

# Overview & Scrutiny Committee



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Tuesday, 1 February 2022

A meeting of the **Overview & Scrutiny Committee** of North Norfolk District Council will be held in the **Council Chamber - Council Offices** on **Wednesday, 9 February 2022** at **2.00 pm**.

At the discretion of the Chairman, a short break will be taken after the meeting has been running for approximately one and a half hours

Members of the public who wish to ask a question or speak on an agenda item are requested to notify the committee clerk 24 hours in advance of the meeting and arrive at least 15 minutes before the start of the meeting. This is to allow time for the Committee Chair to rearrange the order of items on the agenda for the convenience of members of the public. Further information on the procedure for public speaking can be obtained from Democratic Services, Tel: 01263 516047, Email: [matthew.stembrowicz@north-norfolk.gov.uk](mailto:matthew.stembrowicz@north-norfolk.gov.uk).

Anyone attending this meeting may take photographs, film or audio-record the proceedings and report on the meeting. Anyone wishing to do so must inform the Chairman. If you are a member of the public and you wish to speak on an item on the agenda, please be aware that you may be filmed or photographed.

Please note that Committee members will be given priority to speak during the debate of agenda items

**Emma Denny**  
**Democratic Services Manager**

**To:** Mr N Dixon, Mr S Penfold, Ms L Withington, Mr H Blathwayt, Mr P Heinrich, Dr V Holliday, Mr N Housden, Mrs E Spagnola, Mr A Varley, Mr C Cushing, Mr A Brown and Mr P Fisher

All other Members of the Council for information.  
Members of the Management Team, appropriate Officers, Press and Public



**If you have any special requirements in order  
to attend this meeting, please let us know in advance**  
If you would like any document in large print, audio, Braille, alternative format or in  
a different language please contact us

**Chief Executive:** Steve Blatch  
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## A G E N D A

**1. TO RECEIVE APOLOGIES FOR ABSENCE**

**2. SUBSTITUTES**

**3. PUBLIC QUESTIONS & STATEMENTS**

To receive questions / statements from the public, if any.

**4. MINUTES**

1 - 10

To approve as a correct record the minutes of the meeting of the Overview and Scrutiny Committee held on 12<sup>th</sup> January 2022.

**5. ITEMS OF URGENT BUSINESS**

To determine any other items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B(4)(b) of the Local Government Act 1972.

**6. DECLARATIONS OF INTEREST**

11 - 12

Members are asked at this stage to declare any interests that they may have in any of the following items on the agenda. The Code of Conduct for Members requires that declarations include the nature of the interest and whether it is a disclosable pecuniary interest.

**7. PETITIONS FROM MEMBERS OF THE PUBLIC**

To consider any petitions received from members of the public.

**8. CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE BY A MEMBER**

To consider any requests made by non-executive Members of the Council, and notified to the Monitoring Officer with seven clear working days' notice, to include an item on the agenda of the Overview and Scrutiny Committee.

**9. RESPONSES OF THE COUNCIL OR THE CABINET TO THE COMMITTEE'S REPORTS OR RECOMMENDATIONS**

To consider any responses of the Council or the Cabinet to the Committee's reports or recommendations:

At the meeting held on 31<sup>st</sup> January 2022 Cabinet accepted the recommendation to increase parking charges in-line with CPI inflation. The recommendation to increase season ticket prices in-line with CPI inflation was not accepted.

**Summary:** This report sets out the Council's Capital Strategy for the year 2022-23. It sets out the Council's approach to the deployment of capital resources in meeting the Council's overall aims and objectives while providing the strategic framework for the effective management and monitoring of the capital programme.

**Options Considered:** This report must be prepared to ensure the Council complies with the CIPFA Treasury Management and Prudential Codes.

**Conclusions:** The Council is required to approve a Capital Strategy to demonstrate compliance with the Codes and establishes the strategic framework for the management of the capital programme.

**Recommendations:** That Cabinet recommends to Full Council that;

**(a) The Capital Strategy and Prudential Indicators for 2022-23 are approved.**

**Reasons for Recommendation:** Approval by Council demonstrates compliance with the Codes and provides a framework within which to consider capital investment decisions.

#### **LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

None

Cabinet Member(s)  
Cllr E Seward

Ward(s) affected

Contact Officer, telephone number and email: Lucy Hume, 01263 516246, lucy.hume@north-norfolk.gov.uk

## 11. INVESTMENT STRATEGY 2022/23

23 - 30

**Summary:** This report sets out details of the Council's investment activities and presents a strategy for the prudent investment of the Council's resources.

**Options Considered:** Alternative investment and debt options are continuously appraised by the Council's treasury advisors, Arlingclose and all appropriate options are included within this Strategy.

**Conclusions:** The preparation of this Strategy is necessary to comply with the guidance issued by the Department of Levelling Up, Housing & Communities (DLUHC).

**Recommendations:** **That the Council be asked to RESOLVE that The Investment Strategy is approved.**

**Reasons for Recommendation:** The Strategy provides the Council with a flexible investment strategy enabling it to respond to changing market conditions.

Cabinet Member(s)                      Ward(s) affected: All  
Cllr E Seward

Contact Officer, telephone number and email: Lucy Hume,  
[Lucy.Hume@north-norfolk.gov.uk](mailto:Lucy.Hume@north-norfolk.gov.uk), 01263 516246

## 12. TREASURY MANAGEMENT STRATEGY 2022/23

31 - 46

**Summary:** This report sets out details of the Council's investment activities and presents a strategy for the prudent investment of the Council's resources.

**Options Considered:** Alternative investment and debt options are continuously appraised by the Council's treasury advisors, Arlingclose and all appropriate options are included within this Strategy.

**Conclusions:** The preparation of this Strategy is necessary to comply with the guidance issued by CIPFA.

**Recommendations:** **That the Council be asked to RESOLVE that The Treasury Management Strategy is approved.**

**Reasons for Recommendation:** The Strategy provides the Council with a flexible investment strategy enabling it to respond to changing market conditions, and ensures the Council complies with CIPFA guidance.

Cabinet Member(s)  
Cllr E Seward

Ward(s) affected: All

Contact Officer, telephone number and email: Lucy Hume,  
[lucy.hume@north-norfolk.gov.uk](mailto:lucy.hume@north-norfolk.gov.uk) 01263 516246

### 13. FEES AND CHARGES 2022-23

47 - 68

- Summary:** This report recommends the fees and charges for 2022-23 that will come into effect from April 2022.
- Options considered:** Alternatives for the individual service fees and charges now being proposed will have been considered as part of the process in arriving at the fees presented within the report.
- Conclusions:** The fees and charges as recommended have been used to inform the income budgets for the 2022/23 budget.
- Recommendations:** **That Cabinet agree and recommend to Full Council:**
- a) The fees and charges from 1 April 2022 as included in Appendix A.**
- b) That Delegated Authority be given to the Section 151 Officer, in consultation with the Portfolio Holder for Finance and relevant Heads of Service, to agree those fees and charges not included within Appendix A as required as outlined within the report**
- Reasons for Recommendations:** To approve the fees and charges as set out in the report that will have been used to support the 2022/23 budget process.

#### **LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

Current fees and charges

Cabinet Member(s)  
Cllr E Seward

Contact Officer, telephone number and email:  
Lucy Hume, 01263 516246, [lucy.hume@north-norfolk.gov.uk](mailto:lucy.hume@north-norfolk.gov.uk)

14. **CROMER PIER PAVILION THEATRE - PIER MANAGEMENT CONTRACT**

69 - 76

**Summary:**

This report provides members with an update in respect of the pier management contract operated by openwide coastal in the context of the ongoing uncertainty around the covid pandemic.

The report details the current arrangements for management of the contract of the pier pavilion theatre in cromer, in the context of when the current contract was awarded in early 2019; and considers the changed circumstances, issues and risks being faced by the operator during the 2020 and 2021 seasons and looking into the future due to the covid pandemic.

The report details a number of options available to the council in seeking to support the current operator respond to these unprecedented circumstances in future years thereby maintaining the unique end of the pier show and other theatre offering provided through the cromer pier pavilion theatre.

**Conclusions:**

The Coronavirus pandemic, including periods of lockdown and subsequent restrictions during the twenty-two months since March 2020, and ongoing uncertainty for the arts sector through 2022 and beyond, has presented significant challenges to the Council's operating partner for Cromer Pier and Pavilion Theatre - Openwide Coastal.

Whilst Openwide has competently managed this challenging situation, this is not without significant risks to the business relative to the contract awarded by the Council in February 2019, and in order to secure its long term future it is appropriate for the Council to consider how it might work with the company to manage future risks in the operation of the Pavilion Theatre, if not the wider Pier offering.

**Recommendations: Cabinet is therefore recommended to:**

- a) Agree now to the extension of the pier management contract at the end of its current ten-year term for five years to March 2033 (as allowed for under the contract) so**

that the additional costs / losses incurred by Openwide in supporting the contract over the past two years due to COVID might be recovered – i.e. Option 1 as detailed within Section 5 of the report.

b) Agree that the Council is prepared, in principle, to explore further with Openwide a risk-sharing approach in underwriting the costs of investment in the 2022 Seaside Special production recognising the challenges presented by the COVID pandemic on audience figures during 2021 and the continued uncertainty for the 2022 summer season given that planning and investment in the 2022 production is already underway - i.e. Option 3 as detailed within Section 5 of the report.

c) The Council agrees to make budgetary provision in the current financial year of up to £45,000 to upgrade the bar and food service area within the Pavilion Theatre

d) Agree that the Council works closely with Openwide to explore broadening the offer of the Pier as outlined in Options 4 and 5 of Section 5 of the report so as to attract new audiences, visitors and income to the Pier.

Cabinet member(s):  
Cllr Virginia Gay

Ward(s) affected:  
Cromer Town / All

Contact Officer,  
number, and e-mail:

telephone Karl Read Leisure and Cultural  
Services Manager  
Tel: 01263 516002  
Email:- [Karl.Read@north-norfolk.gov.uk](mailto:Karl.Read@north-norfolk.gov.uk)



**15. WASTE CONTRACT: VERBAL UPDATE**

To receive a verbal update from the Director for Communities on the progress made by the waste contractor on delivering a revised target operating model.

**16. UPDATE: SCRUTINY PANEL - ENVIRONMENT & QUALITY OF LIFE 77 - 78**

To receive an update on progress from the Chairman of the Panel and agree the draft Work Programme for the six-month trial period.

**WORK PROGRAMMES**

**17. THE CABINET WORK PROGRAMME 79 - 82**

To note the upcoming Cabinet Work Programme.

**18. OVERVIEW & SCRUTINY WORK PROGRAMME AND UPDATE 83 - 92**

To receive an update from the Scrutiny Officer on progress made with topics on its agreed work programme, training updates and to receive any further information which Members may have requested at a previous meeting.

**19. EXCLUSION OF THE PRESS AND PUBLIC**

To pass the following resolution, if necessary:

“That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph \_ of Part I of Schedule 12A (as amended) to the Act.”

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## OVERVIEW & SCRUTINY COMMITTEE

Minutes of the meeting of the Overview & Scrutiny Committee held on Wednesday, 12 January 2022 in the Council Chamber - Council Offices at 9.30 am

**Committee Members Present:** Mr N Dixon (Chairman) Mr S Penfold (Vice-Chairman)

Mr H Blathway Mr P Heinrich  
Dr V Holliday Mrs E Spagnola  
Mr A Varley Mr C Cushing  
Mr A Brown Mr P Fisher

**Other Members Present:** Mr N Lloyd (Observer) Mr J Rest (Observer)  
Mr E Seward (Observer) Miss L Shires (Observer)  
Mr J Toye (Observer)

**Officers in Attendance:** Democratic Services and Governance Officer - Scrutiny (DSGOS), Director for Resources/Section 151 Officer (DFR), Director for Place & Climate Change (DPCC), Democratic Services & Governance Officer (DSGO), Chief Technical Accountant (CTA), Project Manager North Walsham Heritage Action Zone (PMNW), Economic Growth Manager (EGM), Climate & Environmental Policy Manager (CEPM) and Assistant Director for Sustainable Growth (ADSG)

### 121 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Cllr N Housden and Cllr L Withington.

### 122 SUBSTITUTES

Cllr T Adams.

### 123 PUBLIC QUESTIONS & STATEMENTS

None received.

### 124 MINUTES

Minutes of the meeting held on 8<sup>th</sup> December 2021 were approved as a correct record and signed by the Chairman.

### 125 ITEMS OF URGENT BUSINESS

None received.

### 126 DECLARATIONS OF INTEREST

None declared.

### 127 PETITIONS FROM MEMBERS OF THE PUBLIC

None received.

**128 CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE BY A MEMBER**

None received.

**129 RESPONSES OF THE COUNCIL OR THE CABINET TO THE COMMITTEE'S REPORTS OR RECOMMENDATIONS**

None to report.

**130 NORTH WALSHAM HIGH STREET HERITAGE ACTION ZONE PROJECT UPDATE: JANUARY 2022**

The AD SG introduced the report and informed Members that the placemaking scheme consultation had concluded in the autumn, with responses now published on the Council's website. The PMNW reported that technical surveys had been undertaken parallel to the consultation, with designs amended and ready to move into the construction stage of the project. She added that restoration of the Cedars had progressed to the procurement stage, and that architects had been appointed for the building improvement scheme.

Questions and Discussion

- i. Cllr S Penfold noted that he had been working with officers and schools to develop the town as an open classroom and learning resource. He added that for this to work, it was necessary to establish a learning base, and asked whether this to be incorporated into the Cedars renovation project. The PMNW replied that the proposals for the Cedars project did include the development of an indoor activity space, and it was suggested that this would be ideally placed to support the proposals.

**RESOLVED**

**To receive and note the update.**

**131 PRE-SCRUTINY: DRAFT NET ZERO STRATEGY AND ACTION PLAN**

Cllr N Lloyd – Portfolio Holder for Environmental Services, Climate Change and Environment introduced the report and informed Members that addressing climate change was crucially important. He added that failure to limit carbon emissions now, would result in higher costs at a later date, and it was therefore key to help reduce carbon emissions now and lead by example. It was stated that reducing the Council's carbon emissions would require an organisation-wide approach to meet the objective of net zero by 2030. Cllr N Lloyd informed Members that the Strategy and Action Plan outlined the process by which this would be achieved, using an evidence based approach. The CEPM referred to the declaration of a climate emergency in April 2019, from which the Net Zero Strategy had arisen, and informed Members that the Council had worked with external consultants to determine the Council's carbon baseline and develop the Strategy. She added that the Strategy would remain an agile document that could be updated as and when necessary to allow a flexible approach. It was noted that actions outlined in the Plan were yet to be costed, and funding would need to be agreed on a case by case basis, with some projects expected to generate modest savings. The CEPM stated that whilst the Strategy would feed into the Government's 2050 target, it was not a legally binding document. She added that the Strategy would be promoted once approved, and any

failure to adhere to the Strategy could result in reputational risk to the Council.

### Questions and Discussion

- i. The Chairman noted that the Strategy was a crucial element of the Corporate Plan and suggested that it was important that it was given adequate time and attention for Members to fully understand and be able to promote it. He added that it would be prudent to recommend that Members be provided with an additional briefing on the Strategy in advance approval by Council.
- ii. Cllr S Penfold reiterated the Chairman's comments and asked whether there was any opportunity to better establish Member's role in the development and promotion of the Strategy. The Chairman asked whether this could be considered in advance of the Strategy being reviewed by Council. Cllr N Lloyd agreed that it should be given consideration, and noted that videos documenting the development of the Strategy were still available on YouTube, and further training could be provided, if requested.
- iii. Cllr J Toye stated that he was cautious of the Strategy being too prescriptive with regards to Member involvement, and suggested that training should focus on what Members could do, rather than what they should. The Chairman agreed and noted that flexibility would be crucial for Member involvement as each ward had different requirements.
- iv. Cllr P Heinrich sought assurances that the Strategy would be measured against recognised standards, and that monitoring would take place on at least an annual basis. Cllr N Lloyd replied that whilst carbon reduction strategies were an emerging area, the Council was using internationally recognised methods for converting energy usage into Carbon emissions data. The CEPM added that the Greenhouse Gas Protocol outlined the three scopes of emissions monitoring and calculations that had been used to develop the Strategy. It was noted that the Council had worked with experienced consultants to develop the Strategy to ensure best practice. Cllr P Heinrich asked how progress would be monitored, to which Cllr N Lloyd replied that emissions data would reported on annually. The AD SG added that a standardised system of collecting, monitoring and reporting data against annual targets would help to ensure the Council was on-track to achieve its 2030 target.
- v. Cllr V Holliday said that the strategic aspects of the document were excellent, but asked whether the action plan could be prioritised, and whether a more graphic interpretation of the plan could be provided. She added that the visitor economy had also received little mention, despite being an enormous element of the District's economy. Cllr N Lloyd agreed that prioritisation was an important point, with contracts and assets being the highest contributors to emissions that could be given higher priority. The CEPM added that the document was in draft form and it was expected that visual improvements would be made to the Strategy to make it clearer and easier to understand.
- vi. Cllr A Brown noted the intention to develop a scorecard to see performance at a glance, and suggested that he would also expect performance to be included within quarterly performance reports.
- vii. Cllr C Cushing suggested that it would be helpful to have actions prioritised with a timeframe for each project, to improve performance monitoring. He

added that each project would likely have an associated cost, and asked when these would be known. Cllr N Lloyd replied that costs had not been included at this stage as the Strategy covered a nine year period within which costs could be expected to fluctuate. He added that achieving the net zero target would require capital expenditure, though many projects could also be expected to generate savings. It was suggested that projects could also be defined in terms of emissions reductions, rather than solely by cost, and this information could be prepared on an annual basis. The Chairman suggested that it may be helpful to include estimated costs within the MTFS subject to change, as this would allow for better financial preparation. It was confirmed that consideration would be given to including estimated costs.

