



# GREAT YARMOUTH BOROUGH COUNCIL

## Council

**Date:** Tuesday, 22 February 2022

**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.

<b>3</b>	<b><u>MINUTES</u></b>	<b>5 - 20</b>
	To confirm the minutes of the meeting held on the 9 December 2021.	
<b>4</b>	<b><u>SERVICE COMMITTEE DECISION LIST</u></b>	<b>21 - 26</b>
	Report attached.	
<b>5</b>	<b><u>PAY POLICY STATEMENT 2022-23</u></b>	<b>27 - 34</b>
	Report attached.	
<b>6</b>	<b><u>FEES AND CHARGES 2022-23</u></b>	<b>35 - 39</b>
	Report attached.	
<b>7</b>	<b><u>INVESTMENT STRATEGY 2022-23</u></b>	<b>40 - 50</b>
	Report attached.	
<b>8</b>	<b><u>CAPITAL STRATEGY 2022-23</u></b>	<b>51 - 61</b>
	Report attached.	
<b>9</b>	<b><u>TREASURY MANAGEMENT STRATEGY 2022-23</u></b>	<b>62 - 79</b>
	Report attached.	
<b>10</b>	<b><u>HOUSING REVENUE ACCOUNT BUDGET 2022-23</u></b>	<b>80 - 99</b>
	Report attached.	
<b>11</b>	<b><u>GENERAL FUND BUDGET REPORT 2022-23</u></b>	<b>100 - 151</b>
	Report attached.	

**12      COUNCIL TAX SETTING 2022-23      152 -  
163**

Report attached.

**13      APPOINTMENT OF EXTERNAL AUDITORS      164 -  
166**

Report attached.

**14      NOTICE OF MOTION**

Council are asked to consider the following Motion on Notice that has been submitted :-

(1) Motion received from Councillors Wainwright, T Wright, B Wright, Williamson, B Walker and C Walker.

Following the announcement of the Governments white paper on Levelling up, we are disappointed to learn that any devolution deal for Norfolk does not require the consent of Districts or Boroughs.

Gt Yarmouth Borough Council has a long history of delivering for the residents of the Borough.

Projects such as the Outer Harbour, Third River crossing, New Energy Park, along with ground breaking public private partnerships such as GYMI, GYTA and more recently the BID.

We have also been at the forefront for obtaining £millions of grants over many years with the exemplary work from our Borough officers and lately the joint working of councillors across the political divide and officers have delivered well during the Covid outbreak.

We therefore ask that this Council opposes, as it has done before, any proposals for a directly elected Mayor and a Unitary Council for Norfolk, and that GY Borough Council and its residents be allowed to continue determining our own future.

**15      ANY OTHER BUSINESS**

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

**16     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."

**17     CONFIDENTIAL SERVICE COMMITTEE DECISION LIST**

Details

**18     CONFIDENTIAL MINUTES**

Details



**GREAT YARMOUTH**  
BOROUGH COUNCIL

# Council

## Minutes

Thursday, 09 December 2021 at 19:00

His Worship The Mayor, Councillor Thompson, (in the Chair); Councillors Annison, Bensly, Bird, Cameron, Candon, G Carpenter, Flaxman-Taylor, Freeman, Galer, Grant, Hacon, Hanton, P Hammond, Jeal, Lawn, Martin, Mogford, Myers Plant, Robinson-Payne, Smith, Smith-Clare, Talbot, Wainwright, B Walker, C Walker, Waters-Bunn, Wells, Williamson, A Wright & B Wright.

Ms S Oxtoby (Chief Executive Officer), Ms K Sly (Finance Director), Ms C Whatling (Monitoring Officer), Ms K Watts (Strategic Director), Mr S Hubbard (Strategic Planning Manager), Mrs C Dyble (Head of Communications & Marketing), Mrs S Wintle (Corporate Services Manager) & Mrs C Webb (Executive Services Officer).

Mrs S Cox (Chairman of IRP), Ms J Shellard (Porter) & Miss L Robinson (Student).

### **1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Borg, Cordiner-Achenbach, P Carpenter, Fairhead, D Hammond, Price & Stenhouse.

### **2 DECLARATIONS OF INTEREST**

His Worship, The Mayor, Councillor Thompson declared a personal interest in item 13, as he was Ward Councillor & Parish Councillor for Filby.

Councillor Grant declared a personal interest in item 25 as he was a Director of Norse

Councillor C Walker declared a personal interest in item 25 as she was a Director of Norse.

Councillor Wells declared a personal interest in item 25 as he was a Director of GYBS.

Councillors Grant, C Walker & Wells would leave the meeting during the determination of the item.

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

(i) His Worship, The Mayor, Councillor Thompson welcomed Lily Robinson to the meeting who was a local student studying politics.

(ii) His Worship, The Mayor, Councillor Thompson reported that the Christmas Tree Festival in The Minster would be held from 10 to 11 December 2021. However, the Civic Carol Service due to be held on 15 December 2021 had been cancelled.

(iii) His Worship, The Mayor, Councillor Thompson, the Leader of the Council and the Chief Executive Officer congratulated Jo Shellard, Porter, on the occasion of her retirement and presented her with her Long Service Award and a bouquet of flowers and thanked her for her many years of service to the Council which she had always graciously carried out with a smile on her face and that she would be sorely missed. Members gave Jo a standing ovation to mark her retirement.

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

His Worship, The Mayor, Councillor Thompson reported that the Leader of the Council would give an update on the Omicron variant.

The Leader of the Council gave an update as to the Omicron variant and its effect on the local residents of the Borough and the plans the Borough Council had put in place to tackle it and assured Council that it was business as usual at the moment but a very close eye was being kept on the situation.

### **5 MINUTES**

The minutes of the meeting held on 28 September 2021 were confirmed.

Proposer: Councillor Smith  
Seconder: Councillor Candon

CARRIED.

## **6 QUESTIONS FROM THE PUBLIC**

His Worship, The Mayor, Councillor Thompson called Mr John Cannell of Great Yarmouth District, Trades Union Council to put his question forward to Council.

Mr Cannell asked what the intentions of the GYBC, in relation to the employment conditions that the future employees of the Marina Centre will be subject to. We would like to request that the Local Authorities Agreement is recognised and applied with Full Trades union recognition.

The Leader of the Council responded that all employees who will be working at the Marina Centre will be employed by Freedom Leisure Trust and as such will be subject to their terms and conditions. Freedom Leisure Trust recognise Unison, GMB and Unite, with new and existing staff able to sign up to these unions whenever they wish.

Mr Cannell asked a supplementary question; in regard to the Borough's economy, did the promotion of jobs at the national minimum wage add much to the economy. The previous Marina Centre had lost £30m under the leadership of Mr William Davies, and therefore, should the working population of the Borough have to subsidise the Marina Centre.

The Leader of the Council reported that he would not respond as this was a statement from Mr Cannell and not a question.

Councillor B Walker asked that details of the associated losses attributed to the old Marina Centre during the period which it was open to the public be made available to all Councillors for information.

## **7 REPLACEMENT OUTSIDE BODY MEMBER REPRESENTATION**

Council was asked to approve that Councillor Wainwright replace Councillor B Walker on the Neighbourhood Management Board ,MESH (Gorleston).

Proposer:- Councillor B Walker

Seconder:-Councillor C Walker

CARRIED.

## **8 OUTSIDE BODY NOMINATION TO THE FREEDOM LEISURE PARTNERSHIP BOARD**

The Leader of the Council reported that Policy and Resources Committee received a Leisure Operator Procurement report on the 2nd November 2021 where they approved several recommendations, including the appointment of Freedom Leisure as the Council's new leisure operator for both the Phoenix Pool and Marina Centre. As part of the recommendations, the Committee was also asked to nominate two Councillors to sit on the Partnership Board with Freedom Leisure which would meet on a quarterly basis to oversee the service delivery of this leisure operator, as

part of the new contractual arrangements.

The representatives who were nominated by the Policy and Resources Committee were Councillors Smith and Wainwright, Council was therefore asked to appoint these two Councillors to sit on this newly formed Partnership Board.

That Council appoint Councillors Smith and Wainwright as the elected Members to sit on the Partnership Board with Freedom Leisure.

Proposer:- Councillor Plant  
Seconder:- Councillor Flaxman-Taylor

CARRIED.

## **9 REPORT OF THE INDEPENDENT REMUNERATION PANEL - MEMBERS SCHEME OF ALLOWANCES**

Sandra Cox, Chairman of the IRP reported that this report is to recommend to Council the allowances and expenses to be paid to Members to take effect from December 2021 should recommendations be approved, in accordance with the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003.

Sandra Cox reminded Members that an Independent Remuneration Panel (IRP) should take place at least every 4 years. The last IRP was held in 2016 and therefore the 4-year period has lapsed. The Panel was due to meet in March 2020, however due to the COVID 19 pandemic, the meeting of the Panel was postponed, until November 2020 where a limited scope review was undertaken. Following this review, a recommendation from the Panel was to undertake a further review in 12 months' time to understand the implications that the COVID 19 pandemic would have on Members workloads, and how meetings were to be run post Covid. Following discussion with Group Leaders and the Chief Executive Officer the panel were asked to undertake a full review of allowances in July 2021 in light of COVID 19 restrictions being lifted, and meetings returning to face to face.

The IRP ask Council to consider its recommendations and adopt a scheme of allowances and amend the constitution accordingly, as noted in paragraphs a) to t) of the report.

Councillor Myers reported that he was never in favour of a separate broadband allowance for Members and asked why it had taken 7 years to come to light as Members should fund this out of their basic allowance. However, he was minded to approve the proposal with the amendment that the broadband allowance of £180 be removed from the basic allowance. Councillor Talbot seconded the amendment proposed by Councillor Myers.

Councillor P Hammond asked for clarification as to the multiplier used to determine the remuneration for the Vice-Chair of Development Control Committee as on page 26 of the agenda report it started 0.25% when it should be 0.33%.

Councillor Wainwright reported that the Labour Group would not support this



proposal due to the current uncertain economic climate due to the pandemic and suggested that this review be put on hold until the Council moved to a Cabinet system in 2023. However, the Labour Group would support the recommendation at paragraph 3.4 on page 11 of the agenda report which related to carer's allowances. Councillor Wainwright thanked Mrs Cox and her team for the work undertaken during the review.

Councillor C Walker reported that a similar review had taken place at the County Council 18 months ago resulting in a 17.5% increase in allowances. The system was broken and those Councillors who were twin-hatters would now benefit twice from these increases.

Councillor Robinson-Payne reported that she did not support the increase in allowances following the last IRP in 2016 and she would not support this one either as she felt that it was morally wrong and would once again donate the increment to her local Foodbank as she represented one of the most deprived wards in the Country. Councillors Jeal, Martin, and Smith-Clare reported that they agreed with Councillor Robinson-Payne.

His Worship, The Mayor, Councillor Thompson, reported that he would not support this proposal at a cost of £42k to the Council as we were experiencing tough times and Members should be seen to support residents and not reward themselves and he would be voting against recommendations, as at the last meeting Council had voted not to support the retention of the £20 a week uplift to Universal Credit which had been awarded during the pandemic.

The Leader of the Council reported that there was never a good time to review Members Allowances especially when the outcome was an increase and he thanked Mrs Cox and her team for their hard work. The Leader of the Council proposed to move recommendations a) to t) on pages 19 to 21 of the agenda report. This motion was seconded by Councillor Candon.

Council voted on the amendment proposed by Councillor Myers and seconded by Councillor Talbot. Following a vote, this motion was lost. A Member asked for a recorded vote to be undertaken but the Monitoring Officer reported that this request had been made too late in the proceedings to be able to be considered and put to the vote. Council then voted on the motion proposed by the Leader of the Council to move recommendations a) to t) on pages 19 to 21 of the agenda report. This motion was seconded by Councillor Candon.

PROPOSER: Councillor Smith

SECONDER: Councillor Candon

That Council agree to :-

a) The Basic Allowance for Members be increased to £5750 pa. This figure includes an increase of £701 to reflect increased workload which the IRP considered would continue post pandemic and merge the old Basic Allowance figure of £4,869 with the Broadband Allowance of £180. Members are asked to note that currently there is both a Basic Allowance and a Broadband Allowance paid. This is contrary to the Regulations as there is no permissible Broadband Allowance, it is a mandatory requirement that the Basic Allowance and Broadband Allowance amounts are

merged.

This increase consists of: £4,869 (the BA now) + £180 (the Broadband Allowance) + £701 (BA increase) = £5,750. Cost to Council Budget of £27,339.

b) The Basic Allowance Scheme should be indexed linked to officers' pay awards

c) Council should be aware that the following Special Responsibility Allowances (SRAs)

will all increase as they are based on a multiplier of the Basic Allowances which has been raised. Some have had their multiplier increased above this as it was thought that their work load had increased considerably too;

(d) The SRA for the Leader of the Council should be calculated by way of a multiplier of

x2.25 of the Basic Allowance;

e) The SRA for the four Service Committee Chairs (Policy & Resources; Economic Development; Environment; and Housing & Neighbourhoods) should be calculated by way of a multiplier of x1 of the Basic Allowance;

f) The SRA for the four Service Vice-Committee Chairs (Policy & Resources; Economic

Development; Environment; and Housing & Neighbourhoods) should be calculated by way of a multiplier of x0.25 of the Basic Allowance;

g) The SRA for the Chair of the Development Control Committee should be increased to

reflect the demands of the role and frequency of meetings calculated by way of a multiplier of x1.25 of the Basic Allowance;

h) The SRA for the Vice-Chair of the Development Control Committee should be increased to reflect the demands of the role and frequency of meetings and calculated by way of a multiplier of x0.33 of the Basic Allowance;

i) The SRA for the Chairs of the Licensing and Audit & Risk Committees should be calculated by way of a multiplier of x1 of the Basic Allowance;

j) The SRA for the Vice-Chairs of the Licensing and Audit & Risk Committees should be

calculated by way of a multiplier of x0.25 of the Basic Allowance;

k) The SRA for the Chairs of the Standards and Appeals Committee should be calculated

by way of a multiplier of x0.25 of the Basic Allowance;

l) The SRA for the Mayor (Chair of the Council) should be calculated by way of a multiplier of x0.5 of the Basic Allowance;

m) The SRA for the Deputy Mayor should be calculated by way of a multiplier of x0.2 of the Basic Allowance;

n) The SRA for the Shadow Leader should be calculated by way of a multiplier of x1 of the Basic Allowance;

o) The SRA for Group Leaders to be calculated by a formula of 'Basic Allowance ÷ number

of Councillors X number of members in a Party'. Example, if there were 10 members in a Party the Group Leader would receive: £5,750 ÷ 39 Councillors = £147.44 X 10 = £1474.40.

p) The existing travelling expenses scheme should remain at 45p per mile for cars; 26p per

mile for motorbikes; 15 p per mile for bicycles and 5p per mile for car share rate per Member.

q) The Carer's Allowance be;

(i) Set at £10 per hour for professional childcare and £20 per hour wage for specialist care, and it should also include the new entitlement to employ people known to and trusted by a Councillor.

(ii) Amended to include childcare and care inside of the home whilst attending virtual

meetings childcare and dependents care when attending meetings.  
r) Existing Councillors who are co-opted should continue to receive no allowance. Non-Council members who are co-opted could receive an allowance to be agreed by a resolution of the committee at the time of appointment of co-opted members to the committee;  
s) Regular and frequent training be given to all Councillors in respect of claiming expenses and allowances;  
t) The changes should be implemented from the date when and if the Council agrees to the recommendations from the panel and not backdated.

CARRIED.

## **10 SERVICE COMMITTEE DECISION LIST FOR THE PERIOD 28 JULY 2021 TO 2 NOV 2021**

Members received, considered and noted the Service Committee Decision List for the Period 28 July 2021 to 2 November 2021.

Proposer: Councillor Smith  
Seconder: Councillor Candon

CARRIED.

## **11 ARMED FORCES COVENANT**

The Leader of the Council reported that the report outlined the principles of the Armed Forces Covenant and the commitments which Great Yarmouth Borough Council would undertake in supporting it. The focus of the new Covenant Duty was on local and regional, as appropriate, service provision covering those aspects of public housing, education and healthcare that were amongst the most likely to affect serving and former members of the Armed Forces and their families.

Proposer: Councillor Smith  
Seconder: Councillor Plant.

That Council agree to :-

- (i) Support the principles of this paper and the Armed Forces Covenant,
- (ii) Agree to allow officer time to support the Armed Forces Covenant,
- (iii) Agree to implement the Guaranteed interview Scheme for service leavers,
- (iv) Sign the Armed Forces Covenant Declaration; and
- (v) Agree that a Council Member be nominated to champion the council's commitment to the Armed Forces Covenant.

CARRIED.

## **12 GAMBLING POLICY**

Councillor G Carpenter proposed that Section 349 of the Gambling Act, 2005 required

licensing authorities to publish a 'Statement of the Principles' that they proposed to apply in exercising their functions under the Act, applicable to a 3 year period. Great Yarmouth's existing Statement of Principles (Gambling Policy) expired on 30 January 2022 and a reviewed policy must be published by 3 January 2022. A draft policy had been subject to consultation over a 9 week period during July and September 2021 whereby no comments had been received during this consultation.

That Council approve the policy as the new Gambling Statement of Principles.

Proposer: Councillor G Carpenter  
Seconder: Councillor Hanton.

CARRIED.

### **13 FILBY NEIGHBOURHOOD PLAN EXAMINATION & RECOMMENDATION**

Councillor Annison reported that this was the first of three Neighbourhood Plans to be considered this evening by Council. The same plan preparation and examination process applied to each of the three plans. Neighbourhood Plans were plans prepared by the community, this plan had been led by Filby Parish Council. Once adopted Neighbourhood Plans sat alongside the Council's Local Plan and would be used to help determine planning applications for development.

The Filby Neighbourhood Plan contained planning policies in relation to housing, the environment, the built and historic environment, and access and transport. An independent examiner had examined the plan finding that subject to recommended modifications, the plan met the basic conditions upon which the plan was tested. The Examiner recommended that the plan should proceed to a Neighbourhood Referendum (for the community to vote), with no extension to the referendum area so that it would remain as the parish area.

The modifications are relatively minor; the report and its appendices contain all of the detailed changes. Local Plan Working Party (on 23rd November) reviewed the suggested modifications to the submitted plan and reasoning behind these, they supported the officers recommendation to accept the Examiner's findings. The decision on whether to proceed to referendum is also made by the Broads Authority as the neighbourhood area extends into part of the Broads Area. The Broads Authority accepted the Examiner's recommendations to proceed to Referendum.

Proposer: Councillor Annison  
Seconder: Councillor Freeman.

That Council:-

- (i) Approves the recommended modifications to the Neighbourhood Plan as set out in the Examiner's Report,
- (ii) Approves the referendum area as the neighbourhood plan area as recommended in the Examiner's Report,
- (iii) Agree the Neighbourhood Plan (as modified) proceeds to referendum; and

(iv) Approves the publication of a Decision Statement setting out the Council's and the Broads Authority's response to the Examiner's recommendations and announcing the intention for the Neighbourhood Plan to proceed to a referendum.

CARRIED.

#### **14 WINTERTON NEIGHBOURHOOD PLAN EXAMINATION & RECOMMENDATION**

Councillor Annison reported that this neighbourhood plan had been led by the Winterton-on-Sea Parish Council. Once adopted Neighbourhood Plans sat alongside the Council's Local Plan and would be used to help determine planning applications for development. The Winterton-on-Sea Neighbourhood Plan contained planning policies in relation to housing, the environment, community assets, and traffic and transport.

An independent examiner has examined the plan finding that subject to recommended modifications, the plan met the basic conditions upon which the plan was tested. The Examiner recommended that the plan should proceed to a Neighbourhood Referendum for the community to vote with no extension to the referendum area so that it would remain as the parish area.

The modifications were relatively minor; the report and its appendices contained all of the detailed changes. The Local Plan Working Party of 23rd November 2021 reviewed the suggested modifications to the submitted plan and reasoning behind these and supported the officers recommendation to accept the Examiner's findings. The decision on whether to proceed to referendum was also made by the Broads Authority as the neighbourhood area extended into part of the Broads Area. The Broads Authority accepted the Examiner's recommendations to proceed to Referendum.

Proposer: Councillor Annison  
Seconder: Councillor Freeman.

That Council:-

- (i) Approves the recommended modifications to the Neighbourhood Plan as set out in the Examiner's Report,
- (ii) Approves the referendum area as the neighbourhood plan area as recommended in the Examiner's Report,
- (iii) Agree the Neighbourhood Plan (as modified) proceeds to referendum; and
- (iv) Approves the publication of a Decision Statement setting out the Council's and the Broads Authority's response to the Examiner's recommendations and announcing the intention for the Neighbourhood Plan to proceed to a referendum.

CARRIED.

#### **15 ROLLESBY NEIGHBOURHOOD PLAN EXAMINATION & RECOMMENDATION**

Councillor Annison reported that this plan had been led by Rollesby Parish Council. Once adopted, Neighbourhood Plans sat alongside the Council's Local Plan

and would be used to help determine planning applications for development. Unlike the other two plans, the Rollesby Neighbourhood Plan contained housing allocations to accommodate up to 95 houses to join- up the village along the main road. Other planning policies related to housing, the environment, community assets, and traffic and transport.

An independent examiner had examined the plan finding that subject to recommended modifications, the plan met the basic conditions upon which the plan was tested. The Examiner recommended that the plan should proceed to a Neighbourhood Referendum for the community to vote, with no extension to the referendum area so that it would remain as the parish area.

The modifications were relatively minor; the report and its appendices contained all of the detailed changes. The Local Plan Working Party of 23rd November 2021, reviewed the suggested modifications to the submitted plan and reasoning behind those, and supported the officers recommendation to accept the Examiner's findings. The decision on whether to proceed to referendum was also made by the Broads Authority as the neighbourhood area extended into part of the Broads Area. The Broads Authority accepted the Examiner's recommendations to proceed to Referendum.

The Leader of the Council asked for clarification regarding the date of the referendum. The Strategic Planning Manager reported that the date was not 3 December 2021 as per the report and would be amended to the 24 February 2022 in all three cases.

Proposer: Councillor Annison

Seconder: Councillor Freeman.

That Council:-

- (i) Approves the recommended modifications to the Neighbourhood Plan as set out in the Examiner's Report,
- (ii) Approves the referendum area as the neighbourhood plan area as recommended in the Examiner's Report,
- (iii) Agree the Neighbourhood Plan (as modified) proceeds to referendum; and
- (iv) Approves the publication of a Decision Statement setting out the Council's and the Broads Authority's response to the Examiner's recommendations and announcing the intention for the Neighbourhood Plan to proceed to a referendum.

CARRIED.

## **16 LOCAL PLAN PART 2 - ADOPTION**

The Leader of the Council reported that this report recommended the adoption of Local Plan Part 2 following the conclusion of the examination in public and the publication of the Inspector's Report. Attached to the report was the final version of the Local Plan Part 2 with the modifications required by the Inspector following the examination.

The Leader of the Council thanked the Strategic Planning Manager and his team for producing such a robust document. Councillor Annison, Chairman of Development Control Committee and the Local Plan Working Party added his congratulations and thanks.

Councillor Myers welcomed the LPP2 as it would assist Members who sat on the Development Control Committee.

Proposer: Councillor Smith  
Seconder: Councillor Annison.

That Council:-

- (i) Adopt the Great Yarmouth Local Plan Part 2, including Appendix 1 to this report,
- (ii) Approve the Policies Map to be updated to reflect the Local Plan Part 2 as shown in Appendix 2 to this report; and
- (iii) Revoke the Interim Housing Land Supply Policy (2014).

CARRIED.

## **17 COUNCIL TAX BASE 2022-23**

The Leader of the Council reported that the Council Tax base was a technical calculation which must be formally set each year. It was the first stage of the Council tax setting process that would be finalised once the budgets had been agreed. For the purpose of the report and calculation of the tax base, this included the council tax support scheme proposed for 2022/23 and a Council Tax non-collection rate of 2.1%.

That Council endorse the calculation of the 2022/23 tax base totalling £29,344 and the estimated tax bases for the Borough and for each parish, as shown in Appendix A.

Proposer: Councillor Smith  
Seconder: Councillor Candon

CARRIED.

## **18 COUNCIL TAX DISCOUNTS 2022-23**

The Leader of the Council reported that the purpose of the report was to set out the discounts that would apply for 2022/23. For the financial year 2022/23, it was proposed that there were no changes to the Council Tax Discounts as outlined in Table 2 of the report.

That Council endorse the council tax discounts as shown in Section 2.1 which will apply for 2022/23.

Proposer: Councillor Smith  
Seconder: Councillor Candon.

CARRIED.



## **19 COUNCIL TAX SUPPORT SCHEME 2022-23**

The Leader of the Council reported that this report sought Council approval of the Local Council Tax Support Scheme for 2022/23. Permission to consult in relation to the scheme was granted by Council on the 13th July 2021. The Council consulted on the proposal to continue with the current scheme 2022/23 which was a maximum council tax support award of 91.5% of the Council Tax Liability for Working Age.

That Council agree to continue with the existing scheme for 2022/23 - a maximum award of 91.5% of the Council Tax Liability for Working Age.

Proposer: Councillor Smith  
Seconded: Councillor Candon.

CARRIED.

## **20 MEDIUM TERM FINANCIAL STRATEGY 2022-23 TO 2024-25 v2**

The Leader of the Council reported that there was a legal requirement to prepare an annual budget and set the Council tax each year. There were a number of preparatory reports and pieces of work that were prepared in support of setting the annual budget each year. This report presented an update of the Council's Medium Term Financial Strategy for the period 2022/23 to 2024/25. The attached strategy document (MTFS) provided the framework for establishing and maintaining a stable and prudent financial position. The MTFS was one of a suite of key strategies and plans that sets out the current priorities that are aligned to the Corporate Plan for the delivery of services within the Borough. The MTFS sets out the latest financial projections for the three years that are covered by the strategy which identifies an estimated budget gap of £900k for 2022/23, this is ahead of the provisional settlement announcement and the detailed work on the service budgets for 2022/23.

Due to the uncertainties around the 2021/22 budget and the impact of Covid, a one year budget was set for 2021/22 only. The updated financial strategy provided indicative financial forecasts for the three-year period 2022/23 to 2024/25. Once the provisional finance settlement was published and updates to the planned changes to the funding for local government were announced, the projections would be revised and the strategy updated accordingly. The current forecasts are projecting a budget gap of £903,000 in 2022/23, increasing to £1.39m in 2023/24 and to £1.6m in 2024/25. This is before the detail on the budget is finalised for 2022/23 and these forecasts will be updated as part of this work and also once the provisional settlement is announced in December.

The continued uncertainty around the future of local government funding made the medium to long term financial planning somewhat challenging. The Council remained committed to the ambitious plans for regeneration of the Borough including the Future High Street and Towns Fund and the capital programmes have been updated as part of this report. These and the current approved capital programme of works including the re-provision of the Marina Centre which would be completed in the summer of 2022 were essential to support the wider economic growth and regeneration of the Borough.

Proposer: Councillor Smith  
Seconded: Councillor Candon



That Council:-

- (i) Approve the updated Medium Term Financial Strategy (MTFS) and the key themes of the business strategy as outlined at Section 7,
- (ii) Approve the revised reserves statement as included at Appendix A to the MTFS,
- (iii) Approve the updated capital programme as included at Appendix B to the MTFS,
- (iv) Approve the allocation of £50,000 within the capital programme for the implementation of the Agile Working Policy; and
- (v) Approve the Capital Strategy and Investment Strategy 2021/22 as included at Appendix C and D.

CARRIED.

## **21 NOTICE OF MOTION**

- (i) Motion received from Councillors Wainwright, T Wright, Williamson, Waters-Bunn, B Wright and Fairhead.

Councillor Wainwright requested that this Council writes to The Rt Hon Theresa Coffey MP Secretary of State for Work and Pensions, and The Rt Hon Rishi Sunak MP, Chancellor of the Exchequer, and request that they honour the Conservatives 2019 Manifesto Pledge, and lift the suspension of the State Pension Triple Lock, which was first announced in September 2021, and confirmed in the October 2021 Budget. The ending of the State Pension Triple Lock would be a betrayal of current and future pensioners, and an attack on the poorest elderly in the Country. The suspension of the triple lock brakes a conservative manifesto pledge, and will cost pensioners an average of £2600 each over five years. It's a saving of £30.5 billion for the treasury but a big loss for pensioners. In the Borough of Great Yarmouth 2020, the total population was 99,200. Residents under 64 years of age were 57,000 leaving 42,200 residents who could be eligible for a state pension and who will now lose approx £10 per week. The triple lock stipulates that the state pensions must rise by the greater of average earnings growth. The excuse for breaking it is that earnings have gone up by 8%, making it unaffordable. Whilst it is true that the earnings figure is distorted by Covid and does not reflect a genuine rise in living standards amongst people of working age, it is bogus to argue that it justifies breaking the earnings connection, even temporary. Retired households tend to be harder hit than younger ones when prices and utility prices start to rise. And this is just another significant decline in state pensions relative to working age incomes and will lead to a further spike in poverty among the retired. I urge all Members to support this resolution and protect the elderly.

Councillor Wainwright proposed that a recorded vote be undertaken and this motion was seconded by Councillor Jeal.

Councillor Smith-Clare reported that he fully supported this motion and highlighted the plight of 6,000 local women, known as Wasps, who had been

affected by the change of retirement age for woman.

Councillor Candon reported that he struggled to understand the number and costings which Councillor Wainwright had alluded to during his address to the Committee and reported that there were only 24,452 residents in the Borough, not 42,200, who were of pensionable age. Wages had increased by 2.5% in the last year and the number of job vacancies was on the increase which was positive news for Great Yarmouth. The suspension of the triple-lock would be temporary for a period of 12 months.

Councillor Myers reported that this had been a manifesto pledge and the government should honour it.

Councillor Williamson reported that the UK was the 5th leading world economy country but the UK average weekly pension was 29% of the average weekly wage and, as such, was woefully lagging behind the rest of Europe.

Councillor C Walker fully supported the motion and reported that she was a Waspie herself and had worked three jobs to keep a roof over her head.

Councillor Wells reiterated the factual errors which had been commented upon by Councillor Candon and reported that the motion smacked of pointless posturing.

Councillor Jeal reported that all the Councillors should work together for the good of the local pensioners.

Councillor Wainwright summed up. A vote was taken for a recorded vote, which was lost.

Following a vote, this motion was lost.

(ii) Motion received from Councillors Jeal, Robinson-Payne, T Wright, B Wright, Wainwright and B Walker.

Councillor Jeal proposed that an amendment be made to the motion, that Great Yarmouth Borough Council ask not instruct Norfolk County Council. This motion was seconded by Councillor Robinson-Payne.

Councillor Jeal requested that Great Yarmouth Borough Council instruct Norfolk County Council to revert to issuing hard copies where necessary (i.e., badges for cars) in the A-zone parking area. It is extremely difficult for some elderly, infirm or housebound residents and those with no IT knowledge or even access to the internet to easily navigate the current system. The practicality of updating a permit on line every day for those who have daily carers who may not be the same person each visit is causing significant problems. Due to some residents personal circumstances it appears discriminatory and unfair to have moved to a system they are unable to cope with adding pressure which is not necessary. We would urge all members to support this resolution in order to help the residents mentioned above who live on the A-Zone and are struggling with this.

Councillor Martin reported that she had fed her views regarding digital poverty, as Ward Councillor, in to the Zone A Task & Finish Group and that she had been assured that in regard to carers having to purchase passes to assist family members and friends in Zone A, that this would be considered on a case by case basis.

Councillor Plant reported that he had spoken to the Head of Customer Services who had assured him that online resident parking permits had worked extremely well over the last 18 months and that there was a dedicated phone line to help residents who did not have access to the internet.

Councillor Robinson-Payne reported that this was an important motion for local residents in the Northgate & Nelson Wards. She was concerned that residents who were unable to give a relative or care a physical parking pass might be in danger of losing their care. Other LA's operated a dual system and so should we.

Councillor Talbot also highlighted digital poverty within the town and residents should be given the option of a virtual or paper permit.

Councillor Waters-Bunn highlighted the necessity of carers to be able to visit residents in Zone A without the hassle of having to apply for a daily parking permit every time they needed to visit and it was up to the local Councillors to look after those residents who were vulnerable and needed us.

Councillor Jeal summed up.

Following a vote, this motion was lost.

## **22 ANY OTHER BUSINESS**

His Worship, The Mayor, Councillor Thompson reported that there was no other business being of sufficient urgency to warrant consideration at the meeting and wished those present a very Happy Christmas.

Councillor Wainwright thanked His Worship, The Mayor, Councillor Thompson for the refreshments which were most welcome.

## **23 EXCLUSION OF PUBLIC**

His Worship, The Mayor, Councillor Thompson asked Members to approve the following resolution.

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.

**CARRIED.**

The meeting was adjourned at 21:00 for a 10 minute comfort break.

