

Overview & Scrutiny Committee



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Tuesday, 4 August 2020

A meeting of the **Overview & Scrutiny Committee** of North Norfolk District Council will be held in the **remotely via Zoom** on **Wednesday, 12 August 2020** at **9.30 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 notify the committee clerk 24 hours in advance of the meeting and arrive at least 15 minutes before the start of the meeting. This is to allow time for the Committee Chair to rearrange the order of items on the agenda for the convenience of members of the public. Further information on the procedure for public speaking can be obtained from Democratic Services, Tel: 01263 516047, Email: matthew.stembrowicz@north-norfolk.gov.uk.

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

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

Emma Denny
Democratic Services Manager

To: Mr N Dixon, Mr T Adams, Mr H Blathwayt, Mrs W Fredericks, Mr P Heinrich, Mr N Housden, Mr G Mancini-Boyle, Mr N Pearce, Miss L Shires, Mrs E Spagnola, Mr J Toyne and Mr A Varley

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



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

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A G E N D A

1. TO RECEIVE APOLOGIES FOR ABSENCE

2. SUBSTITUTES

3. PUBLIC QUESTIONS & STATEMENTS

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

4. MINUTES

1 - 12

To approve as a correct record the minutes of the meeting of the Overview and Scrutiny Committee held on 22nd July 2020.

5. ITEMS OF URGENT BUSINESS

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

6. DECLARATIONS OF INTEREST

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

7. PETITIONS FROM MEMBERS OF THE PUBLIC

To consider any petitions received from members of the public.

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

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

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

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

At a meeting of Cabinet on 3rd August 2020, the following recommendations were accepted:

SHERINGHAM LEISURE CENTRE: PROJECT UPDATE JULY 2020

RESOLVED

To consider undertaking a viability study, including a cost-benefit analysis, to determine the viability of maintaining the existing Splash facility, and its impact on building the new facility. In particular, the study should determine whether a much earlier demolition of the existing Splash would allow a much earlier opening of the new Splash and deliver enhanced project financial viability together with reduced health and safety and repair cost risks arising from the deteriorating current building.

MARKET TOWN INITIATIVE - INTERIM UPDATE

RESOLVED:

That a blanket extension of six months is offered to the completion deadlines of MTI projects from rounds two and three, to account for the impact and delays caused by the Coronavirus Pandemic.

10. COVID-19 FINANCIAL IMPLICATIONS – 2020/21 REVISED BUDGET UPDATE 13 - 34

Summary:

This report follows the previous COVID-19 financial update provided to Members in May, at which time a net budget deficit of c£1m was being forecast for the 2020/21 financial year. The anticipated year end deficit is now forecast to have reduced significantly from the previous report to around £0.4m although it should be noted this is still based on a number of assumptions about future funding and income pressures and assumptions regarding further government support which are discussed in more detail within the body of the report.

This second report provides a further update and follows the government announcement made on 2 July in respect of additional support towards lost income. It contains high level proposals for revising the 2020/21 budget to ensure that budget monitoring for the remainder of the year is meaningful, whilst also considering the impact on the Council's medium term financial position.

The coronavirus COVID-19 pandemic continues to represent a significant challenge for the District Council which will continue to impact on the Council's resources and budget during 2020-21 and future years.

Options considered:

This report sets out the current high level forecasts relating to the latest central government support package. There are a number of options considered based on the recommendations made within the previous report in respect of capital resources, budget re-prioritisation, savings and reserves.

Conclusions:

The country continues to face an unprecedented public health crisis which will have impacts on the Council's expenditure and income during the current financial year and future budgets. It will continue to be important to continue to engage with Government, MPs and other stakeholders to campaign for adequate and sustainable funding for the District so that we can continue to deliver vital services to residents, businesses and visitors and this includes the current year and beyond.

The current pandemic demands very different ways of working and will require ongoing review and consideration of current and future priorities as well as different and innovative service delivery models. Looking beyond the immediate impacts, the overall level of uncertainty means the financial environment remains extremely challenging for the foreseeable future, none of which is helped by the ongoing delays to the various local government funding reviews. The assumptions upon which both the Medium Term Financial Strategy (MTFS) and the 2020/21 budget are based have been significantly undermined by the current crisis.

The current projected budget position (c£0.4m deficit 2020/21) is constantly changing and therefore the high level projections contained within this report must be seen in this context and could be subject to significant change depending on further announcements over the coming months. The report contains high level proposals for revising the 2020/21 budget to ensure that budget monitoring for the remainder of the year is meaningful.

Recommendations:

It is recommended that Cabinet note and agree:

- 1. The current package of financial support being provided to the Council by the government to support its response to COVID-19 and the continued importance of central government lobbying for further additional financial support;**

2. The updated forecast cost and income pressures being faced by the Council and the extent to which they exceed the available government funding and therefore the requirement for any deficit to be funded from alternative Council resources;
3. The proposals for revising the budget at the current time (and the one-off costs to be funded from reserves) to ensure that budget monitoring for the remainder of the year is meaningful, including funding any year end deficit from the Property Reserve (£0.4m);
4. The various caveats and risks associated with the current forecasts and;
5. The proposals in respect of updating the Medium Term Financial Strategy (MTFS) and the financial planning framework for the 2021/22 budget.

Reasons for recommendations:

To update Members in respect of the impact of COVID- 19 on the Council's budget and resource position for 2020/21 and indeed future years.

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

Contact Officer, telephone number and email: Duncan Ellis (Head of Finance & Assets), ext 6330, Duncan.ellis@north-norfolk.gov.uk

11. **TREASURY MANAGEMENT OUTURN REPORT 2019-20**

35 - 44

- Summary:** This report sets out the Treasury Management activities actually undertaken during 2019/20 compared with the Treasury Management Strategy for the year.
- Options Considered:** This report must be prepared to ensure the Council complies with the CIPFA Treasury Management and Prudential Codes.
- Conclusions:** Treasury activities for the year have been carried out in accordance with the CIPFA Code and the Council's Treasury Strategy.
- Recommendations:** **That the Council be asked to RESOLVE that The Treasury Management Annual Report and Prudential Indicators for 2019/20 are approved.**
- Reasons for Recommendation:** Approval by Council demonstrates compliance with the Codes.

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

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

Summary: This is an annual report detailing the council's collection performance and debt management arrangements for 2019/20

The report includes:

- A summary of debts written off in each debt area showing the reasons for write-off and values.
- Collection performance for Council Tax and Non- Domestic Rates.
- Level of arrears outstanding
- Level of provision for bad and doubtful debts

Recommendations:

1. **To approve the annual report giving details of the Council's write-offs in accordance with the Council's Debt Write-Off Policy and performance in relation to revenues collection.**
2. **To agree the Debt Write Off Policy (shown in Appendix 2)**
3. **To agree the use of High Court Enforcement Agents if considered necessary (shown in Appendix 3)**

Cabinet member(s):
Eric Seward

Ward:
All

Contact Officer, telephone number, and e-mail: Sean Knight 01263 516347
Sean.Knight@north-norfolk.gov.uk

13. OFFICER DELEGATED DECISIONS (JUNE TO JULY 2020) 69 - 74

Summary: This report details the decisions taken by Senior Officers under delegated powers from 19th June to 24th July 2020.

Options considered: Not applicable.

Recommendations: **To receive and note the report and the register of officer decisions taken under delegated powers.**

Reasons for recommendations: The Constitution: Chapter 6, Part 5, sections 5.1 and 5.2. details the exercise of any power or function of the Council where waiting until a meeting of Council or a committee would disadvantage the Council. The Constitution requires that any exercise of such powers should be reported to the next meeting of Council, Cabinet or working party (as appropriate).

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)

Delegated decision forms – as completed by the relevant officer

Cabinet Member(s)	Ward(s) affected
All	All

Contact Officer, telephone number and email:
Emma Denny, Democratic Services Manager, 01263 516010

WORK PROGRAMMES

14. THE CABINET WORK PROGRAMME 75 - 78

To note the upcoming Cabinet Work Programme.

15. OVERVIEW & SCRUTINY WORK PROGRAMME AND UPDATE 79 - 84

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

16. EXCLUSION OF THE PRESS AND PUBLIC

To pass the following resolution, if necessary:

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

**17. TO CONSIDER ANY EXEMPT MATTERS ARISING FROM
CONSIDERATION OF THE PUBLIC BUSINESS OF THE AGENDA**

OVERVIEW & SCRUTINY COMMITTEE

Minutes of the meeting of the Overview & Scrutiny Committee held on Wednesday, 22 July 2020 in the remotely via Zoom at 9.30 am

Committee Members Present:

Mr N Dixon (Chairman)	Mr H Blathwayt
Mr P Heinrich	Mr N Housden
Mr G Mancini-Boyle	Mr N Pearce
Miss L Shires	Mrs E Spagnola
Mr J Toye	Mr A Varley
Mr S Penfold	

Members also attending:

Mrs A Fitch-Tillett (Observer)	Ms V Gay (Observer)
Mrs P Grove-Jones (Observer)	Mr R Kershaw (Observer)
Mr J Rest (Observer)	Ms L Withington (Observer)
Mr C Cushing (Observer)	

Officers in Attendance: Democratic Services and Governance Officer (Scrutiny) (DS&GOS), Chief Executive (CE), Head of Legal & Monitoring Officer (HLS), Head of Finance and Asset Management/Section 151 Officer (HFAM), Head of Business Transformation & IT (HIT), Head of Planning (HP), Customer Services Manager (CSM), Head of Economic and Community Development (HECD) and Democratic Services Manager (DSM)

Also in attendance: Member of the Press

18 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Cllr W Fredericks and Cllr T Adams.

19 SUBSTITUTES

Cllr S Penfold substituted for Cllr W Fredericks.

20 PUBLIC QUESTIONS & STATEMENTS

None received .

21 MINUTES

Minutes of the meeting held on 27th May 2020 were approved as a correct record and signed by the Chairman.

22 ITEMS OF URGENT BUSINESS

None received.

23 DECLARATIONS OF INTEREST

None declared.

24 PETITIONS FROM MEMBERS OF THE PUBLIC

None received.

25 CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE BY A MEMBER

None received.

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

None received.

27 NORTH NORFOLK DISTRICT COUNCIL'S TRANSITION FROM RESPONSE TO RECOVERY IN RESPONDING TO THE CORONAVIRUS PANDEMIC

The CE introduced the Report and informed Members that it covered the period from May to the middle of June, when the Council moved from its immediate response of support for vulnerable residents, to begin to consider how to reopen services, assets and facilities. The details of support offered via the small business grant and discretionary grants was also included in the report. The CE noted that North Norfolk had a relatively low incidence of Coronavirus infection, and thankfully a low level of mortality with respect to the overall number of infections.

Questions and Discussion

- i. Cllr N Housden asked whether any additional funding available to support local areas should local lockdowns be implemented. The CE replied that local authorities had been provided with additional funding, held by upper tier authorities for local outbreak control plans and controlled by each County's director of public health. He added that an outbreak control plan that had been signed off by Norfolk leaders in June, which focused on data management and monitoring, but also included a contact advisory centre for local outbreaks. The plan sought to control outbreaks in specific settings such as hospitals, care homes, schools, workplaces, pubs and restaurants, and was based on the track and trace model. Total funding for the plan was reported to be approximately £3m, however the CE was not aware of any additional funding to cover local lockdown losses.
- ii. Cllr L Shires asked if a breakdown of data was available by ward on the support provided by the Council's LCCs during lockdown, to better understand which wards would have the highest need should a second spike in the coming months. The CE replied that there was data available on the number of shielding individuals in each ward, and data was also gathered from each LCC on the number of enquiries and the level of support provided from each centre. He added that the data could be circulated after the meeting.
- iii. Cllr S Penfold asked whether the Council was preparing for a curtailed

summer season or an increase in visitor numbers in light of lockdown easing over the summer holiday period. The CE replied that the Council was preparing and already responding to larger visitor numbers than usual, and constrained it was expected that this trend would continue due to international travel restrictions. He added that North Norfolk was generally full during the summer season, so capacity to increase these numbers would be limited. It was noted that consideration was being given to extend the season into September and October, in addition to Christmas and winter offers for short breaks and the 2021 season, to account for any reluctant for international travel.

- iv. Cllr N Pearce asked what the response to the 'You Are Welcome' campaign had been, and how it was being received. The CE replied that large numbers of visitors to coastal areas had placed pressure on the Council, requiring a swift response on the staged reopening of public conveniences. In terms of the 'You are Welcome' campaign, it was suggested that the advice and assistance given to businesses had been well received, and that it placed the District in a good position for increased visitor numbers. The CE reported that approximately two thirds of the £93k received from Central Government for the Reopening of the High Street fund had been spent on measures to encourage social distancing and personal safety. It was expected that remaining funds would support these efforts until March 2021, with support given for a 'shop local and buy local at Christmas' campaign. Additional funding had been sourced from a Norfolk tourism sector support grant, which would assist the Council in meeting the demands on cleansing of public toilets, litter-picking and emptying of public bins, brought on by the increased use of public spaces.
- v. Cllr S Penfold asked whether the CE was confident that NNDC could ensure public safety during a busier summer season, under the current circumstances. The CE replied that he was hopeful that in partnership with other public bodies, that this would be possible. It was noted that members of the public were still required to take personal responsibility for safety. The CE stated that the Council would also support and actively promote the use of facemasks in addition to social distancing and regular hand washing.
- vi. Cllr L Shires referred to the additional recommendation to participate in the Norfolk Strategic Fund with a £150k contribution, and asked how the Council would ensure that North Norfolk was fairly represented in the funding allocations. She added that North Norfolk often appeared to be forgotten in these negotiations. The CE replied that he had discussed this issue with County partners and the LEP, and reassured Members that the Council would continue to lobby hard to ensure that North Norfolk received its fair share of funding.
- vii. Cllr H Blathwayt referred to the extended season, and asked if there would be any additional support to account for the cancellation of Thursford Christmas events that could have an adverse effect on off-season full-time jobs. The CE replied that the cancellation would cause a significant fall in demand throughout the off-season, but it was hoped that extending the season would help to mitigate this loss. He added that Thursford were still hosting a winter walkthrough experience, and amongst other events, it was hoped this might

alleviate losses.

- viii. Cllr N Pearce asked whether any information was available on the return to work programme. The CE replied that in terms of the wider economy, Look East had undertaken a study of the County, in which North Norfolk was reported to have the highest level of furloughed employees within the region. It was noted that there were not many large employers in the District, and whilst tourism was the largest sector, national expectations of increased unemployment and financial hardship remained.
- ix. Cllr G Mancini-Boyle thanked Environmental Services officers for their work on helping to reopen high streets. The CE noted that the majority of feedback had been very positive and he would pass on the comments to the Team. The Chairman reiterated the thanks, and noted that individuals still had to take personal responsibility for public safety. He added that some residents' concerns around reopening the District remained, and that the Council was evidently doing its best to accommodate these.
- x. The Chairman referred to the Bittern Line and noted that whilst concerns had been raised in relation to performance at the end of 2019, he asked whether any update available on the performance of the service, given its importance as a public transport option. The CE replied that upon the introduction of new trains in the latter months of 2019, there had been significant issues with signaling and electronic barriers between Norwich and Sheringham. It was reported that from January onwards the service had returned to its normal high standard, as well as continuing to provide a service for key workers throughout the lockdown period. The CE added that with Government advice on non-essential travel now being relaxed, it was expected that the public would soon return to using the service as normal. The Chairman thanked the CE for the update and asked that he pass on thanks to the relevant officers.

RESOLVED

To note the report.

28 BRIEFING ON CUSTOMER SERVICES: COVID-19 CONTACT HANDLING AND CORPORATE COMPLAINTS POLICY

The CSM introduced the report and informed Members that the aim was to provide an insight into the frontline service provided to customers, whilst also considering the impact of Covid-19 and the Team's response to the crisis.

Questions and Discussion

- i. Cllr N Housden asked for clarification on the planning complaints. The CSM replied that the planning complaints generally referred to the manner in which planning applications were handled, which could refer to applications being processed too quickly, too slowly, or applicants not receiving adequate communication throughout the process. He suggested that it would be better to request service specific information from the Head of Planning, who would have a better understanding of the complaints. The CSM stated that the Customer Service role was to receive complaints and pass them on to the

relevant service, which meant they often did not see the full details. Cllr N Housden suggested that it might be useful to have a further breakdown of planning complaints.

- ii. Cllr G Mancini-Boyle referred complaints data on p29, and asked why there had been no reduction in complaints from stages two to three. The CSM replied that whilst he did not have the full breakdown of complaints available, some may have been resolved within the timeframe of reporting and others not. He added that it was coincidental that stage two and three complaints were the same number, but this did not necessarily mean these were the same complaints. The Chairman noted that figures taken from a different period did show a small reduction between each stage, and asked for clarification on whether this was the aim of the policy. The CSM replied that complainants were asked whether they were satisfied that their complaint had been resolved at each stage, and they would often choose to progress complaints. He added that LGA guidance on the matter had recently changed, and it was now suggested that complaints should be dealt with in a two stage process. The HIT stated that in the current process, complainants were asked whether they would like to progress their complaint, which gave little disincentive, that might further explain the minimal reduction in numbers between each stage.
- iii. Cllr L Shires stated that the number of interactions handled during the lockdown period had been vast and the Customer Services Team's response to this demand had been flawless. She referred to the breakdown of complaints on p30, and suggested that it would be useful to have more detail to learn from mistakes and see the impact that Covid-19 on complaints.
- iv. Cllr C Cushing stated that it was important to learn from the report to improve the Council's complaints procedure and ensure the same issues did not reoccur. The HIT agreed and stated that improving the service for customers was a key objective of the Corporate Plan. He added that the Council completed approximately 100k transactions per year, which in relation to 148 complaints was a relatively good picture, though there was always room for improvements.
- v. Cllr N Pearce reiterated that the number of complaints was extremely low in relation to total transactions. He referred to benefits complaints on p30 and stated that more detail was required to fully understand the issues. The CSM replied that the 56 complaints for council tax, benefits and business rates covered a broad spectrum of issues, and having only five for complaints for benefits was a positive sign. He added that whilst Covid-19 would affect resident's incomes, he was confident that the team would continue to handle incoming requests for assistance effectively.
- vi. In response to a question from Cllr G Mancini-Boyle, it was confirmed that the complaints policy required all complainants to progress through every step of the process.