- viii. The Chairman reiterated comments regarding an all Member briefing and proposed that this be arranged in advance of the Strategy being considered by Full Council, to ensure that Members have a comprehensive understanding of the Strategy and how to promote it. The proposal was seconded by Cllr H Blathwayt, alongside a request for an evening session to be held for those unable to attend a briefing during work hours.

## **RESOLVED**

- 1. To recommend the adoption of the Draft Net Zero Strategy and Action Plan, subject to amendments suggested by the Committee.**
- 2. To request that an all Member briefing be arranged in advance of Cabinet and Council to ensure that Members have a comprehensive understanding of the Strategy and how to promote it.**

## **ACTIONS**

- 1. Consideration to be given to including estimated costs of the Net Zero Strategy and Action Plan within the MTFS.**

## **132 MARKET TOWNS INITIATIVE PROCESS REVIEW & MONITORING**

The DSGOS introduced the report and informed Members that whilst most projects were complete, the MTI Project had run for much longer than originally anticipated, primarily as a result of delays caused by Covid-19. He added that several notable projects had been picked up by local press, such as public events that had brought hundreds of visitors into town centres, re-occupied empty high street shops and a project that had led to further grant funding success. In terms of process, it was noted that the available resource for the project was limited, which had placed constraints on the time available to monitor projects. The DSGOS noted that the project also sought to allow applicants the freedom to manage and develop their own projects, which had worked well in most cases, though issues were outlined in the report. He added that projects were still active in Stalham and Holt, with monitoring in place and support offered to help bring the projects to completion.

### Questions and Discussion

- i. Cllr S Penfold noted thanks to officers for delivering the project and suggested that if a similar scheme were run again in the future, assurances must be sought that dedicated resource is available to fully resource the project. He added that any future projects could also utilise phased grant payments to ensure that projects were delivered on a more timely basis,

though this would require additional resource.

- ii. Cllr A Brown thanked officers for their work and praised funding of the Holt Chamber of Commerce rebranding, which had allowed Love Holt to work with commercial landlords to offer vacant units to start-up businesses. He then asked whether this initiative had been shared with other towns and whether it had been replicated. The DSGOS replied that he had informed other towns of the initiative, but was yet to see any replication of the scheme.
- iii. Cllr E Seward referred to the North Walsham Project where funding had been used to reinvigorate the precinct area, and noted that whilst it took time to see the benefits of the project, there were signs of increased footfall and trade in the area.
- iv. Cllr L Shires thanked officers for their work and noted that as Chair of the MTI Working Group, allowing applicants flexibility during Covid-19 had been crucial. She added that the Stalham archway was a standout success and asked whether it would be helpful to seek feedback from applicants. The DSGOS agreed that it would be helpful to seek feedback and stated that it was unfortunate that so many projects completed during the Pandemic were unable to be promoted and celebrated in the way they deserved. He added that it could be useful for the Communications Team to prepare a summary news item to cover the successes achieved by the project. The Chairman agreed that this would be worthwhile, especially for residents that were unaware of how the projects had been funded.

## **RESOLVED**

1. **To note the overall success of the MTI Grant Fund, review the process and continue to monitor ongoing projects.**

## **ACTIONS**

1. **To request that the Communications Team prepare a news item covering the outcomes and successes of the MTI Project.**

## **133 PRE-SCRUTINY: REVIEW OF CAR PARKING CHARGES**

The DFR introduced the report an informed Members that it was yet to be discussed by Cabinet, and the Committee were asked to consider the options to make recommendations on a key income source for the Council. It was noted that forecasted budget deficits created pressure to increase funding streams where possible, to strengthen the Council financial position. The DFR stated that there were significant costs required to fund the discretionary services that supported tourism in excess of £2m, whilst parking charges had not been increased since 2016. He added that it was therefore appropriate to consider whether charges could be increased to help address the Council's financial sustainability. It was noted that the Council's inflation also stood at approximately £1m per year, which placed further pressure on the budget. The DFR stated that at present, car parking income amounted to approximately £1.6m, with charges payable from 8.00am to 6.00pm across three tariffs including coastal, resort and standard. He added that the majority of parking income was generated by coastal car parks on a seasonal basis, with limited free parking available in some inland market towns to support businesses. The DFR summarised existing ticket and payment options, and noted that any changes would require a statutory parking order to ratify the changes.

## Questions and Discussion

- i. Cllr P Heinrich noted that it was regrettably clear that prices had to rise to account for the impact of inflation, however he felt that the increases should not exceed the CPI inflation rate, as residents were already suffering from cost of living increases. He added that tourists must contribute to the cost of services, and noted that North Norfolk charges were lower than many neighbouring areas, and it was therefore reasonable to consider increases of 25-30% during peak season. Cllr P Heinrich suggested that he would also like to see parking charges remain low in market towns to help businesses, whilst he was supportive of season tickets increases in-line with CPI inflation, so long as they were only available to residents. He added that evening parking should remain free in market towns, alongside consideration of free Sunday parking to better support hospitality businesses.
- ii. Cllr T Adams stated that he was in favour of reasonable price increases tied to CPI inflation, and suggested that these should be focused on high tourism areas. He added that there had been a notable increase in the use of Council services during the Pandemic, and it was clear that this had created additional cost pressures that had to be covered. Cllr T Adams stated that he was encouraged to see strong usage of free short stay parking in Stalham and North Walsham, with hopes that this would be retained. He added that overall the strategy needed to focus on the customer experience, with technology such as ANPR and app payments to address long wait times for ticket purchases. It was noted that Cllr T Adams was also supportive of residential season tickets, retaining free night-time parking, and improving electronic signage between car parks. In response to a question from Cllr T Adams it was confirmed that other income and rentals related to sections of car parks used as site compounds for developers, with a rent charged based in lost parking revenue. The DFR added that it was a fairly inconsistent income, as it was dependent on local development within close proximity to the Council's car parks.
- iii. It was confirmed in response to a question from Cllr S Penfold that car parking inspectors and wardens were contracted employees from BCKLWN. Cllr S Penfold asked whether this remained cost-effective, or whether this service could be brought in-house. The DFR replied that the contract had been in place for a number of years and BCKLWN were able to provide a an efficient service as their wardens covered a number of districts, as well as the on-street parking enforcement across the County, with back office arrangements to support this. He added that any contract that came up for renewal would be considered alongside alternate options, in which case ANPR could be considered, though legislation precluded local authorities from using this technology, and it would require the establishment of a separate company. In response to a question from the Chairman, it was suggested the contract would be due for renewal in approximately two years, though this would need to be confirmed.
- iv. Cllr T Adams referred Members to the Parking Partnership that met at NCC to discuss on-street parking with a non-voting NNDC representative attending meetings, and suggested he could provide a future update on discussions if desired.
- v. Cllr A Brown stated that he was pleased to see a commercial approach to the



Council's car parking arrangements, and noted that it had taken too long to reach this point. He added that price increases linked to CPI inflation would be approximately five pence per year, which was low given that this was an opportunity to significantly reduce forecasted deficits. Cllr A Brown asked when any proposed changes would come into effect, and whether these would be in place ready for the tourism season. The DFR replied that the project proposal included a timeline, with any proposed changes planned to be in place for the start of July, ready for the peak tourism season.

- vi. Cllr P Fisher stated that the Wells area had been extremely busy during the winter season, and he was not concerned that raising prices would deter tourism in the area.
- vii. Cllr C Cushing expressed disappointment that this was the only commercial proposal available, and noted that the proposals to employ two further officers for car parking management would diminish any additional income gained.
- viii. Cllr V Holliday stated that she was unsupportive of seasonal increases as it was evident that car parks were busy year round in coastal areas. She added that there were also differences between towns, and whilst free Sunday parking might be acceptable in some areas, it would not be financially viable in Holt as this was a particularly busy day. The DFR stated that he would respond via email on EVCP income, to a follow-up question from Cllr V Holliday.
- ix. Cllr J Toye stated that there were many factors that determined how and where people parked, and it was unlikely that increasing charges would have a negative impact on visitor numbers. He added that greater efforts should be placed on directing tourists to the correct car parks with better signage.
- x. Cllr H Blathwayt asked whether any comparison had been made with privately operated car parks that could be used to inform price increases. The DFR replied that there had been no full comparison or dialogue previously, though significant providers such as Holkham Estate were included in the report for review. He added that the market for private parking was reasonably limited in all but a select few areas.
- xi. Cllr L Shires noted that a quick calculation with CPI linked price increase over the last five years would have equated to approximately £1.5m of additional income for the Council, and suggested it was necessary to for price increases to offset the cost of discretionary services related to tourism.
- xii. The Chairman summarised comments and noted that the Committee were generally supportive of option 1B, to recommend seasonal price increases, linked to CPI inflation. He added that the Committee also appeared supportive of option 2, to recommend increases to season ticket prices, again linked to CPI inflation. It was noted that the proposal to establish new posts for car parking management would require a full business case to be properly considered by the Committee.
- xiii. Cllr T Adams suggested that comments were more complex than the options presented in the report, and asked whether firm recommendations should be made on this basis. Cllr P Heinrich added that it would be helpful to receive a further report before making recommendations. It was confirmed following a

request from the Chairman, that any request to bring an additional report to OSC would delay the introduction of any changes beyond the start of the peak tourism season. Cllr P Heinrich suggested that options 1B and 2 should be merged into a recommendation, taking into account the comments of the Committee.

- xiv. An informal vote was taken on the options outlined in the report with a majority of the Committee in favour of options 1B and 2.
- xv. Options 1B and 2 with price increases linked to CPI inflation were proposed as a recommendation by Cllr P Heinrich and seconded by Cllr E Spagnola.

#### **RESOLVED**

**1. To recommend to Cabinet that consideration is given to increasing car parking charges in-line with the following options:**

- **Option 1 (b) – consideration of seasonal price increases for coastal car parks with prices tied to CPI inflation from date of previous increases.**
- **Option 2 – consideration of season ticket price increase with prices tied to CPI inflation from date of previous increases.**

#### **ACTIONS**

**1. If considered appropriate to progress proposals for additional staff to support car park management and development of new income streams, then a detailed business case be prepared showing net financial and service delivery benefits.**

#### **134 PRE-SCRUTINY: DRAFT MEDIUM TERM FINANCIAL STRATEGY 2023-26 INCORPORATING DRAFT BASE BUDGET 2022-23**

Cllr E Seward – Portfolio Holder for Finance and Assets introduced the report and informed Members that efforts to produce the draft budget were constrained by restrictive timescales, as the provisional financial settlement had only been received on 16<sup>th</sup> December. He added that with the report required by 4<sup>th</sup> January, preparation time was particularly restricted by the Christmas period, which meant that many aspects of the budget were based on predictions at this stage. Cllr E Seward referred to the general fund summary and noted that whilst net operating expenditure was not expected to change, many funding streams could be lost that would result in significant deficits. It was noted that funding reviews could be delayed for several years, in which case, forecasted deficits would not be applicable in the immediate future. Cllr E Seward stated that the administration would have been supportive of increased commercialisation, however changes in legislation meant that this was no longer possible.

#### Questions and Discussion

- i. The Chairman sought clarification on whether Council's could use their existing funds to support commercialisation projects, if they didn't need to borrow money to fund them. Cllr E Seward replied that this was correct, however it was noted that borrowing of any kind would be difficult if the Council had self-funded a commercial venture. The CTA confirmed that the Public Works Load Board (PWLb) would effectively ban any Council from borrowing that had recently undertaken a commercial project, even if self-funded. She added that this would present an issue as the PWLB were the

Council's key source for borrowing.

- ii. Cllr C Cushing referred to the Zero Based Budgeting (ZBB) exercise and asked whether this had revealed anything significant. Cllr E Seward replied that it had given Cabinet and officers a better understanding of the financial pressures and demands faced by all departments of the Council. He added that it had also highlighted other issues, such as capitalising the coastal scheme to provide additional security, and ensuring that growth related to the key objectives of the Corporate Plan. The CTA noted that as this was the first time the Council had undertaken ZBB, the key aim was determine the costs required to deliver the Corporate Plan, which had now been included with the draft budget.
- iii. Cllr A Brown asked when officers would receive final confirmation of income, in advance of Council agreeing the budget in February. The CTA replied that there were different areas of uncertainty around income generation, though this primarily related to grants from Central Government, that were expected in the first week of February. She added that business rates projections were also expected to be complete by the end of January, alongside Council Tax projections, with an assumed increase to be confirmed by Council in February.

**RESOLVED**

**To note the report.**

**135 THE CABINET WORK PROGRAMME**

The DSGOS informed Members that recommendations on car parking charges would go to the January 31<sup>st</sup> Cabinet meeting, and a key decision on renewal of the leisure contract was also expected in the months ahead.

**RESOLVED**

**To note the Cabinet Work Programme.**

**136 OVERVIEW & SCRUTINY WORK PROGRAMME AND UPDATE**

- i. The DSGOS informed Members that February was expected to be a busy meeting, though the Reef Project Review would be delayed until either March or April to allow more operational time prior to preparing the report. He added that arrangements had also been made for the Police and Crime Commissioner to attend the March meeting, to provide a briefing on the Police, Crime and Community Safety Plan, alongside an update on the Safer Norfolk Plan reviewed previously.
- ii. Members were informed that no response had been received from EEAST on the RRV letter.

**RESOLVED**

**To note the Overview & Scrutiny Work Programme.**

**137 EXCLUSION OF THE PRESS AND PUBLIC**

The meeting ended at 12.11 pm.

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Chairman

## Declarations of Interest at Meetings

When declaring an interest at a meeting, Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting.

Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.

Does the interest directly:

1. Affect yours, or your spouse / partner's financial position?
2. Relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?
3. Relate to a contract you, or your spouse / partner have with the Council
4. Affect land you or your spouse / partner own
5. Affect a company that you or your partner own, or have a shareholding in

If the answer is "yes" to any of the above, it is likely to be pecuniary.

Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.

Does the interest indirectly affect or relate to any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?

If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.

Is the interest not related to any of the above? If so, it is likely to be another interest. You will need to declare the interest, but may participate in discussion and voting on the item.

Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.

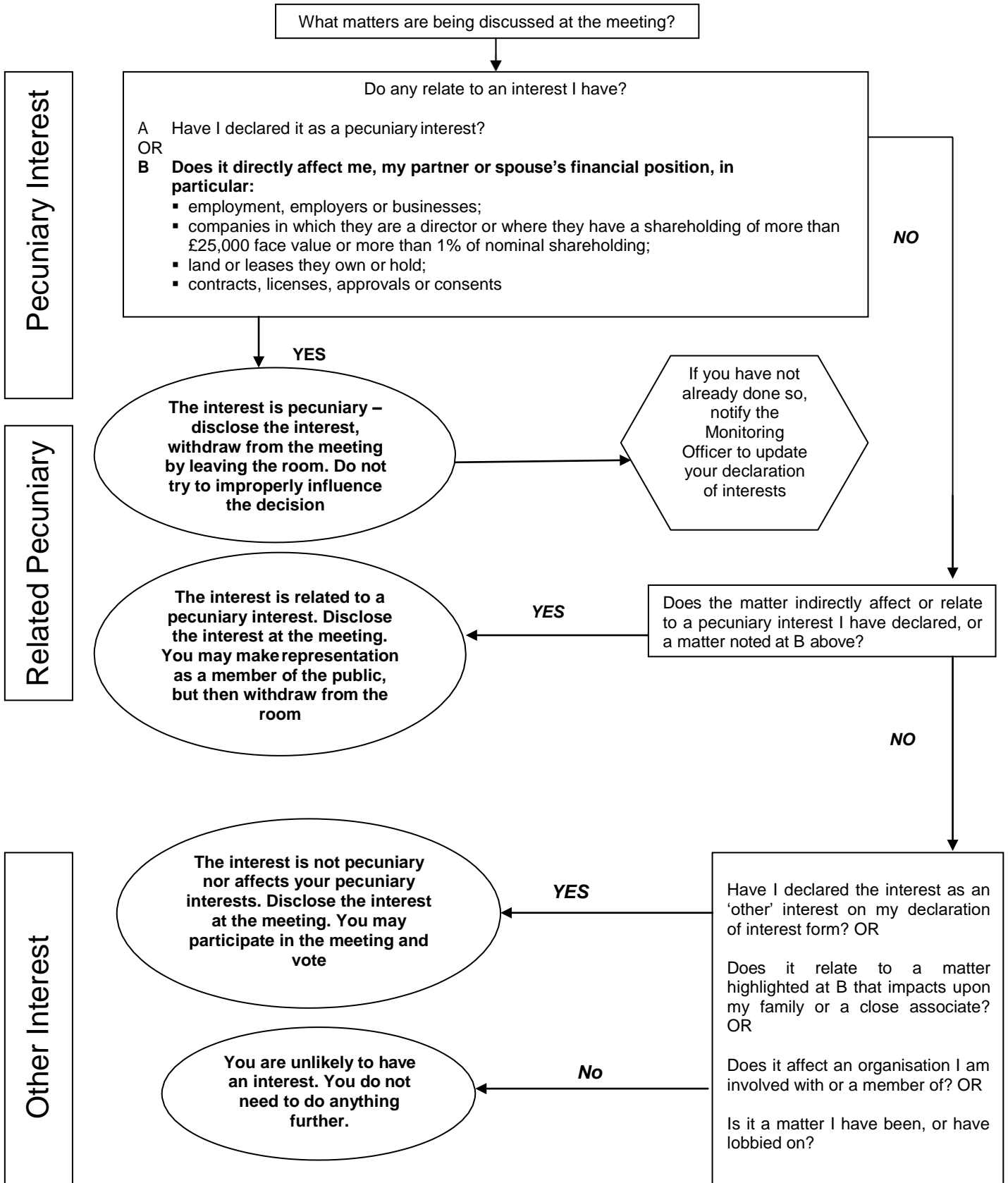
**FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF**

**PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER IN THE FIRST INSTANCE**

**DEVELOPMENT COMMITTEE MEMBERS SHOULD ALSO REFER TO THE PLANNING PROTOCOL**

# Declarations of Interest at Meetings

## DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



## Capital Strategy 2022-23

Summary:	This report sets out the Council's Capital Strategy for the year 2022-23. It sets out the Council's approach to the deployment of capital resources in meeting the Council's overall aims and objectives while providing the strategic framework for the effective management and monitoring of the capital programme.
Options Considered:	This report must be prepared to ensure the Council complies with the CIPFA Treasury Management and Prudential Codes.
Conclusions:	The Council is required to approve a Capital Strategy to demonstrate compliance with the Codes and establishes the strategic framework for the management of the capital programme.
Recommendations:	That Cabinet recommends to Full Council that;  (a) The Capital Strategy and Prudential Indicators for 2022-23 are approved.
Reasons for Recommendation:	Approval by Council demonstrates compliance with the Codes and provides a framework within which to consider capital investment decisions.

### LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

None
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Cabinet Member(s)	Ward(s) affected: All
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Contact Officer, telephone number and email: Lucy Hume, 01263 516246, lucy.hume@north-norfolk.gov.uk
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## 1 Introduction

1.1 The CIPFA *Prudential Code for Capital Finance in Local Authorities 2017* and

*Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2017 Edition* require Local Authorities to publish a Capital Strategy each year. Under the provisions of the Local Government Act 2003, Local Authorities are required to operate within the guidance of the Prudential Code (the Code) with regard to capital investment decisions.

- 1.2 This Capital Strategy sets out the Council's approach and process to the deployment of capital resources in meeting the Council's overall aims and objectives. It also provides a strategic framework for the effective management and monitoring of the capital programme, within which the Council will work in formulating the strategies for individual services. It is a primary document for all capital decision making, together with the Corporate Plan and other strategies.

## **2 Capital Expenditure**

- 2.1 The Corporate Plan sets out what the Council intends to do between 2019 and 2023. It focuses on six priorities which will influence how we move forward:

- Local Homes for Local Need
- Boosting Business Sustainability and Growth
- Customer Focus
- Climate, Coast and the Environment
- Financial Sustainability and Growth
- Quality of Life

The Council's capital works can be used to help deliver these priorities.

- 2.2 All capital projects are considered and prioritised as part of the Council's overall budget process, with affordability in relation to the Medium Term Financial Strategy (MTFS) being a key issue. The revenue implications and funding of any approved bids are included within the Council's revenue budget forecasts to identify the resultant effects on future Council Tax levels.
- 2.3 The business case and options appraisal methodology is applied to all significant projects (those with a capital cost of over £50,000). The options appraisal should be undertaken by the relevant manager (project leader) initially.
- 2.4 The business case considers the full options appraisal as evidence to support the recommended option as required. The options analysis will cover elements such as risk, sensitivity and cost benefit analysis and will seek to identify the option that delivers maximum benefit at the lowest or most appropriate cost.
- 2.5 Projects that generate future income streams for the Council, for example industrial estates and other Commercialisation projects are also viewed



positively within the evaluation process. The Asset Management Plan framework helps to identify these assets in order to ensure the revenue implications are again fully accounted for in the decision-making process for the disposal of assets.

- 2.6 The Current approved Capital Programme (as at December 2020) can be found as part of the Council's draft Budget papers (Appendix C1).

### **3 Medium and Long Term Funding Strategy**

- 3.1 There are a number of sources of funding available to the Council for capital schemes (capital grants/contributions, capital receipts, borrowing etc). Revenue funding is also available via a Revenue Contribution to Capital Outlay (RCCO), however it should be noted that the scope for using revenue resources for capital purposes is limited.
- 3.2 Funding from capital receipts is forecast for the next three years to ensure a level of internal resources is maintained and can support future projects. It should however be noted that these are only forecasts at the present time and anticipated balances at the end of the period are based on the current approved capital budget.
- 3.3 The current Capital Programme is funded from grants and contributions, capital receipts from the disposal of assets and from the Council's own reserves, internal and external borrowing. Whilst capital funding is available to invest in new assets or in improving existing assets, the impact on the revenue account due to the loss of investment income is always a key consideration.
- 3.4 The Council has access to short or long term borrowing if required to finance capital expenditure. Although business cases for new capital projects are modelled on the assumption that borrowing will be required (to reflect a 'worst case scenario' in terms of cost), the decision to borrow externally is ultimately a treasury one, and is made closer to the time when expenditure is actually incurred, taking into account available cash balances, the opportunity cost of investments, and the exposure to interest rate and credit risks.
- 3.5 It is a requirement of the new CIPFA code that the Council consider alternative means of financing if required. The Council is aware of the opportunities that may be realisable through a Private Finance Initiative (PFI). The Procurement Strategy includes guidance on appraising Private Public Partnerships in the context of service delivery, and emphasises that obtaining 'value for money' means choosing the optimum combination of whole life costs and benefits to meet the customer's requirements. This is not necessarily the lowest initial price option and requires an assessment of the ongoing revenue/resource implications as well as initial capital investment.
- 3.6 The Council recognises the importance of attracting 'new money' into the district and wherever possible supports match funding requests. When identifying and planning new schemes, the Council will try to maximise all external sources of finance without reducing the effectiveness of the scheme.

## **4 Asset Management and Commercial Activities**

- 4.1 The Council has a diverse range of land and property held to meet its Corporate Objectives and values as outlined in the Council's Corporate Plan. Land and property assets can play a key role in reducing Council budget deficits and generating both capital and revenue income. The Council can use its assets more effectively to meet tough financial targets both through reducing costs and generating income.
- 4.2 In the main the Council will adopt a "buy and hold" strategy for property investments. This is where the Council purchases an asset and lets it to generate revenue income, whilst retaining it for the long term. A long term investment is considered to be of 10 years and over. Whilst it cannot be guaranteed, in the long term a good overall rate of return is anticipated allowing for a cyclical property market.
- 4.3 In terms of development opportunities, the Council may seek to "buy and hold" assets for the medium term where it sees a strategic advantage of doing so, for example land assembly for town center regeneration or acquiring land to develop in a phased approach to minimise risk of oversupply and for cash flow purposes.
- 4.4 The Council may also seek to "buy and sell on" an asset in the short to medium term of between 1 – 5 years. For example, where there is opportunity to secure good terms or a low price enabling a surplus to be made from a sale or redevelopment.
- 4.5 Further information can be found in the Council's Land and Property Acquisition Policy.
- 4.6 The Council seeks to achieve a spread of risk across a greater number of assets and by acquiring properties across the range of commercial property types, including: retail, leisure/tourism, office and industrial assets.
- 4.7 The Council has a small portfolio of commercial assets to rent within the district. These are identified within the Asset Management Plan as being held by the Council primarily for the purpose of generating income to support the Councils, revenue and capital budgets. Whilst generating income, returns and financial independence to support the delivery of services, there are a number of benefits to the Council, the community, tourist and business sector from the Council commercial portfolio including promoting strategic regeneration, increasing business rate and council tax income and supporting tourism.
- 4.8 Where assets are identified as being surplus to requirements and not achieving required financial or service delivery performance targets, they can be considered for disposal to provide useable capital receipts, which can then be redirected to achieve the Council's objectives. Further information can be found in the Council's Disposal Policy.
- 4.9 The Council's Property Services Team has historically managed the Council

property portfolio with support of the Finance team, Eastlaw and Economic Development. Different types of commercial property require different levels of resource to manage effectively. Business Centers with easy in and out terms, tend to be more management intensive due to the relatively high turnover of tenants, in comparison to the longer leases of industrial units, where typically tenants have responsibility for full maintenance/repairs and insuring.

#### 4.10 Asset management undertaken includes:

- Rent collection and rent arrears management
- Service charge reviews and collection
- Building and grounds maintenance, testing of appliances and monitoring
- Tenant liaison
- Marketing and re-letting empty units
- Negotiating terms of rent reviews and new leases
- Expiry of leases, lease renewals and terminations
- Dilapidations

An increase to the portfolio will require additional resource to manage effectively which could be achieved by additional staff for internal management or appointing experienced commercial agents for external management. Assets held outside of the district would require external resource to manage the assets effectively. In the coming months, the Council will be undertaking surveys across its asset portfolio in order to identify areas for investment in terms of repairs and ongoing maintenance. This will inform future year's Revenue budgets and ensure the ongoing viability of the asset portfolio.

4.11 Successful delivery of the Council's vision for Capital investment relies on the skills and culture of the organisation being appropriate. Members, Statutory Officers, and those with decision making powers keep their relevant knowledge up-to-date through CPD schemes, workshops with treasury advisers and other relevant bodies and networking with other authorities to share best practice. Information is disseminated between parties within the organisation when appropriate.

## **5 Debt Management and MRP Statement**

5.1 Where a local 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 the Minimum Revenue Provision (MRP). There has been no statutory minimum amount to be applied since 2008, although the Local Government Act 2003 does require authorities to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision 2012, which is currently undergoing a revision, subject to consultation.

5.2 The Guidance requires that the Council approve an Annual MRP Statement in advance of each financial year, and identifies a number of options for calculation of a prudent provision for MRP. Whilst there are four alternative methods available for this calculation, only two apply to new borrowing under the

Prudential system for which no Government support is being given, i.e. borrowing which is intended to be self-financed.

- 5.3 All Council decisions made in relation to capital expenditure will be reviewed on their own merits and the most equitable treatment will be introduced in respect of the financing of these schemes. For the purposes of existing schemes and those proposed for the coming financial years where borrowing has been assumed, the Council will be applying the Asset Life Basis (Option 3 under the DLUHC Guidance). This allows MRP to be charged to the revenue account across the estimated life of the assets that are being funded, in accordance with the regulations.
- 5.4 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

## **5 Prudential Indicators**

- 5.1 Under the Prudential Code the Council is required to set and approve a range of performance indicators each year in line with the budget and Treasury Management Strategy, and to monitor them during the year. Under these arrangements local authorities are allowed to enter into borrowing to support capital spending as long as they are able to demonstrate that they can afford to do so.
- 5.2 *Authorised Limit for External Debt*

The Council has an integrated Treasury Management Strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council, and not just those arising from capital spending reflected in the CFR. The Council is required to set for the coming year and the following two financial years an authorised limit for its total gross external debt, separately identifying borrowing from other long term liabilities. The Authorised Limit sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Council. It is measured against all external debt items (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). The indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved Treasury Management policy statement and practices. The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
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	£m	£m	£m	£m
Authorised limit for borrowing	28.400	28.400	28.400	28.4000
Authorised limit for other long-term liabilities	3.000	3.000	3.000	3.000
<b>Authorised limit for external debt</b>	31.400	31.400	31.400	31.400

### 5.3 Operational Boundary for External Debt

The Council is required to set for the forthcoming financial year and the following two financial years an operational boundary for its total external debt, excluding investments, separately identifying borrowing from other long-term liabilities. The Operational Boundary is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario, and without the additional headroom included within the Authorised Limit for unusual cash movements.

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Operational boundary for borrowing	23.530	23.530	23.530	23.530
Operational boundary for other long-term liabilities	2.000	2.000	2.000	2.000
<b>Operational boundary for external debt</b>	25.530	25.530	25.530	25.530

### 5.4 Capital Expenditure

Local Authorities are required by the Prudential Code to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax. The Council is required to make reasonable estimates of the total capital expenditure that it plans to incur during the forthcoming year and at least the following two financial years.

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
<b>Estimated Capital Expenditure</b>	7.297	2.227	1.970	1.870

### 5.5 Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing. The Council is required to make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years as shown in the table below. The total CFR indicated in the table relates in part to vehicles and equipment used on the Council's refuse and car park management contracts. These are recognized under IFRS accounting regulations which require equipment on an embedded finance lease to be recognized on the balance sheet. The CFR takes into consideration the Cabinet decision to provide loan advances to Registered Providers under the Local Investment Strategy. Although initially this will increase the CFR, the capital receipts generated by the annual repayments on the loans will be applied to reduce the CFR across subsequent years. This is a key indicator for prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

	<b>2022/23</b> <b>£m</b>	<b>2023/24</b> <b>£m</b>	<b>2024/25</b> <b>£m</b>	<b>2025/26</b> <b>£m</b>
CFR	9.208	8.217	7.225	6.234
Less: Other Debt Liabilities	0.000	0.000	0.000	0.000
<b>Estimated Capital Financing Requirement</b>	9.208	8.217	7.225	6.234

#### 5.6 *Proportion of Financing Costs to Net Revenue Stream*

The Council is required to estimate for the following financial year and the following two years the proportion of financing costs to net revenue stream. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code and is based on the costs net of investment income.

	<b>2022/23</b> <b>£m</b>	<b>2023/24</b> <b>£m</b>	<b>2024/25</b> <b>£m</b>	<b>2025/26</b> <b>£m</b>
Financing cost (net)	(0.989)	(0.984)	(1.080)	(1.080)
Net Revenue Stream	15.578	14.203	13.436	13.751
<b>Ratio</b>	-6.35%	-6.93%	-8.04%	-7.86%

## 6 **Links to other Strategies and Plans**

- 6.1 The Council has fully integrated its Capital Strategy as part of its strategic financial planning process and this policy influences both the production of the MTFs and the capital and revenue budget planning process. The Strategy is also linked to the other main asset related policies, namely the Asset Management Plan, the Land and Property Acquisition Policy, the Commercial Property Strategy, the Land and Property Disposals Policy.
- 6.2 The Treasury Management Strategy details the Council's treasury management arrangements to manage the Council's cash flow, including the anticipated use of reserves, so as to maximise income from investments and minimise interest payments on borrowing, whilst minimising the risk to the Council's assets. This strategy can influence the potential receipts available for funding capital and will also directly inform any borrowing decisions for capital purposes.
- 6.3 The Procurement Strategy seeks to ensure that Value for Money is achieved in all of the Council's procurement decision-making activities and systems. The guidance should be applied by all Officers in conjunction with the requirements incorporated within the Council's Contract Standing Orders and Financial Regulations and has great relevance to preparing capital bids.
- 6.4 The Capital Strategy is also aligned with the Risk Management Strategy, and managers are required to consider risk when completing the standard business case pro-forma.
- 7 Financial Implications and Risks** - The financial implications and risks of any capital investment will be included as part of the budget process and business case preparation in relation to individual schemes and proposals coming forward.
- 8 Sustainability** – None as a direct consequence of this report.
- 9 Equality and Diversity** - None as a direct consequence of this report.
- 10 Section 17 Crime and Disorder considerations** - None as a direct consequence of this report.

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## North Norfolk District Council Investment Strategy 2022/23.

Summary:	This report sets out details of the Council's investment activities and presents a strategy for the prudent investment of the Council's resources.
Options Considered:	Alternative investment and debt options are continuously appraised by the Council's treasury advisors, Arlingclose and all appropriate options are included within this Strategy.
Conclusions:	The preparation of this Strategy is necessary to comply with the guidance issued by the Department of Levelling Up, Housing & Communities (DLUHC).
Recommendations:	That the Council be asked to RESOLVE that The Investment Strategy is approved.
Reasons for Recommendation:	The Strategy provides the Council with a flexible investment strategy enabling it to respond to changing market conditions.

Cabinet Member(s)	Ward(s) affected: All
Cllr E Seward	

Contact Officer, telephone number and email: Lucy Hume, 01263 516246

### Introduction

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).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

The Corporate Plan sets out what the Council intends to do between 2019 and 2023. It focuses on six priorities which will influence how we move forward:

- Local Homes for Local Need
- Boosting Business Sustainability and Growth
- Customer Focus
- Climate, Coast and the Environment

- Financial Sustainability and Growth
- Quality of Life

The Council's investments can be used to help deliver these priorities.

### **Treasury Management Investments**

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 between £32.9m and £46.5m during the 2022/23 financial year.

**Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

**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 elsewhere on this agenda.

### **Service Investments: Loans**

**Contribution:** The Council lends money to housing associations and community housing entities to support local public services and stimulate local economic growth. As part of the Councils 'Local Homes for Local Need' agenda, these loans are made to improve the supply of affordable housing within the District.

**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	31.3.2021 actual			2022/23
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Housing associations	2.557m	0.003m	2.574m	£10m
Community Housing Entities	0.192m	0.000m	0.192m	£5m
<b>TOTAL</b>	<b>2.749m</b>	<b>0.003m</b>	<b>2.746m</b>	<b>£15m</b>

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.

**Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans by using advisors and quality financial press to assesses the market that the investment will be competing in, the nature and level of competition, along with expectations on how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements. The quality of advice is moderated by frequently subjecting the contracts to tender. Risk assessments include reference to credit ratings, but are not the sole indicator of risk used. Credit ratings are actively monitored by advisors and changes are relayed to the Authority using an alert system. Other information, such as credit default swaps, are used to assess risk.

**Service Investments: Shares**

**Contribution:** The Council may invest in the shares of its suppliers, and local businesses to support local public services and stimulate local economic growth. At the present time, the Council does not hold these type of investments.

**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

Category of company	31.3.2021 actual			2022/23
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Subsidiaries	Nil	Nil	Nil	£5m
Suppliers	Nil	Nil	Nil	£5m
Local businesses	Nil	Nil	Nil	£5m
<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>£15m</b>

**Risk assessment:** The approach is very similar to that of the service loans, the Authority assesses the risk of loss before entering into and whilst holding shares by using advisors and quality financial press to assesses the market that the investment will be competing in, the nature and level of competition, along with expectations on how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements. The quality of advice is moderated by frequently subjecting the contracts to tender. Risk assessments include reference to credit ratings, but are not the sole indicator of risk used. Credit ratings are actively monitored by advisors and changes are relayed to the Authority using an alert system. Other information, such as credit default swaps, are used to assess risk.

