

Overview and Scrutiny Committee



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06 February 2018

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 14 February 2018 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 Bütikofer, Mrs J English, Ms V Gay, Mr S Hester, Mr M Knowles, Mrs B McGoun, Mr R Reynolds, Mr E Seward, Mr B Smith, Mr N Smith, Ms K Ward, VACANCY

All other Members of the Council for information.

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



If you have any special requirements in order to attend this meeting, please let us know in advance

If you would like any document in large print, audio, Braille, alternative format or in a different language please contact us.

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A G E N D A

1. TO RECEIVE APOLOGIES FOR ABSENCE

2. SUBSTITUTES

3. PUBLIC QUESTIONS & STATEMENTS

To receive questions / statements from the public, if any

4. MINUTES

(page 7)

To approve as a correct record the minutes of the meeting of the Overview and Scrutiny Committee held on 17 January 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

The Committee made the following recommendations to Cabinet at their meeting on 5th February:

Agenda Item 15: Asset Management Plan

'That the Asset Management Plan reflects the changes discussed, striking a balance between commercialisation and public service'

Agenda item 12: Digital Transformation Plan

'That the report going to Cabinet on 5 February 2018 should include a table showing cashable savings to date and if this is not possible increased capacity.'

Recommendations from Cabinet to Council

10. ASSET MANAGEMENT PLAN

(electronic only)
(9.45 – 10.30am)

At the meeting of the Overview and Scrutiny Committee held on 13 December 2017, the Committee made the following resolution:

‘That the revised Asset Management Plan comes back to the Overview & Scrutiny Committee in February 2018 before going to Council for approval’

Agenda note: *Members are reminded that if the Committee wants to make further recommendations in relation to the Asset Management Plan they must be referred back to Cabinet before they can be considered by Council.*

Cabinet member Cllr J Oliver
Ward member(s) All
Contact Officer Renata Garfoot
telephone 01263 516086
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11. TREASURY MANAGEMENT STRATEGY STATEMENT 2018-19

(page 19)
(10.30 – 10.45am)

Summary: This report sets out details of the Council’s treasury management activities and presents a strategy for the prudent investment of the Council’s surplus funds, as well as external borrowing.

Options Considered: Alternative investment and debt options are continuously appraised by the Council’s treasury advisors, Arlingclose and all appropriate options are included within this Strategy.

Conclusions: The preparation of this Strategy Statement is necessary to comply with the Chartered Institute of Public Finance and Accountancy’s Code of Practice for Treasury Management in Public Services.

Recommendations: **That the Council be asked to RESOLVE that The Treasury Management Strategy Statement is approved.**

Reasons for
Recommendation: The Strategy provides the Council with a flexible treasury strategy enabling it to respond to changing market conditions and ensure the security of its funds, as well as secure borrowing at the best value.

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

Decision: Overview and Scrutiny Committee is requested to make recommendations to Council

12. 2018/19 BUDGET REPORT

(page 32)

(Appendix A – p.36) (Appendix B – p.57) (Appendix C – p.85) (Appendix D – p.86)

(Appendix E – p.88) (Appendix F – p.93)

(11.15 – 11.45am)

Summary: This report presents for approval the 2018/19 budget along with the latest financial projections for the following three years to 2021/22.

Options considered: The budget for the forthcoming financial year must be set annually. Whilst there are options around the individual budgets presented for approval i.e. what is included in the budget for 2018/19, the overall position now presented for approval is the culmination of work carried out by officers and Cabinet over a number of months, details of which are provided within the report.

Conclusions: The Council's budget is set for approval each year; it is presented to Cabinet and then considered by Overview and Scrutiny Committee before recommendations are made to Full Council. This report now presents a balanced budget for 2018/19 and also presents the latest financial projections for the following three financial years, 2019/20 to 2021/22. The budget has been produced based on a number of assumptions as detailed within the main body of the report and also reflects the provisional finance settlement announced on 19 December 2017. The report recommends that the surplus for the year is allocated to the Invest to Save reserve. The report also outlines the risks facing the Council in setting the budget and forecasting future spending plans and resources.

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

- 1) **The 2018/19 revenue budget as outlined at Appendix A;**
- 2) **The surplus of £747,882 is allocated to the Invest to Save reserve as outlined in the report;**
- 3) **The demand on the Collection Fund for 2018/19, subject to any amendments as a result of final precepts still to be received be:**
 - a. **£5,909,655 for District purposes**
 - b. **£2,210,812 (subject to confirmation of the final precepts) for Parish/Town Precepts;**
- 4) **The statement of and movement on the reserves as detailed at Appendix D;**
- 5) **The updated Capital Programme and financing for 2018/19 to 2020/21 as detailed at Appendix E;**
- 6) **Slippage in the Capital Programme is shown at Appendix F;**
- 7) **Agree any required funding and changes to Reserves in terms of phase 2 of the Digital Transformation programme, Property Investment Fund and police funding;**
- 8) **That Members note the current financial projections for the period 2019/20 to 2021/22;**

Reasons for Recommendations: To recommend a balanced budget for 2018/19 for approval by Full Council on 21 February 2018.

Work programmes

13. THE CABINET WORK PROGRAMME (page 95)

To note the upcoming Cabinet Work Programme.

14. OVERVIEW & SCRUTINY WORK PROGRAMME AND UPDATE (page 98)

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

Items for the Work Programme:

1. Report on governance arrangements for matters concerning the acquisition and disposal of assets

At the meeting of Overview & Scrutiny Committee held on 13 December 2017, the Committee made the following recommendation:

‘That the Overview & Scrutiny Committee receive a further report on the governance arrangements for matters concerning the acquisition and disposal of assets that creates a better balance between the need for commercial sensitivity and, at the same time, the need, as part of the democratic process, for appropriate Member involvement in this area’

The Committee is requested to consider when it would like to receive the above report so that it can be included in the work programme.

2. Establishment of a Task & Finish Group for Beach Huts and Chalets

At the meeting held on 17 January 2018, the Committee agreed to establish a Task & Finish Group to review fees and charges in relation to beach huts and chalets.

The Committee is requested to consider the size of the Task & Finish Group and any specific information to be included in the terms of reference so that they can be agreed at the next meeting on 21 March 2018.

15. 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.”

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

OVERVIEW AND SCRUTINY

Minutes of a meeting of the Overview and Scrutiny Committee held on 17 January 2018 in the Council Chamber, North Norfolk District Council, Holt Road, Cromer at 9.30 am.

Members Present:

Committee: Cllr K Ward (Chairman)

Cllr J English

Cllr V Gay

Cllr S Hester

Cllr M Knowles

Cllr N Lloyd

Cllr R Reynolds

Cllr E Seward

Mr B Smith

Mr N Smith

Officers in Attendance: The Corporate Director (SB), the Corporate Director (NB), the Head of Economic and Community Development, the Housing Strategy and Community Development Manager, the Environmental Services Manager, the Planning Policy Team Leader, the Democratic Services Manager and the Democratic Services Officer.

Members in Attendance: Cllr A Claussen-Reynolds (Portfolio Holder for Waste and Environmental Services), Cllr J Rest, Cllr N Pearce, Cllr S Arnold, Cllr A Fitch-Tillett and Cllr P Grove-Jones.

97. APOLOGIES

Apologies were received from Cllr S Bütikofer, Cllr B McGoun, and Mr R Price (Portfolio Holder for Housing).

98. SUBSTITUTES

Mr N Lloyd for Mrs S Bütikofer.

99. PUBLIC QUESTIONS

No public questions were received.

100. MINUTES

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

101. ITEMS OF URGENT BUSINESS

None

102. DECLARATIONS OF INTEREST

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

103. PETITIONS FROM MEMBERS OF THE PUBLIC

None

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

Beach Huts and Chalets

Beach huts and chalets had been a subject of discussion when the Committee considered Fees and Charges 2018/19 at the December meeting. The Chairman reported that the Head of Finance and Asset Management intended to undertake a more fundamental review of strategy after the budget-setting process. It was proposed to form an Overview and Scrutiny Task and Finish Group to work with him on this. The Chairman would work with the Vice Chair and the Democratic Services Manager on the formation of this Group. Any Members who were interested in being part of it were asked to speak to her.

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

None

106. HOUSING STRATEGY UPDATE

The Housing Strategy 2016-2020 was approved by Full Council in November 2016. The Housing Strategy and Housing Strategy Action Plan set out the Council's priorities for housing. It has 2 strands –new homes and existing homes recognising that whilst new supply is important it only represents a small part of the existing supply of homes across the district The Housing Strategy Action Plan is reviewed on a bi-annual basis. The report set out the outcome of the second review of the Action Plan and comments on the link between the Housing Strategy and the Local Plan.

The Action Plan is a live document. A new action in relation to the Communities Housing Fund had been added in May 2017. One of the activities was now complete – the new Community Led Housing team was in place and was actively engaging with parishes and communities in the target area for the Communities Housing Fund.

A new action had been added to respond to opportunities to support housing delivery in North Norfolk. This action was on track, with the Council submitting a bid to the national Housing Infrastructure Fund in September 2017 to support the delivery of 1380 homes in Fakenham on the Fakenham Urban Extension site. The outcome of the bid was awaited, but the announcement was not expected to be made until mid-February.

Questions and Discussion

- a) Mr J Rest asked why a review of the need for and affordability of affordable housing for sale products was on hold. The Housing Strategy and Community Development Manager explained that a new Housing White Paper, which proposed new affordable homeownership products, was awaited. The Head of Paid Service (SB) commented that the White Paper will also have an impact on the Local Plan. The White Paper has been delayed by the General Election. When it was received, the review would take place.
- b) Consider how the Property Investment Strategy and Local Investment Strategy can

support the delivery of new homes of all tenures: in response to a further question from Mr Rest, it was explained that this action referred to market, not affordable, housing. The Grove Lane, Holt site had been recommended by Gleeds for residential development. The Estates and Asset Strategy Manager had explored the investment but returns were considered to be relatively modest and would require taking out some reserves. Interest had since been expressed for a commercial use which would give a greater return. The Council did not have a large retained portfolio of undeveloped land or property and would have to acquire land through the market to pursue direct provision of housing. This linked to the Asset Management Plan which the Committee would be considering further in February. In December, the Overview and Scrutiny Committee had made a recommendation that a local capital property fund should be established for acquiring town centre land. No decision had yet been taken.

- c) Mr N Smith asked if the setting up of a property committee could be revisited. The Corporate Director (SB) said that Members could scrutinise it further, if required, but that – on the basis of modelling done in summer 2016 – a property company didn't appear to be economically viable. The Estates and Asset Strategy Manager had done a lot of work on this. There had since been commercial interest in the Grove Lane site. Another possible site would have been Highfield Road, Fakenham, but this had been a subject of public concern. On 30 October 2017, Cabinet had made the decision that it should be retained as a public car park owned and operated by the District Council. This topic could feed into the discussion on Asset Management in February.
- d) Mr J Rest asked if Right to Acquire (RTA) properties should be included in the Action Plan. The Housing Strategy and Community Development Manager explained that the RTA did not apply to most affordable properties across North Norfolk. The scheme tended to apply to towns. The process sat outside the District Council. RTA discount wasn't significant and didn't necessarily make a property affordable to purchase in the way that the Preserved Right to Buy does.
- e) Mr S Hester asked how long emergency cases were allowed to stay in temporary accommodation and if it was a multi-agency decision about whether they were fit to move on. The Housing Strategy and Community Development Manager explained that people were put in temporary accommodation while the team assessed the Council's level of duty towards them as they are homeless, some clients remain in the temporary accommodation if the Council accepts a Full Duty to them until they can be secured appropriate accommodation. Bed and breakfast accommodation could only be used for up to 6 weeks in an emergency, so most clients are in some form of self-contained temporary accommodation. A two-bedroomed bungalow had been bought to address the need for temporary accommodation, especially for those with restricted mobility. If the Council had a full duty, the team had a role in finding accommodation and help was also given to get people into private rented accommodation. The Head of Paid Service (SB) clarified that supported housing is different to temporary accommodation and residents are supported to be independent, with Norfolk County Council responsible for funding supported housing.
- f) In response to a further question from Mr Hester, the Housing Strategy and Community Development Manager said that affordable homes for sale were advertised through "Your Choice, Your Home" and the main NNDC website. She could talk to the media team about increasing awareness and would take this back as an action. The Chairman asked that there should also be clarity on the website about proposed affordable housing developments. This would help prevent people

from forming a view based on what they'd read in the press.