- 24 CONFIDENTIAL - MRF WASTE CONTRACT**  
(Confidential Minute on this Item)
- 25 CONFIDENTIAL - GREAT YARMOUTH BOROUGH SERVICES OPTIONS REPORT**  
(Confidential Minute on this Item)
- 26 CONFIDENTIAL SERVICE COMMITTEE DECISION LIST FOR THE PERIOD 28 JULY 2021 TO 2 NOV 2021**  
(Confidential Minute on this Item)
- The meeting ended at: 21:30

Service Committee Decision List for the period November 2021 to January 2022

	Details of Decision	Officer Lead
1	<p>Economic Development Committee – 15 November 2021</p> <p><b>GREAT YARMOUTH OPERATIONS AND MAINTENANCE CAMPUS PROJECT UPDATE</b></p> <p>RESOLVED : That the Committee note the content of the report and agree that a further update be brought back to the Committee once the next stages of procurement of the main works contractor is completed.</p>	Director of Planning and Growth
2	<p>Economic Development Committee – 15 November 2021</p> <p><b>CULTURE HERITAGE AND TOURISM STRATEGY &amp; DELIVERY PLAN UPDATE</b></p> <p>RESOLVED :</p> <p>(1) The Committee reviewed and commented on the Culture, Heritage and Tourism Strategy Delivery Plan progress update.</p> <p>(2) Approve the proposal to reallocate the £40,000 set aside for UK City of Culture to fund the continuation of cultural programming in partnership with East Suffolk Council.</p> <p>(3) Agree to the Council joining the Cultural Consortium as a Tier 1 partner and note the submission of the Consortium partners' application to the Culture Development Fund.</p>	Head of Inward Investment
3	<p>Economic Development Committee – 15 November 2021</p> <p><b>KICKSTART PROGRAMME PROGRESS UPDATE</b></p> <p>RESOLVED : That the Committee review and commented on the progress of the Kickstart Scheme and the proposed forward activity to continue promotion of the scheme</p>	Economic Growth Manager
4	<p>Economic Development Committee – 15 November 2021</p> <p><b>GO TRADE PROJECT UPDATE</b></p> <p>RESOLVED : That the Committee :-</p> <p>(1) Note the achievements of Go Trade project as described in the report.</p> <p>(2) Agree to Investigate the opportunity of using some of the GYBC unspent allocation to set up a small grant scheme to establish a new roaming farmers market.</p> <p>(3) Approve the allocation of the remainder of the funding to Wi-Fi maintenance and market opening launch.</p>	Project Manager

5	<p>Environment Committee – 25 November 2021</p> <p><b>AIR QUALITY REPORT 2020</b></p> <p>RESOLVED: To note the Air Quality Status Report and its contents.</p>	Head of Environmental Services
6	<p>Environment Committee – 25 November 2021</p> <p><b>BEACH CLEANSING AND MARRAM GRASS REVIEW</b></p> <p>RESOLVED That Members</p> <p>(1) Agree that the Central beach be managed as a tourist beach and measures are used to remove grass growth on an annual basis.</p> <p>(2) Agree that the North Beach from Britannia Pier to the Northern end of the Euston road car park is designated a tourist beach and the ingress of the Marram and other grass is managed on an annual basis.</p>	Head of Environmental Services
7	<p>Environment Committee– 25 November 2021</p> <p><b>PROJECT FACET</b></p> <p>RESOLVED:-</p> <p>That the Environment Committee notes the contents of this report and endorses the continued development of this project.</p>	Strategic Director
8	<p>Environment Committee– 25 November 2021</p> <p><b>DEDICATION PLAQUES POLICY</b></p> <p>RESOLVED</p> <p>(1) To approve the policy for dedication plaques and vase provision in the borough.</p> <p>(2) To agree the new fee of £70 for the provision of a dedication vase. This fee and charge to form part of the annual fees and charges policy moving forward.</p>	Head of Environmental Services

9	<p>Environment Committee– 25 November 2021</p> <p><b>PLAYGROUND AND OPEN SPACE AUDIT – UPDATE</b></p> <p>RESOLVED</p> <p>To note the update report with a view to considering options on receipt of the full audit in January 2022.</p>	Head of Property and Asset Management
10	<p>Policy &amp; Resources Committee – 30 November 2021</p> <p><b>QUARTER 2 KEY PROJECT AND PERFORMANCE REPORT</b></p> <p>That the Committee approve</p> <p>(1) That all measures be monitored during the next quarter.</p> <p>(2) All key projects continue to be monitored over the next quarter with the aim of maintaining a green status and where possible attaining a green status for those key projects which are currently amber.</p>	Senior information and Data Protection Officer
11	<p>Policy &amp; Resources Committee – 30 November 2021</p> <p><b>LOCAL PLAN PART 2 – ADOPTION</b></p> <p>RESOLVED:</p> <p>That the Policy and Resources Committee recommend to Full Council :</p> <p>(1) That the Great Yarmouth Local Plan Part 2 (Appendix 1 to this report) is adopted.</p> <p>(2) That the Policies Map is updated to reflect the Local Plan Part 2 as shown in Appendix 2 to this report.</p> <p>(3) That the Interim Housing Land Supply Policy (2014) is revoked.</p>	Strategic Planning Manager

12	<p>Policy and Resources Committee – 30 November 2021</p> <p><b>COUNCIL TAX SUPPORT SCHEME 2022-23</b></p> <p>RESOLVED:</p> <p>That the Committee recommend to Full Council :-</p> <p>(1) To continue with the existing scheme for 2022/23 which is subject to Council approval - a maximum award of 91.5% of the Council Tax Liability for Working Age.</p>	Head of Customer Services
13	<p>Policy and Resources Committee – 30 November 2021</p> <p><b>COUNCIL TAX BASE 2022-23</b></p> <p>RESOLVED :</p> <p>That Committee recommend to Council :-</p> <p>(1) The calculation of the 2022/23 tax base totalling 29,344 and the estimated tax bases for the Borough and for each parish, as shown in Appendix A.</p>	Revenue Services Manager
14	<p>Policy and Resources Committee – 30 November 2021</p> <p><b>COUNCIL TAX DISCOUNTS 2022-23</b></p> <p>RESOLVED:</p> <p>That the Committee recommend to Full Council :-</p> <p>(1) That Council be asked to endorse the Council Tax discounts as detailed within the Revenue Services Manager's report which would apply for 2022/23.</p>	Revenue Services Manager



15	<p>Policy and Resources Committee – 30 November 2021</p> <p><b>MEDIUM TERM FINANCIAL STRATEGY 2022-23 TO 2024-25</b></p> <p>RESOLVED :</p> <p>That the Committee recommend to council :-</p> <p>1) The updated Medium Term Financial Strategy (MTFS) and the key themes of the business strategy as outlined at Section 7</p> <p>2) The revised reserves statement as included at Appendix A to the MTFS</p> <p>3) The updated capital programme as included at Appendix B to the MTFS</p> <p>4) The allocation of £50,000 within the capital programme for the implementation of the Agile Working Policy</p> <p>5) The Capital Strategy and Investment Strategy 2021/22 as included at Appendix C and D.</p>	Finance Director
16	<p>Policy and Resources Committee – 30 November 2021</p> <p><b>GREAT YARMOUTH EVENTS WORKING GROUP</b></p> <p>RESOLVED :</p> <p>(1) That approval be given to the Events Working Group being established to :-</p> <ul style="list-style-type: none"> <li>• Inform Members about forthcoming activities, events fairs on Great Yarmouth Borough Council land and property.</li> <li>• To act as a forum for consultation and awareness on decisions that might be regarded as operational/commercial.</li> </ul> <p>(2) P&amp;R Committee invite interested Members to join the Working Group, these to be sent to the Corporate Services Department once agreed by Group Leaders.</p>	Major Projects and Development Director
17	<p>Policy and Resources Committee – 30 November 2021</p> <p><b>EQUALITY DIVERSITY AND INCLUSION STRATEGY AND ACTION PLAN</b></p> <p>RESOLVED:-</p> <p>That committee:</p> <p>(1) Review, comment, and approve the draft Equality, Diversity &amp; Inclusion Strategy, and its Equality Action Plan for consultation</p> <p>(2) Delegate authority to the Head of Organisational Development to make any amendments to the strategy following consultation</p>	Head of Organisational Development

18	<p>Policy and Resources Committee – 30 November 2021</p> <p><b>SUSTAINABLE WARMTH COMPETITION UPDATE</b></p> <p>RESOLVED :</p> <p>That the Committee :-</p> <p>(1). Approve the acceptance of the Local Authority Delivery (3)grant</p> <p>(2). Note the prior completion of the Memorandum of Understanding to secure the grant award</p> <p>(3) Delegate all decisions on the use of and spend of the Local Authority Delivery (3) grant funding in accordance with the requirements of the Memorandum of Understanding to the Head of Property and Asset Management.</p>	Director of Housing
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**URN:** 22/018  
**Subject:** Pay Policy Statement 2022-23  
**Report to:** Full Council  
**Report by:** Sarah Tate, Head of OD  
**Date:** 22 February 2022

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

Pay Policy Statement 2022-23

##### **Recommendations:**

1. To adopt the attached Pay Policy Statement for 2022-23 and to publish on the Council's website.

## **1. BACKGROUND**

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

## **2. PAY POLICY STATEMENT**

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

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

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

- a) Be approved formally by Council and cannot be delegated to any subcommittee.  
This includes any amendments in each financial year
- b) Be approved by the end of March each year

- c) Be published on the Council's website and in any other manner that the Council thinks appropriate as soon as it is reasonably practicable after it is approved or amended
- d) Be complied with when the Council sets the terms and conditions for a Chief Officer

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

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

2.4 For the purposes the pay policy statement this covers the officers that are represented on the Executive Leadership Team.

### **3. FINANCIAL AND RISK IMPLICATIONS**

3.1 There are no increased risk implications as a result of setting and publishing the pay policy statement. The financial implications have been factored into the budget setting process for the 2022/23 budget.

### **4. CONCLUSION**

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

### **5. BACKGROUND PAPERS**

5.1 Current pay structure

<b>Area for consideration</b>	<b>Comment</b>
Monitoring Officer Consultation:	Yes
Section 151 Officer Consultation:	Yes
Existing Council Policies:	Pay Policy Statement
Financial Implications:	Considered
Legal Implications (including human rights)	Section 38 of the Localism Act 2011, Local

	Government Transparency Code 2015
Risk Implications:	Considered
Equality Issues/EQIA assessment:	Considered
Crime & Disorder:	N/A
Every Child Matters:	N/A

## **PAY POLICY STATEMENT 2022/23**

This Pay Policy Statement is produced in accordance with Chapter 8 of the Localism Act 2011 and the Local Government Transparency Code 2015. It was approved by a meeting of Great Yarmouth Borough Council (GYBC) on 22 February 2022 and is made available on the Council's website. The Council's website also includes separately published data on salary information relating to Chief Officers and this can be accessed at [Senior Salary Information](#).

### **1. Remuneration of Employees**

- 1.1 For employees subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council (NJC) for Local Government Services' (commonly known as the 'Green Book'), the Council uses a pay spine that commences at national Spinal Column Point (SCP) 1 and ends at local SCP 45. This pay spine is divided into 10 pay bands, which each contain between three and six incremental points. Band 1 is the lowest and Band 10 is the highest of these pay grades. Posts are allocated to a pay band through a process of job evaluation. See Appendix A for the current pay bands.
- 1.2 For the purpose of this Policy Statement, employees on Band 1 are defined as our lowest-paid employees. These are the lowest paid employees other than apprentices who are paid in line with national standards to reflect the nature of the training and development role.
- 1.3 The values of the SCPs in these pay grades are updated by the pay awards notified from time to time by the National Joint Council for Local Government Services.
- 1.4 The minimum (pro rata) salary paid by the Council to employees in established posts should not be less than the Real Living Wage which is currently £9.90 per hour. This rate is reviewed and updated annually by the Living Wage Foundation and the new rate is announced in November of each year. Where an employee's contractual (pro-rata) pay is less than the Real Living Wage they receive a supplement to raise their pay to the Foundation Living Wage level (excluding apprentices).
- 1.5 The Council uses the National Job Evaluation Scheme to establish the relative 'sizes' of jobs within the Council. An evaluation results in an overall job evaluation score which is used to rank jobs within the organisation. The overall job evaluation score for a job is used to allocate that job to the appropriate pay grade of the Council's pay structure.

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

#### **2.1 Chief Executive**

- 2.1.1 The Council's Chief Executive is the Council's Head of Paid Service. As at 31 March 2022, the FTE salary range for this post is £117,982 - £133,825. There are five incremental points in the grade.
- 2.1.2 It is the Council's policy that the FTE salary range for the post of Chief Executive will normally be no greater than 8.5x the FTE salary range of a Band 1 'Green Book' employee. This maximum is not being exceeded. The current pay levels within the Council define the pay multiple between the median full time equivalent (FTE) earnings and the Chief Executive as 1.5.43.

- 2.1.3 Notwithstanding 2.1.2, the value of the spinal column points in the Chief Executive's grade will be updated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Executives of Local Authorities.
- 2.1.4 The Chief Executive also receives a (Deputy) Returning Officer fee in respect of County, District and Parish Council Elections. The fee for undertaking this role in Norfolk is calculated in accordance with a formula approved annually by the Norfolk Chief Executives' Group, based on a recommendation by the County Electoral Officers' Group. Fees for conducting Parliamentary Elections are determined by way of a Statutory Instrument.
- 2.2 **Directors**
- 2.2.1 The Directors report to the Chief Executive. As at 31 March 2022, the annual FTE range for the grade of the Director posts is currently £73,387 – £87,889.
- 2.2.2 It is the Council's policy that the FTE salary range for the posts of Director will normally be no greater than 6x the FTE salary range of a Band 1 'Green Book' employee. This maximum is not being exceeded. The current pay levels within the Council define the multiple between the median employee full time equivalent (FTE) earnings and the median Chief Officers' earnings as 1.3.36.
- 2.2.3 Notwithstanding 2.2.2, the value of the SCPs in the Director grades will be updated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities.
- 2.2.4 The Council's Monitoring Officer is employed by Norfolk County Council (through a secondment agreement). This Policy Statement does not, therefore, concern the remuneration of the post whose holder undertakes that role.
- 2.2.5 The Council's S151 Officer and Deputy, where employed directly by the Council, also receive a supplement of up to £5,000 for undertaking their statutory duties.
- 2.3 **Heads of Service**
- 2.3.1 The Heads of Service report to the Executive Leadership Team (ELT). ELT is comprised of the Chief Executive and the Directors. As at 31 March 2022, the annual FTE salary range for the Heads of Service posts is £61,772 - £66,278. There are five incremental points in the grade.
- 2.3.2 It is the Council's policy that the FTE salary range for Head of Service posts will normally be no greater than 4.5x the FTE salary range of a Band 1 'Green Book' employee. This maximum is not being exceeded.
- 2.3.3 The values of the SCPs in this pay grade are updated by the pay awards notified from time to time by the National Joint Council for Local Government Services.
- 2.4 **Senior Managers (MGR-11)**
- 2.4.1 As at 31 March 2022, the annual FTE salary range for the Senior Managers post is £49,174 - £52,381. There are five incremental points in the grade.
- 2.4.2 The values of the SCPs in this pay grade is updated by the pay awards notified from time to time by the National Joint Council for Local Government Services.
3. **General Principles**
- 3.1 On recruitment, individuals will be placed on the appropriate SCP within the pay grade for the post that they are appointed to. This would normally be the minimum of the scale; however, appointment may be at a higher point where necessary to appoint the best candidate. Access to appropriate elements of the Council's Relocation Scheme may also be granted in certain cases, when new starters need to move to the area.
- 3.2 Where the Council is unable to recruit to a post at its designated grade, it will consider the use of temporary market supplements or a 'recruitment incentive payment'. Recruitment incentive payments are re-payable in whole or in part in certain circumstances should the officer leave

before an agreed period has been served. These payments are subject to tax and national insurance under the Council's PAYE scheme.

- 3.3 In areas of skills shortages (locally or nationally) the Council will consider the use of retention payments.
- 3.4 Individuals will normally receive an annual increment, subject to the top of their grade not being exceeded. In exceptional circumstances (e.g. examination success), individuals will receive accelerated increments. Again, this is subject to the top of their grade not being exceeded.
- 3.5 The Council does not apply performance-related pay, with the exception of the Directors and Heads of Service whose progression through the increments of the pay grade is subject to performance management. The Council does not apply any bonuses.
- 3.6 On ceasing to be employed by the Council, individuals will only receive compensation:
  - a) in circumstances that are relevant (e.g., redundancy), and
  - b) that is in accordance with our published Policy Statement on how the Council will exercise the various employer discretions provided by the Local Government Pension Scheme (LGPS), and/or
  - c) that complies with the specific term(s) of a settlement agreement used to avoid or settle a potential legal claim.
- 3.7 The Policy Statement on how the Council will exercise the various employer discretions provided by the LGPS also summarises how Flexible Retirement might be allowed. This is where an individual aged 55 or over who reduces their grade or hours of work (or both) may receive their LGPS benefits immediately, even though they haven't left the Council's employment. This will be allowed only in circumstances where it is demonstrated to be in the Council's long-term interests.
- 3.8 Any decision to re-employ an individual who was previously employed by the Council and, on ceasing to be employed, was in receipt of a severance or redundancy payment, will be made on merit. The Council will not, however, normally engage such an individual under a contract for services.
- 3.9 Any Market Supplement that is paid will be in accordance with our Protocol for Payment of Market Supplements.
- 3.10 If it is appropriate for an honorarium to be paid, this will be in accordance with our Principles for Payment of Honoraria.
- 3.11 The Council pays Essential and Casual Car User allowances in appropriate circumstances. These allowances are in accordance with 'Green Book' rates, although the Council does not recognise the 1200cc to 1450cc (i.e., the top) band and mileage may only be claimed at a reduced local rate. There are also local rates in force for individuals who use their motorcycles or bicycles on official business.
- 3.12 Any excess travelling allowance that is paid will be in accordance with the Change in Place of Employment – Scheme for Payment of Allowance.
- 3.13 Any subsistence allowance that is paid will normally be no higher than the rates notified from time to time by the East of England Local Government Association.
- 3.14 Professional subscriptions are payable where they are required for the post.
- 3.15 The Council operates the Local Government Pension Scheme (LGPS) for employees within scope of this statement.
- 3.16 Where severance payments over £100,000 are considered, this matter must be referred to Full Council.

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

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



Council's Contract Standing Orders. Where the Council is unable to recruit officers or there is a need for interim support, the Council will put in place the most effective arrangements to engage individuals. These arrangements will comply with HMRC IR35 requirements, relevant procurement processes and ensure the Council is able to demonstrate maximum value for money.

5. **Tax Avoidance**

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

6. **Review**

- 6.1 The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each subsequent financial year. Our next Statement is scheduled to be for 2023/24 and will be submitted to Full Council for approval by 31 March 2023.
- 6.2 If it should be necessary to amend this 2022/23 Statement during the year that it applies, an appropriate resolution will be made by Full Council.

GYBC PAY STRUCTURE - 2022/23			
Spinal Column Point	Annual FT Rate April 2022	Pay Bands	2022 Hourly Rate
1	£17,842	Band 1	£9.25
2	£18,198	Band 1	£9.43
3	£18,562	Band 1 Band 2	£9.62
4	£18,933	Band 2	£9.81
5	£19,312	Band 3 Band 2	£10.01
6	£19,698	Band 3	£10.21
7	£20,092	Band 3 Band 4	£10.41
8	£20,493	Band 4	£10.62
9	£20,903	Band 4	£10.83
10	£21,322	Band 4	£11.05
11	£21,748	Band 4	£11.27
12	£22,183	Band 4	£11.50
13	£22,627	not used	£11.73
14	£23,080	Band 5	£11.96
15	£23,541	Band 5	£12.20
16	£24,012	Band 5	£12.45
17	£24,491	Band 5	£12.69
18	£24,982	Band 5	£12.95
19	£25,481	Band 5	£13.21
20	£25,991	Band 6	£13.47
21	£26,511	Band 6	£13.74
22	£27,041	Band 6	£14.02
23	£27,741	Band 6	£14.38
24	£28,672	Band 6	£14.86
25	£29,577	Band 6	£15.33
26	£30,451	Band 7	£15.78
27	£31,346	Band 7	£16.25
28	£32,234	Band 7	£16.71
29	£32,910	Band 7	£17.06
30	£33,782	Band 7	£17.51
31	£34,728	Band 8	£18.00
32	£35,745	Band 8	£18.53
33	£36,922	Band 8	£19.14
34	£37,890	Band 8	£19.64
35	£38,890	Band 8	£20.16
36	£39,880	Band 9	£20.67
37	£40,876	Band 9	£21.19
38	£41,881	Band 9	£21.71
39	£42,821	Band 9	£22.20
40	£43,857	Band 9	£22.73
41	£44,863	Band 10	£23.25
42	£45,859	Band 10	£23.77
43	£46,845	Band 10	£24.28
44	£47,709	Band 10	£24.73
45	£48,619	Band 10	£25.20

**Subject** Fees and Charges 2022/23

**Report to** ELT - 26 January 2022  
Policy and Resources Committee – 8 February 2022  
Council - February 2022

**Report by:** Finance Director



## **SUBJECT MATTER/RECOMMENDATIONS**

**This Report outlines for approval the schedule of fees and charges for the 2022/23 financial year.**

**It is recommended that Policy and Resources Committee:**

- 1) Agree the schedule of fees and charges for 2022/23 as detailed in appendix A of the report as per the fees and charges policy;
- 2) **Recommend to Council the schedule of fees and charges in Appendix B that fall outside of the policy.**

## **1. INTRODUCTION / BACKGROUND**

- 1.1 The Council approved a new fees and charges policy in December 2019. This policy is part of the financial planning process within which the Council's fees and charges would be set annually. Income from fees and charges provides a key source of income to the Council for the provision of its services.
- 1.2 Operating within a fees and charges policy provides a clear framework for setting the annual fees and charges for services provided by the Borough Council. There will be occasions when decisions around the setting of fees and charges need to be made that are outside of the policy, for example in response to local factors which influence demand for a service. There needs to be clear reasons for making changes outside of the policy and these would need to consider the longer-term income generation opportunities and overall impact to the financial position of the authority.
- 1.3 The setting of the fees and charges annually provides a key element of the annual budget setting process to inform the service income budgets which also consider local demand and other local factors. In addition, future financial projections will reflect planned increases to fees and charges in line with the current policy to provide estimates on the level of future income.
- 1.4 The policy sets out some criteria and rationale for the annual changes to fees and charges which largely covered an annual increase based on cost recovery, RPI only or RPI plus up to 2%, for the period until 2024. There are exceptions to this including the following:
  - Where fees are statutory and are therefore outside the scope of control for the Council to set;
  - Where fees are set within national rules for cost recovery, for example land charges and building control;
  - Fees and charges subject to separate reviews and form part of the 2022/23 savings and

additional income proposals.

- 1.5 Fees and charges set within the framework are reported to Policy and Resources, those that are outside of the frame will form a recommendation to Council.

## 2. FEES AND CHARGES PROPOSALS FOR 2022/23

- 2.1 The proposed fees and charges for 2022/23 are included at Appendix A to the report. In line with the fees and charges policy the fees included in the schedule have been increased by RPI plus up to 2%, this equates to an increase of 6.9%, based on RPI being 4.9% at September 2021, the policy also allows for the recovery of costs for a service and therefore this has been reflected in the charges as applicable. For administration purposes, the proposals will have been rounded, as applicable, for example where charges are reliant upon change such as car parking charges.
- 2.2 For the 2022/23 budget process all fees and charges have been reviewed to ensure that they are appropriate. All fees and charges have been increased in line with the fees and charges policy, with the exception of the following listed below which have either remained frozen at 2021/22 fee structure, increased by RPI only or increased above the recommended policy.
- 2.3 **Crematorium** – Funeral services, some Visual tributes, Cemetery charges, Dedications have remained frozen or increased by RPI only to retain competitive in the market and attract sales.
- 2.4 **Pay & Display Car Parks** - Seafront Car parks short stay have increased below RPI for the first 2 hours and below RPI plus 2% over 2 hours, to ensure fees are raised incrementally and not to discourage parking. Seafront Long stay fees have remained frozen as these are already at a premium rate. Beach Coach Station fees for cars have remained frozen (with exception of winter day) to align these charges with the seafront long stay car parks. The recommended charges for parking are now all aligned across the borough and bring Caister and Gorleston charges in line with the charges in Great Yarmouth.
- 2.5 **Environmental Health** – Local Authority Permits are prescribed by government and are still to be confirmed for 2022/23. Selective Licensing fees are also a statutory fee which has been set for 5 years. Local Licences have a mixture of changes, either being increased by the policy, or remained frozen due to being cost recovery only. Many Garden Waste fees have increased below RPI to cover operational costs and bin costs but not to overprice the service. Most of the Licensing fees have increased by RPI only to cover processing cost of licences, except gambling Licences, which have remained frozen, as this is the maximum charge allowable in legislation.
- 2.6 **Sports & Leisure** –Football/Rugby Professional Matches fees are increasing by RPI only to lessen a large increase in fees.
- 2.7 **Housing Needs & Welfare Services** – All fees are either increasing by RPI only or remaining frozen due to remaining competitive in the local market.
- 2.8 **Planning and Growth** – Local Land Searches & Pre application fees are increasing by RPI only to remain competitive with external companies and not to dissuade developers from using discretionary services.
- 2.9 **Town Hall** – The Council commenced offering a full marketing and event planning service using

the in-house team in 2020/21. However due to Covid restrictions continuing through 2021/22, a customer base was not able to be established. Therefore, these fees and charges will remain frozen, as set in 2020/21. After a full year of operation, a full review of hire rates will then be carried out for 2023/24.

- 2.10 Appendix B lists all fees which have increased over the policy recommendation of RPI plus 2%, these have been informed by the latest market information and reviewed by officers. As these are outside of the policy, these are recommended to Council.

### **New Fees and Charges 2022/23**

- 2.11 **Crematorium** – New fees have been included within the visual tributes and Memorial Benches. New visual Tributes include a downloadable recording video files and recordings on DVD's and USB's, Visual Tribute still images, visual Tribute slide shows, family videos and an urgent service request line has also been added for any other visual tributes. New lines for a dedication posy vase have been added under Memorial Benches and open spaces under dedications.
- 2.12 **Car parks** – Leisure centre charges for the new Marina centre have been added as new fee, providing car parking 6am to 10pm, 7 days a week.
- 2.13 **Local Licenses** – A new pricing structure has been added for Animal Licenses. Pet Shop, Riding establishments, Dog Breeding, Animal boarding and keeping animals for exhibition now all have a separate application fee and then the option of a 1–3-year licence to purchase.
- 2.14 **Housing need and welfare services** – New charges for Housing options bed and breakfast and an allocation service have been added for 2022/23.
- 2.15 **Events and Town Hall fees** - Two new lines have been added for 2022/23, Bespoke Hire & wedding packages and a fee for the hire of the kitchen & equipment when using the Assembly rooms. Both these new charges are priced on when applications are made.

## **3. FINANCIAL IMPLICATIONS**

- 3.1 The financial implications from the proposed changes have been factored into the detailed service budgets for 2022/23 and used to inform the future financial projections.

## **4. RISK IMPLICATIONS**

- 4.1 There is a risk of non-delivery of budgeted income from the fees and charges for example as a result of a reduction in demand for a service, an element of this risk is mitigated by the informed calculation of the income budgets taking into account known local and national factors and also current and past trends.
- 4.2 Where the level of income is related to service demand there are factors that are outside of the control of the Council, for example the impact that weather can have on the level of car parking income, or confidence in the economy on planning application income. A prudent approach is taken to the setting of these income budgets and the more significant demand income budgets, for example car parking fee income and planning income are closely monitored during the year.

- 4.3 The level of income from fees and charges is reviewed during the year in terms of delivery of income targets as part of the budget monitoring process and therefore future charges could be subject to change to mitigate any financial risks.
- 4.4 The general reserve includes an allowance for fluctuations in income from demand led services which can be used to mitigate significant impacts during the year of reductions in income, although this should not be a long-term source of mitigation.

## 5. CONCLUSIONS

- 5.1 The proposed fees and charges for 2022/23 have been calculated based on the current fees and charges policy and where there are opportunities to deliver additional income to help reduce the future financial gap that the Council is facing. The proposals have been factored into the detailed budget for 2022/23 which is included as a separate item on the agenda

Area for consideration Comment	Comment
Monitoring Officer Consultation	
Section 151 Officer Consultation	
Existing Council Policies See background papers	
Financial Implications Within existing budgets	
Legal Implications (including human rights)	
Risk Implications	
Equality Issues/EQIA assessment	
Details contained in strategy	
Crime & Disorder	
Every Child Matters	

	Service Area	Detail	Charge	2021/22	2022/23	Reason
Crematorium and Memorial	Customer Services	Crem & cemeteries	Additional Certificate of cremation	£ 22.00	£ 26.00	Increase to administrative fee
	Customer Services	Visual Tributes	Webcast	£ 65.00	£ 80.00	RRP new prices from supplier
	Customer Services	Visual Tributes	Downloadable recording	£ 20.00	£ 30.00	RRP new prices from supplier
	Customer Services	memorial cards	Two Line entry	£ 21.00	£ 50.00	To reflect market retail price
	Customer Services	memorial cards	Five-line entry	£ 26.00	£ 60.00	To reflect market retail price
	Customer Services	memorial cards	Eight-line entry	£ 45.00	£ 80.00	To reflect market retail price
	Customer Services	memorial cards	Five-line entry with flower illustration or similar	£ 71.00	£ 120.00	To reflect market retail price
	Customer Services	memorial cards	Eight-line entry with flower illustration or similar	£ 88.00	£ 150.00	To reflect market retail price
	Customer Services	memorial cards	Five-line entry with heraldic device	£ 95.00	£ 170.00	To reflect market retail price
	Customer Services	memorial cards	Eight-line entry with full heraldic device or crest	£ 112.00	£ 180.00	To reflect market retail price
	Customer Services	Memory Books	Five-line entry with flower illustration or similar	£ 112.00	£ 145.00	To reflect market retail price
	Customer Services	Memory Books	Eight-line entry with flower illustration or similar	£ 121.00	£ 160.00	To reflect market retail price
	Customer Services	Memorial Garden 5 yr	Post & Packaging	£ 8.00	£ 9.50	In line with postage for Memorial garden 10yr
	Customer Services	Individual Memorial seat	Renewal for ten-year dedication period	£ 276.00	£ 600.00	To reflect maintenance costs
Car Parking	Customer Services	Town Centre Car Parks	Hourly rate (8am - 4pm)	£ 1.00	£ 1.20	
	Customer Services	Town Centre Car Parks	Sunday's hourly rate £1.20. (Maximum £4.20 per day)	£ 1.00	£ 1.20	
	Customer Services	Gorleston car parks	Hourly rate (8am - 4pm)	£ 0.70	£ 1.20	
	Customer Services	Gorleston car parks	Sunday's hourly rate £1.20. (Maximum £4.20 per day)	£ 1.00	£ 1.20	To be brought into line with town centre car parks and consistent charging structure
	Customer Services	Caister	Summer - cost per hour or part thereof	£ 1.00	£ 1.20	
	Customer Services	Beach Coach Station	Winter - per day	£ 1.50	£ 2.50	Same as seafront short stay.
	Customer Services	Rover tickets	Weekly	£ 32.00	£ 35.00	Increase above RPI plus 2%
	Customer Services	Rover Tickets	Three day (72 hours) (Any three days)	£ 13.50	£ 15.00	Increase above RPI plus 2%

**Subject** INVESTMENT STRATEGY 2022/23

**Report to** POLICY AND RESOURCES COMMITTEE – 8 February 2022  
COUNCIL – 22 February 2022

**Report by:** FINANCIAL SERVICES MANAGER



## **SUBJECT MATTER/RECOMMENDATIONS**

This report and document present for approval the Council's Investment Strategy for 2022/23. The document provides a framework that informs decisions in relation to the council's investments and supports other strategies including the treasury management strategy.

### **Recommendations:**

That Policy and Resources Committee recommend to Council the 2022/23 Investment Strategy.

## **1. INTRODUCTION AND BACKGROUND**

- 1.1. In accordance with statutory guidance, the Council is required to have an Investment Strategy. The investment strategy is informed by and also informs a number of the Council's other strategy documents, including the following:
- Treasury Management Strategy
  - Capital Strategy
  - Asset Management Strategy
  - Medium Term Financial Strategy.
- 1.2. There may be some cross over between the investment strategy and some of the above, but essentially the investment strategy covers the Council's approach to the service and commercial investments as opposed to treasury management investments which are covered with the annual treasury management strategy as approved by Council in February 2022.

## **2. INVESTMENT STRATEGY 2022/23**

- 2.1. The Investment Strategy for 2022/23 is attached at appendix A, and covers capital expenditure and financing, treasury management and commercial activities. It reflects how previous capital investment decisions and those taken as part of the 2022/23 budget setting have ongoing implications for the Council and its financial position in the future.

## **3. FINANCIAL IMPLICATIONS**

- 3.1. The strategy sets out the framework for investments made in respect of service and commercial investments, decisions in relation to specific investments will be presented for approval through the decision making process as per the constitution and the financial implications would be determined for the investments as part of the business case for approval.



- 3.2. The strategy as presented is line with the approved 2022/23 budget as agreed in February 2022. As decisions are made in the year, this may impact on the investment strategy and the respective decision making and recommendations will take into account the investment strategy and recommend changes to the strategy as applicable.

#### **4. RISK IMPLICATIONS**

- 4.1. These are detailed within the Strategy document.

#### **5. BACKGROUND PAPERS**

- 5.1. Capital Strategy 2022/23  
5.2. Treasury Management Strategy 2022/23  
5.3. Asset Management Strategy

<b>Area for consideration</b>	<b>Comment</b>
Monitoring Officer Consultation	
Section 151 Officer Consultation	
Existing Council Policies See background papers	
Financial Implications Within existing budgets	
Legal Implications (including human rights)	
Risk Implications	
Equality Issues/EQIA assessment	
Details contained in strategy	
Crime & Disorder	
Every Child Matters	

# Investment Strategy Statement 2022/23

<b>Author</b>	<b>Finance</b>
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# INVESTMENT STRATEGY 2022/23

## 1. INTRODUCTION

- 1.1 The Authority invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
  - to support local public services by lending to or buying shares in other organisations (service investments), and
  - to earn investment income (known as commercial investments where this is the main purpose).
- 1.2 This investment strategy meets the requirements of statutory guidance issued by the government and focuses on the second and third of the above categories.

## 2. TREASURY MANAGEMENT INVESTMENTS

- 2.1 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate during 2022/23, with an average investment of £12m anticipated for the financial year.
- 2.2 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.
- 2.3 **Further details:** Full details of the Authority's policies and its plan for 2022/23 for treasury management investments are covered in a separate document, the treasury management strategy, available here: <https://www.great-yarmouth.gov.uk/policies>

## 3. SERVICE INVESTMENT LOANS

- 3.1 **Contribution:** The Council lends money to its subsidiaries (Equinox Enterprises Limited and also once it is operational Equinox Property Holdings), local charities, local businesses, and local residents (in the form of home improvement loans), to support local public services and stimulate local economic growth.
- 3.2 The loans made to Equinox Enterprises Limited and when established Equinox Property Holdings, as the subsidiaries of the Council, form part of investment in the company to provide an initial cash injection to enable the company to become established. The purpose of Equinox Enterprises Limited is to develop housing for sale (including affordable homes) and the purpose of Equinox Property Holdings is to provide quality rental housing in the borough. This supports the Council's objective within the Corporate Plan 2020-2025 to provide a mix of attractive good quality housing for all sectors of the workforce and community that is fit for purpose for all and meet both the borough's existing and future needs.
- 3.3 Discretionary loans are granted to local charities and businesses, this will be following a decision by the Policy and Resources Committee and /or Council as applicable. In line with the Corporate Plan 2020-2025 these loans are granted to support the local charities and businesses that assist in improving the communities and facilities in the borough. The rates for service loans will be set at appropriate rates that reflect counterparty risks and duration.
- 3.4 The Council has a responsibility to address private sector housing that is in poor condition or needs adaptations to meet the needs of those with disabilities. The Council also has an

objective within the Corporate Plan 2020-2025 to provide help early, when people need public health and care, to prevent avoidable problems and to help more people to help themselves as well as tackling challenges within communities. Home improvement loans help residents to redress housing issues that impact on their health. The home improvement loans are made from a recycling pot following repayment of loans made as part of prior year capital programme allocations.

- 3.5 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of borrower	31/3/21 Actuals			2022/23
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries: Equinox Enterprises Limited and Equinox Property Holdings	2.23	0.00	2.23	5.50
Local Charities	0.69	0.0	0.69	1.00
Local Businesses	0.00	0.00	0.00	1.00
Local Residents (Home Improvement Loans)	2.29	0.02	2.27	3.00
<b>TOTAL</b>	<b>5.22</b>	<b>0.02</b>	<b>5.20</b>	<b>10.50</b>

\*loans, except for those to local residents, granted in 2022/23 will be subject to Council/Committee approval during the year.

- 3.6 Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments. It should be noted that both the loans to local charities and local residents are equity loan agreements, so the Council obtains a share of the equity of the borrower's property as collateral. This reduces the risk of the Council not recovering the loan amount from the borrower and occasionally generates a small surplus depending on the agreement type used. On occasions where a loan to a local business would clearly meet the service objectives of the council, loans would be given on market terms. These loans will be made with due attention to the risk to the council, and the rate of interest charged on the loan will be commensurate with the security provided, the duration of the loan and the risk of default (i.e., non-repayment).
- 3.7 **Risk assessment:** The Authority assesses the risk of loss before entering, and whilst holding service loans by undertaking due diligence proportionate to the level of the loan being granted to mitigate as far as possible any risks of non-recovery. This will also include taking external advice as applicable, such as discussion with NP Law as part of the loan agreement process.

#### 4. SERVICE INVESTMENTS: SHARES

- 4.1 **Contribution:** The Council has shares in Equinox Enterprises Limited and will have shares in Equinox Property Holdings when it is established as its subsidiaries. The Council invests in its subsidiaries to enable them to develop affordable and quality housing within the borough and with the aim of them providing a return on the investment.
- 4.2 **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

	31/3/21 Actuals		2021/22
Category of company	Amounts invested	Gains or losses	Value in accounts
Equinox Enterprises Limited (Subsidiary)	2.23	0.00	2.23
Equinox Property Holdings (Subsidiary)	0.00	0.00	0.00
			Approved Limit
			3.50
			0.50

- 4.3 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by undertaking the appropriate due diligence. As further contracts and opportunities are considered, the company's performance will inform the risk assessment.
- 4.4 **Liquidity:** Any new investment proposal will be considered for approval via the appropriate decision-making route in line with the council's Constitution.
- 4.5 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

#### 5. COMMERCIAL INVESTMENTS: PROPERTY

- 5.1 **Contribution:** The council owns a varied portfolio of commercial properties including seafront concessions, warehouses, workshops, offices and industrial units across the borough. These form a significant element of the council's asset management plan which is available here: <https://www.great-yarmouth.gov.uk/article/3222/Plans-and-performance>

Table 3: Property held for investment purposes in £ millions

Property	31/3/21 Actual		31/3/22 Expected	
	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
Offices	0.00	5.70	0.20	5.90
Corporate Estates	(0.69)	39.01	0.20	39.21
Seafront Concessions	0.06	4.68	0.00	4.68
Market	(0.15)	0.42	0.00	4.68
<b>TOTAL</b>	<b>(0.78)</b>	<b>49.81</b>	<b>0.40</b>	<b>50.21</b>

- 5.2 **Security:** In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
- 5.3 A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2021/22 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.
- 5.4 **Risk assessment:** The Council's internal Property and Asset Management team includes members of the Royal Institution of Chartered Surveyors (MRICS) and they assess the risk of continuing to hold the current property investments. They do this in a number of ways including engaging external advisors, agents and reference to quality financial/property press when required. In doing this they assess the market that the investment is competing in, the nature and level of competition, along with expectations on how the market/customer needs will evolve over time, barriers to exit, and any ongoing investment requirements. The strategic objectives are designed to mitigate risk by:
- The Council's fundamental aim of revenue income or a capital return;
  - Having a portfolio approach to avoid concentration of risk in any one property, tenant or risk type.

The Council has not invested in commercial properties outside of the borough and does not intend to make any further investment in additional commercial property with the primary purpose of generating a yield. Changes within the prudential code have imposed restrictions on the Council's ability to borrow for capital expenditure on developing or purchasing investment properties (i.e. primarily for yield) which have influenced this decision.

- 5.5 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority do not rely on capital receipts to finance the capital programme. Any capital receipts received will be used to reduce the borrowing requirement within the financial year they are received.

## 6. LOAN COMMITMENTS AND FINANCIAL GUARANTEES

- 6.1 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness.
- 6.2 The Authority has committed to make up to £1.5m of loans to its subsidiary, Equinox Property Holdings but further loans could be committed with in the year to the other subsidiary, Equinox Enterprises Limited if approval is granted by the Council. The Council does not have any financial guarantees, nor does it intend to make any.

## 7. PROPORTIONALITY

- 7.1 The Authority achieves a balanced revenue budget incorporating surpluses generated from investment activity. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or the level that the Authority is dependent on achieving

the expected net profit from investments over the lifecycle of the Medium-Term Financial Plan. Should it fail to achieve the expected net profit, the Authority's contingency plans for continuing to provide these services would be to undertake further review of the delivery and potential savings or to use reserves in the short-term.

Table 4: Proportionality of Investments

	2020/21 Actual	2021/22 Forecast	2022/23 Budget	2023/24 Budget	2024/25 Budget
Gross service expenditure	65.81	70.40	71.02	71.50	71.50
Investment income	2.69	2.48	2.77	2.08	2.08
Proportion	4.1%	3.5%	3.9%	2.9%	2.9%

## 8. BORROWING IN ADVANCE OF NEED

- 8.1 Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority would not follow this guidance if it was financial advantageous and only after undertaking due diligence to consider risks involved. Currently the Council has not borrowed in advance of need.

