

Cabinet



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25th May 2017

A meeting of the **Cabinet** of North Norfolk District Council will be held in the Council Chamber at the Council Offices, Holt Road, Cromer on **Monday 05 June 2017 at 10.00am**

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

Members of the public who wish to ask a question or speak on an agenda item are requested to arrive at least 15 minutes before the start of the meeting. It will not always be possible to accommodate requests after that time. This is to allow time for the Committee Chair to rearrange the order of items on the agenda for the convenience of members of the public. Further information on the procedure for public speaking can be obtained from Democratic Services, Tel: 01263 516010, Email: democraticservices@north-norfolk.gov.uk

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

Emma Denny
Democratic Services Manager

To: Mrs S Arnold, Mrs A Claussen-Reynolds, Mr N Dixon, Mr T FitzPatrick, Mr J Lee, Mrs J Oliver, Mr W Northam, Miss B Palmer, Mr R Price, Ms M Prior

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

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

1. TO RECEIVE APOLOGIES FOR ABSENCE

2. MINUTES

(page 12)

To approve, as a correct record, the minutes of the meeting of the Cabinet held on 08 May 2017.

3. PUBLIC QUESTIONS

To receive questions 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. CONSIDERATION OF ANY MATTER REFERRED TO THE CABINET BY THE OVERVIEW AND SCRUTINY COMMITTEE OR COUNCIL FOR RECONSIDERATION

To consider matters referred to the Cabinet (whether by the Overview and Scrutiny Committee or by the Council) for reconsideration by the Cabinet in accordance with the provisions within the Overview and Scrutiny Procedure Rules or the Budget and Policy Framework Procedure Rules.

8. CONSIDERATION OF REPORTS FROM THE OVERVIEW AND SCRUTINY COMMITTEE

To consider any reports from the Overview and Scrutiny Committee, which may be presented by the Chairman of the Overview and Scrutiny Committee, and determination of any appropriate course of action on the issues so raised for report back to that committee

9. RECOMMENDATIONS FROM THE COUNCIL TAX SUPPORT WORKING PARTY

At the meeting of the Council Tax Support Working Party held on 10th May 2017, the following recommendations were made:

That the Council Tax Support scheme for North Norfolk remains unchanged for 2018/19

10. 2016/17 OUTTURN REPORT (PERIOD 12 BUDGET MONITORING REPORT)

(page 17)

(Appendix A – p.34) (Appendix B – p.35) (Appendix C – p.59) (Appendix D – p.61)
(Appendix E – p.64) (Appendix F – p.70)

Summary: This report presents the provisional outturn position for the 2016/17 financial year and shows a General Fund surplus of just over £173,000 with a further transfer from the Collection Fund in relation to Business Rates of £498,000, giving a final overall underspend on the revenue account of just over £671,000. It also provides an update in relation to the Council's capital programme. Details are included within the report of the more significant year-end variances compared to the current budget for 2016/17. The report also makes recommendations for contributions to Earmarked Reserves and the General Reserve as applicable for future spending commitments. An update to the current capital programme is also included.

Options considered: The report provides a final budget monitoring position for the 2016/17 financial year. Whilst there are options available for earmarking the underspend in the year, the report makes recommendations that provide funding for ongoing commitments and future projects.

Conclusions: The outturn position on the revenue account as at 31 March 2017 shows an underspend. The final position allows for a number of underspends to be rolled forward within Earmarked Reserves to fund ongoing and identified commitments for which no budget has been allocated in 2017/18. The position as reported will be used to inform the production of the statutory accounts which will then be subject to audit by the Council's external auditors Ernst and Young (EY).

Recommendations: **Members are asked to consider the report and recommend the following to Full Council:**

**Council
Decision**

a) The provisional outturn position for the general fund revenue account for 2016/17;

b) The transfers to and from reserves as detailed within the report (and appendix C) along with the corresponding updates to the 2017/18 budget;

c) Transfer part of the surplus of £300,000 to the Organisational Development Reserve to support the development of the apprenticeship scheme with the balance of £371,399 being transferred to the Asset Management Reserve;

d) The financing of the 2016/17 capital programme as detailed within the report and at Appendix D;

e) The balance on the General Reserve of £2.332 million;

f) The updated capital programme for 2017/18 to 2020/21 and the associated financing of the schemes as outlined within the report and detailed at Appendix E.

Reasons for Recommendations: To approve the outturn position on the revenue and capital accounts for 2016/17 that will be used to produce the statutory accounts for 2016/17.

Cabinet member(s): Cllr W Northam
Ward member(s): All
Contact Officer: Duncan Ellis
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11. TREASURY MANAGEMENT ANNUAL REPORT 2016/17 (page 74)

Summary: This report sets out the Treasury Management activities actually undertaken during 2016/17 compared with the Treasury Management Strategy for the year.

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

Conclusions: Treasury activities for the year have been carried out in accordance with the CIPFA Code and the Council's Treasury Strategy.

Council Decision

Recommendations: That the Council be asked to RESOLVE that The Treasury Management Annual Report and Prudential Indicators for 2016/17 are approved.

Reasons for Recommendation: Approval by Council demonstrates compliance with the Codes.

Cabinet member(s): Cllr W Northam
Ward member(s): All
Contact Officer: Lucy Hume
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12. DEBT RECOVERY 2016/17 (page 83)
(Appendix 1 – p. 89) (Appendix 2 – p. 94)

Summary: This is an annual report detailing the council's collection performance and debt management arrangements for 2016/17
The report includes a:

Council Decision

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

Recommendations: To approve the annual report giving details of the Council's write-offs in accordance with the Council's Debt Write-Off Policy and performance in relation to revenues collection.

Cabinet member(s): Wyndham Northam
All All
Contact Officer, Sean Knight
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13. PROCUREMENT OF WASTE AND RELATED SERVICES CONTRACT (page 97)
(Appendix A – p.108) (Appendix B – p.109)

Summary: Within the next two years, the Council's Waste and Related Services contract with Kier is due to end. This represents a significant corporate risk, but also offers a significant opportunity to look at new, potentially more effective methods of delivering the key frontline services on which residents depend. This report examines options for the procurement of the contracted services and recommends that approval is given to commence the tendering process for a new contract in partnership with one or more partner authorities.

Options considered:

- Do not extend the existing contract or retender the contract, but deliver the services in-house.
- Extend the current contract with Kier Services for up to a further 8 years.
- Procure a new contract individually.
- Procure a new contract in partnership with other authorities in Norfolk.

Conclusions: Officers have considered a range of options around the future provision of waste and related services activities following the end of the current contract in March 2019.

Cabinet Decision

External consultants were engaged to advise on the current value for money of the current contract and assess the likely financial impact of retendering the contract, either as an individual authority, or in combination with one or more of the other Councils in Norfolk. This process has shown that procuring a joint contract in partnership with Broadland District Council, would be likely to provide better outcomes than the other options considered for future service delivery.

Since the conclusion of the Ghost Bid, possibilities to include other authorities in the joint contract procurement have been shown to exist and officers believe that these options should be explored as part of the procurement process.

The proposals in this report are intended as a prudent and considered response to the challenges set out, namely the pending expiry of existing contracts, the requirement to achieve a smooth introduction of the waste contract and the need to achieve value for money.

From our previous experience of procuring a combined contract, it is expected that the procurement process will take

approximately 12-15 months with a further 4-6 months to allow a contractor to 'mobilise' the new contract. It is therefore essential that the Council moves forward now, to enable the procurement to progress with the appropriate levels of governance, as illustrated in the table in Appendix A.

With appropriate levels of external consultancy support in order to provide expertise that does not exist within the Council, the contract will be procured in time to commence in April 2019.

- Recommendations:**
- 1. That Cabinet authorise the Corporate Director and Head of Paid Service (NB) to commence a formal procurement process for a new Waste and Related Services Contract.**
 - 2. That, in order to deliver the best procurement outcomes in terms of value and quality, this process goes forward in partnership with Broadland District Council, with the options for two other Councils to be included, subject the relevant authorities also agreeing to joint working.**
 - 3. That Cabinet approves the release of £80,000 from the General Reserve to fund the necessary external professional support for the procurement process.**
 - 4. That a joint Member and Senior Officer Board is appointed to oversee the procurement process as outlined in Appendix B.**

Reasons for Recommendations: Household and commercial waste and recycling collections along with street cleaning are statutory responsibilities for the Council and as such, measures must be taken to ensure that these services continue to operate uninterrupted, beyond the expiry of the current contract.

The assessment of the likely outcome of a procurement process, especially if done in conjunction with partner authorities, suggests that the Council is able to make financial savings when compared to the current contract.

External support will be required for this process, for which a budget has not been allocated.

A Project Board will provide additional effective governance to the contract procurement process.

Ward member(s) All
Contact Officer Scott Martin
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14. LEISURE CONTRACT PROCUREMENT AND OPTIONS FOR THE SPLASH LEISURE FACILITY (page 111)

Summary: This report is brought to confirm progress towards a replacement for the Splash Leisure Centre in Sheringham and to inform future action around the Council's Leisure

Services Contract.

The Council is now at the point where it needs to needs to formalise procurement of a new leisure centre on the Splash site, as well as a new contract for the management of our three leisure facilities, with the current contract ending on 31 March 2019.

Options for future management of the Council's three leisure centres are examined, with the most likely best option being an outsourced private contract. However, overlaid on this, is the need to provide the replacement for the Splash Leisure Centre, which is nearing the end of its useful life.

The high level financial issues around re-providing a leisure centre on the Splash site are considered. The work completed to date indicates that, with additional supporting development of the Splash site and adjoining land, the new facility could be provided with a relatively small increase in the Council's revenue budget.

Because of the obvious inter-relationship between the Leisure Services Contract and a new leisure centre, the report recommends that the Council immediately moves forward with the initial stages of procuring the Leisure Services Contract. In parallel, the report recommends that we also move forward with the property related work to provide the business case for redevelopment of the Splash Leisure Centre, which will come back to Cabinet later in 2017.

Conclusions:

**Cabinet
Decision**

The Council is now at a point where it needs to decide on what approach to take regarding its current leisure contract and the long term future of the Splash facility in Sheringham.

There are a range of options available as to the contractual mechanism the Council decides to use to manage its leisure facilities, and a number of potential options for a future leisure facility on the Splash site.

Initial discussions show that, as long as the Council takes a commercial view of the property implications and opportunities which exist for the site, it should be possible to provide a new wet facility in Sheringham, at little additional cost to the existing revenue budget.

However, it should be clearly understood that, as well taking this commercial view, it will be essential for the Council to also agree commercial terms for supporting development, both on its own, and on neighbouring land.

In order to provide the best procurement of a future Leisure Services Contract and a future leisure facility on the Splash site, external professional support is required so that the project can move forward.

- Recommendations:**
- 1. That delegated authority is given to the Corporate Director and Head of Paid Service (NB) to:**
 - a) commence procurement of the Leisure Services Contract to run from April 2019; this to include appointment of external procurement and leisure consultancy support.**
 - b) enter into formal property negotiations, including if necessary, a Joint Venture Company or similar vehicle, for the purpose of providing the necessary supporting and enabling development for a new leisure centre on the Splash site in Sheringham**
 - 2. That the Council's Property Development Partners, Gleeds, are instructed to undertake any necessary land assembly negotiations and develop detailed proposals for the procurement of a new leisure centre in Sheringham, along with any supporting development.**
 - 3. That an appropriate consultant, with experience in similar work, is appointed to undertake a sport and active leisure feasibility study for a new facility to replace Splash.**
 - 4. That Financial Standing Orders are waived in respect of:**
 - a) appointing Gleeds for the work in Recommendation 2 above, as they have already been appointed to support the Council through a competitive process and;**
 - b) appointing the leisure consultant for the work Recommendation 3 above, as the Council can rely on Sport England's views on previous experience in this area.**
 - 5. That a budget of £30,000 is provided from the General Reserve to fund the above work.**
 - 6. That a further report is received by Cabinet later in 2017 to approve the business case for construction of a new facility on the Splash site in Sheringham.**

Reasons for
Recommendations:

1. a) To enable the procurement of the Leisure Services Contract to be carried out with the necessary leadership from within the Council and with the best options in terms of alignment with any building of a new facility at the Splash site.
 - b) To provide the legal framework for any potential property development with adjacent land owners
2. To provide the necessary external expertise for property related work, which does not exist within the Council.
3. To provide the necessary external expertise for leisure related feasibility work, which does not exist within the Council.
4. To allow the procurement of these services to proceed as quickly as possible, without loss of expertise.

5. To provide the necessary budget for this project.
6. To ensure that members continue to be properly briefed on the project and that the Council's constitution is followed in terms of decision making processes.

Cabinet Member(s): Cllr Judy Oliver, Property Portfolio Member Cllr Maggie Prior, Wellbeing Portfolio Member	Ward(s) affected: Sheringham specifically, but with impact across a much wider area of the District
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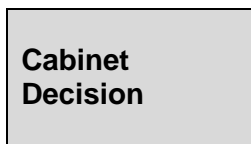
Contact Officers: Nick Baker & Karl Read
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15. NORTH NORFOLK SPORTING CENTRE OF EXCELLENCE (page 124)

Summary: The Sporting Centre of Excellence project fulfils part of one of the Council's main objectives; targeting Health and Wellbeing. This project has been noted as one of good practice, the only one of its kind in the region, and possibly the UK.

The first year of this project has gone extremely well, with over 70 young people attending 24 weeks of coaching. All of the participants have shown improvement in their chosen sport. Many of the young people have been selected to represent the county, and some competing at a national standard.

Conclusions: This pilot project has demonstrated a great need to deliver high quality sports coaching to the young people of North Norfolk. It has bridged a gap between participation and performance, and allows access to those young people to take the next step and become a sporting star of the future.



Given the success of the project and the development of the young people who have participated, there would be great value in continuing into year two.

- Recommendations:**
1. **That Cabinet note the success of the project to date.**
 2. **That Cabinet approve continuation of the project into year two, with a budget of £19,000 to be allocated to deliver the scheme. This should be allocated via general reserves.**

Cabinet Member: Ward member(s) Contact Officer telephone and e-mail:	Cllr M Prior All Karl Read 01263 516002 karl.read@north-norfolk.gov.uk
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- Summary: In accordance with the priority set out in the Corporate Plan, an initiative was established to use the evidence of Britain's ancient past discovered along the north Norfolk coastline to attract visitors and investment to the area.
- A substantial project was developed, which proposed an integrated set of capital and revenue schemes, relating to the cliffed stretch of coast (between Weybourne and Cart Gap). The project envisaged the coast as a 'living landscape museum' and a bid was submitted to the Coastal Communities Fund (administered by the DCLG) for £2,010,000 to develop and implement it over the next two years. The funding application was unsuccessful and so this report suggests other ways in which the project could be delivered and requests funding from the Council's Capital Reserves in order to deliver key aspects of it in a timely fashion.
- Options considered: This report sets out a variety of possible alternatives to the recommended proposal, from abandoning the project to re-submitting it to the Coastal Community Fund later this year. The recommended approach seeks to balance the desire to progress elements of the project in a timely manner with the cost of the project and the likelihood of attracting external funding.
- Conclusions: It is considered that a robust and potentially beneficial project was developed as a means of achieving the Corporate Plan objective of *"investing in our assets to support the tourism economy and promote the 'Deep History' concept"*. It is regrettable that an application to the Coastal Community Fund was unsuccessful but, given the resources that have been committed towards the project thus far, and the widespread support for it from a range of stakeholders, appropriate alternative means of delivering the project should be pursued, including utilising the Council's own capital reserves and applying to other external funding sources to deliver elements of it.
- Recommendation: It is recommended that Cabinet:
- Authorise the Head of Economic & Community Development, in consultation with the Leader of the Council, to re-evaluate the project and engage further with local communities, town and parish councils, businesses and possible partners and recommend to Full Council the authorisation of a sum of £500,000 from the Capital Reserve to implement some capital elements of the project, including a trail and improved facilities
- Reason for Recommendations: To ensure the timely and cost effective implementation of the project, engage relevant stakeholders and fully account for the risks and uncertainty.

Cabinet MemberS: Cllrs T FitzPatrick
Ward member(s) All
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17. 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.”

18. PRIVATE BUSINESS

CABINET

Minutes of the meeting of the Cabinet held on Monday 08 May 2017 at the Council Offices, Holt Road, Cromer at 10.00am

Members Present: Mrs S Arnold Mrs J Oliver
Mr N Dixon Mr R Price
Mrs A Fitch-Tillett Ms M Prior
Mr T FitzPatrick (Chairman)
Mr W Northam

Also attending:

Mrs S Butikofer Mr R Shepherd
Mrs A Claussen-Reynolds Mr B Smith
Mr N Pearce Mr N Smith
Mr R Reynolds Mrs K Ward
Mrs B McGoun

Officers in Attendance:

The Corporate Directors, the Monitoring Officer, the Head of Finance and Asset Management, the Housing Strategy and Community Development Manager, the Coastal Management Team Leader, the Democratic Services Team Leader and the Democratic Services Officer.

127. APOLOGIES FOR ABSENCE

Miss B Palmer

128. MINUTES

The minutes of the meeting held on 03 April 2017 were approved as a correct record and signed by the Chairman.

129. PUBLIC QUESTIONS

None

130. ITEMS OF URGENT BUSINESS

None

131. DECLARATIONS OF INTEREST

None

132. MEMBERS QUESTIONS

The Leader confirmed that Members could ask questions as each item arose.

133. CONSIDERATION OF ANY MATTER REFERRED TO THE CABINET BY THE OVERVIEW AND SCRUTINY COMMITTEE OR COUNCIL FOR RECONSIDERATION

None

134. CONSIDERATION OF REPORTS FROM THE OVERVIEW AND SCRUTINY COMMITTEE

The Overview & Scrutiny Committee considered at length the Housing Allocations report at their meeting held on 12th April 2017. As a result of the discussions at the Overview and Scrutiny Committee a change had been made to the scheme to clarify when an applicant would be demoted from Band 1 to Band 2 as a result of rent arrears (section 4 of the report).

135. RECOMMENDATIONS FROM PLANNING POLICY & BUILT HERITAGE WORKING PARTY

This item was introduced and proposed by Mrs S Arnold, Portfolio Holder for Planning and Planning Policy and the Chairman of the Planning Policy and Built Heritage Working Party. It was seconded by Ms M Prior.

Discussion:

- a) Referring to the phrase “accepts and publishes” in the recommendations, Ms K Ward expressed concern that some Parish Councils might not fully understand the process. It was suggested that explanatory text could be incorporated into the next Local Plan newsletter. The Portfolio Holder for Planning and Planning Policy would discuss this with the Planning Policy Manager.
- b) Mr N Dixon said that the Planning Policy and Built Heritage Working Party was an important forum which formulated plans that would affect towns and villages over a long period of time as well as giving them opportunity to make representation. He urged more Members to attend and engage and gain a better understanding of the work being undertaken by the Working Party. Mrs S Arnold said that this had already been emphasised to Members, and she reiterated the invitation to them to attend.
- c) The Corporate Director (SB) reminded Members that there had been significant cross-party support for the original preparation of the Local Plan. It was a very important document which would affect the District for the next 15 years. It was essential that the authority worked closely with Town and Parish Councils. He would be happy to work with Members to explore how further engagement could be brought about.
- d) Mr R Shepherd praised the work of the Planning Policy Manager and his team. He recalled that an invitation to participate had gone out to Town and Parish Councils.
- e) Ms M Prior said that attendance at the Planning Policy and Built Heritage Working Party was an excellent way for Members to absorb information which they could take back to their Town and Parish Councils.
- f) Mrs S Arnold said that sites were now being identified and that site visits would soon be arranged. Town and Parish Councils would be invited to attend.

RESOLVED

- 1. That Cabinet accepts and publishes the Retail and Main Town Centre Uses Study as a source of evidence to support the emerging Local Plan for North Norfolk to cover the period 2016-2036.**

2. **That Cabinet:**
 - a) **Accepts and publishes part one the HELAA to support the emerging Local Plan for North Norfolk to cover the period 2016-2036.**
 - b) **That delegated authority is given to Planning Policy Manager to undertake minor amendments to the report and associated mapping in order to publish.**

136. HOUSING ALLOCATIONS SCHEME

The report was introduced by Mr R Price, Portfolio Holder for Housing and Licensing, who explained that it had been subject to pre-scrutiny by the Overview and Scrutiny Committee on 12 April 2017. As a result of the discussions a change had been made to the scheme to clarify when an applicant would be demoted from Band 1 to Band 2 as a result of rent arrears (section 4 of the report).

The revised Allocations Scheme was essentially a review of the current Scheme which had been in operation since 2013. Since then changes had been necessary to reflect new statutory guidance and regulations and to address the operational changes required to ensure the scheme operated efficiently and effectively. The 2 stage allocation process had not changed.

The proposed new Housing Allocations Scheme had been subject to consultation with Registered Providers, local Housing Associations, Norfolk County Council and providers of supported housing in North Norfolk.

Mr Price proposed the recommendations to Full Council. He was seconded by Mrs S Arnold who commended the scheme for being up-to-date and strengthening the principle of local connections.

Mrs B McGoun thanked the Housing Strategy and Community Development Manager and her team for listening to local residents in relation to the forthcoming change to the status of Hoveton in relation to exception sites.

RESOLVED

1. **Cabinet recommends that Full Council adopts the new Housing Allocations Scheme.**
2. **Cabinet recommends to Full Council that up to £20,000 is made available through the capital programme towards the cost of the required IT changes for the implementation of the Housing Allocations Scheme to be funded from capital receipts.**

137. BIG SOCIETY FUND ANNUAL REPORT

The report, which was introduced by the Leader in his capacity as Portfolio Holder for Big Society, provided an update on the operation of the Big Society Fund during the last financial year. He proposed the recommendations which were seconded by Mr N Dixon who said that the Big Society Fund was an exemplary success story. In 5 years it had made 183 grants, totalling £1.4m to 150 organisations across the District. This was for a range of community projects that were meeting community need.

Discussion:

- a) Mrs A Claussen-Reynolds and Mr R Reynolds expressed concern that, at some Parish Council meetings, District Councillors might be giving the impression that award of Big Society funding was dependent on the number of second homes in the applicant town or village. This was perceived to be party political activity. However Mr N Dixon observed that such presentations were not necessarily well-received.
- b) The Leader said that the scheme was set up to enable people to get funding for community projects and was supported by a team who would help applicants to apply or signpost them to other sources if their project is not eligible. The Big Society Fund was a success. The money came from the County Council. It should be used not for political ends but for the good of North Norfolk.
- c) The Corporate Director (SB) informed Members that a group known as the North Norfolk Town and Parish Council Forum was making a case for Big Society Funding to be targeted to areas with a large proportion of second homes. The Finance Department had done some analysis which didn't support this view. The North Norfolk Town and Parish Council Forum had also suggested that the application process should be made simpler for the smaller parishes. NNDC was always open-minded to proposals coming from across the District. However, where there is lack of capacity in an applicant, they could be supported by officers of the Council.
- d) Mrs J Oliver observed that the North Norfolk Town and Parish Council Forum only had membership from 25% of the parishes.
- e) The Monitoring Officer said that One-to-One for Parish Councils had just been introduced. It was being used by a significant number of parishes. She suggested featuring the Big Society Fund with facts about how it operated and examples of some successful schemes. It was important to keep putting out correct information.
- f) The Corporate Director (SB) said that concerns about how NNDC spent money across the District were addressed by the Big Society Fund. There was a net diversion from inland towns to coastal areas of funding. Big Society funding ensured that money was spent across the District. The principle of a grant-giving scheme was open and transparent.

RESOLVED

To note the success of the Big Society Fund and to recommend to Council:

That the Big Society Fund grant scheme should continue at its current level of funding (£225,000) for another year

138. PROVISION OF ADDITIONAL GRAPHICAL INFORMATION SYSTEMS (GIS)

Reports on the Graphical Information Systems (GIS) had been to Cabinet and Overview and Scrutiny on a regular basis.

The Digital Transformation Programme was generating a significant increase in the use of Geographic Information Systems (GIS) to support business processes and improve the reporting and presentation of information to the public, Members and officers.

In order to deliver this work stream the report requested the release of previously identified funding to fund a fixed term (two years) post with the IT team to support the increased use of GIS within the Council. The Leader proposed the recommendations which he had discussed at length with the Head of Business Transformation and IT.

The recommendations were seconded by Mrs S Arnold who looked forward to seeing the post established.

RESOLVED

To approve the release of £57,000 (previously identified Digital Transformation funding) to allow the establishment of a two year fixed term post within the GIS team of the IT section.

139. MEASURED TERM CONTRACT FOR SMALL SCALE COASTAL WORKS

The report was introduced by Mrs A Fitch-Tillett, Portfolio Holder for Coastal Management. The current contract had run its full term and would terminate on 31 May 2017. It was desirable to ensure arrangements were in place for a new contract so that there was no gap in provision.

17 companies had initially expressed interest, 11 had tendered and 4 had been shortlisted. The Coastal Management Team had set them exercises to gauge how they would respond. The tender included a Measured Term Contract for small scale coast defence works up to £10,000 per order to an approximate £100,000 per annum. Some additional tasks, e.g. small scale promenade and cliff top path repairs, were not included in the £100,000 and would be funded via the appropriate budgets, e.g. Property Services.

The recommendations, which were urgent because the contract was due to run out, were proposed by Mrs A Tillett and seconded by Mr W Northam, who said that NNDC had an excellent reputation for timely coastal repairs.

RESOLVED

(a) To delegate authority to the Corporate Director (SB) in consultation with Cabinet Member for Coastal Management to appoint to the Coastal Measured Term Contract.

(b) That following appointment members are subsequently notified.

140. CLOSING REMARKS

- a) The Leader congratulated those Members who had been elected or re-elected at the County Council elections on 4 May 2017. He commiserated with those who had been unsuccessful. He thanked all staff who had been involved in the election process. There had been lots of favourable comments from candidates.
- b) The Leader thanked all staff involved in the Sculthorpe Enquiry. A lot of work had been involved. People from Sculthorpe had contacted him to express their gratitude for NNDC's handling of the Enquiry. Mrs S Arnold added her thanks to staff, especially the Planning Policy Manager, our Counsel, and Members who had turned up to support.
- c) Mrs J Oliver, Portfolio Holder for Democratic Services, announced that the Democratic Services Team had been placed second in the National Association of Civic Officers Civic Team of the Year Awards. They had been placed third in 2016. The presentation would be on 24 May at Full Council.

The meeting ended at 10.40 am

Chairman

2016/17 OUTTURN REPORT (PERIOD 12 BUDGET MONITORING REPORT)

- Summary:** This report presents the provisional outturn position for the 2016/17 financial year and shows a General Fund surplus of just over £173,000 with a further transfer from the Collection Fund in relation to Business Rates of £498,000, giving a final overall underspend on the revenue account of just over £671,000. It also provides an update in relation to the Council's capital programme. Details are included within the report of the more significant year-end variances compared to the current budget for 2016/17. The report also makes recommendations for contributions to Earmarked Reserves and the General Reserve as applicable for future spending commitments. An update to the current capital programme is also included.
- Options considered:** The report provides a final budget monitoring position for the 2016/17 financial year. Whilst there are options available for earmarking the underspend in the year, the report makes recommendations that provide funding for ongoing commitments and future projects.
- Conclusions:** The outturn position on the revenue account as at 31 March 2017 shows an underspend. The final position allows for a number of underspends to be rolled forward within Earmarked Reserves to fund ongoing and identified commitments for which no budget has been allocated in 2017/18. The position as reported will be used to inform the production of the statutory accounts which will then be subject to audit by the Council's external auditors Ernst and Young (EY).
- Recommendations:** **Members are asked to consider the report and recommend the following to Full Council:**
- a) The provisional outturn position for the general fund revenue account for 2016/17;**
 - b) The transfers to and from reserves as detailed within the report (and appendix C) along with the corresponding updates to the 2017/18 budget;**
 - c) Transfer part of the surplus of £300,000 to the Organisational Development Reserve to support the development of the apprenticeship scheme with the balance of £371,399 being transferred to the Asset Management Reserve;**
 - d) The financing of the 2016/17 capital programme as detailed within the report and at Appendix D;**

e) The balance on the General Reserve of £2.332 million;

f) The updated capital programme for 2017/18 to 2020/21 and the associated financing of the schemes as outlined within the report and detailed at Appendix E.

Reasons for
Recommendations:

To approve the outturn position on the revenue and capital accounts for 2016/17 that will be used to produce the statutory accounts for 2016/17.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

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

<i>Budget Monitoring Reports, NNDR returns</i>
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Cabinet Member(s): Cllr Wyndham Northam	Ward(s) affected All
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1. Introduction

- 1.1 This report presents the provisional outturn position for the 2016/17 financial year, this will be used to inform the production of the Council's statutory accounts which will be subject to audit review ahead of presentation to the Governance, Risk and Audit Committee (GRAC) in September 2017.
- 1.2 Commentary on the more significant year-end variances is included within the report with further supporting information provided within the appendices.
- 1.3 The report also includes a current forecast position statement on the level of reserves along with the outturn and financing position for the 2016/17 capital programme. The capital programme for the period 2017/18 to 2020/21 has been updated to take account of the outturn position and is included within this report and appendices.
- 1.4 All budgets have been monitored during the year by Service and Finance Officers with regular reports being presented to Cabinet and Overview and Scrutiny. The period 10 budget monitoring report was presented to Cabinet in February which covered the first 10 months of the year up to the end of January 2017. At the time this report was forecasting a General Fund underspend of £105,125 with a further transfer from the Collection Fund in relation to Business Rates of £441,000, giving an overall underspend of just over £546,000.
- 1.5 The outturn position as now reported shows a General Fund surplus of just over £173,000 with a further transfer from the Collection Fund in relation to Business Rates of £498,000, giving a final overall underspend of just over £671,000. This report now presents the final budget monitoring position for the year. The contents of this report will be considered by the Overview and Scrutiny Committee on 14 June 2017.

