Overview and Scrutiny Committee

NORTH NORFOLK DISTRICT COUNCIL

Please contact: Emma Denny
Please email: emma.denny@north-norfolk.gov.uk
Please direct dial on: 01263 516010

31 October 2017

A meeting of the **Overview and Scrutiny Committee** of North Norfolk District Council will be held in the in the **Council Chamber** at the Council Offices, Holt Road, Cromer on **Wednesday 08 November 2017 at 9.30am.**

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

Members of the public who wish to ask a question or speak on an agenda item are requested to notify the committee clerk 24 hours in advance of the meeting and arrive at least 15 minutes before the start of the meeting. This is to allow time for the Committee Chair to rearrange the order of items on the agenda for the convenience of members of the public. Further information on the procedure for public speaking can be obtained from Democratic Services, Tel: 01263 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 must inform the Chairman. If you are a member of the public and you wish to speak on an item on the agenda, please be aware that you may be filmed or photographed.

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

Emma Denny
Democratic Services Manager

To: Mrs S Butikofer, Mr N Coppack, Mrs J English, Ms V Gay, Mr S Hester, Mr M Knowles, Mr E Seward, Mr R Reynolds, Mr N Smith, Ms K Ward, Mr G Williams, VACANCY

All other Members of the Council for information.

Members of the Management Team, appropriate Officers, Press and Public.

IN TRAN
communication for all

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

A G E N D A

1. **TO RECEIVE APOLOGIES FOR ABSENCE**

2. **SUBSTITUTES**

3. **PUBLIC QUESTIONS & STATEMENTS**

To receive questions / statements from the public, if any

4. **MINUTES** (page 10)

To approve as a correct record the minutes of the meeting of the Overview and Scrutiny Committee held on the 11th October 2017.

5. **ITEMS OF URGENT BUSINESS**

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

6. **DECLARATIONS OF INTEREST**

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

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

To consider any petitions received from members of the public.

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

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

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

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

10. **PRESENTATION – SUPERINTENDENT CHRISTOPHER HARVEY**

(9.40 – 10.30am)

To receive a presentation from Superintendent Chris Harvey outlining the Policing Plan for 2020 and to update Members on the outcome of a review into recent traveller incursions.

Reports from Cabinet

***Decision*: Overview & Scrutiny Committee is requested to make any recommendations to Council**

11. MEDIUM TERM FINANCIAL STRATEGY 2018/19 TO 2021/22 (page 18)

(Strategy Document – p.20) (Appendix 1 – p.48)

(10.30 – 10.50am)

Summary:	This report presents an updated Medium Term Financial Strategy (MTFS) for the period 2018/19 to 2021/22. The strategy has been updated to support the Corporate Plan for the period 2015 to 2019.
Options considered:	The MTFS has been refreshed in the year and provides an updated financial projection in support of the 2018/19 budget process.
Conclusions:	The financial position for 2018/19 is currently showing a slight deficit with ongoing funding gaps from 2019/20 onwards. The MTFS identifies the key themes and priorities for the Council in seeking to reduce the forecast budget gap.
Recommendations:	**It is recommended that:**
Cabinet Decision	**1) Members consider and note:** **a) The current financial forecast for the period 2018/19 to 2021/22;** **b) The current capital funding forecasts;**
Council Decision	**2) Members consider and recommend to Full Council:** **a) The revised reserves statement as included at Appendix 1 to the financial strategy.**
Reasons for Recommendations:	To refresh the Medium Term Financial Strategy in line with the Corporate Plan and to inform the detailed budget work for 2018/19.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

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

2017/18 Budget report and in year budget monitoring reports.

Cabinet member(s):	Cllr W Northam
Ward member(s)	All
Contact Officer telephone and e-mail:	Duncan Ellis 01263 516330 duncan.ellis@north-norfolk.gov.uk

12. BUDGET MONITORING – PERIOD 6 (page 50)

(Appendix A – p.58) (Appendix B – p.59) (Appendix C – p.77) (Appendix D – p.83)
(10.50 – 11.05am)

***Decision*: Overview and Scrutiny Committee is requested to *note* the report**

Summary:	This report summarises the budget monitoring position for the revenue account and capital programme to the end of September 2017.
Options considered:	Not applicable.
Conclusions: **Cabinet Decision**	The overall position at the end of September 2017 shows an under spend of £1,063,368 to date for the current financial year on the revenue account, this is currently expected to deliver a full year under spend of £223,464.
Recommendations:	**It is recommended that:** **1) Cabinet note the contents of the report and the current budget monitoring position;** **2) Recommend the release of £74,580 from previously identified Digital Transformation Funding to enable additional staffing to support key projects;**
Reasons for Recommendations:	To update Members on the current budget monitoring position for the Council.

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

System budget monitoring reports

Cabinet member(s):	Cllr W Northam
Ward member(s)	All
Contact Officer telephone and e-mail:	Duncan Ellis 01263 516330 duncan.ellis@north-norfolk.gov.uk

13. TREASURY MANAGEMENT HALF YEARLY REPORT (page 85)

(11.05 – 11.15am)

***Decision*: Overview & Scrutiny Committee is requested to make any recommendations to Council**

Summary:	This report sets out the Treasury Management activities actually undertaken during the first half of the 2017/18 Financial Year 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 half year have been carried out in accordance with the CIPFA Code and the Council's Treasury Strategy.

Recommendation:

Council Decision

That the Council be asked to RESOLVE that The Treasury Management Half Yearly Report 2017/18 is approved.
That the Council be asked to APPROVE changes to the Counterparty Limits.

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

Cabinet member(s):	Cllr W Northam
Ward member(s)	All
Contact Officer telephone and e-mail:	Lucy Hume 01263 516246 lucy.hume@north-norfolk.gov.uk

Items referred to the Committee by Cabinet for Pre-Scrutiny

Decision: ***The Committee is requested to make any recommendations to Cabinet***

FMG Consulting will be attending to present the following two items:

(11.30am – 12.30pm)

14. LEISURE CONTRACT PROCUREMENT AND SHERINGHAM LEISURE FACILITY

(page 97)
Appendix 1 Page 109, Appendix 2 page 194, Appendix 3 page 201, Appendix 4 page 198

Summary:

This report is brought to update progress towards a replacement for the Splash Leisure Centre in Sheringham and the procurement of a new Leisure Services Management 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.

Following the completion of a feasibility study by external consultants, the high level financial issues around re-providing a leisure centre on the Splash site have now been fully considered. The work completed to date indicates that, with additional development on the Splash site, a new leisure facility could be provided with a modest increase of the Council's revenue budget.

Members will recall that Cabinet agreed in June to commence work to procure a new leisure operator for the contract to operate and manage our three leisure facilities. If approval is now given to move forward with a new facility, it is proposed that we would now also progress in parallel with the leisure contract procurement.

Conclusions

The Council is now at a point where it needs to decide on the most appropriate option for the long term future of the Splash site in Sheringham.

The feasibility study details what the future facility mix should be to best service the health and leisure needs of local residents in the future. The resulting plan details the revenue generation opportunities and other efficiencies of a new facility and contract, which will minimise the impact of this significant capital project on the Council's revenue budget.

Initial discussions show that it should be possible to provide a new leisure facility in Sheringham with a swimming pool, with only a modest revenue budget impact, as long as the Council takes a commercial view of the property implications and opportunities which exist for the site, and that external grant funding is also provided.

In order to provide the best procurement of a future Leisure Services Contract and a future leisure facility on the Splash site, significant 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) **commission FMG consultants to advise on the best procurement route for the facility build and to support the funding application to Sport England, and that Financial Standing Orders are waived, given FMG's involvement in the project to date.**
    b) **commence procurement work to enable the design, including the submission of the necessary Planning Application/s, for the new leisure facility and associated development.**
    Note: again, it may be possible to waive Financial Standing Orders to appoint FMG into this role, but may be a competitive procurement route

    c) **commission the necessary external support to manage the leisure facility construction project if this goes ahead.**

    d) **procure the construction contractor to build the new facility at the Sheringham site, subject to the funding being confirmed to complete the project.**

    e) **undertake procurement of the new Leisure Management Contract via the most appropriate route, including the use of external support as required.**

2. **That a project Board is set up to oversee the project, involving key officers and members, as detailed in the report.**

3. **That Cabinet recommends to Full Council the approval of the necessary capital budget, as detailed in this report, to then build the new leisure facility, subject to the necessary external funding being in place.**

Reasons for the Recommendations: To provide the necessary financial, procurement and governance framework to allow the project to replace the Splash leisure facility to proceed.

Cabinet Member(s):	Ward(s) affected:
Cllr Judy Oliver, Property Portfolio Member Cllr Maggie Prior, Wellbeing Portfolio Member	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

15. NORTH NORFOLK COMMUNITY SPORTS HUB (page 175)

Appendix 1 page 201, Appendix 2 page 202

Summary:

This report is brought to allow members to move forward the opportunity of developing a Community Sports Hub at the Cromer Dual Use Sport Centre via the provision of an indoor tennis facility and new gym and fitness centre, along with different management arrangements, in partnership with both Cromer Academy and Cromer Tennis Club.

The Council's Indoor Leisure Facility Strategy identified an opportunity to better manage the public sports facilities at Cromer Academy, and the adjacent tennis club, in both of which the Council is a key stakeholder.

The Strategy also identifies the need for an indoor tennis facility and the best venue for this is at the Cromer Academy site.

The key partners in this project are Cromer Academy, Cromer Tennis Club and the Lawn Tennis Association. A full feasibility and needs analysis study has now been completed that details the viability of the project.

Conclusions

The Council's Indoor Leisure Facility Strategy has recommended that a Community Sports Hub should be set up, that provides improved management of the sports facilities on and adjacent to the Cromer Academy site.

The Strategy also recommends a 2-3 indoor tennis court facility in the district. The best venue for this facility is the Cromer Academy site, as it builds on the existing links with the adjacent Tennis Club.

There is now an opportunity for the Council to improve the sports offer at the Academy site, with the development of the Community Sports Hub and construction of the indoor tennis facility and associated gym and fitness centre. At the same time, because of the significant revenue generation capacity of the new facility, this should be able to be completed with only a small impact on the Council's revenue position in terms of its sports and leisure budget.

In addition, there is an opportunity for the Council to provide additional improvements to other tennis courts in the district as part of a wider transformation project for tennis in North Norfolk partly funded by the Lawn tennis Association.

Detailed feasibility work has been completed that confirms the viability of the project, to the extent that the Council can now progress the project.

Recommendations

1. **To accept the findings of the feasibility study into the principle of developing a North Norfolk sports hub based on the Cromer Academy/Cromer Tennis Club site.**

2. **To delegate to the Corporate Director and Head of Paid Service (Nick Baker) authority to:**

   a) **procure FMG leisure consultants to complete the designs and Planning Application/s for the proposed facility as detailed in this report, and to provide the necessary support the Council in its funding bid to the Lawn Tennis Association.**

Note: this will require the waiving of Financial Standing Orders, on the basis of FMG's expertise and earlier involvement in this project.

b) **negotiate property related matters with the interested parties and enter into such property and service agreements as are necessary to allow the project to proceed.**

c) **subject to the external funding being made available, procure construction related professionals to take forward the construction project.**

d) **subject to the external funding being made available, procure the construction contract to build the new facility.**

3. To recommend to Full Council to approve the necessary capital budget for the project, as described in this report.

Reasons for the recommendations:

To provide the necessary framework around, finance, procurement and governance for the project to be able to move forward.

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

NNDC Indoor Sports Facility Strategy 2015

Cabinet Member(s) Cllr Judy Oliver, Property Portfolio Member Cllr Maggie Prior, Wellbeing Portfolio Member	**Ward(s) affected:** Suffield Park specifically but impacts on all of Cromer and across a wide part of the district and beyond.
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	

Work programmes

16. THE CABINET WORK PROGRAMME (page 186)

To note the upcoming Cabinet Work Programme.

17. OVERVIEW & SCRUTINY WORK PROGRAMME AND UPDATE (page 190)

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

18. EXCLUSION OF THE PRESS AND PUBLIC

To pass the following resolution, if necessary:

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

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

Agenda item no.____4___

OVERVIEW AND SCRUTINY

Minutes of a meeting of the Overview and Scrutiny Committee held on 11 October 2017 in the Council Chamber, North Norfolk District Council, Holt Road, Cromer at 9.30 am.

Members Present:

Committee: Cllr K Ward (Chairman)

Cllr S Butikofer	Cllr N Pearce
Cllr V Gay	Cllr E Seward
Cllr S Hester	Cllr R Reynolds
Cllr M Knowles	Cllr N Smith

Officers in Attendance: The Corporate Director (SB), the Corporate Director (NB), the Head of Economic & Community Development, the Coastal Manager, the Health and Communities Team Leader, the Democratic Services Manager and the Democratic Services Officer.

Members in Attendance: Cllr P Grove-Jones, Cllr M Millership, Cllr A Fitch-Tillett, Cllr N Coppack, Cllr J Rest and Cllr G Perry-Warnes.

Also in Attendance: Bill Parker, Head of Coastal Partnership East

51. APOLOGIES

Apologies were received from Cllr N Smith, Cllr J English and Cllr G Williams.

52. SUBSTITUTES

None

53. PUBLIC QUESTIONS

No public questions were received.

54. MINUTES

The minutes of the Overview and Scrutiny Committee held on 13 September 2017 were accepted as an accurate record and signed by the Chairman.

Matters Arising: Future Working Arrangements of the Committee (Minute 48)

The Chair, Vice Chair, Cllr R Reynolds and Cllr V Gay had met on 6 October to discuss future working arrangements of the committee. It had been a useful and positive meeting. The next step would be talks with the political groups, after which there would be recommendations to the Overview and Scrutiny Committee. Proposals would be circulated to all Members.

55. ITEMS OF URGENT BUSINESS

None

56. DECLARATIONS OF INTEREST

To be taken, if necessary, at the appropriate item on the Agenda.

57. PETITIONS FROM MEMBERS OF THE PUBLIC

None

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

None

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

None

60. PRESENTATION – COASTAL PARTNERSHIP EAST (CPE)

The presentation (a first year update) was made by Bill Parker, Head of Coastal Partnership East.

a) The Partnership had been formed in April 2016 and comprised North Norfolk District, Great Yarmouth, Waveney and Suffolk Coastal councils.
b) Reasons for setting up the Partnership included:

- Challenges of recruiting coastal engineers.
- Even distribution of the workload over all four authorities.
- Ensuring there was expertise available across the authorities.
- More impact on national organisations, e.g. DEFRA.
- Better procurement opportunities.
- Coherent approach to funding.
- New opportunities beyond Norfolk and Suffolk – selling expertise elsewhere to levy income and ease the burden on taxpayers in coastal communities.

c) All CPE staff were employed by their own local authority, the processes of the Partnership were embedded in each authority and the aims were within NNDC's Corporate Plan. The NNDC revenue spend for this year was £310,000. All money from NNDC was spent in the District.
d) CPE recognised that it was necessary to deliver value for money.
e) The Partnership had a 3 year business plan which was available for circulation to Members.
f) The Partnership's Annual Action Plan:

- Knowing our coast
- Delivering for communities
- Capacity and capability

g) Major projects:

- Lowestoft Flood Risk
- Sizewell C
- Great Yarmouth Harbour
- Broadland Futures Initiative

h) Projects in North Norfolk:

- Bacton – a large project, recently approved by Cabinet.
- Mundesley (in 2018 or 2019)
- Cromer Phase 2
- Trimingham (research into understanding of cliffs and why they fail)
- Measured term contract (minor repair and maintenance works)

i) CPE's progress to date:

- Shared working.
- Resilience across the team.
- Recognition as a lead coastal issues organisation.
- Production of first annual report.
- Joint adaptation post with the Environment Agency (EA).
- Shared work on asset database with EA and development of measured term contracts.
- Starting to realise benefits of shared expertise.

j) Challenges:

- Geography/logistics (the distances to be covered).
- IT integration.
- Team capacity.
- Future funding.
- How best to interact with local councils, to maintain a relationship and to demonstrate that CPE is an integral part of the authority.

k) Future opportunities:

- To further strengthen resilience.
- Extension of Business Emergency resilience Tool (BERT) - a free online tool to assess the ability of an organisation to successfully adapt to interruptions such as severe weather, followed up by free personalised support.
- Supporting communities better.

Questions and Discussion:

a) The Chairman said that the presentation had been requested for the purposes of education and to find out about working together. She found it helpful that the work of the Partnership was linked with other activities.
b) Ms V Gay asked how much funding was available for projects. It was explained that NALEP was funded from Central Government and did not have a ring-fenced budget for this activity but could access funding from other sources. It was important to be smart and present a good business case and to promote coastal issues.
c) In response to a question from Mrs S Butikofer regarding the impact of offshore windfarms and any interaction with the work of CPE, the Head of CPE said that the

Partnership was involved in ensuring that windfarms didn't impact negatively on the coast. There could also be opportunity to explore contributions from offshore companies.

d) Mr S Hester asked in what areas apprenticeships were being offered. The Head of CPE explained that there was a corporate apprenticeship scheme at Waveney, work was being done at Great Yarmouth with Balfour Beatty who had 3 apprentices, but – as yet – there was no one from North Norfolk. Skills that could be offered would include IT and engineering. Apprenticeships built a pathway for young people to discover their skills and keep them in the District. Mr J Rest observed that it was important to consider non-coastal areas when recruiting apprentices.

e) To a further question from Mr Hester regarding Morston Quay, the Head of CPE said that the Partnership had a good working relationship with the National Trust and was also working with the RSPB. The Coastal Manager invited Mr Hester to email him for further discussion and to ensure that relevant people were invited to the Coastal Forum. The Corporate Director (SB) added that some coastal areas were the responsibility of other authorities who worked in co-operation with CPE and other agencies. The Chair offered to work with Cllr Hester, as she is the local member for Morston.

f) Mr E Seward observed that it was important that there was transparency and accountability in funding for the benefit of Elected Members and the public. He asked about CPE's relationship with the Environment Agency (EA) and was told that there was a good working relationship locally. There were no duties along the coast – only powers. Ongoing discussions on ways forward were held with EA on a weekly basis.

g) At the request of Mrs A Fitch-Tillett it was explained that the Regional Flood and Coast Committee was the approval body for investments from EA on flooding and coastal issues. It also raised money through Norfolk, Suffolk and Essex County Councils. It was a critical body that the Partnership worked with to access money.

h) In response to a question from Mr N Pearce, the Head of CPE said that the Partnership was developing working with education institutions and other establishments, helping them to focus their research and pooling information.

The Chairman advised members that due to another meeting commencing at 11am which some Members needed to attend, she proposed taking Agenda item 8 after Agenda item11.

61. NNDC'S INVOLVEMENT IN ARTS AND CULTURE

The Health & Communities Team Leader briefly outlined the report. She explained that it outlined the key art and culture initiatives facilitated or supported by the Council and that, going forward, there would be a new focus on health and wellbeing for art and culture as this was a key priority in the Council's Corporate Plan.

The process of applying for NNDC art and culture grants was changing to bring it more in line with that of the Big Society Fund, increasing equity for potential candidates and to ensure that the organisations in receipt of funding were delivering projects in North Norfolk that improved health and wellbeing. A regular monitoring and end of grant reporting process was also being implemented.

The Chairman invited Members to speak:

Mrs P Grove-Jones said that she was disappointed that the Portfolio Holder was not in attendance. The Democratic Services Manager explained that the Chairman had agreed that Portfolio Holders would be invited to attend for specific items if it was felt that they were required. As this item was an update report for information only it was felt that the Portfolio Holder did not need to attend on this occasion. Mrs Grove-Jones then asked about the use of the dual use sports centres for arts and cultural events during the school holidays. The Health and Communities Team leader said that this fell into the remit of the Leisure & Locality Services Manager rather than arts and culture.

Ms V Gay said that she felt that the priorities outlined in the Corporate Plan did not focus explicitly on arts and culture and consequently spend on this area had reduced considerably. She referred to the newsletter produced by the Arts Forum and asked for clarification on the arrangement between the Council and the Arts Forum.
Referring to the grants application process, Ms Gay asked whether formal criteria had previously been in place. She said that although health and wellbeing was important it should not necessarily be the driver. In conclusion she asked whether there were any policy documents underpinning the decision to move to a different process for dealing with applications for arts and culture grants. The Health & Communities Team Leader replied that previously there had not been any criteria in place and consequently there was no way to justify the amounts allocated. As outlined in the report, many organisations had been receiving funding towards core costs which was sometimes duplicated in funding from Norfolk County Council. The new approach would mean a simple application form which would include a question regarding health and wellbeing but it would not be the main focus.

Ms Gay then sought clarification on whether the link to health and wellbeing was seen as more important than the contribution that arts and culture made to tourism and the economy in the district. She repeated her earlier question regarding an underpinning policy document. The Health & Communities Team Leader replied that, as outlined in the report, the Arts Strategy had not been renewed when it lapsed.

Recommendation: the Chairman said that it would be helpful for the Committee to see more information on the new application process and any communication plan that was being put in place to make organisations aware of the funding available. Ms Gay agreed that this would be very helpful.

The Corporate Director (SB) advised Members that the Big Society Fund would be reviewed as part of the budgetary considerations as Norfolk County Council had recently indicated that they intended to review the allocation of second homes council tax income. Mr E Seward said that there was a question submitted to the next Full Council meeting of Norfolk County Council on this issue.

Mr S Hester commented that there seemed to be a good opportunity for cross-authority working on arts and culture funding. He said he was impressed by the range of arts projects receiving funding from the Council. The Corporate Director (SB) replied that there was already joint working in place for Orchestras Live.

Mrs S Butikofer asked who had taken the decision not to renew the Arts Strategy. It was agreed that the Portfolio Holder would be asked to provide a written response. She then queried the decision to fund the GoGo Hares project when museums funding was struggling. She said that she would like more information on why one was favoured over another. The Head of Economic and Community Development replied that the Museums Service supported a number of museums in the District and the Council had hoped to secure significant resources from them for the Deep History Coast project. Due to the unsuccessful outcome of the overall funding bid for this project, the Council had agreed to commit a significant sum of money to ensure the project could go ahead. He added that there was no longer a dedicated arts officer at the County Council but that he had met recently with the officer overseeing arts and culture at county level and there had been useful discussions regarding several projects where there was a cross-over between local authorities including GoGo Hares, Deep History Coast and Paston 600. He concluded by saying that there was no arts strategy at the District or County Council but that there was one for the Local Enterprise Partnership (LEP) and it was important that NNDC remained involved in these wider schemes and initiatives.

Action: the Head of Economic and Community Development suggested that he prepared a document for members outlining the Council's resources regarding support for arts and culture and the current situation. The Committee agreed to this proposal.

The Corporate Director (SB) said that following the departure of the arts officer, changes had been implemented in the Economic Growth Team and the new Project Officer had been tasked with focussing on arts funding – particularly LEADER project funding of which there was a significant amount.

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

The Chairman explained that the Committee was required to give consideration to any matters referred to them by a Member and to agree whether they should be included in the work programme and which key points they would like to see addressed in any report coming forward. Three items had been submitted for consideration:

a) Norfolk Coastal Partnership

The Chairman asked Mrs A Fitch-Tillett to outline why she had requested that there should be a presentation to the Committee on the Norfolk Coast Partnership. Mrs Fitch-Tillett said that many Members were not aware of the role of the partnership and often confused it with Coastal Partnership East, when in fact its main focus was on promoting and conserving the designated Area of Outstanding Natural Beauty (AONB). The Chairman said that if the Committee were in agreement the presentation could come ahead of the upcoming reports on planning related issues as it would be helpful for members to understand the links of the AONB to the Council's Local plan. It was agreed that this item would be scheduled for the December meeting.

b) Asset Management Strategy

The Chairman explained that she had referred this item to the Committee for consideration. Her main concerns were the absence of a specific policy for asset commercialisation. The recent Cabinet paper on the purchase of the Itteringham shop made reference to the Council's Asset Commercialisation Strategy but there did not appear to be a document with that title. In addition, the 2017/18 Annual Action Plan made reference to the need to 'develop and implement the Asset Management Strategy', yet nothing had been brought forward to date. This effectively meant that the decision to purchase Itteringham shop was not informed by a publicly available Strategy document and that there appeared to be a policy context gap to inform property investment by NNDC. She suggested that the Committee therefore requested that this Strategy document was included in the report. Finally, as the Itteringham shop was a purchase of an Asset of Community Value (ACV), it was expected that the Strategy would include specific reference to the criteria used to inform ACV purchase decisions over and above the general points outlined in section 2.4 of the Asset Management Plan (AMP).

Mr J Rest said that he felt it would be helpful to have an update on the property development company included in the report.

The Corporate Director (SB) explained that the AMP was regularly reviewed and updated and this was currently in process. In addition, a wider asset strategy was being developed and this would supersede the Council's current Disposal Policy which was several years old. The Council's Strategic Development Partner, Gleeds, would inform this. Mrs S Butikofer said that it would be helpful if any report coming to the Committee on the AMP could include a summary of Gleeds' current involvement. The Corporate Director agreed, adding that he would also provide an update on the outcome of the meetings of the joint District and Town Council working group In Wells. The Committee agreed to the above approach and requested that the Portfolio Holder be invited to attend the meeting. December was agreed as the most suitable meeting for this item.

c) Information Technology provision and support at NNDC – business continuity and future resilience.

The Chairman said that she had referred this item to the Committee for consideration. She said that following two large scale 'outages' in recent months, she would like to request a full incident review which would include a root cause analysis and an explanation of what the Council had learnt. It would also be helpful to have information on server resilience, contingency plans and when they come into effect and a review of out of hours cover – giving particular consideration to support for Members who undertake much of their case work during evenings and weekends.

Mrs A Fitch-Tillett said that she would like the report to include the challenges faced by the Council regarding IT and partnership working as this seemed to be a particular problem. The Corporate Director (SB) said that this was usually due to security software and firewalls but acknowledged it was a challenge for the Council and its partners.

Mrs S Butikofer said that she was aware of some parishes still experiencing problems with downloading plans from the NNDC website and this needed to be looked at.

The Committee agreed to the above approach regarding the report and it was suggested that this item was incorporated within the next update on digital transformation.

63. THE CABINET WORK PROGRAMME

The Democratic Services Manager updated the Committee on changes to the Cabinet work programme.

64. OVERVIEW AND SCRUTINY WORK PROGRAMME AND UPDATE

The Democratic Services Manager outlined changes to the Committee's work programme. She explained that the Police Commander for North Norfolk and Broadland, Superintendent Chris Harvey, had suggested attending the November meeting to update Members on initial matters arising out of the review of the traveller incursion in Cromer during August and to outline the plan for 2020 Policing. In addition, an invitation had also been extended to the Operational Manager at Cromer Hospital to attend this meeting as the Hospital had recently announce major expansion of the current premises and it was felt that members should be kept updated on this. As yet no response had been received.

The Democratic Services Manager then explained that in addition to the three financial reports already scheduled to come to the November meeting and an item of pre-scrutiny on the leisure facilities at Sheringham, there had been a further request from Cabinet for the Committee to undertake pre-scrutiny on the North Norfolk Sports Hub. If all items were included in the agenda it was likely that the meeting would run into the afternoon. Members agreed that pre-scrutiny was an important part of their work and that financial reports should also be given sufficient time for full consideration. They agreed to a longer meeting to ensure all of the items could be given sufficient time.

The Chairman thanked members for their input and said that she would meet with the Democratic Services Manager to agree the format of the agenda for the next meeting.

The meeting ended at 11.51pm

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Chairman

Agenda Item No_____11______

MEDIUM TERM FINANCIAL STRATEGY – 2018/19 TO 2021/22

Summary:	This report presents an updated Medium Term Financial Strategy (MTFS) for the period 2018/19 to 2021/22. The strategy has been updated to support the Corporate Plan for the period 2015 to 2019.
Options considered:	The MTFS has been refreshed in the year and provides an updated financial projection in support of the 2018/19 budget process.
Conclusions:	The financial position for 2018/19 is currently showing a slight deficit with ongoing funding gaps from 2019/20 onwards. The MTFS identifies the key themes and priorities for the Council in seeking to reduce the forecast budget gap.
Recommendations:	**It is recommended that:** **1) Members consider and note:** **a) The current financial forecast for the period 2018/19 to 2021/22;** **b) The current capital funding forecasts;** **2) Members consider and recommend to Full Council:** **a) The revised reserves statement as included at Appendix 1 to the financial strategy.**
Reasons for Recommendations:	To refresh the Medium Term Financial Strategy in line with the Corporate Plan and to inform the detailed budget work for 2018/19.