## 9. CAPACITY, SKILLS AND CULTURE

- 9.1 **Elected members:** Elected members are provided with annual training by our external advisors, Arlingclose. The Treasury Management Strategy and the Mid-year Treasury Management Strategy are presented to members during the financial year and should any queries arise these would be responded to by officers or advisors as applicable.
- 9.2 **Statutory officers:** Regular meetings are held throughout the year with our external advisors, Arlingclose. Officers working on a daily basis with investment decisions attend courses offered by both Arlingclose and CIPFA throughout the year. Arlingclose provide daily updates of changes in the market as well as providing staff with a contact for queries that arise.
- 9.3 **Commercial decisions:** Future decisions on historic commercial investments, including potential disposals, will be made following consideration of robust business cases for approval in line with the current decision-making governance arrangements. Future spend on historic commercial investments will be capital expenditure and will therefore also be approved as part of the capital programme. Where applicable the Council would seek to engage external professional advisors, for example financial, property and legal advice.
- 9.4 **Corporate governance:** The Asset Working Group is made up of both finance and, property and asset management officers, who initially consider the future of current investment commercial properties, such as disposals or additional spend required. Regular progress reports on decisions taken are also reviewed by the group.
- 9.5 After initial consideration business cases are completed for the disposal or improvements to property investments, including undertaking due diligence and considering risks, and these form the basis for reports presented to the Policy and Resources Committee for approval.
- 9.6 Other investment decisions are based on the Treasury Management Strategy, with any changes reported for approval as required to Policy and Resources Committee.

## 10. INVESTMENT INDICATORS



- 10.1 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.
- 10.2 Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third-party loans.

Table 5: Total investment exposure in £millions

Total investment exposure	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Treasury management investments	33.65	13.00	13.00
Service investments: Loans	2.96	2.90	6.00
Service investments: Shares	2.23	2.46	3.00
Commercial investments: Property*	49.81	50.21	51.00
<b>TOTAL INVESTMENTS</b>	<b>88.65</b>	<b>68.57</b>	<b>73.00</b>
Commitments to lend	0.00	0.00	0.00
<b>TOTAL EXPOSURE</b>	<b>88.65</b>	<b>68.57</b>	<b>73.00</b>

\* Through its significant asset base, the Council has invested historically in commercial property for financial gain and to support regeneration.

- 10.3 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing in £millions

Investments funded by borrowing	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Treasury management investments	0.00	0.00	0.00
Service investments: Loans	0.00	0.06	1.50
Service investments: Shares	2.23	2.46	3.00
Commercial investments: Property *	18.87	18.72	18.53
<b>TOTAL FUNDED BY BORROWING</b>	<b>21.10</b>	<b>21.24</b>	<b>23.04</b>

\* Commercial Investments – The portfolio of commercial investment properties are historic assets which the Council owns or has an interest in for which it is not possible to quantify the level of funding by borrowing. The figures quoted relate to the investments made since 2008/09.

- 10.4 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 7: Investment rate of return (net of all costs)

Investments net rate of return	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Treasury management investments	0.27%	0.35%	0.44%
Service investments: Loans	6.03%	0.6%	2.58%
Service investments: Shares	N/A	10.45%	N/A
Commercial investments: Property	4.08%	3.41%	4.39%
<b>ALL INVESTMENTS</b>	<b>10.38%</b>	<b>14.80%</b>	<b>7.40%</b>

- 10.5 The treasury management investments returns above reflect the current low interest rates that are expected to continue in the short to medium term. The fall seen in the loan return in the table reflects the repayment of the £6.2m loan to Equinox Enterprises Limited during 2020/21. Equinox Enterprises Limited are expected to pay the first dividend on the Authority's shares by the end of 2021/22.

Table 8: Other investment indicators

Indicator	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Debt to net service expenditure ratio	4.96%	8.36%	10.04%
Commercial income to net service expenditure ratio	35.53%	33.00%	31.81%

# Capital Strategy 2022/23

<b>Author</b>	<b>Finance</b>
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# CAPITAL STRATEGY 2022/23

## 1. INTRODUCTION

- 1.1. This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.
- 1.2. Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

## 2. CAPITAL EXPENDITURE AND FINANCING

- 2.1. Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Authority has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year. Further details of the capital accounting policies of the Council are provided as part of the Statement of Accounts which are available at <https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending>
- 2.2. In 2022/23, the Authority is planning capital expenditure of £61.36m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
General Fund services	7.79	30.25	52.19	20.57	7.90
Council housing (HRA)	11.91	10.89	8.90	8.42	8.17
Capital investments	-	0.23	0.28	-	-
<b>TOTAL</b>	<b>19.69</b>	<b>41.37</b>	<b>61.36</b>	<b>28.99</b>	<b>16.07</b>

- 2.3. The main General Fund capital projects include:
  - The new Health & Leisure Centre £26m over 4 years (2019/20 to 2022/23)
  - Share purchase in Council's company, Equinox Property Holdings
  - North Quay Redevelopment £2.4m
  - Market Redevelopment £4.8m.
- 2.4. The Council has developed Town Deal and Future High Street Funding proposals looking to regenerate the Great Yarmouth town centre, which incorporates the North Quay and market redevelopment projects that are already in progress. Funding of £34m from Future High Streets and Town Deal has been confirmed and initial budgets have been included in the programme,

but the final details on costs, plans and timing of the projects within the funding envelope available have not yet been fully finalised. The capital programme will be updated during the year as these projects develop further. The Authority also plans to incur £0.5m of capital expenditure on investments, which are detailed elsewhere in this report.

- 2.5. The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building and acquisition of new homes over the forecast period to replace sales under Right to Buy in line with government guidance. Programmed capital expenditure is also driven to maintaining and improve the overall stock currently held by the HRA, this is prepared over the medium term and reviewed and updated annually.
- 2.6. 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*.
- 2.7. **Governance:** Heads of Service bid annually in October to include projects in the Council's capital programme. Bids are collated by finance who calculate the financing cost (which can be nil if the project is fully externally financed). The Council's Executive Leadership Team appraises all bids based on a comparison of service priorities against financing costs and identifies projects to be put forwards as part of the annual budget setting and those that will be considered separately via a subsequent business case. The final capital programme is then presented to the Policy and Resources Committee and Council in February each year as part of the approval of the budget for the coming financial year.
- 2.8. For full details of the Authority's capital programme, including the project appraisals undertaken, see: <https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending>.
- 2.9. It should be noted that other capital projects may be brought forward during the financial year as business cases which are initially appraised by Executive Leadership Team before being passed for approval to the Policy and Resource Committee. Those capital projects costing over £100,000 would then go onto to Council for final approval. The business cases put forward to Executive Leadership Team have been considered for affordability by Finance and, if relating to an IT project, the IT Investment Group.
- 2.10. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing in £ millions*

General Fund	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
External sources	3.25	11.97	25.87	16.76	7.80
Own resources	1.14	1.54	2.61	-	-
Debt	3.40	16.97	23.99	3.81	0.10
<b>Total</b>	<b>7.79</b>	<b>30.48</b>	<b>52.47</b>	<b>20.57</b>	<b>7.90</b>

Housing Revenue Account	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
External sources	0.02	0.87	0.02	0.02	0.02
Own resources	8.59	8.09	7.78	6.90	6.90
Debt	3.29	1.93	1.10	1.50	1.25
<b>Total</b>	<b>11.90</b>	<b>10.89</b>	<b>8.90</b>	<b>8.42</b>	<b>8.17</b>
<b>TOTAL</b>	<b>19.69</b>	<b>41.37</b>	<b>61.36</b>	<b>28.99</b>	<b>16.07</b>

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

*Table 3: Replacement of debt finance in £ millions*

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Own resources	1.41	1.48	1.73	2.63	2.98

- 2.12. The Authority's full minimum revenue provision statement is available here as part of the budget for the year: <https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending>
- 2.13. The Authority'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 CFR is expected to increase by £23m during 2022/23. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions*

	31.3.2021 actual	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
General Fund services	58.90	74.17	96.33	97.00	94.00
Council housing (HRA)	88.30	90.20	91.30	92.80	94.00
Capital investments	0.00	0.23	0.27	0.00	0.00
<b>TOTAL CFR</b>	<b>147.20</b>	<b>164.60</b>	<b>187.90</b>	<b>189.80</b>	<b>188.00</b>

- 2.14. **Asset management:** To ensure that capital assets continue to be of long-term use, the Authority has an asset management strategy in place. The primary aim of the asset management strategy is to support the corporate priorities, achieve service requirements and comply with statutory

duties by setting out the vision to improve the management and utilisation of the Council's land and buildings. The strategy provides the basis for developing a more robust and integrated approach to asset management across the Council.

- 2.15. The asset management strategy promotes collaboration and visibility of resources as well as embedding a culture of scrutiny that will challenge the use, effectiveness and retention of the land and building assets of the council. The strategy outlines the vision and long-term approach to improve the recognition, management and utilisation of land and buildings.
- 2.16. The Council's asset management strategy can be found here: [Corporate Asset Management Strategy 2018-2022](#)
- 2.17. **Asset Management Working group:** The purpose of the group is to monitor and manage asset projects for the Council. The group meets on a monthly basis. The group undertakes to review assets in relation to opportunities, developments and disposal ensuring the assets of the Council are used to the best effect. Any recommendations from the group are then formulated into report or business cases for the Consideration by the Executive Leadership team and then by the appropriate Committee.
- 2.18. **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Authority plans to receive £5m of capital receipts in the coming financial year as follows:

*Table 5: Capital receipts receivable in £ millions*

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
General Fund Asset sales	0.7	2.9	4.0	2.0	1.0
General Fund Loans etc repaid	0.3	0.3	0.1	0.1	0.1
Housing revenue Account Asset sales	0.7	1.3	0.9	0.9	1.0
<b>TOTAL</b>	<b>1.7</b>	<b>4.5</b>	<b>5.0</b>	<b>3.0</b>	<b>2.1</b>

### 3. TREASURY MANAGEMENT

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



- 3.2. Due to decisions taken in the past in relation to capital and financing decisions with the General Fund and the Housing Revenue Account, the Council currently has £143.6m borrowing at an average interest rates between 0.09% to 4.95% of and £58m treasury investments at an average rate of 0.19%.
- 3.3. **Borrowing strategy:** The Authority's main objectives when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.09% to 0.28%) and long-term fixed rate loans where the future cost is known but higher (currently 3.15 to 4.44%).
- 3.4. Projected levels of the Authority's total outstanding debt (which comprises borrowing, leases and transferred from local government reorganisation) are shown below, compared with the capital financing requirement (see above).

*Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions*

	<b>31.3.2021 actual</b>	<b>31.3.2022 forecast</b>	<b>31.3.2023 budget</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>
Debt (incl. leases)	135.0	83.3	83.0	82.8	82.6
Capital Financing Requirement	147.2	164.6	187.9	189.8	188.0

- 3.5. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Authority expects to comply with this in the medium term.
- 3.6. **Liability benchmark:** To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £12m at each year-end plus any plans the Council has for any longer-term investments. This benchmark is currently £105.63m and is forecast to increase by £23.93m over the next three years.

*Table 7: Borrowing and the Liability Benchmark in £ millions*

	<b>31.3.2021 actual</b>	<b>31.3.2022 forecast</b>	<b>31.3.2023 budget</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>
Outstanding borrowing	£134.5	£82.6	£82.5	£82.3	£82.3
Liability benchmark	£114.5	£137.2	£163.5	£166.6	£165.2

- 3.7. The table shows that the Authority expects to be within its liability benchmark in 2021/22 and future years. The liability benchmark was exceeded in 2020/21 as the Council held investments above its preferred limit (£34.3m held rather than £12m) at the end of the year. This was because the Council held increased cash balances in 2020/21 as the Government had provided funds in advance of spend to support Councils cashflows during the COVID response. This position is not anticipated to continue.

- 3.8. **Affordable borrowing limit:** The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.
- 3.9. These affordable borrowing limits and operational boundaries and further details on borrowing are included within the treasury management strategy at: <https://www.great-yarmouth.gov.uk/policies>
- 3.10. **Treasury investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 3.11. The Authority’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which investments to buy and the Authority may request its money back at short notice.

*Table 8: Treasury management investments in £millions*

		<b>31.3.2021 actual</b>	<b>31.3.2022 forecast</b>	<b>31.3.2023 budget</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>
Near-term investments		32.76	12.00	12.00	12.00	12.00
Longer-term investments		3.11	3.45	5.22	5.22	5.22
<b>TOTAL</b>		<b>35.87</b>	<b>15.45</b>	<b>17.22</b>	<b>17.22</b>	<b>17.22</b>

- 3.12. Further details on treasury investments are in the treasury management strategy <https://www.great-yarmouth.gov.uk/policies>.
- 3.13. The near-term investment balance incorporates the £10m investment balance that needs to be held to ensure the Council maintains its professional client status under the Markets in Financial Instruments Directive (MiFID II) requirements.
- 3.14. **Risk management:** The effective management and control of risk are prime objectives of the Authority’s treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.
- 3.15. **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Council. The Section 151 Officer assesses our investment levels to ensure we retain our status as a professional client under MiFID II in order to provide security of capital, access to better investment returns and borrowing rates.

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

#### **4. INVESTMENTS FOR SERVICE PURPOSES**

- 4.1. The Council makes investments by providing discretionary loans to local charities and home improvement loans.
- 4.2. Details of the Council's discretionary Home Improvement loans are given with the Private Sector Housing Adaptation and Improvement (2019) policy which is available at [Private Sector Housing Adaptation and Improvement \(2019\) policy](#)
- 4.3. Home Improvement loans made are equity loan agreements, so the Council obtains a share of the equity of the borrower's home as collateral. This reduces the risk of the Council not recovering the loan amount from the borrower.
- 4.4. Discretionary loans to charities are decided by the Policy and Resources Committee if the spend is below £100,000 or Council if over this amount. These loans incur interest charges which are set at a market rate to reflect the costs and the level of risks. These loans are equity loans to again to reduce the risk of a borrower defaulting on payment in line with the loan agreement.
- 4.5. Total investments for service purposes are currently valued at £2.9m with the largest being the loans to Great Yarmouth Preservation Trust totalling £0.7m providing a net return after all costs of in the region of 3.6%.

#### **5. COMMERCIAL ACTIVITIES**

- 5.1. The Council has invested historically in commercial property and holds a significant asset base for financial gain and to support regeneration. Total commercial property investments are currently valued at £51.7m which provide a net return after all direct costs of £2.4m (as reported in the draft 2020/21 statement of accounts Note 15).
- 5.2. The Council can accept a higher risk on its historic commercial investment than with treasury investments. The principal risk exposures include:
- vacancies;
  - fall in capital value;
  - lessee not complying with repairs and maintenance terms of lease agreement;
  - changes in demand for property types (e.g. offices, industrial)
- 5.3. These risks are managed by the Councils Property and Asset Management service and finance.
- 5.4. **Governance:** Future decisions on historic commercial investments, including potential disposals, will be made following consideration of robust business cases for approval in line with the current decision-making governance arrangements. Future spend on historic commercial investments will be capital expenditure and will therefore also be approved as part of the capital programme.
- 5.5. The Authority also has commercial activities in its subsidiary companies Equinox Enterprises Limited (EEL) and Equinox Property Holdings Limited (EPH). The companies aim is to increase, regenerate and improve the standard of housing across the borough, whilst at the same time aiming to generate a return to at least break even. The Council receives a margin of earned debt interest from the loan facilities with EPH and EEL. All loans for EPH are secured against the

properties purchased by the company. The Council will also receive a return on equity invested which reflects profits back from the company's operation of property sales and market rental income from housing acquired. This return is through dividends paid to the Council once profits and reserves of the companies allows.

- 5.6. Both Equinox companies regularly review risk using Corporate and Project Risk Registers. The company boards hold bi-monthly meetings throughout the financial year.
- 5.7. Equinox Enterprises Limited and Equinox Property Holdings Limited are required to agree their respective Business Plans annually. They also provide the Council as shareholder's quarterly update reports as presented to the Policy & Resources Committee.
- 5.8. The authority does not intend to make any future investment in commercial property assets for the primary purpose of generating a yield.

## 6. LIABILITIES

- 6.1. In addition to debt of £83m detailed above, the Authority is committed to making future payments to cover its pension fund deficit (valued at £73.8m as at 31st March 2021). It has also set aside £1.4m to cover risks of Non-domestic Rate appeals (as at 31st March 2021). The Council currently has no contingent liabilities.
- 6.2. **Governance:** Decisions on incurring new discretionary liabilities are taken by Head of Service in consultation with the S151 Officer. The risk of liabilities crystallising and requiring payment is monitored by Finance and where significant would be reported as part of budget monitoring reports present quarterly to Policy and Resource Committee, if relating to General Fund, and Housing and Neighbourhoods Committee if in relation to the Housing Revenue Account. New liabilities exceeding £1m are reported to full council for approval/notification as appropriate.
- 6.3. Further details on liabilities and guarantees are included within the draft 2020/21 statement of accounts at <https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending>

## 7. REVENUE BUDGET IMPLICATIONS

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

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

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Financing costs (£m)	£2.0	£2.7	£2.6	£3.5	£3.9
Net Revenue Stream (£m)	£23.3	£12.3	£13.7	£13.3	£13.9
Proportion of net revenue stream	8.71%	22.18%	19.23%	26.74%	28.13%

- 7.2. Further details on the revenue implications of capital expenditure are included in the 2022/23 revenue budget at <https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending>

- 7.3. **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable because current and new capital funding decisions have been made in the context of the associated revenue implications.

## **8. KNOWLEDGE AND SKILLS**

- 8.1. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Section 151 Officer is a qualified accountant with over 15 years' experience and the Finance Manager is a qualified accountant with over 10 years' experience. The Councils' Property and Asset Management team includes 3 Charter Surveyors (MRICS) who are also registered valuers each with over 10 years' experience. The Council pays for relevant staff to study towards relevant professional qualifications including MRICS, ACCA and AAT.
- 8.2. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and PS Tax as VAT and tax advisors. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

**URN:**

**Subject:** Treasury Management Strategy Statement 2022/23

**Report to:**

Policy and resources Committee – 8 February 2022  
Council – 22 February 2022

**Report by:** Finance Director

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

To consider and recommend to Council the 2022/23 Treasury Management Strategy and Annual Investment Strategy.

#### **RECOMMENDATIONS**

- 1) It is recommended that the Policy and Resources Committee agree and recommend to Council:
  - a. The Treasury Management Strategy for 2022/23
  - b. The Annual Investment Strategy (section 4)
  - c. Operational Boundary and Authorised Limits (Appendix C)

#### **1. Introduction/background**

- 1.1 The Council is required to determine annually its Treasury Management Strategy (TMS). The TMS for 2022/23 financial year is attached and includes the following:
  - Annual Investment Strategy
  - Operational Boundary and Authorised Limits
- 1.2 The Council continues to maintain an under-borrowed position, which means the capital borrowing need (the Capital Financing Requirement) has not been fully funded with external loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. The strategy is prudent as investment returns are low and counterparty risk is relatively high. An under-borrowing position is forecast to continue.
- 1.3 The Council is required to operate a balanced budget, whereby cash raised during the year will meet the cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk appetite, providing adequate liquidity initially before considering investment return.
- 1.4 The second main function of the treasury management service is the funding of the Council's planned capital plans. These capital plans provide a guide to the borrowing need of the Council,

informing the longer- term cash flow planning, to ensure the Council can meet its capital spending obligations.

- 1.5 The management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet the Council risk or cost objectives.
- 1.6 The treasury strategy has been informed by the current capital programme and updates to the programme as included within the budget report which is being recommended elsewhere on the agenda.
- 1.7 The revenue implications of the strategy have been included in the General Fund and HRA budgets for 2022/23.

## **2. Financial and Risk Implications**

- 2.1 Detailed within the Strategy Document.

## **3. Conclusions**

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

## **4. Background papers**

- Arlingclose updates and reports
- Current and future cashflows and loan registers
- Capital Financing Reports for GF/HRA

## Treasury Management Strategy Statement 2022/23

### 1. INTRODUCTION

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

### 2. CURRENT POSITION AND PROJECTION

- 2.1 On 31st December 2021, the Council held £143.606m of borrowing and £57.995m of treasury investments. Table 1 below provides a summary of the Council's treasury portfolio as at the end of December 2021.

<b>Table 1 - Existing Investment &amp; Debt Portfolio Position</b>	<b>31/12/2021 Actual portfolio £m</b>	<b>31/12/2021 Average rate %</b>
<b>External borrowing:</b>		
Public Works Loan Board	£71.387	3.15-3.40%
Local authorities (long-term)	£1.219	4.44%
Local authorities (short-term)	£61.000	0.09-0.28%
LOBO loans from banks	£3.000	4.95%
Other loans	£7.000	3.35-3.98%
<b>Total external borrowing</b>	<b>£143.606</b>	
<b>Treasury investments:</b>		
The UK Government	£26.595	0.00-0.06%
Local authorities	£9.000	0.01-0.15%
Banks (unsecured)	£1.400	0.00%
Money market funds	£20.000	0.00-0.13%
Strategic pooled	£1.000	3.46%
<b>Total treasury investments</b>	<b>£57.995</b>	
<b>Net debt</b>	<b>£85.611</b>	



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

<b>Table 2: Balance sheet summary and forecast</b>	<b>31.3.21 Actual £m</b>	<b>31.3.22 Estimate £m</b>	<b>31.3.23 Forecast £m</b>	<b>31.3.24 Forecast £m</b>	<b>31.3.25 Forecast £m</b>
General Fund CFR	£58.881	£74.365	£96.621	£96.989	£94.012
HRA CFR	£88.261	£90.186	£91.286	£92.786	£94.036
<b>Total CFR</b>	<b>£147.141</b>	<b>£164.550</b>	<b>£187.907</b>	<b>£189.775</b>	<b>£188.048</b>
Less: Other debt liabilities *	(£0.549)	(0.697)	(£0.558)	(£0.417)	(£0.301)
<b>Loans CFR</b>	<b>£146.592</b>	<b>£163.853</b>	<b>£187.349</b>	<b>£189.358</b>	<b>£187.747</b>
Less: External borrowing **	(£134.174)	(£82.583)	(£82.487)	(£82.387)	(£82.283)
<b>Internal (over) borrowing</b>	<b>£12.418</b>	<b>£81.270</b>	<b>£104.862</b>	<b>£106.971</b>	<b>£105.464</b>
<b>Less Long Term Investments</b>	<b>(£3.115)</b>	<b>(£3.453)</b>	<b>(£5.223)</b>	<b>(£5.223)</b>	<b>(£5.223)</b>
Less: Balance sheet resources	(£38.426)	(£33.066)	(£30.138)	(£28.940)	(£28.488)
Less: Working capital	(6.300)	(6.300)	(6.300)	(6.300)	(6.300)
<b>Treasury investments (or New borrowing)</b>	<b>(£35.423)</b>	<b>£38.451</b>	<b>£63.201</b>	<b>£66.508</b>	<b>£65.453</b>

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

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

- 2.3 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 2.4 The Council has an increasing CFR due to the timings of the approved capital programme, but minimal investments and will therefore be required to borrow up to £65m over the forecast period.
- 2.5 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 2 shows that the Council expects to comply with this recommendation during 2022/23, and Appendix C illustrates the Operational Boundary and Authorised Limits.
- 2.6 Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 2 above, but that cash and investment balances are kept to a minimum level of £12m at each year-end to maintain sufficient liquidity but minimise credit risk.

<b>Table 3: Liability benchmark</b>	<b>31.3.21 Actual £m</b>	<b>31.3.22 Estimate £m</b>	<b>31.3.23 Forecast £m</b>	<b>31.3.24 Forecast £m</b>	<b>31.3.25 Forecast £m</b>
Loans/CFR	£147.14	£164.55	£187.91	£189.78	£188.05
Less: Balance sheet resources (including working capital)	(£44.73)	(£39.37)	(£36.44)	(£35.24)	(£34.79)
<b>Net loans requirement</b>	<b>£102.42</b>	<b>£125.18</b>	<b>£151.47</b>	<b>£154.54</b>	<b>£153.26</b>
Plus: Liquidity allowance	£12.00	£12.00	£12.00	£12.00	£12.00
<b>Liability benchmark</b>	<b>£114.42</b>	<b>£137.18</b>	<b>£163.47</b>	<b>£166.54</b>	<b>£165.26</b>

- 2.7 The liability benchmark was exceeded in 2020/21 as the Council held investments above its preferred limit (£34.3m held rather than £12m) at the end of the year. This was because the Council held increased cash balances in 2020/21 as the Government had provided funds in advance of spend to support Council's cashflows during the Covid response.

### **3 Borrowing Strategy**

- 3.1 The Council currently holds £143.606 million of loans (table 1), an increase of £6.4 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 2 shows that the Council expects to borrow up to £63m in 2022/23 if it used all of its internal resources (i.e. usable reserves and working capital shown in table 2). However, as the Council will need to maintain investments of at least £10m to remain a professional client under MiFID II (see paragraph 6.7), this net year borrowing requirement will rise to £65m by 2024/25. The Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £199 million as per the Council's Operational Boundary and Authorised Limits (detailed in Appendix C).
- 3.2 The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.
- 3.3 Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 3.4 By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

- 3.5 The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.
- 3.6 Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.7 In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.
- 3.8 Sources of borrowing: The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
  - any institution approved for investments (see below)
  - any other bank or building society authorised to operate in the UK
  - any other UK public sector body
  - UK public and private sector pension funds (except Norfolk Pension Fund)
  - capital market bond investors
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- 3.9 Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
  - hire purchase
  - Private Finance Initiative
  - sale and leaseback
- 3.10 Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.
- 3.11 LOBOs:** The Council holds £3m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. The next date for this option is 2 November 2024.

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

#### **4 INVESTMENT STRATEGY**

- 4.1** The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance average has been £39.5m. This was because the Council held increased cash balances in 2020/21 and 2021/22 as the Government had provided funds in advance of spend to support Councils cashflows during the COVID response including business grants. Similar levels are not expected to be maintained in the forthcoming year.
- 4.2 Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 4.3** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 4.4 Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Council in 2021/22 has further diversified into more secure and/or higher yielding asset classes securing £9m into mid-term investments and £1 million invested in a longer-term pooled fund. Therefore, the majority of the Council's surplus cash (average £39.5m as at 31 December 2021) is currently invested in short-term unsecured bank deposits and money market funds. The strategy for 2022/23 is to maintain this strategy of diversification.
- 4.5 Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 4.6** The Council may invest its surplus funds with any of the counterparty types in table 4 below, subject to the limits shown.

Table 4: Treasury investment counterparties and limits			
Sector	Time Limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	2 years	£3m (per Council)	Unlimited
Secured investments *	5 years	£3m	Unlimited
Banks (unsecured) *	1 year	£1.6m	Unlimited
Building societies (unsecured) *	1 year	£1.5m	£1.5m
Registered providers (unsecured) *	5 years	£1.5m	£3m
Money market funds *	n/a	£5m	Unlimited
Strategic pooled funds	n/a	£3m	£6m
Other investments *	2 years	£1m	£2m

This table must be read in conjunction with the notes below

**\* Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £1.5m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

**4.7 Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**4.8 Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

**4.9 Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine

that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

- 4.10 Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 4.11 Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 4.12 Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
- 4.13 Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
- 4.14 Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept as low as possible without affecting operations. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.
- 4.15 Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 4.16** Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation

until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

- 4.17 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 4.19 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.
- 4.20 Investment limits
- 4.21 The Council's revenue reserves available to cover investment losses are forecast to be £25 million on 31<sup>st</sup> March 2022. In order to reduce the risk of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £3 million, other than Money Market Funds which the limit set is £5 million, strategic pooled funds which the limit per fund is £3 million and for UK central government where there is no limit. A group of entities under the same ownership will be treated as a single organisation for limit purposes. Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £1.5 million in operational bank accounts count against the relevant investment limits, allowing £100,000 retained for operational purposes. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

<b>Table 5: Additional investment limits</b>	<b>Cash limit</b>
Any group of pooled funds under the same management	£8m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£1.5m per country

#### **4.22 Cash Flow/Liquidity management**

- 4.23 The Council's officers maintain a detailed cash flow forecast for each coming year revising it as more information becomes available. This informs the short-term investments such as those to pay precept payments. The forecast is compiled on a prudent basis with receipts being under-estimated and payments over-estimated to minimise the risk of the Council being forced to

borrow on unfavourable terms to meet its financial commitments. The long-term investment strategy is based on the Councils medium term strategy.

- 4.24 The Council will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

## 5 Treasury Management Indicators

- 5.1 The Council measures and manages its exposures to treasury management risks using the following indicators.

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

Credit risk indicator	Target
Portfolio average credit rating	A

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

Liquidity risk indicator	Target £m
Total cash available within 3 months	£12.000

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

Interest rate risk indicator	Limit £000
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£148,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(£264,000)

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

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

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



- 5.7 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.
- 5.8 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£10m	£10m	£10m

## 6. OTHER TREASURY MANAGEMENT ISSUES

- 6.1 The CIPFA Code requires the Council to include the following in its treasury management strategy.
- 6.2 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 6.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 6.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 6.5 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 6.6 Policy on apportioning interest for HRA: On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Annually a calculation is performed to allocate interest between the General Fund and HRA.
- 6.7 Markets in Financial Instruments Directive (MiFID II): The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

## 7. Financial Implications

7.1 The budget for investment income in 2022/23 is £83k, £58k relating to treasury investments based on an average investment portfolio of £12m. The majority of which is invested in low risk short term investments with an average interest rate of 0.29% a reflection of the ultra-low interest rate environment which is expected to prevail. A further £1m is invested in a long-term pooled investment fund where the value changes with market prices and have a notice period. The budget for debt interest paid for the General Fund is £1.2m and HRA is £2.8m in 2022/23. Actual levels of investments and borrowing, and actual interest rates are monitored during the year as part of the budget monitoring process.

### 7.2 Other Options Considered

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

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

## **Appendix A**

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

The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Council's treasury management strategy for 2022/23.

The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme. Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.

UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% year on year from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%. In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% year to year in November, the fourth month of successive increases from July's 0.7% year to year. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

### **Credit outlook**

Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally

improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Council's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Council's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

### **Interest rate forecast**

The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates. Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

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

## **Appendix B**

### **Economic & Interest Rate Forecast**

- The global economy continues to recover from the pandemic but has entered a more challenging phase. The resurgence of demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead.
- While Q2 UK GDP expanded more quickly than initially thought, the 'pingdemic' and more latterly supply disruption will leave Q3 GDP broadly stagnant. The outlook also appears weaker. Household spending, the driver of the recovery to date, is under pressure from a combination of retail energy price rises, the end of government support programmes and soon, tax rises. Government spending, the other driver of recovery, will slow considerably as the economy is taken off life support
- Inflation rose to 3.2% in August. A combination of factors will drive this to over 4% in the near term. While the transitory factors affecting inflation, including the low base effect of 2020, are expected to unwind over time, the MPC has recently communicated fears that these transitory factors will feed longer-term inflation expectations that require tighter monetary policy to control. This has driven interest rate expectations substantially higher
- The supply imbalances are apparent in the labour market. While wage growth is currently elevated due to compositional and base factors, stories abound of higher wages for certain sectors, driving inflation expectations. It is uncertain whether a broad-based increase in wages is possible given the pressures on businesses.
- Government bond yields increased sharply following the September MPC minutes, in which both central banks communicated a lower tolerance for higher inflation than previously thought. The MPC in particular has doubled-down on these signals in spite of softer economic data. Bond investors expect higher near-term interest rates but are also clearly uncertain about central bank policy.
- The MPC appears to be playing both sides, but has made clear its intentions to tighten policy, possibly driven by a desire to move away from emergency levels. While the economic outlook will be challenging, the signals from policymakers suggest Bank Rate will rise unless data indicates a more severe slowdown.

#### **Forecast:**

- Arlingclose expects Bank Rate to rise in Q2 2022. We believe this is driven as much by the Bank's desire to move from emergency levels as by fears of inflationary pressure.
- Investors have priced in multiple rises in Bank Rate to 1% by 2024. While we believe Bank Rate will rise, it is by a lesser extent than expected by markets
- Gilt yields have risen sharply as investors factor in higher interest rate and inflation expectations. From here, we believe that gilt yields will be broadly steady, before falling as inflation decreases and market expectations fall into line with our forecast
- The risk around our forecasts for Bank Rate is to the upside over the next few months, shifting to the downside in the medium term. The risks around the gilt yield forecasts are initially broadly balanced, shifting to the downside later

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.15	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.10	0.10	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	-0.15	-0.15	-0.15	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
3-month money market rate													
Upside risk	0.10	0.15	0.20	0.20	0.30	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	0.10	0.15	0.35	0.40	0.45	0.60	0.65	0.65	0.60	0.60	0.60	0.60	0.60
Downside risk	0.00	-0.05	-0.25	-0.25	-0.30	-0.45	-0.50	-0.50	-0.45	-0.45	-0.45	-0.45	-0.45
5yr gilt yield													
Upside risk	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.65	0.65	0.65	0.65	0.65	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Downside risk	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
10yr gilt yield													
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.05	1.05	1.05	1.05	1.05	1.05	1.00	0.95	0.95	0.95	0.90	0.90	0.90
Downside risk	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50
20yr gilt yield													
Upside risk	0.30	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.40	1.40	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	-0.35	-0.40	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
50yr gilt yield													
Upside risk	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.30	1.30	1.30	1.30	1.25	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

PWLB certainty rate = relevant gilt yield + 0.80%

## Appendix C

### Operational Boundary and Authorised limits

Operational boundary	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Debt	£169.000	£192.000	£194.000	£192.000
Other long-term liabilities	£2.000	£2.000	£2.000	£2.000
<b>Total</b>	<b>£171.000</b>	<b>£194.000</b>	<b>£196.000</b>	<b>£194.000</b>

Authorised limit	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Debt	£174.000	£197.000	£199.000	£197.000
Other long-term liabilities	£2.000	£2.000	£2.000	£2.000
<b>Total</b>	<b>£176.000</b>	<b>£199.000</b>	<b>£201.000</b>	<b>£199.000</b>

**URN:** 21-106

**Subject:** Housing Revenue Account Budget 2022/23

**Report to:** ELT 26 January 2022  
Policy and resources Committee – 8 February 2022  
Council – 22 February 2022

**Report by:** HRA Service Accountant

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

This report sets out the Housing Revenue Account (HRA) budget 2022/23 to 2026/27, HRA Capital Programme 2022/23 to 2026/27, HRA Rent and Service Charge proposal 2022/23 and the revised HRA revenue and capital forecasts for 2021/22.

#### **RECOMMENDATIONS**

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

- The increase in rents of CPI + 1%, as set out in the new Rents for Social Housing policy for 2022/23. For 2022/23 this equates to 4.1%
- The Revenue budget for 2022/23, along with the forecast projections for the period up until 2026/27, including the extended borrowing to support the provision of additional HRA homes
- The Capital budget for the period 2022/23 to 2026/27
- The HRA Service charges for 2022/23
- The revised HRA Capital and Revenue forecasts for 2021/22.

## **1. Introduction**

- 1.1. The Housing Revenue Account (HRA) is the ring-fenced rent account that funds the Council's activity as a landlord. The HRA records all the income and expenditure associated with the provision and management of Council owned homes in the borough. This account funds a significant range of services to 5778 homes for Great Yarmouth Borough tenants and their families and to 368 homes for leaseholders. This includes housing management, repairs and improvements, sheltered housing services, caretaking and capital investment on housing.



- 1.2. The Council is required by law to avoid budgeting for a deficit on the HRA (Local Government & Housing Act 1989, section 76). This means that the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of reserves and this provides a contingency against unforeseen events and known risks. Great Yarmouth Borough Council's HRA currently maintains a minimum balance of £2 million.
- 1.3. Originally, in April 2012, the HRA moved to a Self-financing model which accompanied a limit on the amount of housing debt that an authority could hold within an HRA. The limit was based on a calculation of the level of debt that a landlord/council could support, based primarily on the valuation of each authority's current housing stock, along with income and expenditure assumptions. A total borrowing limit was set for each landlord, which for Great Yarmouth Borough Council was £89 million. As of October 2018, the Government removed the debt cap limitations on how much councils can borrow against their HRA Assets. Such borrowing, must however, be affordable within the HRA.
- 1.4. Following the above changes, the self-financing arrangements have led to the development of a 30-year business plan supporting the delivery of the HRA . The 30-year business plan makes assumptions regarding the level of income available based on the expected levels of rent, along with the key risks facing housing service delivery within this timeframe. The main areas of this are the management and timing of debt use, affordability and the impact of changes as Government policies are enacted. This results in a rolling 30 year HRA Business Plan covering both capital and revenue expenditure projections.
- 1.5. The budget process for 2022/23 onwards has taken due consideration of the HRA's 2017/18 stock condition survey results. Implications highlighted by the stock condition survey have been reflected within the capital programme going forward.
- 1.6. The budget and forecasts presented do assume additional borrowing in the medium term to support the affordable homes delivery. The later includes borrowing to support match funding of Retained Right to Buy receipts as well as the additional borrowing approved in July 2020. Due to reductions in day to day revenue repairs, the HRA business plan has budgeted for further additional borrowing to support the wider Council Home Programme. As a consequence £1.5 million of funding will be used to support further borrowing to deliver additional homes within the HRA, through acquisitions or new build programmes from 2021/22.

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

- 2.1. Each year local housing landlords must set rents and budgets for the forthcoming financial year and provide each individual tenant with statutory notice of any proposed rent change. This report sets out proposals regarding the budget, rents, service charges and other charges to tenants for the 2022/23 rental year.