Customer Centred Services - Digital by Design Presentation

The HLS gave a presentation on potential changes to the customer services approach and informed Members that the Corporate Plan aspired to make the

Council's services easy to access through a number of channels. It was reported that current pressures on the service included increased demand, funding pressures, and delivering the aims of the Corporate Plan. It was stated that it would be difficult to increase staffing levels to cope with the increased demand, hence alternatives had to be considered. The HLS stated that Covid-19 had caused a number of changes to the way Customer Services worked already, with members of the public no longer visiting the office to access services, and most enquiries being handled by staff working remotely. It was noted that the Council must ensure that the right service was available to residents as and when required to improve their experience, whilst also improving efficiency. It was suggested that the proposals would make some services available 24/7 via the NNDC website. It was noted that both telephone and face to face services would remain in place for those unable to access the internet.

The HLS informed Members that there were four key actions behind the digital by design proposal, which included obtaining customer insight into how customers interacted with the Council, continuing to develop the Council's website, changing access arrangement to encourage digital channels, and redesigning services to be digital where possible. In summary, the proposals sought to implement more effective targeted services, remove duplication and waste, allow customers to choose how to access services in a convenient way, and enable a transfer of resources to where they were most needed.

Questions and Discussion

- i. The Chairman thanked the HLS for the presentation, but raised concerns around the limited opportunity for Member input prior to implementation of the proposals. He asked for clarification of how Members would be involved in the process. The HLS replied that whilst the implementation of the proposal would be an operational matter, progress could be reported to the Committee on a regular basis for Member feedback. She added that a more detailed strategy paper could also be reviewed by Members, in addition to commenting on the existing action plan. The Chairman agreed that implementation was an operational matter, but suggested that Members needed time to develop their understanding of the proposals and contribute to the process. He sought assurances that the proposals would not go forward without further Member engagement. The HLS replied that the Corporate Plan panels would monitor the outcomes of the project, and if necessary, Members could scrutinize any issues that arose. The Chairman stated that he was not convinced that reviewing outcomes would provide Members with adequate opportunity to offer input into the process. The HLS replied that the strategy had been set by Cabinet in the Corporate Plan, and at this stage it was now the officers' role to identify and implement that strategy. She added that a demand management approach was common place amongst Councils, and it would not go ahead without careful planning. It was suggested that the Council would struggle to meet future demand if the approach was not adopted.
- ii. The Chairman suggested that it would be useful to have a workshop or briefing session in which the presentation could be repeated with more time for discussions and input. The HLS replied that it was the intention of SLT to provide a zoom briefing on the proposals, though the opportunity was taken to present it to Members at Committee as soon as possible. The HIT added that whilst the proposals were part of an overarching policy, no actions would take

place outside of normal the portfolio holder interaction and reporting processes. He reiterated that the proposals were merely a guide for delivering the step change in how the Council delivered its customer services. The HLS confirmed that she would provide the same presentation as a standalone zoom briefing.

- iii. Cllr R Kershaw spoke on behalf of the portfolio holder who was unable to attend the meeting and stated that the lead should come from what the customers' wanted. He added that the implementation process could come back to Scrutiny, though any software design must avoid being overcomplicated with too much input.
- iv. The Chairman suggested that it would be prudent to leave further questions to a standalone presentation. He referred back to the main report, and suggested that it would be helpful to see a future report on how the complaints identified would be resolved by the digital by design model. Cllr N Housden reiterated concerns around a lack of specific detail on complaints, and suggested that it would be required to learn from past mistakes. Cllr L Shires stated that she was fully supportive of a digital approach, but raised concerns that accessibility might suffer for those unable to access digital channels. She welcomed the opportunity for a zoom briefing to gain greater insight and provide input to the strategy.
- v. Cllr N Housden stated that whilst Covid-19 had forced many to use digital options, once life returned to normal, he expected there would be a desire amongst the public to return to previous access channels, and this had to be monitored closely.
- vi. Cllr J Toye stated that he supported the officers' proposals, and noted that whilst it was the Members role to set requirements, he was comfortable for officers to proceed. Cllr N Pearce stated that he was supportive of a further briefing and an additional report on how the proposals would address lessons learned. He proposed that an all Member briefing session take place on the proposals, and further reports be produced to look in detail at the nature of complaints, and how the proposals would address these issues. Cllr L Shires seconded the proposals.

RESOLVED

- 1. To note the report.**
- 2. To request that an all Member briefing take place on the Digital by Design customer service proposals.**
- 3. To request an additional report from SLT with greater detail on the nature of complaints received.**
- 4. To request an additional report from SLT on how the Digital by Design approach would address issues raised in complaints.**

The DSM introduced the report and informed Members that it was a statutory report that had special significance during the lockdown period due to the number of delegated decisions required. She added that a rolling list was available on the Council's website in chronological order. It was noted that some decisions reversed previous decisions, such as reopening facilities, and that all decisions were taken by senior or statutory officers. A more detailed form was available for each decision that was available to view on request.

Questions & Discussion

- i. The Chairman referred to the decision to provide financial support to the leisure contractor on p49, and asked for the total of this support. The HECD replied that the Council had agreed to support the contractor on a monthly basis from April, with further payments made in May and June. The monthly payments were reported to be approximately £36k, and the Council was in the process of negotiating with the contractor on payments that would cover up to the reopening of facilities. Due to contractual arrangements the HECD was not able to share any further cost estimates going forward. It was confirmed that the total amount was three separate payments of £36k, and these were outlined in the Covid-19 financial impact report from the Section 151 Officer.
- ii. Cllr P Heinrich asked for confirmation that leisure centre staff had been furloughed, and that the remaining payments were for amounts not covered by the furlough scheme. The HECD replied that the majority of staff were furloughed, though two were retained on normal contracts to maintain the facilities and work on remobilization.
- iii. Cllr G Mancini-Boyle asked if the funding provided to support the leisure contractor had come from Central Government or the Council's own budget, to which the HECD replied that it had been funded directly by NNDC as a contractual requirement.
- iv. Cllr L Shires asked for the number of staff supported via the payments and what the implications would have been, should the support not have been provided. The HECD replied that whilst this was a hypothetical situation, the Government had advised local authorities to support their contractors to avoid redundancies or insolvency. He added that most local authorities had supported their contractors where possible, and NNDC had taken this approach to avoid adverse consequences. Cllr V Gay stated for Members' reassurance that this was a national issue, and other Council's had also supported their contractors.

RESOLVED

To receive and note the report and the register of officer decisions taken under delegated powers.

30 SHERINGHAM LEISURE CENTRE: PROJECT UPDATE JULY 2020

Cllr V Gay – Portfolio Holder for Culture & Wellbeing introduced the report and expressed her gratitude to officers for preparing it. It was noted that answers had been provided to written questions in advance of the meeting, though annual

maintenance and running costs of the existing Splash facility would be provided once the information had been gathered. On cost overruns, Cllr V Gay stated that within the contingency funds, spending amounted to approximately £200k, and added that all individuals involved in the project had done their utmost to avoid further expenditure. On professional fees, it was reported that approximately £15k had been required at various stages throughout the project.

In response to Cllr J Rest's written question, which asked whether the existing Splash facility should be demolished to avoid further expenditure, Cllr V Gay stated that she did not yet feel there were grounds to make a decision on what was prudent, given the current circumstances. It was noted that there had been unexpected expenditure for repairs to the facility, but it was ready to reopen at the start of the lockdown period. It was expected that gyms would be allowed to reopen from 25th July, with swimming facilities from 22nd August. Cllr V Gay stated that though these dates were clear, an opening date for the Splash facility was not yet known. It was suggested that additional Government funding may be available to support gyms and leisure centers, though it was not yet known if Splash would be eligible.

Cllr V Gay reported that the cost of delays to the construction of the new facility was approximately £130k, though the original proposal relied on continued income from the existing facility until completion. On that basis, the Council had promised to maintain the old facility until that point. It was noted that there were also contractual obligations, and the Council had a duty to provide services for residents within the District. Cllr V Gay stated that despite concerns regarding the possibility of a local lockdown in the future, she hoped that all of the Council's leisure facilities would reopen shortly.

Questions and Discussion

- i. Cllr L Shires stated asked if she was missing any details that would bring her to the conclusion that closing the existing facility would be prudent.
- ii. Cllr L Withington stated that she was not expecting to see a suggestion to close the existing facility, and asked for clarification of Cllr Rest's suggestion to the Committee. The Chairman replied that whilst Cllr J Rest was not a Committee Member, he had suggested that analysis of closing the existing Splash facility should be undertaken, to determine whether it would aid the development of the new facility.
- iii. Cllr N Housden stated that had sought to determine the viability of the existing Splash facility, given the current restrictions. He then proposed that an investigation should be undertaken to determine the viability of maintaining the existing Splash facility until the new site had opened, with the inclusion of a cost-benefit analysis.
- iv. Cllr P Heinrich stated that it would be very difficult to deny residents the use of the existing facility, and whilst there would be costs involved in maintaining that facility, there would also be costs incurred from an early closure, as a result of contractual obligations. He added that demolishing the existing facility early could take up to twelve months to arrange, and urged the Committee to consider the intangible impact of closing the facility on residents.

- v. Cllr N Pearce stated that he was supportive of requesting a study to determine the viability of maintaining the existing facility. The Chairman clarified that ultimately the decision would fall to Cabinet, but O&S would be able to make a recommendation one way or another.
- vi. Cllr G Mancini-Boyle noted that Central Government was in the process of arranging additional funding for gyms and leisure centers, and this would need to be taken into account if a viability study was undertaken.
- vii. Cllr E Spagnola stated that support for the new facility was already strained, and many residents of Sheringham and surrounding areas were dependent on the existing facility for exercise and support, therefore she could not support closing the facility early. The Chairman reminded Members that the Committee was discussing a potential viability study and would not be making any recommendations on closure for the time being. Cllr L Shires suggested that any analysis should include a comparison between Splash and the Council's other leisure facilities.
- viii. The HECD shared photos and a time lapse video of progress on the new leisure centre.
- ix. Cllr J Rest reiterated that he hoped the Committee would recommend that a viability study is undertaken, as continuing to fund the existing facility could delay the opening of the new site. Cllr A Varley stated that he welcomed a financial viability study, but suggested that it should also include consideration of the physical and mental wellbeing of residents.
- x. Cllr H Blathwayt asked whether the demolition of the existing Splash would hinder the building of the new facility, and added that he was supportive of undertaking a viability study.
- xi. Cllr N Pearce seconded Cllr N Housden's proposal to recommend to Cabinet that a viability study including a cost-benefit analysis be undertaken to determine the viability of maintaining the existing Splash facility until the new site is completed.

RESOLVED

- 1. To note the report.**
- 2. To recommend to Cabinet that a viability study including a cost-benefit analysis be undertaken to determine the viability of maintaining the existing Splash facility, and its impact on building the new facility.**

31 MARKET TOWN INITIATIVE - INTERIM UPDATE

The DS&GOS introduced the report and informed Members that the report was intended to update the Committee on the ongoing MTI projects with reference to the impact that Covid-19 had on their implementation. It was noted that many projects had been placed on hold throughout the lockdown, and as a result, several projects were expected to be delayed beyond the one year timeframe. The DS&GOS informed Members that the original completion deadline for round 2 projects was in

September, depending on when applicants had received funding. He added that some applicants had also received funding for public events that could not be expected to go ahead under the current restrictions. As a result, the standing recommendation was to offer a blanket six month extension to applicants, to allow time to implement projects safely. In addition, whilst it was deemed inappropriate to review each active project at Committee, it would be possible to do this at Working Group level, if the Committee were minded to do so.

Questions and Discussion

- i. Cllr R Kershaw stated that the MTI project was still being monitored carefully, and he did not see any reason why offering a blanket extension would be detrimental in any way. Cllr N Housden stated he would be happy to support the offer of a blanket six month extension where required.
- ii. Committee Members were satisfied that the MTI Working Group were not yet required to convene a meeting to review each project in detail.
- iii. The recommendation to offer a blanket six month extension to active MTI projects was proposed by Cllr J Toye and seconded by Cllr P Heinrich.

RESOLVED

To recommend to Cabinet that a blanket extension of six months is offered to the completion deadlines of MTI projects from rounds two and three, to account for the impact and delays caused by the Coronavirus Pandemic.

32 THE CABINET WORK PROGRAMME

The DS&GOS informed Members that there was a Cabinet meeting set to take place on 3rd August, as a significant number of statutory financial reports were due for review. As a result, it was expected that an August meeting of the Overview & Scrutiny Committee would be required. It was expected that this meeting would take place on Wednesday 12th August.

33 OVERVIEW & SCRUTINY WORK PROGRAMME AND UPDATE

The DS&GOS suggested that from September the Committee would need to consider setting a work programme for the rest of the year, having not set one at the normal time due to the impact of Covid-19. It was noted that several outstanding items could be brought forward.

34 EXCLUSION OF THE PRESS AND PUBLIC

35 TO CONSIDER ANY EXEMPT MATTERS ARISING FROM CONSIDERATION OF THE PUBLIC BUSINESS OF THE AGENDA

The meeting ended at 12.45 pm.

Chairman

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COVID-19 FINANCIAL IMPLICATIONS – 2020/21 REVISED BUDGET UPDATE

Summary: This report follows the previous COVID-19 financial update provided to Members in May, at which time a net budget deficit of c£1m was being forecast for the 2020/21 financial year. The anticipated year end deficit is now forecast to have reduced significantly from the previous report to around £0.4m although it should be noted this is still based on a number of assumptions about future funding and income pressures and assumptions regarding further government support which are discussed in more detail within the body of the report.

This second report provides a further update and follows the government announcement made on 2 July in respect of additional support towards lost income. It contains high level proposals for revising the 2020/21 budget to ensure that budget monitoring for the remainder of the year is meaningful, whilst also considering the impact on the Council's medium term financial position.

The coronavirus COVID-19 pandemic continues to represent a significant challenge for the District Council which will continue to impact on the Council's resources and budget during 2020-21 and future years.

Options considered: This report sets out the current high level forecasts relating to the COVID-19 pandemic taking account of the latest central government support package. There are a number of options considered based on the recommendations made within the previous report in respect of capital resources, budget re-prioritisation, savings and reserves.

Conclusions: The country continues to face an unprecedented public health crisis which will have impacts on the Council's expenditure and income during the current financial year and future budgets. It will continue to be important to continue to engage with Government, MPs and other stakeholders to campaign for adequate and sustainable funding for the District so that we can continue to deliver vital services to residents, businesses and visitors and this includes the current year and beyond.

The current pandemic demands very different ways of working and will require ongoing review and consideration of current and future priorities as well as different and innovative service delivery models. Looking beyond the immediate impacts, the overall level of uncertainty means the financial environment remains extremely challenging for the foreseeable future, none of which is helped by the ongoing delays to the various

local government funding reviews. The assumptions upon which both the Medium Term Financial Strategy (MTFS) and the 2020/21 budget are based have been significantly undermined by the current crisis.

The current projected budget position (c£0.4m deficit 2020/21) is constantly changing and therefore the high level projections contained within this report must be seen in this context and could be subject to significant change depending on further announcements over the coming months. The report contains high level proposals for revising the 2020/21 budget to ensure that budget monitoring for the remainder of the year is meaningful.

Recommendations:

It is recommended that Cabinet note and agree:

- 1. The current package of financial support being provided to the Council by the government to support its response to COVID-19 and the continued importance of central government lobbying for further additional financial support;**
- 2. The updated forecast cost and income pressures being faced by the Council and the extent to which they exceed the available government funding and therefore the requirement for any deficit to be funded from alternative Council resources;**
- 3. The proposals for revising the budget at the current time (and the one-off costs to be funded from reserves) to ensure that budget monitoring for the remainder of the year is meaningful, including funding any year end deficit from the Property Reserve (£0.4m);**
- 4. The various caveats and risks associated with the current forecasts and;**
- 5. The proposals in respect of updating the Medium Term Financial Strategy (MTFS) and the financial planning framework for the 2021/22 budget.**

Reasons for Recommendations:

To update Members in respect of the impact of COVID-19 on the Council's budget and resource position for 2020/21 and indeed future years.