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

2017/18 Budget report and in year budget monitoring reports.

Cabinet Member(s) Cllr Wyndham Northam	Ward(s) affected All
Contact Officer, telephone number and email: Duncan Ellis, Head of Finance and Assets, 01263 516330, duncan.ellis@north-norfolk.gov.uk	

1. Introduction and Background

1.1 The paper attached as an appendix to this covering report sets out the Financial Strategy for the period 2018/19 to 2021/22. It sets out how both the external financial changes and internal budget pressures will impact on the overall financial position of the Council for the next four years.

1.2 In addition the Financial Strategy updates the Council's financial projections for the medium term. It identifies the budgetary pressures on the Council during the period of the Corporate Plan by examining inflation, service pressures, income streams, reserves and the capital programme and seeks to identify strategies for addressing these areas within the overall context of the revenue and capital budgets.

1.3 Revised funding projections have been made and are included within the MTFS. These have been informed by the 2016/17 outturn position along with the in-year budget monitoring and updating for delivery of savings and additional income that was factored into the current and future financial forecasts as part of the 2017/18 budget process.

1.4 As part of the annual budget process the Financial Strategy is the first of a number of pieces of work which culminate in setting the annual budget for the forward financial year in February 2018.

2. Financial Implications and Risks

2.1 The detail within the financial strategy has highlighted the significant challenges that Local Authorities are facing in terms of the forecast funding reductions.

2.2 The strategy provides an update to the funding forecasts for the period 2018/19 to 2021/22.

2.3 The Strategy provides details of a programme of key themes that will be delivered over the period of the financial strategy that will assist in reducing the forecast budget gap.

3 Sustainability

3.1 None as a direct consequence from this report.

4. Equality and Diversity

4.1 This report does not raise any equality and diversity issues.

5. Section 17 Crime and Disorder considerations

5.1 This report does not raise any Crime and Disorder considerations.

CONTENTS

MEDIUM TERM FINANCIAL STRATEGY - 2018/19 TO 2021/22

1. INTRODUCTION

1.1 The Medium Term Financial Strategy (MTFS) is produced annually ahead of the detailed preparation of the budget for the following financial year. The reason for updating the MTFS annually is to ensure a longer term strategic view can be taken when making decisions that will have a financial impact in both current and future years. The ability to look strategically beyond the current budget period is a crucial process to support an organisation's resilience and long-term financial sustainability.

1.2 The document and process also provide preparatory work for next year's budget, informing Members and stakeholders of the future estimated funding gaps while also outlining the strategy for the Council to deliver a sustainable financial position over the medium to long term.

1.3 The MTFS informs the attainment of the Council's priorities by setting out the framework within which resources are available to the Council over the medium term and the financial challenges facing the Council in terms of future funding gaps.

1.4 The MTFS of an authority is a strategic document that supports the delivery of the Corporate Plan. The Council's Corporate Plan 2015-2019 is supported an Annual Action Plan, which is monitored during the year.

1.5 The MTFS provides a high-level assessment of the resources available and outlines the financial projections for the following four financial years (beyond the current year). It provides a refresh of the financial projections taking into account a number of local and national factors, which inform the assumptions upon which the projections are based. These will include known spending pressures and commitments, along with forecast future funding reductions and the impact of the national economic outlook.

1.6 The MTFS covering the period 2017/18 to 2019/20 was presented for approval in September 2016 ahead of the detailed consideration of the budget for 2017/18. In February 2017, the Council approved the budget for 2017/18 and at the same time considered the financial projections for the three-year period 2018/19 to 2020/21. At this time forecast funding gaps of nearly £1.3million by 2020/21 were identified prior to achievement of savings or increases in income which were yet to be identified.

1.7 The strategy explores the expenditure plans of the Council and sets these against the impact of reduced central government funding and ongoing uncertainties in relation to the Business Rates Retention Scheme and the Fairer Funding Review. It also considers the capacity for levying council tax, the likely levels of grants and the part played by fees and charges in the overall revenue budget of the Council going forward.

1.8 In addition the MTFS explores the demands on the capital programme both in terms of ambition and resources and the impact on the revenue account and on the level of reserves held by the Council.

1.9 Finally, the strategy addresses both the sustainability of the Council's financial position and examines the risks inherent in the proposals.

2. BACKGROUND AND CONTEXT

2.1 The 2017/18 budget was set and approved in February 2017. At the same time the forward financial projections for the following three years were reported. These were based on current service delivery spending and income plans at the time taking into account inflationary increases, agreed savings plans and additional income where applicable. They also included the funding allocations for the final three years of the four year settlement agreement which runs through until 2019/20.

2.2 Following the recent elections in June 2017 there is significant uncertainty around the future funding for Local Government. The Queen's Speech made no reference to the Local Government Finance Bill which has cast considerable doubt over progress with some of the key policy changes that had previously been announce, such as the localisation of business rates and 100% retention.

2.3 Making informed judgements about future Government policy decisions will be fundamental to producing credible and realistic future funding forecasts. It is however important to note at this point that it is not possible at the current time to forecast with any certainty how or what funding changes could be implemented. It is therefore the intention of this updated strategy to present a plausible range of options and to make reasoned judgements about the most likely outcomes.

2.4 What is key is that the Authority develops financial plans that are based on a credible analysis of the potential options with the overriding health warning that there is a considerable amount of inherent uncertainty about the final outcomes at the present moment in time.

2.5 This document now provides the latest financial forecast for the period 2018/19 to 2021/22, this has been informed by both local and national factors that have, or are due to have, an impact on the overall financial position for the Council moving forward.

2.6 The financial projections have been updated to reflect the latest indications of government funding reductions and to take account of revised spending pressures and commitments along with updated forecasts of property growth to inform the council tax income and New Homes Bonus allocations along with local income sources.

2.7 There continues to be a number of important issues facing the public sector along with the associated financial impact. This section of the report seeks to outline a number of these issues, in particular the following:

- National Economic Outlook
- Funding
- Business Rates Retention
- New Homes Bonus
- Local Council Tax Support
- Fairer Funding Review

2.8 National Economic Outlook

2.8.1 The outlook for the UK economy appears to be more uncertain following the inconclusive election result in June 2017. By calling an unscheduled General Election the Prime Minister, Teresa May, had hoped to strengthen her hand in the Brexit negotiations by gaining an enhanced mandate. The result has led to a minority

Conservative government supported by the Democratic Unionist Party. The government may now take a more conciliatory position and secure a softer Brexit, but there is no guarantee that agreement can be reached with the rest of the European Union. The potential for a so-called hard Brexit has diminished, reducing the risks to the economy of a ‘no deal’ or unfavourable trade agreement.

2.8.2 Business confidence now hinges on the progress made in the Brexit negotiations, whether new trade treaties and arrangements are successfully concluded and whether or not the UK continues to remain part of the customs union after its exit from the European Union.

2.8.3 Inflation has picked up as the effects of a weaker pound feed through to import prices and then on to consumer prices. In the year to June the Consumer Price Index (CPIH which includes owner occupiers housing costs) was 2.6%, but it is expected to fall away during 2018 and 2019.

2.8.4 Economic activity is slowing as higher inflation and lower confidence for the future prospects weigh on activity. The growth in Gross Domestic Product (GDP) in the first quarter of 2017 was just 0.2% and although there are signs of a recovery in the second quarter, the likelihood of a return to substantially higher growth rates is low. Household consumption growth, which in recent times has driven the growth in UK GDP, has slowed and with employment levels levelling off and real wages contracting, a recovery back to the strong growth levels seen in 2016 in the short to medium term does not seem likely.

2.8.5 In the face of all this uncertainty, it is expected that the Bank of England will look through periods of high inflation and maintain its low-for-longer position on interest rates for an extended period. The Bank has, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods, particularly if this feeds through to wage growth.

2.9 Funding

2.9.1 On 15 December 2016 the Secretary of State for Communities and Local Government Sajid Javid, provided an update in relation to the provisional Local Government Finance Settlement (LGFS) for the period 2017/18 to 2019/20, which was later confirmed in February 2017 and reflected the projections for the final three years of the four-year settlement agreement.

2.9.2 Some of the key messages from the settlement included the following:

- The original settlement announced last year covered a four-year period from 2016/17 to 2019/20 and was taken up by 97% of Councils, with the Settlement announcement confirmed in February 2017 reflecting the final three years of this agreement. It is important to note that, while the four-year settlement does aid financial planning, the figures announced are all provisional and potentially subject to change in future years as evidenced this year through the changes to the New Homes Bonus (NHB) allocations.
- Confirmation regarding 100% business rate retention by 2020, although this position has now changed since the election.
- Whilst the 2020/21 and 2021/22 financial projections were outside the period covered by the current four year settlement, the assumption was that RSG is no longer received beyond 2019/20.
- The settlement reflected a shift towards generating resources locally, from council tax and business rates, over the period of the settlement. The

increasing of council tax is a factor that has been assumed in the original four-year settlement. This is based on the assumption that local tax is increased in line with the council tax principles announced within the settlement, including the Social Care Precept and the £5 increase for District Councils in the lowest quartile for band D.

- Following a period of consultation during 2016 the New Homes Bonus allocation methodology was adjusted for 2017/18.
- The Fair Funding Review was announced, the objective being to review the needs assessment formula. The Review will look at how demographic pressures are affecting different areas in different ways and how in turn this is impacting on costs and service delivery. Officers will be monitoring the progress of this work and will respond to any consultation requests as required and is one area that is due to continue following the election.
- Two new business rates reliefs were announced which covered the extension of Rural Rate Relief from 50% to 100% and 100% relief for new fibre broadband to be funded from Section 31 grants.

2.9.3 One of the main announcements as expected related to the New Homes Bonus (NHB) and the redistribution of c.£241m to social care funding in 2017/18. The key changes were as follows;

- New national baseline introduced based on 0.4% of housing growth for 2017/18, below this there will be no New Homes Bonus paid. For the Council this baseline equates to 190 properties for the 2017/18 financial year. The aim was to ensure 'additional housing' is rewarded rather than just 'normal growth'.
- Compared with final settlement figures issued in February 2016 this change had a negative impact of nearly £0.5million between 17/18 and 19/20.
- The scheme was reduced from 6 to 5 years for 2017/18 and to 4 years from 2018/19. This was however anticipated and future models and forecasts had already been based on these assumptions.
- To encourage more effective local planning central government was consider withholding payments for homes built following an appeal and further consultation is currently being undertaken in relation to this.

2.10 Revenue Finance

2.10.1 Within the 2017/18 settlement the Government has used a measure of "Core Spending Power (CSP)" which sets out potential income for Local Authorities from a number of sources for the period 2017/18 to 2019/20 (to the end of the current four-year settlement period). The sources of income are as follows:

- The "Modified Settlement Funding Assessment (MSFA)" – this includes the Revenue Support Grant (RSG) and Business Rates Baseline funding including where necessary tariff and top up adjustments.
- The council tax requirement (excluding parish precepts) – i.e. income generated locally from council tax.
- New Homes Bonus.
- Rural Services Delivery Grant.

2.10.2 The settlement made a number of assumptions within the future years spending power for each of the income sources. These assumptions are outlined below:

a) MSFA – Annual reductions have been made to the RSG and increases to the business rates baseline.

b) Council Tax Base Growth – spending power assumes there will be annual growth in the council tax base throughout the period to 2019/20. The level of growth has been based on the average annual growth in the council tax base between 2013/14 and 2015/16.

c) Council Tax Increases – the spending power assumes that Local Authorities will increase their Band D council tax in line with the Office for Budget Responsibilities (OBR) forecast for CPI for each year (which is an annual average of 1.75%) throughout the period to 2019/20, rather than the 2% allowed before triggering a referendum (except for those in the lower quartile – please see below).

d) Social Care Precept – the settlement assumes that additional council tax will be generated from the setting of an adult social care precept for those authorities with this responsibility.

e) Additional council tax available from a £5 cash principle – it has been assumed that all districts within the lower quartile Band D council tax level will increase council tax by £5 where applicable. This has been estimated by assuming that the 51 Shire District Councils with the lowest Band D council tax in the previous year will increase their Band D council tax by whichever is the greater of £5 or 2%.

f) New Homes Bonus – for 2017/18 onwards the spending power assumes the introduction of the new 'baseline' based on 0.4% of national housing growth with no bonus paid for housing delivery below this baseline position.

g) Rural Services Delivery Grant - This provides £20million of funding in 2016/17, rising to £65million in 2019/20. This funding is distributed to the top-quartile of authorities ranked by super-sparsity, as per the distributional methodology for the Rural Services Delivery Grant indicator in 2015/16.

2.11 Business Rates Retention

2.11.1 The following outlines the main elements of the current business rates retention scheme:

- Business rates collected are currently split 50/50 between central and local shares. The local share is then split 80/20 districts and County, so essentially NNDC receive 40% of the business rates collected;
- The system includes a mechanism of tariffs and top ups to reflect local spending needs, essentially districts pay a tariff and counties receive a top-up;
- The business rates baseline is increased annually by RPI (in line with the actual business rates payable) and the tariffs and top-ups are increased by the same measure, RPI. The baseline allocation forms part of annual budget finance settlement announcements;
- The baseline, tariffs and top-ups are expected to grow in line with RPI each year, other revisions will be when the business rate system is reset or at the time of a revaluation;
- Local Authorities can keep up to 50% of the growth in business rate income. They will however be required to pay a levy (to central government outside any business rates pool) to ensure there is not disproportionate growth within the overall system;
- The Levy is used to fund the 'safety net' element of the system which provides protection to those authorities that see their year-on-year income fall by more than 7.5%, i.e. they are protected beyond the 7.5% reduction;
- Business rates pooling provides a mechanism for a business rate pool to be established which allows for the levy payment that would have been paid to the government on growth, to be retained locally and used as agreed by the

authorities within the pool. NNDC has been part of the Norfolk pool from 2014/15.

2.11.2 At revaluation, the Valuation Office Agency (VOA) adjusts the rateable value of business properties to reflect changes in the property market. It usually happens every 5 years. The most recent revaluation came into effect in England and Wales on 1 April 2017, based on rateable values from 1 April 2015.

2.11.3 At the Budget on 8 March 2017 the Chancellor announced the Government would make available a discretionary fund of £300m over four years from 2017/2018 to support those businesses facing the steepest increases in their business rates bills as a result of the revaluation.

2.11.4 Three new business rates reliefs were announced as follows and these have recently been included within the Council's Rate Relief Policy;

- Supporting small business rate relief
- Pub relief
- Local discretionary revaluation relief scheme

2.11.5 Local Authorities are being reimbursed for these measures via a Section 31 grant, although the grants are taken into account when determining the level of levy payable each year on business rate growth each year. The future forecasts assume that these measures continue and that Local Authorities are recompensed accordingly as the current system.

2.11.6 Business rate information on reliefs and income received or expected is collected on the National Non Domestic Rate (NNDR) returns submitted in January (projection) and May (actual). The returns are reviewed as part of the annual audit process.

2.11.7 The annual National Non-Domestic Rates Return (NNDR1 form) provides an estimate of what the Council will collect in business rate income for the following financial year. The variation between the estimate and the actual is then accounted for through the surplus/deficit on the (business rates) Collection Fund in the following year, in a similar way to the operation of the council tax Collection Fund account.

2.11.8 The actual position will be influenced by fluctuations in business rate income received in the year, for example as a result of appeals and reductions in property rateable value, new business rate growth and changes in the level of eligible reliefs. Increases in business rate income compared to the baseline will be used to calculate the amount of saved levy paid into the Norfolk Business Rate Pool.

2.11.9 A Norfolk business rate pool was established in 2014/15 combining five districts (including NNDC) and the County Council.

2.12 100% Retention of Business Rates

2.12.1 As part of the 2015 Spending Review the Government announced that the current system for local government finance would change allowing 100% retention of business rate income by the end of the current Parliament.

2.12.2 The announcement of 100% retention was supposed to represent a move towards "self-sufficiency" at a local level and a shift from funding dependence on central government and was to replace funding streams such as RSG (due to reduce to zero by 2020/21) and the Rural Services Delivery Grant.

2.12.3 However as already mentioned above the Queen's Speech made no reference to the Local Government Finance Bill which has cast considerable doubt over progress with some of the key policy changes that had previously been announce, such as the localisation of business rates and 100% retention.

2.12.4 Cabinet have however recently agreed to the consideration of a Norfolk wide business rates pilot and an application, which includes all seven districts plus the County Council, is due to be submitted to the DCLG by 27 October 2017.

2.12.5 This could potentially see the Council being included in the 2018/19 pilot and has the potential to generate additional retained business rates income for the district which is considered in more detail below.

2.13 **New Homes Bonus**

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

2.13.2 However, as already detailed above, the provisional settlement confirmed the introduction of a new baseline to be set at 0.4% of national projected housing growth, below which no bonus will be paid.

2.13.3 For budgeting and future financial forecasting 100% of the annual NHB grant has been included in the Council's base budget and future projections, funding to support local service provision and in part the loss of government funding by the scaling back of the revenue support grant. The future financial projections as reported in February 2017 reflected the allocations as announced in the 2017/18 finance settlement.

2.13.4 Further future changes to the allocation and distribution method still represent a significant ongoing risk in terms of future funding allocations. The table below reflects the current income forecasts for NHB, these have been reduced by £100k per annum due to an increase in the number of empty properties but this trend is not anticipated to continue in future years.

Table 1 – New Homes Bonus Forecast

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/2022 £'000
New Homes Bonus	1,147	955	759	759

2.14 **Autumn Statement**

2.14.1 The Autumn Statement by the Chancellor of the Exchequer is anticipated on 22 November 2017 and is anticipated to include further statements in relation to Brexit and the impact to the economy. The implications of the Autumn Statement will then be quantified and included in the detailed budget for 2018/19.

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

2.15 **Local Council Tax Support (LCTS)**

2.15.1 The LCTS scheme was implemented in April 2013 as a replacement to Council Tax Benefit. This change was part of wider welfare reforms to reduce expenditure, giving responsibility of the replacement scheme to Local Councils.LCTS schemes should encourage people into work and be based on the ability to pay. Previously the council tax benefit scheme was 100% funded through subsidy paid to the Council from the Department for Work and Pensions (DWP). From April 2013 each billing authority was given the discretion to set their own scheme, although at the outset the government did stipulate that the scheme would not change the 100% maximum support for low income pensioners, i.e. they would receive the same level of support as they did under the system of Council Tax Benefit.

2.15.2 Funding for LCTS is no longer received as a separate subsidy grant but is now within the overall Local Government Funding system as non ring-fenced funding within RSG and baseline funding level.

2.15.3 The local scheme (for North Norfolk) has remained the same since the introduction of LCTS in 2013/14. The local scheme means that those of working age previously entitled to 100% maximum council tax benefit would be required to pay a maximum of 8.5% of their council tax liability.

2.15.4 The Council Tax Support Working Group met in May 2017 to consider the options for the LCTS for 2018/19 and decided that the scheme should remain the same.

2.15.5 The funding for LCTS includes an element in relation to parishes. In year one of the new scheme all Parish and Town Councils were offered a grant as part of setting their precept for the coming year to cover the cost of the new scheme that fell to them[2]. In subsequent years Parish and Town Councils that accepted the grant in in the previous year were offered a grant, albeit at a reduced value in line with the Council's funding reductions. The current financial projections assume further reductions in grants offered to the Parish and Town Councils for the duration of the strategy, in line with the forecast funding reductions.

[2] The impact that LCTS has on Council Tax is a reduced Council Tax Base, i.e. similar to the impact of Council Tax Discounts, that is fewer band D equivalent properties. For the major preceptors (Districts, County and Police) this has implications for their call on the Collection Fund (i.e. income from Council Tax), for parishes there are fewer band D equivalents to share the parish precept.

3. RESOURCES

3.1 The Council's net current revenue budget for 2017/18 (excluding Parish and Town Council Precepts) is £12million and is summarised in the table below.

Table 2 - Funding Sources	2017/18 Budget £000
Council Tax - District	5,520
Retained Business Rates	3,841
Revenue Support Grant	936
New Homes Bonus	1,695
Rural Services Delivery Grant	388
Total	**12,381**

3.2 Council Tax

3.2.1 The Council has successfully frozen council tax for the last 7 years, maintaing the Band D District council tax charge of £138.87 over this period.

3.2.2 As part of the annual Local Government Finance Settlement, the government make announcements on referendums relating to council tax increases (Principles). These require that, over a certain threshold, an authority would be required to hold a referendum in order to increase council tax. For 2017/18 the amount of council tax increase deemed to be excessive was if it exceeded either 2% or a £5 increase (for lower quartlie authorities) and this principle will continue for 2018/19. As a guide a 2% increase in NNDC's council tax would generate income of just over £107,000 based on the 2017/18 tax base.

3.2.3 The council tax base is an assessment of the number of dwellings expressed in Band D equivalents; it allows for non-collection, discounts and new property growth and influences the level of council tax income for funding in the year. For 2017/18 the approved council tax base is 38,748 (an increase of 808 from 2016/17). Table 3 below shows the current forecast of council tax income for the period 2018/19 to 2021/22.

3.2.4 This currently assumes a freeze in council tax for the period but allows for an increase in the council tax base from property growth in line with the forecast used for the New Homes Bonus assumptions. Changes to council tax discounts, for example second homes and Council Tax Support, will influence the council tax base and therefore the level of income generated through council tax. No changes to discounts have been assumed in the current forecast although these will be considered in more detail as part of the 2018/19 budget work. The table below separates council tax income and the income from the Collection Fund.

Table 3 - Council Tax Income	2017/18 Actual £000	2018/19 Forecast £000	2019/20 Forecast £000	2020/21 Forecast £000	2021/22 Forecast £000
Council Tax Income Yield	5,381	5,423	5,464	5,506	5,548
Increase/(Decrease) in Yield	112	42	42	42	42
Collection Fund Yield	139	59	39	20	20
Total Income	**5,520**	**5,481**	**5,504**	**5,526**	**5,568**
Note - the Council Tax Income equates to the tax base multiplied by the Band D equivalent and the Collection Fund Yield reflects the forecast of the surplus available for distribution.					

3.2.5 In previous years the County Council had returned 25% of the discretionary element of their share of council tax income from second homes to the districts for community projects. This is currently earmarked for community related expenditure, ie the Big Society Grant scheme. The current charge for second homes is 95%; this is made up of a mandatory 50% charge and a 45% discretionary element. This level of return has again been secured for 2017/18 and will equate to £564k from the County which equates to 25% of the discretionary element of the County charge. The forecast return for 2018/19 is 12.5% which would equate to around £269k based on current estimates and nothing is forecast to be recived from 2019/20 onwards.

3.3 Fees, Charges and Other Income

3.3.1 The Council has a number of limited sources of income available, for example fees and charges for services and income from investments.

3.3.2 Some of the charges for services are set by government, for example some licence fees, others are set locally to break even over a three year period and others set to fund the provision of wider Council services.

3.3.3 A number of the more significant income budgets are subject to factors which the Council has limited control over, for example some demand led services including car parking, planning and building control fees and waste and recycling credits which are influenced by both the level of recycling achieved as a district and the market for recycled materials. These areas are highlighted within the annual budget setting report and the risk of not achieving the budgeted figures is reflected in the assessment of the level of general reserve. The budgets are set annually taking into account current trends and demand and local factors, for example changes to charges and provision. These areas are regulary monitored during the year to highlight over and under achievement of budget levels.

3.3.4 Investment income continues to be an important source of income to the Council. This is generated from investment of the Council's reserves and surplus funds from the timing of daily cash inflows and outflows. The 2017/18 budget is based on an anticipated available investment balance of £32.2million at an average rate of 2.6% generating £832k of investment income (£35.6m at 1.54% generating £547k for 16/17). The current budget estimates are however forecasting the income to be in excess of the original forecasts and more work will be undertaken in this area as part of the 2018/19 budget process.

4. FINANCIAL FORECAST UPDATE

4.1 The 2017/18 budget was approved in February 2017, at the same time the forward financial projections for the following three years to 2020/21 were also reported. The projections were based on the current expenditure and income plans at the time and were forecasting a future surplus of £55k in 2018/19, reducing to forecast deficits of £716k in 2019/20 and nearly £1.3million in 2020/21.

4.2 This forecast position was after allowing for projected savings and income from a number of proposals agreed as part of the 2016/17 budget which were dependent upon future changes to working practices and provision of services which were yet to commence. The following table provides a summary of the savings and additional income that has been included in the 2017/18 budget and future financial forecasts according to the theme.

Table 4 - Savings and Additional Income included in Budget and Forecasts	2017/18 Base Budget	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast
Theme	**£000**	**£000**	**£000**	**£000**
1. Property Investment and Asset Commercialisation	28	161	214	214
2. Growth - Homes and Business Rates	0	0	0	0
3. Council Tax Income	0	0	0	0
4 Digital Transformation/BPR	135	135	135	135
5. Shared Services/Selling Services	27	27	27	27
6. Collaboration and Localism	0	0	0	0
7. Maximising Income and Reducing Costs	88	93	93	93
8. Other Efficiencies and Savings	281	389	389	389
Total	**559**	**805**	**858**	**858**

4.3 The progress on delivery of the savings and additional income is being monitored during the year as part of the budget monitoring process, where there has been some delay in the implementation these have been reported as part of the monitoring reports and are also reflected in the updated forecasts as detailed in the following paragraphs.

4.4 The updated forecasts have been informed by revised income forecasts for a number of the more significant income areas, RSG and business rates retention and where further savings have been identified.

4.5 The Council continues to align its spending plans with the available resources at its disposal. Significant savings and additional income have been realised over a number of years and the continuation of these savings and income have been assumed within the MTFS.

4.6 There continues to be a number of national changes for which timescales have changed including the roll out of Universal Credit, the impact of Brexit, and probably most significantly the full retention of business rates which is now under some doubt. As the impact and financial implications of these and others are quantified, this will need to be taken into account and spending plans adjusted accordingly.

4.7 The detailed budget for 2018/19 will be produced later in the year, this will presented for approval in February 2018 along with the revised forecasts updated to reflect the latest funding announcements and spending pressures.

4.8 The financial forecasts have been updated for known service variances that have been highlighted to date or where revised forecasts based on the 2016/17 outturn position are necessary. The following commentary provides further information as applicable:

4.8.1 Service Expenditure – There have been a number of changes in the current year within service expenditure budgets that will need to be reflected in future year forecasts, including increasing insurance costs. Some of these additional cost pressures are however offset by savings elsewhere, including savings from the new external audit contract which has recently been re-tendered by central government and is anticipated to save local authorities an average of 18% compared with current costs.

4.8.2 Service Income – The 2017/18 budget includes a number of significant service income budgets for which the budget monitoring for the current year has highlighted some variances to the end of period 6. One of these is in relation to Car parking income. Whilst the monitoring position is currently showing slightly reduced income as being received in the current year, at this time no amendment is proposed to the future financial forecast, this will be subject to further detailed work ahead of the 2018/19 budget being finalised. Planning income is another significant income stream that is highlighted as a risk within the annual budget report due to the demand nature of the service. In the current year the level of income is higher than the level budgeted for the year, although again at this time it is not recommended to amend the forecasts.

4.8.3 Employee Budgets – A number of posts within the establishment continue to be or have become vacant in the year. Where applicable some have been replaced or opportunities taken to replace in a different way. As in previous years as posts become vacant options around replacing or filling are considered. These will be reviewed further in the context of the financial strategy themes as detailed at section 7 as part of the detailed budget process. There have however been additional posts approved in the current financial year in areas such as Enforcement, Housing and Project Management and this growth has been included within the summary table below. The forecasts assume an annual pay award of 1% for the period of the strategy, subject to approval. The work undertaken in relation to the market pay review resulted in a decision by Full Council in December 2016 to retain the existing pay and grading structure but to increase each grade by 1 spinal column point. This has been taken account of within financial forecasts along with senior management restructure that was undertaken last October. As in previous years, the budgets and projections make an allowance for turnover of 2%.