- 2.2. The self-financing HRA remains governed by guidelines on rent setting for tenants. The council no longer has flexibility on the approach to rent setting due to the policy announced as part of the Welfare Reform and Work Act 2016.
- 2.3. Rent setting following the end of the 1% reduction to all social rents in 2019/20, is on the basis of increases of CPI + 1%. For 2022/23, this equates to 4.1%, on both social and affordable rent, in line with the Rents for Social Housing policy for 2022/23.
- 2.4. As a result of current events, and in order to maintain a sustainable HRA, a detailed review of rent balances has been undertaken as part of the budget setting process for 2022/23. Proposals such as increases of CPI only for 2022/23 and limited increases of CPI only for the following two years have been reviewed.
- 2.5. The below table displays the income reduction between rent increases of CPI + 1% per annum and increases of CPI only.

Financial Year	(CPI Only) Income reduction
2022/23	£211,000
2023/24	£419,000
2024/25	£633,000

- 2.6. The overall impact of reduced rental increases to CPI only between 2022/23 and 2024/25, totals a reduction of £15.6m in revenue, over a 30 year business plan.
- 2.7. As a result of the review, factoring the increased capital investment programmes required to deliver works based on the stock condition survey data, along with factoring future works to deliver the decarbonization agenda, increased borrowing will be required to offset increased costs going forward. Overall, it would not be feasible to limit rent increases, with the 30 year impact meaning that the HRA would be unable to sustain its capital improvement programme over a 30 year period.
- 2.8. The average rent for 2022/23 will be £92.42 per week over a 50 week period. Future rent increases have been factored into budgets within Appendix B.
- 2.9. Estimated rent charges for 2022/23 on average:

Property Type	Average weekly Rent 2021/22 £ (50 wk.)	Average weekly Rent 2022/23 £ (50 wk.)
<b>Bedsit</b>	61.31	63.82
<b>1 Bedroom</b>	70.60	73.49
<b>2 Bedroom</b>	77.84	81.04
<b>3 Bedroom</b>	84.26	87.72
<b>4 Bedroom</b>	93.22	97.04
<b>5 Bedroom</b>	100.81	104.94
<b>&gt;5 Bedroom</b>	134.73	138.91
<b>Average for all properties</b>	88.97	92.42

### **3. Proposed Rent Service Charges 2022/23**

- 3.1. The proposals in relation to service and agreement charges are set out in Appendix A. The increases proposed and applied are in line with the Rents for Social Housing policy for 2022/23, being set at least at CPI + 1%. For 2021/22 this equates to 4.1%, to close the gap in terms of recovery of costs.
- 3.2. Service charges for 2022/23 (excluding caretaking charges) have been reviewed to ensure that each individual service charge element is recharged on a cost basis.

### **4. Housing Revenue Account Budget 2022/23 – 2026/27 and Revised Forecast 2021/22**

- 4.1 The approach to HRA budget setting focuses on three separate areas for 2022/23:
  - Expected income and proposals on rent and service charge levels;
  - Expenditure plans that reflect local priorities and the impact of the self-financing business model on service delivery; and,
  - The reserves and provisions needed to ensure that the HRA is delivering strong financial performance over a longer period of time
- 4.2. The HRA receives income from tenant rents and service charges levied on tenants and leaseholders. The self-financing HRA remains governed by guidelines on rent setting for tenants. Income from rents is a key driver of the total income available to the HRA, making up approximately 90% of the total income. The approach and policy for rent therefore affects the resources available to re-invest in expenditure plans across the HRA to deliver the outcomes outlined in the HRA business plan for all tenants.
- 4.3. Expectations for income, and therefore the rent budget, are driven by three key elements:
  - Expected stock levels for 2022/23;
  - The CPI + 1% increase on the 2021/22 actual rents charged. For 2022/23 this equates to 4.1%; and,
  - The resourcing needs outlined in the HRA Business Plan.
- 4.4. For 2022/23, the average stock level across Great Yarmouth Borough Council is expected to be approx 5,780 properties. This is based on known changes to the current stock profile of 5,787 (as at 1 April 2020) including adjustments for projected Right to Buy sales, disposals and acquisitions.
- 4.5. The repairs and maintenance programme includes the planned cyclical upkeep to the specific areas of heating, lighting, lifts, smoke alarms, garden maintenance and minor neighbourhood planned works. It also relates to day to day repairs for tenants and refurbishment of empty properties in between tenant occupancy.

- 4.6. The Council also undertakes adaptation works to tenants homes to meet specific identified needs. Revenue budgets in both 2020/21 and 2021/22 contained increased provisions of £150,000 per annum, to address an existing backlog in adaptations work. Following the effects of the pandemic, this has been subject to programme slippage, meaning that the additional provision is now forecast to be delivered within 2021/22 and 2022/23.
- 4.7. Leasehold service charges are required to be transparent and reflect the actual cost of the services incurred. It is recommended to set leaseholder service charges in line with actual expenditure plans as per the approach in previous years. Service charges will be based on 2020/21 expenditure levels and final charges for 2021/22.
- 4.8. The HRA currently holds a forecast 2021/22 opening reserve balance of £8.6 million. The HRA reserve is higher than previously forecast, this is due to prior year savings and underspends of estimated budgets, specific planned budgets being carried forward to future years and programmes not being completed at the original time anticipated.
- 4.9. The HRA 30 year business plan demonstrates how reserves are reduced and managed over the next five years within the housing major works capital programme. Capital works were significantly increased from 2018/19 to ensure that both homes identified as part of the 2017/18 Stock Condition Survey as non decent and future homes, which become non decent, are addressed over a five year period. It is recommended that a further survey is undertaken following the initial five year period, therefore, a further stock condition survey is budgeted to begin within 2022/23.

#### 4.10. Revised 2021/22 position

- 4.11. The original 2021/22 budget reported a forecast deficit of £2.784 million. Monitoring year to date has identified that this needs to be revised, resulting in a reduction to the original 2021/22 forecast deficit by £580k, to an estimated £2.204m deficit at year end.

2021/22	Revised budget	Variance	Reason	Financed from
	£000	£000		
<b>Capital Expenditure funded by Revenue</b>	3,410	(151)	Reduced revenue required to fund the capital programme for 2021/22.	<b>N/A</b>
<b>Rents, Rates, Taxes and Other Charges</b>	397	113	Increased insurance premiums as a result of the COVID-19 and increased perils.	<b>HRA Revenue</b>
<b>Dwelling Rents</b>	(21,665)	(170)	Rent received from HRA Dwellings. Increase in forecast rental income, following increased acquisitions being added to the stock and reduced	<b>N/A</b>

			Right to Buy sales in the prior and current year.	
<b>Interest Payable and Similar Charges</b>	2,790	(156)	Reduced borrowing required in year due to the revised Affordable and Additional housing budgets, resulting in reduced interest payable.	<b>N/A</b>
<b>Repairs &amp; Maintenance</b>	9,021	(236)	Planned large repair works are currently forecast to increase by £217k. This increase is mitigated by the reduction of revenue neighbourhood planned works and revenue car park budgets. Revenue heating works are forecast to reduce by £243k. This is partly due to increased capital works in prior years reducing over repair costs required.	<b>N/A</b>
<b>Supervision and Management</b>	3,099	143	Utility charges forecast to increase by an estimated £39k. RTB income is revised to reflect reduced sales estimated in year. Sales are revised from a budgeted 37 sales, to 21. Increased temporary staff costs to maintain service operation while the recruitment process is completed. Revised CCTV budget allocation in order to maintain the service going forward (£23k).	<b>HRA Revenue</b>
<b>Supervision and Management (Staff Pay)</b>	2,457	(123)	Staff vacancies year to date within multiple housing teams. Services are working towards recruiting into these posts going forward. This saving is partly offset by interim and agency staff being appointed in year (As above).	<b>N/A</b>

#### 4.12. Proposed growth/savings in HRA Revenue 2022/23 budget

4.13. The following table summaries the more significant movements compared to the previous business plan as approved in February 2021.

<b>Income/ Expenditure</b>	<b>2022/23 Revised Budgets</b>	<b>2022/23 Growth (Saving)</b>	<b>Details</b>	<b>Financed from</b>
<b>Dwelling Rent</b>	(22,983)	(881)	Increased dwelling rent following the change in forecast CPI rates. 2022/23 rent base is CPI of 3.1%	N/A
<b>Charges for Services and Facilities</b>	(1,284)	114	Sheltered housing support income reduced to reflect service income, which is completed on a cost recovery basis.	HRA Revenue
<b>Supervision and Management (Staff Pay)</b>	2,850	208	Increased employee costs following increased demand on services, partly as a result of COVID-19, to ensure an efficient and effective service is maintained.	HRA Revenue
<b>Supervision and Management</b>	3,074	286	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year. Budget includes an additional revenue provision to support the upgrade of the Housing system.	HRA Revenue
<b>Rents, Rates, Taxes and Other Charges</b>	330	113	Increased insurance premiums due to the COVID-19 pandemic and additional perils being included within the policy.	HRA Revenue
<b>Repairs &amp; Maintenance</b>	9,617	304	Increased adaptations budget of £62k to address backlog of works following delays as result of COVID-19 access. Communal area budget increased to address further areas of work. Increased planned large repairs budget of £125k following prior year spend and increase of adhoc large repairs.	HRA Revenue
<b>Capital Expenditure funded by Revenue</b>	3,031	1,439	Revised capital financing following the revision of the capital improvement programme and a reduction in capital receipts available in year.	HRA Revenue
<b>HRA Earmarked reserves</b>	(60)	(30)	Earmarked reserves to support expenditure for the Middlegate Feasibility works.	Earmarked Reserves
<b>Interest Payable and Similar Charges</b>	2,846	(140)	Reduced borrowing required following the revision of the Affordable and Additional housing budgets, resulting in reduced interest payable.	N/A

4.14. The next table summarises the revised forecast for 2021/22 and the draft 2022/23 budget for the Housing Revenue Account. Further detail is shown in appendix B.

	2021/22 Original Budget	2021/22 Revised Forecast	Variance	2022/23 Draft Budget
	£000	£000	£000	£000
<b>Dwellings Rents</b>	(21,495)	(21,665)	(170)	(22,983)
<b>Non Dwelling rents</b>	(275)	(275)	0	(276)
<b>Interest &amp; Investment income</b>	(1,366)	(15)	0	(16)
<b>Charges for services and facilities</b>	(15)	(1,366)	0	(1,284)
<b>Total Income</b>	<b>(23,151)</b>	<b>(23,321)</b>	<b>(170)</b>	<b>(24,559)</b>
<b>Repairs &amp; Maintenance</b>	9,257	9,021	(236)	9,617
<b>Supervision and Management (Direct Employee)</b>	2,580	2,457	(123)	2,850
<b>Supervision and Management</b>	2,956	3,099	143	3,074
<b>Rents, Rates, Taxes and Other Charges</b>	284	397	113	330
<b>Depreciation</b>	3,738	3,738	0	3,848
<b>Capital Expenditure funded by the HRA</b>	3,561	3,410	(151)	3,031
<b>HRA Interest Payable</b>	2,946	2,790	(156)	2,846
<b>Provision for bad and doubtful debts</b>	150	150	0	150
<b>Employer's Pension Adjustment</b>	513	513	0	571
<b>Total Expenditure</b>	<b>25,985</b>	<b>25,575</b>	<b>(580)</b>	<b>26,317</b>
<b>Transfers (from)/to Earmarked Reserve</b>	(30)	(30)	0	(60)
<b>Capital Grants &amp; Contribution receivable</b>	(20)	(20)	0	(20)
<b>Net (surplus)/Deficit for the year</b>	<b>2,784</b>	<b>2,204</b>	<b>(580)</b>	<b>1,678</b>
<b>HRA Reserves Balance B/Fwd.</b>	<b>8,563</b>	<b>8,563</b>	<b>0</b>	<b>6,359</b>
<b>Deficit/(Surplus) in year</b>	<b>2,784</b>	<b>2,204</b>	<b>(580)</b>	<b>1,678</b>
<b>HRA Reserves Balance C/Fwd.</b>	<b>5,779</b>	<b>6,359</b>	<b>580</b>	<b>4,681</b>

## **5. Housing Major Works Capital Programme (HMWCP) 2022/23 to 2026/27**

- 5.1. This section of the report sets out the new housing capital investment requests for the five year period covering 2022/23 to 2025/26.
- 5.2. The HMWCP is subject to ongoing review and continues to take into account the priorities and objectives which have been derived from our understanding of the stock; the needs of current and future tenants; the opportunities presented by funding streams and options for procurement and delivery of our investment plans.
- 5.3. There are two key strands to the investment plans:
  - Maintaining and improving the Council's housing stock;
  - New Affordable Council housing, including new housing to replace sales under RTB in line with Government guidance.
- 5.4. The plans are prepared over the medium term and are reviewed and updated annually. Future investment decisions will be based on local decision making and local knowledge of the condition of the stock and the components.
- 5.5. The housing major works capital programme has been adapted to meet the needs of the housing stock identified within the 2017/18 stock condition survey, as well as maintaining progress to address the newly arising non decent homes each year.
- 5.6. During 2021/22, the conduction of a root and branch review of data in our asset management system has been undertaken. This includes reviewing data gathered from the results of the 2017/18 stock condition survey and using the existing surveying resource when available, to re-visit some of the findings from the survey to check whether they remain true. This approach has proven effective, but due to access restrictions in 2021/22, non-decency has been subject to a slight increase from 7% at the start of the financial year, to the 8% at the end of January 2022. Much of the work is still programmed to be addressed before the financial year end, decency at the end of the year is not expected to fluctuate from this percentage.
- 5.7. For 2022/23, the starting non decency figure will be 15% (8% plus 7% newly arising need for the year). During this year, we will be undertaking a data migration project and there will be a need to commence a rolling Stock Condition Survey. The new system facilitates more detailed investment modelling and scenario planning, therefore for the 2022/23 programme, further work will be undertaken to fully analyse the aging and any new stock condition data, ensuring not only Decent Homes is achieved, but also how works are to be procured and delivered; Whole Home approaches, decarbonisation, or through traditional individual component workstreams.
- 5.8. In the interim, it is anticipated that the current backlog of 8% can be fully addressed during next and the following year, this does not take account of any newly arising need that cannot be addressed within 2021/22, 2022/23 or 2023/24, due to referrals from responsive, leasehold consultation issues, refusals by residents, budgets and of course,



any on-going repercussions from the pandemic. As a result, the backlog in any given year is not a static, but a movable volume.

- 5.9. The 2022/23 programme includes the continuation of the kitchen and bathroom programme, an enhancement to the boiler and heating replacement schemes and investment into empty homes. Budget provisions also include the delivery of external wall insulation, insulation and roofing works, which aim to improve the energy efficiency of council homes.
- 5.10. These schemes offer both the opportunity to modernise properties, sustain them for the future and increase the thermal comfort of tenants. They also continue to bring potential savings from future revenue repairs budgets.
- 5.11. The HRA is still part of a retention agreement, meaning the HRA could, under the original regulations, retain receipts to support up to 30% of the cost of replacement homes if incurred in a 3 year period. Any receipts not spent in this period are required to be paid to Central Government.
- 5.12. With effect from 1 April 2021, the regulations around the use of Retained Right to Buy receipts have changed, allowing 1-4-1 receipts to be used to fund 40% of the cost of building/acquiring new Council homes. The time restrictions of which receipts must be spent has also been revised. Receipts are now required to be spent within five years from the sale of the dwelling, not three years.
- 5.13. The above changes have impacted the profile spend of receipts, therefore adjusting the budget requirement for 2021/22 onwards. The table below displays a high-level review of changes in order to prevent receipt return:

Financial Year	Current Budgeted spend		New requirement		Year of Receipts
	Receipt	Capital	Receipt	Capital	
	£000	£000	£000	£000	
2021/22	1,094	2,554	0	0	N/A
2022/23	487	1,136	0	0	N/A
2023/24	1,054	2,458	725	1,087	2018/19
2024/25	1,263	2,948	526	789	2019/20
2025/26	1,310	3,056	117	176	2020/21

- 5.14. As per the above table, the new receipt requirements have reduced the volume of receipts required to be spent prior to 2023/24. This Council aims to maintain a reduced budget provision for both 2021/22 and 2022/23 allowing an enhanced programme in later years.
- 5.15. Furthermore, the HRA proposes to increase the availability of affordable housing with a combination of direct new build, grant contributions to Housing Association developments and purchasing the appropriate empty and suitable homes on the open market, to maintain the level of spending required to meet the retained receipt demand.

- 5.16. The Right to Buy discounts have increased since the introduction of Self Financing. The maximum discount increases each year based on the consumer price index (CPI). The business model has been amended to incorporate this change which is currently estimated at 3.1% CPI, forecasting a maximum discount of £87,200 for 2022/23.
- 5.17. Year to date Right to Buy sales for 2020/21 & 2021/22 have reflected a significant decline in comparison to prior years, this appears to be an ongoing impact of the current Covid-19 pandemic. The Council had completed a total of 9 sales in 2020/21, along with 13 completed sales in 2021/22, to the end of Quarter 3. In comparison to 27 completions in the 2019/20 financial year.
- 5.18. The impact of the reduction of Right to Buy sales will impact on the availability of capital receipts to fund the programme. This impact will continue to be monitored in 2021/22 and revised projections produced to ensure the capital programme is fully funded, this may require additional revenue contributions.
- 5.19. A total of 20 sales have predicted as part of the 2022/23 budget, in line with prior year totals and reflecting a slight reduction.
- 5.20. An additional Affordable housing provision has been provided using revenue funding totaling £1.5 million, which was released in 2021/22 and the following three financial years. Additional funds have been made available following the reduction of spend on revenue day to day repairs and because of reductions in demand. This funding will support prudential borrowing to provide an increased capital programme for the delivery of additional homes in the HRA. The HRA is continuing to borrow specifically for the Affordable Housing Programme and the new Council Home Programme, so the HRA reserves balances can be used on investment on the current stock.

#### **5.21. Revised 2021/22 forecast position for HRA Major works Capital Programme**

- 5.22. The following table summaries the in-year 2021/22 virements within the capital budget.

	<b>2020/21 Revised Budget</b>	<b>Variance to original budget</b>	<b>Reason</b>	<b>Financed from</b>
	<b>£000</b>	<b>£000</b>		
<b>Energy and Efficiency Improvements</b>	973	(200)	Heating budgets have been reduced by £200k. This budget is forecast to be carried forward into 2022/23.	N/A
<b>Empty Properties</b>	1,035	250	Major void works are ahead of schedule year to date. The Major void programme is forecast to exceed its original budget provision. An additional £250k is forecast to support increased demand.	HRA Revenue

<b>New Affordable Housing – Additional Non -1-4-1 Provision</b>	125	(375)	Programme delays year to date. Schemes are currently still undergoing the project planned process. £375k forecast to be carried forward to continue projects into 2022/23.	N/A
<b>New Affordable Housing – Right to Buy receipts</b>	1,800	(1,848)	Two properties have been purchased off the open market year to date, as part of the planned scheme using Right to Buy retained receipts. The 1-4-1 receipt retention agreement has been recently revised, changing how authorities can use the 1-4-1 receipts available to them. Budget allocation has been revised to reflect this change.	N/A
<b>Key Safe Installation</b>	60	60	Additional works to replace key safes within Housing. Programme continuation from works started in 2020/21.	HRA Revenue
<b>Housing Transformation Budget</b>	207	(400)	Delay to programme has resulted in reprofile of spend. Budget to be carried forward to support the programmes completion.	N/A
<b>Decarbonisation</b>	828	(1,150)	External wall insulation (EWI) and roofing budget allocations are to be reduced by 1,150k for 2021/22. The Council has recently submitted a bid to further complete works on dwellings which display low energy performance in 2022/23. £1.1m is forecast to be carried forward to support this bid.	N/A

### 5.23. Proposed growth/savings in HRA Capital Programme 2022/23

5.24. The following table summaries the more significant movements compared to the previous business plan as approved in February 2021.

	<b>2022/23 Revised Budgets</b>	<b>2022/23 Growth/ (Saving)</b>	<b>Details</b>	<b>Financed from</b>
	<b>£000</b>	<b>£000</b>		
<b>Empty Homes</b>	800	600	Major Voids increased following increased demand in 2021/22.	HRA Revenue
<b>Affordable Housing Programme - Right to Buy receipts</b>	600	(2,049)	The 1-4-1 receipt retention agreement has been recently revised, changing how authorities can use the 1-4-1 receipts available to them. Budget allocation has been reduced to reflect this change.	N/A
<b>Kitchen &amp; Bathroom Improvements</b>	2,161	(327)	Kitchen and Bathroom programmes are continuing at an increased level, continuing to complete both void and planned kitchens and bathrooms. Small reduction in provision is to allow for other programmes such as EWI to be expanded.	N/A
<b>Planned Maintenance</b>	595	34	Adaptation's budget increased to address backlog identified in 2020/21. COVID-19 resulted in fewer adaptations being completed in 2021/22, so additional budget is to support additional work.	HRA Revenue
<b>Specific Planned Projects</b>	846	300	Budget provision for a further Stock condition survey to commence following the stock condition survey completed in 2017/18.	HRA Revenue
		<b>(1,442)</b>		

5.25. The table below summarises the revised forecast for 2021/22 along with the draft 2022/23 Capital programme for the Housing Revenue Account. Further detail is shown in Appendix C & Appendix D.

<b>HRA Capital programme</b>	<b>Original Budget 2021/22</b>	<b>Revised Forecast 2021/22</b>	<b>Variance</b>	<b>Revised Draft Budget 2022/23</b>
<b>Expenditure:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Kitchens & Bathrooms	2,869	2,869	0	2,161
Windows & Doors	647	647	0	455
Planned Maintenance	642	642	0	595
Energy Efficiency Improvements	1,173	973	(200)	1,173
Specific Planned Projects	756	756	0	846
Empty Properties	785	1,035	250	800
New Affordable Housing - Right to Buy receipts	3,648	1,800	(1,848)	600
New Affordable Housing – Additional Non 1-4-1 Provision	500	125	(375)	500
Decarbonisation	1,032	82	(950)	792
Roofing	946	746	(200)	883
Neighbourhood Plans	91	91	0	91
Housing Transformation Budget	607	207	(400)	0
Key Safe Installation	0	60	60	0
<b>Total Expenditure</b>	<b>13,696</b>	<b>10,033</b>	<b>(3,663)</b>	<b>8,896</b>
<b>Financing:</b>				
Borrowing	4,150	1,925	(2,225)	1,100
Capital Receipts	2,227	1,338	(889)	896
Revenue	3,561	3,012	(549)	3,031
Depreciation	3,738	3,738	0	3,849
Leasehold Contribution	20	20	0	20
<b>Total Financing</b>	<b>13,696</b>	<b>10,033</b>	<b>(3,663)</b>	<b>8,896</b>

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

- 6.1. Since the introduction of self-financing in 2012, the 30 year HRA business plan has continued to be challenged by a number of changes, such as increased Right to Buy discounts and sales and the 1% rent reduction policy.
- 6.2. In response to these changes the Council has, in the short term, previously kept the HRA reserves levels high in order to mitigate this loss of revenue. The Council still needs to prepare for further reductions in resources available to manage, maintain, improve and add to its housing stock and manage the implications from the stock condition survey.
- 6.3. Over the past two years, the Council is enduring the unprecedented financial strain of the Covid-19 pandemic. Although the overall impact of the pandemic is not yet fully known, the Council aims to continue to aid and support its tenants and continues to monitor its ongoing financial position.
- 6.4. The HRA is continually reviewed to ensure the budgets accurately reflect service demands and to challenge where savings could be achieved. The capital programme, which is funded in large part by contributions from revenue, is monitored regularly during the year and has been reviewed in detail to inform the 2022/23 budget reflecting the outcomes of the 2017/18 stock condition survey. The overall capital programmes in prior years have significantly increased, due to additional works needed, careful consideration has been taken to the deliver these works and to manage the financial impact.

## **7. Financial Implications**

- 7.1. The detail within the report highlights the significant variances for the current year to date, including a full year impact to the HRA revenue and Capital budgets for future years.
- 7.2. The income and expenditure will continue to be monitored in detail during the current year, including the known impacts of the Covid-19 pandemic, including additional reviews of the HRA 30 year business plan.
- 7.3. The HRA is dependent mainly on the rental income stream of the social housing rents, and the Council have a dedicated team monitoring tenant arrears on a regular basis and supporting tenant's to pay their rent and other charges.
- 7.4. The HRA had a 2021/22 opening reserves balance of £8.563 million. The 2022/23 opening reserve balance is forecast to be £6.359 million, reflecting a 2021/22 forecast deficit of £2.204 million.
- 7.5. The removal of the previous debt cap has allowed the Council to increase the amount it can borrow on a prudential basis, to extend the affordable housing programme beyond the requirements of spending retained Right to Buy receipts as set out in the report. Commitments, value for money and spend will be closely monitored and subject to regular budget monitoring and reporting.

## 8. Risk Implications

- 8.1. It is recognised that since the results of the 2017/18 stock condition survey, a significantly increased Major Works Capital programme has been maintained following the 2018/19 budget setting process. Continual programmed works have been maintained to ensure that both the homes identified as non Decent as a result of the Stock Condition Survey and future homes, which become non Decent are addressed over a five year period. Overall ensuring that all homes within the dwelling stock are Decent.
- 8.2. Where service delivery plans have changed, the budget setting process must reflect the subsequent impact on resources and also recognise known risks for the HRA and ensure there are adequate balances in place to these as they materialise.
- 8.3. Further review of the detail of the HRA budget for both capital and revenue spend will be carried out during 2021/22, in preparation for the longer term investment requirements in the stock, new affordable housing programme and to inform future budget setting decisions to identify efficiencies within the program of works.
- 8.4. There continues to be an ongoing risk to the HRA of non-collection of tenant rental arrears and maintaining budgeted collection rates. This continues to be monitored and managed.

## 9. Background Papers

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

Area for consideration	Comment
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	
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:	

## Appendix A – Fees and charge proposals 2022/23

2022/23 Rent increase and Service Charges (Exclusive of VAT where applicable)	2021/22 Average Charge 50 Wks	2022/23 Average Charge 50 Wks	2022/23 Increase/ decrease per wk
Tenant Rent	£87.71	£88.82	£1.11
Garages Basic - Tenants	£11.39	£11.56	£0.17
Garages Premium - Tenants plus Town Centre Surcharge	£15.20	£15.43	£0.23
Caretaking charge - Basic	£1.02	£1.03	£0.01
Caretaking charge - Enhanced	£1.02	£1.03	£0.01
Maintenance of Aged Persons gardens			
Up to 30 minutes maintenance	£4.25	£4.27	£0.02
Over 30 minutes maintenance	£7.50	£7.54	£0.04
Communal Heating	£5.38	£5.46	£0.08
Communal Water	£4.51	£4.51	£0.00
Digital Communal TV Aerials	£0.96	£0.96	£0.00
Sewerage charge	£7.05	£7.16	£0.11

Sheltered Housing Support Charges 2021/22	2021/22 Average charge 50 wk	2022/23 Average Charge 50 wk
Standard tenancies plus Alarm Charge	9.38	9.38

YARE CARE CHARGES	Weekly Charge		
	2022/23 Exc VAT		2022/23 Inc VAT
52 Week Calculation for Private users			
Private - Rental + Monitoring	£3.25		£4.06
Private - Monitoring	£1.42		£1.77
50 week calculation for Community Housing Tenants			
Council - Rental + Monitoring	£3.38		£4.22
Council - Monitoring	£1.47		£1.84
Yarecare Installation Charge	2021/22	2022/23	2022/23
	Average Charge	Average Charge	% Average Increase
Yarecare Installation Charge (Inc VAT)			
Charge within Borough	£46.53	£47.97	£1.44
Charge outside of Borough	£52.82	£54.46	£1.64
Community Alarm Set-up & Postage Fee		£45.00	£45.00



## Appendix B – Revenue Income and Expenditure 2021/22 – 2026/27

Income/ Expenditure		Budget		Revised Forecast		Budget		Forecast Projections			
		2021/22	2021/22	2021/22	2021/22	2022/23	2022/23	Budget	Budget	Budget	Budget
		2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2026/27	2026/27
Income	Charges for Services and Facilities	-1,365,757	-1,365,757	-1,283,763	-1,315,436	-1,348,252	-1,382,259	-1,417,506			
	Dwelling Rents	-21,495,026	-21,665,026	-22,983,353	-23,673,555	-24,387,133	-24,877,199	-25,384,407			
	Interest and Investment Income	-15,420	-15,420	-15,852	-15,852	-15,852	-15,852	-15,852			
	Non Dwelling Rents	-275,095	-275,095	-276,173	-281,045	-286,014	-291,083	-296,253			
	<b>Income Total</b>	<b>-23,151,298</b>	<b>-23,321,298</b>	<b>-24,559,141</b>	<b>-25,285,888</b>	<b>-26,037,251</b>	<b>-26,566,392</b>	<b>-27,114,018</b>			
Expenditure	Capital Expenditure funded by Revenue	3,561,075	3,410,280	3,031,056	1,958,880	1,759,810	1,553,168	1,338,661			
	Depreciation and Impairment of Fixed Assets:										
	Dwellings	3,567,149	3,567,149	3,674,163	3,747,646	3,822,599	3,899,051	3,977,032			
	Depreciation and Impairment of Fixed Assets: Non -										
	Dwellings	171,272	171,272	174,491	177,774	181,122	184,538	188,022			
	Interest Payable and Similar Charges	2,944,514	2,789,789	2,845,815	2,840,001	2,847,626	2,853,726	2,859,826			
	Provision for bad and doubtful debts	150,000	150,000	150,000	150,000	150,000	150,000	150,000			
	Rents, Rates, Taxes and Other Charges	284,037	396,605	330,049	338,284	346,989	355,761	364,812			
	Repairs & Maintenance	9,257,262	9,021,156	9,616,651	9,617,190	9,799,310	9,985,806	10,176,800			
	Supervision and Management	2,955,901	3,099,459	3,209,367	2,981,468	2,988,138	3,035,424	3,047,487			
	Supervision and Management (Staff Pay)	2,580,338	2,457,329	2,850,249	2,887,290	2,861,671	2,928,933	2,986,142			
	<b>Expenditure Total</b>	<b>25,471,548</b>	<b>25,063,039</b>	<b>25,881,842</b>	<b>24,698,532</b>	<b>24,757,265</b>	<b>24,946,406</b>	<b>25,088,781</b>			
Below The Line	Employer's Contributions Payable to or from Norfolk County.	664,127	664,127	703,975	703,975	703,975	703,975	703,975			
	HRA Earmarked reserves	-30,000	-30,000	-60,000	0	0	0	0			
	Impairment of Fixed Assets	0	0	0	0	0	0	0			
	Net Charges made for Retirement Benefits in accordance with IAS 19	-629,981	-629,981	-642,681	-642,681	-642,681	-642,681	-642,681			
	(Gain) / Loss on Sale of HRA non-current Assets	0	0	0	0	0	0	0			
	In Year Pension Adjustments	14,967	14,967	15,266	15,266	15,266	15,266	15,266			
	Capital Grants & Contributions receivable (Leasehold income)	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000			
	Pension Backfunding	463,644	463,644	494,632	494,632	494,632	494,632	494,632			
	<b>Below The Line Total</b>	<b>462,757</b>	<b>462,757</b>	<b>491,191</b>	<b>551,191</b>	<b>551,191</b>	<b>551,191</b>	<b>551,191</b>			
	<b>Net (surplus)/Deficit for the year</b>	<b>2,783,007</b>	<b>2,204,498</b>	<b>1,813,892</b>	<b>-36,164</b>	<b>-728,795</b>	<b>-1,068,796</b>	<b>-1,474,046</b>			

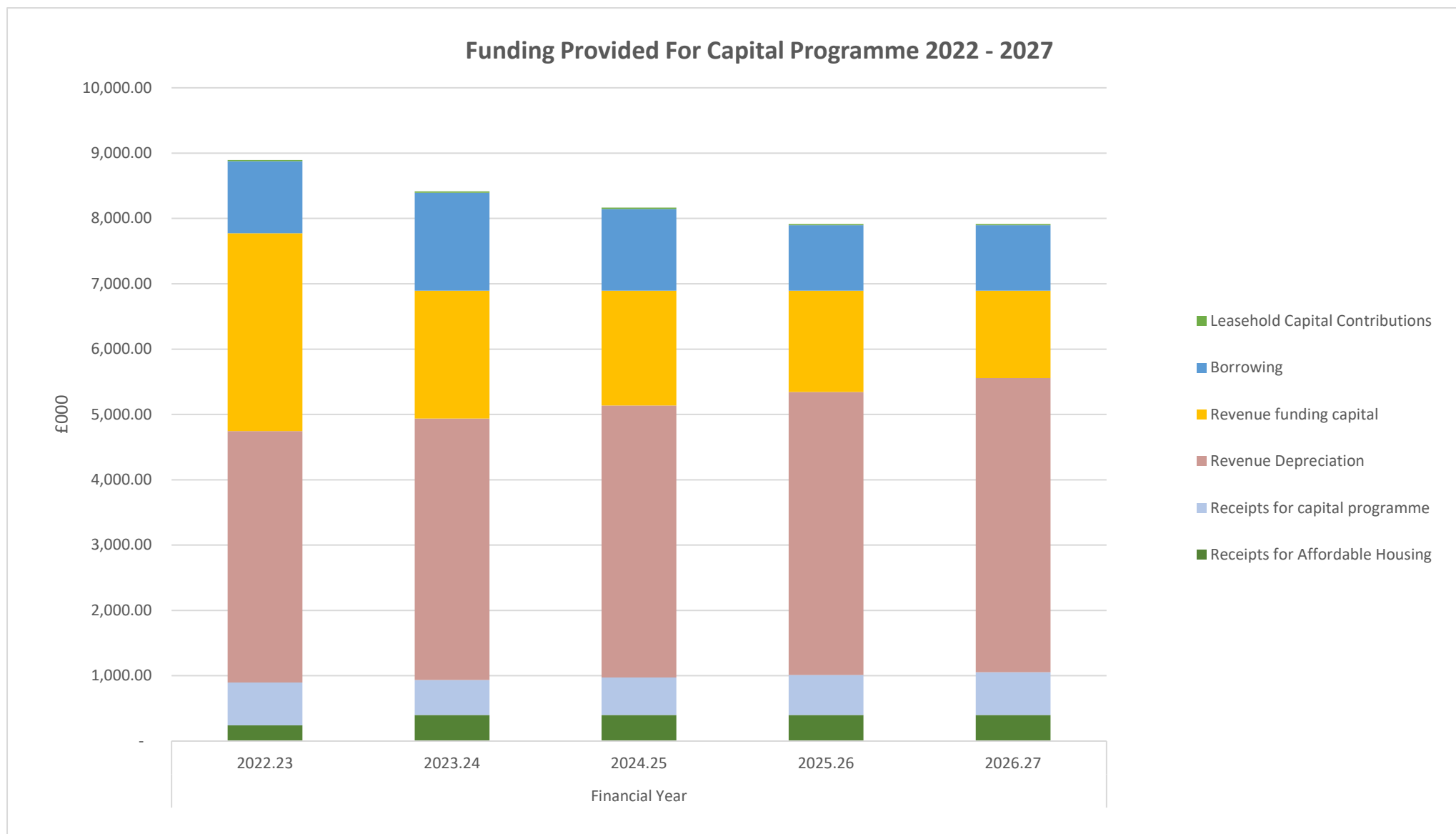
  

Housing Revenue Account Reserves Summary	Year	2021/22	2021/22	2022/23	2023/24	2024/25	2026/26	2026/27
	B/Fwd	-8,563,400	-8,563,400	-6,358,902	-4,545,010	-4,581,174	-5,309,969	-6,378,765
	In Year	2,783,007	2,204,498	1,813,892	-36,164	-728,795	-1,068,796	-1,474,046
	C/Fwd	<b>-5,780,393</b>	<b>-6,358,902</b>	<b>-4,545,010</b>	<b>-4,581,174</b>	<b>-5,309,969</b>	<b>-6,378,765</b>	<b>-7,852,811</b>

## Appendix C – HRA Major Works Capital Programme 2021/22 – 2027/27

			Forecast Projections				
	Original Budget 2021/22	Revised Budget Forecast 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Kitchen & Bathrooms Improvements							
Kitchens planned	1,483,300	1,283,300	850,000	1,483,300	1,483,300	1,483,300	1,483,300
Bathrooms planned	709,800	609,800	728,000	546,000	546,000	546,000	546,000
Kitchen Voids	444,750	644,750	413,750	238,750	238,750	238,750	238,750
Bathroom Voids	231,000	331,000	169,292	38,092	38,092	38,092	38,092
Windows & Doors Improvements							
Windows & Doors Improvements	646,500	646,500	455,000	455,000	455,000	455,000	455,000
Planned Maintenance							
Major R&M	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Rewiring Dwellings	335,500	335,500	335,500	335,500	335,500	335,500	335,500
Major Adaptations	231,000	231,000	184,500	150,000	150,000	150,000	150,000
De-Carbonisation							
External Wall Insulation	1,031,700	81,700	791,700	791,700	791,700	791,700	791,700
Roofing							
Roofing	946,400	746,400	882,700	882,700	882,700	882,700	882,700
Neighbourhood Planned works							
Upgrade Stair Enclosures	91,000	91,000	91,000	-	-	-	-
Energy & Efficiency Improvements							
Heating and Boiler replacments	1,173,000	973,000	1,173,000	1,173,000	1,173,000	1,173,000	1,173,000
Specific Planned Projects							
Stock Condition Survey	-	-	300,000	-	-	-	-
Whole House Inc Long Term Voids	756,000	756,000	546,000	546,000	546,000	546,000	546,000
Empty Properties							
Major Voids	785,000	1,035,000	800,000	200,000	200,000	200,000	200,000
New Affordable Housing							
Affordable Housing (Retained Receipts)	3,647,700	1,800,000	600,000	1,000,000	1,000,000	1,000,000	1,000,000
Additional Housing Housing – Non 1-4-1 Provision	500,000	125,000	500,000	500,000	250,000	-	-
Housing Transformation Budget							
Housing Transformation Budget	606,556	415,000	-	-	-	-	-
Total	13,694,206	10,179,950	8,895,442	8,415,042	8,165,042	7,915,042	7,915,042

## Appendix D – Funding Provided for the Capital Programme 2022/23 – 2026/27



**Subject** 2022/23 GENERAL FUND BUDGET REPORT

**Report to** ELT - 26 January 2022

Policy and Resources Committee – 8 February 2022

Council 22 February 2022

**Report by:** Finance Director



## SUBJECT MATTER/RECOMMENDATIONS

This report presents for approval the general fund revenue and capital budget for 2022/23.