**Liquidity:** The Council actively monitors the availability of cash, using established cash flow procedures to inform decisions around the maximum that may be committed over any given time horizon.

**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.

### **Commercial Investments: Property**

**Contribution:** The Council invests in local commercial property with the intention of making a profit that will be spent on local public services. The Council currently holds one main investment property, the Depot building at Grove Lane, Holt, which is rented to a private sector developer.

Table 3: Property held for investment purposes in £ millions

Property	Actual	31.3.2021 actual		31.3.2022 expected	
	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
Grove Lane Depot	-	0.062m	0.453m	-	0.453m
<b>TOTAL</b>	-	<b>0.062m</b>	<b>0.453m</b>	-	<b>0.453m</b>

**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.

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.

**Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding property investments by using advisors and quality financial/property press to assesses the market that the investment will be competing in, the nature and level of competition, along with expectations on how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements. We have qualified staff that will consider the local market and also have a number of external advisors and agents who we seek advice from where appropriate. This also extends to national advice although the Council's current strategy is to invest within the local area. Risk assessments include reference to credit ratings, but are not the sole indicator of risk used. Credit ratings are actively monitored by advisors and changes are relayed to the Authority using an alert system.

**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 maintains a balanced portfolio of investments, with short term investments allowing for faster liquidation should it be required.

### **Loan Commitments and Financial Guarantees**

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.

The Authority has not currently contractually committed to make any loans or guaranteed any loans and has no current plans to do this.

### **Proportionality**

The Authority plans to become dependent on profit generating investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of 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 will in the short term use available reserve balances to meet the shortfall, while a full review of service provision is undertaken.

Table 4: Proportionality of Investments

	<b>2020/21 Actual</b>	<b>2021/22 Forecast</b>	<b>2022/23 Budget</b>	<b>2023/24 Budget</b>	<b>2024/25 Budget</b>
Investment income	1.128m	1.015m	1.134m	1.121m	1.208m
Gross service expenditure	163.6m	62.2m	61.7m	60.8m	59.1m
Proportion	0.69%	1.63%	1.84%	1.84%	2.04%

### **Borrowing in Advance of Need**

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 has chosen to follow this guidance.

### **Capacity, Skills and Culture**

**Elected members and statutory officers:** Members and Statutory officers attend regular training on Treasury Investment principles and have access to informed officers who are required to keep up with CPD requirements by their professional bodies. The individual business cases allow Members to assess individual assessments in the context of the

strategic objectives and risk profile of the local authority; and enable them to understand how these decisions have changed the overall risk exposure of the local authority.

**Commercial deals:** The Council's Asset Management Plan is closely linked to the Corporate Plan and the Capital Strategy which contains the Prudential Indicators. We have qualified staff and support from external advisors to support with property transactions and negotiations. The Estates team are aware of the various strategy documents and the requirements contained therein, this also covers the prudential framework and the regulatory regime in which the Council operates and is supplemented by external training and Continuing Professional Development where appropriate.

**Corporate governance:** Budgets for investment purchases are agreed by Full Council in line with corporate objectives. Treasury Investments are subject to governance checks through the agreement of the Treasury Strategy for the year, as well as half-yearly updates.

### **Investment Indicators**

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.

**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

<b>Total investment exposure</b>	<b>31.03.2021 Actual</b>	<b>31.03.2022 Forecast</b>	<b>31.03.2023 Forecast</b>
Treasury management investments	44.368	41.892	39.000
Service investments: Loans	2.557	2.449	2.157
Commercial investments: Property	0.453	0.453	0.453
<b>TOTAL INVESTMENTS</b>	<b>47.378</b>	<b>44.794</b>	<b>41.610</b>
Commitments to lend	0.00	0.00	0.00
Guarantees issued on loans	0.00	0.00	0.00
<b>TOTAL EXPOSURE</b>	<b>47.378</b>	<b>44.794</b>	<b>41.610</b>

**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 6: Investment rate of return (net of all costs)

<b>Investments net rate of return</b>	<b>2020/21 Actual</b>	<b>2021/22 Forecast</b>	<b>2022/23 Forecast</b>
Treasury management investments	2.20%	2.60%	2.90%
Service investments: Loans	3.80%	3.74%	3.74%

Commercial investments: Property	0%	7.28%	7.28%
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Table 7: Other investment indicators

<b>Indicator</b>	<b>2020/21 Actual</b>	<b>2021/22 Forecast</b>	<b>2022/23 Forecast</b>
Debt to net service expenditure ratio	Nil	Nil	Nil
Net Commercial income to net service expenditure ratio	0.15%	0.19%	0.16%

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## North Norfolk District Council Treasury Management Strategy Statement 2022/23

Summary:	This report sets out details of the Council's investment activities and presents a strategy for the prudent investment of the Council's resources.
Options Considered:	Alternative investment and debt options are continuously appraised by the Council's treasury advisors, Arlingclose and all appropriate options are included within this Strategy.
Conclusions:	The preparation of this Strategy is necessary to comply with the guidance issued by CIPFA
Recommendations:	That the Council be asked to RESOLVE that The Treasury Management Strategy is approved.
Reasons for Recommendation:	The Strategy provides the Council with a flexible investment strategy enabling it to respond to changing market conditions, and ensures the Council complies with CIPFA guidance.

Cabinet Member(s)	Ward(s) affected: All
Cllr E Seward	

Contact Officer, telephone number and email: Lucy Hume, 01263 516246

### **Introduction**

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority 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 Authority's prudent financial management.

Treasury risk management at the Authority 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 Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy, which is included elsewhere on this agenda.

### **External Context**

**Economic background:** 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 Authority'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% y/y 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.

**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 Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

**Interest rate forecast:** The Authority'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 A.

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 2.9%, and that new long-term loans will be borrowed at an average rate of 2.2%.

### **Local Context**

On 31<sup>st</sup> December 2021, the Authority held £5m of borrowing and £40m of treasury investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

*Table 1: Balance sheet summary and forecast*

	<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>	<b>31.3.26 Forecast £m</b>
General Fund CFR	11.243	21.572	25.380	24.354	23.327	22.300
Less: External borrowing **	0.000	-8.004	-11.342	-10.680	-10.018	-9.356
<b>Internal borrowing</b>	<b>11.243</b>	<b>13.568</b>	<b>14.039</b>	<b>13.674</b>	<b>13.309</b>	<b>12.944</b>
Less: Balance sheet resources	-47.212	-36.975	-34.343	-33.337	-33.992	-34.790
<b>Treasury investments</b>	<b>35.969</b>	<b>23.407</b>	<b>20.304</b>	<b>19.663</b>	<b>20.682</b>	<b>21.846</b>

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

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 Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Authority is currently debt free and its capital expenditure plans do not currently imply any need to borrow over the forecast period. Investments are forecast to fall as capital receipts are used to finance capital expenditure and reserves are used to finance the revenue budget.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2022/23.

### **Borrowing Strategy**

The Authority currently holds £5 million of loans, as in the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority does not expect to need to borrow in 2022/23. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

**Objectives:** The Authority'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 Authority's long-term plans change is a secondary objective.

**Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority'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.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / 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 Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority 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.

The Authority has previously raised all 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 Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Authority 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.

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

**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

**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

**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 full Council.

**Short-term and variable rate loans:** These loans leave the Authority 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. Financial derivatives may be used to manage this interest rate risk (see section below).

**Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

### **Treasury Investment Strategy**

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury

investment balance has ranged between £35.6 and £71.7 million, and lower levels are expected to be maintained in the forthcoming year as we are not expecting to receive further cash balances relating to COVID 19 business grants, which inflated our cash balances this year.

**Objectives:** The CIPFA Code requires the Authority 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 Authority’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 Authority 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.

**Negative interest rates:** 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.

**Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2022/23 where cash balances allow. This diversification will represent a continuation of the strategy previously adopted.

**Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority’s “business model” for managing them. The Authority 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.

**Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the limits shown.

*Table 2: 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	25 years	£6m	Unlimited
Secured investments *	25 years	£6m	Unlimited
Banks (unsecured) *	13 months	£2m	£5m
Building societies (unsecured) *	13 months	£2m	£5m
Registered providers (unsecured) *	5 years	£2m	£10m
Money market funds *	n/a	£6m	£20m

Strategic pooled funds	n/a	£6m	Unlimited
Real estate investment trusts	n/a	£6m	£10m
Other investments *	5 years	£2m	£5m

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 £500,000 per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

**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.

**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.

**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.

**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.

**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 Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**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 Authority 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 Authority's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

**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 Authority's investment at risk.

**Operational bank accounts:** The Authority 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 below £2m per bank. 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 Authority maintaining operational continuity.

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority'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.

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.

**Other information on the security of investments:** The Authority 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 Authority’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.

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 Authority 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 Authority’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.

**Investment limits:** The Authority has revenue reserves available to cover investment losses. In order that no more than an acceptable level of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £6 million. 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 £2m in operational bank accounts count against the relevant investment limits.

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.

*Table 3: Additional investment limits*

	<b>Cash limit</b>
Any group of pooled funds under the same management	£15m per manager
Negotiable instruments held in a broker’s nominee account	£10m per broker
Foreign countries	£6m per country

**Liquidity management:** The Authority uses purpose-built cash flow forecasting tools to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority’s medium-term financial plan and cash flow forecast.

The Authority will spread its liquid cash over at least three 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.

**Treasury Management Indicators**

The Authority measures and manages its exposures to treasury management risks using the following indicators.

**Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average 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 score	6.0

**Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it can borrow each quarter without giving prior notice.

Liquidity risk indicator	Target
Total sum borrowed in past 3 months without prior notice	£10m

**Interest rate exposures:** This indicator is set to control the Authority'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
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£600,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£600,000

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.

**Maturity structure of borrowing:** This indicator is set to control the Authority'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	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

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.

**Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Authority'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:

<b>Price risk indicator</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Limit on principal invested beyond year end	£50m	£50m	£50m

### **Related Matters**

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

**Financial derivatives:** 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).

The Authority 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 Authority 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.

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.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

**Markets in Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

### **Financial Implications**

The budget for investment income in 2022/23 is £1.132 million, based on an average investment portfolio of £39.0 million at an interest rate of 2.90%. The budget for debt interest paid in 2022/23 is £0.14 million, based on an average debt portfolio of £4 million at an average interest rate of 1.15%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, then a proportion of the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.

### **Other Options Considered**

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
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 – Arlingclose Economic & Interest Rate Forecast – December 2021**

### **Underlying assumptions:**

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in 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. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

### **Forecast:**

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.

- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	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
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>3-month money market rate</b>													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
<b>5yr gilt yield</b>													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
<b>10yr gilt yield</b>													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
<b>20yr gilt yield</b>													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
<b>50yr gilt yield</b>													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%  
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%  
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

## Appendix B – Existing Investment & Debt Portfolio Position

	31/12/2021 <b>Actual portfolio £m</b>	31/12/2021 <b>Average rate %</b>
<b>External borrowing:</b>		
Local authorities	<b>5.000</b>	<b>0.10</b>
Other loans	<b>0.000</b>	
<b>Total external borrowing</b>	<b>0.000</b>	
<b>Other long-term liabilities:</b>		
Private Finance Initiative	0.000	
Leases	0.000	
Transferred Debt	0.000	
<b>Total other long-term liabilities</b>	0.000	
<b>Total gross external debt</b>	5.000	
<b>Treasury investments:</b>		
The UK Government	0.000	
Local authorities	0.000	
Banks (unsecured)	0.000	
Registered providers	2.557	3.80
Money market funds	5.550	0.02
Strategic pooled funds	32.000	2.91
<b>Total treasury investments</b>		
<b>Net debt</b>	(35.108)	

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## FEES AND CHARGES 2022-23

- Summary: This report recommends the fees and charges for 2022-23 that will come into effect from April 2022.
- Options considered: Alternatives for the individual service fees and charges now being proposed will have been considered as part of the process in arriving at the fees presented within the report.
- Conclusions: The fees and charges as recommended have been used to inform the income budgets for the 2022/23 budget.
- Recommendations: **That Cabinet agree and recommend to Full Council:**  
**a) The fees and charges from 1 April 2022 as included in Appendix A.**  
**b) That Delegated Authority be given to the Section 151 Officer, in consultation with the Portfolio Holder for Finance and relevant Heads of Service, to agree those fees and charges not included within Appendix A as required as outlined within the report**
- Reasons for Recommendations: To approve the fees and charges as set out in the report that will have been used to support the 2022/23 budget process.

## LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

Current fees and charges
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Cabinet Member(s)	Ward(s) affected: All
Contact Officer, telephone number and email: Lucy Hume, 01263 516246, lucy.hume@north-norfolk.gov.uk	

### 1. Introduction

- 1.1 The setting of the fees and charges for the next financial year forms part of the annual budget setting process. This year, service managers were asked to fundamentally review their fees and charges as part of the Zero Based Budgeting exercise, to determine a suitable level of charging. This was particularly important in services where full cost recovery is to be achieved.

### 2. Fees and Charges 2022/23

2.1 Fees and charges proposals for 2022/23 have been reviewed by the relevant budget managers so that income budgets can be updated as part of the budget process. Appendix A to this report provides the detail of the proposed charges for 2022/23 from 1 April 2022, these have been discussed by Cabinet.

2.2 Where appropriate, some services will experience an inflationary increase in charges. The exceptions to this are for those fees and charges which are set by central government, for example planning and premises licence fees. Also a number of the Council's fees are calculated on a cost recovery basis and will be excluded for example Land Charges, Building Control and the majority of our locally set licence fees. In addition Council facilities operated by an external contractor will also be excluded as the Council has no discretion on the setting of these fees.

2.3 Some fees are not published as part of this process such as those relating to trade waste collection and garden bin fees. This is due to the fact that some of our costs are not known this early in the year and in order to ensure that the services operate in a financially effective manner, the setting of the associated fees is done separately under delegated powers once we are more certain of future costs.

2.4 As part of the Zero Based Budgeting exercise, service managers were asked to review their fees and charges and, where appropriate, revise these. Gold and Silver options were presented and the relevant option was selected in line with the wider Zero Based Budgeting prioritisation exercise.

### **3. Conclusion**

3.1 The report makes recommendations for the fees and charges that will come into effect from 1 April 2022. These have informed the service income budgets that are included within the detailed 2022/23 budget when it is presented for recommendation and approval in February 2022.

### **4. Financial Implications and Risks**

4.1 For demand led services there is a risk that income will not be received as budgeted. When producing income budgets assumptions will be made around the level of income to be achieved from services, these will be based on service managers best estimates with assistance from Finance.

5. **Sustainability** – none as a direct impact.

6. **Equality and Diversity** – none as a direct impact.

7. **Section 17 Crime and Disorder considerations** - none as a direct impact.

<b>Corporate Leadership Team / Corporate Service Area</b>	<b>Statutory Charge?</b>	<b>2021/22 Charge £ : p</b>	<b>2022/23 Proposed Charge £ : p</b>
<b>ELECTIONS</b>			
Sale of Edited Register of Electors - Printed Copy - Basic Charge (per first 1,000 names, or part thereof).	<b>S</b>	£10.00	£10.00
Printed copy as above, extra 1,000 names or part thereof.	<b>S</b>	£1.50	£1.50
Sale of edited Register of Electors - Data Form - Basic Charge (per <u>first</u> 1,000 names or part thereof).	<b>S</b>	£20.00	£20.00
Data form as above, extra 1,000 names or part thereof.	<b>S</b>	£1.50	£1.50
Supply of Full Register and monthly updates (to credit reference agencies and government departments) - Printed Copy - Basic Charge (per first 1,000 names or part	<b>S</b>	£10.00	£10.00
Printed copy as above, extra 1,000 names or part thereof.	<b>S</b>	£1.50	£1.50
Supply of Full Register and monthly updates (to credit reference agencies and government departments) - Data Form - Basic Charge (per first 1,000 names or part	<b>S</b>	£20.00	£20.00
Data Form as above, extra 1,000 names or part thereof.	<b>S</b>	£1.50	£1.50
Sale of Marked Registers - Printed Copy - Basic Charge.	<b>S</b>	£10.00	£10.00
Printed copy of Marked Registers - 1,000 names or part thereof.	<b>S</b>	£2.00	£2.00
Data form of Marked Registers - 1,000 names or part thereof.	<b>S</b>	£1.00	£1.00
Sale of Overseas Elector List - Printed Copy - Basic Charge (per <u>first</u> 100 names or part thereof).	<b>S</b>	£10.00	£10.00
Printed copy as above, extra 100 names or part thereof.	<b>S</b>	£1.50	£1.50
Sale of Overseas Elector List - Data Form - Basic Charge (per <u>first</u> 100 names or part thereof).	<b>S</b>	£20.00	£20.00
Data form as above, extra 100 names or part thereof.	<b>S</b>	£1.50	£1.50

<b>Customer Services &amp; ICT Service Area</b>	<b>Statutory Charge?</b>	<b>2021/22 Charge £ : p</b>	<b>2022/23 Proposed Charge £ : p</b>
<b>CUSTOMER SERVICES</b>			
Foreign Pension Verification	S	N/A	£10.00
<b>TOURIST INFORMATION CENTRES</b>			
<b>Concessionary Fares</b>			
Application processing	S	£10.00	£10.00
Renewals (Lost)	S	£10.00	£10.00
<b>FILMING*</b>			
<b>TV drama/advertisements/feature films</b>			
Per Day	D	£1,650.00	£1,650.00
Per Hour	D	£280.00	£280.00
Exclusive use of NNDC owned location (e.g. Cromer Pier)	D	From £1,500.00 per day	From £1,500.00 per day
<b>Documentaries and charities (depending on nature of organisation, subject and crew size)</b>			
Per Day	D	From £500.00	From £500.00
Per Hour	D	From £100.00	From £100.00
<b>Administration Charge (only charged where a fee and/or contract is appropriate)</b>			
Standard	D	£40.00	£40.00
Less than 7 day's notice	D	£90.00	£90.00
Stills (specifically commercial advertising with props, etc.)	D	£100 - £500	£100 - £500
Educational/news/weather/student/individual photographers	D	Discretionary	Discretionary
Parking (if required)	D	£17.00	£17.00
<b>PHOTOCOPYING</b>			
A4 and below - black and white	D	£0.15	£0.20
A4 and below - colour	D	£0.20	£0.25
A3 - black and white	D	£0.30	£0.35
A3 - colour	D	£0.60	£0.70
A2 - black and white	D	£1.20	£1.40
A2 - colour	D	£2.40	£2.85
A1 - black and white	D	£2.40	£2.85
A1 - colour	D	£4.80	£5.70
A0 - black and white	D	£3.60	£4.30
A0 - colour	D	£7.20	£8.65