- g) Procurement of four 2-bedroomed flats: Ms V Gay asked if these properties would meet the need for temporary accommodation. The Housing Strategy and Community Development Manager said that the ground floor flats had been specifically designed to meet accessibility needs. However, the needs of people in temporary accommodation were variable. New legislation would allow the team to work earlier with clients, and to work with a lot more clients. This could increase or decrease the need for temporary accommodation and so the need for temporary accommodation was continually monitored by the Housing Team Leader- Customer Services.
- h) Ms Gay asked if cuts being made by Norfolk County Council, including accommodation for young people, impacted on NNDC. The Housing Strategy and Community Development Manager said that our Housing List gives priority to people in hostels and other supported accommodation when they are ready to do so, enabling them to move on to independence rather than blocking supported facilities.
- i) In a further question, Ms Gay asked about the Early Help Hub. The Housing Strategy and Community Development Manager said that the Hub was based at the NNDC offices and consisted of numerous agencies, including voluntary and statutory agencies, engaging with residents as early as possible to prevent more expensive statutory and health engagements later on. Some residents weren't seeking help early enough and had complex problems, which the Hub had helped to manage. It was a success to get Mental Health engaged in the Hub. The Housing Strategy and Community Development Manager provided an example of how the Hub has successfully been able to address hoarding issues. In March, the Early Help Hub was scheduled to make a presentation to Overview and Scrutiny. The Housing Strategy and Community Development Manager would brief representatives to include housing related aspects.
- j) Mr R Reynolds observed that, based on experiences in his ward, NNDC had a good track record in providing temporary accommodation and housing homeless people.
- k) Community Housing Fund: Mr E Seward asked how many parishes this would be concentrated on and if there would be bidding for further funding this year. The Housing Strategy and Community Development Manager said that the initial focus was on 66 parishes where at least 10% of all properties are second or holiday homes and all these Parish Councils had been contacted. A recent review of second and holiday home data showed that there is now only one parish in North Norfolk where there are no second or holiday homes (previously there were three). There had been community consultation at Trimmingham and one was scheduled in the following week at Sidestrand. It was hoped to bid for funding this year but, at this stage, the criteria were not known. Mr Seward observed that, as the scheme moved forward, it should be whittled down to 6 schemes, given the funding available. The Housing Strategy and Community Development Manager replied that it was for this reason that they were working with communities to get schemes ready. The Team was looking at 4 funding options rather than focusing exclusively on the Community Housing Fund as the only funding source to deliver these vital schemes. The Corporate Director (SB) said that officers had conversations around Cromer, Holt, Blakeney and Wells. The programme was about building community capacity in areas with high numbers of second homes. A board had been set up with King's Lynn and West Norfolk Borough Council and specialist advice was being obtained. As a planning authority, the Council was aware of local opposition

to existing schemes. This posed a real challenge to housing provision.

- l) Mr E Seward said that it was his understanding, as a County Councillor, that NNDC would have greater responsibility for services to the lonely and isolated from April 2018. He asked what this would entail. The Corporate Director (SB) explained that the County Council's budget for Supporting People (advice and support services for vulnerable people) had been reduced. However, such services were not the District Council's responsibility and were the remit of Social Services. This decision by the County Council could lead to unintended consequences which would impact on our housing options team. Two extra people had been employed but it was a challenge to meet the demands made on the Team. In reply to a further question from Mr Seward, he confirmed that people who had once gone to Social Services for advice were now approaching NNDC. The Housing Strategy and Community Development Manager said that a small amount of funding, approximately £50,000 had been given by Norfolk County Council for two years for the purpose of supporting vulnerable people at risk of homelessness. In response to further questions from Mr Seward, it was explained that social prescribing funding was to provide help and advice for people presenting to the doctor with non-health issues. At present it is not clear how this service will be managed but the Team would be happy to manage it if it came to NNDC. The Isolation service would complement social prescribing but would be separate from it. It was not certain, at this stage, if the latter would be a County or locality service.
- m) Disabled Facilities Grant: Mr N Lloyd asked why some of the work had been delayed. The Housing Strategy and Community Development Manager explained that there had been extra work for the Team in focussing on commitment and spend of an increased Disabled Facilities Grant budget in 2016/17 and also this year reflecting a significant increase in spend in 2016/17. This had delayed the work stream. More complex Disabled Facilities Grants were now being dealt with. When adaptations of property were carried out, preventative work also tended to be done to anticipate work that might be needed in the future. The Team aimed for earlier engagement with clients. The Corporate Director (NB) said that £800,000 worth of grants had been approved for this year. The level of performance and complexity had increased in the last 2 years within the same staffing resource.
- n) Mr Lloyd asked what "On hold" indicated. The Housing Strategy and Community Manager said it meant that the work was not currently being actively done but was on the radar.
- o) The Chairman invited the Planning Policy Team Leader to comment on the Strategy with regards to the Local Plan. He informed the Committee that the Team were looking at the time plan and would report to the Planning Policy and Built Heritage Working Party. Changes in legislation were likely to have an impact, especially the Housing White Paper and housing need methodology. Overall, good progress was being made.
- p) Affordable Housing sold: the Chairman observed that this could affect the Local Plan but that there was no information except "on track". The Housing Strategy and Community Development Manager said that disposal information regularly monitored. She wanted to do a piece of work to identify problems and property needs and could bring this to the Committee. Before the work could commence, she needed to see lettings information for 2017/2018 which would probably be available in June. The Corporate Director (SB) explained that this action had to be seen in the context of the Community Fund. Flexibility was needed about future provision of housing, taking into account where people lived, worked etc. The Chairman observed that this linked with the Local Plan.

- q) The Chairman said that there was no statement in the Strategy about second homes although they were part of the challenge to our District. Mrs S Arnold, Portfolio Holder for Planning and Planning Policy, said that it was important to promote affordable housing to the public in a way that would deter “nimbyism”. Ms V Gay observed that the good design of affordable schemes would convince people. In response to a suggestion from Mrs Arnold that this might be promoted in the press, the Chairman said that this was something to consider, and to include in Local Plan consultations. The Planning Policy Team Leader said that consultations would provide clarity on the land available, which could lead to more affordable housing. Not all pieces of land were of significant market value.

RESOLVED

To note the report.

107. BROADBAND UPDATE

A written report had been received from the Better Broadband for Norfolk Director, Karen O’Kane. This item was for information only.

Mrs S Arnold said that it was very important for North Norfolk to have better broadband. Mr S Hester observed that the figures looked encouraging. Original telephone cabling was becoming very old and there should be more pressure on BT Openreach to refund customers and put more effort into repairs. Mrs A Claussen-Reynolds informed Members that there would be further discussion on Broadband provision at County Hall on 22 January 2018.

Note to Minute 107

At the request of the Committee, the Democratic Services Manager contacted the Better Broadband for Norfolk Director to request that the update included a section on the provision of superfast broadband to new housing developments. Because of the Christmas and New Year break this information was not available for the meeting of the Overview and Scrutiny Committee on 17 January, but was received on 19 January 2018.

“Public Subsidy can only be provided if a State Aid consultation has taken place and identified the postcodes where intervention is planned. This means that new sites cannot be included in the current Better broadband for Norfolk rollout because the postcodes did not exist when the most recent State Aid consultation took place in 2014.

Both BT Openreach and Virgin Media have a process for **property developers** to register new sites. It is vital sites are registered early.

In the case of BT any development of 30 properties or more can benefit from a Fibre to the Premises solution at no cost to the developer:
<http://www.ournetwork.openreach.co.uk/property-development.aspx>

For smaller developments, the develop should contact BT, it will be able to confirm whether Superfast broadband is already available in the area, and if not discuss options

The Virgin Media site is: <http://www.virginmedia.com/lightning/network-expansion/property-developers>

It is very helpful if local planning processes can include a check to ensure the developers have considered broadband provision and are clear about how this will be achieved. Some developers have arrangements with infrastructure suppliers other than BT and Virgin Media”.

108. DIGITAL TRANSFORMATION UPDATE

This report had come to the Committee for pre-scrutiny and would go to Cabinet on 5 February and Full Council on 21 February 2018. It was introduced by the Corporate Director (NB).

Progress to date

- a) The programme had been running for 4 years and aimed to improve customer service and drive efficiency savings by investing in IT and moving as much of the Council’s business as possible to digital format.
- b) The programme budget had been originally approved and Business cases were subsequently brought to Cabinet to approve project budgets, with 6-monthly updates to Cabinet and Overview and Scrutiny.
- c) The anticipated financial savings had been exceeded and completed a year earlier than planned. The direction of travel continued to be good, but not without challenges, especially around recruitment of staff in key areas.
- d) A number of business process reviews were planned, with the largest and most complex being in Planning, where although savings being delivered and performance improved, progress was not as far forward as it had been hoped.
- e) There had been significant investment behind the scenes in IT infrastructure.
- f) The next, proposed phase of the Programme would deliver further savings by transferring even more business onto digital systems. There would be a much bigger digital customer interaction but face-to-face contact would always be available for those who needed it.

Phase 2

- a) The IT Service Desk needed additional capacity to cope with the increased IT usage across the Council.
- b) Member IT would be the subject of a focussed project in the run-up to the next election. The IT Team, Democratic Services and the Member Development Group would work together to deliver the required improvements to ensure that members were IT enabled as far as possible.
- c) Overall 99% of all IT services had been available across the year but there had been some major outages in the last year. The disaster recovery suite at Fakenham provided an initial premise based option, but it was important to continue to invest in disaster recovery and business continuity. Measures for greater resilience, including an improved level of communication, would be rolled out through the Programme. Mr E Seward expressed his support for this.
- d) Between £900,000 and £1,000,000 would be invested in Phase 2. Savings of over

£200,000 per annum would be made; these coming from a variety of sources, including a small reduction in staff numbers. There would also be a better service to customers as more people were demanding business online.

- e) Whilst the report did not detail the savings from each of the proposed projects, individual projects would continue to come to Cabinet as business case proposals. This had worked well in the past.

Questions and Discussion

- a) Mr R Reynolds said that for the project to succeed, everybody needed to be involved. He suggested help for Members who weren't confident in using iPads to enable them to do what was required of them as councillors. It was recognised that there were different levels of IT ability in Staff and Members and that appropriate training would be delivered as part of the project identified in the report.
- b) Mr N Lloyd asked about the risk of hacking. The Corporate Director (NB) explained that NNDC complied with Public Sector Network security requirements and were audited on it. This compliance required regular tests and updates. There would always be a level of some vulnerability balanced by a level of protection that must be in place. It was a matter of ongoing maintenance and keeping up-to-date.
- c) In a second question, Mr Lloyd asked if we could be sure of the level of savings. The Corporate Director (NB) said that whilst the savings were estimated, they were based on experience so far and on other organisations providing similar solutions. Therefore, there was confidence that at least the estimated levels of saving would accrue. Whilst the Council had done well so far, there were still many efficiencies that could be made.
- d) Ms V Gay said that iPads were not always easily adaptable for the work Members were required to do. A paper copy and written notes was often easier. Looking at a small screen for a long period of time was difficult and some Members could not easily do it. The Corporate Director (NB) said that part of Phase 2 would be to consider if iPads were still the best devices for Members but, whatever conclusion was reached, there wouldn't be a roll-out of new devices until the 2019 Member intake. This would be discussed with the Member Development Group.
- e) Ms Gay observed that she didn't understand the detail of the report sufficiently to make a decision and she asked for more details and examples. The Corporate Director (NB) said that he had made notes about areas of the report he would be amending before Cabinet. There would also be more detail as the Phase progressed, as business cases came forward for individual projects.
- f) Mr N Pearce asked if efficiencies in dealing with other bodies could be measured in a quantifiable way. The Corporate Director (NB) said that this was difficult to quantify. Some of it would be measured by customer satisfaction. There had been few complaints about increasing digital business. Efficiency and effectiveness went hand-in-hand. Almost 90% of Parish Councils were now engaging with Planning online. The challenge was often in how the Parish Clerk was able to present information, especially in villages with poor broadband connection. A meeting of Parish Clerks, to capture their feedback, would take place on 13 February. All Clerks had been invited. The outcome would be reported to the Committee in March or April.
- g) Mr S Hester asked if there was a dedicated air conditioning system in our server rooms, and if it was efficient. He was informed that the rooms had the right cooler systems and that they were well-maintained and caused no problems.