4.8.4 There are however ongoing discussions in relation to the national pay spine and national living wage which could further impact on staffing costs. As part of the 2016-18 pay deal, the National Joint Council (NJC) agreed to conduct a review of the NJC pay spine. The primary reason for this review is the introduction of the National Living Wage (NLW). The forecast of £8.75 per hour NLW in 2020 requires a 12.5% increase from current £7.78 bottom rate of the NJC pay spine. NNDC currently pay a supplement up to the current living wage of £8.45 per hour. However because a national pay spine review will impact the whole of the pay spine, that is all grades (excluding Heads of Service/Senior Management), the estimated impact will be 4-6%

on the total pay bill. A number of background factors such as inflation at 2.90% (August 2017), the Public Sector Pay Policy, the 5% trade union pay claim and national political uncertainty are all impacting on the NJC's review. If a brand new pay model were to be introduced from April 2019 this could result in additional costs of c£450k based on current estimates. Reserves could help to smooth the impact of these proposals should they be introduced but it should be recognised that this would only be a short term solution to addressing the issue and should be considered a significant area of risk in relation to the current financial projections. We do not expect to receive any further decisions or updates until early 2018. In the meantime, HR and Finance are working on detailed pay modelling in order to calculate the potential impact. This potential impact is factored into the updated projections within the table below, the timing of the introduction is not clear at present but the projections assume commencement from April 2019.

4.8.5 Contract costs – The Council is due to re-tender its two largest contracts over the next couple of years with both the waste and leisure contracts being up for renewal in March 2019. At the present time no additional costs or savings have been factored in to the future years projections as a result of this and any changes will be considered and taken account of once the position becomes clearer and the contracts are let.

4.8.6 Business Rates – The forecasts have been informed by the outturn position on the 2016/17 NNDR3 and the audited position, which reflects the latest appeals provision and collection fund deficit and updated based on current growth projections. There is currently an earmarked reserve that can be used to mitigate significant fluctuations in the Business rates income from use of the reserve both within and between years. As discussed above however there are significant unknowns at the present time in terms of business rates localisation and income forecasts beyond the period of the current 4 year settlement, including the potential for the council to take part in a pilot scheme for 2018/19, an application for which is due to be submitted on 27 October 2017.

4.8.7 Council Tax/ New Homes Bonus – The forecasts take account of a revised projection of tax base growth which have an impact on the council tax income forecasts along with the forecast of NHB. The NHB forecasts has been reduced by £100k due to an increase in the number of empty properties compared with the same time last year, although this position is not anticipated to continue in future years. Council tax projections include a revision of the non-collection rate.

4.8.8 Rural Services Grant/Fairer Funding Review – It had previously been assumed that the Rural Services grant would continue beyond the period of the current settlement in some form following the Fairer Funding Review, which was due to run alongside the introduction of business rates localisation. It is not however now clear when this review will be completed and what the impact for the Council might be as this income would not be due until several years' time (from 2020/21). Due to this uncertainty the estimated £388k of income previously anticipated has been removed at the current time pending further clarity around future funding mechanisms.

4.8.9 Investment Income – The current year budget monitoring position has already flagged a reduction on investment income, although this is largely due to a delay with advancing the loan to the housing association. The revised projections assume a reduction in investment income due to a lower interest rate forecast although this is not significant. Some of the impact of a reduction in rates has been mitigated by a spread of investments and longer-term investments including the £5million in the pooled property fund.

4.8.10 Savings and Additional Income – the projections assume a level of savings and additional income from the proposals that were approved as part of the 2017/18 budget, some of these proposals were profiled to reflect delivery over a number of years increasing from £558k in 2017/18 to £858k in 2020/21.

4.9 The table below provides a summary of the revised position taking into account all the factors identified above, these are based on the current service delivery.

Table 5 - Updated Financial Forecast	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Forecast Gap - February 2017	(39)	732	1,276	1,445
Service Pressures/(Savings)	114	546	607	609
Current Savings - Revised Profile	0	0	0	0
Non Service Spend/(Income)	(100)	(100)	(100)	(100)
Revised Funding Forecasts Adjustments	17	11	280	395
Revised Forecast Budget Gap	**(8)**	**1,189**	**2,063**	**2,348**

4.10 The revised financial projections are now forecasting a budget gap of just over £2.3million by 2021/22.

4.11 As mentioned above there is a shift towards funding at a local level and central government's core spending power forecasts do include the assumption that local authorities will be increasing council tax in line with the referendum principles established, which would be £5 for a band D property.

4.12 The table below demonstrates the impact of a £5 year on year increase in council tax from 2018/19 to 2021/22 and highlights how this would support the current forecast deficit in future years, reducing it from £2.3million to £1.5million by 2020/21.

Table 6 – Council tax projections				
Allocation	**2018/19 £**	**2019/20 £**	**2020/21 £**	**2020/21 £**
Budget (surplus)/deficit	**(8)**	**1,189**	**2,063**	**2,348**
2018/19 - £5.00 increase	(201)	(201)	(201)	(201)
2019/20 - £5.00 increase		(205)	(205)	(205)
2020/21 - £5.00 increase			(208)	(208)
2021/22 - £5.00 increase				(212)
Total additional income from Council tax	**(201)**	**(406)**	**(614)**	**(826)**
Adjusted (surplus)/deficit	**(209)**	**783**	**1,449**	**1,523**

5. RESERVES

5.1 As part of the annual budget and council tax setting process the Chief Financial Officer must report on the adequacy of the reserves that the Authority holds. This is informed by the Policy Framework for Reserves which is reviewed and updated alongside approving the budget each year.

5.2 The Council holds a number of 'useable' reserves both for revenue and capital purposes which fall within one of the following categories, each are discussed in the following sections:

- General Reserve
- Earmarked Reserves
- Capital Receipts Reserve

5.3 The General Reserve is held for two main purposes:

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

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

- sensitivity to pay and price inflation;
- sensitivity to fluctuations in interest rates;
- the level of savings that have been factored into the budget and the risk they will not be delivered as anticipated, both level and timing;
- potential legal claims where earmarked funds have not been allocated;
- emergencies and other unknowns;
- impact of demand led pressures which impact on both income and expenditure;
- future funding fluctuations;
- level of earmarked reserves held;
- a level of reserve that is within 5% to 10% of net expenditure.

5.5 A financial assessment will be made of all the factors to arrive at a recommended level for the general reserve. The current recommended balance is £1.75million.

5.6 The General Reserve balance at 1 April 2017 was £2.3million, after allowing for planned movements, the balance by 31 March 2018 is currently forecast to be £2.2million.

5.7 **Earmarked Reserves** provide a means of building up funds to meet known or predicted liabilities and are typically used to set aside sums for major schemes, such as capital developments or asset purchases, or to fund restructurings. Whilst earmarked in nature until the amounts are budgeted to be taken from the reserves, commitments have not yet been made from these reserves. Earmarked reserves can also be held for service projects and business units which have been established from surpluses to cover potential losses in future years, or to finance capital expenditure. Earmarked reserves also provide a mechanism to carry forward underspends at the year-end for use in the following financial year where no budget exists.

5.8 For each earmarked reserve a number of principles should be established:

- the reasons for or the purpose of the reserve;
- how and when the reserve can be used – short to long term;
- procedures for the reserve's management and control.

5.9 The establishment and use of earmarked reserves is reviewed at the time of budget setting, throughout the year as part of the budget monitoring processes and also as part of the year-end reporting. Review of earmarked reserves throughout the year takes into account the continuing relevance and adequacy of the reserve and also the level of the general reserve.

5.10 An updated reserves statement is included at Appendix 1. This reflects the latest position for the use of all reserves in the current and future financial years where known. There is still some uncertainty around the exact timing of the use of a number of the reserves, such as the Business Rates reserve, for which some are held as a contingency to mitigate a potential liability although the timing and likelihood of this is depended upon future events.

5.11 The following provides a commentary on some of the more significant reserves that the Council currently holds and maintains:

- **Capital Projects Reserve** – The majority of this reserve represents VAT shelter receipts that are received as revenue receipts but earmarked to fund capital schemes. The Capital section of the strategy considers using capital projects reserve to fund more of the capital programme as an alternative to financing from capital receipts and internal borrowing.

- **Benefits -** The Benefits reserve is held to mitigate any claw back by the Department for Work and Pension following audited subsidy claim forms. The amount of subsidy paid out annually by the Council is in the region of £29 million and therefore even a small error rate on a claim could have significant financial implications. The reserve also holds any previous years underspends and grants including new burdens in respect of the service where it was approved to carry them forward.

- **Broadband** – This reserve represents the £1million that has been approved to be reallocated from the Big Society Fund and NHB reserves for a contribution towards matched funding for the Norfolk's Better Broadband for Norfolk project. The 2016/17 base budget assumes that this funding will be allocated in the year.

- **Business rates –** to help support local business growth and mitigate against appeals and revaluation adjustments.

- **Communities** - This reserve was established as part of the Councils approach to Localism and supports projects communities identify will make a big difference to the economic and social wellbeing of the area. It holds the balance from the County Council's share of second homes council tax that is returned to the districts. This is currently being used to fund the Big Society grants and enabling fund. Contributions to and from this reserve are dependent upon the sharing arrangement with the County Council and are determined annually as part of their budget setting process.

- **New Homes Bonus -** The New Homes Bonus (NHB) was introduced in 2011/12 as an incentive and reward mechanism to promote housing growth. For 2014/15 and 2015/16 an element[3] of the NHB was allocated to an earmarked reserves to be used for one-off costs that promote or facilitate future growth, the balance being allocated to general fund base funding. From 2016/17 onwards, the budget assumes 100% is included in the annual budget financing in line with the allocation of funding as part of the settlement funding assessment.

- **Restructuring/Invest to Save** – This reserve is held to fund one-off/upfront costs for projects that will deliver on-going savings. Examples include, officer restructurings where one-off redundancy or pension strain costs might be payable but the business case delivers an on-going revenue saving within two to five years, or for investment in IT hardware, software or equipment or one-off costs which will deliver savings through more efficient ways of working for example the programme of digital transformation projects. This reserve also includes funding for the Digital Transformation programme.

5.12 All reserves, general and earmarked, will be reviewed over the coming months as part of setting the detailed budgets for 2018/19, with a view that where commitments have not been identified and funds or reserve balances are no longer required these are re-allocated to specific reserves to address the other requirements as applicable.

5.13 The Council also holds a Capital Receipts Reserve, this includes the balance of receipts generated from asset disposals. Capital receipts are generated when an asset is disposed of and can only be used to fund expenditure of a capital nature, i.e. not for on-going revenue expenditure. The balance of capital receipts is used to fund the current approved capital programme. The balance of capital receipts at 31 March 2017 was just over £6.9million.

5.14 Details of the current capital programme that are being financed from capital receipts is included in section 6 and which highlights the reducing available balance within this reserve over the next three years.

5.15 The MTFS does not currently rely on the use of reserves over the medium term. The use of reserves provides only a short-term measure to reduce the funding gap and whilst it can be used to mitigate the impact in the short-term, to allow time for the implementation of financial strategy options or in response to in-year changes does not provide a sustainable solution in the medium to long term. The use of reserves does provide a mechanism to fund up-front costs and projects costs that require a lead in time to deliver for example on-going budget savings and additional income.

[3] 80% in 2014/15, 75% in 2015/16

6. CAPITAL

6.1 The capital programme is updated regularly throughout the year as part of the budget monitoring report process. A full copy of the capital programme is included as an appendix to the 2017/18 budget book and an updated version was provided as part of the period 6 budget monitoring report within the 30 October Cabinet Agenda, and therefore has not been reproduced again within this document.

6.2 The following tables provide a summary of the current approved capital programme for 2017/18 together with current forecasts for 2018/19 and 2019/20, along with a breakdown of the relevant scheme financing.

Table 7 Current Approved Capital Programme

	2017/18 Updated Budget £'000	2018/19 Forecast £'000	2019/20 Forecast £'000
Jobs and the Local Economy	4,811	0	0
Housing and Infrastructure	9,849	142	0
Coast, Countryside and Built Heritage	7,732	655	0
Health and Well Being	239	18	0
Delivering the Vision	970	145	55
Total Capital Expenditure	**23,601**	**960**	**55**
Financing:			
Non NNDC	13,587	455	0
NNDC	10,014	505	55
Total Capital Financing	**23,601**	**960**	**55**

Table 8 Capital Programme Financing

	2017/18 Updated Budget £'000	2018/19 Forecast £'000	2019/20 Forecast £'000
Environment Agency Grant	6,014	0	0
DEFRA Grant	42	105	0
Disabled Facilities Grant	1,030	0	0
Other Grants and Contributions	6,500	350	0
Capital Projects Reserve *	835	0	0
Other Reserves *	1,643	0	0
Capital Receipts *	7,537	505	55
Internal Borrowing *	0	0	0
Total Financing (*NNDC Resources)	**23,601**	**960**	**55**

6.3 The current capital programme is funded from the following sources of finance:

- Capital Receipts – generated from asset disposals and preserved right to buys (both new and existing within the capital receipts reserve).
- Grants and contribution received from external sources including third parties and government.

- Revenue – by means of making a revenue contribution to capital.
- Earmarked reserves, for example the capital projects reserve, or invest to save reserve

6.4 Another source of funding for capital expenditure is prudential borrowing. Prudential borrowing to fund capital expenditure can only be undertaken when an authority can demonstrate a need to borrow. The need to undertake prudential borrowing is demonstrated through the Capital Financing Requirement (CFR) which is driven by the balance sheet of the authority and takes into account reserves (including general and earmarked). Financing costs of the borrowing would be a charge to the revenue account and therefore any decision to undertake external borrowing would need to take account of the debt costs including interest and the Minimum Revenue Provision (MRP). As internal capital resources are utilised the Council will need to consider looking at alternative capital financing options including borrowing. These will need to be considered as part of the overall business case as proposals for capital expenditure are considered for approval.

6.5 After taking into account the planned spend within the current capital programme for the period 2017/18 to 2019/20, and the anticipated resources, i.e. new capital resources for the same period, there will be an unallocated balance of £4.2million at the end of the period. This is inclusive of £803,000 within the Capital Projects Reserve which can be used as a capital or revenue resource. This is illustrated within the following table.

Table 9 Capital Resources	Capital Receipts £'000	Capital Projects Reserve £'000	Total £'000
Balance at 31/3/17	6,948	1,638	8,586
Estimated (New) Receipts 2017/18	2,852	0	2,852
Capital Financing 2017/18	(7,537)	(835)	(8,372)
New Receipts 2018/19	1,722	0	1,722
Capital Financing 2018/19	(505)	0	(505)
New Receipts 2019/20	0	0	0
Capital Financing 2019/20	(55)	0	(55)
Estimated Balance at 31/3/20	**3,425**	**803**	**4,228**

Financing the Capital Programme

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

6.7 New projects, which are included in the Programme in the future, will need to be financed by MRP if no capital resources such as capital grants or capital receipts from future asset sales are available. Alternatively existing revenue reserves could be used to finance these projects through a revenue contribution to capital (RCCO). This would avoid the need to make an MRP charge, but there would still be a revenue implication as cash balances would be used to meet the expenditure, and investment income would fall as a consequence.

6.8 External borrowing could be used to finance future capital projects, but as short-term borrowing rates are currently very low, it may not be appropriate to take long-term borrowing at the current time.

6.9 The Council's current Capital Programme has been fully financed from existing capital resources, RCCO's and internal borrowing. The element of internal borrowing mainly refers to financing the loans under the local investment strategy, however, no MRP will be made in respect of these as the loan repayments will be applied to write down the CFR, rather than being treated as usable capital receipts.

7. FINANCIAL STRATEGY AND KEY THEMES

7.1 The previous sections set out the revised financial forecast for the period 2018/19 to 2021/22. There are still funding shortfalls projected for the medium to longer term. Some of this can be mitigated by the one-off use of prior year surpluses, however a medium term strategy to deliver a sustainable financial position moving forward is required.

7.2 The Council's strategy is to maximise income through growth in homes and businesses, taking a proactive approach to commercialisation of the Council's assets, taking advantage of new funding streams including those that offer financial incentives which at the same time deliver further efficiencies, by transforming the way in which we currently schedule our business and provide services, taking advantage of technological changes. The financial projections already include target savings and additional income to be achieved from asset commercialisation approved as part of the suite of savings and additional income proposals in the 2016/17 budget process and subsequently updated as part of the 2017/18 process. Table 4 in section 4 of the strategy outlined the savings and additional income already factored into the forecasts, further targets will be above those already included.

7.3 The following outlines in more detail the key themes of the financial strategy to work towards reducing the forecast budget gap along with indicative financial targets for each of the priorities as applicable:

7.3.1 <u>Property Investment and Asset Commercialisation</u> – Opportunities for investment in properties, whether direct or indirect, are being considered to achieve either a direct income stream from the asset or improved returns on investment. The Council has been working with its property advisor Gleeds to identify opportunities for asset commercialisation and a number of these proposals are currently being developed. Opportunities for the most efficient utilisation of the Council's assets and maximising the return from the assets is vital. Indirect property investments, such as the purchase of pooled property funds, can potentially provide a return in terms of a regular income and growth in the value of the investment. Under the Treasury Management Strategy, the Council has made investments in a number of pooled funds which invest in property. One of these funds, the LAMIT Pooled Property Fund, invests exclusively in various property assets with the aim of achieving a regular income and growth in the value of the investment. In addition to these investments, the Council has agreed to provide capital expenditure loans to registered providers of social housing to facilitate the delivery of housing in the district, along with achieving an income return on its investment. The Council can choose to use its capital resources to finance a programme of asset commercialisation which aims to deliver long-term revenue streams for the Council.

7.3.2 <u>Growth - New Homes and Business Rates</u> – Under the current allocation method of New Homes Bonus (NHB) there is a direct financial benefit to the Council from growth in homes through the NHB funding and through increasing the council tax base and additional income generated from council tax. Whilst new housing growth will have an impact on the demand for local services, there will still be a net gain in terms of overall income for delivery. For similar reasons growing the business rates base will have a direct impact on the level of business rates income retained locally. Equally, maintaining existing business rates remains a priority in that decline in business rates will reduce the amount of income retained locally.

7.3.3 Council Tax Income – The increased flexibilities around council tax discounts and increases following the removal of the tax freeze grant in 2016/17 provides a further potential income stream. As a guide a 2% increase to council tax would generate approximately £107k additional income (based on the 2017/18 tax base) and equates to an annual increase of £2.78 for a band D property. Further review of the current level of discounts can also provide additional income, recommendations on the level of council tax discounts will be reported for approval as part of the budget reports for 2018/19.

7.3.4 Digital Transformation – Building upon the Business Transformation project that commenced in 2014 savings have started to be identified from changes to service delivery from the implementation of new technology. The overall programme will be delivered over a number of years and the timing of the savings will then be realised. As projects are progressed and rolled out there will be changes to working practices which will deliver efficiencies. Currently there is not a specific target included in the future financial projections other than where digital projects are currently in progress. Some of these savings targets have already been revised in light of work completed to date.

7.3.5 Shared Services/Selling Services – Creating efficiencies through shared services continues to be a priority for central government. Identifying such opportunities must therefore continue at a local level, ensuring that realistic and deliverable benefits can be achieved. This could include joint procurement opportunities as well as shared service delivery where appropriate.

7.3.6 Collaboration and Localism – Identifying opportunities to work alongside other public sector partners and organisations to deliver services, such as our successful partnerships the NCC and the DWP in terms of shared office space and the One Public Estate agenda.

7.3.7 Maximising Income and Reducing Costs – Maximising service and other income through collection and also critically reviewing the cost bases is an ongoing focus.

7.3.8 Other Efficiencies and Savings - Through the ongoing regular budget monitoring process and annual budget process, service efficiencies and savings will be considered where there is little or no impact on service delivery. However with the robust challenge and consideration of savings proposals that has already taken place each year, this does reduce the scope within existing budgets to identify further savings and additional income opportunities.

7.4 Use of Reserves – Invest to Save

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

7.4.2 Similarly, reserves can be used to fund one-off costs for projects that will deliver a longer-term benefit. For example the use of the Restructuring and Invest to Save reserve to fund one-off officer restructure costs, where a restructuring will deliver a longer term saving for a service and the use of this reserve for some of the implementation and project costs for the Business Transformation programme that will deliver future savings.

7.4.3 The use of the reserves in this way will be considered as part of the full business case for individual project proposals, taking into account the payback period of the project along with indirect financial implications, for example, reduced balance available for investment and the associated loss of investment income.

8. SENSITIVITY ANALYSIS AND RISKS

8.1 The Council works within the constraints of central government funding allocations and its control over council tax increases through the capping and referendum principles. The continuing downward pressure on external resources will over time potentially constrain the level of service delivery that the Council is able to provide.

8.2 The legal requirement to set a balanced budget each year ensures care is taken in preparing figures and proposing changes to service levels which may require upfront investment, alongside approval of the budget, the level of reserves and robustness of the estimates are factors that are considered.

8.3 The forecast projections as detailed earlier in the document are dependent upon a number of key assumptions which are not directly within the control of the Council, the most significant of these are detailed below along with the sensitivities of the financial projections, a summary table is also shown below.

8.4 **Employee Inflation** – The forecasts assume an annual pay award of 1%, the Council is part of a national pay agreement and as a guide for NNDC, 1% equates to approximately £92,000 annually. Therefore should the annual pay award agreement be different to the 1% assumed say for example by 0.5%, this would equate to an additional cost of £46,000 per annum.

8.5 **Business Rates Growth** – Within the Local Government Finance Settlement the Business Rates Baseline funding is assumed to increase annually in line with inflation. Actual increases (or reductions) will result in an additional or reduced level of income retained locally. Some allowance for growth after allowing for appeals has been factored into the projections, as a guide a 1% movement each year would result in approximately £50,000 additional per annum being retained locally above the level included in the forecasts. Furthermore there is the added uncertainty of future changes to the business rates funding from the implementation of 100% rates retention in 2020 and the potential impact of the business rates pilot proposals for 2018/19.

8.6 **New Homes Growth/Increase in Tax Base** – Fluctuations of the growth in New Homes and the properties becoming eligible for council tax have a direct impact on the council tax income and New Homes Bonus forecasts. An increase in 50 properties (band D equivalent) would generate an additional £7,000 per annum in council tax income and £61,000 from New Homes Bonus based on the current method of calculation and allocation (assuming this growth was above the new baseline).

8.7 **Revenue Support Grant** – The current forecast assume the RSG allocations as per the 2016/17 4 year settlement which see RSG reduced to zero by 2020/21.

Table 10 - Sensitivity Analysis - Cumulative Effect				
Sensitivity	**2018/19 £000**	**2019/20 £000**	**2020/21 £000**	**2021/22 £000**
Employee Inflation (only) - Additional 0.5% annually	46	92	138	184
Business Rates Growth - Movement of 1% +/-	50	100	150	200
Housing Growth - NHB impact 50 properties (annually) +/-	61	122	183	244
Housing Growth 50 properties (Band D equivalent)- Council Tax Income Impact +/-	7	14	21	28

8.8 The extent to which the above factors will have an impact on the overall projections and forecast funding gap will vary. Some will have an ongoing impact, for example an increase to the tax base in 2018/19 will have an ongoing benefit in terms of additional council tax income generated year on year, converse to this an increase in the employee inflation in one year will increase the base budget requirement moving forward cumulatively.

8.9 Fluctuations in the demand for services, say for example a fall in car parking income due to inclement weather over a holiday period would be relatively short term, assuming no changes to other factors, for example the closure of a pay and display car park and the overall reduction in provision. For the short-term fluctuations these can be mitigated through use of the general reserve when necessary.

8.10 The Council continues to face a number of risks in terms of future funding and delivery of services. A number of these risks have been referred to within the main body of the Financial Strategy. The detail of the 2018/19 budget will be completed over the coming months in preparation of the budget and council tax setting report which will be presented for approval in February 2018. The work on the detailed budgets will be based on the latest local and national information and will be informed by the provisional and later final budget settlement announcements.

8.11 The main risks that the authority continue to face are outlined below:

8.11.1 **Future Funding and Business Rates** – Local Authority funding from central government continues to be under pressure with a greater shift from central government grant (from Revenue Support Grant) to locally generated resources including retained business rates. The emphasis on retaining funds from business rates locally provides risks to Local Authorities in that there are a number of inherent risks which will continue to be borne locally including, the status of properties changing for example schools changing to academies and also business premises becoming empty. In addition, the impact of business rates appeals will also have an effect on the level of retained business rates and whilst the scheme does provide incentive for promoting and delivering growth in local economies, the impact of appeals and business decline can have a negative impact. In addition the impact of the announcement made in 2015 that by 2020 local government would be able to keep 100% of business rates is not yet know. The financial forecasts for 2021/22 currently assume that the impact to the Council would be neutral. The full impact will not be known until any new scheme is introduced. The opportunity for the Council to enter into a business rates pilot for 2018/19 could help to inform this ongoing debate.

8.11.2 The impact of appeals will have an impact in year from reimbursement of refunds and also the future income received from business rates. There are still a number of significant appeals outstanding in particular purpose built medical centres and GP surgeries and claims for mandatory relief in respect of NHS trust properties. Some of these will date back to 2005 for which refunds could be payable. The full impact will be dependent upon the outcome of the appeal by the Valuation Office Agency (VOA). The financial impact to the Council will be mitigated through the provision and also the earmarked reserve. This will be further compounded this year due to the revaluation exercise which has been undertaken by the Valuations Office Agency (VOA) which saw new rateable values introduced from April 2017, although the government have subsequently introduced a number of reliefs to help mitigate the impact of these changes as discussed elsewhere within this report.

8.11.3 Further measures for example extension of reliefs announced within the Autumn Statement, continue to present a risk to Local Authorities, albeit some of this risk is mitigated by the Section 31 grant. Growth and/or decline in businesses will continue to have a direct impact on the funding at a local level. Some of this risk is mitigated by the earmarked reserve which is maintained to reduce the impact of appeals and to smooth the fluctuations in income being retained year-on-year.

8.11.4 **Savings** – The Council is continuing to deliver a programme of savings and additional income. Over the period 2018/19 to 2021/22 annual savings and additional income of £805k increasing to £858k have been factored into the forecasts. Delivery of the savings at the levels budgeted is vital to delivery of the overall budget and achieving a sustainable future financial position. The delivery of these savings is closely monitored by CLT and Cabinet as part of the ongoing budget monitoring process and where applicable revised delivery timings will need to be considered as part of the 2017/18 budget process.

8.11.5 **Income -** Income from a number of demand led services remains a financial risk that cannot be fully influenced by the Council. Whilst annual estimates are pulled together under a robust methodology taking into account current performance, previous actuals and knowledge of the service delivery, income levels need to be closely monitored, for example for planning and car park income. Fluctuations in income can be mitigated by the use of reserves and this is a factor that is taken into account as part of the budget setting process when determining the recommended level of general reserve.

8.11.6 **Brexit** – The impact of the decision to leave the EU in June 2016 has not yet been fully quantified and will not be in the short term, whilst there has been some initial impact through the reduction in interest rates, the impact of further reductions will influence the financial position of the Council. The wider implications on for example central government funding for local government and EU funding streams has not been detailed, as further announcements and guidance is available the projections will be updated accordingly.

8.11.7 **Investment Returns -** Over the past few years investment income has been significantly reduced in the light of the prolonged duration of low interest rates. The current investment strategy is looking for a return of 2.6% for 2017/18. In accordance with the Treasury Strategy 2017/18 as reported to Cabinet in February 2017, the Council continue to invest its portfolio in secured investments such as covered bonds and pooled funds whenever possible.

8.11.8 **Interest and MRP** – The current budget and future projections make assumptions on the delivery of investment income and level of MRP charges. As new capital projects are approved to be included in the capital programme, the financing will need to consider the MRP implications in terms of internal and external borrowing to finance the schemes as internal capital resources are utilised.

8.11.9 **New Homes Bonus** – The current budget and projections assume use of the NHB allocation within the base budget. The allocation for 2017/18 was confirmed and is therefore certain, the future forecasts have been informed by the four year finance settlement announcement. There are risks associated with this funding source at a local and national level as evidence by the recent introduction of the new baseline to top slice this funding source for re-allocation for adult social services. Risks at a local level are the continued delivery of housing growth and also reductions in the number of long term empty properties. The growth in new homes can be informed by the housing trajectory figures, however the fluctuations in the number of long term empty properties can negatively (should the number increase) impact on the allocation of NHB. This area therefore continues to be monitored closely and proactive work is undertaken by the combined enforcement team with homeowners and landlords to bring the properties back into use.