<b>Environmental Health Service Area</b>		<b>Statutory Charge?</b>	<b>2021/22 Charge £ : p</b>	<b>2022/23 Proposed Charge £ : p</b>
<b>WASTE COLLECTION SERVICES</b>				
Clinical Waste - Commercial & Prescribed		D	Charges set separately under Delegated Power	Charges set separately under Delegated Power
Commercial Waste Bins - Collection & Hire		D		
Commercial Recycling Bins - Collection & Hire		D		
Prescribed Waste Bins - Collection & Hire		D		
Prescribed Recycling Bins - Collection & Hire		D		
Sacks - Commercial & Prescribed		D		
Bulky Items - Commercial, Prescribed & Household		D		
Garden Bin Collection - Per Annum		D		
<b>EDUCATION &amp; PROMOTION</b>				
<b><u>(CIEH) Foundation Certificate in Food Hygiene</u></b>				
Resident or employed in North Norfolk		D	£60.00	£62.00
Other		D	£77.00	£80.00
Specially arranged courses for businesses - held at business premises for their staff only	for up to 15 candidates	D	£740.00	£770.00
	per additional candidate up to maximum of 18	D	£50.00	£50.00
<b>COMMERCIAL SERVICES</b>				
<b><u>Food Inspections</u></b>				
Unfit food inspections		D	£44.00	£46.00
Food export certificates		D	£35.00	£36.00
Office time per hour (plus VAT)		D	£40.00	£42.00
Sunday Trading Application for loading consent		D	£100.00	£104.00
Food Hygiene Rerating Visits		D	£156.00	£162.00
<b><u>Registration of Food Premises</u></b>				
Charge for copies of Register (or parts of)	- Single Entry	D	£18.00	£19.00
	- Part of Register	D	£482.00	£501.00
	- Complete Register	D	£1,024.00	£1,065.00

**PRIVATE WATER SUPPLY CHARGES****Private Water Supplies Sampling Regulations**

		D	The cost of sample transportation and laboratory analysis is recovered in full from the Relevant Person(s).	The cost of sample transportation and laboratory analysis is recovered in full from the Relevant Person(s).
<b>Laboratory Analysis of a sample</b>				
Sampling - per visit		D	£59.00	£61.00
Other Investigations (e.g. Investigating failure)		D	£106.50	£111.00
Granting an authorisation to depart from the standard authorisation		D	£106.50	£111.00
<b>Risk Assessments</b>	- Single Private Dwelling	D	£106.50	£111.00
	- Small Domestic Supplies	D	£106.50	£111.00
	- Large Domestic Supplies	D	£213.00	£222.00
	- Commercial or Public Small	D	£213.00	£222.00
	- Commercial or Public Medium	D	£320.20	£333.00
	- Commercial or Public Large	D	£533.50	£555.00
	- Commercial or Public Very Large	D	£533.50	£555.00
<b>Risk Assessment Reviews</b>	- Single Private Dwelling	D	£54.00	£56.00
	- Small Domestic Supplies	D	£54.00	£56.00
	- Large Domestic Supplies	D	£106.50	£111.00
	- Commercial or Public Small	D	£106.50	£111.00
	- Commercial or Public Medium	D	£160.00	£166.00
	- Commercial or Public Large	D	£213.00	£222.00
	- Commercial or Public Very Large	D	£296.00	£308.00

**HOUSING ACT NOTICES**

Hazard Awareness Notice		S	Free	Free
Improvement / Suspended Improvement Notice (Section 11 & 12)	Notice with up to 3 hazards identified	S	£357.00	£350.00
Prohibition/Suspended Prohibition Order		S	£357.00	£350.00
Emergency Remedial Action		S	£357.00	£350.00
Emergency Prohibition Order	For each additional hazard included in Notice	S	£51.00	£50.00
Demolition Order		S	£51.00	£50.00
Service of second and subsequent HA2004 Statutory Notices (inc. Schedule 3 Notices for works in default)		S	£71.50	£70.00
Review of suspended HA 2004 Statutory Notices		S	£71.50	£70.00

<b>HMO LICENSE FEES</b>				
HMO License application fee (up to 6 units of accommodation)		<b>S</b>	£535.50	£530.00
Additional Unit Charge		<b>S</b>	£25.50	£25.00
<b>ENVIRONMENTAL PROTECTION SERVICES</b>				
Statutory Release Fee - Dogs (Charge includes VAT)		<b>S</b>	£25.00	£25.00
Collection Fee		<b>S</b>	£100.00	£100.00
Kennel Charges - Base Cost (Daily Kennel Charge is paid ontop of this fee)		<b>S</b>	£83.00	£83.00
Daily Kennel Charge Per Day (Maximum 7 Days)		<b>S</b>	£9.50	£9.50
Land Enquiry (Charge includes VAT)		<b>S</b>	£34.00	£34.00
Contaminated Land Enquiry		<b>S</b>	£31.00	£30.00
Temporary Stopping Place Fee		<b>S</b>	£40.00	£40.00
<b>FIXED PENALTY NOTICES</b>				
Breach of CPN or PSPO	- Full Amount	<b>S</b>	£80.00	£80.00
	- New Licence valid for 1 year	<b>S</b>	£60.00	£60.00
Depositing Litter	- Full Amount	<b>S</b>	£80.00	£80.00
	- New Licence valid for 1 year	<b>S</b>	£60.00	£60.00
Fly Tipping (Section 33 EPA 1990)	- Full Amount	<b>S</b>	£300.00	£300.00
	- New Licence valid for 1 year	<b>S</b>	£200.00	£200.00
Failure to Produce Waste Documentation (Section 34 EPA 1990)		<b>S</b>	£300.00	£300.00
<b>TAXI LICENCE FEES</b>				
<b>Taxi Licences</b>				
Licence to Drive Hackney Carriages or Private Hire Vehicles	- New Licence valid for 1 year	<b>D</b>	£173.00	£180.00
	- New Licence valid for 3 years	<b>D</b>	£173.00	£180.00
	- Renewal valid for 1 year	<b>D</b>	£173.00	£180.00
	- Renewal valid for 3 years	<b>D</b>	£173.00	£180.00
Hackney Carriage Vehicle Licence	- New valid for 1 year	<b>D</b>	£149.00	£155.00
	- Renewal valid for 1 year with plate	<b>D</b>	£149.00	£155.00
	- Renewal valid for 1 year with no plate	<b>D</b>	£130.00	£135.00
Private Hire Vehicle Licence	- New valid for 1 year	<b>D</b>	£149.00	£155.00
	- Renewal valid for 1 year with plate	<b>D</b>	£149.00	£155.00
	- Renewal valid for 1 year with no plate	<b>D</b>	£130.00	£135.00
Private Hire Operators Licence	- New or Renewal valid for 5 years	<b>D</b>	£153.00	£159.00
<b>Taxi Licence Charges</b>				
Replacement Badge & Licence (Name Change)		<b>D</b>	£15.00	£16.00
Replacement Licence (Address Change)		<b>D</b>	£11.00	£11.00
Replacement drivers badge holder with lanyard		<b>D</b>	£3.00	£3.00
Windscreen pouches (additional or replacement)		<b>D</b>	£2.00	£2.00
Replacement plate for vehicle		<b>D</b>	£40.00	£42.00

**OTHER LICENSING**

**Premises Licence Fees - Gambling Act 2005**

Betting Premises (excluding tracks)	- New Application	D	£2,800.00	£2,800.00
	- Annual Fee	D	£560.00	£560.00
	- Application to Vary	D	£1,400.00	£1,400.00
	- Application to Transfer	D	£1,130.00	£1,130.00
	- Application to Reinstatement	D	£1,130.00	£1,130.00
	- Application for Prov. Statement	D	£2,800.00	£2,800.00
	- Application (Prov. State Holders)	D	£1,130.00	£1,130.00
	- Copy Licence	D	£25.00	£25.00
	- Notification of Change	D	£50.00	£50.00
Tracks	- New Application	D	£1,400.00	£1,400.00
	- Annual Fee	D	£930.00	£930.00
	- Application to Vary	D	£1,150.00	£1,150.00
	- Application to Transfer	D	£880.00	£880.00
	- Application to Reinstatement	D	£880.00	£880.00
	- Application for Prov. Statement	D	£2,300.00	£2,300.00
	- Application (Prov. State Holders)	D	£880.00	£880.00
	- Copy Licence	D	£25.00	£25.00
	- Notification of Change	D	£50.00	£50.00
Family Entertainment Centres	- New Application	D	£1,900.00	£1,900.00
	- Annual Fee	D	£700.00	£700.00
	- Application to Vary	D	£935.00	£935.00
	- Application to Transfer	D	£880.00	£880.00
	- Application to Reinstatement	D	£880.00	£880.00
	- Application for Prov. Statement	D	£1,900.00	£1,900.00
	- Application (Prov. State Holders)	D	£880.00	£880.00
	- Copy Licence	D	£25.00	£25.00
	- Notification of Change	D	£50.00	£50.00
Adult Gaming Centre	- New Application	D	£1,900.00	£1,900.00
	- Annual Fee	D	£935.00	£935.00
	- Application to Vary	D	£935.00	£935.00
	- Application to Transfer	D	£1,130.00	£1,130.00
	- Application to Reinstatement	D	£1,130.00	£1,130.00
	- Application for Prov. Statement	D	£1,900.00	£1,900.00
	- Application (Prov. State Holders)	D	£1,130.00	£1,130.00
	- Copy Licence	D	£25.00	£25.00
	- Notification of Change	D	£50.00	£50.00
Bingo	- New Application	D	£3,000.00	£3,000.00
	- Annual Fee	D	£935.00	£935.00
	- Application to Vary	D	£1,630.00	£1,630.00
	- Application to Transfer	D	£1,130.00	£1,130.00
	- Application to Reinstatement	D	£1,130.00	£1,130.00
	- Application for Prov. Statement	D	£3,000.00	£3,000.00
	- Application (Prov. State Holders)	D	£1,130.00	£1,130.00
	- Copy Licence	D	£25.00	£25.00
	- Notification of Change	D	£50.00	£50.00



<b>Permits</b>				
Family Entertainment Centres	- Application Fee	D	£300.00	£300.00
	- Change of Name	D	£25.00	£25.00
	- Copy of Permit	D	£15.00	£15.00
Prize Gaming	- Application Fee	D	£300.00	£300.00
	- Annual Fee	D	£300.00	£300.00
	- Change of Name	D	£25.00	£25.00
	- Copy of Permit	D	£15.00	£15.00
Small Lottery Society	- Application Fee	D	£40.00	£40.00
	- Annual Fee	D	£20.00	£20.00
	- Change of Name	D	£25.00	£25.00
	- Copy of Permit	D	£15.00	£15.00
Club Gaming	- Application Fee Permit	D	£200.00	£200.00
	- Application Fee Machine Permit	D	£200.00	£200.00
	- Annual Fee Permit	D	£50.00	£50.00
	- Annual Fee Machine Permit	D	£50.00	£50.00
	- Change of Name	D	£25.00	£25.00
	- Change of Name Machine Permit	D	£25.00	£25.00
	- Copy of Permit	D	£15.00	£15.00
	- Copy of Permit Machine	D	£15.00	£15.00
Licence Premises Gaming Machine Permit	- Application Fee (2 or less)	D	£50.00	£50.00
	- Application Fee (3 or more)	D	£150.00	£150.00
	- Annual Fee	D	£50.00	£50.00
	- Change of Name	D	£25.00	£25.00
	- Copy of Permit	D	£15.00	£15.00
	- Variation	D	£100.00	£100.00
	- Transfer	D	£25.00	£25.00

<b>Licences and certificates of suitability</b>				
Skin piercing premises	- Registration (one-off)	D	£253.00	£263.00
Skin piercing each additional operative at same premises	- Registration (one-off)	D	£34.00	£35.00
Scrap Metal Dealer	New/Renewal (3 years)	D	£452.00	£470.00
Scrap Metal Dealer	Variation	D	£340.00	£354.00
Scrap Metal Collector	New/Renewal (3 years)	D	£113.00	£118.00
Scrap Metal Collector	Variation	D	£86.00	£89.00
Sex Shop or sex cinema		D	£2,040.00	£2,122.00
Sexual Entertainment Venue		D	£3,060.00	£3,182.00
Street Trading Consents	- Non profit	D	Free	Free
	- Commercial	D	£78.50	£82.00
Animal Boarding	- New/Renewal	D	£308.50	£321.00
	- Variation	D	£99.00	£103.00
	Verification Inspection Fee for Variation if required.	D	£46.00	£48.00
Dangerous Wild Animals (and vet fees where appropriate)	- New/Renewal	D	£183.00	£190.00
	- Variation	D	£385.00	£400.00
Dog Breeding (and vet fees where appropriate)	- Variation	D	£53.50	£56.00
	(Plus Vet inspection fees if required for the above).	D	As appropriate	As appropriate
	- New/Renewal	D	£308.50	£321.00
Pet Shop	- Variation	D	£99.00	£103.00
	Verification Inspection Fee for Variation if required.	D	£46.00	£48.00
	- New/Renewal	D	£385.00	£400.00
Riding Establishment (and vet fees where appropriate)	Plus DBS fee if required (per employee).	D	£53.60	£56.00
	- Variation	D	£53.50	£103.00
	(Plus Vet inspection fees on top if required for the above).			
Zoo (and vet fees where appropriate)	- New/Renewal	D	£237.00	£246.00
	- Variation	D	£293.00	£305.00
Keeping Animals for Exhibition	- Variation	D	£99.00	£103.00
	Verification Inspection Fee for Variation if required.	D	£46.00	£48.00
Combination of Activities		D	Equal to the highest activity fee.	Equal to the highest activity fee.
Variation to reduce the licensable activities or numbers of animals		D	£53.50	£56.00
Transfer due to death of licensee		D	£53.50	£56.00
Reissue of Licence (Copy or Name/Address Change).		D	£11.00	£11.00

**Premises Licences (Alcohol)**

Premises Licences, under the Licensing Act 2003, are based on bands determined by the non-domestic rateable value of the premises.

The fees relating to applications for premises licences, club premises certificates and variations or conversions to existing licences are:

Band	Non-domestic rateable value			
A	£0 - £4,300	D	£100.00	£100.00
B	£4,301 - £33,000	D	£190.00	£190.00
C	£33,001 - £87,000	D	£315.00	£315.00
D	£87,001 - £125,000	D	£450.00	£450.00
E	£125,001 and over	D	£635.00	£635.00

Annual charges relating to the above are:

Band	Non-domestic rateable value			
A	£0 - £4,300	D	£70.00	£70.00
B	£4,301 - £33,000	D	£180.00	£180.00
C	£33,001 - £87,000	D	£295.00	£295.00
D	£87,001 - £125,000	D	£320.00	£320.00
E	£125,001 and over	D	£350.00	£350.00
Personal Licence	- Initial Fee	D	£37.00	£37.00

**Additional Fees and Charges**

Application for copy of licence or summary on theft, loss etc. of premises licence or summary	D	Free	Free
Notification of change of name or address (holder of premises licence)	D	£10.50	£10.50
Application to vary to specify individual as premises supervisor	D	£23.00	£23.00
Application to transfer premises licence	D	£23.00	£23.00
Interim authority notice	D	£23.00	£23.00
Application for making of a provisional statement	D	£315.00	£315.00
Application for copy of certificate or summary on theft, loss etc. of certificate or summary	D	£10.50	£10.50
Notification of change of name or alteration of club rules	D	£10.50	£10.50
Change of relevant registered address of club	D	£10.50	£10.50
Temporary event notices	D	£21.00	£21.00
Application for copy of notice on theft, loss etc. of temporary notice	D	£10.50	£10.50
Application for copy of notice on theft, loss etc. of personal licence	D	£10.50	£10.50
Notification of change of name or address (personal licence)	D	£10.50	£10.50
Notice of interest in any premises	D	£21.00	£21.00
Application for a minor variation to a premises licence or club premises licence	D	£89.00	£89.00

<b>Mobile Home Act 2013 (MHA 2013)</b>				
New Park Home Licence	Units - 1-5	D	£214.00	£223.00
	Units - 6-24	D	£229.00	£238.00
	Units - 25-29	D	£245.00	£255.00
	Units - 100 plus	D	£275.00	£286.00
Annual Licence Fee	1-3	D	£0.00	£0.00
	4-5	D	£122.00	£127.00
	6-24	D	£184.00	£191.00
	25-29	D	£245.00	£255.00
	100 plus	D	£275.00	£286.00
Licence Transfer		D	£99.00	£103.00
Licence Variation		D	£99.00	£103.00
Deposit of Site Rules		D	£46.00	£48.00
Pre-application advisory licensing visit		D	N/A	£180.00
Check and send service - guaranteed check and verification		D	N/A	£60.00
Pre-inspection food safety/business advisory visit and SFBB pack		D	N/A	£225.00
Gain or retain - pre-inspection food hygiene rating assessment		D	N/A	£225.00
Revisit request for a food hygiene rating assessment		D	N/A	£225.00
Fit and Proper Person - Caravan Sites		D	N/A	£180.00
Replacement internal taxi plates/signs		D	N/A	£10.00
Knowledge Tests (New Taxi Driver Applications)		D	N/A	£40.00
Street Trading Consent (FOOD) Annual Fee		D	N/A	£252.00
Street Trading Consent (NON-FOOD) Annual Fee		D	N/A	£210.00
<b>ENFORCEMENT TEAM CHARGES</b>				
High Bridges Complaint			£447.00	£445.00

<b>Leisure Service Area</b>		<b>Statutory Charge?</b>	<b>2021/22 Charge £ : p</b>	<b>2022/23 Proposed Charge £ : p</b>
<b>CAR PARKING</b>				
<b>Pay &amp; Display Car Parks. Charges Apply Between 08:00 - 18:00</b>				
<b>Coastal Car Parks</b>				
Cromer	- Runtun Road	<b>D</b>	60p for 30 minutes only, £1.50 per hour thereafter. £7 for 24 hours.	
East Runtun	- Beach Road			
Happisburgh	- Cart Gap			
Mundesley	- Beach Road			
Overstrand	- Pauls Lane			
Sea Palling	- Clink Road			
Sheringham	- Beach Road			
	- Station Road			
Wells	- Stearmans Yard			
Weybourne	- Beach Road			
<b>Other Car Parks</b>				
Cromer	- Cadogan Road	<b>D</b>	60p for 30 minutes only, £1.30 for the first hour, £1 per hour thereafter. £7 for 24 hours.	
	- Meadow			
	- Promenade (Disabled only)			
Holt	- Albert Street			
	- Station Road			
Sheringham	- Chequers			
	- Morris Street			
Wells	- Staithe Street			
Fakenham	- Bridge Street	<b>D</b>	50p for 30 minutes only, £1.00 for 2 hours, 70p per hour thereafter. £5 for 24 hours.	
	- The Limes			
	- Queens Road			
North Walsham	- Bank Loke	<b>D</b>	£2.50 per day.	
	- New Road			
	- Vicarage Street			
	- Mundesley Road			
	- Hornbeam Road			
Stalham	- High Street	<b>D</b>	50p for 30 minutes only, £1.00 for 2 hours, 70p per hour thereafter. £5 for 24 hours.	