- h) Mrs A Fitch-Tillett expressed concern about problems with firewalls in joint service working arrangements. The Corporate Director (NB) said that this was a challenge and that work was being done on it, but that individual councils often wanted their own sovereignty in such partnerships. The Waste Procurement system had a Share Point document management system, which could be used by all 3 partners. It had to be accepted though, that joint service working could be constrained by the need for IT security. The Corporate Director (SB) said that this was common nationally and that separate IP addresses had to be created for partnerships.
- i) Mrs Fitch-Tillett also asked about problems experienced with uploading Norfolk County Council flood maps. The Corporate Director (NB) explained that the GIS refresh; a key part of the first phase of the Programme; necessitated cleansing and reinstalling over 100 layers of complex information. An extra resource had been brought into the team especially for this work. The work was within a couple of months of completion, and this would help both the Development Management work to progress and mitigate the risks in the Local Plan project. Eventually, geographical information would be better integrated with Revenues, Electoral and other systems. At the request of Mrs S Arnold, the Corporate Director (NB) agreed to ask IT to arrange a demonstration of the system for Members of the Overview and Scrutiny Committee as well as the Development Committee. Mrs Fitch-Tillett expressed concern about taking planning decisions without appropriate information. The Corporate Director (NB) said that in any case where officers had a concern about data, the right work was carried out to ensure that out-of-date information was not used.
- j) Mr E Seward commented on the need to keep up-to-date with IT balanced against other demands on the Council. He asked what the financial savings of Phase 2 would be to the Council. The Corporate Director (NB) again said that these could only be estimates at present, but based on the best evidence we have. He confirmed he would add a table, showing the savings to date, to the report. It was important to note that on top of the directly cashable savings, many other savings were around efficiencies leading to improved capacity for officers to do more. Each project would come forward for funding on an individual business case basis to be considered by Cabinet.
- k) The Chairman said she felt there was broad support for the additional staffing proposals and greater resilience but that the business cases would need to be evidenced as the Programme progressed. The Corporate Director (NB) confirmed that, at this stage, Members were being asked to approve the overall budget, rather than individual projects.

RESOLVED

That the report going to Cabinet on 5 February 2018 should include a table showing cashable savings to date and, if this is not possible, increased capacity.

109. WASTE UPDATE

The report was introduced by the Portfolio Holder, Mrs A Claussen-Reynolds:

- a) Iceland had announced that they would be the first chain to remove plastic from their products, with McDonalds following suit.
- b) The next phase of NNDC recycling communications – “Nappies are Rubbish not

Recycling” - was soon to be launched to educate residents not to place nappies in the recycling bin.

- c) Paper recycling: 6m tonnes were collected annually in the UK, with 2m tonnes capacity for recycling in the UK. Surplus paper was loaded in empty containers for shipping back to China.
- d) Fly-tipping performance: Kier claimed not meeting the two working days target could be explained by the way figures had been recorded.
- e) In response to a request from Mr J Rest, via Twitter, Mrs Claussen-Reynolds said that a number of cases had been successfully prosecuted during the year with 3 fly tipping prosecutions leading to £3570 in fines, £1875 in costs awarded to the Council and £40 victim surcharge. We also had 2 persons given 6 month conditional discharges for their offences. Of the cases investigated 12 warning letters and 1 simple caution were issued for fly tipping offences. 8 cases were closed with no evidence to proceed.

Questions and Discussion

- a) Mr E Seward asked about the financial implication of a short term contract extension with Kier. The Environmental Services Manager said that Kier had indicated £0.5m to £1mbut more work was being done on this. The Corporate Director (NB) said that the need for an extension had been clearly demonstrated but it would be a Cabinet or Full Council decision due to the budget implications, when set against the currently below market price for our contract. The cost of the contract had reduced by £80,000 - £90,000 each year.
- b) To a question from the Chairman, the Corporate Director (NB) confirmed that an extension would provide the extra time needed to procure a new contract. In turn this would take much of the risk out of the procurement for bidders, ensuring the best likelihood of getting a good result.
- c) Mrs S Arnold commented that fly-tipping response was a service to the community. Referring to the use of non-recyclable plastic refill coffee sachets, she asked if this and similar examples could be publicised in the media.
- d) Ms V Gay believed that recycling performance had fallen and asked if this would improve with the new contract. The Environmental Services Manager said that recycling itself was actually improving. The apparent fall in the figures was because of road sweepings which were no longer counted as recycling, and the reduction in newspaper use. However, the council was picking up more tonnage of recyclable material than in previous years, despite the weight of material in many containers having dropped. Potential contractors would be asked for costed proposals on additional recycling. Although there were small things that could be done, e.g. collection of textiles and small electrical goods, it was only a fundamental change of what was collected that would make a significant difference. 40% of the contents of black bins was food waste. A food waste collection would be the biggest possibility for increasing our “recycling” rate, but would most likely be very expensive to implement, especially given the rurality of the District.
- e) Mrs P Grove-Jones asked if collection times would have to be increased to accommodate food waste. The Environmental Services Manager said that once a week was the most common collection for food waste, often combined with less frequent collection of household waste.
- f) Mr S Hester observed that everyone could play their part in cutting down food waste,

including feeding it to domestic animals.

- g) Mrs Grove-Jones asked if garden waste generated income. The Environmental Services Manager said that the income for the service was approximately £900,000 gross, producing a net surplus of around £300,000.
- h) Mrs S Arnold asked about disposal of paint pots. Mrs A Claussen-Reynolds advised that the lid should be removed so that the paint dried out, or that the paint should be absorbed by a material such as cat litter. Mr E Seward said that this should be drawn to the attention of Norfolk County Council as a topic where there was need of information.
- i) Mr S Hester asked if every fly-tipping allegation was investigated. The Environmental Services Manager explained that the Council had a zero tolerance approach to this problem and that every reported case was investigated. Legal action was then taken as long as the evidence base was strong enough and that it was the work of the Environmental Protection Team.

RESOLVED

To note the report.

110. ARTS AND CULTURE UPDATE

The report had been requested by the Committee. There was no clear definition of Arts and Culture and no department specifically dedicated to it, but the work in this area was very significant for a district of this size.

Questions and Discussion

- a) Mrs P Grove-Jones expressed thanks for the Council's support of Sheringham Little Theatre, Cromer Pier and the Deep Coast Project.
- b) In response to a question from Mr N Lloyd, it was explained that St Seraphim's Icon Museum and Railway Heritage Centre was at Walsingham and the William Marriott Museum was the former Stalham Railway Station, now the Holt terminus of the North Norfolk Railway.
- c) Ms V Gay observed that NNDC once had an arts team and a museums officer, but was glad that we still had a presence in the Arts. She welcomed funding for Arts and Culture, and the broadening of categories.

RESOLVED

To note the report.

111. THE CABINET WORK PROGRAMME

The Democratic Services Manager reported that the Cabinet Work Programme was up to date.

RESOLVED

To note the Cabinet Work Programme.

112. OVERVIEW AND SCRUTINY WORK PROGRAMME AND UPDATE

- a) There was a large agenda for February. The Customer Services update had been pushed back to March.

- b) Mrs P Grove-Jones suggested Independent Drainage Boards as a future topic. It was suggested that contact should be made with Graham Brown, a former flood manager at Norfolk County Council, with a view to inviting him for March.

RESOLVED

To note the Overview and Scrutiny Committee Work Programme.

The meeting ended at 12.36 pm

Chairman

Treasury Management Strategy Statement 2018/19

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

Cabinet Member(s) Cllr W Northam	Ward(s) affected: All
Contact Officer, telephone number and email: Lucy Hume, 01263 516246, tony.brown@north-norfolk.gov.uk	

1. Introduction

- 1.1 In April 2010 The Authority 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 a treasury management strategy before the start of each financial year. CIPFA has recently consulted on changes to this document, and has recently produced a revised version (the 2017 edition). North Norfolk District Council will adopt the new Code in due course.

- 1.2 In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.
- 1.3 This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.
- 1.4 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.
- 1.5 In accordance with the CLG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Authority's capital programme or in the level of its investment balance.

2. Context

- 2.1 **Economic background:** The major external influence on the Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remains relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.
- 2.2 Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. However, this effect is expected to fall out of year-on-year inflation measures during 2018, removing pressure on the Bank of England to raise interest rates.
- 2.3 **Credit outlook:** Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.
- 2.4 The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.
- 2.5 **Interest rate forecast:** The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19. Stilted progress in the EU exit negotiations, softening consumer spending and a tightening of consumer credit reduce the likelihood of a further rate rise, after the Monetary Policy Committee voted to increase the Bank of England base rate in November 2017 to 0.5%. The risk of a cut to zero or negative rates has diminished and there is now a chance that rates will rise despite the economic fundamentals.

- 2.6 Longer-term interest rates have risen in the past year, reflecting the possibility of increasing short-term rates. Arlingclose forecasts these to remain broadly constant during 2018/19, but with some volatility as interest rate expectations wax and wane with press reports on the progress of EU exit negotiations.
- 2.7 For the purpose of setting the budget, it has been assumed that investments will achieve an average rate of 3.3%, and that new long-term loans will be borrowed at an average rate of 2.54%.
- 2.8 **Local Context:** On 31st December 2017, the Authority held no borrowing and £41.2m of investments. This is set out in further detail at Appendix A. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.17 Actual £m	31.3.18 Estimate £m	31.3.19 Forecast £m	31.3.20 Forecast £m	31.3.21 Forecast £m
General Fund CFR	0.886	3.855	3.231	2.962	2.692
Less: Other debt liabilities *	-0.687	-0.355	0.000	0.000	0.000
Borrowing CFR	0.199	3.500	3.231	2.962	2.692
Less: External borrowing **	0.000	0.000	0.000	0.000	0.000
Internal borrowing	0.199	3.500	3.231	2.962	2.692
Less: Usable reserves	-27.518	-27.985	-24.944	-18.862	-18.033
Less: Working capital	-10.638	-8.339	-8.339	-8.339	-8.339
Investments	37.957	32.824	30.052	24.239	23.680

* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

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

- 2.9 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing where this represents best value for money.
- 2.10 The Authority is currently debt free, although current capital expenditure plans do imply a need to borrow over the forecast period. Investments are forecast to fall as capital receipts are used to finance capital expenditure and reserves are used to finance the revenue budget.
- 2.11 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2018/19.

3. Borrowing Strategy

- 3.1 The balance sheet forecast in table 1 shows that the Authority does not expect to need to borrow in 2018/19. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £23.4 million.
- 3.2 **Objectives:** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 3.3 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy addresses the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 3.4 Alternatively, the Authority may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.5 In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.
- 3.6 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board (PWLB) and any successor body
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds (except Norfolk Pension Fund)
 - UK Local Authorities
- 3.7 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- operating and finance leases
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback

4. Investment Strategy

- 4.1 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. Since the 1 April 2017, the Authority's investment balance has ranged between £35.9 and £45.8 million, which is expected to reduce in the coming year, as recently approved capital schemes are delivered.

- 4.2 **Objectives:** Both the CIPFA Code and the CLG 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. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 4.3 **Negative interest rates:** If the UK enters into a recession in 2018/19, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 4.4 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2018/19 where cash is identified as available for longer-term investment. This diversification will represent a continuation of the current strategy.
- 4.5 **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£1.5m 5 years	£3m 20 years	£3m 50 years	£1.5m 20 years	£1.5m 20 years
AA+	£1.5m 5 years	£3m 10 years	£3m 25 years	£1.5m 10 years	£1.5m 10 years
AA	£1.5m 4 years	£3m 5 years	£3m 15 years	£1.5m 5 years	£1.5m 10 years
AA-	£1.5m 3 years	£3m 4 years	£3m 10 years	£1.5m 4 years	£1.5m 10 years
A+	£1.5m 2 years	£3m 3 years	£1.5m 5 years	£1.5m 3 years	£1.5m 5 years
A	£1.5m 13 months	£3m 2 years	£1.5m 5 years	£1.5m 2 years	£1.5m 5 years

A-	£1.5m 6 months	£3m 13 months	£1.5m 5 years	£1.5m 13 months	£1.5m 5 years
None	£1m 6 months	n/a	£3m 25 years	£50,000 5 years	£1m 5 years
Pooled funds	£10m per fund				

This table must be read in conjunction with the notes below

- 4.6 **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from the main ratings agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 4.7 **Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 4.8 **Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- 4.9 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- 4.10 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit assessment as part of a diversified pool in order to spread the risk widely.
- 4.11 **Registered providers:** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing, formerly known as housing associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.
- 4.12 **Pooled funds:** Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services

of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

- 4.13 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 4.14 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept at a minimum. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 4.15 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

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

- 4.16 **Other information on the security of investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 4.17 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the

Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

4.18 **Specified investments:** The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

4.19 **Non-specified investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-specified investment limits

	Cash limit
Total long-term investments	£31m
Total investments without credit ratings or rated below A-(except UK Government and local authorities)	£25m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£2m
Total non-specified investments	£33m

4.20 **Investment limits:** The Authority’s revenue reserves available to cover investment losses are forecast to be £16 million on 31st March 2018. In order that only an acceptable level of available reserves will be put at risk in the case of a single default,

the maximum that will be lent to any one organisation (other than the UK Government) will be £3 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£3m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£3m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£5m per country
Registered providers	£7.5m in total
Unsecured investments with building societies	£3m in total
Loans to unrated corporates	£3m in total
Money Market Funds	£20m in total

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

4.22 **Non Treasury Investments:** The Authority may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in shared ownership housing, as loans to local businesses and landlords, or as equity investments and loans to the Authority's subsidiaries. Such loans and investments will be subject to the Authority's approval processes that are set out in the Capital Strategy approved by Full Council.