8.11.10 **Second Homes** – The return of an element of the second homes council tax from the County to the districts is subject to annual approval by the County. This is returned to the districts for community related expenditure and has been used to fund the Council's Big Society Fund (BSF) Grant scheme and related expenditure. The use of these funds will be part of the annual budget setting process and will be informed by any proposal by the County for changes to the distribution to districts. The current arrangement is due to be reviewed further by the County Council but current forecasts assume this funding source will cease from 2019/20.

8.11.11 **Local Plan Review** - Local Planning Authorities are required to prepare and maintain up to date Development Plans. These comply with national guidance and provide for all objectively assessed needs and demands for development consistent with the principles of sustainable development. Funding for a plan review has been earmarked from the unallocated NHB reserve and work will be ongoing until 2018/19.

8.11.12 **Autumn Statement** - Once the outcomes of the Autumn Statement are announced the financial implications will need to be factored into budget and future financial forecasts.

Glossary of Acronyms – Financial Strategy

DWP	Department for Work and Pensions
LCTS	Local Council Tax Support
LTE	Long Term Empty
MRP	Minimum Revenue Provision
NHB	New Homes Bonus
RSG	Revenue Support Grant
SFA	Settlement Funding Assessment

Reserves Statement 2017/18 Updated Budget - Medium Term Financial Strategy October 2017

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**	(102,317)	**2,229,458**	0	**2,229,458**	0	2,229,458
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**	882,188	**1,383,080**	0	**1,383,080**	0	1,383,080
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**	871,480	**1,429,856**	0	**1,429,856**	0	**1,429,856**	0	1,429,856
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 ands carry forward funding between financial years.	**173,516**	29,000	**202,516**	0	**202,516**	0	**202,516**	0	202,516
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**	317,441	**1,514,620**	27,196	**1,541,816**	(242,000)	1,299,816
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**	0	**133,458**	0	**133,458**	0	133,458
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 2017/18 Updated Budget - Medium Term Financial Strategy October 2017

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**	(5,619)	**273,770**	0	**273,770**	0	273,770
Grants	Revenue Grants received and due to timing issues not used in the year.	**411,403**	27,949	**439,352**	0	**439,352**	0	**439,352**	0	439,352
Housing	Previously earmarked for stock condition survey and housing needs assessment.	**75,617**	2,445,126	**2,520,743**	(58,084)	**2,462,659**	0	**2,462,659**	0	2,462,659
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**	(86,692)	**1,747,748**	(185,944)	**1,561,804**	(82,944)	1,478,860
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**	0	**345,128**	0	**345,128**	0	345,128
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**	(281,936)	**2,152,144**	(20,117)	**2,132,027**	0	2,132,027
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**	**5,362,611**	**21,122,835**	**(1,164,863)**	**19,957,972**	**(170,535)**	**19,787,437**	**(404,944)**	**19,382,493**

Agenda Item No 12

BUDGET MONITORING REPORT 2017/18 – PERIOD 6

Summary:	This report summarises the budget monitoring position for the revenue account and capital programme to the end of September 2017.
Options considered:	Not applicable.
Conclusions:	The overall position at the end of September 2017 shows an under spend of £1,063,368 to date for the current financial year on the revenue account, this is currently expected to deliver a full year under spend of £223,464.
Recommendations:	**It is recommended that:** **1) Cabinet note the contents of the report and the current budget monitoring position;** **2) Recommend the release of £74,580 from previously identified Digital Transformation Funding to enable additional staffing to support key projects;**
Reasons for Recommendations:	To update Members on the current budget monitoring position for the Council.

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

System budget monitoring reports

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

1. Introduction

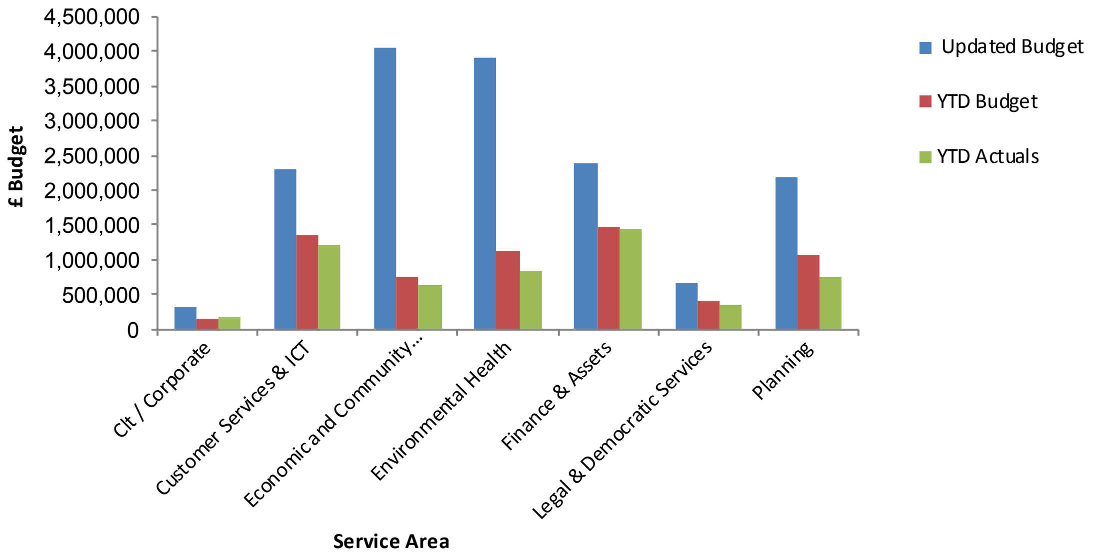
This report compares the actual expenditure and income position at the end of September 2017 to the Updated budget for 2017/18. The Original Base Budget as agreed by Full Council in February 2017 has been updated by approved budget virements.

1.2 The base budget for 2017/18 included savings and additional income totalling £558,300 to be delivered in the year. Section 3.1 of this report includes an updated position on the delivery of these.

2. Budget Monitoring Position – Revenue Services

2.1 The General Fund Summary at Appendix A shows the high level budget monitoring position at 30 September 2017 which shows a year to date variance of £1,063,368 underspend against the updated budget. Of the under spend £910,516 is in relation to the service variances. Graph 1 below illustrates these variances per service area and Appendix B provides detailed variance explanations for each individual service. A net £152,852 underspend is in relation to non-service expenditure against the profiled budget. Details of these variances are included within section 4.

Graph 1 - Variance by Service area



2.2 Variances are reported against the updated budget in Appendix A. Any budgets and reserves affected will be updated accordingly.

2.3 The following table shows the over/under spend to date for the more significant variances; this is compared to the updated budget.

Table 1 – Service Variances	Over/ (Under) Spend to Date against Updated Budget £	Estimated Full Year Variance Against Updated Budget £
Corporate		
Registration services – Costs associated with undertaking the County and General elections earlier this year. Final claims will be submitted later in the year to cover these costs.	39,582	0
Customer Services and ICT		
Local Taxation – The revenues service has drawn down a grant of £50,000 from Norfolk County Council in relation to additional costs associated with the administration of changes to Council tax discounts. This will be used to fund additional resources to support the service.	(57,843)	0
Homelessness – The council has received an additional grant from the Department for Communities and Local Government in relation to Homelessness support. This grant of £82,813 will be used to promote homelessness prevention activities and support the Housing Options team.	(70,488)	0
Economic and Community Development		
Car parking – The variance at Period 6 relates to £13,294 additional repairs and Maintenance contract costs. £47,040 reflects a shortfall in income against the profiled budget. No full year effect is being reported at P6 but the position will continue to be closely monitored and an updated provided as part of the next budget monitoring report.	54,782	0
Cromer Pier – Insurance claim relating to the January 2017 Storm surge has not yet been settled.	26,517	0
Business Growth Staffing - Staff turnover savings as a result of in year vacancies will deliver a one off full year saving of £15,000.	(19,705)	(15,000)
Housing (Health and Wellbeing) – The Council terminated its contract with South Norfolk District Council on 1 March 2017. South Norfolk District Council refunded the excess income of £35,441 generated by the Home Improvement Agency Service to that date; this covered excess income generated in 2015/16 and 2016/17. This excess income will be used to offset the ongoing costs of the Home Improvement Agency Officer who joined the Council's employment on 1 March 2017 following a TUPE process and to support the work of the Integrated Housing Adaptations Team (IHAT) including a contribution towards the costs of the	(41,528)	0

Table 1 – Service Variances	Over/ (Under) Spend to Date against Updated Budget £	Estimated Full Year Variance Against Updated Budget £
Countywide IHAT Co-ordinator.		
Housing Strategy – The current monitoring position shows a favourable variance of £93,009 in relation to receipts received under the Councils VAT sharing agreement with Victory Housing Association. No full year effect has been included in relation to this as any surplus will be met by an increased contribution to the capital projects reserve. Further savings have been made as a result of a vacant post; this is estimated to deliver a full year saving of around £10,000.	(110,214)	(£10,000)
Environmental Health		
Waste Collection and Disposal – (£82,930) Monthly invoices relating to Kier not processed; (£80,134) Invoices for commercial waste not paid - no data provided by Norfolk County Council. £151,005 Income expected from Kier for garden bins and bulky collections not received – data now received and invoice to be raised in October; (£92,185) Additional income from trade waste customers and (£120,531) recycling credits – budgets to be re-profiled.	(230,362)	(50,000)
Cleansing – £57,708 Purchase of 12 solar powered bins; (£65,739) Kier contract payment and creditor provision made for contract variations in 2016/17 not processed; £3,024 repair and maintenance for bin stores. (£33,334) Contributions for solar powered compactor bins and additional income from dog and litter bins.	(38,473)	20,000
Finance and Assets		
Handyman – Due to a member of the team being seconded to another role there are less chargeable hours available to cover the full budgeted costs which include fixed overheads.	18,176	20,000
Admin Building Services – The majority of this variance relates to repairs and maintenance works at Cromer Office, including carpet fitting, upgrading wiring and car park repairs. The majority of this work will be funded from the Asset Management Reserve.	40,948	10,000
Property Services – Staff turnover savings as a result of a vacant post. Recoverable charges relating to the sale of a piece of Land at Fakenham and the recovery of a golden hello payment.	(24,885)	(15,000)
Corporate Finance – Staff turnover savings as a	(21,157)	(30,000)

Table 1 – Service Variances	Over/ (Under) Spend to Date against Updated Budget £	Estimated Full Year Variance Against Updated Budget £
result of a vacant post and a reduction in working hours have resulting in a likely full year saving of £30,000.		
Corporate and Democratic Core – The current position reflect external Audit invoices not yet received.	(35,106)	0
Legal and Democratic Services		
Legal Services – This variance represents (£21,642) - Lower salaries and on costs as a result of vacant posts, partially offset by new appointment advertising costs and fees paid to locum lawyers. (£4,151) - Lower than anticipated spend on client disbursements, (£19,191) - Fee income is higher than anticipated. No Full Year Effect has been anticipated.	(40,024)	0
Members Services – Members basic allowance is higher than anticipated based on the 1% inflationary increase and the appointment of two new members to the Cabinet Committee. It is estimated this will result in a Full year effect of £16,000.	(6,903)	16,000
Planning		
Development Management – £18,817 Costs associated with the Sculthorpe appeal and public enquiry have exceeded the original estimate approved from the General Reserve. (£103,544) Planning income from application fees and professional advice is currently above the profiled budget, this is largely due to an application fee received for a major housing development in Fakenham. A surplus of £50,000 is estimated at this time but the position will be closely monitored.	(97,549)	(50,000)
Planning Policy – Slippage in the spending profile for the Local Plan Review expenditure; these costs are funded from the New Homes Bonus reserve and any full year effect will be negated by a transfer to/(from) this reserve.	(147,524)	0
Property Information – Part of this favourable (£16,028) variance relates to invoices received from Norfolk County Council in relation to 16/17 search fees being less than estimated. Land Charge search fee income is up against the profiled budget (£39,036).	(54,558)	(16,028)

Table 1 – Service Variances	Over/ (Under) Spend to Date against Updated Budget £	Estimated Full Year Variance Against Updated Budget £
Any net surplus on the land charges service are ring-fenced and considered when reviewing the level of fees set.		
TOTALS	**(816,314)**	**(120,028)**

2.4 Digital Transformation - as part of the ongoing Digital Transformation programme additional resource requirements have been identified within the Postal and Scanning team to support Planning Business process Review. This would employ two staff on a fixed term basis until October 2018 at a cost of £39,580. Additional staffing support is also required within the web team for ongoing associated web projects, including increasing the offering of Council services online and online payment forms. The cost of this support is £35,000.

2.5 Storm Surge - In January 2017 the North Norfolk coast was hit by a storm surge. A provision was made in the last financial year to reclaim some of the expenditure incurred through the Councils insurance policy. Currently the provision of £85,340 is showing as an overspend split across the affected services e.g. the Cromer Pier. The insurance claims have now been submitted to Zurich Municipal and the invoices are with the loss adjusters.

3 Budget Monitoring Position – Savings and Additional Income

3.1 The budget for 2017/18 includes savings and additional income totaling £558,300. The detail for each of these savings is included at Appendix D. Table 2 below summaries the current position for each of the work streams compared to the budgeted position. The current projection is that all savings are on target to be achieved. This position will continue to be monitored and an update will be provided as part of the P6 monitoring report.

Table 2 – Savings and Additional Income Budgeted Target for 2017/18 split by work stream	2017/18 Base Budget £	2017/18 P6 Monitoring Position £	2017/18 Movement from the Base Budget at P6
Growth – New Homes and Business Rates	0	0	0
Digital Transformation	(134,569)	(136,820)	(2,251)
Property Investment and Asset Commercialisation	(27,815)	(29,000)	(1,185)
Shared Services and Selling Services	(26,800)	(26,800)	0
Collaboration and Localism	0	0	0
Maximising Income and Reducing costs	(88,211)	(88,211)	0
Other Efficiencies and Savings	(280,905)	(280,905)	0
Total	**(558,300)**	**(561,736)**	**(3,436)**

4 Non Service Variances to Period 6 2017/18

Investment Interest

4.1 The interest budget for 2017/18 anticipates that a total of £837,200 will be earned from treasury investments and interest on loans to Broadland Housing Association. Overall an average balance of £32.2m is assumed, at an average interest rate of 2.6%.

4.2 At the end of period 6, a total of £440,988 had been earned, resulting in a surplus against the year to date budget of £21,243. The average rate of interest achieved was 2.2% from an average balance available for investment of £40m. At the year-end a favourable variance of £100k is anticipated against the budget.

4.3 The loans to Broadland Housing Association under the Local Investment Strategy are now anticipated to be made in October. The budget assumed the loans would be place at the start of 2017/18. Against this, however, balances available for investment have been higher than anticipated.

4.4 More information on the performance of the Council's investments can be found in the Treasury Management Half Yearly Report which also forms part of this agenda.

4.5 **Retained Business Rates**

At the end of Period 6 there is a variance on the Business Rates Retention scheme due to receipt of Central Government grants compensating the Council for reliefs to be granted to ratepayers under the Discretionary Relief Scheme. The award of these reliefs will be made in 2017/18, but the resulting loss of income will not be realised in the General Fund until 2018/19 and beyond due to accounting treatment. It is recommended that this grant be transferred to the Business Rates Reserve in order that it may be used to smooth Business Rates income in future years.

5 Budget Monitoring Position – Summary

5.1 The following table provides a summary of the full year projections for the service areas.

Table 3 - Summary of Full Year Effects 2017/18	**Estimated Movement From Updated Budget £**
Service Areas (Table 1)	(120,028)
Investment Interest	(100,000)
Savings and Additional Income	(3,436)
Total	**(223,464)**

6 Budget Monitoring Position – Capital

6.1 The Capital Programme has been updated to reflect changes agreed in the first quarter of 2017/18 and can be found at Appendix C. Since the last update at Period 4, £630,000 was agreed by Cabinet (August meeting) to be released from the Asset Management Reserve to fund the purchase of Fair Meadow House and Itteringham Community Shop. This is now reflected in the updated Capital Programme.

7 Conclusion

7.1 The revenue budget is showing an estimated full year under spend for the current financial year of £223,464. The overall financial position continues to be closely monitored and it is anticipated that the overall budget for the current year will be achieved.

8 Financial Implications and Risks

8.1 The detail within section 2 of the report highlights the more significant variances including those that are estimated to result in a full year impact.

8.2 The Original base budget for 2017/18 included service savings and additional income totalling (£558,300); these are largely still on target to be achieved although there will be some impact in future years where the timescales have slipped. The progress in achieving these is being monitored as part of the overall budget monitoring process and where applicable corrective action will be identified and implemented to ensure the overall budget remains achievable.

8.3 The estimated outturn shown in Table 1 will continue to be monitored during the year and where applicable will be transferred to reserves.

9 Sustainability - None as a direct consequence from this report.

10 Equality and Diversity - None as a direct consequence from this report.

11 Section 17 Crime and Disorder considerations - None as a direct consequence from this report.

General Fund Summary P6 2017/18

Net Cost Of Services	Full Year Updated Budget £	YTD Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £
Clt / Corporate	315,677	157,645	167,273	9,628	30,764	117,641
Customer Services & ICT	2,292,360	1,339,980	1,209,507	(130,474)	238,861	843,992
Economic and Community Development	4,048,597	764,471	638,540	(125,931)	1,023,670	2,386,387
Environmental Health	3,919,309	1,110,688	832,319	(278,369)	2,220,013	866,977
Finance & Assets	2,393,850	1,463,064	1,453,068	(9,996)	431,857	508,925
Legal & Democratic Services	655,985	399,546	352,618	(46,927)	15,746	287,620
Planning	2,176,642	1,074,011	745,564	(328,447)	168,853	1,262,226
Net Cost Of Services	**15,802,420**	**6,309,405**	**5,398,889**	**(910,516)**	**4,129,764**	**6,273,768**
Non Service Expenditure/Income						
Precepts to Parish Councils	2,079,492	2,079,492	2,079,492	0	0	0
Capital Charges	(2,558,242)	(1,279,116)	(1,279,110)	6	0	(1,279,132)
Refcus	(1,088,121)	0		0	0	(1,088,121)
External Interest Paid	2,500	0	46	46	0	2,454
Interest Receivable	(834,940)	(421,123)	(442,162)	(21,039)	0	(392,778)
Revenue Financing For Capital	1,888,039	0	0	0	0	1,888,039
Retirement Benefits	259,287	0	0	0	0	259,287
Net Operating Expenditure	**15,550,435**	**6,688,658**	**5,757,155**	**(931,503)**	**4,129,764**	**5,663,517**
Contributions to/(from) Reserves						
Capital Projects	(834,596)	0	0	0	0	(834,596)
Asset Management	882,188	0	0	0	0	882,188
Broadband	(1,000,000)	0	0	0	0	(1,000,000)
Communities	317,441	0	0	0	0	317,441
Elections	40,000	0	0	0	0	40,000
Enforcement Works	88,237	0	0	0	0	88,237
Environmental Health	(5,619)	0	0	0	0	(5,619)
Grants	0	0	0	0	0	0
Housing	(58,084)	0	0	0	0	(58,084)
New Homes Bonus	(86,692)	0	0	0	0	(86,692)
Planning	(123,485)	0	0	0	0	(123,485)
Restructuring and Invest to Save	(207,356)	0	0	0	0	(207,356)
General Reserve	(102,317)	0	0	0	0	(102,317)
Amount to be met from Government Grant and Local Taxpayers	**14,460,152**	**6,688,658**	**5,757,155**	**(931,503)**	**4,129,764**	**4,573,234**
Collection Fund Parishes	(2,079,492)	(1,102,129)	(1,102,129)	0	0	(977,363)
Collection Fund District	(5,520,427)	(2,925,824)	(2,925,824)	0	0	(2,594,603)
Retained Business Rates	(3,841,000)	(2,266,343)	(2,398,208)	(131,865)	0	(1,442,792)
Revenue Support Grant	(936,035)	(486,738)	(486,738)	0	0	(449,297)
New Homes Bonus	(1,694,986)	(851,033)	(851,033)	0	0	(843,953)
Rural Services Delivery Grant	(388,212)	(194,106)	(194,106)	0	0	(194,106)
Income from Government Grant and Local Taxpayers	**(14,460,152)**	**(7,826,173)**	**(7,958,038)**	**(131,865)**	**0**	**(6,502,114)**
Surplus/Deficit	**0**	**(1,137,515)**	**(2,200,883)**	**(1,063,368)**	**4,129,764**	**(1,928,880)**

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Corporate Leadership Team and Corporate

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
Human Resources & Payroll							
Gross Direct Costs	311,467	155,754	146,222	(9,532)	26,664	138,581	(£1,968) - Salaries and oncosts lower than anticipated. Temporary staff are to be recruited, so there will be no full year effect. (£11,673) - Corporate training costs yet to be incurred. A full training programme will be delivered following information gathered from the appraisals process.
Gross Direct Income	(1,000)	(498)	(1,492)	(994)	0	492	No Major Variance.
Support Service Charges	(310,467)	(155,232)	(155,232)	0	0	(155,235)	
Net Expenditure	**0**	**24**	**(10,503)**	**(10,527)**	**26,664**	**(16,161)**	
Policy & Performance Mgt							
Gross Direct Costs	51,252	25,639	23,891	(1,748)	0	27,361	No Major Variances.
Support Service Charges	(60,614)	(30,312)	(30,312)	0	0	(30,302)	
Net Expenditure	**(9,362)**	**(4,673)**	**(6,421)**	**(1,748)**	**0**	**(2,941)**	
Registration Services							
Gross Direct Costs	210,175	120,018	448,025	328,007	290	(238,140)	Printing, stationery, staffing and postage costs relating to the County and General elections.
Gross Direct Income	(38,720)	(34,582)	(323,007)	(288,425)	0	284,287	Advance payments for the County and General elections. Claims for the balances to be submitted later in the year.
Support Service Charges	134,860	67,470	67,470	0	0	67,390	
Net Expenditure	**306,315**	**152,906**	**192,488**	**39,582**	**290**	**113,537**	
Corporate Leadership Team							
Gross Direct Costs	431,611	215,808	210,614	(5,194)	40	220,957	(£5,463) - Salaries and oncosts lower than anticipated.
Gross Direct Income	0	0	(1,650)	(1,650)	0	1,650	No Major Variance.
Support Service Charges	(431,611)	(215,796)	(215,736)	60	0	(215,875)	
Net Expenditure	**0**	**12**	**(6,772)**	**(6,784)**	**40**	**6,732**	
Communications							
Gross Direct Costs	247,390	123,700	121,844	(1,856)	3,770	121,776	£3,921 - Salaries and oncosts are higher than expected. (£5,983) - Lower spend on computer software purchases. (£4,056) - Lower spend on web front end.
Capital Charges	62,018	31,008	31,008	0	0	31,010	
Gross Direct Income	0	0	(9,040)	(9,040)	0	9,040	(£9,040) - Income received for filming rights.
Support Service Charges	(290,684)	(145,332)	(145,332)	0	0	(145,352)	
Net Expenditure	**18,724**	**9,376**	**(1,520)**	**(10,896)**	**3,770**	**16,474**	
Total CLT/ Corporate	**315,677**	**157,645**	**167,273**	**9,628**	**30,764**	**117,641**	

Service Area Summaries P6 2017/18

Customer Services & ICT

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
Local Taxation							
Gross Direct Costs	537,418	249,853	265,737	15,883	15,735	255,947	£9,061 Additional software updates funded from the new burdens grant.
Gross Direct Income	(427,631)	(125,852)	(199,579)	(73,727)	0	(228,052)	(£50,000) One-off grant from Norfolk County Council for work on changes to Council tax discounts. (£12,000) Business Rates Relief new burdens grant received from DCLG. These grants were not budgeted for but will be offset by additional expenditure within the service area, including software changes and staffing.
Support Service Charges	453,000	226,512	226,512	0	0	226,488	
Net Expenditure	**562,787**	**350,513**	**292,670**	**(57,843)**	**15,735**	**254,382**	
Benefits Administration							
Gross Direct Costs	797,933	398,970	383,723	(15,247)	1,192	413,017	(£13,685) Employee related expenditure.
Capital Charges	110,106	55,056	55,056	0	0	55,050	
Gross Direct Income	(439,113)	0	(272)	(272)	0	(438,841)	No Major Variances.
Support Service Charges	490,020	245,010	245,010	0	0	245,010	
Net Expenditure	**958,946**	**699,036**	**683,517**	**(15,519)**	**1,192**	**274,237**	
ICT - Support Services							
Gross Direct Costs	1,083,859	435,772	467,538	31,766	156,597	459,724	See Note A.
Capital Charges	134,491	67,242	67,242	0	0	67,249	
Gross Direct Income	(410)	(204)	(2,688)	(2,484)	0	2,278	(£2,396) - Final year of mobile phone contract credit.
Support Service Charges	(1,211,830)	(605,928)	(605,928)	0	0	(605,902)	
Net Expenditure	**6,110**	**(103,118)**	**(73,836)**	**29,282**	**156,597**	**(76,651)**	

Note A: (£2,582) - Salaries and oncosts are lower as a result of vacancies. There is not expected to be a full year effect because recruitment is underway. £3,662 - Computer software purchases and licence costs higher than expected. £46,619 - Computer maintenance costs higher than anticipated. (£13,684) - Spend on Computer lines and modems is lower then expected. £4,800 Training - Information Tech Top Level Training for New Starters. (£6,080) - Lower spend on computer hardware purchases. (£2,042) - Telephone call costs lower than anticipated.