- 1.6 At the time of preparing this report there are a number of final figures for 2016/17 which have not yet been confirmed and therefore estimates have been made within the provisional outturn position. This is not unusual due to the timing of producing the outturn report, and the lead in time for publication of committee papers. Further details on this are included under the heading 'Estimates included in the accounts'.
- 1.7 The current deadline for the statutory annual accounts is 30 June for the draft statements and 30 September for the published audited version. Next year these deadlines will be brought forward to 31 May and 31 July respectively for the draft and audited accounts. This will inevitably mean that deadlines for the closure of the accounts will have to be brought forward and there will be an increased reliance on estimates within the annual statements which must be based upon a robust methodology.

2. Revenue Account – Outturn 2016/17

- 2.1 The revenue account position for the year shows a surplus of £671,399 as detailed at Appendix A. This is after allowing for transfers to Earmarked Reserves for current and known commitments. The transfers to and from reserves in the year are made in line with the Council's policy framework for Earmarked Reserves as approved as part of the annual budget setting process. Earmarked Reserves are typically used to set aside funds for known or specific liabilities. Transfers to Earmarked Reserves have been made for the following:
- a) Where an underspend has occurred within a service, mainly due to the timing of work not being completed as planned, and by 31 March 2017, and also where no future budget exists or where there is a one-off commitment that continues into the 2017/18 financial year;
 - b) Where external funding has been received in 2016/17 for which the expenditure has not yet been incurred;
 - c) Where the 2016/17 budget allowed for expenditure to be funded from an Earmarked Reserve, but the spend has not yet been incurred as planned and therefore the funds remain in the Earmarked Reserve until 2017/18.

Estimates Included in the Accounts

- 2.2 The provisional outturn position includes some estimates where final figures are either not confirmed at the time of producing the report or are subject to external audit later in the year. The significant estimates are in relation to Benefit Subsidy and Business Rates Retention.
- 2.3 **Benefit Subsidy** - The benefit subsidy return was completed and submitted by 30 April 2017 and will be subject to external audit review later in the year. Depending on the outcome from the external audit review there could be an impact on the overall financial position, for example should subsidy be due to the Department for Work and Pensions. It is for this reason that the Council holds a Benefits Earmarked Reserve to mitigate any such impact.
- 2.4 **Business Rates** - Under the current system of business rates retention an element of the business rates is retained locally (split between the County (10%) and Districts (40%)) with the balance (50%) being returned to Central Government. The budget for the year was informed by the baseline funding and the NNDR1 position. The outturn position is based on the National Non Domestic Rates (NNDR) Return which is submitted annually.

In the same way that council tax operates a 'Collection Fund' which distributes the precepts/shares of council tax collected to the respective authorities, the business rates collection fund distributes the respective shares of business rates based on the NNDR return. Should the actual income collected from business rates exceed or not meet the anticipated amounts there would be a surplus or deficit on the fund. As with the benefits subsidy above, the Council operates a Business Rates Earmarked Reserve to help mitigate against any potentially negative impacts of these arrangements.

Table 1 below provides a summary of the main variances across the standard expenditure headings. Details of the variances at the service level are provided at section 3.

Table 1 - 2016/17 Subjective Analysis	2016/17 Updated	2016/17 Actuals	Variance	
	£	£	£	%
Employee Costs	10,251,159	10,288,568	37,409	0.36
Premises	2,559,872	2,882,477	322,605	12.60
Transport Related Expenditure	298,801	279,331	(19,470)	(6.52)
Supplies & Services	9,545,989	9,800,407	254,418	2.67
Transfer Payments	28,520,045	26,944,501	(1,575,544)	(5.52)
Support Services - Charges In	9,085,250	9,665,443	580,193	6.39
Support Services - Charges Out	(9,271,274)	(9,798,782)	(527,508)	5.69
Capital Financing Costs	2,343,944	2,010,464	(333,480)	(14.23)
Income	(38,492,697)	(38,525,333)	(32,636)	0.08
Total cost of services	14,841,089	13,547,077	(1,294,012)	(8.72)

2.5 The reasons for some of the movements included in the summary above are as follows, further details are included at section 3:

- a) **Employee Costs** – The budget assumes 2% turnover for employee costs per annum. Although turnover savings were achieved in a number of service areas, some of these underspends have been offset by overtime and new appointment advertising costs which are not normally budgeted for separately. In addition to this during 2016 a Strategic Management review was undertaken which was estimated to deliver savings in the region of £100,000 in 2016/17.
- b) **Premises** – The significant variances under this heading include works undertaken following the storm surge in January 2017. It is anticipated that a large proportion of these will be recovered through insurance claims. Reactive repairs and maintenance works to the Council's property assets also account for a proportion of the variance.
- c) **Supplies and Services** – The significant movements against the budgets for supplies and services include movement in the provision for bad and

doubtful debts which is not budgeted for at service level and external printing and stationary costs relating to elections.

- d) **Capital Financing Costs** – The variance reflects the timing of capital programme schemes that were budgeted to be funded from the Capital Projects Reserve. This includes slippage in the Housing Capital Programme.
- e) **Income** – The most significant income variances for the year are due to additional VAT shelter income, car parking fee income, and benefits subsidy income, the latter is matched by benefits payments included under the transfer payments heading, along with variances in respect of planning income.

3. Revenue Account – Detailed Commentary 2016/17

- 3.1 This section of the report highlights the more significant direct cost and income variances compared to the current budget. Further commentary on some of the smaller variances is also included within Appendix B to the report. Accounting standards require a number of notional charges to be made to service accounts. Notional charges include transactions in relation to capital charges, revenue expenditure funded from capital under statute (REFCUS) and pension costs, and whilst they do not have an impact on the 'bottom line' i.e. the surplus or deficit for the year, they are included for reporting purposes. Appendix A shows the overall revenue position including notional charges; however, to assist the reporting and explaining 'real cash' variances, table 2 provides a summary of the position excluding notional charges.

Table 2 - 2016/17 Revenue Account (Excluding Notional Charges)	Updated Budget	Outturn	Variance
	£	£	£
Service Area:			
Corporate and CLT	265,734	303,543	37,809
Community, Economic Development & Coast	2,127,688	1,719,964	(407,724)
Customer Services and ICT	2,005,537	1,854,316	(151,221)
Democratic and Legal Services	661,966	614,684	(47,282)
Environmental Health	3,375,769	3,055,932	(319,837)
Finance and Assets	2,574,642	2,381,285	(193,357)
Planning	1,749,501	1,806,814	57,313
Net Cost of Services	12,760,837	11,736,538	(1,024,299)
Parish Precepts	1,887,806	1,887,806	0
Net Interest Receivable/ Payable	(602,000)	(561,290)	40,710
Capital Financing	891,080	343,843	(547,237)
Provision for Debt Repayment	81,000	0	(81,000)
Contribution to /(from) Earmarked Reserves	201,572	4,054,718	3,853,146
Contribution to /(from) General Reserve	(304,331)	(265,986)	38,345
Net Service Expenditure/Income to be met from government Grant & Taxpayers	2,155,127	5,459,091	3,303,964
Government Grants and Council Tax	(14,915,964)	(17,867,028)	(2,951,064)
Net (Surplus)/Deficit for the year	0	(671,399)	(671,399)

3.2 **Service Variances** – The following provides commentary of the more significant variances for the seven service groupings, further explanation is provided within the detailed appendices.

Service and Details	Net (Under)/Overspend (Direct Cost and Income Only)
3.3 Corporate And CLT	
Corporate Leadership Team - Part year staff savings following restructure.	(£12,932)
Registration Services - This variance relates to the net cost of conducting various elections in the year.	£15,553
3.4 Community, Economic Development and Leisure	
Car Parking – £38,948 additional expenditure on repairs and maintenance of ticket machines. £24,232 additional rental share payments offset by income. £24,761 additional fees associated with	(£98,709)

Service and Details	Net (Under)/Overspend (Direct Cost and Income Only)
prospective new car parks. (£76,828) reduction in car park management costs successfully negotiated following changes to car parking orders and enforcement requirements. (£124,781) additional Income including income from fees and season ticket income.	
Sports Centres – £12,006 Sports hall improvements that will be funded from the Earmarked Reserve. Income from use of facilities and bar sales was lower than anticipated.	£19,022
Other Sports – (£21,781) Sports Hubs and Clubs expenditure lower than anticipated.	(£20,802)
Woodlands Management – £15,441 Greater expenditure relating to additional grounds maintenance and tree works. £7,349 Improvement works at Holt Visitor Centre.	£22,892
Beach Huts and Chalets – Additional chalet and beach hut rental income (£18,116). (£15,200) potential insurance claim relating to January 2017 Storm damage.	(£31,883)
General Economic Development – (£14,600) slippage in planned expenditure during the year, this has been requested to be rolled forward in an Earmarked Reserve for spend in 2017/18. (£8,966) reduction in the provision for bad and doubtful debts, this is not budgeted for at service level. (£20,000) coastal grants being held in respect of Sheringham and Blakeney projects.	(£53,146)
Housing Strategy – This variance is in relation to Vat Shelter receipts received from Victory Housing Association in relation to the Vat Sharing agreement. There is no impact on the bottom line as these receipts are transferred to the Capital Projects reserve to fund capital expenditure.	(£143,033)
Community and Localism – (£145,887) uncommitted and unclaimed Big Society Fund grants. (£18,725) adjustment to the grant received from Norfolk County Council in relation to the Council's share of second homes council tax. This will be earmarked in the Communities reserve for spend in 2017/18.	(£166,221)
3.5 Customer Services and ICT	
Local Taxation – This figure is made up of a number of variances including £10,700 staff costs, £9,195 lower court costs awarded and £19,610 relating to the movement in the provision for bad and doubtful debts which is not budgeted for at service level.	£53,014
Benefits Administration – (£108,557) staff turnover resulting from vacant posts. (£79,114) Benefits Administration grant received from Department for Works and Pensions (DWP) greater than budgeted. (£15,782) Income drawn down re Universal Credit delivery.	(£208,534)

Service and Details	Net (Under)/Overspend (Direct Cost and Income Only)
Benefits and Revenues Management – Underspend due to a vacant post which was not filled during 2016/17. This post has been deleted from the budgeted establishment from 2017/18 onwards.	(£47,495)
Reprographics – (£18,829) staff turnover resulting from a vacant post. (£27,848) operating lease rentals are lower than anticipated as a result of successful printer contract renegotiations.	(£59,140)
3.6 Democratic and Legal Services	
Members Services – (£16,965) The financial impact of increased Member’s allowances not as great as anticipated.	(£21,326)
Legal Services – (£25,283) staff costs resulting from a vacant post, this post was budgeted to be funded from the legal Earmarked Reserve which will be adjusted to show this saving. (£74,156) Legal fee income is higher than anticipated mainly due to additional contract work.	(£104,547)
3.7 Environmental Health	
Public Protection – The underspend mainly reflects fees for taxis and premises licences where a cyclical fee structure exists, £29,102 has been allocated to an Earmarked Reserve to smooth the timing of the receipts of fee income between financial years.	(£19,473)
Waste Collection and Disposal – £113,834 Additional contract costs including trade waste vehicle costs, additional garden waste treatment costs and changes to NEWS gate fees and contamination costs. These additional costs have been offset by additional income received from bulky, garden and trade waste collections. Additional income was also received from recycling credits.	(£94,101)
3.8 Finance and Assets	
Industrial Estates – £10,274 Additional Repair and Maintenance costs. £18,801 Reduced rental income as a result of vacant premises.	£29,254
Corporate Finance – The savings within this service area relate to vacant posts. The Chief Accountant post was vacant throughout 2016/17. In October the then Head of Finance left and following a review a new structure was agreed delivering staffing savings.	(£105,931)
Internal Audit – Lower than budgeted Internal Audit fees.	(£26,017)
Non Distributed Costs – Additional pension strain costs funded from the Restructuring Reserve.	£31,816
Administrative Buildings – this variance is made up of a number of smaller differences, including canteen staffing costs, reactive	£65,251

Service and Details	Net (Under)/Overspend (Direct Cost and Income Only)
repair and maintenance costs and reduced income recovered from the North Walsham office following change of premises in year.	
Public Conveniences – £49,623 additional repairs and maintenance costs.	£54,215
Investment Properties – £21,500 additional repairs and maintenance expenditure. £14,500 Grove Lane Holt vacant during 2016/17. £13,720 reduction in rental income following extended period of tenants not being able to trade from their premises due to coastal works along Cromer Promenade.	£50,944
Corporate and Democratic Core – (£41,227) external audit fee lower than budgeted. £19,021 additional staff costs charged to Corporate from Planning. (£16,206) Central Government Transparency Grant not budgeted for. (£20,500) grant received for shared services project.	(£58,238)
3.9 Planning	
Development Management – £66,276 additional staff costs. (£70,005) slippage in Planning appeal and enforcement works which were allocated reserves funding - this spend is anticipated to be incurred in 2017/18. £156,277 planning fee income lower than anticipated mainly due to a lower number of large fee applications being received. This has been partially offset by more income being received from chargeable advice.	£123,848
Planning Policy – (£118,763) of this significant variance relates to slippage in budgeted Local Plan expenditure. This expenditure is funded from the New Homes Bonus Reserve which will be adjusted to reflect this movement. The Council also received new burdens grants relating to the establishment of a Self Build and Custom Housebuilding register and Brownfield land register; these were not budgeted for and will be earmarked for future expenditure.	(£164,279)
Conservation and Design – External professional fees relating to enforcement works, this is funded from the Enforcement Board Reserve.	£25,477
Building Control – Net Surplus income to be earmarked and used to inform the future fee setting process.	(£36,225)
Property Information – (£17,093) 2015/16 Accrual re legal challenges not offset by expenditure. (£8,139) Street Naming and Numbering income. (£6,640) new burdens grant received. (£25,972) Land Charge fee income - the net surplus will be transferred to the Earmarked Reserve and considered when setting future fee levels.	(£68,616)

Non Service Expenditure and Income

- 3.10 The non-service expenditure and income predominantly relates to investment income.
- 3.11 The updated income budget for 2016/17 anticipated £604,800 would be earned in interest from an average balance of £25.2m at a rate of 2.4%. A total of £546,776 was earned from investments over the year from an average balance of £35.6m at an average rate of interest of 1.54%. This resulted in an adverse variance against the budget of £58,024 in respect of investment income.
- 3.12 Investment balances were consistently higher than anticipated in the budget, although the overall rate of interest earned was 0.86% lower than budget. The capital loans to a Housing Association were not made and this contributed to the lower rate of return for the year. These loans are now anticipated to be made in June 2017. Once again the return from the Local Authorities Mutual Investment Trust (LAMIT) pooled property fund produced an excellent income return for the Council earning 5.87%.
- 3.13 The Treasury Management Annual Report is included as a separate item on this Agenda and provides more details on the performance of the Treasury Management activity for the year.

Retained Business Rate Income

- 3.14 The total variance for the year under the Business Rate Retention Scheme was £498,287. This sum is made up from an increased levy payable to Norfolk County Council of (£28,210), additional income from renewable energy schemes of £388,579 and increased amounts receivable in respect of reliefs funded by central government using Section 31 grants of £137,918.
- 3.15 The Council is a member of the Norfolk Business Rates Pool which enables growth in the business rates collected in Norfolk to be retained locally, rather than being passed to central government. The growth is paid over in the form of a levy payment to Norfolk County Council as the lead authority for the Pool. The budget for the levy was £558,488 but this has increased by £28,210 to £586,698 at outturn. The increase is due to a higher retained business rate income figure (after reliefs) than was anticipated when the NNDR1 Return was completed.
- 3.16 The Council can retain all the income from renewable energy schemes, provided it was granted planning permission. It must include each year the amount it anticipates it will receive when completing the NNDR1. Any variation will be carried forward to the following year. The actual income receivable in 2015/16 from renewable energy schemes was £388,579 above the NNDR1 figure for that year of £199,200, and this additional income will be included in the 2016/17 outturn.
- 3.17 The Government has provided additional reliefs to business in successive Autumn Statements. These reliefs have been dealt with outside the Business Rate Retention Scheme and funded by Section 31 grants payable to District Councils. The reliefs actually granted to businesses for the year have resulted in an increase of £137,918 in grant received.
- 3.18 The business rate income is paid into the Collection Fund and then distributed to Central Government, the County Council and NNDC in accordance with the proportionate shares set out in the Scheme. The distribution is based on the NNDR1 return and any variances at outturn will produce a surplus or deficit on the Collection Fund which is then distributed in the following year. A deficit on the Collection Fund has been anticipated for 2016/17 and a significant Provision is required in the Accounts to cover expected appeals against the rateable values of purpose built Health Centres.

- 3.19 The Council's share of the overall deficit on the Collection Fund at the time of completing the 2017/18 NNDR1 is £193,224.

4. Reserves

- 4.1 The Council holds a General Reserve for which the recommended balance is currently £1.85 million. The purpose of holding a General Reserve is to provide a working balance to help cushion the impact of uneven cash flows to avoid temporary borrowing and to provide a contingency to help cushion the impact of unexpected events or emergencies.
- 4.2 In addition to the General Reserve the Council holds a number of Earmarked Reserves that are held to meet known or predicted liabilities. The Earmarked Reserves also provides a means at the year-end for carrying funds forward to the new financial year to fund ongoing commitments and known liabilities for which no separate revenue budget exists.
- 4.3 There are a number of Earmarked Reserves that have balances, yet the timing of the use of the reserve is yet to be agreed. One of these reserves is the New Homes Bonus which includes allocation from previous grants. Some of the unallocated balance will be used to fund one-off costs in respect of the Local Plan review.
- 4.4 The Council received a grant of £2,436,942 for the Community Housing Fund from the Department for Communities and Local Government (DCLG). This additional funding was not included within the 2016/17 base budget. The funding is to support community led housing schemes and assisting in delivering affordable housing within the area. To enable this project to be allocated to revenue and capital schemes, it has been earmarked within the Housing Earmarked Reserve.
- 4.5 Section 3 of the report has highlighted a number of service areas where an underspend had occurred in the year and a transfer to reserves had been made to ensure funds are available to meet future spending commitments. Unlike capital budgets, underspends on revenue budgets in the year are not automatically rolled forward at the year-end where there is an annual budget provision. Where the underspend represents a grant received which has not yet been fully utilised or there has been a delay in the planned use, the unspent grant has been rolled forward.
- 4.6 The transfers to and from reserves (general and earmarked) are included within the reserves statement as detailed at Appendix C. The appendix also shows the planned use of reserves over the medium term to take account of where funding has been rolled forward from 2016/17 for use in 2017/18.
- 4.7 The General Reserve balance at 31 March 2017 is £2.332 million. All reserves will be reviewed as part of the upcoming work on the Medium Term Financial Strategy which will be presented to Members later in the year.

5. Summary – Revenue Account 2016/17

- 5.1 The outturn position for the year ending 31 March 2017 is a £671,399 surplus. This is after allowing for a number of underspends identified at the service level which have been rolled forward within reserves to fund one-off commitments in 2017/18 where there is no annual budget. The Council is keen to support the development of an apprenticeship scheme and the report is therefore recommending that £300,000 of the surplus for the year is transferred to the Organisational Development Reserve to support this

initiative. The balance of £371,399 is recommended for transfer to the Asset Management Reserve to support the Council's asset commercialisation agenda.

6. Capital Programme 2016/17

- 6.1 This section of the report presents the financing of the capital programme for 2016/17, together with the updated programme for the financial years 2017/18 to 2020/21. Appendix D provides the detail of the outturn on the 2016/17 capital programme for all service areas, together with the financing for all schemes. The updated capital programme for 2017/18 to 2020/21 is attached at Appendix E. The Prudential Indicators for the capital outturn position are also attached at Appendix F.
- 6.2 The outturn position for the 2016/17 capital programme at Appendix D highlights where schemes have slipped between years. The reasons for slippage include where schemes have not progressed as originally planned, and the funding is requested to be carried forward to the new financial year, or where scheme have progressed ahead of schedules and there is a requirement to bring back funding from the 2017/18 budgets. The following paragraphs provide further explanations and where necessary commentary on individual schemes within the capital programme. The details include the outturn expenditure compared to the 2016/17 budget, and explanations of variances where applicable.
- 6.3 In total the expenditure on the capital programme for the year was £3,210,525, compared to an updated budget of £7,756,923, which resulted in a variance of (£4,546,398). Of this variance the most significant underspends were; £1,114,407 in relation to the Egmere scheme where the new build is to potentially be undertaken in the new financial year, £750,000 in respect of the Housing Loans to Registered Providers where the first tranche of monies has yet to be paid over, £466,103 for the Compulsory Purchase of the Shannocks Hotel which is still at the negotiation phase, and £400,000 for the Community Housing Fund (more information is provided within Table 5).
- 6.4 There has been a requirement to claw back budget of £17,425 from the 2017/18 budgets where schemes have either progressed slightly earlier than anticipated or where the level of expenditure has been higher than that profiled to be incurred during the financial year (see Table 3).
- 6.5 The updated programme for 2017/18 onward (Appendix E) reflects the adjustments to the capital programme detailed above.

Table 3 - Capital Schemes where Claw Back is required from 2017/18 Budget

Capital Scheme	Claw Back Amount £
Parkland Improvements	1,397

Cromer Pier – External and Roofing Improvements	261
e-Financials Financial Management System	12,575
Planning Scanning	3,192
Total	17,425

6.6 Schemes completed in 2016/17 – In total there were nine schemes within the capital programme which were identified as being completed during the financial year. Table 4 provides a summary of the schemes along with any final project variance, and commentary on financing implications where necessary.

Table 4 - Capital Schemes Completed within the 2016/17 Financial Year

Capital Scheme	Variance £ (Under) / Over	Financing Commentary
North Norfolk Railway	-	The final grant payment has been made and the scheme has been completed on budget.
North Walsham Regeneration Scheme	(2,902)	All works for this scheme are complete with the scheme coming in slightly under budget.
Felbrigg Junction Improvement Scheme	-	The full contribution to this scheme was passed over to the County Council at the start of the financial year.
Cabbell Park Sport Changing Facilities	2,681	This scheme has been completed and the minor overspend is to be financed from the use of additional capital receipts.
Cabbell Park	17,860	This scheme is now complete; the additional expenditure incurred is to be financed from the use of capital receipts.
Trade Waste Bins	10,027	Additional bin purchases have been made in excess of the original budget. All purchases were made on the basis that the additional expenditure was to be financed from a Revenue Contribution to Capital Outlay (RCCO).
Telephony Procurement	(2,061)	This scheme is complete and has come in under budget.
Web Content Management System	1,425	This scheme is complete and the minor overspend is to be financed by capital receipts.

Log Solution to Satisfy PSN Code of Connection	(3,619)	This scheme is complete and has come in under budget.
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- 6.7 In addition to these, further explanations are required in relation to capital schemes which have incurred expenditure during the financial year.
- 6.7.1 Bacton Walcott Joint Study – During the 2016/17 financial year the Environment Agency gave further approvals for expenditure to be incurred against a scheme which will identify works to be undertaken as part of the Bacton Walcott Coastal Management Scheme. In total a further £57,008 of expenditure was incurred, which is to be funded by the receipt of a grant from the Environment Agency. In addition to this there is also a remaining balance of unspent grant allocation of £30,540 which has been included within the new year capital programme.
- 6.7.2 FLAG Projects – In 2015/16 the Council received approval to undertake various improvements to beach access across the district. This expenditure was to be financed from both grant monies, Revenue Contribution to Capital Outlay (RCCO) from the Coastal Management budget, and use of the Coastal Protection Reserve. In 2016/17 a further £2,492 of expenditure was incurred, which is to be funded from the use of capital receipts.
- 6.7.3 Bacton Walcott Sea Flood Assessment – This scheme was approved by the Environment Agency at the end of the 2015/16 financial year. Minor expenditure of £137 was incurred in the 2016/17 financial year in order to complete this scheme, with Environment Agency grant having been received in order to finance this.
- 6.7.4 GIS – Web Based Solution – Although this scheme was identified as being completed in 2015/16, a further £5,400 was incurred in relation to integration software development. This additional expenditure is to be funded by the use of capital receipts.
- 6.7.5 Fakenham Connect and Cromer Office Works – The final retention payments in relation to this scheme were paid in 2016/17 and were £95 more than accrued for in the previous financial year. The expenditure has been financed by an increase in the direct contributions from the new tenants.
- 6.8 In addition to the above, there have been a number of schemes where slippage of budgets has been identified from the 2016/17 budget into the new financial year. This has arisen mainly due to delays in scheme implementation, and more accurate re-profiling of these expenditure budgets will be undertaken as part of the Capital Budget Monitoring process in the new year.
- 6.9 Of the schemes where slippage is required there are nine where the budgets to be taken to the new financial year are in excess of £100,000. These schemes are summarised in Table 5.

Table 5 - Slippage on Capital Schemes in Excess of £100,000

Capital Scheme	Amount £
Egmere Business Zone	1,114,407
Disabled Facilities Grants	100,874
Housing Loans to Registered Providers	750,000
Compulsory Purchase of Long Term Empty Properties	289,200
Shannoeks Hotel	466,103
Community Housing Fund	400,000
Cromer Pier and West Prom Refurbishment	215,987
Pathfinder Project	139,907
Sheringham West Prom	171,496
Total	3,647,974

7 Capital Programme – 2017/18 Update

- 7.7 Appendix E shows the updated capital programme for the period 2017/18 to 2020/21. The capital programme has been updated to reflect the slippage identified within this report, together with the capital outturn position. It also included those schemes which received formal approval as part of the 2017/18 budget report.
- 7.8 In addition to the schemes identified as part of the budget process, two further schemes have been included within the updated programme, as identified in paragraph 6.7.1.
- 7.9 The Bacton Walcott Joint Study received further Environment Agency grant approvals within 2016/17, which have resulted in the scheme continuing into the 2017/18 financial year. The total scheme allocations across the two stage scheme are £201,514, with all expenditure to be financed from grant. In total a balance of budget of £30,540 is available to be spent within the 2017/18 financial year.
- 7.10 At the Cabinet meeting on the 8th May approval was also given to the inclusion of a scheme for the information technology changes that will be required for the adoption and implementation of the Housing Allocations Scheme. In total a budget of £20,000 was to be made available, to be funded from capital receipts.
- 7.11 An amendment has also been made in respect of the budget available for the Disabled Facilities Grants capital scheme in 2017/18. Previously no assumption had been made in relation to the allocation of grant from the Department for Communities and Local Government for the 2017/18 financial year. The Council have subsequently received confirmation that the allocation for the new financial year is £1,030,087, which when added to the slippage from

2016/17, and existing budgets, has resulted in a total budget available of £2,377,012.

7.12 The final amendments made to the capital programme for 2017/18 relate to three schemes which have been removed due to the balance of budget no longer being required;

- Sheringham Beach Handrails - the balance of budget of £2,352 has been removed due to there being no further works identified
- Sheringham Promenade Lighting – as with the handrails no further works have been identified for this scheme and therefore the budget of £2,107 is to be removed
- Procurement for upgrade of Civica System (Revenues and Benefits) - there is a significant budget of £119,098 remaining for this scheme, however at the present time the potential costs of a new/upgraded system are not known. Once there is clarity around the potential costs and timing of any procurement an appropriate capital budget can then be identified.

8 2017/18 Budget Implications and Financial Forecast 2018/19 Onwards

8.1 The budget for 2017/18 was approved in February 2017. At the same time financial projections for the following three years to 2020/21 were also reported. The budget for 2017/18 includes new savings and additional income totalling £558,300 for 2017/18 which is expected to increase to £804,839 in 2018/19 and to just over £858,000 for 2019/20.

8.2 The forward financial projections from 2018/19 onwards make assumptions around the future funding from government support and known commitments and changes to service expenditure. Table 6 below provides a summary of the current reported funding gaps for the next three years.

Table 6 – Current Reported Funding Forecast			
	2018/19	2019/20	2020/21
	£000	£000	£000
Current Funding Gap/(surplus) ¹	(39)	732	1,276

8.3 The forward projections of expenditure and income will be updated to take account of the outturn position and also other spending/income pressures that have been identified outside of the budget process. These will be reported to Members in the coming months as part of the Financial Strategy update to enable early preparation for the 2018/19 budget process.