5 Treasury Management Indicators

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

5.2 **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.

	Target
Portfolio average credit score	6.0

- 5.10 **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.

	Target
Total cash available within 3 months	£3m

- 5.11 **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 will be:

	2018/19	2019/20	2020/21
Upper limit on fixed interest rate exposure	(100%)	(100%)	(100%)
Upper limit on variable interest rate exposure	(100%)	(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.

- 5.12 **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 will be:

	Upper	Lower
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

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

- 5.13 **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 will be:

	2018/19	2019/20	2020/21
Limit on principal invested beyond year end	£35m	£35m	£35m

6 Other Items

There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

- 6.1 **Policy on the use of financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 6.2 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 6.3 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 6.4 **Investment of money borrowed in advance of need:** The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.
- 6.5 The total amount borrowed will not exceed the authorised borrowing limit of £23.4 million. The maximum period between borrowing and expenditure is expected to be three years, although the Authority is not required to link particular loans with particular items of expenditure.
- 6.6 **MiFID II:** This organisation has reviewed the classifications under MiFID II and has decided to request financial institutions treat the Authority as a professional client..

7. Investment Training

- 7.1 The needs of the Authority's treasury management staff for training in investment management are assessed every six months as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA.

8. Treasury Management Advisors

- 8.1 The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled by periodically subjecting it to tender. Arlingclose successfully tendered for a new contract commencing 1st April 2017.

9. Financial Implications and Risks

9.1 The budget for investment income in 2018/19 is £1.15 million, based on an average investment portfolio of £35.1 million at an interest rate of 3.3%. The budget includes £3,500 for short-term borrowing interest for cash flow purposes.

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

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

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

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

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

Existing Investment Portfolio Position as at 31st December 2017

	Proportion of Portfolio %	Amount £	Average Interest Rate %
Managed in-house			
Short-term Investments			
- Term Deposits	0	0	0
Long-term Investments			
- Covered Bonds with Banks & Building Societies	10.9	4,500,000	1.06
Managed externally			
- Money Market Funds	26.0	10,690,000	0.17
- Pooled Funds	63.1	26,000,000	3.14
Total Investments	100.0	41,190,000	1.97

2018/19 BUDGET REPORT

Summary: This report presents for approval the 2018/19 budget along with the latest financial projections for the following three years to 2021/22.

Options considered: The budget for the forthcoming financial year must be set annually. Whilst there are options around the individual budgets presented for approval i.e. what is included in the budget for 2018/19, the overall position now presented for approval is the culmination of work carried out by officers and Cabinet over a number of months, details of which are provided within the report.

Conclusions: The Council's budget is set for approval each year; it is presented to Cabinet and then considered by Overview and Scrutiny Committee before recommendations are made to Full Council. This report now presents a balanced budget for 2018/19 and also presents the latest financial projections for the following three financial years, 2019/20 to 2021/22. The budget has been produced based on a number of assumptions as detailed within the main body of the report and also reflects the provisional finance settlement announced on 19 December 2017. The report recommends that the surplus for the year is allocated to the Invest to Save reserve. The report also outlines the risks facing the Council in setting the budget and forecasting future spending plans and resources.

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

- 1) **The 2018/19 revenue budget as outlined at Appendix A;**
- 2) **The surplus of £747,882 is allocated to the Invest to Save reserve as outlined in the report;**
- 3) **The demand on the Collection Fund for 2018/19, subject to any amendments as a result of final precepts still to be received be:
a. £5,909,655 for District purposes
b. £2,210,812 (subject to confirmation of the final precepts) for Parish/Town Precepts;**
- 4) **The statement of and movement on the reserves as detailed at Appendix D;**
- 5) **The updated Capital Programme and financing for 2018/19 to 2020/21 as detailed at Appendix E;**
- 6) **Slippage in the Capital Programme is shown**

- at Appendix F;
- 7) Agree any required funding and changes to Reserves in terms of phase 2 of the Digital Transformation programme, Property Investment Fund and police funding;
 - 8) That Members note the current financial projections for the period 2019/20 to 2021/22;

Reasons for Recommendations: To recommend a balanced budget for 2018/19 for approval by Full Council on 21 February 2018.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

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

Local Government Finance Settlement 2018/19, 2017/18 budget monitoring reports.

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

1 Introduction

- 1.1 This report presents the detail of the 2018/19 revenue budget and the indicative projections for the following three financial years, 2019/20 to 2021/22.
- 1.2 An updated Capital Programme has also been included covering the periods 2017/18 to 2019/20 which takes account of slippage of schemes between financial years. Details of new proposed capital schemes are also included within the report for approval.
- 1.3 This report will be considered by the Overview and Scrutiny Committee on 14 February and then presented for approval by Full Council on 21 February 2018 as part of the annual Council Tax setting report.
- 1.4 The Medium Term Financial Strategy (MTFS) covering the period 2018/19 to 2021/22 was presented to Members in October 2017. At that time the forecast budget gap over the next four years was in the region of £2.3 million. This position took account of the following assumptions:
 - a) Known spending pressures;
 - b) Complete removal of the Revenue Support Grant by 2020/21;
 - c) Council tax freeze for the period of the strategy;
 - d) Continuation of the New Homes Bonus and using 100% of the Council's allocation of the funding in the base budget;
 - e) A number of work stream savings and additional income as approved as part of the 2017/18 budget process;
 - f) No one-off use of reserves were assumed for the period of the MTFS.
- 1.5 Since then the detail of the budget for 2018/19 and projections for the period to 2021/22 have been developed by both Officers and Members resulting in the budget now presented in this report. This reflects the provisional finance settlement figures announced on 19 December 2017, the final settlement is expected early February. The final budget presented for approval on 21 February 2018 will be updated to reflect the final figures as applicable.
- 1.6 The following sections of the report present the detail and context within which the budget has been produced. The summary of the budget and service budget details are included at appendices A and B respectively.

2 Provisional Local Government Finance Settlement (LGFS)

- 2.1 On 19 December 2017 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 2018/19 to 2019/20. This reflects the projections for the final two years of the four year settlement agreement.
- 2.2 The final settlement figures are due to be announced in early February and where applicable any changes resulting from the final settlement will be reflected in the budget report to Full Council on 21 February 2018.

2.3 Some of the key messages from the provisional settlement are as follows:

- a) The original settlement covered the four year period from 2016/17 to 2019/20 and was taken up by 97% of Councils. The provisional settlement announcement during December 2017 covers the final two 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 last year through the changes to the New Homes Bonus (NHB) allocations.
- b) While the countywide proposal for a business rates pilot was not successful it was announced that there is an expectation that local authorities will be able to retain 75% of business rates from 2020 to 2021 through incorporating existing grants such as Revenue Support Grant. This is a change to the previous announcements in relation to 100% rates retention by 2020. The business rates pilots will help inform this and new pilots are expected for 2019/20 so it would appear at present that there might be another opportunity for a countywide bid next year.
- c) The settlement reflects 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. The referendum principles for Council Tax were also increased for local authorities from 2% to 3%.
- d) Police and Crime Commissioners will be able to increase their Band D council tax by the higher of 3% or £12.
- e) The adult social care precept arrangements will remain unchanged.
- f) Although it had been muted that there were potentially further changes to come in respect of the New Homes Bonus allocation methodology nothing further was announced as part of the provisional settlement following the introduction of the baseline and reduction in the length of the scheme last year.
- g) The Rural Services Delivery Grant was increased nationally for 2018/19 by £15 million which has seen a one-off increase of £90k for NNDC.
- h) The consultation in relation to the Fair Funding Review was also announced and will review the needs assessment formula which 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 and offices will be responding as required. The aim at present is for a new system to be introduced in 2020 to 2021 based on the findings of this work.
- i) The Rural Rate Relief and the new one year pub relief announced last year were extended for a further year was to be extended. These are to be funded by Section 31 grants so there is no financial impact for the Council. Support for Small Businesses Relief and the Local Discretionary Revaluation Relief Scheme will both continue in 2018/19.

2.4 The Government has used a measure of “Core Spending Power (CSP)” which sets out potential income for Local Authorities from a number of sources over the 4 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.

2.5 The settlement makes 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 3% (this is an increase of 1% from 2017/18).
- 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 £20 million of funding in 2016/17, rising to £65 million 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.

2.6 The following table summarises the Core Spending Power as announced as part of the provisional settlement.

Table 1 - Core Spending Power Provisional Finance Settlement			
	2017/18 Adjusted	2018-19	2019-20
Settlement Funding Assessment:	£000	£000	£000
Revenue Support Grant	936	536	88
Baseline Funding Level	3,010	3,099	3,198
Modified Settlement Funding Assessment (MSFA)	3,946	3,635	3,286
Council Tax:	5,520	5,910	6,007
Council Tax Requirement excluding parish precepts	5,520	5,712	5,609
Additional revenue from £5 referendum principle	0	197	398
New Homes Bonus and returned funding	1,695	1,150	958
Rural Services Delivery Grant	388	388	388
Core Spending Power (as per announcement)	11,549	11,082	10,639
Reduction £000		(467)	(443)
Reduction %		-4.1%	-4.0%
Reduction over period of settlement £ 000			
Reduction over period of settlement %			

- 2.7 The table above highlights the provisional figures for the final 3 years of the 4 year settlement. The Core Spending power assumes that the resources will reduce over the four year period covered by the settlement by 10.9% equating to £1.4 million, although this is based on the assumption that the Council tax band D will increase by £5 each year to generate additional Council Tax over this period and that the NHB is received at the level assumed in the settlement taking account of the new baseline.
- 2.8 The key element in terms of external support is the 'Settlement Funding Assessment'. This essentially comprises the Council's Revenue Support Grant (RSG) and the Business Rates baseline funding level (uprated by the Retail Price Index). Table 2 provides a breakdown of this element and the reductions included in the settlement.

Table 2 Settlement Funding Assessment	2017/18 Adjusted	2018-19	2019-20
Settlement Funding Assessment:			
Revenue Support Grant £000	936	536	88
Baseline Funding Level £000	3,010	3,099	3,198
Total Settlement Funding Assessment £000	3,946	3,635	3,286
Movement - Year on Year			
Revenue Support Grant £ (Reduction) 000		(400)	(448)
Revenue Support Grant % Reduction		-43%	-84%
Baseline Funding Level £ Increase 000		89	99
Baseline Funding Level % Increase		2.957%	3.195%
Total Settlement Funding Assessment (Reduction) £000		(311)	(349)
Total Settlement Funding Assessment (Reduction) %		-7.9%	-9.6%
Reduction over period of settlement £ 000			(660)
Reduction over period of settlement %			-17%

- 2.9 Total funding (excluding the New Homes Bonus) is expected to reduce by 7.9% in 2018/19 (compared to 2017/18) and by 17% over the final 2 year period of the settlement. When compared to the budget figures for 2015/16 there is a net reduction of £2m over the four year settlement period.
- 2.10 In 2013/14 total funding of £9.5 million for supporting sparsely populated areas was included in the settlement. NNDC's allocation for 2016/17 was £480,785 reducing to £388,212 in 2017/18 and this grant is set to continue for the period of the settlement.
- 2.11 New Homes Bonus – the provisional finance settlement includes announcements on the NHB for 2018/19 and takes account of the introduction of the new baseline and the top slicing of funding for reallocation for adult social care, further details on this are provided within section 3.
- 2.12 Business Rates Retention – The scheme of Business Rates retention came into operation in April 2013. As part of the provisional settlement it was announced that there is an expectation that local authorities will be able to retain 75% of business rates from 2020 to 2021 through incorporating existing grants such as Revenue Support Grant. This is a change to the previous announcements in relation to 100% rates retention by 2020. The percentage shares currently are 50% central government; 40% NNDC and 10% Norfolk County Council. The Government has confirmed the continuance of Rural Rate Relief and the relief provided to public houses to be funded by a Section 31 grant.
- 2.13 It was also announced as part of the provisional settlement in December that business rates will be uplifted by CPI rather than RPI from 2018/19, with revaluations to be conducted every three years instead of every five.
- 2.14 The amount of the Section 31 grant will not be confirmed until the NNDR returns for 2018/19 have been finalised. 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 dealt with 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. The actual position will be influenced by fluctuations in business rate income actually received in the year, for example as a result of appeals and changes in property rateable value and also new business rate growth.

