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Cabinet

Please contact: Emma Denny

Please email: emma.denny@north-norfolk.gov.uk
Please Direct Dial on: 01263 516010

Friday, 22 January 2021

A meeting of the **Cabinet** of North Norfolk District Council will be held remotely via Zoom on **Monday, 1 February 2021** at **10.00 am**.

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

PUBLIC ATTENDANCE AND PUBLIC SPEAKING – COVID-19
Please note that due to the Covid-19 restrictions, meetings of cabinet will be held remotely via Zoom video conferencing and live streamed on YouTube.

Public speaking: If you wish to speak on an agenda item, please email emma.denny@northnorfolk.gov.uk no later than 5.00 pm on the Thursday before the meeting and include a copy of your statement. You will have the opportunity to make your statement by video link but in the event that this is not possible, or if you would prefer, your statement will be read out by an officer.

This meeting will be broadcast live to YouTube and will be capable of repeated viewing. The entirety of the meeting will be filmed except for confidential or exempt items. If you attend the meeting and make a representation you will be deemed to have consented to being filmed and that the images and sound recordings could be used for webcasting/ training purposes.

Emma Denny
Democratic Services Manager

To: Mrs S Bütikofer, Mrs A Fitch-Tillett, Ms V Gay, Mr G Hayman, Mr R Kershaw, Mr N Lloyd, Mr E Seward, Miss L Shires and Mr J Toye

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

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

Chief Executive: Steve Blatch
Tel 01263 513811 **Fax** 01263 515042 **Minicom** 01263 516005
Email districtcouncil@north-norfolk.gov.uk **Web site** www.north-norfolk.gov.uk

A G E N D A

1. TO RECEIVE APOLOGIES FOR ABSENCE

2. MINUTES 1 - 6

To approve, as a correct record, the minutes of the meeting of the Cabinet held on 5th December 2020

3. PUBLIC QUESTIONS AND STATEMENTS

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

4. ITEMS OF URGENT BUSINESS

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

5. DECLARATIONS OF INTEREST

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

6. MEMBERS' QUESTIONS

To receive oral questions from Members, if any

7. RECOMMENDATIONS FROM CABINET WORKING PARTIES 7 - 12

To receive recommendations from the following Cabinet Working Party meetings:

North Walsham Heritage Action Zone Working Party – 9th December 2020
(Minutes extract attached)

RESOLVED to recommend to Cabinet

That Norfolk County Council be contracted as a nominated partner to assist in the design and delivery of the North Walsham town centre place making and public realm improvement work.

Planning Policy and Built Heritage Working Party – 14th December 2020

(Recommendations attached)

Planning Policy and Built Heritage Working Party – 18th January 2021

(Recommendations attached)

8. RECOMMENDATIONS FROM OVERVIEW & SCRUTINY COMMITTEE

To consider any recommendations made to the Cabinet by the Overview & Scrutiny Committee for consideration by the Cabinet in accordance within the Overview and Scrutiny Procedure Rules.

The following recommendations were made to Cabinet at the meeting of the Overview & Scrutiny Committee held on 13 January 2021:

CAR PARK INCOME DATA - JULY - SEPTEMBER 2019 AND 2020

RESOLVED

1. To recommend to Cabinet that promotion of the Council's annual and seasonal parking permits is increased.

2. To recommend to Cabinet that consideration is given to reviewing potential opportunities for new car parking sites, where appropriate.

3. To recommend to Cabinet that consideration is given to offering limited free parking arrangements to encourage support of the District's high streets.

2021/22 BASE BUDGET & PROJECTIONS FOR 2022/23 TO 2023/24 AND MEDIUM TERM FINANCIAL STRATEGY

RESOLVED

1. To recommend to Cabinet that the Council continues to lobby for greater certainty on future levels of funding support from Central Government.

2. To recommend to Cabinet that efforts are continued to identify potential savings options within the Medium Term Financial Strategy.

9. UPDATE ON THE DISTRICT COUNCIL'S RESPONSE TO THE CORONAVIRUS PANDEMIC

To receive a verbal update from the Chief Executive on the Council's response to the Covid 19 pandemic.

10. DELEGATED DECISIONS 13 - 18

Summary:	This report details the decisions taken by Senior Officers under delegated powers from 1st January 2021.
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

11. 2021/22 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2022-25 19 - 84

Summary:	This report presents for approval the 2021/22 budget along with the latest medium term financial plan and projections for the following three years to 2023/24.
Options considered:	The budget for the forthcoming financial year must be set annually. While there are options around the individual budgets presented for approval i.e. what is included in the budget for 2021/22, the overall position now presented for approval is the culmination of work carried out by officers and Members over a number of months, details of which are provided within the report.
Conclusions:	The Council's budget is set for approval each year; as with last year it has been presented to the Overview and Scrutiny Committee for pre-scrutiny before going to Cabinet and ultimately Full Council. This report now presents a balanced budget for 2021/22 and also presents the latest financial projections for the following three

	financial years, 2022/23 to 2024/25. The budget has been produced based on a number of assumptions as detailed within the main body of the report and also reflects the provisional finance settlement announced on 18 December 2020. The report also outlines the risks facing the Council in setting the budget and forecasting future spending plans and resources.
Recommendations:	**It is recommended that Cabinet agree and where necessary recommend to Full Council:** **1) The 2021/22 revenue budget as outlined at appendix A1;** **2) The demand on the Collection Fund for 2021/22, subject to any amendments as a result of final precepts still to be received be:** **a. £6,456,213 for District purposes** **b. £2,529,011 (subject to confirmation of the final precepts) for Parish/Town Precepts;** **3) The statement of and movement on the reserves as detailed at appendix D;** **4) The updated Capital Programme and financing for 2021/22 to 2023/24 as detailed at appendix C1;** **5) The capital bids contained within Appendix C2;** **6) That the Council adopts the changes to the LCTS scheme as detailed in section 5.3, subject to the outcome of the public consultation;** **7) That the balance on the Property Investment Fund of £999,476 be transferred to the new Earmarked Reserve – the Major Repairs Reserve** **8) That Members note the current financial projections for the period to 2024/25;**
Reasons for Recommendations:	To recommend a balanced budget for 2021/22 for approval by Full Council.

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

Outturn Report 2019/20, Medium Term Financial Strategy 2020/21 – 2023/24, 2020/21 budget monitoring reports, O&S Draft Budget Review 2021/22.

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

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

Summary:	This report sets out the Council's Capital Strategy for the year 2021-22. It sets out the Council's approach to the deployment of capital resources in meeting the Council's overall aims and objectives while providing the strategic framework for the effective management and monitoring of the capital programme.
Options Considered:	This report must be prepared to ensure the Council complies with the CIPFA Treasury Management and Prudential Codes.
Conclusions:	The Council is required to approve a Capital Strategy to demonstrate compliance with the Codes and establishes the strategic framework for the management of the capital programme.
Recommendations:	**That Cabinet recommends to Full Council that;** **The Capital Strategy and Prudential Indicators for 2021-22 are approved.**
Reasons for Recommendation:	Approval by Council demonstrates compliance with the Codes and provides a framework within which to consider capital investment decisions.

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

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

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

Options Considered:	Alternative investment and debt options are continuously appraised by the Council's treasury advisors, Arlingclose and all appropriate options are included within this Strategy.
Conclusions:	The preparation of this Strategy is necessary to comply with the guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG).
Recommendations:	**That the Council be asked to RESOLVE that The Investment Strategy is approved.**
Reasons for Recommendation:	The Strategy provides the Council with a flexible investment strategy enabling it to respond to changing market conditions.
Cabinet Member(s) Cllr E Seward	Ward(s) affected: All

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

14. TREASURY MANAGEMENT STRATEGY 2021-22 103 - 118

Summary:	This report sets out details of the Council's treasury management activities and presents a strategy for the prudent investment of the Council's surplus funds, as well as external borrowing.
Options Considered:	Alternative investment and debt options are continuously appraised by the Council's treasury advisors, Arlingclose and all appropriate options are included within this Strategy.
Conclusions:	The preparation of this Strategy Statement is necessary to comply with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services.
Recommendations:	**That the Council be asked to RESOLVE that The Treasury Management Strategy Statement is approved.**
Reasons for Recommendation:	The Strategy provides the Council with a flexible treasury strategy enabling it to respond to changing market conditions and ensure the security of its funds, as well as secure borrowing at the best value.
Cabinet Member(s) Cllr E Seward	Ward(s) affected: All

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

15. NORTH NORFOLK COUNCIL TAX HARDSHIP POLICY 119 - 128

Summary:

The policy outlines the Council's approach to the recent initiatives by Central Government to assist taxpayers who are suffering financial hardship due to the onset of the Coronavirus (Covid-19).

Recommendations

To recommend to Council:

1. To approve the Council Tax Hardship Policy (Appendix 1) which will support the administration of the hardship fund.
2. That delegation is given to the Benefits Manager to make any technical scheme amendments to ensure that it meets to criteria set by central government.
3. To delegate any amendments as to funding distribution following any further funding committed by Government, to the Section 151 Officer and in consultation with the Portfolio Holder for Finance and the Portfolio Holder for Benefits.

Cabinet Member: Cllr G Hayman
Contact Officer: Trudi Grant, Benefits Manager,
Trudi.grant@north-norfolk.gov.uk

16. NORTH NORFOLK DISTRICT COUNCIL - COMMUNICATIONS DELIVERY PLAN 129 - 154

Summary:	This draft communications delivery plan follows a review of the previous strategy which was last updated in 2017. Its main aims are to improve the reach and relevance of the Council's external and internal communications through its digital and other platforms - and to ensure the Council's interaction with external media is handled effectively.
Options considered:	Not implementing the proposals outlined in this paper. This would however ensure continued slow/minimal audience growth for the Council's communication channels and therefore less effective reach for its messaging.
Conclusions:	The Council is well-placed to substantially enhance its external communications reach and effectiveness by adopting a

range of strategic recommendations made in the report. Reviewing current internal communications delivery and also graphic design provision would also be beneficial, as outlined in the paper.

Recommendations: **To approve the draft communications delivery plan.**

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

Contact Officer, telephone number and email:
Joe Ferrari, Communications and PR Manager
01263 516040, Joe.ferrari@north-norfolk.gov.uk

17. PROVIDING MORTGAGE LOAN FUNDING FOR HOMES FOR WELLS 155 - 162

Summary: The Council has as a Corporate objective the aim of exploring the possibility of a Council loan scheme to registered providers (RPs) to help secure the delivery of affordable homes in the district. Homes for Wells, a community-led housing group and RP needs assistance to deliver four affordable homes in Wells. This provides an opportunity for the Council to trial a loan scheme and at the same time help secure additional affordable housing in the district.

Options considered:

1. Do not provide a loan for Homes for Wells. Without a loan Homes for Wells will be able to purchase two properties only.
2. Provide additional grant funding. This is not necessary, Homes for Wells can afford a loan and a loan generates a return for the Council.

Conclusions: The proposed purchase of four Flagship properties by Homes for Wells presents an opportunity for the Council to support the delivery of affordable housing and to deliver on a Corporate objective of providing loan finance to assist affordable housing delivery.

Recommendations: **To support the proposal to offer mortgage loan finance for Homes for Wells to allow Homes for Wells to purchase of four homes to let to key workers in Wells.**

Reasons for Recommendations:	To provide authority for the Council to provide mortgage loan finance of £192,675 to Homes for Wells.

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)

Community Housing Fund Feb 2017

Community Housing Fund Update Oct 2017

Cabinet Member(s)	Ward(s) affected
Councillor Greg Hayman	Wells with Holkham

Contact Officer, telephone number and email:
Contact Officer: Graham Connolly, Housing Strategy & Delivery Manager, Tel: 01263 516282, email graham.connolly@north-norfolk.gov.uk

18. EXCLUSION OF PRESS AND PUBLIC

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

19. PRIVATE BUSINESS

CABINET

Minutes of the meeting of the Cabinet held on Monday, 7 December 2020 remotely via Zoom at 10.00 am

Committee Members Present:

Mrs S Bütikofer (Chair)
Mrs A Fitch-Tillett
Ms V Gay
Mr G Hayman
Mr R Kershaw
Mr N Lloyd
Mr E Seward
Miss L Shires
Mr J Toye

Members also attending: Cllr C Cushing
Cllr N Dixon
Cllr J Rest

Officers in Attendance:

Chief Executive, Deputy Monitoring Officer (CJ) Democratic Services Manager and Democratic Services and Governance Officer (Scrutiny)

Also in attendance: Public

1 MINUTES

The minutes of the meeting held on 2nd November 2020 were approved as a correct record and signed by the Chairman.

2 PUBLIC QUESTIONS AND STATEMENTS

Mr R Oliver asked the following question:

'I am sure that Cabinet members agree that reports produced by North Norfolk District Council should be complete and accurate. This should particularly be the case where the report is published publicly. Could the Leader explain how the Council would set about amending a report which was not complete and accurate and which had already been considered publicly by members of the Council and, in addition, whether the Council would apologise if the public has been provided incomplete or inaccurate information?'

The Leader thanked Mr Oliver for his question. She said that as Leader of the District Council she confirmed that it was of course important that reports prepared and presented to the Council were complete and accurate. If Mr Oliver believes that a report or reports presented to Committees of the Council have not been prepared and presented in this way she advised that he should address his concerns in writing to the Council's Chief Executive such that any complaint could be properly investigated and, if appropriate, any issues identified addressed through the Council's established processes.

Mr Oliver replied that he wished to ask a supplementary question. He said that he had written to the Portfolio Holder for Finance over one month ago asking whether Section 2, row O in the Monitoring Officer's Annual Report was accurate. Given what the Leader had just said in response to his previous question and the significant amount of time that had elapsed, he wondered whether the Leader was able to confirm now that the report was accurate and that there had been no actual or potential litigation or claims that would have a significant effect on the entity or a material impact on the financial statements? The Leader referred Mr Oliver to her previous answer. She said that the correct procedures must be followed and she would provide him with a written response.

3 ITEMS OF URGENT BUSINESS

None.

4 DECLARATIONS OF INTEREST

None.

5 MEMBERS' QUESTIONS

None.

6 RECOMMENDATIONS FROM OVERVIEW & SCRUTINY COMMITTEE

The Chairman of the Overview & Scrutiny Committee, Cllr N Dixon, confirmed that there were no recommendations.

7 RECOMMENDATIONS FROM CABINET WORKING PARTIES

PLANNING POLICY & BUILT HERITAGE WORKING PARTY – 9 NOVEMBER 2020 RECOMMENDATIONS TO CABINET

The Chairman invited the Portfolio Holder for Planning, Cllr J Toye, to introduce this item. Cllr Toye said that the Planning Policy & Built Heritage Working Party had met on the 9th November and made the following recommendations (as outlined in the agenda).

It was proposed by Cllr J Toye, seconded by Cllr V Gay and

RESOLVED

To approve the following recommendations from the Planning Policy & Built Heritage Working Party meeting of 9th November 2020:

ITEM 7: Local Plan Draft Policies ECN4: Retail and Town Centre Development, ECN5: Signage and Shopfronts

To endorse the revised Policies ECN4: Retail and Town Centre Development and ECN5: Signage and Shopfronts, and delegates responsibility for drafting such an approach, including that of finalising the associated policies and policies mapping, to the Planning Policy Manager.

ITEM 8: Local Plan Draft Policies ECN1: Employment Land; ECN2: Employment Areas, Enterprise Zones & Former Airbases Policy; and ECN 3: Employment Development Outside of Employment Areas

To endorse the revised Policies ECN1: Employment Land, ECN2: Employment Areas, Enterprise Zones & Former Airbases, and ECN 3: Employment Development Outside of Employment Areas, and delegates responsibility for drafting such an approach, including that of finalising the associated policies and policies mapping, to the Planning Policy Manager.

ITEM 9: Local Plan Draft Policies ECN6: New Build Tourist Accommodation, Static Holiday Caravans & Holiday Lodges & Extensions to Existing sites; ECN7: Use of Land for Touring Caravan & Camping Sites; ECN 8: New-Build & Extensions to Tourist Attractions; and ECN 9: Retaining an Adequate Supply & Mix of Tourist Accommodation

To endorse the revised Policies ECN6: New Build Tourist Accommodation, Static Holiday Caravans & Holiday Lodges & Extensions to Existing sites, ECN7: Use of Land for Touring Caravan & Camping Sites, ECN 8: New-Build & Extensions to Tourist Attractions and ECN 9: Retaining an Adequate Supply & Mix of Tourist Accommodation, and delegates responsibility for drafting such an approach, including that of finalising the associated policies and policies mapping, to the Planning Policy Manager.

ITEM 10: LUDHAM AND STALHAM STAITHE CONSERVATION AREA APPRAISALS AND MANAGEMENT PLANS 2020

To adopt the Ludham and Stalham Staithe Conservation Area Appraisals and Management Plans 2020.

8 NORTH NORFOLK DISTRICT COUNCIL'S ACTIONS IN THE CURRENT PHASE OF THE CORONAVIRUS PANDEMIC

The Leader, Cllr S Butikofer, introduced this item. She said that there had been two outbreaks 10 days earlier which had led to a spike in numbers. This was in a contained setting and the numbers were now stable. That said, there had been a small increase in the last 48 hours which the Council was currently investigating. Covid Support Officers had been deployed across the District to assist with adherence to Government guidance. She then updated Members on the latest grant payment figures. For the Local Restrictions Support grant, 2781 applications had been processed, paying out £3.929m (75% of the funding received from Government).

The Leader concluded by saying that the Christmas opening times of the local testing sites in Cromer and Fakenham were now available on the Council’s website.

It was proposed by Cllr S Butikofer, seconded by Cllr R Kershaw and

RESOLVED

To note and comment upon the Council’s actions during the period September - December in supporting communities and businesses across North Norfolk during the current phase of the Coronavirus Pandemic, the second period of national lockdown; and in preparing for mass vaccination programmes in the first quarter of 2021.

Reason for the decision:

To inform corporate learning from experience gained through the earlier phases of the pandemic, and preparedness to respond to local incidences of COVID in the next few months, as well as preparations to support the local delivery of mass vaccination programmes during the first quarter of 2021.

9 MANAGING PERFORMANCE QUARTER 2 2020/2021

The Leader, Cllr S Butikofer, introduced this item. She said that progress was slower in some areas than she would have liked but it had picked up in quarter 3.
Cllr C Cushing referred to page 23 of the report and the RAG (Red, Amber Green) status'. He said that in the commercial sector RAG statuses were driven by cost and time, with time being the predominant driver. He referred to the due dates for 5 actions that had passed and said they were marked as amber or green. In addition, there were 21 due dates for the end of the year which were flagged as green, yet some of them had not started. He queried how this was possible and the due dates were meaningless.

The Leader replied that this was the report for Q2 and not the current position, adding that there had been progress on several of these items. She agreed that it was important that they were a true reflection. She confirmed that the next Managing Performance report would come forward in March 2021.

The Policy & Performance Management Officer confirmed that cost and time were assessed for the RAG ratings, together with well as quality, quantity and the impact the action will have. If the impact is linked to a specific time for implementation, then they were indeed time critical. Other dates that were included in the report were for service planning purposes to ensure that service areas were not overloaded during critical periods. She said that she would provide Cllr Cushing with the details of all of the actions which were time critical.

It was proposed by Cllr S Butikofer, seconded by Cllr R Kershaw and

RESOLVED

To note the report and endorses the actions being taken by Strategic Leadership Team detailed in Appendix A – Managing Performance.

Reason for the decision:

To ensure the objectives of the Council are achieved

10 FEES AND CHARGES 2021/22

The Portfolio Holder for Finance, Cllr Seward, introduced the report. He explained that the fees and charges, as recommended, would be used to inform the income budgets for the 2021/22 budget. He said that the usual inflationary increase had not been applied to most charges due to inflation having been close to zero during recent months. He added that there were no proposals to increase car parking charges or market fees in the light of the pandemic.

It was proposed by Cllr E Seward, seconded by Cllr N Lloyd and

RESOLVED:

To agree and recommend to Full Council:

a) The fees and charges from 1 April 2021 as included in Appendix A.
b) That Delegated Authority be given to the Section 151 Officer, in consultation with the Portfolio Holder for Finance and relevant Heads of Service, to agree those fees and charges not included within Appendix A as required as outlined within the report

Reason for the decision:

To approve the fees and charges as set out in the report that will be used to inform the 2021/22 budget process.

11 RENEWAL OF PRINT ROOM PRINTERS AND SOFTWARE

The Portfolio Holder for Organisational Resources, Cllr L Shires, introduced the report. She said that the report sought approval for a new lease and maintenance contract.

Cllr J Rest said that he welcomed the decision to keep the printing contract in-house rather than outsourcing it to an external provider. He hoped that there were also opportunities for the Council to charge other organisations for printing services. Cllr A Fitch-Tillett confirmed that this was the case and the Print Room had undertaken printing for the Flood & Coastal Committee.

It was proposed by Cllr L Shires, seconded by Cllr J Toye and

RESOLVED:

To agree a new lease and maintenance contract through the Crown Commercial Services Framework 3781 Lot 2 with Xerox for the period to December 2024 as set out in the report.

Reason for the decision:

To provide value for money provision of in-house reprographic services across the council.

12 PURCHASE OF FOUR UNITS OF TEMPORARY/MOVE-ON ACCOMMODATION FOR ROUGH SLEEPERS - PURCHASE RECOMMENDATIONS

The Portfolio Holder for Housing, Cllr G Hayman, introduced this item. He said that it was crucial that the project was moved forwards due to a very tight deadline at the end of March 2021.

Cllr Rest welcomed the proposals and asked about ongoing maintenance and repair costs and how voids would be dealt with. He asked whether anyone being relocated into these units would be ‘vetted’ so that local residents could be reassured.

Cllr Hayman replied that most local people were already aware of where the rough sleepers were in their area. By bringing them back into society they would be able to receive support and assistance to help them reintegrate into the community. He added that it was important to remember that these people were currently homeless and already in the community. It was important to trust the officers who would be placing them in the accommodation when it became available.

The Leader said that people could become homeless for a wide range of reasons and any support that could be provided was a good thing.

Cllr J Toye said that many homeless people were ex-servicemen/ women and he was delighted to see this support being provided.

It was proposed by Cllr G Hayman, seconded by Cllr V Gay and

RESOLVED

That Cabinet agrees to the purchase of the specific property identified in this report and gives delegated authority to a Chief Officer, in consultation with the Portfolio Holder for Housing & Benefits, for the purchase of the remaining three properties within the overall budget of £500k (with all purchases subject to an independent valuation and survey).

Reason for the Decision**:**
To provide authority for expenditure over £100,000.

13 EXCLUSION OF PRESS AND PUBLIC

14 PRIVATE BUSINESS

The meeting ended at 10.45am.

Chairman

4 GENERAL OVERVIEW / PROJECT UPDATE

The EGM stated that a substantial amount of work had been completed since the last meeting, and that the project had passed through its initial stages into critical elements. The critical elements included the design and delivery of the town centre place-making scheme, and establishing the conditions and future use of Cedar House. Members were reminded that the Market Town Network Strategy, prepared by NCC, had helped to shape and inform the HAZ bid. The EGM reported that he had held discussions with colleagues at NCC to outline potential cooperation, and suggested the best way forward would be to establish a project delivery board, comprised of representatives from NCC, Historic England, NNDC and the LEP, to steer the design and delivery of the project. It was suggested that the Assets and Property Programme Manager should be involved to act as an agent for NNDC, to sense-check the delivery at each stage of the project. It was suggested that forming a partnership arrangement between NNDC and NCC, with the former acting as the project lead and sponsor, with a third party designer used to produce a master plan with community engagement embedded throughout. The EGM suggested that NCC's role could be to oversee the design, monitor highways issues such as TROs, and to oversee construction elements.

<u>Questions and Discussion</u>

i. Cllr R Kershaw thanked the EGM for his input and agreed that it could be helpful to bring in expertise from NCC at an early stage in the project. Cllr E Seward stated he had some reservations on the extent of NCC's potential involvement, as they had achieved limited success with the Market Town Network Strategy, and were not as familiar with the town as NNDC.

ii. The HECD stated that the proposed project board would be a steering group to develop and implement designs, and NCC's role in this would be critical to meet the timescale, using their highways expertise and procurement framework. He added that final decisions would remain with NNDC, whilst NCC's involvement would provide practical benefits and necessary expertise. Cllr E Seward replied that he appreciated that the involvement NCC Highways engineers was important, though concerns remained regarding further involvement. The HECD stated that the design work would be entirely developed with the involvement of local stakeholders, and that the Market Town Network Strategy had played an important part in developing the bid and identifying costs. Cllr R Kershaw stated that it was important to stress that the project would always remain community driven.

RESOLVED to recommend to Cabinet:

That Norfolk County Council be contracted as a nominated partner to assist in the design and delivery of the North Walsham town centre place making and public realm improvement work.

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PLANNING POLICY & BUILT HERITAGE WORKING PARTY – 14 DECEMBER 2020
RECOMMENDATIONS TO CABINET

ITEM 7: LOCAL PLAN - PROGRESS UPDATE ON SITE SELECTION OPTIONS - DEFERRED SITES

RECOMMENDED

That site BLA04/A (land east of Langham Road) is retained as an allocation in the proposed submission Local Plan and the final policy wording is delegated to the Planning Policy Manager.

RECOMMENDED

That MUN03/A – land off Cromer Road and Church Lane (reduced to approximately 30 dwellings) is retained as an allocation in the proposed Submission Local Plan, and the final policy wording is delegated to the Planning Policy Manager, to include the need to protect the amenity of adjacent occupiers.

ITEM 8: LANDSCAPE CHARACTER ASSESSMENT AND LANDSCAPE SENSITIVITY ASSESSMENT SUPPLEMENTARY PLANNING GUIDANCE

RECOMMENDED

That Cabinet:

1. Adopts and publishes the revised 2021 Landscape Character Assessment and Landscape Sensitivity Assessment as Supplementary Planning Guidance.

2. Revokes the existing 2009 North Norfolk Landscape Character Assessment in line with the legislative requirements.

3. Gives delegated authority to the Head of Planning in relation to the required statutory process.

ITEM 9: RECREATION AVOIDANCE MITIGATION STRATEGY

RECOMMENDED

1. That Cabinet endorses the approach and delegates responsibility for drafting such an approach, including that of finalising the associated tariff and Policy to be included in the Local Plan to the Planning Manager.

2. That Cabinet endorse Option 1 set out in the report to the Working Party in respect of the collection of the tariff.

ITEM 10: LOCAL PLAN DRAFT POLICY APPROACHES TO THE ENVIRONMENT

RECOMMENDED

That Cabinet endorses the revised Policies below and delegates responsibility for drafting such an approach, including that of finalising the associated policies to the Planning Manager:

ENV 1: Norfolk Coast Area of Outstanding Natural Beauty & The Broads;
ENV 2: Protection & Enhancement of Landscape & Settlement Character;
ENV4: Biodiversity & Geology;
ENV 5: Green Infrastructure & Public Rights of Way;
ENV 6: Trees, Hedgerows & Development;
ENV 9: High Quality Design;
ENV 10: Protection of Amenity;
ENV 11: Protecting and Enhancing the Historic Environment

ITEM 11: LOCAL PLAN SITE ALLOCATIONS: NORTH WALSHAM

RECOMMENDED

That Cabinet:

1. Endorses the identified sites for inclusion in the Local Plan.
2. Delegates the final policy wording to the Planning Policy Manager.
3. Discounts all other sites <u>at this stage</u>.
4. Agrees the green open space designations shown on the site assessment maps.

ITEM 12: BROWNFIELD LAND REGISTER UPDATE

RECOMMENDED

That the register is published as required by the Town and Country Planning (Brownfield Land Register) Regulations 2017 and that Part 2 of the Register is not undertaken.

PLANNING POLICY & BUILT HERITAGE WORKING PARTY – 18 JANUARY 2021

Local Plan Draft Settlement Boundaries for Small Growth Villages

Recommendation:	That Cabinet approves the settlement boundaries for the Small Growth Villages shown in Appendix 1 as a basis for Regulation 19 consultation and for inclusion in the Local Plan. That delegated authority is given to the Planning Policy Manager to produce proposed boundaries for Sea Palling, Walcott and Potter Heigham in accordance with the methodology.

Local Plan Open Land Area Designations – Wells-next-the-Sea

Recommendation:	That Cabinet approves the additional Open Land Area Designation for site WEL22 (Wells East Quay) for inclusion in the Local Plan.

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Officer Delegated Decisions (January to February 2021)

Summary:	This report details the decisions taken by Senior Officers under delegated powers from 1st January 2021.
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	

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 2020 onwards are recorded on the Council's website: https://www.north-norfolk.gov.uk/tasks/democratic-services/officer-delegated-decisions/

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. Details are outlined in the signed form.

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 2021 (Appendix A)

Delegated Power being exercised; *Chapter 6; Full delegation to Chief Officers* *Section 5.1: routine matters* *Section 5.2 Emergency powers*	**Key Decision y/n**	**Officer exercising Delegation**	**Details of decision made**	**Consultations undertaken** *Section 5.1 : Leader or Portfolio Holder/Local Member* *Section 5.2: Leader or Deputy Leader*	**Date of decision**	**Date Reported to Council/Cabinet**
Section 5.2	Yes	Director for Communities	**Discretionary Grant Scheme – impact of Covid 19** To develop and deliver a discretionary grant scheme with a total fund size of £300,000.00 to support businesses impacted by the Covid-19 pandemic. This will be drawn from the Additional Restrictions Grant Fund allocation provided by the Government	S.5.1 – Portfolio Holder	05.01.2021	01 Feb 2021
Section 5.2	Yes	Director for Communities	**Council Tax Support Scheme – consultation** To agree to commence consultation on a proposed Council Tax Support Scheme for 2021/22	S.5.2 – Deputy Leader & Portfolio Holder	04.01.2021	01 Feb 2021

Record of Decisions taken under Delegated Authority 2021 (Appendix A)

Section 5.2	Yes	Director for Communities	**Test & Trace Support Payment Scheme** To agree to the arrangements and policies that have been put in place to administer the scheme for the North Norfolk district, following the financial package announced by the government to support and enforce self-isolation through a new Test and Trace Support Payment scheme and Test & Trace Discretionary Scheme	S.5.1 – Portfolio Holder	Oct 2020	01 Feb 2021

2021/22 Budget and Medium Term Financial Strategy 2022-25

Summary:	This report presents for approval the 2021/22 budget along with the latest medium term financial plan and projections for the following three years to 2023/24.
Options considered:	The budget for the forthcoming financial year must be set annually. While there are options around the individual budgets presented for approval i.e. what is included in the budget for 2021/22, the overall position now presented for approval is the culmination of work carried out by officers and Members over a number of months, details of which are provided within the report.
Conclusions:	The Council's budget is set for approval each year; as with last year it has been presented to the Overview and Scrutiny Committee for pre-scrutiny before going to Cabinet and ultimately Full Council. This report now presents a balanced budget for 2021/22 and also presents the latest financial projections for the following three financial years, 2022/23 to 2024/25. The budget has been produced based on a number of assumptions as detailed within the main body of the report and also reflects the provisional finance settlement announced on 18 December 2020. The report also outlines the risks facing the Council in setting the budget and forecasting future spending plans and resources.