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

- 1) The general fund revenue budget as detailed at Appendix A;
  - 2) The Council Tax for 2022/23 for the Borough Council tax be £176.48 (for an average Band D);
  - 3) That the demand on the Collection Fund for 2022/23 be:
    - a. £5,085,693 for the Borough Council purposes;
    - b. £596,030 for Parish Precepts;
  - 4) The statement of and movement on the reserves as detailed at Appendix D and within section 8 of the report;
  - 5) The Policy framework for reserves as detailed at Appendix E;
  - 6) The updated Capital Programme and financing for 2021/22 to 2022/23 as detailed at Appendix F;
  - 7) New capital bid proposals at Appendix G;
  - 8) The Minimum Revenue Provision Statement 2022/23 as included at Appendix H;
  - 9) The underwriting of the £3.5million funding for the Learning Centre project as outlined at section 5;
  - 10) The inclusion of ward budgets for 2022/23 totalling £39,000. \*
- (\*Updated recommendation from Policy and Resources Committee 08/02/22)

## 1. INTRODUCTION / BACKGROUND

- 1.1. This report presents for consideration and recommendation the detail of the 2022/23 revenue and capital budgets for the General Fund. The report also presents an updated Capital programme covering the period 2021/22 to 2023/24. Recommendations from this report will be made to Council on 22 February 2022 to inform the setting of the council tax for 2022/23.
- 1.2. The 2022/23 medium term financial strategy was presented to the Policy and Resources committee in November 2021. At the time there was a forecast gap for the 2022/23 financial year of in the region of £0.9 million before allowing for any transfer from general reserves.
- 1.3. Since then the provisional Local Government Finance settlement has been announced and this has been used to update the funding for the budget for 2022/23, further detail on the funding is included at section 2 of the report. Furthermore the detail of the budget has been pulled together by joint working between the service areas and the finance team to co-ordinate the

detailed service budgets which are presented in more detail at Appendix A (summary statement) and Appendix B for the detailed service budgets.

## **2. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2022/23**

- 2.1. In September 2021 the Chancellor announced a three year Spending Review (SR2021) covering the period 2022/23 to 2024/25. Subsequent announcements in the Autumn Budget confirmed core spending power was projected to increase in real terms over the period of the SR period by an average of 3%. Additional funding of £4.8bn was announced as being available for social care and other services over the same period.
- 2.2. A one year provisional Local Government Financial Settlement was announced on 16 December 2021. The final settlement is due to be confirmed in February and Members will be updated verbally or as part of the report to Council later in February 2022 if there are significant changes that will impact on the budget setting for 2022/23.
- 2.3. **Provisional Local Government Finance Settlement** – This statement announced the one- year funding available for local government for 2022/23. The headlines from the announcement summarised below, along with the impact to the Council’s funding.
- 2.4. **Core Spending Power (CSP)** – This includes funding resources available to the sector and includes income from Council Tax, Business Rates, New Homes Bonus, revenue Support Grant and other specific grants. The headline announcements are increases of over 4% in real terms (£3.5bn cash) for 2022/23, the position for GYBC is included in the table 1;
- 2.5. **Revenue Support Grant (RSG)** – This grant has increased by 3.1% from 2021/22 (£63,331) taking the allocation for 2022/23 to £2,136,919.
- 2.6. **New Homes Bonus (NHB)** – A national allocation of NHB of £554 million was included in the settlement. The allocation to the Council is £495,249 and is based on an award of 308 properties plus 74 affordable units. There is no legacy payments allocation for 2020/21 or 2021/22 and the threshold over which the bonus remains payable remains at 0.4%. Future reforms of NHB have been discussed previously and consultations issued. The allocation to the Borough reflects an increase in homes of 378 plus 138 empty homes being brought back into use giving a total number of units added of 516 which after allowing for the 0.4% threshold reduces the units for the reward to 308. Whilst this good news in terms of the grant for 2022/23, the allocations for the year continues to highlights the significant disparity and inequity of the current NHB award scheme which does not benefit those authorities that have a higher than average number of lower banded properties and also where they face challenges to deliver housing growth.
- 2.7. Other Grants:
  - 2.7.1. **Lower Tier Services grant** – This grant was originally introduced in 2021/22, the provisional settlement has seen a further allocation of £172,282 in 2022/23 (increase of £9k from 2021/22);
  - 2.7.2. **Services grant** – the settlement has included £822 million funding nationally allocated using the 2013/14 shares of Settlement Funding Assessment. The grant was allocated as a one-off un-ringfenced grants in recognition of local services and includes funding for local government for the increase in employer National Insurance Contributions. The allocation to the Council is £264,767;
- 2.8. **Council Tax** – Core Spending Power assumes increases in Council tax funding from tax base growth and increases in Council tax to the capped limit, for districts and boroughs this is the higher of 2% or £5 for a band D equivalent property. The CSP assumed additional resources compared to 2021/22 of £216,175, in cash terms the budget as presented shows a comparable increase in resources from Council Tax of £219,768. This is based on the tax base

for 2022/23 of 29,344, an increase of 434 compared to 2021/22 as approved by Council in December 2021 and the increase of £5 to a band D to £176.48 after allowing for the impact of the collection fund deficit from 2020/21 which must be recovered over three years<sup>1</sup>. Appendix C provides a summary of the band D Council Tax for 2022/23.

- 2.9. **Business Rates** – The 2021 Spending Review announced the business rate multiplier will be frozen for 2022/23 at 49.9p (small business multiplier) and 51.2p (national business multiplier). The freeze in the multiplier means there would be no increase in the baseline funding level from Business Rates, although compensation is being paid in 2022/23 for this and for GYBC equates to £115,451.
- 2.10. The following table provides a summary of the Core Spending Power as announced in the provisional settlement.

<b>Table 1 - Core Spending Power</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Settlement Funding Assessment *	8,135	7,255	6,593	6,239	5,808	5,903	5,914	5,978
Compensation for under-indexing the business rates multiplier	51	51	54	85	123	154	200	392**
Council Tax Requirement excluding parish precepts	3,831	3,914	4,142	4,391	4,612	4,836	4,957	5,174
New Homes Bonus (including returned funding)	1,168	1,385	1,072	628	427	373	39	495
Lower Tier Services Grant	-	-	-	-	-	-	164	176**
2022/23 Services Grant	-	-	-	-	-	-	-	265
<b>Core Spending Power</b>	<b>13,185</b>	<b>12,605</b>	<b>11,861</b>	<b>11,343</b>	<b>10,970</b>	<b>11,265</b>	<b>11,274</b>	<b>12,479</b>

\*Includes Revenue Support Grant and Business Rates baseline Funding

\*\*Updated for Final Settlement announced 07/02/22

- 2.11. **Fair Funding Review and Local Government Reforms** - No announcements were made on the timescales of the planned reforms to Local Government funding, namely the fair funding review and business rates reset and New Homes Bonus changes, although it is now expected that these will be implemented in 2023/24 with further consultations over the summer months.
- 2.12. **Business Rates Pool funding** - The Norfolk Business rates pool has been operating since the start of the business rates retention system was introduced 2013/14. The pool arrangements were then reviewed for 2021/22 and considered that the unknown impact of the pandemic on business rates presented too much of a risk at a time when it was not known what further support would be coming from the government in response to covid. The pool has been established again for the 2022/23 financial year with an amendment to the process for allocating the funds from the pool to a sharing of the gain across the members (all seven boroughs, districts and the city along with the County) as opposed to a bidding process. Based

<sup>1</sup> One of the covid 19 support measures introduced in 2020/21 was for the collection fund deficit to be recovered over three financial years instead of over one.

on the initial estimates the return to the Borough would be £386,000 and this has been factored into the budget for 2022/23.

- 2.13. The final amount within the 2020/21 pool is still waiting on the final sign off of all billing authority NNDR3 returns. The allocation of this has been agreed to be split into tenths with each district/Borough receiving 1/10th and 3/10ths allocated to the County. It is estimated that there will be in the region of £490,000 to be received in the current year (2021/22) by the Borough. It is recommended that this be allocated to an earmarked reserve to be used as a contingent sum for capital projects that are being delivered that are in line with the original ambitions of the business rates pooling including job creation, further business rates growth, housing growth, improved skills and new business creation and expansion.

### **3. REVENUE ACCOUNT BASE BUDGET**

- 3.1. The high-level summary of the general fund revenue budget is included in Appendix A. Appendix B provides more detail of the service budgets and also provides commentary on the more significant movements compared to the 2021/22 base budget. The following provides a commentary on some of the key assumptions that have been used to inform the 2022/23 budgets.
- 3.2. **Council Tax** – In summary the budget assumes an increase in the tax base and an increase in the Band D Council Tax of £5 and after allowing for the profiling of recovery of the current deficit on the collection fund from 2020/21 there is additional income compared to 2021/22 of £219,768, the forecasts for the following two years assume similar growth in tax base and annual increases of £5 for a band D.
- 3.3. **Funding** – The budget assumes the funding allocation from the provisional local government finance settlement and the utilisation of the grants allocated in the year, namely lower tier services grant, 2022/23 services grant and New Homes Bonus.
- 3.4. **Fees and Charges** – The fees and charges for 2022/23 are included as a separate report on the agenda, all fees and charges have been reviewed in line with the policy and where appropriate there have been some recommendations outside of the policy to reflect the current market and these are detailed in the accompanying report. The budget reflects the implications of the proposed fees and charges for 2022/23.
- 3.5. **Savings** – The 2022/23 budget assumes the continuation of previously approved savings and additional income, in addition the following new savings and additional income are being recommended as part of approval of the budget for 2022/23. Management team were tasked to identify savings and additional income for consideration as part of the 2022/23 budget that are in line with the key themes of the Councils financial and business strategy as included in the Medium term Financial Strategy. The key themes are:
- Strategic Asset Management
  - Economic and Housing Growth
  - Property Investment and Commercialisation
  - Technological Investment
  - GYBC Operating Model – including Digital Strategy, Organisational Strategy and Procurement and Contract Management
  - Sustainability Strategy
- 3.6. The table below provides a summary of the new savings proposals included in the 2022/23 budget.



Service Area	Savings	£
Property Services	Review of the resourcing following a post becoming vacant	60,000
Neighbourhoods and Community	Review of the provision of the service following a post being vacant.	56,500
IT	Mobile phone contract and miscellaneous savings	20,000
Various	A review of all fees and charges has been carried out to ensure that the levels remain competitive and where applicable cost recovery of services provided, additional income above the annual increases	15,000
Property Services	Yacht station concession – opportunity for a concession to be provided.	5,000
Property Services	Gorleston concessions and leisure provision opportunities are expected to deliver additional income	79,000
Property Services	Expression of interests for income opportunities along the Great Yarmouth Seafront to support the visitor economy	60,000
Customer Services	Review of business rated properties to identify opportunities to increase the business rates baseline	80,000
Various	Service budget efficiencies from critical review of base budgets include review of smaller budget heading to reflect the current ways of working in line with the agile working policy	30,000
	Total	405,500

- 3.7. **Employee Budgets** – The budget for 2022/23 assumes a 2% pay award, although this is subject to a local agreement and it is worth noting that no agreement on the 2021/22 pay award has been agreed. As a guide a 0.5% sensitivity to the pay award equates to approximately £50,000 per annum for the Council budget. It is current practice to allow for a turnover/vacancy element within the employee budgets for the year, for 2022/23 this equates to approximately 2.5% (£382k), this is an increase of 55,000 compared to the current year and has been informed by prior year actuals. Additional pension costs of £155,000 have been allowed for within the budget in line with the current planned level of payments to the pension scheme.
- 3.8. **Contract Inflation** – Where applicable contract inflation has been factored into the budget. This is in the region 3% to 4.6% depending on the contracts and includes where applicable for the joint venture arrangements.
- 3.9. **Interest and Minimum Revenue Provision (MRP)** – The budget for 2022/23 includes £903k million for interest payable which has been informed by the current level of interest rates and planned borrowing requirements in line with the capital programme and the treasury management strategy. The MRP for the year has been updated to reflect a revision to the delivery of the capital programme schemes, currently forecast to be £1.874 million for the year.
- 3.10. A review of the payment of concurrent function grants to Parish Councils was previously requested to inform future budget setting proposals. The review has commenced and to date those Parishes that are in receipt of the grant have confirmed that in most cases the grant received at least covers the cost of the services provided by the grant. Further work as part of the review will need to collate the information on the sites that the services is carried out on along with whom the responsibility sits with in terms of ownership. In addition, work has



recently been carried out on a review of playground facilities across the borough and this work will also be used to understand the provision of services across the borough and how costs are apportioned. This will be completed during 2022/23 and therefore for 2022/23 there has been no changes to the budget.

#### **4. RESERVES**

- 4.1. The statement of general and earmarked reserves is attached at Appendix D, this details the planned use of reserves in the current and future financial years. Reserves are held and utilised in accordance with the policy framework for reserves which is attached at Appendix E.
- 4.2. The balance in the general reserve at 1 April 2021 was £3.713million and is expected to be £3.495million at the end of the current year after allowing for the forecast movements in the current year, the final balance will be informed by the 2021/22 outturn position. The policy framework for reserves has been reviewed and this includes the methodology for the recommended level of general reserve which is recommended to be increased to £3.5 million to reflect the level of significant projects that are underway and the continued uncertainty around funding. As the outcomes of the funding reviews are known, it would be appropriate to again review the level of reserves.
- 4.3. The Council continues to hold a number of earmarked reserve of which the more significant are summarised below along with the current forecast balance at 31 March 2022:
  - 4.3.1. Invest to Save (£1.398million) – This reserve provides a source of funding that can be utilised for up front, one-off funding for invest to save proposals that will deliver future budget efficiencies and savings.
  - 4.3.2. Asset Management Reserve (£813k) – This reserve is held to mitigate the impact of fluctuations between financial years from income received from council assets and properties and is being used to smooth the impact to the revenue account of the costs of the new leisure centre until it is operational and reduces the impact to the revenue account.
  - 4.3.3. Collection Fund Reserve (£1.877million) - This reserve can be used to mitigate the significant variations between years and to reduce the impact of appeals from previous years. The transfer from the reserve in the 2022/23 budget seeks to mitigate the in-year impact of the reduction in the council tax base.
- 4.4. The Council continues to hold a number of other earmarked reserves for specific committed purposes for which the timing of their use has not yet been identified. The current virement rules allow for the use of reserves to be approved within the overall virement limits.
- 4.5. A comprehensive statement on the adequacy of the reserves and recommended balance will be included with the Chief Financial Officer's report which forms part of the Council Tax and Budget report to Council in February 2022.

#### **5. CAPITAL**

- 5.1. This section of the report presents the capital budgets for consideration along with the recommended capital bids for 2022/23.
- 5.2. **Current 2021/22 Capital Programme** - Appendix F includes a summary of the 2021/22 capital programme (excluding new bids), which has been updated for slippage on the 2021/22 capital programme, capital projects approved as part of prior year budget setting and also where there has been approved in-year amendments to the capital programme.
- 5.3. This results in a current capital budget of £30.517m, of which £15million is in relation to the Marina centre development. is financed from capital funding sources and the remainder is to be financed by borrowing.

- 5.4. **New Capital Schemes** - In addition to the update of the 2022/23 capital programme, approval is being sought for a number of new capital projects for 2022/23, and subsequent years as identified within the Capital Appendix G.
- 5.5. The appendix provides the detail of the bids summarised in the table below:

	£
Schemes recommended to be included in the 2022/23 programme – annual provisions (includes previously approved)	1,400,000
Schemes recommended to be included in the 2022/23 programme	2,898,985
Schemes recommended to be included in the 2022/23 programme pending approval from ITIG	36,825
Sub total – Additions to Capital Programme	4,335,810
Further Business cases required	808,000
Total Capital Bids	5,143,810

- 5.6. Where bids are linked to current capital projects, from example the extension of the marina centre car park and the additional beach huts at Gorleston, these are recommended for approval within the capital programme. Also where the capital budgets are being requested in relation to assets and the asset management plan for example town hall and greyfriars house, these are recommended for approval.
- 5.7. The following schemes are recommended in principal but will be subject to detailed business cases, with those above £100,000 being reported to Policy and Resources Committee to approve the release of the funds:
- 5.7.1. Great Yarmouth North Drive Promenade Beach Huts – £450,000
  - 5.7.2. Infrastructure Improvements to Garton Hall Travellers Site - £637,000
  - 5.7.3. Print Room Offline Finishing Equipment £36,825 – release of these funds will be considered by the IT Investment Group.
- 5.8. The bids include the recommendation of £1,130,000 be included in the capital programme for the **refuse collection vehicle replacement programme**. Ahead of the release of these funds a business case will be produced which will consider the options available for the replacement vehicles and will be informed by a review of the current fleet arrangements and recommendations for the future fleet strategy. This will be presented to Members ahead of releasing the budget.
- 5.9. Of the bids totalling £4,335,810, it is recommended that £3,001,655 be funded from borrowing.
- 5.10. As part of the budget report, the opportunity has been taken to review the programme and update the programme with the projects included within the Future High Streets and Town Deal programmes. The TD full business cases are in the process of being finalised for final sign off by 31 March 2022, as part of the review of the business cases the co-funding for each of the projects have been reviewed along with the Council's contributions. This report is recommending updates to the capital programme for the following two schemes;
- 5.11. **Intervention 1 Incubator Units** – As part of the business case it has been highlighted that a further funding of £420k is required to deliver the outcomes of the intervention, whilst this project is at early stages as the project delivery is finalised it could be that there is scope to contain this within the overall project funding, in the meantime it is recommend that £420k be included in the capital programme as matched funding for the project, the release of this funding would be subject to confirmation of mitigating the revenue implications.

- 5.12. **Intervention 3 Learning Centre** – At application stage this project allowed for partner funding of £3.5m from the Institute of Technology for the provision of the learning centre in the town centre. It has recently been confirmed that the College's IOT funding application had not been successful. Partners along with the Council are seeking alternative funding opportunities for the delivery of the project, at the same time the project team for this intervention are looking at alternative options for the delivery of the project to ensure that outcomes are still met and also opportunity to generate income to mitigate the impact on the revenue account. In the meantime the Council is being asked to temporarily underwrite the funding gap until RIBA stage 3 at which time the overall funding of the scheme and deliverability will be reviewed pending the outcome of this work. As certainty on the funding is known this will be reported to members as part of the monitoring processes.
- 5.13. **Wellesley recreational Ground** – There is a separate item on the agenda recommending the including in the capital programme of £942,000 to deliver a new 3G artificial pitch and to restore the tennis pavilion. The 2021/22 budget report included a capital bid of £303,000 as the Council's match funding to the project subject to identifying and application for external funding. The report on the project outlines the process to date and the status of the application for £687,000 of funding from the football foundation for the project. Subject to the confirmation of the award of funding this report is seeking the including of the capital budget to be funded as outlined in the accompanying report.
- 5.14. **Capital Programme Funding** - There are a number of sources of funding available to fund the capital expenditure. The following outlines those which are available to the Council:
- 5.14.1. External Contributions or Grants – e.g. from third party organisations often used to part fund capital projects, for example the future high streets fund.
  - 5.14.2. Reserves – Available capital and revenue reserves can be used to fund capital expenditure.
  - 5.14.3. Capital Receipts – Capital receipts are generated from asset disposals and can only be used to fund capital expenditure or repay debt. The latter is not applicable at the moment, as the Council is currently debt free.
  - 5.14.4. Borrowing – Under the Prudential Framework, the Council is able to fund expenditure from borrowing provided that they can demonstrate affordability and need. Borrowing (internal or external) to finance capital spend will attract charges to the revenue account in the form of interest and Minimum Revenue Provision (MRP) charges. The Councils capital programme is heavily reliant on borrowing as a source of funding. This report is presenting for approval the Minimum Revenue Provision Statement for 2022/23 which outlines the method for calculation of the MRP, this is included at Appendix H.

## 6. FUTURE FINANCIAL FORECASTS

- 6.1. Included in the Appendix A is a high-level financial forecast for the following two years of the spending review. At this time the impact of the fair funding review and business rates reset is not know, furthermore the outcome of the review of the New Homes Bonus is currently unknown and it is anticipated that any changes will be inform future funding allocations. It is now anticipated that the outcomes of these will inform the funding allocations from 2023/24 onwards.
- 6.2. At this time based on the current assumptions there is a forecast funding gap of £1.9million in 2023/24 increasing by a further £163k in 2024/25. This is before any new savings or additional income streams are factored into the budget and assumes inflationary increases to government grant and business rates, pending the wider review of funding reforms. Part of

the significant movement between years is the removal of the New Homes bonus grants and one-off grants received in 2022/23 totalling £932k, plus inflationary costs and MRP. Whilst it does not currently assume any funding from New Homes Bonus after 2022/23, a replacement scheme could provide further funding that would mitigate the funding gap.

- 6.3. The current business strategy themes as mentioned earlier remain the priorities for identifying opportunities to deliver growth and ensuring that the Council's resources and assets are utilised in the most efficient way to deliver future savings and income to the Council. This will include identifying opportunities to general capital receipts to reduce future borrowing costs for funding the capital programme.
- 6.4. The timing of the announcements of the reviews of local government funding is not yet known and once further detail is announced, the Medium-Term Financial Strategy will be updated accordingly.

## **7. FINANCIAL IMPLICATIONS**

- 7.1. The body of the report and appendices present the overall general fund budget for revenue and capital for 2022/23. For the revenue account there is forecast to be a deficit of £208,205<sup>2</sup> and it is recommended that this is funded by other earmarked reserves.
- 7.2. The Council continues to face significant financial challenges due to the uncertainty of future funding for local government and also the longer-term recovery from Covid – both in terms of income recovery from council tax and rental streams as well as fees and charges income.

## **8. RISKS**

- 8.1. The Council budget has been informed by a number of assumptions and based on information that is available, for example funding allocations. The following outlines the more significant risks that the Council continues to face in relation to its financial position.
- 8.2. **Future Funding** – The budget for 2022/23 is based on a one-year finance settlement. The delay to the implementation of the new funding system being informed by the fair funding review and review of business rates retention means that during 2022/23 there are likely to be exemplifications of the impact to individual authorities funding moving forward. The timing is not yet confirmed and as announcements are made the future financial projections will be updated accordingly. Future funding gaps still remain a risk to the overall funding for Local Government.
- 8.3. **New Homes Bonus** – As a source of funding, the current scheme is heavily skewed against those authorities with a higher than average number of properties in the lower council tax bands and also where there is lower levels of housing growth. Delivery of new homes growth is still important in response to demand and also the ability to grow the council tax base as a source of income.
- 8.4. **Business Rates** - Funding fluctuations from business rate income continues to be a prevalent feature of Local Government funding. The impact of appeals only exacerbates this risk and applies to current and new appeals. Other factors that will lead to reductions in income include for example, business closures, successful rateable value appeals (which reduce the RV and consequently the rates payable), including the impact of back dated appeals. The NNDR provision within the system only reflects the potential impact of appeals currently in the appeals system. The Council does hold an earmarked reserve which can mitigate the timing of fluctuations in the level of income from business rates.

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<sup>2</sup> Updated deficit following the final settlement announcement (07/02/22) and P&R recommendation re Ward Budgets

- 8.5. **Capital Projects** – The Council has a number of significant capital projects at various stages of delivery. Each project faces a number of risks in terms of their delivery and also where they are subject to external funding it is essential that the funding conditions are met. The Council has a strong governance framework in place which can mitigate some of the project risks as well as ensuring adequate project contingency is held within project budgets. However, there will always be risks that are outside of the control of the council when managing these budgets. Reserves, both general and earmarked reserves can be used to mitigate the financial impact of this.
- 8.6. **Interest Payable and Minimum Revenue Provision (MRP)** - The budget reflects the revenue costs of the planned borrowing and financing of the current and future capital programmes. The impact of interest rate changes will have a direct impact to the revenue account for the financing of capital schemes. Whilst interest rates continue to be at historic lows the borrowing requirements continue to be reviewed and decisions made in line with the treasury management strategy.
- 8.7. Slippage of capital schemes will impact on the level of borrowing required along with the associated financing costs. The capital programmes have been reviewed to accurately reflect the timing of the projects, to ensure an accurate provision for MRP and interest can be made which reflects the timing of the capital spend. In addition, as new schemes and projects are approved outside of the budget this too will have an impact on the associated financing costs and will need to be considered as part of the options appraisal and business cases presented for approval. Furthermore future increases to MRP can be mitigated by the use of capital receipts to fund capital expenditure to reduce the need to borrow.
- 8.8. **Budgeted Income** – The annual revenue budget is dependent upon achieving significant levels of income from a number of demand led areas from sales, fees and charges, for example car parking, planning and building control and crematorium. The budgets have been informed by actuals and knowledge of current service delivery and also taking account of longer term recovery from the pandemic. Whilst a prudent approach has been taken for the setting of income budgets the actual performance will need to be monitored closely to allow any corrective actions to be taken in year if required.
- 8.9. Achievement of service income still remains a financial risk that cannot be fully influenced by the Council. It is for reasons such as this that a factor in determining the recommended general reserve balance includes an amount for the sensitivity in delivery of the more significant demand-led income budgets.
- 8.10. **Commercial Property Rentals** – The Council holds a number of commercial assets for which it receives an income from licences and rentals. The budget has made some assumptions on future rentals, however the risk of vacancies continue to be prevalent and therefore will continue to be managed by the service.
- 8.11. **Reserves** - The Council currently holds a number of earmarked reserves for which some are allocated for specific purposes, although the profile of spend is not yet agreed and commitments not currently made. Use of reserves provide a short-term solution to mitigate the forecast deficits and can also be used to mitigate the impact, if for example savings and income are not achieved as budgeted. As part of approving the annual budget Members are reminded that reserves do not provide a long-term solution for a sustainable budget position.
- 8.12. **Universal Credit and Housing Benefit Subsidy** – The budget reflects the reducing funding from the Department for Work and Pensions for housing benefit administration. The Council is responsible for paying out in the region of £22 million of housing benefit and rent rebates which the budget assumes is recoverable through the subsidy system. The subsidy returns are audited annually at which point any under or over recovery will be determined and adjusted

for. Any under recovery that is not eligible for subsidy would result in a financial implication to the Council which can be mitigated through the use of the earmarked reserve.

- 8.13. **Local Council Tax Support** – The LCTS scheme continues to support those households on low income or in receipt of benefit. The impact of a greater demand for LCTS would reduce the council tax collectable in the year and consequentially increase the deficit on the collection fund which will then need to be recovered in future years.

## 9. CONCLUSIONS

- 9.1. The Council is required to recommend a budget for approval each year. The budget report is presented to Policy and Resources Committee for recommendation to Full Council as part of the budget and council tax setting process. The report presents the detailed budget considerations for 2022/23. The budget has been informed by the one-year provisional finance settlement for 2022/23.
- 9.2. The report provides an overview of the risks that are facing the Council in the short to medium term, the most significant for the short term being the uncertainty around the impact of Covid-19 on the budget position for 2022/23 and medium-term recovery.

## 10. BACKGROUND PAPERS

- 10.1. The following reports and announcements have been used to inform the budget report as presented:
- 10.1.1. 2020/21 Outturn report
  - 10.1.2. 2021/22 in year financial monitoring reports
  - 10.1.3. Provisional Local Government Finance Settlement
  - 10.1.4. Medium Term Financial Strategy
  - 10.1.5. National Non-Domestic Rates Return
  - 10.1.6. Financial monitoring.

Area for consideration	Comment
Monitoring Officer Consultation	
Section 151 Officer Consultation	
Existing Council Policies	See background papers
Financial Implications	Within existing budgets
Legal Implications (including human rights)	
Risk Implications	
Equality Issues/EQIA assessment	
Details contained in strategy	
Crime & Disorder	
Every Child Matters	



<b>General Fund Summary</b>	<b>2020/21 Outturn</b>	<b>Original 2021/22 Budget</b>	<b>2021/22 updated Forecast</b>	<b>2022/23 Budget</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Services:</b>						
Executive and Resources	(107,118)	4,108,536	5,163,532	5,165,040	4,962,221	4,998,151
Inward Investment	1,373,972	1,095,607	1,130,924	3,593,020	3,500,004	3,094,797
Housing	1,176,442	1,158,056	1,032,748	1,046,111	986,196	1,020,197
Planning and Growth	363,186	427,075	433,238	434,019	459,320	477,666
Customer Services	(131,737)	(545,451)	(692,719)	(695,176)	(654,650)	(523,271)
Property and Asset Management	892,314	445,096	808,226	(85,890)	(259,731)	(131,318)
Communications and Marketing	604,631	777,164	761,088	753,578	745,255	747,106
Environmental Services	4,691,851	5,063,127	5,030,345	5,321,436	5,570,099	5,752,741
<b>Net Cost of Service</b>	<b>8,863,540</b>	<b>12,529,210</b>	<b>13,667,382</b>	<b>15,532,138</b>	<b>15,308,713</b>	<b>15,436,069</b>
<b>Non Service Exp/(Income ):</b>						
Recharges to HRA	(1,729,720)	(1,914,393)	(2,079,593)	(2,036,804)	(2,067,106)	(2,092,241)
Parish Precepts	479,131	519,506	519,506	596,030	596,030	596,030
Parish CTSS Grant	25,009	20,080	25,004	25,003	20,003	15,003
Capital Charges	(1,910,669)	(2,196,310)	(2,196,310)	(3,790,627)	(3,790,627)	(3,790,627)
Revenue Financing for Capital	262,907	0	0	0	0	0
Interest Receivable	(310,784)	(58,967)	(58,967)	(82,086)	(80,996)	(79,940)
Interest Payable	614,507	1,229,995	1,244,995	902,592	913,433	924,237
Minimum Revenue Provision	1,412,562	1,558,000	1,558,000	1,730,112	2,632,000	2,977,000
Pension Back Funding	1,975,300	2,126,769	2,126,769	2,270,129	2,424,776	2,428,259
Vacancy Management	0	(326,973)	0	(382,000)	(382,000)	(382,000)
Apprenticeship Levy	34,946	47,751	47,751	51,767	52,292	53,184
<b>Sub total - Non Service Exp/Inc</b>	<b>738,181</b>	<b>1,005,458</b>	<b>1,187,155</b>	<b>(715,885)</b>	<b>317,804</b>	<b>648,905</b>
<b>Net Operating Expenditure</b>	<b>9,601,722</b>	<b>13,534,667</b>	<b>14,854,537</b>	<b>14,816,254</b>	<b>15,626,517</b>	<b>16,084,974</b>
<b>Contributions to/(from) Reserves:</b>						
Insurance Fund	96,064	0	(4,114)	0	0	0
Restricted use grant	(5,989)	(3,946)	(37,426)	(54,000)	(40,515)	(20,000)
Invest to Save	(35,910)	0	0	0	0	0
Specific budget	90,036	1,563	1,563	(59,142)	(47,590)	0
Repairs and maintenance	(49,903)	0	(49,150)	0	0	0
Second Homes Council tax	(155,962)	0	0	0	0	0
Waste management	0	(11,375)	(11,375)	(11,375)	(2,420)	0
Collection Fund	442,968	(100,000)	(100,000)	(93,000)	0	0
Community Housing	(30,417)	(30,000)	(30,000)	(10,000)	(30,000)	(30,000)
Enforcement	(4,452)	0	(7,500)	0	0	0
Coastal Protection	115,000	0	0	0	0	0
Special Projects Reserve	(189,699)	(118,316)	(206,340)	(182,978)	(25,900)	0
Homelessness	(145,545)	(164,963)	(164,963)	(95,000)	0	0
Asset Management	(101,743)	(257,300)	(257,300)	(230,825)	(204,753)	0
Empty Business Property Initiative Reserve	100,000	0	0	0	0	0
General Reserve	0	(215,000)	(203,151)	0	0	0
Covid reserve	0	0	(808,535)	0	0	0
Other Reserves	600,762	(47,621)	(429,528)	(24,742)	(28,917)	(13,912)
<b>Sub Total Reserves</b>	<b>12,841,411</b>	<b>(946,958)</b>	<b>(2,307,819)</b>	<b>(761,062)</b>	<b>(380,095)</b>	<b>(63,912)</b>
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>22,443,133</b>	<b>12,587,709</b>	<b>12,546,718</b>	<b>14,055,192</b>	<b>15,246,422</b>	<b>16,021,062</b>
Collection Fund - Parishes	(354,487)	(519,506)	(519,506)	(596,030)	(596,030)	(596,030)
Collection Fund - Borough	(4,935,126)	(4,865,925)	(4,865,925)	(5,085,693)	(5,321,569)	(5,658,549)
Retained Business Rates	(15,509,456)	(4,507,153)	(4,507,153)	(5,092,629)	(5,296,334)	(5,508,187)
Revenue Support Grant	(2,062,184)	(2,073,588)	(2,073,588)	(2,136,919)	(2,201,027)	(2,267,057)
New Homes Bonus	(372,510)	(38,766)	(38,766)	(495,249)	0	0
Other Grants	(37,592)	(303,320)	(303,320)	(440,467)	0	0
<b>Income from Grant and Taxpayers</b>	<b>(23,271,355)</b>	<b>(12,308,258)</b>	<b>(12,308,258)</b>	<b>(13,846,987)</b>	<b>(13,414,959)</b>	<b>(14,029,823)</b>
<b>(Surplus)/Deficit (before general reserve transfer)</b>	<b>(828,222)</b>	<b>279,452</b>	<b>238,460</b>	<b>208,205</b>	<b>1,831,462</b>	<b>1,991,238</b>

**NOTE:** Updated following Policy and Resource Committee 8th February 2022 for recommendation of £39,000 ward budgets and also final settlement announced 7th February 2022 (£80,386 additional funding).

Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
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**Executive and Resources:****Equinox**

Employee	0	0	58,370	58,370	New Executive Officer post salary costs recognised in budget. Fully recovered from the company as reflected within the income below.
Supplies & Services	92,620	96,700	25,000	(67,620)	Non Executive Payroll costs for the company and Insurance costs for Equinox Enterprises Ltd, fully recharged back to the company as per the income line below.
Third Party Payments	0	0	0	0	
Income	(92,620)	(142,020)	(129,000)	(36,380)	Service Level Agreement has increased between Equinox and the Council. This increases the income received.
	(0)	(45,320)	(45,630)	(45,630)	

**GYBS Company**

Employee	0	0	68,384	68,384	Costs in relation to the GYBS future delivery as approved to be funded from earmarked reserves.
Supplies & Services	0	0	34,616	34,616	
Income	0	0	0	0	
	0	0	103,000	103,000	

**Corporate Costs**

Transport	6,500	3,000	6,500	0	
Supplies & Services	175,301	174,301	141,607	(33,694)	External Audit Fees updated forecast based on scale fee assumption.
Support Services - Recharges Out	(445,710)	(445,710)	(445,730)	(20)	
Support Services - Recharges In	263,900	263,900	297,650	33,750	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	(9)	(4,509)	27	36	

**Executive Team**

Employee	669,143	654,874	709,650	40,507	Temporary additional of PA support to ELT. Plus impact of 2% pay increase.
Premises	0	0	0	0	
Transport	7,500	5,000	5,000	(2,500)	
Supplies & Services	11,798	9,548	8,241	(3,556)	
Support Services - Recharges Out	(1,042,730)	(1,042,730)	(1,350,700)	(307,970)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	354,310	354,310	627,820	273,510	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	21	(18,998)	11	(9)	



	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Finance</b>					
Employee	652,896	600,300	650,075	(2,821)	
Premises	0	0	0	0	
Transport	500	500	250	(250)	
Supplies & Services	284,316	243,616	272,728	(11,588)	Reduction in Services Specialist budget and Bad Debt Provision.
Third Party Payments	0	0	0	0	
Transfer Payments	0	0	0	0	
Support Services	86,000	115,000	115,000	29,000	Revised budget in line of expectation based on prior year bank giro and cheque fees.
Capital Charges	0	0	0	0	
Support Services - Recharges Out	(1,637,200)	(1,637,200)	(1,494,280)	142,920	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	618,490	618,490	461,220	(157,270)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(5,000)	(13,500)	(5,000)	0	
	2	(72,794)	(7)	(9)	
<b>ICT</b>					
Employee	417,018	339,926	458,850	41,832	One post transferred from Communications and Marketing.
Premises	4,406	4,406	4,951	545	
Transport	2,500	2,500	1,000	(1,500)	
Supplies & Services	297,293	357,198	358,958	61,665	Increase in cost of Microsoft licenses and new software purchased for PSN accreditation.
Third Party Payments	474,593	474,593	474,593	0	
Capital Charges	42,896	42,896	107,504	64,608	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges Out	(1,377,410)	(1,377,410)	(1,553,710)	(176,300)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	138,700	138,700	147,860	9,160	
Income	0	0	0	0	
	(4)	(17,191)	6	10	
<b>Corporate Strategy</b>					
Employee	89,656	68,003	92,700	3,044	
Premises	0	0	0	0	
Transport	200	200	200	0	
Supplies & Services	4,220	4,220	3,752	(468)	
Support Services - Recharges Out	(146,510)	(146,510)	(143,950)	2,560	
Support Services - Recharges In	52,440	52,440	47,290	(5,150)	
Income	0	0	0	0	
	6	(21,647)	(8)	(14)	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Member Services</b>					
Employee	185,480	178,303	188,379	2,899	
Premises	0	0	0	0	
Transport	3,600	2,100	2,100	(1,500)	
Supplies & Services	325,798	319,397	371,944	46,146	Members allowances based on outcome of the Independent Review Panel (taking effect from Dec 2021). Ward budgets of £1,000 per member (£39,000) included for 1 year following Policy & Resource Committee recommendation on 8th February 2022.
Support Services - Recharges Out	(646,650)	(646,650)	(684,760)	(38,110)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	131,770	131,770	161,340	29,570	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	(2)	(15,080)	39,003	39,005	
<b>Elections</b>					
Employee	163,466	159,139	116,492	(46,974)	
Premises	0	0	0	0	
Transport	1,000	0	1,000	0	
Supplies & Services	121,653	134,653	73,472	(48,181)	No elections expected in 2022/23.
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	30,960	30,960	38,310	7,350	
Income	(114,700)	(125,700)	(700)	114,000	No elections expected in 2022/23.
	202,379	199,052	228,574	26,195	
<b>Human Resources</b>					
Employee	411,525	401,362	417,894	6,369	
Premises	0	0	0	0	
Transport	1,000	1,000	1,000	0	
Supplies & Services	47,896	47,896	74,684	26,788	New Payroll/HR System agreed.
Support Services - Recharges Out	(606,010)	(606,010)	(653,230)	(47,220)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	145,590	145,590	159,660	14,070	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	1	(10,162)	8	7	
<b>Legal</b>					
Supplies & Services	82,223	82,223	82,223	0	
Third Party Payments	388,582	388,582	407,623	19,041	Increase in NP Law contract fee.
Support Services - Recharges Out	(457,570)	(457,570)	(479,640)	(22,070)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	21,760	21,760	24,800	3,040	
Income	(35,000)	(22,000)	(35,000)	0	
	(5)	12,995	6	11	

Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
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**COVID-19 costs**

Employee	0	1,060,979	0	0	
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	50,000	2,574,524	0	(50,000)	Removal of budget for direct costs in respect of COVID, previously offset by grant allocations (see below).
Income	(745,722)	(3,080,187)	0	745,722	2021/22 base budget included the tranche 5 COVID funding to cover the direct cost and other service impacts and fees and charges impact such as car park income not covered by the national sales, fees and charges scheme. No further Covid funding is assumed to be received in 2022/23.
	(695,722)	555,316	0	695,722	

<b>Total Executive and Resources:</b>	<b>(493,334)</b>	<b>561,662</b>	<b>324,990</b>	<b>818,324</b>	
<b>Total Executive and Resources excluding capital charges &amp; recharges:</b>	<b>4,065,640</b>	<b>5,120,636</b>	<b>5,057,536</b>	<b>991,896</b>	
<b>Total Executive and Resources excluding recharges:</b>	<b>4,108,536</b>	<b>5,163,532</b>	<b>5,165,040</b>	<b>1,056,504</b>	

**Inward Investment****Projects and Programmes**

Employee	259,445	150,005	155,554	(103,891)	Project Management Team have been moved to their own cost centre Project Management Office.
Transport	1,500	886	886	(614)	
Supplies & Services	2,659	57,771	2,154	(505)	
Support Services - Recharges Out	(77,000)	(45,492)	(77,200)	(200)	
Support Services - Recharges In	295,850	174,791	514,260	218,410	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	(56,200)	0	0	
	482,454	281,761	595,654	113,200	

**Project Management Office**

Employee	0	173,894	128,778	128,778	Project management Team have been moved to their own cost centre PMOT. Previously these costs were within EXPP.
Transport	0	614	614	614	
Supplies & Services	0	1,088	1,188	1,188	
Support Services - Recharges Out	0	(31,508)	0	0	0
Support Services - Recharges In	0	121,059	45,200	45,200	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	0
	0	265,147	175,780	175,780	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Inclusion Project (ESF)</b>					
Employee	4,481	582	0	(4,481)	
Income	0	0	0	0	
	<u>4,481</u>	<u>582</u>	<u>0</u>	<u>(4,481)</u>	
<b>Future High Street Fund</b>					
Supplies & Services	0	1,360	0	0	
Income	0	0	0	0	
	<u>0</u>	<u>1,360</u>	<u>0</u>	<u>0</u>	
<b>Towns Fund</b>					
Supplies & Services	0	4,800	0	0	
Support Services	0	0	0	0	
Capital Charges	0	0	1,000,000	1,000,000	This reflects the accounting treatment of the Council's contribution to the Operations and Maintenance campus being built by Norfolk County Council. This cost is fully offset within the budget by a capital charges adjustment under Appendix A.
Income	0	0	0	0	
	<u>0</u>	<u>4,800</u>	<u>1,000,000</u>	<u>1,000,000</u>	
<b>Offshore Wind Project</b>					
Employee	50,069	50,069	50,416	347	
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	0	49,135	155,000	155,000	Marketing costs for the offshore wind project fully funded by grant money as per the income line below.
Income	(50,069)	(99,204)	(205,416)	(155,347)	As above.
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<b>Winter Programme</b>					
Supplies & Services	0	208,698	0	0	
Income	0	(208,698)	0	0	
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<b>CCTV</b>					
Employee	0	0	0	0	
Premises	4,000	4,000	4,000	0	
Transport	0	0	0	0	
Supplies & Services	87,992	94,336	97,022	9,030	
Capital Charges	0	0	35,967	35,967	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	20,030	20,030	31,340	11,310	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(4,000)	(4,000)	(4,000)	0	
	<u>108,022</u>	<u>114,366</u>	<u>164,329</u>	<u>56,307</u>	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Culture and Leisure</b>					
Employee	0	(450)	0	0	
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	72,044	72,044	69,044	(3,000)	
Third Party Payments	61,900	61,900	61,900	0	
Support Services - Recharges In	38,390	38,390	30,750	(7,640)	
Income	0	0	0	0	
	172,334	171,884	161,694	(10,640)	
<b>Conservation</b>					
Employee	151,017	147,210	153,543	2,526	
Premises	45,666	133,166	158,934	113,267	Trees for Cities project budget is fully funded from grant income and Town Wall repairs are partially funded from £30k Historic England grant.
Transport	200	200	200	0	
Supplies & Services	49,188	412,688	490,532	441,344	Winter Gardens development stage budget is fully funded by grant income as per below.
Third Party Payments	0	0	0	0	
Transfer Payments	0	188,806	33,490	33,490	Heritage Action Zone project costs are funded by grant income as per below.
Support Services	0	0	0	0	
Capital Charges	25,408	25,408	1,160,660	1,135,252	This reflects the Council's transfer of Town Deal funds to partners for costs they are incurring as contribution to the Town Deal scheme projects (accounting treatment). This cost is fully offset within the budget by a capital charges adjustment under Appendix A.
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	61,120	61,120	41,960	(19,160)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(66,667)	(676,473)	(625,740)	(559,073)	Heritage Action Zone, Tree for cities and Winter Garden grant funding will offset costs above.
	265,932	292,125	1,413,579	1,147,647	
<b>Indoor Leisure - Phoenix Pool and Marina Centre</b>					
Employee	0	0	57,031	57,031	New contract manager position for the new leisure provision.
Premises	24,462	57,504	24,988	526	
Transport	0	0	0	0	
Supplies & Services	7,309	53,417	7,425	116	
Third Party Payments	67,500	191,916	56,696	(10,804)	New Lease hire contract for fitness equipment at the Phoenix.
Transfer Payments	64,439	64,439	118,861	54,422	New Leisure Operator Management fee.
Support Services	0	0	0	0	
Capital Charges	33,291	33,291	86,348	53,057	Reflects changes in depreciation charge for assets aligned to this service. Demolition of the Marina Centre in 2020/21 removes depreciation charge for 2021/22.
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	76,890	76,890	83,450	6,560	
Income	0	(124,416)	0	0	
	273,890	353,041	434,799	160,908	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Neighbourhood Management</b>					
Employee	262,853	218,198	307,996	45,143	Employee costs revised to budget for new team structure following large turnover of staff in prior years.
Premises	10,264	11,964	9,873	(391)	
Transport	800	800	800	0	
Supplies & Services	82,784	102,784	85,346	2,562	
Third Party Payments	0	0	0	0	
Transfer Payments	113,000	357,317	200,000	87,000	Forecast £200k for projects potentially being won beginning in 2022/23.
Support Services	0	0	0	0	
Capital Charges	0	0	0	0	
Support Services - Recharges Out	(364,400)	(364,400)	(387,310)	(22,910)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	365,450	365,450	343,400	(22,050)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(113,000)	(474,779)	(236,000)	(123,000)	Forecast £200k for projects potentially being won beginning in 2022/23 - plus the 3 contributions to Early Help Hub.
	357,752	217,334	324,105	(33,647)	
<b>Enterprise Zone</b>					
Supplies & Services	1,350,000	1,350,000	1,140,612	(209,388)	Payments out of this service (to Local Enterprise Partnership and Norfolk County Council) are based on the funds available so fall in income below means reduction in payments that can be made (please see comment below also).
Income	(1,600,000)	(1,600,000)	(1,261,791)	338,209	Decrease in business rate income aligned to Enterprise Zones anticipated in 2022/23. Payments for the funds reduce relatively to the income received. The balance remaining reflects the Council share of the funds.
	(250,000)	(250,000)	(121,179)	128,821	
<b>Economic Development</b>					
Employee	103,409	101,191	68,608	(34,801)	Budget is reduced due to a fixed term employee post ending June 2022.
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	1,800	1,800	1,502	(298)	
Support Services - Recharges In	154,410	154,410	111,990	(42,420)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(10,014)	(10,014)	0	10,014	Income reduction aligns with cost reductions.
	249,605	247,387	182,100	(67,505)	
<b>Enterprise GY</b>					
Premises	68	68	0	(68)	
Transport	0	0	0	0	
Supplies & Services	1,809	1,809	0	(1,809)	
Support Services - Recharges In	7,700	7,700	0	(7,700)	
Income	0	0	0	0	
	9,577	9,577	0	(9,577)	

Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
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Total Inward Investment:	1,681,747	1,717,064	4,330,860	2,649,113
Total Inward Investment excluding capital charges & recharges:	1,036,908	1,072,225	1,310,045	273,137
Total Inward Investment excluding recharges:	1,095,607	1,130,924	3,593,020	2,497,413

**Housing:****Housing Needs**

Employee	666,648	816,958	967,016	300,368	Increase employee cost to mitigate the increased demand reflected by the service, supported by grant funding.
Premises	153,876	192,376	203,105	49,230	Increased expenditure reflecting increased demand following COVID and prior years. Offset partly by income below and grant contributions.
Transport	3,152	522	1,000	(2,152)	
Supplies & Services	182,086	442,036	261,888	79,801	Increased expenditure reflecting increased B&B and temporary accommodation demand following COVID and prior years. Offset partly by income below and grant contributions.
Capital Charges	19,013	19,013	18,137	(876)	
Support Services - Recharges In	321,700	321,700	420,790	99,090	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(258,410)	(731,756)	(744,103)	(485,693)	Increased grant contributions to support the increased demand on services such as B&B and temporary accommodation costs. Grant also supporting increases budgeted staffing costs for 2022/23.
	1,088,065	1,060,849	1,127,833	39,769	

**Gapton Hall Site**

Employee	58,435	58,435	62,539	4,104	
Premises	0	47,000	49,969	49,969	Budgets reflecting the sites repairs and maintenance and energy costs. Energy costs incurred mitigated by income below.
Transport	0	0	0	0	
Supplies & Services	55,000	30,000	20,000	(35,000)	Budgets re-allocated to reflect spend in prior years.
Support Services - Recharges In	37,140	37,140	50,310	13,170	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(67,231)	(102,000)	(87,250)	(20,019)	Income reflecting site rental income in year, based on prior income assumptions, also reflecting an element for non-collection.
	83,344	70,575	95,568	12,224	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Better Care Fund</b>					
Employee	101,077	87,148	102,988	1,911	
Premises	0	0	0	0	
Transport	2,500	1,071	2,500	0	
Supplies & Services	23,735	11,735	21,744	(1,991)	
Support Services - Recharges In	55,620	55,620	59,690	4,070	
Income	(145,216)	(145,216)	(145,216)	0	
	<u>37,716</u>	<u>10,358</u>	<u>41,706</u>	<u>3,991</u>	
<b>Housing Strategy</b>					
Employee	176,135	138,262	139,896	(36,239)	A post has transferred to Equinox following the set up of Equinox Property Holdings.
Premises	792	1,067	808	16	
Transport	365	0	365	0	
Supplies & Services	42,388	59,158	30,340	(12,048)	Reduction of budget following review of spend requirements.
Capital Charges	22,603	22,603	23,859	1,256	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	88,170	88,170	83,740	(4,430)	
Income	0	0	0	0	
	<u>330,453</u>	<u>309,260</u>	<u>279,008</u>	<u>(51,445)</u>	
<b>Safe at Home</b>					
Employee	279,548	231,865	282,473	2,925	
Premises	0	0	0	0	
Transport	7,000	2,509	7,000	0	
Supplies & Services	55,198	36,399	42,859	(12,338)	Reduction of budget following review of spend requirements.
Third Party Payments	0	0	0	0	
Transfer Payments	5,440	5,440	5,440	0	
Support Services - Recharges In	94,710	94,710	89,210	(5,500)	
Income	(226,078)	(191,877)	(221,247)	4,831	
	<u>215,819</u>	<u>179,046</u>	<u>205,735</u>	<u>(10,083)</u>	
<b>Total Housing:</b>	<u>1,755,396</u>	<u>1,630,088</u>	<u>1,749,851</u>	<u>(5,545)</u>	
<b>Total Housing excluding capital charges &amp; recharges:</b>	<u>1,116,440</u>	<u>991,132</u>	<u>1,004,115</u>	<u>(112,325)</u>	
<b>Total Housing excluding recharges:</b>	<u>1,158,056</u>	<u>1,032,748</u>	<u>1,046,111</u>	<u>(111,945)</u>	



Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
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**Planning and Growth:****Building Control**

Employee	254,661	270,701	255,082	421	
Premises	1,500	1,500	1,500	0	
Transport	11,000	11,000	10,000	(1,000)	
Supplies & Services	17,737	17,736	18,166	429	
Support Services - Recharges In	181,080	181,080	88,740	(92,340)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(302,976)	(277,976)	(308,377)	(5,401)	
	163,001	204,041	65,110	(97,891)	

**Development Control**

Employee	654,693	618,363	672,649	17,956	Increases due to inflation and increments.
Premises	0	0	0	0	
Transport	7,500	7,500	7,500	0	
Supplies & Services	26,702	26,701	32,219	5,518	
Support Services - Recharges Out	(64,650)	(64,650)	(62,910)	1,740	
Support Services - Recharges In	233,280	233,280	331,700	98,420	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(565,292)	(535,292)	(591,597)	(26,305)	Increase in income due to Fees & Charges at 4.9%.
	292,232	285,902	389,561	97,329	

**Land Charges**

Employee	50,035	58,143	50,771	736	
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	12,082	12,082	12,382	301	
Third Party Payments	31,000	31,000	32,519	1,519	
Support Services - Recharges In	47,760	47,760	48,230	470	
Income	(138,154)	(158,154)	(144,923)	(6,769)	
	2,723	(9,169)	(1,021)	(3,743)	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Strategic Planning</b>					
Employee	283,962	267,307	286,507	2,545	
Premises	0	23,250	0	0	
Transport	1,000	1,000	1,000	0	
Supplies & Services	96,856	96,856	113,390	16,534	2022/23 budget increased by £10k re: New Burdens Grant expenditure (from reserves) for the examination programme.
Third Party Payments	0	0	0	0	
Transfer Payments	6,500	6,500	6,500	0	
Support Services	0	0	0	0	
Capital Charges	0	0	1,582	1,582	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	116,690	116,690	89,820	(26,870)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(21,729)	(44,979)	(22,850)	(1,121)	
	483,279	466,624	475,949	(7,330)	
<b>Total Planning and Growth:</b>	<b>941,235</b>	<b>947,398</b>	<b>929,599</b>	<b>(11,636)</b>	
<b>Total Planning and Growth excluding capital charges &amp; recharges:</b>	<b>427,075</b>	<b>433,238</b>	<b>432,437</b>	<b>5,362</b>	
<b>Total Planning and Growth excluding recharges:</b>	<b>427,075</b>	<b>433,238</b>	<b>434,019</b>	<b>6,944</b>	
<b>Customer Services:</b>					
<b>Benefits</b>					
Employee	593,279	607,907	613,252	19,973	Employee costs inflationary increase.
Premises	0	0	0	0	
Transport	1,200	1,200	1,200	0	
Supplies & Services	72,927	60,921	97,286	24,359	Additional Computer Cost in 2022/23 - shared with Revenues.
Third Party Payments	0	0	0	0	
Transfer Payments	22,464,068	21,259,568	20,410,200	(2,053,868)	Revision of Benefits payments and receipts based on current year forecasts and prior year actuals offset by reduced income.
Support Services	0	0	0	0	
Capital Charges	0	0	0	0	
Support Services - Recharges Out	(258,773)	(258,773)	(257,414)	1,359	
Support Services - Recharges In	445,290	445,290	429,990	(15,300)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(23,223,212)	(22,241,212)	(21,243,980)	1,979,232	Revision of Benefits payments and receipts based on current year forecasts and prior year actuals offset by reduced spend.
	94,779	(125,099)	50,534	(44,245)	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Crematorium and Cemeteries</b>					
Employee	225,337	225,897	207,812	(17,525)	Updated budget to reflect employee establishment position.
Premises	467,969	466,468	485,183	17,214	Increase in maintenance contract with GYBS.
Transport	750	750	750	0	
Supplies & Services	97,437	152,437	143,889	46,452	Inclusion of direct funeral costs partly mitigated by income.
Third Party Payments	34,074	34,074	34,074	0	
Transfer Payments	0	0	0	0	
Support Services	0	0	0	0	
Capital Charges	72,149	72,149	70,543	(1,606)	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	185,040	185,040	231,420	46,380	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(1,601,740)	(1,436,739)	(1,620,151)	(18,411)	Revised income forecast including impact of fees and charges review.
	(518,984)	(299,924)	(446,480)	72,504	
<b>Crematorium tearoom</b>					
Employee	0	0	49,311	49,311	
Premises	0	0	8,180	8,180	
Transport	0	0	0	0	
Supplies & Services	0	0	25,898	25,898	Budget updated to reflect the business case of the tea rooms as previously approved.
Capital Charges	0	0	9,060	9,060	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	0	0	0	0	
Income	0	0	(101,857)	(101,857)	
	0	0	(9,408)	(9,408)	
<b>Customer Services</b>					
Employee	652,021	619,597	639,269	(12,752)	Review of customer service advisor establishment in 2022/23.
Premises	0	0	0	0	
Transport	250	250	250	0	
Supplies & Services	12,432	8,433	11,979	(453)	
Support Services - Recharges Out	(1,294,430)	(1,294,430)	(1,210,670)	83,760	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	629,730	629,730	559,170	(70,560)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	3	(36,420)	(2)	(5)	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Support Services</b>					
Employee	163,601	155,956	159,927	(3,674)	
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	35,682	41,682	44,257	8,575	
Capital Charges	3,267	3,267	2,985	(282)	
Support Services - Recharges Out	(309,060)	(309,060)	(279,360)	29,700	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	106,510	106,510	72,190	(34,320)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	<u>1</u>	<u>(1,645)</u>	<u>(1)</u>	<u>(1)</u>	
<b>Car Parks</b>					
Employee	436,269	411,559	446,943	10,674	2% employee pay increase assumed.
Premises	347,088	350,390	348,188	1,100	
Transport	14,052	16,552	17,355	3,303	
Supplies & Services	132,425	113,226	124,760	(7,665)	
Third Party Payments	0	0	0	0	
Transfer Payments	482,117	450,117	399,701	(82,416)	£60k reduction in income from Howard Street and On-Street Parking - has knock on effect to transfer payments (100% On Street and 50% Howard Street).
Support Services	0	0	0	0	
Capital Charges	44,213	44,213	46,827	2,614	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	404,590	404,590	356,060	(48,530)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(2,511,828)	(2,482,576)	(2,501,475)	10,353	£60k reduction in income from Howard Street and On-Street Parking - has knock on effect to transfer payments (100% On Street and 50% Howard Street) - remaining c£15k is revisions to Off Street Parking mainly Town Centre with some of this offset by Seafront gains.
	<u>(651,073)</u>	<u>(691,929)</u>	<u>(761,640)</u>	<u>(110,567)</u>	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Revenues</b>					
Employee	730,541	705,674	745,170	14,629	Employee costs inflationary increase.
Premises	0	0	0	0	
Transport	2,000	250	2,000	0	
Supplies & Services	278,004	273,846	197,688	(80,316)	Computer costs expected to be lower in 2022/23 - shared with Benefits.
Third Party Payments	0	0	0	0	
Transfer Payments	100	100	100	0	
Support Services	30,000	20,000	25,000	(5,000)	
Capital Charges	0	0	0	0	
Support Services - Recharges Out	0	0	(381,900)	(381,900)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	800,610	800,610	829,510	28,900	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(601,925)	(628,675)	(596,752)	5,173	
	1,239,330	1,171,805	820,816	(418,514)	
<b>Total Customer Services:</b>					
	164,056	16,788	(346,180)	(510,236)	
<b>Total Customer Services excluding capital charges &amp; recharges:</b>					
	(665,080)	(812,348)	(824,591)	(159,511)	
<b>Total Customer Services excluding recharges:</b>					
	(545,451)	(692,719)	(695,176)	(149,725)	
<b>Property and Asset Management:</b>					
<b>Property Building Services</b>					
Employee	0	0	0	0	
Premises	467,136	472,685	473,541	6,405	
Income	0	0	0	0	
	467,136	472,685	473,541	6,405	
<b>Town Hall</b>					
Employee	0	0	0	0	
Premises	164,528	164,529	167,916	3,388	
Transport	0	0	0	0	
Supplies & Services	1,000	4,036	1,049	49	
Capital Charges	49,010	49,010	15,821	(33,189)	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges Out	(281,270)	(281,270)	(291,230)	(9,960)	
Support Services - Recharges In	66,730	66,730	106,440	39,710	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	(2)	3,035	(4)	(2)	

Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
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**Greyfriars House**

Employee	0	0	0	0
Premises	110,111	110,112	112,303	2,192
Capital Charges	7,710	7,710	7,710	0
Support Services - Recharges Out	(212,240)	(212,240)	(189,390)	22,850 Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	94,420	94,420	69,380	(25,040) Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0
	<u>1</u>	<u>2</u>	<u>3</u>	<u>2</u>

**Maritime House**

Employee	0	0	0	0
Premises	40,107	40,108	21,897	(18,210) Savings proposal to consider options for the building.
Transport	0	0	0	0
Supplies & Services	3,528	3,528	1,842	(1,687)
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	0	0	0	0
Capital Charges	4,560	4,560	4,560	0
Support Services - Recharges Out	(109,890)	(109,890)	0	109,890 Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	61,700	61,700	14,470	(47,230) Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0
	<u>6</u>	<u>6</u>	<u>42,769</u>	<u>42,763</u>

**Catalyst Centre**

Employee	0	0	0	0
Premises	47,730	47,729	49,185	1,455
Transport	0	0	0	0
Supplies & Services	714	714	749	35
Capital Charges	3,958	3,958	3,797	(161)
Support Services - Recharges Out	(116,540)	(116,540)	(124,550)	(8,010)
Support Services - Recharges In	64,140	64,140	70,820	6,680
Income	0	0	0	0
	<u>2</u>	<u>1</u>	<u>1</u>	<u>(1)</u>

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Public Toilets</b>					
Employee	0	0	0	0	
Premises	184,705	184,705	189,675	4,969	
Transport	0	0	0	0	
Supplies & Services	10,915	10,915	11,103	188	
Capital Charges	163,129	163,129	153,447	(9,682)	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	42,980	42,980	25,740	(17,240)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(4,000)	(4,000)	0	4,000	
	<u>397,729</u>	<u>397,729</u>	<u>379,965</u>	<u>(17,765)</u>	
<b>Repairs and Maintenance</b>					
Employee	0	0	0	0	
Premises	125	125	129	4	
Transport	0	0	0	0	
Supplies & Services	15,741	15,741	16,231	490	
Third Party Payments	8,714	8,714	8,714	0	
Transfer Payments	0	0	0	0	
Support Services	0	0	0	0	
Capital Charges	253,632	253,632	205,389	(48,243)	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	52,180	52,180	61,530	9,350	
Income	(97,572)	(97,572)	(97,572)	0	
	<u>232,820</u>	<u>232,820</u>	<u>194,421</u>	<u>(38,399)</u>	
<b>Footway Lighting</b>					
Employee	0	0	0	0	
Premises	179,954	164,954	169,230	(10,725)	Reduction in electricity costs re: Roll out of energy efficient lightbulbs.
Transport	0	0	0	0	
Supplies & Services	13,319	13,319	14,091	773	
Capital Charges	74,179	74,179	69,718	(4,461)	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	55,150	55,150	64,400	9,250	
Income	0	0	0	0	
	<u>322,602</u>	<u>307,602</u>	<u>317,439</u>	<u>(5,163)</u>	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Coast Protection</b>					
Employee	56,620	55,511	183,025	126,405	Increase in budget relates to (a) three new posts to be externally grant funded total £132,609 less (b) transfer to supplies & services (£6,603) to fund additional external charges for the Adaptations Officer post.
Premises	42,000	42,000	44,689	2,689	
Transport	1,250	1,250	3,250	2,000	
Supplies & Services	58,195	58,195	64,385	6,190	
Capital Charges	362,692	362,692	362,693	1	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	51,220	51,220	60,040	8,820	
Income	(550)	(550)	(135,309)	(134,759)	External income as per above for new posts and expenses.
	<u>571,427</u>	<u>570,318</u>	<u>582,773</u>	<u>11,346</u>	
<b>Beach Huts</b>					
Employee	0	0	30,604	30,604	Creation of new maintenance post specifically for the beach huts and the Splash Pad. Work previously covered by a shared arrangement and costs recharged at year-end as part of supplies and services below.
Premises	9,919	9,919	9,962	43	
Transport	0	0	0	0	
Supplies & Services	36,000	36,000	5,396	(30,604)	Transfer to pay to fund new maintenance post above.
Support Services - Recharges In	21,950	21,950	29,960	8,010	
Income	(61,940)	(61,940)	(63,438)	(1,498)	
	<u>5,929</u>	<u>5,929</u>	<u>12,484</u>	<u>6,555</u>	
<b>Community Centres</b>					
Employee	0	0	0	0	
Premises	10,799	9,960	2,056	(8,742)	
Capital Charges	27,142	27,142	25,213	(1,929)	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	9,580	9,580	35,390	25,810	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(8,274)	(8,274)	(3,774)	4,500	
	<u>39,247</u>	<u>38,408</u>	<u>58,885</u>	<u>19,639</u>	
<b>Easter Fayre</b>					
Employee	0	0	2,000	2,000	
Supplies & Services	0	0	20,686	20,686	Base budgets removed in 21/22 as no Easter Fair held due to Covid restrictions. Budgets reinstated in anticipation of fair being held in 22/23
Income	0	0	(15,265)	(15,265)	See above also.
	<u>0</u>	<u>0</u>	<u>7,421</u>	<u>7,421</u>	



	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Go Trade - Markets</b>					
Employee	20,161	20,161	0	(20,161)	
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	36,588	36,588	0	(36,588)	One year project extension finishes March 2022.
Income	(39,154)	(39,154)	0	39,154	
	<u>17,595</u>	<u>17,595</u>	<u>0</u>	<u>(17,595)</u>	
<b>Markets</b>					
Employee	72,445	70,227	71,706	(739)	
Premises	216,504	216,504	195,154	(21,350)	Budget reviewed based upon current levels of expenditure, mitigates some of the reduced income.
Transport	250	250	250	0	
Supplies & Services	39,400	39,400	29,636	(9,763)	
Capital Charges	4,820	4,820	4,820	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	57,540	57,540	64,400	6,860	
Income	(259,759)	(134,759)	(157,974)	101,785	Review of the income budget following the redevelopment of the market area and the reduction in the number of permanent six day stalls from 36 to 26 units with a further four 'pop-up' stalls.
	<u>131,200</u>	<u>253,982</u>	<u>207,992</u>	<u>76,793</u>	
<b>Bretts</b>					
Employee	0	0	0	0	
Premises	37,867	23,150	139,117	101,250	Budget increased for external redecoration and roof repairs partly funded by lease income.
Transport	0	0	0	0	
Supplies & Services	6,576	6,576	6,576	0	
Support Services - Recharges In	7,160	7,160	12,330	5,170	
Income	(56,209)	(45,279)	(131,387)	(75,178)	Contribution from lease towards above.
	<u>(4,606)</u>	<u>(8,393)</u>	<u>26,636</u>	<u>31,242</u>	
<b>Courts</b>					
Employee	0	0	0	0	
Premises	7,290	6,090	6,090	(1,200)	
Transport	0	0	0	0	
Supplies & Services	0	1,200	1,200	1,200	
Support Services - Recharges In	7,880	7,880	11,500	3,620	
Income	(14,670)	(4,881)	(14,670)	0	
	<u>500</u>	<u>10,289</u>	<u>4,120</u>	<u>3,620</u>	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>South Denes Energy Park</b>					
Employee	0	0	0	0	
Premises	2,869	2,869	2,878	8	
Support Services - Recharges In	54,050	54,050	24,110	(29,940)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(8,004)	(8,004)	(8,004)	0	
	<u>48,915</u>	<u>48,915</u>	<u>18,984</u>	<u>(29,932)</u>	
<b>Factory Units</b>					
Employee	0	0	0	0	
Premises	38,900	22,286	10,248	(28,653)	End to rental of Sinclair Court from owner will reduce budgets by (£27.9k)
Transport	0	0	0	0	
Supplies & Services	3,307	3,307	3,409	103	
Support Services - Recharges In	17,930	17,930	28,410	10,480	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(134,451)	(113,017)	(100,651)	33,800	Loss of income due to Sinclair Court £27.2k & voids Queens Road £13.8k
	<u>(74,314)</u>	<u>(69,494)</u>	<u>(58,584)</u>	<u>15,730</u>	
<b>Corporate Estates</b>					
Employee	20	20	20	1	
Premises	399,222	487,222	405,292	6,070	
Transport	0	0	0	0	
Supplies & Services	33,473	33,473	34,097	624	
Capital Charges	13,869	13,869	34,945	21,076	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	505,180	505,180	401,660	(103,520)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(2,302,177)	(2,273,149)	(2,481,633)	(179,456)	The budget has been updated to reflect current occupancy and lease agreements plus additional (£147k) identified savings and income opportunities to be delivered in the year.
	<u>(1,350,414)</u>	<u>(1,233,385)</u>	<u>(1,605,618)</u>	<u>(255,205)</u>	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Waterways</b>					
Employee	0	52,079	0	0	
Premises	853	853	9,400	8,547	
Transport	0	0	0	0	
Supplies & Services	107,000	91,688	19,610	(87,390)	
Third Party Payments	0	0	0	0	Waterways project finishes August 2021 but transfers as an operational site to Property from 22/23. Budgets reflect this changed.
Transfer Payments	0	0	0	0	
Support Services	0	0	0	0	
Capital Charges	53,000	53,000	0	(53,000)	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	12,870	12,870	15,340	2,470	
Income	(50,853)	(87,620)	(1,000)	49,853	
	122,870	122,870	43,350	(79,520)	
<b>Minerva House</b>					
Employee	0	0	0	0	
Premises	8,400	8,400	8,451	51	
Support Services - Recharges In	8,840	8,840	9,870	1,030	
Income	(65,575)	(65,575)	(65,626)	(51)	
	(48,335)	(48,335)	(47,305)	1,030	
<b>Onians</b>					
Employee	0	0	0	0	
Premises	493	492	272	(220)	
Transport	0	0	0	0	
Supplies & Services	1,000	1,000	1,000	0	
Support Services - Recharges In	7,880	7,880	10,160	2,280	
Income	(10,800)	(10,800)	(9,900)	900	
	(1,427)	(1,428)	1,532	2,960	
<b>Property Services</b>					
Employee	1,011,788	873,742	895,056	(116,732)	Reduction of two posts now allocated to Housing Asset Team (RPHA) & identified savings.
Premises	6,179	6,179	6,179	0	
Transport	6,100	6,100	6,100	0	
Supplies & Services	28,128	25,092	39,680	11,552	Increase in computer costs.
Support Services - Recharges Out	(1,034,600)	(1,034,600)	(935,180)	99,420	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	275,690	275,690	275,770	80	
Income	(293,281)	(168,281)	(287,605)	5,676	
	4	(16,078)	(0)	(4)	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Housing Asset Team</b>					
Employee	674,914	519,914	641,021	(33,893)	Reduction in business case establishment budget contra against income
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	104,000	69,000	30,000	(74,000)	Removal of £24k set up costs in 21/22 base and savings identified.
Support Services - Recharges Out	0	(165,200)	(119,700)	(119,700)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	0	0	284,900	284,900	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(920,114)	(574,914)	(836,221)	83,893	Reduction in pay budgets will result in lower recharges to the HRA and savings identified in supplies & services
	<u>(141,200)</u>	<u>(151,200)</u>	<u>0</u>	<u>141,200</u>	
<b>Beacon Park</b>					
Employee	0	0	0	0	
Premises	187,008	134,852	143,187	(43,821)	Sale of a site has reduced rates by (£37.5k) plus transfer to supplies & services of (£10k) to increase scheme promotion costs.
Transport	0	0	0	0	
Supplies & Services	49,450	128,921	59,450	10,000	Transfer from premises as above.
Capital Charges	335,072	335,072	167,469	(167,603)	Reflects changes in depreciation charge for assets aligned to this service.
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	70,010	70,010	51,820	(18,190)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(1,143,589)	(1,189,162)	(1,100,232)	43,357	Due to sale of a site income from Local Enterprise Partnership (LEP) will reduce by £37.5k, mitigated by reduction in rates payable.
	<u>(502,049)</u>	<u>(520,307)</u>	<u>(678,306)</u>	<u>(176,257)</u>	
<b>Total Property and Asset Management:</b>	<b>235,636</b>	<b>433,566</b>	<b>(17,500)</b>	<b>(253,136)</b>	
<b>Total Property and Asset Management excluding capital charges &amp; recharges:</b>	<b>(907,677)</b>	<b>(544,547)</b>	<b>(1,141,472)</b>	<b>(233,795)</b>	
<b>Total Property and Asset Management excluding recharges:</b>	<b>445,096</b>	<b>808,226</b>	<b>(85,890)</b>	<b>(530,986)</b>	

Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
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**Communications and Marketing:****Communications**

Employee	195,145	187,362	169,713	(25,432) One post transferred to ICT.
Premises	0	0	0	0
Transport	1,500	1,500	1,500	0
Supplies & Services	10,424	14,746	14,693	4,269
Support Services - Recharges Out	(242,110)	(242,110)	(240,070)	2,040
Support Services - Recharges In	40,040	40,040	59,520	19,480 Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(5,000)	(5,000)	(5,345)	(345)
	(1)	(3,462)	11	12

**Events**

Employee	0	0	43,898	43,898 One post transferred from Civic and Porters. New catering team cost shared with Crematorium tearoom.
Premises	0	0	2,000	2,000
Transport	0	0	0	0
Supplies & Services	5,875	7,425	8,226	2,351
Support Services - Recharges In	122,110	122,110	106,210	(15,900) Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(6,700)	(6,700)	(35,920)	(29,220) Additional income from events and weddings held at the Town Hall.
	121,285	122,835	124,414	3,129

**Mayor**

Employee	0	0	0	0
Premises	0	0	0	0
Transport	0	0	0	0
Supplies & Services	7,300	7,299	7,973	674
Support Services - Recharges In	15,470	15,470	16,020	550
Income	0	0	0	0
	22,770	22,769	23,993	1,224