8.4 In addition, as part of the work on the financial strategy a review of all reserve balances will be carried out.

9 Financial Implications and Risks

¹ As reported in the 2017/18 Budget Report, February 2017

- 9.1 There are a number of financial risks that continue to face Local Authorities in terms of funding, for example the Local Retention of Business Rates and responding to spending pressures and changes in service demand. The more significant risks in relation to the outturn position for 2016/17 and the ongoing financial position are summarised below.
- 9.2 **Under and Overspends** - This outturn report has identified a number of underspends at the service level; some have occurred due to factors outside of the Council's control which has meant that expenditure has not been incurred as planned, for example Local Plan expenditure. Where applicable service underspends have been carried forward within Earmarked Reserves to fund one-off costs or where projects have been delayed until the 2017/18 financial year. Some of the underspends from 2016/17 which are in relation to ongoing savings have already been factored into the 2017/18 base budget and will be further reviewed as part of the production of the Medium Term Financial Strategy later this year.
- 9.3 **Housing Benefit Subsidy** – as mentioned earlier in the report the outturn position includes the unaudited benefits subsidy position. Expenditure in the region of £27 million has been incurred in the year to be recovered from subsidy payable by the Department for Work and Pensions (DWP). The final position will not be confirmed until the claim has been audited by the Council's external auditors and signed off by the DWP later in the year. Much of the risk around changes to the claim and subsidy recoverable is reduced by the Benefits Earmarked Reserve which is maintained to help mitigate the impact of any claw back from the DWP following the final audited subsidy claim.
- 9.4 **Business Rates Retention Scheme** – As mentioned previously Local Authority funding from business rates is open to risks around funding fluctuations due to increases and decreases in the rateable values (RV) of non-domestic properties and successful appeals against RV. The NNDR 3 return has been submitted and will be subject to external audit review as part of the final accounts audit work. Any changes to the figures included in the outturn position could have an impact on the general fund balance. Furthermore there is a risk of business rates appeals and whilst the NNDR returns do include assumptions around provisions for appeals and backdating, these elements could be subject to fluctuations. These risks are again however mitigated by the Business Rates Earmarked Reserve.
- 10 **Sustainability** – None as a direct consequence of this report.
- 11 **Equality and Diversity** – None as a direct consequence of this report.
- 12 **Section 17 Crime and Disorder considerations** – None as a direct consequence of this report.

General Fund Summary Outturn 2016/17

	Full Year Budget £	Outturn £	Variance £
Net Cost Of Services			
Corporate	325,834	316,811	(9,023)
Community, Econ Dev & Leisure	3,259,370	2,956,264	(303,107)
Customer Services & ICT	2,260,104	2,075,198	(184,906)
Democratic and Legal Services	664,466	620,241	(44,225)
Environmental Health	3,837,850	3,222,187	(615,663)
Finance and Assets	2,701,920	2,520,598	(181,322)
Planning	1,791,545	1,835,777	44,232
Net Cost Of Services	14,841,089	13,547,076	(1,294,013)
Non Service Expenditure/Income			
Precepts Of Parish Councils	1,887,806	1,887,806	(0)
Capital Charges	(2,209,805)	(1,801,049)	408,756
Refcus	(134,139)	(209,415)	(75,276)
Provision for Debt Repayment	81,000	0	(81,000)
Interest Receivable	(602,000)	(561,290)	40,710
Retirement Benefits	263,692	199,926	(63,766)
Revenue Financing For Capital	891,080	343,843	(547,237)
Non Service Expenditure/Income	177,634	(140,179)	(317,813)
Contributions To/(From) Earmarked Reserves:			
Contributions To/(From) General Reserve	(304,331)	(265,986)	38,345
Contributions To/(From) Capital Projects Reserve	(707,790)	(21,484)	686,306
Contributions To/(From) Earmarked Reserves	909,362	4,076,202	3,166,840
Total Contributions To/From Earmarked Reserves	(102,759)	3,788,732	3,891,491
	14,915,964	17,195,629	2,279,665
Income			
Collection Fund - Parishes	(1,887,806)	(1,887,806)	0
Collection Fund - District	(5,473,605)	(5,473,605)	0
Retained Business Rates	(3,406,572)	(3,904,859)	(498,287)
Revenue Support Grant	(1,575,147)	(1,575,147)	0
New Homes Bonus	(2,092,049)	(2,092,049)	0
Community Housing Fund Grant	0	(2,436,942)	(2,436,942)
Council tax Grant	0	(15,835)	(15,835)
Rural Services Delivery Grant	(480,785)	(480,785)	0
Income from Government Grant and Taxpayers	(14,915,964)	(17,867,028)	(2,951,064)
(Surplus)/Deficit	0	(671,399)	(671,399)

Service Area Summaries 2016/17

Community, Econ Dev & Coast

	Budget	Outturn	Variance
	£	£	£
Health	0	0	0
Car Parking	(1,609,397)	(1,671,221)	(61,824)
Markets	65,400	72,601	7,201
Parks & Open Spaces	436,876	457,441	20,565
Foreshore	230,440	194,960	(35,480)
Sports Centres	272,926	297,269	24,343
Leisure Complexes	644,283	874,762	230,479
Other Sports	106,979	87,416	(19,563)
Recreation Grounds	14,797	13,184	(1,613)
Arts & Entertainments	105,921	124,686	18,765
Pier Pavilion	104,530	97,292	(7,238)
Foreshore (Community)	398,214	396,159	(2,055)
Woodlands Management	199,064	238,151	39,087
Cromer Pier	102,595	96,688	(5,907)
Beach Huts & Chalets	(7,131)	(27,086)	(19,955)
General Economic Development	375,802	321,494	(54,308)
Tourism	102,208	106,230	4,022
Nnflag Project	0	0	0
Coast Protection	1,080,719	1,077,135	(3,584)
Regeneration Management	87,140	0	(87,140)
Economic & Comm Dev Mgt	0	0	0
Leisure	(1,500)	0	1,500
Housing (Health & Wellbeing)	239,821	185,266	(54,555)
Housing Strategy	174,348	(82,592)	(256,940)
Cctv	2,160	2,160	0
Community And Localism	133,176	94,268	(38,908)
Coastal Management	0	0	0
Total Community, Econ Dev & Coast	3,259,370	2,956,264	(303,107)

Service Area Summaries P12 2016/17

Community, Econ Dev & Coast

	Budget £	Outturn £	Variance £	Variance Explanation
Health				
Gross Direct Costs	0	4,038	4,038	No Major Variances.
Gross Direct Income	0	(4,038)	(4,038)	No Major Variances.
	0	0	0	
Car Parking				
Gross Direct Costs	681,438	707,674	26,236	Note 1
Capital Charges	29,485	29,485	0	No major Variances.
Gross Direct Income	(2,468,018)	(2,592,962)	(124,944)	Note 2
Support Service Charges	147,698	184,583	36,885	£44,644 - Additional recharges from Property Services. (£8,980) - Reduction in recharges from Accountancy.
	(1,609,397)	(1,671,221)	(61,824)	
Note 1 - £38,948 - Additional expenditure on repairs and maintenance of machines. £24,232 - Additional rental due in relation to Gold Park and Clink Road Car Parks, offset by additional income. £5,887 - Increase in NNDR costs. £24,761 - Additional fees associated with prospective new car parks. £7,513 - Additional credit card charges resultant from change in payment methods. (£76,828) - Reduction to Management Contract costs following changes to car parking orders and enforcement requirements.				
Note 2 - (£69,729) - Additional car park fee income. (£8,842) - Penalty charge notice income. (£31,346) - Additional season ticket income. (£14,864) - Rental income following use of car parks as compounds by contractors.				
Markets				
Gross Direct Costs	74,776	69,564	(5,212)	No Major Variances.
Gross Direct Income	(61,626)	(58,838)	2,788	Reduction in market fee income following downward trend in the number of traders.
Support Service Charges	52,250	61,875	9,625	£12,377 - Additional Property Services recharges.
	65,400	72,601	7,201	
Parks & Open Spaces				
Gross Direct Costs	326,180	335,269	9,089	Repairs to fixtures and fitting at Evington lawns, Marrams and various water features.
Capital Charges	41,446	48,223	6,777	Depreciation.
Gross Direct Income	(14,590)	(11,394)	3,196	No Major Variances.
Support Service Charges	83,840	85,342	1,502	No Major Variances.
	436,876	457,441	20,565	
Foreshore				
Gross Direct Costs	120,002	112,050	(7,952)	Underspend on repairs and maintenance.
Capital Charges	48,528	7,979	(40,549)	Reduction in depreciation costs as capital scheme is not yet complete.
Gross Direct Income	0	(2,188)	(2,188)	No Major Variances.
Support Service Charges	61,910	77,119	15,209	Additional Property Services recharges.
	230,440	194,960	(35,480)	
Sports Centres				
Gross Direct Costs	298,880	303,538	4,658	(£5,828) - Expenditure on bar stock is lower than expected. (£11,060) - Hall hire charges are lower than anticipated. £12,006 - Sports Hall improvements at Stalham. This will be funded from the earmarked reserve. The balance consists of minor variances.
Capital Charges	12,496	12,497	1	No Major Variances.
Gross Direct Income	(142,820)	(128,456)	14,364	£7,460 - Income from charges to use the facilities is lower than anticipated. £7,161 - Income from bar sales is lower than expected.
Support Service Charges	104,370	109,690	5,320	£12,118 - Admin Buildings, reallocation of office space. The balance consists of minor variances.
	272,926	297,269	24,343	
Leisure Complexes				
Gross Direct Costs	317,055	330,384	13,329	Lighting and external repairs, including roof repairs at The Splash.
Capital Charges	306,998	525,644	218,646	Depreciation.
Support Service Charges	20,230	18,734	(1,496)	No Major Variances.
	644,283	874,762	230,479	

Service Area Summaries P12 2016/17

Community, Econ Dev & Coast

	Budget	Outturn	Variance	Variance Explanation
	£	£	£	
Other Sports				
Gross Direct Costs	148,929	122,008	(26,921)	(£21,781) - Sports Hubs and Clubs spend lower than anticipated, offset by reduced grant. (£6,000) - Grants awarded are lower than expected.
Gross Direct Income	(82,700)	(76,581)	6,119	No Major Variances.
Support Service Charges	40,750	41,989	1,239	No Major Variances.
	106,979	87,416	(19,563)	
Recreation Grounds				
Gross Direct Costs	8,108	8,595	487	No Major Variances.
Capital Charges	79	79	0	No Major Variances.
Gross Direct Income	(1,000)	(1,288)	(288)	No Major Variances.
Support Service Charges	7,610	5,798	(1,812)	No Major Variances.
	14,797	13,184	(1,613)	
Arts & Entertainments				
Gross Direct Costs	101,288	95,271	(6,017)	No Major Variances.
Capital Charges	211	211	0	No Major Variances.
Gross Direct Income	(27,738)	(25,288)	2,450	No Major Variances.
Support Service Charges	32,160	54,493	22,333	£5,502 - Business growth staffing charge, £18,943 - Housing Strategy & Communities staffing charge
	105,921	124,686	18,765	
Pier Pavilion				
Gross Direct Costs	90,380	86,329	(4,051)	Contract procurement support not spent in 2016/17, will be required in 2017/18 therefore will be transferred back to an earmarked reserve.
Support Service Charges	14,150	10,963	(3,187)	No Major Variances.
	104,530	97,292	(7,238)	
Foreshore (Community)				
Gross Direct Costs	365,344	361,756	(3,588)	£8,455 - Expenditure incurred in relation to the Blue Flag and other seaside awards. (£9,384) - Expenditure was not incurred on memorial seats.
Gross Direct Income	0	(2,730)	(2,730)	No Major Variances.
Support Service Charges	32,870	37,133	4,263	No Major Variances.
	398,214	396,159	(2,055)	
Woodlands Management				
Gross Direct Costs	134,928	169,955	35,027	£8,702 - Grounds maintenance costs higher than expected. £6,865 - Salaries and on costs higher than anticipated. £7,349 - Improvement works at Holt County Park Visitor Centre. £6,739 - Tree work at Holt Country Park roadside.
Capital Charges	1,346	1,346	0	No Major Variances.
Gross Direct Income	(25,550)	(37,685)	(12,135)	(£4,419) - Grant for works at Pretty Corner Woods. (£8,393) - Income from events held.
Support Service Charges	88,340	104,535	16,195	£6,849 - Admin Buildings - reallocation of office space. £4,364 - Leisure Services - as a result of higher costs. The balance consists of minor variances.
	199,064	238,151	39,087	

Service Area Summaries P12 2016/17

Community, Econ Dev & Coast

	Budget	Outturn	Variance	Variance Explanation
	£	£	£	
Cromer Pier				
Gross Direct Costs	82,320	112,438	30,118	Costs relating to the January 2017 Storm Surge.
Capital Charges	24,795	23,716	(1,079)	No Major Variances.
Gross Direct Income	(16,490)	(47,750)	(31,260)	(£29,857) - Insurance claim relating to the January 2017 Storm Surge.
Support Service Charges	11,970	8,283	(3,687)	No Major Variances.
	102,595	96,688	(5,907)	
Beach Huts & Chalets				
Gross Direct Costs	47,829	49,261	1,432	£3,936 - Increased repairs and maintenance costs inclusive of repairs resulting from Storm Surge damage. (£4,303) - Reduced NNDR costs
Gross Direct Income	(111,400)	(144,716)	(33,316)	(£18,116) - Additional chalet and beach hut rental income. (£15,200) - Potential insurance claim recovery following Storm Surge.
Support Service Charges	56,440	68,368	11,928	£8,882 - Increased Property Services Recharges
	(7,131)	(27,086)	(19,955)	
General Economic Development				
Gross Direct Costs	161,272	128,361	(32,911)	(£9,345) Adjustment re Pension deficit funding following staffing restructure. (£8,966) Reduction in provision for bad and doubtful debts not budgeted for at service level. (£14,600) Slippage in planned expenditure, this has been requested to roll forward to be utilised in 2017/18.
Gross Direct Income	0	(20,235)	(20,235)	Grants received in respect of Sheringham and Blakeney Coastal Communities. This will be drawn down during 2017/18.
Support Service Charges	214,530	213,368	(1,162)	No Major Variances.
	375,802	321,494	(54,308)	
Tourism				
Gross Direct Costs	52,338	44,095	(8,243)	(£8,243) Slippage in planned expenditure, this has been requested to roll forward to be utilised in 2017/18.
Support Service Charges	49,870	62,135	12,265	Lower recharges to internal customers reflecting lower direct costs.
	102,208	106,230	4,022	
Coast Protection				
Gross Direct Costs	320,975	349,431	28,456	£40,262 Relates to Storm Surge work; £16,636 - Retentions, stock issues, surveys and small maintenance works; (£29,000) Project for Bacton/Walcott Stage 15 not completed in-year - to be rolled forward for use in 2017/18.
Capital Charges	529,999	477,557	(52,442)	Lower than anticipated capital spend in a prior year.
Gross Direct Income	(25)	(5,000)	(4,975)	Contributions towards the LGA Coastal SIG (Special Interest Group).
Support Service Charges	229,770	255,147	25,377	£15,622 Coastal Management; £8,664 Property Services.
	1,080,719	1,077,135	(3,584)	
Regeneration Management				
Gross Direct Costs	292,117	279,530	(12,587)	Staff saving from vacant post.
Gross Direct Income	0	(1,025)	(1,025)	No Major Variances.
Support Service Charges	(204,977)	(278,504)	(73,527)	£9,292 Admin Buildings - reallocation of office space. (£80,072) Higher recharges to internal customers.
	87,140	0	(87,140)	

Service Area Summaries P12 2016/17

Community, Econ Dev & Coast

	Budget £	Outturn £	Variance £	Variance Explanation
Economic & Comm Dev Mgt				
Gross Direct Costs	67,365	68,649	1,284	No Major Variances.
Support Service Charges	(67,365)	(68,649)	(1,284)	No Major Variances.
	0	0	0	
Leisure				
Gross Direct Costs	91,869	118,794	26,925	Reorganisation costs funded from reserves.
Gross Direct Income	(700)	0	700	No Major Variances.
Support Service Charges	(92,669)	(118,794)	(26,125)	(£17,852) - Increased recharges to internal customers as a result of higher costs. The balance consists of minor variances.
	(1,500)	0	1,500	
Housing (Health & Wellbeing)				
Gross Direct Costs	148,228	141,650	(6,578)	This balance is made up of a number of smaller variances.
Capital Charges	33,231	0	(33,231)	This reflects the current capital programme.
Gross Direct Income	0	(8,184)	(8,184)	This reflects the balance of DFG admin that will be earmarked for spend in 2017/18.
Support Service Charges	58,362	51,800	(6,562)	No Major Variances.
	239,821	185,266	(54,555)	
Housing Strategy				
Gross Direct Costs	218,377	204,461	(13,916)	£12,988 Staff Costs . (£22,000) Viability Consultant expenditure, this will be rolled forward in the reserve to be utilised in 2017/18.
Capital Charges	100,908	100,908	0	
Gross Direct Income	(175,000)	(304,117)	(129,117)	Greater VAT shelter receipts received from Victory Housing Association. This will not affect the General Fund position as these receipts are transferred to the Capital Project Reserve to fund capital expenditure.
Support Service Charges	30,063	(83,844)	(113,907)	(£74,702) Housing Strategy & Communities, (£37,345) Legal Services & Client Disbursements, £12,035 Customer Services Housing, £5,477 Admin Buildings, £6,156 Personnel & Computer costs. (£24,627) Higher recharges to internal customers.
	174,348	(82,592)	(256,940)	
Cctv				
Capital Charges	2,160	2,160	0	No Major Variances.
	2,160	2,160	0	
Community And Localism				
Gross Direct Costs	655,879	508,383	(147,496)	(£145,887) - Uncommitted and unclaimed Big Society Fund grants, these are funded from the 2nd Homes money passed to the District from the County and this will be rolled forward into the Communities earmarked reserve.
Gross Direct Income	(624,773)	(643,498)	(18,725)	Additional for council tax base - adjustment for outturn of 2nd homes tax base in 16/17 , this will be transferred to the Communities reserve.
Support Service Charges	102,070	229,383	127,313	£20,016 - Business growth staffing charge, £113,659 - Housing Strategy & Communities staffing charge
	133,176	94,268	(38,908)	
Coastal Management				
Gross Direct Costs	146,910	158,507	11,597	£17,538 - Contribution to Coastal Partnership East (CPE) offset by a saving of (£7,513) due to a vacant post
Support Service Charges	(146,910)	(158,507)	(11,597)	Higher recharges to internal customers reflecting higher direct costs
	0	0	0	
	3,259,370	2,956,264	(303,107)	

Service Area Summaries 2016/17

Clt / Corporate

	Budget	Outturn	Variance
	£	£	£
Human Resources & Payroll	8,000	0	(8,000)
Policy & Performance Mgt	(4,000)	0	4,000
Registration Services	321,834	316,811	(5,023)
Corporate Leadership Team	0	0	0
Web Team	0	0	0
Total Clt / Corporate	325,834	316,811	(9,023)

Service Area Summaries P12 2016/17

Clf / Corporate

	Budget £	Outturn £	Variance £	Variance Explanation
Human Resources & Payroll				
Gross Direct Costs	325,837	379,586	53,749	£43,514 - Salaries and oncosts, offset by shared service income. The balance of £21,269 is as a result of not being able to operate a shared HR Service including either sharing or running external payrolls. (£19,362) - Lower expenditure on the Common Training programme. The balance consists of minor variances
Gross Direct Income	(1,000)	(49,337)	(48,337)	Shared services income including (£4,347) for Shared services training costs.
Support Service Charges	(316,837)	(330,249)	(13,412)	£6,578 - Postal & Scanning, higher costs and more staff time. £15,029 - Admin Buildings, reallocation of office space. (£36,372) - Higher recharges to internal customers reflecting higher direct costs.
	8,000	0	(8,000)	
Policy & Performance Mgt				
Gross Direct Costs	54,241	47,558	(6,683)	(£4,409) - Salaries and oncosts lower as a result of a vacant post.
Support Service Charges	(58,241)	(47,558)	10,683	(£10,009) - Personnel services charge lower following restructuring. £19,960 - Lower recharges to internal customers reflecting lower direct costs.
	(4,000)	0	4,000	
Registration Services				
Gross Direct Costs	204,664	679,274	474,610	The variance relates to the conduct of various elections held in the year with costs relating to stationery, equipment and printing of £147,203, postage costs of £22,504, hall hire of £39,296, staffing at £238,680. VAT of £23,533 has been repaid to HMRC.
Gross Direct Income	(38,720)	(497,776)	(459,056)	Income received relating to elections as follows: (£2,290) - By-elections; (£184,243) - Police and Crime Commissioner Election and (£192,257) - EU Referendum. (£76,990) relates to funding received for IER (Individual Electoral Registration).
Support Service Charges	155,890	135,314	(20,576)	Postal and Scanning £21,838 offset against savings of (£20,610) Personnel, (£5,429) Creditors, (£5,096) Reprographics, (£5,442) Customer Services, (£4,560) CLT/Digital Transformation
	321,834	316,811	(5,023)	

Service Area Summaries P12 2016/17

Clt / Corporate

	Budget	Outturn	Variance	Variance Explanation
	£	£	£	
Corporate Leadership Team				
Gross Direct Costs	470,474	497,363	26,889	£39,821 - Salaries and oncosts, offset by shared service income. (£12,126) - Savings resulting from restructuring.
Gross Direct Income	0	(39,821)	(39,821)	Shared services income
Support Service Charges	(470,474)	(457,542)	12,932	£9,422 - Admin Buildings, reallocation of office space. £9,633 - Lower recharges to internal customers reflecting lower direct costs. The balance consists of minor variances.
	0	0	0	
Web Team				
Gross Direct Costs	235,928	237,400	1,472	No Major Variances
Capital Charges	60,100	7,000	(53,100)	Intangible Amortisation
Gross Direct Income	0	(5,135)	(5,135)	Charges for filming rights.
Support Service Charges	(296,028)	(239,265)	56,763	Lower recharges to internal customers reflecting lower direct costs. The balance consists of minor variances.
	0	0	0	
	325,834	316,811	(9,023)	

Service Area Summaries 2016/17

Customer Services & ICT

	Budget	Outturn	Variance
	£	£	£
Local Taxation	521,008	624,104	103,096
Benefits Administration	1,023,512	709,994	(313,518)
Benefits & Revenues Mgmt	0	0	0
It - Support Services	23,620	6,248	(17,372)
Tic'S	221,803	305,580	83,777
Homelessness	404,720	429,273	24,553
Customer Services Housing	0	0	0
Digital Transformation	84,588	0	(84,588)
Reprographics	0	0	0
Customer Services - Corporate	(19,147)	0	19,147
Total Customer Services & ICT	2,260,104	2,075,198	(184,906)

Customer Services & ICT

	Budget	Outturn	Variance	Variance Explanation
	£	£	£	
Local Taxation				
Gross Direct Costs	549,609	593,428	43,819	£10,700 Staff costs. £19,610 Movement in the provision for bad and doubtful debts not budgeted for at service level. £6,611 Postage costs.
Gross Direct Income	(430,781)	(421,586)	9,195	Reduction in income from court costs awarded.
Support Service Charges	402,180	452,262	50,082	£48,238 Corporate Enforcement Team, £22,850 Admin Buildings, £44,432 Digital Transformation, (£18,414) Postal & Scanning, (£14,200) Benefits & Revs Mgt., (£7,410) Legal Services, (£11,111) Telephone Services, Reprographics and Communications.
	521,008	624,104	103,096	
Benefits Administration				
Gross Direct Costs	830,882	735,063	(95,819)	(£108,557) Staff savings from vacant posts. £10,265 Supplies and services expenditure including computer software.
Capital Charges	118,371	17,497	(100,874)	This reflects slippage in the capital programme.
Gross Direct Income	(431,761)	(544,475)	(112,714)	(£79,114) Benefits Administration grant greater than anticipated. Misc. grants from DWP to fund additional costs i.e. software.
Support Service Charges	506,020	501,910	(4,110)	No Major Variances.
	1,023,512	709,994	(313,518)	
Benefits & Revenues Mgmt.				
Gross Direct Costs	47,495	0	(47,495)	Full Year effect of Head of Revs and Bens post not recruited in to. This has been taken out of the establishment from 2017/18 inwards.
Support Service Charges	(47,495)	0	47,495	
	0	0	0	
It - Support Services				
Gross Direct Costs	1,016,634	1,030,573	13,939	£7,398 - Expenditure on hardware purchases is greater than anticipated. (£17,256) - Expenditure on software licences is lower than anticipated. £21,442 - Computer maintenance spend is higher than expected. £9,850 - Information Technology training is higher than expected. (£9,674) - Telephone call costs are lower than anticipated.
Capital Charges	92,912	95,452	2,540	No Major Variances.
Gross Direct Income	(410)	(4,022)	(3,612)	No Major Variances.
Support Service Charges	(1,085,516)	(1,115,755)	(30,239)	£16,422 - Admin Buildings, higher costs and reallocation of office space. £56,164 - Digital Transformation, higher costs and reallocation of staff time. (£100,420) - Higher recharge to internal customers as a result of higher service costs.
	23,620	6,248	(17,372)	
Tic'S				
Gross Direct Costs	129,250	134,014	4,764	£5,238 - Salaries and oncosts are higher than expected.
Capital Charges	6,473	56,187	49,714	£50,000 - Refcus charge re North Norfolk Railway.
Gross Direct Income	(35,210)	(30,147)	5,063	£5,063 - Income from fees and sales is lower than anticipated.
Support Service Charges	121,290	145,525	24,235	(£5,006) - Reduced recharge from Customer Services as a result of changes in staff time. £10,795 - Admin Buildings, reallocation of office space. £26,004 - Digital Transformation, higher costs and reallocation of staff time. The balance consists of minor variances.
	221,803	305,580	83,777	

Customer Services & ICT

	Budget	Outturn	Variance	Variance Explanation
	£	£	£	
Homelessness				
Gross Direct Costs	87,692	128,593	40,901	£47,843 Expenditure on temporary Bed and Breakfast accommodation. (£13,440) Reduction in advances relating to rent deposits. £7,278 Movement in the provision for bad and doubtful debts.
Capital Charges	6,630	6,630	0	No Major Variances.
Gross Direct Income	(79,042)	(103,713)	(24,671)	Additional recoverable income from homelessness accommodation.
Support Service Charges	389,440	397,763	8,323	No Major Variances.
	404,720	429,273	24,553	
Customer Services Housing				
Gross Direct Costs	240,238	232,616	(7,622)	No Major Variances.
Gross Direct Income	0	(146)	(146)	No Major Variances.
Support Service Charges	(240,238)	(232,470)	7,768	No Major Variances.
	0	0	(0)	
Digital Transformation				
Gross Direct Costs	269,059	286,346	17,287	£5,160 - Salaries and oncosts are higher than anticipated. £12,812 - Pensions deficit funding.
Support Service Charges	(184,471)	(286,346)	(101,875)	£9,122 - Personnel services, increase in staff time. £27,442 - Computer Network and PCs, higher costs and reallocation of staff time. £23,415 - Computer Applications Team, higher costs and reallocation of staff time. £10,192 - Admin Buildings, reallocation of office space. (£190,835) - Higher recharge to internal customers as a result of higher service costs. The balance consists of minor variances.
	84,588	0	(84,588)	
Reprographics				
Gross Direct Costs	149,688	93,097	(56,591)	(£18,829) - Salaries and on costs are lower as a result of a vacant post. (£27,848) - Operating lease rental costs are lower than expected as a result of renegotiating the printer contract. (£5,286) - Expenditure on paper is lower than expected.
Capital Charges	12,000	12,603	603	No Major Variances.
Gross Direct Income	(7,500)	(10,048)	(2,548)	No Major Variances.
Support Service Charges	(154,188)	(95,651)	58,537	£66,162 - Lower recharge to internal customers as a result of lower service costs.
	0	0	0	
Customer Services - Corporate				
Gross Direct Costs	548,220	560,719	12,499	(£10,344) - Salaries and on costs are lower as a result of vacant posts. £10,061 - Pensions deficit funding. £10,600 - Higher than expected equipment repair and maintenance costs.
Capital Charges	18,181	18,160	(21)	No Major Variance
Gross Direct Income	(29,070)	(30,764)	(1,694)	No Major Variance
Support Service Charges	(556,478)	(548,116)	8,362	(£14,750) - No recharge from Benefits and Revenues Management £15,805 - Personnel Services, higher costs and reallocation of staff time. £36,808 - Admin Buildings, reallocation of office space. £55,278 - Digital Transformation, higher costs and reallocation of staff time. (£84,046) - Higher recharge to internal customers as a result of higher service costs.
	(19,147)	0	19,147	
	2,260,104	2,075,198	(184,906)	

Service Area Summaries 2016/17**Democratic & Legal Services**

	Budget	Outturn	Variance
	£	£	£
Members Services	664,466	620,241	(44,225)
Legal Services	0	0	0
Total Legal & Democratic Svs	664,466	620,241	(44,225)

Service Area Summaries P12 2016/17

Democratic & Legal Services

	Budget	Outturn	Variance	Variance Explanation
	£	£	£	
Members Services				
Gross Direct Costs	505,756	484,261	(21,495)	(£16,965) - The original budget assumed a level of increase to Member allowances, the financial impact of the actual allowances approved was less than the level budgeted. The balance consists of minor variances.
Capital Charges	2,500	2,500	0	No Major Variances.
Gross Direct Income	(400)	(231)	169	No Major Variances.
Support Service Charges	156,610	133,711	(22,899)	(£19,250) - Personnel services, reallocation of staff time.
	664,466	620,241	(44,225)	
Legal Services				
Gross Direct Costs	547,583	517,153	(30,430)	(£25,283) - Salaries and oncosts are lower as a result of vacant posts. The balance consists of minor variances.
Gross Direct Income	(252,630)	(326,746)	(74,116)	Legal fee income is higher than anticipated mainly relating to contract work, other one-off external client work and court costs awarded.
Support Service Charges	(294,953)	(190,406)	104,547	£6,362 - Personnel services, higher costs and reallocation of staff time. (£4,195) - Reprographics, lower service costs. (£3,165) - Communications, lower service costs. £13,628 - Admin Buildings, reallocation of office space. (£4,560) - Housing Strategy and Communities, lower staff time. £98,953 - Lower recharge to internal customers as a result of lower service costs.
	0	0	0	
	664,466	620,241	(44,225)	