Cabinet Member(s) Cllr Eric Seward	Ward(s) affected All
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Contact Officer, telephone number and email: Duncan Ellis (Head of Finance & Assets), ext 6330, Duncan.ellis@north-norfolk.gov.uk

Executive Summary

This report follows the previous COVID-19 financial briefing provided in May, at which time a **budget deficit of c£1m was being forecast** for the 2020/21 financial year. Three tranches of central government funding have now been received totalling c£1.3m with a further announcement made on 2 July in respect of additional government support towards lost income (**currently estimated at £1.1m**). The current pandemic demands different ways of working and requires ongoing review and consideration of priorities. Looking beyond the immediate impacts, the overall level of uncertainty means the financial environment remains challenging for the foreseeable future. The assumptions upon which both the Medium Term Financial Strategy (MTFS) and 2020/21 budget are based have now been significantly undermined by the current crisis although the additional funding support has helped mitigate some of the impact. This update considers the following elements of the 2020/21 budget and MTFS and the challenges and pressures facing each of these (see **Appendix A**);

Costs - service cost pressures from increasing demand such as housing benefit, homelessness and business support. Additional contract costs for areas such as leisure and exceptional costs from things such as Community Hubs, resident communications and staff overtime costs/sickness/re-deployment adjusted for one-off payments unrelated to COVID. **INCREASING COST PRESSURES £0.837m**

Income – significant reductions being seen from fees and charges (parking, planning and building control fees, commercial waste, licensing etc). Reduction in recycling credits/profit share arrangements, rent holidays/waivers being requested. **INCREASING INCOME PRESSURES £1.560m**

Savings – there are no immediate concerns regarding budgeted savings plans or non-delivery in the current financial year. The key challenge however relates to future years which will potentially be impacted as many savings initiatives require a number of years to deliver the expected outcomes so any reduced capacity to consider savings plans now may have a medium term impact. **PRESSURE ON FUTURE YEAR SAVINGS**

Investments – loss of investment income from cash balances due to changes in markets and prioritisation of short-term holdings to maximise liquidity. **REDUCING INVESTMENT RETURNS £0.361m**

Funding streams - a fall in the council tax and business rates collection rate could have a significant impact in terms of both funding and cash flow risk although this is now expected to impact in future years as opposed to 2020/21 following recent announcements regarding the ability to cover Collection Fund deficits over 3 years instead of the usual 1. **PRESSURE ON FUNDING STREAMS**

Reserves – reserves are now forecast to **reduce by £8.4m from £18.7m down to £10.3m over the next 4 years which is a reduction of 45%**. Of the remaining balances many are contingency amounts/grants ie General Fund, benefits and business rates reserves which further reduce the availability of reserves to support the budget. **REDUCING RESERVE BALANCES/OPPORTUNITY**

Capital programme - Cabinet have reviewed the capital programme and are satisfied that no further changes are required at the present time although the position will continue to be monitored to ensure that schemes continued to be aligned with current aspirations and demonstrate value for money. Following the 2019/20 outturn position the updated programme is **c£36m** of which approximately 30% comes from external grant sources. **OPPORTUNITY COST**

At the current time the combined impact of the above cost/income pressures results in a **high level**

budget deficit for 2020/21 of c£3.0m. The anticipated government funding of £2.4m will help to address this and, coupled with the one-off reserve funding of £0.284m, reduces it to around c£0.4m which the Council will need to address by looking to make further savings and reallocate resources within the current budget as the reserves are already under pressure and only represent a one-off source of funding which is not sustainable in the medium term. Should the Council not be able to make these adjustments in year then reserves will be required to balance the budget and it is recommended that this is taken from the **Property Company reserve**.

The current position (c£0.4m deficit 2020/21) is constantly changing and therefore the high level projections contained within this report must be seen in this context and could be subject to significant change depending on further announcements over the coming months.

1. Introduction

- 1.1. This report follows the previous COVID-19 financial update ([here](#)) provided to Members in May, at which time a budget deficit of c£1m was being forecast for the 2020/21 financial year and follows the announcement made on 2 July in respect of additional government support towards lost income. The content of the report is based on circumstances that continue to change and evolve at a rapid rate and should be considered in the light of the MTFS 2020/21 to 2023/24 ([here](#)), the 2020/21 budget report ([here](#)) and previous COVID report.
- 1.2. Three tranches of central government funding have been received to date totalling c£1.3m. A further announcement was made on 2 July in respect of additional government support towards lost income in respect of fees and charges and is based on the Council covering the first 5% of any loss with the government then topping up 75% of the balance which means the Council has to cover just under £0.3m from every £1m lost. Based on our current full year forecast for lost fees and charges of £1.56m **our provisional allocation would be £1.1m but this is subject to confirmation at the present time and therefore represents a significant risk in terms of the projections.**
- 1.3. Additionally, the government has confirmed they will allow the spread of any business rates/council tax deficits over 3 years rather than the usual 1 as Councils are seeing reduced revenue from these sources, and these deficits would ordinarily need to be paid for in the 2021/22 financial year. This will help with budgeting and cash flow, making payments more manageable and reducing the impact of deficits on the budget in any one year. It is therefore recommended that the authority and wider sector continue to lobby for support in respect of these funding sources as well.
- 1.4. The currently identified pressures in terms of additional expenditure but, more significantly for us, pressure on income budgets, currently exceed the grant funding available. It is currently forecast that the Council will incur cost and income pressures of around **£3.0m** by the end of the current financial year as set out in Table 1 below. The package of central government support estimated in total at c£2.4m will reduce this forecast deficit down to just over **£0.6m and there are two isolated costs to be funded from reserves which are unrelated to COVID which will further reduce the anticipated deficit to around £0.4m.** There is however a high degree of uncertainty about these forecasts and they will continue to be refined as the situation develops and national and local responses are delivered.
- 1.5. It has also been announced recently that we have been successful in drawing

down £330k from the new Norfolk Strategic Fund and the Tourism Sector Support Programme. This funding is very much welcomed but is designed to support additional elements of response to the crisis and is therefore expected at this stage to be matched by additional expenditure so will enable us to deliver a better response but won't support the budget deficit.

2. Corporate Plan and the Medium Term Financial Strategy (MTFS)

- 2.1. The budget and MTFS are fundamentally linked to the Corporate Plan ([here](#)) and the Delivery Plan ([here](#)), and supports the delivery of the vision and aspirations contained within the Corporate Plan. An initial review of the Delivery Plan has been undertaken by Cabinet and SLT to identify and confirm priorities given the current pressures. It will be important to continue to keep these and other key policy documents under review over the coming months as there may well be a new or renewed focus and priority given to certain aspects and new areas may well emerge and it will be essential to ensure that the Council's constrained resources are focussed towards these key priority areas.
- 2.2. The impact of this outbreak in Norfolk is having far-reaching consequences, and has already required a rapid and radical adjustment in both organisational priorities and ways of working. Although there are profound short-term impacts being experienced from the response to COVID-19, it remains to be seen precisely what the medium and longer-term impact will be, and as such the full implications for the Council's Budget in 2020-21 and beyond remain to be confirmed.
- 2.3. However, the pandemic will unquestionably change the long term shape of some of our services, in relation to joint working, public expectation, demand and digital access. In addition, it is highly likely that key income sources including council tax (through both the Collection Fund and tax base growth) and business rates will be under pressure in 2021-22, requiring a revision to budget planning assumptions for future years. It is therefore essential that the Council continues to lobby for increased financial support to help with ongoing budget pressures and further clarity regarding future year funding provision.
- 2.4. A number of services are seeing a significant impact from the pandemic, affecting service delivery, demand and ways of working across all parts of the Council. It is unclear how services and demand will need to operate beyond the immediate emergency period, particularly for vulnerable groups and businesses who may be affected for longer.
- 2.5. The Council continues to evaluate how the likely 2021-22 gap will be funded, without an increased level of Government assistance, there are likely to be significant savings to be found to deliver a balanced Budget in 2021-22 for which we were already forecasting a deficit of some £1.8m as at February 2020. A recent announcement from central government indicated that the Fair Funding review will be slipped for a further year and that central funding will remain in place at current levels. The future years' forecasts below have been updated to reflect this.
- 2.6. On 21 July it was announced that consultation on the Spending Review will be open until the 24 September and officers are currently working on a draft response to this along with the next round of consultation in relation to the Business Rates review which has consultation deadlines of 18 September in

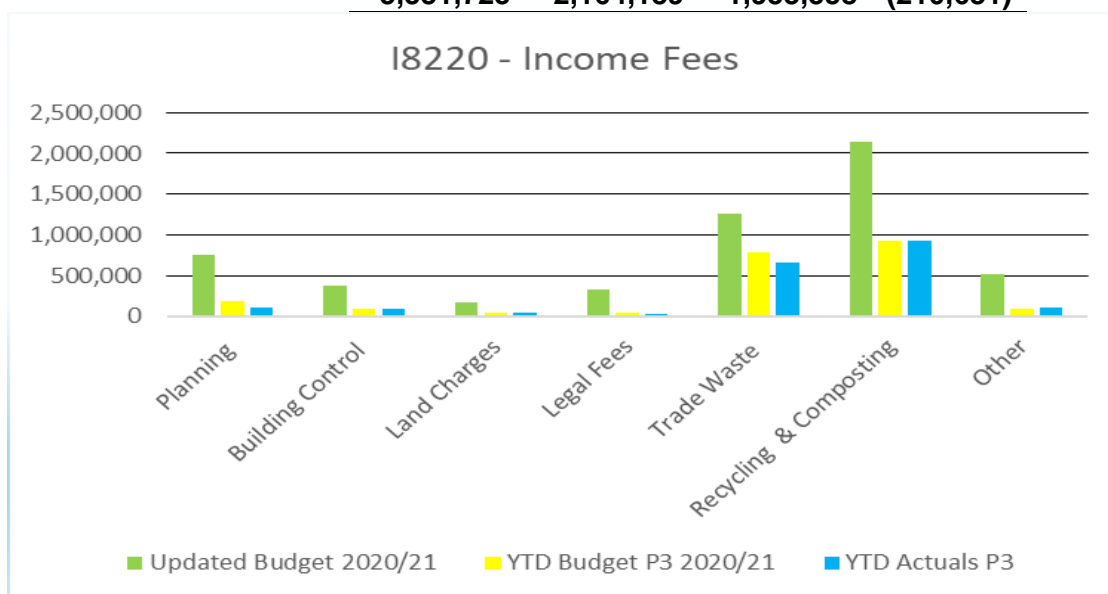
respect of reliefs and 31 October in regarding all other aspects.

3. **Budget 2020/21 - Period 3 (June) budget monitoring**

- 3.1. The Council's 2020-21 Budget was agreed by Full Council in February 2020, but the developing COVID-19 pandemic requires us to fundamentally question a number of the assumptions upon which the budget is now based. When approved the 2020/21 budget was forecasting a surplus of £2.4m, largely due to one-off provision adjustments through the Collection Fund. However, the 2021/22 – 2023/24 projections were already forecasting deficits of £1.8m to £2.2m prior to the added pressures that the pandemic is going to place on the Council's resources.
- 3.2. The period 3 budget monitoring has been completed which includes consideration of all income and expenditure up to the end of June 2020. Unsurprisingly this first 3 months of the new financial year has seen significant increases in expenditure in a number of areas coupled with sharp reductions in income.
- 3.3. **Appendix A** shows an updated General Fund position and highlights the year to date variances against the 2020/21 profiled budget, any assumed full year effect (for example where income has been lost that will not now be recovered) and then a forecast outturn position given what we know at the current time.
- 3.4. The Net Cost of Service level within the General Fund summary is analysed **across subjective headings** ie employee costs, premises costs, supplies and services etc to make it easier to highlight where the key pressures are coming from rather than this being split across various service headings.
- 3.5. At the Net Cost of Service level, the year to date overspend against the profiled budget is c£1.2m. At present there are some savings showing against employee related costs, transport and training costs and some premises related costs as a result of facilities being temporarily closed.
- 3.6. However, there are significant increases in areas such as supplies and services, with temporary accommodation costs already exceeding budget forecasts by £46k as at the end of June and the outturn position for this area of spend was £227k for 2019/20. ICT costs have also increased during the opening months of the year to support additional hardware and software requirements to support new ways of working and increase network capacity and resilience.
- 3.7. The single biggest challenge is however around the income reductions which total nearly £1.0m to date and the tables below highlight the variances in terms of the current position compared with the budget. The main fee variances can be seen within the table below and highlighted further in the chart. Some of the key variances to date include shortfalls against planning income (£89k) and trade waste (£123k).

Income - Fees

	Updated Budget 2020/21	YTD Budget P3 2020/21	YTD Actuals P3	YTD Variance
Planning	751,500	187,875	97,961	(89,914)
Building Control	380,000	94,998	85,809	(9,189)
Land Charges	162,190	40,548	42,768	2,220
Legal Fees	329,896	38,772	29,876	(8,896)
Trade Waste	1,255,000	785,000	662,127	(122,873)
Recycling & Composting	2,144,861	930,000	931,255	1,255
Other	508,278	86,996	103,762	16,766
	5,531,725	2,164,189	1,953,558	(210,631)

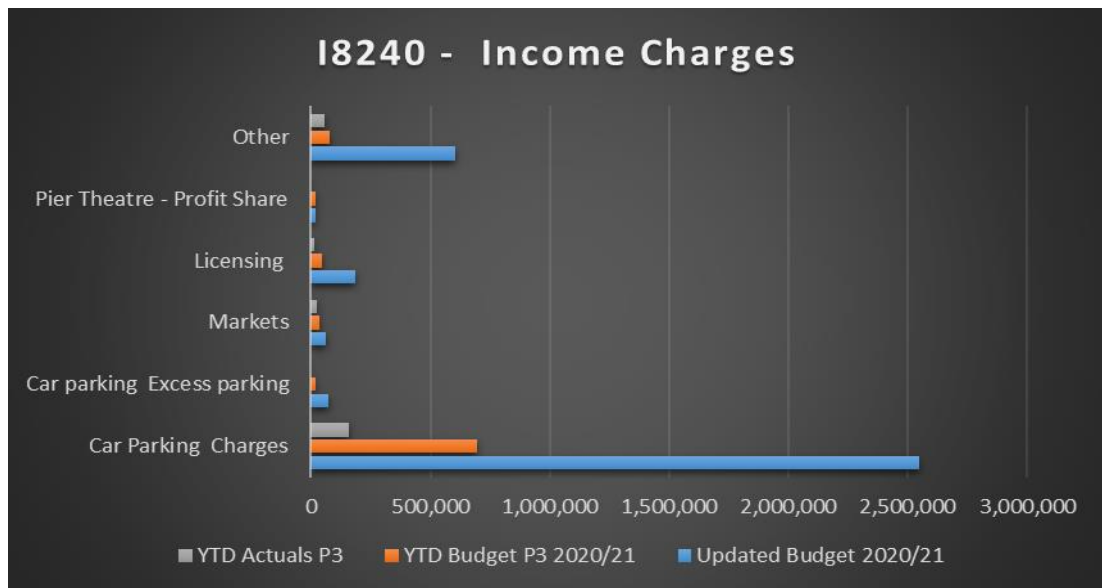


- 3.8. In relation to income from charges again the main variances can be seen within the table below and highlighted further in the chart. The key variance to date relates to parking income (£557k).

Income - Charges

	Updated Budget 2020/21	YTD Budget P3 2020/21	YTD Actuals P3	YTD Variance
Car Parking Charges	2,544,900	695,852	156,894	(538,958)
Car parking Excess parking	70,490	17,622	(28)	(17,650)
Markets	63,654	36,474	24,105	(12,369)
Licensing	187,000	46,749	12,516	(34,233)
Pier Theatre - Profit Share	20,000	20,000	0	(20,000)
Other	605,610	76,734	54,433	(22,301)

3,491,654 893,431 247,920 (645,511)



3.9. In terms of treasury investments, while the year to date position shows a reduction of c£103k in income receivable compared with the budget this is offset by savings of c£88k in respect of borrowing that the Council has avoided to date. This is due to some major schemes stalling during the initial lockdown period (such as Splash) and also due to the upfront payment from central government of £65m to finance the various grant support schemes announced which have supported the Council's cash flow.

3.10. To date the Council has received three tranches of un-ringfenced grant funding from central government totalling c£1.3m and once this is taken in to account the bottom line impact on the General Fund summary in terms of year to date budget projections of £62k underspent. Had this funding not been received this overspend would have been in excess of £1.2m.

4. Budget 2020/21 - Updated forecasts and full year effects

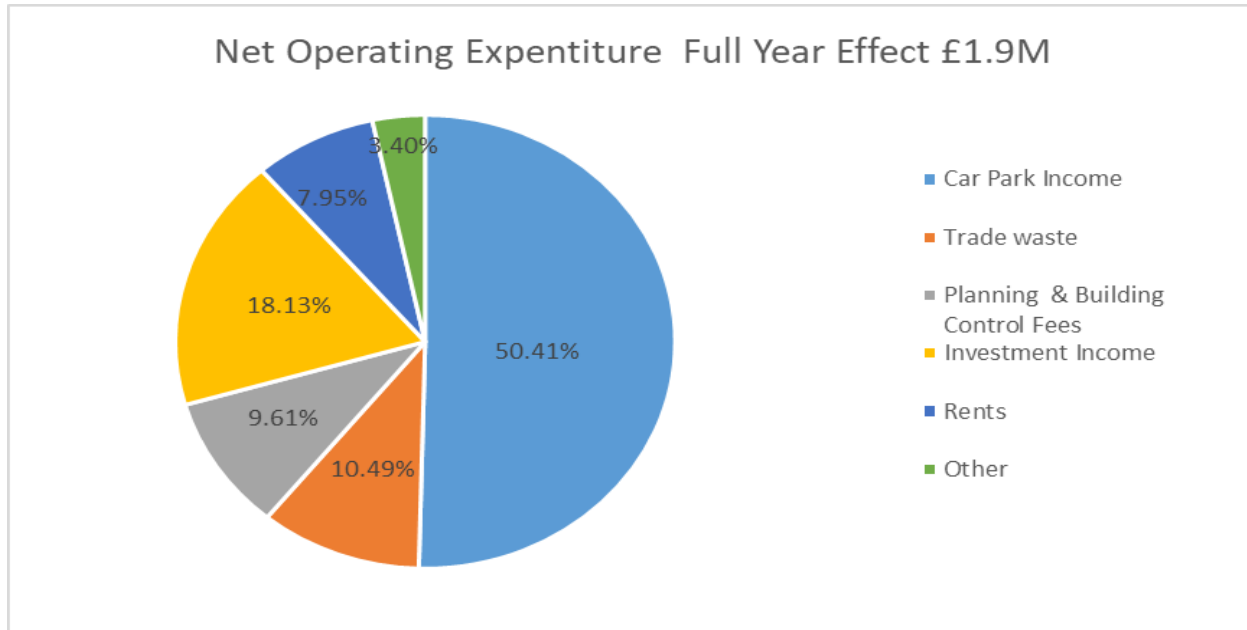
4.1. The following provides a high level year end forecast covering some of the current cost and income pressures facing the Council in terms of the 2020/21 budget and has been informed by the period 3 (June) budget monitoring process. More details can be found within the General Fund summary at **Appendix A** under the 'full year effect' column.