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
TIC'S							
Gross Direct Costs	131,491	68,055	72,331	4,276	11,974	47,187	£5,618 - Purchase of goods and souvenirs for resale.
Capital Charges	6,187	3,090	3,090	0	0	3,097	
Gross Direct Income	(29,500)	(14,754)	(24,257)	(9,503)	0	(5,243)	(£11,071) - Sale of goods and souvenirs.
Support Service Charges	129,360	64,704	64,704	0	0	64,656	
Net Expenditure	**237,538**	**121,095**	**115,867**	**(5,228)**	**11,974**	**109,697**	
Homelessness							
Gross Direct Costs	102,692	48,564	101,000	52,436	32,623	(30,932)	£10,000 Homelessness Prevention Trailblazer group. £49,576 Bed and Breakfast charges for temporary homelessness cases, this is mostly offset by recoverable charges.
Gross Direct Income	(94,042)	(42,378)	(165,303)	(122,925)	0	71,261	(£82,813) Homelessness support grant from Department of Communities and Local Government, this will be spent on additional Homeless prevention activities. (£39,257) Recoverable income relating to temporary accommodation.
Support Service Charges	421,700	210,846	210,846	0	0	210,854	
Net Expenditure	**430,350**	**217,032**	**146,544**	**(70,488)**	**32,623**	**251,183**	
Customer Services Housing							
Gross Direct Costs	251,897	125,952	115,955	(9,997)	0	135,942	(£6,209) Staff turnover savings.
Support Service Charges	(251,897)	(125,940)	(125,940)	0	0	(125,957)	

Account Description	Full Year Updated Budget	YTD Updated Budget	YTD Actuals	YTD Variance	Commitments	Remaining Budget	Explanation for Major Variances
	£	£	£	£	£	£	
Net Expenditure	**0**	**12**	**(9,985)**	**(9,997)**	**0**	**9,985**	

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
Digital Transformation							
Gross Direct Costs	227,795	124,332	132,375	8,043	12,783	82,637	£6,000 professional fees in relation to Environmental Health Business Process review.
Support Service Charges	(137,795)	(68,898)	(68,838)	60	0	(68,957)	
Net Expenditure	**90,000**	**55,434**	**63,537**	**8,103**	**12,783**	**13,680**	
Reprographics							
Gross Direct Costs	95,134	47,568	40,587	(6,981)	3,694	50,853	(£2,251) - Operating lease costs for printers lower than expected. (£4,245) - Paper costs lower than anticipated.
Capital Charges	12,603	6,300	6,300	0	0	6,303	
Gross Direct Income	(7,500)	(3,750)	(4,720)	(970)	0	(2,780)	No Major Variances.
Support Service Charges	(100,237)	(50,124)	(50,124)	0	0	(50,113)	
Net Expenditure	**0**	**(6)**	**(7,957)**	**(7,951)**	**3,694**	**4,263**	
Customer Services - Corporate							
Gross Direct Costs	571,112	285,552	283,493	(2,059)	4,263	283,356	£6,223 - Salaries and oncosts higher than anticipated as a result of regradings and staff joining the pension scheme. (£6,561) - Stationery costs lower than expected.
Capital Charges	13,978	6,990	6,990	0	0	6,988	
Gross Direct Income	(29,070)	(14,532)	(13,307)	1,225	0	(15,763)	No Major Variances.
Support Service Charges	(556,020)	(278,028)	(278,028)	0	0	(277,992)	
Net Expenditure	**0**	**(18)**	**(852)**	**(834)**	**4,263**	**(3,412)**	
Total Customer Services	**2,285,731**	**1,339,980**	**1,209,507**	**(130,474)**	**238,861**	**837,363**	

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Economic and Community Development

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
Health							
Gross Direct Income	0	0	(6,773)	(6,773)	0	6,773	(£6,773) - Allocated for multi agency projects. Will be used for NCAN system renewal plus other yet to be identified projects where financial contribution is required.
Net Expenditure	**0**	**0**	**(6,773)**	**(6,773)**	**0**	**6,773**	
Car Parking							
Gross Direct Costs	735,081	339,164	346,905	7,741	109,596	278,579	No Major Variance.
Capital Charges	29,485	14,742	14,742	0	0	14,743	
Gross Direct Income	(2,724,456)	(1,812,800)	(1,765,759)	47,041	0	(958,697)	£42,311- Car park income. £4,729 - Concession income is higher.
Support Service Charges	157,122	88,362	88,362	0	0	68,760	
Net Expenditure	**(1,802,768)**	**(1,370,532)**	**(1,315,750)**	**54,782**	**109,596**	**(596,615)**	
Markets							
Gross Direct Costs	49,329	19,318	8,335	(10,983)	500	40,494	(£10,350) - No liability for Business Rates. This will result in a full year saving.
Gross Direct Income	(58,900)	(58,900)	(58,435)	465	0	(465)	No Major Variances.
Support Service Charges	46,440	23,220	23,220	0	0	23,220	
Net Expenditure	**36,869**	**(16,362)**	**(26,881)**	**(10,519)**	**500**	**63,250**	
Parks & Open Spaces							
Gross Direct Costs	341,729	145,882	131,373	(14,509)	184,757	25,599	(£19,796) - Invoices not yet received for 16/17 grounds maintenance contract variation. £3,616 - Water charges - metered.
Capital Charges	47,482	23,742	23,742	0	0	23,740	
Gross Direct Income	(14,590)	(3,438)	107	3,545	0	(14,697)	No Major Variances.
Support Service Charges	69,860	34,944	34,944	0	0	34,916	
Net Expenditure	**444,481**	**201,130**	**190,167**	**(10,963)**	**184,757**	**69,558**	
Foreshore							
Gross Direct Costs	120,768	67,481	41,489	(25,992)	12,998	66,280	£3,901 - Salaries and oncosts are higher. (£28,456) - Repairs and maintenance costs lower than anticipated.
Capital Charges	11,943	5,970	5,970	0	0	5,973	
Gross Direct Income	0	0	11,849	11,849	0	(11,849)	£11,014 - Debtor provision for storm damage insurance pay out. Income has not yet been received from the insurer.
Support Service Charges	60,180	30,102	30,102	0	0	30,078	
Net Expenditure	**192,891**	**103,553**	**89,411**	**(14,142)**	**12,998**	**90,482**	
Sports Centres							
Gross Direct Costs	275,373	98,124	78,147	(19,977)	21,957	175,269	(£19,027) - Hall hire for 16/17 not yet invoiced.
Capital Charges	12,497	6,246	6,246	0	0	6,251	
Gross Direct Income	(143,220)	(71,618)	(59,882)	11,736	0	(83,338)	£11,536 - Lower than expected hall hire and bar income.
Support Service Charges	105,220	52,656	52,656	0	0	52,564	
Net Expenditure	**249,870**	**85,408**	**77,167**	**(8,241)**	**21,957**	**150,746**	

Account Description	Full Year Updated Budget	YTD Updated Budget	YTD Actuals	YTD Variance	Commitments	Remaining Budget	Explanation for Major Variances
Leisure Complexes							
Gross Direct Costs	317,709	133,907	134,375	468	180,752	2,582	No Major Variances.
Capital Charges	487,987	243,990	243,990	0	0	243,997	
Gross Direct Income	0	0	(500)	(500)	0	500	No Major Variances.
Support Service Charges	15,700	7,854	7,854	0	0	7,846	
Net Expenditure	**821,396**	**385,751**	**385,719**	**(32)**	**180,752**	**254,925**	
Other Sports							
Gross Direct Costs	146,142	74,172	57,950	(16,222)	7,836	80,355	(£13,428) - Spend on Sports Hubs and Clubs is lower than expected. (£4,697) - Lower than anticipated spend relating to Sporting Centre of Excellence project.
Capital Charges	3,527	1,764	1,764	0	0	1,763	
Gross Direct Income	(82,700)	(1,002)	19,495	20,497	0	(102,195)	(£17,000) - Public health funding grant. This will be offset by expenditure. £41,572 - Debtor provision for Community Sports Activation Grant for 16/17 not yet received.
Support Service Charges	37,770	18,900	18,900	0	0	18,870	
Net Expenditure	**104,739**	**93,834**	**98,109**	**4,275**	**7,836**	**(1,207)**	
Recreation Grounds							
Gross Direct Costs	8,465	3,525	3,817	292	5,250	(602)	No Major Variances.
Capital Charges	79	42	42	0	0	37	
Gross Direct Income	(1,000)	(500)	(935)	(435)	0	(65)	No Major Variances.
Support Service Charges	5,090	2,550	2,550	0	0	2,540	
Net Expenditure	**12,634**	**5,617**	**5,474**	**(143)**	**5,250**	**1,910**	
Arts & Entertainments							
Gross Direct Costs	75,010	42,002	41,742	(260)	19,025	14,243	No Major Variances.
Capital Charges	211	108	108	0	0	103	
Gross Direct Income	(1,460)	(732)	0	732	0	(1,460)	No Major Variances.
Support Service Charges	34,080	17,040	17,040	0	0	17,040	
Net Expenditure	**107,841**	**58,418**	**58,890**	**472**	**19,025**	**29,926**	
Pier Pavilion							
Gross Direct Costs	92,847	38,485	44,907	6,422	55,309	(7,369)	No Major Variances.
Gross Direct Income	0	0	(180)	(180)	0	180	No Major Variances.
Support Service Charges	9,150	4,578	4,578	0	0	4,572	
Net Expenditure	**101,997**	**43,063**	**49,305**	**6,242**	**55,309**	**(2,617)**	
Foreshore (Community)							
Gross Direct Costs	392,300	221,587	219,350	(2,237)	168,859	4,091	£3.716 - Higher fee payable to the RNLI for the lifeguard service. (£3,545) - Lower spend on memorial seats.
Gross Direct Income	0	0	(75)	(75)	0	75	No Major Variance.
Support Service Charges	30,180	15,096	15,096	0	0	15,084	
Net Expenditure	**422,480**	**236,683**	**234,371**	**(2,312)**	**168,859**	**19,250**	

Account Description	Full Year Updated Budget	YTD Updated Budget	YTD Actuals	YTD Variance	Commitments	Remaining Budget	Explanation for Major Variances
Woodlands Management							
Gross Direct Costs	131,419	66,077	77,012	10,935	29,894	24,513	(£2,153) - Salaries and oncosts are lower as a result of vacancies. This will be offset by staff regradings and overtime payments. £6,062 - Greater than anticipated level of emergency tree works. £2,696 - Scaffolding required for repairs.
Capital Charges	1,346	672	672	0	0	674	
Gross Direct Income	(25,550)	(12,780)	(20,028)	(7,248)	0	(5,522)	(£4,276) - Grant from the Woodland Trust. (£2,608) - Income from events & visits.
Support Service Charges	90,710	45,372	45,372	0	0	45,338	
Net Expenditure	**197,925**	**99,341**	**103,028**	**3,687**	**29,894**	**65,003**	
Cromer Pier							
Gross Direct Costs	43,539	32,121	28,780	(3,341)	10,867	3,892	No Major Variances.
Capital Charges	23,716	11,856	11,856	0	0	11,860	
Gross Direct Income	(20,709)	(10,354)	19,503	29,857	0	(40,212)	£29,858 - Debtor provision for storm damage insurance pay out. Income has not yet been received from the insurer.
Support Service Charges	9,950	4,980	4,980	0	0	4,970	
Net Expenditure	**56,496**	**38,603**	**65,120**	**26,517**	**10,867**	**(19,491)**	
Beach Huts & Chalets							
Gross Direct Costs	47,608	26,090	47,558	21,468	31,229	(31,179)	£23,557 - Repairs required as a result of storm damage in January 2017
Gross Direct Income	(120,165)	(120,165)	(139,277)	(19,112)	0	19,112	See Note A below.
Support Service Charges	58,340	29,178	29,178	0	0	29,162	
Net Expenditure	**(14,217)**	**(64,897)**	**(62,542)**	**2,355**	**31,229**	**17,095**	

Note A: (£34,401) - Fees charged to Hut Site renters to cover some costs of the January 2017 storm surge costs. £15,310 - Debtor provision for storm damage insurance pay out. Income has not yet been received from the insurer.

Account Description	Full Year Updated Budget	YTD Updated Budget	YTD Actuals	YTD Variance	Commitments	Remaining Budget	Explanation for Major Variances
Business Growth							
Gross Direct Costs	44,292	40,896	26,526	(14,370)	1,113	16,653	(£13,689) Professional fees in relation to business growth activities, no full year effect is anticipated.
Support Service Charges	198,800	99,402	99,402	0	0	99,398	
Net Expenditure	**243,092**	**140,298**	**125,928**	**(14,370)**	**1,113**	**116,051**	
Tourism							
Gross Direct Costs	40,338	6,892	5,200	(1,692)	850	34,288	No Major Variances.
Support Service Charges	56,930	28,464	28,464	0	0	28,466	
Net Expenditure	**97,268**	**35,356**	**33,664**	**(1,692)**	**850**	**62,754**	
Coast Protection							
Gross Direct Costs	320,975	176,603	199,885	23,282	151,355	(30,264)	£26,115 - Sea defence works.
Capital Charges	630,978	315,492	315,492	0	0	315,486	
Gross Direct Income	(25)	(12)	(912)	(900)	0	887	No Major Variances.
Support Service Charges	244,920	122,472	122,472	0	0	122,448	
Net Expenditure	**1,196,848**	**614,555**	**636,937**	**22,382**	**151,355**	**408,557**	
Business Growth Staffing							
Gross Direct Costs	250,311	125,166	105,461	(19,705)	0	144,850	(£15,869) Staff turnover savings from in year vacancies.
Support Service Charges	(250,311)	(125,136)	(125,136)	0	0	(125,175)	
Net Expenditure	**0**	**30**	**(19,675)**	**(19,705)**	**0**	**19,675**	

Account Description	Full Year Updated Budget	YTD Updated Budget	YTD Actuals	YTD Variance	Commitments	Remaining Budget	Explanation for Major Variances
Economic & Comm Dev Mgt							
Gross Direct Costs	77,830	38,922	36,462	(2,460)	0	41,368	No Major Variances.
Support Service Charges	(77,830)	(38,916)	(38,916)	0	0	(38,914)	
Net Expenditure	**0**	**6**	**(2,454)**	**(2,460)**	**0**	**2,454**	
Leisure							
Gross Direct Costs	235,065	110,017	109,243	(775)	883	124,939	No Major Variances.
Capital Charges	2,160	1,080	1,080	0	0	1,080	No Major Variances.
Gross Direct Income	(700)	(348)	0	348	0	(700)	No Major Variances.
Support Service Charges	(90,089)	(45,036)	(45,036)	0	0	(45,053)	
Net Expenditure	**146,436**	**65,713**	**65,287**	**(427)**	**883**	**80,266**	
Housing (Health & Wellbeing)							
Gross Direct Costs	191,361	92,298	86,211	(6,087)	0	105,150	No Major Variances.
Capital Charges	1,088,121	0	0	0	0	1,088,121	
Gross Direct Income	0	0	(35,441)	(35,441)	0	35,441	Net prior year surplus' on Home Improvement Agency contract returned by South Norfolk District Council.
Support Service Charges	14,039	7,032	7,032	0	0	7,007	
Net Expenditure	**1,293,521**	**99,330**	**57,802**	**(41,528)**	**0**	**1,235,719**	
Housing Strategy							
Gross Direct Costs	271,576	113,842	101,908	(11,934)	29,996	139,673	(£10,910) Staff turnover savings from a vacant post.
Gross Direct Income	(23,800)	0	(98,280)	(98,280)	0	74,480	(£98,280) Vat Sharing agreement with Victory Housing Association, this will be offset by a contribution to the Capital Projects reserve.
Support Service Charges	22,738	11,376	11,376	0	0	11,362	
Net Expenditure	**270,514**	**125,218**	**15,004**	**(110,214)**	**29,996**	**225,514**	
Community And Localism							
Gross Direct Costs	369,432	41,169	49,028	7,859	20	320,384	£14,405 - Spend incurred as part of the Youth Advisory Board project. This will be offset by grant income. (£4,639) - Uncommitted and unclaimed Big Society Fund grants.
Gross Direct Income	(607,118)	(309,824)	(309,824)	(0)	0	(297,294)	No Major Variances.
Support Service Charges	105,970	52,992	52,992	0	0	52,978	
Net Expenditure	**(131,716)**	**(215,663)**	**(207,804)**	**7,859**	**20**	**76,068**	
Coastal Management							
Gross Direct Costs	159,210	79,614	68,573	(11,041)	624	90,013	(£10,786) - Employee savings resulting from a vacant post.
Support Service Charges	(159,210)	(79,596)	(79,536)	60	0	(79,674)	
Net Expenditure	**0**	**18**	**(10,963)**	**(10,981)**	**624**	**10,339**	
Total Economic and Community Development	**4,048,597**	**764,471**	**638,540**	**(125,931)**	**1,023,670**	**2,386,387**	

Service Area Summaries P6 2017/18

Environmental Health

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
Commercial Services							
Gross Direct Costs	375,400	193,209	185,521	(7,688)	5,789	184,090	(£9,502) - Lower salaries & oncosts.
Gross Direct Income	(24,435)	(12,216)	(11,624)	592	0	(12,811)	
Support Service Charges	136,110	68,064	68,064	0	0	68,046	
Net Expenditure	**487,075**	**249,057**	**241,961**	**(7,096)**	**5,789**	**239,325**	
Rural Sewerage Schemes							
Gross Direct Costs	374,254	187,512	187,512	0	0	186,743	No Major Variance.
Support Service Charges	220	108	108	0	0	112	
Net Expenditure	**374,474**	**187,620**	**187,620**	**0**	**0**	**186,855**	
Travellers							
Gross Direct Costs	5,498	25,815	25,664	(151)	17,011	(37,178)	No Major Variance.
Capital Charges	97,800	48,900	48,900	0	0	48,900	
Gross Direct Income	(4,000)	(2,004)	(604)	1,400	0	(3,396)	No Major Variance.
Support Service Charges	1,320	660	660	0	0	660	
Net Expenditure	**100,618**	**73,371**	**74,620**	**1,249**	**17,011**	**8,986**	
Public Protection							
Gross Direct Costs	190,436	95,518	94,251	(1,267)	11,833	84,352	No Major Variance.
Gross Direct Income	(161,185)	(85,271)	(72,063)	13,208	0	(89,122)	£16,182 - Lower Licence fee income.
Support Service Charges	133,400	66,708	66,708	0	0	66,692	
Net Expenditure	**162,651**	**76,955**	**88,896**	**11,941**	**11,833**	**61,921**	
Street Signage							
Gross Direct Costs	14,719	7,353	3,746	(3,607)	187	10,786	(£2,712) - Lower costs relating to street sign installation.
Capital Charges	7,565	3,780	3,780	0	0	3,785	
Support Service Charges	540	270	270	0	0	270	
Net Expenditure	**22,824**	**11,403**	**7,796**	**(3,607)**	**187**	**14,841**	
Environmental Protection							
Gross Direct Costs	490,487	248,936	247,108	(1,828)	19,654	223,725	£3,012 - Higher salaries & oncosts. (£2,981) - Lower professional fees.
Capital Charges	2,612	1,308	1,308	0	0	1,304	
Gross Direct Income	(15,000)	(7,469)	(10,186)	(2,717)	0	(4,814)	(£2,018) - Income from assisted burials.
Support Service Charges	185,840	92,934	92,934	0	0	92,906	
Net Expenditure	**663,939**	**335,709**	**331,165**	**(4,544)**	**19,654**	**313,121**	
Env Health - Service Mgmt							
Gross Direct Costs	131,759	60,595	54,286	(6,310)	11,762	65,711	(£3,272) - Staff training not yet undertaken.
Capital Charges	20,181	10,092	10,092	0	0	10,089	
Support Service Charges	(163,504)	(81,750)	(81,750)	0	350	(82,104)	
Net Expenditure	**(11,564)**	**(11,063)**	**(17,372)**	**(6,310)**	**12,112**	**(6,304)**	
Corporate Enforcement Team							
Gross Direct Costs	150,202	75,106	76,735	1,629	232	73,235	No Major Variance.
Support Service Charges	(125,202)	(62,598)	(62,598)	0	0	(62,604)	
Net Expenditure	**25,000**	**12,508**	**14,137**	**1,629**	**232**	**10,631**	

Environmental Health

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
Environmental Contracts							
Gross Direct Costs	235,392	117,684	107,163	(10,521)	252	127,978	(£8,899) - Lower staff costs because of recruitment delays.
Gross Direct Income	0	0	(1,000)	(1,000)	0	1,000	No Major Variance.
Net Expenditure	**235,392**	**117,684**	**106,163**	**(11,521)**	**252**	**128,978**	
Waste Collection And Disposal							
Gross Direct Costs	3,490,180	1,342,233	1,175,372	(166,861)	1,758,035	556,773	(£82,930) Monthly invoices relating to Kier not yet processed; (£80,134) Invoices for commercial waste not paid - no data provided by Norfolk County Council.
Capital Charges	328,914	164,460	164,460	0	0	164,454	
Gross Direct Income	(2,905,987)	(1,842,936)	(1,906,436)	(63,500)	0	(999,551)	(£92,185) Additional income from trade waste customers. £151,005 Income expected from Kier for garden bins and bulky collections not received - invoice to be raised in October, (£120,531) - Recycling credit income - budgets to be re-profiled.
Support Service Charges	193,980	97,038	97,038	0	0	96,942	
Net Expenditure	**1,107,087**	**(239,205)**	**(469,567)**	**(230,362)**	**1,758,035**	**(181,381)**	
Cleansing							
Gross Direct Costs	587,626	246,449	241,311	(5,138)	381,092	(34,776)	£57,708 Purchase of 12 solar powered bins; (£65,739) Kier contract payment and creditor provision made for contract variations in 2016/17 not processed ; £3,024 repair and maintenance for bin stores.
Gross Direct Income	(46,424)	(46,424)	(79,758)	(33,334)	0	33,334	Contributions for solar powered compactor bins and additional income from dog and litter bins.
Support Service Charges	29,090	14,538	14,538	0	0	14,552	
Net Expenditure	**570,292**	**214,563**	**176,090**	**(38,473)**	**381,092**	**13,110**	
Environmental Strategy							
Gross Direct Costs	17,500	8,000	19,691	11,691	11,461	(13,652)	Expenditure incurred on Green Build event £7,859 salaries, £3,832 - other professional fees.
Gross Direct Income	(12,500)	(12,500)	(13,133)	(633)	0	633	No Major Variance.
Support Service Charges	5,520	2,766	2,766	0	0	2,754	
Net Expenditure	**10,520**	**(1,734)**	**9,324**	**11,058**	**11,461**	**(10,265)**	
Community Safety							
Gross Direct Costs	24,725	12,366	11,867	(500)	0	12,859	No Major Variance.
Support Service Charges	8,860	4,428	4,428	0	0	4,432	
Net Expenditure	**33,585**	**16,794**	**16,295**	**(500)**	**0**	**17,291**	
Civil Contingencies							
Gross Direct Costs	97,856	47,244	45,409	(1,835)	2,356	50,091	No Major Variance.
Support Service Charges	39,560	19,782	19,782	0	0	19,778	
Net Expenditure	**137,416**	**67,026**	**65,191**	**(1,835)**	**2,356**	**69,869**	
Total Environmental Healt	**3,919,309**	**1,110,688**	**832,319**	**(278,369)**	**2,220,013**	**866,977**	

Service Area Summaries P6 2017/18

Finance & Assets

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
Industrial Estates							
Gross Direct Costs	21,666	13,267	9,704	(3,563)	3,314	8,648	No Major Variances.
Capital Charges	46,239	23,118	23,118	0	0	23,121	
Gross Direct Income	(132,415)	(64,900)	(60,596)	4,304	0	(71,819)	£4,304 - Lower rental income which reflects reduced costs; recharges for insurance premiums not invoiced.
Support Service Charges	72,650	36,348	36,348	0	0	36,302	
Net Expenditure	**8,140**	**7,833**	**8,574**	**741**	**3,314**	**(3,748)**	
Surveyors Allotments							
Gross Direct Income	(50)	(24)	(50)	(26)	0	0	No Major Variances.
Support Service Charges	5,190	2,598	2,598	0	0	2,592	
Net Expenditure	**5,140**	**2,574**	**2,548**	**(26)**	**0**	**2,592**	
Handy Man							
Gross Direct Costs	66,811	33,402	33,836	434	42	32,933	No Major Variances.
Capital Charges	2,739	1,368	1,368	0	0	1,371	
Gross Direct Income	(106,800)	(53,400)	(35,657)	17,743	0	(71,143)	Recharges not processed.
Support Service Charges	58,450	29,232	29,232	0	0	29,218	
Net Expenditure	**21,200**	**10,602**	**28,778**	**18,176**	**42**	**(7,621)**	
Parklands							
Gross Direct Costs	26,130	13,112	10,165	(2,947)	139	15,825	Electricity expenditure.
Capital Charges	2,750	1,374	1,374	0	0	1,376	
Gross Direct Income	(57,210)	(48,750)	(58,210)	(9,460)	0	1,000	(£11,500) Commission payment re sale of unit .
Support Service Charges	41,700	20,850	20,850	0	0	20,850	
Net Expenditure	**13,370**	**(13,414)**	**(25,821)**	**(12,407)**	**139**	**39,051**	
Benefits Subsidy							
Gross Direct Costs	27,392,779	0	7,718	7,718	0	27,385,061	This relates to bad debt write offs which are not budgeted for at service level.
Gross Direct Income	(27,392,779)	0	(4,845)	(4,845)	0	(27,387,934)	No Major Variances.
Net Expenditure	**0**	**0**	**2,873**	**2,873**	**0**	**(2,873)**	
Discretionary Payments							
Gross Direct Costs	70,798	70,798	70,798	0	0	0	No Major Variances.
Support Service Charges	2,750	1,374	1,374	0	0	1,376	
Net Expenditure	**73,548**	**72,172**	**72,172**	**0**	**0**	**1,376**	
Non Distributed Costs							
Gross Direct Costs	0	108,035	107,438	(597)	0	(107,438)	No Major Variances.
Net Expenditure	**0**	**108,035**	**107,438**	**(597)**	**0**	**(107,438)**	
Administration Buildings Svs							
Gross Direct Costs	504,548	313,593	311,337	(2,256)	117,196	76,015	See Note A below.
Capital Charges	115,217	57,606	57,606	0	0	57,611	
Gross Direct Income	(239,528)	(108,488)	(65,284)	43,204	0	(174,244)	£34,218 Canteen income (budgets to be reviewed in line with the new catering contract) £3,328 rents and service charges; £5,640 Insurance claim to staff car park.
Support Service Charges	(274,710)	(137,352)	(137,352)	0	0	(137,358)	
Net Expenditure	**105,527**	**125,359**	**166,307**	**40,948**	**117,196**	**(177,976)**	

Note A: (£31,674) direct costs for the canteen - budgets to be vired to cover the management fee and misc. repairs and maintenance. (£6,529) No reactive repairs and maintenance undertaken at Fakenham and North Walsham offices; £32,189 repair and maintenance costs for the Cromer offices (to include: carpet fitting and screens, upgrading wiring and intruder alarm systems, repairs to the staff car park). Funds are available within the Asset Management Reserve to cover these costs.