Service Area Summaries 2016/17

Environmental Health

	Budget	Outturn	Variance
	£	£	£
Commercial Services	497,472	473,903	(23,569)
Rural Sewerage Schemes	376,944	368,266	(8,678)
Travellers	100,585	97,639	(2,946)
Public Protection	111,400	109,800	(1,600)
Street Signage	32,516	13,892	(18,624)
Pest Control	18,300	15,210	(3,090)
Environmental Protection	586,702	601,484	14,782
Dog Control	66,877	36,457	(30,420)
Env Health - Service Mgmt	0	0	0
Corporate Enforcement Team	120,139	0	(120,139)
Waste Collection And Disposal	1,132,112	712,564	(419,548)
Cleansing	609,129	610,179	1,050
Environmental Strategy	14,760	17,306	2,546
Community Safety	22,599	33,439	10,840
Civil Contingencies	148,315	132,048	(16,267)
Total Environmental Health	3,837,850	3,222,187	(615,663)

Service Area Summaries P12 2016/17

Environmental Health

	Budget	Outturn	Variance	Variance Explanation
	£	£	£	
Commercial Services				
Gross Direct Costs	363,407	366,900	3,493	Costs associated with Private Water Sampling (PWS) offset by staff savings - maternity cover and secondments.
Gross Direct Income	(22,435)	(33,159)	(10,724)	Additional income associated with PWS and risk assessments.
Support Service Charges	156,500	140,162	(16,338)	£13,208 Admin Buildings - higher costs and reallocation of office space. Offset by lower recharges from Environmental Health, Central Costs, Digital Transformation, Reprographics and Computers reflecting a more accurate reflection of staff time spent on the service.
	497,472	473,903	(23,569)	
Rural Sewerage Schemes				
Gross Direct Costs	376,504	368,091	(8,413)	Inland Drainage Board levies less than budgeted.
Support Service Charges	440	175	(265)	No major variances.
	376,944	368,266	(8,678)	
Travellers				
Gross Direct Costs	5,355	(834)	(6,189)	No Major Variances.
Capital Charges	97,800	97,800	0	
Gross Direct Income	(4,000)	(594)	3,406	Lower facility charges due to lower occupancy.
Support Service Charges	1,430	1,267	(163)	No Major Variances.
	100,585	97,639	(2,946)	
Public Protection				
Gross Direct Costs	164,545	187,477	22,932	£6,020 Pension deficit funding; £13,179 Staffing costs to cover maternity leave.
Gross Direct Income	(161,185)	(203,590)	(42,405)	Additional income for taxis and premises licences where there are cyclical fee structures. £30,000 will be transferred to the EH earmarked reserve and considered as part of future fee setting.
Support Service Charges	108,040	125,913	17,873	(£6,297) Environmental Health, (£4,905) Legal, £5,389 Postal & Scanning, £4,783 Personnel, £6,297 Computers - reallocation of staff time. £8,341 - Admin Buildings - higher costs and reallocation of office space.
	111,400	109,800	(1,600)	
Street Signage				
Gross Direct Costs	24,341	5,995	(18,346)	Delay in installation of street signs due to a vacant post. Request made to roll forward for future use.
Capital Charges	7,565	7,565	0	
Gross Direct Income	0	(185)	(185)	No Major Variances.
Support Service Charges	610	517	(93)	No Major Variances.
	32,516	13,892	(18,624)	
Pest Control				
Gross Direct Costs	15,919	16,712	793	No Major Variances.
Capital Charges	1,306	1,306	0	
Gross Direct Income	(4,945)	(2,808)	2,137	No Major Variances.
Support Service Charges	6,020	0	(6,020)	Minor variances reflecting a more accurate allocation of time.
	18,300	15,210	(3,090)	

Service Area Summaries P12 2016/17

Environmental Health

	Budget	Outturn	Variance	Variance Explanation
	£	£	£	
Environmental Protection				
Gross Direct Costs	437,127	449,659	12,532	Staffing - maternity cover and secondments.
Gross Direct Income	(10,055)	(21,490)	(11,435)	Additional income from LAPC (Local Authority Pollution Control), assisted burials and rechargeable works.
Support Service Charges	159,630	173,315	13,685	£8,431 Personnel, £7,158 Computers, (£8,517) Legal, (£3,588) Customer services and reprographics - reallocation of staff time. £16,461 Admin Buildings - higher costs and reallocation of office space. (£5,420) Capitalized salaries.
	586,702	601,484	14,782	
Dog Control				
Gross Direct Costs	39,161	35,840	(3,321)	No Major Variances.
Capital Charges	1,306	1,306	0	
Gross Direct Income	(1,000)	(689)	311	No Major Variances.
Support Service Charges	27,410	0	(27,410)	Minor variances reflecting a more accurate allocation of time.
	66,877	36,457	(30,420)	
Env Health - Service Mgmt				
Gross Direct Costs	138,550	122,877	(15,673)	(£6,888) Staff on secondment within other areas of Environmental Health. The balance relates to misc. underspends in supplies and services which include postage and equipment/computer purchases.
Capital Charges	33,385	4,771	(28,614)	Lower than anticipated capital spend in a prior year.
Support Service Charges	(171,935)	(127,648)	44,287	Lower recharges to internal customers reflecting lower direct costs.
	0	0	0	
Corporate Enforcement Team				
Gross Direct Costs	120,139	132,305	12,166	Pension deficit funding and additional travelling costs.
Support Service Charges	0	(132,305)	(132,305)	(£202,937) - Higher recharges to internal customers of the new Corp. Enforcement Team - these are offset by recharges of officer time including: £32,148 Head of Planning, £5,760 Personnel, £11,406, £4,480 Central Costs and £5,226 Digital Transformation. £5,867 Admin Buildings - higher costs and reallocation of office space.
	120,139	0	(120,139)	
Waste Collection And Disposal				
Gross Direct Costs	3,364,878	3,476,589	111,711	See Note A below
Capital Charges	316,061	44,836	(271,225)	Depreciation costs.
Gross Direct Income	(2,777,927)	(2,983,739)	(205,812)	See Note B below
Support Service Charges	229,100	174,878	(54,222)	See Note C below
	1,132,112	712,564	(419,548)	

Note A : £59,830 Kier contractor costs including a trade waste vehicle, additional garden waste treatment costs and lower bin delivery costs; £54,004 Norfolk Environmental Waste Services (NEWS) - change in gate fee structure and additional contamination costs; (£12,146) Lower commercial disposal costs; £9,775 Bin refurbishments.

Note B : (£152,278) Additional fee income from bulky, garden and trade waste collections; (£35,171) Additional income from recycling credits; (£20,031) Smoothing adjustment payment from NEWS joint venture.

Note C : (£8,464) Environmental Health, (£12,225) Customer Services, (£4,810) Computers, (£14,575) Sundry Debtors, (£4,144) Central Costs, (£4,750) Digital Transformation, (£5,835) Creditors/Accountancy - reallocation of staff time. £6,604 Admin Buildings - higher costs and reallocation of office space.

Service Area Summaries P12 2016/17

Environmental Health

	Budget	Outturn	Variance	Variance Explanation
	£	£	£	
Cleansing				
Gross Direct Costs	634,373	634,561	188	£6,751 Staffing - secondment costs; £16,489 Replacement litter bins (Storm Damage); (£24,393) Kier default payments.
Capital Charges	4,658	0	(4,658)	Depreciation costs.
Gross Direct Income	(44,962)	(52,387)	(7,425)	Additional income from dog and litter bin recharges.
Support Service Charges	15,060	28,005	12,945	Minor variances reflecting a more accurate allocation of time.
	609,129	610,179	1,050	
Environmental Strategy				
Gross Direct Costs	19,000	26,734	7,734	Additional costs associated with the Green Build event - partly offset by event income.
Gross Direct Income	(11,000)	(15,400)	(4,400)	Additional income from sponsorship and exhibitors fees for the Green Build event.
Support Service Charges	6,760	5,972	(788)	No Major Variances.
	14,760	17,306	2,546	
Community Safety				
Gross Direct Costs	22,229	23,256	1,027	No Major Variances.
Support Service Charges	370	10,183	9,813	Minor variances reflecting a more accurate allocation of time.
	22,599	33,439	10,840	
Civil Contingencies				
Gross Direct Costs	95,445	92,918	(2,527)	No Major Variances.
Gross Direct Income	0	(337)	(337)	No Major Variances.
Support Service Charges	52,870	39,467	(13,403)	(£4,560) Reduced recharge from Environmental Health and various minor variances reflecting a more accurate allocation of time.
	148,315	132,048	(16,267)	
	3,837,850	3,222,187	(615,663)	

Service Area Summaries 2016/17

Finance & Assets

	Budget	Outturn	Variance
	£	£	£
Industrial Estates	2,181	61,143	58,962
Surveyors Allotments	3,650	6,595	2,945
Handy Man	13,352	34,732	21,380
Parklands	13,629	21,294	7,665
Benefits Subsidy	19,280	15,789	(3,491)
Discretionary Payments	82,388	82,588	200
Non Distributed Costs	67,444	99,000	31,556
Administration Buildings Svs	235,352	184,750	(50,602)
Property Services	136,910	0	(136,910)
Corporate Finance	0	0	0
Insurance & Risk Management	(4,000)	0	4,000
Internal Audit	0	0	0
Playgrounds	56,080	49,952	(6,128)
Community Centres	22,946	11,327	(11,619)
Public Conveniences	623,225	687,863	64,638
Investment Properties	84,402	140,643	56,241
Central Costs	0	0	0
Corporate & Democratic Core	1,345,081	1,124,922	(220,159)
Total Finance & Assets	2,701,920	2,520,598	(181,322)

Service Area Summaries P12 2016/17

Finance & Assets

	Budget £	Outturn £	Variance £	Variance Explanation
Industrial Estates				
Gross Direct Costs	19,727	29,659	9,932	Additional repairs and maintenance costs following requirement to clear and maintain vacant premises.
Capital Charges	46,239	46,239	0	No Major Variances.
Gross Direct Income	(128,035)	(108,713)	19,322	£18,801 - Reduction in rentals and service charges as a result of vacant premises.
Support Service Charges	64,250	93,958	29,708	£30,718 - Additional Property Services Recharges.
	2,181	61,143	58,962	
Surveyors Allotments				
Gross Direct Income	(50)	0	50	No Major Variances.
Support Service Charges	3,700	6,595	2,895	£2,669 - Additional Property Services recharges.
	3,650	6,595	2,945	
Handy Man				
Gross Direct Costs	63,113	85,168	22,055	Note 1
Capital Charges	2,739	2,739	0	
Gross Direct Income	(106,800)	(124,917)	(18,117)	(£17,984) - Further Handyman recharges as a result of increased costs of service and additional hours worked.
Support Service Charges	54,300	71,743	17,443	£2,673 - Admin Buildings recharge. £14,319 - Additional Property Services recharge.
	13,352	34,732	21,380	
Note 1 - £17,899 - Additional staffing costs resultant from sickness cover, additional working required as a result of office improvements and Storm Surge. (£3,376) - Vehicle contract hire savings used to offset capital costs of purchase of vehicle in a prior year. £4,036 - Consumable materials purchases for fitting out an additional vehicle, together with incidental Storm Surge costs.				
Parklands				
Gross Direct Costs	26,140	24,317	(1,823)	(£2,544) - Reduced repairs and maintenance costs. £1,109 - Write off of bad debts.
Capital Charges	1,709	585	(1,124)	Reduction in depreciation as a result of lower than anticipated capital scheme expenditure in a prior year.
Gross Direct Income	(56,380)	(53,141)	3,239	(£5,500) - Additional commission fees on sale of caravan. £5,826 - Reduction in recoverable electricity charges. £3,192 - Reduced rental following tenancy changes.
Support Service Charges	42,160	49,533	7,373	£10,987 - Additional Property Services recharges. (£2,252) - Reduction in Legal Services costs.
	13,629	21,294	7,665	
Benefits Subsidy				
Gross Direct Costs	28,447,815	27,020,384	(1,427,431)	£148,124 Increase in the provision for bad and doubtful debts. (£1,575,554) Housing Benefit Payments, this is offset by a reduction in subsidy.
Gross Direct Income	(28,429,815)	(27,004,596)	1,425,219	£1,698,154 Reduction in Housing Benefit Subsidy based on lower level of benefits made. (£272,935) Recovered benefit overpayments transferred to revenue.
Support Service Charges	1,280	0	(1,280)	No Major Variances.
	19,280	15,789	(3,491)	
Discretionary Payments				
Gross Direct Costs	80,148	79,552	(596)	No Major Variances.
Support Service Charges	2,240	3,036	796	
	82,388	82,588	200	

Service Area Summaries P12 2016/17

Finance & Assets

	Budget £	Outturn £	Variance £	Variance Explanation
Non Distributed Costs				
Gross Direct Costs	67,184	99,000	31,816	This budget reflects notional charges in relation to IAS 19 pension costs. The variance consists of £99,000 for Past Service Costs which arise as a result of awarding added years or allowing employees to retire early on unreduced benefits on the grounds of efficiency. (£67,184) - Actuarial strain costs. The impact of these costs are reversed out of the account to ensure there is no impact on the bottom line.
Support Service Charges	260	0	(260)	No Major Variances.
	67,444	99,000	31,556	

Administration Buildings Svcs

Gross Direct Costs	629,850	682,168	52,318	Note 1
Capital Charges	87,379	102,183	14,804	Note 2
Gross Direct Income	(247,530)	(234,596)	12,934	Note 3
Support Service Charges	(234,347)	(365,004)	(130,657)	Note 4
	235,352	184,750	(50,602)	

Note 1 - £5,798 - Additional staffing costs resultant from sickness cover at Cromer Office. (£12,994) - Reduction in Canteen direct salary costs as a result of chef vacancy in year. £6,998 - Purchase of additional furniture for the Cromer Boardroom. £8,505 - Costs associated with new Intruder Alarm for Cromer Office. £5,475 - Emergency Lighting improvement works at the Cromer Offices. £3,441 - Additional repairs and maintenance costs for canteen equipment. £3,200 - Additional repairs and maintenance costs for Storage Depots. (£9,166) - Reduction in repairs and maintenance costs at Fakenham Connect. £3,267 - Increase in repairs and maintenance costs, resultant from requirement to move from existing premises at North Walsham. £6,055 - Additional food purchase costs for Canteen. £21,848 - Canteen agency staff costs resultant from chef vacancy in year.

Note 2 - £15,483 - Reduction in depreciation charges following recategorisation of Fakenham Connect as an investment property which is revalued each year and therefore not subject to depreciation. £29,506 - Refcus charges relating to capital expenditure incurred on new office premises in North Walsham in 2016/17.

Note 3 - £4,100 - Reduction in service charges following change in office premises in North Walsham during 2016/17. £4,382 - Reduction in internal canteen recharges.

Note 4 - £25,471 - Additional Property Services Recharges. £31,756 - Change in basis of allocation of Admin Building recharge to floor area for Canteen. (£6,070) - Reduction in recharge from creditors based on transactions processed on behalf of the Canteen. (£206,895) Higher recharges to internal customers reflecting higher direct costs.

Property Services

Gross Direct Costs	729,868	735,803	5,935	Note 1
Capital Charges	27,638	12,773	(14,865)	(£15,000) - Reduction in intangible amortisation costs as capital scheme is not yet complete.
Gross Direct Income	0	(923)	(923)	No Major Variances.
Support Service Charges	(620,596)	(747,653)	(127,057)	Note 2
	136,910	0	(136,910)	

Note 1 - £3,900 - Emergency generator costs. £8,284 - Additional insurance premiums in respect of Fire / General policy. (£14,343) - Underspend on budget allocation for Professional Fees for Asset Commercialisation (Gleeds). £4,906 - Additional costs associated with property valuations in year. £2,400 - Enforcement Board works

Note 2 - £6,362 - Additional Personnel Services recharges. £13,718 - Admin Buildings recharges. £54,787 - Reduction in capitalisation of salary costs. (£202,151) - Increase in Property Services recharges following increases in costs during the financial year (including £86,220 for Environmental Insurances, and £40,000 further budget allocations for asset commercialisation).

Corporate Finance

Gross Direct Costs	496,823	413,790	(83,034)	Staff Savings resulting for staff vacancies and senior officer restructure.
Capital Charges	10,901	4,491	(6,410)	This reflects the outturn capital programme.
Gross Direct Income	0	(22,897)	(22,897)	Costs recovered from Great Yarmouth Borough Council relating to shared service agreement.
Support Service Charges	(507,724)	(395,383)	112,341	Lower recharges to internal customers reflecting lower direct costs.
	0	0	0	

Service Area Summaries P12 2016/17

Finance & Assets

	Budget £	Outturn £	Variance £	Variance Explanation
Insurance & Risk Management				
Gross Direct Costs	174,877	171,991	(2,886)	(£5,236) - Salaries and oncosts are lower as a result of vacant posts.
Gross Direct Income	(650)	(11,860)	(11,210)	Insurance claim reimbursed.
Support Service Charges	(178,227)	(160,131)	18,096	(£11,480) - Personnel services, increase in staff time. £30,899 - Lower recharge to internal customers as a result of lower service costs.
	(4,000)	0	4,000	
Internal Audit				
Gross Direct Costs	94,000	67,983	(26,017)	Internal audit costs lower than budget
Support Service Charges	(94,000)	(67,983)	26,017	Lower recharge to internal customers as a result of lower service costs.
	0	0	0	
Playgrounds				
Gross Direct Costs	42,670	33,923	(8,747)	Equipment purchases lower than expected.
Gross Direct Income	(12,000)	(12,175)	(175)	No Major Variances.
Support Service Charges	25,410	28,204	2,794	No Major Variances.
	56,080	49,952	(6,128)	
Community Centres				
Gross Direct Costs	5,904	709	(5,195)	Underspend on repairs and maintenance.
Capital Charges	5,342	0	(5,342)	Reduction in depreciation charges following recategorisation of Fakenham Community Centre as an investment property which is revalued each year and therefore not subject to depreciation
Support Service Charges	11,700	10,618	(1,082)	No Major Variances.
	22,946	11,327	(11,619)	
Public Conveniences				
Gross Direct Costs	414,095	477,611	63,516	Note 1
Capital Charges	144,323	138,244	(6,079)	Reduction in depreciation as a result of reduced capital expenditure in a previous year.
Gross Direct Income	0	(9,301)	(9,301)	(£4,445) - Recovery of Sheringham TIC portable PC costs. (£4,479) - Insurance claim following vandalism damage to PC's.
Support Service Charges	64,807	81,309	16,502	Additional Property Services Recharges.
	623,225	687,863	64,638	
Note 1 - £49,623 - Additional repairs and maintenance costs, of which £7,170 relates to 10% savings not achieved for Redevelopment of PC's. £6,820 - Additional water costs. £4,483 - Rental of portable PC's for Sheringham TIC offset by additional income. £6,109 - Additional Kier Cleansing costs due to non achievement of 10% savings				
Investment Properties				
Gross Direct Costs	70,661	93,523	22,862	£21,500 - Additional repairs and maintenance expenditure. £2,652 - Advertising costs for expression of interest in relation to new letting opportunity. £2,611 - Increase in electricity costs. (£6,247) - Reduction in premises insurance costs.
Capital Charges	64,700	51,906	(12,794)	Reduction in depreciation costs as a result of lower than anticipated capital expenditure being incurred in previous years.
Gross Direct Income	(113,309)	(85,226)	28,083	Note 1
Support Service Charges	62,350	80,441	18,091	Additional Property Services recharges
	84,402	140,643	56,241	
Note 1 - £14,500 - Reduction in income as a result of the Grove Lane property being vacant for the full year. £13,720 - Reduction in rental income following extended period of tenants being unable to trade from their premises due to coast works along Cromer Prom, and non achievement of savings on public convenience redevelopment. £3,000 - Reduced recovery of Rocket House service charge expenditure.				

Service Area Summaries P12 2016/17

Finance & Assets

	Budget	Outturn	Variance	Variance Explanation
	£	£	£	
Central Costs				
Gross Direct Costs	54,960	54,441	(519)	No Major Variances.
Capital Charges	0	29,000	29,000	Refcus, Felbrigg junction improvement scheme.
Support Service Charges	(54,960)	(83,441)	(28,481)	£18,203 - Recharge from Corporate Enforcement Team. £35,132 - Customer Services charge is higher as a result of an increase in general enquiries. (£146,158) - Admin Buildings, reallocation of office space. £61,958 - Lower recharge to internal customers as a result of lower service costs.
	0	0	0	
Corporate & Democratic Core				
Gross Direct Costs	423,011	401,479	(21,532)	£19,021 - Salaries and oncosts relating to Democratic Representation and Management are higher than expected. (£41,527) - The external audit fee is lower than anticipated.
Gross Direct Income	0	(36,706)	(36,706)	(£16,206) - Transparency grant. (£20,500) - Grant income re shared services project.
Support Service Charges	922,070	760,149	(161,921)	(£9,280) - Personnel services, decrease in staff time. (£13,890) - Environmental Health, lower service costs. (£93,110) - Admin Buildings, reallocation of office space. (£41,441) - Accountancy, lower service costs. (£6,861) - Corporate Leadership Team, lower service costs.
	1,345,081	1,124,922	(220,159)	
	2,701,920	2,520,598	(181,322)	

Service Area Summaries 2016/17

Planning

	Budget	Outturn	Variance
	£	£	£
Development Management	680,551	953,748	273,197
Planning Policy	486,310	327,236	(159,074)
Conservation, Design & Landscape	174,989	182,812	7,823
Major Developments	293,391	325,498	32,107
Building Control	81,676	56,175	(25,501)
Head Of Planning	16,052	0	(16,052)
Property Information	58,576	(9,692)	(68,268)
Total Planning	1,791,545	1,835,777	44,232

Service Area Summaries P12 2016/17

Planning

	Budget £	Outturn £	Variance £	Variance Explanation
Development Management				
Gross Direct Costs	940,962	938,374	(2,588)	£66,276 Additional staff costs. (£70,005) Planning Appeal work and enforcement works funded from reserves. The use of reserves will be amended to reflect this slippage.
Capital Charges	42,044	18,886	(23,158)	This reflects the outturn capital programme.
Gross Direct Income	(755,620)	(629,184)	126,436	£156,277 Planning fee income, due to a lower number of large fee applications being received. This is partially offset by increased income from professional advice.
Support Service Charges	453,165	625,672	172,507	(£102,010) Planning Support, £37,797 Head of Planning, £136,495 Corporate Enforcement Team, £88,537 Postal & Scanning Services, £29,238 Customer/Personnel Services, £28,416 Admin Buildings, (£31,698) Housing Strategy & Communities, (£14,942) Legal Services. These all reflect a more accurate allocation of time spent on the service.
	680,551	953,748	273,197	
Planning Policy				
Gross Direct Costs	430,418	320,024	(110,394)	Local Plan expenditure funded from the New Homes Bonus including (£73,763) Staffing and (£45,000) Professional Fees. £16,200 Payment of Neighbourhood grant.
Gross Direct Income	0	(53,885)	(53,885)	(£34,645) New Burdens Grant funding, this will be earmarked for spend in 2017/18. £20,850 relation to Self Build and Custom Housebuilding registers and £14,645 Brownfield land registers. The balance relates to neighbourhood planning grants which was paid over to the parish and town council it related to.
Support Service Charges	55,892	61,097	5,205	No Major Variances.
	486,310	327,236	(159,074)	
Conservation, Design & Landscape				
Gross Direct Costs	90,713	116,190	25,477	Expenditure relating to enforcement works which will be funded from the Enforcement reserve.
Support Service Charges	84,276	66,622	(17,654)	Minor variances reflecting a more accurate allocation of time.
	174,989	182,812	7,823	
Major Developments				
Gross Direct Costs	201,957	215,452	13,495	£14,142 Additional Staff costs.
Support Service Charges	91,434	110,046	18,612	Legal - a more accurate allocation of time.
	293,391	325,498	32,107	
Building Control				
Gross Direct Costs	331,573	350,664	19,091	£24,726 Additional Staff costs.
Gross Direct Income	(361,045)	(416,361)	(55,316)	Income from fees; the net surplus will be transferred to the Building Control earmarked reserve and considered as part of future fee setting.
Support Service Charges	111,148	121,872	10,724	Admin Buildings - higher costs and reallocation of office space.
	81,676	56,175	(25,501)	
Head Of Planning				
Gross Direct Costs	161,508	173,151	11,643	£12,822 Additional Staff costs.
Support Service Charges	(145,456)	(173,151)	(27,695)	Higher recharges to internal customers reflecting higher direct costs.
	16,052	0	(16,052)	
Property Information				
Gross Direct Costs	190,880	163,345	(27,535)	(£17,093) Accrual re Legal challenges by property search companies not offset by expenditure. (£9,378) Search fees paid to Norfolk County Council for Highway elements.
Gross Direct Income	(185,000)	(226,081)	(41,081)	(£6,640) New Burdens grant. (£8,139) Street Naming and Numbering income. (£25,972) Land charge fee income - the net surplus will be transferred to the earmarked reserve and considered as part of future fee setting.
Support Service Charges	52,696	53,044	348	No Major Variances.
	58,576	(9,692)	(68,268)	
	1,791,545	1,835,777	44,232	

Reserves Statement 2016/17 Outturn

Reserve	Purpose and Use of Reserve	Balance 01/04/16	2016/17 Outturn Movement	Balance 01/04/17	Budgeted Movement 2017/18	Balance 01/04/18	Budgeted Movement 2018/19	Balance 01/04/19	Budgeted Movement 2019/20	Balance 01/04/20
		£	£	£	£	£	£	£	£	£
General Fund - General Reserve	A working balance and contingency, current recommended balance is £1.75 million.	2,597,761	(265,986)	2,331,775	(44,337)	2,287,438	0	2,287,438	0	2,287,438
Earmarked Reserves:										
Capital Projects	To provide funding for capital developments and purchase of major assets. This includes the VAT Shelter Receipt.	2,335,462	(21,484)	2,313,978	(834,596)	1,479,382	0	1,479,382	0	1,479,382
Asset Management	To support improvements to our existing assets as identified through the Asset Management Plan.	154,398	346,494	500,892	828,718	1,329,610	0	1,329,610	0	1,329,610
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.	558,376	(31,000)	527,376	0	527,376	0	527,376	0	527,376
Broadband	Earmarks £1million for superfast broad band in North Norfolk. (600k was transferred from the BSF reserve and £400k from NHB reserve)	1,000,000	0	1,000,000	(1,000,000)	0	0	0	0	0
Building Control	Building Control surplus ring-fenced to cover any future deficits in the service.	145,451	26,329	171,780	0	171,780	0	171,780	0	171,780
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.	2,027,045	500,000	2,527,045	0	2,527,045	0	2,527,045	0	2,527,045
Coast Protection	To support the ongoing coast protection maintenance programme and carry forward funding between financial years.	173,516	29,000	202,516	(29,000)	173,516	0	173,516	0	173,516
Common Training	To deliver the corporate training programme. Training and development programmes are sometimes not completed in the year but are committed and therefore funding is carried forward in an earmarked reserve.	48,450	0	48,450	0	48,450	0	48,450	0	48,450
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.	1,032,567	164,612	1,197,179	152,829	1,350,008	27,196	1,377,204	(242,000)	1,135,204
Economic Development and Regeneration	Earmarked from previous underspends within Economic Development and Regeneration Budgets along with funding earmarked for Learning for Everyone.	116,283	17,175	133,458	(17,175)	116,283	0	116,283	0	116,283
Election Reserve	Established to meet costs associated with district council elections, to smooth the impact between financial years.	13,000	30,000	43,000	40,000	83,000	40,000	123,000	(80,000)	43,000

Reserves Statement 2016/17 Outturn

Reserve	Purpose and Use of Reserve	Balance 01/04/16	2016/17 Outturn Movement	Balance 01/04/17	Budgeted Movement 2017/18	Balance 01/04/18	Budgeted Movement 2018/19	Balance 01/04/19	Budgeted Movement 2019/20	Balance 01/04/20
		£	£	£	£	£	£	£	£	£
Enforcement Works	Established to meet costs associated with district council enforcement works including buildings at risk .	110,663	(6,989)	103,674	88,237	191,911	0	191,911	0	191,911
Environmental Health	Earmarking of previous underspends and additional income to meet Environmental Health initiatives.	200,287	79,102	279,389	(55,619)	223,770	0	223,770	0	223,770
Grants	Revenue Grants received and due to timing issues not used in the year.	411,403	27,949	439,352	(49,097)	390,255	0	390,255	0	390,255
Housing	Previously earmarked for stock condition survey and housing needs assessment.	75,617	2,445,126	2,520,743	0	2,520,743	0	2,520,743	0	2,520,743
Treasury (Property) Reserve	Property Investment (Treasury), to smooth the impact on the revenue account of interest fluctuations.	66,068	0	66,068	0	66,068	0	66,068	0	66,068
Land Charges	To mitigate the impact of potential income reductions.	215,926	17,243	233,169	0	233,169	0	233,169	0	233,169
Legal	One off funding for Compulsory Purchase Order (CPO) work and East Law Surplus.	79,069	65,105	144,174	0	144,174	0	144,174	0	144,174
Local Strategic Partnership	Earmarked underspends on the LSP for outstanding commitments and liabilities.	0	0	0	0	0	0	0	0	0
LSVT Reserve	To meet the cost of successful warranty claims not covered by bonds and insurance following the housing stock transfer.	435,000	0	435,000	0	435,000	0	435,000	0	435,000
New Homes Bonus (NHB)	Established for supporting communities with future growth and development and Plan review*	1,418,041	416,399	1,834,440	(152,062)	1,682,378	(185,944)	1,496,434	(82,944)	1,413,490
Organisational Development	To provide funding for organisation development to create capacity within the organisation, including the provision and support for apprenticeships and internships.	42,728	302,400	345,128	(2,400)	342,728	0	342,728	0	342,728
Pathfinder	To help Coastal Communities adapt to coastal changes.	206,378	0	206,378	0	206,378	0	206,378	0	206,378
Planning	Additional Planning income earmarked for Planning initiatives including Plan Review.	393,183	(224,519)	168,664	(123,485)	45,179	(31,670)	13,509	0	13,509
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.	1,875,372	558,707	2,434,080	(98,391)	2,335,689	(20,117)	2,315,572	0	2,315,572
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.	28,181	(15,532)	12,649	0	12,649	0	12,649	0	12,649
Total Reserves		15,760,224	4,460,131	20,220,355	(1,296,378)	18,923,977	(170,535)	18,753,442	(404,944)	18,348,498