4.2. As can be seen from the summary the updated budget is showing a **forecast deficit of c£359k** by the end of the year. This current forecasts does however assume that we receive a further **c£1.1m** from central government based on our current full year forecast for lost fees and charges of £1.56m. **This is however still subject to confirmation at the present time and therefore represents a significant risk in terms of the projections.**

4.3. If further savings and efficiencies cannot be achieved by the year end it is recommended that this deficit is funded from the **Property Company** reserve.

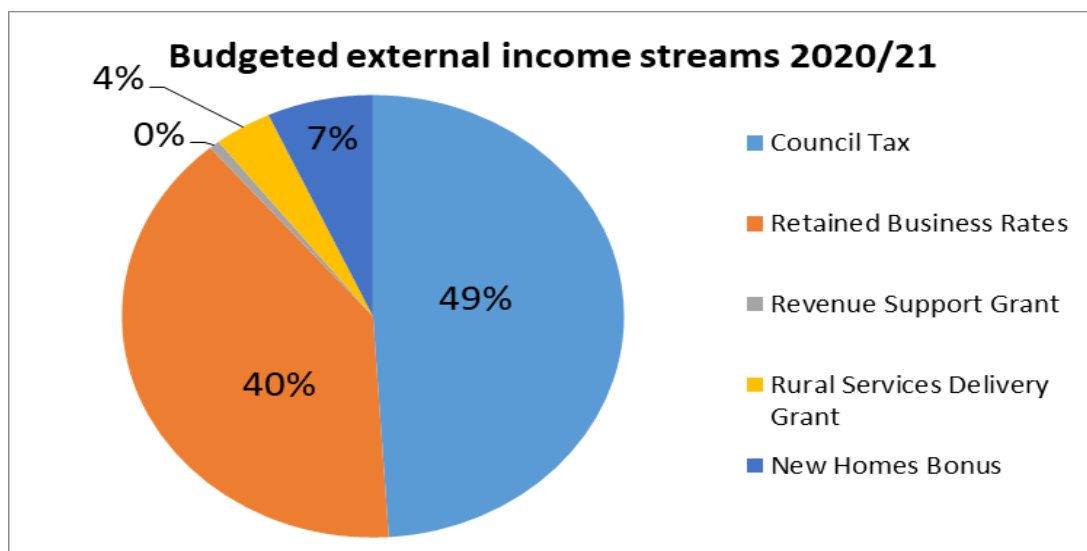
General Fund – net cost of services

- 4.4. **Costs** - service cost pressures from increasing demand such as housing benefit, homelessness and business support. Additional contract costs for areas such as leisure and exceptional costs from things such as Community Hubs, resident communications and staff overtime costs/sickness/re-deployment.
- 4.5. There are however 2 elements of this deficit which are unrelated to COVID and would have been incurred regardless These relate to the final one-off payment of £145k to the contractor in relation to the Cromer hub capital scheme which is no longer progressing and payment to the Local Enterprise Partnership (LEP) of £139k which relates to business rate retention payments connected to the Scottow enterprise zone. The combined impact of these is c£284k, the proposal is therefore to fund these from the Property Company Reserve and Business Rates Reserve respectively. This will have the effect of reducing the forecast expenditure pressure down from £1.12m to £0.837m **INCREASING COST PRESSURES £0.837m**
- 4.6. **Income** – significant reductions being seen from fees and charges (parking, planning and building control fees, commercial waste, licensing etc). Reduction in recycling credits/profit share arrangements, rent holidays/waivers being requested.
- 4.7. Of the £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). The chart below shows the budget projections compared to the actuals for the first three months of the year. **INCREASING INCOME PRESSURES £1.560m (see income chart below)**
- 4.8. **Savings** – there are no immediate concerns regarding budgeted savings plans or non-delivery in the current financial year although there is still a significant budget shortfall of over £0.8m to try and address without falling back on reserves. The key challenge however relates to the medium term position which will potentially be impacted as the focus has been diverted from the consideration and delivery of savings to managing the immediate COVID-19 crisis as many savings initiatives take place over the medium term, so steps not taken today will have a medium term impact on future budgets.
- 4.9. This will need to be considered in more detail when the MTFs is updated later in the year and as part of the 2021/22 budget setting process. **PRESSURE ON FUTURE YEAR SAVINGS**
- General Fund – investments and borrowing*
- 4.10. Loss of investment income is forecast due to changes in market conditions and the impact on the Council’s investment portfolio. Whilst the Council is experiencing reduced levels of income the potentially negative impact this would have on cash flow has been mitigated due to the government grant payments made to date which includes the £65m provided to support the payment of the Small Business Grant and Discretionary Grant Schemes. **REDUCING INVESTMENT RETURNS AND INCREASED BORROWING £0.361m**
- 4.11. The chart below shows the reductions in Income over the various areas.



General Fund – funding streams

- 4.12. A fall in the council tax collection rate could have a significant impact in terms of both funding and cash flow risk although as mentioned above the cash flow risk at the present time has been somewhat lessened following the receipt of the business grant scheme. There's a risk of businesses defaulting on their business rates, with the expectation of higher levels of default/businesses that simply stop trading. The government has recently announced that any Collection Fund deficits experienced can now be adjusted for over a 3-year period rather than one so any resultant impact will be felt in future years and is taken account of within the future year projections below.
- 4.13. Previous growth assumptions in relation to both of these funding streams are also in doubt. The New Homes Bonus (NHB) may continue for a further year but with reduced building the income derived from this could be significantly reduced.
- 4.14. The chart below shows the relevant proportions of the various funding streams and highlights the significance of council tax and business rates in terms of the Council's overall funding. Business rates represents the highest value (£7.5m), followed by Council Tax (£6.3m), with the New Homes Bonus, Rural Services Delivery Grant and Revenue Support Grants totalling £1.4m.
- PRESSURE ON FUNDING STREAMS – FUTURE YEAR IMPACT**

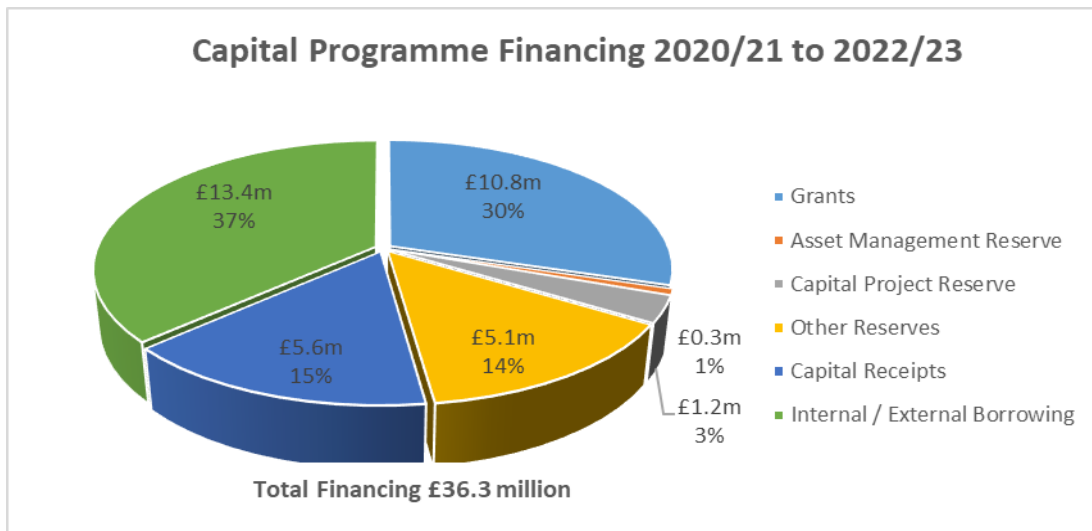


Reserves

- 4.15. There are three main reasons for holding reserves:
- a) as a contingency to cushion the impact of unexpected events or emergencies;
 - b) to cushion against the impact of uneven cash flows and to avoid temporary borrowing; and
 - c) as a means of building up funds to meet known or predicted liabilities (earmarked reserves).
- 4.16. Based on current spending and funding projections reserves are forecast to **reduce over the next 4 years by £8.4m from £18.7m as at 01/04/20 down to around £10.3m by 01/04/24 which is a reduction of 45%.**
- 4.17. Of the remaining balances a significant majority are 'contingency amounts', ie the General Fund reserve which would stand at £2.0m (current minimum level recommended at £1.9m), benefits (£0.6m) and business rates reserves (£1.9m), whilst others represent ring-fenced grant allocations for which the use is restricted. If these are removed the funding available for supporting the budget over the coming years from reserves is further reduced.
- 4.18. Depending on future government support announcements for current and future years and the Council's ability to deliver efficiencies and additional income this may mean that there are some difficult decisions to be taken over the short to medium term regarding prioritisation for funding services and service improvement.
- 4.19. There are additional reserves that could be called on to support any future budget deficits, such as the £2.4m currently earmarked for the Delivery Plan or the £2m set aside for the property company but these should be considered a worst case fall-back position and would ultimately impact on future delivery. The Council took part in the Norfolk-wide business rates pilot during the 2019/20 financial year and, whilst the final figures from this are not yet currently available, any potential gain has not yet been included within the reserves position and would help to support the position. **REDUCING RESERVE BALANCES/OPPORTUNITY**

Capital programme

- 4.20. Postponed income from asset sales creates cash flow issues and has an impact on the funding and delivery of the capital programme while Force Majeure clauses may impact on live projects. Following the 2019/20 outturn position the updated programme is **£36m. OPPORTUNITY COST**
- 4.21. Following an initial review of the capital programme the Cabinet is satisfied that no further changes are required at the present time although the position will continue to be monitored to ensure that schemes continued to be aligned with current aspirations and demonstrate value for money. The chart below highlights the current assumptions regarding how the capital programme is financed with 30% of this funding coming from grant sources.



5. Forecast financial pressures – MTFS/2021/22 budget position

- 5.1. The budget for 2020/21 was approved in February 2020. At the same time financial projections for the following three years to 2023/24 were also reported.
- 5.2. The forward financial projections from 2021/22 onwards made assumptions around the future funding from government support and known commitments and changes to service expenditure.
- 5.3. The forward projections of expenditure and income will be updated to take account of the outturn position and also other spending/income pressures that have been identified outside of the budget process. These will be reported to Members in the coming months as part of the Financial Strategy update to enable early preparation for the 2021/22 budget process.
- 5.4. The table below provides a summary of the reported funding gap for next year as at February 2020 updated for any known changes at the current time. Central government recently announced that central funding will again be provided (rolled forward) as the various ongoing reviews, such as the Fair Funding review, have slipped. The table has therefore been updated with this information and also assumes 2% inflation is added to each of these funding streams.

- 5.5. The NHB forecast has been assumed to remain at 2020/21 levels plus inflation as no replacement scheme has yet been developed, rather than the previously projected level of £586k. This does however represent an area of risk as this has not as yet been confirmed and is £324k different to the original. Both council tax and business rates have been assumed to reduce by 5% compared with original estimates due to slower growth in the tax base and additional pressure on businesses.

	2021/22 Original Projection	2021/22 Updated Projection		Variance
Amount to be met from Government Grant & Local Taxpayers	16,666,713	16,666,713	assumes no change	0
Collection Fund - Parishes	-2,523,481	-2,523,481	assumes no change	0
Collection Fund - District	-6,751,054	-6,413,501	assumes 5% reduction	337,553
Retained Business Rates	-4,958,845	-4,710,903	assumes 5% reduction	247,942
Revenue Support Grant	0	-91,595	20/21 + 2% inflation	-91,595
New Homes Bonus	-586,071	-910,038	20/21 + 2% inflation	-323,967
Rural Services Delivery Grant	0	-493,446	20/21 + 2% inflation	-493,446
Income from Government Grant and Taxpayers	14,819,451	15,142,964		-323,513
(Surplus)/Deficit	1,847,262	1,523,749		-323,513

- 5.6. The updated forecasts within the table above also **assume that there are no changes within the amount to be funded from grants and taxpayers which is a very big assumption at the present time**. More detailed work will need to be undertaken on these forecasts as part of developing the updated MTFs.
- 5.7. Our future year forecasts for both council tax and business rates are anticipating a 5% reduction and this reflects the position anticipated nationally and is broadly in line with assumptions made within Norfolk although it should be recognised that these potential impacts will affect the various districts in different ways you to their housing growth end economic positions.
- 5.8. Again this highlights the need for the Council and local government sector as a whole to continue to lobby for additional funding in future years to help support any reductions from these income streams and this is an issue that will be covered within our response to the Spending Review.
- 5.9. **The current position is constantly changing and therefore the high level**

projections contained within this report must be seen in this context and could be subject to significant change depending on further announcements over the coming months.

6. Financial and resource implications

- 6.1. Financial implications are discussed throughout the report. The response to COVID-19 is likely to result in significant cost and income pressures in 2020/21, as well as impacting on the scope to and the capacity to develop new proposals savings proposals for the 2021-22 Budget onwards. The Government's response and decisions about Council funding in 2021/22 will be hugely significant. Government has an opportunity as part of the COVID-19 response to deliver a permanent step change in the recognition of the importance of adequate funding for local authorities to continue to provide a key contribution as part of the national recovery.
- 6.2. Government's initiatives to reform local authority funding (including the Fair Funding Review), as well as pressures linked to COVID-19 have the potential to materially impact on the Council's budget planning assumptions for 2020/21 and future years. The update of the MTFS later this year will provide a further update in relation to the current forecast position.

7. Legal implications

- 7.1. There are legal implications as a result of this report.

8. Communications issues

- 8.1. This report has been shared with the communications team and a web article and press release has already been made regarding the current budget pressures. The communications team will continue to be engaged as the financial picture becomes clearer over the coming months.

9. Risks

- 9.1. The figures set out within this report reflect the current updated estimates; these will be further refined as more information becomes available. The ultimate impact and financial cost of the response to the COVID-19 outbreak will be highly dependent on a wide range of factors including the length of time that the pandemic continues, the severity of the impact (both nationally and in the District), and the wider actions taken in response.
- 9.2. The continuing coronavirus situation may impact on the Council's budget setting process in a number of ways, most significantly:
 - The Council's available resources and capacity to plan robust future year savings while responding to a rapidly changing operating environment;
 - The availability of both Members and Officers and the ability to adhere to the proposed process and timetable;
 - The need to provide for any immediate cost pressures emerging for the Council; and
 - The medium to long term financial implications including the impact on the wider economy and business rates base and income

9.3. The table below provides a summary of the risks which were highlighted as part of the 2020/21 budget report. There are update comments in red highlighting any COVID-19 related issues as appropriate.

Risk	Likelihood	Impact	Risk Management
1. Future available resources less than assumed.	Possible Likely	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. Previous assumptions significantly undermined as a result on the ongoing lockdown and future economic certainty. To be considered over the coming months as part of the update of the MTFS and the 2021/22 budget process.
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. Additional uncertainty highlighted as a result of potential default in payments and failure of businesses due to current economic climate.
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 Likely	Medium High	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. We have already identified significant additional service costs due to both increasing demand and the

			exceptional costs of the COVID-19 outbreak.
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. There is little risk that the current 2020/21 savings will not be achieved. However the greater pressure is on future savings at a time when resources are re-deployed and focused elsewhere.
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. The current capital programme remains affordable but will be kept under review to ensure that it continues to be aligned with emerging priorities and delivers value for money.
7. Income targets not achieved	Possible Likely	Medium High	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. Levels of income from fees and charges are already seeing significant reductions with the current forecast reductions being around £1.9m.
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. This paper provides an update in respect of the current period 3 budget monitoring position.
9. Exit strategies for external funding leasing/tapering not	Possible	Medium	Regular monitoring and reporting. Government policy to remove ring fencing provides greater flexibility.

met			
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. Principle of pooled investments has reduced but risk of losses mitigated through liquid cash reserves and medium term strategy of not disposing of investments during unfavourable market conditions.
11. Interest rates lower than expected	Unlikely Likely	Low Medium	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 Likely	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. In the current environment there is an increased risk of bad debts and delayed payments from both council tax and business rates which could significantly impact on cash flow (leading to increased borrowing costs), increased collection costs and reduced levels of income overall. Future year impact through Collection Fund adjustments.
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. White Paper on Devolution recently announced.
15. All MTFS/budget risks not adequately identified	Unlikely Likely	Low High	Council's Risk Management Framework ensures all operational and strategic risks are identified as part of the annual service planning process. An ongoing world-wide pandemic was not one of the scenarios considered as part of the MTFS/budget process although the actual impacts are generally covered individually above.

10. Conclusions and Recommendations

- 10.1. The country continues to face an unprecedented public health crisis which will have impacts on the Council's expenditure and income during the current financial year and future budgets.. It will continue to be important to continue to engage with Government, MPs and other stakeholders to campaign for adequate and sustainable funding for the District so that we can continue to deliver vital services to residents, businesses and visitors and this includes the current year and beyond.
- 10.2. The current pandemic demands very different ways of working and will require ongoing review and consideration of current and future priorities as well as different and innovative service delivery models. Looking beyond the immediate impacts, the overall level of uncertainty means the financial environment remains extremely challenging for the foreseeable future, none of which is helped by the ongoing delays to the various local government funding reviews. The assumptions upon which both the Medium Term Financial Strategy (MTFS) and the 2020/21 budget are based have been significantly undermined by the current crisis.
- 10.3. The report provides details of the central government funding received to date, which will need to be kept under review as the response to COVID-19 continues to evolve. In particular, in respect of the impact of COVID-19 on underlying local authority costs and income sources, and further funding announcements and responsibilities from Government. In addition, it helps to set the context for the Council's MTFS and budget planning process for 2021/22, which will be reported to Cabinet later in the year.
- 10.4. At the current time the combined impact of the above cost/income pressures results in a **high level budget deficit for 2020/21 of c£3.0m. The funding provided of £2.4m will help to address this and reduce it to just over c£0.6m and the use of earmarked reserves for one-off costs unrelated to COVID reduce the deficit further to c£0.4m, which the Council will need to address by looking to make further savings and reallocate resources** within the current budget as the reserves are already under pressure and only represent a one-off source of funding which is not sustainable in the medium term. Should the Council not be able to make these adjustments in year then

reserves will be required to balance the budget and it is recommended that this is taken from the **Property Company reserve**.