Recommendations:

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

1) **The 2021/22 revenue budget as outlined at appendix A1;**
2) **The demand on the Collection Fund for 2021/22, subject to any amendments as a result of final precepts still to be received be:**
   a. **£6,456,213 for District purposes**
   b. **£2,529,011 (subject to confirmation of the final precepts) for Parish/Town Precepts;**
3) **The statement of and movement on the reserves as detailed at appendix D;**
4) **The updated Capital Programme and financing for 2021/22 to 2023/24 as detailed at appendix C1;**
5) **The capital bids contained within Appendix C2;**
6) **That the Council adopts the changes to the LCTS scheme as detailed in section 5.3, subject to the outcome of the public consultation;**
7) **That the balance on the Property Investment Fund of £999,476 be transferred to the new Earmarked Reserve – the Major Repairs Reserve**
8) **That Members note the current financial**

Reasons for Recommendations:	**projections for the period to 2024/25;** To recommend a balanced budget for 2021/22 for approval by Full Council.

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

Outturn Report 2019/20, Medium Term Financial Strategy 2020/21 – 2023/24, 2020/21 budget monitoring reports, O&S Draft Budget Review 2021/22.

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

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

Executive summary

This report presents the detail of the 2021/22 revenue budget and the indicative projections for the following three financial years 2024/25. The Council's budget is set for approval each year in February; as with the last two years it has been presented to the Overview and Scrutiny Committee for pre-scrutiny before going to Cabinet and ultimately Full Council.

The budget has been produced based on a number of assumptions as detailed within the main body of the paper and now reflects the provisional Local Government Finance Settlement (LGFS) announced on 17 December 2020.

This paper has been informed by the 2020/21 Base Budget, the 2019/20 Outturn Report, the 2020/21 budget monitoring reports, the Medium Term Financial Strategy 2020/21 – 2023/24 and the 2021/22 draft budget review presented to Overview and Scrutiny. The table below shows the movements as reported as part of the updated Medium Term Financial Strategy (MTFS) and the updated budget forecasts.

Although the 2021/22 position is now balanced there are still significant challenges in future years which deficits forecast over the following three years.

A summary of the General Fund is provided at appendix A1, appendix A2 contains a high level analysis of the key movements at the subjective budget level while appendix B shows the movements between the 2020/21 base budget and the current forecasts for 2021/22

The Budget and Medium Term Financial Plan represent the Corporate Plan in monetary terms. Budgets are set to ensure that each pound spent delivers on one or more of the Cabinet's Corporate Priorities. A robust performance management system is in place to scrutinise the delivery of the Council's objectives, in conjunction with regular budget monitoring, to ensure that the Council is delivering value for money for its residents.

1 Introduction

1.1 This report presents the detail of the 2021/22 revenue budget and the indicative projections for the following three financial years, 2022/23 to 2024/25.

1.2 An updated Capital Programme has also been included covering the periods 2021 to 2024/25 which takes account of slippage of schemes between financial years. Details of new proposed capital schemes are also included within the report.

1.3 A draft 2021/22 budget review report was provided to the Overview and Scrutiny Committee for pre-scrutiny at their meeting of 13 January. It was recommended that Cabinet:

- Work with both local MPs to lobby for further financial support from Central Government to help close future funding gaps
- Prepare a detailed plan of potential savings required, using inputs from staff and Members which have already been gathered, for consideration by Members

1.4 The budget now presented reflects the Local Government Finance Settlement (LGFS) announced on 17 December 2020, the final settlement is expected at some point during February. The final budget presented for approval to Full Council will be updated to reflect the final figures as applicable if they are received in time.

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

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

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

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

1.8 For the first time, the Medium Term Financial Strategy is presented in the same report as the Budget for approval.

2 Corporate Plan – 'Where we want to be'

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

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

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

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

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

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

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

2.7 The Climate, Coast and Environment theme will help to ensure that the Council delivers on its Climate Emergency agenda and this element of the Corporate Plan will permeate and influence all of the other work stream and Delivery Plan themes so that it becomes embedded within the culture of the organisation. The Council will look to generate income from the Electric Vehicle Charging Points which have been installed in Council owned car parks across much of the District. Solar panels are also generating an income on the Council's main office block in Cromer. In addition to reducing the Council's running costs, these panels are projected to provide £10,000 per annum of income to support the Council's budget.

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

2.9 The Council is currently supporting its Climate Change agenda and motion on Climate Emergency by earmarking £330,000 from the Delivery Plan Reserve to facilitate the planting of 110,000 trees in the District. Two climate change officers are now in post and working on the draft Environment Charter and Action Plan. A further £150,000 is available within an earmarked reserve to support initiatives under this plan. Activities are likely to be related to:

- Monitoring and managing the Council's carbon footprint
- Alternative Energy Projects
- Biodiversity improvements
- Electric Vehicle Charging
- Waste reduction
- Raising awareness and creating behaviour changes through community engagement

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

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

Our Strategic Priorities 2019 – 2023

2.12 The Delivery Plan includes a series of priority actions and measures that we will monitor to assess if we have made a difference. Progress and tracking against the identified actions and delivery of the outcomes will form a key part of the Council's performance management framework.

Investment in Priority Areas

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

Our Vision

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

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

Our Values

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

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

'One Team' Team Approach

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

3 Our Future Financial Position

3.1 The potential financial climate the Council will be operating in up to 31st March 2025 has been projected and is discussed fully in section 9 of this report.

3.2 If we do nothing, we will have budget deficits which will greatly restrict our ability to deliver the Corporate Plan. We have the opportunity, now that we are forewarned, to develop a strategy to reduce the budget deficit in a sustainably way, which protects front line services as a priority and allows the Council to deliver on the key themes of the Corporate Plan. Our strategies for achieving this are laid out in section 10 of this report.

4 Projections for the 21/22 financial year - 'Where we are now'

4.1 The latest information we have regarding the provisional funding Settlement for 2021/22 has now been included within the budget forecasts. The Business Rates and Fair Funding Reviews have been delayed due to prioritising the COVID 19 response and a one-year settlement has been agreed. This has had an extremely positive impact on the financial position for 2021/22 years as it has effectively delayed all of the anticipated funding reductions by a year. The downside of this, is that we had previously expected 2021/22 to be the first year of a multi-year settlement, which would have greatly increased the certainty in our medium term forecasts.

4.2 We are expecting the Chancellor's budget announcements to be made in March, which will unfortunately be after the Council's budget has been set. This results in significant uncertainty around the income the Council expects to receive from the Business Rates Retention Scheme, as announcement regarding business rates reliefs which the Council will need to grant are likely to be made at that time. An updated business rates budget (also known as the NNDR2) will likely be needed if significant reliefs on the scale of the current expanded Retail Relief are announced.

Key changes to budget projections

4.3 The Settlement update has had a significant impact on the budget projections for the 2021/22 financial year since those that were made in February 2020. The key changes are highlighted below;

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

Retained business rates (£1.6m) – projections for future years have increased due to a 1-year delay in the Business Rates Baseline Reset (now 1st April 2021) and a reduced impact predicted from the Fair Funding Review.

Lower Tier Services Grant (£137k) – A new grant, funded from surplus on the NHB account, was announced as part of the settlement. This grant was awarded to Councils which provide lower tier services (such as District Councils) to compensate them for the loss of NHB and ensure that no Council saw a reduction in Core Spending Power in the 2021/22 financial year.

Revenue support grant (£90k) - this will be rolled forward into 2021/22 as part of the 1 year Spending Round, adjusted for inflation. We had assumed as part of the 2020/21 budget process that this funding would be removed in 2021/22.

New Homes Bonus (NHB) (£136k) – an extra year of NHB allocations above what we had expected to receive was made as part of the provisional settlement. This resulted in a one-off bonus of £136k, as this new allocation does not attract legacy payments. We have forecast NHB payments to cease after 2022/23, and although MHCLG are committed to replace this scheme, we have no details of the proposals and are unable to forecast any potential allocations going forward.

Rural Services Delivery Grant (£25k) - this will be rolled forward into 2020/21 as part of the 1 year Spending Round, with a small increase on 2020/21. As with a number of the other funding streams we had assumed as part of the 2020/21 budget process that this funding would be removed in 2021/22.

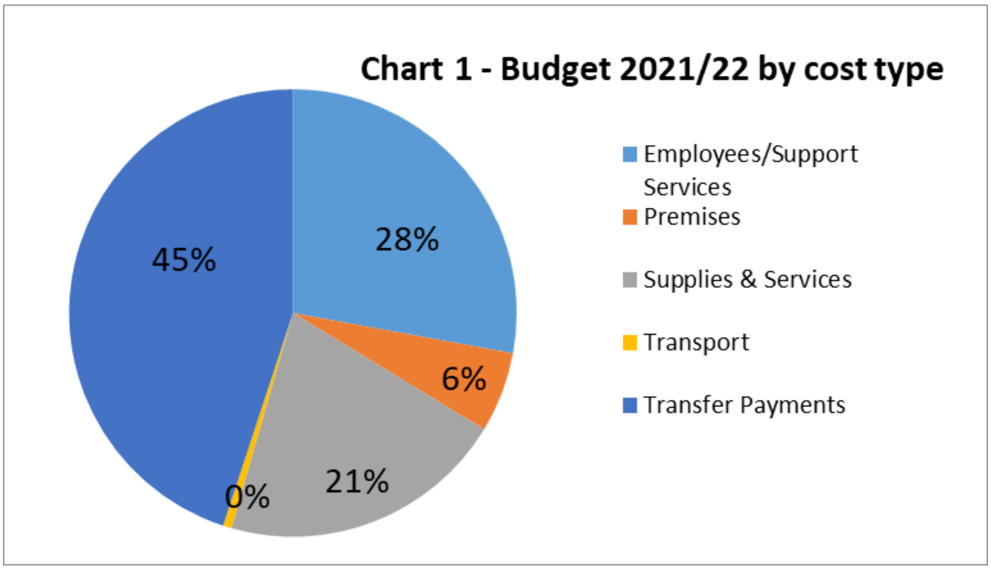
4.4 The overall impact of all of these changes is significant for the next financial year and will see additional resources being made available to help support the budget, based on the assumptions, caveats and projections outlined above.

5 Revenue Account Base Budget

5.1 The detail of the revenue budget now presented for approval is included within appendices A1 and B. Appendix A1 shows the overall position in the form of the General Fund Summary, the current budget forecast is balanced as shown in Table 1 below.

Table 1 – Current forecast 2021/22	
	£000
Total District amount to be met from Government Grant & Local Taxation	14,525
Less:	
Revenue Support Grant	(90)
Business Rates Retained & S31 Grant	(6,611)
New Homes Bonus	(723)
Rural Services Delivery Grant	(508)
Lower Tier Services Grant	(137)
District call on Collection Fund – excluding Parish Precepts	(6,456)
Surplus	**0**

5.2 Further detail on the individual service budgets is included at appendix B which shows the movement of the 2021/22 budget compared to the base budget for 2020/21 as set in February 2020 along with comments covering the more significant variances. The chart below highlights how the budget costs contained within the Net Cost of Services are split over the main subjective budget headings.



Assumptions

5.3 The revenue budget for 2021/22 makes a number of assumptions, the more significant ones are as follows:

a) **Council Tax** – The draft budget currently assumes a **Council Tax increase** for the district element of Council Tax in 2020/21 and is based on the tax base of 40,959 (40,687 for 2020/21). This would mean that the district element of the council tax would increase by £4.95 from £153.72 to £158.67. **This is however a decision for Full Council in February and will be decided at the time the budget is set.**

b) **Employee budgets** – a 2% pay award has been assumed in the calculation of the budget figures presented. At the time of writing, the costs associated with the senior management restructure are minimal.

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

d) **Contract inflation –** Inflation has been very low towards the second half of 2020. Some contract inflation has been applied as part of this budget setting process. The Council's largest contract, the waste contract, has not been subject to an inflationary increase in 2021/22.

e) **Investment income –** The net interest receivable is currently forecast to be £0.86m for 2021/22 and is based on gross interest of £1.0m less borrowing costs for capital schemes of £0.15m. This includes income derived from Treasury investments and loans to Housing Associations under the Local Investment Strategy. The Council ensures that priority is given to security and portfolio liquidity when investing treasury management funds in line with the CIPFA Treasury Management Code. The average investment rate anticipated in the forward year is 2.6% (based on forecast available balances of £36.9m). The average rate of return in 2020/21 was adversely affected by having to keep large short term cash balances in order to pay grants to support businesses during the COVID 19 pandemic on behalf of Central Government, and the cut to the bank rate in 2020, which we assume will remain in place throughout the 21/22 financial year.

f) **Growth -** No growth bids were invited for revenue expenditure in 2020/21. Capital bids were invited and the capital programme is discussed in detail at section 8 which includes both an update to the current capital programme along with new capital schemes and the financing of the programme.

g) **Local Council Tax Support Schemes (LCTS)** – The council's working age CTS scheme principles have remained largely unchanged since the scheme started in 2013. During this time the scheme rules have been amended to reflect prescribed wider welfare reform changes, including amendments to the Housing Benefit rules and the introduction of Universal Credit. There have been fewer changes in recent years as the pace of welfare reform has slowed.

The local scheme means that those of working are required to pay a minimum of 8.5% of their council tax liability. With the changes made for the rollout of Universal Credit there will be implications for the cost of local CTS schemes.

The Council will need to review options going forward to ensure this remains a cost effective, affordable scheme. There are alternative CTS scheme models that can be considered for our working age scheme. However these would involve significant changes and in the present climate a fundamental review of the scheme is not recommended.

For 2021/22, we are proposing three changes to the scheme to simplify administration and keep the scheme in line with the Housing Benefit rules. The changes would be a continuation of the existing CTS scheme principles and is designed to keep the cost of the scheme within the predictions of the financial plan. A public consultation on the proposed changes is being run from 14th January 2021 to 7th February 2021. The results of the consultation will be fed into the reports for the approval of the final CTS scheme by Full Council.

5.4 The General Fund Summary presented at appendix A1 shows a balanced budget and is summarised in the table below with the equivalent figures for 2020/21.

Table 2 – Variance of 2020/21 to 2021/22 Base Budget			
	2020/21 Base Budget	2021/22 Base Budget	Variance
	£000	£000	£000
Net cost of services (incl. Parishes)	19,831,693	20,349,505	517,812
Non service expenditure/ income	(2,035,454)	(3,294,974)	(1,259,520)
Net budget requirement	17,796,239	17,054,531	(741,708)
Funded by:			
Local Taxpayers - Parishes	(2,520,143)	(2,529,011)	(8,868)
Local Taxpayers - District Council	(6,305,671)	(6,456,213)	(150,542)
Retained Business Rates	(7,504,661)	(6,611,436)	893,225
Revenue Support Grant	(89,799)	(90,295)	(496)
Rural Services Delivery Grant	(483,771)	(507,661)	(23,890)
New Homes Bonus	(892,194)	(722,562)	169,632
Lower Tier Services Grant	0	(137,353)	(137,353)
Total Income	(17,796,239)	(17,054,531)	741,708
(Surplus)/ Deficit	0	0	0

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

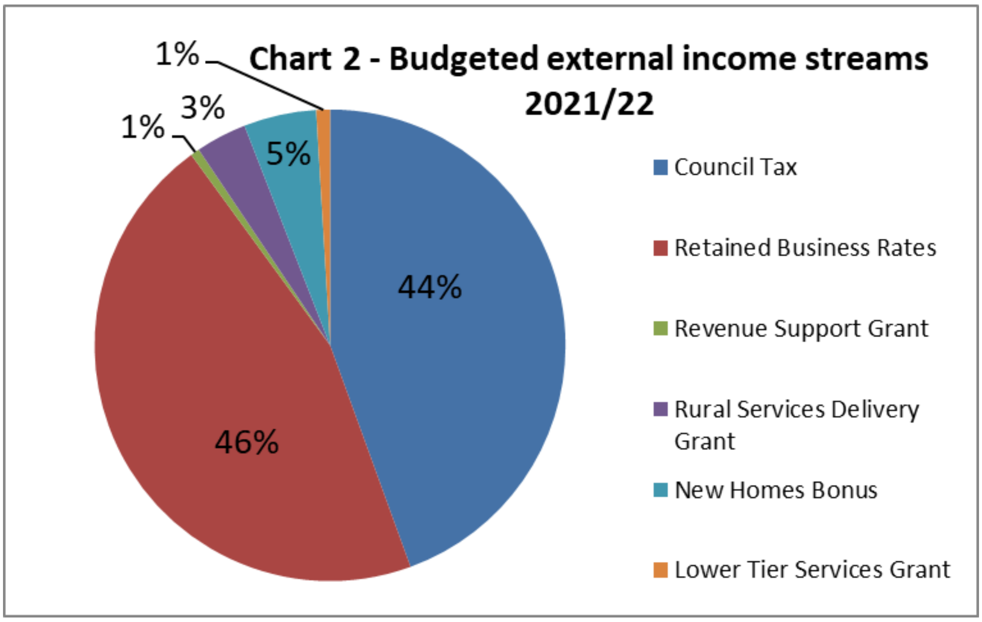
Table 3 - Variance 2020/21 to 2021/22 Base Budgets (excl. notional charges)				
	2020/21 Base Budget	2021/22 Base Budget	Variance	Percentage Movement
	£000	£000	£000	%
Employees/Support Services	12,809,961	13,315,114	505,153	3.94
Premises	2,730,697	2,775,790	45,093	1.65
Transport	304,322	298,390	(5,932)	(1.95)
Supplies & Services	9,691,000	9,900,332	209,332	2.16
Transfer Payments	22,208,430	21,460,774	(747,656)	(3.37)
Income (External)	(32,834,441)	(32,758,228)	76,213	(0.23)
Total Direct Costs and Income	**14,909,969**	**14,992,172**	**82,203**	**0.55**
Notional Charges:				
Capital Charges	1,819,204	1,964,269	145,065	7.97
Reffcus [2]	842,667	977,167	134,500	15.96
IAS19 Notional Charges [2]	(260,290)	(262,174)	(1,884)	0.72
Total Notional Charges	**2,401,581**	**2,679,262**	**277,681**	**11.56**
Total Net Costs	**17,311,550**	**17,671,434**	**359,884**	**2.08**

5.6 A breakdown an analysis of the variance between years can be found at Appendix A1.

5.7 The variance between years in the Corporate Leadership Team service area is due to the cost of the elections to be held in May 2021, which are shown under this heading.

6 Income Streams

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



Business Rates

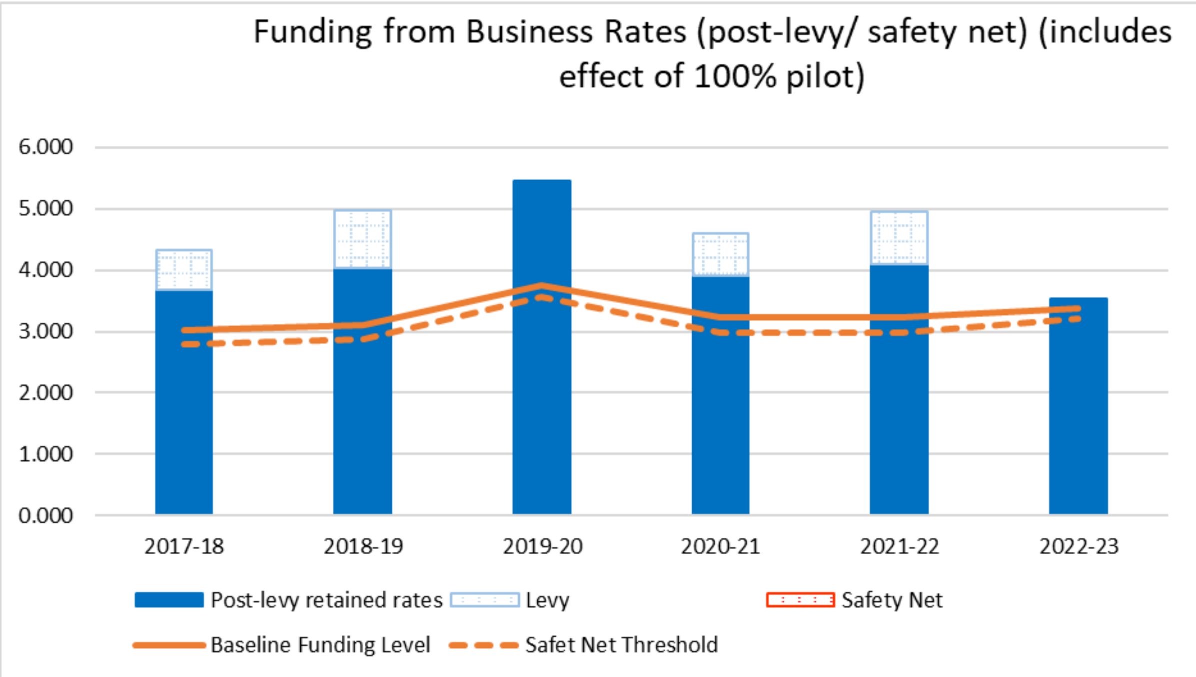
6.2 Since the 2013/14 financial year, local government has been able to retain 50% of the growth in the local business rates income to support services. As part the reformation of Local Government Finance, a new system of Business Rates Retention where local authorities retain a 75% share was due to be implemented in April 2021. This has been delayed due to the COVID 19 pandemic, and is now due to be implemented from April 2022.

6.3 The income from the current system is shared on the basis of 50% being returned to Central Government, 40% being retained by NNDC with 10% going to the County (although these shares are likely change once the current business rates review is completed). However, while technically NNDC's share is projected to be around £13m (£12.9m 2020/21), after the tariff payment is made the net income to NNDC reduces to around £5.3m for 2021/22 (£5.3m 2020/21). The tariff payment acts to equalise funding across the Local Government sector and returns income to social care authorities who have a reduceed ability to raise funds through Business Rates. The chart below shows the anticipated funding for the Council from the Business Rates Retention Scheme.

6.4 Under the Business Rates Retention Scheme, North Norfolk District Council and Norfolk County Council retain rates from hereditaments in the Renewable Energy sector. The amounts retained in the last three financial years are shown in the table below.

	£		
	2017/18	**2018/19**	**2019/20**
Retained Rates from Renewable Energy Heriditaments	672,679	623,732	222,525

6.5 NNDC has for the last few years been a member of the Norfolk Business Rates Pool. At the time of the Provisional Settlement, the Norfolk Business Rates Pool was set to continue into 2021/22, but given the uncertainty surrounding rate reliefs for next financial year, and the potential negative impact of COVID 19 on income collection, it has been decided to revoke the pool for 2021/22. This will have no impact on NNDC's draft budget, as we will continue to pay a levy in the same way, but the recipient will now be MHCLG rather than Norfolk County Council. The decision not to pool was unanimous across Norfolk authorities.



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

New Homes Bonus (NHB)

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

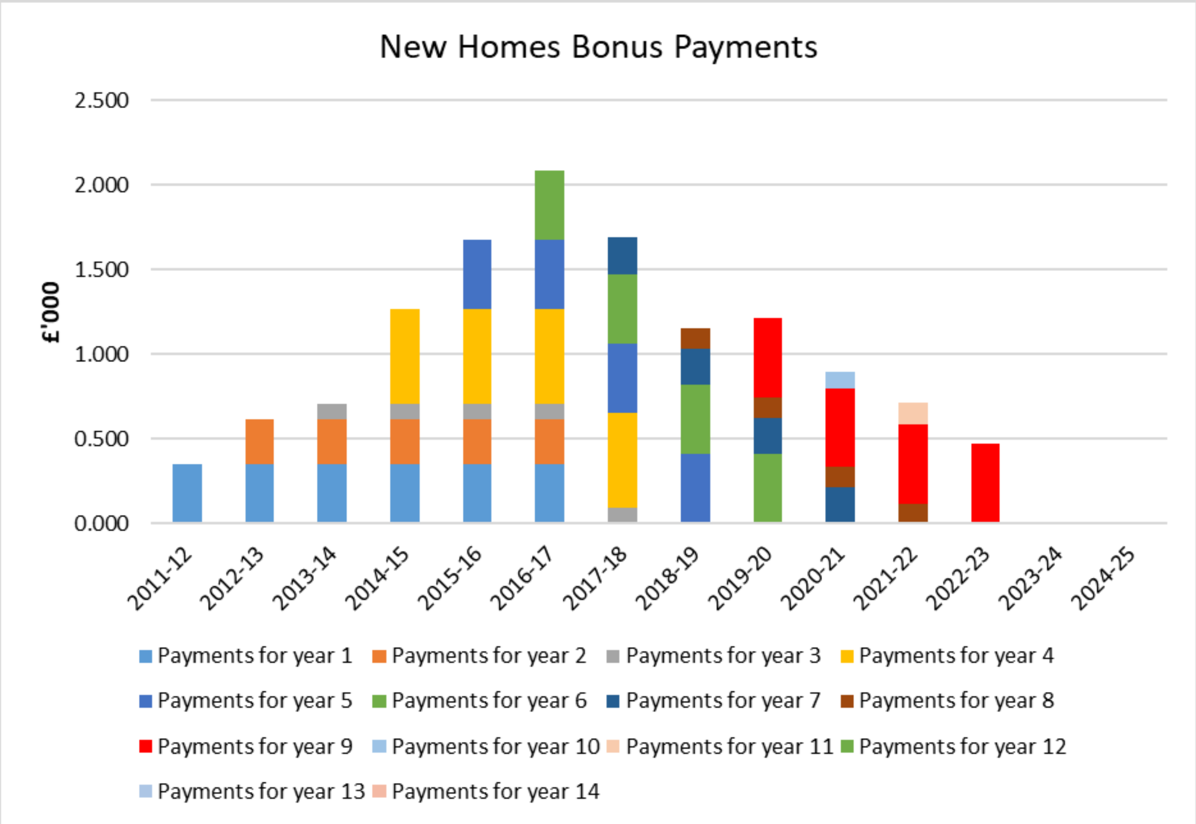
6.7 Since its initial introduction the payment mechanism has undergone two fundamental changes which have significantly impacted on the income received by

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

NNDC. The first was the transition from payments rolled up over a 6-year period up to 2016/17 (for which the Council received £2.1m) to 5 years in 2017/18 to the new 'floor' of 4 years from 2018/19 onwards. The second was in 2017/18 when a national baseline of 0.4% (based on property numbers within the district) was introduced. The combined effect of these two changes was forecast to see income decrease from the highest point in 2016/17 of £2.1m to the projection of £487k in 2022/23.

6.8 MHCLG have confirmed that a new incentive based scheme will replace NHB soon. Current forecasts show NHB ending in 2022/23 when the last of the legacy payments are due to be made. No income from the new scheme has been assumed as no details have yet been consulted on.

6.9 The chart below now shows the updated projections following the Provisional Settlement announcements from December.



Council Tax

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

6.11 The charge on a Band D property which is retained by NNDC is currently £153.72 based on a tax base of 40,688 in 2020/21. Any increases on this amount are restricted by a cap put in place by the Government, which means that NNDC cannot increase its precept by more than 2% or £5 for next year, whichever is the greater.

6.12 It has been assumed that NNDC will increase its precept annually by the maximum amount to partly offset the reduction in grant funding from Central Government but as mentioned above **this a decision for Full Council in February and will be**

decided at the time the budget is set. The table below highlights the impact of the assumed increases.

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

6.14 As highlighted above the draft budget currently assumes a **Council Tax increase** for the district element of Council Tax in 2021/22 of £4.95 on a Band D property (which equates to a 3.22% increase). Table 2 above summarises how the budget will be financed and the District's net call on the Collection Fund for 2021/22 and the council tax summary is included at appendix C.

6.15 At the time of writing the figure within the General Fund summary (appendix A) for parish and town precepts is shown as £2,529,011. This will be updated for the final budget report which will go through to Full Council in February if required, but it should be noted that if there were to be any changes that these would have no impact on the overall budget position as the total amount paid from the General Fund in precepts is transferred from the Collection Fund.

6.16 The current assumed tax increase for Norfolk County Council is 3.99%, equating to £56.43 for a Band D property. This is subject to final approval.

6.17 In the 2020/21 financial year, the shares of each pound of the Council Tax collected were as follows:

Authority	**Share of £1 of Council Tax**
Norfolk County Council	75p
Norfolk Police Authority	14p
North Norfolk District Council	8p
Town and Parish Councils (Average)	3p

6.18 COVID-19 has had an adverse effect on the collection rates for Council Tax across the country. Normally, this creates a deficit position on the General Fund, as more money is distributed in precepts than is collected by the Billing Authority. That deficit impacts the budgets of the Billing and Precepting authorities in the following financial year. The Government announced during 2020 that Councils would be able to spread the deficit on the Collection Fund relating to 2020-21 over three financial years instead of the usual one year, to lessen the effect on Council's budget position in 2021-22. The impacts for North Norfolk are shown in the table below.

	2021/22	2022/23	2023/24	2024/25
CF Deficit before spreading	(110,590)	0	0	0
CF Deficit after spreading	(42,752)	(33,919)	(33,919)	0

Fees and charges

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

6.20 Of the c£9.9m gross income forecast for 2021/22, the most significant areas include waste and recycling (£3.6m) which includes things such as garden bins and commercial waste collection, car parking income (£2.7m) and planning income (£0.8m).

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

6.22 As part of the Council's Financial Sustainability theme within the new Corporate Plan we will be undertaking a fundamental review of the fees and charges structure within our control as part of the 2022/23 budget setting process. This is to ensure that we are at least covering our costs in all areas while looking to develop and increase income streams wherever possible to help make the budget position more sustainable in the medium to long term and to protect frontline services.

7 Reserves

7.1 The current position and forecast on the General and Earmarked Reserves is attached at appendix D. The statement provides the latest proposals for use of reserves in the current financial year along with the budgeted movements in 2021/22, and proposed movements in the following three financial years. The current recommended minimum balance on the general reserve is £1.9 million.