GENERAL FUND CAPITAL PROGRAMME - OUTTURN POSITION 2016/17

<u>Scheme</u>	Updated Budget 2016/17	Actual Expenditure	Variance to Updated Budget	Comments
	£	£	£	
Jobs and the Economy				
North Norfolk Enterprise Innovation Centre	39,705	-	39,705	Scheme remains on hold. Balance of budget is requested to be taken to 2017/18.
Rocket House	39,750	-	39,750	The remaining budget is requested for slippage to 2017/18
North Norfolk Enterprise and Start Up Grants	8,793	-	8,793	Although a number of grants have been repaid, the remaining balance of budget is requested to be carried forward to 2017/18.
Public Convenience Water Heater Improvements	10,988	6,707	4,281	Works are partially complete, and the balance of budget is requested to be taken to 2017/18.
Egmere Business Zone	1,213,013	98,606	1,114,407	This scheme is ongoing, with the build works due to commence in the new year. The balance of budget is to be taken to 2017/18.
Car Park Refurbishment 2016/17	72,833	21,098	51,735	This scheme is progressing with works being undertaken in Holt, Fakenham and Weybourne. Further works are anticipated in 2017/18.
North Lodge Park	39,427	10,958	28,469	Works are ongoing, with some expenditure being incurred in relation to the yacht pond and the shelter within the park. The remaining budget is requested to be taken to 2017/18.
North Norfolk Railway	50,000	50,000	-	This scheme is now complete.
North Walsham Regeneration Scheme	57,681	54,779	2,902	This scheme is complete and has come in £2,902 under budget.
Office Improvements Kings Arms St	30,000	29,507	493	This scheme is almost complete with final invoices awaited. The small balance of budget is requested to be taken to 2017/18 to cover any minor invoices forthcoming.
	<u>1,562,190</u>	<u>271,654</u>	<u>1,290,536</u>	
Housing and Infrastructure				
Disabled Facilities Grants	953,786	852,912	100,874	The payments made under this capital budget were less than the updated budget for 2016/17. The payment of grants is ongoing and therefore the remaining budget allocation is to be slipped into 2017/18.
Housing Associations	100,909	100,909	0	The payments in relation to this scheme are now complete.
Housing Loans to Registered Providers	750,000	-	750,000	This scheme has not progressed in year, but the loan payment is due to be made early in 2017/18. the budget is therefore requested to be taken to the new financial year.
Parkland Improvements	-	1,397	1,397	Design works have commenced, and as such there is a requirement to claw back £1,397 from the budget which was slipped into 2017/18.
Compulsory Purchase of Long Term Empty Properties	290,000	800	289,200	Planning applications have been put through, but any purchase is not anticipated until 2017/18. The balance of budget is requested to be taken forward.
Felbrigg Junction Improvement Scheme	29,000	29,000	-	This scheme is complete.
Shannoeks Hotel	490,000	23,897	466,103	Some design works have been undertaken, but any purchase is not anticipated until 2017/18. The balance of budget is requested to be taken forward.
Temporary Accommodation for Homeless Households	180,000	169,950	10,050	The purchase of premises for temporary accommodation has been completed, but the stamp duty is still to be paid. The remaining budget is requested to be taken into 2017/18.
Community Housing Fund	400,000	-	400,000	A programme of works is being drawn up, but no expenditure has been incurred to date. The budget is requested to be carried forward to 2017/18.
	<u>3,193,695</u>	<u>1,178,865</u>	<u>2,014,830</u>	

Coast and Countryside

Gypsy and Traveller Short Stay Stopping Facilities	35,707	44,240 -	8,533	The expenditure represents the actual incurred in year, and the overspend of £8,533 is to be clawed back from future years budget.
Sheringham Beach Handrails	2,352	-	2,352	This budget is no longer required.
Cromer Pier Structural Works - Phase 2	20,597	522	20,075	Actual expenditure was lower than originally anticipated. The remaining budget in year is requested for slippage into 2017/18.
Sheringham Promenade Lighting	2,107	-	2,107	This budget is no longer required.
Cromer Pier and West Prom Refurbishment Project	699,522	483,535	215,987	This scheme is progressing. It is requested that the balance of budget is slipped into 2017/18
Refurbishment Works to the Seaside Shelters	30,731	8,677	22,054	This scheme is progressing. It is requested that the balance of budget is slipped into 2017/18
Cromer Coast Protection Scheme 982 and SEA	534,720	443,957	90,763	This scheme is progressing. It is requested that the balance of budget is slipped into 2017/18
Pathfinder Project	140,000	93	139,907	The main payments in relation to this scheme have been delayed and are likely to be processed in 2017/18. The remaining budget is requested to be taken to the new financial year.
Coastal Erosion Assistance	5,000	525	4,475	This scheme is progressing. It is requested that the balance of budget is slipped into 2017/18
Storm Surge	163,240	93,227	70,013	This scheme is progressing. It is requested that the balance of budget is slipped into 2017/18
Sheringham West Prom	308,798	137,302	171,496	This scheme is progressing. It is requested that the balance of budget is slipped into 2017/18
Cromer Pier - External and Roofing Improvements to Pavilion Theatre	-	261 -	261	The scheme has commenced with minor costs being incurred. The budget had previously been slipped to 2017/18, and it will be necessary to claw back the £261 to cover the expenditure in year.
Sheringham Gangway	40,247	2,567	37,680	This scheme is progressing. It is requested that the balance of budget is slipped into 2017/18
Vale Road Beach Access	18,600	15,115	3,485	This scheme is progressing. It is requested that the balance of budget is slipped into 2017/18
Mundesley - Refurbishment of Coastal Defences - Business Plan	88,037	35,225	52,812	This scheme is progressing and the remaining budget is requested for slippage to the new year.
<i>Bacton Walcott Joint Study</i>	-	57,008 -	57,008	Environment Agency approval was given in year to this scheme and grant income has been received to cover this expenditure
<i>Flag Projects</i>	-	2,492 -	2,492	Minor expenditure has been incurred against this scheme which was in excess of the budget allocation. This expenditure is to be covered by the use of capital receipts.
<i>Bacton Walcott Sea Flood Assessment</i>	-	137 -	137	Minor expenditure has been incurred in year. Additional grant of £137 was received in year to cover this.
	2,089,658	1,324,883	764,775	

Health and Well Being

Splash Roof Repairs	53,254	-	53,254	Some revenue funded works have been undertaken against this scheme.
Cromer Sports Pitch	50,000	1,406	48,594	This scheme is progressing and the remaining budget is requested for slippage to the new year.
Cabbell Park Sport Changing Facilities	49,444	52,125 -	2,681	This scheme is complete, and has come in £2,681 over budget. The additional expenditure is to be financed from capital receipts.
Cabbell Park	38,732	56,592 -	17,860	This scheme is complete, and has come in £17,860 over budget. The additional expenditure is to be financed from capital receipts.
	191,430	110,122	81,308	

Service Excellence			
Trade Waste Bins/ Waste Vehicle	14,487	24,514 -	10,027 Significant bin purchases have been made in excess of the original budget. The balance of expenditure is to be financed by a revenue contribution to capital outlay.
Personal Computer Replacement Fund	24,722	1,068	23,654 This scheme is ongoing and the remaining budget is requested for slippage to the new year.
Procurement for Upgrade of Civica System	119,098	-	119,098 This budget is no longer required.
e-Financials Financial Management System Software Upgrade	-	12,575 -	12,575 The budget for this scheme was taken forward to 2017/18, but it was necessary to make some software purchases in year. A clawback of £12,575 budget is to be undertaken.
Administrative Buildings	45,047	17,269	27,778 This scheme is ongoing and the remaining budget is requested for slippage to the new year.
Planning System (Scanning of Old Files) - Business Transformation Programme	62,224	65,416 -	3,192 The overspend incurred in year is to be offset against the clawback of budget from 2017/18.
Telephony Procurement	11,560	9,499	2,061 This scheme is complete and has come in £2,061 under budget.
Council Chamber and Committee Room Improvements	89,000	948	88,052 Works have commenced against this scheme, which is to be fully implemented in 2017/18. The balance of budget is requested for slippage to the new year.
Environmental Health IT System Procurement	100,000	5,420	94,580 This scheme is ongoing and the actual procurement and implementation of the system is anticipated in the new financial year. The balance of budget is requested for slippage to 2017/18.
Document and Records Management System	55,297	13,706	41,591 This scheme is ongoing and the remaining budget is requested for slippage to the new year.
Web Content Management System	25,150	26,575 -	1,425 This scheme is complete and has come in £1,425 over budget. The overspend is to be funded from capital receipts.
Access Control Systems	17,000	15,087	1,913 Minor elements of work are still to be undertaken in May 2017. The balance of budget is therefore requested for slippage into 2017/18.
Log Solution to Satisfy PSN Code of Connection	41,365	37,746	3,619 This scheme is complete and has come in £3,619 under budget.
Purchase of Bins	40,000	28,459	11,541 This scheme is ongoing and the remaining budget is requested for slippage to the new year.
Customer Contact Centre	60,000	17,825	42,175 This scheme is ongoing and the remaining budget is requested for slippage to the new year.
Purchase of Property Services Vehicle	15,000	-	15,000 The order has been placed for this vehicle and the delivery is awaited. The budget of £15,000 is therefore requested for slippage to 2017/18.
GIS - Web Based Solution	-	5,400 -	5,400 Additional expenditure has been incurred in year against this scheme. The additional expenditure is to be funded by capital receipts.
Fakenham Connect and Cromer Office Works	-	95 -	95 There was a minor balance of expenditure against this scheme which is offset by an equivalent additional contribution from the new tenants.
Choice Based Lettings - Software	-	43,400 -	43,400 The purchase of the Choice Based Lettings additional modules has been incurred in year, and is offset by external contributions to the scheme which are ongoing.
	719,950	325,001	394,949
	7,756,923	3,210,525	4,546,398
Capital Programme Financing			
Grants	2,294,535	1,516,730	
Affordable Housing Contributions			
Other Contributions	833,374	44,762	
Asset Management Reserve	15,000		
Revenue Contribution to Capital (RCCO)			
Capital Project Reserve	862,080	304,816	
Invest to Save Reserve / Broadband Reserve	29,000	29,000	
Capital Receipts	2,947,934	1,305,190	
RCCO	25,000	10,027	
Internal / External Borrowing	750,000		
TOTAL FINANCING	7,756,923	3,210,525	

GENERAL FUND CAPITAL PROGRAMME - 2017/18

<u>Scheme</u>	Scheme Total Current Estimate	Pre 31/3/17 Actual Expenditure	Current Budget 2017/18	Actual Expenditure 2017/18	Updated Budget 2018/19	Updated Budget 2019/20	Updated Budget 2020/21
	£	£	£		£	£	£
Jobs and the Economy							
North Norfolk Enterprise Innovation Centre	50,000	10,295	39,705	0	0	0	0
Rocket House	77,084	37,334	39,750	0	0	0	0
North Norfolk Enterprise and Start Up Grants	135,000	126,207	8,793	0	0	0	0
Public Convenience Water Heater Improvements	11,837	7,556	4,281	0	0	0	0
Egmere Business Zone	1,895,000	98,606	1,796,394	0	0	0	0
Better Broadband for Norfolk	1,000,000	0	1,000,000	0	0	0	0
Public Conveniences - Review, Reprovision and Redevelopment	450,000	0	450,000	0	0	0	0
Car Park Refurbishment 2016/17	112,827	21,098	91,729	0	0	0	0
North Lodge Park	197,000	11,690	185,310	0	0	0	0
Office Improvements Kings Arms St	30,000	29,507	493	0	0	0	0
Purchase of New Car Park Vehicles	60,000	0	60,000	0	0	0	0
	4,018,748	342,293	3,676,455	0	0	0	0

GENERAL FUND CAPITAL PROGRAMME - 2017/18

<u>Scheme</u>	Scheme Total Current Estimate	Pre 31/3/17 Actual Expenditure	Current Budget 2017/18	Actual Expenditure 2017/18	Updated Budget 2018/19	Updated Budget 2019/20	Updated Budget 2020/21
	£	£	£		£	£	£
Housing and Infrastructure							
Disabled Facilities Grants	Annual programme	0	2,377,012	0	0	0	0
Housing Loans to Registered Providers	3,500,000	0	3,500,000	0	0	0	0
Parkland Improvements	100,000	12,996	87,004	0	0	0	0
Compulsory Purchase of Long Term Empty Properties	630,000	800	629,200	0	0	0	0
Shannoeks Hotel	490,000	23,897	466,103	0	0	0	0
Laundry Loke - Victory Housing	100,000	0	80,000	0	20,000	0	0
Temporary Accommodation for Homeless Households	180,000	169,950	10,050	0	0	0	0
Community Housing Fund	2,436,942	0	2,436,942	0	0	0	0
Provision of Temporary Accommodation	610,000	0	488,000	0	122,000	0	0
	8,046,942	207,643	10,074,311	0	142,000	0	0
Coast and Countryside							
Gypsy and Traveller Short Stay Stopping Facilities	1,417,533	1,270,950	42,000	0	104,583	0	0
Cromer Pier Structural Works - Phase 2	1,378,549	1,322,094	56,455	0	0	0	0

GENERAL FUND CAPITAL PROGRAMME - 2017/18

<u>Scheme</u>	Scheme Total Current Estimate	Pre 31/3/17 Actual Expenditure	Current Budget 2017/18	Actual Expenditure 2017/18	Updated Budget 2018/19	Updated Budget 2019/20	Updated Budget 2020/21
	£	£	£		£	£	£
Cromer Pier and West Prom Refurbishment Project	1,465,000	699,013	215,987	0	550,000	0	0
Refurbishment Works to the Seaside Shelters	149,500	127,446	22,054	0	0	0	0
Cromer Coast Protection Scheme 982 and SEA	8,822,000	5,246,343	3,575,657	0	0	0	0
Pathfinder Project	1,967,015	1,683,310	283,705	0	0	0	0
Coastal Erosion Assistance	90,000	17,203	72,797	0	0	0	0
Storm Surge	1,176,000	1,105,987	70,013	0	0	0	0
Sheringham West Prom	804,000	632,504	171,496	0	0	0	0
Mundesley - Refurbishment of Coastal Defences	2,221,000	0	2,221,000	0	0	0	0
Ostend Targeted Rock Placement and Coastal Adaptation	55,000	219	54,781	0	0	0	0
Cromer Pier - External and Roofing Improvements to Pavilion Theatre	275,000	1,250	273,750	0	0	0	0
Sheringham Gangway	201,514	116,533	84,981	0	0	0	0
Vale Road Beach Access	18,600	15,115	3,485	0	0	0	0
Bacton and Walcott Coastal Management Scheme	500,000	0	500,000	0	0	0	0

GENERAL FUND CAPITAL PROGRAMME - 2017/18

<u>Scheme</u>	Scheme Total Current Estimate	Pre 31/3/17 Actual Expenditure	Current Budget 2017/18	Actual Expenditure 2017/18	Updated Budget 2018/19	Updated Budget 2019/20	Updated Budget 2020/21
	£	£	£		£	£	£
Mundesley - Refurbishment of Coastal Defences - Business Case	89,000	36,188	52,812	0	0	0	0
Bacton and Walcott Joint Study	201,514	170,974	30,540	0	0	0	0
	20,831,225	12,445,129	7,731,513	0	654,583	0	0
Health and Well Being							
Splash Roof Repairs	63,120	9,866	53,254	0	0	0	0
Steelwork Protection to Victory Pool and Fakenham Gym	27,500	33	27,467	0	0	0	0
Fakenham Gym	62,500	0	45,000	0	17,500	0	0
Splash Pool - Steelworks	35,000	0	35,000	0	0	0	0
Cromer Sports Pitch	50,000	1,406	48,594	0	0	0	0
Fakenham Community Centre Window Replacement	30,000	0	30,000	0	0	0	0
	268,120	11,305	239,315	0	17,500	0	0
Service Excellence							
Personal Computer Replacement Fund	205,583	181,929	23,654	0	0	0	0
Asset Management Computer System	75,000	63,730	11,270	0	0	0	0
e-Financials Financial Management System Software Upgrade	47,505	34,080	13,425	0	0	0	0

GENERAL FUND CAPITAL PROGRAMME - 2017/18

<u>Scheme</u>	Scheme Total Current Estimate	Pre 31/3/17 Actual Expenditure	Current Budget 2017/18	Actual Expenditure 2017/18	Updated Budget 2018/19	Updated Budget 2019/20	Updated Budget 2020/21
	£	£	£		£	£	£
Administrative Buildings	250,570	197,792	52,778	0	0	0	0
Planning System (Scanning of Old Files) - Business Transformation Programme	100,000	83,890	16,110	0	0	0	0
Council Chamber and Committee Room Improvements	89,000	948	88,052	0	0	0	0
Environmental Health IT System Procurement	150,000	6,327	143,673	0	0	0	0
Stonehill Way Fire and Security System	15,000	0	15,000	0	0	0	0
Document and Records Management System	60,000	18,409	41,591	0	0	0	0
Access Control Systems	17,000	15,087	1,913	0	0	0	0
Purchase of Bins	120,000	28,459	51,541	0	40,000	0	0
Customer Contact Centre	60,000	17,825	42,175	0	0	0	0
Purchase of Property Services Vehicle	15,000	0	15,000	0	0	0	0
User IT Hardware Refresh	220,000	0	55,000	0	55,000	55,000	55,000
Goat Livestock Grazing Project	17,000	0	17,000	0	0	0	0
Replacement Environmental Health Vehicle	21,935	0	21,935	0	0	0	0

GENERAL FUND CAPITAL PROGRAMME - 2017/18

<u>Scheme</u>	Scheme Total Current Estimate	Pre 31/3/17 Actual Expenditure	Current Budget 2017/18	Actual Expenditure 2017/18	Updated Budget 2018/19	Updated Budget 2019/20	Updated Budget 2020/21
	£	£	£		£	£	£
Uniform Planning System	140,000	0	140,000	0	0	0	0
Back Scanning of Files	200,000	0	150,000	0	50,000	0	0
Housing Options System	20,000	0	20,000.00		0	0	0
	1,803,593	648,476	900,117	0	145,000	55,000	55,000
	34,988,628	13,654,846	22,641,711	0	959,083	55,000	55,000
<u>Capital Programme Financing</u>							
Grants			9,824,297		104,583	0	0
Affordable Housing Contributions							
Other Contributions			456,715		350,000	0	0
Asset Management Reserve			3,443		0	0	0
Revenue Contribution to Capital (RCCO)							
Capital Project Reserve			834,596		0	0	0
Invest to Save Reserve / Broadband Reserve			1,000,000		0	0	0
Capital Receipts			7,022,660		504,500	55,000	55,000
Internal / External Borrowing			3,500,000		0	0	0
TOTAL FINANCING			22,641,711		959,083	55,000	55,000

Prudential Indicators and MRP Outturns 2016/17

1. Background:

- 1.1 The Local Government Act requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

2. Capital Expenditure:

- 2.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

Capital Expenditure	2016/17 Estimate £000s	2016/17 Outturn £000s
Total	12,539	3,211

- 2.2 Capital expenditure will be financed or funded as follows:

Capital Financing	2016/17 Estimate £000s	2016/17 Outturn £000s
Capital receipts	2,408	1,333
Government Grants	7,948	1,534
Revenue contributions and Reserves	1,161	344
Internal Borrowing	1,022	0
Total Financing	12,539	3,211

3. Capital Financing Requirement:

- 3.1 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.

Capital Financing Requirement	2016/17 Estimate £000s	2016/17 Outturn £000s
Total CFR	1,603	688

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 recognised under IFRS accounting regulations which require equipment on an embedded finance lease to be recognised on the balance sheet. In addition to this, the estimated figure also reflects the Council's decision to provide loan advances to Registered providers under the Local Investment Strategy. Although initially this would have increased the CFR, the capital receipts generated by the annual repayments on the loans will be applied to reduce the CFR across subsequent years. Please note that although included within the estimated figures the latter scheme has not actually been progressed in the 2016/17 financial year.

4. Authorised Limit and Operational Boundary for External Debt:

- 4.1 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.
- 4.2 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.
- 4.3 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).
- 4.4 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.

	2016/17 Estimate £000s	2016/17 Outturn £000s
Authorised Limit for Borrowing	7,970	7,970

Authorised Limit for Other Long-term Liabilities	688	688
Authorised Limit for External Debt	8,658	8,658
Operational Boundary for Borrowing	5,640	5,640
Operational Boundary for Other Long-term Liabilities	688	688
Operational Boundary for External Debt	6,328	6,328

5. Ratio of Financing Costs to Net Revenue Stream:

5.1 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.

5.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2016/17 Estimate %	2016/17 Outturn %
Total	(4.14)	(3.62)

The indicator is negative because the Council has interest receivable and no financing costs.

6. Incremental Impact of Capital Investment Decisions:

6.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2016/17 Outturn £
Increase in Band D Council Tax	(2.13)	(0.14)

6.2 The incremental impact of capital investment decisions reflects the additional revenue cost to the authority of undertaking specific capital schemes, together with the loss of interest from the use of capital receipts that would otherwise have been invested as part of the Treasury Management process.

7. **Adoption of the CIPFA Treasury Management Code:**

7.1 This indicator demonstrates that the Council has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the CIPFA Treasury Management Code at Full Council on 28 April 2010.

Treasury Management Annual Report 2016/17

Summary: This report sets out the Treasury Management activities actually undertaken during 2016/17 compared with the Treasury Management Strategy for the year.

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

Conclusions: Treasury activities for the year have been carried out in accordance with the CIPFA Code and the Council's Treasury Strategy.

Recommendations: That the Council be asked to RESOLVE that The Treasury Management Annual Report and Prudential Indicators for 2016/17 are approved.

Reasons for Recommendation: Approval by Council demonstrates compliance with the Codes.

Cabinet Member(s) Cllr W Northam	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 Chartered Institute of Public Finance and Accountancy's Treasury Management Code requires the Council to report on the performance of the treasury management function at least twice a year (mid-year and at the year-end).
- 1.2 Treasury Management activities for 2016/17 have been carried out in accordance with the Council's Treasury Management Strategy 2016/17 which was approved by Full Council on 23 February 2016.
- 1.1 The Council 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. This report covers treasury activity and the associated monitoring and control of risk.

2. Context

- 2.1 Global political events in the year, most notably the US Presidential Election and the uncertainty over the UK's future relationship with the EU, resulted in heightened market volatility during the year. UK inflation had been low in the first half of 2016, but following the EU Referendum and the sharp fall in the Sterling exchange rate, CPI rose from 0.3% year/year in April 2016 to 2.3% year/year in March 2017.
- 2.2 The Bank of England's Monetary Policy Committee judged the effects of the referendum outcome on economic growth to be sufficiently severe to initiate a cut in the Bank Rate to 0.25% in August. Cheap funding for banks was provided through its Term Funding Scheme to maintain the supply of credit in the economy.
- 2.3 Despite growth forecasts being downgraded, economic activity caused a growth in GDP of 0.6% in the second, 0.5% in the third and 0.7% in the fourth quarters of 2016. The labour market showed resilience, with unemployment rates dropping to 4.7% in February, an 11 year low.
- 2.4 Equity markets fell sharply following the Referendum result, and later showed increased volatility in November around the time of the US Presidential Election. However, the markets have recovered and the FTSE-100 and FTSE All Share closed on 31st March 18% up over the year. Money market rates for overnight and short term periods remained low since the Bank Rate was cut.
- 2.5 Indicators of credit risk took a generally negative turn in reaction to the Referendum result. UK bank share prices fell sharply, by 20% on average. The credit ratings agency's Fitch and Standard and Poor's downgraded the UK's rating to AA, and, along with Moody's, have a negative outlook on the UK. None of the banks on the Authorities lending list failed the stress tests conducted by the European Banking Authority July and the Bank of England in November.

3. Borrowing

- 3.1 The Council is currently debt-free. The strategy has been to remain debt-free and not to borrow long-term monies to finance its capital spending, relying instead on usable capital receipts, government grants and revenue contributions. Any decision to borrow in the future will need to have regard to the treasury implications, including taking account of the additional credit risk of holding both investments and borrowing.

4. Investment Activity

- 4.1 The Department for Communities and Local Government's (DCLG) Guidance on Local Government Investments requires the Council to focus on security and liquidity, rather than yield when undertaking its treasury activities
- 4.2 The table below gives Members an appreciation of the investment activity undertaken in 2016/17, showing the position at the start and end of the year, together with the transactions during the year. The average investment return achieved for call accounts, term deposits, and certificates of deposits, covered bonds and pooled funds (excluding the LAMIT fund) was 0.83% for the year. The LAMIT pooled property fund realised an income return of 5.87%, giving an overall return on all investments for the year of 1.54%.

	Balance 01/4/2016	Invested	Matured	Balance 31/3/2017

	£000s	£000s	£000s	£000s
Short term Investments (call accounts, deposits and CDs with banks & building societies)	1,000	0	1,000	0
UK Government (DMADF and other local authorities)	3,000	55,885	58,885	0
Money Market Funds	3,625	60,360	54,085	9,900
Pooled Funds	11,000	9,000	0	20,000
Covered Bonds	10,500	0	4,500	6,000
All investments	29,125	125,245	118,470	35,900

4.3 Security of the capital sum invested remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2016/17.

4.4 Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long-term counterparty rating for specified investments is A-across the rating agencies Fitch, Standard & Poors and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

5. Credit Risk

Counterparty credit quality as measured by credit ratings is summarised below:

Date	Value Weighted Average Credit Risk Score	Value Weighted Average Credit Rating	Time Weighted Average Credit Risk Score	Time Weighted Average Credit Rating
31/03/2016	1.97	AA+	1.18	AAA
30/06/2016	2.00	AA+	1.12	AAA
31/09/2016	2.63	AA	1.20	AAA
31/12/2016	3.09	AA	1.13	AAA
31/03/2017	3.27	AA	1.01	AAA

5.1 All investment counterparties are given a credit score. Weighted average scores are then calculated for both value and time. The value weighted average reflects the credit quality of investments compared to the size of the deposit. The time weighted average reflects the credit quality of investments compared to the number of days to maturity of the deposit.

5.2 Appendix 1 shows the different credit scores which apply to the long-term credit ratings of an institution. In the Treasury Management Strategy 2016/17 the Council 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. The target credit score has been set at 6 which equates to a long term rating of A (or equivalent).

- 5.3 The table shows how the scores and ratings have changed over the financial year. The more investments the Council has with counterparties with higher credit ratings, the lower the score will be. Over the year, the time weighted average scores have fallen indicating that the credit rating on both a time weighted basis has improved. However, the value weighted average score as increased, indicating that the credit rating on this basis has reduced.
- 5.4 The graphs at Appendix 2 shows the Council's risk/return position at 31 March 2017 and compares how the Council has performed in relation to other clients of the Council's treasury advisors, Arlingclose Limited. The graphs only cover the investments made internally – i.e. the Council's investment in the LAMIT pooled property fund and other pooled funds are excluded from the information. This is because these funds are not for a defined period of time and may not have a credit rating. The graphs use credit ratings, rate of return and period of time to calculate the relative results.

6. Counterparty Update

- 6.1 The two European Directives which place the burden of rescuing failing EU banks disproportionately onto unsecured institutional investors such as local authorities and pension funds, has now been incorporated into UK legislation. This, therefore, now prevents governments from providing support to failing institutions through a bail-out. This, together with the introduction of bail-ins and the preference being given to large numbers of depositors other than local authorities, means that the risks of making unsecured deposits in an institution rose relative to other investment options. The Council has therefore made (whenever possible) secure investments and diversified alternatives such as covered bonds, non-bank investments and pooled funds instead of unsecured bank and building society deposits.
- 6.2 In accordance with this strategy, the Council made further investments in pooled funds during 2016/17. During the year £3m was invested in each of the Investec Asset Management Diversified Income Scheme and Threadneedle Investment Services Strategic Bond Fund. The Income Maximiser Fund, managed by Schroder Unit Trusts Ltd, the UK Income Distribution Fund and the Global Dividend Fund, both managed by M&G Securities were subscribed to by £1m each. The funds are rated AAA and offer the opportunity for enhanced returns over the liquidity money market funds which the Council has used for some time. The fund manager aims to achieve this through a diversified portfolio of cash instruments and short-dated fixed income assets.
- 6.3 Commercial property values fell around 5% in the wake of the UK's Referendum on EU Membership, but had mostly recovered by the end of March 2017. This affected the growth of the Council's investment in the LAMIT pooled property fund, which saw a reduction in fair value to 2015/16 by £121,328, although, has grown overall since initial investment by £1,323,034.