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
Property Services							
Gross Direct Costs	466,249	253,110	234,750	(18,360)	50,655	180,844	(£15,870) Lower employee costs due to a vacant post.
Capital Charges	12,773	6,384	6,384	0	0	6,389	
Gross Direct Income	0	0	(7,029)	(7,029)	0	7,029	Repayment of Golden Hello and sale of land at Fakenham.
Support Service Charges	(560,475)	(280,230)	(279,725)	505	0	(280,750)	
Net Expenditure	**(81,453)**	**(20,736)**	**(45,621)**	**(24,885)**	**135,122**	**(86,487)**	

Finance & Assets

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
Head Of Assets & Finance							
Gross Direct Costs	86,109	43,056	48,049	4,993	0	38,060	£4,908 - Higher employee costs.
Support Service Charges	(86,109)	(43,098)	(43,098)	0	0	(43,011)	
Net Expenditure	**0**	**(42)**	**4,951**	**4,993**	**0**	**(4,951)**	
Corporate Finance							
Gross Direct Costs	447,584	223,788	202,631	(21,157)	17,604	227,349	(£22,983) Staff turnover savings as a result of changes in the budgeted establishment. £3,074 Increased subscription costs.
Capital Charges	4,491	2,244	2,244	0	0	2,247	
Support Service Charges	(452,075)	(226,056)	(226,056)	0	0	(226,019)	
Net Expenditure	**0**	**(24)**	**(21,181)**	**(21,157)**	**17,604**	**3,577**	
Insurance & Risk Management							
Gross Direct Costs	167,305	83,661	87,185	3,524	0	80,120	£3,775 - public liability insurance is higher than expected.
Gross Direct Income	(650)	(324)	(86)	238	0	(564)	
Support Service Charges	(176,017)	(88,032)	(88,032)	0	0	(87,985)	
Net Expenditure	**(9,362)**	**(4,696)**	**(934)**	**3,762**	**0**	**(8,428)**	
Internal Audit							
Gross Direct Costs	94,000	16,687	16,687	(1)	57,070	20,244	No Major Variances.
Support Service Charges	(94,000)	(46,998)	(46,998)	0	0	(47,002)	
Net Expenditure	**0**	**(30,311)**	**(30,312)**	**(1)**	**57,070**	**(26,758)**	
Playgrounds							
Gross Direct Costs	72,195	47,275	47,509	234	12,343	12,344	No Major Variances.
Gross Direct Income	(41,200)	(38,700)	(38,700)	0	0	(2,500)	No Major Variances.
Support Service Charges	23,150	11,580	11,580	0	0	11,570	
Net Expenditure	**54,145**	**20,155**	**20,389**	**234**	**12,343**	**21,414**	
Community Centres							
Gross Direct Costs	5,938	2,928	204	(2,724)	145	5,589	No Major Variances.
Support Service Charges	10,170	5,094	5,094	0	0	5,076	
Net Expenditure	**16,108**	**8,022**	**5,298**	**(2,724)**	**145**	**10,665**	
Public Conveniences							
Gross Direct Costs	457,379	240,255	240,546	291	135,122	81,711	No Major Variances.
Capital Charges	141,917	70,956	70,956	0	0	70,961	
Gross Direct Income	0	0	3,384	3,384	0	(3,384)	Outstanding insurance claims for Storm Damage.
Support Service Charges	67,307	33,654	33,654	0	0	33,653	
Net Expenditure	**666,603**	**344,865**	**348,540**	**3,675**	**135,122**	**182,941**	
Investment Properties							
Gross Direct Costs	66,568	42,346	48,957	6,611	34,496	(16,885)	£9,384 Reactive repairs and maintenance costs of which £3,940 relates to Storm Damage.
Capital Charges	136,399	68,202	68,202	0	0	68,197	
Gross Direct Income	(92,976)	(56,057)	(53,843)	2,214	0	(39,133)	(£29,220) - Concession income. £8,175 - Other rents. £19,019 - awaiting reimbursement of insurance claims.
Support Service Charges	65,400	32,718	32,718	0	0	32,682	
Net Expenditure	**175,391**	**87,209**	**96,034**	**8,825**	**34,496**	**44,861**	
Central Costs							
Gross Direct Costs	84,043	42,514	45,193	2,679	15	38,835	No Major Variances.
Support Service Charges	(84,043)	(42,006)	(42,006)	0	0	(42,037)	
Net Expenditure	**0**	**508**	**3,187**	**2,679**	**15**	**(3,202)**	
Corporate & Democratic Core							
Gross Direct Costs	441,503	292,948	257,842	(35,106)	3,717	179,944	(£28,276) - External audit invoices not yet received. (£2,204) - Lower salaries & oncosts.
Support Service Charges	903,990	452,004	452,004	0	0	451,986	
Net Expenditure	**1,345,493**	**744,952**	**709,846**	**(35,106)**	**3,717**	**631,930**	
Total Finance & Assets	**2,393,850**	**1,463,064**	**1,453,068**	**(9,996)**	**516,324**	**508,925**	

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Legal & Democratic Services

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commit ments £	Remaining Budget £	Explanation for Major Variances
Members Services							
Gross Direct Costs	497,845	248,940	241,923	(7,017)	3,338	252,584	(£4,036) - Members' mileage claims lower than expected. (£4,740) - Computer hardware purchases. £7,257 - Members' basic allowance higher than anticipated. This is as a result of the 1% increase in line with staff pay award and the appointment of 2 new Members to Cabinet. This will result in a full year overspend of £16,000.
Capital Charges	2,500	1,248	1,248	0	0	1,252	
Gross Direct Income	(400)	(198)	(85)	113	0	(315)	
Support Service Charges	156,040	78,030	78,030	0	0	78,010	
Net Expenditure	**655,985**	**328,020**	**321,117**	**(6,903)**	**3,338**	**331,530**	
Legal Services							
Gross Direct Costs	578,767	289,376	268,469	(20,907)	12,408	297,890	(£21,642) - Lower salaries and oncosts as a result of vacant posts, partially offset by new appointment advertising costs and fees paid to locum lawyers. (£4,151) - Lower than anticipated spend on client disbursements, no FYE anticipated.
Gross Direct Income	(298,186)	(77,571)	(96,747)	(19,177)	0	(201,439)	(£19,191) - Fee income is higher than anticipated.
Support Service Charges	(280,581)	(140,280)	(140,220)	60	0	(140,361)	
Net Expenditure	**0**	**71,526**	**31,502**	**(40,024)**	**12,408**	**(43,910)**	
Total Legal & Democratic Services	**655,985**	**399,546**	**352,618**	**(46,927)**	**15,746**	**287,620**	

Service Area Summaries P6 2017/18

Planning

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
Development Management							
Gross Direct Costs	929,152	475,641	478,805	3,164	72,018	378,329	(£9,546) Staff turnover savings offset by additional costs relating to planning appeals.
Capital Charges	38,721	19,362	19,362	0	0	19,359	
Gross Direct Income	(780,620)	(402,808)	(503,349)	(100,541)	0	(277,271)	Planning Fee income up against the profiled budget. This is predominately due to a large fee being received for a major housing development in Fakenham.
Support Service Charges	603,050	301,548	301,548	0	0	301,502	
Net Expenditure	**790,303**	**393,743**	**296,366**	**(97,377)**	**72,018**	**421,919**	
Planning Policy							
Gross Direct Costs	597,315	299,032	156,708	(142,324)	34,392	406,215	(£85,086) Slippage in planned spend on the Local Plan review. (£51,016) Staff turnover as a result of vacant posts and maternity leave.
Gross Direct Income	0	0	(5,200)	(5,200)	0	5,200	(£5,000) Neighbourhood Plan grant, this will be offset by expenditure.
Support Service Charges	67,376	33,690	33,690	0	0	33,686	
Net Expenditure	**664,691**	**332,722**	**185,198**	**(147,524)**	**34,392**	**445,101**	
Conservation, Design & Landscape							
Gross Direct Costs	102,261	48,624	40,127	(8,497)	7,593	54,542	(£4,892) Contributions still to be made.
Support Service Charges	66,670	33,342	33,342	0	0	33,328	
Net Expenditure	**168,931**	**81,966**	**73,469**	**(8,497)**	**7,593**	**87,870**	
Major Developments							
Gross Direct Costs	246,705	123,354	118,592	(4,762)	2,914	125,199	No Major Variances.
Gross Direct Income	0	0	(6,285)	(6,285)	0	6,285	Recovery of Qualification training costs.
Support Service Charges	100,320	50,172	50,172	0	0	50,148	
Net Expenditure	**347,025**	**173,526**	**162,479**	**(11,047)**	**2,914**	**181,632**	
Building Control							
Gross Direct Costs	367,439	183,714	185,848	2,134	1,664	179,927	£5,014 Employee costs offset by (£3,280) savings in transport related expenditure.
Gross Direct Income	(372,581)	(186,294)	(194,985)	(8,691)	0	(177,596)	Building control fee income is up against the profiled budget.
Support Service Charges	122,220	61,140	61,140	0	0	61,080	
Net Expenditure	**117,078**	**58,560**	**52,003**	**(6,557)**	**1,664**	**63,411**	
Head Of Planning							
Gross Direct Costs	167,256	83,622	80,821	(2,801)	0	86,435	No Major Variances.
Support Service Charges	(167,256)	(83,616)	(83,616)	0	0	(83,640)	
Net Expenditure	**0**	**6**	**(2,795)**	**(2,801)**	**0**	**2,795**	

Account Description	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	YTD Variance £	Commitments £	Remaining Budget £	Explanation for Major Variances
Property Information							
Gross Direct Costs	190,724	84,536	67,824	(16,712)	50,273	72,627	(£16,028) Accrual for 16/17 Norfolk County Council search fees not fully offset by expenditure.
Gross Direct Income	(169,000)	(84,504)	(122,260)	(37,756)	0	(46,740)	Land Charges fee income is up against the profiled budget.
Support Service Charges	66,890	33,456	33,456	0	0	33,434	
Net Expenditure	**88,614**	**33,488**	**(20,980)**	**(54,468)**	**50,273**	**59,321**	
Total Planning	**2,176,642**	**1,074,011**	**745,740**	**(328,271)**	**168,853**	**1,262,050**	

Service Area Summaries P6 2017/18

Clt / Corporate

Cost Centre Name	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	Variance YTD £	Commitments £	Remaining Budget £
Human Resources & Payroll	0	24	(10,503)	(10,527)	26,664	(16,161)
Policy & Performance Mgt	(9,362)	(4,673)	(6,421)	(1,748)	0	(2,941)
Registration Services	306,315	152,906	192,488	39,582	290	113,537
Corporate Leadership Team	0	12	(6,772)	(6,784)	40	6,732
Communications	18,724	9,376	(1,520)	(10,896)	3,770	16,474
CLT / Corporate	**315,677**	**157,645**	**167,273**	**9,628**	**30,764**	**117,641**

Customer Services & ICT

Cost Centre Name	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	Variance YTD £	Commitments £	Remaining Budget £
Local Taxation	562,787	350,513	292,670	(57,843)	15,735	254,382
Benefits Administration	958,946	699,036	683,517	(15,519)	1,192	274,237
It - Support Services	6,110	(103,118)	(73,836)	29,282	156,597	(76,651)
TIC'S	237,538	121,095	115,867	(5,228)	11,974	109,697
Homelessness	436,980	217,032	146,544	(70,488)	32,623	257,813
Customer Services Housing	0	12	(9,985)	(9,997)	0	9,985
Digital Transformation	90,000	55,434	63,537	8,103	12,783	13,680
Reprographics	0	(6)	(7,957)	(7,951)	3,694	4,263
Customer Services - Corporate	0	(18)	(852)	(834)	4,263	(3,412)
Customer Services & ICT	**2,292,361**	**1,339,980**	**1,209,507**	**(130,474)**	**238,861**	**843,993**

Economic and Community Development

Cost Centre Name	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	Variance YTD £	Commitments £	Remaining Budget £
Health	0	0	(6,773)	(6,773)	0	6,773
Car Parking	(1,802,768)	(1,370,532)	(1,315,750)	54,782	109,596	(596,615)
Markets	36,869	(16,362)	(26,881)	(10,519)	500	63,250
Parks & Open Spaces	444,481	201,130	190,167	(10,963)	184,757	69,558
Foreshore	192,891	103,553	89,411	(14,142)	12,998	90,482
Sports Centres	249,870	85,408	77,167	(8,241)	21,957	150,746
Leisure Complexes	821,396	385,751	385,719	(32)	180,752	254,925
Other Sports	104,739	93,834	98,109	4,275	7,836	(1,207)
Recreation Grounds	12,634	5,617	5,474	(143)	5,250	1,910
Arts & Entertainments	107,841	58,418	58,890	472	19,025	29,926
Pier Pavilion	101,997	43,063	49,305	6,242	55,309	(2,617)
Foreshore (Community)	422,480	236,683	234,371	(2,312)	168,859	19,250
Woodlands Management	197,925	99,341	103,028	3,687	29,894	65,003
Cromer Pier	56,496	38,603	65,120	26,517	10,867	(19,491)
Beach Huts & Chalets	(14,217)	(64,897)	(62,542)	2,355	31,229	17,095
Business Growth	243,092	140,298	125,928	(14,370)	1,113	116,051
Tourism	97,268	35,356	33,664	(1,692)	850	62,754
Coast Protection	1,196,848	614,555	636,937	22,382	151,355	408,557
Business Growth Staffing	0	30	(19,675)	(19,705)	0	19,675
Economic & Comm Dev Mgt	0	6	(2,454)	(2,460)	0	2,454
Leisure	146,436	65,713	65,287	(427)	883	80,266
Housing (Health & Wellbeing)	1,293,521	99,330	57,802	(41,528)	0	1,235,719
Housing Strategy	270,514	125,218	15,004	(110,214)	29,996	225,514
Community And Localism	(131,716)	(215,663)	(207,804)	7,859	20	76,068
Coastal Management	0	18	(10,963)	(10,981)	624	10,339
Total Economic and Community Development	**4,048,597**	**764,471**	**638,540**	**(125,931)**	**1,023,670**	**2,386,387**

Service Area Summaries P6 2017/18

Environmental Health

Cost Centre Name	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	Variance YTD £	Commitments £	Remaining Budget £
Commercial Services	487,075	249,057	241,961	(7,096)	5,789	239,325
Rural Sewerage Schemes	374,474	187,620	187,620	0	0	186,855
Travellers	100,618	73,371	74,620	1,249	17,011	8,986
Public Protection	162,651	76,955	88,896	11,941	11,833	61,921
Street Signage	22,824	11,403	7,796	(3,607)	187	14,841
Environmental Protection	663,939	335,709	331,165	(4,544)	19,654	313,121
Env Health - Service Mgmt	(11,564)	(11,063)	(17,372)	(6,310)	12,112	(6,304)
Corporate Enforcement Team	25,000	12,508	14,137	1,629	232	10,631
Environmental Contracts	235,392	117,684	106,163	(11,521)	252	128,978
Waste Collection And Disposal	1,107,087	(239,205)	(469,567)	(230,362)	1,758,035	(181,381)
Cleansing	570,292	214,563	176,090	(38,473)	381,092	13,110
Environmental Strategy	10,520	(1,734)	9,324	11,058	11,461	(10,265)
Community Safety	33,585	16,794	16,295	(500)	0	17,291
Civil Contingencies	137,416	67,026	65,191	(1,835)	2,356	69,869
Total Environment	**3,919,309**	**1,110,688**	**832,319**	**(278,369)**	**2,220,013**	**866,977**

Finance & Assets

Cost Centre Name	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	Variance YTD £	Commitments £	Remaining Budget £
Industrial Estates	8,140	7,833	8,574	741	3,314	(3,748)
Surveyors Allotments	5,140	2,574	2,548	(26)	0	2,592
Handy Man	21,200	10,602	28,778	18,176	42	(7,621)
Parklands	13,370	(13,414)	(25,821)	(12,407)	139	39,051
Benefits Subsidy	0	0	2,873	2,873	0	(2,873)
Discretionary Payments	73,548	72,172	72,172	0	0	1,376
Non Distributed Costs	0	108,035	107,438	(597)	0	(107,438)
Administration Buildings Svs	105,527	125,359	166,307	40,948	117,196	(177,976)
Property Services	(81,453)	(20,736)	(45,621)	(24,885)	50,655	(86,487)
Head Of Assets & Finance	0	(42)	4,951	4,993	0	(4,951)
Corporate Finance	0	(24)	(21,181)	(21,157)	17,604	3,577
Insurance & Risk Management	(9,362)	(4,696)	(934)	3,762	0	(8,428)
Internal Audit	0	(30,311)	(30,312)	(1)	57,070	(26,758)
Playgrounds	54,145	20,155	20,389	234	12,343	21,414
Community Centres	16,108	8,022	5,298	(2,724)	145	10,665
Public Conveniences	666,603	344,865	348,540	3,675	135,122	182,941
Investment Properties	175,391	87,209	96,034	8,825	34,496	44,861
Central Costs	0	508	3,187	2,679	15	(3,202)
Corporate & Democratic Core	1,345,493	744,952	709,846	(35,106)	3,717	631,930
Total Finance and Assets	**2,393,850**	**1,463,064**	**1,453,068**	**(9,996)**	**431,857**	**508,925**

Legal & Democratic Services

Cost Centre Name	Full Year Updated Budget £	YTD Updated Budget £	YTD Actuals £	Variance YTD £	Commitments £	Remaining Budget £
Members Services	655,985	328,020	321,117	(6,903)	3,338	331,530
Legal Services	0	71,526	31,502	(40,024)	12,408	(43,910)
Legal & Democratic Services	**655,985**	**399,546**	**352,618**	**(46,927)**	**15,746**	**287,620**

Service Area Summaries P6 2017/18

Planning

Cost Centre Name	Full Year Updated Budget	YTD Updated Budget	YTD Actuals	Variance YTD	Commitments	Remaining Budget
	£	£	£	£	£	£
Development Management	790,303	393,743	296,194	(97,549)	72,018	422,091
Planning Policy	664,691	332,722	185,198	(147,524)	34,392	445,101
Conservation, Design & Landsca	168,931	81,966	73,469	(8,497)	7,593	87,870
Major Developments	347,025	173,526	162,479	(11,047)	2,914	181,632
Building Control	117,078	58,560	52,089	(6,471)	1,664	63,325
Head of Planning	0	6	(2,795)	(2,801)	0	2,795
Property Information	88,614	33,488	(21,070)	(54,558)	50,273	59,411
Total Planning	**2,176,642**	**1,074,011**	**745,564**	**(328,447)**	**168,853**	**1,262,226**
	15,802,421	**6,309,405**	**5,398,889**	**(910,516)**	**4,129,764**	**6,273,769**

GENERAL FUND CAPITAL PROGRAMME - 2017/18

Scheme	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	3,951	0	0	0
Egmere Business Zone	**1,895,000**	98,606	1,796,394	54,405	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	1,348	0	0	0
Car Park Refurbishment 2016/17	**112,827**	21,098	91,729	9,274	0	0	0
North Lodge Park	**197,000**	11,690	185,310	843	0	0	0
Office Improvements Kings Arms St	**30,000**	29,507	493	19,141	0	0	0
Purchase of New Car Park Vehicles	**60,000**	0	60,000	0	0	0	0
Deep History Coast	**500,000**	0	500,000	0	0	0	0
Fair Meadow House	**635,000**	0	635,000	639,110	0	0	0
	5,153,748	**342,293**	**4,811,455**	**728,072**	**0**	**0**	**0**

GENERAL FUND CAPITAL PROGRAMME - 2017/18

Scheme	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	379,419	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
Shannocks Hotel	**490,000**	23,897	466,103	17,167	0	0	0
Laundry Loke - Victory Housing	**100,000**	0	80,000	0	20,000	0	0
Temporary Accomodation for Homeless Households	**194,000**	169,950	24,050	2,260	0	0	0
Community Housing Fund	**2,198,262**	0	2,198,262	0	0	0	0
Provision of Temporary Accomodation	**610,000**	0	488,000	0	122,000	0	0
	7,822,262	**207,643**	**9,849,631**	**398,845**	**142,000**	**0**	**0**

GENERAL FUND CAPITAL PROGRAMME - 2017/18

Scheme	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 £
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
Cromer Pier and West Prom Refurbishment Project	**1,465,000**	699,013	215,987	211,785	550,000	0	0
Refurbishment Works to the Seaside Shelters	**149,500**	127,446	22,054	10,745	0	0	0
Cromer Coast Protection Scheme 982 and SEA	**8,822,000**	5,246,343	3,575,657	58,432	0	0	0
Pathfinder Project	**1,967,015**	1,683,310	283,705	152,000	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	95,901	0	0	0
Sheringham West Prom	**804,000**	632,504	171,496	34,348	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

GENERAL FUND CAPITAL PROGRAMME - 2017/18

Scheme	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 £
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	728	0	0	0
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	78,674	0	0	0
	20,831,225	**12,445,129**	**7,731,513**	**642,615**	**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	511	0	0	0
	268,120	**11,305**	**239,315**	**511**	**17,500**	**0**	**0**

GENERAL FUND CAPITAL PROGRAMME - 2017/18

Scheme	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
	£	£	£		£	£	£
Service Excellence							
Personal Computer Replacement Fund	**205,583**	181,929	23,654	14,475	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
Administrative Buildings	**250,570**	197,792	52,778	1,348	0	0	0
Planning System (Scanning of Old Files) - Business Transformation Programme	**100,000**	83,890	16,110	20,531	0	0	0
Council Chamber and Committee Room Improvements	**89,000**	948	88,052	46,485	0	0	0
Environmental Health IT System Procurement	**150,000**	6,327	143,673	10,500	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	5,900	0	0	0
Access Control Systems	**17,000**	15,087	1,913	948	0	0	0
Purchase of Bins	**120,000**	28,459	51,541	59,619	40,000	0	0
Customer Contact Centre	**60,000**	17,825	42,175	33,127	0	0	0
Purchase of Property Services Vehicle	**15,000**	0	15,000	0	0	0	0

GENERAL FUND CAPITAL PROGRAMME - 2017/18

Scheme	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
	£	£	£		£	£	£
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	16,665	0	0	0
Replacement Environmental Health Vehicle	**21,935**	0	21,935	22,605	0	0	0
Uniform Planning System	**140,000**	0	140,000	140,000	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	0	0	0	0
Management Information Systems	**50,000**	0	50,000	26,232	0	0	0
	1,873,593	**648,476**	**970,117**	**398,436**	**145,000**	**55,000**	**55,000**
	35,948,948	**13,654,846**	**23,602,031**	**2,168,478**	**959,083**	**55,000**	**55,000**

Capital Programme Financing

	Current Budget 2017/18	Updated Budget 2018/19	Updated Budget 2019/20	Updated Budget 2020/21
Grants	**9,585,617**	**104,583**	**0**	**0**
Other Contributions	**501,715**	**350,000**	**0**	**0**
Asset Management Reserve	**3,443**	**0**	**0**	**0**
Capital Project Reserve	**834,596**	**0**	**0**	**0**
Invest to Save Reserve / Broadband Reserve	**1,050,000**	**0**	**0**	**0**
Capital Receipts	**8,126,660**	**504,500**	**55,000**	**55,000**
Internal / External Borrowing	**3,500,000**	**0**	**0**	**0**
TOTAL FINANCING	**23,602,031**	**959,083**	**55,000**	**55,000**

Savings and Additional Income 2017/18

Ref.	Service	Savings Title	Workstream (where applicable)	Brief Outline of Saving/Additional Income (where applicable)	Saving(S) /Income(I)	2017/18 Budgeted Savings and Additional Income £	2017/18 Budgeted savings and Additional Income P6 Update £	Variance £
AL2	Community, Econ Dev & Coast	Car Parks - Fakenham Car Park - Community Centre	3. Property Investment & Asset Commercialisation	This proposal relates to brining the community centre at Fakenham into the Car Park Order (CPO) to enable the site to become pay and display. The car park already has a hard surface with approximately 25 spaces already laid marked out, this proposal only requires a change to the CPO and the installation of a car park ticket machine.	I	(7,815)	(9,000)	(1,185)
AL6	Community, Econ Dev & Coast	Beach Hut Fees and Charges	3. Property Investment & Asset Commercialisation	This proposal relates to the revision of Beach Hut Fee Income	I	(20,000)	(20,000)	0
ECD1	Community, Econ Dev & Coast	Coastal Management Revenue Works	7. Other Efficiencies and Savings	Reduction in coastal defence revenue budget (currently £350,000 pa) by a suitable amount, which would maintain essential maintenance or small scale repairs and maintenance works only (retaining, for example, £120,000 for this). Any reduction could, however be replaced by capital funds (either as an injection at the start of the period or on an annual basis) and greater efforts could be made to attract third party contributions to small-scale coast defence works, as they are for larger, grant supported schemes. The greater certainty that 'capitalising' funds in this way could bring, may enable substantial consequential savings, through procurement, project management, staff time etc.	S	(50,000)	(50,000)	0
ECD2	Community, Econ Dev & Coast	Tourism Development & Destination Marketing	7. Other Efficiencies and Savings	Having reviewed the total resource commitment to tourism development and destination management and marketing and restructuring is proposed within the Economic Growth Team as well as a review of contractual arrangements with external providers and partner organisations. It is suggested that greater emphasis is placed on the Local Destination Management Organisation (DMO) in procuring and providing web site services and ongoing data management. This is expected to provide savings on contracts and in the level of staff time needed to be committed. A business case will be submitted to CLT, which is likely to involve the deletion of three posts (approximately 2.65 FTE) and the creation of two different posts (likely to be at a lower level). The only savings I have enumerated below relate to the change in contract arrangements for the VNN website; any savings on staff resources will be utilised in other posts within the team to align its activities more closely with the Corporate Plan priorities.	S	(12,000)	(12,000)	0
ECD4	Community, Econ dev & Coast	Economic Growth	7. Other Efficiencies and Savings	NNDC's Learning and Skills Team, under the banner of Learning 4 Everyone, was set up in a very different economic climate and public policy context. A review of the external needs of businesses has been undertaken and the intention is to restructure the team to better focus on meeting the needs and achieving the priorities in the Corporate Plan. It is proposed to replace the four existing posts (all of which are fixed term), with one (fixed term), to be paid for out of reserves carried forward from previous years within the service. Technically, as the posts to be restructured are fixed-term, no savings on staff costs will result; however, there will be substantial 'overheads' savings and consequential efficiencies, compared with past years. This means that more 'management resource' will be more effectively applied to supporting other priorities.	S	(46,582)	(46,582)	0
ECD5	Community, Econ Dev & Coast	Miscellaneous Contributions	7. Other Efficiencies and Savings	The service makes contributions to a range of external bodies, either through membership or as grants. These should be reviewed and/or renegotiated. In some cases it could be considered that in-kind contributions can substitute financial contributions. Precise savings to be determined but the areas to examine would include funding for NALEP, Norfolk Chamber, NSEA and possibly others yet to be determined.	S	(10,000)	(10,000)	0
SUB TOTAL Community, Econ dev & Coast						**(146,397)**	**(147,582)**	**(1,185)**
CSIT3	CUSTOMER SERVICES & ICT	Revision of Reprographics Services	2 Digital Transformation	Alter the service delivery approach of the Reprogrphics Service to reduce the requirenment for printing hardware and reduce costs of print & mail activity by accessing web based services.	S	(82,648)	(84,899)	(2,251)
F2	CUSTOMER SERVICES & ICT	Vacant Post Review	7. Other Efficiencies and Savings	Review and rationalisation of currently held vacant posts within the revenues and benefits services.	S	(106,435)	(106,435)	0
ORG1	CUSTOMER SERVICES & ICT	Reduction of posts	7. Other Efficiencies and Savings	The potential reduction of posts across the following teams:- Elections, Reprographics and Democratic Services. Figures are based on the removal of those posts rather than a reduction in hours.	S	(22,288)	(22,288)	0
SUB TOTAL CUSTOMER SERVICES & ICT						**(211,371)**	**(213,622)**	**(2,251)**

Savings and Additional Income 2017/18

Ref.	Service	Savings Title	Workstream (where applicable)	Brief Outline of Saving/Additional Income (where applicable)	Saving(S) /Income(I)	2017/18 Budgeted Savings and Additional Income £	2017/18 Budgeted savings and Additional Income P6 Update £	Variance £
EH2	Environmental Health	Green Build	6. Maximising Income and Reducing Costs	Greenbuild is run each September to promote sustainable living and to promote Council activity and services. There is a budget of £10,000 per annum. It is proposed to reduce this budget to make the event cost neutral to the Council. It is anticipated that this would be through a mixture of savings and generating additional income from the event.	S	(5,000)	(5,000)	0
EH4	Environmental Health	Waste & related Services Review	6. Maximising Income and Reducing Costs	Additional Income from increase in Garden Waste Service subscription charge (£18,720). Increased income from increase in fee for trade waste lifts (£40,000). Direct arrangement of the night soil collection service (£8,000). Removal of allowance for additional trade waste RCV(£86,000).	S	(66,720)	(66,720)	0
EH6	Environmental Health	Civil Contingencies budget savings	6. Maximising Income and Reducing Costs	Reducution in budget lines within the Civil Contengencies budget; training budget reduction; removal of external printing budget.	S	(2,800)	(2,800)	0
EH3	Environmental Health	Staffing Costs	7. Other Efficiencies and Savings	Reduction in staffing costs through: Yr1 - Rationalisation of existing staffing structures Yr 2 BPR effects (agile working, efficiencies etc.) Yr 3 - further structural changes.	S	(33,600)	(33,600)	0
SUB TOTAL Environmental Health						**(108,120)**	**(108,120)**	**0**
CLEG1	Legal & Democratic Services	Local Government Lawyer	4. Shared Services/Selling Services	Eastlaw continue to deliver year on year savings to the Council through selling services to our partner organisations. We are developing new products to sell into the market such as a social housing fraud product. The team is now at full capacity and in order to produce further savings we need to expand and we feel that now is the right time. The bid is for an additional lawyer post to deliver capacity in key client areas for eastlaw and thereby produce income which will cover both the cost of the post (£42,000 - inc oncosts) and the savings required to be generated (£26,800).	I	(26,800)	(26,800)	0
	Legal & Democratic Services		6. Maximising Income and Reducing Costs	Additional legal income to offset Democratic Services saving not being delivered	I	(13,691)	(13,691)	0
SUB TOTAL Legal & Democratic Services						**(40,491)**	**(40,491)**	**0**
P1	Planning		2 Digital Transformation	Planning BPR review of Planning support staff structure	S	(51,921)	(51,921)	0
SUB TOTAL Planning						**(51,921)**	**(51,921)**	**0**
Total for all Workstreams						**(558,300)**	**(561,736)**	**(3,436)**

Agenda Item No____13_________

Treasury Management Half Yearly Report 2017/18

Summary:	This report sets out the Treasury Management activities actually undertaken during the first half of the 2017/18 Financial Year 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 half 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 Half Yearly Report 2017/18 is approved. That the Council be asked to APPROVE changes to the Counterparty Limits.
Reasons for Recommendation:	Approval by Council demonstrates compliance with the Codes.

Cabinet Member(s) Wyndham 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 Authority has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports.

1.2 The Authority's treasury management strategy for 2017/18 was approved at a meeting of the Authority on 22nd February 2017. The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

2 Context

2.1 **Economic backdrop**: The UK Consumer Price Inflation (CPI) index rose to 2.9% in August, its highest since June 2013 as the fall in the value of sterling following the June 2016 referendum result continued to feed through into higher import prices. The new inflation measure CPIH, which includes owner occupiers' housing costs, was at 2.7%.

2.2 The unemployment rate fell to 4.3%, its lowest since May 1975, but the squeeze on consumers intensified as average earnings grew at 2.5%, below the rate of inflation. Economic activity expanded at a much slower pace as evidenced by Q1 and Q2 GDP growth of 0.2% and 0.3% respectively. With the dominant services sector accounting for 79% of GDP, the strength of consumer spending remains vital to growth, but with household savings falling and real wage growth negative, there are concerns that these will be a constraint on economic activity in the second half of calendar 2017.