- 2.15 For example a surplus or deficit on the 2017/18 business rates collection fund will be taken into account within the 2018/19 NNDR1 return and determining the respective values of the shares of the business rates income. This will also determine the payment of the levy due from the authority in relation to increases in business rate income compared to the baseline.
- 2.16 The deadline for the NNDR1 form for 2018/19 is 31 January and this will also include an estimate of the surplus/deficit position for the current financial year. The budget position as included within the report makes an assumption of the net amount of retained income for 2018/19 after allowing for the Section 31 grant and the payment of the levy. Where applicable this will be updated within the budget report to Full Council on 21 February 2018.
- 2.17 New rateable values for properties were introduced from 1 April 2017 following a revaluation exercise undertaken by the Valuation Office Agency (VOA). This updated the previous values from 2010.
- 2.18 In terms of appeals against the previous 2010 list and also the new 2017 list, the Valuation Office Agency (VOA) have undertaken a revaluation exercise to review the previous 2010 ratings list. The new rateable values were introduced from April 2017 but unfortunately there are still outstanding appeals against the 2010 list and there will now be a new set of appeals against the new 2017 list. The VOA have introduced a new appeals system from 2017 and due to this and a back log of work the Council has no current information about the level of appeals against the new list which represents a significant financial risk to the Council.
- 2.19 The budget and future years forecasts have taken account of these movements, where reliefs have been increased the Government has undertaken to compensate local authorities for the loss of income they suffer as a result of these changes. Compensation will be provided by means of a grant payment to authorities under section 31 of the Local Government Act 2003. As well as certain reliefs offered potential increases will also be impacted by things such as successful appeals etc which is why the Council holds the Business Rates to help mitigate any impacts of the local retention scheme.

3 New Homes Bonus (NHB)

- 3.1 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-ringfenced grant for six years and was paid based on the net additional¹ homes plus an additional supplement of £350

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.

per affordable dwelling. The payment is then split between local authority tiers: 80% to the lower tier and 20% to the upper tier.

- 3.2 However, as already detailed above a new baseline of 0.4% of national projected housing growth was introduced last year, below which no bonus will be paid.
- 3.3 The provisional allocation of NHB for 2018/19 for NNDC is £1,149,592 and is based on the council tax data return submitted in October 2017. As per the changes brought forward last year this now includes payments for 4 years from 14/15 to 17/18 as opposed to 6 years as per the original scheme. This forms part of the adjustment and top slicing of the NHB allocations to provide additional money for adult social care funding.
- 3.4 The table below shows the actual amounts received for 2017/18 and the provisional allocation for 2018/19 along with the forecasts through until 2021/22.

Table 3 – New Homes Bonus						
		2017/18	2018/19	2019/20	2020/21	2021/22
		Actual	Actual	Forecast	Forecast	Forecast
Total		1,694,986	1,149,592	957,620	761,604	762,535

- 3.5 There is currently forecast to be a balance within the New Homes Bonus earmarked reserve of just over £1.9 million at 1 April 2018. This has been earmarked to support the Council and communities for future growth opportunities and development and also to provide one-off funding for the Local Plan work that is currently being undertaken.
- 3.6 The DCLG have just announced that they will be introducing a requirement for the review of Local Development Documents every five years, coming into force on 6 April this year. The regulations introduce a requirement to review Local Plans/ Statements of Community Involvement at least every 5 years from adoption. To comply with this authorities must, every five years from the adoption of the plan, carry out an assessment of whether it remains relevant and effectively addresses the needs of the local community, or whether policies need updating. Having carried out this assessment authorities must decide:
- that one or more policies do need updating, and update their Local Development Scheme to set out the timetable for updating their plan, and then update their plan; or
 - that their policies do not need updating, and publish their reasons for this decision.
- 3.7 This more frequent review process will have budgetary implications for future years which can in part be supported through the use of this reserve.

4 Savings and Additional Income 2018/19 onwards

- 4.1 The financial strategy as reported to Cabinet in October 2017 provided an update in relation to a number of work streams and priorities to be delivered over the length of the medium term financial strategy as previously approved as part of the 2017/18 budget process. These essentially focused mainly on

income maximisation and efficiency savings and an update can be found within the table below.

- 4.2 No separate savings exercise was undertaken as part of the 2018/19 budget process, however budget managers were asked to review the assumptions incorporated in savings forecasts during the 2017/18 process. As part of the 2017/18 budget process £804,839 of future savings were forecast for 2018/19, following a review of the current position this has decreased to £710,065. This reduction has largely been as a result of changes in shared services opportunities and slippage relating to the anticipated timing of other planned changes.
- 4.3 The 2017/18 base budget included savings and additional income of £558,300, currently the outturn forecast against this budget is £543,585, and this will continue to be reviewed as part of the budget monitoring process. Total savings and additional income of £710,065 have been factored into the budget for 2018/19, increasing to £801,400 in 2019/20 and to £818,068 from 2020/21 onwards. Where applicable the timing of the savings has been profiled over the next four years and some will be subject to more detailed work including project appraisals. The table below summaries the savings included in the budget and projections according to the work stream.
- 4.4 No further growth for New Homes and Business rates has been factored in above the current budget assumptions.

Table 4 - Savings and Additional Income				
Theme	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
1. Growth - New Homes and Business Rates	0	0	0	0
2. Digital Transformation/BPR	111	111	111	111
3. Property Investment & Asset Commercialisation	161	235	252	252
4. Shared Services/Selling Services	45	44	44	44
5. Collaboration and Localism	0	0	0	0
6. Maximising Income and Reducing Costs	93	93	93	93
7. Other Efficiencies and Savings	300	318	318	318
Total	710	801	818	818

5 Revenue Account Base Budget

- 5.1 The detail of the revenue budget now presented for approval is included within Appendices A and B. Appendix A shows the overall position in the form of the General Fund Summary. Further detail on the individual service budgets is included at Appendix B which shows the movement of the 2018/19 budget compared to the base budget for 2017/18 as set in February 2017 along with comments covering the more significant variances.
- 5.2 No growth bids were invited for revenue expenditure in 2018/19. Capital bids were invited and the capital programme is discussed in detail at section 8 which includes both an update to the current capital programme along with new capital schemes and the financing of the programme.

5.3 The revenue budget for 2018/19 makes a number of assumptions, the more significant ones are as follows:

- a) **Council Tax** – The budget assumes a **Council Tax increase** for the district element of Council Tax in 2018/19 and is based on the tax base of 39,844 as approved in December 2017. This means that the district element of the council tax increases by £4.95 from **£138.87** to **£143.82** for 2018/19.
- b) **Employee budgets** – The budget assumes a 2% pay award for 2018/19, although a local agreement on pay has yet to be agreed. As a guide a 0.5% sensitivity to the pay award equates to approximately £50,000 per annum. An allowance has been made to reflect vacancy savings of 2% as in previous years and where annual increments are due these have continued to be factored into the budget. From May 2017, employers with an annual pay bill of more than £3 million have been charged 0.5% of their total pay bill for the apprenticeship levy. This will be offset by a 'levy allowance' of £15,000 per year. For North Norfolk District Council this will total approximately £28,000 in 2018/19.

There are ongoing discussions at a national level in relation to pay spines and the national living wage which could impact on staffing costs. It was agreed as part of the 2016-2018 pay deal that the national Joint Council (NJC) conducts a review of the NJC pay spine. The estimated impact will be 4% to 6% on the total pay bill. This is currently anticipated to be implemented from April 2019 and will increase employee costs by around £450,000.

The employer pension contribution rates are based upon the results of the triennial valuation of the pension fund as at 31 March 2016. For 2018/19 and future years, the contribution rate will remain unchanged at 14.5% of the payroll plus an additional monetary contribution. The next pension fund valuation is due on 31 March 2019 to take effect from April 2020. The fixed payment has been adjusted to take into account likely movements and has been factored into the budget. For 2018/19 the budget assumes the monetary contribution will increase from £788,000 to £876,000, an increase of £88,000. For 2019/20 it will increase from £876,000 to £968,000 an increase of £92,000. For 2020/21 it will remain at £968,000 until the outcome of the formal valuation in March 2019 is known.

- c) **Fees and Charges** – The impact of the fees and charges approved by Full Council in December 2017 have been factored into the budget forecasts now presented for approval.
- d) **Contract inflation** – The most significant of the Council's contracts is the waste contract. The new contractor prices have been included in the 2018/19 budget for all waste, cleansing and grounds maintenance services as per the tendered contract. The total inflation is £128,000. The future anticipated contract cost is discussed in more detail below.

During 2017/18 the contract for managing Cromer pier was retendered. This will deliver a saving of £68,000 in 2018/19, increasing to £88,000 in 2019/20 and to £105,000 in 2020/21 due to a removal of the previous management fee and the profit sharing arrangements.

- f) **Investment income** – The net interest receivable is currently forecast to be £1.1m for 2018/19. This includes income derived from loans to Housing

Associations under the Local Investment Strategy. The Council ensures that priority is given to security and portfolio liquidity when investing treasury management funds. The average investment rate anticipated in the forward year is 3.3% compared with 2.0% for the current estimates for 2017/18. The income budget assumes the investment portfolio is invested with counterparties and financial institutions as set out in the Treasury Strategy. Investments will predominately be made in pooled funds and in money market funds for day to day liquidity. Further details of the Council's investment strategy are set out in the Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21 which appears elsewhere on this agenda.

- e) **Big Society Fund/Second Homes Funding** –The budget assumes the continuation of the Big Society Fund (now called the Communities Fund) and related costs and grant scheme funded by the second homes income which is returned to districts. 2018/19 is currently assumed to be the final year of this grant funding. This will be funded by second homes income of £410,234 in 2018/19 and from the Communities Fund reserve from 2019/20 onwards.
 - f) **Splash and the North Norfolk Community Sports Hub** – at the meeting of 19 December 2017 Full Council agreed the capital budgets for the re-provision of the Splash facility and the development of the Sports Hub. The revenue impacts and associated borrowing costs of these two new schemes as identified within the December reports has now been built into the future years forecasts.
 - g) **Waste contract** – The waste contract is due for renewal at the end of March 2019 and officers are currently negotiating a 1 year contract extension with Kier to enable a joint procurement to be undertaken with Breckland District Council and Kings Lynn and West Norfolk Borough Council. Current indications are that this one year extension will cost an additional £1,000,000 although this is still subject to final negotiation and agreement. If this additional cost represents the current market value for the contract then this would represent significant annual growth in the revenue budget and this has been shown as a separate line of the current General Fund summary. The final cost will not ultimately be known however until the completion of the procurement exercise.
 - h) **Music Centre of Excellence** - Following on from the highly successful Sporting Centre of Excellence project which has now been in operation for nearly 2 years, it has been proposed that a similar initiative is undertaken to pilot a Music Centre of Excellence. This would work on very similar lines to the Sporting Centre of Excellence but with the focus on music, again hosted from the excellent facilities available at Gresham school. It is recommended that a one-off budget of £20,000 is made available to support this initiative, to be funded from General Reserves.
- 5.4 The General Fund Summary presented at Appendix A shows a balanced budget for 2018/19 and is summarised in Table 5 with the equivalent figures from the 2017/18 budget.

Table 5 – Variance of 2017/18 to 2018/19 Base Budget

	2017/18 Base Budget £000	2018/19 Base Budget £000	Variance £000
Net cost of services (incl. Parishes)	17,582	16,163	(1,419)
Non service expenditure/ income	(3,122)	(2,526)	596
Net budget requirement	14,460	13,637	(823)
Funded by:			
Local Taxpayers - Parishes	(2,080)	(2,211)	(131)
Local Taxpayers - District Council	(5,520)	(5,910)	(390)
Revenue Support Grant & Retained Business Rates	(4,777)	(4,726)	51
Rural Services Delivery Grant	(388)	(388)	0
New Homes Bonus	(1,695)	(1,150)	545
Total Income	(14,460)	(14,385)	75
(Surplus)/ Deficit	0	(748)	(748)

5.5 Non-Service Expenditure and Income includes the adjustments for notional items that are required to be charged within Net Cost of Services, for example, International Accounting Standard 19 (IAS19) pension costs and capital charges.

5.6 Appendix B shows the detail of the service movements for each of the service areas. Table 6 provides a summary of the main movements in Net Cost of Services across the standard expenditure headings, with notional charges being shown separately.