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Tourism</b>					
Employee	90,116	77,705	71,876	(18,240)	Apprenticeship post moved to Print and Design to fund trainee post. Budgets updated to reflect previous decision on TIC.
Premises	1,359	1,359	2,115	756	
Transport	100	100	100	0	
Supplies & Services	232,118	138,130	171,121	(60,997)	Budgets updated to reflect previous decision on TIC, offset by reduced income.
Third Party Payments	550	0	560	10	
Transfer Payments	0	0	0	0	
Support Services	1,400	1,400	0	(1,400)	
Capital Charges	0	0	0	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	247,120	247,120	217,380	(29,740)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(170,959)	(76,520)	(117,255)	53,704	Budgets updated to reflect previous decision on TIC, offset by reduced expenditure.
	<u>401,804</u>	<u>389,294</u>	<u>345,897</u>	<u>(55,906)</u>	
<b>Civic and Portering</b>					
Employee	186,464	174,698	163,151	(23,313)	One post transferred to events.
Premises	2,000	2,000	0	(2,000)	
Transport	12,746	12,746	12,746	0	
Supplies & Services	22,352	24,652	18,931	(3,421)	
Support Services - Recharges Out	(371,610)	(371,610)	(329,070)	42,540	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	155,050	155,050	137,240	(17,810)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(7,000)	(7,000)	(3,000)	4,000	
	<u>2</u>	<u>(9,464)</u>	<u>(2)</u>	<u>(4)</u>	
<b>Print and Design</b>					
Employee	164,100	159,064	194,372	30,272	Apprenticeship post moved from tourism and offset by earmarked reserve transfer.
Premises	0	0	0	0	
Transport	200	200	200	0	
Supplies & Services	56,574	56,574	57,043	470	
Support Services - Recharges Out	(274,440)	(274,440)	(291,390)	(16,950)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	77,070	77,070	64,900	(12,170)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(23,500)	(10,652)	(25,122)	(1,622)	
	<u>4</u>	<u>7,816</u>	<u>4</u>	<u>0</u>	
<b>Total Communications and Marketing:</b>	<b>545,864</b>	<b>529,788</b>	<b>494,318</b>	<b>(51,546)</b>	
<b>Total Communications and Marketing excluding capital charges &amp; recharges:</b>	<b>777,164</b>	<b>761,088</b>	<b>753,578</b>	<b>(23,586)</b>	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Total Communications and Marketing excluding recharges:</b>	<b>777,164</b>	<b>761,088</b>	<b>753,578</b>	<b>(23,586)</b>	
<b>Environmental Services:</b>					
<b>Environmental Health</b>					
Employee	1,157,853	1,103,610	1,193,881	36,029	A percentage of two posts have been transferred to Selective Licensing to cover management of the scheme. New manager post created as part of a restructure. One post moved to Licensing.
Premises	255,828	255,829	268,119	12,291	Inflation increase on joint venture with GYB Services.
Transport	39,954	41,954	39,956	2	
Supplies & Services	260,317	292,380	226,865	(33,452)	H&S advice no longer required from third party as will be provided in-house as part of the restructure.
Third Party Payments	10,000	10,000	10,000	0	
Transfer Payments	276,004	255,562	289,528	13,524	Inflation increase on drainage board levy.
Support Services	0	0	0	0	
Capital Charges	9,340	9,340	10,168	828	
Support Services - Recharges Out	(69,350)	(69,350)	(66,430)	2,920	
Support Services - Recharges In	372,810	372,810	376,070	3,260	
Income	(120,034)	(121,700)	(116,013)	4,021	
	<u>2,192,722</u>	<u>2,150,435</u>	<u>2,232,144</u>	<u>39,422</u>	
<b>Selective Licensing</b>					
Employee	45,474	44,365	60,392	14,918	Transfer of costs from Environmental Health for managing the scheme.
Premises	0	0	0	0	
Transport	1,463	1,463	0	(1,463)	
Supplies & Services	1,547	1,547	8,799	7,252	
Support Services - Recharges In	32,780	32,780	6,480	(26,300)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(50,000)	(50,000)	(10,000)	40,000	Fee income from scheme less towards the end of the 5 years. Scheme is fully funded by fee income from previous years via a transfer from earmarked reserves.
	<u>31,264</u>	<u>30,155</u>	<u>65,671</u>	<u>34,407</u>	
<b>Grounds Maintenance</b>					
Employee	0	0	0	0	
Premises	535,018	535,017	578,059	43,041	Inflation increase on joint venture with GYB Services. Additional tree works costs which are fully recharged to NCC.
Transport	0	0	0	0	
Supplies & Services	42,827	42,827	38,389	(4,438)	
Third Party Payments	11,540	9,240	9,240	(2,300)	
Capital Charges	82,075	82,075	75,485	(6,590)	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	23,200	23,200	27,550	4,350	
Income	(39,950)	(36,050)	(54,450)	(14,500)	Tree works costs incurred are fully recharged to NCC.
	<u>654,710</u>	<u>656,309</u>	<u>674,273</u>	<u>19,563</u>	

	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Street Cleansing</b>					
Employee	0	0	0	0	
Premises	664,117	664,117	664,117	0	
Transport	0	0	0	0	
Supplies & Services	0	0	0	0	
Third Party Payments	404	404	417	13	
Support Services - Recharges In	18,890	18,890	14,710	(4,180)	
Income	0	0	0	0	
	683,411	683,411	679,243	(4,167)	
<b>Grounds and Parks</b>					
Employee	0	0	0	0	
Premises	96,130	96,129	100,795	4,665	
Transport	0	0	0	0	
Supplies & Services	10,997	10,997	11,338	341	
Third Party Payments	90,285	90,285	90,285	0	
Capital Charges	3,522	3,522	3,411	(111)	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	35,860	35,860	35,940	80	
Income	0	0	0	0	
	236,794	236,793	241,768	4,974	
<b>Outdoor Sports</b>					
Employee	0	0	0	0	
Premises	398,072	430,187	417,670	19,598	Inflation increase on joint venture with GYB Services.
Transport	0	0	0	0	
Supplies & Services	11,986	11,986	11,999	13	
Capital Charges	55,285	55,285	62,458	7,173	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	44,860	44,860	38,230	(6,630)	
Income	(89,686)	(95,284)	(95,590)	(5,904)	
	420,517	447,034	434,767	14,249	
<b>Licensing</b>					
Employee	111,384	109,002	188,571	77,187	One post moved from Environmental Health.
Premises	3,012	3,012	3,408	396	
Transport	400	400	400	0	
Supplies & Services	26,421	26,421	28,067	1,645	
Support Services - Recharges In	120,420	120,420	129,380	8,960	
Income	(269,874)	(269,874)	(270,941)	(1,068)	
	(8,237)	(10,619)	78,884	87,121	



	Original 2021/22 Budget	2021/22 Forecast	2022/23 Budget	Variance 21/22 Base Budget to 22/23 Base Budget	Comments
<b>Waste Management</b>					
Employee	176,239	98,345	102,308	(73,931)	Most staff have moved to Norfolk Waste Partnership.
Premises	65,721	65,721	47,310	(18,411)	Additional work by the cleaning 'hit squad' in 2021/22 which was offset by a transfer from earmarked reserve.
Transport	0	0	0	0	
Supplies & Services	610,110	750,110	763,670	153,560	Increase in gate fees and garden waste charges, along with increased recycling tonnage, partially offset by recycling income.
Third Party Payments	2,191,085	2,179,084	2,285,272	94,187	Inflation increase on joint venture with GYB Services.
Transfer Payments	0	0	0	0	
Support Services	0	0	0	0	
Capital Charges	18,011	18,011	20,050	2,039	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	141,620	141,620	146,030	4,410	
Income	(1,629,750)	(1,694,974)	(1,741,994)	(112,245)	Recycling credits increase based on higher tonnage collection and price, which partially offsets the increase in gate fees.
	1,573,036	1,557,917	1,622,645	49,610	
<b>Total Environmental Services:</b>	<b>5,784,217</b>	<b>5,751,435</b>	<b>6,029,396</b>	<b>245,179</b>	
<b>Total Environmental Services excluding capital charges &amp; recharges:</b>	<b>4,894,894</b>	<b>4,862,112</b>	<b>5,149,864</b>	<b>254,970</b>	
<b>Total Environmental Services excluding recharges:</b>	<b>5,063,127</b>	<b>5,030,345</b>	<b>5,321,436</b>	<b>258,309</b>	
<b>Total for Services:</b>	<b>10,614,817</b>	<b>11,587,789</b>	<b>13,495,334</b>	<b>2,880,518</b>	
<b>Total for Services excluding capital charges &amp; recharges:</b>	<b>10,745,364</b>	<b>11,883,536</b>	<b>11,681,597</b>	<b>996,149</b>	
<b>Total for Services excluding recharges:</b>	<b>12,529,210</b>	<b>13,667,382</b>	<b>15,532,138</b>	<b>3,002,929</b>	

Council Tax Summary 2022/23

	2021/22 Actual	Actual 2022/23 £5 Council Tax Increase			
			Movement £	Movement %	
Demand on Collection Fund (excluding Parish/Town Precepts)	£ 4,865,925	£ 5,085,693	£219,768	4.52%	
Borough Council Tax (excl Surplus/Deficit)	£ 168.31	£ 173.31	£5.00		
<i>Less Estimated Collection Fund Surplus at 31st March OR PLUS Deficit</i>	<i>£3.17</i>	<i>£3.17</i>	<i>£0.00</i>		
<b>Net Borough Council Tax at Band D</b>	<b>£ 171.48</b>	<b>£ 176.48</b>	<b>£ 5.00</b>	2.92%	
Value of Precepts	£ 519,506	£596,030	£166,707	32.09%	
Effect of Parish/Town Precepts	£ 17.97	20.31	£2.34	13.02%	
<b>Billed Borough Council Tax at Band D</b>	<b>£ 189.45</b>	<b>£ 196.79</b>	<b>£ 7.34</b>	<b>3.87%</b>	

Tax Base

28,910

29,344

Tax Base Movement (from 2021/22)

434 Increase

Note: The Tax Base for 2022/23 is 29,344 (2021/22 28,910) so each £29,344 change in net expenditure has £1.00 effect on Council Tax at Band D.

General Fund Reserves Schedule		Opening Balance 01/04/21	Budgeted Movement 2021/22	Committed Expenditure 2021/22	Actual Movement (inc forecast) 2021/22	Updated Closing Balance 31/03/22	Budgeted Movement 2022/23	Updated Closing Balance 31/03/23	Budgeted Movement 2023/24	Updated Closing Balance 31/03/24	Budgeted Movement 2024/25	Updated Closing Balance 31/03/25
Summary and Purpose of Reserve		£	£	£	£	£	£	£	£	£	£	£
<b>Planning Delivery Grant</b>	The reserve is planned to be used to provide service improvements in Planning, and deliver the Local Development Framework.	136,389		0	0	136,389	0	136,389	0	136,389	0	136,389
<b>Insurance Fund</b>	The Council budgets for a level of excess being charged to the Service Accounts annually. Any under provision is met from the Insurance Fund, and any surplus is transferred to the fund.	574,290		0	(4,114)	570,176	0	570,176	0	570,176	0	570,176
<b>DFG top-up capital loans and grant fund</b>	The Council will utilise this funding for capital expenditure incurred in the Wellesley Rd, Sandown Rd, Euston Rd & Paget Rd areas.	400,000		(50,000)	0	350,000		350,000		350,000		350,000
<b>Restricted use grant</b>	This reserve holds unspent grants received for specific purposes for which the spend has not yet been incurred.	608,431	(3,946)	(175,965)	(37,426)	395,040	(54,000)	341,040	(40,515)	300,525	(20,000)	280,525
<b>Invest to Save</b>	To be used to fund one-off costs associated with projects that will deliver future efficiencies and savings including costs associated with restructures.	1,553,339		(155,681)	0	1,397,658	0	1,397,658	0	1,397,658		1,397,658
<b>Specific budget</b>	This reserve is utilised as expenditure is incurred.	139,327	1,563	0	1,563	140,890	(59,142)	81,748	(47,590)	34,158		34,158
<b>Repairs and Maintenance</b>	This reserve is utilised as expenditure is incurred.	340,788		0	(49,150)	291,638	0	291,638	0	291,638		291,638
<b>Waste Management</b>	This reserve is utilised as expenditure is incurred in relation to the service.	25,170	(11,375)	0	(11,375)	13,795	(11,375)	2,420	(2,420)	(0)		(0)
<b>Collection Fund (Business Rates)</b>	Earmarked to mitigate the fluctuations in business rate income between years.	1,976,810	(100,000)	0	(100,000)	1,876,810	(93,000)	1,783,810	0	1,783,810		1,783,810
<b>Community Housing Fund</b>	This represents grants previously received to assist with the delivery of Community Housing.	563,872	(30,000)	0	(30,000)	533,872	(10,000)	523,872	(30,000)	493,872	(30,000)	463,872
<b>Enforcement</b>	Earmarked for enforcement related works to address issues and bring properties back into use.	41,570		0	(7,500)	34,070	0	34,070	0	34,070		34,070
<b>Special Project Reserve</b>	Earmarked for projects and for use as matched funding as appropriate to access external funding, Includes capital and revenue projects.	836,124	(118,316)	(152,514)	(206,340)	477,270	(182,978)	294,292	(25,900)	268,392		268,392
<b>Benefits/Revenues Reserve</b>	This reserve is held to mitigate year on year fluctuations of investment income received.	599,025		0	0	599,025	0	599,025	0	599,025		599,025
<b>Homelessness</b>	To be utilised for service expenditure for the reduction in homelessness.	430,959	(164,963)	0	(164,963)	265,996	(95,000)	170,996	0	170,996		170,996
<b>Treasury Management reserve</b>	Earmarking of grants and underspends to be used for the service and mitigation of subsidy impacts.	300,000		0	0	300,000	0	300,000	0	300,000		300,000

General Fund Reserves Schedule		Opening Balance 01/04/21	Budgeted Movement 2021/22	Committed Expenditure 2021/22	Actual Movement (inc forecast) 2021/22	Updated Closing Balance 31/03/22	Budgeted Movement 2022/23	Updated Closing Balance 31/03/23	Budgeted Movement 2023/24	Updated Closing Balance 31/03/24	Budgeted Movement 2024/25	Updated Closing Balance 31/03/25
Summary and Purpose of Reserve		£	£	£	£	£	£	£	£	£	£	£
<b>Asset Management reserve</b>	This reserve is held to mitigate the impact of fluctuations between financial years from income received from Council assets and properties, in addition it includes re-allocation from other reserves to be used for investments in Council assets including current and future asset enhancements.	1,798,257	(257,300)	(728,307)	(257,300)	812,650	(230,825)	581,826	(204,753)	377,073		377,073
<b>Coast Protection</b>	Funds set aside for match funding and to mitigate one-off costs in relation to coast protection.	74,275		(34,275)	0	40,000	0	40,000	0	40,000		40,000
<b>Empty Business Property Incentive Fund</b>	Earmarking of funds to be used for incentivising bringing properties back into use.	100,000		0	0	100,000	0	100,000	0	100,000		100,000
<b>Covid</b>	This reserve is utilised as expenditure is incurred and represents the covid funding received in the final quarter of 2020/21 for which spend has not been incurred but is committed.	1,030,222		(221,687)	(808,535)	0	0	0	0	0		0
<b>Collection fund income compensation</b>	To be utilised to fund deficit in collection fund. Significant movement in 2020/21 reflects the collection fund adjustment account in respect of Covid to be utilised in 2021/22.	10,297,273		(10,297,273)	0	(0)	0	(0)	0	(0)		(0)
<b>Other Reserves</b>	These Reserves are budget carry forwards to be used in future years	2,285,470	(47,621)	(36,836)	(485,528)	1,763,106	(24,742)	1,738,364	(28,917)	1,709,447	(13,912)	1,695,535
<b>Total GF Earmarked Reserves</b>		<b>24,111,590</b>	<b>(731,958)</b>	<b>(11,852,538)</b>	<b>(2,160,668)</b>	<b>10,098,384</b>	<b>(761,062)</b>	<b>9,337,322</b>	<b>(380,095)</b>	<b>8,957,228</b>	<b>(63,912)</b>	<b>8,893,316</b>
<b>General Fund Reserve</b>		<b>3,713,398</b>	<b>(215,000)</b>	<b>(15,000)</b>	<b>(203,151)</b>	<b>3,495,247</b>	<b>0</b>	<b>3,495,247</b>	<b>0</b>	<b>3,495,247</b>	<b>0</b>	<b>3,495,247</b>
<b>Total GF Reserves</b>		<b>27,824,988</b>	<b>(946,958)</b>	<b>(11,867,538)</b>	<b>(2,363,819)</b>	<b>13,593,631</b>	<b>(761,062)</b>	<b>12,832,569</b>	<b>(380,095)</b>	<b>12,452,475</b>	<b>(63,912)</b>	<b>12,388,563</b>
<b>Excluding the Business Rates Adjustment</b>		<b>13,814,317</b>		<b>(1,555,265)</b>	<b>(2,160,668)</b>	<b>10,098,384</b>						

**Policy Framework for the Earmarked Reserves and Assessing the Optimum Level of the General Reserve for the period 2022/23 to 2024/25****1 Background**

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

**2 Earmarked Reserves****2.1 Purpose**

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

**2.2 Earmarked Reserves Protocol**

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

**2.3 Review of Earmarked Reserves**

- 2.3.1 The Reserves Statement is included as part of the Budget Report to Policy and Resources Committee and gives full details of the earmarked reserves and current planned use.

- 2.3.2 It is considered that sufficient provision for the Council's capital programme (as recommended) has been included in the capital estimates and capital reserves, and relevant revenue budgets (eg interest and Minimum revenue Provision) has been provided for that nothing further is required. However as part of the regular review of projects, this is something that this kept under review and where applicable updates will be reported to request additional funds as required.
- 2.3.3 Where in-year expenditure is being funded by earmarked reserves and general reserves, the relevant transfers from the reserves have been allowed for within the reserves balances and revenue account budgets as detailed in the budget report.

### **3     The General Reserve**

#### **3.1     Purpose**

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

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

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

#### **3.3     Assessment Framework**

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

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

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

### 3.4 The Assessment of the General Fund Reserve

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

3.4.2 Having considered the relevant risks and the mitigation measures already in place, it is felt that the following indicative items should be taken into account in the budget risk assessment for 2022/23 to assess the recommended level of reserves:

<i>Item</i>	<i>2022/23</i>	<i>2023/24</i>	<i>2024/25</i>
<b>1 Pay and Price Inflation</b> (0.5% sensitivity to budget assumption)	175,000	175,000	175,000
<b>2 Interest Rates &amp; MRP</b> (0.5% sensitivity to short term borrowing and profiling of capital spend and MRP impact)	125,000	125,000	125,000
<b>3 Failure to Achieve Planned Savings and Cost Pressures from Corporate Plan Targets</b> (to ensure core services are maintained)	200,000	150,000	150,000
<b>4 Legal Issues</b> (to provide additional comfort above earmarked reserves to mitigate any legal claims)	300,000	300,000	300,000
<b>5 Emergencies and Other Unknowns</b> (to recognise the risks associated with unpredictable events)	500,000	500,000	500,000
<b>6 Treatment of Demand Led Pressures</b> (recognising the impact of increase or reduction in demand and	800,000	800,000	800,000

<i>Item</i>	<i>2022/23</i>	<i>2023/24</i>	<i>2024/25</i>
compensating increase or reduction in expenditure or income)			
<b>7 Project Risks</b> (To recognise the risks the Authority is facing in terms of partnership work and significant projects)	500,000	500,000	500,000
<b>8 Cash Flow</b> (the impact of timing of cash flow, including the profiling of expenditure)	100,000	100,000	100,000
<b>9 Future Funding Fluctuations</b> (an allowance to reflect the increased risk around local funding, ie business rates and new homes bonus, to mitigate the impact within and between financial years)	800,000	900,000	900,000
<b>Total Indicated General Fund Reserve Recommended</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>
% of Net Budgeted Operating Expenditure (excluding parish precepts)	<b>25%</b>	<b>25%</b>	<b>25%</b>

- 3.4.3 There has been an increase in the recommended balance in the general reserve compared to the 2021/22 financial year informed by movements in the individual items, for example in relation to project risks, inflation and legal claims. The reason for this is that the Council has a significant number of projects at various stages including those being delivered as part of the Future High Street and Town Deal funding programmes. Whilst the project budgets will all include a level of contingency, it would be prudent to allow for further risk and contingency within the general reserve. Furthermore at a time when the Council continues to look at its delivery model, it does have a number of contractual commitments and therefore the allowance for legal issues and claims has been reviewed and a higher level has been allowed for. In response to current inflation levels this has in turn meant a slightly higher amount being included in the assessment of level of general reserve.

#### **4 Chief Financial Officer's Opinion**

- 4.1 The Earmarked Reserves detailed within the reserves statement are proper and appropriate with regard to purpose, level and proposed use, although the future timing of their use will be reported within the budget monitoring reports and the statement updated accordingly.
- 4.2 Based on the assessment detailed above **the recommended level of the general reserve for 2022/23 would be £3.5 million**, this is slightly higher than the current recommended balance (of £3 million). The budgeted General Fund Reserve as presented for approval is slightly below the recommended level, although there is scope within the earmarked reserves to re-allocate funds as applicable, these will be reviewed further as part of the 2021/22 outturn position which will be reported on later in the year.



**Appendix F - General Fund Capital Programme - Detail - 2021/22**

Services & Projects	Budget Expenditure £000	2021/22 Expenditure £000		21/22 Financing - £000				2022/23 Est. Carry Forward	Total Estimated Budget 22/23
	Updated 21/22 Budget	Actuals to 31-12-21	Forecast 21/22	Borrowing	Grants & Contributions	Revenue/ Earmarked Reserves	Capital Receipts		
Equinox Property Holdings	500	-	225	500	-	-	-	275	275
CCTV Upgrade - Town Centre	76	76	76	76	-	-	-	-	-
Safer Streets Round 2	111	-	111	15	96	-	-	-	-
Safer Streets Round 3	210	-	210	-	180	30	-	-	-
Human Resources Job Evaluation system	21	16	21	21	-	-	-	-	-
<b>Total: Executive</b>	<b>918</b>	<b>92</b>	<b>643</b>	<b>612</b>	<b>276</b>	<b>30</b>	<b>-</b>	<b>275</b>	<b>275</b>
Childrens Playground Refurbishment	86	97	86	86	-	-	-	-	-
Wellesley CCTV	-	-	-	-	-	-	-	-	-
Wellesley Track	59	25	59	59	-	-	-	-	939
<b>Total: Communities</b>	<b>146</b>	<b>122</b>	<b>145</b>	<b>146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>939</b>
St Nicholas Minster West Boundary Wall	95	-	-	95	-	-	-	95	95
St Nicholas car park north Boundary Wall	25	-	-	25	-	-	-	25	25
Crematorium Office Roof Works	22	33	33	22	-	-	-	-	-
Crematorium Main Roof Works	60	-	-	60	-	-	-	60	60
Crematorium Tearooms	453	149	453	453	-	-	-	-	-
<b>Total: Customer Services</b>	<b>655</b>	<b>182</b>	<b>486</b>	<b>655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>180</b>
Health and Leisure (Marina) Centre	20,311	11,994	15,000	16,388	2,679	50	1,195	5,311	5,311
The Waterways	4	-	4	-	4	-	-	-	-
Phoenix Pool & Gym car park extension	130	-	-	130	-	-	-	130	130
Town Deal	1,070	7	1,070	-	1,050	20	-	-	12,355
Future High Street Fund	3,737	1,434	3,737	-	3,737	-	-	-	14,537
Heritage Action Zone (HAZ)	432	-	432	-	432	-	-	-	323
Different Light	635	361	635	-	635	-	-	-	-
<b>Total: Inward Investment</b>	<b>26,320</b>	<b>13,795</b>	<b>20,878</b>	<b>16,518</b>	<b>8,537</b>	<b>70</b>	<b>1,195</b>	<b>5,441</b>	<b>32,657</b>

**Appendix F - General Fund Capital Programme - Detail - 2021/22**

Services & Projects	Budget Expenditure £000	2021/22 Expenditure £000		21/22 Financing - £000				2022/23 Est. Carry Forward	Total Estimated Budget 22/23
	Updated 21/22 Budget	Actuals to 31-12-21	Forecast 21/22	Borrowing	Grants & Contributions	Revenue/ Earmarked Reserves	Capital Receipts		
Disabled Facilities Grants	2,257	596	800	-	2,175	-	82	1,457	1,457
Better Care Fund Projects	8	2	8	-	8	-	-	-	-
Empty Homes	510	-	-	482	-	-	28	510	510
DFG Top-up Grants	250	-	-	-	-	250	-	250	250
DFG Top-up Loans	150	-	-	-	-	150	-	150	150
Norfolk & Waveney Equity Loan Scheme	164	-	-	-	-	-	164	164	164
Equity Home Improvement Loans	631	6	15	-	-	-	631	616	616
HMOs /Guesthouse Purchase & Repair Scheme	1,239	40	100	1,239	-	-	-	1,139	1,139
Temporary Accommodation	655	0	655	341	315	-	-	-	-
Acquisition of property for transitional housing	847	28	600	782	-	-	65	247	247
Sustainable Warmth	-	-	-	-	-	-	-	-	1,655
Community Housing Fund Loans	540	-	-	-	-	540	-	540	540
<b>Total: Housing</b>	<b>7,251</b>	<b>672</b>	<b>2,178</b>	<b>2,844</b>	<b>2,497</b>	<b>940</b>	<b>970</b>	<b>5,073</b>	<b>6,728</b>
ICT Investment to deliver GYBC ICT Strategy	1,430	389	750	1,400	-	30	-	680	680
<b>Total: IT, Communications &amp; Marketing</b>	<b>1,430</b>	<b>389</b>	<b>750</b>	<b>1,400</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>680</b>	<b>680</b>

**Appendix F - General Fund Capital Programme - Detail - 2021/22**

Services & Projects	Budget Expenditure £000	2021/22 Expenditure £000		21/22 Financing - £000				2022/23 Est. Carry Forward	Total Estimated Budget 22/23
	Updated 21/22 Budget	Actuals to 31-12-21	Forecast 21/22	Borrowing	Grants & Contributions	Revenue/ Earmarked Reserves	Capital Receipts		
Public Toilet Refurbishment Programme	45	46	46	45	-	-	-	-	-
Footway Lighting	511	48	230	511	-	-	-	281	281
External Redecoration & Repair of the Wellesley Grandstand	74	-	-	74	-	-	-	74	74
Esplanade Resurfacing	246	-	-	246	-	-	-	246	246
Phoenix Pool car park soakaway	40	35	40	40	-	-	-	-	-
Beach Huts	209	162	209	0	-	-	209	-	-
Council Chamber relocation	153	48	153	153	-	-	-	-	-
Claydon Pavilion	393	24	393	10	363	20	-	-	-
Replacement Lighting in the Assembly Rooms	15	-	-	15	-	-	-	15	15
Beacon Park Projects	500	-	-	380	120	-	-	500	500
Market Place Redevelopment	4,132	1,720	3,800	1,262	2,850	20	-	332	332
North Quay Redevelopment	2,351	-	500	2,351	-	-	-	1,851	1,851
Winter Gardens	1,080	-	-	864	-	215	-	1,080	1,080
Energy Park - South Denes	1,845	-	-	1,845	-	-	-	1,845	1,845
<b>Total: Property &amp; Asset Management</b>	<b>11,593</b>	<b>2,083</b>	<b>5,371</b>	<b>7,796</b>	<b>3,333</b>	<b>255</b>	<b>209</b>	<b>6,223</b>	<b>6,223</b>
Noise Meter Replacement	11	10	11	11	-	-	-	-	-
Mobile CCTV	15	-	15	15	-	-	-	-	-
<b>Total: Environmental Health</b>	<b>26</b>	<b>10</b>	<b>26</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PROPOSED 22-23 BIDS</b>									<b>4,786</b>
<b>Overall Total</b>	<b>48,338</b>	<b>17,346</b>	<b>30,477</b>	<b>29,995</b>	<b>14,643</b>	<b>1,325</b>	<b>2,374</b>	<b>17,872</b>	<b>52,468</b>

Capital Allocations £000						Revenue Allocation £000	Overall Allocation £000
	21-22	22-23	23-24	24-25	25-26	Total	Total
<b>Expenditure Budgets Included in Capital Programme</b>							
Town Deal Projects (Excl North Quay & Wintergardens - below)	1,070	12,355	12,849	6,503	1,135	33,912	33,912
Town Deal - North Quay	500	1,851				2,351	2,351
Town Deal - Wintergardens	-	1,080				1,080	1,080
Future High Street Projects (excl Market Place below)	3,737	14,537	5,545	-	-	23,820	23,820
Future High Streets - 6 Day Market Place	3,800	332				4,132	4,132
HAZ Projects	432	323	51	-	-	806	806
	<b>9,539</b>	<b>30,477</b>	<b>18,445</b>	<b>6,503</b>	<b>1,135</b>	<b>66,099</b>	-
<b>Financed by:</b>							
Borrowing	1,450	10,730	2,980	-	0	15,160	-
Town Deal	1,050	8,494	7,609	1,514	1,135	19,801	299
Future High Street Funding	5,487	5,723	2,565	-	-	13,774	-
HAZ	432	323	51	-	-	806	-
Other External Contributions	1,100	4,973	5,240	4,990	-	16,302	-
Revenue/Earmarked Reserves	20	235				255	-
	<b>9,539</b>	<b>30,477</b>	<b>18,445</b>	<b>6,503</b>	<b>1,135</b>	<b>66,099</b>	299

20,100  
13,774

2022/23 Capital Bids

Project	Service	Approval Process	Whole Project Budget	Budget	Proposed Funding 2022-23				Budget	Proposed Funding 2023-24	Potential Savings (annual)	Revenue income & Costs inc MRP	NOTES
				2022-23	Borrowing	Capital Receipts	Revenue	External		Borrowing			
A) RECOMMEND TO BE INCLUDED IN THE 2022/23/ ONWARDS CAPITAL PROGRAMME [Schemes in progress or less than £100k cost to GYBC]													
Disabled Facilities Grants	Housing	Already Approved		£1,300,000				(£1,300,000)	£0	£0	£0	£0	No Bid - budget estimated at current level of funding
Footway Lighting Column Replacement / LED Upgrade	Property Asset Management	22/23 & 23/24 Already Approved, but 25/26 & 26/27 part of Budget Setting	£100k annual	£100,000	(£100,000)				£100,000	(£100,000)	£0	£5,500	£100k budgets for both 22/23 and 23/24 have already been approved as part of previous budget rounds. However, this years bid requests that this is extended to 25/26 & 26/27.
Aspire Building & Market Row Boiler Replacement	Property Asset Management	Budget Setting	£46,000	£46,000	(£11,845)			(£34,155)				£1,086	The lease obligate GYBC to undertake certain works which, in this case, relates to failed boiler replacement. This has been looked at by a specilaist engineer who has confirmed 2 out of the three boilers has failed and need replacing.
Refurbishment of the Marina Centre existing south car park	Property Asset Management	Budget Setting	£290,000	£290,000	(£290,000)							£26,583	To refurbish car park so blends in with other new section being built as part of Marina project .This includes new lighting and drainage investigations / alterations This would be the preferred option ,but not necessarily the cheapest .
Peggotty Road Community Centre - Replacement of failed floor screed and underfloor heating	Property Asset Management	Budget Setting	£33,902	£33,902	(£33,902)							£3,043	The underfloor heating was tested and found not to be working and is an obsolete system and cannot be repaired. Therefore, all of the floor screed needs to be removed and new efficient underfloor heating installed.
Gorleston Promenade - 16no additional Beach Huts	Property Asset Management	Budget Setting	£149,600	£149,600	(£149,600)							£8,680	Budget is requested to install a further 16no. Beach Huts
Euston Road Toilets Refurbishments	Property Asset Management	Budget Setting	£88,000	£88,000	(£88,000)							£6,600	Refurbish interior of Tower toilets
Refuse Collection Vehicle Replacement Programme	Operational Services	Budget Setting	£1,130,000	£400,000	(£400,000)				£730,000	(£730,000)		£169,500	Replacement of 6 x Refuse Collection Vehicles (RCV's) which are passed their replacement date. Two vehicles to be replaced in 22-23 and four in 23-24
B) ASSET MANAGEMENT CAPITAL BIDS - Business Cases required ahead of release of funds													
Greyfriars House - Re-Roofing, External Redecoration and inaccessible repairs to lightning conductor	Property Asset Management	Budget Setting	£302,500	£302,500	(£302,500)							£15,125	The works included re-roofing several areas utilising the scaffolding needed to undertake the external redecoration of the building which was last undertaken in 2011. The lighting conductor has failed its recent test and high repairs are necessary which are currently inaccessible. Again, the scaffolding is to be used to facilitate these repairs.
Town Hall - Repair of external stonework to all elevations and external redecoration of windows	Property Asset Management	Budget Setting	£550,000	£550,000	(£550,000)							£35,750	External Refurb to stonework and redecoration
Phoenix Pool Hall Window Replacement	Property Asset Management	Budget Setting	£275,000	£275,000	(£275,000)							£16,042	The original windows are nearly 60 years old and have done well considering the harse environment. These very large windows now need to be replaced in aluminium curtain walling with double glazing and insulating glass.
Infrastructure improvements to Gapton Hall Travellers site	Property Asset Management	Business Case Required	£637,000	£325,000	(£325,000)				£218,000	(£218,000)	(£35,000)	£19,709	Recommended that the work is phased over 3 years. Phase 1 - New sewage system installed to existing static plots (18no) and 1no new plot. £325k 22-23 Phase 2 - Electrcial supply upgrades to entire site £218k 23-24 Phase 3 - New sewage system installed to existing transient plots (6no) and 1 no new plot £94k 24-25

2022/23 Capital Bids

Project	Service	Approval Process	Whole Project Budget	Budget	Proposed Funding 2022-23				Budget	Proposed Funding 2023-24	Potential Savings (annual)	Revenue income & Costs inc MRP	NOTES
				2022-23	Borrowing	Capital Receipts	Revenue	External		Borrowing			
C) EQUIPMENT AND TECHNOLOGY													
Print Room Offline Finishing Equipment		Budget Setting - but funds need to be released following approval at ITIG	£36,825	£36,825.25	(£36,825)				£0	£0	£0	£7,736	KS (18/1/22) Suggest to add to the IMT capital budget but for detaield business case to come to ITIG.
Replacement of 4x4 vehicle	Environmental Services	Business Case Required	£33,000	£33,000	(£33,000)				£0	£0	(£4,008)	£7,825	The vehicles is needed to access hard to reach areas, flooded areas, beaches and also during snow and icy conditions. The purchase of this vehicle will give the team the resilience and abilty to respond to emergencies under our obligations as a category 1 reponder and access areas of the borough where we would not be able to should we not have this vehicle. This is part of the fleet that is required to ensure we have the flexibilty and capability should we need to access these areas and respond to emergencies accordingly.
D)LINKS TO WIDER REGENERATION AND MASTER PLANNING													
Great Yarmouth North Drive Promenade - 40no. New Beach Huts	Property Asset Management	Budget Setting	£450,000	£450,000		(£450,000)						£39,550	Request to install a 40no. Beach Huts on the North Drive Promenade in Great Yarmouth
Seafront Shelters Landau Station & Britannia Bowls - replace fabric & redecorate.	Property Asset Management	Budget Setting	£43,483	£43,483	(£43,483)							£7,236	The council has 13no. tensile fabric cover shelters in two locations on the seafront. The first location has 6no. Shelters at the Landau which are the oldest and installed in 2004. The second location is on the promenade at Britannia Bowls with 7no. shelters. The roof covering is a tensile architectural woven fabric which is now in poor condition, worn and cannot be cleaned so are quite unsightly.. They are located in an extreme environment and are at the end of their life span of 10 - 15 years and require replacement. The fabric covering is quite specialised and needs fitting by a specific contractor. Also, this work will mean the shelter metal supporting frames will require redecoration as part of this work. One of the shelters at Britannia Bowls has had the fabric removed for safety reasons and currently has nothing.
Additional Budget required for Beacon Park Infrastructure	Property Asset Management	Budget Setting		£300,000	(£300,000)								Budget required to facilitate the development of infrastructure on the Beacon Park site.
Additonal Budget required for Town Deal Incubator Units Project	Property Asset Management	Budget Setting		£420,500	(£420,500)								Budget for Incubator Units has already been included in the Capital Programe taken as part of the MTFS taken to P&R in Dec, but this budget is required to cover extra costs as identified by the Business Case

	Budget 2022-23	Borrowing	Capital Receipts	Revenue	External	Budget 2023-24	Borrowing	Potential Savings (annual)	Revenue income & Costs inc MRP	Approval Process
Already Approved	£1,400,000	(£100,000)	£0	£0	(£1,300,000)	£100,000	(£100,000)	£0	£5,500	No further reporting required
Budget Setting	£3,348,985	(£2,864,830)	(£450,000)	£0	(£34,155)	£730,000	(£730,000)	£0	£289,644	No further reporting required
Budget Setting but requires approval from ITIG	£36,825	(£36,825)	£0	£0	£0	£0	£0	£0	£7,736	Proposals to be reported to the ITIG to release funding
Total Proposed Addition To Capital Programme	£4,785,810	(£3,001,655)	(£450,000)	£0	(£1,334,155)	£830,000	(£830,000)	£0	£302,880	
Further Business Cases Required	£358,000	(£358,000)		£0	£0	£218,000	(£218,000)	(£39,008)	£27,534	Full business case required prior to release of funding

### Minimum Revenue Provision Statement 2022/23

#### **Annual Minimum Revenue Provision Statement 2022/23**

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

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

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance:

- **Post-2008 Expenditure** - For capital expenditure financed by borrowing after 31st March 2008, the annuity MRP method is applied. This provides a lower annual charge in the earlier years which gradually increases. The approach is both prudent and a recommended method as per the CLG guidance. This method allows for a reduction in the interest costs chargeable (as the CFR is repaid) over time and is offset by a rise in the MRP over the same period, thereby resulting in a consistent revenue charge of the cost of capital.
- **Pre 2008 Expenditure** – MRP on all General Fund capital expenditure incurred before 1<sup>st</sup> April 2008 is equal to 4% of the opening CFR less a fixed sum known as "Adjustment A".
- **For assets acquired by leases** - MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- **For capital expenditure loans to third parties** – these are repaid in annual or more frequent instalments of principal and so the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead.
- No MRP will be charged in respect of assets held within the Housing Revenue Account.