*To be reviewed under separate paper*

<b>Other Charges</b>			
Coach Parking (where permitted)	- Half day (up to 4 hours)	D	£5.00
	- All day ticket	D	£10.00
Carnival Day (Runton Road)	- Per Car, Per Entry	D	£7.00
	- Per Motorcycle, Per Entry	D	£4.00
Weekly Permit		D	£28.00
Annual Permit	- 3 hour permit	D	£56.00
	- 24 hour permit	D	£204.00
Half Year Permit	- 3 hour permit	D	£31.00
	- 24 hour permit	D	£122.00
Quarter Year Permit	- 3 hour permit	D	£16.00
	- 24 hour permit	D	£66.00
Penalty Charge Notice	- Full	D	£50.00
	- Prompt Payment	D	£25.00
Change of Permit (change of registration)		D	£10.00
Addition of second car registration onto Permit		D	Free

**MARKETS****Cromer, Stalham and Sheringham (Weds) - Per Site**

Weekly	- April, May, June, Oct, Nov, Dec	D	£19.00	£19.00
	- July, August, Sept	D	£28.00	£28.00
	- Jan, Feb, March	D	£15.00	£15.00
Quarterly	- April - June	D	£138.00	£138.00
	- July - September	D	£224.00	£224.00
	- October - December	D	£102.00	£102.00
	- January - March	D	£82.00	£82.00
Half Yearly (Up to 2 pitches, £ per pitch)	- April - Sept	D	£255.00	£255.00
	- October - March	D	£133.00	£133.00
Half Yearly (3rd pitch +, £ per pitch)	- April - Sept	D	£204.00	£204.00
	- October - March	D	£102.00	£102.00

**Sheringham (Saturday) - Per Site**

Weekly	- April, May, June, Nov, Dec	D	£31.00	£31.00
	- July, August, Sept, Oct	D	£41.00	£41.00
	- Jan, Feb, March	D	£22.00	£22.00
Quarterly	- April - June	D	£306.00	£306.00
	- July - September	D	£469.00	£469.00
	- October - December	D	£224.00	£224.00
	- January - March	D	£179.00	£179.00
Half Yearly (Up to 2 pitches, £ per pitch)	- April - Sept	D	£592.00	£592.00
	- October - March	D	£306.00	£306.00
Half Yearly (3rd pitch +, £ per pitch)	- April - Sept	D	£449.00	£449.00
Yearly	- October - March	D	£230.00	£230.00
		D	£872.00	£872.00

**Other Charges**

Full Annual Payment in Advance	D	10% discount	10% discount
Refunds - Administration Fee	D	£15.00	£15.00

**CHALETS & BEACH HUTS****Chalets**

Sheringham	Old Chalets	D	Charges set separately under Delegated Power	N/A
	New Chalets (inc. electricity)	D		N/A
Cromer	West Beach	D	Charges set separately under Delegated Power	N/A
	East Beach	D		N/A
Weekly Lets - Cromer & Sheringham	Low Season	D	£85.00	N/A
	High Season	D	£210.00	N/A
Weekly Lets - Cromer East & Sheringham New (Serviced)	Low Season	D	£95.00	N/A
	High Season	D	£260.00	N/A

**Winter Lets**

Per Month		D	£65.00	N/A
Per Week		D	£21.00	N/A
40 Week Lets (October - July)	Cromer West	D	TBC	N/A
40 Week Lets (October - July)	Cromer East	D	TBC	N/A

**Hut Sites**

Cromer, Overstrand & Sheringham	One Year (Excluding Rates)	D	Charges set separately under Delegated Power	N/A
Mundesley	One Year (Excluding Rates)	D		

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<b>Huts - Weekly Lets</b>				
Low Season		D	£70.00	N/A
High Season		D	£195.00	N/A
Mundesley - Seasonal Let		D	Charges set separately under Delegated Power	N/A
Beach Huts/Chalets - Administration Fee		D	N/A	40% of the booking amount if cancelled within the 4 weeks prior to the start date and 25% at any other time subject to a £40 minimum fee.
Chalets	- Peak unserviced Per Week	D	N/A	£230.00
	- Peak serviced Per Week	D	N/A	£285.00
	- Mid unserviced Per Week	D	N/A	£135.00
	- Mid serviced Per Week	D	N/A	£150.00
	- Low unserviced Per Week	D	N/A	£95.00
	- Low serviced Per Week	D	N/A	£105.00
	- Winter season unserviced Per Season	D	N/A	£350.00
	- Winter season serviced Per season	D	N/A	£385.00
Beach Huts	- Peak per Week	D	N/A	£210.00
	- Mid per Week	D	N/A	£115.00
	- Low per week	D	N/A	£80.00
	- Winter per season	D	N/A	£295.00
<b>Extras:</b>				
Charge to go onto beach hut or chalet waiting list	Per List	D	£25.00	£45.00
<b>HOLT COUNTRY PARK</b>				
School visits where Ranger's assistance required (Per Child)		D	£6.00	£6.00
<b>Car Park</b>				
Per car per occasion		D	£2.00	£2.00
<b>SPORTS CLUBS AND HUBS</b>				
Price per session			£3.00	£3.00

<b>Finance, Assets and Legal</b>	<b>Statutory Charge?</b>	<b>2021/22 Charge £ : p</b>	<b>2022/23 Proposed Charge £ : p</b>
<b>LEGAL SERVICES</b>			
<b>Legal Work (exclusive of VAT charged)</b>			
Mortgage Redemption	<b>D</b>	At Solicitors Hourly Rate.	At Solicitors Hourly Rate.
Preparation of a new lease			
Sale of land			
Preparation of License			
Private Mortgage			
Quest re: second Mortgage			
Agreement - section 18 Public Health Act 1936			
Legal Work in connection with release of covenant			
<b>PROFESSIONAL ESTATE SERVICES</b>			
Application fee for Events (per application).	<b>D</b>	£50.00	£55.00
Application fee for Events (per application) - Charitable Events	<b>D</b>	£25.00	£35.00
Estate Service (Land and Property Transactions) - Hourly Rate	<b>D</b>	£70.00	From £450
Licence Admin Fee	<b>D</b>	£50.00	£55.00
Disposal of Assets/Asset Proposal Admin Fee	<b>D</b>	£50.00	£55.00
Licence for table with three chairs	<b>D</b>	£65.00	£70.00
<b>PARKLANDS CARAVAN SITE</b>			
Site Plot Year		Increased by RPI as under Mobile Homes Act.	Increased by RPI as under Mobile Homes Act.

<b>Planning Service Area</b>		<b>Statutory Charge?</b>	<b>2021/22 Charge £ : p</b>	<b>2022/23 Proposed Charge £ : p</b>
<b>LAND CHARGES</b>				
<b>LLC1</b>				
Official Search of - One Part		<b>S</b>	£0.00	£0.00
Official Search of - Whole	- Electronic Search	<b>S</b>	£24.00	£24.00
	- Additional Parcel	<b>S</b>	£2.00	£2.00
<b>CON 29 Enquiries</b>				
One Parcel	- Electronic Search	<b>S</b>	£79.00	£79.00
	- Additional Parcel	<b>S</b>	£17.50	£17.50
<b>Optional Enquiries</b>				
Printed		<b>S</b>	£18.00	£18.00
Additional		<b>S</b>	£20.00	£20.00
<b>Other Fees relating to Local Land Charges</b>				
Registration of a charge in Part 11 of the Register (Light Obstruction Notice)		<b>S</b>	£74.00	£74.00
Filing a judgement order or application for variation or cancellation of any entry in Part 11 of the Register (Light Obstruction Notice)		<b>S</b>	£7.00	£7.00
Filing a definitive certificate of the Lands Tribunal under rule 10 (3) of the Local Land Charges Rules 1977		<b>S</b>	£3.00	£3.00
Inspection of documents filed under Rule 10 in respect of each parcel of land		<b>S</b>	£3.00	£3.00
Office copy of any entry in the Register (not including a copy or extract of any plan or document filed pursuant to 1977 Rules)		<b>S</b>	£0.00	£0.00

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**PLANNING****Pre-Application Service - Major Applications**

\*These fees will be charged upon the submission of proposals for pre-application advice. For advice on the service provided see separate note.

**Outline Applications**

Site area up to 2.5 ha.	Per 0.1 ha. (Plus £36 per additional 0.1 ha.a)	D	£120.00	£120.00
Site area over 2.5 ha.	(Plus £36 per additional 0.1 ha.) - Maximum £36,000	D	£3,000.00	£3,000.00

**Erection of Dwellings (Full or Reserved Matters) - Includes change of use to dwelling**

10 to 50 dwellings	Cost for ten. (Plus £120 per additional dwelling)	D	£1,200.00	£1,200.00
Over 50 dwellings	(Plus £36 per additional dwelling) - Maximum £72,000	D	£6,000.00	£6,000.00

**Erection of Buildings (Non-residential)**

Floor space 1,000 - 3,750 sq.m.	Per 75 sq.m.	D	£960.00	£960.00
Floor space over 3,750 sq..m.	(Plus £36 per additional 75 sq.m.) - Maximum £36,000	D	£6,000.00	£6,000.00

**Erection of Agricultural Buildings**

Floor space 1,000 - 4,215 sq.m.	For 1st 1000 sq.m. (Plus £120 per additional 75 sq.m. after 1000 sq.m.)	D	£120.00	£120.00
Floor space over 4,215 sq.m.	(Plus £36 per additional 75 sq.m.) - Maximum £72,000	D	£6,000.00	£6,000.00

**Erection of Glasshouses**

Floor space over 1000 sq.m.		D	£600.00	£600.00
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**Erection, Alteration or Replacement of Plant or Machinery**

Site area up to 5 ha.	(Plus £120 per additional dwelling)	D	£1,200.00	£1,200.00
Site area over 5 ha.	(Plus £36 per additional dwelling ) - Maximum £72,000	D	£6,000.00	£6,000.00

**Engineering or Other Operations**

Over 1 ha. (Maximum £600)		D	£600.00	£600.00
<b>Car Parks and Service Roads for existing uses (In relation to Major planning application)</b>		D	£60.00	£60.00

**Change of Use of Land or Building to Dwellings**

10 to 50	(Plus £120 per additional dwelling)	D	£1,200.00	£1,200.00
Over 50	(Plus £36 per additional dwelling ) - Maximum £72,000	D	£6,000.00	£6,000.00

**Other Changes of Use**

Variation/Removal of a condition		D	£60.00	£60.00
Renewal of a temporary permission		D	£60.00	£60.00

<b>Bronze</b>					
Householder or Commercial up to 50 sq. metres	D	£95.00		£95.00	
1-9 dwellings on sites less than 0.5 ha. or Commercial floorspace up to 999 sq. metres	D	£295.00		£295.00	
Commercial floorspace 51 - 499 sq.m. and new telecommutation masts	D	£195.00		£195.00	
Other (Advert, agricultural, telecoms)	D	Free		Free	
<b>Silver</b>					
Householder or Commercial up to 50 sq. metres	D	£195.00		£195.00	
1-9 dwellings on sites less than 0.5 ha. or Commercial floorspace up to 999 sq. metres	D	£595.00		£595.00	
Commercial floorspace 51 - 499 sq.m. and new telecommutation masts	D	£395.00		£395.00	
Other (Advert, agricultural, telecoms)	D	Free		Free	
<b>Extras:</b>					
<b>Additional Plans</b>					
Householder - up to 50 sq. metres	D	£95.00		£95.00	
1-9 dwellings - up to 999 sq. metres	D				
10-49 dwellings - up to 2,500 sq. metres	D				
50+ dwellings - over 2,500 sq. metres	D				
Other (listed building, tree advice, advert, agricultural, telecoms)	D				
<b>Additional Meeting</b>					
Householder - up to 50 sq. metres	D	£95.00		£95.00	
1-9 dwellings - up to 999 sq. metres	D				
10-49 dwellings - up to 2,500 sq. metres	D				
50+ dwellings - over 2,500 sq. metres	D				
Other (listed building, tree advice, advert, agricultural, telecoms)	D				
Monitoring Fee for S106 / IL Obligations		The charge will generally be levied at a rate of £500 per obligation covering each District Council related covenant and a monitoring fee will be sought for each. On more complex sites where greater monitoring costs will likely be incurred, a proportionate charge will be levied at a rate of £500 per obligation covering each District Council related covenant or 1 % of the value of the District Council's total obligations up to a maximum of £10,000 per agreement, whichever is the higher.	D	N/A	from £500
<b>Building Control Fees</b>		<i>Hourly rate included within calculated fee.</i>	D	£60.00	TBC

**PLANNING - MISCELLANEOUS**

High Hedges Complaint	S	£447.00	£445.00
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**Supply of Information on Permitted Use/History**

Administrative Staff - per hour	D	£49.50	£49.50
Professional Staff - per hour	D	£97.00	£97.00

**Check compliance with Conditions (for Solicitors, Agents)**

Administrative Staff - per hour	D	£49.50	£49.50
Professional Staff - per hour	D	£97.00	£97.00

**General Research**

Administrative Staff - per hour	D	£49.50	£49.50
Professional Staff - per hour	D	£97.00	£97.00

Naming of new street, consultation process and notification of decision	Single Street	S	£125.00	£125.00
	2-5 Streets	S	£250.00	£250.00
	5+ Streets	S	£500.00	£500.00
Street numbering Schemes	1-5 Plots	S	£80.00	£80.00
	6-10 Plots	S	£70.00	£70.00
	11-50 Plots	S	£60.00	£60.00
	50+ Plots	S	£50.00	£50.00

Change of property name	S	£25.00	£25.00
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**PLANNING - POLICY****Inset Maps**

A1 Maps	D	£5.52	£5.52
A2 Maps	D	£3.12	£3.12
A3 Maps	D	£1.32	£1.32
Admin Fee to join the Customer & Self Build Housing Register	D	£25.00	£25.00

## **CROMER PIER PAVILION THEATRE – PIER MANAGEMENT CONTRACT**

### **Summary:**

**This report provides members with an update in respect of the Pier Management Contract operated by Openwide Coastal in the context of the ongoing uncertainty around the COVID pandemic.**

**The report details the current arrangements for management of the contract of the Pier Pavilion Theatre in Cromer, in the context of when the current contract was awarded in early 2019; and considers the changed circumstances, issues and risks being faced by the operator during the 2020 and 2021 seasons and looking into the future due to the COVID pandemic**

**The report details a number of options available to the Council in seeking to support the current operator respond to these unprecedented circumstances in future years thereby maintaining the unique End of the Pier Show and other theatre offering provided through the Cromer Pier Pavilion Theatre.**

### **Conclusions:**

**The Coronavirus pandemic, including periods of lockdown and subsequent restrictions during the twenty-two months since March 2020, and ongoing uncertainty for the arts sector through 2022 and beyond, has presented significant challenges to the Council's operating partner for Cromer Pier and Pavilion Theatre - Openwide Coastal.**

**Whilst Openwide has successfully managed this challenging situation, this is not without significant risks to the business relative to the contract awarded by the Council in February 2019, and in order to secure its long term future it is appropriate for the Council to consider how it might work with the company to manage future risks in the operation of the Pavilion Theatre, if not the wider Pier offering.**

### **Recommendations:**

**Cabinet is therefore recommended to:-**

- a) Agree now to the extension of the pier management contract at the end of its current ten-year term for five years to March 2033 (as allowed for under the contract) so that the additional costs / losses incurred by Openwide in supporting the contract over the past two years due to COVID**

might be recovered – i.e. Option 1 as detailed within Section 5 of the report.