- 10.5. The anticipated year end deficit is now forecast to have reduced significantly from the previous report to around £0.4m. **The current position is however constantly changing and therefore the high level projections contained within this report must be seen in this context and could be subject to significant change depending on further announcements over the coming months and are based on the assumptions made on future income and expenditure levels along with further government support.**

It is recommended that Cabinet note and agree:

- **The current package of financial support being provided to the Council by the government to support its response to COVID-19 and the continued importance of central government lobbying for further additional financial support;**
- **The updated forecast cost and income pressures being faced by the Council and the extent to which they exceed the available government funding and therefore the requirement for any deficit to be funded from alternative Council resources;**
- **The proposals for revising the budget at the current time (and the one-off costs to be funded from reserves) to ensure that budget monitoring for the remainder of the year is meaningful, including funding any year end deficit from the Property Reserve;**
- **The various caveats and risks associated with the current forecasts and;**
- **The proposals in respect of updating the Medium Term Financial Strategy (MTFS) and the financial planning framework for the 2021/22 budget.**

11. Sustainability

- 11.1 There are no sustainability implications as a result of this paper.

12. Equality and Diversity

- 12.1 There are no equality and diversity implications as a result of this paper.

13. Section 17 Crime and Disorder considerations

- 13.1 There are no Section 17 crime and disorder implications as a result of this paper.

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General Fund Summary 2020/21 Base Budget

	2020/21 Current Budget	2020/21 YTD Budget	2020/21 YTD Actuals	2020/21 YTD Variance	2020/21 Full Year Effect	2020/21 Updated Budget for Approval
Subjective analysis	£	£	£	£	£	£
Employee Related	12,594,054	3,215,737	3,151,560	(64,177)	72,699	12,666,753
Premises Related	3,075,697	1,330,922	1,314,993	(15,929)	0	3,075,697
Transport related	304,322	85,887	53,330	(32,557)	0	304,322
Supplies and Services related	74,872,500	54,124,549	54,466,327	341,778	1,048,286	75,920,786
Transfer Payments	22,208,430	18,060	18,060	(0)	0	22,208,430
Support Service Charges in	10,527,560	2,632,266	2,632,266	0	0	10,527,560
Support Service charges out	(10,832,594)	(2,694,163)	(2,689,545)	4,618	0	(10,832,594)
Capital	2,661,871	454,803	454,803	0	0	2,661,871
Income	(98,031,216)	(69,183,793)	(68,205,289)	978,504	1,560,390	(96,470,826)
Net Cost of Services	17,380,624	(10,015,732)	(8,803,495)	1,212,237	2,681,375	20,061,999
Parish Precepts (Estimate from 2020/21 onwards)	2,520,143	1,260,071	1,258,319	(1,752)	0	2,520,143
Capital Charges	(1,819,204)	(454,800)	(454,803)	(3)	0	(1,819,204)
Refcus	(842,667)	0	0	0	0	(842,667)
Interest Receivable	(1,310,977)	(327,743)	(225,076)	102,667	345,600	(965,377)
External Interest Paid	358,100	89,524	1,447	(88,077)	15,000	373,100
Revenue Financing for Capital:	4,892,728	0	0	0	0	4,892,728
IAS 19 Pension Adjustment	260,290	0	0	0	0	260,290
Net Operating Expenditure	21,439,037	(9,448,680)	(8,223,608)	1,225,072	3,041,975	24,481,012
Contributions to/(from) Earmarked Reserves	(3,642,798)	0	0	0	(284,000)	(3,926,798)
Amount to be met from Government Grant and Local Taxpayers	17,796,239	(9,448,680)	(8,223,608)	1,225,072	2,757,975	20,554,214
Collection Fund – Parishes	(2,520,143)	(630,036)	(630,036)	0	0	(2,520,143)
Collection Fund – District	(6,305,671)	(1,576,416)	(1,576,416)	0	0	(6,305,671)
Retained Business Rates	(7,504,661)	(1,876,164)	(1,876,164)	0	0	(7,504,661)
Revenue Support Grant	(89,799)	(22,449)	(22,449)	0	0	(89,799)
New Homes bonus	(892,194)	(223,048)	(223,048)	0	0	(892,194)
Rural Services Delivery Grant	(483,771)	(241,886)	(241,886)	0	0	(483,771)
Covid Funding	0	0	(1,287,178)	(1,287,178)	(1,287,178)	(1,287,178)
Covid Additional Support for loss of income from fees & charges	0	0	0	0	(1,111,778)	(1,111,778)
Income from Government Grant and Taxpayers	(17,796,239)	(4,569,999)	(5,857,177)	(1,287,178)	(2,398,956)	(20,195,195)
(Surplus)/Deficit	0	(14,018,679)	(14,080,785)	(62,106)	359,019	359,019

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Treasury Management Annual Report 2019/20

1. Introduction

- 1.1 The Authority has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports.
- 1.2 The Authority's treasury management strategy for 2019/20 was approved at a meeting on 27th February 2019. 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 risk remains central to the Authority's treasury management strategy.
- 1.3 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 and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.4 The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 27th February 2019.

2. External Context

- 2.1 **Economic background:** The UK's exit from the European Union and future trading arrangements, had remained one of major influences on the UK economy and sentiment during 2019/20. The 29th March 2019 Brexit deadline was extended to 12th April, then to 31st October and finally to 31st January 2020. Politics played a major role in financial markets over the period as the UK's tenuous progress negotiating its exit from the European Union together with its future trading arrangements drove volatility, particularly in foreign exchange markets. The outcome of December's General Election removed a lot of the uncertainty and looked set to provide a 'bounce' to confidence and activity.
- 2.2 The headline rate of UK Consumer Price Inflation fell to 1.7% y/y in February, below the Bank of England's target of 2%. Labour market data remained positive. The ILO unemployment rate was 3.9% in the three months to January 2020 while the employment rate hit a record high of 76.5%. The average annual growth rate for pay excluding bonuses was 3.1% in January 2020 and the same when bonuses were included, providing some evidence that a shortage of labour had been supporting wages.
- 2.3 GDP growth in Q4 2019 was reported as flat by the Office for National Statistics and service sector growth slowed and production and construction activity contracted on the back of what at the time were concerns over the impact of global trade tensions on economic activity. The annual rate of GDP growth remained below-trend at 1.1%.

2.4 Then coronavirus swiftly changed everything. COVID-19, which had first appeared in China in December 2019, started spreading across the globe causing plummeting sentiment and falls in financial markets not seen since the Global Financial Crisis as part of a flight to quality into sovereign debt and other perceived 'safe' assets. In response to the spread of the virus and sharp increase in those infected, the government enforced lockdowns, central banks and governments around the world cut interest rates and introduced massive stimulus packages in an attempt to reduce some of the negative economic impact to domestic and global growth.

2.5 The Bank of England, which had held policy rates steady at 0.75% through most of 2019/20, moved in March to cut rates to 0.25% from 0.75% and then swiftly thereafter brought them down further to the record low of 0.1%. In conjunction with these cuts, the UK government introduced a number of measures to help businesses and households impacted by a series of ever-tightening social restrictions, culminating in pretty much the entire lockdown of the UK.

2.6 Financial markets: Financial markets sold off sharply as the impact from the coronavirus worsened. After starting positively in 2020, the FTSE 100 fell over 30% at its worst point with stock markets in other countries seeing similar huge falls. In March sterling touch its lowest level against the dollar since 1985. The measures implemented by central banks and governments helped restore some confidence and financial markets have rebounded in recent weeks but remain extremely volatile. The flight to quality caused gilts yields to fall substantially. The 5-year benchmark falling from 0.75% in April 2019 to 0.26% on 31st March. The 10-year benchmark yield fell from 1% to 0.4%, the 20-year benchmark yield from 1.47% to 0.76% over the same period. 1-month, 3-month and 12-month bid rates averaged 0.61%, 0.72% and 0.88% respectively over the period.

2.7 Credit review: In Q4 2019 Fitch affirmed the UK's AA sovereign rating, removed it from Rating Watch Negative (RWN) and assigned a negative outlook. Fitch then affirmed UK banks' long-term ratings, removed the RWN and assigned a stable outlook. Standard & Poor's also affirmed the UK sovereign AA rating and revised the outlook to stable from negative. The Bank of England announced its latest stress tests results for the main seven UK banking groups. All seven passed on both a common equity Tier 1 (CET1) ratio and a leverage ratio basis. Under the test scenario the banks' aggregate level of CET1 capital would remain twice their level before the 2008 financial crisis.

2.8 While the UK and Non-UK banks on the Arlingclose counterparty list remain in a strong and well-capitalised position, the duration advice on all these banks was cut to 35 days in mid-March. Fitch downgraded the UK sovereign rating to AA- in March which was followed by a number of actions on UK and Non-UK banks. This included revising the outlook on all banks on the counterparty list to negative, with the exception of Barclays Bank, Rabobank, Handelsbanken and Nordea Bank which were placed on Rating Watch Negative, as well as cutting Close Brothers long-term rating to A-.

3. Local Context

3.1 On 31st March 2020, the Authority had net investments of £33.265m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.

3.2 The treasury management position at 31st March 2020 and the change during the year is shown in Table 1 below.

Table 1: Treasury Management Summary

	31.3.19 Balance £m	Movement £m	31.3.20 Balance £m	31.3.20 Rate %
Long-term borrowing	0.000	0.000	0.000	0
Short-term borrowing	3.000	2.000	5.000	0.96
Total borrowing	3.000	2.000	5.000	
Long-term investments	34.250	(2.250)	32.000	3.37
Short-term investments	4.200	2.065	6.265	0.71
Total investments	38.450	(0.185)	38.265	
Net investments	35.450	(2.185)	33.265	

4. Borrowing Update

4.1 On 9th October 2019 the PWLB raised the cost of certainty rate borrowing by 1% to 1.8% above UK gilt yields as HM Treasury was concerned about the overall level of local authority debt. PWLB borrowing remains available but the margin of 180bp above gilt yields appears relatively very expensive. Market alternatives are available and new products will be developed; however, the financial strength of individual authorities will be scrutinised by investors and commercial lenders.

4.2 The Chancellor's March 2020 Budget statement included significant changes to Public Works Loan Board (PWLB) policy and launched a wide-ranging consultation on the PWLB's future direction. Announcements included a reduction in the margin on new HRA loans to 0.80% above equivalent gilt yields, available from 12th March 2020 and £1.15bn of additional "infrastructure rate" funding at gilt yields plus 0.60% to support specific local authority infrastructure projects for England, Scotland and Wales for which there is a bidding process.

4.3 The consultation titled "Future Lending Terms" represents a frank, open and inclusive invitation, allowing key stakeholders to contribute to developing a system whereby PWLB loans can be made available at improved margins to support qualifying projects. It contains proposals on allowing authorities that are not involved in "debt for yield" activity to borrow at lower rates as well as stopping local authorities using PWLB loans to buy commercial assets primarily for yield without impeding their ability to pursue their core policy objectives of service delivery, housing, and regeneration. The consultation also broaches the possibility

of slowing, or stopping, individual authorities from borrowing large sums in specific circumstances.

4.4 The consultation closes on 31st July 2020 with implementation of the new lending terms expected in the latter part of this calendar year or financial year beginning 2021/22. Officers will be responding to this consultation.

5. **Borrowing strategy**

5.1 At 31st March 2020 the Authority held £5m of loans, (an increase of £2m from 31st March 2019, as part of its strategy for funding current years' capital programmes and cash flow. Outstanding loans on 31st March are summarised in Table 2 below.

Table 2: Borrowing Position

	31.3.19 Balance £m	Net Movement £m	31.3.20 Balance £m	31.3.20 Weighted Average Rate %	31.3.20 Weighted Average Maturity (years)
Local authorities (short-term)	3.00	2.00	5.00	0.96%	<1
Total borrowing	3.00	2.00	5.00		

5.2 The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

5.3 With short-term interest rates remaining much lower than long-term rates, the Authority considered it more cost effective in the near term to borrow rolling temporary / short-term loans instead.

5.4 As this year has illustrated, PWLB funding margins have lurched quite substantially and there remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields plus 0.80%, i.e. the PWLB HRA borrowing rate. The Authority will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

6. **Treasury Investment Activity**

6.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £46.005 and £32.540 million due to timing differences between income and expenditure. The investment position is shown in table 3 below.

Table 3: Treasury Investment Position

	31.3.19 Balance £m	Net Movement £m	31.3.20 Balance £m	31.3.20 Income Return %
Banks & building societies (unsecured)	0.000	0.000	0.000	0.00
Covered bonds (secured)	2.250	(2.250)	0.000	0.00
Government (incl. local authorities)	2.000	(2.000)	0.000	0.00
Money Market Funds	2.200	4.065	6.265	0.71
Other Pooled Funds:				
- <i>Cash plus funds</i>	3.000	0.000	3.000	1.16
- <i>Short-dated bond funds</i>	3.000	0.000	3.000	0.97
- <i>Strategic bond funds</i>	5.000	0.000	5.000	2.59
- <i>Equity income funds</i>	8.000	0.000	8.000	4.43
- <i>Property funds</i>	5.000	0.000	5.000	4.37
- <i>Multi asset income funds</i>	8.000	0.000	8.000	3.91
Total investments	38.450	(0.185)	38.265	3.37

6.2 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The 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.

6.3 Given the increasing risk and low returns from short-term unsecured bank investments, the Authority has previously diversified into more secure and/or higher yielding asset classes, and this strategy was maintained during the financial year.

6.4 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 4 below.

Table 4: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Rate of Return %
31.03.2019	3.00	AA	34%	0.92
31.03.2020	4.19	AA-	100%	0.71
Similar LAs	3.95	AA-	59%	0.68

*Weighted average maturity

6.5 £32m of the Authority's investments are held in externally managed strategic pooled bond, equity, multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price

stability. These funds generated an average total return -4.99%, comprising a 3.61% income return which is used to support services in year, and -7.60% of unrealised capital loss.

- 6.6 In a relatively short period since the onset of the COVID-19 pandemic, the global economic fallout was sharp and large. Market reaction was extreme with large falls in equities, corporate bond markets and, to some extent, real estate echoing lockdown-induced paralysis and the uncharted challenges for governments, businesses and individuals. Volatility measured by the VIX index was almost as high as during the global financial crisis of 2008/9 and evidenced in plummeting equity prices and the widening of corporate bond spreads, very close to rivalling those twelve years ago. Gilt yields fell but credit spreads widened markedly reflecting the sharp deterioration in economic and credit conditions associated with a sudden stagnation in economies, so corporate bonds yields (comprised of the gilt yield plus the credit spread) rose and prices therefore fell.
- 6.7 The Authority is invested in bond, equity, multi-asset and property funds. The falls in the capital values of the underlying assets were reflected in the 31st March fund valuations with every fund registering negative capital returns over 12 months to March. Several March-end dividend details are awaited, but early calculations suggest that, despite decent income returns in 2019-20, these funds will post negative total return over the one-year period due to the capital component of total returns.
- 6.8 The unrealised capital losses (the 'drawdown' referred to by fund managers) in equity income funds were especially large, ranging from -19% to -33% and between -6% to -27% for short- and long-dated bond funds.
- 6.9 The Authority is using the alternative fair value through profit and loss (FVPL) accounting and must defer the funds' fair value losses to the Pooled Investment Fund Adjustment Account until 2023/24.
- 6.10 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 is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates. In light of their performance over the medium and long-term and the Authority's latest cash flow forecasts, investment in these funds has been maintained.

Non-Treasury Investments

- 6.11 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government's (MHCLG) and Welsh Government, in which the definition of investments is further broadened to also include all such assets held partially for financial return.
- 6.12 The Authority also held £3.793m of such investments in
- directly owned property £0.831m

- loans to housing associations £2.962m

A full list of the Authority's non-treasury investments is below:

Grove Lane Depot, Holt, Norfolk – valued at £0.350m

Fair Meadow House, Itteringham, Norfolk – valued at £0.441m

Loan to Broadland Housing Association – outstanding value £2.962m

6.13 These investments generated £0.150m of investment income for the Authority after taking account of direct costs, representing a rate of return of 3.85%. This rate of return compares favourably to that generated by treasury investments. These investments represent a different risk to the Authority, as property investments do not carry the same interest rate or credit risk, but there is the risk of loss of income through voids and other market factors. They also require more staff time to manage than externalised pooled investments. The Authority does not currently rely on these funds from Non-Treasury investments to balance the budget, but in a climate of reduced Government funding, is likely to do so more in the future. To guard against the risk of reducing levels of income from these investments, they are proactively managed by experienced and qualified individuals within the Authority, with external advice as required.