7. Budgeted Income and Outturn

- 7.1 The income budget for 2016/17 anticipated £604,800 would be earned in interest from an average balance of £25.2m at a rate of 2.4%. A total of £546,776 was earned from investments over the year from an average balance of £35.6m at an average rate of interest of 1.54%. This resulted in an adverse variance against the budget of £58,024.
- 7.2 Throughout the year, investment balances were consistently higher than anticipated, although overall the rate of interest earned was 0.86% lower than budget. This was partly a consequence of the loans to Broadland Housing Association under the Local Investment Strategy not being made, and these are now anticipated to be made in June 2017.

7.3 However, the income return on the LAMIT pooled property fund was again higher than budget earning 5.87% over the year, producing an excellent income return for the Council.

8. Compliance with Prudential Indicators

8.1 The Council confirms compliance with its Prudential Indicators for 2016/17 which were set on 23 February 2016 as part of the Council's Treasury Management Strategy Statement, with one exception, detailed in section 8.6 of this report.

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

8.3 Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate exposures, expressed as the proportion of net principal borrowed (i.e. fixed rate debt net of fixed rate investments, will be:

	2016/17	2016/17	2017/18
Upper limit on fixed interest rate exposure	(100%)	(100%)	(100%)
Actual	(100%)		
Upper limit on variable interest rate exposure	(100%)	(100%)	(100%)
Actual	(100%)		

8.4 As the Council's investments exceed its borrowing, these calculations have resulted in a negative figure. The purpose of the limit is to ensure that the Council is not exposed to interest rate rises on any borrowing which could adversely impact the revenue budget. Variable rate borrowing can be used to offset exposure to changes in short term rates on investments. However, the Council did not enter into a borrowing during the year. These limits therefore allowed maximum flexibility for fixed or variable rate investments and investment decisions were ultimately made on expectations of interest rate movements as set out in the Strategy. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

8.5 Maturity Structure of Borrowing:

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were set as follows, however no borrowing was actually undertaken during the year.

Maturity structure of fixed rate borrowing	Lower Limit for 2016/17 %	Upper Limit for 2016/17 %
under 12 months	0	100
12 months and within 24 months	0	100
24 months and within 5 years	0	100
5 years and within 10 years	0	100
10 years and above	0	100

- 8.6 Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2016/17	2017/18	2018/19
Limit on principal invested beyond year end	£17m	£15m	£15m
Actual	£24.5m		

In 2016/17, this indicator was revised to reflect the change in the Council's treasury management strategy of investing longer term in pooled funds to take advantage of the higher interest rate available from long term deposits. This strategy is in line with advice from the Council's treasury management consultants, Arlingclose.

- 8.7 Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average [credit rating] or [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.

	Target	Actual
Portfolio average credit score	6.0	3.27

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

	Target	Actual
Total cash available within 3 months	£3.0m	£9.9m

9. Financial Implications and Risks

- 9.1 The financial impact of implementing the Council's treasury strategy for 2016/17 has been set out in this report.

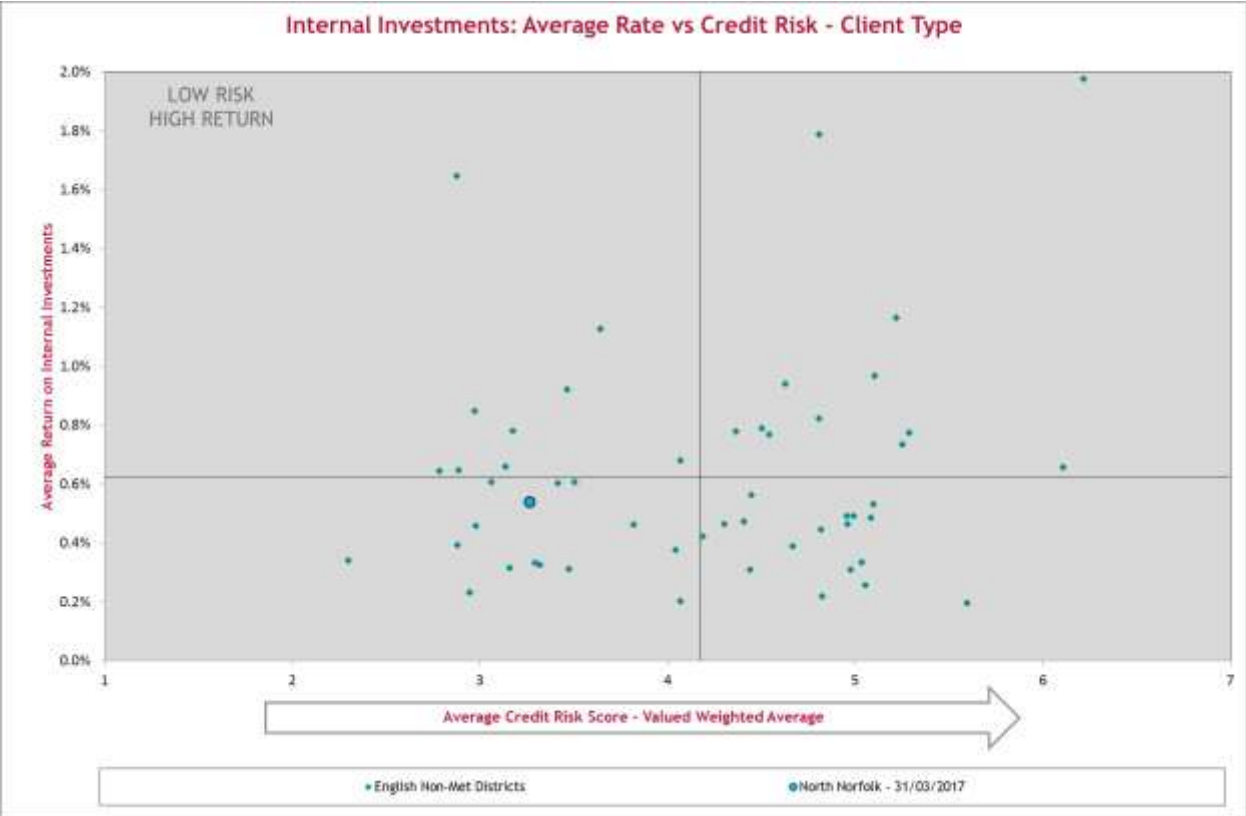
10. **Sustainability** – None as a direct consequence of this report.

11. **Equality and Diversity** – None as a direct consequence of this report.

12. **Section 17 Crime and Disorder considerations** – None as a direct consequence of this report.

Credit Score Analysis

Long-Term Credit Rating	Score
AAA	1
AA+	2
AA	3
AA-	4
A+	5
A	6
A-	7
BBB+	8
BBB	9
BBB-	10
Not rated	11
BB	12
CCC	13
C	14
D	15



Debt Recovery 2016-17

Summary: This is an annual report detailing the council's collection performance and debt management arrangements for 2016/17
The report includes a:

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

Recommendations: To approve the annual report giving details of the Council's write-offs in accordance with the Council's Debt Write-Off Policy and performance in relation to revenues collection.

Cabinet member(s): Wyndham Northam
All All
Contact Officer, telephone number, Sean Knight 01263 516347
and e-mail: Sean.Knight@north-norfolk.gov.uk

1 Introduction

- 1.1. The Corporate Debt Management annual report is one of the performance management measures to provide members with outturn figures for 2016/17 for the following:
- A summary of debts written off in each debt area showing the reasons for write off and values.
 - Collection performance for Council Tax and Non - Domestic Rates (NNDR).
 - Level of arrears outstanding
 - Level of provision for bad and doubtful debts

2. Background

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

3. Performance

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

Table 1

Income Area	Year/Date	Total Arrears at 31 st March	Current Years	% of Current Arrears v Net	Provision for Bad/Doubtful
-------------	-----------	---	---------------	----------------------------	----------------------------

		All Years (after write offs)* (£)	Years write offs** (£)	Arrears Included (after write – offs)** (£)	Debit	Debt for all years (£)
Council Tax	2013/14	2,140,624		1,043,935	1.83%	774,981
	2014/15	2,096,472		902,738	1.56%	777,268
	2015/16	2,069,261		836,404	1.42%	762,413
	2016/17	1,998,329*		844,646**	1.36%	733,817

Income Area	Year/Date	Total Arrears at 31 st March All Years (after write offs)* (£)	Current Years Arrears Included (after write – offs)** (£)	% of Current Arrears v Net Debit	Provision for Bad/Doubtful Debt for all years (£)
NNDR	2013/14	336,511	195,269	0.81%	115,027
	2014/15	304,708	150,005	0.65%	167,962
	2015/16	343,855	153,179	0.62%	200,746
	2016/17	331,206*	134,548**	0.52%	189,593

3.2. *This is the cumulative arrears (excludes costs) for all years including 2016/17.

3.3. ** This is the arrears figure as at 31/3/2017. Collection of the 2016/17 debt is ongoing and £100,928 council tax and £5,394 NNDR has been collected since that date against previous year's arrears.

3.4. The table below shows the level of sundry debt outstanding at the year-end including the element of that debt which is attributable to housing benefit overpayments being collected by invoicing customers.

Table 2

Income Area	Year	Total Arrears at 31st March All Years (after write offs) (£)	Net Debit Raised End of Year (£)	% outstanding against debit at year end (£)	Provision for Bad/Debt for all years (£)
Sundry Income (including Housing Benefit Overpayments).	2013/14	727,460	4,639,974	15.68%	481,568
	2014/15	984,083	5,480,215	17.95%	491,040
	2015/16	1,282,697	6,356,269	20.18%	609,130
	2016/17	1,540,486	6,328,603	24.34%	710,210

3.5. The table below shows the breakdown of 2016/17 level of sundry debt including the residual housing benefit overpayments in finance and the level of housing benefit overpayments in revenues outstanding at the year end and being collected by invoicing customers.

Table 3

Income Area	Year	Total Arrears at 31st March All Years (after write offs) (£)	Net Debit Raised End of Year (£)	% outstanding against debit at year end (£)	Provision for Bad/Debt for all years (£)
Sundry Income (including residual Housing Benefit Overpayments in Finance).	2016/17	*638,238	5,837,350	10.93%	164,598
Housing Benefit Overpayments in Revenues.	2016/17	**902,248	491,253	183.66%	545,612

3.6. *The above figure includes 19 invoices over £5,000 each totaling £501,700. Five invoices totaling £350,000 are with one organisation which has since paid. Eight of these invoices totaling £99,167 are residue Housing Benefit Overpayments of which six are being repaid by Attachment to Earnings.

3.7. ** The above figure includes 33 invoices over £5,000 each totaling £307,063. Eight are being repaid by Attachment to Earnings and another eight collected through the County Court.

3.8. The Provision for Bad/Debt for Sundry Income for all years is £710,210 which includes £545,612 for Housing Benefit Overpayments.

Table 4

Income Area	Year/Date	Net Collectable Debit (£)	Number of Accounts (£)	Average Amount per Account (after adjustments) (£)	Total of all Years Arrears (£)
Council Tax	2013/14	56,911,522	53,038	1,073	2,140,624
	2014/15	57,915,564	53,352	1,086	2,096,472
	2015/16	59,066,218	53,737	1,099	2,069,261
	2016/17	61,902,431	54,172	1,143	1,998,329
NNDR	2013/14	24,047,238	6,285	3,826	336,511
	2014/15	23,805,739	6,414	3,712	304,708
	2015/16	24,854,602	6,631	3,748	342,572
	2016/7	26,115,380	6,865	3,804	331,206
Sundry Income	2013/14	4,639,974	5,231	887	727,460
	2014/15	5,480,215	4,618	1,187	984,083
	2015/16	6356,268	5,723	1,111	1,282,285
	2016/17	6,328,732	5,833	1,085	1,540,486

Table 5

Income Area	2013/14	2014/15	2015/16	2016/17	Target 2016/17
Council Tax	98.1%	98.5%	98.6%	98.7%	98.5%
NNDR	99.1%	99.3%	99.3%	99.36%	99.2%

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

3.10 There are no longer national indicators for the collection of Council Tax and Non-Domestic (Business) Rates. The performance indicator (PI) is retained as a local PI, and continues to be monitored monthly. An important part of debt management is to ensure that bills are sent out accurately and timely and that council tax and business rate payers are aware of any appropriate discounts, exemptions, reliefs and benefit entitlement they may be entitled to. Information is sent with the annual bills, is shown on our web site and service information is provided on these. The ongoing promotion of Direct Debit also forms an important part of debt management 72% of council tax payers are paying by direct debit and 42% of NNDR customers pay by direct debit.

3.11 The Government has made the Small Business Rate Relief (SBRR) scheme more generous from 1 April 2017. Small businesses with a Rateable Value below £12,001 may now be entitled to receive 100% relief (increase funded by Government). Small businesses with a Rateable Value between £12,000 and £15,001 may now be entitled to receive a percentage reduction in their rates bill.

4. Write-Offs

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

Table 6

Income Area 2011/12(£)	2013/14(£)	2014/15(£)	2015/16	2016/17
Council Tax	193,560	139,971	179,556	123,931
NNDR	91,111	83,864	48,142	48,950
Sundry Income (includes residual Housing Benefit write- offs)	58,072	41,526	162,794	16,113
Housing Benefit	74,971	34,214	79,207	56,121

4.2. The table below details the category of debts that have been written off over the year 2016/17 (includes costs) for all years.

Table 7

Category	Council Tax(£)	NNDR(£)	Sundry Income(£)
Unable to collect Uneconomic/ bailiff unable to collect	-198	46	1,098
Debtor deceased	10,389	0	27,065
Debtor absconded	45,722	1,385	4,300
Debtor in bankruptcy Or liquidation or other Insolvency proceedings	51,528	47,637	21,396
Debt cannot be proved (conflict of evidence)	11,907	1,080	11
Ill health & no means	306	0	1,808
Undue hardship	3	731	0
Debt remitted by the Court	0	0	0
Irrecoverable	4,200	-1,928	19,563
Detained/Prison	74	0	654

Other	-599	0	-3,661
Totals	123,931	48,950	72,234

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

5. Implications and Risks

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

6. Financial Implications and Risks

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

7. Sustainability

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

8. Equality & Diversity

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

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

9. Section 17 Crime and Disorder considerations

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

CORPORATE DEBT MANAGEMENT AND RECOVERY POLICY

INTRODUCTION

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

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

The following policies have been prepared within this framework:

Benefit Overpayment Policy
Counter-Fraud and Prosecution Policies
Debt Write -Off policy as shown in Appendix B.

POLICY AIMS

The key aims of this policy are as follows:

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

SUPPORTING THE COUNCIL'S CORPORATE PRIORITIES

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

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

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

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

DEBTS COVERED BY THIS POLICY

The main section involved in debt recovery is Finance.

The debts involved are primarily:

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

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

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

THE LEGAL AND POLICY FRAMEWORK FOR RECOVERY

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

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

Local Taxation

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

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

The Council appoints Enforcement Agents to recover local taxation arrears in accordance with an enforcement protocol. Changes to legislation came in from April 2014 nationally standardising fees and charges and an enforcement protocol for bailiffs. From April bailiffs became known as Enforcement Agents. The changes to the legislation are to ensure that the rates and charges added by the Enforcement Agents are transparent and nationally set making it easier for debtors to understand the consequences of non-compliance and the powers available to Enforcement Agents. The Enforcement Agent Code of Practice & Enforcement Agent Instructions is shown in Appendix A.

Housing Benefits

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

Miscellaneous Income

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

THE POLICY

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

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

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

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

If a debtor fails to co-operate by:

- Refusing to provide details of their means, and/or
- Not consenting to multiple debts being dealt with together, and/or
- Failing to pay a special arrangement on time without contact, then recovery action will be taken promptly in the normal way.

LIMITATIONS ON DEBT RECOVERY

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

PROCEDURES AND TRAINING

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

MONITORING

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

Revised May 2017

DEBT WRITE OFF POLICY

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

Category	Requirement	Action
De-minimus / Uneconomic to collect	Debts less than £10.00 would not be cost effective to pursue. Sundry Income Debts of £100 plus which have been returned from tracing agents and where legal costs will exceed the debt.	Submit for Write Off
Debtor deceased – No Estate	Insufficient funds in estate to discharge debt.	Submit for Write Off
Debtor absconded / Unable to Trace / Detained or Imprisonment *	All attempts to trace debtor have failed. Including tracing agent for debts over £25.00. Including long-term imprisonment (12 months) or more.	Submit for Write Off
Debtor in bankruptcy or liquidation or other insolvency proceedings including Debt Relief Orders**	A claim against the debtor has been lodged with the administrators. No dividend is to be paid or the balance after the dividend is submitted.	Submit for Write Off
Debt cannot be proved (conflict of evidence)	An explanation should be given as to why recovery cannot be made.	Submit for Write Off
Ill Health & no means	Written evidence of one of the following criteria: 1. Terminal illness and limited means 2. Where payment would cause further ill health 3. Old age and frailty and no financial	Submit for Write Off

Appendix 2

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

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

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

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

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

Appendix 2

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

Section Manager / Team Leader	up to £1,000
Head of Service / Revenues Manager	up to £10,000
Head of Finance	up to £20,000
Head of Finance or Chief Executive in consultation with the Portfolio Member	over £20,000
16. The Head of Service will record all write-off decisions, and provide a summary to the Head of Finance. This will be available for further Scrutiny, for Audit purposes and for quarterly reporting to Cabinet.
17. The Head of Corporate Finance will submit an annual report to Cabinet identifying the following:
 - A summary of debts written off in each debt area showing reason for write-off, values and number of cases.
 - Collection performance for each service area
 - Level of arrears outstanding
 - Level of provision for bad and doubtful debts

Reviewed May 2017

Procurement of Waste and Related Services Contract

Summary: Within the next two years, the Council's Waste and Related Services contract with Kier is due to end. This represents a significant corporate risk, but also offers a significant opportunity to look at new, potentially more effective methods of delivering the key frontline services on which residents depend. This report examines options for the procurement of the contracted services and recommends that approval is given to commence the tendering process for a new contract in partnership with one or more partner authorities.

Options considered: Do not extend the existing contract or retender the contract, but deliver the services in-house.
Extend the current contract with Kier Services for up to a further 8 years.
Procure a new contract individually.
Procure a new contract in partnership with other authorities in Norfolk.

Conclusions: Officers have considered a range of options around the future provision of waste and related services activities following the end of the current contract in March 2019.

External consultants were engaged to advise on the current value for money of the current contract and assess the likely financial impact of retendering the contract, either as an individual authority, or in combination with one or more of the other Councils in Norfolk. This process has shown that procuring a joint contract in partnership with Broadland District Council, would be likely to provide better outcomes than the other options considered for future service delivery.

Since the conclusion of the Ghost Bid, possibilities to include other authorities in the joint contract procurement have been shown to exist and officers believe that these options should be explored as part of the procurement process.

The proposals in this report are intended as a prudent and considered response to the challenges set out, namely the pending expiry of existing contracts, the requirement to achieve a smooth introduction of the waste contract and the need to achieve value for money.

From our previous experience of procuring a combined contract, it is expected that the procurement process will take approximately 12-15 months with a further 4-6 months to

allow a contractor to 'mobilise' the new contract. It is therefore essential that the Council moves forward now, to enable the procurement to progress with the appropriate levels of governance, as illustrated in the table in Appendix A.

With appropriate levels of external consultancy support in order to provide expertise that does not exist within the Council, the contract will be procured in time to commence in April 2019.

Recommendations:

That Cabinet authorise the Corporate Director and Head of Paid Service (NB) to commence a formal procurement process for a new Waste and Related Services Contract.

That, in order to deliver the best procurement outcomes in terms of value and quality, this process goes forward in partnership with Broadland District Council, with the options for two other Councils to be included, subject the relevant authorities also agreeing to joint working.

That Cabinet approves the release of £80,000 from the General Reserve to fund the necessary external professional support for the procurement process.

That a joint Member and Senior Officer Board is appointed to oversee the procurement process as outlined in Appendix B.

Reasons for Recommendations:

Household and commercial waste and recycling collections along with street cleaning are statutory responsibilities for the Council and as such, measures must be taken to ensure that these services continue to operate uninterrupted, beyond the expiry of the current contract.

The assessment of the likely outcome of a procurement process, especially if done in conjunction with partner authorities, suggests that the Council is able to make financial savings when compared to the current contract.

External support will be required for this process, for which a budget has not been allocated.

A Project Board will provide additional effective governance to the contract procurement process.

Ward(s) affected: All
Contact Officers, telephone numbers and emails: Scott Martin, 01263 516341, scott.martin@north-norfolk.gov.uk Steve Hems, 01263 516182, steve.hems@north-norfolk.gov.uk Nick Baker, 01263 516221, nick.baker@north-norfolk.gov.uk

1. Introduction

The Waste and Related Services Contract began, with Kier Environmental Services, in April 2011 for an initial term of eight years and is due to expire at the end of March 2019. The current contract offers the potential for an extension of up to a further eight years.

The contract was let following a joint procurement exercise carried out in conjunction with the Borough Council of Kings Lynn and West Norfolk (BCKLWN) and delivered significant savings on previous contract values. Whilst procured jointly, each Council holds a separate contract with Kier and other than a shared management arrangement between NNDC and BCKLWN for approximately two years between 2011-2013, the contract did not result in any long term, formal shared working arrangements either between the Councils or by the contractor across the two Council areas.

Since the contract commenced the following changes have occurred:

- Technological advancements in the waste and recycling industry (such as vehicle performance and routing).
- A different landscape for Local Government financing arrangements, moving towards a future without a revenue support grant from central Government.
- Savings in the form of contract reductions have been taken, largely in the cleansing and grounds maintenance services where changes to performance standards have been implemented in order to reduce costs.
- The new joint venture contract for processing of recyclables with the other Councils in Norfolk and Norse commenced in 2014, enabling changes to the recycling service and further savings to be realised around separate glass collections and other recyclables.

In addition, the Norfolk Waste Partnership is currently assessing the feasibility of reducing residual waste via a range of options which could result in future changes to waste collection and recycling services.

The changes that have occurred during the life of the existing contract have resulted in a contract that it is now somewhat different to that which was put out to tender in 2010 and alongside potential changes in service design and technological developments, the expiry of the current contract offers a potential opportunity to deliver savings through a new contract.

The market position has been assessed through a Ghost Bid exercise, conducted jointly with Broadland District and Great Yarmouth Borough Councils, in order to investigate what solutions and pricing the industry may offer were the contract to be put out to tender, either in its current form, with a different configuration of services or, an alternative service design.

The report identified that the contractual arrangement which indicated the greatest benefit was a joint one between North Norfolk and Broadland Councils and officers from both Councils are bringing Cabinet reports forward at this time to allow for a joint procurement to proceed.

Since the conclusion of the Ghost Bid, initial discussions have been held with two other Norfolk Councils to explore the possibility of an even larger joint contract to assess whether further service efficiencies and financial savings could be achieved through wider joint working.

The potential scale of a joint contract with four authorities is likely to be of both greater interest to the market and provide the potential for further efficiency savings through economies of scale and cross border working. Waste collection and street cleansing services represent a significant proportion of a District Council's expenditure. It is therefore essential that the Council ensures the best outcomes from the procurement of these services, both financially and in terms of delivered outcomes.

2. Ghost Bid

During late 2016 into early 2017, consultants working on behalf of the Council, along with Broadland and Great Yarmouth Councils, undertook a 'Ghost Bid' process to assess the Councils' current and potential future contractual positions. This was completed in three phases:

- Phase One - examining the individual Councils' current services and contract pricing.
- Phase Two - assessing what the market would likely offer to the Councils were they to procure a new contract today, with the existing service configuration and with potential modifications.
- Phase Three - to assess what the market may offer to the Councils were they to procure a new joint contract, with either two, or all three, of the Councils working together as part of shared contract arrangement.

The Ghost Bid process demonstrated that as a whole, the Council is getting good value for money in respect of the current Waste and Related Services Contract.

The second phase of the Ghost Bid identified a number of areas of the contract where changes to the services could deliver future savings. The consultants also indicated that over the last eight years, there have been a number of examples of joint procurement, where neighbouring/partner authorities have collaborated together to either share the cost of procurement or to create a bigger more attractive contract to the market.

Potential bidders would be looking at ways of combining all or certain aspects of the services to see where they can gain savings, service efficiencies and provide a better overall package; such service savings would ultimately be reflected in the contract price.

Phase three of the process took outline operational data and the information generated from phases one and two, to generate an operational and cost model for each of the key service areas of the contract. This was used to identify the levels of potential savings that could be generated through procuring a joint contract between the Councils.

In order to protect the interests of the individual Councils, the financial information and possible level of saving/cost from joint working, has only been shared with the respective Council individually.

The report identified that financial savings could be obtained through any combination of working between the three Councils, but that the level of savings varied across each of the options assessed.

The report presented to NNDC identified that the joint contract arrangement which was likely to offer the greatest benefit was between North Norfolk and Broadland Councils, largely due to the sharing of a 25 mile border, almost aligned waste collection and street cleansing services and the services currently being delivered by contractors rather than an in house joint venture company.

An indicative figure of around £300,000 per annum has been suggested as a possible saving for NNDC compared to the current contract price, however, is by no means a guaranteed outcome should this approach be taken. Procurement would also offer an opportunity for the market to suggest innovative approaches for the particular circumstances faced in North Norfolk.

3. Options appraisal

Providing Services In-House

Consideration was given to not procuring a new contract, however, as the collection of household waste and street cleaning are statutory responsibilities, this would mean that service delivery would have to be provided in-house. Whilst the Council could provide the services via such a method, this would be unlikely to represent value for money and would require significant management input and a skillset which does not currently exist within the organisation. It would not provide the benefits that may arise from working in partnership with other authorities and achieve the economies of scale and efficiencies that a joint working arrangement could bring.

Extending Current Contract

Officers have also explored opportunities around extending the current contract with Kier and whilst discussions with the existing provider have indicated that there is a willingness to extend, the terms on which they have indicated they are prepared to do this are unfavourable to the Council, compared to its current position and indeed, the indicative values arising from the Ghost Bid described above.

Procuring Individually

The Council has the option to procure a new contract as an individual authority. Whilst this is likely to provide a less complicated procurement process, this was assessed as part of the Ghost Bid. This process indicated that, although the Council could achieve savings if procuring a new contract alone, the potential benefit on contract price achieved through efficiencies and economies of scale, are not likely to be as great as they would from joint working.

As set out elsewhere in the report the waste and related services contract is the biggest single cost to the Council. It is therefore imperative that options to maximise the value for money are taken and joint contract provides this.

Partnership Working

It is proposed that the contract is procured jointly with Broadland District Council with the option to include other partner councils in Norfolk if it is demonstrable that an even larger joint procurement process or joint contract could deliver further service efficiencies and/or economies of scale.

Bringing services together across local authority boundaries presents many challenges due to contract lengths, vehicle life cycles, logistical challenges and preferences for how services are designed and delivered to meet local needs. However, there are now numerous examples of local authorities bringing their waste services together to improve efficiency and deliver financial savings.

North Norfolk and Broadland Councils have contracted out services, similar geography and demography and more closely aligned services. There is also a history of these authorities working together through the Norfolk Waste Partnership. If joint operations are to be considered, a key milestone for both authorities is the end date of current waste contracts. North Norfolk's contract ends in March 2019 while Broadland's is the end of October 2019.

Indicative areas for savings may include:

- More efficient collection rounds, vehicles and crews from optimising operations across local authority borders.
- Reduction in the number of 'spare' vehicles required to maintain resilience.
- Efficiencies in the provision of vehicle maintenance resources.
- Shared specialist vehicles.
- Reduced building (depot) costs.
- Efficiencies in contractor and contract management and administration.
- Saving in contract procurement costs.
- Efficiencies in shared infrastructure (e.g. IT systems; materials handling).
- Greater interest from the market, from the greater opportunity, resulting in better prices.

A large contract, successfully managed, will enhance the reputation of both the client Council(s) and contractor and should deliver significant financial advantages to both. However, such an arrangement may restrict the possible field of potential contractors, although officers are confident that enough "major players" will be attracted to bid for this work.

Following this process, officers believe that a single contract in conjunction with Broadland, and perhaps two other Councils in Norfolk would allow economies of scale to a contractor and therefore the most competitive pricing to the Council, with the greatest potential for savings compared to the current contract arrangements.

Although there are resource implications in retendering the contract, this also provides an opportunity to review and identify opportunities for service improvement and consider possible changes to service delivery over the next contract term. This would allow District-specific options to be explored, as well as any arising from the current work streams of the Norfolk Waste Partnership.

Officers are of the view that an initial contract term of between 8-10 years with options for extension of a similar length would be most appropriate. Any such extension would be on a mutually acceptable basis to both client and contractor.

4. Proposed Procurement Process

Aim

The Council's existing contract, which includes the waste, recycling, garden bin and trade waste collections, organic waste processing, grounds maintenance, street cleansing, public toilet cleaning, office cleaning and administration services, has entered its last two years. The cost of the contract is around £4.5M per annum and is a significant area of expenditure for the Council.

The procurement of a new Waste and Related Services Contract would aim to achieve the following objectives:

- Deliver a fit for purpose and value for money contract.
- Ensure minimal disruption to services at, or prior to, transfer, if changing contractor.
- Subject to cost of any additional services, maximise opportunities for reducing the disposal of waste and increasing re-use and recycling.
- Provide high standards of cleanliness across the District and especially for a premier tourist area.
- Assess whether the current range of services delivered as part of the contract should be included within the procurement or could be delivered through alternative arrangements.

