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Cabinet

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Friday, 24 January 2020

A meeting of the **Cabinet** of North Norfolk District Council will be held in the Council Chamber - Council Offices, Holt Road, Cromer, NR27 9EN on **Monday, 3 February 2020** at **10.00 am**.

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 arrive at least 15 minutes before the start of the meeting. It will not always be possible to accommodate requests after that time. 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 516010, Email:emma.denny@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 should 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.

Emma Denny
Democratic Services Manager

To: Mr A Brown, Mrs S Bütikofer, Mrs A Fitch-Tillett, Ms V Gay, Mr G Hayman, Mr R Kershaw, Mr N Lloyd and Mr E Seward

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

IN TRAN communication for all

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

Heads of Paid Service: Nick Baker and Steve Blatch
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A G E N D A

1. TO RECEIVE APOLOGIES FOR ABSENCE

2. MINUTES 1 - 4

To approve, as a correct record, the minutes of the meeting of the Cabinet held on 6th January 2020

3. PUBLIC QUESTIONS AND STATEMENTS

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

4. 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

5. DECLARATIONS OF INTEREST

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 requries that declarations include the nature of the interest and whether it is a disclosable pecuniary interest

6. MEMBERS' QUESTIONS

To receive oral questions from Members, if any

7. OVERVIEW & SCRUTINY MATTERS 5 - 10

At the meeting held on 15th January 2020, the Overview & Scrutiny Committee made the following recommendations to Cabinet:

Agenda Item 11 - Executive / Scrutiny Protocol

‘To recommend that Cabinet approves the Executive/Scrutiny Protocol and refers it to Council for inclusion in the Constitution’

Agenda Item 10 – 2020/21 Base Budget

The Overview & Scrutiny Committee pre-scrutinised the revenue and capital budgets, the reserves and the range of risks and saving challenges. The Committee agreed that it was not able to conduct a high level holistic review of all the components comprising the budget setting process, principally because the accurate revenue and capital costs for five Corporate Plan themes, the Delivery Plan and the performance framework have yet to be developed. To that extent the Committee was not able to comment on the funding metrics to deliver the Corporate Plan, or the degree of integration of between the vital components. It was also agreed that there was little evidence of effective linkage with the Medium Term Financial Strategy (MTFS) at this stage, as that work has yet to be done. With those limitations and caveats in mind, the Committee makes the following process-based recommendations to

Cabinet.

RESOLVED to recommend to Cabinet

1. **That the revenue and capital implications for funding the Corporate Planning (CP) themes be developed to calculate accurate values, in order to populate the revenue and capital budgets to align with the implementation of the delivery plan.**

2. **That the full extent of internal and external borrowing to fund the CP be identified, and that the impact of this spending on the Council's investment income and future savings demands be reflected in the MTFS.**

3. **That an in-depth review of the earmarked reserves is undertaken to verify whether these are still required and whether the values are still appropriate, in order to determine whether any reserves may be released for use elsewhere.**

4. **That work to identify the Council's risk appetite is undertaken to assess the resilience and robustness of the 2020/21 revenue and capital budgets, the reserves, and the medium term funding challenges for 2021/22/23.**

5. **That the budget monitoring model be amended to integrate financial monitoring with the MTFS, and performance monitoring, to present higher level holistic updates rather than low level line by line variances.**

8. 2020/21 BUDGET REPORT 11 - 82

Summary: This report presents for approval the 2020/21 budget along with the latest financial projections for the following three years to 2023/24.

Options considered: The budget for the forthcoming financial year must be set annually. While there are options around the individual budgets presented for approval i.e. what is included in the budget for 2020/21, the overall position now presented for approval is the culmination of work carried out by officers and Members over a number of months, details of which are provided within the report.

Conclusions: The Council's budget is set for approval each year; as with last year it has been presented to the Overview and Scrutiny Committee for pre-scrutiny before going to Cabinet and ultimately Full Council. This report now presents a balanced budget for 2020/21 and also presents the latest financial projections for the following three financial years, 2021/22 to 2023/24. The budget has been produced based on a number of assumptions as detailed within the main body of the report

	and also reflects the provisional finance settlement announced on 20 December 2019. The report recommends that the surplus for the year is allocated to the newly created Delivery Plan Reserve. The report also outlines the risks facing the Council in setting the budget and forecasting future spending plans and resources.
Recommendations:	**It is recommended that Cabinet agree and where necessary recommend to Full Council:** **1) The 2020/21 revenue budget as outlined at appendix A1;** **2) The surplus of £158,015 is allocated to the Delivery Plan reserve as outlined in the report;** **3) The demand on the Collection Fund for 2020/21, subject to any amendments as a result of final precepts still to be received be:** **a. £6,305,671 for District purposes** **b. £2,466,446 (subject to confirmation of the final precepts) for Parish/Town Precepts;** **4) The statement of and movement on the reserves as detailed at appendix D;** **5) The release of £80,100 from the Planning Reserve to fund the North Walsham transport study;** **6) The updated Capital Programme and financing for 2020/21 to 2022/23 as detailed at appendix E1;** **7) The capital bids contained within Appendix E2;** **8) That the Council continues with the current Local Council Tax Support LCTS) scheme for 2020/21;** **9) That Members note the current financial projections for the period 2020/21 to 2023/24;**
Reasons for Recommendations:	To recommend a balanced budget for 2020/21 for approval by Full Council.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report and which do not contain exempt information)

Outturn Report 2019/19, Medium Term Financial Strategy 2020/21 – 2023/24, 2019/20 budget monitoring reports, O&S Draft Budget Review 2020/21.

Cabinet Member(s): Cllr Eric Seward	Ward(s) affected All
Contact Officer, telephone number and email: Duncan Ellis, 01263 516330, duncan.ellis@north-norfolk.gov.uk	

9. **CAPITAL STRATEGY 2020-21** 83 - 92

Summary:	This report sets out the Council's Capital Strategy for the year 2020-21. 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; The Capital Strategy and Prudential Indicators for 2020-21 are approved.
Reasons for Recommendation:	Approval by Council demonstrates compliance with the Codes and provides a framework within which to consider capital investment decisions.

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

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

10. **NORTH NORFOLK DISTRICT COUNCIL INVESTMENT STRATEGY 2020/21** 93 - 100

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 Ministry of Housing, Communities and Local Government (MHCLG).
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
Lucy.hume@north-norfolk.gov.uk

11. NORTH NORFOLK DISTRICT COUNCIL TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21 101 - 116

Summary:	This report sets out details of the Council's treasury management activities and presents a strategy for the prudent investment of the Council's surplus funds, as well as external borrowing.
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 Statement is necessary to comply with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services.
Recommendations:	That the Council be asked to RESOLVE that The Treasury Management Strategy Statement is approved.
Reasons for Recommendation:	The Strategy provides the Council with a flexible treasury strategy enabling it to respond to changing market conditions and ensure the security of its funds, as well as secure borrowing at the best value.

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

12. DELIVERY PLAN 2019-2023 117 - 170

Summary:	In parallel to the Corporate Plan, senior managers have worked with Cabinet to develop a Delivery Plan, setting out the initially identified key work which will be undertaken to meet the objectives of the authority for up to 2023. The draft document is now attached for Cabinet's approval.

Options considered:	The Council needs to publish a Delivery Plan to provide high level, public statement of how we will deliver the Corporate Plan. The development of this Plan has involved extensive discussion and engagement with a range of internal stakeholders.
Conclusions:	That the draft Delivery Plan, as attached as an Appendix to this report, is recommended for approval by Cabinet.

Recommendations: That's Cabinet resolves to:

1. Agree the content of the draft Delivery Plan 2019-2023.
2. Authorises the Corporate Directors and Heads of Paid Service, in consultation with the Leader of the Council, to agree any minor revisions and changes to the final draft of the Delivery Plan document and thereafter the format and design of the document for publication.
3. Request that the Overview & Scrutiny Committee establishes Scrutiny Panels to act as a mechanism to review and monitor decision made relating to the strategic policy, performance and resources required to deliver the priorities of the Council as set out in the Corporate Plan and Delivery Pan.

Reasons for Recommendations: The Delivery Plan details how the Council will deliver the Corporate Plan for the period 2019-2023.

It provides the basis for the Council's performance management during that period, as a measurement of what is delivered against the Plan's framework and lays out many of the key projects, workstreams and initiatives planned through to 2023, although as further initiatives are identified, these will become part of the plan.

The plan will be subject to annual review to ensure that it continues to reflect the Council's priorities and objectives throughout that period in response to emerging trends, policy developments and legislation.

Cabinet Member(s) Cllr Sarah Butikofer	Ward(s) affected: All

Contact Officer, telephone number and email:
Nick Baker, 01263 516221 – nick.baker@north-norfolk.gov.uk

13. EXCLUSION OF PRESS AND PUBLIC

To pass the following resolution:
"That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs _ of Part I ofSchedule 12A (as amended) to the Act."

14. PRIVATE BUSINESS

CABINET

Minutes of the meeting of the Cabinet held on Monday, 6 January 2020 at the Council Chamber - Council Offices, Holt Road, Cromer, NR27 9EN at 10.00 am

Committee Members Present:

Mr A Brown
Mrs S Bütikofer (Chair)
Mrs A Fitch-Tillett
Ms V Gay
Mr G Hayman
Mr R Kershaw
Mr N Lloyd
Mr E Seward
Mr H Blathwayt (Observer)
Dr P Bütikofer (Observer)
Mr N Dixon (Observer)
Mr P Fisher (Observer)
Mr N Pearce (Observer)
Mr J Rest (Observer)
Ms L Withington (Observer)

Members also attending:

Mr N Dixon (Observer)
Mr P Fisher (Observer)
Mr N Pearce (Observer)
Mr J Rest (Observer)
Ms L Withington (Observer)
Dr P Bütikofer (Observer)
Mr H Blathwayt (Observer)

Officers in Attendance:

Corporate Director and Head of Paid Service (SB), Democratic Services Manager, Head of Legal & Monitoring Officer and Head of Finance and Asset Management/Section 151 Officer

Also in attendance: Press and Public

27 MINUTES

The minutes of the Cabinet meeting held on 6th December 2019 were approved as a correct record and signed by the Chairman.

28 PUBLIC QUESTIONS AND STATEMENTS

None.

29 ITEMS OF URGENT BUSINESS

None.

30 DECLARATIONS OF INTEREST

None.

31 MEMBERS' QUESTIONS

The Chairman reminded Members that they could ask questions during the meeting as issues arose.

32 OVERVIEW & SCRUTINY MATTERS

The Chairman of the Overview & Scrutiny Committee was in attendance. He informed Cabinet that there were no matters for reconsideration.

33 STRATEGIC LEADERSHIP RESTRUCTURE

The Leader, Cllr S Butikofer, introduced this item. She said that the report outlined a proposed leadership model for the Council. She asked if there were any comments or questions.

Cllr N Dixon said that he had substantial concerns about whether the business was ready to be transacted and said that he would set out the reasons why that was the case:

He began by saying that in paragraph 2 of the report, the proposal relied on 4 pieces of evidence in making its case for the restructure:

a) The Investors in People Assessment of Spring 2019 - the paper does not state what aspects of the assessment supports the need for the proposed restructure.
b) The Capability review. Cllr Dixon said that he had concerns about the scope and quality of that report, specifically that it was supposed to be a capability and capacity report and yet it only made a brief mention of capacity. He said that capability and capacity in this context were inextricably linked but there was nothing of substance about capacity and how changes in capacity affected the ability of the Corporate Leadership Team (CLT) to deliver on the Council's priorities. He went onto say that the work of CLT relied heavily on the political leadership of the Council and that during 2017 and 2018 the political leadership was in disarray and that would have seriously affected the ability of CLT to implement delivery of the Council agenda. He felt that this was not adequately reflected in the report. For those reasons Cllr Dixon considered the report to be flawed and deficient of evidence to support the proposal.
c) Cllr Dixon then questioned the reference to Local Government Association (LGA) advice regarding other councils operating the two heads of paid service model but the report did not explain why other Councils other were reverting back the more familiar one chief executive model or the reasons why the LGA advice supported the proposal in the report.
d) Cllr Dixon then referred to the external legal advice that was referenced in the report and said that it was explained what that was and how it supported the proposal in the report.

Cllr Dixon concluded by saying that the common thread that connected these four pieces of evidence was transparency and how they were being used to support the proposal. He said that he felt that the business was not ready to be transacted as the report was too brief and deficient of the evidence needed to make the case. He added that because there were potentially serious consequences attached to this item that the matter should be deferred to allow the evidence to be included in a revised paper and shared so that we all can understand the strength of the case being made.

The Leader thanked Cllr Dixon for his comments. She reminded him that the proposal before Cabinet was simply to commence the consultation process. Anyone could state their views as part of this process. She said that it was time to move forward now. She accepted his comments about the Council being in 'no overall control' for a period of time and the challenges that this presented for demonstrating strategic leadership but the new administration had been in place for several months now and there had been plenty of time to demonstrate that the Council could move forward in a constructive manner. She said for this reason she was not minded to defer.

Cllr J Rest asked whether the report would go forward in the same format to Full Council. The Leader replied that there was a meeting of the Employment & Appeals Committee scheduled for 7th January. There was no requirement to hold this meeting but she wanted to give Members as much opportunity as possible to feed into the process. She said that additional information and evidence would be provided to Members for the meeting of Council on 15th January and it was likely that some of it would be sensitive. She added that she could have held the Cabinet meeting in private business but that she wanted to keep the process as open and transparent as possible.

It was proposed by Cllr S Butikofer, seconded by Cllr N Lloyd and

RESOLVED:

1. To refer the proposed model to the Employment and Appeals Committee (EAC) on 7th January 2020 for consideration and onward reporting to Council on 15th January 2020.

2. To recommend to Council on 15th January 2020 to receive the Cabinet's preferred model for consultation and delegate to the EAC any consequential employment matters arising from any restructuring process, following the consultation and a subsequent Cabinet decision to the EAC.

3. To commence formal consultation with the affected post holders subject to the view of the Employment and Appeals Committee and Council.

Reason for the Decision:

There is now an imperative to review the strategic leadership structure, to ensure that it is aligned to deliver and achieve the ambitions that Members have set out in the new Corporate Plan. The Council needs to ensure its senior leadership structure has the right roles and skills in place to deliver on the Council's objectives.

34 EXCLUSION OF PRESS AND PUBLIC

35 PRIVATE BUSINESS

The meeting ended at 10.14 am.

Chairman

NORTH NORFOLK DISTRICT CCOUNCIL: EXECUTIVE-SCRUTINY PROTOCOL

Summary: This report seeks to establish and agree a protocol to clearly define the working relationship between the Executive and the Overview & Scrutiny Committee. This comes as a result of the Statutory Guidance on Overview & Scrutiny in Local and Combined Authorities (released May 2019), from the Ministry of Housing Communities and Local Government.

Options considered: To approve the attached protocol or maintain the status-quo of an undefined relationship.

Conclusions: The Protocol offers clear guidance on the expected working relationship, and the expectations of both the Executive and the Overview & Scrutiny Committee. It also clarifies purpose of the Scrutiny Committee as stated in the Local Government Act 2000, and the Scrutiny Committee's 'Call-in' procedure as outlined in the Constitution.

Recommendations:

1. **That the Committee review the protocol and recommend it for approval by Cabinet and Council.**

Reasons for Recommendations: To establish and clarify a clear working relationship between the Executive and the Overview & Scrutiny Committee.

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)

Cabinet Member(s)	Ward(s) affected
Sarah Bütikofer	N/a

Contact Officer, telephone number and email:
Matt Stembrowicz, 01263 516047, matthew.stembrowicz@north-norfolk.gov.uk

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NORTH NORFOLK DISTRICT COUNCIL

1. Aims

1.1 The aim of the Protocol is to clarify the relationship between the Executive (Cabinet) and the Overview & Scrutiny Committee, in order to ensure the smooth conduct of business and maintain effective communication between Scrutiny and Executive Members. This will promote an effective role for Scrutiny and foster a good working relationship between the Committee and the Executive that will ensure the Committee makes a valuable contribution to the effective running of the Council.

2. Foundation & Principles

2.1 Under Section 9F of the Local Government Act 2000; paragraph 1 of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009, Overview and Scrutiny Committees have statutory powers to scrutinise decisions of the Executive. These decisions can include those the Executive is planning to make, those it plans to implement, and those that have already been taken/implemented.

2.2 It remains the ambition of North Norfolk District Council to maintain an amicable working relationship between Scrutiny and the Executive, in order to effectively realise the role of the ‘critical friend’, and avoid becoming the ‘de facto’ opposition.

2.3 Both Scrutiny and Executive Members are reminded that where effective pre-decision scrutiny has taken place, the Committee will have been party to the policy development process, negating the need for call-in and highlighting the added value that Scrutiny can bring to the authority.

3. Overview & Scrutiny Work Programme

3.1 The Overview & Scrutiny Annual Work Programme will be <u>set by the Chairman and Members of the Committee</u> with the assistance of the Scrutiny Officer. Some reports are required under the Committee’s terms of reference such as the Treasury management strategy and policies, regular updates on crime & disorder in the District and the O&S Annual Report

3.2 Where a Member of the Executive or a senior officer wishes to add an item to the Work Programme, a request must be made to the Scrutiny Officer, who will notify the Chairman of the request for consideration.

3.3 Standing items for inclusion in the Annual Work Programme;

- The Draft Budget and Budget Monitoring Reports
- The Medium Term Financial Strategy
- Treasury/Investment/Capital Strategies
- The Overview & Scrutiny Annual Report
- The Treasury Management Annual Report/Treasury Management Half-Yearly Report
- The Debt Management Annual Report
- Determination of Council Tax Discounts
- The Annual Action Plan
- Performance Management reports

4. Access to Information & Information Sharing

4.1. In addition to the individual rights of Members, Overview & Scrutiny Members have rights to see documents relating to any business that has been transacted at a public or private meeting of the Executive, or its Committees, and any decision taken by an individual Member of the Executive or by an Officer in accordance with Executive arrangements.

4.2. It is expected that when the Scrutiny Committee makes a formal request for information, it be delivered in a timely manner within seven working days of the request (where possible) to the Scrutiny Officer or Democratic Services, to be shared with the Committee or wider Members.

5. Overview & Scrutiny's Expectations of the Executive

5.1. An expectation that Cabinet Portfolio Holders will attend meetings of the Overview & Scrutiny Committee, when requested, in order to present reports relevant to their portfolio and answer any subsequent/relevant questions.

5.2. In order to notify Scrutiny Members of upcoming business and potential items to be added to the Committee's Work Programme, the Democratic Services Manager will ensure that the Scrutiny Officer is kept updated of all new items that are added to the Cabinet Work Programme

5.3. If necessary, the Leader will meet with the Scrutiny Officer, Democratic Services Manager and the Overview & Scrutiny Committee Chairman to consider the best way to deal with any forthcoming items of business

6. Expectations of the Overview & Scrutiny Committee

6.1. That the Committee will provide constructive 'critical friend' challenge to the Executive's proposals and decisions.

6.2. That the Committee will remain non-political and be effectively led by Members who take responsibility in their role to drive service improvements and voice the concerns of the public.

6.3. That the Committee will maintain appropriate oversight of crime and disorder, and other external organisations whose services affect residents within the district.

6.4. The Executive's response to Scrutiny's recommendations will be published in the agenda of the next scheduled Committee meeting

6.5. To monitor the effectiveness of services and undertake regular review of performance in relation to the Council's services

7. Call-in

7.1 Call-in is the exercise of the Overview & Scrutiny Committee's statutory power in section 21(3) of the Local Government Act 2000, to review a Cabinet decision that has been made but not yet implemented.

7.2 Once made, Cabinet decisions must be published by the Democratic Services Team within two working days of the meeting, with date of publication included. Five clear working days are given before the decision can be implemented, in which time the Call-in must be made.

7.3 Requests for Call-in can be made by:

- An individual Member where a decision has a particular significance for the Member's ward
- The Chairman of the Overview & Scrutiny Committee
- Any two Members of the Overview & Scrutiny Committee
- Any three non-executive Members of the Council
- Ten Members of the public living, working or studying within North Norfolk District Council area

7.4 The relevant Overview & Scrutiny Committee cannot overturn the decision that has been called in. It may either concur with the decision (in which case it will take immediate effect) or refer it back to the Executive for further consideration, including any recommendations from Scrutiny Members.

7.5 It remains the aim of the Council that call-ins should only be used as a last resort for resolution, and that other less-confrontational means should always be pursued prior to this option.

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2020/21 BUDGET REPORT

Summary:	This report presents for approval the 2020/21 budget along with the latest financial projections for the following three years to 2023/24.
Options considered:	The budget for the forthcoming financial year must be set annually. While there are options around the individual budgets presented for approval i.e. what is included in the budget for 2020/21, the overall position now presented for approval is the culmination of work carried out by officers and Members over a number of months, details of which are provided within the report.
Conclusions:	The Council's budget is set for approval each year; as with last year it has been presented to the Overview and Scrutiny Committee for pre-scrutiny before going to Cabinet and ultimately Full Council. This report now presents a balanced budget for 2020/21 and also presents the latest financial projections for the following three financial years, 2021/22 to 2023/24. The budget has been produced based on a number of assumptions as detailed within the main body of the report and also reflects the provisional finance settlement announced on 20 December 2019. The report recommends that the surplus for the year is allocated to the newly created Delivery Plan Reserve. The report also outlines the risks facing the Council in setting the budget and forecasting future spending plans and resources.

Recommendations:

It is recommended that Cabinet agree and where necessary recommend to Full Council:

1) **The 2020/21 revenue budget as outlined at appendix A1;**
2) **The surplus of £158,015 is allocated to the Delivery Plan reserve as outlined in the report;**
3) **The demand on the Collection Fund for 2020/21, subject to any amendments as a result of final precepts still to be received be:**
   a. **£6,305,671 for District purposes**
   b. **£2,466,446 (subject to confirmation of the final precepts) for Parish/Town Precepts;**
4) **The statement of and movement on the reserves as detailed at appendix D;**
5) **The release of £80,100 from the Planning Reserve to fund the North Walsham transport study;**
6) **The updated Capital Programme and financing for 2020/21 to 2022/23 as detailed at appendix E1;**
7) **The capital bids contained within Appendix E2;**
8) **That the Council continues with the current**

		Local Council Tax Support LCTS) scheme for 2020/21;
Reasons for Recommendations:	**9)**	**That Members note the current financial projections for the period 2020/21 to 2023/24;**
	To recommend a balanced budget for 2020/21 for approval by Full Council.	

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW
(Papers relied on the write the report and which do not contain exempt information)

Outturn Report 2019/19, Medium Term Financial Strategy 2020/21 – 2023/24, 2019/20 budget monitoring reports, O&S Draft Budget Review 2020/21.

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

Contact Officer, telephone number and email: Duncan Ellis, 01263 516330, duncan.ellis@north-norfolk.gov.uk

Executive summary

This report presents the detail of the 2020/21 revenue budget and the indicative projections for the following three financial years 2023/24. The Council's budget is set for approval each year in February; as with last year it has been presented to the Overview and Scrutiny Committee for pre-scrutiny before going to Cabinet and ultimately Full Council.

The budget has been produced based on a number of assumptions as detailed within the main body of the paper and now reflects the provisional Local Government Finance Settlement (LGFS) announced on 20 December 2019.

This paper has been informed by the 2019/20 Base Budget, the 2018/19 Outturn Report, the 2019/20 budget monitoring reports, the Medium Term Financial Strategy 2020/21 – 2023/24 and the 2020/21 draft budget review presented to Overview and Scrutiny. The table below shows the movements as reported as part of the updated Medium Term Financial Strategy (MTFS) and the updated budget forecasts.

The budget is fundamentally linked to the Corporate Plan, a summary of which can be found on the Council's website here. The following diagram provides an overview of the financial processes undertaken by the Council to ensure value for money for the tax payers.

The updated forecasts for 2020/21 build on previous figures from the 2019/20 budget setting exercise, which were forecasting future year deficits in the region of £2m. The updated forecasts below differ significantly from this, in the main this is due to postponement of the Fair Funding Review, Business Rates Review and the Spending Review, all of which have been impacted by the ongoing Brexit negotiations and have led to a one-year Settlement which has meant the continuation of the previous funding regime for a further year.

	2019/20 Base Budget	2020/21 Projection	2021/22 Projection	2022/23 Projection
	£000	£000	£000	£000
(Surplus)/Deficit forecast Feb 2019	-	2,078	2,061	1,945
(Surplus)/Deficit forecast Feb 2020	-	(158)	1,876	1,941
Variance/Movement	**-**	**2,236**	**185**	**4**

As can be seen from the table above there has been a significant improvement in the previous position of c£2,078k in the current forecast for 2020/21 with a projected surplus now of around **(£158k)**.

However, while the 2020/21 position is now balanced there are still significant challenges in future years which deficits forecast of £1.8m, £1.9m and £2.2m over the following three years. Further consultations are expected this year on the Fair Funding Review, the Business Rates Review and the Comprehensive Spending Review.

A summary of the General Fund is provided at appendix A1, appendix A2 contains a high level analysis of the key movements at the subjective budget level while appendix B contains shows the movements between the 2019/20 base budget and the current forecasts for 2020/21.

1 Introduction

1.1 This report presents the detail of the 2020/21 revenue budget and the indicative projections for the following three financial years, 2021/22 to 2023/24.

1.2 An updated Capital Programme has also been included covering the periods 2019/20 to 2022/23 which takes account of slippage of schemes between financial years. Details of new proposed capital schemes are also included within the report.

1.3 A draft 2020/21 budget review report was provided to the Overview and Scrutiny Committee for pre-scrutiny at their meeting of 15 January. Any recommendations following this review will be considered by Cabinet and recommended to Full Council as appropriate.

1.4 The budget now presented reflects the Local Government Finance Settlement (LGFS) announced on 20 December 2019, the final settlement is expected at some point during February. The final budget presented for approval to Full Council will be updated to reflect the final figures as applicable if they are received in time.

1.5 The following sections of the report present the detail and context within which the budget has been produced. The summary of the budget and service budget details are included at appendices A1, A2 and B respectively.

2 Corporate Plan

2.1 In May 2019 a new Council was elected and has now adopted a new Corporate Plan which sets out the intent and ambition of the authority for the period 2019 – 2023. The Corporate Plan details the Council's vision for the next four years. It will provide the framework and context for the Council's service provision, project interventions and resource allocation (financial and staffing) for the period through to 2023. The Plan will be subject to annual review to ensure that it continues to reflect the Council's priorities and objectives throughout the next four years in response to emerging trends, policy developments and legislation.

2.2 It reflects the essential needs and aspirations of our customers and communities and how we feel the Council can best use its resources to deliver services and outcomes that make a positive difference for everyone who lives in, works in or visits North Norfolk.

2.3 However, despite the District having a number of very positive attributes we also have some big challenges: – responding to environmental change, increasing housing supply, supporting economic growth, meeting the challenges of service delivery to rural communities and the needs of both our young people and a rapidly ageing population.

2.4 The Corporate Plan identifies six key themes where we would propose developing actions and allocating resources to respond to the challenges our district faces in the years to come as detailed below;

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

2.5 Planning for the future is challenging, especially given the broad range of services we provide, and the competing demands for increasingly scarce resources. All our services are committed to making improvements and finding savings, so that the Council remains efficient, effective and meets the day to day needs of the communities we serve. The purpose of the Corporate Plan is to focus on those priorities where we need to give specific attention. It will help us target better our dwindling capital and revenue resources and help direct and focus any bids for external grant support. The Plan also provides a framework against which we can assess our progress to support the needs of our customers and communities.

2.6 The Delivery Plan, which will support the objectives contained within the Corporate Plan, is scheduled to be approved by Full Council in February 2020. This will detail how we will judge our performance; it will also be the means by which the Council agrees its improvement objectives. It will include the expected outcomes from each of the six key themes and be supported by a set of priority actions and measures through which the Council will undertake a self-assessment of the level of improvement made.

2.7 The Climate, Coast and Environment theme will help to ensure that the Council delivers on its Climate Emergency agenda and this element of the Corporate Plan will permeate and influence all of the other work stream and Delivery Plan themes so that it becomes embedded within the culture of the organisation.

2.8 A number of the Delivery Plan projects will support the Climate Emergency agenda and the Council will try and ensure as far as possible that environmental considerations are built in to all areas of the Council's day to day business operations.

2.9 Underpinning the Corporate Plan is the day to day business that departments undertake and which will be reflected in departmental Service Plans. All Service Plans are linked to the Corporate Plan. These plans also include the performance measures by which the delivery of wider improvement activity can be managed. The Corporate Plan is a living document and will be regularly reviewed throughout its life to reflect changes in the local, regional and national context.

2.10 The priorities within the Corporate Plan were developed by talking with, and listening to the community, Elected Members, staff and other key stakeholders all of whom have helped to shape the content of the Plan.

Our Strategic Priorities 2019 - 2023

2.11 The Delivery Plan is still under development but is expected to include a series of priority actions and measures that we will monitor to assess if we have made a difference. Progress and tracking against the identified actions and delivery of the outcomes will form a key part of the Council's performance management framework.

Investment in Priority Areas

2.12 Whilst the overall level of the Council's resources is reducing it is important that a clear focus is maintained on matching funding to priorities. This will remain a key focus over the coming years to ensure the aspirations contained within the new Corporate Plan and the projects contained within the Delivery Plan are realised.

Our Vision

2.13 In order to develop a long term plan, every organisation needs to set an aspiration of where the organisation is aiming to be in the future. This enables everyone to be united in a shared direction and purpose. The Council's aspiration is as follows:

North Norfolk District Council – putting our customers at the heart of everything we do

Our Values

2.14 Our values represent the beliefs and expected behaviour of everyone working for North Norfolk District Council. Our values, which aim to support quality services, we;

- Respect everyone and treat everyone fairly
- Are open and honest and listen
- Strive to offer the best value for money service
- Welcome new challenges and embrace change

'One Team' Team Approach

2.15 In order to deliver high quality services, we need to have excellent teams to deliver them. We recognise that our staff are our most important resource at the heart of the services we provide. We are committed to investing in staff and their development so that we have well trained and supported employees, providing professional services and who are happy and motivated in their work. The One Team approach also includes Members to ensure we work closely together to deliver our priority outcomes and that their training needs are also met as part of their ongoing development.

3 Medium Term Financial Strategy (MTFS)

3.1 The Medium Term Financial Strategy (MTFS) is a strategic document that supports the delivery of the Corporate Plan outcomes. The MTFS establishes how the Council's priorities will be achieved by setting out the framework within which resources are available over the medium term and the financial challenges facing the Council in terms of future funding gaps. It is the method by which the Council plans translates its long-term goals into action by considering;

- Where the Council is now
- Where the Council wants to be
- What the Council's plans are to get there

3.2 The MTFS helps to ensure that the Council is 'doing the right thing' while taking account of internal strengths/weaknesses and external threats/opportunities. It should also provide a link between the Council's long-term service objectives and its financial capacity, which effectively asks the question 'can the strategic objectives be achieved within the available financial envelope?'