7. Treasury Performance

7.1 The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 5 below.

Table 5: Performance

	Actual £m	Budget £m	Over/ under	Actual %	Budget %	Over/ under
Short term borrowing from other Local Authorities	£0.038m	£0.010	Over	0.76	1.13	Under
Total borrowing						
Term deposits (incl MMFs)	0.040	0.015	Over	0.71	1.09	Under
Pooled Funds	1.079	1.214	Under	3.37	3.57	Under
Total treasury investments	1.120	1.228	Under	2.97	3.47	Under

8. Compliance

8.1 The Chief Finance Officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 6 below.

Table 6: Debt Limits

	2019/20 Maximum	31.3.20 Actual	2019/20 Operational Boundary	2019/20 Authorised Limit	Complied? Yes/No
Borrowing	£7.500m	£5.000m	£15.030m	£23.400m	Yes
PFI and Finance Leases	£0.000m	£0.000m	£0.000m	£0.000m	Yes
Total debt	£7.500m	£5.000m	£15.030m	£23.400m	Yes

8.2 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Table 7: Investment Limits

	2019/20 Maximum	31.3.20 Actual	2019/20 Limit	Complied? Yes/No
Any single organisation, except the UK Central and Local Government	Nil	Nil	£6m each	Yes
UK Central and Local Government	£2m	Nil	unlimited	Yes
Any group of organisations under the same ownership	Nil	Nil	£6m per group	Yes
Any group of pooled funds under the same management	£7m	£7m	£15m per manager	Yes
Negotiable instruments held in a broker's nominee account	Nil	Nil	£10m per broker	Yes
Limit per non-UK country	Nil	Nil	£6m per country	Yes
Registered providers and registered social landlords	£3.096m	£2.962m	£10m in total	Yes
Unsecured investments with building societies	Nil	Nil	£5m in total	Yes
Loans to unrated corporates	Nil	Nil	£5m in total	Yes
Money Market Funds	£11.425m	£6.265m	£16m in total	Yes
Real Estate Investment Trusts	Nil	Nil	£10m in total	Yes

9. Treasury Management Indicators

9.1 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.

	31.3.20 Actual	2019/20 Target	Complied?
Portfolio average credit score	4.19	6.0	Yes

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	31.3.20 Actual	2019/20 Target	Complied?
Total cash available within 3 months	£6.265m	£3m	Yes

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 interests was:

Interest rate risk indicator	31.3.20 Actual	2019/20 Limit	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£34,051	£600,000	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£34,051	£600,000	Yes

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment 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 all borrowing were:

	31.3.20 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	100%	100%	0%	Yes
12 months and within 24 months	0%	100%	0%	Yes
24 months and within 5 years	0%	100%	0%	Yes
5 years and within 10 years	0%	100%	0%	Yes
10 years and above	0%	100%	0%	Yes

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 were:

	2019/20	2020/21	2021/22
Actual principal invested beyond year end	£32m	£32m	£32m
Limit on principal invested beyond year end	£42m	£42m	£42m
Complied?	Yes	Yes	Yes

10. Other

10.1 IFRS 16: CIPFA/LASAAC has proposed delaying the implementation of the new IFRS 16 Leases accounting standard for a further year to 2021/22.

Debt Recovery 2019-20

Summary: This is an annual report detailing the council's collection performance and debt management arrangements for 2019/20
The report includes a:

- A summary of debts written off in each debt area showing the reasons for write-off and values.
- Collection performance for Council Tax and Non- Domestic Rates.
- Level of arrears outstanding
- Level of provision for bad and doubtful debts

Recommendations:

- 1) To approve the annual report giving details of the Council's write-offs in accordance with the Council's Debt Write-Off Policy and performance in relation to revenues collection.
- 2) To agree the Debt Write Off Policy (shown in Appendix 2)
- 3) To agree the use of High Court Enforcement Agents if considered necessary (shown in Appendix 3)

Cabinet member(s): Eric Seaward
All All
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1. Introduction

1.1. The Corporate Debt Management annual report is one of the performance management measures to provide members with outturn figures for 2019/20 for the following:

- A summary of debts written off in each debt area showing the reasons for write off and values.
- Collection performance for Council Tax and Non - Domestic Rates (NNDR).
- Level of arrears outstanding
- Level of provision for bad and doubtful debts

2. Background

2.1. Writing off bad debts is a necessary function of any organisation collecting money. The Council is committed to ensuring that debt write offs are kept to a minimum by taking all reasonable steps to collect monies due. There will be situations where the debt recovery process fails to recover some or all of the debt and will need to be considered for write off. The Council views such cases very much as exceptions and this report identify those debts.

3. Performance

3.1. Below are a summary of the Council's three main income streams and the level of debt associated with each, for the last four financial years.

Income Area	Year/Date	Total Arrears at 31 st March All Years (after write offs)* (£)	Current Years Arrears Included (after write – offs)** (£)	% of Current Arrears v Net Debit	Provision for Bad/Doubtful Debt for all years (£)
Council Tax	2016/17	1,998,329*	844,646**	1.36%	733,817
	2017/18	2,289,564	942,469	1.43%	755,756
	2018/19	2,297,629*	997,954**	1.40%	778,470
	2019/20	2,599,769	1,192,173	1.60%	863,985

Income Area	Year/Date	Total Arrears at 31 st March All Years (after write offs)* (£)	Current Years Arrears Included (after write – offs)** (£)	% of Current Arrears v Net Debit	Provision for Bad/Doubtful Debt for all years (£)
NNDR	2016/17	331,206	134,548	0.52%	189,593
	2017/18	387,822	129,877	0.51%	228,797
	2018/19	323,870	192,064	0.71%	195,124
	2019/20	1,655,968*	724,063**	2.60%	958,258

3.2. *This is the cumulative arrears (excludes costs) for all years including 2019/20.

3.3. ** This is the arrears figure as at 31/3/2020. Collection of the 2019/20 debt is ongoing and £157k council tax and £506k NNDR has been collected since 15 July 2020 against the previous 2019/20 year's arrears.

3.4. The table below shows the level of sundry debt outstanding at the year-end. For 2019/20, this will exclude the residue of Housing Benefit Overpayments, which is shown separately.

Table 2

Income Area	Year	Total Arrears at 31 st March All Years (after write offs) (£)	Net Debit Raised End of Year (£)	% outstanding against debit at year end (£)	Provision for Bad/Debt for all years (£)
Sundry Income	2016/17	1,540,486	6,328,603	24.34%	710,210
	2017/18	1,710,721	6,918,600	24.72%	794,015
	2018/19	1,330,004	5,579,524	23.84%	762,096
	2019/20	TBC by Caz Williams.	TBC by Caz Williams.	TBC by Caz Williams.	TBC by Caz Williams.

3.5. The above figures previously included overpayments being recovered through weekly reclaim against ongoing Housing Benefit. The value of overpayments here are not treated as a corporate debt as they have not been invoiced. The value of these debts are recorded against the subsidy claim.

3.6 The table below shows the breakdown of 2019/20 residual housing benefit overpayments in finance and the level of housing benefit overpayments in Benefits outstanding at the year-end.

Table 3

Income Area	Year	Total Arrears at 31st March All Years (after write offs) (£)	Net Debit Raised End of Year (£)	% outstanding against debit at year end (£)	Provision for Bad/Debt for all years (£)
Sundry Income Residual Housing Benefit Overpayments (in Finance)	2019/20	83,297	N/A	N/A	TBC by Caz Williams.
Housing Benefit Overpayments (put to invoice in the Benefits Service)	2019/20	**873,268	320,942	272%	654,537

3.7. ** Housing Benefit overpayment recovery was transferred to the Benefits Service in August 2019. In January 2020, following a review of resources in the team, two full-time Housing Benefit Overpayment Officers were moved across from Housing Benefit processing to provide a solid resource for Housing Benefit debt recovery. Training for the two officers was due to take place in March 2020, but due to the pandemic, this has been postponed. This has affected the level of overpayments recovered. Seventy two percent (72%) of the debt outstanding is serviced through attachments, debt enforcement, County Court Judgements and payment plans.

Table 4

Income Area	Year/Date	Net Collectable Debit (£)	Number of Accounts	Average Amount per Account (after adjustments) (£)	Total of all Years Arrears (£)
Council Tax	2016/17	61,902,431	54,172	1,143	1,998,329
	2017/18	65,861,821	54,530	1,208	2,289,564
	2018/19	71,201,165	54,938	1,296	2,297,629
	2019/20	74,697,433	55,169	1,354	2,599,769
NNDR	2016/7	26,115,380	6,865	3,804	331,206
	2017/18	25,544,969	7,174	3,561	387,822
	2018/19	27,210,079	7,334	3,710	323,870
	2019/20	27,870,878	7,652	?	1,655,968
Sundry Income	2016/17	6,328,732	5,833	1,085	1,540,486
	2017/18	6,918,600	5,433	1,273	1,710,721

	2018/19	5,579,524	6,093	1,870	1,329,966
	2019/20	TBC by Caz Williams	TBC by Caz Williams	TBC by Caz Williams	TBC by Caz Williams

3.8. The above figures for 2016/17 to 2018/19 previously included Housing Benefit Overpayments being recovered through weekly reclaim against the ongoing Housing Benefit. The value of overpayments here are not treated as a corporate debt as they have not been invoiced. The value of these debts are recorded against the subsidy claim.

3.9. The table below shows the breakdown of 2019/20 residual housing benefit overpayments in finance and the level of housing benefit overpayments in Benefits outstanding at the year-end.

Table 5

Income Area	Year/Date	Net Collectable Debit (£)	Number of Accounts	Average Amount per Account (after adjustments) (£)	Total of all Years Arrears (£)
Sundry Income (residual Housing Benefit overpayments in finance).	2019/20	83,297	17	4,900	83,297
Housing Benefit overpayments put to invoice in the Benefits Service.	2019/20	873,268	647	1,350	873,268

Table 6

Income Area	2015/16	2016/17	2017/18	2018/19	2019/20	Target 2019/20
Council Tax	98.6%	98.7%	98.74%	98.72%	98.51%	98.4%
NNDR	99.3%	99.36%	99.40	99.15%	97.32%	99.1%

3.10. There have been a number of changes over the past few years that have affected council tax charges. From April 2013, support for council tax was localised. The Government reduced the level of funding that it had previously provided to cover the cost of the support (council tax benefit). All those of working age who had previously been on 100% benefit had to pay a minimum of 8.5%. In addition some people on benefits were also affected by other welfare reform changes – e.g. under occupation of properties in the social sector, the benefit cap and Universal Credit, putting additional pressure on incomes. In addition to the welfare, changes there were a number of technical changes to council tax. These included an increase in the charge for empty properties, a reduction in the second homes discounts and those properties undergoing structural repair and alteration. These changes affected the level of

council tax to be collected and the ability of some residents to pay. The target for council tax collection continues to be challenging given the above.

3.11 There are no longer national indicators for the collection of Council Tax and Non-Domestic (Business) Rates. The performance indicator (PI) is retained as a local PI, and continues to be monitored monthly. An important part of debt management is to ensure that bills are sent out accurately and timely and that council tax and business ratepayers are aware of any appropriate discounts, exemptions, reliefs and benefit entitlement they may apply. Information is sent with the annual bills and is shown on our web site with service information being provided on these. The ongoing promotion of Direct Debit also forms an important part of debt management where 74% of council taxpayers are paying by direct debit and 30% of NNDR customers pay by direct debit.

3.12 The Government has made the Small Business Rate Relief (SBRR) scheme more generous from 1 April 2017. Small businesses with a Rateable Value below £12,001 are now entitled to receive 100% relief (increase funded by Government). Small businesses with a Rateable Value between £12,000 and £15,001 may now be entitled to receive a percentage reduction in their rates bill. There has been a number of new relief schemes to help small businesses with Non-Domestic Rates over the past few years.

3.13 The Government's NDR Retail Discount Scheme was implemented from 2019/20 to award retail businesses with a third off their net rates bill.

3.14 The temporary NDR Growth position that we employed to identify growth and help to increase revenue to NNDC has been a real success. In 2019/20 one property that was identified and reported to the Valuation Office Agency alone because it had previously expanded its business without our knowledge had a backdated rates bill of over £1.1m. This revaluation was proactively chased by us and confirmed in March 2020 so NNDC and Norfolk County Council could gain more retention rather than 50% being passed to central government because it was actioned before 31 March 2020 as part of the Business Rates 2019/20 Pilot. NNDC received 55.5% (40%+12.5%) which equated to £577k and the Norfolk County Council's share was 22.5% (10%+12.5%) which equated to £247k. This increased the NDR debit by £439k in March 2020 to be collected by 31 March 2020 and has also adversely affected our NDR collection figures for 2019/20.

3.15 Since March 2020 because of the pandemic and the effect of this on customers' ability to pay, we took the unprecedented step to stop all council tax and Non-Domestic Rates recovery work. Customers have been given the opportunity to defer or delay their payments to us whilst they sort out their personal finances. This has impacted on the collection performance for 2019/20 as well as 2020/21.

4. Write-Offs

4.1. The table below shows in summary the amounts of debts that have been written off over the last four years.

Table 7

Income Area	2016/17 (£)	2017/18 (£)	2018/19 (£)	2019/20 (£)
Council Tax	123,931	116,965	141,522	165,133

NNDR	48,950	47,404	135,839	45,671
Sundry Income (includes residual Housing Benefit write-offs)	16,113	17,038	11,380	?
Housing Benefit	56,121	42,160	37,070	?

4.2. The table below details the category of debts that have been written off over the year 2019/20 (includes costs) for all years.

Table 8

Category	Council Tax(£)	NNDR(£)	Sundry Income(£)
Unable to collect Uneconomic/ bailiff unable to collect	-54	13	
Debtor deceased	3,801	1,380	
Debtor absconded	68,884	5,036	
Debtor in bankruptcy Or liquidation or other Insolvency proceedings	66,327	37,041	
Debt cannot be proved (conflict of evidence)	454	2,076	
Ill health & no means	1,016	0	
Undue hardship	3,437	0	
Debt remitted by the Court	0	0	
Irrecoverable	18,549	125	
Detained/Prison	718	0	
Other	2,001	0	
Totals	165,133	45,671	

4.3 The level of Non-Domestic (Business) Rates debts written off has reduced since last year. The Council Tax and Non-Domestic (Business) Rates debts that have been written off are principally debts from insolvency and people absconding. Whilst every effort is made to trace debtors there is a number of debtors that cannot be traced and the debt has to be written off.

5. Implications and Risks

5.1. The information gained from this report will help improve monitoring and our ability to consider the risks in a more accurate way.

6. Financial Implications and Risks

6.1. The Council is already required to make provision for bad and doubtful debts. The additional information gained from this report will help improve monitoring and our ability to consider the appropriateness of the provisions in a more accurate way.

7. Sustainability

7.1 This report does not raise any issues relating to Sustainability.

8. Equality & Diversity

8.1 The Debt Management & Recovery Policy takes account of the impact that getting into debt can have on people and their families, so it also encourages people to pay, and aims to provide reasonable facilities and assistance for them to do so.

8.2 Before writing off debt, the Council will satisfy itself that all reasonable steps have been taken into account to collect it and that no further recovery action is possible or practicable. It will take into account the age, size and types of debt, together with any other factors that it feels are relevant to the individual case. All write-offs are dealt with in the same fair and consistent way in line with equality and diversity issues.

8.3 While you can be sent to prison for up to 3 months if the court decides you don't have a good reason to not pay your Council Tax and you refuse to do so it is not our Council's policy to take such action where there is an inability to pay and there is a range of support which the Council offers in order to avoid this.

9. **Section 17 Crime and Disorder considerations**

9.1 This report does not raise any issues relating to Crime and Disorder considerations.

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CORPORATE DEBT MANAGEMENT AND RECOVERY POLICY

INTRODUCTION

Effective debt management is crucial to the success of any organisation. It is essential that this authority has clear policies and strategies to help prevent debt in the first instance and then manage the recovery of debt where prevention has failed. If the Council is to achieve its aim of first class resource management, then it must seek to recover all debts due and sustain collection rates. It also has a key role in the prevention of debt, and in providing advice and assistance to clients where there is genuine hardship.

This policy has therefore been designed to address these concerns. Its implementation aims to deliver measurable service improvement and adherence to recognised good practice. Members need to be confident that debt is being managed within the parameters set by this document.

The following policies have been prepared within this framework:

Debt Write -Off policy as shown in Appendix 2.

POLICY AIMS

The key aims of this policy are as follows:

- ◆ To identify debtors as early as possible, and consider fully the debtors circumstances and ability to pay, and so distinguish from the outset between the debtor who won't pay, and the debtor who genuinely can't pay.
- ◆ To work with the client to clear the debt as soon as possible. To ensure a professional, consistent and timely approach to recovery action across all of the Council's functions.
- ◆ To cost effectively pursue all debts owed to the Council, seeking to maintain and improve on the levels of income collected by the authority.
- ◆ To promote a co-ordinated approach towards sharing debtor information and managing multiple debts owed to the Council. To actively work alongside approved advice agencies to seek early identification of clients who are failing to meet multiple debt liabilities.
- ◆ To only write debt off once all avenues have been exhausted for the recovery of debt. This is in accordance with the Council's write-off policy.
- ◆ To treat individuals consistently and fairly regardless of age, sex, gender, disability, ethnicity, race or sexual orientation, and to ensure that individual's rights under General Data Protection Regulations (GDPR) and Human Rights legislation are protected.

SUPPORTING THE COUNCIL'S CORPORATE PRIORITIES

This Policy supports the Council's drive towards continuous improvement whilst recognising equality and diversity issues. It is reflective of the values and standards adopted by this Council within the Corporate Plan and contribute towards the following priorities:

First Class Resource Management – To manage the Council's resources efficiently and effectively and to make sensible choices in setting priority led service budgets which do not burden council tax payers with unnecessary or unjustifiable costs.

Better Access to Council Services – To improve customer service through all access channels, and to move towards a fully integrated front office with multi-agency enquiry-handling capacity.

The Policy also supports the wider aim of improving service provision through partnership working by seeking to maximise the benefits of external debt advisory agencies.

DEBTS COVERED BY THIS POLICY

The main section involved in debt recovery is Finance.