Table 6 - Variance 2017/18 to 2018/19 Base Budgets (excl. notional charges)

	2017/18 Base Budget £000	2018/19 Base Budget £000	Variance £000	Percentage Movement %
Employees/Support Services	10,806	11,518	712	6.6%
Premises	2,486	2,534	48	1.9%
Transport	293	299	6	2.1%
Supplies & Services	8,911	9,194	283	3.2%
Transfer Payments	27,465	25,896	(1,569)	(5.7%)
Income (External)	(37,846)	(36,582)	1,264	(3.3%)
Total Direct Costs and Income	12,116	12,859	743	6.1%
Notional Charges:				
Capital Charges	2,692	1,344	(1,348)	(50.1%)
IAS19 Notional Charges	(259)	(251)	8	(3.1%)
REFCUS	954	0	(954)	(100%)
Total Notional Charges	3,387	1,093	(2,294)	(67.7%)
Total Net Costs	15,503	13,952	(1,551)	(10.0%)

5.7 The significant movement in relation to transfer payments reflects the benefit subsidy payment where income is claimed through the subsidy system. The

drop in the notional capital charges is due to the timing of certain coast protection works.

6 Council Tax 2018/19

- 6.1 Table 7 summarises how the budget will be financed and the District's net call on the Collection Fund for 2018/19. These figures assume a **council tax increase** in the District element of the Council Tax for 2018/19 of £4.95; the Council tax summary is included at Appendix C. A Council Tax Base of 39,844 Band D equivalent properties was approved by Full Council on 19 December 2017. Based on this figure, and the increase to the Net District Council Tax level, a Band D property will be £143.82 for 2018/19.

Table 7 – Council Tax Summary 2018/19

	£000
Total District amount to be met from Government Grant & Local Taxation	11,426
Less:	
Revenue Support Grant	(535)
Business Rates Retained & S31 Grant	(4,191)
New Homes Bonus	(1,150)
Rural Services Delivery Grant	(388)
District call on Collection Fund – excluding Parish Precepts	(5,910)
Surplus	<u>(748)</u>

- 6.2 The figure within the General Fund summary (appendix A) for parish and town precepts is shown as £2,210,812. All these precepts have now been confirmed so we do not expect this figure to change.
- 6.3 The parish precept figure will be updated for the final budget report which will go through to Full Council on the 21 February if required, but it should be noted that if there were to be any changes that these would have no impact on the overall budget position as the total amount paid from the General Fund in precepts is transferred from the Collection Fund.

7 Reserves

- 7.1 The current position and forecast on the General and Earmarked Reserves is attached at Appendix D. The statement provides the latest proposals for use of reserves in the current financial year along with the budgeted movements in 2018/19, and proposed movements in the following three financial years. The current recommended balance on the general reserve is £1.85 million.
- 7.2 There are three main reasons for holding reserves:
- To provide a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the General Fund Reserve
 - A contingency to cushion the impact of unexpected events or emergencies, such as a storm surge event – this also forms part of the General Reserve

- As a means of building up funds, referred to as earmarked reserves, to meet known or predicted requirements. Earmarked reserves are accounted for separately but remain legally part of the General Fund. The title of the earmarked reserve generally reflects the purpose for which the balance is being maintained.
- 7.3 As part of considering the budget for 2018/19 all reserves have been reviewed along with the current balances. Where balances are no longer required or an allocation can be maintained within the General Reserve for such purposes, balances have been reallocated to the General Reserve or another earmarked reserve as appropriate.
- 7.4 The report is recommending that the surplus in the year is allocated to the Invest to Save reserve to support the second phase of the Digital Transformation programme. The balance on the general reserve as at 1 April 2018 is forecast to be just over £2 million.
- 7.5 It should be recognised that the use of reserves is not a long term financial strategy but does allow time for planning further efficiencies and consideration of budget options to inform future budget setting processes and to allow for the smoothing of funding reductions.
- 7.6 A comprehensive statement about the adequacy of the reserves and recommended balance will be included within the Chief Financial Officer's report, which forms part of the annual Council Tax and Budget report to Full Council in February.

8 Capital

- 8.1 Prudential Indicators for the Capital Programme for 18/19 onwards and the Council's MRP Statement as required by the CIPFA Prudential Code are included in the Capital Strategy which accompanies this agenda.
- 8.2 An updated capital programme for the current year was reported to Members as part of the Period 6 budget monitoring report on the 30th October 2017. The current capital programme as shown at Appendix E has been updated to take into consideration those changes identified within the budget monitoring report, together with further amendments required following the Cabinet meeting of the 4th December and the meeting of Full Council on 19th December. At these meetings, four capital schemes received approval as follows;
- *Splash Leisure and Fitness Centre Re-provision* – A total budget of £10.667m has been included within the current capital programme in relation to this scheme. The final financing mix of the project is to be confirmed, but currently it is expected to be £4.750m capital receipts, £1.000m from grant funding and £4.917m from external borrowing. The expenditure is currently profiled to be spent within the 2018/19, 2019/20 and 2020/21 financial years.
 - *North Norfolk Sports Hub, Cromer and auxiliary tennis facilities* – Full Council have agreed a budget of £2.931m to fund the construction of a

Sports Hub in Cromer along with supporting tennis facilities across the District. This is expected to be spent in 2018/19 and 2019/20 and will be funded partly from Capital Receipts (£1.465m), partly from grant funding (£733,000) and partly from interest free external borrowing (£733,000)

- *Sutton Mill Loan* – A loan of £350,000 is to be provided to the National Millwrighting Centre CIC to fund the refurbishment of Sutton Mill. This is to be funded from capital receipts.
- *Holt Tourist Information Centre* - £100,000 was agreed to be given to Holt Town Council as a capital grant to assist with the purchase of a building. This will be funded from the Invest to Save Reserve.

A further four projects have been agreed under delegation as follows;

- *Walsingham Public Convenience works* – Walsingham Public convenience suffered some external damage following bad weather, requiring £47,000 of capital receipts to fund repairs.
- *Council Office Improvements* – £45,000 of capital receipts have been added to the Administration Buildings Capital budget to fund some improvement works to the Council Office in Cromer.
- *Benefits System* – £57,500 was agreed to fund an extension to the Benefits system to be funded from capital receipts. This was funded from a £50,000 transfer from the Benefits Reserve and from the balance of a previous capital budget for Stonehill Way which was no longer required.
- *Multi Functional Devices* - The existing multifunctional print devices are at the end of their service life. £30,000 from the User IT Refresh budget has been used to fund the replacement of the most intensively used devices to avoid failure of printing and scanning.

8.3 In addition to these schemes there are a number of existing projects which have been subject to amendment and these are detailed below.

- a) The Pathfinder project is complete and it is requested that the small underspend be reallocated to the Coastal Adaptations budget.
- b) The Vale Road Beach Access project is complete, the remaining budget is requested to be used to fund the overspend on the Storm Surge project.
- c) The £35,000 Splash Steelworks budget is no longer required.
- d) The Stonehill Way Fire and Security System budget of £15,000 is no longer required.

Capital Scheme Slippage

8.4 Changes to the budgets are required in relation to the profiling of expenditure between financial years for some schemes and is shown in the table below. This is to reflect more accurately when expenditure is anticipated to be

incurred, although it should be noted that this will not have impacted upon the overall scheme budgets or the sources of financing, unless otherwise noted. Further detail can be found in Appendix F.

Table 8 – Capital Expenditure Summary 2017/18 Onwards

	2017/18	2018/19	2019/20	2020/21 Onwards
	£000	£000	£000	£000
Previously Approved Capital programme	22,403	959	55	55
Adjustments in Year	1,799	3,466	5,799	4,334
Slippage	(14,866)	14,866	0	0
Revised Capital Programme	9,336	19,291	5,854	4,389

New Capital Schemes

8.5 In addition to the existing capital programme amendments, approval is also being sought for a number of new capital projects as outlined below. As part of the budget process, bids for new projects were submitted by officers which fell into the following categories;

- 8.5.1 Health and safety issues;
- 8.5.2 System upgrades / enhancements that will deliver efficiency savings;
- 8.5.3 Invest to save projects;
- 8.5.4 Projects that are externally funded, for example, grants or other external contributions which may require match funding.

8.6 The following section outlines the bids that the report is recommending for approval for inclusion in the capital programme from 2018/19 onwards.

Finance and Assets Related Bids

8.6.1 *Collectors Cabin* – This building has been vacant for many years and is in a very dilapidated state. If the property were to be refurbished it could be brought back into use as a commercial property and generate an income stream for the Council. A budget of £30,000 is requested to allow associated works. Once refurbished, the cabin is projected to generate income of £5,000 per annum.

8.6.2 *Former Ice Cream Kiosk* – A second opportunity for revenue generation from letting, first requiring a refurbishment budget of £25,000 and generating an anticipated return of £5,000 per annum.

8.6.3 *Former Life Guard Hut* – A budget of £25,000 is requested to allow refurbishment of the hut with a view to letting out to provide an income stream of £5,000 per annum.

8.6.4 *Fair Meadow House, Itteringham* - Fair Meadow House was acquired during 2017 with a view to turning it into holiday accommodation. A budget of £25,000 is requested to fund remedial work following a building survey, and to further develop the annexe in the grounds of the house. Budgeted income for Fair Meadow House Holiday Let is currently just over £36,000 per year.

Customer Services and ICT Related Bids

8.6.5 *Server Replacement Scheme* - £80,000 is requested to fund replacement servers at the Cromer office which would allow the existing servers to be recycled to replace the servers at the Fakenham disaster recovery site, which are at the end of their life. Two of the existing servers are 7 years old and warranties cannot be extended, the remaining server warranties cannot be extended beyond next year. The age of the hardware and the unavailability of 3rd party warranties would increase the likelihood and impact of systems failure.

Leisure and Culture Related Bids

8.6.6 *Countryside Tractors* – A budget of £29,495 is requested to purchase a tractor for the Countryside team to assist them in meeting work demands across the district. Using contractors has been explored as an alternative and deemed less cost effective.

Development Management Related Bids

8.6.7 *Aerial Photography* – A budget of £15,000 is requested to allow the purchase of a database of aerial photographs to assist with enforcement action.

Environmental Health Related Bids

8.6.8 *Environmental Ranger Vehicles* – A budget of £26,170 is requested to allow the purchase of one replacement vehicle and one new vehicle to help support the new working practices within the team.

9 Future Projections 2018/19 to 2020/21

9.1 The provisional Local Government Finance Settlement announcement covered a four year period from 2016/17 through to 2019/20 with 2018/19 being the third year. While agreeing to a four year settlement does provide some element of certainty around future funding from Revenue Support Grant and other areas there is an overriding caveat that the figures are potentially subject to change as evidenced last year through the reduction of the New Homes Bonus.

9.2 The forecast financial projections included at Appendix A make assumptions around spending forecasts and include the provisional settlement figures for the final year of the agreement (2019/20). The assumptions around council tax funding have been amended to reflect a year on year £4.95 increase in council tax in line with the current referendum principles although it should be noted that any decision regarding changes to council tax will be made annually in line with the budget setting process.

- 9.3 Local assumptions around tax base growth for the period and the New Homes Bonus forecasts have been similarly adjusted to reflect anticipated growth levels.
- 9.4 After allowing for these assumptions the overall position shows a forecast budget gap of nearly £1.6m in 2019/20 increasing to around £2.1m in 2020/21 and 2021/22.
- 9.5 The financial strategy report presented to Members in October 2017 highlighted a number of work streams and projects to be carried out over the period of the strategy that would help to deliver future savings and additional income. These work streams will be continuing and will be used to inform the updated financial strategy and financial projections that will be completed in 2018/19.
- 9.6 As detailed in section 2, the finance settlement announcement has assumed that local authorities will increase council tax annually by either 3% or the £5 where the local authority is in the lowest quartile. NNDC is currently in the lowest quartile and the funding assumptions made in the settlement assume that there is an annual increase in council tax of £5 for each year of the settlement. As discussed above, the proposals for the 2018/19 financial year are for a £4.95 increase in Council Tax, and the future forecasts assume this strategy is continued, the impact of which can be seen within the table below.

Table 9 – Council tax projections				
Allocation	2018/19	2019/20	2020/21	2021/22
	£	£	£	£
Budget (surplus)/deficit	(550,654)	1,964,015	2,732,303	2,923,905
2018/19 - £4.95 increase	(197,228)	(199,208)	(201,188)	(203,168)
2019/20 - £4.95 increase		(199,208)	(201,188)	(203,168)
2020/21 - £4.95 increase			(201,188)	(203,168)
2021/22 - £4.95 increase				(203,168)
Total additional income from Council tax	(197,228)	(398,416)	(603,564)	(812,672)
Adjusted (surplus)/deficit	(747,882)	1,565,599	2,128,739	2,111,233

- 9.7 The table above shows the assumption that there will be year on year increases from 18/19 onwards. It should be noted that while the current referendum principle caps the maximum at £5.00 and proposed increase at this level would actually result in an increase of £4.95 as any increase has to be divisible by 9 due the way the calculations are undertaken and adjusted to represent Band D equivalent properties.
- 9.8 If these recommended council tax increases are not made over the period of the current period the forecast deficit of £2.1m for 2021/22 would increase to £2.9m. It should however be noted that at this stage this is just theoretical and further work will be undertaken in relation to the future year projections as part of the update to the financial strategy later in the year, with any decision

regarding any potential increases for 19/20 being considered as part of the budget process in February 2019.