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

- General Reserve
- Earmarked Reserves
- Capital Receipts Reserve

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

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

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

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

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

7.7 The reserves balance as at 1 April 2020 stood at £18.8m, the updated budgeted use of reserves for the 2020/21 financial year is £3m which leaves a forecast balance as at 1 April 2021 of £15.8m. This strategy predicts a fall in the levels of Reserves held from £18.8m to £14.5m by April 2025.

7.8 Reserves can be used to fund one-off costs for projects that will deliver a longer-term benefit. The use of reserves in this way will be considered as part of the full business case for individual project proposals, taking into account the payback period of the project along with indirect financial implications, for example, reduced balances available for investment and the associated loss of investment income.

7.9 As part of considering the budget for 2021/22 all reserves have been reviewed along with the current balances. Where balances are no longer required or an allocation can be maintained within the General Reserve for such purposes, balances have been reallocated to the General Reserve or another earmarked reserve as appropriate. Two new earmarked reserves have been proposed as part of the budget setting process. The first is an Asset Sinking Fund, which would provide earmarked funds for major repairs to Council assets. The second is a contingency reserve (Pooled Investment Fund Reserve) to mitigate against any impacts of changes in the value of Pooled Funds which would otherwise impact on the taxpayer. Due to a change in accounting rules, fluctuations in pooled fund values, which previously would not have resulted in a charge to the taxpayer unless they were sold at a loss, now do if the funds are held at a loss on 31st March each year. Currently, there is a time limited statutory override in place, allowing Councils to hold these paper losses in an adjustment account. MHCLG are not currently minded to extend this override, so officers are planning now to ensure there is not negative impact on the budget in future years.

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

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

8 Capital

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

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

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

8.4 The borrowing shown within the financing section of the capital programme is all external borrowing and relates to the Sheringham Leisure Centre replacement and also the waste vehicles for the new contract. At present however none of this borrowing is in place and these decisions will be taken at the time the funding is required based on the best treasury position at the time. The aim will always be to minimise the cost to the tax payer. Short-term borrowing rates are currently very low, and it is preferable to undertaking long-term borrowing at the current time. Internal borrowing is currently being utilised due to the almost nil interest attracted by holding short term cash. The Council's borrowing strategy can be found in more detail in the Council's Treasury Management Strategy.

8.5 An updated capital programme can be found at appendix C1 which shows slippage in schemes to future years.

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

New Capital Schemes

8.7 In addition to the existing capital programme amendments, approval is also being sought for a number of new capital projects as outlined within appendix E2 totalling £1.8m. As part of the budget process, bids for new projects were submitted by officers which fell into the following Corporate Plan and service area categories;

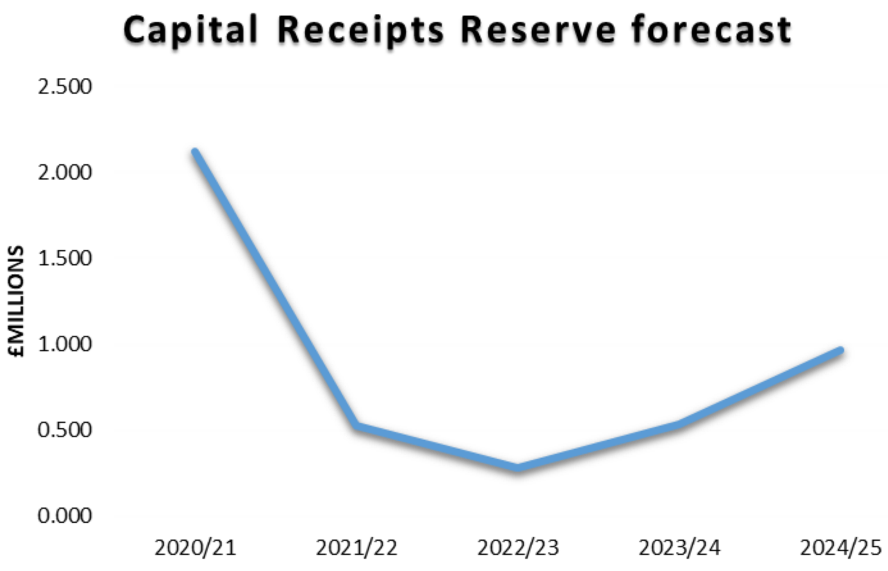
- Local Homes for Local Need
  S106 Enabling

- Quality of Life/Climate, Coast and Environment
  Chalet Refurbishment

- Financial Sustainability
  Car Park Ticket Machine Replacement

8.8 The revenue impact of the new capital bids are already within the existing Revenue budget, so do not represent a pressure on the Councils Revenue budget.

8.9 The Capital Receipts Reserve position can be seen within the chart below. The forecast closing balance as at 31 March 2021 is £2.1m with capital receipts funding nearly £2.5m of the current capital programme. This is offset by forecast capital receipts of £2.2m projected to be received from Preserved Right to Buy income. The forecast balance as at 31 March 2025 is c£1m. This includes provision for the new capital bids included within this report, but makes no assumption about bids in future years.



9 Looking Forward - Future Financial Projections 2022/23 to 2024/25 (MTFP)

9.1 Due to the ongoing COVID 19 response, a one-year Provisional Local Government Finance settlement was announced. This does not provide any certainty as regards the future of local government financing and, coupled with the delayed ongoing Fair Funding and business rates reviews, makes future years' projections incredibly difficult.

9.2 The forecast financial projections included at appendix A1 make assumptions around future spending forecasts but have now been updated following receipt of the provisional settlement figures for 2021/22 and attempt to predict future income levels.

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

9.4 After allowing for these assumptions the overall position shows a balanced budget in 2021/22 with future deficits forecast in future years of around £1.7m in 2022/23 and beyond.

9.5 Further consultation is expected in respect of the Fair Funding Review and the new Business Rates Retention Scheme. The future year forecasts are based on the best available information at the current time and are cautious estimates.

9.6 As detailed in section 4, the finance settlement announcement has assumed that local authorities will increase council tax annually by either 2% or the £5 where the local authority is in the lowest quartile. NNDC is currently in the lowest quartile and the funding assumptions made in the settlement assume that there is an annual increase in council tax of £5 for each year of the settlement. As discussed above, the proposals for the 2021/22 financial year are for a £4.95 increase in Council Tax and the future forecasts assume this strategy is continued. However, if council tax were not to be increased next year this would negatively impact on both the current forecast balanced budget for next year and the future years' deficits and the impact of which can be seen within the table below.

Table 4 – Council tax projections				
Allocation	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	£	**£**	**£**	**£**
Budget (surplus)/deficit	**202,747**	**2,213,223**	**2,735,164**	**2,700,200**
2020/21 - £4.95 increase	(202,747)	(203,688)	(204,678)	(206,163)
2022/23 - £4.95 increase		(203,688)	(204,678)	(206,163)
2020/21 - £4.95 increase			(204,678)	(206,163)
2021/22 - £4.95 increase				(206,163)
Total additional income from Council tax	**(202,747)**	**(407,375)**	**(614,033)**	**(824,650)**
Adjusted (surplus)/deficit	**0**	**1,805,848**	**2,121,131**	**1,875,550**

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

9.8 If these recommended council tax increases are not made over the period, the current forecast deficit of £1.9m for 2024/25 **would increase to £2.7m** and the Council would forgo council tax income of c£0.8m over the period based on the current forecasts.

9.9 In view of the Governments change in approach towards funding for Local Authorities with a greater emphasis on Council Tax rises, and the cumulative impact of grant reductions from RSG and New Homes Bonus, freezing council tax for 2021/22 is not an approach that can be recommended.

9.10 Recent feedback from MHCLG officers also suggests that, as the central government funding assumption is that Council's will be using their local income raising powers wherever possible, that those choosing not to do so are in effect not taking the future funding deficits seriously. They also indicated that this might indicate a lack of financial resilience in terms of future years. The advertised 4.5% increase in Councils Core Spending Power is completely reliant on Council Tax increases being made in full. Approximately 80% of the increase in Core Spending Power national for all authorities relies on this tax increase. Not taking advantage of this seriously hamstrings the Council's ability to balance its budget in the coming years of the Medium Term Financial Plan.

9.11 A sensitivity analysis and various forecasting scenarios which have supported this medium term forecast can be found at Appendix E.

10 Looking Forward – 'How we get there'

10.1 A savings exercise was undertaken with officers and Members in November 2020. This identified several potential savings and initiatives to produce extra income. These items are now being reviewed by officers for feasibility. A detailed list of proposals will be brought back to Members in the spring in preparation for the budget setting process for 2022/23.

Financial sustainability

10.2 Financial sustainability is one of the six key themes within the Corporate Plan and is fundamental to this strategy and setting balanced budgets in future years. The Delivery Plan contains several projects within the Financial Sustainability work stream which aim to deliver a Medium Term Financial Plan which does not rely on the use of reserves to balance the budget. Over the next 9 months, officers will work to implement a new process of Zero Based Budgeting and undertake a fundamental review of fees and charges, to ensure we have full cost recovery. Zero Based Budgeting will also allow the budget to be built in a way which reflects corporate priorities.

10.3 The Council has a good track record in delivering savings. The previous savings programme commenced in 2016/17 and now delivers an annual saving of approximately £744k. Over the coming months, officers and Members will deliver a new programme of savings covering the years of the current Medium Term Financial Plan to allow us to work towards a balanced budget.

10.4 Managers will be asked to assess the impact of a 10% funding reduction across all services as part of the 2022-23 budget process.

Being "business-like"

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

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

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

Property Investment

10.8 The Secretary of State for Housing, Communities and Local Government has raised concerns about Councils becoming directly invested in property for income generation purposes with taxpayers' money. It is his view that Councils do not have the expertise and resources to do this effectively, and are as such taking too great a risk with public funds. MHCLG guidance states that Councils should not borrow in advance of need to spend on service provision, and that taking on debt to fund property purchases, unless it is primarily for a service related objective, is not allowed. The recent change to the Public Works Loan Board's lending terms specifically excludes Councils that have 'debt for yield' projects in their Capital Programme from borrowing for any purpose. This significantly restricts the commercial activity of Councils and removes a key potential income stream.

10.9 A programme of asset valuations and condition surveys are currently underway which will help us better understand the costs of maintaining and improving our asset base over the medium to long term to ensure that it remains fit for purpose. Assets will be used to deliver a service benefit and deliver income for the Council where appropriate.

10.10 Further direct investment in property will be considered where there are additional benefits over and above income generation, such as regeneration and supporting the local economy or housing initiatives in line with guidance from MHCLG.

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

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

Shared Services, collaboration and selling services

10.13 It is possible that efficiencies could be achieved through joint procurement, shared service delivery and, where appropriate, selling services via arrangements such as East Law. Opportunities to do this will continue to be explored.

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

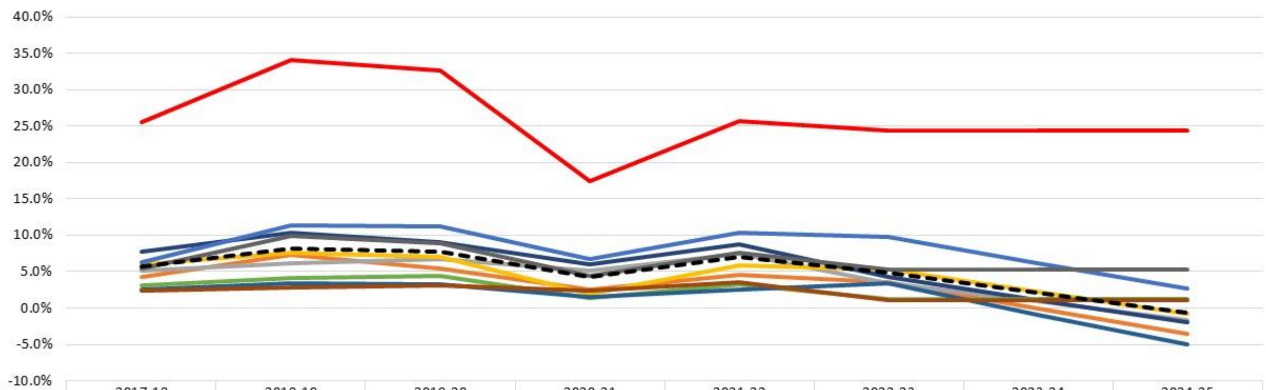
Growing Business Rates and NHB

10.15 Under the previous allocation method of New Homes Bonus (NHB) there was a direct financial benefit to the Council from growth in homes through the NHB funding and through increasing the council tax base and additional income generated from council tax. Whilst new housing growth has an impact on the demand for local services, there will still be a net gain in terms of overall income for delivery while the NHB remains and subject to potential changes to the scheme. MHCLG seem committed to an incentive based scheme to promote house building, so it is possible that this will continue to be an important income stream for the Council, however, the benefit of the continuation of the scheme to North Norfolk will depend ultimately on how the scheme is developed.

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

10.17 Under the current Business Rates Retention Scheme, Shire District Councils keep a generous share of the above baseline growth. Retaining this under a new scheme will be an important request to make of MHCLG. The chart below shows the reliance of Shire Districts (SDs) on business rates compared to other types of authority.

Retained Business Rates above baseline (% BFL)



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
SD	25.5%	34.1%	32.6%	17.44%	25.712%	24.4%	24.4%	24.4%
OLB	4.3%	7.4%	5.4%	2.54%	4.538%	3.5%	-0.1%	-3.5%
MD	5.1%	6.2%	6.8%	5.07%	7.493%	3.4%	0.9%	-1.6%
UA	6.0%	7.7%	7.0%	1.95%	5.852%	5.4%	2.2%	-0.8%
UA - CCN	7.8%	10.4%	9.1%	6.03%	8.766%	4.3%	1.2%	-1.9%
ILB	6.3%	11.3%	11.2%	6.67%	10.305%	9.8%	6.2%	2.7%
CFA	3.1%	4.1%	4.4%	1.39%	3.249%	1.2%	1.2%	1.2%
SC	2.5%	3.4%	3.2%	1.56%	2.486%	3.5%	-0.9%	-5.0%
MF	2.4%	2.8%	3.1%	2.33%	3.488%	1.1%	1.1%	1.1%
GLA	5.5%	9.9%	9.0%	4.44%	7.654%	5.3%	5.3%	5.3%
England	5.8%	8.1%	7.7%	4.24%	6.959%	4.9%	2.1%	-0.6%

Council Tax

10.18 The increased flexibilities around council tax discounts and increases following the removal of the tax freeze grant in 2016/17 provides a further potential income stream. Further review of the current level of discounts can also provide additional income, recommendations on the level of council tax discounts were reported in December 2020.

New opportunities

10.19 Given the current uncertainties around the economy as a whole and changes to the Local Government funding mechanisms it will be essential to identify new opportunities to either increase income, increase efficiency through the redesign of services, explore new partnership models for service delivery etc and this will be one of the main challenges over the medium term.

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

Lobbying and consultation

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

11 Financial Implications and Risks

11.1 A comprehensive financial risk assessment has been undertaken for the revenue and capital budget setting process to ensure that all risks and uncertainties affecting the Council's financial position are identified. These are reviewed each year as part of the refresh of both the MTFS and the budget. The key strategic financial risks to be considered in developing the budget for 2021/22 are included within the table below.

11.2 Medium term financial planning, set against a backdrop of severe reductions in Government funding, carries with it a significant element of risk. Many factors may impact on the figures presented here and themes have been highlighted where appropriate. Most significant are the potential revisions in Local Government finance policy, continual cuts to general grant and significant revisions to the New Homes Bonus and its ultimate replacement. Should there be a change in emphasis, particularly around the assessment of need (Fair Funding Review) and business rates funding, there may be further reductions compared with those presented within this report that would place further pressure on the council to deliver balanced budgets, without impacting on frontline services.

11.3 The long term effects of the COVID 19 pandemic are likely to negatively impact the Council's finances in many ways. Aside from the more obvious impacts regarding increased expenditure on community support and cleansing and reduced income in areas such as planning, car parking and trade waste, the end of the furlough scheme is likely to have longer term impacts on the ability of the Council to collect Council Tax and increase bad debts. Implications regarding increasing LCTS also reduces tax base growth for the next two to three years. Collectable Business Rates could be affected by businesses in the District failing due to social distancing measures and restrictions on opening. The extent and duration of restrictions in 2021/22 will be key to determining the size of the effect on the budget.

11.4 Beyond this, Government policy announcements can have large impacts on our finances. We will continue to monitor announcements from Government departments and work with service managers to assess any potential impact on the Council's services and budget.

11.5 Despite these risks, we will continue to plan effectively to strengthen our culture of strong financial management so that the Council can continue to meet its Corporate Plan priorities and provide the best possible services to the district. CIPFA's new Financial Management Code places a requirement on the Council to comply with a set a Financial Management Standards, by April 2022. The Council is currently working on an action plan to deliver this and build on its already positive culture of good financial management.

Risk	**Likelihood**	**Impact**	**Risk Management**
1. Future available resources less than assumed	Possible	High	Annual review of reserves and reserves policy to identify future resources. Assumptions on funding for 2021/22 and beyond are based on best estimates at this time. A prudent approach has been adopted based on previous years' experience as well as using regional network contacts to inform modelling.
2. Volatility of business rates funding given uncertainty around impact of appeals	Likely	High	Volatility of funding stream outside of council control but impact mitigated by establishment of specific earmarked reserve and financial monitoring framework. Modelling of potential impacts is used to inform internal financial planning. Unknown impacts of proposed additional reliefs for 2021/22.
3. Pay Awards, fee increases and price inflation higher than assumed	Possible	Medium	Impact of potential increases mitigated by central contingency budget for pay, price increases and care fees. Where pay awards have been agreed these will be factored into the future estimates.
4. Future spending plans underestimated	Possible	Medium	Service planning process identifies future budget pressures and these will inform the indicative budget forecasts. An effective budget monitoring framework is in place to identify in year and potential future cost pressures.
5. Anticipated savings/ efficiencies not achieved	Possible	High	Regular monitoring and reporting takes place but the size of the funding cuts increase the likelihood of this risk. Non-achievement of savings would require compensating reductions in planned spending within services. Greater scrutiny of savings has taken place since 2016/17 through the revenue monitoring process. History of delivery savings.
6. Revenue implications of capital programmes not fully anticipated	Unlikely	Low	Capital bid approval framework identifies revenue implications and links to Council priorities. Full analysis of revenue implications assessed and considered in scenario planning.
7. Income targets not	Possible	Medium	Current economic climate likely to

achieved			impact. Regular monitoring and reporting takes place. Full review of fees and charges scheduled for 2021/22 along with an annual review process.
8. Budget monitoring not effective	Unlikely	Medium	Regular monitoring and reporting in line with corporate framework. Action plans developed to address problem areas. Regular reports to Cabinet and to O&S. Track record of delivering budget and savings.
9. Exit strategies for external funding leasing/tapering not met	Possible	Medium	Regular monitoring and reporting. Government policy to remove ring fencing provides greater flexibility.
10. Loss of principal deposit	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which balance security of deposit over returns. Impact limited due to the strategy of a diverse portfolio with top rated institutions. It is the Council’s policy to hold more volatile investments over a medium term time frame rather than using them for liquidity purposes, further reducing the risk that they will need to be sold at a price which represents a loss of principle.
11. Interest rates lower than expected	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2021/22 are incorporated into the budget. Interest rates are currently at historic lows; the likelihood of further reductions (or reductions into negative territory) remains low.
12. Collection rates for retained business rates and council tax lower than anticipated	Possible	High	Impact mitigated by the review of bad debt provisions and availability of reserves. Monitoring of Collection Fund is formally incorporated into the revenue monitoring process.
13. Financial budget impacts of the COVID 19 pandemic	Likely	Medium /High	Continue to work collaboratively with central government departments to monitor and forecast additional expenditure and reduced income caused by restrictions introduced to curb the transmission of COVID 19. It is not possible to predict exactly what restrictions will be in place during the 2021/22 financial year. If the national lockdown is in place past April, there is some risk to the budget figures. A prudent approach has been taken when forecasting income as part of the 2021/22 budget setting process.
14.Devolution/Unitary status –	Possible	Medium	Local Government reorganisation has been put on hold due to COVID 19. Officers and Members will keep a

			watching brief in respect of this but again at present no budgetary impact is being assumed.
15. All MTFS risks not adequately identified	Unlikely	Low	Council's Risk Management Framework ensures all operational and strategic risks are identified as part of the annual service planning process.

12 Conclusions

12.1 The continued postponement of the Fair Funding Review and changes to the Business Rates Retention System, in conjunction with the announcements made in the Provisional Local Government Finance Settlement will see approximately £1.5m of additional resources being made available to help support next year's budget. This is above initial forecasts for the 2021/22 financial year made in February 2020 as part of the 2020/21 budget setting process. It should be noted that the Provisional Settlement figures for 2021/22 are still subject to final agreement so there is still an element of risk around these but it is the best information currently available.

12.2 The Council is still currently projecting a deficit position from 2022/23 onwards but due to the funding changes announced as part of the Provisional Settlement in December the budget gap has reduced slightly to around £1.7m. Forecasting the deficit allows the Council time to plan mitigating actions more effectively, meaning we are more likely to be successful without the need to rely on one-off funding from reserves.

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

13 Sustainability

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

14 Equality and Diversity

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

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

14.2 No new savings proposals have been factored into the 2021-22 budget, so there are no equality issues arising.

14.3 An annual budget of £20k has been included to deliver the Council's Equalities Plan, which is in draft at the time of writing.

15 Section 17 Crime and Disorder considerations

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

General Fund Summary 2021/22 Base Budget

2019/20 Actuals £	Service Area	2020/21 Base Budget £	2020/21 Updated Base Budget £	2021/22 Base Budget £	2022/23 Projection £	2023/24 Projection £	2024/25 Projection £
476,388	Corporate Leadership Team/Corporate	314,973	277,015	295,853	303,205	475,959	309,139
5,173,775	Community & Economic Development	4,456,448	4,728,178	4,974,582	4,537,117	4,401,285	3,664,303
726,739	Customer Services & ICT	769,811	912,091	735,221	1,040,801	1,050,660	1,055,473
4,855,952	Environmental Health	3,902,129	3,898,574	3,989,219	4,702,469	4,734,264	4,677,067
2,893,948	Finance and Assets	3,883,103	3,994,666	3,582,608	3,633,548	3,579,188	2,923,586
1,885,664	Legal and Democratic Services	1,606,069	1,637,068	1,788,830	1,814,309	1,822,282	1,845,963
2,743,779	Planning	2,379,017	2,270,404	2,454,181	2,636,457	2,528,944	2,532,596
18,756,245	**Net Cost of Services**	**17,311,550**	**17,717,996**	**17,820,494**	**18,667,906**	**18,592,582**	**17,008,127**
2,390,634	Parish Precepts	2,520,143	2,520,143	2,529,011	2,579,591	2,631,183	2,683,807
(1,793,786)	Capital Charges	(1,819,204)	(1,819,204)	(1,964,269)	(2,447,952)	(3,007,674)	(1,521,941)
(157,624)	Refcus	(842,667)	(842,667)	(977,167)	(777,167)	(300,000)	(300,000)
(1,234,833)	Interest Receivable	(1,310,977)	(1,310,977)	(1,014,929)	(1,120,671)	(1,120,923)	(1,207,725)
38,831	External Interest Paid	358,100	358,100	154,630	145,532	136,435	127,338
2,656,179	Revenue Financing for Capital:	4,892,728	3,399,967	614,741	477,167	0	0
	MRP - Waste Contract	0	0	744,000	744,000	744,000	744,000
(958,761)	IAS 19 Pension Adjustment	260,290	260,290	262,174	267,417	272,765	272,765
19,696,885	**Net Operating Expenditure**	**21,369,963**	**20,283,648**	**18,168,685**	**18,535,823**	**17,948,368**	**17,806,371**

2019/20 Actuals	Contributions to/(from) Earmarked Reserves:	2020/21 Base Budget	2020/21 Updated Base Budget	2021/22 Base Budget	2022/23 Projection	2023/24 Projection	2024/25 Projection
(1,176,214)	Capital Projects Reserve	(636,302)	(1,198,857)	0	0	0	0
(143,283)	Asset Management	(27,000)	(211,668)	(142,574)	(15,000)	(5,000)	0
(442,349)	Benefits	(253,801)	(284,800)	0	0	0	0
(1,000,000)	Broadband	0	0	0	0	0	0
21,053	Building Control	(44,441)	(44,441)	(28,876)	(28,906)	(28,906)	(28,906)
(363,720)	Business Rates Reserve	(27,068)	(157,058)	(18,000)	(18,000)	(18,000)	0
57,698	Coast Protection	(37,958)	(37,958)	(42,039)	0	0	0
(650,800)	Communities	(242,000)	(325,000)	(242,000)	(242,000)	0	0
0	Delivery Plan	2,379,266	2,355,706	(129,414)	(175,090)	(122,663)	(15,676)
(5,000)	Economic Development & Tourism	(10,000)	(10,000)	0	0	0	0
(120,000)	Elections	40,000	40,000	50,000	50,000	(110,000)	50,000
(24,381)	Enforcement Board	0	0	0	0	0	0
12,733	Environmental Health	0	0	0	0	0	0
72,368	Grants	(57,066)	(73,605)	(25,104)	(25,104)	(14,655)	0
(5,774)	Housing	(488,585)	(575,641)	(328,010)	(527,167)	0	0
19,246	Land Charges	0	0	0	0	0	0
67,428	Legal	(25,446)	(25,446)	(15,520)	0	0	0
(435,000)	LSVT	0	0	0	0	0	0
0	Major Repairs Reserve	0	0	89,859	280,000	280,000	280,000
(219,976)	New Homes Bonus Reserve	(225,460)	(25,773)	(97,471)	(120,000)	0	0
(45,434)	Organisational Development	(97,885)	(136,512)	(92,751)	(29,078)	0	0
(15,115)	Pathfinder	(20,500)	(20,500)	(21,627)	(3,417)	0	0
50,000	Planning Revenue	50,000	20,000	36,728	50,000	50,000	50,000
999,476	Property Investment Fund	(3,000,000)	(999,476)	0	0	0	0
(683,154)	Restructuring/Invest to save	(732,950)	(680,517)	(21,014)	0	0	0
(3,042)	Sports Facilities	0	0	0	0	0	0
53,839	Contribution to/(from) the General Reserve	(116,528)	(95,863)	(86,341)	(50,000)	(50,000)	0
15,717,484	**Amount to be met from Government Grant and Local Taxpayers**	**17,796,239**	**17,796,239**	**17,054,531**	**17,682,061**	**17,929,144**	**18,141,789**

2019/20 Actuals	Service Area	2020/21 Base Budget	2020/21 Updated Base Budget	2021/22 Base Budget	2022/23 Projection	2023/24 Projection	2024/25 Projection
(2,390,634)	Collection Fund – Parishes	(2,520,143)	(2,520,143)	(2,529,011)	(2,579,591)	(2,631,183)	(2,683,807)
(6,087,003)	Collection Fund – District	(6,305,671)	(6,305,671)	(6,456,213)	(6,718,024)	(6,974,884)	(7,268,406)
(5,995,311)	Retained Business Rates	(7,504,661)	(7,504,661)	(6,611,436)	(6,092,062)	(6,201,946)	(6,314,026)
0	Revenue Support Grant	(89,799)	(89,799)	(90,295)	0	0	0
(1,211,156)	New Homes bonus	(892,194)	(892,194)	(722,562)	(486,536)	0	0
0	Rural Services Delivery Grant	(483,771)	(483,771)	(507,661)	0	0	0
0	Lower Tier Services Grant	0	0	(137,353)	0	0	0
(33,380)	Non ring fenced Government Grants	0	0	0	0	0	0
(15,717,484)	**Income from Government Grant and Taxpayers**	**(17,796,239)**	**(17,796,239)**	**(17,054,531)**	**(15,876,213)**	**(15,808,013)**	**(16,266,239)**
0	**(Surplus)/Deficit**	**0**	**0**	**0**	**1,805,848**	**2,121,131**	**1,875,550**

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High Level Subjective Variance Analysis

The following provides a high level summary of the more significant variances between the 2020/21 base budget and the 2021/22 base.