- b) Agree that the Council is prepared, in principle, to explore further with Openwide a risk-sharing approach in underwriting the costs of investment in the 2022 Seaside Special production recognising the challenges presented by the COVID pandemic on audience figures during 2021 and the continued uncertainty for the 2022 summer season given that planning and investment in the 2022 production is already underway - i.e. Option 3 as detailed within Section 5 of the report.
- c) The Council agrees to make budgetary provision in the current financial year of up to £45,000 to upgrade the bar and food service area within the Pavilion Theatre
- d) Agree that the Council works closely with Openwide to explore broadening the offer of the Pier as outlined in Options 4 and 5 of Section 5 of the report so as to attract new audiences, visitors and income to the Pier.

Cabinet member(s):  
Cllr Virginia Gay, Cabinet member for Leisure, Culture and Wellbeing

Ward(s) affected:  
Cromer Town / All given the significant of the Cromer Pier and Pavilion Theatre to the District's tourism offering

Contact Officer,  
telephone number, and  
e-mail:

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Email:- [Karl.Read@north-norfolk.gov.uk](mailto:Karl.Read@north-norfolk.gov.uk)

## 1. Introduction:-

- 1.1. The District Council owns Cromer Pier and the Pavilion Theatre and has a contract arrangement with Openwide Coastal, an entertainment company, which operates the Theatre, Tides Restaurant and Footprints Gift Shop at the pier entrance, under a ten-year contract, operational until 31 January 2028. Within the contract there is an option for the Council to extend the contract term by up to five years.
- 1.2. Under the contract, the District Council is responsible for the repair and maintenance of the pier itself and the buildings occupied by Openwide, with the contractor responsible for the programme of events/shows in the Pavilion Theatre and maintenance of (non-structural) internal fixtures and fittings in the theatre, restaurant and gift shop / booking office.



- 1.3. The main “event” that Openwide manages and stages is the Summer “End of the Pier” Show, which has historically attracted a large audience of approximately 33,000 visitors attending the show for its 13 week run each summer. The “End of the Pier” Show has received national recognition and is the last remaining show of its kind, with a full summer season, in the world.
- 1.4. Openwide Coastal also programmes a large number of other performances throughout the year which attract diverse audiences. The company also hires out the facilities for events such as “Folk on the Pier” and the “Cromer and Sheringham Operatic Society” which draw additional audiences and visitors to the Pier and Theatre. All of these events support the local economy through enhancing the local tourism offer and visitor numbers at the Theatre in 2019/20 totalled over 66,000 visitors.
- 1.5 The COVID pandemic over the past 22 months has created significant uncertainty in the performing arts sector nationally and the Council’s partner, Openwide Coastal, has not been protected from this situation. This report therefore outlines the issues Openwide Coastal faces in meeting the terms of the contract for the management of the Theatre and wider operation of the Cromer Pier based upon the experience of the past twenty-two months and the uncertainties faced in planning future productions / programmes and rebuilding audiences.

## 2. Background

### Contractor Performance

- 2.1 In 2001, the District Council advertised a ten-year contract for the operation of the Cromer Pavilion Theatre and ancillary facilities on Cromer Pier. The contract was awarded to Openwide International (later changed to Openwide Coastal).
- 2.2 In 2011 the contract was extended by five years (as allowed in the contract), due to the operator performing to a sufficiently high standard during the first 10 years of the contract.
- 2.3 In 2018 the Council advertised procurement of a new 10-year contract. The Council received three initial bids and, through a negotiated procurement process, the Council awarded the contract to Openwide Coastal, commencing from 1 February 2019.
- 2.4 Openwide’s contract bid included continuing with the Summer and Christmas “End of the Pier” Shows, and taking a more commercial approach to the operation of the Pier’s facilities in order to reduce the Council’s previous subsidy of c£82k per annum to a zero subsidy. The Council agreed to Openwide’s bid, which proposed reducing the subsidy as shown in the table below, particularly taking a more commercial approach to food and drink service and concessions on the Pier as a means of providing finance or subsidy of the theatre productions:

Year	Subsidy
1. 2018/19	£40,000

2. 2019/20	£20,000
3. 2020/21	£0
4. 2021/22	£0
5. 2022/23	£0
6. 2023/24	£0
7. 2024/25	£0
8. 2025/26	£0
9. 2026/27	£0
10.2027/28	£0

2.7 In addition to the above table, a profit share arrangement was proposed, whereby the Council would receive a 15% share of the net profit.

2.8 In the first two years of the new contract, the operator performed very well, seeing an increase in visitor / audience numbers, and sufficiently hitting their financial target to reduce the Council's subsidy: in 2019 the Council received £31k in profit share due to the good performance of the contract.

### 3.0 Impact of COVID

3.1 Due to the COVID pandemic, the Council closed all public access to the Pier in the period 23<sup>rd</sup> March – late May 2020 and the Theatre remained closed until mid-August 2020 when a COVID-safe indoor show commenced in the theatre entitled 'Strictly Variety'. This was undertaken by an independent promoter, and was very successful. All except four shows were completely sold out.

3.2 A Christmas Show was then planned and staged in November / December 2020, but with rising COVID case numbers nationally and locally all theatres had to close from 26<sup>th</sup> December 2020 meaning the planned run of the show was cut short.

3.3 Theatres were then unable to re-open for any performances until 19<sup>th</sup> July 2021 and Openwide Coastal launched its End of the Pier Show for the summer 2021 season on this date for a shortened run (missing the period mid-June – mid-July as was traditional). This meant that production costs had to be recovered or set against a shorter programme period, at a time when many members of the public remained cautious about attending indoor performances and attractions. Notwithstanding this uncertainty, the 2021 Summer End of the Pier Show production recorded audiences of 64% of 2019 numbers, which compares well with theatre productions elsewhere in the country over the same timeframe.

3.4 The COVID pandemic has therefore had a significant effect on the operation of the Pier and its facilities, with a massive reduction in income generation and

subsequent financial sustainability compared to when Openwide Coastal bid for the contract in 2018.

- 3.5 During the pandemic, Openwide has attempted to minimise its local cost base through furloughing the majority of its staff and accessing Government Arts Support grants. Post the first lockdown in June 2020, Openwide started trading from The Tides Restaurant to offer a take-away service. This proved successful and allowed the operator to cover staff costs and maintain awareness of the brand with a view to re-opening the theatre once restrictions allowed. However, this income has not provided any “cushion” to support the planning of future large productions at the theatre and therefore represents some risk to the contract moving forward.

#### **4.0 Current position**

- 4.1 Over the past 22 months the Council has maintained regular dialogue and contact with Openwide’s management so as to understand the issues the company faces in the short, medium and longer terms, with the Cabinet member for Leisure, Culture and Wellbeing, the Chief Executive and Leisure and Localities Manager meeting Openwide’s Director at the end of November 2021 to review the 2021 season and discuss the future opportunities and risks associated with the contract.
- 4.2 Whilst it was considered that audience figures for the 2021 Summer End of the Pier Show held up reasonably well, this was achieved through discounting ticket prices, lower rates of VAT and attracting some new audiences associated with the very large number of staycation tourist visitors to the District. Concern was expressed however that some historic core markets – such as some groups for the Summer Show and school parties for the Christmas Show were very reluctant to make bookings and that this might be a long-term trend which might be difficult to recover or rebuild from and this was a concern to the company.
- 4.3 Drink sales on the pier from the Pavilion Theatre bar had performed well during 2021, again due to the large numbers of tourist visitors and people’s willingness to drink outdoors, but comment was made that it had been difficult to offer a consistent food offer in Tides Restaurant due to the difficulties of recruiting skilled chefs / cooks meaning that a more simple takeaway / hot food offer had been provided rather than a dining experience and that this had reduced margins. Challenges in the recruitment and retention of kitchen staff is an issue across the District which it is envisaged might extend into future years such that a different food offering from Tides is being considered moving forward.
- 4.4 In terms of the theatre productions, Openwide Coastal recognise the “unique” End of the Pier Show offering and are committed to retaining the quality of that programme. The company recognises however that to retain and rebuild audiences the show has to be of a high quality in terms of acts, costumes, staging etc such that investment in the show totals some £300,000 per annum and that this money is essentially at risk given the ongoing uncertainties around COVID, certainly during 2022. A request was made therefore by Openwide as to whether the Council might be prepared to share this risk during 2022.
- 4.5 Discussion also took place as to the opportunities which might exist to accommodate further “commercial” food operations / concessions on the Pier Forecourt area during the peak summer weeks – again recognising the

importance of staycation visitor numbers and the trend, certainly over the past couple of years, to street-food and outdoor eating; with the “open-book” profits from such initiatives being reinvested back into the contract, thereby giving Openwide more confidence in the financing of the remainder of the contract.

- 4.6 Further, a periodic inspection of the Pier Pavilion Theatre and Tides food and beverage facilities by the Council's Commercial Team has identified the need for improvements to be made to the bar and food service area within the Pavilion Theatre. The facilities – bar and food service area surfaces, splash-backs, sinks, wash-hand basins and storage areas – are now some 15 years old and show signs of significant use and wear such that it is recommended that all are now replaced. Responsibility for fixed assets and fixtures (as against individual pieces of equipment) rest with the Council and therefore the authority will need to meet the costs of this investment before the commencement of the new season in April of this year. Budgetary provision of up to £45,000 is required for these works (materials and labour).

## 5.0 Options

- 5.1 Based on the conversations had with the management of Openwide International regarding building back from the COVID pandemic it would appear that there are a number of potential actions open to the Council with regards the future operation of the Cromer Pier and Pavilion Theatre.
- 5.2 Some of these, such as considering terminating the contract and re-procuring and/or “mothballing” the Pavilion Theatre, shop and restaurant until further notice; would result in reputational damage to both the Council and Openwide and are deemed to be unpalatable given the importance of the Pier and Pavilion Theatre to the Cromer and wider North Norfolk Coast tourism product and offering.
- 5.3 It is not therefore proposed to pursue either of these courses of action, and instead consideration has been given to the following options, which the Council can pursue individually, collectively or through a mix and match approach in partnership with Openwide Coastal, as the pier management contract looks to recover from the impacts of the COVID pandemic.
- 5.4 **Option 1:** Agree now to the extension of the current contract with Openwide Coastal for a period of five years, as allowed for in the contract. Formally taking this decision now, at this early point in the contract (ie Year 3) would allow Openwide to secure additional investment and provide sufficient time to recoup the losses that they have already suffered. This option would be at no direct cost to the Council at least in the short-term.
- 5.5 **Option 2:** Do not extend the contract and enter into negotiations with Openwide as to how the Pier can be operated in the future. This brings the likely potential of varying the current contract and re-introduction of an ongoing, but as yet unspecified subsidy, paid by the Council to Openwide, as the authority is unlikely given the current uncertainty facing the performing arts sector to easily identify another contract partner and doesn't have the experience or skills to manage this area of activity directly by bringing the service “in-house”.
- 5.6 **Option 3:** That the Council advises Openwide Coastal that it is prepared, in principle, to consider underwriting some costs of the End of the Pier Show

production for the summer 2022 season based on open book accounting principles. Details of any such arrangement to be agreed under delegation through the Chief Executive or Director of Resources in consultation with the Cabinet portfolio holder for Leisure, Culture and Wellbeing

5.7 **Option 4:** Allow Openwide to operate some food concessions (in agreed formats – eg traditional vehicles) during the peak summer holiday weeks (June to September) from the Pier Forecourt as a means of generating additional income to the wider Pier Management contract.

5.8 **Option 5:-** Explore with Openwide Coastal and other potential partners the staging of a small number of themed weekend events on the Pier to attract new visitors / audiences – details to be discussed and agreed.

#### **6.0. Risks and Implications for Council:-**

6.1 Reputational Risks - Members have previously expressed very strongly that Cromer Pier and its facilities are of very real and genuine significance to the local tourism offer. It is therefore important that the contract remains financially viable to maintain reputation of both the Council and Openwide Coastal.

#### **7. Financial Implications:**

7.1 Should the Council not feel able to extend the current contract or other options detailed above and the contract then fails there would be significant costs to bring the contract back in house, and re-procure in what would be a very different market.

#### **8. Legal issues**

8.1 There are no specific legal issues raised by this report at this time. A five-year contract extension is allowed as part of the existing contract terms.

#### **9. Conclusions**

9.1 The current Coronavirus pandemic, lockdown period and subsequent Government restrictions has presented severe challenges to the Pier operator Openwide Coastal. Whilst the operator has competently managed the situation since March 2020, and successfully secured external Arts Council funding, in order to secure its long term future it requires an extension to the contract of five years.

#### **10. Recommendations**

**Cabinet is therefore recommended to:-**

a) **Agree now to the extension of the pier management contract at the end of its current ten-year term for five years to March 2033 (as allowed for under the contract) so that the additional costs / losses incurred by Openwide in supporting the contract over the past two years due to COVID might be recovered – i.e. Option 1 as detailed within Section 5 of the report.**

- b) Agree that the Council is prepared, in principle, to explore further with Openwide a risk-sharing approach in underwriting the costs of investment in the 2022 Seaside Special production recognising the challenges presented by the COVID pandemic on audience figures during 2021 and the continued uncertainty for the 2022 summer season given that planning and investment in the 2022 production is already underway - i.e. Option 3 as detailed within Section 5 of the report.**
- c) The Council agrees to make budgetary provision in the current financial year of up to £45,000 to upgrade the bar and food service area within the Pavilion Theatre**
- d) Agree that the Council works closely with Openwide to explore broadening the offer of the Pier as outlined in Options 4 and 5 of Section 5 of the report so as to attract new audiences, visitors and income to the Pier.**

## SCRUTINY PANEL – ENVIRONMENT & QUALITY OF LIFE 2021/22

Meeting	Topic	Officer / Member	Objectives & desired outcomes	Time cycle
<b>January 2022</b>				
	<b>Public Convenience Review TOR</b>	Maxine Collis	To agree the TOR of the Public Conveniences Review	
	<b>Draft Public Conveniences Strategy</b>	Maxine Collis	To review the draft Public Conveniences Strategy	
	<b>Scope of Public Convenience Review</b>	Maxine Collis	To agree the scope of the Public Conveniences Review	
	<b>Work Programming</b>	Matt Stembrowicz	To agree the Panel's Work Programme for the six month trial period	
<b>February</b>				
	<b>Public Conveniences – Quality of Provision</b>	Maxine Collis	To review the quality of NNDC Public Conveniences against national recognised standards	
<b>March</b>				
	<b>Review of Public Convenience Locations &amp; Asset Values</b>	Maxine Collis Renata Garfoot Lucy Hume	To review the location of public conveniences for suitability and review the associated asset values	
<b>April</b>				
	<b>Review of Public Conveniences' Sustainability &amp; Cost Reduction</b>	Maxine Collis	To review the sustainability of each Public Convenience facility and options for reducing running/maintenance costs	
	<b>Recommendations of Public Conveniences Review</b>	Matt Stembrowicz	To formulate final recommendations from the Scrutiny Panel's Review of Public Conveniences	
	<b>Quality of Life Strategy – Scoping Discussion</b>	Maxine Collis Karen Hill	To scope the Scrutiny Panel's potential involvement in the development of the Quality of Life Strategy	
<b>May</b>				
	<b>Quality of Life Strategy TBC</b>		TBC	
<b>June</b>				
	<b>Quality of Life Strategy TBC</b>		TBC	

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**North Norfolk District Council**  
Cabinet Work Programme  
For the Period 31 January to 30 April 2022

31 January 2022					
Scrutiny	12 Jan 2022	<b>Fees &amp; Charges 2022/23</b>	<b>Eric Seward</b> <i>Duncan Ellis</i> <i>Director for Resources</i>	<i>Financial Sustainability</i>	Pre-Scrutiny
Cabinet	31 Jan 2022				
Council	23 Feb 2022				
Scrutiny	12 Jan 2022	<b>Medium Term Financial Strategy</b>	<b>Eric Seward</b> <i>Duncan Ellis</i> <i>Director of Resources</i>	<i>Financial Sustainability</i>	Pre-Scrutiny
Cabinet	31 Jan 2022				
Council	23 Feb 2022				
Scrutiny	12 Jan 2022	<b>2022/23 Base Budget and Projections for 2023/24 to 2024/25</b>	<b>Eric Seward</b> <i>Duncan Ellis</i> <i>Director of Resources</i>	<i>Financial Sustainability</i>	Pre-Scrutiny
Cabinet	31 Jan 2022				
Council	23 Feb 2022				
Cabinet	31 Jan 2022	<b>Capital Strategy 2022/23</b>	<b>Eric Seward</b> <i>Lucy Hume</i> <i>Chief Technical Accountant</i>	<i>Lucy Hume</i> <i>Chief Technical Accountant</i>	
Scrutiny	09 Feb 2022				
Council	23 Feb 2022				
Cabinet	31 Jan 2022	<b>Investment Strategy 2022/23</b>	<b>Eric Seward</b> <i>Lucy Hume</i> <i>Chief Technical Accountant</i>	<i>Lucy Hume</i> <i>Chief Technical Accountant</i>	
Scrutiny	09 Feb 2022				
Council	23 Feb 2022				



Key Decision – a decision which is likely to incur expenditure or savings of £100,000 or more, or affect two or more wards. (NNDC Constitution, p9 s12.2b)

\* Schedule 12A of the Local Government Act 1972 (As amended by the Local Authorities (Access to Information) (Exempt Information) (England) Order 2006)