3.3 The MTFS covering the period 2020/21 to 2023/24 was approved by Full Council in December. At that time there was a small surplus of £430k projected for 2020/21 but with budget gaps of c£1m for 2021/22 onwards.

3.4 This was in the context of national pressures, local pressures, inflation, funding changes, income streams and savings. A full copy of the final MTFS can be found within the Full Council agenda papers here from page 85.

4 Provisional Settlement figures

4.1 In terms of the latest information we have regarding the provisional funding Settlement for 2020/21 this has now been included within the budget forecasts. The Business Rates and Fair Funding Reviews have been delayed due to the ongoing Brexit negotiations and a one-year settlement has been agreed. This has had an extremely positive impact on the financial position for 2020/21 and indeed future years as it has effectively delayed all of the anticipated funding reductions by a year.

4.2 The previous future years' deficit forecast identified as part of the 2019/20 budget setting process in February 2019 was around £2m. Now that we have more information regarding the provisional funding Settlement the budget projections have been updated and can be seen within the General Fund summary (appendix A1) which shows the future year's deficit reducing slightly to c£1.8m in 2021/22 and c£1.9m in 2022/23. The significant caveat with this however is that these projections are still based on future year's forecasts which have not as yet been finalised although it is unlikely to now change.

4.3 On 8 January the chancellor Sajid David confirmed that his budget announcements would be made on 11 March 2020. Unfortunately, this will be after the budget has been set but if there is any additional funding forthcoming for district authorities we can take account of it as part of the 2020/21 budget monitoring process and include it within the update of the MTFS.

Key changes to budget projections

4.4 The Settlement review update has had a significant impact on the future budget projections. The key changes are highlighted below;

Council tax – This is based on a £4.95 increase in council tax although the referendum principles have not as yet been confirmed. Not increasing the council tax by this amount next year would see a reduction of just over £200k next year and in each of the following years.

Retained business rates (£625k) – projections for future years have increased due to a 1-year delay in the Business Rates Baseline Reset (now 1st April 2021) and a reduced impact predicted from the Fair Funding Review.

Retail relief was announced as part of last year's budget on 29 October 2018 and was to be a two-year government funded relief to local authorities. The **relief provided will for one third of the bill after all other reliefs.** It was to be awarded to occupied retail properties with rateable values below £51k in 2019/20 subject to state aid rules. The relief was to be awarded to retail properties that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

Following the recent elections Government has announced potential changes to this and the intention is to increase this relief from 1/3 of the net rates bill to 1/2 of the net rates bill, and also to cinemas and music venues.

Similarly, pub relief was previously awarded to all occupied pubs with a RV below £100k a maximum of £1k relief in 2017/18 and then it was extended to include

2018/19 subject to state aid rules. No details for 2020/21 have been announced as yet other than government looking to re-introduce it, so we are assuming it is likely to be for the same criteria with the maximum award being £1k.

Both of these changes will however require primary legislation to enact them which has not yet been passed so the detail is still somewhat unclear and the timescales are fast approaching for the business rate billing for next year. As with previous reliefs this will be fully funded by central government and covered by Section 31 grants.

Revenue support grant (£90k) - this will be rolled forward into 2020/21 as part of the 1 year Spending Round, adjusted for inflation. We had assumed as part of the 2019/20 budget process that this funding would be removed in 2020/21.

New Homes Bonus (NHB) (£892k) – the NHB forecast at the time the MTFS was set was £1,234k but unfortunately the allocation made as part of the Provisional Settlement in December was £892k. However, this is still very positive news as the 2019/20 budget projections had assumed that we would lose all of this funding. The current projections also assume that we will still receive legacy payments for NHB whereas we'd previously been working on the assumption that the payments would all cease at the end of 2019/20. The payments are now forecast to end in 2022/23 which means nearly £2m of funding which we weren't expecting.

Rural Services Delivery Grant (£484k) - this will be rolled forward into 2020/21 as part of the 1 year Spending Round, adjusted for inflation. As with a number of the other funding streams we had assumed as part of the 2019/20 budget process that this funding would be removed in 2020/21.

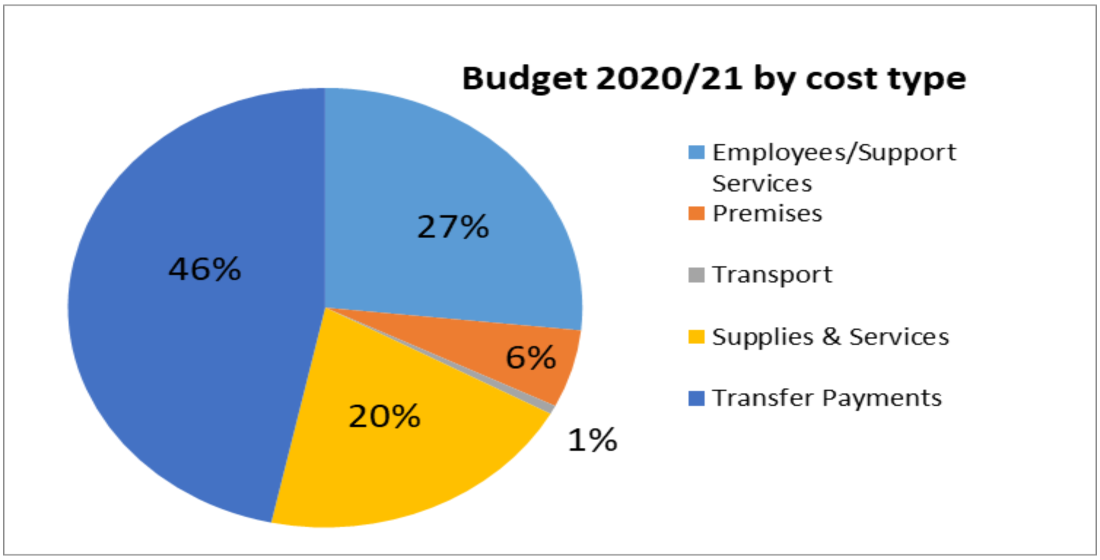
4.5 The overall impact of all of these changes is significant for the next financial year and will see approximately £2m of additional resources being made available to help support the budget, based on the assumptions, caveats and projections outlined above.

5 Revenue Account Base Budget

5.1 The detail of the revenue budget now presented for approval is included within appendices A1 and B. Appendix A1 shows the overall position in the form of the General Fund Summary, the current forecast budget surplus for 2020/21 is (£158k) as shown in Table 1 below.

Table 1 – Current Forecast 2020/21	
	£000
Total District amount to be met from Government Grant & Local Taxation (excluding parish precepts)	12,897
Less:	
District call on Collection Fund (excluding Parish Precepts)	(6,306)
Business Rates Retained & S31 Grants	(5,283)
Revenue Support Grant	(90)
New Homes Bonus (NHB)	(892)
Rural Services Delivery Grant	(484)
Current projected surplus	**(158)**

5.2 Further detail on the individual service budgets is included at appendix B which shows the movement of the 2020/21 budget compared to the base budget for 2019/20 as set in February 2019 along with comments covering the more significant variances. The chart below highlights how the budget costs contained within the Net Cost of Services are split over the main subjective budget headings.



Assumptions

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

a) **Council Tax** – The draft budget currently assumes a **Council Tax increase** for the district element of Council Tax in 2020/21 and is based on the tax base of 40,687 (40,621 for 2019/20). This would mean that the district element of the council tax would increase by £4.95 from £148.77 to £153.72 (**£143.82** to **£148.77** for 2018/19). **This is however a decision for Full Council in February and will be decided at the time the budget is set.**

b) **Employee budgets** – The budget has now been updated to take account of the national pay review and annual increments. As a guide a 0.5% sensitivity to the pay award equates to approximately £54k per annum. An allowance has been made to reflect vacancy savings of 2% as in previous years and where annual increments are due these have continued to be factored into the budget.

c) **Fees and Charges** – The impact of the fees and charges approved by Full Council on 18 December have now been factored in to the budget forecasts.

d) **Contract inflation** – The largest of the Council's contracts is the waste contract. Following the successful procurement exercise which has just been completed, the new contract will commence from April 2020. The budget has therefore been updated to reflect the new contract prices for all waste, cleansing and grounds maintenance services. The revenue implications of the borrowing for the new waste vehicles are also included for future years.

e) **Investment income** – The net interest receivable is currently forecast to be £0.95m for 2020/21 and is based on gross interest of £1.3m less borrowing costs for capital schemes of £0.36m. This includes income derived from Treasury investments and loans to Housing Associations under the Local Investment Strategy. The Council ensures that priority is given to security and portfolio liquidity when investing treasury management funds in line with the CIPFA Treasury Management Code. The average investment rate anticipated in the forward year is 3.3% (based on forecast available balances of £40.1m) compared with the budgeted rate of 3.5% for the current estimates for 2019/20 (based on forecast available balances of £38.4m). As at period 6 (September) the average return was 3.08% although this was based on actual cash balances of £43.8m. This has had the effect of bringing the overall average level of return down as this additional cash has had to be invested overnight at low levels of return.

f) **Big Society Fund/Second Homes Funding** – The budget assumes the continuation of the Big Society Fund (now the Communities Fund) and related costs and grant scheme funded by the second homes income which was previously returned to districts, although this arrangement stopped in 2018/19. The budget set aside for 2020/21 of £242k is funded from the Communities Fund reserve. The continuation of this funding from the reserve is however a decision for Full Council in February.

g) **Splash** – the revenue impacts and associated borrowing costs of this scheme have now been built into the future year's forecasts based on current capital spending assumptions.

h) **Growth -** No growth bids were invited for revenue expenditure in 2020/21. Capital bids were invited and the capital programme is discussed in detail at section 9 which includes both an update to the current capital programme along with new capital schemes and the financing of the programme.

i) **Local Council Tax Support Schemes (LCTS)** - The LCTS scheme was implemented in April 2013 as a replacement to Council Tax Benefit. This change was part of wider welfare reforms to reduce expenditure, giving responsibility of the replacement scheme to Local Councils. LCTS schemes should encourage people into work and be based on the ability to pay. Previously the Council Tax Benefit scheme was 100% funded through subsidy paid to the Council from the Department for Work and Pensions (DWP).

From April 2013 each billing authority was given the discretion to set their own scheme, although at the outset the government did stipulate that the scheme would not change the 100% maximum support for low income pensioners i.e. they would receive the same level of support as they did under the system of Council Tax Benefit. Funding for LCTS is no longer received as a separate subsidy grant but is now within the overall Local Government Funding system as non ring-fenced funding within the Revenue Support Grant (RSG) and baseline funding level. The local scheme (for North Norfolk) has remained the same since the introduction of LCTS in 2013/14. The local scheme means that those of working age previously entitled to 100% maximum council tax benefit are required to pay a maximum of 8.5% of their council tax liability.

Welfare reform changes to the benefits and tax credits people can receive have been seen in recent years, and in December 2018, we saw the introduction of Universal Credit across all job centres in the district. This has impacted on residents of North Norfolk and may also have an adverse effect on the ability to collect Council Tax from working age residents who are receiving Universal Credit. There are concerns that the separation of Housing Benefit from Council Tax Support is having an effect on people's ability to pay Council Tax. The Council's Benefit Service is looking to encourage Council Tax Support take-up during 2020/21 and will continue its commitment to protect the most vulnerable groups in the district and provide financial support. It is therefore recommended that the scheme is not changed for 2020/21 but is reviewed for next year to bring it in line with Universal Credit.

5.4 The General Fund Summary presented at appendix A1 shows a balanced budget and is summarised in the table below with the equivalent figures for 2019/20.

Table 2 – Variance of 2019/20 to 2020/21 Base Budget			
	2019/20 Base Budget	**2020/21 Base Budget**	**Variance**
	£000	**£000**	**£000**
Net cost of services (incl. Parishes)	19,919	19,778	(141)
Non service expenditure/ income	(4,691)	(4,415)	276
Net budget requirement	15,228	15,363	135
Funded by:			
Local Taxpayers – Parishes	(2,390)	(2,466)	(76)
Local Taxpayers - District Council	(6,241)	(6,306)	(65)
Retained Business Rates	(5,386)	(5,283)	103
Revenue Support Grant	0	(90)	(90)
Rural Services Delivery Grant	0	(484)	(484)
New Homes Bonus	(1,211)	(892)	319
Total Income	(15,228)	(15,521)	(293)
(Surplus)/ Deficit	0	(158)	(158)

5.5 Non-Service Expenditure and Income includes the adjustments for notional items that are required to be charged within Net Cost of Services, for example, International Accounting Standard 19 (IAS19) pension costs and capital charges. Table 3 provides a summary of the main movements in Net Cost of Services across the standard expenditure headings, with notional charges being shown separately.

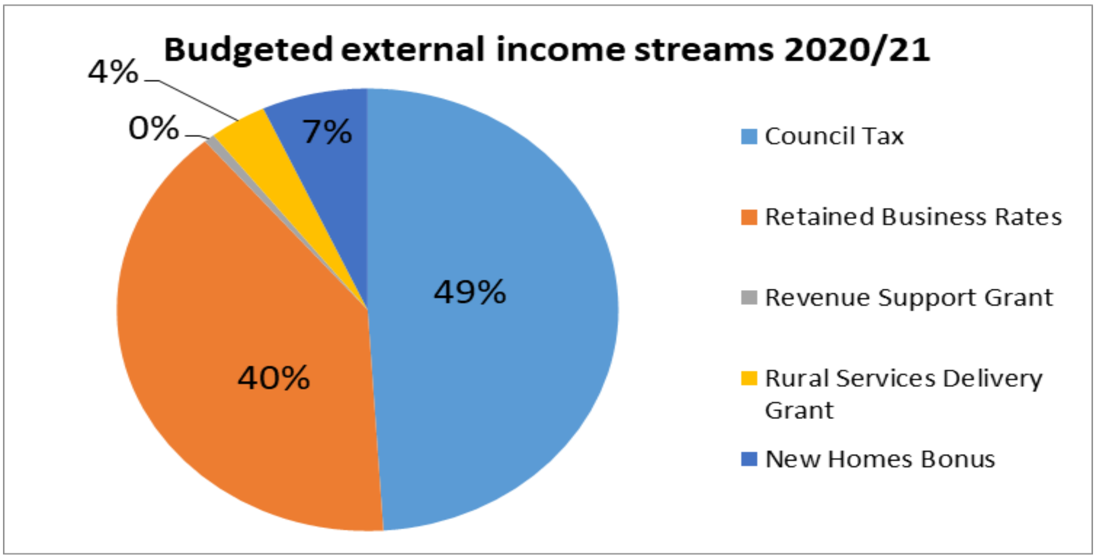
Table 3 - Variance 2019/20 to 2020/21 Base Budgets (excl. notional charges)				
	2019/20 Base Budget	**2020/21 Base Budget**	**Variance**	**Percentage Movement**
	£000	**£000**	**£000**	**%**
Employees/Support Services	12,142	12,810	668	5.50
Premises	2,482	2,731	249	10.03
Transport	305	304	(1)	(0.35)
Supplies & Services	10,475	9,691	(784)	(7.49)
Transfer Payments	23,514	22,208	(1,306)	(5.55)
Income (External)	(33,871)	(32,834)	1,037	(3.06)
Total Direct Costs and Income	**15,047**	**14,910**	**(137)**	**(0.91)**
Notional Charges:				
Capital Charges	1,308	1,819	511	39.06
IAS19 Notional Charges [2]	(252)	(260)	(8)	3.20
REFCUS [2]	1,425	843	(582)	(40.87)
Total Notional Charges	**2,481**	**2,402**	**(79)**	**(3.20)**
Total Net Costs	**17,528**	**17,312**	**(216)**	**(1.24)**

5.6 In terms of direct costs, the increase in relation to employee costs mainly reflects the assumed 2% pay award and salary increments along with the pension deficit funding (c£620k). The increase in the premises costs reflects the new contact prices for grounds maintenance procured as part of the new waste contract along with office cleaning (c£239k). These are offset by reductions in the supplies and services budget lines for waste (£526k). A more detailed breakdown is provided within appendix A2.

5.7 In terms of notional charges, the main change to the transfer payments and income reflect the benefit subsidy payments where income is claimed through the subsidy system. In the 2019/20 financial year, the Council made a £1m contribution to the Better Broadband for Norfolk programme, which resulted in a Revenue Expenditure Funded from Capital Under Statue (REFCUS) charge. There is no similar contribution to make in 2020/21, resulting in a reduction in the charge which has been budgeted for. The 2020/21 charge relates to various schemes including Fakenham Extra Care, Holway Road Roundabout and the Community Housing Fund. The capital charge variance relates to various coastal scheme charges but as with the other notional charges these have no impact on the bottom line as they are reversed out.

6 Income Streams

6.1 The assumptions in relation to Council tax, business rates and the New Homes Bonus are considered in more detail below. The chart below highlights the relative proportions of each of the various external income streams (excluding fees and charges which are contained with the services).



Business Rates

6.2 Since the 2013/14 financial year, local government has been able to retain 50% of the growth in the local business rates income to support services. As part of a manifesto commitment, the Government had pledged to allow Councils more control locally over their finances, and as part of this began to plan for an eventual system of 100% local retention of business rates growth. In exchange for this, Councils would have to forgo certain grants received from Central Government.

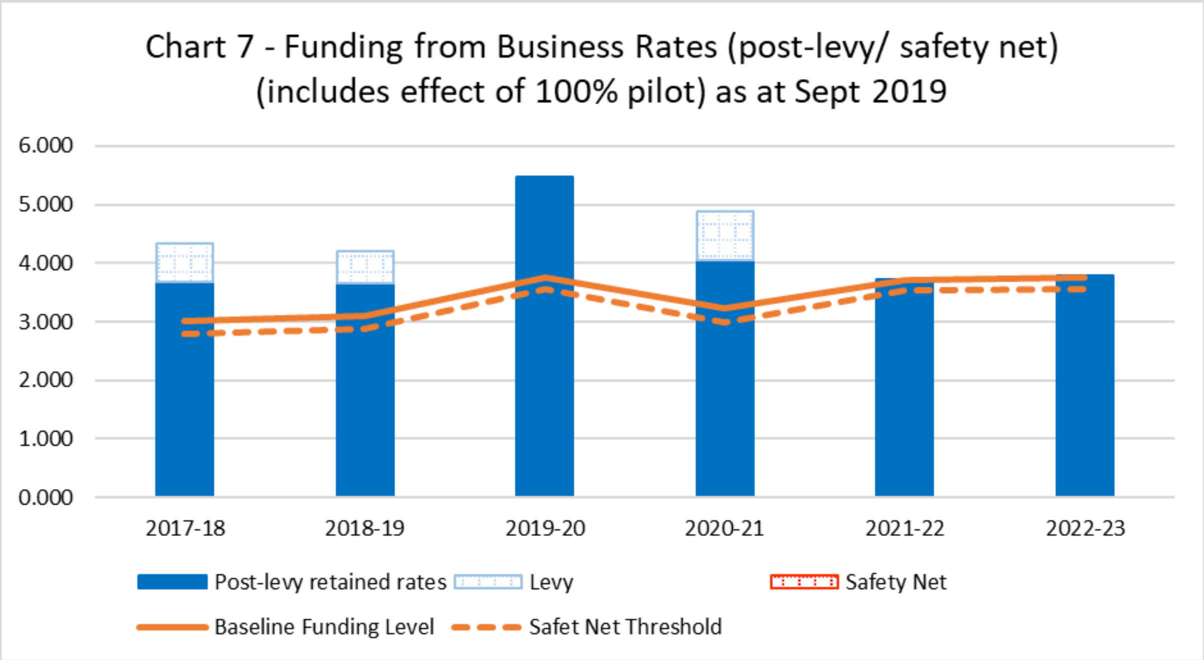
6.3 Following the snap General Election in 2017 and a period of uncertainty around the new Business Rates Retention Scheme, the Ministry of Housing, Communities and

Local Government (MHCLG) have now confirmed a local 75% share. This was due to be implemented from April 2020 but due to the ongoing Brexit negotiations this has now slipped a year.

6.4 The income from the current system is shared on the basis of 50% being returned to Central Government, 40% being retained by NNDC with 10% going to the County (although these shares are likely change once the current business rates review is completed). However, while technically NNDC's share is projected to be around £12.9m (£12.7m 2019/20), after the tariff payment is made the net income to NNDC reduces to around £5.3m for 2020/21 (£4.8m 2019/20). The chart below shows the anticipated funding for the Council from the Business Rates Retention Scheme.

6.5 During December the High Court rejected a case brought by NHS hospital trusts in which they argued they should be granted business rates relief from councils worth £1.5bn. A total of 45 local authorities should be spared the cost of paying rebates of 80% to 17 hospital trusts as a result of the ruling. The claimants said that they should be given a charitable status and therefore receive a discount on the business rates. Justice Morgan rejected this argument on the grounds that the trusts were not "established for charitable purposes only" and did not meet the definition of a charity under the Local Government Finance Act 1988 or the Charities Act 2011.

6.6 This decision should mean that Local government will not have to pay £1.5b to NHS Trusts and Foundation Trusts in backdated business rates relief nor see them eligible for 80% relief going forward. This is very good news for us and the local government sector as a whole, the only caveat that is currently still outstanding is that we don't know yet if the NHS will appeal this element of the provisional judgement, while it is very likely that they will, that doesn't mean to say the courts will accept it and if they do we should know the timescales for this over the next few weeks. Any appeal must be lodged by 24 February 2020.



* Please note: the chart above excludes income from renewable energy and designated areas (Enterprise Zones).

6.7 Members will be aware that the district council is part of the business rates pilot being undertaken during 2019/20. Any additional income generated as part of this pilot will be taken account of once the final position is clear after the year end (as previously agreed) and as such no extra income is currently accounted for within the reserves position.

New Homes Bonus (NHB)

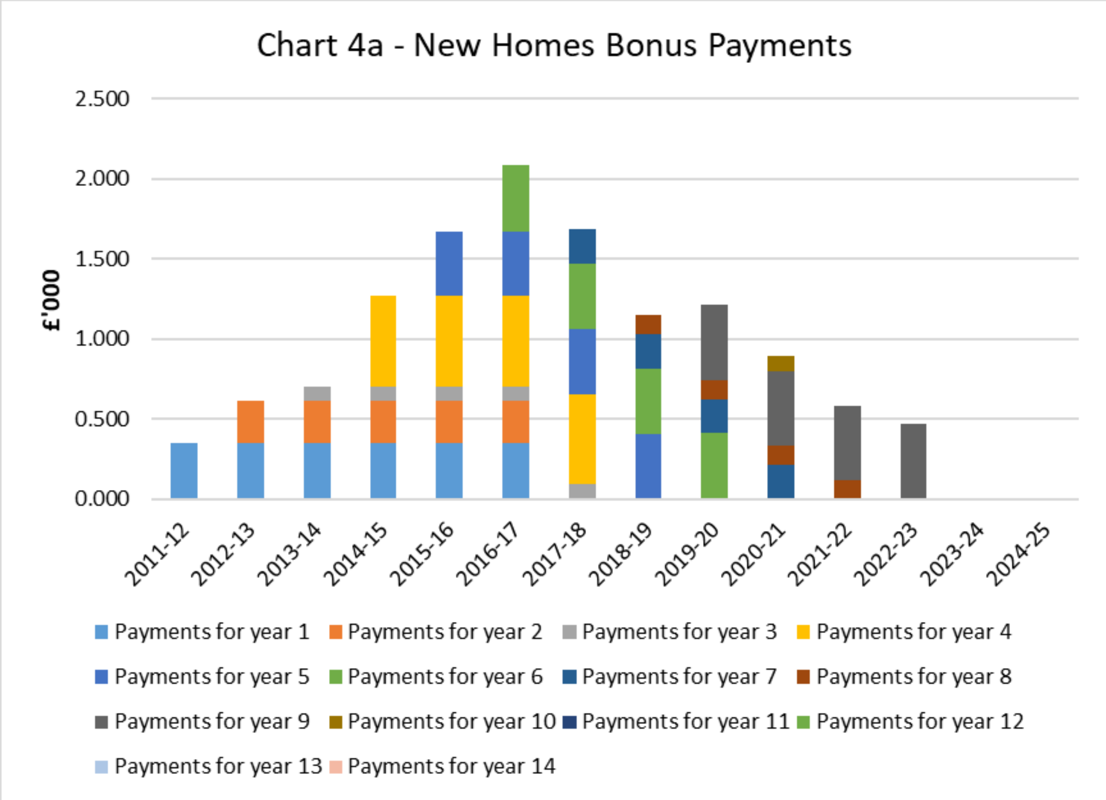
6.8 The New Homes Bonus was introduced in 2011/12 to incentivise and reward Councils and Communities that build new homes in their area. The bonus was originally paid as an un-ringfenced grant for six years and was paid based on the net additional[1] homes plus an additional supplement of £350 per affordable dwelling. The payment is then split between local authority tiers: 80% to the lower tier (NNDC) and 20% to the upper tier (NCC).

6.9 Since its initial introduction the payment mechanism has undergone two fundamental changes which have significantly impacted on the income received by NNDC. The first was the transition from payments rolled up over a 6-year period up to 2016/17 (for which the Council received £2.1m) to 5 years in 2017/18 to the new 'floor' of 4 years from 2018/19 onwards. The second was in 2017/18 when a national baseline of 0.4% (based on property numbers within the district) was introduced. The combined effect of these two changes was forecast to see income decrease from the highest point in 2016/17 of £2.1m to the previous projection of £1.2m in 2019/20.

6.10 Last year's discussions around the Fair Funding Review and recent comments from the Treasury and MHCLG suggested that ministers didn't feel that the NHB has achieved its original objective of increasing housing numbers and that they might be looking to replace the scheme with something else in the future. It was also clear at the time that there was no funding allocated for the NHB from 2020/21 onwards. This has the effect of removing £801k in 2020/21, £587k in 2021/22 and £469k in 2022/23 from the previous forecasts and while it was anticipated that some new form of incentive scheme would probably be introduced it was impossible to predict at the time what this might look like and to what extent (if at all) the Council would benefit from it in financial terms so no income was forecast in this respect.

6.11 The chart below now shows the updated projections following the Provisional Settlement announcements from December which are far more favourable.

[1] Net additional homes as recorded on the council tax base return (submitted October annually) takes into growth in property numbers, demolitions and movement in empty properties.



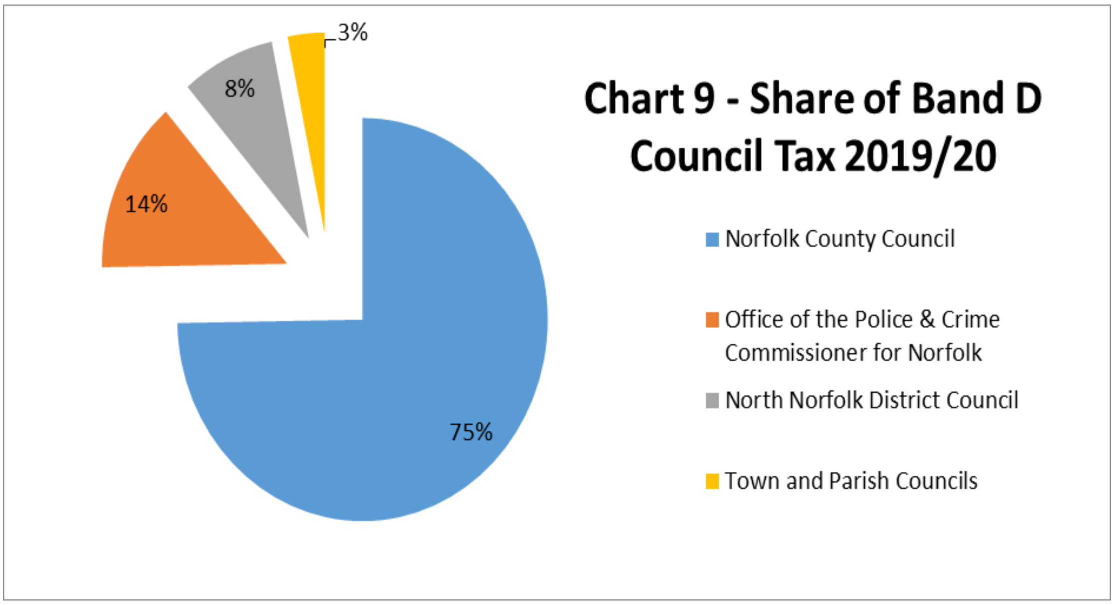
6.12 The legacy payments to be paid under the scheme from 2020/21 to 2022/23 in Table 4 below are £0.892m, £0.587m and £0.469m respectively, totalling £1.947m which significantly supports the previously projected budget deficit. Unfortunately, the forecasts made at the time the MTFS was produced for 2020/21 were c£342k higher than the Provisional Settlement and this has now been adjusted within the General Fund summary.

Table 4 – New Homes Bonus Legacy payment projections as at Jan 2020

2020/21 (£000)	2021/22 (£000)	2022/23 (£000)
214		
118	118	
469	469	469
91	0	0
892	**587**	**469**

Council Tax

6.13 NNDC is the billing authority for the district of North Norfolk. This means that NNDC send out the Council Tax bills to residents and collect the Council Tax, but most of this is then distributed to the County Council and Norfolk Police Authority with a further element then going to town and parishes councils.



6.14 The charge on a Band D property which is retained by NNDC is currently £148.77 (£143.82 2018/19) based on a tax base of 40,621 (39,844 2018/19). Any increases on this amount are restricted by a cap put in place by the Government, which means that NNDC cannot increase its precept by more than 2% or £5 for next year, whichever is the greater.

6.15 It has been assumed that NNDC will increase its precept annually by the maximum amount to partly offset the reduction in grant funding from Central Government but as mentioned above **this a decision for Full Council in February and will be decided at the time the budget is set.** The table below highlights the impact of the assumed increases.

6.16 The first chart below shows the projected Band D charges for future years assuming the maximum increases currently available are applied, while the second chart shows the forecast growth in the taxbase.

6.17 As highlighted above the draft budget currently assumes a **Council Tax increase** for the district element of Council Tax in 2020/21. Table 2 above summarises how the budget will be financed and the District's net call on the Collection Fund for 2020/21 and the council tax summary is included at appendix C.

6.18 At the time of writing the figure within the General Fund summary (appendix A) for parish and town precepts is shown as £2,466,446. This will be updated for the final budget report which will go through to Full Council in February if required, but it should be noted that if there were to be any changes that these would have no impact on the overall budget position as the total amount paid from the General Fund in precepts is transferred from the Collection Fund.