Project Governance

A typical waste contract procurement process takes approximately 12-15 months for a contract of this nature and scale with a further 4-6 months to allow a contractor to 'mobilise' the new contract.

The potential range of options around procurement, particularly in combination with a joint contract provides a significant degree of complexity and will require robust governance arrangements to be in place. It is therefore proposed the following groups are established:

- Senior Officer/Member Board
- Project Board

The detailed Terms of Reference for the project groups are at Appendix B.

Procurement Costs

Procurement of such a large contract over a number of discrete areas will mean that the procurement process itself will need the support of specialists to provide advice, challenge assumptions and manage the overall project. This is not to say that officers will not be involved but rather to recognise the specialist skills that are currently not available in the organisation.

It is recommended that budgetary provision of £80,000 is made available from the general reserve for procurement process, a proportion of which will be used to fund the appointment of consultants to assist the project.

5. Conclusion

Officers have considered a range of options around the future provision of waste and related services activities following the end of the current contract in March 2019.

External consultants were engaged to advise on the current value for money of the current contract and assess the likely financial impact of retendering the contract, either as an individual authority, or in combination with one or more of the other Councils in Norfolk. This process has shown that procuring a joint contract in partnership with Broadland District Council, would be likely to provide better outcomes than the other options considered for future service delivery.

Since the conclusion of the Ghost Bid, possibilities to include other authorities in the joint contract procurement have been shown to exist and officers believe that these options should be explored as part of the procurement process.

The proposals in this report are intended as a prudent and considered response to the challenges set out, namely the pending expiry of existing contracts, the requirement to achieve a smooth introduction of the waste contract and the need to achieve value for money.

From our previous experience of procuring a combined contract, it is expected that the procurement process will take approximately 12-15 months with a further 4-6 months to allow a contractor to 'mobilise' the new contract. It is therefore essential that the Council moves forward now, to enable the procurement to progress with the appropriate levels of governance, as illustrated in the table in Appendix A.

With appropriate levels of external consultancy support in order to provide expertise that does not exist within the Council, the contract will be procured in time to commence in April 2019.

6. Implications and Risks

The Council is the waste collection authority for North Norfolk by virtue of section 30(3) of the Environmental Protection Act 1990. The Council's functions as a waste collection authority include an obligation to arrange for the collection of household waste in the district and to collect commercial waste from business premises if requested to do so.

The Council has the following duties under section 89 of the Environmental Protection Act 1990 relating to street cleaning and cleansing: -

- To keep any relevant highway for which it is responsible clear of litter and refuse.
- To keep any relevant land for which it is the principal litter authority clear of litter and refuse. This will include land open to the air that is controlled by the Council and to which the public are entitled or permitted to have access, but which is not highway land or the relevant land of a designated educational institution.
- To keep clean any relevant road or highway or highway for which it is responsible.

All of the services delivered as part of the contract are significant in terms of the Council's reputational risk. It is important, especially where such high profile services are to be tendered, that due care is taken in the detail and timing of the contract process, especially where local environmental quality is highlighted as a key concern of local residents.

There is also a potential risk that the existing contractor's performance may drop off following the formal commencement of the procurement process or in the final months of the existing contract should they bid for the work and not be successful. This has been the experience with other Councils and contractors elsewhere. Whilst uncertainty amongst contractor's staff etc. may give rise to such issues the contractors own reputation is also at stake. However, the Council can utilise the rectification and default clauses within the existing contract to manage performance.

The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply to any staff employed on the current waste collection contract.

The proposed procurement process will comply with the requirements of the Public Contracts Regulations 2015, and the Official Journal of the European Commission.

Each of the partners is seeking approval to commence procurement through their appropriate decision making processes. There is a risk that one or more of the potential partners may choose not to progress with the joint procurement.

The complexity of joint procurement and a joint contract will increase as the number of authorities involved increases, which represents a risk to both the procurement timetable and contract management processes. There are a number of more general risks associated with the delivery of a procurement project, such as a lack of competition through the procurement process and then during the transition period between the mobilisation of the incoming contractor and expiry of the current contracts. These risks will be recorded and managed through the project with oversight and governance from the project board.

7. Financial Implications and Risks

There is a risk that the consultant's estimate of the current market is incorrect and that any tenders received could be more in line with, or exceed, the current contract costs. Whilst this is a risk, the consultants have significant experience of tendering local authority waste contracts and are confident that their estimate is an accurate reflection of the current market position and that procuring jointly with one or more partner authorities is likely to generate savings. In addition, it is clear from a common sense perspective, that a 25 mile geographical boundary and existing similar contractual arrangements, should enable savings from efficiency and scale to be made in a joint procurement with Broadland District Council

The value of the proposed contract is above the relevant European threshold and the Public Contracts Regulations 2015 will apply to any procurement of these services. A failure to follow the regulations could leave the Council in the position of being challenged and potentially fined.

The Council is a best value authority under section 3 of the Local Government Act 1999 and required to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". In order to comply with this obligation, the Council has adopted procurement procedures, with which it should comply when procuring the contracts. The Council needs to tender the services referred to in the report in order to obtain a solution which leaves the Council in the most economically advantageous position.

Depending on the chosen procurement route, and excluding officer time, it is estimated that retendering of the waste and related services contract will cost in the region of £160k, mainly for external support. It is proposed that any costs should be split equally between the Councils involved in the procurement. This report therefore recommends that the council initially allocates £80k to provide funding for the procurement process.

8. Sustainability

The Council's waste management and street cleaning services contribute to the protection of the environment and protecting human health through the effective management of waste arising in the district.

The waste hierarchy has been enshrined in UK law as a "priority order" for waste management activities and as such, the Council is under an obligation to take all reasonable measures available to apply the waste hierarchy to the waste that it collects. As such, the Council should place a greater emphasis on ensuring more of the waste collected is diverted for re-use or recycling, which retendering for a new contract would provide an opportunity to do.

By moving waste up the waste hierarchy i.e. by ensuring a greater quantity of waste is re-used or recycled as opposed to being disposed of as residual waste contributes to the Council's efforts to reduce the carbon footprint of the Council's waste management services. Through the re-procurement of the waste management contracts the Council will ensure the appointed contractor contributes to the Council's sustainability agenda by ensuring the contractor's vehicle fleet meets the latest emissions limits specifications and their own environmental policies mirror those of the Council.

9. Equality and Diversity

There are no equality and diversity implications arising from this report.

10. Section 17 Crime and Disorder considerations

The Council's activities for the removal of litter, fly tipping and graffiti are incorporated into the Waste and Related Services contract and contribute to the Council's efforts in managing anti-social behaviour within the area. The new contract will continue to incorporate these services.

Appendix A - Draft procurement programme for tendering of the Waste and Related Services Contract

Action	Date
<i>Discussions with incumbent contractor regarding future contract arrangements (completed)</i>	<i>Throughout 2016</i>
<i>Ghost bid (completed)</i>	<i>Dec 16 – Mar 17</i>
Cabinet approval to commence procurement process	June 17
Obtain consultants quotes for supporting the procurement process	July 17
Appoint consultants	Aug 17
Decision on any wider joint procurement partners	Aug 17
Prepare tender documents and process for evaluating tender returns	Sep - Oct 17
Pre Qualification Questionnaire (PQQ) to be sent out	Nov 17
PQQ evaluation	Dec 17
Invitations to tender issued	Jan 18
Bidders prepare tender documents	Feb - July 18
Tenders to be returned	July 18
Tender evaluations	July – Sep 18
New contract(s) awarded	Sep 18
Contractor mobilisation period	Sep 18 – Mar 19
Current Kier contract expires if not extended	31 Mar 19
New contract(s) commence, services up and running	1 Apr 19

Appendix B - Terms of Reference for Project Boards

Senior Officer/Member Board

Ref	Element	Detail
1	Board membership * = main sponsors # = project director	Members: Relevant Portfolio members Environment*, Resources, Legal, Procurement Opposition Member Officers: Corporate Director*# Monitoring Officer Head of Finance/S151 Officer Administrator Project Manager
2	Responsibilities	Project aims: <ul style="list-style-type: none"> To secure the provision of waste and related services through an open tender process. Review progress
3	Actions	<ul style="list-style-type: none"> Sign off the Project Initiation Document (PID) Identify and provide sufficient resources for the procurement of the contract(s) Receive regular reports from the Project Board Sign off regular reports relating to the project Set budget parameters for procurement. Monitor procurement budget Set milestones for the Project Board Monitor progress
4	Reporting framework	Sign off written reports: <ul style="list-style-type: none"> - to Cabinet - Overview and Scrutiny - Council
5	Administration	Oversee key corporate administrative processes related to the procurement: <ul style="list-style-type: none"> Timetable of meetings Agenda preparation Minutes <ul style="list-style-type: none"> - prepare draft and full minutes Progress chasing
6	Risk and mitigation	Sign off risk analysis for the corporate and service risk registers.
7	Governance	Regular reports from the project director to Cabinet as necessary Project Director to Overview and Scrutiny as required
8	Housekeeping	All work is to be undertaken within the framework of the corporate policies of NNDC Ensure confidentiality of papers provided to the Project Board where necessary All minutes will be published in the public domain

Project Board

Ref	Element	Detail
1	Board membership Note: this will be a joint officer group with any other procurement partners.	Officers: Corporate Director (as required) Head of Environmental Health Environmental Services Manager External Procurement/Technical Waste support Finance support Legal support Project Manager
2	Responsibilities	To prepare PID, specification, tender, evaluation and acceptance criteria for sign off by the Senior Officer/Member Board.
3	Actions	<ul style="list-style-type: none"> • Provide a detailed timetable for each element of the PID. • Identify the resources required manage the project phases • Provide evidence of proposed service delivery models to the senior Officer/ Member Board. • Undertake the necessary work to deliver the identified phases of the project
4	Reporting framework	<ul style="list-style-type: none"> • Prepare written reports for submission to the Senior Officer/ Member Board and CLT, Cabinet and Council. • Provide ad hoc reports and updates to stakeholders.
5	Administration	<ul style="list-style-type: none"> • Establish and maintain a framework for coordination of the actions and reporting requirements of the Board. • Timetable meetings. • Maintain an up to date contact list of all parties involved in the project.
6	Risk and mitigation	Prepare a risk matrix for each element of the project identifying mitigation. Rank the list. Monitor and report to the Senior Officer/ Member Board
7	Governance	Lead Officer to ensure that all actions raised with the Senior Officer/ Member Board are dealt with and responses fed back to the Project Board. Publish the action plan(s)

LEISURE CONTRACT PROCUREMENT AND OPTIONS FOR THE SPLASH LEISURE FACILITY

Summary:

This report is brought to confirm progress towards a replacement for the Splash Leisure Centre in Sheringham and to inform future action around the Council's Leisure Services Contract.

The Council is now at the point where it needs to needs to formalise procurement of a new leisure centre on the Splash site, as well as a new contract for the management of our three leisure facilities, with the current contract ending on 31 March 2019.

Options for future management of the Council's three leisure centres are examined, with the most likely best option being an outsourced private contract. However, overlaid on this, is the need to provide the replacement for the Splash Leisure Centre, which is nearing the end of its useful life.

The high level financial issues around re-providing a leisure centre on the Splash site are considered. The work completed to date indicates that, with additional supporting development of the Splash site and adjoining land, the new facility could be provided with a relatively small increase in the Council's revenue budget.

Because of the obvious inter-relationship between the Leisure Services Contract and a new leisure centre, the report recommends that the Council immediately moves forward with the initial stages of procuring the Leisure Services Contract. In parallel, the report recommends that we also move forward with the property related work to provide the business case for redevelopment of the Splash Leisure Centre, which will come back to Cabinet later in 2017.

Conclusions

The Council is now at a point where it needs to decide on what approach to take regarding its current leisure contract and the long term future of the Splash facility in Sheringham.

There are a range of options available as to the contractual mechanism the Council decides to use to manage its leisure facilities, and a number of potential options for a future leisure facility on the Splash site.

Initial discussions show that, as long as the Council takes a commercial view of the property implications and opportunities which exist for the site, it should be possible to provide a new wet facility in Sheringham, at little additional cost to the existing revenue budget.

However, it should be clearly understood that, as well taking this commercial view, it will be essential for the Council to also agree commercial terms for supporting development, both on its own, and on neighbouring land.

In order to provide the best procurement of a future Leisure Services Contract and a future leisure facility on the Splash site, external professional support is required so that the project can move forward.

Recommendations:

- 1. That delegated authority is given to the Corporate Director and Head of Paid Service (NB) to:**
 - a) commence procurement of the Leisure Services Contract to run from April 2019; this to include appointment of external procurement and leisure consultancy support.**
 - b) enter into formal property negotiations, including if necessary, a Joint Venture Company or similar vehicle, for the purpose of providing the necessary supporting and enabling development for a new leisure centre on the Splash site in Sheringham**
- 2. That the Council's Property Development Partners, Gleeds, are instructed to undertake any necessary land assembly negotiations and develop detailed proposals for the procurement of a new leisure centre in Sheringham, along with any supporting development.**
- 3. That an appropriate consultant, with experience in similar work, is appointed to undertake a sport and active leisure feasibility study for a new facility to replace Splash.**
- 4. That Financial Standing Orders are waived in respect of:**
 - a) appointing Gleeds for the work in Recommendation 2 above, as they have already been appointed to support the Council through a competitive process and;**
 - b) appointing the leisure consultant for the work Recommendation 3 above, as the Council can rely on Sport England's views on previous experience in this area.**
- 5. That a budget of £30,000 is provided from the General Reserve to fund the above work.**
- 6. That a further report is received by Cabinet later in 2017 to approve the business case for construction of a new facility on the Splash site in Sheringham.**

Reasons for Recommendations

1. a) To enable the procurement of the Leisure Services Contract to be carried out with the necessary leadership from within the Council and with the best options in terms of alignment with any building of a new facility at the Splash site.
 - b) To provide the legal framework for any potential property development with adjacent land owners
2. To provide the necessary external expertise for property related work, which does not exist within the Council.
3. To provide the necessary external expertise for leisure related feasibility work, which does not exist within the Council.
4. To allow the procurement of these services to proceed as quickly as possible, without loss of expertise.
5. To provide the necessary budget for this project.
6. To ensure that members continue to be properly briefed on the project and that the Council's constitution is followed in terms of decision making processes.

Cabinet Member(s): Cllr Judy Oliver, Property Portfolio Member Cllr Maggie Prior, Wellbeing Portfolio Member	Ward(s) affected: Sheringham specifically, but with impact across a much wider area of the District
Contact Officer, telephone number and email: Nick Baker 01263 516221 nick.baker@north-norfolk.gov.uk Karl Read 01263 516002 karl.read@north-norfolk.gov.uk	

1. Introduction

This report discusses the options available for future procurement of a new leisure contract to operate and manage the Council's three leisure facilities. It also examines the linked issue regarding the ageing Splash leisure facility, and future options for redevelopment of a facility on the site.

2. Background

- 2.1 The Council owns three leisure facilities; Fakenham Sports and Fitness, Splash Leisure and Fitness in Sheringham, and Victory Swim and Fitness Centre in North Walsham. They are managed via a contract with Places for People Ltd. which ends on 31 March 2019.

It is therefore timely for the Council to consider the procurement of a contract to manage these leisure facilities from 1 April 2019. Such procurement needs to take account of the future of any leisure centre on the site of the Splash facility.

- 2.2 In October 2015, the Council adopted a new Indoor Leisure Facilities Strategy, which appraises all the indoor facilities (both publicly and privately owned) across the District; identifying options to address any shortfall in provision. Included in this was the Splash leisure facility, along with recommendations regarding the protection of a swimming facility at this site.

The strategy recommends that the Council should look to reinvest in the Splash leisure facility site in Sheringham to protect its future, particularly in terms of swimming provision in the District. However, given the current financial environment, any decision will be ultimately determined by the Council's financial position in terms of affordability.

3. Current Position

- 3.1 The three Council-owned leisure centres are all very successful, with visits in 2016/17 totalling 462,000 and this has continually risen over the past four years. The leisure centres offer a variety of activities, including swimming (Splash and Victory facilities), group exercise, fitness and indoor cycling which make a significant contribute to improving the health and wellbeing of our residents. The current contractor, Places for People Ltd. has worked in partnership with the Council to ensure a good programme of activities has been provided at the three locations.

- 3.2 The direct cost (this includes the contract management fee and our repairs and maintenance costs), of providing the service for 2016/17 was £314,102. This equates to a subsidy from the Council of 67p per person visit for providing this service. In addition, the Council's own support services bring the overall cost of providing the service to £641,330 (mainly as a result of capital costs relating to depreciation, to the value of £306,998).

In 2013, research was undertaken by the Council to examine the cost of providing leisure facilities and our provision was broadly comparable with other local authorities across the county. This position is not likely to have changed greatly in the interim.

- 3.3 Whilst each leisure facility building requires some attention, the position at Splash is becoming increasingly urgent due its age. To ensure a facility on this site, as recommended by the Facilities Strategy, either a full refurbishment, or more likely, a demolition and complete rebuild, is required.
- 3.4 An estimate supported by Sport England is that the cost to refurbish the centre would be between in the region of £3m-£4m. However, a refurbishment his would not address many of the fundamental issues in a building whose design dates from the 1980s and where the current building is environmentally inefficient, with poor use of available space. It is also unlikely to see any significant increase in use without a complete re-design of facilities.

Therefore, a total redevelopment of the facility is likely to be required if the council is to provide a cost effective solution.

4. Benefits of Providing Sport and Leisure Facilities

- 4.1 Sport and leisure provision is not a statutory duty for the Council. However, it is widely accepted and well documented, that participating in sport and leisure provides many benefits to a person's health and wellbeing and there are wider benefits to the wider health economy as a result. Especially in rural areas, municipal leisure facilities provide a key part of the sport and leisure infrastructure.
- 4.2 In addition, leisure facilities can enhance the district's tourism offer, and add value to visitors to the area and its local economy. Sport England's 'Economic Impact Tool' estimated that the overall contribution that sport makes to our local economy is worth £22.6 million (in North Norfolk) and created 676 jobs.
- 4.3 The Council's Corporate Plan reflects the known health benefits of sport and leisure and Health and Wellbeing is one of the Council's five main priorities; "*A district with vibrant communities and where healthy lifestyles are accessible to all*". It is therefore important for the Council to have accessible leisure facilities that provide a variety of opportunities, in order to maintain a fit and active lifestyle. The Council's corporate health and wellbeing objectives are well reflected in the current Department of Culture Media and Sport (DCMS) Strategy for Sport whose five main outcomes are as follows:
1. Physical well-being
 2. Mental well-being
 3. Individual development
 4. Social and community development
 5. Economic development

Given that the DCMS outcomes are very much in line with the Council's own objectives, this provides an excellent social foundation upon which to progress a new leisure contract, including the redevelopment of the Splash site.

- 4.4 Sport England's Strategy, *'Towards an Active Nation'*, seeks to deliver the above outcomes, and will play a crucial role in assisting the Council to assess and achieve its corporate sport and leisure objectives.
- 4.5 The current Splash facility is very well used and sees in the region of 160,000 personal uses a year. It is clear from the Indoor Sports Facilities Strategy, that a facility is needed in this area of the District and that if at all possible, a wet facility (ie with swimming pool) should be maintained.
- 4.6 However, whilst there is a good social case for the Council to continue to provide sport and leisure to its local community, this clearly has to be within the affordability criteria within which the Council has to operate.

5. Leisure Contract Procurement Issues

- 5.1 The Leisure Services Contract expires in March 2019 and cannot be further extended without significant risk of a legal challenge. Therefore, arrangements need to be put in place for the future management of the Council's Leisure Facilities.

During initial, informal discussions, members have expressed a wish to maintain at least the current level of leisure provision, as long as it is affordable given the Council's current and likely medium term financial position. Officers have therefore worked on the assumption that we will seek to largely maintain the current levels of facilities, with a modernised offer for any new Splash facility, as long as these can be provided broadly within the current budget.

Therefore, the financial values around facilities provision discussed later in this report are based on the re-provision of similar, albeit modernised, facilities, including a wet facility at Sheringham.

- 5.2 Whilst potential bidders need to understand the nature of the facilities covered by the Leisure Services Contract, there is no reason why the Contract procurement cannot commence, in parallel to the property related matters surrounding the Splash site being finalised. This will be the most efficient way forward as it enables the Council to test the market and develop bidder interest and to understand as soon as possible, exactly which facilities are required for a best value operation of Splash in the future.
- 5.3 Normal options for public sector procurement are available to procure the new leisure management contract and normally this would be a relatively simple process. However, given the need to also redevelop the Splash facility, the procurement is far more complex. The Leisure Management Contract will be informed by the initial design of the new facility and generally, it is considered good practice to ensure that leisure management bidders have the chance to contribute to the final design elements of any new building, for which they would then have responsibility for managing and maintaining.

5.4 In examining the future leisure contract provision, reliance has been placed on the Sport England assessment of the options available regarding management of municipal leisure facilities as follows:

- in-house management;
- outsourcing the management to an existing Trust or private contractor;
- establishing a new Trust / Mutual or other form of social enterprise;
- asset transfer;
- community Asset Transfer;
- long-term leases with restrictions;
- long-term leases without restrictions / asset disposal;
- establishing a Joint Venture Company.

Each option is briefly appraised and included in Appendix 1. Sport England has completed an assessment (Appendix 2) of these options, examining the advantages and disadvantages of each. From this work, it is generally accepted that the best option for most local authorities is to outsource the contract via a private contractor or Trust.

5.5 At this time, it is impossible to know the accurate costs of a future Leisure Services Management contract, and the potential re-provision of a wet or dry facility on the Splash site will obviously be a key variable in future pricing.

The assumed likely investment by the Council in the facilities, along with an appropriate length of any future contract (likely 10 years plus 5 years extension) will also have a significant bearing on its cost, as bidders are likely look for longer contract lengths with greater certainty, and therefore less risk for them.

Importantly, the way contract risk is shared between the Council and any future contractor will be crucial. It appears most likely that the Council would be able to largely self-fund the investment required in Splash and, whilst the Council will require good management of its leisure facilities, any contractor will also require a certain amount of profit, and flexibility of approach to deliver the service, which will also need to improve sport and activity levels in the community.

5.6 At this stage, authority is sought to commence the early stages of the procurement process for the Leisure Contract. This would be in parallel to the working up of the redevelopment options for the Splash site. As the business case for that redevelopment becomes clear, the details of the Leisure contract procurement would then be finalised to allow the two projects to be moved forward to a positive conclusion.

6. Splash Site Issues

6.1 Indoor Sports Facilities Strategy

The protection of at least existing level of facilities (i.e. including a swimming pool) on the Splash site in Sheringham has been highlighted in the Indoor Leisure Facilities Strategy as a high priority recommendation. Coupled with members' preference to provide a wet facility

at the site, this has therefore been the basis for the initial working assumption that a wet facility on the site would be included in the future Leisure Management contract

However, if the financial constraints meant that a dry facility were to be provided, at a much lower cost, this would obviously result in the loss of the municipal swimming provision for a wide area of the District. If such a reduced level of facility was required, then this would also be covered in that later business case to Cabinet.

6.2 Refurbishment Option

- 6.2.1 This would clearly be a more affordable option if considered purely in terms of capital cost, with current estimates approximately half that of a new, wet facility, depending on what design brief and facilities are included and what repairs are required upon more detailed inspection of the existing structure.

Whilst a refurbishment of the facility does provide an opportunity to amend the design and layout of the existing it is limited to the existing, inefficient building footprint. It would also mean continued use of the existing pool with wave machine and flume, which again is expensive to operate for a contractor and does not provide any additional use in terms of activity, from a health and wellbeing perspective.

It is estimated that this option would provide approximately 10 additional years' service to the existing facility. However, a refurbishment would not allow the Council to procure a Leisure Management contract with as much bidder input, or real updating of the facility, with the likelihood that this would drive prices up.

- 6.2.2 Importantly, Sport England have also advised that a demolition and new build will offer the most effective and best value solution, and importantly, one which they are most likely to support financially. Their view continues to be that new facilities in the right place with the right offer are much more efficient to operate and are delivering significant increases in usage.

6.3 New Build Option

- 6.3.1 On the basis that the option to demolish the old Splash facility and build a new leisure facility is the most desirable, initial work has focussed on reducing the likely financial impact of such a significant capital project.

At this stage, a number of assumptions have been made about high level costs and land assembly, based upon current knowledge. It is proposed these will now be worked up into a more detailed business case over the coming months, allowing the procurement of both the next Leisure Management Contract to be informed, and the procurement of any future facility on the Splash site to move forward.

Such a business case would then be the subject of a further report to Cabinet, so that procurement of any detailed design and construction works could then be formally approved.

6.3.2 Officers have discussed various issues relating to the potential redevelopment of the Splash site with relevant stakeholders, as follows:

- Sport England, as to likely requirements for them to provide some grant funding for the project, and for baseline design and cost information, drawing on nationwide experience;
- Leisure contract providers for views on likely design, cost and optimum facility provision, along with management options for any redevelopment;
- Adjacent land owners and occupiers as to potential development opportunities which may be complimentary to the provision of a new leisure facility, whilst seeking to also ensure a long term future for the adjacent football, cricket and skateboarding facilities.

Based on the initial information gained from those discussions, the Council's strategic property partners, Gleeds, have also worked up some in-principle, conceptual layouts of the potential development, designed to maximise the opportunity for a mutually beneficial development that ensures provision of a new, wet facility at the Splash site.

It should be clearly understood however, that no approval or contractual arrangement has been given or entered into and that negotiations to allow such a scheme are still at a very early stage.

6.3.3 Informal discussions have also been held regarding Planning matters, and whilst raising some issues, these point to additional development being possible, as long as a range of policy matters can be overcome.

There would however, have to be a full pre-application discussion followed by a planning application for both a new leisure facility and any supporting development.

6.4 New Build Finance

It is clear from the property related discussions, that an appropriate new facility, with swimming pool, would cost approximately £8m with a resulting revenue budget impact of around £0.5m per annum.

However, it is also apparent that potential additional, supporting development could significantly reduce this impact. The discussions with other stakeholders suggest that with a combination of grant funding, combined development across the Council's and other land, and reduced contract costs arising from a new, efficient development, would enable a new leisure centre to be developed with a much lower impact on the Council's revenue budget.

Given the additional benefits the overall development would bring to the District's economies, it is believed the additional revenue cost would represent good value to the Council and would be seen as a very positive investment in Sheringham and the local area.

The financial matters are discussed in more detail later in this report.

7. Project Development

7.1 Timeline

The key date for the Leisure Management Contract renewal is 31 March 2019, by which time the Council must have arrangements in place for ongoing management of the three leisure facilities.

A normal procurement time for this project in isolation would be around six months.

With the necessary property work, design, demolition and rebuild of a new facility on the Splash site, the whole build project is likely to take just over two years.

Whilst the two projects would be twin tracked, it is therefore inevitable that, assuming a new, wet facility on the Splash site, that the new contract would commence, without the new facility having been completed. This can be overcome within the contractual negotiations.

The crucial work now will be to move forward both the initial stages of the Leisure Services contract procurement, and the property related work, to the point where a full business case can be put to Cabinet to allow the build project to get underway. This should be completed in time for September 2017.

7.2 Professional Support

As described above, the initial work, for which approval is now sought, will require external consultancy support. Whilst legal expertise is available in-house, procurement and property/design/leisure related consultancy will be required. This will provide the necessary support for land assembly and other property matters, and effective procurement of both leisure, and design/construction contracts.

Due to the complexity of the potential development, and therefore, the level of professional input required, it is difficult to accurately cost the support required. However, officers estimate that the Council should allow for a budget of £30,000, based on the resource requirement as follows.

- The initial Contract procurement work will be provided by external local government procurement experts, although it may be that an internal staff resource has been appointed soon enough to provide this expertise;
- As the Council's strategic property partners, Gleeds should be appointed to undertake the more detailed property work;
- In terms of sports and leisure feasibility work, officers are working with a Sport England for advice on leisure consultants, based on their wider experience in this market, nationwide.

It is proposed that, in order to secure such services quickly, financial standing orders are waived and a recommendation to appoint the necessary professionals on this basis is made elsewhere in this report.

7.3 Initial Work

- 7.3.1 The first essential work will be the continuation of discussions and negotiations around land assembly, to enable supporting development as well as a new leisure centre. This may well require the formation of a Joint Venture Company with adjacent land owners, to share the work for any joint development associated with this project.

Given the potential need for such a company in order to minimise risk and to ensure flexibility in moving this project forward, it is recommended that delegated authority is given to allow, if necessary, a Joint Venture Company or similar vehicle to be formed as required, to develop the necessary structure and governance for the property related issues.

- 7.3.2 In parallel to the property work, a leisure feasibility study will be undertaken to ensure the right mix of facilities is provided which will offer the best outcomes, from balancing the health and wellbeing needs of the community, against the affordability and value for money requirements.

- 7.3.4 The third area of work will be moving the initial stages of the Leisure Management Contract forward. This will allow soft market testing to be carried out which in turn, will inform likely pricing and key design points.

- 7.3.5 Together, these will form the business plan, which will be presented to Cabinet, to cover the following

- facility design;
- capital cost estimate;
- revenue impact;
- property and land assembly plan;
- construction procurement matters;
- leisure management and procurement options.

This work will allow the Council to assess its options in full knowledge of the whole life costs of a new leisure centre on the Splash site. The report will summarise this information and inform the Council as to the best option for the new facility.

- 7.4 Construction, etc. Procurement

Assuming approval from Cabinet, in September 2017, procurement of the necessary secondary design, and construction contractors, would then commence as soon as possible, along with appropriate professional support for the Council.