2.3 The Bank of England made no change to monetary policy at its meetings in the first half of the financial year. The vote to keep Bank Rate at 0.25% narrowed to 5-3 in June highlighting that some members of the Bank of England's Monetary Policy Committee (MPC) were more concerned about rising inflation than the risks to growth. Although at September's meeting the Committee voted 7-2 in favour of keeping Bank Rate unchanged, the MPC changed their rhetoric, implying a rise in Bank Rate in "the coming months".

2.4 Geopolitical tensions escalated in August as the US and North Korea exchanged escalating verbal threats over reports about enhancements in North Korea's missile programme. The provocation from both sides helped wipe off nearly $1 trillion from global equity markets but benefited safe-haven assets such as gold, the US dollar and the Japanese yen. Tensions remained high, with North Korea's threat to fire missiles towards the US naval base in Guam, its recent missile tests over Japan and a further testing of its latent nuclear capabilities.

2.5 Prime Minister Theresa May called an unscheduled General Election in June, to resolve uncertainty but the surprise result has led to a minority Conservative government in coalition with the Democratic Unionist Party. This clearly results in an enhanced level of political uncertainty. Although the potential for a so-called hard Brexit is diminished, lack of clarity over future trading partnerships, in particular future customs agreements with the rest of the EU block, is denting business sentiment and investment. The reaction from the markets on the UK election's outcome was fairly muted, business confidence now hinges on the progress (or not) on Brexit negotiations, the ultimate 'divorce bill' for the exit and whether new trade treaties and customs arrangements are successfully concluded to the UK's benefit.

2.6 In the face of a struggling economy and Brexit-related uncertainty, the Bank of England is expected to take only a very measured approach to any monetary policy tightening, any increase will be gradual and limited as the interest rate backdrop will have to provide substantial support to the UK economy through the Brexit transition.

2.7 **Financial markets:** Gilt yields displayed significant volatility over the six-month period with the appearing change in sentiment in the Bank of England's outlook for interest rates, the push-pull from expectations of tapering of Quantitative Easing (QE) in the US and Europe and from geopolitical tensions, which also had an impact. The yield on the 5-year gilts fell to 0.35% in mid-June, but then rose to 0.80% by the end of September. The 10-year gilts similarly rose from their lows of 0.93% to 1.38% at the end of the quarter, and those on 20-year gilts from 1.62% to 1.94%.

2.8 The FTSE 100 nevertheless powered away reaching a record high of 7548 in May but dropped back to 7377 at the end of September. Money markets rates have remained low: 1-month, 3-month and 12-month LIBID rates have averaged 0.25%, 0.30% and 0.65% over the period from January to 21st September.

2.9 **Credit background:** UK bank credit default swaps continued their downward trend, reaching three-year lows by the end of June. Bank share prices have not moved in any particular pattern.

2.10 There were a few credit rating changes during the quarter. The significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities.

2.11 Ring-fencing, which requires the larger UK banks to separate their core retail banking activity from the rest of their business, is expected to be implemented within the next year. In May, following Arlingclose's advice, the Authority reduced the maximum duration of unsecured investments with Bank of Scotland, HSBC Bank and Lloyds Bank from 13 months to 6 months as until banks' new structures are finally determined and published, the different credit risks of the 'retail' and 'investment' banks cannot be known for certain.

2.12 The new EU regulations for Money Market Funds were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility NAV (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

3 Regulatory Updates

3.1 **MiFID II:** Local authorities are currently treated by regulated financial services firms as professional clients who can "opt down" to be treated as retail clients instead. But from 3rd January 2018, as a result of the second Markets in Financial Instruments Directive (MiFID II), local authorities will be treated as retail clients who can "opt up" to be professional clients, providing that they meet certain criteria. Regulated financial services firms include banks, brokers, advisers, fund managers and custodians, but only where they are selling, arranging, advising or managing designated investments. In order to opt up to professional, the authority must have an investment balance of at least £10 million and the person authorised to make investment decisions on behalf of the authority must have at least one year's relevant professional experience. In addition, the firm must assess that that person has the expertise, experience and knowledge to make investment decisions and understand the risks involved.

3.2 The main additional protection for retail clients is a duty on the firm to ensure that the investment is "suitable" for the client. However, local authorities are not protected by the Financial Services Compensation Scheme nor are they eligible to complain to the Financial Ombudsman Service whether they are retail or professional clients. It is also likely that retail clients will face an increased cost and potentially restricted access to certain products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice. The Authority has declined to opt down to retail client status in the past as the costs were thought to outweigh the benefits.

3.3 The Authority meets the conditions to opt up to professional status and intends to do so in order to maintain their current MiFID status.

3.4 **CIPFA Consultation on Prudential and Treasury Management Codes:** In February 2017 CIPFA canvassed views on the relevance, adoption and practical application of the Treasury Management and Prudential Codes and after reviewing responses launched a further consultation on changes to the codes in August with a deadline for responses of 30th September 2017. North Norfolk District Council responded to this consultation.

3.5 The proposed changes to the Prudential Code include the production of a new high-level Capital Strategy report to full council which will cover the basics of the capital programme and treasury management. The prudential indicators for capital expenditure and the authorised borrowing limit would be included in this report but other indicators may be delegated to another committee. There are plans to drop certain prudential indicators, however local indicators are recommended for ring fenced funds (including the HRA) and for group accounts. Other proposed changes include applying the principles of the Code to subsidiaries.

3.6 Proposed changes to the Treasury Management Code include the potential for non-treasury investments such as commercial investments in properties in the definition of "investments" as well as loans made or shares brought for service purposes. Another proposed change is the inclusion of financial guarantees as instruments requiring risk management and addressed within the Treasury Management Strategy. Approval of the technical detail of the Treasury Management Strategy may be delegated to a committee rather than needing approval of full Council. There are also plans to drop or alter some of the current treasury management indicators.

3.7 CIPFA intends to publish the two revised Codes towards the end of 2017 for implementation in 2018/19, although CIPFA plans to put transitional arrangements in place for reports that are required to be approved before the start of the 2018/19 financial year. The Department of Communities and Local Government (DCLG) and CIPFA wish to have a more rigorous framework in place for the treatment of commercial investments as soon as is practical. It is understood that DCLG will be revising its Investment Guidance (and its MRP guidance) for local authorities in England; however there have been no discussions with the devolved administrations yet.

4 Summary Treasury Management Position

4.1 The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 30th September 2017 and the change over the period is show in table 2 below.

Table 1: Treasury Management Summary

	31.3.17 Balance £m	**Movement £m**	**30.9.17 Balance £m**
Long-term borrowing	0	0	0
Short-term borrowing	0	0	0
Total borrowing	**0**	**0**	**0**
Long-term investments	26.0	5.0	31.0
Short-term investments	9.9	(2.0)	7.9
Total investments	**35.9**	**3.0**	**38.9**
Net investments	**35.9**	**3.0**	**38.9**

5 Borrowing Strategy during the half year

5.1 The Authority 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.

6 Investment Activity

6.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the first half of 2017/18 the Authority's investment balance ranged between £35.900m and £45.150m due to timing differences between income and expenditure. The investment position during the half year is shown in table 2 below.

Table 2: Investment Position

	31.3.17 Balance £m	**Movement £m**	**30.9.17 Balance £m**
Money Market Funds	9.9	(2.0)	7.9
Covered bonds (secured)	6.0	0	6.0
Pooled Funds	20.0	5.0	25.0
Total investments	**35.9**	**3.0**	**38.9**

6.2 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

6.3 In furtherance of these objectives, and given the increasing risk and falling returns from short-term unsecured bank investments, the Authority has further diversified into higher yielding, long term asset classes. A further £5m was identified as available for longer-term investment which was moved from liquidity money market funds into pooled funds. In addition, £1.5m was transferred from the Royal London Cash Plus Fund into the Enhanced Cash Plus Fund. As a result, investment risk was diversified while the average rate of return has increased.

6.4 The Authority's £25m of externally managed pooled funds generated an income return which is used to support services in year of 3.71% on average, and £1.4m of capital growth. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives are regularly reviewed. In light of their performance and the Authority's latest cash flow forecasts, investment in these funds has been increased by £5m.

7 Other Investment Activity

7.1 Although not currently classed as treasury management activities and therefore not covered by the CIPFA Code, if CIPFA's proposed amendments to the Treasury

Management Code are adopted in the revised Code from 2018/19, loans made for service purposes will henceforth be included in the expanded definition of “investments”.

8 Amendment to Treasury Management Strategy Statement 2017/18

8.1 The Authority has significantly increased the proportion of the investment portfolio which is invested in pooled funds. This has been done on the advice of the Authority’s treasury advisor, Arlingclose, in order to maximise the return from funds which are available for longer term investment.

8.2 The Treasury Management Strategy Statement for 2017/18 places a limit on investments without credit ratings, or rated below A-, of £20m. These long-term investments are classed as non-specified – i.e. they do not meet the Authority’s definition of a specified investment as they are due to mature 12 months or longer from the date of the arrangement, and do not meet its definition of high credit quality (minimum credit rating of A-).

8.3 A total of £19m is currently invested in pooled funds on a long-term basis and which do not have credit ratings. Arlingclose have recommended a further investment of up to £2m in the CCLA Diversified Income Fund in November when a covered bond with the Bank of Nova Scotia matures. In order to do this it will be necessary to increase the limit in the Strategy Statement for the “Total investments without credit ratings or rated below A-“, and it recommended that this limit is increased to £25m This will allow capacity for additional investments in long-term investments, should investments balances increase further in the future.

8.4 The limits for long-term investments and the associated Prudential Indicators will consequently need to be increased.

9 Performance Report

9.1 The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.

9.2 The interest budget for 2017/18 anticipates that a total of £837,200 will be earned from treasury investments and interest on loans to Broadland Housing Association. Overall an average balance of £32.2m is assumed, at an average interest rate of 2.6%. At the end of period 6, a total of £440,988 had been earned, resulting in a surplus against the year to date budget of £21,243. The average rate of interest achieved was 2.2% from an average balance available for investment of £40m. The loans to Broadland Housing Association under the Local Investment Strategy are now anticipated to be made in October. The budget assumed the loans would be place at the start of 2017/18. Against this, however, balances available for investment have been higher than anticipated.

9.3 Counterparty credit quality as measured by credit ratings is summarised below. The table below and Appendix 2 show that, compared to the Arlingclose client base (for English non-metropolitan district councils), the credit quality of the Authority's internal investments (i.e. excluding externally managed pooled funds) at the end of June 2017 on a value weighted basis was better than the client base average of 4.36. On a time weighted basis the average was again better than the client base figure of 4.05 indicating the high credit quality of the Authority's long-term internal investments.

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating
31/03/2017	AA	3.27	AAA	1.01
30/06/2017	AA	3.41	AAA	1.02

10 Compliance Report

10.1 The Head of Finance and Assets is pleased to report that all treasury management activities undertaken during the first half of 2017/18 complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 3. Compliance with the Authority's Treasury Prudential Indicators is shown in Appendix 1.

Table 3: Investment Limits

	Half-year Maximum Actual	**2017/18 Limit**	**Complied**
Any single organisation, except UK Government	Nil	£3m each	✓
Any group of funds under the same management	Nil	£3m per group	✓
Investments held in a broker's nominee account	£4.5m King and Shaxson £1.5m Traderisks	£10m per broker	✓
Foreign countries	£1.5m (Bank of Nova Scotia Covered Bond)	£5m per country	✓
Registered Providers	Nil	£7.5 in total	✓
Unsecured investments with Building Societies	Nil	£3m in total	✓
Loans to unrated corporates	Nil	£3m in total	✓
Money Market Funds	£12.5m	£12.5m in total	✓

Non-Specified Investments:- Long-term Investments Investments with credit rating below A- Foreign Institutions below AA+	 £25m £19m nil	 £30m £20m £2m	 ✓ ✓ ✓

11 Financial Implications and Risks

The financial impact of implementing the Authority's Treasury Strategy for 2017/18 has been set out in this report

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

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

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

Appendix 1

Treasury Management Indicators

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

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

	30.9.17 Actual	2017/18 Target	Complied
Portfolio average credit score	3.41	6.0	✓

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

	30.9.17 Actual	2017/18 Target	Complied
Total cash available within 3 months	£7.9m	£3m	✓

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed was:

	30.9.17 Actual	2017/18 Limit	Complied
Upper limit on fixed interest rate exposure	(100%)	(100%)	✓
Upper limit on variable interest rate exposure	(100%)	(100%)	✓

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were:

	30.9.17 Actual (%)	Upper Limit (%)	Lower Limit (%)	Complied
Under 12 months	0	100	0	✓
12 months and within 24 months	0	100	0	✓

24 months and within 5 years	0	100	0	✓
5 years and within 10 years	0	100	0	✓
10 years and above	0	100	0	✓

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

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

	2017/18	**2018/19**	**2019/20**
Actual principal invested beyond year end	£29.5m	£28.75m	£25m
Limit on principal invested beyond year end	£30m	£30m	£28m
Complied	✓	✓	✓

Appendix 2

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

Scoring:

Value weighted average reflects the credit quality of investments according to the size of the deposit

Time weighted average reflects the credit quality of investments according to the maturity of the deposit

AAA = highest credit quality = 1

D = lowest credit quality = 15

Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

Overview and Scrutiny Committee (pre-scrutiny) 8 November 2017
Cabinet 4 December 2017
Full Council (capital budget) 19 December 2017

Leisure Contract Procurement and Sheringham Leisure Facility

Summary:

This report is brought to update progress towards a replacement for the Splash Leisure Centre in Sheringham and the procurement of a new Leisure Services Management 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.

Following the completion of a feasibility study by external consultants, the high level financial issues around re-providing a leisure centre on the Splash site have now been fully considered. The work completed to date indicates that, with additional development on the Splash site, a new leisure facility could be provided with a modest increase of the Council's revenue budget.

Members will recall that Cabinet agreed in June to commence work to procure a new leisure operator for the contract to operate and manage our three leisure facilities. If approval is now given to move forward with a new facility, it is proposed that we would now also progress in parallel with the leisure contract procurement.

Conclusions

The Council is now at a point where it needs to decide on the most appropriate option for the long term future of the Splash site in Sheringham.

The feasibility study details what the future facility mix should be to best service the health and leisure needs of local residents in the future. The resulting plan details the revenue generation opportunities and other efficiencies of a new facility and contract, which will minimise the impact of this significant capital project on the Council's revenue budget.

Initial discussions show that it should be possible to provide a new leisure facility in Sheringham with a swimming pool, with only a modest revenue budget impact, as long as the Council takes a commercial view of the property implications and opportunities which exist for the site, and that external grant funding is also provided.

In order to provide the best procurement of a future Leisure Services Contract and a future leisure facility on the Splash site, significant 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) commission FMG consultants to advise on the best procurement route for the facility build and to support the funding application to Sport England, and that Financial Standing Orders are waived, given FMG's involvement in the project to date.

b) commence procurement work to enable the design, including the submission of the necessary Planning Application/s, for the new leisure facility and associated development.
Note: again, it may be possible to waive Financial Standing Orders to appoint FMG into this role, but may be a competitive procurement route

c) commission the necessary external support to manage the leisure facility construction project if this goes ahead.

d) procure the construction contractor to build the new facility at the Sheringham site, subject to the funding being confirmed to complete the project.

e) undertake procurement of the new Leisure Management Contract via the most appropriate route, including the use of external support as required.

2. That a project Board is set up to oversee the project, involving key officers and members, as detailed in the report.

3. That Cabinet recommends to Full Council the approval of the necessary capital budget, as detailed in this report, to then build the new leisure facility, subject to the necessary external funding being in place.

Reasons for the Recommendations

To provide the necessary financial, procurement and governance framework to allow the project to replace the Splash leisure facility to proceed.

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	

Introduction

This report discusses the options available for the future provision of a leisure centre on the Splash site in Sheringham, given the ageing Splash leisure facility. This needs to be completed in parallel to procuring a new Leisure Management Contract in time for its cessation on 31 March 2019.

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.

2.2 In October 2015, the Council adopted an Indoor Leisure Facilities Strategy, which appraised all the indoor facilities (both publicly and privately owned) across the District; identifying options to address any shortfall in provision.

The strategy recommends that the Council should look to reinvest in the Splash leisure facility site in Sheringham to protect a leisure facility there for the 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, badminton, basketball, fitness and indoor cycling which make a significant contribution to improving the health and wellbeing of our residents.

The current contractor, Places for People, has worked in partnership with the Council for over ten years 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 Leisure service across the three sites for 2017/18 is £319,709. This equates to a subsidy from the Council of 67p per person visit to our facilities. In addition, the Council's own support services bring the overall cost of providing the service to £823,396 for 2017/18 mainly as a result of capital costs relating to depreciation, to the value of £487,987 in the 2017/18 budget due to revaluations.

In 2013, some benchmarking was undertaken by the Council to examine the cost of providing leisure facilities and our provision was broadly comparable with other similar 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 ongoing repair and maintenance work, the position at Splash is becoming increasingly urgent due its age. To ensure a facility on this site, as recommended by the Indoor Leisure Facilities Strategy, either a full refurbishment, or as seems more likely, a demolition and complete rebuild, is required.

3.4 Following the Cabinet resolution in June 2017, the Council has now commissioned a feasibility study on the development of Splash, (which will be presented to the Overview and Scrutiny Committee by the authors, FMG Consulting) and which is appended as a Confidential Appendix given the financial details contained within.

3.5 Included in the study were options for potential future facilities. The cost of refurbishment, at c£8m would provide the building with an estimated additional 10 years useful life. The cost of a new build is estimated at c£10m but would provide a facility for 25-30 years into the future.

3.6 The financial projections, which have now been examined in detail, indicate that a new leisure facility with a swimming pool could be provided with net revenue impact of c£70k per annum, as long as the external funding, from enabling property development and grants, can be secured. At this level of costs, officers believe a positive recommendation to now proceed with the project can be made.

3.5 In addition, initial discussions have been had regarding the procurement of a new Leisure Services Contract, which needs to commence as soon as a decision is made on the future Sheringham facility.

3.6 It was confirmed in June, that the future report to Cabinet would be provided for pre-scrutiny at Overview and Scrutiny Committee, before Cabinet considered the substantive recommendations, and Full Council signed off the capital budget and this report will be subject to those processes, to ensure that all members have the chance to input to the proposals.

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 greater 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 for visitors to the area and to 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 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 each 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 (i.e. with a swimming pool) should be maintained.

4.6 It is well documented that a new build of any leisure facility results in an increase in participation. Therefore, the above figure of 160,000 in terms of participation is likely to increase significantly post build.

4.7 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 meet the affordability criteria within which the Council has to operate.

5. Splash Site Issues

5.1 Indoor Sports Facilities Strategy

The protection of a swimming pool on the Council's 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 if possible in financial terms, this has therefore been the basis for the initial working assumption, ie that a wet facility on the site would be developed and included in the future Leisure Management contract

However, if financial constraints meant that a dry facility were to be provided, at a 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 the only available option to the Council, then this would be covered in a later business case to Cabinet.

5.2 Refurbishment Option

5.2.1 This would clearly be a more affordable option if considered purely in terms of capital cost, with current estimates at approximately £8m.

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

It is estimated that a refurbishment would provide approximately 10 additional years' service to the existing facility. The feasibility study concludes that this option does not provide good value for money and recommends the rebuild option.

5.2.2 Importantly, Sport England have also advised that a complete demolition and new build will offer the most effective and best value solution, and importantly, one which they are most likely to support financially through grant funding. 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 with lower costs.

5.3 New Build Option

5.3.1 On the basis that the option to demolish the old Splash facility and build a new leisure facility has been confirmed as the best option by an independent study, subsequent work focussed on reducing the likely financial impact of such a significant capital project.

The feasibility study included input from construction cost consultants and provides full build costs for a new facility, which have, as far as possible, been future proofed and inflated to represent realistic cost estimates for the likely date at which any construction would commence.

With the feasibility study confirmed, recommendations are proposed in this report to allow for detailed design and Planning Approval and, assuming the external funding streams' availability, to fully fund the project, construction works to be formally approved.

5.3.2 In developing their reports, the consultants have discussed various issues relating to the potential redevelopment of the Splash site with key stakeholders, and all have provided significant support. These views have helped understand the likely future demand and therefore optimal designs for any future facility provision.

In taking this consultation into account, along with the views of potential leisure contractors, it is therefore recommended that a new wet facility would consist of: a six lane, 25m swimming pool, learner pool, splash pad/confidence water, 50 station gym, multi purpose fitness studio, spin studio, and ancillary areas for reception, café and plant rooms.

A wave machine and flume would not be provided, due to both direct cost and knock on effects on the size of the building, which would then not be funded by external grants. Importantly, and especially given that our residents would ultimately be funding the facility, the needs of our population would also lean strongly towards not having such additional facilities.

5.3.3 Importantly, the Splash site has land which could be utilised for significant enabling development, especially as the proposed new leisure centre would have a smaller footprint, using a much more efficient design.

It is intended this land would be used to partly subsidise a future leisure provision on the site. The site is therefore being actively marketed for a possible hotel development, as this appears to be the best use in terms of financial return, although market housing may also be an option. There is also limited potential for co-location with another public building although this is very uncertain at present.

As well as design etc. considerations, the exact location and timing of build for both enabling development and a leisure centre will impact on the project. Whilst certain developments may be financially positive, their delivery could mean that Splash would have to close before a new facility was built and there are knock on financial issues for that. Clearly, this will be subject to assessment as any project progresses.

5.3.4 Informal discussions have also been held with Planning colleagues. Given that there is already a leisure centre on the site, the leisure proposal does not give rise to significant concerns. Likewise, it is believed that a hotel could also be accommodated on the site as supporting development for the leisure centre, with both developments being subject to all of the usual Planning considerations.

5.4 New Build Finance

5.4.1 The feasibility study details that an appropriate new facility, that includes the desired facility mix, would cost an estimated £10.1m. This mix, especially when managed alongside the two other facilities, would result in a far greater revenue generation and therefore much lower leisure contract costs, which would assist in funding that capital requirement.

5.4.2 Assuming capital contributions from additional development, and that external grant funding was also in place, the new leisure centre could be provided with a net revenue budget impact of around £70k per annum. At this level of finance, officers would recommend that the Council proceeds with the project.

5.4.3 There are a number of sensitivities around these figures and these are detailed in the Financial section, contained in Confidential Appendix 1 to this report.

5.5 Concept Plans

5.5.1 In order that members can better understand the scale of such supporting development as described above, two options for the site plan showing the layout of the main blocks of development and can be viewed in the feasibility study attached as a confidential Appendix.

5.5.2 The options available revolve around the requirements of hotel companies as to the best location for the hotel. However, each one of those options has different implications for the location and construction dates of the new leisure facility.

5.5.3 In almost every scenario, it is likely that the current skate park would need to be re-provided elsewhere on the site, and this cost has been included in the feasibility study budget and plans. Officers have been in touch with the skate park user group to allay any potential concerns and have completed a memorandum of understanding around re-provision.

5.5.4 In addition, some further concept drawings have been provided, although it should be noted that no specific layout or design has yet been finalised with potential development partners, nor any formal Pre-application advice taken from the Local Planning Authority. The plans within this this report are merely a representation of what could be built, in order to deliver a new leisure facility with a swimming pool at the Council's site in Sheringham.

6. Leisure Management Contract Procurement

6.1 The key date for the Leisure Management Contract renewal is 31 March 2019, by which time the Council probably needs to have new arrangements in place for ongoing management of its leisure facilities. Under normal circumstances, the procurement time for such a contract would be around six months, but the situation is far more complex at this time.

In discussions with potential bidders, Sport England and our consultants, it would appear that the most appropriate length of contract would be around 10 years, with an option to extend for a further 5 years. This will be the subject of further procurement advice.

6.2 Whilst there may be an opportunity for a further extension of the Places for People contract to cover any build period of a new facility, this has not yet been discussed with the company. It could also be open to legal procurement challenge, although the risk is considered low, given the reasons for such an extension and the fact that potential challengers would almost certainly be interested in bidding for the future contract.

6.3 In addition, there is the real possibility of having to close Splash before the end of the current contract should this required to accommodate the new facility's construction. Whilst this is allowed for in the current contract, it does further complicate the contractual position.

6.4 With the necessary property work, design, demolition and rebuild of a new facility on the Splash site, the whole project is likely to take just over two years. This means, in any case, that the contract will have been let during that time and the need is then to ascertain the optimal time to undertake the procurement.

6.5 Clearly, if our future contractor is to manage the facility for perhaps 15 years, it makes sense for them to have at least some input to the new building's design features. All contractors will operate slightly differently and it is now common in the leisure industry for contractor input to take place in order that both parties get the most from the construction of the new facility, thus reducing risk and therefore price. This can range from a Design, Build Operate Manage (DBOM) arrangement, where the construction is completed by the leisure contractor, right through to relatively minor layout and materials design input.

6.6 The current advice is that a DBOM contract would limit the competition available in

what (with a new facility) will now be a very popular contract in the leisure market, as many contractors are simply not geared up to manage the actual construction and merely focus on operational contract delivery.

6.7 Officers are of the view that we can procure in such a way that the new contractor has the opportunity to influence the design of the building once we reach a Preferred Bidder stage. It is therefore recommended that the Council examines the options around this, with advice from leisure consultants and Sport England as to the most appropriate route.

7. Project Management and Governance

7.1 Leisure Contract Procurement and Construction

7.1.1 With the Leisure Contract procurement and any construction needing to be twin tracked, the project will be complex and the need for external, expert support cannot be over emphasised.

7.1.2 As the Council's strategic property partners, Gleeds/Pygott and Crome will continue to work with hotel chains in order to promote the development of such a facility as enabling development.

7.1.3. The Council should commission FMG to support procurement options appraisal and additional work in order to submit the grant funding application that maximises the opportunity of Sport England funding. A recommendation to this effect forms part of this report, with Financial Standing orders being waived in terms of their appointment, given their expertise and involvement to date.

7.1.4 In terms of other sports and leisure work, officers are working with the Regional Facilities Director at Sport England to continue to provide advice on overall project development. It is a requirement of any Sport England funding that the Council continues to engage positively with Sport England that ensure their funding provides good value and meets their build specification guidelines.

7.1.5 Sport England have already offered support in terms of the appointment of a contractor to run the new leisure contract and officers believe that additional support is unlikely to be required for this.

7.1.6 FMG have undertaken the initial design, feasibility and business plan for the new facility. They may be able to complete the design to Planning Application stage and this option will be considered, again on the assumption of Financial Standing Orders being waived. However, it may be prudent to consider subjecting this to a competitive process.

7.1.7 As and when the decision is taken to proceed with construction, cost consultants, project supervisors and other professionals representing the Council will need to be appointed, to then procure the construction contract and oversee the build project itself. Such appointments and procurement will be undertaken through the usual established processes.

7.1.8 The Council will also need to maintain overall project management and given the scale of the whole project, this may require additional support.

7.2 Initial Work

7.2.1 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.

7.2.3 Once a decision is made on any new facility, the Council needs to move onto the initial stages of procurement of the Leisure Management Contract. This should include soft market testing to be carried out which, in turn, will inform likely pricing and key design points.

7.3 Construction, etc. Procurement

7.3.1. Assuming approval from Cabinet, in December 2017, procurement of the necessary design, would then commence as soon as possible, along with appropriate professional support for the Council.

7.3.2 In parallel to the design work, the Leisure Management Contract would potentially move to preferred bidder stages, to allow bidders to have input to the secondary design of the building that they would then manage in the future, with the new contract probably commencing in April 2019.

7.3.3 Depending on the land assembly arrangements, this could then see a new facility completed and operational by October 2020.

7.4 Governance Arrangements

7.4.1 The governance arrangements for such a large project will need to be clear and effective. It is therefore proposed that, as well as the internal project group of key officers (leisure, property, finance, legal), there will be a Member and Officer Board to oversee the project. This will ensure corporate ownership of the project as a whole and will take the form previously put forward for the Waste Contract Procurement, with senior officers, portfolio members and appropriate political balance.