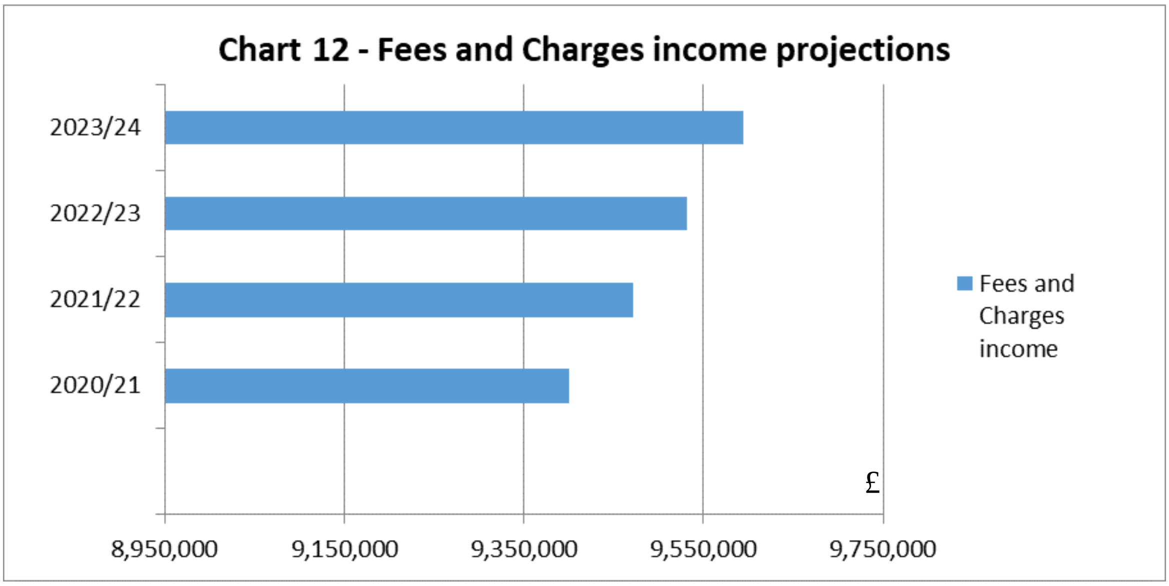
Fees and charges

6.19 The Council has limited means to charge for some of the services it provides. Some of these charges are set by central government, but the Council has discretion over the levels of others. The latest projections for fee income are shown below.

6.20 Of the c£9.4m gross income forecast for 2020/21, the most significant areas include waste and recycling (£3.4m) which includes things such as garden bins and commercial waste collection, car parking income (£2.7m) and planning income (£0.8m).

6.21 It should however be noted that there are also significant costs associated with generating some of this income, such as the car park maintenance and management contract, the waste contract etc.

6.22 As part of the Council's Financial Sustainability theme within the new Corporate Plan we will be undertaking a fundamental review of the fees and charges structure within our control as part of the 2021/22 budget setting process. This is to ensure that we are at least covering our costs in all areas while looking to develop and increase income streams wherever possible to help make the budget position more sustainable in the medium to long term and to protect frontline services.

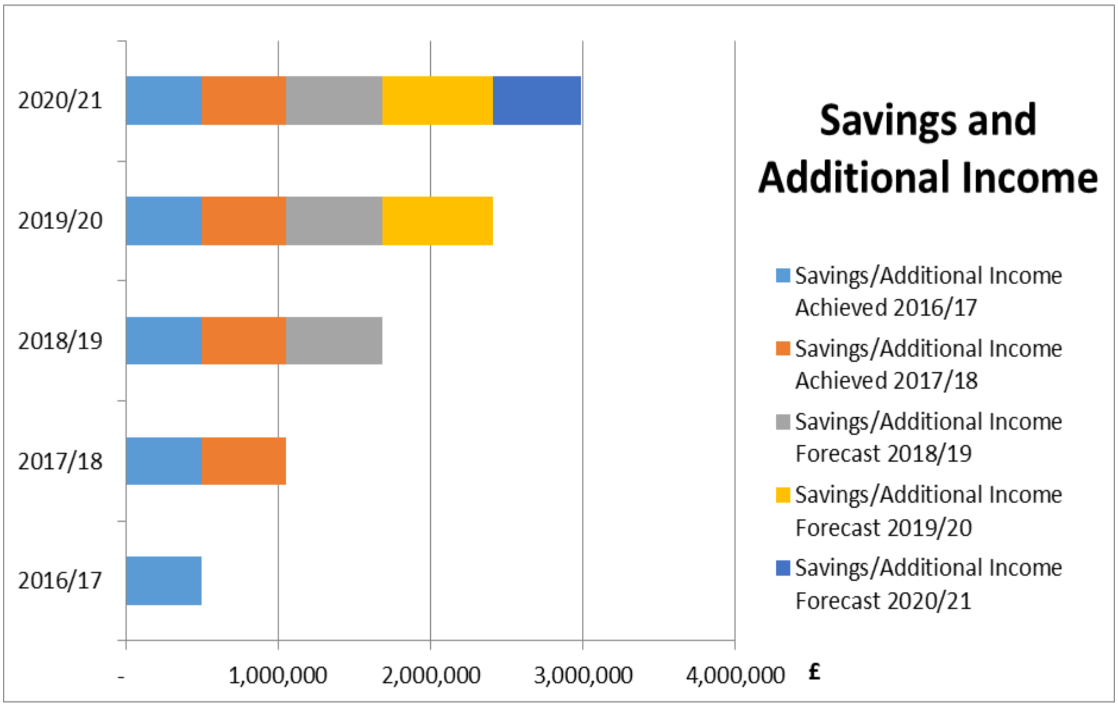


7 Savings and Additional Income 2020/21 onwards

7.1 The MTFS provided an update in relation to a number of work streams and priorities to be delivered over the medium term previously approved as part of the budget process. No separate savings exercise has been undertaken as part of the 2020/21 budget process.

7.2 The Council has had a number of work streams in place since 2016/17 which have been designed and implemented to create sustainable cashable savings and to help achieve a balanced budget. The chart below shows the savings achieved since 2016/17 and the savings projections for 2019/20 onwards. Each of the work stream areas are discussed in more detail below.

7.3 Total savings and additional income of £577k have been factored into the budget for 2020/21 (£728k 2019/20). Where applicable the timing of the savings has been profiled over the next four years and some will be subject to more detailed work including project appraisals. The table below summarises the savings included in the budget projections.



Financial sustainability

7.4 Financial sustainability is one of the six key themes within the Corporate Plan and is fundamental to this strategy and setting balanced budgets in future years. The Delivery Plan that will underpin the various projects and initiatives and support the delivery of the outcomes within the Corporate Plan is under development, and is currently scheduled to be agreed by Full Council in February 2020. Some of the initiatives will include reviews of the way we currently budget and giving consideration to zero based budgeting whilst also undertaking a fundamental review of our fees and charges structure. The aspiration is to have a balanced medium term budget which does not rely on reserves to balance the position.

Our investment approach

7.5 There is therefore an ever increasing need for Councils to take a more commercial and business-like approach to all elements of their business. Our '*Investing Approach*' is currently under development, the successful delivery and implementation of this strategy will ultimately require a step change in the way that the Council thinks, acts and works in the future.

7.6 A more commercial approach will directly support the Council's objective of becoming financially sustainable for the future and will form part of the Delivery Plan for this key theme. Part of the strategy development process will involve the identification and prioritisation of a number of internal and external projects which will consider income generation, efficiency and doing things differently. The focus will be on making every pound count for our residents, improving efficiency, investment and increasing social value.

7.7 The Local Government Association (LGA) are encouraging Councils to move towards a more commercial culture as a way of developing sustainable self-funding streams that reflect Council's individual priorities and place shaping aspirations. Consequently, the Council needs to think about how it can maximise revenue and efficiencies moving forwards – our '*Investing Approach'* is a key part of this in order to deliver managed change that is right for North Norfolk. Any strategy needs to be considered in the context of our key corporate objectives, flowing from the new Corporate Plan and giving consideration to Member aspirations, our geographical location and demographics.

Property Investment

7.8 Opportunities for investment in property, whether direct or indirect, continue to be considered to achieve either a direct income stream from the asset or improved returns on investment and this is fundamentally linked to the Council's Asset Management Plan (AMP) and the MTFS. A programme of asset valuations and condition surveys are currently underway. This will help us better understand the challenges faced in terms of maintaining and improving our asset base over the medium to long term to ensure that it remains fit for purpose, delivering income for the Council where appropriate.

7.9 Opportunities for the most efficient utilisation of the Council's assets and maximising returns where appropriate are vital. Indirect property investments via treasury instruments, such as the purchase of pooled property funds, can potentially provide a return in terms of a regular income and growth in the value of the investment. Under the Treasury Management Strategy, the Council has made investments in a number of pooled funds which invest in property. One of these funds, the LAMIT Pooled Property Fund, invests exclusively in various property assets with the aim of achieving a regular income and growth in the value of the investment.

7.10 In addition to these investments, the Council has agreed to provide capital expenditure loans to registered providers of social housing to facilitate the delivery of housing in the district, along with achieving an income return on its investment. The Council can choose to use its capital resources to finance a programme of asset investment which aims to deliver long-term revenue streams for the Council and work on an ongoing basis is required to identify the most appropriate projects. This strategy of direct property investment can ensure a secondary benefit to the district as it is possible to generate an economic growth benefit when the investment is located in North Norfolk. This is, however, more resource intensive to manage than externalising these investments.

Digital Transformation

7.11 Building upon the Business Transformation project that commenced in 2014 savings continue to be identified from changes to service delivery from the implementation of new technology and changes to business processes. The overall programme will be delivered over a number of years and as projects have been rolled out there have been changes to working practices which have helped to deliver efficiencies. Phase 1 of the Digital Transformation programme is currently being closed down, having achieved annual savings of £427k by the end of 2018/19. Phase 2 of the project is in the planning and early delivery stages, and is being funded by a £940k contribution from the Invest to Save reserve.

7.12 It is recommended that further consideration is given to this work stream area in the future in terms of both the title and the focus which has historically been savings driven with customer benefits attached in terms of increasing digitisation. However, the key to this work in the future should really be refocussed on 'putting our customers at the heart of everything we do'. This will undoubtedly still lead to further efficiencies and potential cashable savings but the direction of travel should be to improve our services for our customers first and foremost because that's the right thing to do. It will also mean that staff can spend longer prioritising ‘added value activities’ rather than getting bogged down with inefficient paper based processes.

7.13 The previous high level saving assumptions for Phase 2 of the programme can be seen within the table below. However, at the present time these have been removed until we have a clear delivery plan of projections with savings identified for each project where appropriate.

Table 5 – Previous Digital Transformation savings assumptions

	2019/20	2020/21	2021/22	2022/23
Savings to be removed (£)	£84k	£168k	£335k	£335k

Shared Services, collaboration and selling services

7.14 Creating efficiencies through shared services continues to be a priority for central government. Identifying such opportunities must therefore continue at a local level, ensuring that realistic and deliverable benefits can be achieved. This could include joint procurement opportunities such as the new waste contract, shared service delivery where appropriate and selling services via arrangements such as East Law.

7.15 Identifying opportunities to work alongside other public sector partners and organisations to deliver services, such as our successful partnerships with NCC Children’s Services, the Early Help Hub and the DWP in terms of shared office space and the One Public Estate agenda.

Growing Business Rates and NHB

7.16 Under the previous allocation method of New Homes Bonus (NHB) there was a direct financial benefit to the Council from growth in homes through the NHB funding and through increasing the council tax base and additional income generated from council tax. Whilst new housing growth has an impact on the demand for local services, there will still be a net gain in terms of overall income for delivery while the NHB remains and subject to potential changes to the baseline. It does however seem increasingly likely that we will only receive legacy payments for the next 3 years before this scheme is ultimately replaced by something else.

7.17 For similar reasons growing the business rates base will have a direct impact on the level of business rates income retained locally. Equally, maintaining existing business rates remains a priority in that decline in business rates will reduce the amount of income retained.

Council Tax

7.18 The increased flexibilities around council tax discounts and increases following the removal of the tax freeze grant in 2016/17 provides a further potential income stream. Further review of the current level of discounts can also provide additional income, recommendations on the level of council tax discounts will be reported for approval as part of the budget reports for 2020/21.

New opportunities

7.19 Given the current uncertainties around issues such as Brexit and changes to the Local Government funding mechanisms it will be essential to identify new opportunities to either increase income, increase efficiency through the redesign of services, explore new partnership models for service delivery etc and this will be one of the main challenges over the medium term. The Council's commercialisation approach and the projects stemming from this will be key to this.

7.20 While the Council's reserves do provide some level of comfort over the short term and could be used to address budget deficits this is not a sustainable financial strategy for the medium to long term.

Lobbying and consultation

7.21 The Council will continue to lobby central government in terms of increased funding allocations and relaxation/increased flexibility in terms of the council tax referendum principles which will be one of the things required if income raising and decision making is ever to be truly local. We will also continue to respond to all relevant consultations, in particular at the present time on relation to the Business Rates and Fair Funding Reviews.

8 Reserves

8.1 The current position and forecast on the General and Earmarked Reserves is attached at appendix D. The statement provides the latest proposals for use of reserves in the current financial year along with the budgeted movements in 2020/21, and proposed movements in the following three financial years. The current recommended minimum balance on the general reserve is £1.9 million.

8.2 The Council holds a number of 'useable' reserves both for revenue and capital purposes which fall within one of the following categories:

- General Reserve
- Earmarked Reserves
- Capital Receipts Reserve

8.3 The *General Reserve* is held for two main purposes:

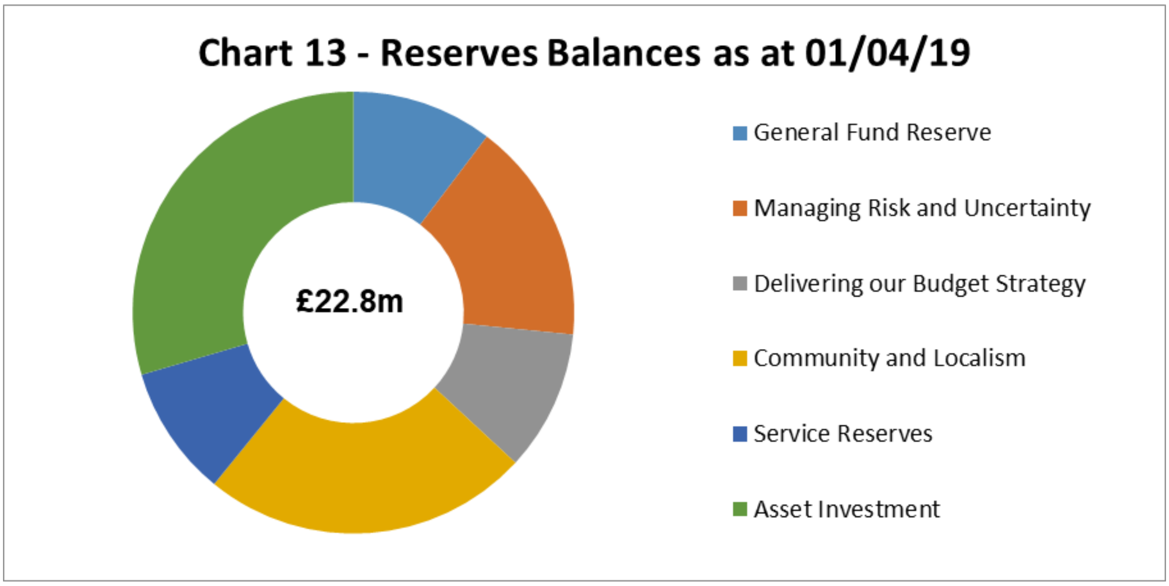
- To provide a working balance to help cushion the impact of uneven cashflows and avoid temporary borrowing and;
- A contingency to help cushion the impact of unexpected events or emergencies.

8.4 As part of setting the budget each year the adequacy of all reserves is assessed along with the optimum level of general reserve that an authority should hold. The optimum level of the general reserve takes into account a risk assessment of the budget and the context within which it has been prepared.

8.5 *Earmarked Reserves* provide a means of building up funds to meet known or predicted liabilities and are typically used to set aside sums for major schemes, such as capital developments or asset purchases, or to fund restructurings. A number of contingency reserves are also held by the Council to reduce the impact on Council Tax payers of future uncertain events such as business rate appeals or clawback of benefit subsidy.

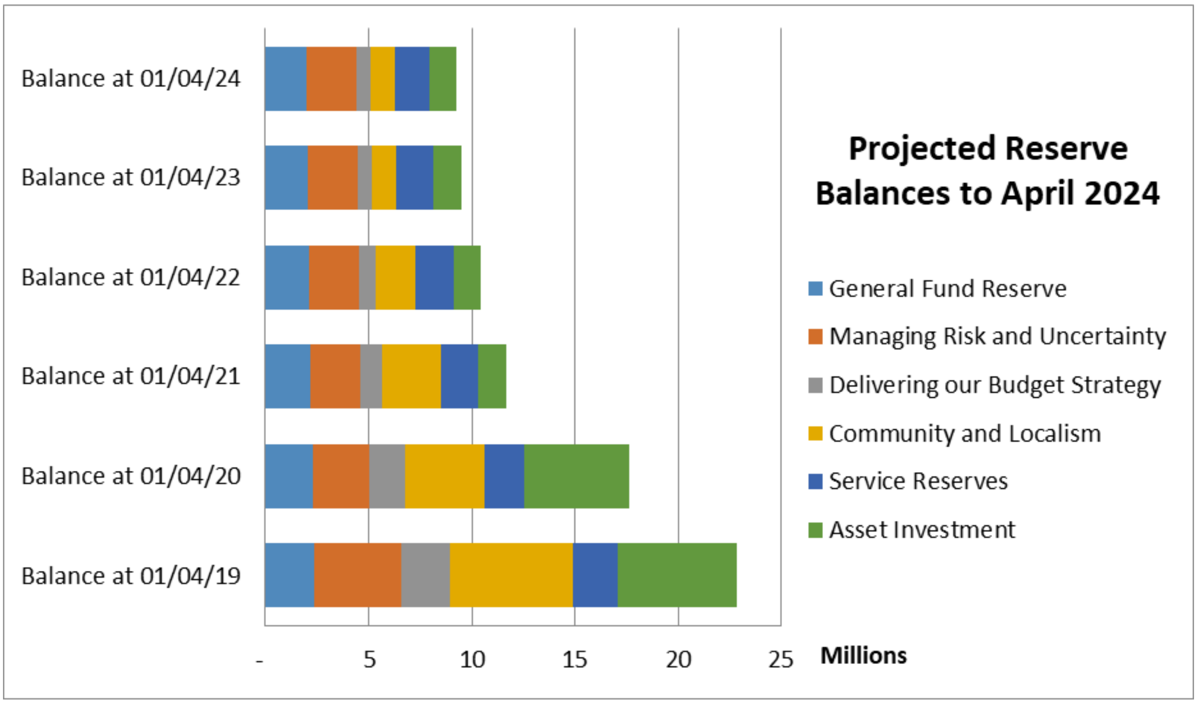
8.6 Use of reserves to balance a budget provides only a short term solution as the funds can only be used once. They can however be used to smooth the impact of funding gaps over the short to medium term and to allow for planning and implementing projects and work streams that will deliver a longer term financial benefit through reduced costs and/or additional income.

8.7 The reserves balance as at 1 April 2019 stood at £22.8m, the updated budgeted use of reserves for the 2019/20 financial year is £5.2m which leaves a forecast balance as at 1 April 2020 of £17.6m. This strategy predicts a fall in the levels of Reserves held from £22.8m to £9.3m by April 2024.



8.8 Reserves can be used to fund one-off costs for projects that will deliver a longer-term benefit. For example, the use of the Restructuring and Invest to Save reserve to fund one-off restructuring costs, where a restructuring will deliver a longer term saving for a service and for some of the implementation and project costs for the Business Transformation programme that will deliver future savings. The use of reserves in this way will be considered as part of the full business case for individual project proposals, taking into account the payback period of the project along with indirect financial implications, for example, reduced balances available for investment and the associated loss of investment income.

8.9 The emerging Local Plan has proposed large scale growth of around 2,000 houses, employment land and supporting infrastructure to the south and west of North Walsham. The allocation is proposed to deliver a link road to assist with traffic movements in the town and specifically to tackle the issues of low bridges restricting access from certain routes. If the Local Plan is to move forward with the allocation a range of evidence, including transport evidence, is required now to support the process. A bid for £106.8k was submitted to the Norfolk Business Rates Pool last year to seek match funding to support the development of this study which was supported on the basis of a 50% contribution from the pool (£53.4k) and 25% each (£26.7k) from ourselves and the County. However, due to the ongoing NHS business rates case the pool funds have yet to be released. It is therefore recommended the Council fund the pool element of the works in advance of their release but noting that there is a small risk that the pool monies might be delayed pending the outcome of any NHS appeal. The initial release required from the reserve would therefore be the pool element plus the NNDC contribution which would total £80.1k, once the pool element is received this can potentially be used to replenish the reserve.



8.10 The current position and forecast on the General and Earmarked Reserves is attached at appendix D. The statement provides the latest proposals for use of reserves in the current financial year along with the budgeted movements in 2020/21, and proposed movements in the following three financial years. The current recommended minimum balance on the general reserve is £1.9 million.

8.11 As part of considering the budget for 2020/21 all reserves have been reviewed along with the current balances. Where balances are no longer required or an allocation can be maintained within the General Reserve for such purposes, balances have been reallocated to the General Reserve or another earmarked reserve as appropriate.

8.12 The report is recommending that the surplus in the year is allocated to the newly established Delivery Plan reserve. The balance on the general reserve as at 1 April 2020 is forecast to be £2.3 million.

8.13 It should be recognised that the use of reserves is not a long term financial strategy but does allow time for planning further efficiencies and consideration of budget options to inform future budget setting processes and to allow for the smoothing of funding reductions.

8.14 A comprehensive statement about the adequacy of the reserves and recommended balance will be included within the Chief Financial Officer's report, which forms part of the annual Council Tax and Budget report to Full Council in February.

9 Capital

9.1 The capital programme shows what the Council intends to spend on purchasing new assets and improving its existing ones over the next three years. As capital expenditure is incurred, a source of finance must be identified. This can be done through capital receipts, grants and other revenue resources or alternatively through borrowing.

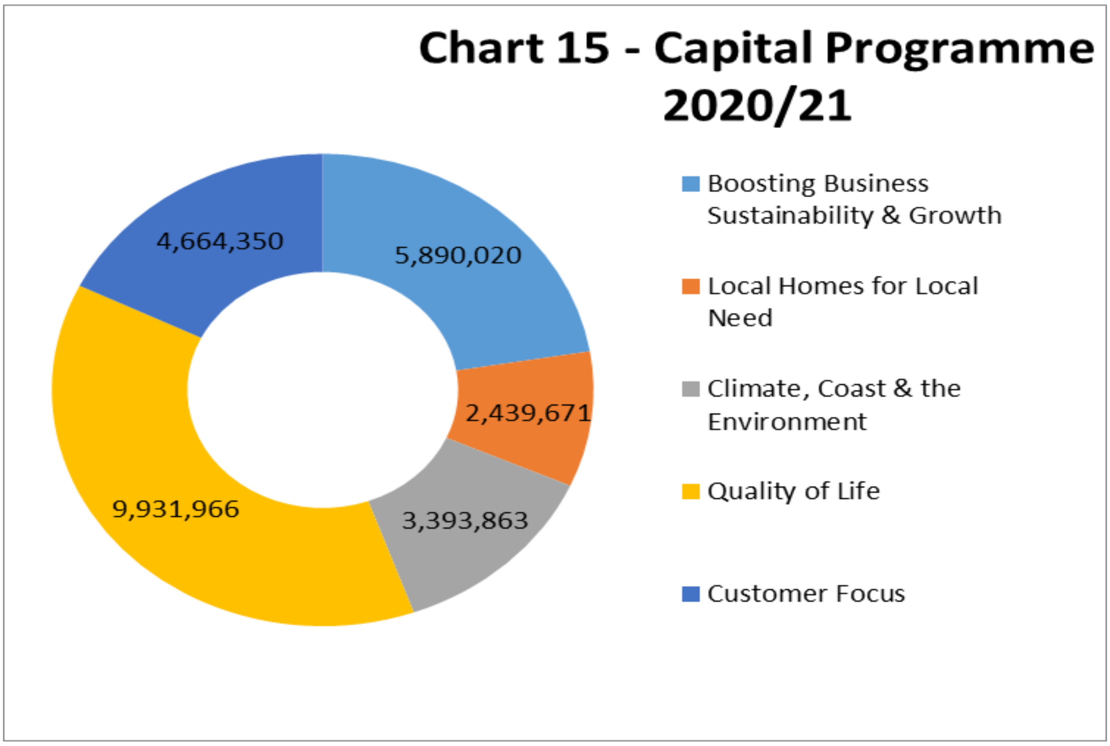
9.2 Any expenditure that is financed through borrowing increases the Council's 'Capital Financing Requirement' (CFR). Each year a revenue charge (one that impacts on the bottom line of the budget) called the Minimum Revenue Provision (MRP) is made to reflect the funding of the CFR by the taxpayer, it is required to be set aside to cover the repayment of debt caused by the need to borrow for capital purposes. As the need to borrow increases, the CFR and MRP also increase. If the Council has sufficient cash resources to meet the expenditure, it will not be necessary to borrow externally and cash balances can be used to cover the expenditure. This is referred to as 'internal borrowing' and attracts an MRP charge in the same way that external borrowing does.

9.3 Any new projects included in the programme in the future will need to be financed by MRP if no capital resources such as capital grants or capital receipts from future asset sales are available. Alternatively, existing revenue reserves could be used to finance these projects through a revenue contribution to capital (RCCO) which would avoid the need to make an MRP charge.

9.4 The borrowing shown within the financing section of the capital programme is all external borrowing and relates to the Sheringham Leisure Centre replacement and also the waste vehicles for the new contract. At present however none of this borrowing is in place and these decisions will be taken at the time the funding is required based on the best treasury position at the time. The aim will always be to minimise the cost to the tax payer. Short-term borrowing rates are currently very low, meaning it may be preferable to undertaking long-term borrowing at the current time.

9.5 An updated capital programme can be found at appendix E1 which shows slippage in schemes to future years and the chart below shows the gross capital spend forecast for next year excluding any of the new capital bid proposals outlined below.

9.6 The Capital Receipts Reserve consists of capital receipts from the disposal of assets and land and is used to fund the capital programme. Capital receipts can't ordinarily be used to fund revenue expenditure.



New Capital Schemes

9.7 In addition to the existing capital programme amendments, approval is also being sought for a number of new capital projects as outlined within appendix E2 totalling £434k. As part of the budget process, bids for new projects were submitted by officers which fell into the following Corporate Plan and service area categories;

- Boosting Business Sustainability and Growth
  Property services

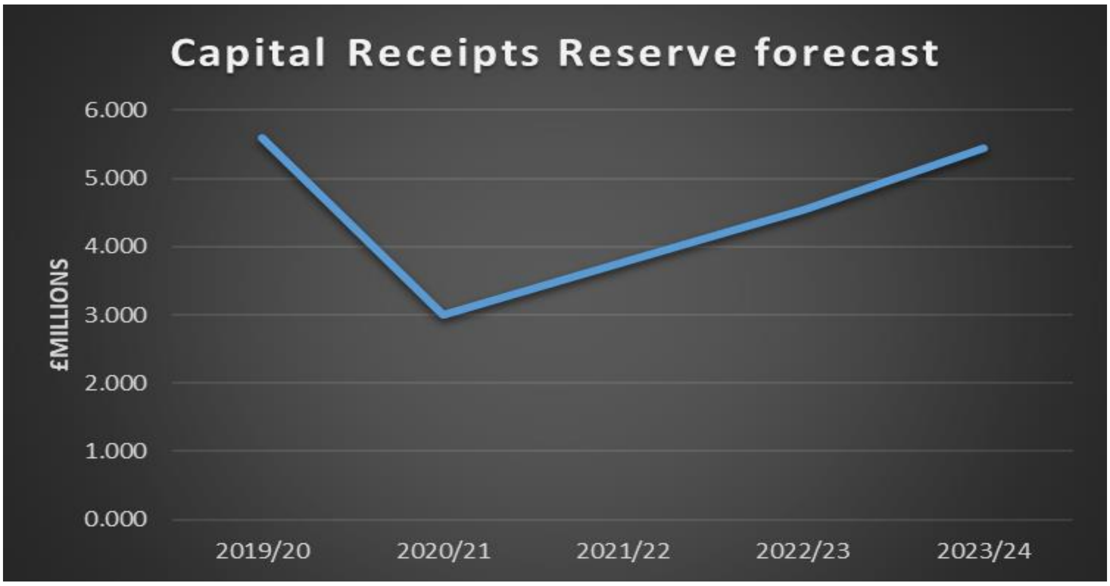
- Climate, Coast and the Environment
  Coast protection

- Customer Focus
  Customer services and IT
  Revenues and benefits

- Financial Sustainability
  Property services

9.8 The summary also includes the projected revenue impact of any potential new capital projects and this totals c£48k, however the majority of this is already taken account of within current revenue budgets so the net increase due to the proposals is minimal.

9.9 The Capital Receipts Reserve position can be seen within the chart below. The forecast closing balance as at 31 March 2020 is £5.6m with capital receipts funding nearly £5.8m of the current capital programme. This is offset by forecast capital receipts of £4.5m projected to be received from Preserved Right to Buy income. The forecast balance as at 31 March 2024 is c£5.4m but this excludes any provision for any new capital bids included within this report.



10 Future Projections 2020/21 to 2023/24

10.1 The previous Local Government Finance Settlement covered a four-year period from 2016/17 through to 2019/20. While agreeing to a four-year settlement did provide some element of certainty around future funding from Revenue Support Grant and other areas, there was always the overriding caveat that the figures were potentially subject to change. This was the case with the changes to the calculation of the New Homes Bonus over the period.

10.2 Due to the ongoing Brexit negotiations a one-year settlement was announced. This does not provide any certainty as regards the future of local government financing and, coupled with the delayed ongoing Fair Funding and business rates reviews, makes future years' projections incredibly difficult.

10.3 The forecast financial projections included at appendix A1 make assumptions around future spending forecasts but have now been updated following receipt of the provisional settlement figures for 2020/21 and attempt to predict future income levels.

10.4 The assumptions around council tax funding reflect a year on year £4.95 increase in council tax in line with the current referendum principles although it should be noted that any decision regarding increases to council tax will be made annually in line with the budget setting process.

10.5 After allowing for these assumptions the overall position shows a small forecast surplus based on this current draft budget of (£158k) in 2020/21 with future deficits forecast in future years of around £1.8m in 2021/22 increasing to £2.2m by 2023/24.

10.6 Further consultation is expected in respect of the Fair Funding Review, Business Rates Review and the Spending Review early this year. The future year forecasts are based on the best available information at the current time.

10.7 The financial strategy report presented to Members in December 2019 highlighted a number of work streams and projects to be carried out over the period of the strategy that would help to deliver future savings and additional income. These work streams will be continuing and will be used to inform the updated financial strategy and financial projections that will be completed in 2020/21.

10.8 As detailed in section 4, the finance settlement announcement has assumed that local authorities will increase council tax annually by either 2% or the £5 where the local authority is in the lowest quartile. NNDC is currently in the lowest quartile and the funding assumptions made in the settlement assume that there is an annual increase in council tax of £5 for each year of the settlement. As discussed above, the proposals for the 2020/21 financial year are for a £4.95 increase in Council Tax and the future forecasts assume this strategy is continued. However, if council tax were not to be increased next year this would negatively impact on both the current forecast surplus for next year and the future years' deficits and the impact of which can be seen within the table below.