Employee £588,290

- £490,681 Pay award
- £35,000 Increase in pensions deficit funding
- (£76,261) Movement through reserves of temporary funded posts non-recurring
- £32,048 Partnership with Active Norfolk (3 year fixed term) 50% Funded (additional Income)
- £12,250 One off Golden Hello payments for new starters
- £59,104 Coastal Management staffing (Partnership contributions included under income)
- £8,944 Property Standby payments - changes in working arrangements
- £30,000 One off staff costs for kickstart project admin, funded by a grant
- £17,437 ICT staffing
- £11,173 People joining Pension Scheme
- (£46,126) Election post
- (£28,806) Finance hours
- £52,427 Surveyor post funded from the delivery plan

Premises £45,393

- (£28,274) Pier NDR contra with income
- £12,222 IDB Levies
- £67,390 NDR (loss of transitional Relief) mainly Car Parks
- £4,007 Premises Insurance inflation
- £6,000 Electricity charges for the store in what used to be the Melbourne toilets which is currently being used by Openwide as a store
- (£37,136) NDR not now payable for Public Conveniences

Supplies and Services £304,332

- £18,904 Members Allowances
- £97,696 NEWS Contract
- £213,100 B&B Charges (offset by Income)
- (£42,677) CAB Grants County Portion, offset by loss of income
- (£27,865) RNLI contract re-negotiation
- (£37,315) Leisure Management contract saving
- (£10,000) Museum contribution
- (£133,160) Net movement in Local Plan Review expenditure funded from NHB reserve
- (£5,000) Internal Audit days
- £93,108 Microsoft Software - removal of Government Framework savings
- £16,709 ICT software
- £10,000 Armed Forces & Norfolk Safeguarding Contributions

- £7,419 Additional Cabinet member
- £6,639 Waste and Recycling – Commercial waste disposal
- £70,000 Information and Advice contribution
- £20,000 Delivering the equalities plan

Transfer payments (£747,656)

- (£723,504) Housing Benefit payments in line with Mid-Year subsidy estimate 2020/21 - this will be offset by a reduction in subsidy shown under the income heading
- (£24,152) Reductions in internal service charges

Income £46,213

- £723,504 Subsidy from Department for Works and Pensions
- (£213,100) B&B Charges (offset by expenditure)
- (£55,431) Homelessness grant income reserve movements
- £42,677 CAB grant (offset by reduced expenditure)
- £28,274 Pier NDR contra with Premises costs
- (£59,661) Recycling Credit Income
- (£253,801) Use of reserves for 2017/18 Benefit Subsidy adjustment
- (£16,204) Partnership with Active Norfolk – 3 year contract - additional employee expenditure
- £14,274 Grant funding temporary posts offset by staff savings
- £19,654 Market income - comparable with 2019/20 actual income
- £54,730 Handy Man Recharge - change
- £52,716 Adjustment of service charge following reduction in grounds maintenance contract for North Lodge Park
- (£15,000) Rocket House -additional income from recharge of utilities based on 2019/20 figures
- £10,000 Sports Hubs and Clubs fees and charges
- (£60,009) Staffing Contributions (Coastal Partnership)
- (£45,500) New industrial unit
- (£10,000) Income from Concessions
- (£42,154) Leisure Management Contract (payment due from Contractor re profit share)
- (£30,100) Garden Bin fee income
- (£30,000) One off income from Kickstart project admin
- (£60,000) Higher car park income

Clt / Corporate Service Area

2019/20 Actual £	Service	Base Budget 2020/21 £	Base Budget 2021/22 £	Variance Base to Base £
376,336	Human Resources & Payroll	376,192	394,300	18,108
344,898	Registration Services	192,123	174,113	(18,010)
660,369	Corporate Leadership Team	480,324	501,243	20,919
330,709	Communications	295,168	262,277	(32,891)
1,712,312	**Total Net Costs**	**1,343,807**	**1,331,933**	**(11,874)**
58,013	Capital Charges	0	71,452	71,452
471,470	Support Service Charges in	382,000	379,060	(2,940)
(1,765,407)	Support Service Recharges out	(1,410,834)	(1,486,592)	(75,758)
476,388	Total Net Cost of Services	**314,973**	**295,853**	**(19,120)**

General Fund Service Area Budgets 2021/22

CLT / Corporate

Service Area	Base Budget 2020/21	Base Budget 2021/22	Movement	Explanation for Movement
	£	£	£	
Gross Direct Income	(54,120)	(43,000)	11,120	Lower grant funding for IER.
Support Service Charges	122,850	121,740	(1,110)	No Major Variances.
	314,973	**295,853**	**(19,120)**	
Corporate Leadership Team				
Gross Direct Costs	480,324	501,243	20,919	£19,723 - Pay award. £1,196 - Pension Fund Adjustments
Support Service Charges	110,570	116,180	5,610	(£3,520) - Lower recharge from Admin Buildings. (£2,150) - Lower recharge from Digital Transformation. Both reflecting lower costs within the services. £14,420 - Higher recharge from Legal Services reflecting a more accurate allocation of officer time.
Support Service Recharges	(590,894)	(617,423)	(26,529)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Communications				
Gross Direct Costs	295,168	262,277	(32,891)	(£37,958) - Staff transferred to another service area. £3,602 - Pay award. (£8,923) - Apprentice costs - funded from reserves. £12,477 - Increased staff hours. (£3,769) - Pension Fund Adjustment
Capital Charges	0	71,452	71,452	Intangible Amortisation
Support Service Charges	62,700	45,420	(17,280)	(£2,200) - Reduced recharge from Human Resources, reflecting a more accurate allocation of officer time. (£5,820) - Lower recharge from IT. (£3,620) - Lower recharge from Admin Buildings, reflecting lower costs within the service. (£2,330) - Lower recharge from Digital Transformation, reflecting lower costs within the service.
Support Service Recharges	(357,868)	(379,149)	(21,281)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Total Clt / Corporate	**314,973**	**295,853**	**(19,120)**	

Community and Economic Development

2019/20 Actual	Service	Base Budget 2020/21	Base Budget 2021/22	Variance Base to Base
£		£	£	£
(1,725,897)	Car Parking	(1,830,241)	(1,822,845)	7,396
10,057	Markets	(7,336)	12,659	19,995
247,390	Parks & Open Spaces	277,584	286,864	9,280
(75,183)	Foreshore	(66,635)	(62,416)	4,219
886,859	Leisure Complexes	146,515	71,332	(75,183)
145,259	Other Sports	62,250	75,738	13,488
19,203	Recreation Grounds	12,800	12,800	0
45,778	Pier Pavilion	(12,220)	(6,220)	6,000
510,628	Foreshore (Community)	416,415	384,450	(31,965)
187,513	Woodlands Management	160,975	167,044	6,069
66,780	Cromer Pier	81,625	84,070	2,445
169,750	Economic Growth	82,030	89,107	7,077
45,330	Tourism	43,588	43,653	65
122,902	Market Towns Initiative	0	0	0
251,362	Coast Protection	321,730	322,500	770
278,553	Business Growth Staffing	269,551	298,697	29,146
93,919	Economic & Comm Dev Mgt	84,401	86,428	2,027
219,202	Leisure	204,721	210,670	5,949
170,546	Housing (Health & Wellbeing)	0	0	0
281,933	Housing Strategy	369,852	358,251	(11,601)
232,700	Health & Communities	486,255	528,283	42,028
301,953	Coastal Management	287,290	300,337	13,047
2,486,537	**Total Net Costs**	**1,391,150**	**1,441,402**	**50,252**
1,210,806	Capital Charges	1,225,875	1,401,722	175,847
1,288,161	Gross Direct Costs - Refcus	1,742,667	1,977,167	234,500
(1,130,537)	Gross Direct Income - Refcus	(1,000,000)	(1,000,000)	0
3,398,100	Support Service Charges in	2,499,460	2,627,320	127,860
(2,079,292)	Support Service Recharges out	(1,402,704)	(1,473,029)	(70,325)
5,173,775	**Total Net Cost of Services**	**4,456,448**	**4,974,582**	**518,134**

General Fund Service Area Budgets 2021/22

Community and Economic Development

Service Area	Base Budget 2020/21 £	Base Budget 2021/22 £	Movement £	Explanation for Movement
Car Parking				
Gross Direct Costs	824,726	911,347	86,621	£19,225 - Higher credit card charges - offset by higher income from credit cards. £66,174 - Business Rate costs higher as a result of the reduction in transitional relief.
Capital Charges	62	58,720	58,658	Depreciation.
Gross Direct Income	(2,654,967)	(2,734,192)	(79,225)	(£19,225) - Credit charge fee income. (£60,000) - Higher car parking fees
Support Service Charges	171,110	170,700	(410)	See **Note A** Below**:**
	(1,659,069)	**(1,593,425)**	**65,644**	

Note A: £4,150 - Increased recharge from Property Services because of higher costs within the service. (£13,230) - Reduced recharge from Insurances reflecting lower public liability insurance claims relating to car parks. £7,600 - Higher recharge from Leisure Services, reflecting higher service costs.

Service Area	Base Budget 2020/21 £	Base Budget 2021/22 £	Movement £	Explanation for Movement
Markets				
Gross Direct Costs	56,318	56,659	341	No Major Variance
Gross Direct Income	(63,654)	(44,000)	19,654	£19,654 - Lower income from market pitch rentals, resulting from fewer market stalls at weekly markets.
Support Service Charges	22,990	26,760	3,770	£2,190 - Higher recharge from Leisure Services, reflecting higher service costs.
	15,654	**39,419**	**23,765**	
Parks & Open Spaces				
Gross Direct Costs	292,174	298,014	5,840	£7,820 - Higher water charges. (£1,610) - Lower electricity charges
Capital Charges	11,434	16,206	4,772	Depreciation
Gross Direct Income	(14,590)	(11,150)	3,440	£3,440 - Reduced income from rent of land. The Leaseholder took on Grounds Maintenance.
Support Service Charges	115,030	116,120	1,090	£5,290 - Higher recharge from Property Services as a result of higher costs within the service. (£7,560) - Lower Insurance recharges reflecting lower public liability insurance costs
	404,048	**419,190**	**15,142**	
Foreshore				
Gross Direct Costs	150,727	154,946	4,219	Pay award and Pension Fund Adjustments.
Capital Charges	109,610	27,880	(81,730)	Depreciation.
Gross Direct Income	(217,362)	(217,362)	0	No Major Variances.
Support Service Charges	188,230	197,720	9,490	Higher recharges of £4,390 from Insurance/Creditors and £7,690 from Leisure reflecting higher service costs. These are offset by lower recharges of (£2,830) from Internal Audit reflecting the audit plan.
	231,205	**163,184**	**(68,021)**	
Leisure Complexes				
Gross Direct Costs	146,515	113,486	(33,029)	£1,695 - Hirers Liability Insurance. (£37,315) - Management fee no longer has to be paid. The contractor will now give the Council a profit share.
Capital Charges	538,140	743,441	205,301	Depreciation.
Gross Direct Income	0	(42,154)	(42,154)	(£42,154) - Income from profit share.
Support Service Charges	101,830	98,190	(3,640)	(£8,710) - Reduced recharge from Property Services reflecting a lower amount of time spent. £6,950 - Higher recharge from Leisure Services as a result of higher costs within the service. (£3,540) - Lower Internal Audit recharges reflecting the audit plan.
	786,485	**912,963**	**126,478**	
Other Sports				
Gross Direct Costs	72,250	91,762	19,512	£24,145 - Staff costs. Partnership with Active Norfolk - 3 year fixed from April 21 to March 24 - 50% funded. £3,344 - Pensions Deficit Funding. (£8,000) - saving in running costs including vehicle hire and hire of buildings.
Gross Direct Income	(10,000)	(16,024)	(6,024)	£10,000 - No income from charging for events. (£16,024) - 50% funding from Active Norfolk.
Support Service Charges	65,740	67,320	1,580	No Major Variances.
	127,990	**143,058**	**15,068**	
Recreation Grounds				
Gross Direct Costs	13,800	13,800	0	No Major Variances.
Capital Charges	79	5,632	5,553	Depreciation
Gross Direct Income	(1,000)	(1,000)	0	No Major Variances.
Support Service Charges	5,780	5,040	(740)	No Major Variances.
	18,659	**23,472**	**4,813**	

General Fund Service Area Budgets 2021/22

Community and Economic Development

Service Area	Base Budget 2020/21 £	Base Budget 2021/22 £	Movement £	Explanation for Movement
Pier Pavilion				
Gross Direct Costs	7,780	13,780	6,000	£6,000 - Electricity costs. Electricity charges for the store in what used to be the Melbourne toilets which is currently being used by the contractor as a store.
Gross Direct Income	(20,000)	(20,000)	0	No Major Variances.
Capital Charges	0	17,020	17,020	Depreciation.
Support Service Charges	35,160	30,350	(4,810)	(£3,540) - Lower Internal Audit recharges reflecting the audit plan.
	22,940	**41,150**	**18,210**	
Foreshore (Community)				
Gross Direct Costs	416,415	384,450	(31,965)	(£27,865) - Re-negotiation of RNLI contract. (£4,100) - Lower telephone rentals and calls
Support Service Charges	69,240	75,140	5,900	£7,500 - Higher recharge from Leisure Services as a result of higher costs within the service
	485,655	**459,590**	**(26,065)**	
Woodlands Management				
Gross Direct Costs	186,525	192,574	6,049	£5,674 - Pay award
Capital Charges	1,346	1,346	0	No Major Variances.
Gross Direct Income	(25,550)	(25,530)	20	£3,020 - Grants no longer received. (£3,000) - Higher income from car parking charges
Support Service Charges	156,280	161,240	4,960	**See Note A Below:**
	318,601	**329,630**	**11,029**	

Note A: (£3,010) - Lower recharge from Admin Buildings as a result of lower costs within the service. £6,550 - Higher recharge from Property Services reflecting higher costs within the service. (£2,050) - Reduced recharges from Insurance services reflecting lower public liability insurance costs. £8,400 - Increased recharge from Leisure Services as a result of higher costs within the service. The balance consists of minor variances.

Service Area	Base Budget 2020/21 £	Base Budget 2021/22 £	Movement £	Explanation for Movement
Cromer Pier				
Gross Direct Costs	109,899	84,070	(25,829)	(£28,274) - Business Rates payable by the contractor. £2,445 - Premises Insurance.
Capital Charges	5,277	20,738	15,461	Depreciation
Gross Direct Income	(28,274)	0	28,274	£28,274 - Business Rates payable by the contractor directly, so no longer recharged.
Support Service Charges	79,550	93,880	14,330	(£7,330) - Lower recharge from Property Services reflecting a reduced amount of officer time. £20,350 - Higher recharge from Insurance services reflecting the cost of public liability insurance to the service.
	166,452	**198,688**	**32,236**	
Economic Growth				
Gross Direct Costs	82,030	89,107	7,077	£7,000 establishing revenue budget for on-going Deep History coast work.
Capital Charges	50,211	2,037	(48,174)	Depreciation.
Gross Direct Income	0	0	0	
Support Service Charges	349,280	346,840	(2,440)	(£8,310) Lower recharge from Business Growth Staffing reflecting a reduced amount of officer time, offset by a higher recharge of £4,720 from Internal Audit which reflects the Audit Plan.
	481,521	**437,984**	**(43,537)**	
Tourism				
Gross Direct Costs	43,588	43,653	65	No Major Variances.
Support Service Charges	19,200	19,450	250	No Major Variances.
	62,788	**63,103**	**315**	
Coast Protection				
Gross Direct Costs	321,730	322,500	770	No Major Variances.
Capital Charges	509,716	508,702	(1,014)	No Major Variances.
Support Service Charges	390,900	395,280	4,380	£10,900 Higher recharge from Coastal Management as a result of higher costs within the service, offset by a lower recharge of (£6,960) from Legal as a result of less officer time.
	1,222,346	**1,226,482**	**4,136**	
Business Growth Staffing				
Gross Direct Costs	269,551	328,697	59,146	£8,920 Employee Inflation.£2,226 Pension deficit funding. £46,066 Temporary North Walsham HAS Project Manager post funded from capital scheme.
Gross Direct Income	0	(30,000)	(30,000)	Kickstart administration contributions, offset by temporary staff extension.
Support Service Charges	81,650	91,020	9,370	Higher recharges from IT.
Support Service Recharges	(351,201)	(388,384)	(37,183)	(£46,066) Capital funding of temporary post.
	0	**1,333**	**1,333**	

General Fund Service Area Budgets 2021/22

Community and Economic Development

Service Area	Base Budget 2020/21	Base Budget 2021/22	Movement	Explanation for Movement
	£	£	£	
Economic & Comm Dev Mgt				
Gross Direct Costs	84,401	86,428	2,027	Employee Inflation.
Support Service Charges	18,350	18,520	170	No Major Variances.
Support Service Recharges	(102,751)	(104,948)	(2,197)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Leisure				
Gross Direct Costs	205,421	210,670	5,249	£5,074 - Pay award.
Gross Direct Income	(700)	0	700	Miscellaneous contributions no longer received.
Support Service Charges	212,850	252,430	39,580	£15,180 - Higher recharge from Customer Services reflecting more officer time. £14,970 - Increased recharge from Digital Transformation reflecting more officer time. £4,250 - Higher recharge from Legal Services as a result of more officer time. The balance consists of minor variances.
Support Service Recharges	(417,571)	(463,100)	(45,529)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Housing Strategy				
Gross Direct Costs	408,015	398,111	(9,904)	£7,479 Employee Inflation. (£9,960) Balance of vacant post no longer required. (£11,038) Temporary funded post due to end in 2021/22. £5,171 Balance of viability work funded from New Homes Bonus Reserve.
Gross Direct Costs - Refcus	1,742,667	1,977,167	234,500	This reflects the updated Capital Programme for 2021/22.
Gross Direct Income	(38,163)	(39,860)	(1,697)	No Major Variances.
Gross Direct Income - Refcus	(1,000,000)	(1,000,000)	0	No Major Variances.
Support Service Charges	314,530	280,250	(34,280)	Higher recharge of £13,350 from Legal Services as a result of more officer time. Lower recharges of (£15,670) from Housing Strategy and Communities, (£15,280) from IT and Digital Transformation. The balance consists of minor variances.
Support Service Recharges	(174,071)	(147,960)	26,111	Reduced recharges reflecting lower service costs.
	1,252,978	**1,467,708**	**214,730**	
Health & Communities				
Gross Direct Costs	592,930	578,007	(14,923)	(£42,677) - Norfolk County Council no longer contributing to North Norfolk Advice Service. £70,000 - Additional Information and Advice contribution. £7,527 - Pay award. (£45,521) - Fixed term staff contracts ceasing. (£4,252) - Pensions Deficit Funding.
Gross Direct Income	(106,675)	(49,724)	56,951	£42,677 - Norfolk County Council no longer contributing to North Norfolk Advice Service. £14,274 - Grant towards fixed term contact staff.
Support Service Charges	31,940	112,770	80,830	See **Note A** Below**:**
	518,195	**641,053**	**122,858**	

Note A: £11,380 - Higher recharge from Customer Services, reflecting more officer time. £7,650 - Increased recharge from Human Resources reflecting staff time. £35,650 - Higher recharge from IT reflecting higher service costs. £6,330 - Increased recharge from Central Costs. The balance consists of minor variances.

Service Area	Base Budget 2020/21	Base Budget 2021/22	Movement	Explanation for Movement
Coastal Management				
Gross Direct Costs	287,290	360,346	73,056	£59,784 Staffing costs funded from Reserves. £4,163 Pay award. £2,500 Increased contribution to the Coastal Partnership East. (£5,000) One-off training costs.
Gross Direct Income	0	(60,009)	(60,009)	Contributions towards staffing costs from the Coastal Partnership East and GYBC.
Support Service Charges	69,820	68,300	(1,520)	No Major Variances.
Support Service Recharges	(357,110)	(368,637)	(11,527)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Total Community & Economic Development	**4,456,448**	**4,974,582**	**518,134**	

Customer Services & ICT

2019/20 Actual £	Service	Base Budget 2020/21 £	Base Budget 2021/22 £	Variance Base to Base £
1,422,715	It - Support Services	1,345,084	1,596,609	251,525
110,391	Tic'S	78,898	84,798	5,900
(336,409)	Homelessness	(280,937)	(300,872)	(19,935)
454,296	Customer Services Housing	410,872	376,857	(34,015)
355,721	Digital Transformation	290,519	282,193	(8,326)
82,313	Reprographics	75,547	75,989	442
704,329	Customer Services - Corporate	674,983	745,619	70,636
2,793,356	**Total Net Costs**	**2,594,966**	**2,861,193**	**266,227**
217,565	Capital Charges	121,505	214,144	92,639
2,159,915	Support Service Charges in	1,918,210	1,781,240	(136,970)
(4,444,097)	Support Service Recharges out	(3,864,870)	(4,121,356)	(256,486)
726,739	**Total Net Cost of Services**	**769,811**	**735,221**	**(34,590)**

General Fund Service Area Budgets 2021/22

Customer Services and ICT

Service Area	Base Budget 2020/21	Base Budget 2021/22	Movement	
	£	£	£	
ICT - Support Services				
Gross Direct Costs	1,345,494	1,596,609	251,115	See **Note A**:
Capital Charges	79,420	125,566	46,146	£80,862 - Depreciation. (£34,716) - Intangible Amortisation
Gross Direct Income	(410)	0	410	No Major Variance
Support Service Charges	160,940	116,060	(44,880)	See **Note B:**
Support Service Recharges	(1,585,444)	(1,838,235)	(252,791)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	

Note A: £37,958 - Transfer of staff from another service area. £23,924 - New post, funded by some current IT staff reducing their hours. £41,697 - Pay award. £28,268 - Fixed term staff costs, funded from reserves. £11,938 - Pension Fund Adjustment. £93,108 - Microsoft software licences - This is caused by the removal of the Microsoft Government Framework which delivered significant cost reductions on our Microsoft software. We are attempting to mitigate the impact of this by removing unused software licences and accessing a discount framework available to Norfolk County Council. There are 370 user licenses. £8,600 - Human resources system annual licence. £6,000 - Subscription to LG Inform Plus. The balance consists of minor variances.

Note B: £3,080 - Higher recharge from Postal and Scanning Services as a result of higher costs within the service. £2,030 - Higher recharge from Human Resources, reflecting a more accurate allocation of officer time. (£6,960) - Lower recharge from Admin Buildings, reflecting lower costs within the service. £3,030 - Higher recharge from Fakenham Connect, reflecting higher costs within that service. (£55,280) - Lower recharge from Digital Transformation, reflecting lower costs within the service. The balance consists of minor variances.

Tourist Information Centres				
Gross Direct Costs	105,898	109,798	3,900	£1,153 - Pay award. £4,000 - Repair and maintenance of new equipment following refurbishment. (£3,190) - Saving in telephone rental costs. £3,330 - Increased water charges.
Capital Charges	5,729	6,040	311	No Major Variance
Gross Direct Income	(27,000)	(25,000)	2,000	£2,000 - Income from accommodation listings no longer received
Support Service Charges	77,020	87,660	10,640	£2,060 - Higher recharge from IT. £6,820 - Higher recharge from Digital Transformation as a result of more accurate allocation of officer time.
	161,647	**178,498**	**16,851**	
Homelessness				
Gross Direct Costs	241,170	435,603	194,433	£213,100 increased cost relating to use of temporary accommodation, offset by benefit and client contributions. (£20,238) Non recurring expenditure previously funded from Norfolk County Council grant.
Capital Charges	4,856	28,482	23,626	£10,946 Depreciation. £12,680 Intangible Amortisation.
Gross Direct Income	(522,107)	(736,475)	(214,368)	(£213,100) recoverable charges for temporary accommodation.
Support Service Charges	632,340	603,790	(28,550)	Higher recharges of £13,350 from Legal Services and £13,830 from Creditors reflecting a more accurate allocation of officer time. Lower recharges of (£10,450) from Housing Strategy and Communities and (£45,100) from Customer Services Housing reflecting lower costs within the service.
	356,259	**331,400**	**(24,859)**	

General Fund Service Area Budgets 2021/22

Customer Services and ICT

Service Area	Base Budget 2020/21	Base Budget 2021/22	Movement	
	£	£	£	
Customer Services Housing				
Gross Direct Costs	410,872	376,857	(34,015)	£17,808 Employee inflation including regradings, pay award and increments. (£52,080) End of temporary funded posts during 2021/22.
Support Service Charges	187,840	176,410	(11,430)	Higher recharges of £13,660 from IT and £7,130 from Customer Services. Lower recharges of (£28,350) from Digital Transformation, (£3,440) from Legal, and (£4,660) from Admin Buildings. The balance consists of minor variances.
Support Service Recharges	(598,712)	(553,267)	45,445	Lower recharges reflecting lower service costs.
	0	**0**	**0**	
Digital Transformation				
Gross Direct Costs	290,519	282,193	(8,326)	£10,279 - Pay award. (£3,691) - Fixed term contract ceasing, funded from reserve. (£13,747) - Some staff have reduced their hours. (£1,167) - Pension Fund Adjustment
Capital Charges	31,500	0	(31,500)	Intangible Amortisation
Support Service Charges	508,550	405,170	(103,380)	(£46,900) - Lower recharge from IT. (£4,260) - Lower recharge from Admin Buildings, reflecting lower costs within the service. (£52,720) - Lower recharge from Digital Transformation, reflecting lower costs within the service.
Support Service Recharges	(578,664)	(462,040)	116,624	Lower recharges reflecting lower service costs.
	251,905	**225,323**	**(26,582)**	
Reprographics				
Gross Direct Costs	83,047	83,489	442	No Major Variances.
Capital Charges	0	0	0	No Major Variances.
Gross Direct Income	(7,500)	(7,500)	0	No Major Variances.
Support Service Charges	15,090	32,180	17,090	£16,580 - Higher recharge from Digital Transformation, reflecting a more accurate allocation of officer time.
Support Service Recharges	(90,637)	(108,169)	(17,532)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Customer Services - Corporate				
Gross Direct Costs	697,053	766,869	69,816	£39,170 - Pay award. £21,014 - Fixed term staff costs funded from reserve. £5,181 - Staff joining the pension scheme. £3,701 - Pension Fund Adjustment.
Gross Direct Income	(22,070)	(21,250)	820	Radar keys no longer sold.
Capital Charges	0	54,056	54,056	Intangible Amortisation
Support Service Charges	336,430	359,970	23,540	See **Note A** Below:
Support Service Recharges	(1,011,413)	(1,159,645)	(148,232)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	

Note A: £10,510 - Higher recharge from Computer Network & PCs because of higher costs within the service. £6,050 - Higher recharges from Computer Web Team as a result of higher costs within the service. (£13,180) - Lower recharge from Admin Buildings, reflecting lower costs within the service. £5,140 - Higher recharge from Fakenham Connect, reflecting higher costs within that service. £8,120 - Higher recharge from Digital Transformation, reflecting a more accurate allocation of officer time. £4,720 - Higher Internal Audit recharges reflecting the audit plan.

Total Customer Services and ICT	**769,811**	**735,221**	**(34,590)**

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Environmental Health

2019/20 Actual £	Service	Base Budget 2020/21 £	Base Budget 2021/22 £	Variance Base to Base £
311,601	Commercial Services	260,383	312,007	51,624
399,024	Internal Drainage Board Levies	412,188	419,627	7,439
4,041	Travellers	46,320	46,336	16
33,188	Public Protection	44,045	1,682	(42,363)
6,492	Street Signage	12,000	12,000	0
665,276	Environmental Protection	624,194	653,708	29,514
163,812	Env Health - Service Mgmt	140,332	173,852	33,520
151,247	Combined Enforcement Team	159,503	172,597	13,094
318,128	Environmental Contracts	282,296	291,455	9,159
949,420	Waste Collection And Disposal	691,632	706,206	14,574
768,764	Cleansing	633,130	631,466	(1,664)
21,469	Environmental Strategy	10,000	93,402	83,402
30,375	Community Safety	30,647	32,178	1,531
91,601	Civil Contingencies	87,743	90,162	2,419
3,914,438	**Total Net Costs**	**3,434,413**	**3,636,678**	**202,265**
331,164	Capital Charges	**83,968**	**(45,446)**	**(129,414)**
40,635	Gross Direct Costs - Refcus	**0**	**0**	**0**
(40,635)	Gross Direct Income - Refcus	**0**	**0**	**0**
1,545,270	Support Service Charges in	**1,192,310**	**1,300,190**	**107,880**
(934,920)	Support Service Recharges out	**(808,562)**	**(902,203)**	**(93,641)**
4,855,952	**Total Net Cost of Services**	**3,902,129**	**3,989,219**	**87,090**

General Fund Service Area Budgets 2021/22

Environmental Health

Service Area	Base Budget 2020/21 £	Base Budget 2021/22 £	Movement £	
Commercial Services				
Gross Direct Costs	271,633	321,007	49,374	£4,179 Pension Fund Adjustment - the balance relates to the staff pay award and staff costs transferred from another service.
Gross Direct Income	(11,250)	(9,000)	2,250	Fewer food hygiene re-rating visits.
Support Service Charges	91,780	88,240	(3,540)	No Major Variances.
	352,163	**400,247**	**48,084**	
Internal Drainage Board Levies				
Gross Direct Costs	412,188	419,627	7,439	Inflation on Internal Drainage Board (IDB) rates and levies.
Support Service Charges	190	220	30	No Major Variances.
	412,378	**419,847**	**7,469**	
Travellers				
Gross Direct Costs	50,320	50,336	16	No Major Variances.
Gross Direct Costs - Refcus			0	No Major Variances.
Capital Charges	0	(632,000)	(632,000)	Depreciation.
Gross Direct Income	(4,000)	(4,000)	0	No Major Variances.
Gross Direct Income - Refcus			0	No Major Variances.
Support Service Charges	870	980	110	No Major Variances.
	47,190	**(584,684)**	**(631,874)**	
Public Protection				
Gross Direct Costs	241,045	198,682	(42,363)	(£4,177) Pension Fund Adjustment - the balance relates to the staff pay award and staff costs transferred to another service.
Gross Direct Income	(197,000)	(197,000)	0	No Major Variances.
Support Service Charges	100,110	127,850	27,740	Higher recharges of £4,080 from Environmental Health reflecting higher costs within the service, £9,210 from IT, £3,300 from Postal & Scanning and £9,360 from Legal Services as a result of more officer time.
	144,155	**129,532**	**(14,623)**	
Street Signage				
Gross Direct Costs	12,000	12,000	0	No Major Variances.
Capital Charges	4,235	0	(4,235)	Depreciation.
Support Service Charges	18,920	19,470	550	No Major Variances.
	35,155	**31,470**	**(3,685)**	
Environmental Protection				
Gross Direct Costs	687,269	721,483	34,214	£23,444 Staff Pay Award. £10,000 Higher costs for the kennelling contract and Private Water Sampling (PWS).
Capital Charges	8,397	22,944	14,547	Depreciation.
Gross Direct Income	(63,075)	(67,775)	(4,700)	Additional income for PWS.
Support Service Charges	199,740	206,090	6,350	Higher recharges of £5,670 from Environmental Health reflecting higher costs within the service, £6,550 from IT, £8,930 from Property Services offset by lower recharges of (£4,750) from Digital Transformation and (£7,830) from Admin Buildings.
	832,331	**882,742**	**50,411**	

General Fund Service Area Budgets 2021/22

Environmental Health

Service Area	Base Budget 2020/21 £	Base Budget 2021/22 £	Movement £	
Env Health - Service Mgmt				
Gross Direct Costs	140,332	173,852	33,520	Staff pay award and staffing restructure.
Capital Charges	0	30,018	30,018	Intangible Amortisation.
Support Service Charges	59,160	70,970	11,810	Higher recharges of £6,080 from IT and £3,930 from Fakenham Connect.
Support Service Recharges	(199,492)	(274,840)	(75,348)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Combined Enforcement Team				
Gross Direct Costs	159,503	172,597	13,094	£4,131 Pension Fund Adjustment. £8,963 Pay award and staffing costs.
Support Service Charges	79,760	73,600	(6,160)	Lower recharges of (£3,660) from Computers, Web team and Digital Transformation, (£2,550) from Admin Buildings.
Support Service Recharges	(239,263)	(246,197)	(6,934)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Environmental Contracts				
Gross Direct Costs	282,296	291,455	9,159	Staff pay award.
Capital Charges	4,521	4,521	0	No Major Variances.
Support Service Charges	82,990	85,190	2,200	Higher recharges of £3,530 from IT and Digital Transformation offset by a lower recharge of (£3,370) from Admin Buildings.
Support Service Recharges	(369,807)	(381,166)	(11,359)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Waste Collection And Disposal				
Gross Direct Costs	4,138,993	4,240,328	101,335	£97,982 NEWS - increase in gate fee for recycling. £7,202 Commercial waste disposal.
Capital Charges	48,815	443,571	394,756	Depreciation.
Gross Direct Income	(3,447,361)	(3,534,122)	(86,761)	(£30,100) Additional garden bin fee income. (£59,661) Higher recycling credit income and sales of textiles.
Support Service Charges	450,780	486,170	35,390	Higher recharges of £42,740 from Environmental Health and Environmental Contracts to reflect higher costs within the services offset by lower recharges of (£6,860) from Customer Services reflecting a more accurate allocation of officer time.
	1,191,227	**1,635,947**	**444,720**	
Cleansing				
Gross Direct Costs	690,300	690,300	0	No Major Variances.
Capital Charges	18,000	85,500	67,500	Depreciation.
Gross Direct Income	(57,170)	(58,834)	(1,664)	No Major Variances.
Support Service Charges	58,580	64,330	5,750	Higher recharges of £7,260 from Environmental Health and Environmental Contracts to reflect higher costs within the services offset by lower recharges of (£1,910) from Creditors.
	709,710	**781,296**	**71,586**	