In parallel, the Leisure Management Contract would move to preferred bidder stages, to allow bidders to then have input to the secondary design of the building that they would then run in the future.

Depending on the land assemble arrangements, this could then see the Current Splash Leisure Centre remaining open, until a new facility was completed in summer 2019.

8. Risks and Mitigation

- 8.1 At this stage there is little risk, as members are only being asked to approve the initial preparatory work to allow a full decision to be made on any new replacement facility.

Gleeds were originally procured, competitively, for their property expertise and we would expect any leisure feasibility consultant to have significant experience in similar projects, which have been funded by Sport England in order to reduce the risk associated with the initial property and leisure related work.

- 8.2 The Council needs to procure a new Leisure Management Contract commencing 1 April 2019.

Any risks attached should be minimised via a robust procurement procedure with support from appropriate leisure management, construction and property professionals. Support from Sport England has already been offered as part of the selection process which would add value and impartiality to the decision making.

- 8.3 Given the age of Splash, there is a risk of failure(s) occurring in the building and/or to the plant before any new facility is completed. Whilst the majority of this responsibility lies with the Contractor, as the contract draws near to its completion, elements of such risk may pass to the Council.

In any case however, a closure of the facility resulting from works required can adversely affect the reputation of the facility and the Council. This may be mitigated to a certain extent depending on the progress made at the time towards a new facility being built.

- 8.4 Given the uncertain future of the facility there is a clear reputational risk around what is provided at the Splash site in the longer term. Given the profile of the facility and the Indoor Leisure Facilities Strategy which is in the public domain, there is likely to be an expectation from the public of re-provision of some sort, which needs to be managed, and this report seeks to also manage such expectation.

- 8.5 The major risk at this stage, is that if the Council cannot secure supporting development both on its own, and neighbouring land, a wet facility on this site is likely to be unaffordable. Whilst very early discussions are ongoing, these have not yet been finalised.

- 8.6 The major risks for the project then come with the construction and future management and these will be managed by provision of strong governance arrangements, around project management, procurement and professional advice.

9. Financial Implications and Risks

- 9.1 At this stage, the financial risk is limited only to the cost of the preparatory work now envisaged to inform the project and to this end, a budget of £30,000 is recommended for approval to allow the relevant property and the initial leisure procurement work to progress.

- 9.2 However, the potential capital project, as described in 6.4 above, needs to be clarified in principle at this stage, to inform members as to likely future commitments. It should be noted however, that these figures are best estimates at this time and that no property agreement, grant application or contract tender has yet been entered into.

The likely capital cost of a new wet facility is £8m, for which the Council could take out a 30-year loan with the Public Works Loan Board at an interest rate of around 3%, the interest cost for which would equate to £240,000 per annum.

In addition, there would be a Minimum Revenue Charge (MRP) each year. This is a charge to the revenue account to make provision to repay the loan. It would be reasonable to make this charge over the useful life of the asset. The MRP would therefore be £266,000 for an £8m asset cost, assuming the asset will last 30 years.

The total revenue impact would therefore be in the region £506,000 per annum based on a scheme cost of £8m.

- 9.3 Officers are in positive dialogue with Sport England regarding their Strategic Facilities Fund, which aims to support large scale capital sport and leisure projects that can deliver increases in active participation in communities. Grants range from £500,000 to £2m. Early indications are that if support were to be provided, which cannot yet be guaranteed, it would be towards a £1m investment.

With no wider development of the Splash site, but with assumed Sport England grant funding in the region of £1m, the net capital cost of the new facility reduces to £7m with a revenue impact of £443,000 per annum.

- 9.4 In discussions with potential Leisure Contract bidders, it is apparent that a new facility would be able to be run without the current £150,000 p.a. management cost, bringing that revenue impact down from £443,000 to £293,000 p.a. This would still be considered unacceptably high given the Council's financial position.
- 9.5 There is enough land adjacent to Splash however, to provide additional development which would offset this cost. The potential for a 65-bedroom hotel or retail/commercial development on the site, could provide capital or lease income equating to £50k per annum in revenue, bringing the overall impact down to approximately £243,000.
- 9.6 However, further benefits would then also accrue if the Council entered into a joint development of the site with adjacent landowners and, with the positive impact of NNDR retention income, this would significantly further reduce the revenue cost to the Council, although the details of such development are still being worked through.
- 9.7 At this stage, it is impossible to be accurate with these assumptions and given the size of the potential development, it is essential that further preparatory work is undertaken to work through the property, grant funding and likely contractual impacts and to develop a full business case for the project as a whole. The recommendations seek to cover this issue.
- 9.8 The treasury management decisions regarding how this scheme would actually be funded at the time (if any project is to progress) are quite distinct from the actual decision to move forward with the scheme, and will revolve around a number of factors, as follows:
- The availability of any internal resources (e.g. current/new capital receipts)

- The opportunity cost to the Council (this will depend on the funding source and could reflect external borrowing costs or lost investment income if internal borrowing is used)
- External borrowing opportunities

13. Sustainability

Any new build will rely on low energy use to minimise utility costs and therefore the management charge for the facility.

14. Equality and Diversity

There are no equality and diversity implications directly resulting from the recommendations or options considered in this report.

15. Section 17 Crime and Disorder considerations

There are no Crime and Disorder implications directly resulting from the recommendations or options considered in this report.

16. Conclusions

- 16.1 The Council is now at a point where it needs to decide on what approach to take regarding its current leisure contract and the long term future of the Splash facility in Sheringham.

There are a range of options available as to the contractual mechanism the Council decides to use to manage its leisure facilities, and a number of potential options for a future leisure facility on the Splash site.

- 16.2 Initial discussions show that, as long as the Council takes a commercial view of the property implications and opportunities which exist for the site, it should be possible to provide a new wet facility in Sheringham, at little additional cost to the existing revenue budget.

However, it should be clearly understood that as well taking this commercial view, it will be essential for the Council to also agree commercial terms for supporting development, both on its own, and on neighbouring land.

- 16.3 In order to provide the best procurement of a future Leisure Services Contract and a future leisure facility on the Splash site, external professional support is required so that the project can move forward.

North Norfolk Sporting Centre of Excellence

Summary:

The Sporting Centre of Excellence project fulfils part of one of the Council’s main objectives; targeting Health and Wellbeing. This project has been noted as one of good practice, the only one of its kind in the region, and possibly the UK.

The first year of this project has gone extremely well, with over 70 young people attending 24 weeks of coaching. All of the participants have shown improvement in their chosen sport. Many of the young people have been selected to represent the county, and some competing at a national standard.

Conclusions:

This pilot project has demonstrated a great need to deliver high quality sports coaching to the young people of North Norfolk. It has bridged a gap between participation and performance, and allows access to those young people to take the next step and become a sporting star of the future.

Given the success of the project and the development of the young people who have participated, there would be great value in continuing into year two.

Recommendations:

1. **That Cabinet note the success of the project to date.**
2. **That Cabinet approve continuation of the project into year two, with a budget of £19,000 to be allocated to deliver the scheme. This should be allocated via general reserves.**

Cabinet Member(s) Cllr M Prior	Ward(s) affected: All
Contact Officer, telephone number and email: Karl Read, 01263 516002, karl.read@north-norfolk.gov.uk	

1. Introduction

The North Norfolk Sporting Centre of Excellence was set up last autumn with delivery commencing in October 2016. This paper outlines the progress and success of the project to date and sets out the costs associated to continue delivery for year two of the project.

2. Background

- 2.1 One of the Council’s five main corporate objectives is Health and Wellbeing. Within this the Council agreed a target to set up and deliver a sporting centre of excellence for the district.

- 2.2 The fundamental aim of this project is to provide an environment whereby young people, who might not otherwise have the opportunity, are given such an opportunity to excel in a given sport, by the provision of top quality coaching at excellent facilities.
- 2.3 Gresham's School has such sports facilities, including a 25 metre swimming pool, five court sports hall, full size outdoor artificial pitches, fitness gym and a multitude of outdoor grass pitches. For the above reasons Gresham's School was selected to host the project, as it provided the best range of sports facilities in the district, and in a central location.
- 2.4 A Cabinet report was presented at the September 2016 meeting. and Approval was granted to progress with a pilot and £20k identified to fund delivery in the first year.

3. Current Position

- 3.1 A steering group was set up last year to provide governance and direction for the project including representatives from the Council, Gresham's School, Active Norfolk and the North Norfolk School Games.
- 3.3 The group identified four sports: cricket, hockey, netball and athletics (running) that it felt was appropriate to deliver in year one.
- 3.4 It was agreed that Level 3 qualified coaches would be used to provide a high quality coaching experience. Experienced local coaches were successfully identified and brought in to join the steering group.
- 3.5 An official launch was held at Gresham's School in October 2016, with Craig Heap (ex GB gymnast) providing an inspirational presentation. The evening was a great success receiving very positive feedback from parents and other stakeholders.
- 3.6 Coaching delivery commenced in October 2016, and is now currently in its third and final block of coaching for year one.
- 3.7 It is our understanding that this project is the only one of its type being delivered by a local authority in the Eastern Region, and possibly the UK. Sport England has noted the project as innovative and one of good practice.
- 3.8 All of the district's secondary schools have had representation in the scheme.
- 3.9 There will be a slight drop off in numbers by the end of the term due to age and those children that have joined local clubs.

4. Target Age Group

- 4.1 The age group agreed for this project is 11 – 14 year olds.
- 4.2 Advice from Active Norfolk and other talent identification specialists confirmed that 11 – 14 years is a good age group to use for such a project.

- 4.3 This age correlates with Sport England current guidance around talent identification. In addition, it provides an opportunity to impact on a young person's life at a crucial stage of their development. It is then hoped that they will continue to adhere to a fit and healthy lifestyle, including playing sport at their best possible level of participation.

5. Criteria – Selection of Young People

- 5.1 The most crucial element when designing this programme was at what level the project should be pitched.
- 5.2 Advice from the partners suggested that the project should target young people with the potential in a given sport, rather than those already in a performance system/pathway.
- 5.3 Targeting young people with potential provides quality coaching to those that may never have previously been given the opportunity.

6. How the Young People Were Identified

- 6.1 It was decided that the most efficient method to identify the participants would be through the local schools network. It was reasonable to expect that school PE staff would have a good knowledge of which young people possess the potential to progress in one of the four sports.
- 6.2 The Council contacted all secondary schools asking them to put forward those young people that they perceived were appropriate for the programme. Primary schools were also contacted, as their year 6 pupils would be eligible to join the programme when the next school year commenced, September 2016.
- 6.3 These young people were then invited to selection trials based at Gresham's School in September 2016. Over 70 children attended the trials and it was felt that they should all be invited onto the programme.

7. Delivery

- 7.1 The coaching has been delivered in blocks of eight weeks, one block of coaching each school term.
- 7.2 It is still intended (as/when appropriate) to provide additional workshops to further enhance the young people's sporting potential. These will include strength and conditioning, sports psychology and nutrition. These will be held during the summer in order to maintain enthusiasm. They will also allow the coaches to stay in touch with those talented individuals.
- 7.3 There is capacity for probably 95 young people in the scheme at any one time. At the end of the current year, some 15 will leave the scheme as they will have moved into Clubs with a full sporting pathway through national etc coaching plans. This means that, assuming approval is given to continue the

scheme, we would then advertise for a further 40 places to fill the scheme for year two.

8. Success of the Programme

- 8.1 It was very clear from the first session, that the quality of coaching was first class, proving that the correct coaches had been recruited to deliver the programme.
- 8.2 The programme has been very successful. All of the participants have improved. There have been over 70 young people included in the programme, and a throughput of 1,680 attendances.
- 8.3 Many of those young people in each of the sports have been linked up with a local club; generally a top class club that can provide the standard of coaching required for them to progress.
- 8.4 Nine of the athletics participants have been selected to represent Norfolk in cross country, with all of them acquitting themselves well. One young girl finished 22nd in the under 15 national cross country championships out of 426 competitors!
- 8.5 Three boys in the cricket programme are now of a county standard, and will be invited to the county squad and training sessions.
- 8.6 One young boy was quickly spotted as a naturally gifted hockey goalkeeper. This is a sport which he had not played much before, and so some hockey-goalkeeper specific coaching has been arranged for this young person. He has been invited to join a top Norfolk hockey club.
- 8.7 Two young netball players have been invited to join a high standard netball team.
- 8.8 The scheme has been a great success to provide top class sports coaching to state school children in partnership with an independent school.

9. Financial Information

- 9.1 The total spend for year one to date is £18,721, with another likely pitch hire payment which should bring this to £19,500.
- 9.2 The projected costs for 2017/18 are identified in Table 1 below:

Table 1.

ITEM	DETAILS	COST
Delivery of coaching	Cost to provide 10 sports coaches (2 additional coaches) from Oct 17 – July 18.	£14,000

Sports Equipment	Much of the equipment has now been purchased. This cost includes the potential for any new sports being added to the programme and the replacement of existing equipment	£500
Additional travel costs	This was not utilised in 2016/17 and so a modest amount is requested for year two	£1,000
Pitch Hire	Hire of facilities	£2,500
Contingency	This includes any unknown costs that may arise	£2,000
Total		£19,000

10.4 This project is not currently budgeted, as the first year was always intended to be a pilot. Given the success of the pilot, it is therefore recommended that the second year is financed from the General Reserve.

10. Year Two - Continuation

- 10.1 Given that the first year of the project has been such a success, it is recommended that it should now continue into a second year. This would enable those young people still involved, to further improve and move onto the next step of the performance pathway.
- 10.2 Approximately 20% of the existing young people will have moved on and, with the existing capacity, Officers would make contact with the schools again to recruit approximately 40 new participants.
- 10.3 At this stage there is no need to consider whether new sports can be added to the programme, but if the programme can be funded in the longer term, this would be a possibility and officers would continue to investigate additional workshops that add value to the scheme.

11. Timeline

- 11.1 A year two timeline has been produced which details milestones for the forthcoming year:

DATE	ACTION/MILESTONE
May 2017	Contact Schools for new participants

July 2017	List compiled and young people invited onto programme
September 2017	Steering Group Meeting
September 2017	Yr 2 Selection trials commence
October 2017	Yr 2 Launch Event
w/c 9 October 2017	Yr 2 Delivery commences – block 1
w/c 5 February 2017	Yr 2 Block 2 commences
w/c 2 May 2017	Yr 2 Block 3 commences

11.2 Thereafter steering group meetings will take place each quarter with each head coach reporting progress to the group.

11.3 A full annual review will take place once block 3 finishes.

12. Risk

The most prevalent risk is health and safety of all activities and personnel delivering the coaching. All risk assessments of the site and activities have been undertaken and all coaches checked via the DBS system

13. Equality and Diversity

There are no issues regarding equality and diversity of this programme.

14. Summary

The Sporting Centre of Excellence project fulfils part of one of the Council's main objectives targeting Health and Wellbeing. This project has been noted as a model of good practice, the only one of its kind in the region, and possible the UK.

The first year of this project has gone extremely well, with all of the participants improving. Many of the young people have been selected to represent the county in their chosen sport, and some competing at a national standard.

15. Recommendations

1. That Cabinet note the success of the project to date.
2. That Cabinet approve continuation of the project into year two, and a budget of £19,000 to be allocated to deliver the scheme. This should be allocated via general reserves.

Karl Read, Leisure & Locality Services Manager, ext. 6002

Deep History Coast Project

Summary:

In accordance with the priority set out in the Corporate Plan, an initiative was established to use the evidence of Britain's ancient past discovered along the north Norfolk coastline to attract visitors and investment to the area.

A substantial project was developed, which proposed an integrated set of capital and revenue schemes, relating to the cliffed stretch of coast (between Weybourne and Cart Gap). The project envisaged the coast as a 'living landscape museum' and a bid was submitted to the Coastal Communities Fund (administered by the DCLG) for £2,010,000 to develop and implement it over the next two years. The funding application was unsuccessful and so this report suggests other ways in which the project could be delivered and requests funding from the Council's Capital Reserves in order to deliver key aspects of it in a timely fashion.

Options considered:

This report sets out a variety of possible alternatives to the recommended proposal, from abandoning the project to re-submitting it to the Coastal Community Fund later this year. The recommended approach seeks to balance the desire to progress elements of the project in a timely manner with the cost of the project and the likelihood of attracting external funding.

Conclusions:

It is considered that a robust and potentially beneficial project was developed as a means of achieving the Corporate Plan objective of "*investing in our assets to support the tourism economy and promote the 'Deep History' concept*". It is regrettable that an application to the Coastal Community Fund was unsuccessful but, given the resources that have been committed towards the project thus far, and the widespread support for it from a range of stakeholders, appropriate alternative means of delivering the project should be pursued, including utilising the Council's own capital reserves and applying to other external funding sources to deliver elements of it.

Recommendation: It is recommended that Cabinet:
Authorise the Head of Economic & Community Development, in consultation with the Leader of the Council, to re-evaluate the project and engage further with local communities, town and parish councils, businesses and possible partners and recommend to Full Council the authorisation of a sum of £500,000 from the Capital Reserve to implement some capital elements of the project, including a trail and improved facilities

Reason for Recommendations: To ensure the timely and cost effective implementation of the project, engage relevant stakeholders and fully account for the risks and uncertainty.

Cabinet Member(s) Ward(s) affected: All
Cllr T FitzPatrick

Contact Officer, telephone number and email: Robert Young, 01263 516162, robert.young@north-norfolk.gov.uk

1. Background

- 1.1 The Corporate Plan includes the following objective:
“Capitalise on our tourism offer both inland and along our historic coast by investing in our assets to support the tourism economy and promote the ‘Deep History’ concept.”
- 1.2 The term Deep History Coast was coined by Norfolk Museums Service. It refers to the evidence that points to human habitation of our coast some 850,000 years ago and to the fossil relics of glacial geology.
- 1.3 To explore ways of using the fascinating geological and historical facets of the north Norfolk Coast for the benefit of the local economy, a steering group was established between NNDC, Norfolk County Council and Visit Norfolk. A successful application was then made to the DCLG for the establishment of a Coastal Community Team, based on the Deep History Coast concept and covering the area between Weybourne and Cart Gap. This attracted £10,000 in funding, which was used to put together ideas for an ambitious project that would promote the area for new investment.
- 1.4 The concept was built up into a project that would help establish a year-round destination to attract visitors of all ages. An application was submitted to the Coastal Communities Fund (administered by the DCLG) in the hope of attracting funding of just over £2m. The project envisaged the coast as a ‘living landscape museum’.

1.5 Despite getting through the first round of the application process (last summer) and submitting with our second stage application fully costed and comprehensively developed plans and evidence of the proposed project outcomes, we found out on 3rd April that our funding application was unsuccessful. And so this report suggests other ways in which the project could be delivered and requests funding from the Council's Capital Reserves in order to deliver key aspects of it in a timely fashion.

2. Funding bid to the Coastal Communities Fund (CCF)

2.1 The UK Government announced in 2015 that the CCF will be extended to 2021 with at least £90m of new funding available for the period 2017/18 to 2020/21.

2.2 Round 4 of the CCF opened to applications in England on 22 May 2016 and one further funding round in England is expected to open in late 2017.

2.3 The Coastal Communities Fund is designed to support the economic development of coastal communities by promoting sustainable economic growth and jobs. All projects funded through the CCF are expected to deliver an outcome where coastal communities will experience regeneration and economic growth through projects that directly or indirectly create sustainable jobs, and safeguard existing jobs.

2.4 The project that NNDC (supported by partners in the Deep History Coast Coastal Community Team) submitted for funding sought just over £2m. The stage two application was submitted in December 2016 and the outcome was received in April 2017. The full application pack, including the supporting business plan is provided in the Members' Room for reference.

2.5 The project aimed to coordinate the various sites of interest along this stretch of coast, to provide interpretation material, new features of interest, improved visitor facilities, events, curatorial activities and novel ways of promoting and marketing the area. As our local economy is heavily dependent upon a highly seasonal visitor pattern, this project sought to promote year-round attractions, beyond the traditional hot-spots. In doing so it would enable businesses to exploit new markets, repeat visits and longer stays. Whilst the activities and interventions were planned to take place along the coastal strip, it was intended that the benefits of the project would be felt across the whole district (and indeed the wider region). It would 'put the District on the map', and that recognition would help drive other investment, beyond just the hospitality industry.

2.2 The idea was to see the features of our eroding coastline as exhibits in a huge, dynamic, outdoor attraction, by:

- Establishing the Deep History Coast as a 'living landscape museum', with Discovery Points and trails, interpretation and themed signage (on the ground) and improved visitor facilities and infrastructure at key locations

- Developing a gateway to the Deep History Coast at Cromer by designing a new exhibition space, a Deep History Coast themed art installation and 'start-up' retail opportunities (within the setting of the rejuvenated West Promenade)
- Creating a feature of the site of the West Runton mammoth, by creating a mammoth display, installing a new feature/ attraction, improving visitor facilities, and enhancing the year-round commercial potential of the site
- Establishing a geology hub, with both on-line content and a physical presence (at Cromer Museum), which would: create and curate the resources and content of the 'living landscape museum'; coordinate and put on events and exhibitions; provide resources to support visitors to the coast (tourists and educational field study visits from national institutions)
- Devising novel ways of telling the story to markets locally, nationally (and even internationally) through brand development, marketing activity, promotional campaigns, and business ambassador schemes

2.3 Evidence produced to support the bid, showed that over the life of the project, this initiative could bring an additional 717,000 visitors to the area, generate £35m in the North Norfolk Economy, create seventeen direct jobs and 552 indirect jobs.

2.4 The CCF is highly competitive and, whilst our bid seemed to meet the criteria, it was unsuccessful. No feedback has been provided on the merits of our bid, although during the application process all the relevant information and supporting evidence had been provided and officers were confident that it closely matched the funding criteria. Several projects in the eastern region were supported, including additional funding (£311,124) for the Wells Maltings Project and £302,739 for Norfolk County Council's 'Coastal Treasures' project (which proposes to promote the cultural heritage from Hunstanton Sea Front to King's Lynn). The full list of funded projects around the country can be found on the following link:
<https://www.biglotteryfund.org.uk/global-content/programmes/uk-wide/coastal-communities#>

3. Current position

3.1 The context within which the project was formulated remains broadly the same as when the CCF stage-two application was made. All of the partners involved in the project's development have expressed disappointment about the outcome of the CCF application and have shown their continuing support for the project.

3.2 In support of the application, architects drawings of the proposed capital build elements of the project were completed and detailed costings for the implementation of these were provided. These included: proposed new WCs and display spaces at West Runton and cart Gap and an exhibition space and retail units at the Melbourne slope, Cromer.

- 3.3 A detailed *Interpretation Plan* for the project was undertaken on behalf of the Council by Ugly Studios (available in the Member's room for reference). This sets out a vision for the project and demonstrates how the heritage of the coast can be better interpreted and explained for target audiences. The Plan proposes the themes, objectives and messages that the project should attempt to portray and includes a detailed display plan as a framework for the installation of the new information and discovery points. Furthermore this provides the designs and cost plans for the various installations proposed.

4. Options

- 4.1 In the light of the CCF funding decision, the principle options for the project are set out in the following table

Option	- ve impact	+ ve impact
1. Abandon the Project	<ul style="list-style-type: none"> This would be a waste of all the resources expended to-date and the goodwill that exists The local economic benefits will not be achieved 	<ul style="list-style-type: none"> No further resources needed
2. Put the whole project on the back burner and re-submit for the next round of CCF (expected to be announced in late 2017)	<ul style="list-style-type: none"> This would delay implementation for another year There is a risk it would still not be supported This would prevent another CCF bid being submitted by NNDC (only one bid is accepted per organisation) 	<ul style="list-style-type: none"> Very limited resources would need to be expended to update the bid
3. Re-cast the project for submission to other funds (e.g. HLF)	<ul style="list-style-type: none"> This would introduce significant delay and uncertainty Considerable staff resources needed 	<ul style="list-style-type: none"> Opportunity to re-evaluate the objectives and potentially bring in additional funds
4. Unpack the project and deliver elements of it through other resources	<ul style="list-style-type: none"> The project may be less coherent, potentially jeopardising some of its benefits It is likely to mean the use of NNDC's own financial reserves NNDC staff resources needed to manage/ implement the project 	<ul style="list-style-type: none"> A mix & match approach will mean more control over different elements of the bid and a clearer focus on the objectives for each

- 4.2 If option 4 above were to be selected, the table below sets out suggestions for taking forward elements of the project in other ways.

Project element	Recommendation	Finance	Notes/ options
Infrastructure			
West Runton Exhibition/ WC	Re-consult on possible proposals	NNDC capital	Explore the commercial potential of the existing WC site. W Runton has, since the CCF bid achieved Blue Flag beach status
Cart Gap exhibition/ WC	Re-consult on possible proposals	NNDC Capital	Consider the incorporation of a kiosk or licence for concession
Discovery points	Consult and review the number and location of these installation in the light of feedback received	NNDC capital	There may be some partnering/ sponsorship opportunities (e.g. local businesses/ attractions/ parish councils)
Artistic installations	Review options for funding or abandon	Arts Council England, HLF, patron?	This could be considered as possible separate initiative
Gateway Exhibition Hub and retail units	Reconsider options for the development of the gateway in other ways but abandon the plans for the proposed new-build of the units on the Melbourne Slope, Cromer	NNDC Capital or incorporation into new funding bid (possibly CCF)	This was an expensive element of the project, due in part to the characteristics of the proposed location. It could potentially be incorporated into existing premises/ attractions/ facilities
Re-fit Cromer Museum geology exhibition	reconsider options	NCC or incorporation into new funding bid (possibly CCF)	Smaller scale updating/ improvement of the exhibition (incorporating DHC branding) would be cheaper to implement
Marketing			
Brand development	Evaluate funding opportunities and potential partnership approaches (e.g. Visit North Norfolk/ Visit Norfolk)	NNDC revenue budget (tourism promotion)	Will be needed for installations. Best undertaken as part of a coherent, holistic, project.

Marketing	Evaluate funding opportunities and potential partnership approaches (e.g. Visit North Norfolk/ Visit Norfolk)	NNDC revenue budget (tourism promotion)	Through working with partners, linking with other projects and identifying other methods of delivery many of the outcomes should still be possible
Interpretation	Use the existing work commissioned from Ugly Studios for the CCF bid and build this into the Capital elements of the project above	NNDC Capital	The digital content etc. will need to be reconsidered
Revenue activity			
Activities proposed to be undertaken by the Geology Hub (inc. curatorial, events, liaison, volunteer support and ambassador scheme)	Consider for re-submission in an amended application to the CCF (or other possible funding opportunities)	NCC or funding application (possibly re-submission to CCF)	Whilst beneficial to the achievement of the <i>outcomes</i> of the original project (as submitted) – aside from external funding sources it will be difficult to find resources for such revenue activities
Digital content, including possible animations, films, website development	Consider for re-submission in an amended application to the CCF (or other possible funding opportunities)	NCC or funding application (possibly re-submission to CCF)	This is an interesting and novel aspect of the project and it could be re-imagined and submitted as a separate project bid or incorporated into a revised CCF bid

5. Suggested way forward

It is recommended that, in order to maintain momentum and partner support, and make best use of the detailed work that has been done, particularly in advancing the capital elements of the project, significant parts of it should be undertaken by using some of the Council's own capital reserves. Further consultation should be undertaken with local communities, businesses and interested organisations in order to help inform the detailed location, nature and content of any proposed installations. It is recommended also that the remaining elements of the project be reviewed and re-packaged for submission to other external funding opportunities (particularly the next available round of the Coastal communities Fund).

6. Conclusions

- 6.1 It is considered that a robust and potentially beneficial project was developed as a means of achieving the Corporate Plan objective of “*investing in our assets to support the tourism economy and promote the ‘Deep History’ concept*”. It is regrettable that an application to the Coastal Community Fund was unsuccessful but, given the resources that have been committed towards the project thus far, and the widespread support for it from a range of stakeholders, appropriate alternative means of delivering the project should be pursued, including utilising the Council’s own capital reserves and applying to other external funding sources to deliver elements of it.

7. Implications and Risks

- 7.1 The proposals set out in this report are oriented towards meeting the priorities of the Corporate Plan and creating growth and investment in the local economy. The principle risk to being able to deliver these relate to the availability of finance and staff resources. If the recommendations are approved then it is anticipated that the resources will be available to implement the proposed actions.
- 7.2 The Deep History Coast project involves a potentially wide range of interventions, from capital build to revenue activities. Landowner consent has yet to be secured and the proposed works do not have the benefit of planning permission.
- 7.3 Engagement with a range of relevant stakeholders has been undertaken in the gestation of this project and feedback received has helped to inform the proposals. Further local consultation will be necessary in defining the precise location and design details of the various installations.
- 7.4 The project will rely on suitable funds for its successful implementation. It will be necessary to liaise with relevant organisations, including Norfolk County Council, which is a partner in the project, in order to develop appropriate proposals and orientate them appropriately

8 Financial Implications and Risks

- 8.1 The total cost of installing the high quality new facilities specified in the original bid, would need a sum of approximately £625,000. It is suggested, however that substantial elements of it could be achieved with a budget of £500,000. The budget is available from the Council’s Capital Reserves.

9 Sustainability

- 9.1 There are no specific sustainability implications arising from the recommendations in this report

10 Equality and Diversity

- 10.1 There are no specific impacts on equality and diversity arising from the recommendations in this report

11 Section 17 Crime and Disorder considerations

- 11.1 There are no section 17 implications arising from the recommendations in this report