Table 6 – Council tax projections – impact of not increasing Council Tax				
Allocation	**2020/21**	**2021/22**	**2022/23**	**2023/24**
	£	**£**	**£**	**£**
Budget (surplus)/deficit	**(158,015)**	**1,847,262**	**1,912,085**	**2,208,762**
2019/20 - £4.95 increase	201,074	201,074	201,074	201,074
2020/21 - £4.95 increase		202,885	202,885	202,885
2021/22 - £4.95 increase			204,371	204,371
2022/23 - £4.95 increase				205,856
Total income from Council tax foregone	**201,074**	**404,623**	**610,647**	**819,146**
Adjusted (surplus)/deficit	**43,059**	**2,251,885**	**2,522,732**	**3,027,908**

10.9 The table above shows what impact **not increasing council tax** would have on the future year's deficit forecasts as the present assumptions within the MTFS and the budget are that council tax will be increased year on year. It should be noted that while the current referendum principle caps the maximum at £5.00 and proposed increase at this level would actually result in an increase of £4.95 as any increase has to be divisible by 9 due the way the calculations are undertaken and adjusted to represent Band D equivalent properties.

10.10 If these recommended council tax increases are not made over the period, the current forecast deficit of £2.2m for 2023/24 **would increase to £3.0m** and the Council would forgo council tax income of c£0.8m over the period based on the current forecasts.

10.11 In view of the Governments change in approach towards funding for Local Authorities with a greater emphasis on Council Tax rises, and the cumulative impact of grant reductions from RSG and New Homes Bonus, freezing council tax for 2020/21 is not an approach that can be recommended.

10.12 Recent feedback from HMCLG also suggests that, as the central government funding assumption is that Council's will be using their local income raising powers wherever possible, that those choosing not to do so are in effect not taking the future funding deficits seriously. They also indicated that this might indicate a lack of financial resilience in terms of future years.

11 Financial Implications and Risks

11.1 A comprehensive financial risk assessment has been undertaken for the revenue and capital budget setting process to ensure that all risks and uncertainties affecting the Council's financial position are identified. These are reviewed each year as part of the refresh of both the MTFS and the budget. The key strategic financial risks to be considered in developing the budget for 2020/21 are included within the table below.

11.2 Medium term financial planning, set against a backdrop of severe reductions in Government funding, carries with it a significant element of risk. Many factors may impact on the figures presented here and themes have been highlighted where appropriate. Most significant are the potential revisions in Local Government finance policy, continual cuts to general grant and significant revisions to the New Homes Bonus and its ultimate replacement (if anything does eventually come forward). Should there be a change in emphasis, particularly around the assessment of need (Fair Funding Review) and business rates funding, there may be further reductions compared with those presented within this report that would place further pressure on the council to deliver balanced budgets, without impacting on frontline services. Having said that the future position could also improve as central government has recently indicated that 100% business rates retention might possibly be back on the table, having previously indicated this was likely to be set at 75% (having previously come done from 100% initially!!).

11.3 The effects that Brexit will have on the budget cannot be underestimated. Whilst there is still much uncertainty, not least around the terms of the UK's exit from the EU, we have already seen a worsening of long term interest rate projections and challenges in terms of contract procurement. A recession would present further risk, in particular significant areas of income such as lettings income, planning fees and car park income that are linked directly to economic demand.

11.4 Beyond this, further policy announcements from the Government may have effects on our finances in the coming years following the election of a new Government in December 2019.

11.5 Despite these risks, we will continue to plan effectively to strengthen our culture of strong financial management so that the Council can continue to meet its Corporate Plan priorities and provide the best possible services to the district.

Risk	**Likelihood**	**Impact**	**Risk Management**
1. Future available resources less than assumed.	Possible	High	Annual review of reserves and reserves policy to identify future resources. Assumptions on funding for 2020/21 and beyond are based on best estimates at this time. A prudent approach has been adopted based on previous years' experience as well as using regional network contacts to inform modelling.
2. Volatility of business rates funding given uncertainty around impact of appeals	Likely	High	Volatility of funding stream outside of council control but impact mitigated by establishment of specific earmarked reserve and financial monitoring framework. Modelling of potential impacts is used to inform internal financial planning. Positive initial outcome in respect of NHS case. Unknown impacts of proposed additional reliefs for 2020/21.
3. Pay Awards, fee increases and price inflation higher than assumed	Possible	Medium	Impact of potential increases mitigated by central contingency budget for pay, price increases and care fees. Where pay awards have been agreed these will be factored into the future estimates.
4. Future spending plans underestimated	Possible	Medium	Service planning process identifies future budget pressures and these will inform the indicative budget forecasts. An

			effective budget monitoring framework is in place to identify in year and potential future cost pressures.
5. Anticipated savings/ efficiencies not achieved	Possible	High	Regular monitoring and reporting takes place but the size of the funding cuts increase the likelihood of this risk. Non-achievement of savings would require compensating reductions in planned spending within services. Greater scrutiny of savings has taken place since 2016/17 through the revenue monitoring process. History of delivery savings.
6. Revenue implications of capital programmes not fully anticipated	Unlikely	Low	Capital bid approval framework identifies revenue implications and links to Council priorities. Full analysis of revenue implications assessed and considered in scenario planning.
7. Income targets not achieved	Possible	Medium	Current economic climate likely to impact. Regular monitoring and reporting takes place. Full review of fees and charges scheduled for 2021/22 along with an annual review process.
8. Budget monitoring not effective	Unlikely	Medium	Regular monitoring and reporting in line with corporate framework. Action plans developed to address problem areas. Regular reports to Cabinet and to O&S. Track record of delivering budget and savings.
9. Exit strategies for external funding leasing/tapering not met	Possible	Medium	Regular monitoring and reporting. Government policy to remove ring fencing provides greater flexibility.
10. Loss of principal deposit	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which balance security of deposit over returns. Impact limited due to the strategy of a diverse portfolio with top rated institutions.
11. Interest rates lower than expected	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2020/21 are incorporated into the budget.
12. Collection rates for retained business rates and council tax lower than anticipated	Possible	High	Impact mitigated by the review of bad debt provisions and availability of reserves. Monitoring of Collection Fund is formally incorporated into the revenue monitoring process.
13. Financial budget impacts of UK's vote to leave the European Union (Brexit)	Likely	Medium /High	Continue to work collaboratively with treasury advisors and central government departments to assess potential budget impacts whilst the Government attempts to ensure an effective transition to a new economic relationship between the U.K. and the EU, including clarifying the procedures and broad objectives that will guide the process.

14.Devolution/Unitary status –	Possible	Medium	As the devolution deal has been rejected locally no further work is ongoing in respect of this and no changes have been factored in to the budget or future year projections as a result. The Unitary issue will undoubtedly be discussed further again in the future following the recent General Election. Officers and Members will keep a watching brief in respect of this but again at present no budgetary impact is being assumed.
15. All MTFS risks not adequately identified	Unlikely	Low	Council's Risk Management Framework ensures all operational and strategic risks are identified as part of the annual service planning process.

12 Conclusions

12.1 Previous budget forecasts made back in February 2019 were made at a time of significant uncertainty in terms of future Government finances due to the Fair Funding Review, Business Rates Review and the Spending Review. This uncertainty was further heightened by the ongoing Brexit negotiations which added an additional level of complexity in terms of future forecasts and potential impacts on the economy, inflation, suppliers, contracts etc.

12.2 The updated high level funding forecasts contained within the MTFS built on previous figures from the 2019/20 Budget setting exercise in February which were made within this context, at which time we were forecasting future year deficits in the region of £2m.

12.3 The updated budget forecasts now differ from this, in the main this is due to postponement of the various reviews outlined above, all of which have been impacted by the ongoing Brexit negotiations which have led to a one-year Settlement which has meant the continuation of the previous funding regime for a further year.

12.4 As outlined above the key changes within the Settlement, mainly around retained business rates, New Homes bonus and the Rural Service Delivery grant, will see approximately £2m of additional resources being made available to help support next year's budget, based on the assumptions, caveats and projections outlined above. It should be noted that the Provisional Settlement figures for 2020/21 are still subject to final agreement so there is still an element of risk around these but it is the best information currently available.

12.5 The Council is still currently projecting a deficit position from 2021/22 onwards but due to the funding changes announced as part of the Provisional Settlement in December the budget gap has reduced slightly to around £1.8m. Forecasting the deficit allows the Council time to plan mitigating actions more effectively, meaning we are more likely to be successful without the need to rely on one-off funding from reserves.

12.6 In conclusion, while the additional income has had an extremely beneficial impact on next year's budget it is still not clear how the various reviews will impact on local government funding and what impact the election of the new Government in December will have. While the Provisional Settlement figures announced were positive they are still provisional until finally agreed so there remains an element of risk that these may still change although it is unlikely to change for next year. We do however have the benefit of reserves should these be required to support and short term funding requirements.

13 Sustainability

13.1 There are no sustainability issues as a direct consequence of this report.

14 Equality and Diversity

14.1 The Council is required to consider the equality duty in its decision-making and this includes the budget process. As part of any savings or investments the Council must consider how it can:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity between different groups; and
- Foster good relations between different groups by tackling prejudice and promoting understanding.

14.2 Following the savings exercise undertaken in 2016/17 there have been no further submissions for 2020/21 and therefore no equality issues potentially affecting the proposals at present.

15 Section 17 Crime and Disorder considerations

15.1 There are no crime and disorder considerations as a direct consequence of the report.

Appendix A1

General Fund Summary 2020/21 Base Budget

2018/19 Actuals £	Service Area	2019/20 Base Budget £	2019/20 Updated Base Budget £	2020/21 Base Budget £	2021/22 Projection £	2022/23 Projection £	2023/24 Projection £
295,871	Corporate Leadership Team/Corporate	440,608	440,608	314,973	324,491	333,658	494,023
3,911,821	Community & Economic Development	3,811,316	4,114,350	4,456,448	4,484,423	4,435,399	3,567,086
685,120	Customer Services & ICT	772,005	573,327	769,811	1,013,892	999,219	1,011,903
3,572,655	Environmental Health	4,536,023	4,536,023	3,902,129	4,025,579	4,145,530	4,232,178
3,395,066	Finance and Assets	4,305,907	4,392,665	3,883,103	3,437,857	3,500,273	3,468,785
1,505,314	Legal and Democratic Services	1,511,556	1,522,056	1,606,069	1,666,182	1,726,837	1,751,569
2,308,124	Planning	2,234,605	2,143,188	2,379,017	2,341,545	2,377,153	2,427,989
0	Service Savings to be Identified (DT)	(83,750)	(83,750)	0	0	0	0
15,673,971	**Net Cost of Services**	**17,528,270**	**17,638,467**	**17,311,550**	**17,293,969**	**17,518,069**	**16,953,533**
2,210,432	Parish Precepts (Estimate from 2020/21 onwards)	2,390,634	2,390,634	2,466,446	2,523,481	2,630,456	2,630,456
(2,040,480)	Capital Charges	(1,308,233)	(1,308,233)	(1,819,204)	(2,262,450)	(2,211,070)	(1,990,760)
(348,224)	Refcus	(1,425,000)	(1,425,000)	(842,667)	(527,167)	(527,167)	0
(1,285,418)	Interest Receivable	(1,330,685)	(1,330,685)	(1,310,977)	(1,310,159)	(1,286,611)	(1,290,263)
1,938	External Interest Paid	10,000	10,000	358,100	387,800	364,600	341,400
1,536,638	Revenue Financing for Capital:	4,643,249	4,233,455	4,892,728	767,167	627,167	0
0	Minimum Revenue Provision	0	0	0	144,000	144,000	144,000
	MRP - Waste Contract	0	0	0	600,000	600,000	600,000
(804,099)	IAS 19 Pension Adjustment	252,210	252,210	260,290	265,496	270,806	276,222
14,944,758	**Net Operating Expenditure**	**20,760,445**	**20,460,848**	**21,316,266**	**17,882,137**	**18,130,250**	**17,664,588**

2018/19	Contributions to/(from) Earmarked Reserves:	2019/20 Base Budget	2019/20 Updated Base Budget	2020/21 Base Budget	2021/22 Projection	2022/23 Projection	2023/24 Projection
(969,772)	Capital Projects Reserve	(1,426,249)	(1,606,353)	(636,302)	0	0	0
698,232	Asset Management	(92,000)	(56,502)	(27,000)	(5,000)	(15,000)	(5,000)
44,951	Benefits	(12,838)	(512,838)	(253,801)	0	0	0
0	Broadband	(1,000,000)	(1,000,000)	0	0	0	0
31,645	Building Control	0	0	(44,441)	(44,441)	(44,441)	(44,441)
(68,241)	Business Rates Reserve	(38,241)	(562,166)	(27,068)	(18,000)	(18,000)	(18,000)
(21,921)	Coast Protection	(42,302)	(42,302)	(37,958)	0	0	0
57,661	Communities	(242,000)	(785,563)	(242,000)	(242,000)	(242,000)	0
50,000	Economic Development & Tourism	(10,000)	(10,000)	(10,000)	0	0	0
40,000	Elections	(120,000)	(120,000)	40,000	40,000	40,000	(120,000)
(59,759)	Enforcement Board	0	0	0	0	0	0
28,943	Environmental Health	(40,000)	(40,000)	0	0	0	0
1,882	Grants	(44,416)	(14,655)	(57,066)	(14,655)	(14,655)	(14,655)
33,714	Housing	(97,999)	(71,253)	(488,585)	(611,672)	(548,293)	0
15,330	Land Charges	0	0	0	0	0	0
302	Legal	0	0	(25,446)	(16,964)	0	0
0	LSVT	0	(435,000)	0	0	0	0
(1,494,234)	New Homes Bonus Reserve	(596,558)	(286,723)	(225,460)	0	0	0
(26,372)	Organisational Development	(78,246)	(78,246)	(97,885)	(23,083)	(18,629)	0
0	Pathfinder	(40,076)	(40,076)	(20,500)	(20,500)	(3,417)	0
53,330	Planning Revenue	0	50,000	50,000	50,000	50,000	50,000
2,000,000	Property Investment Fund	(1,000,000)	1,000,000	(3,000,000)	0	0	0
(407,644)	Restructuring/Invest to save	(624,819)	(561,541)	(732,950)	(240,000)	(100,000)	0
(6,511)	Sports Facilities						
259,160	Contribution to/(from) the General Reserve	(26,690)	(59,619)	(116,528)	(69,109)	(50,000)	(50,000)
15,205,454	**Amount to be met from Government Grant and Local Taxpayers**	**15,228,011**	**15,228,011**	**15,363,276**	**16,666,713**	**17,165,815**	**17,462,492**

2018/19 Actuals	Service Area	2019/20 Base Budget	2019/20 Updated Base Budget	2020/21 Base Budget	2021/22 Projection	2022/23 Projection	2023/24 Projection
(2,210,812)	Collection Fund – Parishes	(2,390,634)	(2,390,634)	(2,466,446)	(2,523,481)	(2,630,456)	(2,630,456)
(5,909,655)	Collection Fund – District	(6,240,604)	(6,240,604)	(6,305,671)	(6,751,054)	(7,126,515)	(7,126,515)
(4,886,974)	Retained Business Rates	(5,385,617)	(5,385,617)	(5,283,410)	(4,958,845)	(5,028,223)	(5,028,223)
(535,619)	Revenue Support Grant	0	0	(89,799)	0	0	0
(1,149,592)	New Homes bonus	(1,211,156)	(1,211,156)	(892,194)	(586,071)	(468,536)	(468,536)
(483,771)	Rural Services Delivery Grant	0	0	(483,771)	0	0	0
(29,031)	Non ring fenced Government Grants	0	0	0	0	0	0
(15,205,454)	**Income from Government Grant and Taxpayers**	**(15,228,011)**	**(15,228,011)**	**(15,521,291)**	**(14,819,451)**	**(15,253,730)**	**(15,253,730)**
(0)	**(Surplus)/Deficit**	**0**	**0**	**(158,015)**	**1,847,262**	**1,912,085**	**2,208,762**

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High Level Subjective Variance Analysis

The following provides a high level summary of the more significant variances between the 2019/20 base budget and the 2020/21 base.

Employee £668,136

- £466,917 Pay award
- £153,000 Increase in pensions deficit funding
- (£30,361) Fixed term salaries offset by grant (Community Housing Fund)
- £551,722 One-off use of reserves in 2020/21
- (£564,756) One-off use of reserves in 2019/20 ceasing
- £64,011 Growth including Planning Policy and Environmental Protection staffing
- £23,750 DT savings yet to be identified

Premises £248,951

- £203,351 Grounds maintenance contract inflation
- £14,042 NNDR Inflation
- (£6,480) Reduced Premises insurance (fire/general) & Factory Units
- £20,000 Temporary accommodation (PSL) / Hire of buildings
- £14,326 IDB Levy inflation
- (£25,675) Transfer from R & M reactive to Playgrounds repairs
- £35,900 Transfer from Cleansing contract to separate cleaning contract (Cromer Office)

Supplies and Services (£784,148)

- (£526,444) Reduced waste and cleansing contract costs across various service areas
- £16,716 Contract inflation – Norfolk Environmental Waste Services (NEWS) and IT
- (£160,000) District Elections funded from Reserves – one-off cost
- (£40,000) One-off procurement costs for waste/cleansing contract
- £49,800 Commercial waste disposal
- £60,000 Professional fees - Conservation & Landscape (funded from reserves);
  Property services - Vertas - to be offset by Feed in Tariff - credit due direct from Central Government
- £27,000 Asset Valuation Programme - to be funded from Asset Management Reserve
- £20,665 Mammoth marathon
- £40,000 Extension of travellers sites leases
- £15,000 Bank charges and brokerage fees and general growth for software licenses and support costs
- (£16,668) Management fee – Pier Theatre
- (£61,237) No further discretionary grants to Parish Councils
- (£11,123) Branding exercise - one-off bid in 2019/20

- (£250,370) New contract for managing the Sports Halls
- (£38,760) One-off professional fees re homelessness (County money)
- (£19,000) One-off Sporting centre of excellence
- £25,675 Transfer from R & M reactive to Playground repairs
- (£35,900) Transfer from Cleansing contract to separate cleaning contract (Cromer Office)
- £77,578 Transfers into Homelessness and Temporary Accommodation budgets
- (£40,453) Balance of money from NN Community pot

Transfer payments (£1,305,199)

- (£1,341,651) Benefit Subsidy in line with reduction in benefit payments made, this is offset by a reduction in benefit subsidy made
- £35,270 Internal service charges

Income £1,036,158

- £1,341,651 Benefit subsidy based on rent allowance payments Mid-year estimate 2019/20
- £253,801 Funding from Benefits Reserve re 2017/18 likely overpayment repayment
- (£264,039) Fee Income – Garden bins, Commercial waste, Bulky waste collections
- (£28,025) Recycling credit income
- (£30,000) Other recoverable income – Homelessness/Temporary Accommodation
- £124,863 Non recurring grant income – Housing (Health & Wellbeing) grants ceasing - offset by reduced staff costs
- £30,390 Community Housing Fund - Other LA grant income
- (£254,752) Homelessness grant income
- (£38,163) Income transfer Housing (Health & Wellbeing)
- (£72,648) Grant Income – Electoral Registration & Health & Communities (2 link workers)
- (£52,838) Service Charges
- £30,000 Reduced DWP admin grant
- (£9,608) Increased capitalised salaries from Property Services

Clt / Corporate Service Area

2018/19 Actual £	Service	Base Budget 2019/20 £	Base Budget 2020/21 £	Variance Base to Base £
338,293	Human Resources & Payroll	357,552	376,192	18,640
194,532	Registration Services	345,698	192,123	(153,575)
500,227	Corporate Leadership Team	461,625	480,324	18,699
360,030	Communications	309,078	295,168	(13,910)
1,393,082	**Total Net Costs**	**1,473,953**	**1,343,807**	**(130,146)**
19,268	Capital Charges	0	0	0
352,735	Support Service Charges in	338,870	382,000	43,130
(1,469,214)	Support Service Recharges out	(1,372,215)	(1,410,834)	(38,619)
295,871	Total Net Cost of Services	**440,608**	**314,973**	**(125,635)**

General Fund Service Area Budgets 2020/21

CLT / Corporate

Service Area	Base Budget 2019/20	Base Budget 2020/21	Movement	Explanation for Movement
	£	£	£	
Gross Direct Income	(44,120)	(54,120)	(10,000)	Additional (IER) grant funding from central government.
Support Service Charges	94,910	122,850	27,940	Reduced recharges of (£4,540) from Storage Depots. Higher recharges of £10,770 from Customer Services, £3,000 from Reprographics and £15,170 from Postal & Scanning.
	440,608	**314,973**	**(125,635)**	
Corporate Leadership Team				
Gross Direct Costs	461,625	480,324	18,699	£13,508 - Pay award. £5,191 - Pension fund adjustments.
Support Service Charges	102,170	110,570	8,400	Higher recharge of £3,990 from Reprographics. The balance consists of minor variances
Support Service Recharges	(563,795)	(590,894)	(27,099)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Communications				
Gross Direct Costs	309,078	295,168	(13,910)	£3,535 - Pay award and other staff changes. (£8,161) - End of fixed term apprentice. (£11,123) - One-off branding exercise costs in 2019/20. £1,839 - Pension fund adjustments.
Support Service Charges	64,380	62,700	(1,680)	(£3,660) - Reduced recharge from Digital Transformation. The balance consists of minor variances.
Support Service Recharges	(373,458)	(357,868)	15,590	Reduced recharges reflecting lower service costs
	0	**0**	**0**	
Total Clt / Corporate	**440,608**	**314,973**	**(125,635)**	

Community and Economic Development

2018/19 Actual £	Service	Base Budget 2019/20 £	Base Budget 2020/21 £	Variance Base to Base £
(1,894,641)	Car Parking	(1,839,771)	(1,830,241)	9,530
(164)	Markets	(7,218)	(7,336)	(118)
296,553	Parks & Open Spaces	215,871	277,584	61,713
18,805	Foreshore	(71,153)	(66,635)	4,518
691,638	Leisure Complexes	394,602	146,515	(248,087)
105,826	Other Sports	61,737	62,250	513
7,970	Recreation Grounds	17,466	12,800	(4,666)
83,965	Pier Pavilion	4,448	(12,220)	(16,668)
424,754	Foreshore (Community)	516,273	416,415	(99,858)
151,644	Woodlands Management	151,650	160,975	9,325
(418,543)	Cromer Pier	82,350	81,625	(725)
38,045	Economic Growth	82,530	82,030	(500)
38,782	Tourism	43,588	43,588	0
274,163	Market Towns Initiative			0
348,996	Coast Protection	321,275	321,730	455
254,441	Business Growth Staffing	226,802	269,551	42,749
136,488	Economic & Comm Dev Mgt	78,708	84,401	5,693
208,541	Leisure	197,022	204,721	7,699
119,205	Housing (Health & Wellbeing)	174,939	0	(174,939)
175,123	Housing Strategy	293,719	369,852	76,133
78,322	Health & Communities	356,234	486,255	130,021
236,881	Coastal Management	289,255	287,290	(1,965)
1,376,794	**Total Net Costs**	**1,590,327**	**1,391,150**	**(199,177)**
1,587,517	Capital Charges	635,040	1,225,875	590,835
1,257,161	Gross Direct Costs - Refcus	425,000	742,667	317,667
(1,003,901)	Gross Direct Income - Refcus	0	0	0
2,914,276	Support Service Charges in	2,791,460	2,499,460	(292,000)
(1,794,716)	Support Service Recharges out	(1,630,511)	(1,402,704)	227,807
4,337,131	**Total Net Cost of Services**	**3,811,316**	**4,456,448**	**645,132**

General Fund Service Area Budgets 2020/21

Community and Economic Development

Service Area	Base Budget 2019/20	Base Budget 2020/21	Movement	Explanation for Movement
	£	£	£	
Car Parking				
Gross Direct Costs	815,196	824,726	9,530	£4,534 - Contract inflation relating to the grounds maintenance and waste contracts. £4,996 - Higher NNDR costs as a result of no longer receiving transitional relief.
Capital Charges	28,446	62	(28,384)	Depreciation.
Gross Direct Income	(2,654,967)	(2,654,967)	0	No Major Variances.
Support Service Charges	172,040	171,110	(930)	Lower recharges from Property Services (£5,510) and Internal Audit (£5,220). These are offset by higher charges from Leisure Services £3,890 and Legal Services £5,470.
	(1,639,285)	**(1,659,069)**	**(19,784)**	
Markets				
Gross Direct Costs	56,436	56,318	(118)	No Major Variances.
Gross Direct Income	(63,654)	(63,654)	0	No Major Variances.
Support Service Charges	27,920	22,990	(4,930)	Reduced recharges from Property Services (£2,840) and Internal Audit (£3,130).
	20,702	**15,654**	**(5,048)**	
Parks & Open Spaces				
Gross Direct Costs	230,461	292,174	61,713	£61,666 - Contract inflation relating to the grounds maintenance and waste contracts.
Capital Charges	36,897	11,434	(25,463)	Depreciation.
Gross Direct Income	(14,590)	(14,590)	0	No Major Variances.
Support Service Charges	119,950	115,030	(4,920)	Lower recharges from Leisure Services (£9,280), Storage depots (£2,670) and Internal Audit (£3,000) offset by higher recharge from Property Services £11,310.
	372,718	**404,048**	**31,330**	
Foreshore				
Gross Direct Costs	146,209	150,727	4,518	This variance is made up of miscellaneous minor changes.
Capital Charges	5,601	109,610	104,009	Depreciation.
Gross Direct Income	(217,362)	(217,362)	0	
Support Service Charges	198,500	188,230	(10,270)	Lower recharges of (£13,700) from Property Services, (£3,080) from Leisure and (£1,830) from Digital Transformation. Higher recharges of £5,150 from Creditors and £2,830 from Internal Audit.
	132,948	**231,205**	**98,257**	
Leisure Complexes				
Gross Direct Costs	394,602	146,515	(248,087)	£6,549 - Contract inflation relating to the grounds maintenance and waste contracts. (£254,795) - Management fee reduced as a result of a new contract.
Capital Charges	538,141	538,140	(1)	No major variances.
Support Service Charges	220,360	101,830	(118,530)	Reduced recharges. (£3,270) - Postal and Scanning Services, (£9,220) - Personnel Services, (£36,500) IT services, (£15,000) - Communications Team, (£8,980) - Admin Buildings, (£1,910) - Accountancy, (£4,300) - Creditors, (£15,530) - Leisure Services, (£7,310) - Central Costs and (£12,330) - Digital Transformation. These reflect the fact that the service is no longer delivered by in-house staff.
	1,153,103	**786,485**	**(366,618)**	

General Fund Service Area Budgets 2020/21

Community and Economic Development

Service Area	Base Budget 2019/20 £	Base Budget 2020/21 £	Movement £	Explanation for Movement
Other Sports				
Gross Direct Costs	71,737	72,250	513	£4,240 - Contract inflation relating to the grounds maintenance and waste contracts. (£4,593) - Pension fund adjustments.
Gross Direct Income	(10,000)	(10,000)	0	No Major Variances.
Support Service Charges	54,540	65,740	11,200	£20,000 - Higher recharge from Leisure Services. This is partly offset by reduced charges from IT (£4,790) and Digital Transformation (£2,590).
	116,277	**127,990**	**11,713**	
Recreation Grounds				
Gross Direct Costs	18,466	13,800	(4,666)	(£4,666) - Contract inflation relating to the grounds maintenance and waste contracts.
Capital Charges	79	79	0	No Major Variances.
Gross Direct Income	(1,000)	(1,000)	0	No Major Variances.
Support Service Charges	4,490	5,780	1,290	Higher recharges from Property Services £3,060 and Internal Audit, reflecting the audit plan £3,540. These are offset by a reduced charge of (£3,530) from Legal Services.
	22,035	**18,659**	**(3,376)**	
Pier Pavilion				
Gross Direct Costs	24,448	7,780	(16,668)	(£16,668) - Reduced management contract fee as per agreement.
Gross Direct Income	(20,000)	(20,000)	0	No Major Variances.
Support Service Charges	32,830	35,160	2,330	No Major Variances.
	37,278	**22,940**	**(14,338)**	
Foreshore (Community)				
Gross Direct Costs	516,273	416,415	(99,858)	(£103,000) - Contract inflation relating to the grounds maintenance and waste contracts. £3,142 - Inflation relating to the contract for lifeguard services.
Support Service Charges	57,690	69,240	11,550	£10,230 - Higher recharge from Leisure Services.
	573,963	**485,655**	**(88,308)**	
Woodlands Management				
Gross Direct Costs	177,200	186,525	9,325	£6,862 - Pay award. £1,763 - Pension fund adjustment.
Capital Charges	1,346	1,346	0	No Major Variances.
Gross Direct Income	(25,550)	(25,550)	0	No Major Variances.
Support Service Charges	133,430	156,280	22,850	Higher recharges from Leisure Services - £19,230 and Property Services - £9,080. These are offset by lower recharges from Digital Transformation (£3,030) and Internal Audit (£2,240).
	286,426	**318,601**	**32,175**	
Cromer Pier				
Gross Direct Costs	103,059	109,899	6,840	Increase in Business Rates.
Capital Charges	6,249	5,277	(972)	Depreciation.
Gross Direct Income	(20,709)	(28,274)	(7,565)	Business Rates recharged to contract operator.
Support Service Charges	66,330	79,550	13,220	Higher charges from Accountancy £3,880 and Coastal Management £8,610.
	154,929	**166,452**	**11,523**	
Economic Growth				
Gross Direct Costs	82,530	82,030	(500)	No Major Variances.
Capital Charges	211	50,211	50,000	Depreciation.
Gross Direct Income			0	
Support Service Charges	310,260	349,280	39,020	Higher recharge from Business Growth Staffing.
	393,001	**481,521**	**88,520**	
Tourism				
Gross Direct Costs	43,588	43,588	0	No Major Variances.
Support Service Charges	18,610	19,200	590	No Major Variances.
	62,198	**62,788**	**590**	