General Fund Service Area Budgets 2021/22

Environmental Health

Service Area	Base Budget 2020/21 £	Base Budget 2021/22 £	Movement £	
Environmental Strategy				
Gross Direct Costs	25,000	108,402	83,402	£75,654 New staffing posts funded from Reserves. £7,748 Pension Fund Adjustment.
Gross Direct Income	(15,000)	(15,000)	0	No Major Variances.
Support Service Charges	19,840	22,740	2,900	Higher recharge from Environmental Health to reflect higher costs within the service.
	29,840	**116,142**	**86,302**	
Community Safety				
Gross Direct Costs	30,647	32,178	1,531	No Major Variances.
Support Service Charges	250	20,680	20,430	Higher recharges of £12,090 from IT and Digital Transformation with the balance consisting of minor variances.
	30,897	**52,858**	**21,961**	
Civil Contingencies				
Gross Direct Costs	87,743	90,162	2,419	No Major Variances.
Support Service Charges	29,340	33,660	4,320	Higher recharge from Environmental Health to reflect higher costs within the service.
	117,083	**123,822**	**6,739**	
Total Environmental Health	**3,902,129**	**3,989,219**	**87,090**	

Finance & Assets

2019/20 Actual £	Service	Base Budget 2020/21 £	Base Budget 2021/22 £	Variance Base to Base £
(132,645)	Industrial Estates	(119,083)	(150,076)	(30,993)
100	Surveyors Allotments	2,950	2,950	0
(12,024)	Handy Man	(10,665)	0	10,665
(35,577)	Parklands	(29,288)	(29,732)	(444)
353,785	Revenue Services	280,607	259,092	(21,515)
72,475	Benefits Subsidy	253,801	0	(253,801)
63,920	Discretionary Payments	0	0	0
543,659	Non Distributed Costs	260,290	262,174	1,884
361,910	Administration Buildings Svs	265,314	260,561	(4,753)
717,898	Property Services	612,794	731,253	118,459
122,895	Head Of Finance & Assets	109,836	112,372	2,536
466,126	Corporate Finance	446,119	427,987	(18,132)
199,911	Insurance & Risk Management	199,054	200,357	1,303
76,699	Internal Audit	75,000	70,000	(5,000)
32,469	Playgrounds	57,110	57,414	304
6,443	Community Centres	9,893	9,978	85
590,549	Public Conveniences	584,946	558,539	(26,407)
(5,257)	Investment Properties	(64,066)	(99,391)	(35,325)
77,857	Central Costs	87,650	96,965	9,315
447,424	Corporate & Democratic Core	479,697	505,679	25,982
3,948,617	**Total Net Costs**	**3,501,959**	**3,276,122**	**(225,837)**
(543,659)	IAS 19 Adjustment	(260,290)	(262,174)	**(1,884)**
0	Gross Direct Costs - Refcus	100,000	0	**(100,000)**
(214,484)	Capital Charges	351,856	173,473	**(178,383)**
3,643,014	Support Service Charges in	2,745,400	3,009,070	**263,670**
(3,939,540)	Support Service Recharges out	(2,555,822)	(2,613,883)	**(58,061)**
2,893,948	**Total Net Cost of Service**	**3,883,103**	**3,582,608**	**(300,495)**

General Fund Service Area Budgets 2021/22

Finance & Assets

Service Area	Base Budget 2020/21	Base Budget 2021/22	Movement	Explanation for Movement
	£	£	£	
Industrial Estates				
Gross Direct Costs	15,517	31,734	16,217	Costs for new industrial unit at Hornbeam Road.
Capital Charges	46,240	15,912	(30,328)	Depreciation.
Gross Direct Income	(134,600)	(181,810)	(47,210)	Rental income and service charges for new units.
Support Service Charges	46,230	51,640	5,410	Higher recharge from Property Services to reflect changes in staffing allocations and higher costs within the service.
	(26,613)	**(82,524)**	**(55,911)**	
Surveyors Allotments				
Gross Direct Costs	3,000	3,000	0	No Major Variances.
Gross Direct Income	(50)	(50)	0	No Major Variances.
Support Service Charges	12,070	14,570	2,500	No Major Variances.
	15,020	**17,520**	**2,500**	
Handy Man				
Gross Direct Costs	44,065	0	(44,065)	Budgets transferred to Property Services.
Capital Charges	0	0	0	Budgets transferred to Property Services.
Gross Direct Income	(54,730)	0	54,730	Budgets transferred to Property Services.
Support Service Charges	60,970	0	(60,970)	Budgets transferred to Property Services.
	50,305	**0**	**(50,305)**	
Parklands				
Gross Direct Costs	34,767	34,768	1	No Major Variances.
Capital Charges	432	0	(432)	No Major Variances.
Gross Direct Income	(64,055)	(64,500)	(445)	No Major Variances.
Support Service Charges	32,560	40,390	7,830	Higher recharge from Property Services to reflect changes in staffing allocations and higher costs within the service.
	3,704	**10,658**	**6,954**	
Revenue Services				
Gross Direct Costs	723,518	702,003	(21,515)	£28,653 Employee inflation. (£84,603) Non recurring funded posts in 2020/21. £42,653 Apprentice posts in 2021/22. (£8,829) Movement in pension costs including pension deficit funding,
Gross Direct Income	(442,911)	(442,911)	0	No Major Variances.
Support Service Charges	383,980	444,750	60,770	Higher recharges of £8,830 from Postal & Scanning, £33,720 from Customer Services, £19,250 from IT and Digital Transformation. Lower recharges of (£5,300) from Internal Audit and (£6,440) from Admin Buildings. The balance consists of minor variances.
	664,587	**703,842**	**39,255**	
Benefits Subsidy				
Gross Direct Costs	21,979,945	21,256,441	(723,504)	(£723,504) Reduced Rent Allowance expenditure based on 2020/21 mid year forecast.
Gross Direct Income	(21,726,144)	(21,256,441)	469,703	£723,504 Reduced Subsidy claimed from Department for Works and Pensions (DWP). (£253,801) Non recurring budget for settlement of 2017/18 audited subsidy claim.
	253,801	**0**	**(253,801)**	
Discretionary Payments				
Gross Direct Costs	0	0	0	No Major Variances.
Support Service Charges	3,820	0	(3,820)	Lower recharge from Creditors.
	3,820	**0**	**(3,820)**	
Non Distributed Costs				
Gross Direct Costs	260,290	262,174	1,884	No Major Variances.
IAS 19 Adjustment	(260,290)	(262,174)	(1,884)	No Major Variances.
	0	**0**	**0**	

General Fund Service Area Budgets 2021/22

Finance & Assets

Service Area	Base Budget 2020/21	Base Budget 2021/22	Movement	Explanation for Movement
	£	£	£	
Administration Buildings Svs				
Gross Direct Costs	609,472	546,517	(62,955)	(£31,713) Budgets transferred to Property Services; (including staffing costs); (£29,192) Internal service charge adjustments due to changes in floor area apportionments.
Capital Charges	75,862	(24,159)	(100,021)	Depreciation.
Gross Direct Income	(344,158)	(285,956)	58,202	The majority of this variance relates to lower service charges resulting from the transfer of grounds maintenance costs together with lower rental income at Fakenham Connect.
Support Service Charges	133,330	150,620	17,290	Higher recharges from Property Services to reflect changes in staffing allocations and higher costs within the service.
Support Service Recharges	(414,847)	(285,016)	129,831	Reduced recharges reflecting lower service costs.
	59,659	**102,006**	**42,347**	
Property Services				
Gross Direct Costs	622,794	741,253	118,459	£27,031 Pay award; £107,577 Staffing costs (including transfers from the Handyman budgets and a fixed term contract surveyor post being funded from the Delivery Plan Reserve); £5,771 Pension Fund Adjustments; (£22,000) One-off funding for professional fees.
Gross Direct Income	(10,000)	(10,000)	0	No Major Variances.
Capital Charges	3,002	31,825	28,823	£23,823 Depreciation. £5,000 Intangible Amortisation.
Support Service Charges	277,210	285,060	7,850	Lower recharges of (£36,120) from Legal, (£4,030) from Admin Buildings, (£4,530) from Insurance offset by higher recharges of £31,950 from IT and Digital Transformation. The balance consists of minor variances.
Support Service Recharges	(893,006)	(995,711)	(102,705)	Increased recharges reflecting higher service costs.
	0	**52,427**	**52,427**	
Head Of Finance & Assets				
Gross Direct Costs	109,836	112,372	2,536	Employee inflation.
Support Service Charges	10,010	10,320	310	No Major Variances.
Support Service Recharges	(119,846)	(122,692)	(2,846)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Corporate Finance				
Gross Direct Costs	446,119	427,987	(18,132)	£8,965 Employee inflation. (£28,806) Employee savings (£4,602) Pension deficit funding.
Capital Charges		16,145	16,145	Intangible Amortisation.
Support Service Charges	132,510	190,870	58,360	Higher recharges of £8,890 from IT, £30,640 from Digital Transformation, £19,380 from Internal Audit reflecting the Audit Plan. Lower recharge of (£5,290) from Admin Buildings reflecting lower service costs.
Support Service Recharges	(578,629)	(635,002)	(56,373)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Insurance & Risk Management				
Gross Direct Costs	199,704	201,007	1,303	No Major Variance
Gross Direct Income	(650)	(650)	0	No Major Variance
Support Service Charges	15,630	12,740	(2,890)	(£4,240) - Lower Internal Audit recharges reflecting the Audit Plan.
Support Service Recharges	(214,684)	(213,097)	1,587	Lower recharges reflecting reduced service costs.
	0	**0**	**0**	

General Fund Service Area Budgets 2021/22

Finance & Assets

Service Area	Base Budget 2020/21	Base Budget 2021/22	Movement	Explanation for Movement
	£	£	£	
Internal Audit				
Gross Direct Costs	75,000	70,000	(5,000)	(£5,000) - Lower number of audit days.
Support Service Charges	6,290	7,040	750	No Major Variance
Support Service Recharges	(81,290)	(77,040)	4,250	Lower recharges reflecting reduced service costs.
	0	**0**	**0**	
Playgrounds				
Gross Direct Costs	57,110	57,414	304	No Major Variances.
Support Service Charges	37,740	42,150	4,410	Higher recharge from Property Services to reflect changes in staffing allocations and higher costs within the service.
	94,850	**99,564**	**4,714**	
Community Centres				
Gross Direct Costs	9,893	9,978	85	No Major Variances.
Support Service Charges	8,650	12,260	3,610	Higher recharge from Property Services to reflect changes in staffing allocations and higher costs within the service.
	18,543	**22,238**	**3,695**	
Public Conveniences				
Gross Direct Costs	586,309	559,902	(26,407)	(£36,815) Transitional Relief given on Business Rates at some of the sites. £5,300 R&M and cleansing costs at new public convenience at Beach Road car park, Weybourne. £5,040 Higher internal recharges.
Capital Charges	179,646	58,767	(120,879)	Depreciation.
Support Service Charges	88,840	111,960	23,120	Higher recharge from Property Services to reflect changes in staffing allocations and higher costs within the service.
Gross Direct Income	(1,363)	(1,363)	0	No Major Variances.
	853,432	**729,266**	**(124,166)**	
Investment Properties				
Gross Direct Costs	146,039	146,352	313	No Major Variances.
Capital Charges	46,674	74,983	28,309	Depreciation.
Gross Direct Income	(210,105)	(245,743)	(35,638)	(£15,000) Additional rental income; (£20,540) Additional service charges.
Support Service Charges	154,140	187,720	33,580	£25,930 Higher recharge from Property Services to reflect changes in staffing allocations and higher costs within the service and £6,690 from Legal reflecting the allocation of more officer time.
	136,748	**163,312**	**26,564**	
Central Costs				
Gross Direct Costs	87,650	96,965	9,315	£3,549 - Staff costs transferred from other areas. £4,991 - Pay award
Support Service Charges	165,870	188,360	22,490	(£4,220) - Lower recharge from Customer Services reflecting less officer time. £13,160 - Higher charge from Fakenham Connect reflecting higher costs within the service. £11,210 - Higher Internal Audit costs reflecting the audit plan.
Support Service Recharges	(253,520)	(285,325)	(31,805)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	
Corporate & Democratic Core				
Gross Direct Costs	479,697	505,679	25,982	£8,249 - Staff costs transferred from other areas. £2,910 - Subscription to Rural Services Network. (£5,720) - Lower bank charges. £20,000 - Delivering the equalities plan.
Gross Direct Costs - Refcus	100,000	0	(100,000)	No refcus in 21/22
Support Service Charges	1,175,550	1,258,620	83,070	See **Note A** Below**:**
	1,755,247	**1,764,299**	**9,052**	

Note A : £17,410 - Higher recharge from Environmental Health. this is due to higher service costs. £17,420 - Higher recharge from Human Resources as a result of more officer time. (£13,520) - Lower recharge from Admin Buildings due to lower costs within the service. £34,510 - Higher recharge from Property Services as a result of increased officer time. £26,140 - Higher recharge from Accountancy as a result of higher service costs. (£51,440) - Lower recharge from Digital Transformation as a result of reduced service costs. £20,810 - Higher recharge from Corporate Leadership Team resulting from higher service costs. £29,680 - Higher recharge from Legal Services reflecting more officer time.

Total Finance & Assets	**3,883,103**	**3,582,608**	**(300,495)**

Legal and Democratic Services

2019/20 Actual £	Service	Base Budget 2020/21 £	Base Budget 2021/22 £	Variance Base to Base £
471,919	Benefits Administration	552,357	588,636	36,279
536,167	Members Services	507,062	530,871	23,809
369,023	Legal Services	316,516	326,803	10,287
1,377,109	**Total Net Costs**	**1,375,935**	**1,446,310**	**70,375**
130,428	Capital Charges	0	71,343	71,343
962,950	Support Service Charges in	686,560	740,320	53,760
-584,823	Support Service Recharges out	(456,426)	(469,143)	(12,717)
1,885,664	**Total Net Cost of Services**	**1,606,069**	**1,788,830**	**182,761**

General Fund Service Area Budgets 2021/22

Legal and Democratic Services

Service Area	Base Budget 2020/21 £	Base Budget 2021/22 £	Movement £	Explanation for Movement
Benefits Administration				
Gross Direct Costs	897,550	940,329	42,779	£34,513 Employee inflation including increments and pay award. £1,766 Pension deficit funding. £6,500 Additional expenditure offset by recoverable charges.
Capital Charges			0	
Gross Direct Income	(345,193)	(351,693)	(6,500)	(£6,500) establish budget for recoverable training costs.
Capital Charges		71,343	71,343	Intangible Amortisation.
Support Service Charges	488,240	537,240	49,000	Higher recharges of £11,330 from Postal & Scanning, £10,610 from Customer Services, £23,380 from IT and £27,370 from Digital Transformation. Lower recharges of (£15,850) from Legal Services, (£5,300) from Internal Audit and (£10,950) from Admin Buildings. These reflect a more accurate allocation of officer time and lower costs within the services.
	1,040,597	**1,197,219**	**156,622**	
Members Services				
Gross Direct Costs	507,462	530,871	23,409	£6,943 - Pay award. £11,996 - Members Allowances, inflationary increase and £7,419 to reflect additional Cabinet Member.
Gross Direct Income	(400)	0	400	No Major Variances.
Support Service Charges	58,410	60,740	2,330	No Major Variances.
	565,472	**591,611**	**26,139**	
Legal Services				
Gross Direct Costs	646,462	656,749	10,287	£15,375 - Pay award. (£9,926) - Fixed term staff costs in Legal Services, funded from reserve. £4,625 - Salary supplements
Gross Direct Income	(329,946)	(329,946)	0	No Major Variance
Support Service Charges	139,910	142,340	2,430	See **Note A** Below**:**
Support Service Recharges	(456,426)	(469,143)	(12,717)	Increased recharges reflecting higher service costs.
	0	**0**	**0**	

Note A: £9,940 - Increased recharges from IT reflecting higher costs within the service. (£6,250) - Lower Admin Buildings recharges because of lower costs within the service. (£3,650) - Reduced recharge from Digital Transformation as a result of lower service costs

Total Legal and Democratic Services	**1,606,069**	**1,788,830**	**182,761**

Planning

2019/20 Actual	Service	Base Budget 2020/21	Base Budget 2021/22	Variance Base to Base
£		£	£	£
408,946	Development Management	175,692	226,189	50,497
478,492	Planning Policy	622,809	500,603	(122,206)
133,428	Conservation, Design & Landscape	152,035	153,751	1,716
299,232	Major Developments	238,246	249,824	11,578
30,937	Building Control	61,956	60,803	(1,153)
125,158	Head Of Planning	132,755	125,542	(7,213)
(35,867)	Property Information	2,769	5,000	2,231
1,440,326	**Total Net Costs**	**1,386,262**	**1,321,712**	**(64,550)**
60,294	Capital Charges	36,000	77,581	41,581
1,482,181	Support Service Charges in	1,103,620	1,197,250	93,630
(239,022)	Support Service Recharges out	(146,865)	(142,362)	4,503
2,743,779		**2,379,017**	**2,454,181**	**75,164**

General Fund Service Area Budgets 2021/22

Planning

Service Area	Base Budget 2020/21 £	Base Budget 2021/22 £	Movement £	Explanation for Movement
Development Management				
Gross Direct Costs	997,392	1,047,889	50,497	£26,661 Employee Inflation. £3,155 Pension deficit funding. £2,450 Golden hello payment. £19,231 Expenditure transfers from other services, mainly relating to the apportionment of staff time.
Capital Charges	36,000	77,581	41,581	Intangible Amortisation.
Gross Direct Income	(821,700)	(821,700)	0	No Major Variances.
Support Service Charges	618,290	663,250	44,960	Higher recharges of £25,790 from Postal & Scanning, £4,930 from the Corporate Enforcement Team and £27,310 from IT. Lower recharges of (£4,430) from Legal, (£5,260) from Digital Transformation and (£9,410) from Admin Buildings. The balance consists of minor variances.
	829,982	**967,020**	**137,038**	
Planning Policy				
Gross Direct Costs	669,343	547,137	(122,206)	£8,062 Employee inflation. £2,450 Golden Hello payment. (£133,160)Movement in Local Plan profiled spend, this is funded from the New Homes Bonus reserve.
Gross Direct Income	(46,534)	(46,534)	0	No Major Variances.
Support Service Charges	139,610	142,050	2,440	No Major Variances.
	762,419	**642,653**	**(119,766)**	
Conservation, Design & Landscape				
Gross Direct Costs	153,035	154,751	1,716	£8,254 Employee Inflation. £13,272 Balance of temporary funded post. £2,450 Golden Hello Payment. (£19,964) The majority of these costs are recharged to Development Management.
Gross Direct Income	(1,000)	(1,000)	0	No Major Variances.
Support Service Charges	77,830	77,300	(530)	
	229,865	**231,051**	**1,186**	
Major Developments				
Gross Direct Costs	238,246	249,824	11,578	£10,572 Employee Inflation. £4,900 Golden Hello Payments. (£4,362) increase to staff recharge to corporate budgets.
Support Service Charges	78,760	104,490	25,730	Higher recharges of £12,590 from IT and £6,520 from Legal Services reflecting a more accurate allocation of officer time.
	317,006	**354,314**	**37,308**	

General Fund Service Area Budgets 2021/22

Planning

Service Area	Base Budget 2020/21 £	Base Budget 2021/22 £	Movement £	Explanation for Movement
Building Control				
Gross Direct Costs	451,956	450,803	(1,153)	£12,854 employee inflation. (£15,565) Movement in use of earmarked reserve to cover additional staffing costs. £1,714 Pension deficit funding .
Gross Direct Income	(390,000)	(390,000)	0	No Major Variances.
Support Service Charges	124,740	142,050	17,310	Higher recharges of £16,370 from IT reflecting a more accurate allocation of officer time.
	186,696	**202,853**	**16,157**	
Head Of Planning				
Gross Direct Costs	132,755	125,542	(7,213)	(£2,890) Transfer subscription budget to development management. (£4,484) non recurring costs.
Support Service Charges	14,110	16,820	2,710	No Major Variances.
Support Service Recharges	(146,865)	(142,362)	4,503	Reduced recharges reflecting lower service costs.
	0	**0**	**0**	
Property Information				
Gross Direct Costs	184,959	187,190	2,231	£1,740 Employee inflation.
Gross Direct Income	(182,190)	(182,190)	0	No Major Variances.
Support Service Charges	50,280	51,290	1,010	No Major Variances.
	53,049	**56,290**	**3,241**	
Total Planning	**2,379,017**	**2,454,181**	**75,164**	

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Scheme	Scheme Total Current Estimate	Pre 31/3/20 Expenditure	Updated Budget 2020/21	Updated Budget 2021/22	Updated Budget 2022/23	Updated Budget 2023/24	Updated Budget 2024/25
	£			£	£	£	£
Boosting Business Sustainability and Growth							
Rocket House	77,084	37,465	0	39,619	0	0	0
Local Property Investment Fund	1,000,000	524	999,476	0	0	0	0
Property Investment Company	0	0	0	0	0	0	0
Purchase of New Car Park Vehicles	60,000	45,000	15,000	0	0	0	0
Deep History Coast	869,777	854,777	15,000	0	0	0	0
Fair Meadow House Improvements	50,000	16,650	33,350	0	0	0	0
Fair Meadow House Annexe	55,000	0	55,000	0	0	0	0
Collectors Cabin	25,000	933	24,067	0	0	0	0
Cornish Way	170,000	2,426	30,000	137,574	0	0	0
Fakenham Connect	100,000	332	99,668	0	0	0	0
Bacton Car Park	60,000	592	59,408	0	0	0	0
North Walsham Heritage Action Zone	3,120,000	175	471,325	1,477,750	863,500	307,250	0
Public Convenience Improvements	600,000	197,577	402,423	0	0	0	0
Unit 1 & 2, Surf Lifesaving School, Cromer Promenade	55,000	0	0	55,000	0	0	0
Purchase of Property Services Vehicles	17,744	0	0	0	0	0	0
Car Park Ticket Machine Replacement Programme	275,000	0	0	85,500	110,000	79,500	0
Weybourne Car Park Public Convenience	16,000	0	0	16,000	0	0	0
	6,550,605	1,156,449	2,204,718	1,811,443	973,500	386,750	0
Local Homes for Local Need							
Disabled Facilities Grants	Annual programme	Annual programme	992,094	1,000,000	1,000,000	0	0
Parkland Improvements	100,000	13,124	86,876	0	0	0	0
Compulsory Purchase of Long Term Empty Properties	675,500	490,677	184,823	0	0	0	0
Shannocks Hotel	477,887	53,152	424,735	0	0	0	0
Laundry Loke - Victory Housing	100,000	0	100,000	0	0	0	0
Community Housing Fund	2,098,261	574,384	569,543	477,167	477,167	0	0
Provision of Temporary Accommodation	670,560	173,613	496,947	0	0	0	0
Fakenham Extra Care	215,500	171,024	44,476	0	0	0	0
S106 Enabling	1,400,000	0	0	500,000	300,000	300,000	300,000
	5,737,708	1,475,974	2,899,493	1,977,167	1,777,167	300,000	300,000
Climate, Coast and the Environment							
Gypsy and Traveller Short Stay Stopping Facilities	1,417,533	1,388,576	28,957	0	0	0	0
Cromer Pier Structural Works - Phase 2	1,378,549	1,370,732	7,817	0	0	0	0
Cromer West Prom Chalets	655	655	0	0	0	0	0
Cromer Coast Protection Scheme	8,822,001	5,305,817	30,000	1,743,092	1,743,092	0	0
Coastal Erosion Assistance	90,000	41,203	48,797	0	0	0	0
Coastal Adaptations	247,493	0	247,493	0	0	0	0
Mundesley - Refurbishment of Coastal Defences	3,221,000	52,550	50,000	1,572,607	1,545,843	0	0
Cromer Pier - Steelworks and Improvements to Pavilion Theatre	1,315,883	1,215,883	100,000	0	0	0	0
Sea Palling Ramp	10,000	349	9,651	0	0	0	0
Bacton and Walcott Coastal Management Scheme	21,784,866	21,376,122	408,744	0	0	0	0
Replacement of Flood Gates at Cable Gap Bacton, The Ship Bacton & Walcott Post Office	45,500	0	45,500	0	0	0	0
	38,333,480	30,751,887	976,959	3,315,699	3,288,935	0	0
Quality of Life							
Holt Country Park Play Area	52,000	47,454	4,546	0	0	0	0
Steelwork Protection to Victory Pool and Fakenham Gym	27,500	33	0	27,467	0	0	0
Fakenham Gym	62,500	0	62,500	0	0	0	0
Splash Gym Equipment	1,013,000	376,698	636,302	0	0	0	0
North Walsham Artificial Grass Pitch	860,000	11,132	0	848,868	0	0	0

Scheme	Scheme Total Current Estimate	Pre 31/3/20 Expenditure	Updated Budget 2020/21	Updated Budget 2021/22	Updated Budget 2022/23	Updated Budget 2023/24	Updated Budget 2024/25
	£			£	£	£	£
Splash Leisure Centre Reprovision	**12,697,000**	2,829,974	5,867,287	3,999,739	0	0	0
Refurbishment of Chalets in Cromer and Sheringham	**101,000**	0	0	60,000	41,000	0	0
	14,813,001	**3,265,291**	**6,570,635**	**4,936,075**	**41,000**	**0**	**0**
Customer Focus and Financial Sustainability							
Administrative Buildings	**1,565,678**	1,515,678	50,000	0	0	0	0
Council Chamber and Committee Room Improvements	**89,000**	80,588	8,412	0	0	0	0
Environmental Health IT System Procurement	**150,090**	132,119	17,971	0	0	0	0
Purchase of Bins	**646,895**	406,895	80,000	80,000	80,000	0	0
User IT Hardware Refresh	**275,000**	106,622	58,378	55,000	55,000	0	0
Storage Hardware	**60,000**	42,433	17,567	0	0	0	0
Members IT	**65,000**	41,457	23,543	0	0	0	0
Back Scanning of Files	**200,000**	166,790	33,210	0	0	0	0
Electric Vehicle Charging Points	**248,600**	119,424	129,176	0	0	0	0
Waste vehicles	**4,500,000**	0	4,500,000	0	0	0	0
Housing Options System	**20,000**	650	19,350	0	0	0	0
Backup Network Upgrade	**14,000**	0	14,000	0	0	0	0
Cromer Office LED Lighting	**60,000**	0	0	60,000	0	0	0
Fire Wall Replacements	**36,000**	0	36,000	0	0	0	0
HR Information System - Implementation	**0**	0	0	0	0	0	0
Refurbishment of IT Training Room	**15,000**	0	15,000	0	0	0	0
Revenue & Benefits IT System Licences	**101,000**	0	101,000	0	0	0	0
Revenues & Benefits Civica (Open Revenues) System	**0**	0	0	0	0	0	0
Citizen App	**45,000**	0	45,000	0	0	0	0
Concerto Asset Management System	**25,000**	0	25,000	0	0	0	0
	8,116,264	**2,612,656**	**5,173,608**	**195,000**	**135,000**	**0**	**0**
TOTAL EXPENDITURE	**73,551,057**	**39,262,258**	**17,825,413**	**12,235,384**	**6,215,602**	**686,750**	**300,000**

Capital Programme Financing

Grants			**2,533,592**	**5,096,449**	**4,762,435**	**209,750**	**0**
Affordable Housing Contributions							
Other Contributions			**0**	**500,000**	**300,000**	**300,000**	**300,000**
Asset Management Reserve			**184,668**	**137,574**	**0**	**0**	**0**
Revenue Contribution to Capital (RCCO)			**0**	**0**	**0**	**0**	**0**
Capital Project Reserve			**1,198,857**	**0**	**0**	**0**	**0**
Other Reserves			**2,016,442**	**477,167**	**477,167**	**0**	**0**
Capital Receipts			**2,524,567**	**2,024,454**	**676,000**	**177,000**	**0**
Internal / External Borrowing			**9,367,287**	**3,999,739**	**0**	**0**	**0**
TOTAL FINANCING			**17,825,413**	**12,235,384**	**6,215,602**	**686,750**	**300,000**

CAPITAL BIDS - 2021/22 to 2024/25 SUMMARY | **APPENDIX C2**

Bid Title	Perm or One off	Prepared by	Sponsor	Total Estimated Project Costs	Estimated Costs				Funding Already Identified	Total Additional Funding Requested as part of Capital Budget	Annual Revenue Costs / (Income)	Comments
					2021/22	2022/23	2023/24	2024/25				
Housing Strategy & Delivery												
S106 Enabling	P	Nicky Debbage/ Graham Connolly	Rob Young	**1,400,000**	500,000	300,000	300,000	300,000	1,400,000	0	0	Use of ring-fenced s106 commuted sums received in lieu of on-site affordable housing, to be used to enable affordable housing development.
Leisure & Locality Services												
Car Park Ticket Machine Replacement Programme	O	Maxine Collis	Steve Blatch	**275,000**	85,500	110,000	79,500	0	0	275,000	0	To replace between 39 and 45 ticket machines over a likely two year phased installation plan. The ticket machines have reached their expected life span with increasing breakdowns and repairs. In addition, the technology in our current machines is now obsolete.
Refurbishment of NNDC Chalets in Cromer and Sheringham	O	Karl Read	Steve Hems	**101,000**	60,000	41,000	0	0	0	101,000	200	A full condition survey was undertaken in 2019. In response to this survey, there is now an urgent need to undertake a full refurbishment programme and upgrade to all chalets internally and externally. This work was needed in 2020, however due to Covid the works were postponed, and so the need to refurbish is now even greater.
Property Services												
Weybourne Car Park Public Convenience	O	Russell Tanner	Duncan Ellis	**16,000**	16,000	0	0	0	0	16,000	5,300	Installation of a cubicle waterless toilet at Weybourne Car Park to enhance facilities for users of this site.
Total Capital Project Bids				**1,792,000**	**661,500**	**451,000**	**379,500**	**300,000**	**1,400,000**	**392,000**	**5,500**	
				392,000	To be funded from NNDC Resources							