This methodology is consistent with previous years.

Capital expenditure incurred during 2022/23 will not be subject to a MRP charge until 2023/24.

Based on the Authority's latest estimate of its capital financing requirement (CFR) on 31<sup>st</sup> March 2022, the budget for MRP has been set as follows:

	<b>31.03.2022 Estimated CFR £m</b>	<b>2022/23 Estimated MRP £</b>
Capital expenditure before 01.04.2008	12.7	0.4
Supported capital expenditure after 31.03.2008	61.6	1.3
<b>Total General Fund</b>	<b>74.4</b>	<b>1.7</b>
<b>Housing Revenue Account</b>	<b>90.2</b>	<b>N/A</b>
<b>Total</b>	<b>164.6</b>	<b>1.7</b>

**Subject** COUNCIL TAX SETTING 2022/23

**Report to** Council 22 February 2022

**Report by:** Finance Director



## **SUBJECT MATTER/RECOMMENDATIONS**

This report presents for resolution the statutory calculations for the Council Tax Setting for 2022/23 in accordance with the Local Government Finance Act 1992. The report also includes the Chief Finance Officer's report on the robustness of the estimates and adequacy of reserves.

This report should be considered alongside the budget report as presented to Policy and Resources Committee on 8 February 2022 (for which the recommendations are included on this agenda).

### **Recommendations:**

**It is recommended that having approved the Budget for 2022/23 as detailed in the earlier agenda item (Policy and Resources Committee Budget Report as outlined at Appendix A) and considered the Chief Financial Officer's report on the robustness of the estimates and the adequacy of reserves, Members resolve to:**

- 1) Undertake the Council Tax and statutory calculations as set out in section 4 of the report and set the Council Tax for 2022/23;**
- 2) Approve the demand on the Collection Fund for 2022/23 be:**
  - a) £5,085,693 for the Borough Council purposes;**
  - b) £596,030 for Parish Precepts.**

## **1. INTRODUCTION AND BACKGROUND**

- 1.1. This report presents for approval the statutory calculations for the determination of the Council tax for 2022/23. This report should be considered alongside the budget report to the Policy and Resources Committee dated 8 February 2022 as amended for the final settlement announcement.

## **2. 2022/23 BUDGET**

- 2.1. The General Fund and Housing Revenue Account budgets for 2022/23 were reported to the Policy and Resources Committee on 8 February 2022. The reports were both accompanied by a suite of appendices providing details on the content of the budget for the year, reserves and the capital programme.
- 2.2. The capital programmes for the Housing Revenue Account and the General Fund continue to be significant in the short to medium term with a focus on both Council assets and regeneration priorities for the borough, largely due to the Future High Streets and Town Deal



funding and also lottery funding for the redevelopment of the Wintergardens. A number of these projects are at various stages of delivery and continue to be monitored within the agreed governance framework.

### **3. CHIEF FINANCIAL OFFICER'S REPORT**

3.1. When making decisions in relation to setting the Council Tax, section 25 of the Local Government Act 2003 requires the Chief Financial Officer of the Council to report on the robustness of the estimates and the adequacy of the reserves. Members must have regard to these comments when making a decision on the budget for the coming year.

3.2. This is outlined below.

#### **3.3. The Robustness of the Estimates**

3.4. This section of the report provides a commentary on the robustness of the estimates presented and provides an analysis of the risks facing the Council in relation to the control of income and expenditure flows compared to the budgets that are recommended for 2022/23.

3.5. The framework within which the budget for 2022/23 has been constructed includes the following:

- Previous financial out-turn position as reported to Members (3.3);
- In-year budget monitoring and associated reports that have been made to date in the current financial year (3.4 - 3.6);
- The Medium-Term Financial Strategy as reported to Members in November 2021 (3.7);
- The 2022/23 Local Government Finance Settlement (3.8);
- Consideration of risks facing the Authority in the short to medium term (3.9).

3.6. **Previous years financial position** - The outturn position informs the update to the financial projections for the coming year by reflecting significant movements against the current position and those which will have an on-going impact to the Council.

3.7. **In Year Budget Monitoring and Financial Control** – It is best practice to ensure a system of regular financial monitoring exists, including reports being presented to officers and members during the year to ensure transparency of decision making and financial control. The budget monitoring process is carried out during the year between finance and service areas and is fundamental to ensuring strong financial control and governance to inform decision making and to support the longer-term delivery of local services. Monitoring also ensures relevant and timely information can be used to inform budget and future projections to reflect local demand and spending pressures in order that the overall financial position of the Council can be managed.

3.8. During the year budget monitoring reports have been presented to Members via the relevant committees. The reports have highlighted some significant in-year variances within services, including under achievement of income targets from demand led services.

3.9. Budgets are prepared using the best information that is available to the Council from its own sources i.e. budget holders, Heads of Service and members of Executive Leadership Team and from external advisors for example the Council's treasury management advisors, Arlingclose. However, many budgets are influenced by factors outside the control of the Council, for example, demand led income. Furthermore, inflation and interest rates, all can have a significant impact on the Council's overall budget and financial position both in the current and future years. Forecasting for these areas requires an examination of recent trends as well as assimilating future projections from known factors

- 3.10. **Medium Term Financial Strategy (MTFS)** - The setting of the budget for the coming year is part of the overall financial planning process which includes financial monitoring and the Medium Term Financial Strategy. The updated MTFS was presented to Members in November 2021. The process of coordinating the MTFS and budget includes the thorough review and challenge of current expenditure and income and seeks to ensure these are in line with the Councils Plan and in response to local and national factors, including legislative changes, local economic factors and changes in demand for statutory and non-statutory services.
- 3.11. **Local Government Finance Settlement** – Due to the delay in the national review of local authority funding via the fair funding review and review of business rates the current funding arrangements along with the pandemic, the one-year finance settlement has been used to inform the funding for the 2022/23 budget.
- 3.12. **Risks** - There are a number of financial risks facing the authority which are relevant at both service and corporate levels. In order that these risks are managed, key areas within the budget need to be closely monitored in the coming financial year and in particular where the income levels have been impacted by Covid, include:
- a) **Car Park Income** – This area generates income for the Council which in turn supports the delivery of other services across the Council. As a demand led service which is influenced by external factors, this service is regularly monitored. The 2022/23 budget assumes gross income of in the region of £1.6 million from all car parking related fees and charges.
  - b) **Planning and Building Control Fees** – The 2022/23 base budget includes income totalling approximately £1.0 million from planning and building control fees, this too is subject to external demands and is monitored regularly to highlight any significant fluctuations against the budget.
  - c) **Waste and Recycling Credits** – This is a significant source of income to the Council and reflects the activity across the borough in recycling domestic refuse and providing a garden waste service. A total of £1.7 million is included in the 2022/23 base budget.
  - d) **Crematorium Income** – The 2022/23 budget assumes gross income from the crematorium of £1.3 million. This is an income source that has fluctuated significantly in previous years and therefore remains under close review.
  - e) **Planned Savings and Additional Income** – The Council is continuing to deliver against a number of work streams for which savings have been factored into the base budgets as part of previous budget approvals and include for example, digital by design, agile working. New savings and additional income of £0.4 million have been factored into the budget for 2022/23.
  - f) **Local Council Tax Support** – The Local Council Tax Support Scheme (LCTSS) was implemented from April 2013; whilst there have been no changes to the Council's scheme for 2022/23, there still remains a risk of increases in the number of those eligible for Council Tax Support as the furlough support comes to an end and the impact of the pandemic to individuals is identified. The ability to collect Council Tax is an area that will continue to be monitored including the impact on collection rate.
  - g) **Council Tax and Business Rates Income** – The implications of the current system of funding Local Authorities is that the income from the Council's retained share of the business rates will fluctuate in-year and between years. Other factors that will have an impact on the level of rates retained are current and backdated appeals, plus the impact of changes to reliefs that were extended during 2021/22 due to covid. The budget for Council tax Income has been informed by the activity in the 2021/22 year and the tax base as agreed in December 2021 which showed an increase compared to the previous year. Central government previously outlined a support package for losses to the collection fund from irrecoverable losses from the 2020/21 financial year as a result of covid, the impact of which was able to be spread across

- three financial years. Although the longer-term risk of future recovery to pre-covid income levels is not yet quantifiable and therefore will continue to be monitored and remains a risk.
- 3.13. Until further announcements and detailed exemplifications are issued regarding the future funding for local government beyond 2022/23 the accuracy of the future financial forecasts are limited. Once announcements are made further work will be carried out to understand the overall impact to the Council and the service budgets for future years.
- 3.14. The capital programme continues to be funded from external and internal resources. For example, capital receipts from the sale of assets, borrowing and grant funding, such as Future High Street Fund and Town Deal funding. In both cases prudent estimates are made of the timing of such receipts and the expenditure profiles within the overall capital programme. The impact of the borrowing on the revenue account is taken account of as part of the consideration of the business cases for the capital investment.
- 3.15. Budget monitoring throughout the financial year is critical to the robustness of the estimates and maintaining a sound financial position. It is through the ability to manage and control the spending within the approved budgets and respond to the impact of the pandemic where appropriate by identifying and recommending appropriate actions, to mitigate the Council's level of financial risk.
- 3.16. The Council also takes advice from third party organisations concerning more technical factors that impact on the budget process, for example external advice in relation to treasury management, VAT and insurance. By doing so the Council can monitor the wider implications of changes in interest rates, inflation and employment and take remedial action to mitigate financial risk.

#### **Summary**

- 3.17. In the opinion of the Chief Financial Officer the overall budgeted level of both the general reserve and the earmarked reserves as included in the budget report are considered adequate for 2022/23. The general reserve balance is forecast to be slightly below the recommended balance (£3.5 million) at the end of 2022/23 although within an acceptable tolerance level, all reserves will be subject to further annual review in 2022/23 as part of the budget monitoring and financial strategy process.
- 3.18. When considering the robustness of the estimates and adequacy of reserves a holistic approach is taken, which considers the general reserve, earmarked reserves and also the identified risks in relation to the revenue and capital budgets presented for approval.
- 3.19. The future funding for Local Government continues to remain uncertain until. The outcome of changes to the current funding regime for example Business Rates and New Homes Bonus are not known although we are expecting further announcements in 2022/23. The Section 151 Officer will continue to monitor the progress of the Fair Funding Review, the government's departmental multi-year Spending Review (which has been delayed a further year) and the redesign of the national Business Rates Retention System and the outcomes will inform future financial projections and the medium term financial strategy.

#### **4. COUNCIL TAX SETTING RESOLUTION – 2022/23**

- 4.1. The following sections of the report and applicable appendices (appendices A and F) set out the information required for Members to set the Council Tax for the 2022/23 financial year commencing 1 April 2022.
- 4.2. Norfolk County will meet on 21 February 2022 to set its Council Tax, and the recommendation is to increase the Council Tax by 2.99%.

- 4.3. The Norfolk Police and Crime Panel agreed the Norfolk Police and Crime Commissioner's proposals for the Council Tax of an increase of 3.59%. The Great Yarmouth Borough Council (excluding parish council precepts) council tax is expected to be increased by 2.92%, to be approved within this report. These increases have been used for the council tax setting within this report.
- 4.4. Under section 52ZB of the Local Government Finance Act 1992 ("the 1992 Act") each billing authority and precepting authority must determine whether its relevant basic amount of council tax for a financial year ("the year under consideration") is excessive. If an authority's relevant basic amount of council tax is excessive a referendum must be held in relation to that amount. The excessiveness principles are set out each year and for 2022/23 the principles outline that an increase above the amount for 2021/22 will be excessive, and a referendum must be held for Great Yarmouth Borough Council if the increase is 3% or more and more than £5.00 on a Band D property (i.e. an increase of more than 3% is permitted as long as it does not exceed £5.00 on a Band D property. Local precepting authorities (parish and town councils) are not subject to Council Tax referendums in 2022/23.

#### Recommendations in relation to the setting of the Council Tax 2022/23:

The following sets out the statutory calculations

- 4.5. That it **be noted** at its meeting on 9<sup>th</sup> December 2021, Council calculated the following Council Tax bases for the year 2022/23 in accordance with (Calculation of Council Tax Base) Regulations 1992 and Local Authority (Calculation of Council Tax Base) Regulations 2012 as amended: -
- (a) the **Council Tax Base 2022/23 for the whole Council area as 29,344** [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")] and,
  - (b) for dwellings in those parts of its area to which a Parish precept relates as in the Revenue Budget and Council Tax 2022/23 Report the amounts in **Appendix B** (Parish Tax Base 2022/23) being the amounts calculated by the Council, in accordance with Regulation 6 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as the amount of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items (parish precepts).
- 4.6. That the following amounts be calculated for the Council for the year 2022/23 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992 and the relevant regulations and directions as follows:

(a)	<b>£57,497,417</b>	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
(b)	<b>£51,815,694</b>	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
(c)	<b>£ 5,681,723</b>	Being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year. (Item

		R in the formula in Section 31A (4) of the Act).
(d)	<b>£196.79</b>	Being the amount at (c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
(e)	<b>£596,030</b>	Being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.
(f)	<b>£176.48</b>	Being the amount at (d) above less the result given by dividing the amount at (e) above by Item T (4.5 above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
(g)	<b>Appendix B</b>	Being the amounts given by adding to the amount at (f) above to the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (4.5 b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.
(h)	<b>Appendix C</b>	Being the amounts given by multiplying (as appropriate) the amounts at (f) or (g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 4.7. **That it be noted** that for the year 2022/23 the main precepting authorities have stated the following amounts in precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings shown below:

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Norfolk County Council £	1,011.30	1,179.85	1,348.40	1,516.95	1,854.05	2,191.15	2,528.25	3,033.90
Office of the Police and Crime Commissioner £	192.00	224.00	256.00	288.00	352.00	416.00	480.00	576.00
Total Preceptors £	1,203.30	1,403.85	1,604.40	1,804.95	2,206.05	2,607.15	3,008.25	3,609.90

- 4.8. That, having calculated the aggregate in each case of the amounts at 4.6(h) and 4.7 above, the Council, in accordance with Section 30 and 36 of the Local Government Finance Act 1992, **hereby sets** the amounts at **Appendix D** as the amounts of Council Tax for the year 2022/23 for each of the categories of dwellings shown.

- 4.9. **Excessiveness Determination** - The Council's basic amount of council tax as calculated above has increased by £5 of that calculated for 2021/22, and therefore within the £5 or 2.0% increase limit at which a referendum would be required.
- 4.10. The Council has determined that its relevant basic amount of Council Tax for 2022/23 is **not excessive** in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2022/23 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.
- 4.11. If the formal Council Tax Resolution is approved, the total Band D Council Tax for 2022/23 will be as follows:

Total Band D Council Tax	2021/22	2022/23	Increase	Increase %
Great Yarmouth Borough Council	£171.48	£176.48	£5.00	2.92%
Norfolk County Council	£1,472.94	£1,516.95	£44.01	2.99%
Office of the Police and Crime Commissioner for Norfolk	£278.01	£288.00	£9.99	3.59%
Sub Total	£1,922.43	£1,981.43	£59.00	3.07%
Parish (Average)	£17.97	£20.31	£2.34	13.02%
<b>Total Including (Average) Parish</b>	<b>£1,940.40</b>	<b>£2,001.74</b>	<b>£61.34</b>	<b>3.16%</b>

## 5. BACKGROUND PAPERS

- 5.1. The following reports and announcements have been used to inform the budget report as presented:
- 5.1.1.2020/21 Outturn report
  - 5.1.2.2021/22 in year financial monitoring reports
  - 5.1.3.Local Government Finance Settlement 2022/23
  - 5.1.4.Medium Term Financial Strategy
  - 5.1.5.National Non-Domestic Rates Return
  - 5.1.6.Financial monitoring.

### Appendices:

- A – GF Summary
- B – Parish Precepts and Band D Council Tax (tax base, parish precept and band D)
- C – Borough and Parish Council Tax Amounts (by band)
- D – Council Tax for Borough and Precepting (by band)

Area for consideration	Comment
Monitoring Officer Consultation	

Section 151 Officer Consultation	
Existing Council Policies See background papers	
Financial Implications Within existing budgets	
Legal Implications (including human rights)	
Risk Implications	
Equality Issues/EQIA assessment	
Details contained in strategy	
Crime & Disorder	
Every Child Matters	



<b>General Fund Summary</b>	<b>2020/21 Outturn</b>	<b>Original 2021/22 Budget</b>	<b>2021/22 updated Forecast</b>	<b>2022/23 Budget</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Services:</b>						
Executive and Resources	(107,118)	4,108,536	5,163,532	5,165,040	4,962,221	4,998,151
Inward Investment	1,373,972	1,095,607	1,130,924	3,593,020	3,500,004	3,094,797
Housing	1,176,442	1,158,056	1,032,748	1,046,111	986,196	1,020,197
Planning and Growth	363,186	427,075	433,238	434,019	459,320	477,666
Customer Services	(131,737)	(545,451)	(692,719)	(695,176)	(654,650)	(523,271)
Property and Asset Management	892,314	445,096	808,226	(85,890)	(259,731)	(131,318)
Communications and Marketing	604,631	777,164	761,088	753,578	745,255	747,106
Environmental Services	4,691,851	5,063,127	5,030,345	5,321,436	5,570,099	5,752,741
<b>Net Cost of Service</b>	<b>8,863,540</b>	<b>12,529,210</b>	<b>13,667,382</b>	<b>15,532,138</b>	<b>15,308,713</b>	<b>15,436,069</b>
<b>Non Service Exp/(Income ):</b>						
Recharges to HRA	(1,729,720)	(1,914,393)	(2,079,593)	(2,036,804)	(2,067,106)	(2,092,241)
Parish Precepts	479,131	519,506	519,506	596,030	596,030	596,030
Parish CTSS Grant	25,009	20,080	25,004	25,003	20,003	15,003
Capital Charges	(1,910,669)	(2,196,310)	(2,196,310)	(3,790,627)	(3,790,627)	(3,790,627)
Revenue Financing for Capital	262,907	0	0	0	0	0
Interest Receivable	(310,784)	(58,967)	(58,967)	(82,086)	(80,996)	(79,940)
Interest Payable	614,507	1,229,995	1,244,995	902,592	913,433	924,237
Minimum Revenue Provision	1,412,562	1,558,000	1,558,000	1,730,112	2,632,000	2,977,000
Pension Back Funding	1,975,300	2,126,769	2,126,769	2,270,129	2,424,776	2,428,259
Vacancy Management	0	(326,973)	0	(382,000)	(382,000)	(382,000)
Apprenticeship Levy	34,946	47,751	47,751	51,767	52,292	53,184
<b>Sub total - Non Service Exp/Inc</b>	<b>738,181</b>	<b>1,005,458</b>	<b>1,187,155</b>	<b>(715,885)</b>	<b>317,804</b>	<b>648,905</b>
<b>Net Operating Expenditure</b>	<b>9,601,722</b>	<b>13,534,667</b>	<b>14,854,537</b>	<b>14,816,254</b>	<b>15,626,517</b>	<b>16,084,974</b>
<b>Contributions to/(from) Reserves:</b>						
Insurance Fund	96,064	0	(4,114)	0	0	0
Restricted use grant	(5,989)	(3,946)	(37,426)	(54,000)	(40,515)	(20,000)
Invest to Save	(35,910)	0	0	0	0	0
Specific budget	90,036	1,563	1,563	(59,142)	(47,590)	0
Repairs and maintenance	(49,903)	0	(49,150)	0	0	0
Second Homes Council tax	(155,962)	0	0	0	0	0
Waste management	0	(11,375)	(11,375)	(11,375)	(2,420)	0
Collection Fund	442,968	(100,000)	(100,000)	(93,000)	0	0
Community Housing	(30,417)	(30,000)	(30,000)	(10,000)	(30,000)	(30,000)
Enforcement	(4,452)	0	(7,500)	0	0	0
Coastal Protection	115,000	0	0	0	0	0
Special Projects Reserve	(189,699)	(118,316)	(206,340)	(182,978)	(25,900)	0
Homelessness	(145,545)	(164,963)	(164,963)	(95,000)	0	0
Asset Management	(101,743)	(257,300)	(257,300)	(230,825)	(204,753)	0
Empty Business Property Initiative Reserve	100,000	0	0	0	0	0
General Reserve	0	(215,000)	(203,151)	0	0	0
Covid reserve	0	0	(808,535)	0	0	0
Other Reserves	600,762	(47,621)	(429,528)	(24,742)	(28,917)	(13,912)
<b>Sub Total Reserves</b>	<b>12,841,411</b>	<b>(946,958)</b>	<b>(2,307,819)</b>	<b>(761,062)</b>	<b>(380,095)</b>	<b>(63,912)</b>
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>22,443,133</b>	<b>12,587,709</b>	<b>12,546,718</b>	<b>14,055,192</b>	<b>15,246,422</b>	<b>16,021,062</b>
Collection Fund - Parishes	(354,487)	(519,506)	(519,506)	(596,030)	(596,030)	(596,030)
Collection Fund - Borough	(4,935,126)	(4,865,925)	(4,865,925)	(5,085,693)	(5,321,569)	(5,658,549)
Retained Business Rates	(15,509,456)	(4,507,153)	(4,507,153)	(5,092,629)	(5,296,334)	(5,508,187)
Revenue Support Grant	(2,062,184)	(2,073,588)	(2,073,588)	(2,136,919)	(2,201,027)	(2,267,057)
New Homes Bonus	(372,510)	(38,766)	(38,766)	(495,249)	0	0
Other Grants	(37,592)	(303,320)	(303,320)	(440,467)	0	0
<b>Income from Grant and Taxpayers</b>	<b>(23,271,355)</b>	<b>(12,308,258)</b>	<b>(12,308,258)</b>	<b>(13,846,987)</b>	<b>(13,414,959)</b>	<b>(14,029,823)</b>
<b>(Surplus)/Deficit (before general reserve transfer)</b>	<b>(828,222)</b>	<b>279,452</b>	<b>238,460</b>	<b>208,205</b>	<b>1,831,462</b>	<b>1,991,238</b>

**NOTE:** Updated following Policy and Resource Committee 8th February 2022 for recommendation of £39,000 ward budgets and also final settlement announced 7th February 2022 (£80,386 additional funding).



## Parish Precepts and Band D Council Tax

Parishes	2021/22			2022/23			Parish Band D Movement	2022/23 Band D including Parish & Borough Charge
	Parish Tax Base	Parish Precept	Parish Council Tax Band D	Parish Tax Base	Parish Precept	Parish Council Tax Band D		
Ashby with Oby	22	£0	£0.00	23	£0	£0.00	0.00%	£176.48
Belton with Browston	1,124	£42,463	£37.78	1,128	£44,797	£39.71	5.11%	£216.19
Bradwell	3,750	£48,567	£12.95	3,836	£51,142	£13.33	2.93%	£189.81
Burgh Castle	446	£11,712	£26.26	452	£10,506	£23.24	-11.50%	£199.72
Caister on Sea	2,786	£100,294	£36.00	2,814	£136,013	£48.33	34.25%	£224.81
Filby	340	£9,857	£28.97	342	£10,857	£31.75	9.60%	£208.23
Fleggburgh	393	£6,214	£15.81	408	£7,320	£17.94	13.47%	£194.42
Fritton with St Olaves	260	£7,557	£29.07	261	£7,685	£29.44	1.27%	£205.92
Hemsby	1,412	£83,162	£58.90	1,461	£91,048	£62.32	5.81%	£238.80
Hopton	1,013	£30,131	£29.74	1,068	£30,131	£28.21	-5.14%	£204.69
Martham	1,174	£49,869	£42.48	1,239	£59,869	£48.32	13.75%	£224.80
Mautby	143	£2,606	£18.22	143	£4,143	£28.97	59.00%	£205.45
Ormesby St Margaret w Scratby	1,723	£68,000	£39.47	1,734	£75,285	£43.42	10.01%	£219.90
Ormesby St Michael	113	£3,140	£27.79	115	£4,915	£42.74	53.80%	£219.22
Repps with Bastwick	152	£4,800	£31.58	155	£6,149	£39.67	25.62%	£216.15
Rollesby	343	£8,500	£24.78	351	£10,000	£28.49	14.97%	£204.97
Somerton	113	£2,086	£18.46	114	£2,086	£18.30	-0.87%	£194.78
Stokesby	119	£5,323	£44.73	119	£5,447	£45.77	2.33%	£222.25
Thurne	51	£1,120	£21.96	52	£1,120	£21.54	-1.91%	£198.02
West Caister	73	£0	£0.00	74	£0	£0.00	0.00%	£176.48
Winterton	581	£34,105	£58.70	579	£37,517	£64.80	10.39%	£241.28
Great Yarmouth & Gorleston	12,779	£0	£0.00	12,876	£0	£0	0.00%	£176.48
TOTAL	28,910	£519,506		29,344	£596,030			

## Borough &amp; Parish Council Tax Amounts

Parish	Borough & Parish Council Tax amounts by band							
	A	B	C	D	E	F	G	H
Ashby with Oby	£117.65	£137.26	£156.87	£176.48	£215.70	£254.92	£294.13	£352.96
Belton with Browston	£144.12	£168.15	£192.17	£216.19	£264.23	£312.28	£360.31	£432.38
Bradwell	£126.54	£147.63	£168.72	£189.81	£231.99	£274.17	£316.35	£379.62
Burgh Castle	£133.14	£155.34	£177.53	£199.72	£244.10	£288.49	£332.86	£399.44
Caister on Sea	£149.87	£174.85	£199.83	£224.81	£274.77	£324.73	£374.68	£449.62
Filby	£138.82	£161.95	£185.09	£208.23	£254.51	£300.78	£347.05	£416.46
Fleggburgh	£129.61	£151.21	£172.82	£194.42	£237.63	£280.83	£324.03	£388.84
Fritton with St Olaves	£137.28	£160.16	£183.04	£205.92	£251.68	£297.44	£343.20	£411.84
Hemsby	£159.20	£185.73	£212.27	£238.80	£291.87	£344.94	£398.00	£477.60
Hopton	£136.46	£159.20	£181.95	£204.69	£250.18	£295.67	£341.15	£409.38
Martham	£149.86	£174.84	£199.82	£224.80	£274.76	£324.72	£374.66	£449.60
Mautby	£136.96	£159.79	£182.62	£205.45	£251.11	£296.77	£342.41	£410.90
Ormesby St Margaret w Scratby	£146.60	£171.03	£195.47	£219.90	£268.77	£317.64	£366.50	£439.80
Ormesby St Michael	£146.14	£170.50	£194.86	£219.22	£267.94	£316.66	£365.36	£438.44
Repps with Bastwick	£144.10	£168.11	£192.13	£216.15	£264.19	£312.22	£360.25	£432.30
Rollsby	£136.64	£159.42	£182.19	£204.97	£250.52	£296.07	£341.61	£409.94
Somerton	£129.85	£151.49	£173.14	£194.78	£238.07	£281.35	£324.63	£389.56
Stokesby	£148.16	£172.86	£197.55	£222.25	£271.64	£321.03	£370.41	£444.50
Thurne	£132.01	£154.01	£176.02	£198.02	£242.03	£286.03	£330.03	£396.04
West Caister	£117.65	£137.26	£156.87	£176.48	£215.70	£254.92	£294.13	£352.96
Winterton	£160.85	£187.66	£214.47	£241.28	£294.90	£348.52	£402.13	£482.56
Great Yarmouth & Gorleston	£117.65	£137.26	£156.87	£176.48	£215.70	£254.92	£294.13	£352.96

**2022/23 COUNCIL TAX FOR BOROUGH & PARISH PURPOSES**

	Precept	Council Tax Band D
Great Yarmouth Borough Council		
Borough purposes	£5,178,629	£176.48
Parish purposes	£596,030	£20.31
Total Borough & Parish Precept	£5,774,659	£196.79
Norfolk County Council	£39,638,169	£1,350.81
Adult Social Care (ASC)	£4,875,212	£166.14
Total County Precept	£44,513,381	£1,516.95
Office of the Police and Crime Commissioner for Norfolk	£8,451,072	£288.00
Average council tax (Band D)	£58,739,112	£2,001.74
Overall Taxbase	29,344	

Council Tax Schedule 2022/23	Valuation Bands							
	A	B	C	D	E	F	G	H
Great Yarmouth Borough Council	£117.65	£137.26	£156.87	£176.48	£215.70	£254.92	£294.13	£352.96
Parish	£13.54	£15.80	£18.05	£20.31	£24.82	£29.34	£33.85	£40.62
Parish and Borough	£131.19	£153.06	£174.92	£196.79	£240.52	£284.26	£327.98	£393.58
Norfolk County Council	£900.54	£1,050.63	£1,200.72	£1,350.81	£1,650.99	£1,951.17	£2,251.35	£2,701.62
Adult Social Care (ASC)	£110.76	£129.22	£147.68	£166.14	£203.06	£239.98	£276.90	£332.28
Norfolk County Council	£1,011.30	£1,179.85	£1,348.40	£1,516.95	£1,854.05	£2,191.15	£2,528.25	£3,033.90
Office of the Police and Crime Commissioner for Norfolk	£192.00	£224.00	£256.00	£288.00	£352.00	£416.00	£480.00	£576.00
<b>Total</b>	<b>£1,334.49</b>	<b>£1,556.91</b>	<b>£1,779.32</b>	<b>£2,001.74</b>	<b>£2,446.57</b>	<b>£2,891.41</b>	<b>£3,336.23</b>	<b>£4,003.48</b>

Parishes	A	B	C	D	E	F	G	H
Ashby with Oby	£1,320.95	£1,541.11	£1,761.27	£1,981.43	£2,421.75	£2,862.07	£3,302.38	£3,962.86
Belton with Browston	£1,347.42	£1,572.00	£1,796.57	£2,021.14	£2,470.28	£2,919.43	£3,368.56	£4,042.28
Bradwell	£1,329.84	£1,551.48	£1,773.12	£1,994.76	£2,438.04	£2,881.32	£3,324.60	£3,989.52
Burgh Castle	£1,336.44	£1,559.19	£1,781.93	£2,004.67	£2,450.15	£2,895.64	£3,341.11	£4,009.34
Caister on Sea	£1,353.17	£1,578.70	£1,804.23	£2,029.76	£2,480.82	£2,931.88	£3,382.93	£4,059.52
Filby	£1,342.12	£1,565.80	£1,789.49	£2,013.18	£2,460.56	£2,907.93	£3,355.30	£4,026.36
Fleggburgh	£1,332.91	£1,555.06	£1,777.22	£1,999.37	£2,443.68	£2,887.98	£3,332.28	£3,998.74
Fritton with St Olaves	£1,340.58	£1,564.01	£1,787.44	£2,010.87	£2,457.73	£2,904.59	£3,351.45	£4,021.74
Hemsby	£1,362.50	£1,589.58	£1,816.67	£2,043.75	£2,497.92	£2,952.09	£3,406.25	£4,087.50
Hopton	£1,339.76	£1,563.05	£1,786.35	£2,009.64	£2,456.23	£2,902.82	£3,349.40	£4,019.28
Martham	£1,353.16	£1,578.69	£1,804.22	£2,029.75	£2,480.81	£2,931.87	£3,382.91	£4,059.50
Mautby	£1,340.26	£1,563.64	£1,787.02	£2,010.40	£2,457.16	£2,903.92	£3,350.66	£4,020.80
Ormesby St Margaret w Scratby	£1,349.90	£1,574.88	£1,799.87	£2,024.85	£2,474.82	£2,924.79	£3,374.75	£4,049.70
Ormesby St Michael	£1,349.44	£1,574.35	£1,799.26	£2,024.17	£2,473.99	£2,923.81	£3,373.61	£4,048.34
Repps with Bastwick	£1,347.40	£1,571.96	£1,796.53	£2,021.10	£2,470.24	£2,919.37	£3,368.50	£4,042.20
Rollesby	£1,339.94	£1,563.27	£1,786.59	£2,009.92	£2,456.57	£2,903.22	£3,349.86	£4,019.84
Somerton	£1,333.15	£1,555.34	£1,777.54	£1,999.73	£2,444.12	£2,888.50	£3,332.88	£3,999.46
Stokesby	£1,351.46	£1,576.71	£1,801.95	£2,027.20	£2,477.69	£2,928.18	£3,378.66	£4,054.40
Thurne	£1,335.31	£1,557.86	£1,780.42	£2,002.97	£2,448.08	£2,893.18	£3,338.28	£4,005.94
West Caister	£1,320.95	£1,541.11	£1,761.27	£1,981.43	£2,421.75	£2,862.07	£3,302.38	£3,962.86
Winterton	£1,364.15	£1,591.51	£1,818.87	£2,046.23	£2,500.95	£2,955.67	£3,410.38	£4,092.46
Great Yarmouth & Gorleston	£1,320.95	£1,541.11	£1,761.27	£1,981.43	£2,421.75	£2,862.07	£3,302.38	£3,962.86

**Subject** Appointment of External Auditors

**Report to** Audit and Risk Committee 6 December 2021  
Council – 22 February 2022

**Report by:** Finance Director



## **SUBJECT MATTER/RECOMMENDATIONS**

This report sets out the proposal for the appointment of the Council's external auditor for the five-year period from 2023/24.

Note – This report was previously reported to the Audit and Risk Committee on 6 December when the committee agreed to make the recommendation to Council.

### **Recommendations:**

**1) It is recommended that Council agree that Great Yarmouth Borough Council accepts the Public Sector Audit Appointments' invitation to opt into the sector led option for the appointment of external auditors for the five years from 1 April 2023.**

## **1. INTRODUCTION AND BACKGROUND**

- 1.1. In accordance with the Local Government Audit and Accountability Act 2014, the Council is required to appoint an External Auditor. The existing external audit provider (EY) was procured via the Public Sector Audit Appointments Ltd (PSAA) for the period 2018/19 to 2022/23.
- 1.2. PSAA is a company limited by guarantee and was incorporated by the Local Government Association in 2014. In 2016 the PSAA was specified by the Secretary of State for Housing Communities and Local Government as the appointing person for principal local government and police bodies for audits from 2018/19.
- 1.3. PSAA is now undertaking a procurement for the next period of appointment of external auditors and all eligible bodies have been invited to opt into their national scheme for external audit appointments from 2023/24 onwards. The Council's invitation to opt into the national scheme is included at Appendix A to the report.

## **2. OPTIONS**

- 2.1. There are three options available for the appointment of an external auditor for the five-year period from 2022/23:
  - 2.1.1. Undertake an individual auditor procurement and appointment exercise;

- 2.1.2.Undertake a joint audit procurement and appointing exercise with other bodies, those in the same locality for example; or
- 2.1.3.Join PSAA's sector led national scheme
- 2.2. A decision to join the PSSA sector led scheme must be made by Council.
- 2.3. Options 1 and 2 above would require the establishment of an independent auditor panel to make the appointment, this would be after a local procurement process. The independent panel would consist wholly or majority of independent members excluding current and former members (or officers). In addition, the panel would be responsible for overseeing the management of the contract for its duration.
- 2.4. Opting into the national scheme would provide the independence required for the procurement and appointment process. By undertaking a collective procurement this will reduce the costs for the sector and the bodies that are part of the procurement.
- 2.5. The PSAA option will also deliver the requirement to establish an auditor panel.
- 2.6. It is therefore recommended that the Council opt into the national scheme for the auditor appointment process from 2023/24 onwards.

### **3. FINANCIAL AND RISK IMPLICATIONS**

- 3.1. The costs of External Audit have increased over a number of years. Procurement on behalf of a number of bodies that opt into the national scheme will provide opportunities to achieve value for money.
- 3.2. Opting out of the national scheme would require additional resources to be allocated to the procurement of external auditors and also the ongoing management of the external audit contract.
- 3.3. The current arrangements for the setting of the annual audit fee requires the PSAA for set a scale fee annually for the audit. The external auditors can then submit a fee variation proposal to the PSAA for review which is then added to the scale fee to arrive at the total fee for the audit. The fees for the latest completed audit of the Council's accounts for 2018/19 was a scale fee of £46,966 and a fee variation of £38,689. The current scale fee for 2019/20 is £46,966. The current fee arrangement also allows for annual surpluses to be returned to Local Authorities.
- 3.4. There is a risk of not having an appointed external auditor for the 2022/23 financial year, this is mitigated by opting into the national scheme.

### **4. LEGAL IMPLICATIONS**

- 4.1. The Local Audit and Accountability Act 2014 requires the Council to appoint an External Audit.

### **5. CONCLUSION**

- 5.1. Opting into the national sector led appointment of external auditors provides the greatest opportunity to achieve value for money from the procurement process and will also provide the ongoing contract management of the external auditor contracts from 2023/24 onwards.

### **6. BACKGROUND PAPERS**

- 6.1. Invitation from the PSAA and PSAA guidance and information on Appointing Persons.
- 6.2. <https://www.psaa.co.uk/about-us/appointing-person-information/>

Area for consideration	Comment
Monitoring Officer Consultation	
Section 151 Officer Consultation	
Existing Council Policies See background papers	
Financial Implications eg within existing budgets or funding identified	
Legal Implications (including human rights)	
Risk Implications	
Equality Issues/EQIA assessment (if EQIA not required explain why)	
Details contained in strategy	
Crime & Disorder	
Every Child Matters	