General Fund Service Area Budgets 2020/21

Community and Economic Development

Service Area	Base Budget 2019/20 £	Base Budget 2020/21 £	Movement £	Explanation for Movement
Coast Protection				
Gross Direct Costs	321,275	321,730	455	No Major Variances.
Capital Charges	18,070	509,716	491,646	Depreciation.
Support Service Charges	370,240	390,900	20,660	Higher recharges of £4,020 from Accountancy, £9,800 from Coastal Management and £7,770 from Legal Services.
	709,585	**1,222,346**	**512,761**	
Business Growth Staffing				
Gross Direct Costs	226,802	269,551	42,749	Employee contract extension funded from the General Reserve.
Support Service Charges	82,260	81,650	(610)	Higher recharges of £3,380 from Web team and £3,540 from Internal Audit. Lower recharges of (£4,000) from Digital Transformation and (£4,050) from Computers.
Support Service Recharges	(309,062)	(351,201)	(42,139)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Economic & Comm Dev Mgt				
Gross Direct Costs	78,708	84,401	5,693	Employee inflation.
Support Service Charges	17,450	18,350	900	No Major Variances.
Support Service Recharges	(96,158)	(102,751)	(6,593)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Leisure				
Gross Direct Costs	197,722	205,421	7,699	£6,039 - Pay award. £1,660 - Pension fund adjustments.
Gross Direct Income	(700)	(700)	0	No Major Variances.
Support Service Charges	192,710	212,850	20,140	Higher recharges from Customer Services £18,220, Accountancy £3,920 and Digital Transformation £7,490. These are offset by reduced recharges from Reprographics (£4,720) and Communications Team (£5,960).
Support Service Recharges	(387,984)	(417,571)	(29,587)	Increased recharges reflecting higher service costs.
	1,748	**0**	**(1,748)**	
Housing (Health & Wellbeing)				
Gross Direct Costs	299,802	0	(299,802)	(£17,856) Non- recurring staff costs funded from reserves. (£281,946) Budgets restructured under Housing Strategy heading.
Gross Direct Costs - Refcus			0	
Support Service Charges	84,000	0	(84,000)	Lower recharges of (£5,080) from Personnel, (£20,300) from Computers, (£4,970) from Admin Buildings, (£9,620) from Comm. & Economic Dev., (£12,230) from Housing Strategy and Communities, (£4,050) from Central Costs, (£6,790) from Digital Transformation, (£8,180) from Legal Services. The balance consists of minor variances.
Support Service Recharges	(258,939)	0	258,939	Reduced recharges reflecting lower service costs.
Gross Direct Income	(124,863)	0	124,863	£86,700 non-recurring grant from Norfolk County Council. £38,163 Transferred to Housing Strategy due to budget restructuring.
Gross Direct Income - Refcus			0	
	0	**0**	**0**	

General Fund Service Area Budgets 2020/21

Community and Economic Development

Service Area	Base Budget 2019/20 £	Base Budget 2020/21 £	Movement £	Explanation for Movement
Housing Strategy				
Gross Direct Costs	326,109	408,015	81,906	£195,246 Staff transferred from Housing Health and Wellbeing (£74,449) Staff budgets transferred to Health and Communities service. (£64,465) Adjustment re Community Housing Fund Staffing. £11,018 Employee Inflation. £42,472 Fixed term staffing funded from the Housing reserve. (£9,378) Pension fund adjustment. (£13,172) Non-recurring professional fee funded from earmarked reserves.
Gross Direct Costs - Refcus	425,000	742,667	317,667	This reflects the updated Capital Programme for 2020/21.
Gross Direct Income	(32,390)	(38,163)	(5,773)	£32,390 Non-recurring income re shared Community Housing Fund post. (£38,163) Transfer from Housing Health and Wellbeing - relates to staff costs charged to capital.
Support Service Charges	555,920	314,530	(241,390)	Lower recharges of (£257,850) from Housing (Health & Wellbeing), (£44,520) from Housing Strategy & Communities, (£20,160) from Legal Services, (£4,010) from Admin Buildings. Higher recharges of £27,370 from Computers, £7,040 from Personnel, £8,280 from Property Services, £5,490 from Accountancy, £10,940 from Comm. & Economic development, £5,220 from Central Costs & £7,230 from Admin Buildings. The balance consists of minor variances.
Support Service Recharges	(244,663)	(174,071)	70,592	Reduced recharges reflecting lower service costs.
	1,029,976	**1,252,978**	**223,002**	
Health & Communities				
Gross Direct Costs	406,892	592,930	186,038	£74,449 - Transfer of staff from other service areas. £31,247 - Staff funded by grant from Norfolk County Council re Social Prescribing. £62,548 - Posts funded until January 2022. £17,794 - Pension fund adjustments.
Gross Direct Income	(50,658)	(106,675)	(56,017)	(£62,548) - Grant for posts to January 2022. £6,531 - Grant no longer received.
Support Service Charges	33,120	31,940	(1,180)	Reduced recharges from Reprographics (£3,280) and Communications Team (£3,280). These are offset by a higher recharge from Internal Audit £3,530, reflecting the audit plan.
	389,354	**518,195**	**128,841**	
Coastal Management				
Gross Direct Costs	294,255	287,290	(6,965)	£16,955 Employee inflation and training; (£23,920) Staffing to be funded by Reserves lower than anticipated.
Gross Direct Income	(5,000)	0	5,000	No Major Variances.
Support Service Charges	38,810	69,820	31,010	Higher recharges of £3,500 from Personnel, £13,610 from IT and the Web Team, £3,600 from Admin Buildings, £2,610 from Central Costs and £3,540 from Internal Audit,
Support Service Recharges	(333,705)	(357,110)	(23,405)	Increased recharges reflecting higher service costs.
	(5,640)	**0**	**5,640**	
Total Community & Economic Development	**3,811,316**	**4,456,448**	**645,132**	

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Customer Services & ICT

2018/19 Actual £	Service	Base Budget 2019/20 £	Base Budget 2020/21 £	Variance Base to Base £
1,261,329	It - Support Services	1,318,362	1,345,084	26,722
104,563	Tic'S	80,417	78,898	(1,519)
(282,278)	Homelessness	(61,197)	(280,937)	(219,740)
355,643	Customer Services Housing	334,790	410,872	76,082
268,545	Digital Transformation	346,396	290,519	(55,877)
74,337	Reprographics	80,843	75,547	(5,296)
624,407	Customer Services - Corporate	619,484	674,983	55,499
2,406,546	**Total Net Costs**	**2,719,095**	**2,594,966**	**(124,129)**
227,717	Capital Charges	135,382	121,505	(13,877)
1,649,073	Support Service Charges in	1,671,210	1,918,210	247,000
(3,719,318)	Support Service Recharges out	(3,753,682)	(3,864,870)	(111,188)
564,018	**Total Net Cost of Services**	**772,005**	**769,811**	**(2,194)**

General Fund Service Area Budgets 2020/21

Customer Services and ICT

Service Area	Base Budget 2019/20	Base Budget 2020/21	Movement	Explanation for Movement
	£	£	£	
ICT - Support Services				
Gross Direct Costs	1,318,772	1,345,494	26,722	£39,417 - Pay award. (£40,493) - Fixed term contracts ceasing. £18,967 - IT contract inflation. £5,000 - Budget calculator consultation software for NNDC website. £5,993 - pension fund adjustments.
Capital Charges	99,550	79,420	(20,130)	Depreciation and Intangible amortisation.
Gross Direct Income	(410)	(410)	0	No Major Variances.
Support Service Charges	147,670	160,940	13,270	Higher recharges from Personnel Services £4,430, Communications Team £3,230 and Admin Buildings £4,790.
Support Service Recharges	(1,565,582)	(1,585,444)	(19,862)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Tourist Information Centres				
Gross Direct Costs	107,417	105,898	(1,519)	£1,131 - Pay award. (£4,000) - Reduced contributions. £657 - Pension fund adjustment.
Capital Charges	5,729	5,729	0	No Major Variances.
Gross Direct Income	(27,000)	(27,000)	0	No Major Variances.
Support Service Charges	98,390	77,020	(21,370)	Lower recharges from Customer Services (£13,850), IT (£3,080) and Digital Transformation (£1,960).
	184,536	**161,647**	**(22,889)**	
Homelessness				
Gross Direct Costs	181,696	241,170	59,474	£40,000 Increased B & B Costs . £7,250 Rent Deposit schemes. £30,000 costs associated with new temporary accommodation properties. These costs are offset by recoverable subsidy and client receipts. (£18,432) Net non-recurring expenditure funded from Norfolk County Council grant.
Capital Charges	0	4,856	4,856	Depreciation.
Gross Direct Income	(242,893)	(522,107)	(279,214)	£52,783 Flexible homelessness grant received in 2019/20. (£254,752) 2020/21 Allocation of Flexible Homelessness support and Homeless Reduction Act Grant. (£47,250) Recoverable charges from Bed and Breakfast and rent deposit schemes. (£30,000) Anticipated recoverable income from new temporary accommodation.
Support Service Charges	504,330	632,340	128,010	
	443,133	**356,259**	**(86,874)**	

General Fund Service Area Budgets 2020/21

Customer Services and ICT

Service Area	Base Budget 2019/20	Base Budget 2020/21	Movement	Explanation for Movement
	£	£	£	
Customer Services Housing				
Gross Direct Costs	334,790	410,872	76,082	Temporary staffing funded from prior year Homelessness grants held within the Housing Reserve.
Support Service Charges	139,520	187,840	48,320	
Support Service Recharges	(474,310)	(598,712)	(124,402)	
	0	**0**	**0**	
Digital Transformation				
Gross Direct Costs	346,396	290,519	(55,877)	£2,753 - Pay award. (£55,959) - End of fixed term contracts. (£2,671) - Pension fund adjustments.
Capital Charges	11,500	31,500	20,000	Intangible amortisation.
Support Service Charges	445,610	508,550	62,940	Reduced recharges from Customer Services (£11,220) and IT (£7,790). These are offset by a higher recharge from Digital transformation £83,690.
Support Service Recharges	(659,170)	(578,664)	80,506	Lower recharges reflecting reduced service costs within Digital Transformation management unit.
	144,336	**251,905**	**107,569**	
Reprographics				
Gross Direct Costs	88,343	83,047	(5,296)	(£3,000) - Reduced lease rental costs. (£3,250) - Lower paper usage.
Capital Charges	18,603	0	(18,603)	Depreciation.
Gross Direct Income	(7,500)	(7,500)	0	No Major Variances.
Support Service Charges	14,780	15,090	310	No Major Variances.
Support Service Recharges	(114,226)	(90,637)	23,589	Lower recharges reflecting reduced service costs.
	0	**0**	**0**	
Customer Services - Corporate				
Gross Direct Costs	642,354	697,053	54,699	£46,886 - Pay award. £8,613 - Pension fund adjustments.
Gross Direct Income	(22,870)	(22,070)	800	No Major variances.
Support Service Charges	320,910	336,430	15,520	£14,630 - Higher recharge from IT.
Support Service Recharges	(940,394)	(1,011,413)	(71,019)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Total Customer Services and ICT	**772,005**	**769,811**	**(2,194)**	

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Environmental Health

2018/19 Actual £	Service	Base Budget 2019/20 £	Base Budget 2020/21 £	Variance Base to Base £
340,629	Commercial Services	228,301	260,383	32,082
386,281	Internal Drainage Board Levies	397,862	412,188	14,326
10,640	Travellers	3,400	46,320	42,920
23,788	Public Protection	10,600	44,045	33,445
12,115	Street Signage	12,470	12,000	(470)
620,918	Environmental Protection	614,792	624,194	9,402
137,080	Env Health - Service Mgmt	127,735	140,332	12,597
163,086	Combined Enforcement Team	154,164	159,503	5,339
292,045	Environmental Contracts	270,155	282,296	12,141
291,671	Waste Collection And Disposal	1,210,698	691,632	(519,066)
468,728	Cleansing	774,026	633,130	(140,896)
14,459	Environmental Strategy	10,000	10,000	0
27,466	Community Safety	26,893	30,647	3,754
75,111	Civil Contingencies	96,340	87,743	(8,597)
2,864,017	**Total Net Costs**	**3,937,436**	**3,434,413**	**(503,023)**
303,128	Capital Charges	**162,551**	**83,968**	**(78,583)**
39,151	Gross Direct Costs - Refcus	**0**	**0**	**0**
(39,151)	Gross Direct Income - Refcus	**0**	**0**	**0**
1,345,272	Support Service Charges in	**1,196,220**	**1,192,310**	**(3,910)**
(939,762)	Support Service Recharges out	**(760,184)**	**(808,562)**	**(48,378)**
3,572,655	**Total Net Cost of Services**	**4,536,023**	**3,902,129**	**(633,894)**

General Fund Service Area Budgets 2020/21

Environmental Health

Service Area	Base Budget 2019/20 £	Base Budget 2020/21 £	Movement £	Explanation for Movement
Commercial Services				
Gross Direct Costs	283,486	271,633	(11,853)	(£25,270) Transfer of Private Water Sampling (PWS) professional fees to Environmental Protection; £11,980 Employee costs - change in structure of team; £3,437 Pension Fund Adjustments.
Gross Direct Income	(55,185)	(11,250)	43,935	Transfer of PWS budgets to the Environmental Protection team.
Support Service Charges	115,880	91,780	(24,100)	Lower recharges of (£2,190) from Environmental Health, (£10,710) from Computers, (£7,060) from Digital Transformation and higher recharges of £4,310 to the Computer Web Team. The balance consists of minor variances.
	344,181	352,163	7,982	
Internal Drainage Board Levies				
Gross Direct Costs	397,862	412,188	14,326	Inflation on Internal Drainage Board (IDB) Rates and Levies.
Support Service Charges	710	190	(520)	No Major Variances.
	398,572	412,378	13,806	
Travellers				
Gross Direct Costs	7,400	50,320	42,920	Operating lease costs for both sites and higher grounds maintenance costs.
Gross Direct Costs - Refcus			0	
Capital Charges	97,800	0	(97,800)	Depreciation.
Gross Direct Income	(4,000)	(4,000)	0	No Major Variances.
Gross Direct Income - Refcus			0	
Support Service Charges	1,930	870	(1,060)	
	103,130	47,190	(55,940)	
Public Protection				
Gross Direct Costs	207,585	241,045	33,460	£6,519 Employee inflation; £21,940 Employee costs - change in structure of team ; £5,593 Pension Fund Adjustments.
Gross Direct Income	(196,985)	(197,000)	(15)	No Major Variances.
Support Service Charges	104,470	100,110	(4,360)	Lower recharges of (£2,190) from Environmental Health, (£2,910) from Computers and the Web team and (£4,410) from Digital Transformation. Higher recharges of £7,840 from Customer Services.
	115,070	**144,155**	**29,085**	
Street Signage				
Gross Direct Costs	12,470	12,000	(470)	No Major Variances.
Capital Charges	7,564	4,235	(3,329)	Depreciation.
Support Service Charges	18,950	18,920	(30)	No Major Variances.
	38,984	**35,155**	**(3,829)**	

General Fund Service Area Budgets 2020/21

Environmental Health

Service Area	Base Budget 2019/20 £	Base Budget 2020/21 £	Movement £	Explanation for Movement
Environmental Protection				
Gross Direct Costs	636,792	687,269	50,477	£18,369 Employee inflation; £5,884 Employee costs; £5,194 Pension Fund Adjustment; £25,270 PWS professional fees transferred from the Commercial Team; (£5,000) Reduction in the kennelling contract costs.
Capital Charges	4,501	8,397	3,896	Depreciation.
Gross Direct Income	(22,000)	(63,075)	(41,075)	Transfer of Private Water Sampling budgets from the Commercial Team.
Support Service Charges	180,910	199,740	18,830	Higher recharges of £3,230 from Personnel Services, £3,560 from Admin Buildings and £11,830 Computers & Web Team. Lower recharges of (£6,400) from Digital Transformation. The balance consists of minor variances.
	800,203	**832,331**	**32,128**	
Env Health - Service Mgmt				
Gross Direct Costs	127,735	140,332	12,597	£3,991 Employee inflation; £13,003 Transfer of employee costs from Civil Contingencies to reflect a change in structure; £2,490 Pension Fund Adjustments; (£2,000) Contributions budget transferred to Community Safety; (£5,000) Saving in postages.
Support Service Charges	44,670	59,160	14,490	Higher recharges of £3,630 from Accountancy and £6,250 from Legal Services. The balance consists of minor variances.
Support Service Recharges	(172,405)	(199,492)	(27,087)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Combined Enforcement Team				
Gross Direct Costs	154,164	159,503	5,339	Employee Inflation.
Support Service Charges	71,000	79,760	8,760	Higher recharge from Environmental Health.
Support Service Recharges	(225,164)	(239,263)	(14,099)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Environmental Contracts				
Gross Direct Costs	270,155	282,296	12,141	£8,008 Employee inflation; £3,211 Pension Fund Adjustments.
Capital Charges	0	4,521	4,521	Depreciation.
Support Service Charges	92,460	82,990	(9,470)	Lower recharges from Digital Transformation, Computers and the Web Team.
Support Service Recharges	(362,615)	(369,807)	(7,192)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	

General Fund Service Area Budgets 2020/21

Environmental Health

Service Area	Base Budget 2019/20 £	Base Budget 2020/21 £	Movement £	Explanation for Movement
Waste Collection And Disposal				
Gross Direct Costs	4,366,995	4,138,993	(228,002)	(£252,595) Waste contract inflation; £51,663 Commercial waste disposal; £9.925 NEWS - increase in gate fee and no smoothing payment budget required; £4,000 Hybrid Mailing costs; (£40,000) Consultancy - one off costs for the procurement of the new Waste contract.
Capital Charges	52,686	48,815	(3,871)	Depreciation.
Gross Direct Income	(3,156,297)	(3,447,361)	(291,064)	(£48,150) Additional garden bin fee income; (£10,000) Additional bulky collection income; (£185,000) Additional trade waste fee income; (£48,914) Additional recycling credit income.
Support Service Charges	452,720	450,780	(1,940)	Higher recharges of £10,000 from Environmental Health and £4,810 from Environmental Contracts. Lower recharges of (£3,720) from Internal Audit, (£7,370) from Creditors and (£5,300) from Customer Services,
	1,716,104	**1,191,227**	**(524,877)**	
Cleansing				
Gross Direct Costs	828,183	690,300	(137,883)	Savings relating to the new Cleansing contract.
Capital Charges	0	18,000	18,000	Depreciation.
Gross Direct Income	(54,157)	(57,170)	(3,013)	Additional income from dog and litter bin recharges.
Support Service Charges	55,020	58,580	3,560	No Major Variances.
	829,046	**709,710**	**(119,336)**	
Environmental Strategy				
Gross Direct Costs	25,000	25,000	0	No Variances.
Gross Direct Income	(15,000)	(15,000)	0	No Variances.
Support Service Charges	20,190	19,840	(350)	No Major Variances.
	30,190	**29,840**	**(350)**	
Community Safety				
Gross Direct Costs	26,893	30,647	3,754	£4,000 Contribution for Domestic Abuse Funding (budget transferred from Environmental Health) and Norfolk County Council for County Lines.
Support Service Charges	11,750	250	(11,500)	No Major Variances.
	38,643	**30,897**	**(7,746)**	
Civil Contingencies				
Gross Direct Costs	96,340	87,743	(8,597)	£4,600 Employee inflation; (£13,003) Transfer of staffing costs to Environmental Health Service Management.
Support Service Charges	25,560	29,340	3,780	No Major Variances.
	121,900	**117,083**	**(4,817)**	
Total Environmental Health	**4,536,023**	**3,902,129**	**(633,894)**	

Finance & Assets

2018/19 Actual	Service	Base Budget 2019/20	Base Budget 2020/21	Variance Base to Base
£		£	£	£
(115,652)	Industrial Estates	(116,039)	(119,083)	(3,044)
(250)	Surveyors Allotments	(50)	2,950	3,000
149	Handy Man	(13,093)	(10,665)	2,428
19,831	Parklands	(30,346)	(29,288)	1,058
226,097	Revenue Services	194,667	280,607	85,940
(244,842)	Benefits Subsidy	0	253,801	253,801
65,846	Discretionary Payments	61,237	0	(61,237)
755,025	Non Distributed Costs	252,210	260,290	8,080
323,616	Administration Buildings Svs	302,560	265,314	(37,246)
709,273	Property Services	567,044	612,794	45,750
111,921	Head Of Finance & Assets	101,419	109,836	8,417
441,927	Corporate Finance	426,639	446,119	19,480
192,947	Insurance & Risk Management	198,836	199,054	218
66,269	Internal Audit	75,000	75,000	0
32,477	Playgrounds	42,428	57,110	14,682
2,527	Community Centres	9,753	9,893	140
544,681	Public Conveniences	569,209	586,309	17,100
(71,179)	Investment Properties	(147,894)	(64,066)	83,828
94,631	Central Costs	86,384	87,650	1,266
423,961	Corporate & Democratic Core	464,213	479,697	15,484
3,579,255	**Total Net Costs**	**3,044,177**	**3,503,322**	**459,145**
(252,025)	IAS 19 Adjustment	(252,210)	(260,290)	**(8,080)**
	Gross Direct Costs - Refcus	1,000,000	100,000	**(900,000)**
294,655	Capital Charges	338,154	351,856	**13,702**
2,807,950	Support Service Charges in	2,580,357	2,655,197	**74,840**
(2,611,187)	Support Service Recharges out	(2,404,571)	(2,466,982)	**(62,411)**
3,818,648	**Total Net Cost of Service**	**4,305,907**	**3,883,103**	**(422,804)**

General Fund Service Area Budgets 2020/21

Finance & Assets

Service Area	Base Budget 2019/20	Base Budget 2020/21	Movement	Explanation for Movement
	£	£	£	
Industrial Estates				
Gross Direct Costs	12,610	15,517	2,907	No Major Variances.
Capital Charges	46,238	46,240	2	No Major Variances.
Gross Direct Income	(128,649)	(134,600)	(5,951)	Additional rental income.
Support Service Charges	46,580	46,230	(350)	No Major Variances.
	(23,221)	**(26,613)**	**(3,392)**	
Surveyors Allotments				
Gross Direct Costs	0	3,000	3,000	Grounds maintenance and tree surveys.
Gross Direct Income	(50)	(50)	0	
Support Service Charges	5,240	12,070	6,830	Higher recharge from Property Services.
	5,190	**15,020**	**9,830**	
Handy Man				
Gross Direct Costs	41,637	44,065	2,428	Employee inflation.
Capital Charges	1	0	(1)	No Major Variances.
Gross Direct Income	(54,730)	(54,730)	0	No Major Variances.
Support Service Charges	65,970	60,970	(5,000)	Lower recharge from Property Services.
	52,878	**50,305**	**(2,573)**	
Parklands				
Gross Direct Costs	37,282	34,767	(2,515)	No Major Variances.
Capital Charges	585	432	(153)	Depreciation.
Gross Direct Income	(67,628)	(64,055)	3,573	No Major Variances.
Support Service Charges	33,490	32,560	(930)	No Major Variances.
	3,729	**3,704**	**(25)**	
Revenue Services				
Gross Direct Costs	637,578	723,518	85,940	£39,685 Employee inflation. £21,763 Reserve funding for temporary posts. £18,147 Pension Fund adjustments.
Gross Direct Income	(442,911)	(442,911)	0	
Support Service Charges	441,270	383,980	(57,290)	Reduced recharges of (£12,480) from Legal Services and Client disbursements, (£34,980) from Digital Transformation and (£16,380) from Customer Services. Higher recharges of £5,600 from Postal & Scanning and £5,300 from Internal Audit.
	635,937	**664,587**	**28,650**	
Benefits Subsidy				
Gross Direct Costs	23,321,596	21,979,945	(1,341,651)	£253,801 Represents the anticipated claw back of subsidy from the 2017/18 audited claim. This will be funded from the benefits reserve.
Gross Direct Income	(23,321,596)	(21,726,144)	1,595,452	
	0	**253,801**	**253,801**	
Discretionary Payments				
Gross Direct Costs	61,237	0	(61,237)	2019/20 last year of Grant payments for Parish funding.
Support Service Charges	3,770	3,820	50	No Major Variances.
	65,007	**3,820**	**(61,187)**	
Non Distributed Costs				
Gross Direct Costs	252,210	260,290	8,080	£7,991 - Inflationary increase related to Added Years costs.
IAS 19 Adjustment	(252,210)	(260,290)	(8,080)	£7,991 - Pension fund adjustments.
	0	**0**	**0**	

General Fund Service Area Budgets 2020/21

Finance & Assets

Service Area	Base Budget 2019/20	Base Budget 2020/21	Movement	Explanation for Movement
	£	£	£	
Administration Buildings Svs				
Gross Direct Costs	587,805	609,472	21,667	£45,801 Contract inflation relating to the grounds maintenance and waste contracts; (£22,011) Budget saving as depot no longer required; £8,380 Higher utility costs; £42,412 Higher internal service charges.
Capital Charges	76,860	75,862	(998)	Depreciation.
Gross Direct Income	(285,245)	(344,158)	(58,913)	Increased Service charges.
Support Service Charges	120,520	133,330	12,810	Higher recharge from Property Services.
Support Service Recharges	(412,163)	(414,847)	(2,684)	Increased recharge reflecting higher service costs.
	87,777	**59,659**	**(28,118)**	
Property Services				
Gross Direct Costs	567,044	622,794	55,750	£20,659 Employee inflation; £6,606 Pension Fund Adjustment; (£7,427) Saving on general/fire insurance policy premiums; £27,000 Asset Valuation Programme (to be funded from the Asset Management Reserve); £10,000 Vertas Management Fee (to be offset by Feed In Tariff).
Gross Direct Income		(10,000)	(10,000)	Grant income - Feed In Tariff.
Capital Charges	12,385	3,002	(9,383)	Depreciation and Intangible amortisation.
Support Service Charges	262,520	277,210	14,690	Higher recharges of £8,370 from Customer Services, £6,760 from the Web team and £4,080 from Accountancy. Lower recharges of (£6,270) from Internal Audit and (£5,310) from Digital Transformation. The balance consists of minor variances.
Support Service Recharges	(841,949)	(893,006)	(51,057)	Increased recharge reflecting higher service costs.
	0	**0**	**0**	
Head Of Finance & Assets				
Gross Direct Costs	101,419	109,836	8,417	£6,400 Employee Inflation. £1,517 Pension Fund adjustments.
Support Service Charges	10,120	10,010	(110)	No Major Variances.
Support Service Recharges	(111,539)	(119,846)	(8,307)	Increased recharge reflecting higher service costs.
	0	**0**	**0**	
Corporate Finance				
Gross Direct Costs	426,639	446,119	19,480	£12,562 Employee Inflation. £4,748 Pension Fund adjustments.
Capital Charges	4,491	0	(4,491)	Intangible amortisation.
Support Service Charges	144,930	132,510	(12,420)	Lower recharges of (£17,240) from Internal Audit, (£4,670) from Storage Depots and (£6,690) from Digital Transformation offset by higher recharges of £7,640 from Communications & Web team and £10,600 from Head of Assets & Finance.
Support Service Recharges	(576,060)	(578,629)	(2,569)	Increased recharge reflecting higher service costs.
	0	**0**	**0**	
Insurance & Risk Management				
Gross Direct Costs	199,486	199,704	218	No Major Variances.
Gross Direct Income	(650)	(650)	0	No Major Variances.
Support Service Charges	11,560	15,630	4,070	£4,240 - Higher recharges from Internal Audit, reflecting the audit plan.
Support Service Recharges	(210,396)	(214,684)	(4,288)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	

General Fund Service Area Budgets 2020/21

Finance & Assets

Service Area	Base Budget 2019/20	Base Budget 2020/21	Movement	Explanation for Movement
	£	£	£	
Internal Audit				
Gross Direct Costs	75,000	75,000	0	No Major Variances.
Support Service Charges	8,060	6,290	(1,770)	No Major Variances.
Support Service Recharges	(83,060)	(81,290)	1,770	No Major Variances.
	0	**0**	**0**	
Playgrounds				
Gross Direct Costs	42,428	57,110	14,682	£11,853 Contract inflation relating to the grounds maintenance and waste contracts; £2,000 High level quarterly inspection fees at all sites.
Support Service Charges	36,970	37,740	770	No Major Variances.
	79,398	**94,850**	**15,452**	
Community Centres				
Gross Direct Costs	9,753	9,893	140	No Major Variances.
Support Service Charges	7,470	8,650	1,180	No Major Variances.
	17,223	**18,543**	**1,320**	
Public Conveniences				
Gross Direct Costs	569,209	586,309	17,100	£19,524 Contract inflation relating to the grounds maintenance and waste contracts; £4,576 Higher utility costs; (£7,000) Lower internal service charge.
Capital Charges	131,495	179,646	48,151	Depreciation.
Support Service Charges	82,080	88,840	6,760	Higher recharge of £9,310 from Property Services offset by a lower recharge of (£3,330) from Creditors.
Support Service Recharges	(1,363)	(1,363)	0	No Major Variances.
	781,421	**853,432**	**72,011**	
Investment Properties				
Gross Direct Costs	73,906	146,039	72,133	£8,252 Contract inflation relating to the grounds maintenance contracts; £8,410 Higher management fee and laundry services at Fair Meadow House.
Capital Charges	66,099	46,674	(19,425)	Depreciation.
Gross Direct Income	(221,800)	(210,105)	11,695	Lower rental income.
Support Service Charges	165,510	154,140	(11,370)	Lower recharge from Property Services.
	83,715	**136,748**	**53,033**	
Central Costs				
Gross Direct Costs	86,384	87,650	1,266	£1,769 - Employee Inflation.
Support Service Charges	165,100	165,870	770	£6,080 - Higher recharges from Internal Audit, reflecting the audit plan. The balance consists of minor savings.
Support Service Recharges	(251,484)	(253,520)	(2,036)	No Major Variances.
	0	**0**	**0**	
Corporate & Democratic Core				
Gross Direct Costs	464,213	479,697	15,484	£3,187 - Transfer of staff from other service areas. £5,000 - Bank Charges. £5,000 - Treasury brokerage fees. £2,297 - Pension fund adjustments.
Gross Direct Costs - Refcus	1,000,000	100,000	(900,000)	(£1,000,000) - Better Broadband contribution in 2019/20. £100,000 - Contribution towards Holway Road roundabout, funded from Capital receipts.
Support Service Charges	1,052,640	1,175,550	122,910	Higher recharges of £6,250 from Environmental Health and Services, £10,470 - Personnel Services, £14,400 - Property Services, £20,080 - Head of Assets and Finance, £51,440 - Digital Transformation, £23,710 - Corporate Leadership Team and Legal Services £8,480. These are offset by a reduced charge from Accountancy (£11,310).
	2,516,853	**1,755,247**	**(761,606)**	
Total Finance & Assets	**4,305,907**	**3,883,103**	**(422,804)**	

Legal and Democratic Services

2018/19 Actual £	Service	Base Budget 2020/21 £	Base Budget 2019/20 £	Variance Base to Base £
435,630	Benefits Administration	430,319	552,357	122,038
566,916	Members Services	503,747	507,062	3,315
360,813	Legal Services	359,248	316,516	(42,732)
1,363,359	**Total Net Costs**	**1,293,314**	**1,375,935**	**82,621**
14,000	Capital Charges	0	0	0
762,961	Support Service Charges in	734,630	686,560	(48,070)
-507,916	Support Service Recharges out	(516,388)	(456,426)	59,962
1,632,404	**Total Net Cost of Services**	**1,511,556**	**1,606,069**	**94,513**