- 9.9 In view of the Governments change in approach towards funding for Local Authorities with a greater emphasis on Council Tax rises, and the cumulative impact of grant reductions from RSG and New Homes Bonus, a continuation of Council Tax freeze is not an approach that can be recommended in the medium to long term. Therefore as part of considering the financial strategy moving forward and options for closing the budget gap, this is an area that needs further consideration in line with the government's policy and principles on Council Tax.
- 9.10 Digital Transformation Phase 2 – there is a report elsewhere on the agenda outlining proposals for a second phase of digital transformation, the financial impact of which is highlighted below (the main report details the investment requirements and potential savings in more detail). As this new programme has yet to be agreed none of the anticipated savings or costs have been factored into the budget at the present time. The majority of the cost of this initiative could be funded from the anticipated surplus of £748k forecast for 18/19 with the balance coming from the Invest to Save reserve and should result in forecast net annual ongoing savings of over £200,000 once implemented.

Table 10 - Proposed new initiative - Digital Transformation Phase 2					
	2018/19	2019/20	2020/21	2021/22	Total over 4 years
	£	£	£		£
Investment required	180,000	140,000	300,000	320,000	940,000
Forecast (savings)/costs	19,000	(45,000)	(140,000)	(50,000)	(216,000)
Cumulative	19,000	(26,000)	(166,000)	(216,000)	

- 9.11 Property Investment Fund – there is a further report on the agenda covering the updated Asset Management Plan. The report outlines proposals for the establishment of a £2m Property Investment Fund. This is also a new programme (the schemes for which are yet to be developed) and subject to approval as with phase 2 of the Digital Transformation programme so again none of the anticipated savings or costs have been factored into the budget at the present time. A fairly prudent 4% return has been anticipated in terms of these investments and this does not include any allowance for any capital growth over the medium term. If this initiative is approved it is recommended that it is funded by using a £1m each from the New Homes Bonus reserve and Invest to Save reserve.

Table 11 - Proposed new initiative - Property Investment Fund					
	2018/19	2019/20	2020/21	2021/22	Total over 4 years
	£	£	£		£
Investment required	500,000	500,000	500,000	500,000	2,000,000
Forecast (savings)/costs	(20,000)	(20,000)	(20,000)	(20,000)	(80,000)
Cumulative	(20,000)	(40,000)	(60,000)	(80,000)	

- 9.12 Police funding – at the Full Council meeting held on the 19th December 2017 a motion was put forward recommending that the Council give consideration in its budget preparations for 2018/19 to providing funding of up to £200,000 for dedicated beat police constables for North Norfolk. Unlike the schemes above this would not generate any additional income or savings for the Council and would currently need to be financed from reserves.

Table 12 - Proposed new initiative - Police funding						
	2018/19	2019/20	2020/21	2021/22	2022/23	Total over 5 years
	£	£	£			£
Investment required	200,000	200,000	200,000	200,000	200,000	1,000,000
Forecast (savings)/costs	6,600	6,600	6,600	6,600	6,600	33,000
Cumulative	6,600	13,200	19,800	26,400	33,000	

- 9.13 Unlike the proposals for the second phase of digital transformation and establishment of the Property Investment Fund which generate income and savings over the period, this proposal will have a negative impact on the Council's medium term budget position as shown in the table above, although as with the other schemes this has not as yet been factored in to any of the future year projections.
- 9.14 The two savings and investment proposals combined are forecast to generate annual income/savings of just under £300k which would help address the future budget deficits which have been forecast. The funding for the police would have an opportunity cost to the Council over the period of £33k in terms of lost investment income and is not recommended given the current budget position.

10 Financial Implications and Risks

- 10.1 The overall budget for 2018/19 is balanced and delivers a surplus of £748k, which subject to approval will be transferred to the Invest to Save reserve to support phase 2 of the Digital Transformation programme. The recommended

level of the General Reserve is currently £1.85 million, the report highlights that the balance on this reserve is currently above this level.

- 10.2 The following outlines the main risks faced by the authority in the medium to long term and not only in relation to the 2018/19 budget.
- 10.3 **Future Funding** – The provisional Local Government Finance Settlement confirms that Local Government will continue to face funding reductions for the period of the financial forecasts. The provisional settlement figures confirm the continued shift from central government support from Revenue Support Grant to local funding from retained business rate (Baseline Funding), and Council Tax. Revenue Support Grant will be completely removed from 20/21. The financial planning process has taken account of this change, however the future funding gaps still remain a risk.
- 10.4 **New Homes Bonus (NHB)** – The provisional settlement confirmed the allocation of the 2018/19 New Homes Bonus grant and reflects the adjustments announced last year in relation to the 0.4% national baseline, the reduction in the period the grant is paid over and further changes around planning appeals for which further consultation is awaited. Some of this risk is mitigated by the earmarked reserve which can be used to smooth the impact of movements in funding from the level assumed.
- 10.5 **Business Rates** – The risk of funding fluctuations from business rates continues to be a prevalent feature of the funding of local authorities. The impact of appeals (as mentioned above) only exacerbates this risk and therefore the Council has continued to maintain an earmarked reserve to cushion the impact of these fluctuations. Whilst the risk is shared between Districts, County and Central Government in the proportionate shares i.e., 40:10:50, the impact can be over a number of years where there is a deficit to be covered from the collection of business rate income.

Factors that will lead to the fluctuations include for example, economic downturn leading to business closures and reducing the income from business rates, reduced income from the outcome of successful rateable value appeals, including the impact of back dated appeals, reduced income as schools transfer to academy status etc.

The Council holds an earmarked reserve that can be used to mitigate the impact of fluctuations in business rate income and also the impact on the in-year fluctuations compared to the level budgeted. Further measures announced within the Autumn Statement and detailed earlier in the report, continue to present a risk to Local Authorities, albeit some of this risk is mitigated by the section 31 grant announced within the LGFS. A further risk in relation to the income retained from the business rates retention system is the review that will see changes to the system albeit keeping the impact fiscally neutral in that the amount of income collected through business rates will remain the same, however due to the significant proportion of small business hereditaments within the district, depending on the outcome of the review this could have a negative impact on the districts share of the income.

The settlement announcement also confirmed unfortunately that Norfolk was unsuccessful with the joint countywide business rates pilot and that the retention of business rates in 20/21 will now be 75% and not 100% as previously thought.

- 10.6 **Savings** – Details of the savings that have been factored into the 2018/19 budget and future projections are included within the detail of the report and appendices. Delivery of the savings at the levels budgeted is vital to delivery of the overall budget and future financial position. Where applicable the timing of the delivery of savings have been taken into account and a full year amount has not been assumed until 2019/20 or later. It is critical that the delivery of these savings is closely monitored by CLT and Cabinet as part of the on-going budget monitoring process.
- 10.7 **Income** – Income from a number of demand led services remains a financial risk that cannot be fully influenced by the Council. Whilst estimates have been based on previous actuals and knowledge of the service delivery, income levels need to be closely monitored, for example for planning and car park income. It is for reasons such as this that a factor in determining the recommended general reserve balance includes an amount for the more significant demand led income budgets.
- 10.8 **Investment Returns** – Interest rates continue to be low and the delivery of investment returns is problematic with the choice of counterparty and period of exposure needing to be weighed on a daily basis in line with the treasury management strategy. Sound principles underpinned by professional guidance from treasury management advisors Arlingclose allows for a cautious but not complacent approach to investment returns. These returns still provide support to the revenue budget and changes in profiled capital expenditure, economic forecasts, money markets and the stock market, as well as the government's triple A rating can all impact on these returns.
- 10.9 **Second Homes** – The budget for 2018/19 assumes that Norfolk County Council return 12.5% of their share of the second homes council tax to the districts but that no further income is returned in future years. 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. This will be funded by second homes income of £410,234 in 2018/19 and from the Communities Fund reserve from 2019/20 onwards.
- 10.10 **Pay** – The budget assumes an inflationary increase of 2% for pay, however this is subject to agreement externally and therefore any deviation from this presents a risk, although some of this will be mitigated through the allowance for staff turnover and if necessary by the one-off use of reserves. As mentioned above the current NJC pay review will also have a significant impact on the Council's annual pay bill, currently estimated to be in the region of £450k per annum.
- 10.11 **Waste contract** – As discussed above the waste contract is due for renewal at the end of March 2019 and officers are currently negotiating a 1 year contract extension with Kier. This is currently estimated to be in the region of £1,000,000 and if this represents the market rate for the new contract it would represent significant annual growth in the revenue budget.
- 10.12 **Local Plan Review** – as mentioned above, the DCLG have just announced that they will be introducing a requirement for the review of Local Development Documents every five years, coming into force on 6 April this

year. The Planning Reserve reserve will help to mitigate any additional cost impact which this more frequent review might have.

10.13 **Devolution/Unitary status** – As the devolution deal has been rejected locally no further work is ongoing in respect of this and no changes have been factored into the budget or future year projections as a result. The Unitary issue will undoubtedly be discussed further again in the future now that devolution is no longer on the agenda and officers and Members will keep a watching brief in respect of this but again at present no budgetary impact is being assumed.

10.14 **Brexit/world politics** – It is impossible to predict what impact factors such as Brexit and wider world politics and decisions might have on the national and local economy in terms of things such as investment returns, inflation, work force costs etc. Officers will continue to monitor the position but the potential impact of any unexpected changes could potentially be covered through the use of reserves.

11 Sustainability

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

12 Equality and Diversity

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

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

13.2 Following the savings exercise undertaken in 2016/17 there have been no further submissions for 2018/19 and therefore no equality issues potentially affecting the proposals.