Potential Revenue Implications:	2021/22	2022/23	2023/24	2024/25
Revenue Cost	2,750	5,500	5,500	5,500
Investment Income Reduction and Minimum Revenue Provision				
Total Estimated Revenue Impact	**2,750**	**5,500**	**5,500**	**5,500**

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Reserves Statement 2021-22 onwards

Reserve	Purpose and Use of Reserve	Balance 01/04/20 £	Updated Budgeted Movement 2020/21 £	Committed but not allocated to Budgets 2020/21 £	Balance 01/04/21 £	Budgeted Movement 2021/22 £	Balance 01/04/22 £	Budgeted Movement 2022/23 £	Balance 01/04/23 £	Budgeted Movement 2023/24 £	Balance 01/04/24 £	Budgeted Movement 2024/25 £	Balance 01/04/25 £
General Fund - General Reserve	A working balance and contingency, current recommended balance is £1.9 million.	**2,404,127**	(95,863)	(9,000)	**2,299,264**	(86,341)	**2,212,923**	(50,000)	**2,162,923**	(50,000)	**2,112,923**	0	**2,112,923**
Earmarked Reserves:													
Capital Projects	To provide funding for capital developments and purchase of major assets. This includes the VAT Shelter Receipt.	**1,303,796**	(1,198,857)		**104,939**	0	**104,939**	0	**104,939**	0	**104,939**	0	**104,939**
Asset Management	To support improvements to our existing assets as identified through the Asset Management Plan.	**954,190**	(211,668)		**742,522**	(142,574)	**599,948**	(15,000)	**584,948**	(5,000)	**579,948**	0	**579,948**
Benefits	To be used to mitigate any claw back by the Department of Works and Pensions following final subsidy determination. Timing of the use will depend on audited subsidy claims. Also included in this allocation are service specific grants for service improvements that have not yet been offset by expenditure.	**897,959**	(284,800)		**613,159**	0	**613,159**	0	**613,159**	0	**613,159**	0	**613,159**
Building Control	Building Control surplus ring-fenced to cover any future deficits in the service.	**212,481**	(44,441)		**168,040**	(28,876)	**139,164**	(28,906)	**110,258**	(28,906)	**81,352**	(28,906)	**52,446**
Business Rates	To be used for the support of local businesses and to mitigate impact of final claims and appeals in relation to business rates retention scheme.	**2,074,708**	(157,058)		**1,917,650**	(18,000)	**1,899,650**	(18,000)	**1,881,650**	(18,000)	**1,863,650**	0	**1,863,650**
Coast Protection	To support the ongoing coast protection maintenance programme ands carry forward funding between financial years.	**238,293**	(37,958)		**200,335**	(42,039)	**158,296**	0	**158,296**	0	**158,296**	0	**158,296**
Communities	To support projects that communities identify where they will make a difference to the economic and social wellbeing of the area. Funded by a proportion of NCC element of second homes council tax.	**1,000,996**	(325,000)		**675,996**	(242,000)	**433,996**	(242,000)	**191,996**	0	**191,996**	0	**191,996**
Delivery Plan	To help achieve the outputs from the Corporate Plan and Delivery Plan.	**0**	2,355,706	(480,000)	**1,875,706**	(129,414)	**1,746,292**	(175,090)	**1,571,202**	(122,663)	**1,448,539**	(15,676)	**1,432,863**
Economic Development and Regeneration	Earmarked from previous underspends within Economic Development and Regeneration Budgets along with funding earmarked for Learning for Everyone.	**165,621**	(10,000)		**155,621**	0	**155,621**	0	**155,621**	0	**155,621**	0	**155,621**
Election Reserve	Established to meet costs associated with district council elections, to smooth the impact between financial years.	**3,000**	40,000		**43,000**	50,000	**93,000**	50,000	**143,000**	(110,000)	**33,000**	50,000	**83,000**
Enforcement Works	Established to meet costs associated with district council enforcement works including buildings at risk .	**112,973**	0	(7,872)	**105,101**	0	**105,101**	0	**105,101**	0	**105,101**	0	**105,101**
Environmental Health	Earmarking of previous underspends and additional income to meet Environmental Health initiatives.	**336,065**	(150,000)		**186,065**	0	**186,065**	0	**186,065**	0	**186,065**	0	**186,065**

Reserves Statement 2021-22 onwards

Reserve	Purpose and Use of Reserve	Balance 01/04/20 £	Updated Budgeted Movement 2020/21 £	Committed but not allocated to Budgets 2020/21 £	Balance 01/04/21 £	Budgeted Movement 2021/22 £	Balance 01/04/22 £	Budgeted Movement 2022/23 £	Balance 01/04/23 £	Budgeted Movement 2023/24 £	Balance 01/04/24 £	Budgeted Movement 2024/25 £	Balance 01/04/25 £
Environment Reserve	To fund expenditure relating to the Council's Green Agenda.	**0**	150,000		**150,000**	0	**150,000**	0	**150,000**	0	**150,000**	0	**150,000**
Grants	Revenue Grants received and due to timing issues not used in the year.	**609,038**	(73,605)		**535,433**	(25,104)	**510,329**	(25,104)	**485,225**	(14,655)	**470,570**	0	**470,570**
Housing	Previously earmarked for stock condition survey and housing needs assessment. Also now contains the balance of the Housing Community Grant funding received in 2016/17.	**2,528,543**	(575,642)		**1,952,901**	(328,010)	**1,624,891**	(527,167)	**1,097,724**	0	**1,097,724**	0	**1,097,724**
Land Charges	To mitigate the impact of potential income reductions.	**308,526**	0		**308,526**	0	**308,526**	0	**308,526**	0	**308,526**	0	**308,526**
Legal	One off funding for Compulsory Purchase Order (CPO) work and East Law Surplus.	**196,119**	(25,446)		**170,673**	(15,520)	**155,153**	0	**155,153**	0	**155,153**	0	**155,153**
Major Repairs Reserve	To provide provison for the repair and maintenance of the councils asset portfolio.	**0**	0		**0**	89,859	**89,859**	280,000	**369,859**	280,000	**649,859**	280,000	**929,859**
New Homes Bonus (NHB)	Established for supporting communities with future growth and development and Plan review*	**292,207**	(25,773)		**266,434**	(97,471)	**168,963**	(120,000)	**48,963**	0	**48,963**	0	**48,963**
Organisational Development	To provide funding for organisation development to create capacity within the organisation, including the provision and support for apprenticeships and internships.	**269,041**	(136,512)		**132,529**	(92,751)	**39,778**	(29,078)	**10,700**	0	**10,700**	0	**10,700**
Pathfinder	To help Coastal Communities adapt to coastal changes.	**128,053**	(20,500)		**107,553**	(21,627)	**85,926**	(3,417)	**82,509**	0	**82,509**	0	**82,509**
Planning	Additional Planning income earmarked for Planning initiatives including Plan Review.	**159,684**	20,000		**179,684**	36,728	**216,412**	50,000	**266,412**	50,000	**316,412**	50,000	**366,412**
Property Investment Fund	To provide funding for the acquisition and development of new land and property assets	**999,476**	(999,476)		**0**	0	**0**	0	**0**	0	**0**	0	**0**
Property Company	To fund potetial housing development and property related schemes	**2,000,000**			**2,000,000**	0	**2,000,000**	0	**2,000,000**	0	**2,000,000**	0	**2,000,000**
Restructuring & Invest to Save Proposals	To fund one-off redundancy and pension strain costs and invest to save initiatives. Transfers from this reserve will be allocated against business cases as they are approved. Timing of the use of this reserve will depend on when business cases are approved.	**1,669,383**	(680,516)		**988,867**	(21,014)	**967,853**	0	**967,853**	0	**967,853**	0	**967,853**
Sports Hall Equipment & Sports Facilities	To support renewals for sports hall equipment. Amount transferred in the year represents over or under achievement of income target.	**2,640**	0		**2,640**	0	**2,640**	0	**2,640**	0	**2,640**	0	**2,640**
Total Reserves		**18,866,917**	**(2,487,409)**	**(496,872)**	**15,882,636**	**(1,114,154)**	**14,768,482**	**(853,762)**	**13,914,720**	**(19,224)**	**13,895,496**	**335,418**	**14,230,914**

Appendix E – Assumptions underpinning the Medium Term Financial Forecasts and Sensitivity Analysis

This Appendix sets out for each of the Council's external funding streams the assumptions made when preparing the medium term financial forecasts.

The central case, the case on which the current budget projections are based, is explained here, along with other alternatives considered. These central cases will be regularly reviewed in light of Government announcements and consultation responses, and are subject to change following those. An update will be provided when appropriate.

New Homes Bonus

Central Case – NHB will continue with one Year 11 payment (which attracts new legacy payments) in 2021/22 and a further two years of legacy payments in 2021/22 and 2022/23, and then finish.

Alternatives considered

1. The NHB could be discontinued after 2021/22. As there is no Spending Review in place covering the 2022/23 financial year, MHCLG technically do not have the budget in place to confirm that the NHB will continue for the final year of legacy payments in 2022/23. However, MHCLG have committed to these legacy payments, and we consider that there would be little appetite politically to stop these given how much Councils are relying on these payments to balance their budgets.

2. The NHB could continue for a further year into 2022/23. The scheme has already been extended twice as Local Government funding has been rolled over in one-year settlements, so there is a precedent for this. Previously Brexit negotiations and more recently the response to the COVID 19 pandemic had put plans for a new NHB system on hold. The likelihood of the NHB being extended for a further year is low, but if the energy of MHCLG is taken up by COVID in 2021/22 to the extent it was in 2020/21, this alternative becomes more probable. The timing of any consultation on a new system will give us clues as to how likely this will be. We have modelled the additional year's payment on the Year 11 payment to be received in 2021/22.

New Homes Bonus MTFP Scenarios					
	Financial Impact (£)				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**(722,562)**	**(486,536)**	**0**	**0**	**80%**
Alternative 1	(722,562)	0	0	0	5%
Alternative 2	(722,562)	(615,536)	0	0	15%

Council Tax

Central Case – The District portion of the Council Tax will be increased by £4.95 in each year of the MTFP. The taxbase growth over the next three years will be reduced due to the impact of COVID, due to slower property additions, higher levels of LCTS and a higher rate of non-collection.

Alternatives considered

1. No increase in Council Tax charge. Members may decide in the wake of the COVID crisis not to increase the District element of the Council Tax charge. This would

increase our funding deficits in future years and unbalance the budget for 2021/22. This option has not been recommended by officers.

2. Council Tax charge is increased by £10. The District Councils Network have lobbied for several years to allow District Councils to raise their charge by £10 rather than £5, a reflection of the fact that for many Councils a £5 increase does not generate significant amounts of income. This option is not considered likely as it would require a change in referendum principles to allow the Council to do this without triggering a referendum.

3. The taxbase growth could exceed expectations and continue the trend of pre-COVID taxbase growth. This seems unlikely in the short term, with the furlough scheme set to end and growth in the economy anticipated by the IFS to be slow.

Council Tax MTFP Scenarios					
	Financial Impact				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**(6,551,054)**	**(6,756,101)**	**(7,014,650)**	**(7,276,698)**	**70%**
Alternative 1	(6,421,552)	(6,598,464)	(6,780,163)	(6,967,149)	20%
Alternative 2	(6,551,054)	(6,819,806)	(7,147,560)	(7,484,487)	10%

Revenue Support Grant

Central Case – Revenue Support Grant will continue in 2021/22 and then disappear, replaced by Retained Business Rates and backed by new funding formulae as part of the Fair Funding Review.

Alternatives considered

1. RSG could continue, but MHCLG have committed to the Fair Funding Review and replacing generic grant funding with Retained Business Rates. The continuation of RSG is only likely in the case of a further single year settlement. At the current time, we are expecting a multi-year settlement from 2022/23 as per MHCLG's advice, so do not consider this option likely. If COVID delays the next Government Spending Review, then this alternative position becomes more likely.

Revenue Support Grant MTFP Scenarios					
	Financial Impact (£)				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**(90,295)**	**0**	**0**	**0**	**85%**
Alternative 1	(90,295)	(90,295)	0	0	15%

Rural Services Delivery Grant

Central Case – Rural Services Delivery Grant will continue in 2021/22 and then disappear, replaced by Retained Business Rates and backed by new funding formulae as part of the Fair Funding Review.

Alternatives considered

1. RSDG could continue, but MHCLG have committed to the Fair Funding Review and replacing generic grant funding with Retained Business Rates. The continuation of RSG is only likely in the case of a further single year settlement. At the current time, we are expecting a multi-year settlement from 2022/23 as per MHCLG's advice, so

do not consider this option likely. If COVID delays the next Government Spending Review, then this alternative position becomes more likely.

Rural Services Delivery Grant MTFP Scenarios					
	Financial Impact (£)				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**(507,661)**	**0**	**0**	**0**	**85%**
Alternative 1	(507,661)	(507,661)	0	0	15%

Retained Business Rates

Central Case – We are assuming there will be a full baseline reset in April 2022, and that each future baseline reset will be a partial one. Baseline resets act to redistribute above baseline growth, so high growth authorities (like District Councils) would do better from this system than one of full resets. The Government are keen to reward Councils for growing their rates base, so this seems a reasonable position to take.

We have used the 'spot' methodology for modelling baseline resets, and indexed rather than floating tariffs.

Alternatives considered

1. Floating tariffs could be used rather than indexed ones. This would return every authority back to baseline and generate a surplus across the Business Rates Retention Scheme. It is likely that this surplus would be redistributed back to the sector pro rata to Baseline Funding Level. This would effectively remove the financial incentive for authorities to grow their rates base and invest in their local economy, so we consider this an unlikely scenario.

2. Subsequent baseline resets could also be full resets rather than partial ones. This would cause some uncertainty around future funding levels, which is contrary to what MHCLG are trying to achieve. The sector have lobbied heavily against the implementation of full resets. For these reasons we think this scenario is unlikely.

The figures in this table represent payments projected from the damping mechanism and form part of the Business Rates Retention income on the General Fund Summary.

Retained Business Rates MTFP Scenarios					
	Financial Impact (£m)				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**0.000**	**(1.328)**	**(0.417)**	**0.007**	**80**
Alternative 1	0.000	(0.321)	0.018	0.019	10
Alternative 2	0.000	(1.328)	(0.417)	0.007	10

Fair Funding Implementation

Central Case – We are expecting that there will be a damping system in place from April 2022 and the introduction of the Fair Funding Review which will phase in changes to funding levels. Some individual authorities and types of authority more generally stand to lose a significant portion of funding from this review, and bringing in these changes abruptly could cause a structural funding problem for those Councils. When the system was last reset, a damping mechanism was in place (and still is), so we consider this to be a reasonable assumption.

Alternatives considered

1. MHCLG may wish to move to the new funding allocations, as they will be ‘fairer’, more quickly, and not damp changes to funding formulae.

The figures in this table represent payments projected from the damping mechanism and form part of the Business Rates Retention income on the General Fund Summary.

Fair Funding Review MTFP Scenarios					
	Financial Impact (£m)				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**0.000**	**(1.328)**	**(0.417)**	**0.007**	**90**
Alternative 1	0.000	0.000	0.000	0.000	10

Capital Strategy 2021-22

Summary:	This report sets out the Council's Capital Strategy for the year 2021-22. It sets out the Council's approach to the deployment of capital resources in meeting the Council's overall aims and objectives while providing the strategic framework for the effective management and monitoring of the capital programme.
Options Considered:	This report must be prepared to ensure the Council complies with the CIPFA Treasury Management and Prudential Codes.
Conclusions:	The Council is required to approve a Capital Strategy to demonstrate compliance with the Codes and establishes the strategic framework for the management of the capital programme.
Recommendations:	That Cabinet recommends to Full Council that; (a) The Capital Strategy and Prudential Indicators for 2021-22 are approved.
Reasons for Recommendation:	Approval by Council demonstrates compliance with the Codes and provides a framework within which to consider capital investment decisions.

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

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

1 Introduction

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

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

2 Capital Expenditure

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

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

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

2.2 All capital projects are considered and prioritised as part of the Council's overall budget process, with affordability in relation to the Medium Term Financial Strategy (MTFS) being a key issue. The revenue implications and funding of any approved bids are included within the Council's revenue budget forecasts to identify the resultant effects on future Council Tax levels.

2.3 The business case and options appraisal methodology is applied to all significant projects (those with a capital cost of over £50,000). The options appraisal should be undertaken by the relevant manager (project leader) initially.

2.4 The business case considers the full options appraisal as evidence to support the recommended option as required. The options analysis will cover elements such as risk, sensitivity and cost benefit analysis and will seek to identify the option that delivers maximum benefit at the lowest or most appropriate cost.

2.5 Projects that generate future income streams for the Council, for example industrial estates and other Commercialisation projects are also viewed positively within the evaluation process. The Asset Management Plan framework helps to identify these assets in order to ensure the revenue implications are again fully accounted for in the decision-making process for the disposal of assets.

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

3 Medium and Long Term Funding Strategy

3.1 There are a number of sources of funding available to the Council for capital schemes (capital grants/contributions, capital receipts, borrowing etc). Revenue funding is also available via a Revenue Contribution to Capital Outlay (RCCO), however it should be noted that the scope for using revenue resources for capital purposes is limited.

3.2 Funding from capital receipts is forecast for the next three years to ensure a level of internal resources is maintained and can support future projects. It should however be noted that these are only forecasts at the present time and anticipated balances at the end of the period are based on the current approved capital budget.

3.3 The current Capital Programme is funded from grants and contributions, capital receipts from the disposal of assets and from the Council's own reserves, internal and external borrowing. Whilst capital funding is available to invest in new assets or in improving existing assets, the impact on the revenue account due to the loss of investment income is always a key consideration.

3.4 The Council has access to short or long term borrowing if required to finance capital expenditure. Although business cases for new capital projects are modelled on the assumption that borrowing will be required (to reflect a 'worst case scenario' in terms of cost), the decision to borrow externally is ultimately a treasury one, and is made closer to the time when expenditure is actually incurred, taking into account available cash balances, the opportunity cost of investments, and the exposure to interest rate and credit risks.

3.5 Currently, the Council is expecting to borrow in future years to part fund the re-provision of Splash Leisure and Fitness Centre in Sheringham, and to provide waste collection vehicles for the new waste contract. Expenditure to date has been part funded through capital receipts, and part funded from internal borrowing. This borrowing may be externalised in the coming year due to the low interest rates.

3.6 It is a requirement of the new CIPFA code that the Council consider alternative means of financing if required. The Council is aware of the opportunities that may be realisable through a Private Finance Initiative (PFI). The Procurement Strategy includes guidance on appraising Private Public Partnerships in the context of service delivery, and emphasises that obtaining 'value for money' means choosing the optimum combination of whole life costs and benefits to meet the customer's requirements. This is not necessarily the lowest initial price option and requires an assessment of the ongoing revenue/resource implications as well as initial capital investment.

3.7 The Council recognises the importance of attracting ‘new money’ into the district and wherever possible supports match funding requests. When identifying and planning new schemes, the Council will try to maximise all external sources of finance without reducing the effectiveness of the scheme.

4 Asset Management and Commercial Activities

4.1 The Council has a diverse range of land and property held to meet its Corporate Objectives and values as outlined in the Council’s Corporate Plan. Land and property assets can play a key role in reducing Council budget deficits and generating both capital and revenue income. The Council can use its assets more effectively to meet tough financial targets both through reducing costs and generating income.

4.2 In the main the Council will adopt a “buy and hold” strategy for property investments. This is where the Council purchases an asset and lets it to generate revenue income, whilst retaining it for the long term. A long term investment is considered to be of 10 years and over. Whilst it cannot be guaranteed, in the long term a good overall rate of return is anticipated allowing for a cyclical property market.

4.3 In terms of development opportunities, the Council may seek to “buy and hold” assets for the medium term where it sees a strategic advantage of doing so, for example land assembly for town center regeneration or acquiring land to develop in a phased approach to minimise risk of oversupply and for cash flow purposes.

4.4 The Council may also seek to “buy and sell on” an asset in the short to medium term of between 1 – 5 years. For example, where there is opportunity to secure good terms or a low price enabling a surplus to be made from a sale or redevelopment.

4.5 Further information can be found in the Council’s Land and Property Acquisition Policy.

4.6 The Council seeks to achieve a spread of risk across a greater number of assets and by acquiring properties across the range of commercial property types, including: retail, leisure/tourism, office and industrial assets.

4.7 The Council has a small portfolio of commercial assets to rent within the district. These are identified within the Asset Management Plan as being held by the Council primarily for the purpose of generating income to support the Councils, revenue and capital budgets. Whilst generating income, returns and financial independence to support the delivery of services, there are a number of benefits to the Council, the community, tourist and business sector from the Council commercial portfolio including promoting strategic regeneration, increasing business rate and council tax income and supporting tourism.

4.8 Where assets are identified as being surplus to requirements and not achieving required financial or service delivery performance targets, they can be considered for disposal to provide useable capital receipts, which can then be redirected to achieve the Council's objectives. Further information can be found in the Council's Disposal Policy.

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

4.10 Asset management undertaken includes:

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

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

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

5 Debt Management and MRP Statement

5.1 Where a local authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as the Minimum Revenue Provision (MRP). There has been no statutory minimum amount to be applied since 2008, although the Local Government Act 2003 does require authorities to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision 2012, which is currently undergoing a revision, subject to consultation.

5.2 The Guidance requires that the Council approve an Annual MRP Statement in advance of each financial year, and identifies a number of options for calculation of a prudent provision for MRP. Whilst there are four alternative methods available for this calculation, only two apply to new borrowing under the Prudential system for which no Government support is being given, i.e. borrowing which is intended to be self-financed.

5.3 All Council decisions made in relation to capital expenditure will be reviewed on their own merits and the most equitable treatment will be introduced in respect of the financing of these schemes. For the purposes of existing schemes and those proposed for the coming financial years where borrowing has been assumed, the Council will be applying the Asset Life Basis (Option 3 under the DCLG Guidance). This allows MRP to be charged to the revenue account across the estimated life of the assets that are being funded, in accordance with the regulations.

5.4 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

5 Prudential Indicators

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

5.2 *Authorised Limit for External Debt*

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

Management policy statement and practices. The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Authorised limit for borrowing	28.400	28.400	28.400	28.4000
Authorised limit for other long-term liabilities	3.000	3.000	3.000	3.000
Authorised limit for external debt	31.400	31.400	31.400	31.400

5.3 *Operational Boundary for External Debt*

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

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Operational boundary for borrowing	23.530	23.530	23.530	23.530
Operational boundary for other long-term liabilities	2.000	2.000	2.000	2.000
Operational boundary for external debt	25.530	25.530	25.530	25.530

5.4 *Capital Expenditure*

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

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25
Estimated	12.219	6.215	0.686	0.300

Capital Expenditure				

5.5 *Capital Financing Requirement*

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

	2021/22 £m	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**
CFR	15.130	14.110	13.090	12.070
Less: Other Debt Liabilities	0.000	0.000	0.000	0.000
Estimated Capital Financing Requirement	15.130	14.110	13.090	12.070

5.6 *Proportion of Financing Costs to Net Revenue Stream*

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

	2021/22 £m	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**
Financing cost (net)	(0.860)	(0.975)	(0.984)	(1.080)

Net Revenue Stream	17.149	15.911	15.863	16.291
Ratio	-5.02%	-6.13%	-6.19%	-6.63%

6 Links to other Strategies and Plans

6.1 The Council has fully integrated its Capital Strategy as part of its strategic financial planning process and this policy influences both the production of the MTFS and the capital and revenue budget planning process. The Strategy is also linked to the other main asset related policies, namely the Asset Management Plan, the Land and Property Acquisition Policy, the Commercial Property Strategy, the Land and Property Disposals Policy.

6.2 The Treasury Management Strategy details the Council's treasury management arrangements to manage the Council's cash flow, including the anticipated use of reserves, so as to maximise income from investments and minimise interest payments on borrowing, whilst minimising the risk to the Council's assets. This strategy can influence the potential receipts available for funding capital and will also directly inform any borrowing decisions for capital purposes.

6.3 The Procurement Strategy seeks to ensure that Value for Money is achieved in all of the Council's procurement decision-making activities and systems. The guidance should be applied by all Officers in conjunction with the requirements incorporated within the Council's Contract Standing Orders and Financial Regulations and has great relevance to preparing capital bids.

6.4 The Capital Strategy is also aligned with the Risk Management Strategy, and managers are required to consider risk when completing the standard business case pro-forma.

7 Financial Implications and Risks - The financial implications and risks of any capital investment will be included as part of the budget process and business case preparation in relation to individual schemes and proposals coming forward.

8 Sustainability – None as a direct consequence of this report.

9 Equality and Diversity - None as a direct consequence of this report.

10 Section 17 Crime and Disorder considerations - None as a direct consequence of this report.

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North Norfolk District Council Investment Strategy 2021/22

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

Cabinet Member(s) Cllr E Seward	Ward(s) affected: All
Contact Officer, telephone number and email: Lucy Hume, 01263 516246	

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

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

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

- Local Homes for Local Need

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

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

Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £34.8m and £46.2m during the 2021/22 financial year.

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

Further details: Full details of the Authority's policies and its plan for 2021/22 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

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

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

Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2020 actual			2021/22
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Housing associations	2.896	0.003	2.893	£10m
TOTAL	**2.896**	**0.003**	**2.893**	**£10m**

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

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

Service Investments: Shares

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

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

	31.3.2020 actual	2021/22

Category of company	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Subsidiaries	Nil	Nil	Nil	£5m
Suppliers	Nil	Nil	Nil	£5m
Local businesses	Nil	Nil	Nil	£5m
TOTAL	**Nil**	**Nil**	**Nil**	**£15m**

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

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

Non-specified Investments: Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Commercial Investments: Property

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

Table 3: Property held for investment purposes in £ millions

Property	Actual	31.3.2020 actual	31.3.2021 expected

	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
Grove Lane Depot		0.014	0.391	-	0.391
Fair Meadow House	0.582	(0.076)	0.441	-	0.441
TOTAL	**0.582**	**(0.062)**	**0.832**	**-**	**0.832**

Security: In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2020/21 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

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

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority maintains a balanced portfolio of investments, with short term investments allowing for faster liquidation should it be required.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness.

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

Proportionality

The Authority plans to become dependent on profit generating investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, the Authority will in the short term use available reserve balances to meet the shortfall, while a full review of service provision is undertaken.

Table 4: Proportionality of Investments

	2019/20 Actual	2020/21 Forecast	2021/22 Budget	2022/23 Budget	2023/24 Budget
Gross service expenditure	67.249	61.260	61.473	62.139	62.293
Investment income	1.295	1.372	1.015	1.120	1.120
Proportion	1.93%	2.24%	1.65%	1.80%	1.80%

Borrowing in Advance of Need

Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority has chosen to follow this guidance.

Capacity, Skills and Culture

Elected members and statutory officers: Members and Statutory officers attend regular training on Treasury Investment principles and have access to informed officers who are required to keep up with CPD requirements by their professional bodies. The individual business cases allow Members to assess individual assessments in the context of the strategic objectives and risk profile of the local authority; and enable them to understand how these decisions have changed the overall risk exposure of the local authority.

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

Corporate governance: Budgets for investment purchases are agreed by Full Council in line with corporate objectives. A £2m property investment fund was agreed in February 2018, after being subject to scrutiny by Members. Business Cases will either come forward to Cabinet (if not time sensitive) or an Asset Management Working Party, which is a cross-party subsection of the Overview and Scrutiny Committee. Treasury Investments are subject to governance checks through the agreement of the Treasury Strategy for the year, as well as half-yearly updates.

Investment Indicators

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 5: Total investment exposure in £millions

Total investment exposure	**31.03.2020 Actual**	**31.03.2021 Forecast**	**31.03.2022 Forecast**
Treasury management investment	43.888	68.469	36.894
Service investments: Loans	2.827	2.692	2.423
Commercial investments: Property	0.832	0.832	0.832
TOTAL INVESTMENTS	47.547	71.993	40.149
Commitments to lend	0.00	0.00	0.00
Guarantees issued on loans	0.00	0.00	0.00
TOTAL EXPOSURE	**48.768**	**45.712**	**43.581**

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing.

The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing in £millions

Investments funded by borrowing	31.03.2020 Actual	31.03.2021 Forecast	31.03.2022 Forecast
Treasury management investments	Nil	Nil	Nil
Service investments: Loans	Nil	Nil	Nil
Commercial investments: Property	Nil	Nil	Nil
TOTAL FUNDED BY BORROWING	Nil	Nil	Nil

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

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

Investments net rate of return	2019/20 Actual	2020/21 Forecast	2021/22 Forecast
Treasury management investments	2.97%	1.97%	2.62%
Service investments: Loans	3.8%	3.8%	3.8%
Commercial investments: Property	3.72%	2.82%	5.12%

Table 8: Other investment indicators

Indicator	2019/20 Actual	2020/21 Forecast	2021/22 Forecast
Debt to net service expenditure ratio	Nil	Nil	Nil
Net Commercial income to net service expenditure ratio	0.16%	0.13%	0.24%

Treasury Management Strategy Statement 2021/22

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

External Context

Economic background: The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit outlook: After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

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

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 2.38%, and that new long-term loans will be borrowed at an average rate of 1.24%.

Local Context

On 31st December 2020, the Authority held £39.8m of treasury investments. This is set out in further detail at ***Appendix B***. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.20 Actual £m	31.3.21 Estimate £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
General Fund CFR	2.143	10.971	13.957	12.943	11.929
Less: External borrowing *	0	0	(12.010)	(11.265)	(10.520)
Internal borrowing	**2.143**	**10.971**	**1.947**	**1.678**	**1.408**
Less: Usable reserves	-23.455	-16.840	-15.922	-15.269	-14.981
Less: Working capital	-15.410	-15.410	-15.410	-15.410	-15.410
Treasury investments	**36.722**	**21.279**	**29.385**	**29.000**	**28.983**

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

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.

The Authority is currently debt free although its capital expenditure plans do currently imply a need to borrow over the forecast period. Investments are forecast to fall as capital receipts are used to finance capital expenditure.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2021/22.