General Fund Service Area Budgets 2020/21

Legal and Democratic Services

Service Area	Base Budget 2019/20 £	Base Budget 2020/21 £	Movement £	Explanation for Movement
Benefits Administration				
Gross Direct Costs	805,512	897,550	92,038	£82,557 Employee Inflation. £9,481 Pension Fund Adjustments.
Gross Direct Income	(375,193)	(345,193)	30,000	Anticipated reduction in admin subsidy grant received from The Department for Works and Pensions (DWP).
Support Service Charges	519,240	488,240	(31,000)	Lower recharges of (£41,230) from Digital Transformation, offset by a higher recharge of £7,630 from Postal & Scanning.
	949,559	**1,040,597**	**91,038**	
Members Services				
Gross Direct Costs	504,147	507,462	3,315	£6,396 - Pay award. (£5,030) - One-off training for new Members following the District election in May 2019. £1,949 - Pension fund adjustments.
Gross Direct Income	(400)	(400)	0	No Major Variances.
Support Service Charges	58,250	58,410	160	Higher recharges from Telephone Services £2,900 and Computer (Web Team) £2,450. These are offset by lower recharges from Reprographics (£3,590) and Digital Transformation (£2,460).
	561,997	**565,472**	**3,475**	
Legal Services				
Gross Direct Costs	689,194	646,462	(42,732)	£18,861 - Pay award. (£64,092) - End of fixed term contracts. £2,499 - Pension fund adjustments.
Gross Direct Income	(329,946)	(329,946)	0	No Major Variances.
Support Service Charges	157,140	139,910	(17,230)	(£9,340) - Lower recharge from Digital Transformation. The balance consists of minor variances.
Support Service Recharges	(516,388)	(456,426)	59,962	Reduced recharges reflecting lower service costs.
	0	**0**	**0**	
Total Legal and Democratic Services	**1,511,556**	**1,606,069**	**94,513**	

Planning

2018/19 Actual	Service	Base Budget 2019/20	Base Budget 2020/21	Variance Base to Base
£		£	£	£
251,661	Development Management	134,917	175,692	40,775
510,150	Planning Policy	626,541	669,343	42,802
158,801	Conservation, Design & Landscape	101,081	152,035	50,954
231,245	Major Developments	236,255	238,246	1,991
(16,916)	Building Control	9,489	61,956	52,467
182,667	Head Of Planning	119,410	132,755	13,345
(37,598)	Property Information	(2,810)	2,769	5,579
1,280,010	**Total Net Costs**	**1,224,883**	**1,432,796**	**207,913**
41,038	Capital Charges	37,106	36,000	(1,106)
1,269,662	Support Service Charges in	1,125,576	1,057,086	(68,490)
(282,586)	Support Service Recharges out	(152,960)	(146,865)	6,095
2,308,124		**2,234,605**	**2,379,017**	**144,412**

General Fund Service Area Budgets 2020/21

Planning

Service Area	Base Budget 2019/20 £	Base Budget 2020/21 £	Movement £	Explanation for Movement
Development Management				
Gross Direct Costs	957,117	997,392	40,275	£27,495 Employee inflation. £3,008 Employee joining the pension scheme. £11,996 Pension Fund adjustments.
Capital Charges	37,106	36,000	(1,106)	
Gross Direct Income	(822,200)	(821,700)	500	No Major Variances.
Support Service Charges	667,710	618,290	(49,420)	Higher recharges of £10,030 from Corporate Enforcement, £4,060 from Postal & Scanning Services, £5,340 from Personnel & Communications, £9,500 from Computers and the Web team and £3,340 from Admin Buildings. Lower recharges of (£14,360) from Legal, (£5,940) from Reprographics, (£12,140) from Digital Transformation, (£40,230) from Housing Strategy and (£7,070) from Storage Depots,
	839,733	**829,982**	**(9,751)**	
Planning Policy				
Gross Direct Costs	626,541	669,343	42,802	£11,597 Employee Inflation. £5,103 Employee joining the superannuation scheme. £8,749 Pension Fund adjustments. £19,821 net movement in reserve funding for Local Plan review.
Support Service Charges	73,506	93,076	19,570	Higher recharges of £2,700 from Personnel, £9,390 from Computers and the Web team, £10,930 from Reprographics, £2,820 from Admin Buildings and £8,700 from Housing Strategy. Lower recharges of (£19,350) from Legal and (£2,090) from Digital Transformation. The balance consists of minor variances.
	700,047	**762,419**	**62,372**	
Conservation, Design & Landscape				
Gross Direct Costs	101,081	153,035	51,954	£50,000 Conservation Area Appraisal five year programme funded from the General Reserve.
Gross Direct Income	0	(1,000)	(1,000)	No Major Variances.
Support Service Charges	70,070	77,830	7,760	No Major Variances.
	171,151	**229,865**	**58,714**	
Major Developments				
Gross Direct Costs	236,255	238,246	1,991	£1,975 Pension Fund adjustments.
Support Service Charges	95,670	78,760	(16,910)	Lower recharges of (£7,360) from Computers and the Web team, (£4,530) from Digital Transformation, (£4,910) from Legal Services. Higher recharges of £8,700 from Housing Strategy. The balance consists of minor variances.
	331,925	**317,006**	**(14,919)**	

General Fund Service Area Budgets 2020/21

Planning

Service Area	Base Budget 2019/20 £	Base Budget 2020/21 £	Movement £	Explanation for Movement
Building Control				
Gross Direct Costs	395,739	451,956	56,217	£4,183 Employee Inflation. £7,947 Pension Fund adjustment. £44,441 Additional Staffing to be funded from the Building Control Reserve.
Gross Direct Income	(386,250)	(390,000)	(3,750)	Additional income from Energy Assessments.
Support Service Charges	123,110	124,740	1,630	Lower recharge of (£4,870) from Digital Transformation and (£3,170) from Creditors, Higher recharge of £2,050 from Computers and the Web team, £5,560 from Customer Services and £2,470 from Internal Audit.
	132,599	**186,696**	**54,097**	
Head Of Planning				
Gross Direct Costs	119,410	132,755	13,345	£11,441 Employee Inflation. £1,867 Pension Fund adjustments.
Support Service Charges	33,550	14,110	(19,440)	Lower recharges of (£8,460) from Computers, (£2,000) from Personnel and (£3,340) from Digital Transformation. The balance consists of minor variances.
Support Service Recharges	(152,960)	(146,865)	6,095	Reduced recharges reflecting lower service costs.
	0	**0**	**0**	
Property Information				
Gross Direct Costs	187,190	184,959	(2,231)	(£5,000) Norfolk County Council fees, in line with current year actuals.
Gross Direct Income	(190,000)	(182,190)	7,810	Income reduced to reflect lower costs to recover.
Support Service Charges	61,960	50,280	(11,680)	Lower recharges of (£5,120) from Computers and (£3,860) from Digital Transformation.
	59,150	**53,049**	**(6,101)**	
Total Planning	**2,234,605**	**2,379,017**	**144,412**	

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North Norfolk District Council

Council Tax Summary 2020-21

	2019-20 Actual £	Actual 2020-21 3.3% Council Tax Increase	Variance £	Variance %
Demand on Collection Fund (excluding Parish/Town Precepts)	£ 6,240,604	£ 6,305,671	£65,067	1.0%
District Council Tax Level at Band D	£ 153.63	£ 154.98	£1.35	0.9%
Less Estimated Collection Fund Surplus at 31st March	(£4.86)	(£1.26)	£3.60	-74.1%
Net District Council Tax at Band D	**£ 148.77**	**£ 153.72**	£4.95	3.3%
Value of Precepts	£2,390,634	£2,466,446	£75,812	3.2%
Effect of Parish/Town Precepts	58.85	60.62	£1.77	3.0%
Billed District Council Tax at Band D	£ 207.62	£ 214.34	£6.72	3.2%

Tax Base	40,621	40,687
Tax Base Movement		66

Note: The Tax Base for 2019/20 is 40,687 (2019/20 40,621) so each £40,687 change in net expenditure has £1.00 effect on Council Tax at Band D.

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Reserves Statement 2020-21 Onwards **Appendix D**

Reserve	Purpose and Use of Reserve	Balance 01/04/19 £	Updated Budgeted Movement 2019/20 £	Balance 01/04/20 £	Budgeted Movement 2020/21 £	Balance 01/04/21 £	Budgeted Movement 2021/22 £	Balance 01/04/22 £	Budgeted Movement 2022/23 £	Balance 01/04/23 £	Budgeted Movement 2023/24 £	Balance 01/04/24 £
General Fund - General Reserve	A working balance and contingency, current recommended balance is £1.9 million.	**2,360,755**	(59,619)	**2,301,136**	(116,528)	**2,184,608**	(69,109)	**2,115,499**	(50,000)	**2,065,499**	(50,000)	**2,015,499**
Earmarked Reserves:												
Capital Projects	To provide funding for capital developments and purchase of major assets. This includes the VAT Shelter Receipt.	**2,480,010**	(1,606,353)	**873,657**	(636,302)	**237,355**	0	**237,355**	0	**237,355**	0	**237,355**
Asset Management	To support improvements to our existing assets as identified through the Asset Management Plan.	**1,556,673**	(56,502)	**1,500,171**	(27,000)	**1,473,171**	(5,000)	**1,468,171**	(15,000)	**1,453,171**	(5,000)	**1,448,171**
Benefits	To be used to mitigate any claw back by the Department of Works and Pensions following final subsidy determination. Timing of the use will depend on audited subsidy claims. Also included in this allocation are service specific grants for service improvements that have not yet been offset by expenditure.	**1,340,308**	(512,838)	**827,470**	(253,801)	**573,669**	0	**573,669**	0	**573,669**	0	**573,669**
Broadband	Earmarks £1million for superfast broad band in North Norfolk. (600k was transferred from the BSF reserve and £400k from NHB reserve)	**1,000,000**	(1,000,000)	**0**	0	**0**	0	**0**	0	**0**	0	**0**
Building Control	Building Control surplus ring-fenced to cover any future deficits in the service.	**191,428**	0	**191,428**	(44,441)	**146,987**	(44,441)	**102,546**	(44,441)	**58,105**	(44,441)	**13,664**
Business Rates	To be used for the support of local businesses and to mitigate impact of final claims and appeals in relation to business rates retention scheme.	**2,438,428**	(562,166)	**1,876,262**	(27,068)	**1,849,194**	(18,000)	**1,831,194**	(18,000)	**1,813,194**	(18,000)	**1,795,194**
Coast Protection	To support the ongoing coast protection maintenance programme ands carry forward funding between financial years.	**180,595**	(42,302)	**138,293**	(37,958)	**100,335**	0	**100,335**	0	**100,335**	0	**100,335**
Communities	To support projects that communities identify where they will make a difference to the economic and social wellbeing of the area. Funded by a proportion of NCC element of second homes council tax.	**1,651,796**	(785,563)	**866,233**	(242,000)	**624,233**	(242,000)	**382,233**	(242,000)	**140,233**	0	**140,233**
Economic Development and Regeneration	Earmarked from previous underspends within Economic Development and Regeneration Budgets along with funding earmarked for Learning for Everyone.	**170,621**	(10,000)	**160,621**	(10,000)	**150,621**	0	**150,621**	0	**150,621**	0	**150,621**
Election Reserve	Established to meet costs associated with district council elections, to smooth the impact between financial years.	**123,000**	(120,000)	**3,000**	40,000	**43,000**	40,000	**83,000**	40,000	**123,000**	(120,000)	**3,000**

Reserves Statement 2020-21 Onwards

Appendix D

Reserve	Purpose and Use of Reserve	Balance 01/04/19 £	Updated Budgeted Movement 2019/20 £	Balance 01/04/20 £	Budgeted Movement 2020/21 £	Balance 01/04/21 £	Budgeted Movement 2021/22 £	Balance 01/04/22 £	Budgeted Movement 2022/23 £	Balance 01/04/23 £	Budgeted Movement 2023/24 £	Balance 01/04/24 £
Enforcement Works	Established to meet costs associated with district council enforcement works including buildings at risk .	**137,354**	0	**137,354**	0	**137,354**	0	**137,354**	0	**137,354**	0	**137,354**
Environmental Health	Earmarking of previous underspends and additional income to meet Environmental Health initiatives.	**323,332**	(40,000)	**283,332**	0	**283,332**	0	**283,332**	0	**283,332**	0	**283,332**
Grants	Revenue Grants received and due to timing issues not used in the year.	**536,670**	(14,655)	**522,015**	(57,066)	**464,949**	(14,655)	**450,294**	(14,655)	**435,639**	(14,655)	**420,984**
Housing	The balance of the Housing Community Grant funding received in 2016/17. It also includes Central Government Grants for Homelessness Prevention initiatives, this is drawn down across financial years.	**2,534,316**	(71,253)	**2,463,063**	(488,585)	**1,974,478**	(611,672)	**1,362,806**	(548,293)	**814,513**	0	**814,513**
Land Charges	To mitigate the impact of potential income reductions.	**289,280**	0	**289,280**	0	**289,280**	0	**289,280**	0	**289,280**	0	**289,280**
Legal	One off funding for Compulsory Purchase Order (CPO) work and East Law Surplus.	**128,691**	0	**128,691**	(25,446)	**103,245**	(16,964)	**86,281**	0	**86,281**	0	**86,281**
LSVT Reserve	To meet the cost of successful warranty claims not covered by bonds and insurance following the housing stock transfer.	**435,000**	(435,000)	**0**	0	**0**	0	**0**	0	**0**	0	**0**
New Homes Bonus (NHB)	Established for supporting communities with future growth and development and Plan review*	**512,183**	(286,723)	**225,460**	(225,460)	**0**	0	**0**	0	**0**	0	**0**
Organisational Development	To provide funding for organisation development to create capacity within the organisation, including the provision and support for apprenticeships and internships.	**314,475**	(78,246)	**236,229**	(97,885)	**138,344**	(23,083)	**115,261**	(18,629)	**96,632**	0	**96,632**
Pathfinder	To help Coastal Communities adapt to coastal changes.	**143,168**	(40,076)	**103,092**	(20,500)	**82,592**	(20,500)	**62,092**	(3,417)	**58,675**	0	**58,675**
Planning	Additional Planning income earmarked for Planning initiatives including Plan Review.	**109,684**	50,000	**159,684**	50,000	**209,684**	50,000	**259,684**	50,000	**309,684**	50,000	**359,684**
Property Investment Fund	To provide funding for the acquisition and development of new land and property assets	**2,000,000**	1,000,000	**3,000,000**	(3,000,000)	**0**	0	**0**	0	**0**	0	**0**
Restructuring & Invest to Save Proposals	To fund one-off redundancy and pension strain costs and invest to save initiatives. Transfers from this reserve will be allocated against business cases as they are approved. Timing of the use of this reserve will depend on when business cases are approved.	**1,882,870**	(561,541)	**1,321,329**	(732,950)	**588,379**	(240,000)	**348,379**	(100,000)	**248,379**	0	**248,379**
Sports Hall Equipment & Sports Facilities	To support renewals for sports hall equipment. Amount transferred in the year represents over or under achievement of income target.	**5,682**	0	**5,682**	0	**5,682**	0	**5,682**	0	**5,682**	0	**5,682**
Total Reserves		***22,846,317***	(5,232,837)	**17,613,480**	(5,952,990)	**11,660,490**	(1,215,424)	**10,445,066**	(964,435)	**9,480,631**	(202,096)	**9,278,535**

GENERAL FUND CAPITAL PROGRAMME - 2020/21 | **Appendix E1**

Scheme	Scheme Total Current Estimate	Pre 31/3/19 Actual Expenditure	Updated Budget 2019/20	Current Expenditure and Commitments 2019/20	Updated Budget 2020/21	Updated Budget 2021/22	Updated Budget 2022/23
	£	£	£	£	£	£	£
Boosting Business Sustainability and Growth							
Rocket House	**77,084**	37,334	0	0	39,750	0	0
Better Broadband for Norfolk	**1,000,000**	0	1,000,000	1,000,000	0	0	0
Local Property Investment Fund	**1,000,000**	0	0	0	1,000,000	0	0
Property Investment Company	**2,000,000**	0	0	0	2,000,000	0	0
Purchase of New Car Park Vehicles	**60,000**	45,000	0	0	15,000	0	0
Deep History Coast	**692,973**	318,050	374,923	288,669	0	0	0
Fair Meadow House Improvements	**50,000**	16,235	0	0	33,765	0	0
Fair Meadow House Annexe	**55,000**	0	0	0	55,000	0	0
Collectors Cabin	**25,000**	652	0	0	24,348	0	0
Cornish Way	**170,000**	0	1,770	1,770	168,230	0	0
Fakenham Connect	**100,000**	0	332	332	99,668	0	0
Bacton Car Park	**30,000**	0	30,000	10,450	0	0	0
Holway Road Roundabout	**100,000**	0	0	0	100,000	0	0
North Walsham Heritage Action Zone	**1,950,000**	0	0	0	1,950,000	0	0
Public Convenience Improvements	**600,000**	45,741	150,000	151,245	404,259	0	0
Cabbell Park Car Park	**50,000**		50,000	0	0	0	0
	7,960,057	**463,012**	**1,607,025**	**1,452,465**	**5,890,020**	**0**	**0**
Local Homes for Local Need							
Disabled Facilities Grants	**Annual programme,**	**Annual programme,**	1,122,631	424,318	1,000,000	1,000,000	1,000,000
Parkland Improvements	**100,000**	12,996	0	0	87,004	0	0
Compulsory Purchase of Long Term Empty Properties	**675,500**	490,654	184,846	0	0	0	0
Shannocks Hotel	**477,887**	51,638	426,249	0	0	0	0
Laundry Loke - Victory Housing	**100,000**	0	100,000	0	0	0	0
Community Housing Fund	**2,198,261**	416,760	200,000	141,974	527,167	527,167	527,167
Provision of Temporary Accomodation	**610,000**	0	0	0	610,000	0	0
Fakenham Extra Care	**215,500**	0	0	0	215,500	0	0
	4,377,148	**972,047**	**2,033,726**	**566,292**	**2,439,671**	**1,527,167**	**1,527,167**
Climate, Coast and the Environment							
Gypsy and Traveller Short Stay Stopping Facilities	**1,417,533**	1,347,941	40,849	0	28,743	0	0
Cromer Pier Structural Works - Phase 2	**1,378,549**	1,364,734	13,815	0	0	0	0
Cromer Pier and West Prom Refurbishment Project	**1,119,805**	1,119,299	506	34,897	0	0	0
Cromer West Prom Chalets	**62,000**	0	62,000	0	0	0	0
Refurbishment Works to the Seaside Shelters	**149,501**	145,130	4,371	627	0	0	0
Cromer Coast Protection Scheme	**8,822,001**	5,305,389	30,000	17,650	1,743,306	1,743,306	0
Coastal Erosion Assistance	**90,000**	41,203	0	0	48,797	0	0
Coastal Adaptations	**410**	0	0	0	410	0	0
Mundesley - Refurbishment of Coastal Defences	**3,221,000**	45,786	30,000	5,806	1,572,607	1,572,607	0
Cromer Pier - Steelworks and Improvements to Pavilion Theatre	**1,143,954**	382,869	761,085	543,335	0	0	0
Beach Access	**201,514**	182,742	18,772	40,202	0	0	0

Scheme	Scheme Total Current Estimate	Pre 31/3/19 Actual Expenditure	Updated Budget 2019/20	Current Expenditure and Commitments 2019/20	Updated Budget 2020/21	Updated Budget 2021/22	Updated Budget 2022/23
	£	£	£	£	£	£	£
Sea Palling Ramp	**10,000**	0	10,000	0	0	0	0
Bacton and Walcott Coastal Management Scheme	**500,000**	353,965	146,035	500,000	0	0	0
	18,116,267	**10,289,058**	**1,117,433**	**1,142,516**	**3,393,863**	**3,315,913**	**0**
Quality of Life							
Splash Roof Repairs	**63,120**	9,866	0	0	53,254	0	0
Holt Country Park Play Area	**52,000**	0	52,000	0	0	0	0
Cromer Sports Hall	**102,000**	0	102,000	0	0	0	0
Steelwork Protection to Victory Pool and Fakenham Gym	**27,500**	33	0	0	27,467	0	0
Fakenham Gym	**62,500**	0	0	0	62,500	0	0
Splash Gym Equipment	**1,013,000**	0	376,698	376,698	636,302	0	0
North Walsham Artificial Grass Pitch	**860,000**	3,018	100,000	8,117	756,982	0	0
Splash Leisure Centre Reprovision	**12,697,000**	1,060,709	1,611,355	427,327	8,395,461	1,629,475	0
	14,877,120	**1,073,626**	**2,242,053**	**812,142**	**9,931,966**	**1,629,475**	**0**
Customer Focus and Financial Sustainability							
Administrative Buildings	**1,302,570**	919,747	382,823	551,778	0	0	0
Council Chamber and Committee Room Improvements	**89,000**	76,679	12,321	69,187	0	0	0
Environmental Health IT System Procurement	**150,090**	114,988	25,102	2,000	10,000	0	0
Document and Records Management System	**60,000**	36,157	23,843	10,950	0	0	0
Purchase of Bins	**612,800**	292,800	80,000	70,269	80,000	80,000	80,000
User IT Hardware Refresh	**275,000**	59,146	50,854	14,640	55,000	55,000	55,000
Storage Hardware	**60,000**	0	60,000	14,643	0	0	0
Members IT	**65,000**	0	65,000	29,027	0	0	0
Back Scanning of Files	**200,000**	109,176	90,824	50,541	0	0	0
Electric Vehicle Charging Points	**248,600**	0	248,600	0	0	0	0
Waste vehicles	**4,500,000**	0	0	0	4,500,000	0	0
Housing Options System	**20,000**	650	0	0	19,350	0	0
	7,583,060	**1,609,343**	**1,039,367**	**813,034**	**4,664,350**	**135,000**	**135,000**
	52,913,652	**14,407,087**	**8,039,604**	**4,786,450**	**26,319,870**	**6,607,555**	**1,662,167**

Capital Programme Financing

	Updated Budget 2019/20	Current Expenditure and Commitments 2019/20	Updated Budget 2020/21	Updated Budget 2021/22	Updated Budget 2022/23
Grants	**1,987,252**	**487,976**	**6,368,453**	**4,315,913**	**1,000,000**
Other Contributions	**500,000**	**0**	**0**	**0**	**0**
Asset Management Reserve	**2,102**	**2,102**	**0**	**0**	**0**
Capital Project Reserve	**1,606,353**	**999,669**	**636,302**	**0**	**0**
Other Reserves	**1,350,000**	**1,293,219**	**3,931,426**	**527,167**	**527,167**
Capital Receipts	**2,493,897**	**1,995,367**	**3,488,228**	**135,000**	**135,000**
Internal / External Borrowing	**100,000**	**8,117**	**11,895,461**	**1,629,475**	**0**
TOTAL FINANCING	**8,039,604**	**4,786,450**	**26,319,870**	**6,607,555**	**1,662,167**

CAPITAL BIDS - 2020/21 to 2023/24 SUMMARY **Appendix E2**

Ref. (Bid Forms)	Bid Title/Brief Description	Total Estimated Project Costs	Estimated Costs				Total Additional Funding Requested as part of Capital Budget	Annual Revenue Costs / (Income)	Comments	SLT comments
			2020/21	2021/22	2022/23	2023/24				
Coastal Partnership East										
CP01	**Replacement of Flood Gates at Cable Gap Bacton, The Ship Bacton & Walcott Post Office**	**45,500**	45,500	0	0	0	45,500	200	To replace the 3 composite mild steel/timber hinged flood gates which are over 40 years old, with a modern design comprising a galvanised steel frame with hardwood timber planking infill. To install one pedestrian flood gate to replace flood boards. All three flood gates have been refurbished a multitude of times and they are now in need of replacement. This is an ideal time to replace these gates whilst the newly imported beach at Bacton/Walcott is in place and the likelihood of emergency closure being needed is seriously diminished.	Support
CP02	**Weybourne Relocation of Palisade**	**24,600**	24,600	0	0	0	24,600	200	To remove the timber structure which separates the car park and the shingle bank only - comprising timber piles, planks and three sets of timber steps and relocate it approximately 6 metres landward of its current position. This will maintain a practical car park & well maintained area where the shingle bank is separated by a timber palisade, to stop the bank migrating landward and covering the car park and maintain the integrity of the shingle bank which provides flood and erosion protection.	Remove - investigate other sources of funding, needs to be joined up with bid for PC provision below (PR01)
Customer Services and IT										
CS01	**Digital Signage**	**11,000**	11,000	0	0	0	11,000	2,000	The need for the ability to provide accurate contemporaneous information to staff; a learning outcome from the IT disruption in June 2019. The facility will provide day to day information to staff/visitors as they arrive in the building before they can log on or in the event of an IT or other outage.	Remove – improve customer satisfaction as part of customer service strategy
CS02	**Backup Network Upgrade**	**14,000**	14,000	0	0	0	14,000	0	To enhance the Council's data backup arrangements for Business Continuity/Disaster Recovery Purposes; the network bandwidth between Cromer and Fakenham requires an upgrade. This will reduce the risk of data loss in the event of a system failure or DR/BC event.	Support
CS03	**Fire Wall Replacements**	**36,000**	36,000	0	0	0	36,000	7,200	The primary and secondary Firewalls that prevent unauthorised access to the Council's IT systems and data are at the end of their operational lifetime and require replacing.	Support
CS04	**Refurbishment of IT Training Room**	**15,000**	15,000	0	0	0	15,000	0	The facilities provided to support IT and other training are obsolete and no longer meet the needs of the organisation.	Support
CS05	**SLT Tablet Replacement**	**10,000**	10,000	0	0	0	10,000	0	The tablet devices used by members of SLT are at the end of their operational life and require replacement.	Remove
Property Services										
PR01	**Weybourne Car Park Toilets**	**16,000**	16,000	0	0	0	16,000	2,000	Provision of a single waterless, accessible toilet including siting. This is (for NNDC) an experiment into different solutions for toilet provision; a standalone unit providing a green solution, designed to be suitable for remote locations. Part of a holistic view approach to coastal defence and car park management. To support installation of DHC discovery point and installation of a Norfolk Coast Partnership board walk over adjacent marshes. The installation of this unit, coupled with the DHC installation should increase car park revenues to help offset some of the identified costs and the potential for concessions could be explored.	Remove - needs to be linked and delived alongside CP02 above
PR02	**Play area equipment**	**100,000**	100,000	0	0	0	100,000	0	NNDC currently operate 24 outdoor recreational play area sites across the district of varying ages and condition with potentially more to come through 106 agreements. The Council undertakes 3 operational and 1 annual inspection. Current revenue budgets do not provide enough budget to consider replacement of old equipment, some of which is out of date, with no spares etc. New equipment required to replace old antiquated equipment with new equipment more suited to children of all abilities. ROSPA encourage and approve outdoor play as it is good for developing early social skills and promotes fitness and general wellbeing. Getting to the point now where we can fix them up where possible or take them out and not replace. Some external funding available via Tesco's, Big Society Fund (although historically not to be used to improve our own assets) and local fundraising groups. Suggest 100k spent across the district to replace kit already removed. Failure to regenerate the play areas will result in reduction of provision and eventual closure with possible insurance claim risks due to ageing equipment.	Remove - Further piece of work to be carried out on play area strategy first which will then drive the levels of any future investment. Empower Town and Parish Ccouncils to consider taking over responsibility, Driven by Q of L workstream, Look at Local Plan/alternative streams of funding

Ref. (Bid Forms)	Bid Title/Brief Description	Total Estimated Project Costs	Estimated Costs				Total Additional Funding Requested as part of Capital Budget	Annual Revenue Costs / (Income)	Comments	SLT comments
			2020/21	2021/22	2022/23	2023/24				
PR03	**Cromer office LED lighting**	**60,000**	60,000	0	0	0	60,000	(2,000)	Proposal to replace existing office lighting (some old fluorescent lighting with CAT louvres) with modern and energy saving LED (light emitting diodes) with PIR sensors (passive infa red) throughout the building including tenanted and public areas. Existing lighting is poor in some areas and inconsistent with varying lux levels. We are getting increasing complaints from both our staff and tenants about the quality of the lighting. Some staff are unable to work under certain lighting conditions which necessitates relocation and in some cases has resulted in sickness absence. Some of our equipment and hardware is old and irreplaceable and this makes maintenance increasingly harder and achievement of a constant level of lighting difficult. Replacement with LED and PIR would save energy and ongoing maintenance costs and improve the provision of lighting in our building for staff, tenants and visitors alike. Anticipated saving in energy costs etc. of c£2k pa.	Support - in principle, further investigation and provide a business case
PR04	**Cromer officer fire alarm system upgrade/replacement**	**80,000**	80,000	0	0	0	80,000	0	The existing fire alarm is approaching 30 years old. Components are failing due to age and it is becoming increasingly difficult to replace them as they are no longer manufactured and due to the design of our building high level access is challenging. High level areas of detection are now considered inadequate and have failed recent tests. We require an L1 type addressable system with upper limit aspiration that will afford the best early warning and protection for staff, tenants and the public in the event of evacuation. We also need to provide 1st floor disabled and vulnerable person refuge areas above protected stairways at each end of the building. These areas should also have audio connection to rescuers. We do not currently have such areas and are possibly failing statutory obligations under current building regulations, Equality act and the Regulatory Reform Fire Safety Order. There are improved detection systems for high level areas that require minimal maintenance going forward and it is recommended that we take advantage of the high level scaffolding we currently have throughout the building as this would significantly reduce the access costs for such works. However, new systems may not necessarily be compatible and interphase with our existing system therefore the recommendation is to commission an independent fire alarm design based on a fire risk assessment that we could then go to tender with. It is recommended that this consultancy work is undertaken by the FPA (Fire Prevention Association). It is anticipated that this consultation would cost in the region of 5k and the works themselves to be in the region of 75k.	Review work, funded from reserve. Not capital bid, anything else would be BC. Initial investigations by FPA to be progressed to assess and advise on safety etc of current system and future requirements (£5k to come from the Asset Management Reserve if it can't be contained within existing budgets).
PR05	**Fakenham Connect public WC provision**	**25,000**	25,000	0	0	0	25,000	0	Whilst the WC's for the various services making up the staff at connect have been significantly improved, the WC's available for the public users of the building (separate gents, ladies and disabled), whilst being functional, are in very poor condition and need improvement. The Property team are constantly attending for minor maintenance issues that could be solved by minor re-configuration and enabling works. The WC's are currently used by the public and wedding parties and as head leasee it is our responsibility to insure the facilities provide a decent quality of service.	Remove - consider funding from alternative budgets, needs review in light of NCC/registrars potentially coming out of building
PR06	**Cromer pier bar and theatre public conveniences**	**65,000**	65,000	0	0	0	65,000	0	The public conveniences in the bar / theatre area of the pier are poor and do not support a good customer experience. The disabled facility is currently to the west side of the theatre but the access here to the theatre is only by steps, therefore wheelchair users or persons requiring frames or assistance must cross the busy floor space to achieve level access to the theatre on the east side which can be challenging during the interval at busy shows. The proposal is to increase provision to both ladies (west side) and gents (east side) and move the disabled over to the east side, therefore allowing ease of access. With some minor alterations to the external arrangement we can also provide additional office / storage space for the operator which is in short supply. The Heritage and Conservation officer has already given approval for the external design proposals. Under the current contract arrangements the maintenance of these internal areas is contractually the responsibility of Openwide and not ours although this would be considerable improvement and upgrading of the facilities as opposed to just maintaining and the Council enjoys a 15% profit share as part of the contract.	On hold pending further discussions with contractor. Link to profit share – can Openwide contribute?
PR07	**Unit 1 & 2, Surf Lifesaving School, Cromer Promenade**	**55,000**	55,000	0	0	0	55,000	0	As part of the asset survey programme carried out by Hamson Barron Smith, unit 1 & 2 of the old Red Lion public conveniences was inspected in July 2019. Units 1&2 were created in 2010 whereby bringing a redundant asset back on line and creating employment and providing a venue for life saving training. Both enterprises continue to be successful. The executive summary has identified numerous faults and defects that require attention (including major water ingress) and are the responsibility of NNDC. The works are required to maintain the unit in serviceable condition and longevity or eventually they will become inoperable and have to be closed.	Support - in principle but consider payback (£7.5k annual rental income = payback of 7.3 years based on current cost estimates. Seek quotes for works and consider VFM before final decision.