The debts involved are primarily:

- Council Tax
- National Non Domestic Rates
- Overpaid Housing Benefit
- Sundry Income

The policy will apply to all sections of the Council and focus on collecting the charge set rather than how the charge is arrived at. Ability to pay is a paramount concern when considering debt recovery. For Council Tax a discretionary scheme (Council Tax Support) is provided on application, which is designed to offset the effects of low income on ability to pay.

Charging policy, statutory or discretionary will never completely remove the problems of people and families on low incomes. The approach to recovery must therefore be sensitive to individual circumstances and take into account multiple debts owed to ensure that arrangements are manageable. The primary aim remains the recovery of debt and improved data sharing will support this aim.

THE LEGAL AND POLICY FRAMEWORK FOR RECOVERY

The Council has a legal duty to ensure cost-effective billing, collection and recovery of all sums due to the Council. This policy is in addition to existing legislation and will provide a framework for procedures to be developed and improved.

This debt recovery policy is concerned primarily with the recovery of debts prior to legal action being taken, but the principles should still be applied wherever appropriate even if litigation has commenced.

Local Taxation

Council Tax recovery procedures are laid down by statute in The Council Tax (Administration and Enforcement) Regulations 1992 and subsequent amendments.

National Non-Domestic Rates recovery procedures are laid down by statute in The Local Government Finance Act 1988 and subsequent regulations and amendments.

The Council appoints Enforcement Agents to recover local taxation arrears in accordance with an enforcement protocol. Changes to legislation came in from April 2014 under The Taking Control of Goods (Fees) Regulations 2014 nationally standardising fees and charges and an enforcement protocol for bailiffs. Since this date, bailiffs became known as Enforcement Agents. The changes to the legislation are to ensure that the rates and charges added by the Enforcement Agents are transparent and nationally set making it easier for debtors to understand the consequences of non-compliance and the powers available to Enforcement Agents. The Enforcement Agent Code of Practice & Enforcement Agent Instructions with the statutory fees recoverable is shown in Appendix 3.

Housing Benefits

Housing Benefit overpayments are reclaimed in accordance with Regulations 98-105 of The Housing Benefit (General) Regulations 1987 (as amended) And Sections 105 & 106 of the Welfare Reform Act 2012 and Social Security Overpayment and Recovery) Regulations 2013. The Benefit Overpayment Policy sets out the basis under which these debts are recovered and is shown in Appendix 4.

Miscellaneous Income

Sundry Debt arrears are collected within a well-established framework, but written guidelines are required. On certain debts, interest may be charged for late payment. The debtor will be made aware of any additional costs in advance so that they have the opportunity to avoid this wherever possible. Customers will also be made aware of legal fees and costs that will be incurred for non-payment.

THE POLICY

- Full names, contact address and a phone number will be established wherever possible prior to service provision or invoicing/billing.
- All Council bills and invoices will be raised as soon as practicable on a daily basis and will include clear, relevant and full information as to:
 - What the bill is for;
 - When payment is due;
 - How to pay;
 - How to contact us if there is a query in relation to the bill or in relation to making payment.
- All letters and reminders will:
 - Be written in plain English;
 - Explain fully what has been agreed and the consequences of non-payment;
 - Include appropriate contact details.
- Debtors will be encouraged to make prompt contact if they disagree with a bill or have difficulty in making payment on time. Contact can be made by:
 - Website
 - Email
 - Telephone
 - Letter
 - In person at the Council Offices.

- Problems and bill discrepancies raised will be resolved as quickly as possible to prevent unnecessary delays in payment and incorrect debits.
- All debtors seeking help due to financial difficulties will:
 - Be given the opportunity to have their ability to pay assessed by the relevant collection unit;
 - Be invited to provide details of their means by listing their income and expenditure. (Evidence to confirm the accuracy of the means statement will be requested if necessary);
 - Be invited to use the money and debt advice services available from the Citizens Advice Bureau (CAB);
 - Be asked if they have other debts owing to the Council that they also wish to be considered;
 - Be given access to the Council's interpreter service if required.
- If legal proceedings have already commenced, consideration will be given to whether the debt can firstly be attached to earnings or benefits, the priority of the debts owed and the level of repayments currently being made.
- If a specific recovery action has already commenced e.g. attachment of earnings or the debt has been passed to an Enforcement Agency, the action taken will usually continue. However, any arrears not included in the action will be considered in line with existing arrangements and this policy.
- If it is found that the debtor has the ability to pay, but refuses to pay, then recovery action will continue promptly within the existing arrangements for the type of debt.
- If it is found that the debtor is suffering severe hardship or has difficulty managing their own affairs, the following will be considered:
 - Can we reduce the debt? Are they entitled to take up relevant benefits, discounts, exemptions, reliefs or any other reductions to minimise the potential for debt accrual?
 - Does the debtor owe money to other Council services? If so the debtor will be advised that, with their consent, all their Council debts may be taken into consideration when deciding on an arrangement. The advantage to the debtor in making a common arrangement is that they may save time and costs. However, it is for the debtor to decide if this is an option they want to pursue.
- If a debtor takes up the offer to deal with all Council debts collectively, the various services will communicate the debtor's details confidentially between themselves and will endeavour to take a holistic approach to collection without prejudice to their own service. An officer will be identified as a single point of contact for the debtor and will act as a liaison between services.
- Where there is no continuous liability a special long-term arrangement may be made according to the ability to pay and the existing recovery provisions such as an attachment of earnings.
- Where liability is continuous e.g. Council Tax, NNDR any arrangement made will normally require payments over and above the on-going monthly liability. Future instalments must be paid when due as a condition of the arrangement.

Longer term arrangements for older arrears will be strictly monitored and reviewed. If there is no improvement by the review date and if the amount payable cannot be reduced (by awarding Council Tax Support or other reliefs, discounts, exemptions etc.), the Council will reserve the right to continue with legal action, and in the case of Local Taxation, obtain a Liability Order from the Magistrates' Court. This is to protect the Council's interests and prevent the debt from becoming statute barred and irrecoverable. Nevertheless regular contact with the debtor will be made and part payments will be accepted to reduce the overall debt. Furthermore it is not in the debtor's best interest to have a long term arrangement when liability is continuous, since the level of debt will increase as time goes by and the debtor's situation deteriorate rather than improve.

- If a debtor is receiving Income Support or Job Seekers Allowance, this will usually limit the ability to pay to no more than the amount that can be paid directly to creditors by the Department of Work and Pensions (DWP). Where appropriate, a separate agreement will be made for additional debts and Liability Orders depending on the individual's circumstances.
- Debtors given time to pay will be advised to contact the Council immediately should they experience a change of circumstances affecting their ability to pay. This is to discuss the options available to prevent recovery action and additional costs.

If a debtor fails to co-operate by:

- Refusing to provide details of their means, and/or
 - Not consenting to multiple debts being dealt with together, and/or
 - Failing to pay a special arrangement on time without contact, then recovery action will be taken promptly in the normal way.
- If there are council tax arrears on properties of over £1,000, then we are able to apply for a charging order. This basically means we register our interest against a property and when it is sold, we receive the payment out of the proceeds of sale. Some customers ask us to use this method where they have no or low income and are in the process of selling their property. This method is also used where other recovery action has not been successful and the property is empty or a second home. This helps bring the property back into use. Where these properties are occupied and there is very large debts because of repeated non-payment, then this method

LIMITATIONS ON DEBT RECOVERY

All Enforcement Agents appointed will work to an agreed Enforcement Agent Code of Practice & Enforcement Agent Instructions as shown in Appendix 3.

PROCEDURES AND TRAINING

This policy will be made available to all staff dealing with income collection and recovery. This will be reinforced with training and management supervision of all staff involved in collecting debt.

MONITORING

Each section will be responsible for ensuring that this policy is adhered to and effective. Management information will be required for each debt stream on a monthly basis to be co-ordinated by the Revenues Section in a format to be agreed.

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DEBT WRITE OFF POLICY

1. This forms part of the Council's Corporate Debt Management and Recovery policy (Appendix 2).
2. The Council is committed to ensuring that debt write offs are kept to a minimum by taking all reasonable steps to collect monies due. There will be situations where the debt recovery process fails to recover some or all of the debt and will need to be considered for write off. The Council views such cases very much as exceptions and this document provides the framework within which procedures must be documented and followed.
3. The Debt Management and Recovery policy takes account of the impact that getting into debt can have on people and their families, so it also encourages people to pay, and aims to provide all reasonable facilities and assistance for them to do so. Before writing off debt, the Council will satisfy itself that all reasonable steps have been taken to collect it and that no further recovery action is possible or practicable. It will take into account the age, size and types of debt, together with any other factors that it feels are relevant to the individual case.
4. The Council will only consider write off in the following circumstances:

Category	Requirement	Action
De-minimus / Uneconomic to collect	Debts less than £25.00 would not be cost effective to pursue. Sundry Income Debts of £100 plus which have been returned from tracing agents and where legal costs will exceed the debt.	Submit for Write Off
Debtor deceased – No Estate	Insufficient funds in estate to discharge debt.	Submit for Write Off
Debtor absconded / Unable to Trace / Detained or Imprisonment *	All attempts to trace debtor have failed. Including tracing agent for debts over £25.00. Including long-term imprisonment (12 months) or more.	Submit for Write Off
Debtor in bankruptcy or liquidation or other insolvency proceedings including Debt Relief Orders**	A claim against the debtor has been lodged with the administrators. No dividend is to be paid or the balance after the dividend is submitted.	Submit for Write Off
Debt cannot be proved (conflict of evidence)	An explanation should be given as to why recovery cannot be made.	Submit for Write Off
Ill Health & no means	Written evidence of one of the following criteria: 1. Terminal illness and limited means 2. Where payment would cause further ill health 3. Old age and frailty and no financial	Submit for Write Off

Appendix 2

	assistance 4. Severely mentally impaired and no financial assistance 5. Long term hospitalisation or residential care and no means to pay	
Undue hardship and debt remaining following negotiated settlement.	Where the debtor can provide written evidence of genuine financial difficulty, showing evidence of inability to pay even small instalments, or that such payment will cause undue hardship.	Submit for Write Off
Debt remitted by the Court	Action in the Magistrates Court has resulted in the Magistrates remitting the debt, leaving the Council with no alternative but to write off the amount.	Submit for Write Off
Irrecoverable / Out of Jurisdiction***	The debtor has moved out of legal jurisdiction or the debt has been returned nulla bona and all other recovery avenues have failed.	Submit for Write Off

** If a debtor's whereabouts become known after the write-off has been approved, then the debt should be written back on.*

*** If a dividend is subsequently paid, then the debt should be written back on.*

**** If the debtor subsequently moves back into legal jurisdiction, then the debt should be written back on.*

5. Debts will normally only be considered for write off where the account is "closed" (i.e. no recurring debt). Only in exceptional circumstances will amounts on "live" (i.e. ongoing accruing debt) accounts be considered for write off. Such cases must demonstrate that further recovery action will not achieve collection of the debt.
6. The Head of Finance will be accountable to Cabinet Committee for the effective management of debt write offs and will ensure that appropriate performance management arrangements are introduced across all Council service and debt areas.
7. Decisions on the write off of individual debts will be taken in accordance with the Council's Scheme of Delegation. They must also comply with all relevant statutory requirements and those of the Head of Finance or designated representative(s).
8. Cabinet Committee will receive an annual report from the Head of Finance summarising performance on debt write offs during the previous year.
9. Each Service Head will be responsible for the initial recovery of debt within their service. Where the debt is collected through Sundry Income the Head of Finance will be responsible. Once recovery action is required this must be passed to the recovery section who will then take ownership of the debt.
10. The Heads of Service will be responsible for the regular review of debts and will consider the need for write off of individual debts within their jurisdiction, monthly.

Appendix 2

11. Negotiated settlements generally result in the need for a write off. Any negotiation of a settlement at court will be the responsibility of the Court Officer, as such situations cannot be planned and we need to respond immediately. Any other negotiated settlement will require approval according to the Scheme of Delegation i.e. the write off amount is the sum being remitted through negotiation.
12. Prior to write off being proposed, the debt will be reviewed to ensure that no Further recovery action is possible or practicable.
13. Following the appropriate investigation, those debts still considered irrecoverable will be proposed for write off. The following information needs to be provided for each debt to the officer who authorises the write offs:
 - Debtors name
 - Debtors address
 - Description of debt
 - Period of debt and / or date of invoice
 - Amount to be written off
 - Reason for write offSupporting documentation must be retained and available that shows:
 - Evidence to support write off
 - Recovery history
 - Details of tracing and enquiries carried outIn considering a debt for write-off the following conditions will apply:
 - Each case will be considered on its merits
 - Each request will be supported by relevant documentation
 - Each case will receive authorisation from the appropriate authorised officer
14. Appropriate records of all authorised write offs will be maintained and reviewed periodically against live caseload. This will enable any trends to be identified and will support the review of the Policy every 12 months.
15. Authorisation levels are reflected in the Scheme of Delegation within the following parameter.

Section Manager / Team Leader	up to £2,000
Head of Service / Revenues Manager	up to £10,000
Section 151 Officer or Deputy Section 151 Officer	up to £20,000
Head of Finance or Chief Executive in consultation with the Portfolio Member	over £20,000
16. The Head of Service will record all write-off decisions, and provide a summary to the Head of Finance. This will be available for further Scrutiny, for Audit purposes and for reporting to Cabinet.
17. The Head of Corporate Finance will submit an annual report to Cabinet identifying the following:
 - A summary of debts written off in each debt area showing reason for write-off, values and number of cases.
 - Collection performance for each service area
 - Level of arrears outstanding
 - Level of provision for bad and doubtful debts

Reviewed July 2020

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Enforcement Agent Code of Practice

Any Enforcement Agent engaged by this Council shall adhere strictly to the provisions contained in the appropriate legislation relevant to taking control of goods and any other instructions laid down by this Council as may be in force at the relevant time.

The Enforcement Agent will not raise or charge any costs or fees in excess of the costs and fees allowed under the regulations in force as shown in the table below:-

Schedule of Enforcement Fees (other than under a High Court Writ)

Fee Stage	Fixed Fee	Percentage fee (regulation 7): percentage of sum to be recovered exceeding £1500
Compliance Stage	£75.00	0%
Enforcement Stage	£235.00	7.5%
Sale or disposal stage	£110.00	7.5%

The above figures are not including VAT.

The Enforcement Agent shall not represent himself as an employee or representative of the Council, unless directly employed by the Council.

- The Enforcement Agent shall not follow any irregular practices with regard to taking control of goods or attempting to take control of goods, or in the execution of warrants and shall not cause nuisance or trespass in the execution of his duties.
- The Enforcement Agent may conduct his business out of normal office hours, (8:30 - 5:00) but shall at all times consider the reasonableness of the time and the debtor’s personal and business movements.

- The Enforcement Agent shall not discriminate against or in favour of a debtor on the grounds of ethnic origin, sex, religion, status, race, colour, creed or disability.
- No removal of goods is to be undertaken without prior authorisation, preferably in writing, by the Client, against the long term sick, the disabled (either mental or physical) those in hospital, those recently bereaved, those on Income Support, or those where in the opinion of the attending Enforcement Agent to do so would cause the Council unwarranted publicity.
- All Enforcement Agents are required to be Certificated Enforcement Agents of the County Court and either corporate or individual members of CIVEA or working towards it and shall not have, nor permit any of his personnel to have, any criminal convictions or disqualification including those under the Rehabilitation of Offenders Act 1974 and shall sign a declaration to that effect.
- Debtors are to be given a minimum 14 days notice before enforcement visits commence.
- The Enforcement Agent shall indemnify the Council against any and all actions arising from any act or omission not occasioned by the Council and those where the Enforcement Agent was aware that there was an act or omission prior to the action taking place.
- Cases where the taking control of and removal of “Tools of the Trade” over the statutory £1350 limit is being sought shall be referred on a case by case basis to the Revenues Team Leaders/Revenues Manager. No such removal shall take place without this referral having been made.
- Whilst permitted in legislation, visits are not to be made on Sundays.

Revised July 2020

- **Enforcement Agent Instructions**



1. General

1.1 It is the Council's policy to be firm yet fair when dealing with our taxpayers.

1.2 Although the Council's preferred method of recovery is Attachment of Earnings or Benefits the Council's Policy is that the most appropriate method shall be used from information available to recover the sums due.

1.3 No method of recovery shall be used which is either not in the Council's best interests or which may bring the Council into disrepute. At all times an attempt should be made to minimise the detrimental effect on the family of the taxpayer whilst ensuring the debt is paid. Special care shall be taken when dealing with vulnerable groups i.e. the elderly, the long term sick, the disabled (either mental or physical) those in hospital, those recently bereaved, or those on Income Support/Job Seekers Allowance Income Based.

1.4 If there is a genuine inability to pay and the debt is small the Enforcement Agent should pass the information and circumstances to the office so that an informed decision as to the appropriate action can be made.

2. ENFORCEMENT AGENT WORKING PRACTICES.

2.1 The Contractor shall not sub-contract the provision of the service or any parts thereof to any person.

2.2 Work shall be issued to the Enforcement Agent electronically.

2.3 The Enforcement Agent shall conduct his/her affairs in accordance with statutory requirements and comply with the [North Norfolk District Councils Code of Conduct for Enforcement Agents](#), Enforcement Agent Guidelines, Enforcement Agents Code of Practice, and any Nationally approved Code of Practice.

2.4 All visits shall be carried out in accordance with legislation.

2.5 The Enforcement Agent shall commence processing all cases issued to him within 3 days of instruction unless otherwise agreed by the Council.

2.7 The Enforcement Agent shall, on each visit to a debtors premises, present his identification without being requested to do so once it has been confirmed that he is speaking to the debtor.