**North Norfolk District Council**  
Cabinet Work Programme  
For the Period 31 January to 30 April 2022





<b>Cabinet</b>	<b>31 Jan 2022</b>	<b>Treasury Strategy 2022/23</b>	<b>Eric Seward</b> <i>Lucy Hume Chief Technical Accountant</i>		
<b>Scrutiny</b>	<b>09 Feb 2022</b>				
<b>Council</b>	<b>23 Feb 2022</b>				
<b>Cabinet</b>	<b>31 Jan 2022</b>	<b>Review of Car Parking charges</b>	<b>Eric Seward</b> <i>Duncan Ellis Director for Resources</i>	<i>Financial Sustainability</i>	 Pre-scrutiny
<b>Scrutiny</b>	<b>12 Jan 2022</b>				
<b>Cabinet</b>	<b>31 Jan 2022</b>	<b>Property Transactions</b>	<b>Eric Seward</b> <i>Renata Garfoot Estates &amp; Asset Strategy Manager</i>		 Exempt information
<b>Cabinet</b>	<b>31 Jan 2022</b>	<b>Cromer Pier Contract</b>	<b>Virginia Gay</b> <i>Steve Blatch Chief Executive</i>		 Exempt information
<b>Council</b>					
<b>Scrutiny</b>	<b>12 Jan 2022</b>	<b>Net Zero Strategy &amp; Action Plan</b>	<b>Nigel Lloyd</b> <i>Annie Sommazzi Climate &amp; Environmental Policy Manager</i>		Pre-scrutiny
<b>Cabinet</b>	<b>31 Jan 2022</b>				
<b>Council</b>	<b>23 Feb 2022</b>				
<b>28 Feb 2022</b>					
<b>Cabinet</b>	<b>28 Feb 2022</b>	<b>Managing Performance Q3</b>	<b>Sarah Butikofer</b> <i>Steve Blatch Chief Executive</i>	<i>Customer Focus</i>	



Key Decision – a decision which is likely to incur expenditure or savings of £100,000 or more, or affect two or more wards. (NNDC Constitution, p9 s12.2b)

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**North Norfolk District Council**  
Cabinet Work Programme  
For the Period 31 January to 30 April 2022

<b>Cabinet</b>	<b>28 Feb 2022</b>	<b>Budget Monitoring Period 10</b>	<b>Eric Seward</b> Duncan Ellis <i>Director of Resources</i>	<i>Financial Sustainability</i>	
<b>Scrutiny</b>	<b>09 Mar 2022</b>				
<b>Cabinet</b>	<b>28 Feb 2022</b>	<b>Extension of Leisure Contract</b>	<b>Virginia Gay</b> Karl Read <i>Leisure &amp; Locality Services Manager</i>		 Exempt information
<b>Cabinet</b>	<b>28 Feb 2022</b>	<b>Property Transactions (North Lodge, Parklands)</b>	<b>Eric Seward</b> Renata Garfoot <i>Estates &amp; Asset Strategy Manager</i>		 Exempt information
<b>March 2022</b>					
<b>Cabinet</b>	<b>28 Mar 2022</b>	<b>Recommendations for use of s106 commuted sums to support affordable housing delivery</b>	<b>Wendy Fredericks</b> Nicky Debbage <i>Housing Strategy &amp; Delivery Manager</i>	<i>Local Homes for Local People Quality of Life</i>	 Exempt information
<b>Cabinet</b>	<b>28 Mar 2022</b>	<b>Property Transactions</b>	<b>Eric Seward</b> Renata Garfoot <i>Estates &amp; Asset Strategy Manager</i>		 Exempt information
<b>May 2022</b>					
<b>Cabinet</b>	<b>May 2022</b>	<b>NNSCF Annual Review</b>	<b>Virginia Gay</b> Sonia Shuter		



Key Decision – a decision which is likely to incur expenditure or savings of £100,000 or more, or affect two or more wards. (NNDC Constitution, p9 s12.2b)

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**North Norfolk District Council**  
Cabinet Work Programme  
For the Period 31 January to 30 April 2022

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Key Decision – a decision which is likely to incur expenditure or savings of £100,000 or more, or affect two or more wards. (NNDC Constitution, p9 s12.2b)

*\* Schedule 12A of the Local Government Act 1972 (As amended by the Local Authorities (Access to Information) (Exempt Information) (England) Order 2006)*

## OVERVIEW AND SCRUTINY COMMITTEE – ANNUAL WORK PROGRAMME 2021/22

Meeting	Topic	Officer / Member	Objectives & desired outcomes	Time cycle
<b>May 2021</b>				
Scrutiny	<b>Safer Norfolk Strategy 2021 – 25 Briefing</b>		To receive a briefing on the new Safer Norfolk Strategy	
Cabinet Scrutiny	<b>Officer Delegated Decisions (March – April 2021)</b>	Emma Denny Sarah Butikofer	To review the officer delegated decisions	
Scrutiny	<b>Sheringham Leisure Centre Project Update</b>	Rob Young Virginia Gay	To update Members on the status of the Sheringham Leisure Centre Project	Monthly
Scrutiny	<b>O&amp;S Draft 2021/22 Work Programme</b>	Matt Stembrowicz Nigel Dixon	To review and approve the draft 2021/22 Work Programme	Annual
Scrutiny Cabinet	<b>Enforcement Board Update</b>	Phillip Rowson Nigel Lloyd/John Toye	To receive an update on the work of the Enforcement Board	Six-monthly
<b>June</b>				
Scrutiny Cabinet Council	<b>Equality, Diversity &amp; Inclusion Policy</b>	Karen Hill Sarah Butikofer	To review the updated Policy in advance of seeking Council approval	
Scrutiny	<b>Sheringham Leisure Centre Project Update</b>	Rob Young Virginia Gay	To update Members on the status of the Sheringham Leisure Centre Project	Monthly
Cabinet Scrutiny	<b>Performance Monitoring Q4</b>	Sarah Bütikofer Helen Thomas	To monitor the Council's performance and consider any recommendations to Cabinet	Quarterly
Scrutiny Council	<b>Overview &amp; Scrutiny Committee Annual Report</b>	Matt Stembrowicz	To approve annual summary of Committee work for 2019-20 & 2020-2021	Annual
<b>July</b>				
Scrutiny	<b>Sheringham Leisure Centre Project Update</b>	Rob Young Virginia Gay	To update Members on the status of the Sheringham Leisure Centre Project	Monthly
Scrutiny Cabinet	<b>Housing Strategy</b>	N Debbage/G Connolly	To review the Council's new Housing Strategy	
Scrutiny	<b>North Walsham Heritage Action Zone Project Monitoring</b>	Rob Young Richard Kershaw	To monitor progress of the NWHAZ project	Committee Request
Scrutiny	<b>Coastal Ambulance Response Times Update</b>	Victoria Holliday	To receive an update on the status of ambulance response times in coastal areas of the District	Committee Request
Scrutiny Cabinet Council	<b>Pre-Scrutiny: Customer Services Strategy</b>	Sean Kelly Lucy Shires	To review the new Customer Services strategy	

## OVERVIEW AND SCRUTINY COMMITTEE – ANNUAL WORK PROGRAMME 2021/22

Meeting	Topic	Officer / Member	Objectives & desired outcomes	Time cycle
<b>September</b>				
Cabinet Scrutiny	<b>Budget Monitoring P4</b>	Eric Seward Duncan Ellis	To review the budget monitoring position	Periodical
Cabinet Scrutiny Council	<b>Debt Management Annual Report</b>	Eric Seward Sean Knight	To review the Report and make any necessary recommendations to Council	Annual
Cabinet Scrutiny Council	<b>Out-turn report</b>	Eric Seward Duncan Ellis	To make any recommendations to Council – To include an update on savings proposals	Annual
Cabinet Scrutiny Council	<b>Treasury Management Annual Report</b>	Eric Seward Duncan Ellis	To make recommendations to Council	Annual
Cabinet Scrutiny	<b>Performance Monitoring Q1</b>	Helen Thomas Sarah Butikofer	To monitor the Council's performance and consider any recommendations to Cabinet	Quarterly
Cabinet Scrutiny	<b>Officer Delegated Decisions</b>	Emma Denny Sarah Butikofer	To review any officer delegated decisions taken during the period covered by the report	
<b>October</b>				
Cabinet Scrutiny	<b>People Services Restructure</b>	Karen Hill/Wendy Fredericks	To review the proposals of the Peoples Services Restructure	
Cabinet Scrutiny	<b>Use of Housing Reserves</b>	Nicky Debbage/Wendy Fredericks	To review the use of Housing Reserves	
Cabinet Scrutiny Council	<b>Council Tax Discount Determinations</b>	Lucy Hume/Eric Seward	To determine the Council Tax discounts for 2020/21	Annual
Scrutiny	<b>Waste Contract Monitoring</b>	Steve Hems Nigel Lloyd	To monitor performance of Council waste contractor (w/ update on food waste collection)	Annual
Scrutiny	<b>Beach Huts &amp; Chalets Monitoring</b>	Renata Garfoot Eric Seward	To monitor the occupancy, condition and revenue of the beach huts and chalets.	Annual
Cabinet WP Scrutiny	<b>NWHSZ Project Monitoring</b>	Richard Kershaw Rob Young	To monitor the implementation of the NWHSZ Project.	Quarterly

## OVERVIEW AND SCRUTINY COMMITTEE – ANNUAL WORK PROGRAMME 2021/22

Meeting	Topic	Officer / Member	Objectives & Desired Outcomes	Time cycle
<b>November</b>				
Cabinet Scrutiny	<b>Budget Monitoring P6</b>	Eric Seward Duncan Ellis	To review the budget monitoring position	Periodical
Scrutiny Cabinet	<b>Pre-Scrutiny: Tree Planting Strategy</b>	Annie Sommazzi/Nigel Lloyd	To review the strategy of the Council's tree planting strategy in advance of approval by Cabinet	
Cabinet Scrutiny	<b>NNDC Delivery Plan Review</b>	Steve Blatch/Sarah Butikofer	Review of delivery February 2020 – October 2021 and consideration of priority objectives as agreed by Cabinet for next twelve months	
Cabinet Scrutiny	<b>NEWS Contract</b>	Scott Martin/Nigel Lloyd	To review the terms and amendments for the NEWS contract extension and	
Scrutiny	<b>Reef Leisure Facility Visit</b>	Rob Young/Virginia Gay	To visit the new Sheringham Leisure Centre Facility	Committee Request
<b>December</b>				
Scrutiny	<b>Waste Contract: SERCO Briefing</b>	Steve Hems/Nigel Lloyd	To receive a briefing and question Serco Officers on the implementation of the Waste Contract	Committee Request
Scrutiny	<b>Councillor Call for Action</b>	Liz Withington	To review and consider Cllr L Withington's CCfA on the impact of second and holiday homes on the District	CCfA
Cabinet Scrutiny Council	<b>Treasury Management Half-Yearly Report</b>	Eric Seward Duncan Ellis	To consider the treasury management activities	Six Monthly
Cabinet Scrutiny	<b>Performance Monitoring Q2</b>	Helen Thomas Sarah Butikofer	To monitor the Council's performance and consider any recommendations to Cabinet	Quarterly
Cabinet Scrutiny	<b>Public Convenience Investment Programme</b>	Eric Seward Duncan Ellis	To review the programme and consider the request for Scrutiny's involvement in the process	Requested by Cabinet
Cabinet Scrutiny	<b>Enforcement Board Update</b>	Phillip Rowson Nigel Lloyd/John Toye	To receive an update on the work of the Enforcement Board	Six-Monthly

## OVERVIEW AND SCRUTINY COMMITTEE – ANNUAL WORK PROGRAMME 2021/22

Meeting	Topic	Officer / Member	Objectives & Desired Outcomes	Time cycle
<b>January 2022</b>				
Scrutiny Cabinet	<b>Pre-Scrutiny: Review of Car Parking charges</b>	Eric Seward Duncan Ellis	To consider the Council's car parking charges in advance of approval by Cabinet	
Cabinet Scrutiny Council	<b>Pre-Scrutiny: Draft Medium Term Financial Strategy 2023-26 incorporating draft Base Budget 2022-23</b>	Eric Seward Duncan Ellis	To review the proposed budget and projections	Annual
Cabinet WP Scrutiny	<b>NWHSZ Project Monitoring</b>	Richard Kershaw Rob Young	To monitor the implementation of the NWHSZ Project.	Quarterly
Scrutiny	<b>Market Towns Initiative Process Review &amp; Monitoring</b>	Matt Stembrowicz Richard Kershaw	To monitor the implementation of successful MTI applicants and review the funding process (Once complete)	Committee Request
Scrutiny Cabinet	<b>Pre-Scrutiny: Net-Zero Carbon Strategy &amp; Action Plan</b>	Annie Sommazzi Nigel Lloyd	To consider the Net-Zero Carbon Strategy & Action Plan in advance of approval by Cabinet	
<b>February</b>				
Cabinet Scrutiny Council	<b>Fees &amp; Charges</b>	Eric Seward Duncan Ellis	To undertake an annual review of the Council's fees and charges	Annual
Cabinet Scrutiny Council	<b>Treasury Strategy 2019/20</b>	Eric Seward Lucy Hume	To review the treasury management activities and strategy for the investment of surplus funds	Annual
Cabinet Scrutiny Council	<b>Capital Strategy</b>	Eric Seward Lucy Hume	To review the deployment of capital resources to meet Council objectives & framework for management of the capital programme	Annual
Cabinet Scrutiny Council	<b>Investment Strategy</b>	Eric Seward Lucy Hume	To review the Council's Investment Strategy for the year 2020-21	Annual
Cabinet Scrutiny	<b>Cromer Pier Contract Renewal</b>	Virginia Gay Karl Read	To review the terms of the contract renewal	
Scrutiny	<b>Waste Contract: Verbal Update</b>	Steve Hems	To receive a brief verbal update on progress in relation to the waste contract gap analysis	Committee request



## OVERVIEW AND SCRUTINY COMMITTEE – ANNUAL WORK PROGRAMME 2021/22

March				
Cabinet Scrutiny	<b>Budget Monitoring P10</b>	Eric Seward Duncan Ellis	To review the budget monitoring position	Periodic
Scrutiny Cabinet	<b>Performance Monitoring Q3</b>	Helen Thomas Sarah Butikofer	To monitor the Council's performance and consider any recommendations to Cabinet	Quarterly
Scrutiny	<b>Crime and Disorder Briefing</b>	Nigel Dixon Matt Stembrowicz	PCC and district Superintendent to provide a briefing on Community Safety Partnership	Annual
Scrutiny	<b>Planning Performance &amp; Customer Experience Review</b>	John Toye Phillip Rowson		Committee Request
Scrutiny	<b>Waste Contract: Verbal Update</b>	Steve Hems	To receive a brief verbal update on progress in relation to the waste contract gap analysis	Committee request
Scrutiny	<b>Ambulance Response Times Monitoring</b>	Cllr V Holliday	To continue to monitor ambulance response times data across the District	Six-Monthly
Scrutiny	<b>Scoping Report: Impact of Second &amp; Holiday Homes CCfA</b>	Matt Stembrowicz	To review a scoping report to consider a potential investigation into the impact of second and holiday homes across the District	Committee Request
April				
Scrutiny	<b>Sheringham Leisure Centre Project Review</b>	Virginia Gay Rob Young	To review the implementation of the Sheringham Leisure Centre Project.	Committee Request
Scrutiny	<b>Car Park Usage Monitoring</b>	Eric Seward	To undertake an annual review of the usage and revenue from the Council's public car parks	Annual
Cabinet WP Scrutiny	<b>NWHS AZ Project Monitoring</b>	Richard Kershaw Rob Young	To monitor the implementation of the NWHS AZ Project.	Quarterly
Scrutiny	<b>Waste Contract: Serco Briefing</b>	Steve Hems	To receive a formal update briefing on agreed progress made in relation to the revised waste contract target operating model	Committee request

Meeting	Topic	Officer / Member	Objectives & Desired Outcomes	Time cycle
<b>Outstanding/ TBC</b>				
Scrutiny	<b>Website design/functionality</b>		<b>Scoping Required</b> - Review the functionality of the Council's website	Committee Request
Scrutiny	<b>Council Asset Maintenance (Preventative) Maintenance Strategy</b>		To review the Council's Asset Maintenance schedule	Committee Request
Scrutiny	<b>Economic Development Strategy</b>		<b>Scoping Required</b>	Potential Panel Item

## OVERVIEW AND SCRUTINY COMMITTEE – ANNUAL WORK PROGRAMME 2021/22

Scrutiny	<b>Rural Services (Access)</b>		Scoping Required - Review service gaps and lack of access	Committee Request
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## OVERVIEW & SCRUTINY OUTCOMES & ACTION LIST - JANUARY 2022

REPORT, RECOMMENDATIONS & ACTIONS	ACTION BY	DATE
<p><u>10. NORTH WALSHAM HIGH STREET HERITAGE ACTION ZONE PROJECT</u> <u>UPDATE: JANUARY 2022</u></p> <p><b>RESOLVED</b></p> <p>1. To receive and note the update</p>	<p>Overview &amp; Scrutiny Committee</p>	<p>January 2022</p>
<p><u>11. DRAFT NET ZERO STRATEGY AND ACTION PLAN</u></p> <p><b>RESOLVED</b></p> <p>1. To recommend the adoption of the Draft Net Zero Strategy and Action Plan, subject to amendments suggested by the Committee.</p> <p>2. To request that an all Member briefing be arranged in advance of Cabinet and Council to ensure that Members have a comprehensive understanding of the Strategy and how to promote it.</p>	<p>Council</p> <p>Scrutiny Officer</p>	<p>February 2022</p> <p>January 2022</p>
<p><u>12. MARKET TOWNS INITIATIVE PROCESS REVIEW &amp; MONITORING</u></p> <p><b>RESOLVED</b></p> <p>1. To note the overall success of the MTI Grant Fund, review the process and continue to monitor ongoing projects.</p> <p><b>ACTIONS</b></p> <p>1. To request that the Communications Team prepare a news item covering the outcomes and successes of the MTI Project.</p>	<p>Overview &amp; Scrutiny Committee</p> <p>Scrutiny Officer/Comms</p>	<p>January 2022</p> <p>March 2022</p>





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