Borrowing Strategy

The Authority currently has no borrowing, due to increased cash inflows associated with COVID related central government payments. This is a decrease of £7.5 million on the previous year, where short term loans were held as part of its strategy for funding temporary funding temporary shortfalls in cash flow. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £12.010m in 2021/22 to support the capital programme. The Authority may also borrow additional sums to pre-fund future capital years' requirements, providing this does not exceed the authorised limit for borrowing.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Norfolk Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

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

Treasury Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £32.4 and £107.2 million; the upper range extraordinarily high due to the COVID payments received from central government for local business grants. Investment balances levels are expected to return to prior year levels with an upper range level *circa* £40 million, but is unpredictable due to the continuing COVID situation.

Objectives: The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates: The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2021/22. A dwindling proportion of the Authority's surplus cash remains invested in short-term unsecured bank deposits, and money market funds. This diversification will represent a continuation of the current strategy.

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

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

Table 2: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£6m	Unlimited
Secured investments	25 years	£6m	Unlimited
Banks (unsecured)	5 years	£2m	£5m
Building societies (unsecured)	5 years	£2m	£5m
Registered providers (unsecured)	20 years	£2m	£10m
Money market funds	n/a	£6m	£20m
Strategic pooled funds	n/a	£6m	Unlimited
Real estate investment trusts	n/a	£6m	£10m
Other investments	20 years	£2m	£5m

This table must be read in conjunction with the notes below

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

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

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

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

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

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

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

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts: The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2 million per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: The Authority has revenue reserves available to cover investment losses. In order that only an acceptable level of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £6 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 3: Additional investment limits

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

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

Treasury Management Indicators

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

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

Credit risk indicator	**Target**
Portfolio average credit score	6.0

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

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

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

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£600,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	£600,000

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

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

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

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than a year: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£50m	£50m	£50m

Related Matters

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

Financial derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

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

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

Financial Implications

The budget for investment income in 2021/22 is £1.0 million, based on an average investment portfolio of £39.4 million at an interest rate of 2.6%. The budget for debt interest paid in 2021/22 is £0.2 million, based on an average debt portfolio of £13.5 million at an average interest rate of 1.15%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

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

Other Options Considered

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

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

Appendix A – Arlingclose Economic & Interest Rate Forecast – December 2020

Underlying assumptions:

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.

- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.

- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.

- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.

- Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.

- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.

- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out, especially with likely emergency action in response to a no-deal Brexit.

- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.

- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period ends.

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Official Bank Rate													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month money market r													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
1yr money market rate													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
5yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
10yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
20yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
50yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

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

Appendix B – Existing Investment & Debt Portfolio Position at 31/12/2020

	Actual Portfolio £m	Average Rate %
Total gross external debt	**n/a**	**n/a**
Treasury investments:		
Money Market Funds	32.000	0.10%
Pooled funds	7.820	3.09%
Total treasury investments	**39.820**	**1.88%**
Net debt	**39.820**	

North Norfolk Council Tax Hardship Policy (Covid-19)

Executive Summary

The policy outlines the Council's approach to the recent initiatives by Central Government to assist taxpayers who are suffering financial hardship due to the onset of the Coronavirus (Covid-19).

Recommendations

To recommend to Council:

1. To approve the Council Tax Hardship Policy (Appendix 1) which will support the administration of the hardship fund.
2. That delegation is given to the Benefits Manager to make any technical scheme amendments to ensure that it meets to criteria set by central government.
3. To delegate any amendments as to funding distribution following any further funding committed by Government, to the Section 151 Officer and in consultation with the Portfolio Holder for Finance and the Portfolio Holder for Benefits.

Cabinet Member: Cllr G Hayman

Contact Officer: Trudi Grant/Benefits Manager

1. Introduction

1.1. Central Government have provided funds to the council under S31 of the Local Government Act 2003 with the proviso that all monies are paid strictly in accordance with S13A(1)(c) of the Local Government Finance Act 1992 and in line with their guidance issued on 25th March 2020.

1.2. The funds named by Central Government as the 'Council Tax Hardship Fund' are designed to meet the immediate needs of all taxpayers who are currently claiming Council Tax Reduction (CTR) under S13A (1) (a) of the Local Government Finance Act 1992. The funds are primarily designed to assist working age applicants with payment of their Council Tax.

1.3. This is particularly important given that working age applications are likely to be most affected by the crisis.

1.4. It is essentially down to individual authorities to determine how to use the funds. However, Central Government through the Ministry of Housing, Communities and Local Government (MHCLG) state that in order to retain the funding, Councils must look to use monies as directed by them.

1.5. North Norfolk District Council received £723,834 under the fund.

2. The Covid-19 Council Tax Hardship Scheme

2.1. The Government's strong expectation is that billing authorities will provide all working age recipients of local council tax reduction during the financial year 2020-21 with a further reduction in their annual council tax bill of £150, using our discretionary powers to reduce the liability of council tax payers outside of our formal Council Tax Support scheme.

2.2. Where a tax payer's liability for 2020-21 is, after any Council Tax Reduction has been applied, less than £150, then their liability would be reduced to nil.

2.3. Where a tax payer's liability for 2020-21 is nil, no reduction to the council tax bill will be available.

2.4. We have currently awarded 4490 Council Tax payers with a payment under the fund.

2.5. We have currently spent 70% of the fund (£510,679).

2.6. All new working age recipients of Council Tax Support will be automatically assessed for eligibility to a payment under the fund, up to and including 31st March 2021.

2.7. Where a working age recipient has a change in their circumstances, their existing eligibility to a payment under the fund will be recalculated and either the award reduced or increased, up to £150.

3. Corporate Plan Objectives

3.1. Covid-19 (Coronavirus) has affected day to day life and is slowing down the economy. The pandemic has affected thousands of people through sickness, loss of loved ones, and loss of jobs.

3.2. The hardship fund is designed to assist residents who have been affected by the pandemic, and to help ease their financial burden.

4. Medium Term Financial Strategy

4.1. Councils will have seen a significant reduction to their Council Tax collection rates, leaving a shortfall to income streams. The fund will help councils move closer to their collection targets and help plug the gap in council's budgets.

5. Financial and resource implications

5.1. In order to administer the scheme through the Council Tax Support claim using Open Revenues, the Benefits Service has purchased additional software through Civica costing £12,800.00. This has been resourced from Benefits Service budgets. There has not been any additional funding from MHCLG to reimburse councils for these associated costs.

5.2. Resources for the roll out of this scheme have come from within the Benefits Service and the Systems Administration team. Any additional working hours to complete the system upgrades and updates to existing working age Council Tax Support claims, outside of normal working hours has been resourced from the Benefits Service budgets.

6. Legal implications

6.1. Central Government have provided funds to the council under S31 of the Local Government Act 2003 with this proviso that all monies are paid strictly in accordance with S13A(1)(c) of the Local Government Finance Act 1992 and in line with their guidance issued on 25th March 2020.

7. Communications issues

7.1. Communications have been placed on the Council web pages and with Council Tax bills, at the time payments under the fund are administered.

7.2. Internal stakeholders including Council Tax, Heads of Service, Service Managers, and Customer Services, have been updated with the intentions of the scheme and the progress.

7.3. A virtual presentation of the schemes intentions and our progress has been delivered to members.

8. Risks

8.1. There will be some system downtime when updating claims in bulk, which may affect service delivery. This has been kept to a minimum to date.

8.2. Reliance on specific people for key roles in the bulk administration of the fund and testing of the software. For resilience, we have two Benefits Managers and two members of the Systems Administration team, who are able to carry out upgrades to the system and bulk updates to claims.

8.3. We must be prompt when sending communications to our customers to prevent avoidable contact.

8.4. We must do as the guidance from the MHCLG directs, otherwise the council's reputation will be at risk.

9. Conclusions and Recommendations

9.1. The Strategic Management Team is recommended to endorse the process and policies that have been put in place to administer the Council Tax Hardship Scheme as directed by the Ministry of Housing, Communities and Local Government (MHCLG).

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North Norfolk District Council

Council Tax Hardship Fund

COVID-19

Contents

1.0 Introduction

1.1 The following policy outlines the Council's approach to the recent initiatives by Central Government to assist taxpayers who are suffering financial hardship due to the onset of the Corona virus (Covid-19).

1.2 Central Government have provided funds to the Council under S31 of the Local Government Act 2003 with the proviso that all monies are paid strictly in accordance with S13A (1) (c) of the Local Government Finance Act 1992 and in line their guidance issued on 25th March 2020.

1.3 The funds named by Central Government as the 'Council Tax Hardship Fund' are designed to meet the immediate needs of all taxpayers who are currently claiming Council Tax Reduction (CTR) under S13 A (1) (a) of the Local Government Finance Act 1992. The funds are primarily designed to assist working age applicants with payment of their Council Tax.

1.4 This is particularly important given that working age applications are likely to be most affected by this crisis.

1.5 It is essentially down to individual authorities to determine how to use the funds however, Central Government through the Ministry of Housing, Communities and Local Government (MHCLG) state that, in order to retain the funding, Councils must look to use monies as directed by them.

2.0 Legislation

2.1 The relevant legislation (S13 of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012), states the following:

Reductions by billing authority

(1) The amount of council tax which a person is liable to pay in respect of any chargeable dwelling and any day …....:

(a) in the case of a dwelling situated in the area of a billing authority in England, is to be reduced to the extent, if any, required by the authority's council tax reduction scheme;

(b) Not applicable…

(c) in any case, may be reduced to such extent (or, if the amount has been reduced under paragraph (a) or (b), such further extent) as the billing authority for the area in which the dwelling is situated thinks fit.

2.2 The provisions stated in (c) above, allow the Council to reduce the Council Tax liability for any taxpayer in addition to any application for Council Tax Reduction under the Council's scheme. This is a general power that has always been available to the Council.

2.3 In relation to the 'Council Tax Hardship Fund', MHCLG have stated that Councils will use the powers given under that Act.

3.0 Finance

3.1 Any amounts granted under S13A (1) (c) are normally financed through the Council's general fund and do not form part of the collection fund. Central Government has provided funding directly to the Council to compensate for this and it expects the Council, wherever possible, to use all of the funds provided.

3.2 Any additional assistance, outside of the funding, would fall to be paid by the Council itself

4.0 The Covid-19 Council Tax Hardship Scheme

4.1 The scheme guidance issued by MHCLG states the following:

(a) The Government's strong expectation is that billing authorities will provide all recipients of working age local council tax reduction during the financial year 2020-21 with a further reduction in their annual council tax bill of £150, using their discretionary powers to reduce the liability of council taxpayers outside of their formal scheme design;

(b) Where a taxpayer's liability for 2020-21 is, following the application of council tax reduction, less than £150, then their liability would be reduced to nil;

(c) Where a taxpayer's liability for 2020-21 is nil, no reduction to the council tax bill will be available;

(d) There should be no need for any recipient of council tax reduction to make a separate claim for a reduction under this scheme. The billing authority should assess who is eligible for support from the hardship fund and automatically rebill those council taxpayers;

(e) Whether or not a taxpayer has been affected by COVID-19, directly or indirectly, should not be taken into account in assessing eligibility for this reduction;

(f) The Government recognises that existing support mechanisms vary locally, including CTR schemes, discretionary council tax discount/hardship schemes and local welfare schemes;

(g) Having allocated grant to reduce the council tax bill of working age CTR recipients by a further £150, billing authorities should establish their own local approach to using any remaining grant to assist those in need. Billing authorities will want to revisit their broader approach at intervals during the financial year, in order to ensure expenditure for 2020-21 remains within their allocation;

(h) In determining any broader approach to delivering support, authorities are best placed to reflect on the financial needs of their most vulnerable residents. In doing so, they may wish to consider using their remaining grant allocation as part of wider local support mechanisms. These may include, but are not restricted to:

(i) Council tax relief using existing discretionary discount/hardship policies (adapted where necessary in order to capture those most likely to be affected by COVID-19); and
(ii) Additional support outside the council tax system through Local Welfare or similar schemes;
(iii) A higher level of council tax reduction for those working age CTR recipients whose annual liability exceeds £150; and

(i) The Government is keen to ensure that support is provided as quickly as possible to individuals who are eligible. It therefore considers that there is a strong case for councils to provide the support up front to enable the maximum benefit to be delivered promptly. However, the Government recognises that in some cases, authorities may consider that the most effective assistance could be profiled across the year.

5.0 The Council's Policy in respect of the Council Tax Covid-19 Hardship Scheme

5.1 The Council is keen to support all taxpayers within the area and, as such, will implement the scheme in accordance with Central Government guidelines by taking the following actions:

(a) **An amount of up to £150 will be credited to the Council Tax account of all working age applicants who are in receipt of Council Tax Reduction on 1st April 2020** (it should be noted that where any residual liability of any taxpayer is less than £150, then an amount will be granted to ensure that the liability is reduced to zero (There will be no requirement for any taxpayer to apply for this initial award and it shall be automatically applied to their account);
(b) Where the taxpayer is not entitled to Council Tax Reduction on 1st April 2020 but becomes entitled during the 2020/21 period, an amount of up to £150 will be credited to their account in line with (a) above; and
(c) Should any funds be available after applying (a) and (b), any residual amounts may be allocated to assisting Council Tax Reduction applicants who:
    (i) Have experienced a reduction in support due to Central Government changes to Tax Credits during the crisis period; and /or
    (ii) Have experienced exceptional hardship during the crisis.

6.0 Delegated Powers

6.1 The scheme for Council Tax Hardship – Covid19 fund has been approved by the Council. However, the Benefits Manager is authorised to make technical scheme amendments to ensure it meets the criteria set by Central Government.

7.0 Notification

7.1 Taxpayers will be notified of the decision to apply any reduction as soon as possible after it has been made and any award will be by means of a discount being applied to the relevant Council Tax account.

8.0 Review of Decisions

8.1 Notwithstanding any reductions applied automatically to the Council Tax account, where any application is refused, the applicant will be notified that they can ask for the decision to be reviewed. Any request for a review must be made, in writing or by email, within one calendar month of the decision letter.

8.2 The Council having reviewed the case, shall respond within two months and will have regard to any further evidence supplied.

8.3 If the applicant is dissatisfied with the outcome of the review, they can, within two months of the Council's reply, appeal to the independent Valuation Tribunal Service to consider their case.

DRAFT COMMUNICATIONS DELIVERY PLAN 2021

Summary:	This draft communications delivery plan follows a review of the previous strategy which was last updated in 2017. Its main aims are to improve the reach and relevance of the Council's external and internal communications through its digital and other platforms - and to ensure the Council's interaction with external media is handled effectively.
Options considered:	Not implementing the proposals outlined in this paper. This would however ensure continued slow/minimal audience growth for the Council's communication channels and therefore less effective reach for its messaging.
Conclusions:	The Council is well-placed to substantially enhance its external communications reach and effectiveness by adopting a range of strategic recommendations made in the report. Reviewing current internal communications delivery and also graphic design provision would also be beneficial, as outlined in the paper.
Recommendations:	**To approve the draft communications delivery plan.**

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

Contact Officer, telephone number and email:

Joe Ferrari
Communications and PR Manager
01603 516040
Joe.ferrari@north-norfolk.gov.uk

1. Introduction

1.1 - Why we are here

- Enhance and protect the reputation of North Norfolk District Council
- Maximise the Council's ability to communicate effectively with the people of North Norfolk
- Promote and support the key objectives and achievements of the Council
- Maintain good professional working relationships with all key external media stakeholders
- Support officers and members in all Communications-related work
- Assist with communication of key corporate news to officers and members

1.2 – Key strategic objectives for next 12 months:

1) Build audience on NNDC-owned channels
2) Re-launch/reinvigorate Corporate Plan, its objectives and our delivery against those objectives
3) Establish appropriate balance between external and internal Communications
4) Answer all external media enquiries promptly, professionally and within deadlines where possible/practical
5) Build and improve relationships with key external media stakeholders who regularly cover the Council's activities
6) Improve coverage of regular/key Council meetings
7) Ensure our communications effectively support the Council's efforts to reassure, inform and protect residents and businesses during the on-going COVID crisis
8) Re-evaluate existing graphic design resourcing model

2. **Main body of report**

2.1 Build Audience

NNDC currently promotes its externally-facing news and messages through a combination of providing our own content on NNDC-owned channels and promotion to key media stakeholders.

These 'traditional' external media still remain an important source of disseminating news about our council due to their larger audiences. Although sales figures for local newspapers have seen a decline in recent years, they do enjoy healthy digital audiences through their websites and social media presences.

While sharing news with these external media stakeholders reaches a large audience and must therefore still a priority for the communications team on behalf of the Council, it is also important to robustly present the Council's own news and views to as large an audience as possible via our own content-containing channels.

The larger the audiences we command on our website and social media channels, the greater our 'reach' will be, ensuring our messages reach as many of the local residents as possible.

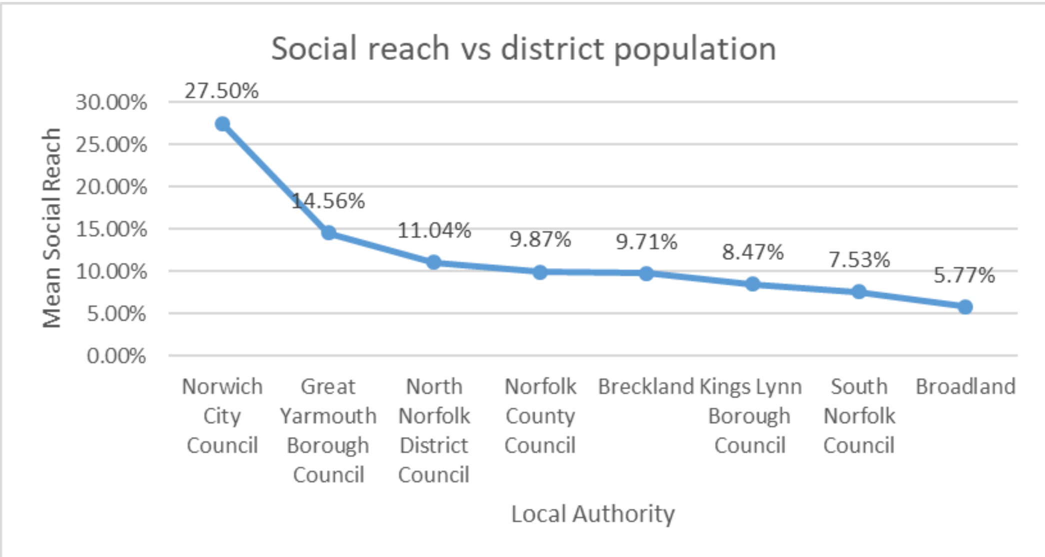
Due to the sometimes formal nature of local authority content and the fact that typically social channels are followed by a younger and more urbanised demographic, building large social audiences can be challenging for an organisation like North Norfolk District Council.

To counter this, it is vital to:

- Produce regular content, multiple times daily
- Significantly increase the use of video content
- Create engaging content, encouraging interaction wherever appropriate

In addition to our website, we are currently producing content on three main social channels, namely Twitter, Facebook and Instagram.

With some sharp growth noted in the last eight months, our figures compare favourably to other Norfolk local authorities in terms of 'reach', as the following indicative figures illustrate:



It is vital we continue to build this local penetration/reach by providing quality, bespoke and pro-active content about the Council on these channels. By building our base digital audiences and by providing more engaging content to increase interactivity, we will significantly improve the Council's ability to communicate with a larger percentage of the District's population on a regular basis.

This in turn requires cultural internal understanding and acceptance that the labour-intensive work of producing and managing this content is a key priority for the communications team.

Proposed actions:

It is essential that we bend our efforts towards building the audiences on our digital channels, to ensure we reach many more of our residents and that our presentation of the Council's activities achieves more prominence in their understanding of our work.

To do this we need to:

- Strive to promote more engaging content on a daily basis – optimum four pieces of content on each social channel a day, two per day on the wesbite and at least one weekly 'bespoke' feature highlighting the work of members and/or staff
- Improve the 'turnaround' of content internally so news appears as contemporaneously as possible
- Robustly increase video production to support key stories through investing in equipment and training
- Employ less formal and 'stuffy' language and tone in social posts wherever appropriate and encourage interactivity through online polls, 'what do you think?' messaging, Q&As, competitions etc.
- Challenge and change the existing internal culture of using our social channels as a factual 'noticeboard'
- Encourage all staff and members to follow our social platforms
- Vigorously promote our social channels on the website and similarly, use the social channels to push traffic to our website. Especially to support the Customer Service delivery plan of encouraging people to engage with the Council digitally where possible and appropriate.
- Use paid-for social promotion to boost audience for key posts in the public interest, eg around COVID
- Aim to increase base audiences by end of 2021 to the following:
  Twitter: 10,000
  Facebook: 6,000
  Instagram: 4,000

Timescale: Immediate/On-going

2.2 Re-launch/reinvigorate Corporate Plan

The Council has a progressive, impactful Corporate Plan for the period covering 2019-2023. Effective public delivery of a finalised version of this plan on the website has been hampered by the understandable focus on responding to COVID since around March 2020.

While COVID remains of course a serious priority for the Council, it is important to reassure residents the 'normal' work of the Council also continues where possible and appropriate.

Work on the online PDF Corporate Plan brochure is nearing completion and this should be available to share publicly by January 21. This provides an opportunity to editorially revisit some of the core components of the Corporate Plan and produce some positive communications around our work in these areas – for example with progress on the tree-planting, or a video feature around people using the Electric Vehicle Charging Points installed in our district.

Proposed actions:

- Finalise work to complete the Corporate Plan brochure to enable us to present it digitally as a PDF page-turner and in print form where appropriate
- Use the launch of this finalised version as an opportunity to re-launch the Plan itself and its far-reaching aims and objectives, with engaging content including interviews with the Leader, portfolio holders responsible for delivery on each objective, key officers if appropriate
- Regularly update on progress against objectives, clearly referencing the Corporate Plan and linking back to the full Plan where appropriate

Timescale: January onwards

2.3 Establish appropriate balance between external and internal communications

In many instances this arguably can be described as an 'inward-looking' Council, sometimes appearing as focussed on communicating to colleagues as it is on the critical priority of improving the reach and relevance of the content we present to our residents and council-tax payers.

As part of its commitment to improving internal communications, the Council has in previous years invested into the development of an extremely comprehensive intranet service for its staff and members.

Due to the extensive nature of the intranet offering, with many sections of updatable content, and due to a previous cultural emphasis on internal communications, the not unreasonable expectation amongst those staff that do use it is that it will be frequently updated. In practice this provides a challenge in terms of available resource.

The Council's main news is all robustly presented multiple times a day by the communications team on our social channels and the website and therefore does not need to be re-packaged for staff on to the intranet, using an entirely different content management system. They should instead be prompted by the clear and permanent buttons in the news section on the intranet to visit our externally-facing channels regularly to keep up to speed with our main news.

The intranet is, however, an appropriate space for key internally-facing corporate news, such as the recent organisational restructure, or COVID-prompted changes to NNDC working practices for example, and the Communications team should certainly continue to help facilitate this material appearing there.

The extensive well-being information for staff offered on the intranet could perhaps be provided and updated by the Human Resources department or by other departments and working groups as relevant under their direction.

The intranet overall currently falls between departments, with at times a shortage of clearly-defined and allocated resource to produce the work deemed necessary to populate it appropriately.

Proposed actions:

- Conduct a review of the current internal communications offerings, potentially involving Communications, HR and any other key internal stakeholders to establish an appropriate way forward. This review to include not just the intranet but also the current delivery of team briefings provided by the relevant team/departmental leaders. Consider an anonymous Survey Monkey poll of officers and members regarding the intranet
- Consider the re-establishment of 'departmental champions' to provide and upload staff-facing content about their teams on to the intranet, after review and sub-editing by the Communications team.
- Establish a holistic Council view as to what an appropriate level and methodology of communicating with staff is and establish what resource is necessary to provide this.

Timescale: January 2021

2.4 External media enquiries

This is a critical objective as though some external media stakeholders are experiencing traditional audience decline, they remain a vital way of sharing messages with the local population. Increasingly the local media includes a deadline in its requests for information or comment from the Council and though sometimes these can be demanding depending on the subject matter and the level of detail in response required, we should strive to meet them wherever possible and practical.

To do this the communications team needs to pick up and pass on media requests as promptly as possible and immediately respond to the journalists to acknowledge receipt – and the colleagues then approached for assistance in responding to these requests by the communications team need to also promptly assist in constructing the appropriate responses in a timely fashion.

It is also vital as an organisation that all media requests which come into the Council via other routes (e.g. direct requests to members or officers) are 'funnelled' to the media team. This enables us as an organisation to have a clear overview of requests we receive, compile monitoring data illustrating external media interest in the Council and ensure an appropriate and co-ordinated response.

We should investigate the provision of training to key officers and members who are likely to be involved in broadcast media interviews, with some simple advice and key pointers as to how to deliver these interviews effectively.

Finally, the Communications team should 'ramp up' its support of members and officers whose work is likely to be impacted by a media enquiry. The team should commit to brief members and officers where practical and possible about any relevant media enquiries or pending Council statement that is likely to affect their ward, portfolio or area of the Council's corporate activities.

Proposed actions:

- Review all current mechanisms for contacting the NNDC Communications team and re-share with all key external media and internally
- Remind all colleagues to pass on any external media enquiries they receive to the Communications team in the first instance, rather than attempting to answer them straight away themselves
- Ensure all media queries receive a prompt acknowledgement
- Strive to meet external media deadlines wherever possible and practical
- Improve support for members and officers with advanced warning of media enquiries/Council statements which will affect their area
- Investigate provision of training for members and officers likely to be involved in broadcast media interviews

- Create and maintain a record of all external media contacts which come into the Council
- Review, update and re-share the Council's media protocols, subject to approval by the relevant constitutional committee.

Timescale: Immediate/On-going

2.5 Build relationships with local media stakeholders

The Council and its key media-facing figures will always benefit from a productive relationship with media organisations whose journalists regularly cover the Council's news and activities. Due to resourcing changes over the years at key external media stakeholding organisations, the previous practice of having the same reporters regularly interacting face-to-face with the Council is no longer always the norm.

Requests for interviews/comment usually come in via email rather than telephone, often with a list of questions and a tight deadline for response.

This development has been further exacerbated by COVID discouraging face-to-face interactions and means building productive relationships can be challenging as the current newsgathering process is quite remote and detached.

By meeting with key editors and/or journalists in a 'pens down' setting, we can aim to constructively review and where practical and possible improve our day-to-day interaction with local media stakeholders.

The solution:

- Invite key local editors/reporters to an informal 'pens down' meeting at the Council, COVID regulations permitting, where we can exchange views with them about how we can improve the ways we interact.
- Aim to establish regular points of contact at each of the main local media organisations.

Timescale: January/when COVID regulations permit

2.6 Improve coverage of key council meetings

Due perhaps to limited resource in its recent history, the Communications team has not circulated as much content around matters dealt with/discussed in Full Council or its other key meetings as it might.

Although full reporting on meetings presents some resource challenges, this should be reviewed – particularly in light of the current public broadcast of these meetings due to COVID.

Proposed actions:

- Including benchmarking with the coverage of their meetings by other local authority communications teams, review the feasibility of covering our key meetings on our channels. Even a summary interview with the leader, CEO or relevant portfolio holder covering off the key points after a meeting would be an improvement.
- Aim to have reports of key stories from meetings published on the next working day wherever possible and practical.

Timescale: Immediate/On-going

2.7 Delivery of communications during the on-going COVID crisis

Broadly speaking our content delivery about COVID has been comprehensive, with key messages around public safety and financial/practical support available to residents and businesses delivered promptly. This is despite occasional challenges in contemporaneously obtaining full clarity around regular changes to guidelines and regulations etc.

However, as we are in another critical phase in the fight against the virus it remains vital that we continue to prioritise regular, reassuring and effective communication about COVID matters via our channels and the key external media.

Proposed actions:

- Continue to stay close to the Norfolk Resilience Forum communications group for sharing of appropriate central messaging and engaging digital assets
- Continue to encourage colleagues to approach with any COVID-related content which will assist the work of their departments in this area
- Continue to source or create regular video content at appropriate points during the on-going crisis

Timescale: Immediate/On-going

2.8 Re-evaluate the existing Graphic Design model

The Council currently out-sources most of its graphic design work to various agencies, having dispensed with in-house graphic design resources in 2019.

As a result, the Council is spending money with external graphic design agencies and, due to using more than one agency, sometimes loses consistency around the design work produced on its behalf.

Proposed actions:

Work up a job specification for an internal graphic designer post at appropriate salary grade (subject to internal review). This would provide us with an in-house resource offering better accessibility to departments seeking design support and consistency of design across the Council's output, without increasing our spend in this area.

Timescale: Recruit January/February 2021

3. Implications and Risks

The risk of adopting this delivery plan is minimal. Any changes to the content and tone of the Council's editorial output need to be managed responsibly and collaboratively to ensure there is no additional reputational risk.

4. Financial Implications and Risks

i) Video content

The delivery plan pre-supposes continued focus on and investment in improving video editorial output. This brings with it on-going requirement for investment in equipment and training for communications staff, but this is amply covered under the existing 2020-21 budget provision for the department.

ii) In-house graphic design provision

The recruitment of an in-house graphic designer, if approved and subject to the relevant discussion on grading, will necessitate expenditure on the requisite salary and overheads to finance the creation of a new position. However this is offset against existing council expenditure on external graphic design costs and also existing headroom in the Communications staffing budget, such that the creation of a new post would not require additional resources from the Council's existing budget.

5. Sustainability

The delivery plan calls for more robust editorial coverage and support of the Council's 2019-23 Corporate Plan, which includes a strong commitment to improved sustainability and environmental responsibility. In general the paper pre-supposes the Communications team will at all times robustly support the Council's policies and endeavours regarding sustainability.

6. Equality and Diversity

The delivery plan pre-supposes the Communications team will at all times robustly support the Council’s policies and endeavours regarding equality and diversity.

7. Section 17 Crime and Disorder considerations

None.

Appendix 1

The Code of Recommended Practice on Local Authority Publicity in England (2011)

As a public sector organisation the Council has a duty to follow the Code of Recommended Practice on Local Authority Publicity in England (2011). This revised code applies to all unitary, county and district councils in England and Wales.