7.4.2 It is suggested that the following structures are put in place:

Project group

- Corporate Director and Head of Paid Service
- Head of Community and Economic Development
- Leisure and Locality Services Manager
- Procurement Officer
- Chief Financial Accountant
- Legal Services – as required
- Estates and Assets Strategy Manager – as required
- Corporate Project Manager
- Administrative Support

Member/Officer Project Board

- Corporate Director and Head of Paid Service
- S151 Officer
- Monitoring Officer
- Other Officers to support as required
- Relevant Portfolio Members (to cover Property, Procurement and Leisure Services
- Other Members to provide political balance

7.4.3 It is proposed that there will be regular updates to the Overview and Scrutiny Committee during the project and if necessary, information sessions for members, given the scale of this project.

8. Risks and Mitigation

8.1 At this stage there is little direct financial risk, as members are only being asked to approve the design and other preparatory work and therefore the cost of the necessary supporting professionals, using the consultants already being used, Gleeds and FMG. Both were originally procured for their relevant expertise and we would expect this will mitigate the risk associated with the initial property and leisure related work.

Future procurement of expenditure on a construction contract will only progress when the necessary external funding from supporting development and or grant funding is in place.

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, and if necessary, construction and property professionals. Support from Sport England has already been offered as part of the procurement 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 addition, there may well be a need to close and demolish Splash to allow the new facility to be built.

In any case however, a closure of the facility may adversely affect the reputation of the Council. This should be mitigated to a certain extent given that a new facility would be 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 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 other professional advice.

9. Financial Implications and Risks

9.1 Given the complexity and commercial sensitivity of the finances for this project, the main financial implications are appended in Confidential Appendix 1 and the Financial Sensitivity Analysis at Confidential Appendix 2.

10. Sustainability

10.1 Any new build will rely on minimising energy use to reduce utility costs and therefore the running costs for the facility. This will primarily be around high levels of thermal insulation and Combined Heat and Power technology.

It may be possible to consider PV panels on the roof of the facility, depending on cost and payback time and this will be considered during the design phase of the project.

11. Equality and Diversity

11.1 There are no equality and diversity implications directly resulting from the recommendations or options considered in this report. Clearly as a new building the facility proposed will be fully accessible to ensure high levels of participation.

12. Section 17 Crime and Disorder considerations

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

13. Conclusions

13.1 The Council is now at a point where it needs to decide on the most appropriate option for the long term future of the Splash site in Sheringham.

The feasibility study details what the future facility mix should be to best service the health and leisure needs of local residents in the future. The resulting plan details the revenue generation opportunities and other efficiencies of a new facility and contract, which will minimise the impact of this significant capital project on the Council's revenue budget

Initial discussions show that it should be possible to provide a new leisure facility in Sheringham with a swimming pool, with only a modest revenue budget impact, as long as the Council takes a commercial view of the property implications and opportunities which exist for the site, and that external grant funding is also provided.

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

Agenda Item No_____15_______

North Norfolk Community Sports Hub

Summary:

This report is brought to allow members to move forward the opportunity of developing a Community Sports Hub at the Cromer Dual Use Sport Centre via the provision of an indoor tennis facility and new gym and fitness centre, along with different management arrangements, in partnership with both Cromer Academy and Cromer Tennis Club.

The Council's Indoor Leisure Facility Strategy identified an opportunity to better manage the public sports facilities at Cromer Academy, and the adjacent tennis club, in both of which the Council is a key stakeholder.

The Strategy also identifies the need for an indoor tennis facility and the best venue for this is at the Cromer Academy site.

The key partners in this project are Cromer Academy, Cromer Tennis Club and the Lawn Tennis Association. A full feasibility and needs analysis study has now been completed that details the viability of the project.

Conclusions

The Council's Indoor Leisure Facility Strategy has recommended that a Community Sports Hub should be set up, that provides improved management of the sports facilities on and adjacent to the Cromer Academy site.

The Strategy also recommends a 2-3 indoor tennis court facility in the district. The best venue for this facility is the Cromer Academy site, as it builds on the existing links with the adjacent Tennis Club.

There is now an opportunity for the Council to improve the sports offer at the Academy site, with the development of the Community Sports Hub and construction of the indoor tennis facility and associated gym and fitness centre. At the same time, because of the significant revenue generation capacity of the new facility, this should be able to be completed with only a small impact on the Council's revenue position in terms of its sports and leisure budget.

In addition, there is an opportunity for the Council to provide additional improvements to other tennis courts in the district as part of a wider transformation project for tennis in North Norfolk partly funded by the Lawn tennis Association.

Detailed feasibility work has been completed that confirms the viability of the project, to the extent that the Council can now progress the project.

Recommendations

1. **To accept the findings of the feasibility study into the principle of developing a North Norfolk sports hub based on the Cromer Academy/Cromer Tennis Club site.**

2. **To delegate to the Corporate Director and Head of Paid Service (Nick Baker) authority to:**

   a) **procure FMG leisure consultants to complete the designs and Planning Application/s for the proposed facility as detailed in this report, and to**

provide the necessary support the Council in its funding bid to the Lawn Tennis Association.

Note: this will require the waiving of Financial Standing Orders, on the basis of FMG's expertise and earlier involvement in this project.

b) **negotiate property related matters with the interested parties and enter into such property and service agreements as are necessary to allow the project to proceed.**

c) **subject to the external funding being made available, procure construction related professionals to take forward the construction project.**

d) **subject to the external funding being made available, procure the construction contract to build the new facility.**

3. **To recommend to Full Council to approve the necessary capital budget for the project, as described in this report.**

Reasons for the recommendations:

To provide the necessary framework around, finance, procurement and governance for the project to be able to move forward.

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

NNDC Indoor Sports Facility Strategy 2015

Cabinet Member(s) Cllr Judy Oliver, Property Portfolio Member Cllr Maggie Prior, Wellbeing Portfolio Member	**Ward(s) affected:** Suffield Park specifically but impacts on all of Cromer and across a wide part of the district and beyond.
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	

North Norfolk Community Sports Hub

1. Introduction

This report discusses the potential to better co-locate and operate the sports facilities at the Cromer Academy/Dual Use Sports Centre and Tennis Club site, by forming a Sports Hub around a new indoor tennis facility along with a gym and fitness centre.

This will complement the existing facilities on the site, so securing its sustainability, whilst at the same time, providing additional improvements to existing tennis facilities across the District.

It is anticipated that these facilities can be provided with a small increase in the Council's sports and leisure budget.

2. Background

2.1 The Council manages and operates three dual-use sports facilities: at Cromer, North Walsham and Stalham. They are all operated on school or Academy sites, for use of the wider community when the schools are closed.

2.2 The dual use offer is well used in all locations by many local sports clubs and individuals, but requires a significant subsidy, of around £2.00 per personal use of the facilities.

2.3 The Cromer Academy Dual Use site is adjacent to the Cromer Tennis Club, which boasts some of the best grass tennis courts in the country and which the Council leases to the Club on a long lease. Cabbell Park sits behind the site, a facility which the Council now owns and manages. Cromer Academy also has very limited gymnasium facility, which it hires out to the community.

2.4 The Council produced an Indoor Leisure Facility Strategy, which was adopted in October 2015. This Strategy included two recommendations relating to the current proposal:

1) that the Council should create a 'Community Sports Hub' by amalgamating the Academy's sports facilities, the (Dual Use) Sports Centre and Tennis Club and the Hub should be operated by one organisation (instead of three).

2) that there is sufficient demand to build a 2 or 3 court indoor tennis facility (in the District). This facility should be situated at either the Cromer Hub or Gresham's School.

2.5 Officers have now taken these recommendations forward in respect of the facility being based in Cromer, where the Council already has a significant interest in the site concerned. The resulting feasibility study has shown an extremely positive outlook, especially given the current funding programme available from the Lawn Tennis Association, which allows 25% of the capital to be funded by grant and a further 25% via an interest free loan.

3 Key Issues

3.1 Tennis facility

3.1.1 The Council discussed the possibility of a Sports Hub and indoor tennis facility with Cromer Academy, which has been well received. The Academy has indicated that it is willing to allow the use of its own land for the provision of the tennis facility, should this be required.

3.1.2 Officers have also met with representatives of Cromer Tennis Club, who have been equally supportive, given that the proposal would allow tennis all year round and, not only build on the existing facility in Cromer, but provide tennis improvements across the District.

3.1.3 The Council has been in dialogue with the Lawn Tennis Association (LTA) to discuss the potential feasibility of the project. The LTA is very supportive, and has indicated the potential for capital grant and interest free loan, as described at 2.5 above, is very likely to be available for this project. The LTA announced a new capital funding scheme for community tennis facilities in June 2017, which will run from 2018, with the deadline for the first tranche of grants at February 2018.

3.1.4 One of the criteria for the LTA funding is that the tennis scheme needs to include more than one venue. An initial audit of facilities has already suggested that tennis facilities Fakenham, Wells and North Walsham could benefit from this wider project. The LTA funding for outdoor courts focusses on improving access to the sport, either via refurbishment of old courts and/or installation of floodlights.

3.1.5 The LTA can and will assist in facility design and specifics. It has other examples of similar indoor tennis projects around the country built on school sites that will help inform the development of this project, to ensure it benefits from lessons learned previously.

3.1.6 The LTA has advised that a 3-court facility would be the preferred option in the North Norfolk Community Sports Hub. This would allow greater flexibility of programming, greater increases in participation and therefore, greater revenue generation sustainability in the longer term. This view is supported by Sport England.

3.1.7 There is a current lease in place between the Council and Cromer Tennis Club which expires in 2033. The Council subsidises this facility by around £24k per annum and the facility provides public access for tennis. This facility largely provides tennis in the summer months via its grass courts, but there are also four hard/artificial turf courts, which provide tennis for more of the year. The use of all of these courts is obviously weather dependent and therefore limited.

3.1.8 This project proposal provides an opportunity to fully review the lease, operation and management of the Tennis Club facility.

3.1.9 An indoor facility at the centre of a Community Sports Hub would obviously provide an opportunity to massively increase participation in tennis in the area and in so doing, would help the club become financially sustainable, with far less reliance on the Council's financial support. A new indoor tennis facility would provide all year round tennis to the community, and would build on the existing tennis participation. It would also provide an opportunity to bring new participants into the sport.

3.2 Dual Use Sports Centre

3.2.1 The Council's use of the Academy's sports facilities provide a positive benefit to the Academy of c£30k per annum contribution to its own overheads for the site. Likewise, it provides a very well used facility for community level sport at reasonable cost to the users. As well as the lease costs, the Council funds c£66k per annum in salaries of the centre staff and running cost contributions. These are partly offset by user payments with the net cost to the Council of £49k pa based on the 2016/17 outturn figures.

3.2.2 The proposed Community Sports Hub would see the Dual Use arrangements augmented by a three court indoor tennis facility with full ancillary facilities such as changing and social area. In addition, the proposal includes a 20 station gym and fitness area, for which there is proven demand.

3.2.3 Importantly, the proposal also allows for a new reception area for the Dual Use facility, which would be designed to maintain safeguarding around access to the Academy's sports facilities, whilst allowing public use for tennis (with a subsequent revenue stream), for much of the school day.

3.2.4 Early discussions with the Academy have centred on a three way "land swap", where in principle, it has been agreed that the Council will take on the land to use for the Community Sports Hub and in return will demolish some disused Academy buildings and reinstate the land for car parking, and the Tennis Club will give up two hard courts to re-provide the Academy's netball and basketball area.

3.2.5 Again in principle, it has been agreed that the Academy would have reasonable use of, and the members of the Tennis Club certain preferential user fees for the Community Sports Hub tennis facility.

3.3 Sports Hub Management and Governance

3.3.1 The proposed layout of the existing sites creates the ideal opportunity for a ‘sports hub’ to be operated and managed by a single organisation, as recommended by the Indoor Facilities Strategy. Given its scale and complexity, the future operation of the facility is best undertaken by the Council, broadly in accordance with the existing arrangements for the dual use facility.

3.3.2 This would mean that the Council would operate the booking system for all use of the facilities across the hub and would administer payments, access, etc. In turn, this would ensure that all payments were collected, with the relevant lease fees and subsidies then paid to the Academy and the Tennis Club accordingly.

3.3.3 In this model, the Tennis Club would still run as normal, with the grass court maintenance being undertaken by the Club, but with the court bookings undertaken by the Council. Likewise, the Academy would still maintain its own buildings with the Council paying for the maintenance of the Community Sports Hub tennis building.

3.3.4 The governance structure should allow for all key stakeholders to be involved; the main stakeholders being the Council, Cromer Academy and Cromer Tennis Club, with these forming a higher level Board. Other major users would form a management group, with a user forum to give a voice in the operation of the facility to all users. This type of model is much preferred by Sport England, which has wide experience in assisting such schemes.

4 Benefits

4.1 It is widely accepted that sport and physical activity play an important role in maintaining a healthy lifestyle. This is the reason for the Corporate Plan’s Health and Wellbeing priority featuring sport and active leisure.

4.2 It is well documented that any new sports facility creates an influx of new participants, who will tend to then stay active, so a Community Sports Hub with new facilities is likely to increase participation in the sports available.

4.3 Tennis is a sport that allows access to a wide range of the community. Many people play tennis to an advanced age, much older than most other sports. This correlates well to the district’s demographic profile, and new indoor facilities, along with improved outdoor ones, would undoubtedly increase participation across the District.

4.4 A Community Sports Hub operated by one organisation for the benefit of several, would provide some obvious economies of scale. This should be led by the Council, which has the professional leisure management expertise to operate what will become a significant community sports facility.

4.5 There is an argument for perhaps placing the Community Sports Hub into the Leisure Management Contract, which is about to be re-procured. Our consultants have initially advised against this, mainly on the grounds of the complexity of a contractor having to deal with third parties and then having to move the other two Dual Use centres into the Contract.

4.6 There is little doubt however, that a contractor with good marketing skills is likely to drive up membership and usage by a higher level. It is therefore suggested this is something which should be considered, perhaps initially as a separately costed option when the Council procures the Contract, assuming the Community Sports Hub project moves forward.

4.7 The Sports Hub would enable cross-fertilisation of participation across the sports, increasing overall participation in physical activity and related social enjoyment.

4.8 A new indoor tennis facility would be a valuable asset that will greatly enhance the sports offer at both the Academy and for other local schools. It could operate as a flexible indoor space for schools and, whilst it would only be marked out as a tennis facility, there is potential for it to be utilised to deliver a number of different school PE/sport activities if required.

5. Feasibility and Needs Assessment Study

5.1 The Council commissioned FMG Consulting, recognised experts in this field, to undertake a comprehensive feasibility and needs assessment study with the following objectives assumed for any new facility:

- To increase participation in sport and active leisure;
- To provide options for the management of the tennis club, sports centre, indoor tennis facility and other school sports facilities within one cohesive structure;
- To protect and develop the widest stock of facilities at one location that achieves the most significant benefits;
- To provide a modern facility that provides the community and visitors to the district a quality experience;
- To allow the Council to provide good facilities with minimal negative effect on the Council's revenue budget.

5.2 A consultation exercise was undertaken with a wider group of stakeholders in order to better understand the future needs moving forward and potential growth in participation.

5.3 The results of the study indicate that, through the increased usage of a new Sports Hub at the Cromer site, and the amalgamation of facility management, there is very significant revenue generation that would largely support the capital cost of the proposal.

5.4 The study concluded that this facility proposal in Cromer:

a) has a high strategic fit with national and local economic and health strategies;
b) is strongly supported by local consultation;
c) is justified in respect of demand and market analysis;
d) is very likely to significantly drive up participation rates, addressing levels of inactivity, with positive health and economic benefits;

- The analysis of supply of indoor tennis with relevant catchment profiles, provides a demonstrable opportunity to provide an indoor tennis centre in Cromer, providing an all year facility to existing players, as well as providing an opportunity for new users to participate. Furthermore, the study has also identified an opportunity for the Council to consider the development of a complimentary health and fitness facility to further enhance the site from a health and financial perspective.

- Tennis is a demanded sport in the Cromer area, with current membership at the Club of around 300 adults and 125 children. The demand analysis has shown that up to 1,525 people would like to play tennis within a 20 minute catchment of Cromer.

- The proposed facility mix includes a three court, indoor tennis facility, toilets, changing rooms, reception area (for both the Dual Use facilities and tennis), storage area and a meeting room. In addition, it is proposed that a social area and along with a gym and fitness suite is also provided.

- The capital cost analysis has shown that a 'framed fabric' indoor tennis facility with 'traditional build' ancillary facilities could be provided for £2.6m; roughly half the cost of a fully traditional build facility.

- FMG have identified opportunities for significant revenue generation, from both the proposed new and existing facilities, and through the introduction of web based payment, booking, and membership systems. It is anticipated that even taking a very prudent view, this would cover the majority of the capital cost leaving a revenue budget impact of £27k per annum required to cover to remainder.

- There is an existing multi-use games area at the school where the suggested location for the new indoor tennis centre would be built and therefore the school expects that this will be re-provided. Provision within the capital cost plan has therefore been made to re-provide a new multi-use games area by converting the two '*omni turf*' tennis courts currently on Council land as part of the Tennis Club facility. This could have the added benefit of being available for community use in the evenings and weekends.

6. Project Management and Governance

6.1 Assuming the Council agrees to move forward with the project, the next step will be to procure the relevant consultancy support to ensure that:

- the project is taken forward with full knowledge of the likely funding streams and likely management structures, including support for the LTA grant funding application. It is proposed that FMG Consultants should be procured to provide this service, with Financial Standing Orders waived on the basis of their expertise and current involvement.

- the design is taken to Planning Application stage and fully costed. This will require the appointment of architects and construction cost consultants, and could be done either competitively, or through an extension of FMG's current involvement, with Financial Standing Orders waived as above.

Assuming then, that the external funding is forthcoming and the financial elements remain positive, the project would move to the construction phase with additional support required to ensure that:

- the Council is properly represented as client during the construction, by a project supervisor. It is likely that this would need to be procured via a competitive process.

- project management remains clear throughout the project through to a successful delivery. This may be provided from within the Council, but may require external support.

6.2 The anticipated timeline for this project, assuming the LTA grant application is made by the end of February 2018, could see the facility completed by mid to late 2019. However, there are a number of influencing factors involved, including working on a live educational site, which would need to be overcome to enable this.

6.3 Because of the size of this project it is suggested that as with a number of key corporate issues, a joint Member/Officer Board should be established to oversee its delivery. This would contain the key corporate level officers, alongside the relevant portfolio members with other members to give appropriate political balance. This will then be supported by an officer project group, which will work a more operational level.

It is therefore proposed that the project group should deal with the everyday delivery of the project and should consist of the following:

- Head of Community and Economic Development
- Leisure and Localities Manager
- Procurement Officer
- Chief Accountant – as and when required
- Legal support – as and when required
- Corporate Project Manager
- Administrative support

The Project Board would include:

- Corporate Director
- S151 Officer
- Monitoring Officer
- Relevant portfolio member/s
- Other members to provide appropriate political balance

6.4 A formal recommendation to appoint members to this Board is contained within the report.

7 Finances

7.1 The financial information is contained within the Confidential Appendix 1.

7.2 Sensitivity analysis of the financial information is contained within Confidential Appendix 2.

8. Sustainability

8.1 Any new build will rely on low energy use to minimise utility costs of the facility to assist long term financial sustainability.

9. Equality and Diversity

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

9.2 Any new facility will be fully accessible for those with disabilities to encourage participation by all.

10. Section 17 Crime and Disorder considerations

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

11. Conclusions

11.1 The Council's Indoor Leisure Facility Strategy has recommended that a Community Sports Hub should be set up, that provides improved management of the sports facilities on and adjacent to the Cromer Academy site.

11.2 The Strategy also recommends a 2-3 indoor tennis court facility in the district. The best venue for this facility is the Cromer Academy site, as it builds on the existing links with the adjacent Tennis Club.

11.3 There is now an opportunity for the Council to improve the sports offer at the Academy site, with the development of the Community Sports Hub and construction of the indoor tennis facility and associated gym and fitness centre. At the same time, because of the significant revenue generation capacity of the new facility, this should be able to be completed with only a small impact on the Council's revenue position in terms of its sports and leisure budget.

11.4 In addition, there is an opportunity for the Council to provide additional improvements to other tennis courts in the district as part of a wider transformation project for tennis in North Norfolk partly funded by the Lawn Tennis Association.

11.5 Detailed feasibility work has been completed that confirms the viability of the project, to the extent that the Council can now progress the project.

North Norfolk District Council

Cabinet Work Programme

For the Period 30 October 2017 to 31 January 2017

Decision Maker(s)	Meeting Date	Subject & Summary	Cabinet Member(s)	Lead Officer	Status / additional comments
Cabinet **Scrutiny** **Council**	**30 Oct 2017** **08 Nov 2017** **15 Nov 2017**	**Financial Strategy**	Wyndham Northam	Duncan Ellis Head of Finance & Assets 01263 516330	
Cabinet **Scrutiny**	**30 Oct 2017** **08 Nov 2017**	**Budget Monitoring Period 6**	Wyndham Northam	Duncan Ellis Head of Finance & Assets 01263 516330	
Cabinet **Scrutiny**	**30 Oct 2017** **08 Nov 2017**	**Treasury Management Half Yearly report**	Wyndham Northam	Duncan Ellis Head of Finance & Assets 01263 516330	
Cabinet	**30 Oct 2017**	**Fakenham Highfield Car park**	Judy Oliver	Steve Blatch *Head of Paid Service* 01263 516232	**Exempt information**
Cabinet	**30 Oct 2017**	**Improved accessible toilet and parking facilities, Wells-next-the-Sea**	Judy Oliver	Steve Blatch Head of Paid Service 01263 516232	
Cabinet	**30 Oct 2017**	**Scottow Enterprise Zone Business Rates Funding Proposals**	Nigel Dixon	Duncan Ellis Head of Finance & Assets 01263 516330	

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

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

North Norfolk District Council

Cabinet Work Programme

For the Period 30 October 2017 to 31 January 2017

Decision Maker(s)	Meeting Date	Subject & Summary	Cabinet Member(s)	Lead Officer	Status / additional comments
Dec 2017					
Scrutiny **Cabinet**	**08 Nov 2017** **04 Dec 2017**	**Splash Feasibility report**	Judy Oliver	Nick Baker Head of Paid Service 01263 516221	**Pre-Scrutiny** **Exempt information**
Scrutiny **Cabinet**	**08 Nov 2017** **04 Dec 2018**	**North Norfolk Sports Hub**	Maggie Prior	Nick Baker *Head of Paid Service* 01263 516221	**Exempt information** ***pre-Scrutiny**
Cabinet	**04 Dec 2017**	**VNN Options Appraisal**	Nigel Dixon	Rob Young Head of Economic & Community Development 01263 516162	**(may slip)**
Cabinet	**04 Dec 2017**	**Egmere Business Zone**	Tom FitzPatrick	Steve Blatch Head of Paid Service 01263 516232	
Cabinet **Scrutiny** **Council**	**04 Dec 2017** **13 Dec 2017** **19 Dec 2017**	**Council Tax – discretionary scheme**	Wyndham Northam	Duncan Ellis Head of Finance & Assets 01263 516330	

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

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North Norfolk District Council

Cabinet Work Programme

For the Period 30 October 2017 to 31 January 2017

Decision Maker(s)	Meeting Date	Subject & Summary	Cabinet Member(s)	Lead Officer	Status / additional comments
Cabinet **Scrutiny**	**04 Dec 2017** **13 Dec 2017**	**Managing Performance Q2**	Tom FitzPatrick	Helen Thomas Policy & Performance Management Officer 01263 516214	
Jan 2018					
Cabinet **Scrutiny** **Council**	**08 Jan 2018** **13 Dec 2017** **19 Dec 2017**	**Asset Management Plan & supporting documents**	Judy Oliver	Renata Garfoot Estates & Asset Strategy Manager 01263 516086	
Cabinet	**08 Jan 2018**	**North Norfolk Lottery Scheme**	Judy Oliver	Emma Duncan Head of Legal	
Cabinet **Scrutiny**	**08 Jan 2018** **17 Jan 2018**	**Digital Transformation Update**	Tom FitzPatrick	Sean Kelly Head of IT & Digital Transformation 01263 516276	
Cabinet **Scrutiny**	**08 Jan 2018** **17 Jan 2018**	**Enforcement Update**	Judy Oliver	Nick Baker Head of Paid Service 01263 516221	

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

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North Norfolk District Council

Cabinet Work Programme

For the Period 30 October 2017 to 31 January 2017

Cabinet **Scrutiny** **Council**	**08 Jan 2018** **17 Jan 2018** **21 Feb 2018**	**Community Governance Reviews for several parishes**	Judy Oliver	Steve Blatch Head of Paid Service 01263 516232	

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

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Agenda item 13

OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME 2017/2018
Annual Work Programme

Meeting	Title / format	Lead Officer / Portfolio Holder	Reason for coming to O&S
October			
	Presentation on Coastal Partnership East	Rob Goodliffe	Referred by Steve Blatch
	Update on Arts & Culture	Nicola Turner Maggie Prior	Requested by Committee (Briefing note)
	- **Asset Management Plan** - **Norfolk Coastal Partnership** - **IT provision & support**		Future agenda items (agenda item 8)– dates and format to be agreed
November			
	Superintendent Harvey – update to the Committee (to include review of crime & disorder in the District)		
Cabinet	**Budget Monitoring Period 6**	Duncan Ellis Wyndham Northam	cyclical
Cabinet & Council	**Treasury Management Half Yearly report**	Duncan Ellis Wyndham Northam	cyclical
Cabinet & Council	**Financial Strategy**	Duncan Ellis Wyndham Northam	

Meeting	Title / format	Lead Officer / Portfolio Holder	Reason for coming to O&S
Dec Cabinet	**Splash feasibility report**		Pre-scrutiny
Dec Cabinet	**N Norfolk Sports Hub**		Pre-scrutiny (to be agreed by the Committee)
December			
	Presentation on Norfolk Coast Partnership		Requested by Committee
	Asset Management Strategy	Duncan Ellis	Requested by Committee
	Changes to O&S structure / ways of working		Recs from Member Group
	Tourism update	Stuart Quick Nigel Dixon	Annual update (*could slip*)
To Council for approval	**Annual report of the Committee**	Emma Denny	Annual report
	Managing Performance Q2	Tom FitzPatrick Helen Thomas	Cyclical
Cabinet & Council	**Council Tax Discretionary scheme**	Wyndham Northam Duncan Ellis	
January			
	Waste Update	Annie Claussen-Reynolds Scott Martin	Cyclical (Six monthly)

Meeting	Title / format	Lead Officer / Portfolio Holder	Reason for coming to O&S
	Update on Broadband & mobile phones (briefing paper)	Karen O'Kane	6 monthly
	***Update on planning service**	Nicola Baker/ Mark Ashwell Sue Arnold	At committee's request
	***Housing Strategy Update**	Nicola Turner Richard Price	6 monthly update
	Customer Services Update (tbc)	Becky Palmer David Williams	At Committee's request
Cabinet & Council	**Community Governance Reviews for several parishes**	Steve Blatch Judy Oliver	
Cabinet report	**Digital Transformation Update (to include request from O&S on IT support and resilience)**	Tom FitzPatrick Sean Kelly	Cyclical (Six monthly)
Cabinet report	**Enforcement Board Update**	Judy Oliver Nick Baker	Cyclical
	Review of public transport provision in the District		Annual update (*could slip*)
February			
	Managing Performance Q3	Tom FitzPatrick Helen Thomas	Cyclical
	Base Budget 2016/17 Projections – 2017/18 & 2018/19	Wyndham Northam Duncan Ellis	Annual
	Treasury Strategy 2017/18	Wyndham Northam Duncan Ellis	Annual

Meeting	Title / format	Lead Officer / Portfolio Holder	Reason for coming to O&S
	Leisure Services Update	Maggie Prior Karl Read	Annual update
March			
	Annual Action Plan	Tom FitzPatrick Helen Thomas	Annual
	Budget Monitoring Period 10	Wyndham Northam Duncan Ellis	cyclical

TBC			
	Review of Market Towns across the District – current issues & challenges		
	Mental Health update – to include information on the work of the Help Hub and presentation by an expert		6 months (March 2018)
	Public Conveniences **- What are the provisions throughout the District?** **- What is open all year round?** **- What is planned?**	Steve Blatch Judy Oliver	Requested by the Committee (*format & content to be agreed by the committee*)
	Environmental Wildlife		
	Government Review of Scrutiny		
	Public Space orders		**(to come back when updated)**