Ref. (Bid Forms)	Bid Title/Brief Description	Total Estimated Project Costs	Estimated Costs 2020/21	2021/22	2022/23	2023/24	Total Additional Funding Requested as part of Capital Budget	Annual Revenue Costs / (Income)	Comments	SLT comments
PR08	**Ramps and Steps at Sheringham from Vincent Road to East Promenade.**	**50,000**	50,000	0	0	0	50,000	0	The access comprises of a tarmac slope from Vincent Road down to a historic set of concrete steps built into the cliff retaining wall, estimated age pre WW2. The structure is in poor condition and suffers from penetration from ground water. There are several bore holes in the vicinity, which we maintain to divert the water to the lower chalk beds. The external rendering where defective would need removing and major cracks stich bonded with Heli bars. A new waterproof render coat would then be applied. There are also live/redundant water and electrical supplies in the area that would benefit from tidying up at the same time. There are also 2no surface water drains that require replacement to keep them free flowing. They run from the bottom of the steps across the promenade, with one discharging through the sea wall and the other connects into the combi sewer. Whilst presently the ramp and steps do not pose a significant risk to the public, we should consider that they are the only point of access to the promenade for the public from that end and this includes the beach hut users.	Remove - not supported at the current point in time unless there are significant H&S reasons to do so
HR Services										
HR01	**HR Information System - Implementation**	**108,100**	108,100	0	**0**	0	108,100	0	The current contract for the Council's HR Information System (HRIS) expires in June 2021. The contract needs to be reprocured, with an aim to award by October 2020 to ensure there is ample time to set up, test and run in parallel ready for June 2021. The Council has an ongoing need for an HRIS for the management of employee records and payroll. The reprocurement of the system allows the Council to seek to improve the functionality of the current system from an HR perspective, but also a manager/employee self service perspective. This is consistent with the digital improvement and customer focus agendas. A better self service offer will also assist in efficiency and allow HR to move away from transactional work and focus more on organisational development. The organisation needs a mechanism to store employee records and process payroll in a way that is secure and compliant with legislation. Without this in place we would not be able to run payroll or comply with audit/legislative requirements. The system is also necessary for the management of employees and provision of data for both MI purposes, statutory reporting, budgets and more. Even if an extension to the current contract would be possible, there would be a cost to extending this arrangement.	Support - based on business case
Revenues & Benefits										
RB01	**Revenues & Benefits Civica (Open Revenues) - Licences & Support**	**100,000**	100,000	0	**0**	0	100,000	38,884	The existing supplier contract for the Revenues and Benefits IT system ends in October 2020. This is currently provided by Civica (Open Revenues). A project team has been set up to successfully procure and implement a new system. Following a review of the current market providers, the project team has agreed the best solution is to offer a Direct Award to Civica (Open Revenues) for a 5-year period with the option of having a 2-year extension period. The procurement of the IT system is essential in order to deliver essential services collecting Council Tax and Non-Domestic Rates under the Local Government Finance Act, for the administration of Housing Benefit under the Housing Benefit Regulations 1996, and for the administration of Council Tax Support under the Local Government Finance Act 2013. This is a statutory duty of the council.	Support - based on business case

		2020/21	2021/22	2022/23	2023/24		
Total Capital Project Bids recommended	**433,600**	**433,600**	**0**	**0**	**0**	**433,600**	**44,284**
Total Capital Project Bids rejected/subject to further work	**381,600**	**381,600**	**0**	**0**	**0**	**381,600**	**4,200**
Total Capital Project Bids submitted	**815,200**	**815,200**	**0**	**0**	**0**	**815,200**	**48,484**
	0						
Total New Capital Funding Required	**433,600**	To be funded from NNDC Resources					
Potential Revenue Implications of recommended bids:							
Revenue cost/(income)		22,142	44,284	44,284	44,284		
Investment Income Reduction and Minimum Revenue Provision (assume opportunity cost @ 2.0%)		443	886	886	886		
Total Estimated Revenue Impact		**22,585**	**45,170**	**45,170**	**45,170**		

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Capital Strategy 2020-21

Summary:	This report sets out the Council's Capital Strategy for the year 2020-21. 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 2020-21 are approved.
Reasons for Recommendation:	Approval by Council demonstrates compliance with the Codes and provides a framework within which to consider capital investment decisions.

Cabinet Member(s) Cllr E Seward	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 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 2019) can be found as part of the Council's draft Budget papers (Appendix E).

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 Currently, the Council is expecting to borrow in future years to part fund the re-provision of Splash Leisure and Fitness Centre in Sheringham, and to provide waste collection vehicles for the new waste contract. It is anticipated that there will be external borrowing for these project in the region of £12m, with £1.6m forecasted to be required in 2021/22.

3.6 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.

3.7 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 DCLG 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 he 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).

	2020/21 £m	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**
Authorised limit for borrowing	27.400	28.400	28.400	28.400
Authorised limit for other long-term liabilities	0.000	0.000	0.000	0.000
Authorised limit for external debt	27.400	28.400	28.400	28.400

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.

	2020/21 £m	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**
Operational boundary for borrowing	22.680	23.530	23.530	23.530
Operational boundary for other long-term liabilities	0.000	0.000	0.000	0.000
Operational boundary for external debt	22.680	23.530	23.530	23.530

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.

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Estimated Capital Expenditure	26.320	6.608	1.662	1.662

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.

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
CFR	14.467	15.130	14.110	13.090
Less: Other Debt Liabilities	0.000	0.000	0.000	0.000
Estimated Capital Financing Requirement	14.467	15.130	14.110	13.090

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.

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Financing cost (net)	(0.953)	(0.922)	(0.922)	(0.949)
Net Revenue Stream	15.475	14.819	15.254	15.254
Ratio	-6.16%	-6.22%	-6.04%	-6.22%

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 2020/21

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 Ministry of Housing, Communities and Local Government (MHCLG).
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) Cllr E Seward	Ward(s) affected: All
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 £36.9m and £46.6m during the 2020/21 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 2020/21 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: The Council may lend money to its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth. The Council is currently lending to Broadland Housing Association at a commercial rate of interest to support the provision of affordable housing within North Norfolk. The income forms part of the Council's interest budget for the year and supports the delivery of Council services. In the 2016/17 financial year, the Council received a grant from Central Government to support community housing. It is the intention that part of this fund will form a loans fund to allow community initiative around housing to be supported and the income to be recycled. The rates of interest are likely to be below commercial rates and so represent soft loans. To date, no loans of this nature have been made from the fund.

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	31.3.2019 actual			2020/21
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Housing associations	3.096	0.003	3.093	£10m
TOTAL	**3.096**	**0.003**	**3.093**	**£10m**

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

	31.3.2019 actual	2020/21

Category of company	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
TOTAL	**Nil**	**Nil**	**Nil**	**£15m**

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 directly in local commercial property with the intention of making a profit that will be spent on local public services. The Council currently holds two main investment properties. The depot building at Grove Lane, which is rented out to a private sector developer and Fair Meadow House, a property used for short term holiday let accommodation. Fair Meadow House provides rental income for the Council, but also supports the tourist offer within North Norfolk.

Table 3: Property held for investment purposes in £ millions

Property	Actual	31.3.2019 actual	31.3.2020 expected

	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
Grove Lane Depot		0.018	0.343	-	0.343
Fair Meadow House	0.582	0.030	0.580	-	0.580
TOTAL	**0.582**	**0.030**	**0.923**	**-**	**0.923**

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 2019/20 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.

<u>Loan Commitments and Financial Guarantees</u>

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

	2018/19 Actual	**2019/20 Forecast**	**2020/21 Budget**	**2021/22 Budget**	**2022/23 Budget**
Gross service expenditure	65.419	62.052	60.715	60.552	60.852
Investment income	1.295	1.372	1.323	1.323	1.299
Proportion	1.98%	2.21%	2.18%	2.18%	2.13%

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. A £2m property investment fund was agreed in February 2018, after being subject to scrutiny by Members. Business Cases will either come forward to Cabinet (if not time sensitive) or an Asset Management Working Party, which is a cross-party subsection of the Overview and Scrutiny Committee. 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

Total investment exposure	**31.03.2019 Actual**	**31.03.2020 Forecast**	**31.03.2021 Forecast**
Treasury management investment	44.749	41.962	40.100
Service investments: Loans	3.096	2.827	2.558
Commercial investments: Property	0.923	0.923	0.923
TOTAL INVESTMENTS	48.768	45.712	43.581
Commitments to lend	0.00	0.00	0.00
Guarantees issued on loans	0.00	0.00	0.00
TOTAL EXPOSURE	**48.768**	**45.712**	**43.581**

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

Table 6: Investments funded by borrowing in £millions

Investments funded by borrowing	**31.03.2019 Actual**	**31.03.2020 Forecast**	**31.03.2021 Forecast**
Treasury management investments	Nil	Nil	Nil
Service investments: Loans	Nil	Nil	Nil
Commercial investments: Property	Nil	Nil	Nil
TOTAL FUNDED BY BORROWING	Nil	Nil	Nil

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

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

Investments net rate of return	**2018/19 Actual**	**2019/20 Forecast**	**2020/21 Forecast**
Treasury management investments	2.89%	3.27%	3.3%
Service investments: Loans	3.8%	3.8%	3.8%
Commercial investments: Property	-2.18%	4.58%	4.8%

Table 8: Other investment indicators

Indicator	**2018/19 Actual**	**2019/20 Forecast**	**2020/21 Forecast**
Debt to net service expenditure ratio	Nil	Nil	Nil
Net Commercial income to net service expenditure ratio	-0.12%	0.24%	0.26%

North Norfolk District Council Treasury Management Strategy Statement 2020/21

Summary:	This report sets out details of the Council's treasury management activities and presents a strategy for the prudent investment of the Council's surplus funds, as well as external borrowing.
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 Statement is necessary to comply with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services.
Recommendations:	That the Council be asked to RESOLVE that The Treasury Management Strategy Statement is approved.
Reasons for Recommendation:	The Strategy provides the Council with a flexible treasury strategy enabling it to respond to changing market conditions and ensure the security of its funds, as well as secure borrowing at the best value.

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.

External Context

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2020/21.

UK Consumer Price Inflation (CPI) for September registered 1.7% year on year, unchanged from the previous month. Core inflation, which excludes the more volatile components, rose to 1.7% from 1.5% in August.

GDP growth rose by 0.3% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.0% from 1.2%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.

The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.

Credit outlook: Credit conditions for larger UK banks have remained relatively benign over the past year. The UK's departure from the European Union was delayed three times in 2019 and while there remains some concern over a global economic slowdown, this has yet to manifest in any credit issues for banks. Meanwhile, the post financial crisis banking reform is now largely complete, with the new ringfenced banks embedded in the market.

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

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

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

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

For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 3.3%, and that new long-term loans will be borrowed at an average rate of 2.74%.

Local Context

On 31st December 2019, the Authority held £7.5m of borrowing and £37.7m 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

	31.3.19 Actual £m	**31.3.20 Estimate £m**	**31.3.21 Forecast £m**	**31.3.22 Forecast £m**	**31.3.23 Forecast £m**
General Fund CFR	3.110	2.841	14.467	15.130	14.110
Less: External borrowing **	0.000	0.000	-11.198	-12.077	-11.326
Internal borrowing	**3.110**	**2.841**	**3.269**	**3.053**	**2.784**
Less: Usable reserves	-29.909	-24.581	-19.029	-17.617	-16.649
Less: Working capital	-14.358	-14.358	-14.358	-14.358	-14.358
Treasury investments	**41.156**	**36.098**	**30.118**	**28.922**	**28.222**

* leases and PFI liabilities that form part of the Authority's total debt
** 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 is currently debt free although its capital expenditure plans do currently imply a need to borrow over the forecast period. Investments are forecast to fall as capital receipts are used to finance capital expenditure.

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 2020/21.

Borrowing Strategy

The Authority currently holds £7.5m of short-term loans, an increase of £4.5 million on the previous year, as part of its strategy for funding temporary shortfalls in cash flow.

The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £11.198m in 2020/21. The Authority may also borrow additional sums to pre-fund future capital 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 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 2020/21 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive options. The Authority will now look to borrow any 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.

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:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Norfolk Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local 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 plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to 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.

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 investment balance has ranged between £32.030 and £46.985 million, and similar levels are expected to be maintained in the forthcoming year.

Objectives: The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The 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: If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

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 2020/21. A dwindling proportion of the Authority's surplus cash remains invested in short-term unsecured bank deposits, and money market funds. This diversification will represent a continuation of the current strategy.

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 internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£2m 5 years	£4m 20 years	£4m 50 years	£2m 20 years	£2m 20 years
AA+	£2m 5 years	£4m 10 years	£4m 25 years	£2m 10 years	£2m 10 years
AA	£2m 4 years	£4m 5 years	£4m 15 years	£2m 5 years	£2m 10 years
AA-	£2m 3 years	£4m 4 years	£4m 10 years	£2m 4 years	£2m 10 years
A+	£2m 2 years	£4m 3 years	£4m 5 years	£2m 3 years	£2m 5 years
A	£2m 13 months	£4m 2 years	£4m 5 years	£2m 2 years	£2m 5 years
A-	£2m 6 months	£4m 13 months	£4m 5 years	£2m 13 months	£2m 5 years
None	£1m 6 months	n/a	£3m 25 years	£500,000 5 years	£3m 5 years
Pooled funds and real estate investment trusts	£10m per fund or trust				

This table must be read in conjunction with the notes below

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

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

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

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit assessment and as part of a diversified pool in order to spread the risk widely.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds 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. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

Operational bank accounts: The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, 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. 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 "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn 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 2011, 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 via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Investment limits: The Authority has revenue reserves available to cover investment losses. In order that only 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 banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£6m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£6m per group
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
Registered providers and registered social landlords	£10m in total
Unsecured investments with building societies	£5m in total
Loans to unrated corporates	£5m in total
Money market funds	£16m in total
Real estate investment trusts	£10m in total

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.

<u>Treasury Management Indicators</u>

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% rise in interest rates	£600,000
Upper limit on one-year revenue impact of a 1% fall 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 current 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:

Price risk indicator	2020/21	2021/22	2022/23
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. The current value of any amount due from a derivative counterparty 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 2020/21 is £1.3 million, based on an average investment portfolio of £40.1 million at an interest rate of 3.3%. The budget for debt interest paid in 2020/21 is £0.4 million, based on an average debt portfolio of £13.9 million at an average interest rate of 2.58%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

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.

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

Appendix A – Arlingclose Economic & Interest Rate Forecast November 2019

Underlying assumptions:

- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.

- Some positivity on the trade negotiations between China and the US has prompted worst case economic scenarios to be pared back. However, information is limited, and upbeat expectations have been wrong before.

- Brexit has been delayed until 31 January 2020. While the General Election has maintained economic and political uncertainty, the opinion polls suggest the Conservative position in parliament may be strengthened, which reduces the chance of Brexit being further frustrated. A key concern is the limited transitionary period following a January 2020 exit date, which will maintain and create additional uncertainty over the next few years.

- UK economic growth has stalled despite Q3 2019 GDP of 0.3%. Monthly figures indicate growth waned as the quarter progressed and survey data suggest falling household and business confidence. Both main political parties have promised substantial fiscal easing, which should help support growth.

- While the potential for divergent paths for UK monetary policy remain in the event of the General Election result, the weaker external environment severely limits potential upside movement in Bank Rate, while the slowing UK economy will place pressure on the MPC to loosen monetary policy. Indeed, two MPC members voted for an immediate cut in November 2019.

- Inflation is running below target at 1.7%. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.

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

Forecast:

- Although we have maintained our Bank Rate forecast at 0.75% for the foreseeable future, there are substantial risks to this forecast, dependant on General Election outcomes and the evolution of the global economy.

- Arlingclose judges that the risks are weighted to the downside.

- Gilt yields have risen but remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.

- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

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

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

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

Appendix B – Existing Investment & Debt Portfolio Position at 31/12/2019

	Actual Portfolio £m	**Average Rate %**
External borrowing:		
Local authorities short-term	7.5	0.76%
Total gross external debt	**7.5**	**0.76%**
Treasury investments:		
Money Market Funds	5.655	0.74%
Pooled funds	32.000	3.38%
Total treasury investments	**37.655**	**2.98%**
Net debt	**30.155**	

Delivery Plan 2019-2023

Summary:	In parallel to the Corporate Plan, senior managers have worked with Cabinet to develop a Delivery Plan, setting out the initially identified key work which will be undertaken to meet the objectives of the authority for up to 2023. The draft document is now attached for Cabinet's approval.
Options considered:	The Council needs to publish a Delivery Plan to provide high level, public statement of how we will deliver the Corporate Plan. The development of this Plan has involved extensive discussion and engagement with a range of internal stakeholders.
Conclusions:	That the draft Delivery Plan, as attached as an Appendix to this report, is recommended for approval by Cabinet.
Recommendations:	That's Cabinet resolves to: 1. Agree the content of the draft Delivery Plan 2019-2023. 2. Authorises the Corporate Directors and Heads of Paid Service, in consultation with the Leader of the Council, to agree any minor revisions and changes to the final draft of the Delivery Plan document and thereafter the format and design of the document for publication. 3. Request that the Overview & Scrutiny Committee establishes Scrutiny Panels to act as a mechanism to review and monitor decision made relating to the strategic policy, performance and resources required to deliver the priorities of the Council as set out in the Corporate Plan and Delivery Pan.
Reasons for Recommendations:	The Delivery Plan details how the Council will deliver the Corporate Plan for the period 2019-2023. It provides the basis for the Council's performance management during that period, as a measurement of what is delivered against the Plan's framework and lays out many of the key projects, workstreams and initiatives planned through to 2023, although as further initiatives are identified, these will become part of the plan. The plan will be subject to annual review to ensure that it continues to reflect the Council's priorities and objectives throughout that period in response to

emerging trends, policy developments and legislation.

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)

Cabinet Member(s) Cllr Sarah Butikofer	Ward(s) affected
Contact Officer, telephone number and email: Nick Baker, 01263 516221 – nick.baker@north-norfolk.gov.uk	

1. Background

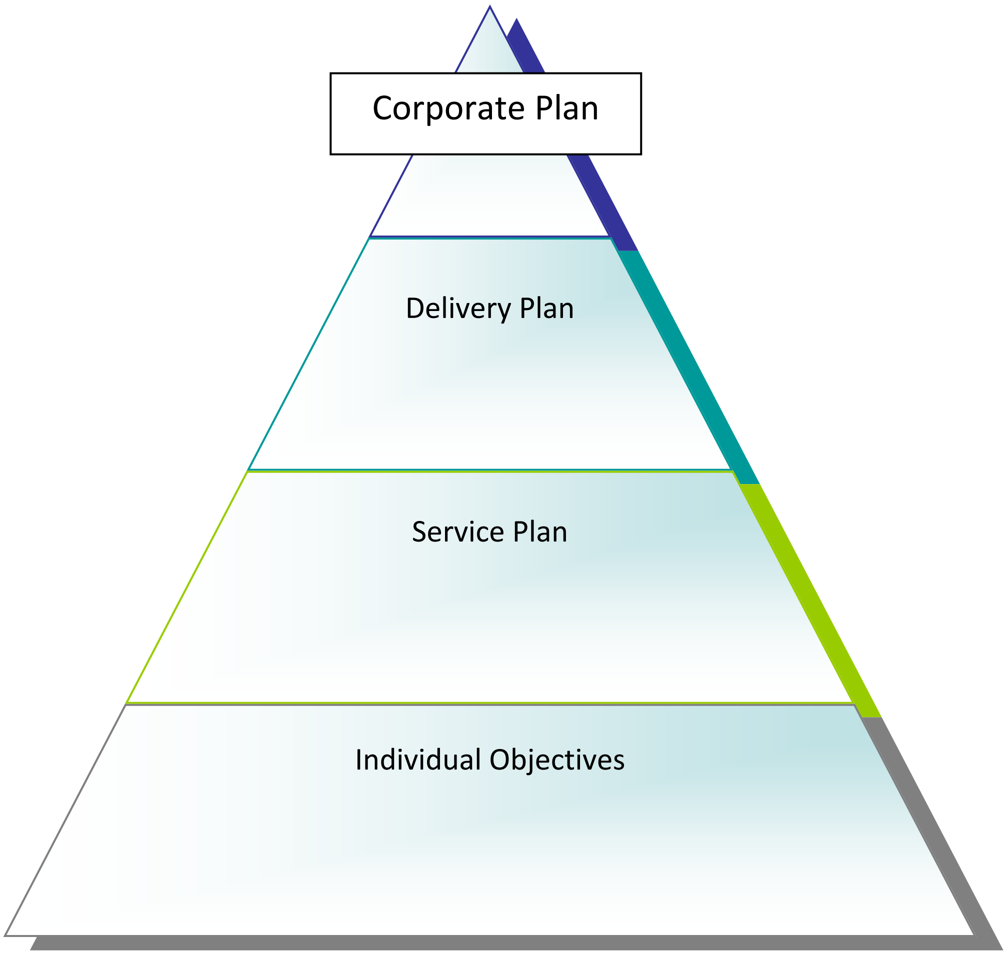
1.1 North Norfolk District Council's Corporate Plan sets out the high-level aspirations that the Council has for its communities during the period 2019/20 to 2023/24:

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

1.2 The Corporate Plan sets the Council's aspiration and its key priorities, working within the context and constraints that the Council has and needs to be read alongside other key strategic documents that the Council has, such as the Medium Term Financial Strategy. The next stage of the strategic planning process is to identify how the priorities of the Council will be delivered and this is one through the Delivery Plan.

2. The Council's Strategic Planning Framework

2.1 The Council has a Strategic Planning Framework which builds upon reporting processes and draws together different plans and strategies across the Council into one, comprehensive reporting structure.



2.2 The diagram above shows the flow from the Corporate Plan down to an individual member of staff's personal objectives, with the monitoring and scrutiny arrangements detailed below.

2.3 Sitting below the Corporate Plan is the Delivery Plan (this Plan) which identified the actions that the Council intends to take to meet the six strategic priorities. This plan will be added to and amended to reflect the action that Council is taking over time and is intended to be a dynamic document to take account of changing circumstances, learning and opportunities.

2.4 Each service has a plan which shows how their services will undertake activities to meet the Council's six priority areas and will be aligned with these to demonstrate the expected positive impact that they will deliver for Norfolk residents. Service Plans are updated annually and progress will be reported to each Head of Service on a regular basis.

3. Individual Objectives

3.1 Personal Development is important and the Council believes that each and every employee should receive a yearly appraisal. Objectives for each individual staff member are set to enable them to deliver specific activity in their team plans, and as a result help their team achieve the actions that they are responsible for.

3.2 The linking together of the different levels of plans is the "golden threat" that ensures that there is a clear and demonstrable line from the Corporate Plan right through to the individual objectives of each team member. This enables each staff member to understand their own individual contribution to the direction of the organisation.

4. Delivery of the Delivery Plan

4.1. Since the Corporate Plan was approved, officers have worked through a number of workshops and discussions with Portfolio Members and other stakeholders across the Council, to ascertain the most important workstreams that emerge.

4.2. Importantly, across the six key Corporate Plan themes, there is significant stakeholder engagement, survey and strategy development work included in the Delivery Plan, to provide the evidence base on which much of the future work will then be based. In addition, there are cross cutting themes, running through the Plan, around Customer Focus, and in taking a more commercial approach to all of our work.

4.3. The Delivery Plan will provide the basis for populating the new Performance Management System, based on InPhase software, which replaced the old TEN system last year. This will provide a far more comprehensive performance management regime than has previously been possible and a full range of performance indicators are currently being developed in parallel to the plan itself. It is proposed that these will be in use from April 2020.

5. How will we monitor our performance?

5.1. The Council monitors its own performance on the Corporate Plan through a series of key performance indicators (KPIs). The KPIs will be refreshed for this Corporate Plan to reflect the current circumstances and direction of the Corporate Plan.

5.2. Performance Indicators enable both Councilors and members of the public to scrutinise Council performance against social, economic and health indicators in a transparent way.

5.3 The actions identified through the Delivery Plan are monitored through individual performance measures that will be developed for each project and risk registers that form part of our project management framework.

5.4. Every quarter the Council analyses its performance indicators and measure where necessary seeks to address any underperformance as quickly as possible. This is then detailed in a report that is scrutinised by the Strategic Leadership Team, Overview and Scrutiny Committee and Cabinet.

5.5. The risk registers identify potential conditions and circumstances that may have an adverse impact on the project if they occur. These are monitored by the Senior Responsible Officer (SRO) at project level. Key areas of risk are escalated to the Corporate Risk Register which is monitored by the Strategic Leadership Team and the Governance Risk and Audit Committee.

5.6. Cabinet, Overview and Scrutiny and Governance Risk and Audit meetings are public forums and any member of the public is welcome to attend. The reports are published on the Council website.

6. Next Steps

6.1. Following approval of the Delivery Plan by Cabinet, it will be presented to Overview and Scrutiny of 12 February and then Full Council on 26 February.

6.2. The Delivery Plan will then be made available both in hard copy and digital versions as a public document.

7. Financial Implications and Risks

7.1. None directly as a result of this report except its influence on the emerging 2020-21 budget.

7.2. On 15 January 2020, the Overview and Scrutiny Committee considered the draft Budget papers and made a number of recommendations around the links between the Budget, the Medium Term Financial Strategy and the Council's Corporate Plan and Delivery Plan, the relevant recommendations for the Delivery Plan being;

"That the revenue and capital implications for funding and the CP themes be developed to calculate accurate values, in order to populate the revenue and capital budgets to align with the implementation of the delivery plan.

That the full extent of internal and external borrowing to fund the CP be identified, and that the impact of this spending on the Council's investment income and future savings demands be reflected in the MTFS."

7.3. A high-level financial analysis of the Delivery Plan is being undertaken in relation to the levels of existing staffing resource, revenue and capital allocations so that appropriate budgetary provision can be made an alignment of resources around the Council's new corporate priorities can take place.

This will help inform the priority and timing of the Delivery Plan. These high-level estimates will be subject to each project being costed in detail prior to commitment of resource to the project, in line with the Council's project management framework.

8. Sustainability

8.1. This report does not in itself raise any issues in respect of sustainability. However, it does detail the main work within the Climate, Coast and the Environment theme within the Corporate Plan, with significant new workstreams within this area.

9. Equality and Diversity

9.1. This report does not in itself raise any issues in respect of equality and diversity. It does however identify key themes of housing, the economy, quality of life and customer service, all of which seek to address equality and diversity issues across the District and within the Council's delivery of services.

10. Section 17 Crime and Disorder considerations

10.1. This report does not directly raise any issues relating to Crime and Disorder.

Corporate Plan Delivery Plan

Corporate Plan Theme: **Local Homes for Local Need**

There is a significant local need for housing across the district. Enabling and facilitating new housing of the right type, quality and affordability will therefore, be a key priority for the Council and, working with a variety of partners, we will explore all available avenues to increase the supply of quality, affordable housing to address this need. We will also seek opportunities to improve the condition and environmental sustainability of existing housing stock. We will aim to ensure that new homes are of a high standard of design and built with a strong emphasis on environmental sustainability and therefore, more affordable to live in.

Corporate Plan Delivery Plan

Objective 1: Developing and adopting a new Local Plan

	DP action	Delivery timescale
1.1	Formulate suitable policies and proposals in the new Local Plan to facilitate the delivery of forecasted housing supply to meet the needs of the District. Through the Local Plan, North Norfolk Design Guide, Building Control Regulations and other approaches, we will ensure high quality design and environmental sustainability standards are met in new housing, including: • measures to reduce water consumption • improved fuel efficiency • compliance with the National Design Guide and Design Code • provision of Development Briefs to ensure new development sites are sympathetic local environmental characteristics • maintaining a custom/self-build register	Winter 2022
1.2	Monitor the availability of brownfield sites and evaluate the opportunities these present to increase the supply of development land available in a sustainable way	Annually

Corporate Plan Delivery Plan

Objective 2: Developing and implementing a new Housing Strategy

	DP action	Delivery timescale
2.1	Formulate a new Housing Strategy to encourage new and innovative ways of delivering affordable housing, including: • engagement of key stakeholders to identify evidence and gaps in understanding; • measures which will enable the Council to better target its resources and to focus on priority issues	December 2020
2.2	To improve both housing conditions of occupants and address environmental objectives, we will identify the most effective interventions to improve conditions and energy efficiency in private sector housing, including: • investigating the viability of housing improvement grants/loans; • Investigating the viability of using incentives to renovate and retrofit existing housing stock through grants/loans	December 2020
2.3	Seek to identify and analyse the condition of private sector housing stock to inform consideration of initiatives such as: • selective licensing schemes • landlord accreditation • certification • grants for housing stock improvement	Review complete: April 2021 Condition survey: March 2020
2.4	Investigate the viability of methods to help reduce fuel poverty amongst vulnerable local residents	Review complete: April 2021

Corporate Plan Delivery Plan

Objective 3: Forming a housing delivery / development company

	DP action	Delivery timescale
3.1	Develop a business case for a housing company with a view to providing the Council with a way of addressing some of the housing needs in the district. Such an approach will take into account: • provision of temporary accommodation • housing affordability • becoming a trusted (private sector) landlord • potential sites for new housing development, including those for self-build • engaging with development partners • exploring external funding sources • exemplar homes	Business Case; March 2020

Corporate Plan Delivery Plan

Objective 4: Developing and implementing a new Homelessness and Rough Sleepers Strategy and Action Plan

	DP action	Delivery timescale
4.1	Developing and implementing a new Homelessness and Rough Sleepers Strategy and Action Plan. The approach will involve exploring ways in which the Council can: • intervene early and support households to avoid homelessness; • increase the supply of temporary accommodation to meet the needs of those people who find themselves homeless; and • invest in its own accommodation to meet the needs of our community and also to reduce the cost of temporary accommodation to Council Tax payers (links to Objective 3 above)	Strategy adoption December 2019

Objective 5: Delivering new affordable homes both directly as a Council and through partnership working with Registered Providers

	DP action	Delivery timescale
5.1	Investigate ways to support and assist affordable housing providers, including the potential for a Council loan scheme for Registered Providers to facilitate a supply of affordable homes for our communities, whilst supporting the Council's financial sustainability	Scheme approval; February 2021
5.2	Explore ways to help households into owner-occupation, including consideration of mortgage facilitation schemes; lending to allow people to buy their own home, meaning that more local people can remain in the communities that they call home	Scheme approval; February 2021

Corporate Plan Delivery Plan

Objective 6: Working with partners to deliver 500 units of Housing with Care / Extra Care

	DP action	Delivery timescale
6.1	As the local demographic continues to age, to make sure that people can obtain the housing and support that they need throughout their lives we will work with partners to deliver 500 units of Housing-with-Care/ExtraCare. The Council will seek to be an investment partner, where appropriate, to speed delivery and secure financial sustainability Explore funding opportunities, for example through: • One Public Estate • Living Well Programme • Homes England	Initial Business Case April 2020

Corporate Plan Delivery Plan

Corporate Plan Theme: **Boosting Business Growth**

The foundations of the North Norfolk economy have traditionally been around a narrow range of sectors - agriculture, manufacturing, tourism, retail, public and care services. Whilst the district is home to a number of leading UK and international companies, the majority of businesses are 'micro' businesses, employing less than ten people.