The Code sets out the principles for publicity by local authorities, namely that publicity should:

- Be lawful
- Be cost effective
- Be objective
- Be even-handed
- Be appropriate
- Have regard to equality and diversity
- Be issued with care during periods of heightened sensitivity

In addition to our legal duty outlined above the Council will follow the principles of best practice, namely:

- Truthfulness
- Openness
- Transparency

https://www.gov.uk/government/publications/recommended-code-of-practice-for-local-authority-publicity

North Norfolk District Council Communications Delivery Plan 2021

Joe Ferrari
Communications & PR Manager
December 2020

Why we are here:

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- Maximise the Council’s ability to communicate effectively with the people of North Norfolk
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Key strategic objectives for next 12 months:

1) Build audience on NNDC-owned channels
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8) Re-evaluate existing graphic design resourcing model

1) Build audience

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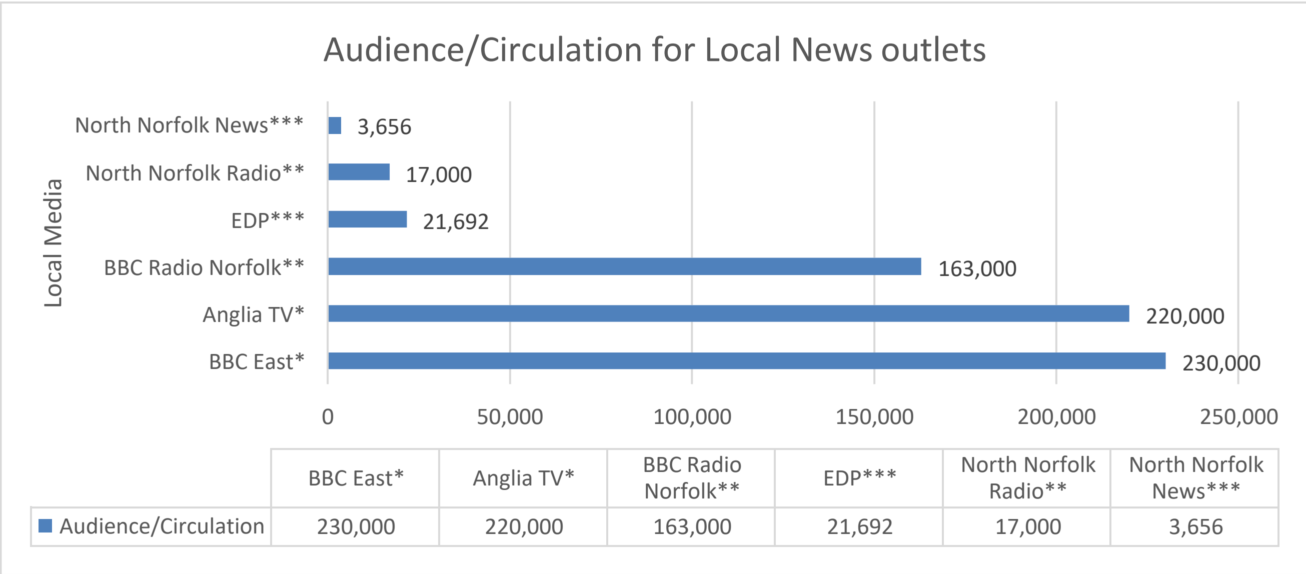

*OFCOM
**RAJAR Q1 2020
***ABC JAN-JUNE 2020

These 'traditional' external media still remain an important source of disseminating news about our council due to their larger audiences, although sales figures for local newspapers have seen a sharp decline in recent years - a trend which will continue due to the unstoppable rise of digital and social media.

All of these media outlets command much larger audiences when you add in their digital media audience on websites and social media, it is worth noting.

While sharing news with these external media stakeholders reaches a large audience and must therefore still a priority for the communications team on behalf of the Council, it is important to robustly present the Council's own news and views to as large an audience as possible via our own content-containing channels.

The larger the audiences we command on our website and social media channels, the greater our 'reach' will be, ensuring our messages reach as many of the local residents as possible.

Due to the sometimes formal nature of local authority content and the fact that typically social channels are followed by a younger and more urbanised demographic, building large social audiences can be challenging for an organisation like North Norfolk District Council.
To counter this, it is vital to:

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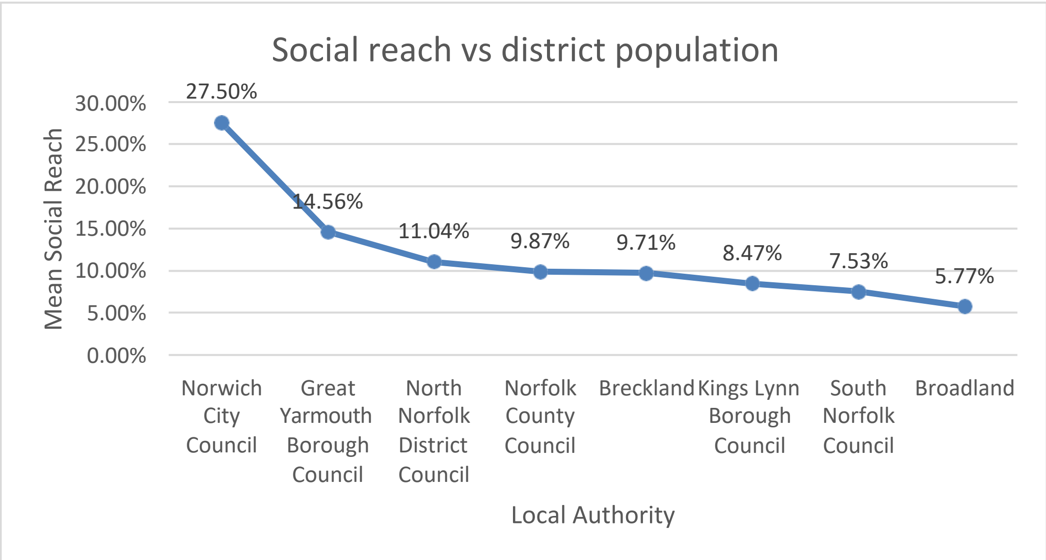

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- Encourage all staff and members to follow our social platforms and to engage with them positively and appropriately
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Timescale: Immediate/On-going

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The Council has a progressive, impactful Corporate Plan for the period covering 2019-2023. Effective public delivery of a finalised version of this plan on the website has been seriously hampered by the understandable focus on responding to COVID since around March 2020.

While COVID remains of course a serious priority for the Council, it is important to reassure residents the ‘normal’ work of the Council also continues where possible and appropriate.

Work on the online PDF Corporate Plan brochure is nearing completion and this should be available to share publicly by the end of December. This provides an opportunity to editorially revisit some of the core components of the Corporate Plan and produce some positive communications around our work in these areas – for example with progress on the tree-planting, or a video feature around people using the Electric Vehicle Charging Points installed in our district.

Proposed actions:

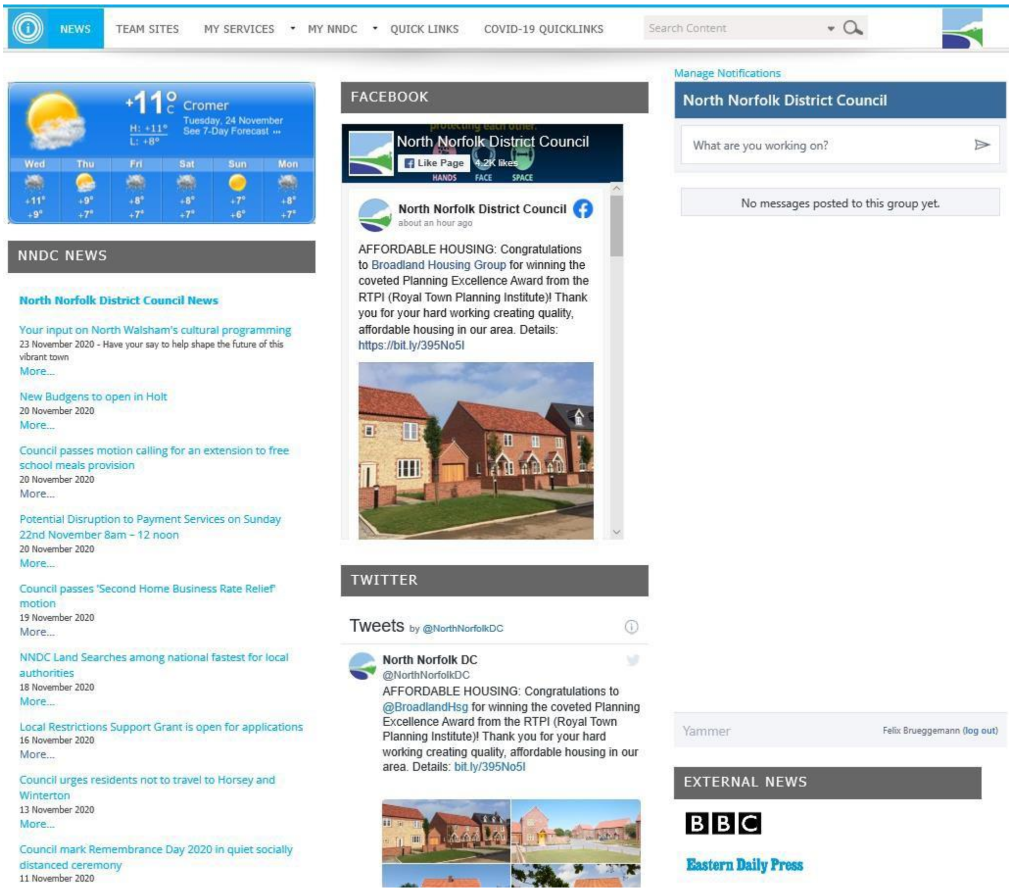
- Finalise work to complete the Corporate Plan brochure to enable us to present it digitally as a PDF page-turner and in print form where appropriate
- Use the launch of this finalised version as an opportunity to re-launch the Plan itself and its far-reaching aims and objectives, with engaging content including interviews with the Leader, portfolio holders responsible for delivery on each objective, key officers if appropriate
- Regularly update on progress against objectives, clearly referencing the Corporate Plan and linking back to the full Plan where appropriate

Timescale: January onwards

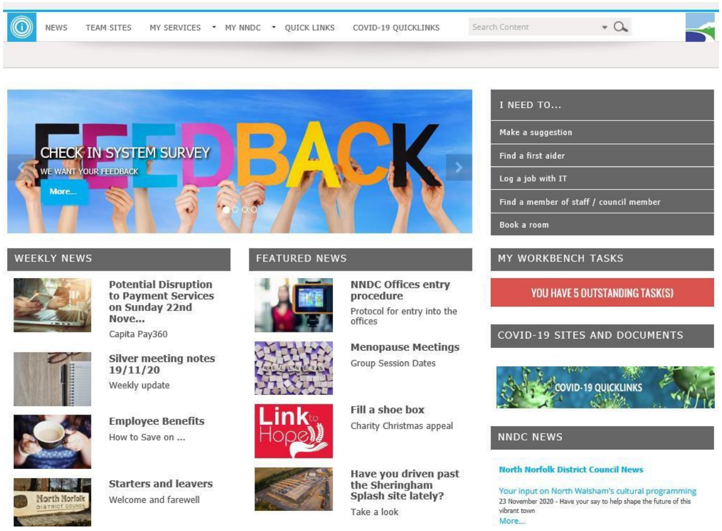
3) Establish appropriate balance between external and internal communications

As part of its commitment to improving internal communications, the Council has in previous years invested significant time and money into the development of an extremely comprehensive intranet service for its staff and members.

The Council's main news is all robustly presented multiple times a day by the communications team on our social channels and the website and therefore does not need to be re-packaged for staff on to the intranet, using an entirely different content management system. They should instead be prompted by the clear and permanent buttons in the news section on the intranet to visit our externally-facing channels regularly to keep up to speed with our main news.



The intranet is, however, an appropriate space for key internally-facing corporate news, such as the recent organisational restructure, or COVID-prompted changes to NNDC working practices for example, and the Communications team should certainly continue to help facilitate this material appearing there.



The extensive well-being information for staff offered on the intranet could perhaps be provided and updated by the Human Resources department or by other departments and working groups as relevant under their direction.

The intranet overall currently falls between departments, with at times a shortage of clearly-defined and allocated resource to produce the work deemed necessary to populate it appropriately. Use of the service is circumstantially sporadic, with informal feedback from councillors and officers often being that they don't use it regularly and are often unaware of its content.

Proposed actions:

- Conduct a review of the current internal communications offerings, potentially involving Communications, HR and any other key internal stakeholders to establish an appropriate way forward. This review to include not just the intranet but also the current delivery of team briefings provided by the relevant team/departmental leaders.
- Consider an anonymous Survey Monkey poll of officers and members regarding the intranet
- Consider the re-establishment of 'departmental champions' to provide and upload staff-facing content about their teams on to the intranet, after review and sub-editing by the Communications team.
- Establish a holistic Council view as to what an appropriate level and methodology of communicating with staff is and establish what resource is necessary to provide this.

Timescale: January 2021

4) Answer all external media enquiries promptly, professionally and within deadlines where possible/practical

This is a critical objective as though some external media stakeholders are experiencing audience decline, they remain a vital way of sharing messages with the local population. Increasingly the local media includes a deadline in its requests for information or comment from the Council and though sometimes these can be demanding depending on the subject matter and the response required, we should strive to meet them wherever possible and practical.

To do this the communications team needs to pick up and pass on media requests as promptly as possible and immediately respond to the journalists to acknowledge receipt – and the colleagues then approached for assistance in responding to these requests by the communications team need to also promptly assist in constructing the appropriate responses in a timely fashion.

It is also vital as an organisation that all media requests which come into the Council via other routes (e.g. direct requests to members or officers) are ‘funnelled’ to the media team. This enables us as an organisation to have a clear overview of requests we receive, compile monitoring data illustrating external media interest in the Council and ensure an appropriate and co-ordinated response.

We should investigate the provision of training to key officers and members who are likely to be involved in broadcast media interviews, with some simple advice and key pointers as to how to deliver these interviews effectively.

Finally the Communications team should ‘ramp up’ its support of members and officers whose work is likely to be impacted by a media enquiry. The team should commit to brief members and officers where practical and possible about any relevant media enquiries or pending Council statement that is likely to affect their ward, portfolio or area of the Council’s corporate activities.

However, in order to avoid further complicating an already at times cumbersome editorial production process, such advance notice should be with a final, unamendable draft approved where appropriate by the Chief Executive and the Leader of the Council. Further communications support can then be offered through the provision of advice and counsel to those affected.

Proposed actions:

- Review all current mechanisms for contacting the NNDC Comms team and re-share with all key external media and internally
- Remind all colleagues to pass on any external media enquiries they receive to the Comms team in the first instance, rather than attempting to answer them straight away themselves
- Ensure all media queries receive a prompt acknowledgement
- Strive to meet external media deadlines wherever possible and practical
- Improve support for members and officers with advanced warning of media enquiries/Council statements which will affect their area
- Investigate provision of training for members and officers likely to be involved in broadcast media interviews
- Create and maintain a record of all external media contacts which come into the Council
- Review, update and re-share the Council's media protocols

Timescale: Immediate/On-going

5) Build and improve relationships with key external media stakeholders who regularly cover the Council's activities

The Council and its key media-facing figures will always benefit from a productive relationship with media organisations whose journalists regularly cover the Council's news and activities. Due to resourcing changes over the years at key external media stakeholding organisations, the previous practice of having the same reporters regularly interacting face-to-face with the Council is no longer the norm.

Requests for interviews/comment usually come in via email rather than telephone, often with a list of questions and a tight deadline for response.

This development has been further exacerbated by COVID discouraging face-to-face interactions and means building productive relationships can be challenging as the current newsgathering process can, at times, be quite remote and detached.

By meeting with key editors and/or journalists in a 'pens down' setting, we can aim to build a slightly more positive working relationship to our mutual benefit.

The solution:

- Invite key local editors/reporters to an informal 'pens down' meeting at the Council, COVID regulations permitting, where we can exchange views with them about how we can improve the ways we interact.
- Aim to establish regular points of contact at each of the main local media organisations.

Timescale: January/when COVID regulations permit

6) Improve coverage of regular/key Council meetings

Due perhaps to limited resource in its recent history, the Communications team has not circulated as much content around matters dealt with/discussed in Full Council or its other key meetings as it might.

Although full reporting on meetings presents some resource challenges, this should be reviewed – particularly in light of the current public broadcast of these meetings due to COVID.

Proposed actions:

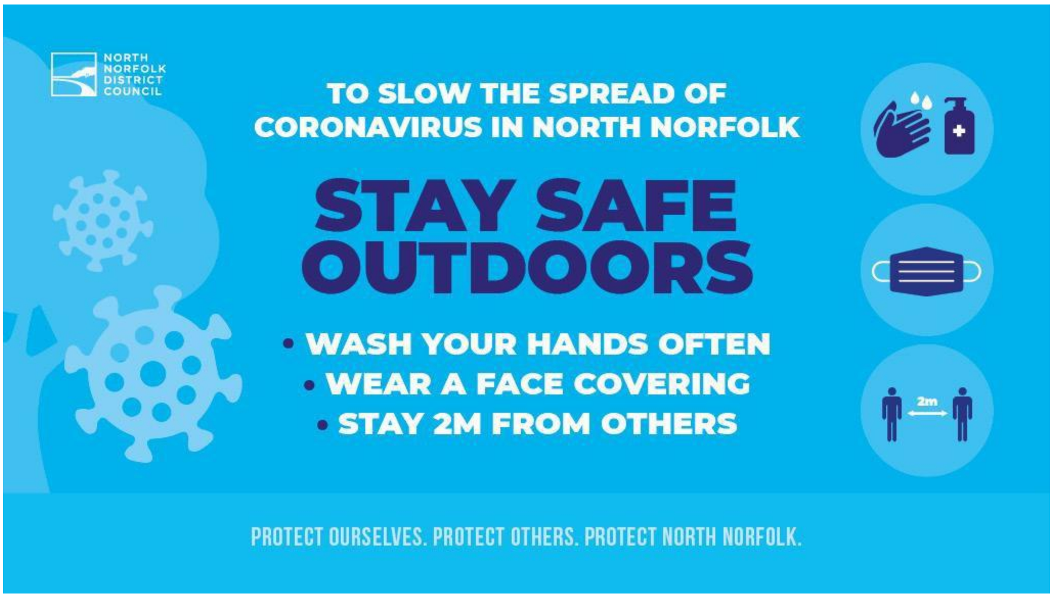
- Including benchmarking with the coverage of their meetings by other local authority communications teams, review the feasibility of covering our key meetings on our channels. Even a summary interview with the leader, CEO or relevant portfolio holder covering off the key points after a meeting would be an improvement.
- Aim to have reports of key stories from meetings published on the next working day wherever possible and practical.

Timescale: Immediate/On-going

7) Ensure our communications effectively support the Council's efforts to reassure, inform and protect residents and businesses during the on-going COVID crisis

Broadly speaking our content delivery about COVID has been comprehensive, with key messages around public safety and financial/practical support available to residents and businesses delivered promptly. This is despite occasional challenges in obtaining full clarity around changes to guidelines and regulations etc. from central Government.

However, as we are in another critical phase in the fight against the virus it remains vital that we continue to prioritise regular, reassuring and effective communication about COVID matters via our channels and the key external media.



Proposed actions:

- Continue to stay close to the Norfolk Resilience Forum communications group for sharing of appropriate central messaging and engaging digital assets
- Continue to encourage colleagues to approach us with any COVID-related content which will assist the work of their departments in this area
- Continue to source or create regular video content at appropriate points during the on-going crisis

Timescale: Immediate/On-going

8) Re-evaluate existing Graphic Design resourcing model

The Council currently out-sources most of its graphic design work to various agencies, having dispensed with in-house graphic design resources in 2019.

As a result, the Council is spending money with external graphic design agencies and, due to using more than one agency, sometimes loses consistency around the design work produced on its behalf.

In addition, for smaller, more immediate graphic design work, such as signage required for toilet closures, COVID information etc., due to the lack of a defined internal resource this is currently coming to a member of the Communications team, diverting them from the core objectives of content production and audience-build.

Proposed actions:

Work up a job specification for an internal graphic designer post at c£25k a year. This would provide us with an in-house resource offering better accessibility to departments seeking design support and consistency of design without increasing our spend in this area.

Timescale: Recruit February

Providing Mortgage Loan Funding for Homes for Wells

Summary:	The Council has as a Corporate objective the aim of exploring the possibility of a Council loan scheme to registered providers (RPs) to help secure the delivery of affordable homes in the district. Homes for Wells, a community-led housing group and RP needs assistance to deliver four affordable homes in Wells. This provides an opportunity for the Council to trial a loan scheme and at the same time help secure additional affordable housing in the district.
Options considered:	1. Do not provide a loan for Homes for Wells. Without a loan Homes for Wells will be able to purchase two properties only. 2. Provide additional grant funding. This is not necessary, Homes for Wells can afford a loan and a loan generates a return for the Council.
Conclusions:	The proposed purchase of four Flagship properties by Homes for Wells presents an opportunity for the Council to support the delivery of affordable housing and to deliver on a Corporate objective of providing loan finance to assist affordable housing delivery.
Recommendations:	Cabinet support the proposal to offer mortgage loan finance for Homes for Wells to allow Homes for Wells to purchase of four homes to let to key workers in Wells.
Reasons for Recommendations:	To provide authority for the Council to provide mortgage loan finance of £192,675 to Homes for Wells.

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)

Community Housing Fund Feb 2017 Community Housing Fund Update Oct 2017

Cabinet Member(s)	Ward(s) affected
Councillor Greg Hayman	Wells with Holkham

Contact Officer, telephone number and email:
Contact Officer: Graham Connolly, Housing Strategy & Delivery Manager, Tel: 01263 516282, email graham.connolly@north-noroflk.gov.uk

REPORT FOR CABINET – Providing Mortgage Loan Funding for Homes for Wells

1 Introduction

1.1 Homes for Wells is a community-led housing group which provides housing at affordable rents for key workers in Wells and the nearby parishes.

1.2 Homes for Wells has an option to buy four homes in Wells from Victory Housing Trust/Flagship. Homes for Wells can afford to buy two properties using donations, reserves and a grant from the Council's Community Housing Fund (CHF). Homes for Wells will require mortgage finance from the Council in addition to CHF grant to purchase the remaining two homes.

1.3 Mortgage loan finance fits the overarching corporate objective of supporting housing delivery and meets the more specific aim of exploring the possibility of providing loan finance to support housing associations to deliver more homes.

1.4 If approved, the Council intend to use internal borrowing to fund the loan. (There is also an option of borrowing from the PWLB if needed). This is subject to ensuring the onward loan is secure and financially viable for the council. In addition the Council has to ensure the loan does not constitute state aid. Our due diligence shows that a loan to Homes for Wells is secure and will not constitute state aid.

1.5 This report considers a loan specifically for Homes for Wells. If approved the Council could consider similar loans to other RPs and Community-led housing groups in the future. The larger RPs such as Flagship, Broadland Housing Group and Clarion have secure sources of loan finance and are unlikely to need assistance from the Council. However, the smaller Community-led groups may require loan finance in the future.

2 Options

2.1 Do not provide Mortgage Loan Finance

Homes for Wells cannot afford to buy all four homes without mortgage loan finance. With support from the Community Housing Fund Homes for Wells is able to buy two homes without loan finance from the Council. In consequence the loan, if agreed, will provide two additional affordable homes.

2.2 Provide Additional Grant to Homes for Wells instead of a Loan

Homes for Wells has not asked for additional grant and the Homes for Wells Business Plan expects that part of their rent income will be used to make capital and interest payments on borrowing. Providing additional grant is therefore unnecessary and would not be the best use of limited Community Housing Fund monies.

3 Background to Homes for Wells Proposed Purchase of Four Homes

3.1 This section of the report provides background information:

- Local housing need in Wells and how Homes for Wells helps meet this housing need.
- How the Council uses CHF monies to grant fund community-led housing groups and so help deliver affordable homes in the district.
- Explains why Homes for Wells will require loan finance in addition to CHF.
- Considers the rationale for funding the purchase of properties currently owned by Flagship/VHT.

Local Housing Need

3.2 Homes for Wells operates its own waiting list which gives priority to key workers. The Homes for Wells website provides more information on eligibility which covers a very wide range of jobs essential to the local community including NHS staff, people working in local schools and local fishermen. https://homesforwells.com/how-to-apply#fd923e5e-17e1-4f08-aa4a-e81f1bddeaef

3.3 Homes for Wells has provided information about how they would allocate the properties they buy to people on their waiting list. See appendix 1 for details.

3.4 As at 1st December 2020 there are 147 households on the Council's housing list who have a local connection to Wells and the adjoining parishes through current residence, former residence, work and/or close family. Most of these households (124) need one and two-bed homes of the type Homes for Wells propose to buy.

3.5 It is likely that some of the households housed by homes for Wells are also on the Council's housing list.

Community Housing Fund (CHF)

3.6 In 2016/17 the Council received £2,436,942 Community Housing Fund monies from the Government. The Council split this into revenue expenditure (£569,715) and capital expenditure (£1,867,227).

3.7 The Council uses the capital expenditure budget to help grant fund community-led housing groups to deliver affordable homes. The Chief Executive and Portfolio Holder have delegated authority to approve grant applications.

Homes for Wells Loan and CHF Grant Application

3.8 A Community Housing Fund (CHF) grant of £157,125 was approved on the 24 September 2020 to assist Homes for Wells in the purchase of four properties in Wells-next-the-Sea (3, 3a, 4 and 4a Northfield Waye).

3.9 Unfortunately Homes for Wells are unable to raise mortgage finance from their usual funding source and have not been able to find a suitable alternative.

3.10 Council officers have discussed with Homes for Wells the possibility of providing mortgage loan finance. In response Homes for Wells have resubmitted their application for grant funding in two parts. Homes for Wells request CHF grant funding for the first application. Homes for Wells seek both CHF grant funding and mortgage loan finance for the second application.

1. The first application will cover the purchase of 3 and 3a Northfield Waye at a cost of £263,250 and will require grant funding of £78,975. Homes for Wells will fund the balance of the cost from donations and reserves.
2. The second application will cover the purchase of 2a and 7a Northfield Waye at a cost of £275,250. Homes for Wells seek grant funding of £82,575 and mortgage loan finance of £192,675.

Northfield Waye

3.11 Victory Housing Trust/Flagship has seven flats in Northfield Waye which it wishes to sell. Homes for Wells hopes to purchase four flats 2a, 3, 3a and 7a. In addition a local charity, Wells United Charities (WUC), may purchase flats 4 and 4a and let them through Homes for Wells. WUC will let 4 and 4a through Homes for Wells at affordable rents and they will be available to house key workers. WUC want to purchase a freehold block and so Homes for Wells has substituted 2a and 7a for 4 and 4a in their current funding application.

3.12 There is understandably some concern about using CHF money to fund the purchase of properties which are already in public ownership. Flagship recycle capital receipts to provide other affordable housing. Flagship has a large development programme in the district which we project will deliver 70 new homes in the district this year including six new homes in Wells. In consequence helping to fund these purchases helps to both retain existing affordable housing and fund new affordable housing in the district.

4 Corporate Plan Objectives

4.1 In the Corporate Delivery Plan - Local Homes for Local Need - there is an overarching objective to facilitate new housing, ‘There is a significant local need for housing across the district. Enabling and facilitating new housing of the right type, quality and affordability will therefore, be a key priority for the Council and, working with a variety of partners, we will explore all available avenues to increase the supply of quality, affordable housing to address this need’.

4.2 More specifically the Corporate Delivery plan (Objective 5.2) says, ‘Investigate ways to support and assist affordable housing providers, including the potential for a Council loan scheme for Registered Providers to facilitate a supply of affordable homes for our communities, whilst supporting the Council’s financial sustainability.’

5 Financial and resource implications

5.1 The amount of money requested to be loaned to Homes for Wells will be funded from internal borrowing. This usually creates a charge to the taxpayer which is called Minimum Revenue Provision (MRP). However, we can use the principle repayment of the loan to off-set against this charge so there is no bottom line impact.

5.2 The current proposed interest rate is 3%. Our current average rate of return over the whole of the Council’s investment portfolio is 2.35% which compares favourably with this figure. As this interest rate is higher than the current average investment rate, the income generated will be more than the opportunity cost of capital, resulting in an overall benefit to the Council.

6 Sustainability

6.1 Financial Sustainability - Officers in the Council’s finance team have looked at the Homes for Wells business model, accounts and other background information. Officers conclude that the proposed loan is sustainable for Homes for Wells and that a loan to Homes for Wells secured on the four properties will be secure.

6.2 Investment Sustainability – Homes for Wells allow for a programme of improvement works to bring the properties us to good condition prior to letting. Thereafter Homes for Wells will carry out reactive and planned maintenance as required to keep homes in good condition.

7 Legal implications

7.1 To avoid any state aid implications, an interest rate which is comparable to market rates will be selected.

7.2 The loan will be backed by a formal loan agreement which will be agreed with Eastlaw.

7.3 The Local Government Act 1988 s24 (1) gives local authorities power to provide financial assistance for privately let (i.e. not local authority) housing accommodation.

8 Communications issues

8.1 If Homes for Wells proceeds with their purchase with loan funding from the Council there will be an opportunity for news stories which will demonstrate the Council’s commitment to deliver Local Homes for Local Need.

8.2 Separately, the Council will want to promote the possibility of the potential for loan funding with RPs and specifically with smaller Community-led groups.

9 Risks

9.1 The risks are predominantly financial risks; credit risk (the risk of the counterparty being unable to repay the loan) and risk that interest rates rise, making this a less attractive investment. A due diligence process has been carried out on Homes for Wells by the Council's finance team, which suggests that the counterparty is at a relatively low risk of default. As further mitigation, the loan will be covered by collateral in the form of property.

9.2 Interest rates are forecast to remain low in the long term, which means this loan is unlikely to represent a poor investment.

10 Equality and Diversity

10.1 Assisting Homes for Wells to provide additional affordable housing will help provide equality of opportunity for those housed – a home which is affordable and meets the housing needs of the household occupying the home.

11 Section 17 of the Crime and Disorder Act

11.1 The Council will not increase the risk of crime and disorder by making a mortgage loan to Homes for Wells.

12 Conclusions and Recommendations

12.1 The proposed purchase of four Flagship properties by Homes for Wells presents an opportunity for the Council to support the delivery of affordable housing and to deliver on a Corporate objective of providing loan finance to assist affordable housing delivery.

Recommendations:

12.2 Cabinet support the proposal to offer mortgage loan finance of £192,675 to Homes for Wells to allow Homes for Wells to purchase of four homes to let to key workers in Wells.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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