2.8 The Enforcement Agent shall thoroughly and accurately complete the appropriate visiting documentation provided to him by his employer.

2.11 The Enforcement Agent shall seek completion of signed controlled goods agreements where required.

2.12 The Enforcement Agent shall have regard to the Council's [Special Arrangement Policy](#) when considering entering into Controlled goods agreements with the debtor.

2.13 Goods taken into control shall be detailed on the appropriate Enforcement Agency documentation. In the case of electrical goods, serial numbers shall be listed on the inventory.

2.14 In exceptional circumstances, i.e. where the Council or the Enforcement Agent is aware of a debtors imminent intention to move away or another Enforcement Agents' imminent involvement in one of our cases, the normal process will be by-passed and immediate action to take control of/remove goods to secure the Councils' position shall take place.

2.17 The Enforcement Agent shall provide sufficient and accurate evidence, including a nulla bona certificate, in cases where required.

2.18 The Enforcement Agent shall obtain authorisation from Sean Knight, Carl Copping or Trudi Grant prior to the removal of goods taken control of.

2.19 The Enforcement Agent shall attend Court to act as witness if so required.

2.20 The Enforcement Agent shall immediately inform Sean Knight, Carl Copping, Emma Poynter or Terri Saunders of any cases of physical or verbal abuse or where any action could lead to an official complaint or legal challenge being directed at the Council.

2.21 The Enforcement Agent shall be notified by the Council within five working days of the posting to an individual's account of payments received or amendments made which alter the balance of any Liability Order currently being processed by him/her.

COUNCIL'S SPECIAL ARRANGEMENT POLICY

- When making special payment arrangements the Enforcement Agent shall endeavour to ensure the arrangement ends within the same financial year, or does not exceed a period of 12 months, having sought approval from a member of the Revenues Team.
- Debtors can be offered the option of weekly or fortnightly instalments instead of monthly.
- If the debtor requests that the instalment profile is extended over a year end or twelve month period written or verbal authorisation shall be sought from a member of the Revenues Team
- Remember when making these arrangements to notify the Debtor that the new year's instalments will need to be paid when due.
- All arrangements shall be made subject to the debtor signing a controlled goods agreement.
- Any failure by the debtor to maintain the special arrangement shall result in further recovery action being taken.

Revised July 2020

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Officer Delegated Decisions (June to July 2020)

Summary: This report details the decisions taken by Senior Officers under delegated powers from 19th June to 24th July 2020.

Options considered: Not applicable.

Recommendations: **To receive and note the report and the register of officer decisions taken under delegated powers.**

Reasons for Recommendations: The Constitution: Chapter 6, Part 5, sections 5.1 and 5.2. details the exercise of any power or function of the Council where waiting until a meeting of Council or a committee would disadvantage the Council. The Constitution requires that any exercise of such powers should be reported to the next meeting of Council, Cabinet or working party (as appropriate)

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)

Delegated decision forms – as completed by the relevant officer

Cabinet Member(s) All	Ward(s) affected All
Contact Officer, telephone number and email: Emma Denny, Democratic Services Manager, 01263 516010	

1. Introduction

1.1 Officer delegated decision making process.

The officer delegated decision making process has been refreshed in light of the Covid-19 pandemic so that decisions that need to be made quickly can be. The reporting of decisions taken in this way has been strengthened, so it is clear that it is an officer decision that is being made, and the consultation requirements around those decisions. These decisions are available to the public through the website and are reported to Members through a weekly information bulletin. Key decisions are reported to Cabinet. The process for reporting and consulting on these decisions is contained in the Constitution at Chapter 6, 5.1 and 5.2 and the publication of these decisions is a legal requirement.

2. The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

- 2.1 Following the outbreak of the Covid 19 pandemic, the Council had to realign its resources and the committee meeting cycle was reviewed and adapted to accommodate the business coming through. Committee meetings are being held remotely for the foreseeable future. All decisions taken under delegation from mid-March onwards are recorded on the Council's website:
<https://www.north-norfolk.gov.uk/tasks/democratic-services/officer-delegated-decisions/>
- 2.2 Several of the key decisions that were taken under delegation in the early stages of the pandemic, have now been re-visited and reversed and this is reflected in the summary list of officer decision (Appendix A). All of the decisions taken since March 2020 are included in the list.

3. Consultation

- 3.1 The Constitution requires that for the exercise of any power or function of the Council in routine matters falling within established policies and existing budgets, where waiting until a meeting of the Council, a committee or working party would disadvantage the Council, an elector or a visitor to the District, then the officer exercising the power must consult with the Leader, the relevant portfolio holder and if it relates to a particular part of the District, the local member.
- 3.2 For the exercise of any power or function of the Council, which in law is capable of delegation, in an emergency threatening life, limb or substantial damage to property within the District, the senior officer shall consult with the Leader or the Deputy Leader. The Covid 19 pandemic was considered to fall within this category.
- 3.3 Overview and Scrutiny Committee will receive the delegated decisions list at their meetings so they can fully understand why they were taken and assess the impact on the Council.

4. Financial and Resource Implications

As many of the decisions taken by officers under delegated powers were key decisions there is a financial impact. The majority of the decisions reported to Cabinet on 6th July were related to Covid 19 and had not been included in the Budget set by Full Council on 26th February 2020.

5. Legal Implications

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require that all decisions, including those taken by officers, must state:

- The decision taken and the date it was made
- The reasons for the decision
- Details of options considered and rejected and the reasons why they were rejected

- Declarations of interest and any dispensations granted in respect of interests

Officers taking a decision under delegation are required to complete a form.

6. Conclusion and Recommendations

Several decisions, including key decisions, have been taken by senior officers under delegated authority during the Covid 19 pandemic. Each decision has been recorded and a summary is provided at Appendix A

Recommendation:

Cabinet is asked to receive and note the register of officer decisions taken under delegation.


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Record of Decisions taken under Delegated Authority (Appendix A)

Delegated Power being exercised;	Key Decision y/n	Officer exercising Delegation	Details of decision made	Consultations undertaken	Date of decision	Date Reported to Council/Cabinet
<i>Chapter 6; Full delegation to Chief Officers</i> <i>Section 5.1: routine matters</i> <i>Section 5.2 Emergency powers</i>				<i>Section 5.1 : Leader or Portfolio Holder/Local Member</i> <i>Section 5.2: Leader or Deputy Leader</i>		
Section 5.2	No	Head of Business Transformation & IT	To provide refunds, or extensions to the period of validity, to purchasers of short term car park season tickets purchased in the 6 weeks before the closure of Council car parks, when requested by the purchaser.	S 5.2 - Leader	19.06.2020	03.08.2020
Section 5.2	No	Chief Executive	To provide a one-month discount / reduction in this year's rental changes to Beach Hut and Chalet owners to be deducted from next quarter's invoice.	s 5.2 - Leader	26.06.2020	03.08.2020
Section 5.1	No	Head of Economic & Community Growth	To produce a revised prospectus for the North Norfolk Sustainability Fund (formerly Big Society Fund)	s.5.1 – Portfolio Holder s.5.2 - Leader	10.07.2020	03.08.2020

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North Norfolk District Council
Cabinet Work Programme
For the Period 01 August 30 November 2020

Decision Maker(s)	Meeting Date	Subject & Summary	Cabinet Member(s) Lead Officer	Corporate Plan Theme	Status / additional comments
Please note that programme from July to September is subject to change due to the impact of Covid 19					
September					
Cabinet	07 Sep 2020	Out-turn report	Eric Seward Duncan Ellis Head of Finance & Assets	Financial Sustainability	
Scrutiny	16 Sep 2020				
Council	23 Sep 2020				
Cabinet	07 Sep 2020	Covid 19 – Recovery Plan	Sarah Butikofer Steve Blatch Chief Executive	Customer Focus	
Scrutiny					
Cabinet	07 Sep 2020	Property Transactions	Greg Hayman Andrew Brown Nicky Debbage Renata Garfoot	Financial Sustainability	 Exempt Information
				Local Homes for Local Need	
Cabinet	07 Sep 2020	Decisions taken under delegated authority	All Emma Denny Democratic Services Manager		
Cabinet	07 Sep 2020	Budget Monitoring P4	Eric Seward Duncan Ellis Head of Finance	Financial Sustainability	
Scrutiny	16 Sep 2020				



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

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

North Norfolk District Council
Cabinet Work Programme
For the Period 01 August 30 November 2020

Decision Maker(s)	Meeting Date	Subject & Summary	Cabinet Member(s) Lead Officer	Corporate Plan Theme	Status / additional comments
Cabinet	07 Sep 2020	Performance Management Q1	Eric Seward Helen Thomas Policy & Performance Management Officer	<i>Customer Focus</i>	
Scrutiny	16 Sep 2020				
Cabinet	07 Sep 2020	Housing Stock – consent for transfer to Flagship Group	Andrew Brown Sarah Bowden Local Government Lawyer, Eastlaw	<i>Local Homes for Local People</i>	
October 2020					
Cabinet	05 Oct 2020	Medium Term Financial Strategy	Eric Seward Duncan Ellis Head of Finance	<i>Financial Sustainability</i>	
Scrutiny	14 Oct 2020				
Council	18 Nov 2020				
Cabinet	05 Oct 2020	Council Tax Discount Determination 2020/21	Eric Seward Lucy Hume Chief Technical Accountant	<i>Financial Sustainability</i>	
Scrutiny	14 Oct 2020				
November 2020					
Cabinet	02 Nov 2020	Budget Monitoring P6	Eric Seward Duncan Ellis Head of Finance	<i>Financial Sustainability</i>	
Scrutiny	11 Nov 2020				



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

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

North Norfolk District Council
Cabinet Work Programme
For the Period 01 August 30 November 2020



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

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

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**Overview & Scrutiny July 2020
Outcomes & Action List**

	ACTION BY <i>(Additional comments in italics)</i>	PROGRESS / COMPLETION
<p><u>ITEM 10: NORTH NORFOLK DISTRICT COUNCIL'S TRANSITION FROM RESPONSE TO RECOVERY IN RESPONDING TO THE CORONAVIRUS PANDEMIC</u></p> <p>RESOLVED</p> <p>1. To note the report.</p>	O&S Committee	Complete
<p><u>ITEM 11: BRIEFING ON CUSTOMER SERVICES: COVID-19 CONTACT HANDLING AND CORPORATE COMPLAINTS POLICY</u></p> <p>RESOLVED</p> <p>1. To note the report.</p> <p>2. To request that an all Member briefing take place on the Digital by Design customer service proposals.</p> <p>3. To request an additional report from SLT with greater detail on the nature of complaints received.</p> <p>4. To request an additional report from SLT on how the Digital by Design approach would address issues raised in complaints.</p>	SLT	September
<p><u>ITEM 12: DELEGATED DECISIONS</u></p> <p>RESOLVED</p> <p>1. To receive and note the report and the register of officer decisions taken under delegated powers.</p>	O&S Committee	Complete

<p><u>ITEM 13: SHERINGHAM LEISURE CENTRE: PROJECT UPDATE JULY 2020</u></p> <p>RESOLVED</p> <ol style="list-style-type: none"> To note the report. To recommend to Cabinet that a viability study including a cost-benefit analysis be undertaken to determine the viability of maintaining the existing Splash facility, and its impact on building the new facility. 	<p>O&S Committee</p> <p>Cabinet</p>	<p>Complete</p> <p>September</p>
<p><u>ITEM 14: MARKET TOWN INITIATIVE - INTERIM UPDATE</u></p> <p>RESOLVED</p> <ol style="list-style-type: none"> To recommend to Cabinet that a blanket extension of six months is offered to the completion deadlines of MTI projects from rounds two and three, to account for the impact and delays caused by the Coronavirus Pandemic. 	<p>Cabinet</p>	<p>August</p>

OVERVIEW AND SCRUTINY COMMITTEE – ANNUAL WORK PROGRAMME 2020/21

Meeting	Topic	Lead Officer / Member	Objectives & desired outcomes	Time cycle
May 2020				
Cabinet Scrutiny	NNDC Covid-19 Response	Sarah Butikofer Steve Blatch	To review the NNDC response to the Covid-19 pandemic	
Cabinet Scrutiny	Covid-19 2020/21 Budget Impact Report	Eric Seward Duncan Ellis	To review the impact of the Covid-19 pandemic on the Council's 2020/21 budget	
Scrutiny	Review of delegated decisions		To review any delegated decisions that have been made as a result the Covid-19 Pandemic	
July				
Cabinet Scrutiny	NNDC Transition from Response to Recovery Coronavirus Pandemic	Steve Blatch Sarah Bütikofer	To brief Members on NNDC's transition from the response to the recovery stage of the Covid-19 Pandemic	
Cabinet Scrutiny	Review of Delegated Decisions	Emma Denny	To allow Members an opportunity to review decisions taken under delegated authority	
Scrutiny	Sheringham Leisure Centre Project Update	Rob Young Virginia Gay	To update Members on the status of the Sheringham Leisure Centre Project	Quarterly
Scrutiny	Market Town Initiative - Interim Update	Matt Stembrowicz Richard Kershaw	To update Members on the current status of MTI projects in relation to the impact of Covid-19	Requested by Chairman
August				
Cabinet Scrutiny Council	Debt Management Annual Report	Eric Seward Sean Knight	To review the Report and make any necessary recommendations to Council	Annual
Cabinet Scrutiny Council	Treasury Management Annual Report	Eric Seward Duncan Ellis	To make recommendations to Council	Annual
Cabinet Scrutiny Council	Financial Impact Covid-19	Duncan Ellis Eric Seward	To review any budget revision suggestions in relation to the financial impact of Covid-19	
Cabinet Scrutiny	Review of Delegated Decisions	Emma Denny	To allow Members an opportunity to review decisions taken under delegated authority	
September				
Cabinet Scrutiny	Budget Monitoring P4	Eric Seward Duncan Ellis	To review the budget monitoring position	
Cabinet Scrutiny Council	Out-turn report	Eric Seward Duncan Ellis	To make any recommendations to Council	Annual

OVERVIEW AND SCRUTINY COMMITTEE – ANNUAL WORK PROGRAMME 2020/21

Meeting	Topic	Lead Officer / Member	Objectives & desired outcomes	Time cycle
October				
Cabinet Scrutiny Council	Council Tax Discount Determinations	Lucy Hume/Eric Seward	To determine the Council Tax discounts for 2020/21	Annual
November				
Cabinet Scrutiny	Budget Monitoring P6	Eric Seward Duncan Ellis	To review the budget monitoring position	Periodical
Scrutiny	Crime & Disorder Briefing	Nigel Dixon Matt Stembrowicz	PCC and district Superintendent to provide a briefing on TBC	Annual
December				
Cabinet Scrutiny Council	Treasury Management Half-Yearly Report	Eric Seward Lucy Hume	To consider the treasury management activities	Six Monthly
Cabinet Scrutiny Council	Medium Term Financial Strategy	Eric Seward Duncan Ellis	To review the Medium Term Financial Strategy	Annual – before 2021/22 Budget
January 2021				
Cabinet Scrutiny Council	2021/22 Base Budget and Projections for 2022/23 to 2023/24	Eric Seward Duncan Ellis	To review the proposed budget and projections	Annual

OVERVIEW AND SCRUTINY COMMITTEE – ANNUAL WORK PROGRAMME 2020/21

Meeting	Topic	Lead Officer / Member	Objectives & Desired Outcomes	Time cycle
February				
Cabinet Scrutiny Council	Treasury Strategy 2020/21	Eric Seward Lucy Hume	To review the treasury management activities and strategy for the investment of surplus funds	Annual
Cabinet Scrutiny Council	Capital Strategy	Eric Seward Lucy Hume	To review the deployment of capital resources to meet Council objectives & framework for management of the capital programme	Annual
Cabinet Scrutiny Council	Investment Strategy	Eric Seward Lucy Hume	To review the Council's Investment Strategy for the year 2020-21	Annual
March				
Cabinet Scrutiny	Budget Monitoring P10	Eric Seward Duncan Ellis	To review the budget monitoring position	
April				
Cabinet Scrutiny	Enforcement Board Update	Nigel Lloyd	To receive an update Enforcement Board cases – inc how to raise concerns, resourcing of team and overview of properties	Six-monthly

OVERVIEW AND SCRUTINY COMMITTEE – ANNUAL WORK PROGRAMME 2020/21

Meeting	Topic	Lead Officer / Member	Objectives & Desired Outcomes	Time cycle
Outstanding/To be Confirmed				
Cabinet Scrutiny Council	Affordable Housing Strategy		Pre-Scrutiny of the affordable housing strategy	
Scrutiny	Waste Contract Monitoring	Nigel Lloyd Steve Hems	To review the performance of the new waste contractor	Six Monthly
Scrutiny	Monitor resource implications for Homelessness Strategy			Requested by Committee
Scrutiny	Website design/functionality		To review the functionality of the Council's website	Requested by the Committee
Cabinet Scrutiny	Performance Management TBC	Helen Thomas	To monitor the performance of the Council and consider any resulting recommendations	Quarterly
Cabinet Scrutiny Council	Annual Action Plan TBC	Sarah Bütikofer Helen Thomas		Annual
Scrutiny Council	Overview & Scrutiny Committee Annual Report 2018/19	Matt Stembrowicz	Committee to approve and recommend to Council	Annual
Scrutiny	Market Towns Initiative Monitoring/Process Review	Matt Stembrowicz Richard Kershaw	To monitor the implementation of successful MTI applicants and review the funding process	Requested by the Committee
Scrutiny	Beach Huts & Chalets Monitoring	Maxine Collis Greg Hayman	To monitor performance of Beach Huts & Chalets	Requested by the Committee
Scrutiny	Ambulance Response Times/First Responders Briefing			Requested by the Committee
Scrutiny	Equality & Diversity Policy			
Cabinet Scrutiny	Budget Monitoring P2	Eric Seward Duncan Ellis		TBC