North Norfolk, like other rural economies, faces challenges; whilst the District has relatively high levels of employment amongst people of working age, wages continue to remain behind England and East of England averages. Moreover, our workforce is getting older and it can sometimes prove difficult to attract and retain young people and the skills that are needed to support the ambitions of growing businesses.

There is a limited supply of serviced sites and premises and some parts of the district continue to be constrained by inadequate broadband, limited mobile coverage and strained utility provision.

The District's town centres also face difficulties in adapting to changing trends; the growth in online shopping, out-of-town retail and the loss of local banks necessitates a fresh approach to the function and make up of our high streets in the future.

Many of our challenges can however be seen as opportunities; the district's attractive environment and high quality of life, makes it a great place to live and, consequently, more businesses than ever are choosing to operate here, recognising the benefits of lower cost land and premises and improving access to super-fast broadband.

The Council is ambitious in its intentions to support a strong, vibrant and inclusive local economy and we will work with our indigenous businesses and partners to support investment, create skilled jobs and to broaden our business base.

The Council is committed to working alongside partners in the education and business sectors in promoting inclusive growth which seeks to match the skills of the local workforce with the needs of local businesses.

Corporate Plan Delivery Plan

Objective 1: Developing and adopting a new Local Plan

	DP action	Delivery timescale
1.1	Deliver the local plan, ensuring a sufficient focus on facilitating business development in suitable locations. It should create a fertile environment for the establishment of suitable new enterprises and the growth and expansion of existing businesses in the area, as well as meeting the broader needs of business (such as homes for key workers).	Winter 2021/22 amend final delivery date

Objective 2: Developing and implementing of new Economic Growth Strategy

	DP action	Delivery timescale
2.1	Formulate an Economic Growth Strategy (2020 – 2023) to provide a framework for activities that facilitate growth and investment opportunities. It will include ways of meeting local workforce and training needs, as well as support for business initiatives that address environment concerns and climate change. The Strategy will set out innovative approaches to intervention and investment, where there is a wider economic and environmental benefit.	Autumn 2020

Corporate Plan Delivery Plan

Objective 3: Taking a proactive approach to unlocking development sites and enabling local businesses to grow across the District

	DP action	Delivery timescale
3.1	Complete a 'Growth Sites Delivery Strategy' to realise local business growth and investment opportunities and encourage the delivery and take-up of serviced land with suitable infrastructure to support the growth of local businesses.	April 2020 Multiple projects over full term

Objective 4: Analysis local business needs

	DP action	Delivery timescale
4.1	Analyse evidence of local business needs and opportunities and engage local businesses to understand: workforce needs; digital infrastructure; skills needs; sites and premises; growth ambitions; and to test options to address these.	April 2020 onwards
4.2	Develop a range of engagement tools to build relationships with local businesses: including an interactive website, communications platforms, workshops and other interactive forums.	January 2021

Corporate Plan Delivery Plan

Objective 5: Providing support and advice for new business start-ups and growing businesses

	DP action	Delivery timescale
5.1	Develop a mechanism for providing suitable support to assist in the establishment and growth of business start-ups and micro businesses, including the establishment of a 'virtual business hub'. Seek opportunities to work with partners in the establishment of initiatives to nurture the growth of fledgling enterprises.	Summer 2020

Objective 6: Encouraging links between local education providers, apprentices and businesses

	DP action	Delivery timescale
6.1	Work with partners to identify skills deficiencies, and undertake an 'Apprenticeship Survey' which will monitor apprenticeship opportunities and take-up and identify problems and corresponding solutions.	
6.2	Nurture the concept of inclusive growth in order to develop and add value to career opportunities and the generation of wealth in the local economy. Foster an open approach within the Council (as a significant local employer) to training and development, social value (in procurement) and corporate social responsibility, and propagate this amongst partner organisations and significant local employers.	
6.3	Together with relevant agencies, draw up a workforce development, skills and apprenticeship plan	

Corporate Plan Delivery Plan

Objective 7: Facilitating the transition of our town centres to be places which are attractive and accessible for living, working and for leisure

	DP action	Delivery timescale
7.1	Deliver the North Walsham Town Centre Heritage Action Zone and arising cultural activities. Evaluate and report on the outcomes of the Market Towns Initiative and other local town centre projects, publishing examples of best practice for other towns to follow. Support local community organisations to encourage the development of 'place-based' approaches to maintain the vitality of local towns and town centres.	2024 Spring 2021

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Corporate Plan Delivery Plan

Corporate Plan Theme: **Customer Focus**

The North Norfolk district covers an area of 360 sq miles and has a population of over 100,000 people living in 121 distinct communities and settlements. Whilst our offices are centrally located in Cromer, public transport across the District is limited and many of our residents and customers find accessing the Council offices difficult. Our customers are also not a single group of people with common interests – we provide a diverse range of services, both directly and through contractors and partner organisations, and our customers and service users are not only local residents, but also visitors and local businesses.

We will make the Council's services as easy to access as possible and will use a variety of channels to facilitate this – through self-service via the Council's website, and also for customers making personal visits to the Council's offices, or communicating with us by letter, telephone and online. Where we provide services in the community – e.g. amenity areas, public car parks, public conveniences, leisure centres, refuse and recycling collections, we want our services to be recognised as being of good quality, inclusive and responsive to customer needs.

We want our customers to be at the heart of everything we do and we will strive to improve access to our services, through stronger community engagement, developing simple mechanisms of inviting customer feedback and comment and, where possible and practical, seek to deliver our services at a more local level through strengthening partnerships with local Town and Parish Councils. The Council will seek further to improve democratic engagement and participation by people of all ages, but particularly through working with schools and colleges to ensure that the voice young people is heard and informs Council decision-making.

At the heart of our customer charter will be our commitment to improving the quality of service delivery to our customers and responding to their needs. It will: place customers at the heart of what we do and embedding that in our service delivery, provide good quality and responsive services that people want to receive, establish strong mechanisms to invite customer feedback, using that information to shape service delivery, make our services as easy to access as possible, ask our customers about how they wish to receive services and what services they wish to receive and include all our customers by maintaining diverse contact points for services.

The extent to which residents feel informed and engaged by their council, and the trust that they place in them, directly affects their views about their council and the services they receive. This in turn impacts on their levels of satisfaction and ultimately, a council's public reputation. Conducting a residents' survey gives us an opportunity to understand what our communities think and it offers us valuable insight into how the Council is perceived by the wider community. It also helps demonstrate our transparency and accountability to the people we serve and helps us to monitor, and address, any changes in satisfaction levels over time.

Corporate Plan Delivery Plan

Objective 1: Developing a new Customer Charter with published service standards

	DP action	Delivery timescale
1.1	Undertake a Customer Contact Survey to understand: • How well we deliver to our customer needs • Service specific issues • Ideas for reshaping our services to better meet customer needs	In progress
1.2	Review and refine our Customer Strategy, to: • respond to the survey findings • improve the way that we understand our customers' changing needs/preferences • better serve our customers • embed customer focused service delivery throughout the Council	Strategy Delivery; May 2020 Implementation commencement; May 2020
1.3	Develop an action plan and draft, adopt and publish Customer Charter, to set out how we will: • listen to our customers views about what service they want to receive from the Council • establish clearly what customers can expect from us based on that feedback • reflect best practice	May 2020
1.4	Establish a training and development programme to enable all employees to deliver excellent customer focused services aimed at delivering the Customer	Commencing May 2020

	Charter. This will Give our teams, the skills, abilities and tools to deliver on our service commitment.	
1.5	Monitor the implementation of the Charter and evaluate and review it in the light of the findings. Routine monitoring procedures will be established across all teams (including staff and councilors), at an operational and strategic level.	Sep 2020 onwards

Corporate Plan Delivery Plan

Objective 2 and 3: Undertaking an annual resident's survey and responding to results AND benchmarking of the Council's services to learn from best practice elsewhere

	DP action	Delivery timescale
2.1	Undertake an annual Residents Survey, in order to help the Council to understand how well we are performing for our community and to improve what we do. The survey will be based upon six key themes contained in the LGA approach to resident satisfaction '*are you being served?*' which includes: • satisfaction with the local area • satisfaction with the way the council runs things • trust in the council • responsiveness of the council • how informed residents feel • their perception of the value for money the council provides. This will help us drive service delivery improvements and allow us to check our performance against other councils.	Procurement; Jan 2020. Delivery of results; May 2020
3.1	Benchmark service delivery against the LGA key themes and learn from best practice elsewhere.	Benchmarking; May 2020

Corporate Plan Delivery Plan

Objective 4: Developing an Engagement Strategy to set out how we will consult with our customers and our local communities

	DP action	Delivery timescale
4.1	Develop an Engagement Strategy to: • help define and design local priorities and policies • deliver and evaluate services • inform council decision-making in areas that impact on our residents lives	May 2020
4.2	Establish quarterly forums with Town and Parish Councils, to: • strengthen our relationship with communities • share information • seek views • identify actions • inform policy development	December 2019
4.3	Establish a Youth Council to give a stronger voice for younger people in Council decisions, specifically to: • better understand the views of younger people in the community • reflect opinions • identify actions • inform policy development	December 2019
4.4	Establish Environment Panels to:	December 2019

	• Garner ownership • Reflect opinions • Identify actions • Inform policy development	
4.5	Implement Online consultation feedback portals for key corporate projects/workstreams	December 2019

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Corporate Plan Delivery Plan

Corporate Plan Theme: **Climate, Coast & Environment**

North Norfolk's environment contributes to the quality of life of local residents and plays a vital role in supporting the local visitor economy, as well as playing host to a wealth of natural and cultural assets and biological diversity. North Norfolk is also impacted heavily by flooding, coastal erosion, land drainage, water supply constraints and many of the consequences of climate change. The Council has declared a climate emergency and therefore puts environmental considerations at the heart of its Corporate Plan. The delivery plan shows how the Council will address existing environmental challenges and respond to those expected to arise in the future, in order to play our part in mitigating climate change, adapting to its impacts and helping to make our communities more resilient.

Our Environmental Charter will state our commitment to action for the Council to achieve carbon neutrality by 2030, showing how we will use our own resources wisely to set a direction through: our own actions; working with partners; and influencing others. This will be the foundation of decisions across all areas of the Council's services, policies and projects.

The Local Plan will set out the strategic priorities for the development of land in the District and the policies against which planning decisions are made. It should ensure that new development is sustainable and supports the transition to a low-carbon future. The preparation of the new local Plan should take account of the Council's 'Climate Emergency' declaration and the emerging 'Environmental Charter' as well as the environmental characteristics of the area, in particular the vulnerability of parts of the District to climate and coastal change and of the adaptation response this commands. The Plan will cover the period 2016 to 2036.

We will produce a holistic carbon audit for the Council and its activities and use this to inform decisions and actions that will maintain a course of carbon reduction to net zero emissions by 2030.

We will seek to take a lead role nationally in Coastal Management Initiatives using appropriate evidence, working with relevant organisations and engaging with coastal communities, develop and implement methods of adaptive coastal management, defense and resilience.

Planting 110,000 trees, one for each resident, will help offset the Council's carbon emissions, however, it will have multiple benefits, from helping with climate change adaptation, adding to landscape/townscape character, contributing to biodiversity (net gain), and contributing to community development/cohesion.

One way of reducing emissions and improving air quality is the transition towards wide scale use of electric vehicles. For this to happen, obviously charging points must be available for users who can either not charge their vehicles at home or who are away from their homes in the area.

In order to effectively manage domestic waste, we are procuring and implementing a waste contract that balances the cost of the service with the environmental impact and convenience, whilst influencing the consumption and refuse generation habits of residents and businesses and providing flexibility to respond to changing legislation and environmental characteristics.

Corporate Plan Delivery Plan

Objective 1: Developing and implementing an Environmental Charter and Action Plan

	DP action	Delivery timescale
1.1	Establish a framework by which the Council can work with interested parties as climate champions – organisations/individuals who will make collective or personal pledges to take the steps to reduce omissions and address the impacts of climate change. Environment panels will be set up in order to: a. garner ownership b. reflect opinions c. identify actions d. inform policy development	From March 2020 to Sept 2020
1.2	Develop an action plan, draft, adopt and publish Environment Charter.	June 2020
1.3	'Sell' the messages through campaigns (awareness raising/ marketing) to promote energy efficiency and behavioural change towards greater sustainability.	June 2020 onwards
1.4	Raise awareness of the environmental challenges and ambitions set out in the charter by initiatives that educate/ influence the wider community, getting ownership of actions using: a. established events (e.g. Greenbuild) b. established groups (e.g. schools, local flood resilience groups) c. novel communication methods d. working alongside other initiatives/ events.	September 2020 onwards
1.5	Monitor the implementation of the Charter and the effectiveness of the actions undertaken to deliver it, then review the implementation of the Charter and Action Plan.	Sep 2020 onwards

Corporate Plan Delivery Plan

Objective 2: Developing and implementing a new Local Plan

	DP action	Delivery timescale
2.1	Formulate a local plan that supports the transition to a low-carbon future and helps shape places, through climate change mitigation (reducing harmful emissions) and adaptation (responding to the impacts of climate change), taking into account flood risk, coastal change, biodiversity, landscape and the important environmental characteristics of the District.	Winter 2022
2.2	Formulate, implement and monitor policies and projects that protect and enhance the natural and built environment of the District, its local distinctiveness, biodiversity, contribution to the quality of life of residents and the role they play in boosting the local economy; working with local communities to develop projects that to achieve this.	Spring 2020

Corporate Plan Delivery Plan

Objective 3: Undertaking an audit to establish the Council's baseline carbon footprint and then deliver a carbon neutral position by 2030

	DP action	Delivery timescale
3.1	Undertake a baseline carbon audit and formulate a carbon reduction action plan to set out: • the actions that can be implemented in the short-term to reduce carbon emissions from Council's activities • the trajectory needed to reduce emissions to zero by 2030 • the longer-term activities and investments necessary to maintain the identified course.	Baseline audit completed Jan 2020 Action plan: from June 2020
3.2	Ensure that the carbon impact of all activities are evidenced in all relevant decisions by establishing new processes/procedures for decision making and report writing.	June 2020
3.3	Measure, monitor and report on the change in the Council's emissions periodically (using a recognized methodology/ toolkit) and review the carbon reduction action plan accordingly.	Summer 2020 onwards
3.4	Work with partners to establish and support 'green energy' initiatives (for environmental and/or investment purposes).	Autumn 2020 onwards

Corporate Plan Delivery Plan

Objective 4: Continuing to Take a Lead Role Nationally in Coastal Management Initiatives Recognising our Position as a "Frontline" Authority in Meeting the Challenge of Rising Sea Levels

	DP action	Delivery timescale
4.1	Agree the vision and business plan for Coastal Partnership East (CPE) in addressing the coastal management challenges.	Summer 2020
4.2	Establish evidence of coastal change impacts (e.g. from Shoreline Management Plans (SMPs), monitoring information and data gathering), interpret and communicate this to policy makers and stakeholders.	Autumn 2020
4.3	Engage local coastal communities in the development of appropriate adaptive responses to coastal change and resilience.	Autumn 2020
4.4	Develop innovative coastal management approaches to: a. technical solutions (e.g. sandscaping) b. policy c. funding	Ongoing
4.5	Continue to implement local actions to manage the coast, including: adaptation, maintenance of defences and innovative coastal management schemes (such as sandscaping).	Ongoing
4.6	Share best practice and seek to influence national policy.	Ongoing

Corporate Plan Delivery Plan

Objective 5: Planting 110,000 trees – one for each resident to help offset our carbon emissions

	DP action	Delivery timescale
5.1	Collect and analyse data, including identification of net benefits and opportunities, locational characteristics and data gaps.	Up to Spring 2020
5.2	Formulate ideas, look at best practice, undertake options appraisal/ cost-benefit analysis, implementation methods and identify key partners, with alternative options and contingencies in order that target is met.	From spring 2020
5.3	Engage communities at proposed planting sites to identify the optimal approach and garner support.	From autumn 2020
5.4	Implement, together with partner organisations, community groups and other interested parties.	From Dec 2019

Corporate Plan Delivery Plan

Objective 6: Introducing Electric vehicle charging facilities in the Council's principle car parks, at its offices and leisure centres

	DP action	Delivery timescale
6.1	Develop a delivery plan for early installation of Electric Vehicle (EV) charging points on the Council owned car parks and at Council offices, then install the agreed 34 initial charging points (to demonstrate leadership).	March 2020
6.2	Gather data on demand and potential growth in the use of electric vehicles and its impact upon emissions, then develop a business case for the potential further roll-out of charging points.	Summer 2020
6.3	Include policies on EV and the associated infrastructure in the emerging Local Plan and in appropriate asset management plans.	Summer 2022
6.4	Review staff/member travel policies and future options that will reduce emissions (e.g. electric pool cars, car loan incentives, flexible working, video conferencing and cycling incentives).	Autumn 2020
6.5	Communicate information about the advantages of using electric vehicles, the Council's role in promoting it and the opportunities for individuals and fleets to transition from fossil fuels.	Sept 2020 (Green Build event)

Corporate Plan Delivery Plan

Objective 7: Waste Collection

	DP action	Delivery timescale
7.1	Implement the waste contract.	April 2020
7.2	Establish evidence and evaluate options for going beyond the minimum necessary, including: a. waste reduction measures (including incentives such as grants (e.g. a sustainable community grant scheme)) b. educating consumers about the consequences of their actions/ behaviours c. becoming an exemplar in waste reduction and using recycled materials.	Autumn 2020
7.3	Develop and implement *targeted* campaigns to educate and influence the consumption and waste practices of residents, communities and local businesses.	Spring 2020 onwards (from start of contract)
7.4	Establish data collection systems to understand all forms of consumption, recycling and re-use, and understand the local waste streams (waste composition analyses); then collect, analyse, interpret and report upon local waste production and disposal rates, trends and trajectories.	Summer 2020
7.5	Implement local community waste reduction measures, e.g. community fridges.	Ongoing
7.6	Investigate how the new waste contract can be operated with a reduced carbon footprint and implement feasible options.	Spring 2021

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Corporate Plan Delivery Plan

Corporate Plan Theme: **Financial Sustainability and Growth**

North Norfolk District Council has a balanced budget. To maintain services and to be able to invest in our communities we need to develop new sources of income and make savings where we can.

The Council will need to continually innovate in order to maintain and enhance service provision, building upon its track record of robust financial management, through identifying new sources of income, making sound investments and delivering high quality services in the most efficient way possible. The Council charges fees to deliver discretionary services to businesses, residents and visitors, the principle is that these should not be an undue burden on the local tax payer.

We will need to introduce smarter ways of working in order to maintain the Council's financial position, whilst seeking to deliver better services for our residents and communities.

We will continue to invest in our property assets to enable them to provide the best return to us and will also need to take a more commercial approach to everything we do. This means looking at different investment opportunities and being prepared to take innovative and creative approaches to how we invest – recognising that through our investments we might be able to realise the wider benefits for the District detailed elsewhere in this Plan – addressing priority issues such as housing, employment and environmental outcomes, as well as delivering a financial return.

Corporate Plan Delivery Plan

Objective 1: Continuously reviewing our service delivery arrangements, fees and charges to ensure that we deliver value for money

	DP action	Delivery timescale
1.1	Establish a baseline against which to review and control fees and charges to support the full cost recovery of services Charges for discretionary services should reflect the actual cost of the provision of the service and not be cross subsidised from council tax or other sources of income. Where appropriate additional charges should be introduced to fund the costs of new or increased services (e.g. charging developers for the provision of domestic waste bins on new residential developments)	December 2020
1.2	Develop a public convenience policy to identify ways in which the current £600k a year spend on the provision of public conveniences (to serve users of town centres, recreational and visitor attractions) can be funded, so that good quality provision can be maintained whilst providing council tax payers with value for money	December 2020
1.3	Trial zero based budgeting (ZBB) alongside enhanced engagement with service managers to encourage a focus on what costs are necessary to run the services and enable Council resources to be directed more effectively to where there are most needed	December 2020
1.4	Work with other local authorities to close loopholes which exist around Second Home Council Tax / Business Rate payments; and lobby central	December 2020

	government jointly with other similarly affected Councils and supporting organisations to add weight to the argument	
1.5	Undertake service reviews to improve efficiency and reduce costs	March 2021

Objective 2: Taking, where appropriate, a more commercial approach to the delivery of discretionary services

	DP action	Delivery timescale
2.1	Develop a Financial Sustainability Strategy, which will identify income generating and saving opportunities whilst meeting the corporate plan objectives	June 2020
2.2	Review the Car Parking Policy in order to maximise the revenue generated from car parking income, an important source of funding for council services The new policy needs to reflect: the needs of local residents; the vitality of town centres; visitor demand; and provide best value for council tax payers	Initial policy review commencement: January 2020
2.3	Explore the opportunities to generate income from advertising and sponsorship	April 2020

Objective 3: Forming a development company to take our property ambitions forward

	DP action	Delivery timescale
3.1	Develop a business case for a housing company with a view to providing the Council with a way of addressing some of the housing needs in the district. Such an approach will include: provision of temporary accommodation, housing affordability, becoming a trusted (private sector) landlord, potential sites for new housing development, including those for self-build, engaging with development partners and exploring external funding sources	Business Case; April 2020
3.2	Explore options for investing in the provision of medical centre development/health care facilities	December 2020
3.3	Take a strategic approach to commercial development opportunities, including: • Exploring options that meet local needs/ demand and produce an income (e.g. a crematorium or similar development) • Updating the Asset Management Plan • Updating the Procurement Strategy	September 2020

Corporate Plan Delivery Plan

Objective 4: Investing in environmental and economic initiatives which deliver positive outcomes and a financial return for the authority

	DP action	Delivery timescale
4.1	Explore options to expand Electric Vehicle Charging Points (EVCP) pilot. Review the success of the EVCP pilot and expand it as required, based on the assessment of a business case	Review undertaken August 2021
4.2	Explore the potential for the installation of solar panels - photo voltaics (PV) - on the Council's assets. Initially undertaking a business case to assess the viability of PV above some of the Council's car parks	December 2020

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Corporate Plan Delivery Plan

Corporate Plan Theme: **Quality of Life**

A strategic approach will be taken to address identified Quality of Life objectives in North Norfolk, the delivery of those objectives will be prioritised over the next four years.

This plan will tackle social isolation and make commitments to improving the wellbeing of local people through measures such as social prescribing. The Council will work with a wide range of partners, through a variety of mechanisms, to meet local needs and improve the quality of life of vulnerable people and households within our District.

We will build upon our strong record of providing and supporting facilities and activities which improve local people's mental wellbeing and quality of life – including provision of sports and leisure centres, social and physical infrastructure, public conveniences, high quality (Blue Flag award winning) beaches, accessible and attractive (Green Flag award winning) open spaces and country parks and support for cultural events in locations across the District.

A survey is the starting point for understanding all of the things that affect local people's quality of life and the challenges they face. It can also help to identify the opportunities that our local area presents to improve the quality of life of our residents and to ensure that local communities have access to the things that they need.

Many of the Council's activities have an influence over the quality of life of our residents; so do those of many other organisations. It is important that initiatives that help improve the opportunities for people in all our communities to enjoy a high quality of life, are coordinated and suitably joined up. This objective seeks to ensure that a strategic approach is taken to the activities for which we, and our partners, are responsible.

Corporate Plan Delivery Plan

Objective 1: Undertaking a Quality of Life Survey to inform the development and implementation of a Quality of Life Strategy so as to improve the health and mental wellbeing of communities and individuals across North Norfolk.

	DP action	Delivery timescale
1.1	Undertake a Quality of Life Survey amongst local residents in order to understand the issues people face and to identify ways in which the Council (and its partners) can help those, in all communities, to access the things that they need. Working with appropriate partners, the survey will use existing evidence but also seek to fill gaps in data. It will need to take account of and inform many of the other activities in this delivery plan, such as: • access to services • housing • environmental quality • potential influences of climate change	Completed September 2020

Corporate Plan Delivery Plan

Objective 2: Developing and implementing a Quality of Life Strategy

	DP action	Delivery timescale
2.1	Develop a Quality of Life Strategy to ensure services, provided by the Council (and its partners) that impact on local quality of life, respond to issues raised by those in our local communities. The Strategy should be inclusive of all groups within society but also address any specific needs identified in the Quality of Life Survey. It will include: • influences on physical and mental wellbeing across all age groups • access to healthy, active lifestyles • access to the arts and the celebration of local culture • engagement in local community activities • isolation • innovative ways of treating health conditions, e.g. social prescribing • access for all to services and facilities.	Adopt November 2020
2.2	Work with local communities and partner organisations to implement the Quality of Life Strategy and enable activities that assist in its delivery. • communicate the strategy to those involved in its delivery or are affected by it • raise awareness and encourage interest in the development of actions that achieve the objectives in the strategy • ensure that the strategy is embedded in all relevant services, activities, projects and decisions undertaken by the Council • monitor the implementation & effectiveness of the strategy	November 2020 onwards

Corporate Plan Delivery Plan

Objective 3: Delivery of the North Walsham Heritage Action Zone programme

	DP action	Delivery timescale
3.1	Under the Heritage Action Zone programme, engage the local community in the development and delivery of projects and activities that celebrate the cultural and historic significance of North Walsham Town Centre, with the aim of enhancing the economic and cultural vitality of the town, including: • cultural programming activities • improving historic assets • supporting local community organisations • supporting cultural events	Delivery plan adopted by April 2020

Objective 4: Developing and implementing an Accessibility Guide for the District

	DP action	Delivery timescale
4.1	**Formulate and publish a guide (in appropriate, traditional and novel formats) to help communities:** • promote engagement • tackle isolation • improve accessibility to all (e.g. beach wheelchairs, community transport initiatives) • address the needs of people with conditions that impact upon their quality of life (e.g. dementia)	March 2020 Monitor and review ongoing

Corporate Plan Delivery Plan

Objective 5: Delivery of new leisure centre at Sheringham

	DP action	Delivery timescale
5.1	**Develop the new leisure centre to replace the Splash, in order to maintain a high quality, inclusive and accessible facility. Working with our leisure contractor and other partners to:** • encourage people to lead and maintain active and healthy lifestyles • provide a range of modern and innovative fitness equipment accessible to all • encourage the development of physical activity programmes oriented to the needs of all sections of the local community • introduce even the youngest residents to fun and beneficial leisure activities • provide opportunities to address specific health conditions (e.g. via social prescribing)	May 2021 re-opening

Corporate Plan Delivery Plan

Objective 6: Continued investment in Cromer Pier as an iconic heritage and cultural attraction

	DP action	Delivery timescale
6.1	Maintain and enhance the physical structure of Cromer Pier, its historic Pavilion Theatre and continue to work with partners to develop a programme of shows, events and appropriate activities that attract a wide audience, in order to celebrate the unique qualities that make this heritage asset an icon of the District that benefits residents, businesses and the wider local economy	Annual programme maintenance / 5yr contract

Objective 7: Public convenience investment programme to include a Changing Places facility in each of our seven principal settlements

	DP action	Delivery timescale
7.1.	Maintain the quality and accessibility of public conveniences, ensuring they are suitable to the needs of the community and visitors to the area	spring 2020 with Review April 2020

Corporate Plan Delivery Plan

Objective 8: Continued commitment to maintain Blue Flag and Green Flag status for the Council's beaches and open spaces

	DP action	Delivery timescale
8.1	Continue to maintain and, where appropriate, improve the quality and accessibility of our public open spaces and beaches. Promote their use for a wide variety of events and activities that meet the health and wellbeing needs of the local community and attract visitors to the area Develop a programme of sustained improvement and investigate innovative investment opportunities in order to ensure that our open spaces and beaches are attractive and available for all to enjoy and, where appropriate, meet the criteria for Green and Blue Flag awards	Blue Flag May 2020 Green flag July 2020

Corporate Plan Delivery Plan

Objective 9: Delivery of the Mammoth Marathon

	DP action	Resource	Lead officer/ team	Delivery timescale	Performance measure	Delivery partner(s)/ external resources
CP Objective 9 : Delivery of the Mammoth Marathon						
9.1	Organise and promote a running event as a way of marketing the District and raise awareness of the benefits of physical activity. Use this and other events as a platform to showcase initiatives that aim to support health and wellbeing, environmental awareness, arts and culture and other quality of life issues. After the first 'mammoth' marathon and half marathon events, review its effectiveness in achieving these objectives and explore options for future events.	Staff and external voluntary stewards	Karl Read	17 May 2020	Delivery of event in conjunction with and review to consider diversification/ retain the offer	Voluntary stewards from Beach runners Local TC / PC Local business

Corporate Plan Delivery Plan

Objective 10: Maximising the level of external funding through working with partners to support community projects within the District

	DP action	Resource	Lead officer/ team	Delivery timescale	Performance measure	Delivery partner(s)/ external resources
CP Objective 10 : Maximising the level of external funding through working with partners to support community projects within the District						
10.1	Identify new opportunities for funding to implement and promote the Quality of Life Strategy and achieve its outcomes. Seek opportunities to work with partners and local communities in developing projects and facilities that address the findings of the Quality of Life survey.	Staff	Lead: TBC	March 2020	Quarterly review	Maintain existing partners; investigate new opportunities / partners

Corporate Plan Delivery Plan

Objective 11: Support and nurture the development of strong, sustainable and healthy local communities

	DP action	Resource	Lead officer/ team	Delivery timescale	Performance measure	Delivery partner(s)/ external resources
CP Objective 11 : Support and nurture the development of strong, sustainable and healthy local communities						
11.1	Review existing funding initiatives and investigate new schemes that assist local communities in addressing their needs and improving community wellbeing, via grants and community development support.	Funding for grants (see BSF and Arts and Community Transport Grants budget) Staff	Lead: TBC Health & Communities team	June 2020	Community projects supported and appropriate measures of their outcomes	
	Provide support and advice to local community organisations to help them access external funding opportunities and develop initiatives that address local needs and support community sustainability	Staff	Health & Communities team	Ongoing		
	Facilitate community initiatives, in accordance with the Quality of Life Strategy, that aim to improve the physical and mental wellbeing of local residents	Staff	Health & Communities team	Ongoing		

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