgeted. The budgets have been informed by robust estimates and business cases where applicable, as the budget is finalised the approved savings proposals and income will be factored into the budget.
- 4.2. The delivery of the savings will require monitoring as part of the ongoing financial monitoring reports during the year to Members via the regular reports to Cabinet and Scrutiny.

### 5. Legal Implications

- 5.1. All Councils are required to produce a balanced budget each financial year under section 33 of the Local Government Finance Act 1992.

### 6. Conclusion

- 6.1. This report is recommending approval for £1.397 million (in addition to those currently approved and in progress) savings and income which will have a significant impact on reducing the forecast budget gap for 2024/25 and future years. As the details of the service budgets are produced over the coming weeks and once the finance settlement has been announced this work will inform the final budget to be presented for approval in January/February 2024.
- 6.2. Early approval of the savings as detailed in the report supports the financial planning process for producing a balanced budget for 2024/25.

### 7. Background Papers

- 7.1. Medium Term Financial Strategy 2024/25 to 2026/27
- 7.2. Savings and income proposals

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

Consultations	Comment
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	
Existing Council Policies:	

Equality Issues/EQIA assessment:

The full EQIA assessment as applicable will be completed and presented within the report to council.

## 2024/25 Budget Savings and Income Proposals (updated)

Service Area	Savings Title	Business Strategy Theme	Proposal	2024/25	2025/26	2026/27
<b>Group 1</b>						
Finance	Pot C Business Rates	Economic Growth	Increased retention of business rates being generated within the Enterprise Zone following the transfer of the LEP functions from April 2024	313,000	321,000	343,000
Various	Vacant posts and structural changes	GYBC Operating Model	Review of vacant posts and opportunities to make changes to structures across some services.	188,376	188,376	148,376
Mkting Comms and IT	Mobile Phone	GYBC Operating Model - Procurement and Contract Management	Review and reduction in the number of mobile sims required in devices, possible due to wider use of wifi.	13,300	13,300	13,300
Mkting Comms and IT	Print	GYBC Operating Model	Reduction in the number of multi-function printing devices and the introduction of pod printing across office locations.	32,300	32,300	32,300
Organisational development	Removal of payment of professional subscriptions	GYBC Operating Model	Review professional subscriptions that are paid annually.	9,134	10,047	11,052
Customer Services	Ctax SPD Review	GYBC Operating Model	Council Tax - Single person Discount Review exercise undertaken externally.	20,000	20,000	20,000
Customer Services	Revenue Collection	GYBC Operating Model	Ensure a proactive approach is undertaken for revenue collection for council tax and business rates to improve collection.	10,000	10,000	10,000
Customer Services	Vehicle Costs	GYBC Operating Model	Review transport costs to look at the most efficient operation for the service.	8,000	8,000	8,000
<b>Group 1 Total</b>				<b>594,110</b>	<b>603,023</b>	<b>586,028</b>

## 2024/25 Budget Savings and Income Proposals (updated)

Service Area	Savings Title	Business Strategy Theme	Proposal	2024/25	2025/26	2026/27
<b>Group 2</b>						
Mkting Comms and IT	Digitalisation	GYBC Operating Model - Digital	Opportunities to reshape and service delivery in line with the digital strategy. This will be part of a wider programme of investment with increased efficiencies to be delivered in future years of the MTFs.	25,000	50,000	50,000
Customer Services	Bartec Residential Portal	GYBC Operating Model - Digital	Implementation of online self serve facility for managing waste services by the customer, will allow managing of domestic waste, bulky items, alerts for collection changes, managing payments etc.	11,023	11,023	11,023
Property and Assets	Maritime house	Strategic Asset Management	To actively dispose of the vacant building along the seafront.	10,000	20,000	20,000
Property and Assets	Charging for land acquisition requests	GYBC Operating Model - Charging model	As part of the charging policy implement charges of £250 for council land sales (eg to allow small scale extensions), for those that complete the charge is deducted from the sale price. (Currently 75% are abortive are time is spent providing documentation for a sale).	3,000	3,000	3,000
Environment and Sustainability	Fees and Charges	GYBC Operating Model - Charging model	Implement charging for mentoring food visits and review charges for sports and leisure.	5,000	5,000	5,000
Environment and Sustainability	Out of Hours	GYBC Operating Model	Review current out of hours provision and alternatives ways of cover.	5,500	5,500	5,500

## 2024/25 Budget Savings and Income Proposals (updated)

Service Area	Savings Title	Business Strategy Theme	Proposal	2024/25	2025/26	2026/27
GYS	GYS Business Plan Proposals	GYBC Operating Model - Contract Management	Through the new arrangement with GYS Ltd, there are a number of opportunities to review service delivery that will be delivered as part of the GYS business improvement plan that will deliver savings and efficiencies through operational improvements from round rationalisation, annualised hours to reduce the reliance on overtime for the delivery of core services, review of domestic bin waste collections where these are being used by holiday lets to move to trade waste and review of cleaning of council office facilities.	99,130	106,038	108,589
Environment and Sustainability	Reduction in PH Funerals	GYBC Operating Model	Review how the administration and costs of public health funerals operates, working with partners at the James Paget in line with others.	20,000	20,000	25,000
Environment and Sustainability	RNLI Lifeguards	Savings/ funding review	Review the subsidy the Council provides for the lifeguard provision across the Borough (Great Yarmouth, Hemsby and Gorleston).	58,678	58,678	58,678
Environment and Sustainability	Concurrent Function Grant	Savings/ funding review	Remove the Parish Council grants for parks and open spaces, those for burial grounds and beach cleaning to remain.	90,285	90,285	90,285
Customer Services	CTAX Recovery Costs	GYBC Operating Model - Charging model	The current cost of summons have remained at the current level for the past nine years, in that time costs have increased, this proposes increases the cost to £75, to reflect increased costs over this time.	40,000	40,000	40,000
Customer Services	Removal of Phone Assisted Pay	GYBC Operating Model - Digital	As part of the digital strategy and the channel shift of how the Council provide services, there is an opportunity for a saving from removing assisted payments by phone, but to use online and telephone payments as an alternative. A full EQIA will be completed.	30,324	30,324	30,324



## 2024/25 Budget Savings and Income Proposals (updated)

Service Area	Savings Title	Business Strategy Theme	Proposal	2024/25	2025/26	2026/27
Property and Assets	Gorleston Putting Green	Strategic Asset Management	To offer the Gorleston putting green on permanent lease to an operator for development and operation.	25,000	25,000	25,000
<b>Group 2 Total</b>				<b>422,940</b>	<b>464,848</b>	<b>472,399</b>
<b>Group 3</b>						
Various	Fees and Charges	Additional Income	Review of all fees and charges against cost recovery principles where applicable in line with the fees and charges policy, including review of bulky waste and increases to garden bins.	120,000	120,000	120,000
Property and Assets	North Drive Bowling Green	Strategic Asset Management	The North Drive bowling greens are currently only used for the Bowls Tournament - four weeks in September. This proposal recommends re-purposing of the site and assumes a part year in year 1.	40,000	90,000	90,000
<b>Group 3 Total</b>				<b>160,000</b>	<b>210,000</b>	<b>210,000</b>
				<b>1,177,050</b>	<b>1,277,871</b>	<b>1,268,427</b>