13 Section 17 Crime and Disorder considerations

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

General Fund Summary 2018/19 Base Budget

2016/17 Actuals	Service Area	2017/18 Updated Base Budget	2017/18 Base Budget	2018/19 Base Budget	2019/20 Projection	2020/21 Projection	2021/22 Projection
£		£	£	£	£	£	£
316,811	Corporate Leadership Team/Corporate	330,761	306,315	316,213	480,797	321,425	325,581
2,956,264	Community & Economic Development	3,807,637	3,807,237	2,648,580	2,596,492	2,474,432	2,488,908
2,075,198	Customer Services & ICT	2,252,173	2,226,632	2,143,311	2,265,163	2,349,617	2,426,093
3,222,187	Environmental Health	3,959,001	3,914,309	3,761,582	3,785,342	3,823,943	3,864,987
1,618,350	Finance and Assets	2,421,075	2,479,665	2,429,642	3,400,350	2,343,098	2,358,782
620,241	Legal and Democratic Services	690,901	655,985	591,003	541,247	547,687	556,702
1,835,777	Planning	1,998,895	2,113,015	2,061,807	2,156,748	2,096,707	2,145,457
	0 National Joint Council (NJC) Pay Review	0	0	0	450,000	450,000	450,000
	0 Waste Contract Extension/Reprovision	0	0	0	1,000,000	1,000,000	1,000,000
12,644,828	Net Cost of Services	15,460,443	15,503,158	13,952,138	16,676,139	15,406,909	15,616,510
1,887,806	Parish Precepts (Estimate from 2019/20 onwards)	2,079,492	2,079,492	2,210,812	2,408,410	2,633,115	2,633,115
(1,801,049)	Capital Charges	(2,558,242)	(2,558,242)	(1,344,248)	(1,308,288)	(1,125,478)	(1,049,430)
(209,415)	Refcus	(1,088,121)	(1,088,121)	0	(1,000,000)	0	0
(561,290)	Interest Receivable	(834,940)	(834,940)	(1,147,384)	(1,100,110)	(1,109,440)	(1,100,110)
	0 External Interest Paid	2,500	2,500	3,500	230,991	225,395	219,631
343,843	Revenue Financing for Capital:	1,595,539	1,780,776	751,407	1,000,000	0	0
	0 Minimum Revenue Provision	0	0	0	259,704	266,300	273,064
199,926	IAS 19 Pension Adjustment	259,287	259,287	251,249	253,762	256,300	258,863
12,504,649	Net Operating Expenditure	14,915,958	15,143,910	14,677,474	17,420,608	16,553,101	16,851,643
	Contributions to/(from) Earmarked Reserves:						
(21,484)	Capital Projects Reserve	(595,137)	(777,333)	(747,964)	0	0	0
346,494	Asset Management	337,833	901,531	(3,443)	0	0	0
871,248	Benefits	(50,000)	0	(12,838)	(12,838)	0	0
	0 Broadband	0	(1,000,000)	0	(1,000,000)	0	0
26,329	Building Control	0	0	0	0	0	0
500,000	Business Rates Reserve	(20,376)	0	(18,000)	(18,000)	(18,000)	(18,000)
29,000	Coast Protection	0	0	(20,000)	(20,000)	(20,000)	(20,000)
	0 Common Training	(48,450)	0	0	0	0	0
164,612	Communities	317,441	317,441	168,234	(242,000)	(242,000)	(242,000)
17,175	Economic Development & Tourism	(37,837)	0	(10,000)	0	0	0
30,000	Elections	40,000	40,000	40,000	(120,000)	40,000	40,000
(6,989)	Enforcement Board	82,926	140,937	0	0	0	0
79,102	Environmental Health	0	(5,619)	0	0	0	0
27,949	Grants	37,521	(24,272)	(8,792)	0	0	0
2,445,126	Housing	60,170	0	(14,247)	(72,624)	(70,248)	(32,808)
	17,243 Land Charges	0	0	0	0	0	0
	65,105 Legal	0	0	0	0	0	0
416,399	New Homes Bonus Reserve	111,122	(86,692)	(280,944)	(114,747)	0	0
302,400	Organisational Development	(4,281)	0	(4,649)	0	0	0
(224,519)	Planning Revenue	(123,485)	(122,395)	18,330	50,000	50,000	50,000
558,707	Restructuring/Invest to save	(354,973)	(67,356)	(86,380)	(38,924)	0	0
(15,532)	Sports Facilities	0	0	0	0	0	0
	0 Treasury (Property) Reserve	(66,068)	0	0	0	0	0
(265,986)	Contribution to/(from) the General Reserve	(142,212)	0	(60,000)	0	0	0
17,867,028	Amount to be met from Government Grant and Local Taxpayers	14,460,152	14,460,152	13,636,781	15,831,475	16,292,853	16,628,835
(1,887,806)	Collection Fund – Parishes	(2,079,492)	(2,079,492)	(2,210,812)	(2,408,410)	(2,633,115)	(2,633,115)
(5,473,605)	Collection Fund – District	(5,520,427)	(5,520,427)	(5,909,655)	(6,007,222)	(6,268,118)	(6,532,973)
(3,904,859)	Retained Business Rates	(3,841,000)	(3,841,000)	(4,190,773)	(4,416,053)	(4,501,277)	(4,588,979)
(1,575,147)	Revenue Support Grant	(936,035)	(936,035)	(535,619)	(88,359)	0	0
(2,092,049)	New Homes bonus	(1,694,986)	(1,694,986)	(1,149,592)	(957,620)	(761,604)	(762,535)
(2,436,942)	Community Housing Fund	0	0	0	0	0	0
(15,835)	New Burdens Council Tax Grant	0	0	0	0	0	0
(480,785)	Rural Services Delivery Grant	(388,212)	(388,212)	(388,212)	(388,212)	0	0
(17,867,028)	Income from Government Grant and Taxpayers	(14,460,152)	(14,460,152)	(14,384,663)	(14,265,876)	(14,164,114)	(14,517,602)
0	(Surplus)/Deficit	0	0	(747,882)	1,565,599	2,128,739	2,111,233

CLT / Corporate Service Area

2016/17 Actual	Service	2017/18 Base Budget	2018/19 Base Budget	Variance 2018/19 Base to 2017/18 Base
£		£	£	£
330,249	Personnel & Payroll Supp Svs	310,467	308,620	(1,847)
47,558	Policy & Performance Mgt	60,614	52,262	(8,352)
181,497	Registration Services	171,455	180,263	8,808
457,542	Corporate Leadership Team	431,611	443,369	11,758
232,265	Communications	228,666	243,286	14,620
1,249,111	Total Net Costs	1,202,813	1,227,800	24,987
7,000	Capital Charges	62,018	0	(62,018)
419,292	Support Service Charges	418,730	393,250	(25,480)
(1,358,592)	Support Service Recharges	(1,377,246)	(1,304,837)	72,409
316,811	Net Cost of Service	306,315	316,213	9,898

CLT / Corporate Service Area

	Base Budget 2017/18	Base Budget 2018/19	Variance	Explanation for Major Variances
	£	£	£	
Human Resources & Payroll				
Gross Direct Costs	311,467	329,620	18,153	£10,432 - Pay Award. £5,000 - Professional fees
Gross Direct Income	(1,000)	(21,000)	(20,000)	(£20,000) - Fee income from selling professional services to external clients.
Support Service Charges	122,510	108,420	(14,090)	(£10,660) - Reduced recharge from Central Costs
Support Service Recharges	(432,977)	(417,040)	15,937	Reduced recharges reflecting lower service costs.
Net Expenditure	0	0	0	
Policy & Performance Mgt				
Gross Direct Costs	60,614	52,262	(8,352)	(£9,362) - Transfer of vacant post to another service area.
Support Service Charges	26,960	13,430	(13,530)	(£12,270) - Reduced recharges from Human Resources.
Support Service Recharges	(87,574)	(65,692)	21,882	Reduced recharges reflecting lower service costs.
Net Expenditure	0	0	0	
Registration Services				
Gross Direct Costs	210,175	219,383	9,208	Pay award and staffing restructure.
Gross Direct Income	(38,720)	(39,120)	(400)	No Major Variances.
Support Service Charges	134,860	135,950	1,090	(£6,310) Reduced recharges from Internal Audit. £6,990 Higher recharges from Admin Buildings & Digital Transformation.
Net Expenditure	306,315	316,213	9,898	
Corporate Leadership Team				
Gross Direct Costs	431,611	443,369	11,758	£7,788 - Pay Award
Support Service Charges	84,190	82,750	(1,440)	No Major Variances.
Support Service Recharges	(515,801)	(526,119)	(10,318)	Increased recharges reflecting higher service costs.
Net Expenditure	0	0	0	
Communications				
Gross Direct Costs	228,666	243,286	14,620	£18,724 - Transfer of staff from another service area. £5,508 - Pay Award. (£11,994) - Staff restructuring
Capital Charges	62,018	0	(62,018)	Intangible Amortisation
Support Service Charges	50,210	52,700	2,490	No Major Variances.
Support Service Recharges	(340,894)	(295,986)	44,908	Reduced recharges reflecting lower service costs.
Net Expenditure	0	0	0	
Total CLT and Corporate	306,315	316,213	9,898	
Gross Direct Costs	1,242,533	1,287,920	45,387	
Capital Charges	62,018	0	(62,018)	
Gross Direct Income	(39,720)	(60,120)	(20,400)	
Support Service Charges	418,730	393,250	(25,480)	
Support Service Recharges	(1,377,246)	(1,304,837)	72,409	
Net Expenditure	306,315	316,213	9,898	

Community and Economic Development Service Area

2016/17 Actual	Service	2017/18 Base Budget	2018/19 Base Budget	Variance 2018/19 Base to 2017/18 Base
£		£	£	£
(1,885,288)	Car Parking	(1,989,375)	(1,905,927)	83,448
10,726	Markets	(9,571)	(22,889)	(13,318)
323,875	Parks & Open Spaces	327,139	335,466	8,327
109,862	Foreshore	120,768	124,859	4,091
175,082	Sports Centres	132,153	161,247	29,094
330,384	Leisure Complexes	319,709	325,905	6,196
45,427	Other Sports	42,442	62,753	20,311
7,307	Recreation Grounds	7,465	7,669	204
69,982	Arts & Entertainments	73,550	95,220	21,670
86,329	Pier Pavilion	92,847	24,448	(68,399)
359,026	Foreshore (Community)	372,300	401,938	29,638
132,270	Woodlands Management	105,869	114,773	8,904
64,688	Cromer Pier	22,830	23,638	808
(95,455)	Beach Huts & Chalets	(72,557)	(138,298)	(65,741)
108,126	Economic Growth	44,292	42,238	(2,054)
44,095	Tourism	40,338	40,338	0
344,431	Coast Protection	320,950	321,275	325
278,505	Business Growth Staffing	250,311	242,944	(7,367)
68,649	Comm & Econ Dev Mgt	77,830	78,164	334
118,794	Leisure	90,089	205,448	115,359
133,466	Housing (Health & Wellbeing)	191,361	215,311	23,950
(99,656)	Hsg Strategy	189,692	278,621	88,929
(135,114)	Community and Localism	(237,686)	(78,479)	159,207
158,507	Coastal Management	159,210	198,770	39,560
754,018	Total Net Costs	671,956	1,155,432	483,476
953,821	Gross Direct Costs - Reffcus	1,246,051	1,000,000	(246,051)
(852,912)	Gross Direct Income - Reffcus	(157,930)	(1,000,000)	(842,070)
971,405	Capital Charges	1,251,411	640,036	(611,375)
2,277,312	Support Service Charges	2,060,852	2,357,909	297,057
(1,304,871)	Support Service Recharges	(1,265,103)	(1,504,797)	(239,694)
2,798,773	Net Cost of Service	3,807,237	2,648,580	(1,158,657)

Community and Economic Development Service Area

	Base Budget 2017/18	Base Budget 2018/19	Variance	Explanation for Major Variances
	£	£	£	
Car Parking				
Gross Direct Costs	735,081	740,044	4,963	£8,541 - Inflation on Business Rates. (£3,615) - Lower credit card charge payments as a result of the lower anticipated credit card income.
Capital Charges	29,485	29,485	0	No Major Variances
Gross Direct Income	(2,724,456)	(2,645,971)	78,485	See Note A
Support Service Charges	157,122	183,379	26,257	£30,610 - Insurance recharges higher. Public Liability insurance now recharged to specific areas based on claims history rather than per head. (£4,820) - Lower recharge from Customer Services
Net Expenditure	(1,802,768)	(1,693,063)	109,705	
Note A: Based on trend analysis over the last 3 years, the following adjustments have been made: £14,520 - Reduced income expected from car park cash receipts; £17,350 - Reduced income from excess parking charges; £6,420 - Reduced income from season ticket sales and £51,220 - Lower credit card income because the switch from cash was not as originally anticipated. (£11,025) - Rental income from leasing an area in a car park.				
Markets				
Gross Direct Costs	49,329	38,911	(10,418)	(£10,350) - Business Rates no longer recharged for Sheringham, Station Approach
Gross Direct Income	(58,900)	(61,800)	(2,900)	No Major Variances.
Support Service Charges	46,440	34,030	(12,410)	(£24,540) - Lower recharge from Property Services. £14,320 - Higher recharge from Leisure Services. These follow a staff restructuring.
Net Expenditure	36,869	11,141	(25,728)	
Parks & Open Spaces				
Gross Direct Costs	341,729	350,056	8,327	£5,641 - Inflation on grounds maintenance contract.
Capital Charges	47,482	48,222	740	Depreciation
Gross Direct Income	(14,590)	(14,590)	0	No Major Variances.
Support Service Charges	69,860	81,030	11,170	£24,660 - Recharge from new Environmental Contracts unit. £15,300 - Public Liability insurance now recharged to specific areas based on claims history rather than per head. (£30,820) - Lower recharge from Leisure Services following restructuring
Net Expenditure	444,481	464,718	20,237	
Foreshore				
Gross Direct Costs	120,768	124,859	4,091	No Major Variances.
Capital Charges	11,943	7,977	(3,966)	Depreciation
Support Service Charges	60,180	126,370	66,190	(£17,610) - Lower recharge from Property Services following restructuring. £37,990 - Public Liability insurance now recharged to specific areas based on claims history rather than per head. £34,270 - Higher recharge from Leisure Services following restructuring.
Net Expenditure	192,891	259,206	66,315	

Community and Economic Development Service Area

	Base Budget 2017/18	Base Budget 2018/19	Variance	Explanation for Major Variances
	£	£	£	
Sports Centres				
Gross Direct Costs	274,973	304,067	29,094	£10,998 - Pay award. £11,000 - Increased hours for staff, funded by savings in other budgets.
Capital Charges	12,497	12,497	0	No Major Variances.
Gross Direct Income	(142,820)	(142,820)	0	No Major Variances.
Support Service Charges	105,220	120,240	15,020	(£6,660) - Lower recharge from Property Services following restructuring. £46,900 - Higher recharge from Leisure Services following restructuring. (£10,750) - Lower recharge from Central Costs. (£4,940) - Lower recharge from Internal Audit to reflect the 2018/19 audit plan.
Net Expenditure	249,870	293,984	44,114	
Leisure Complexes				
Gross Direct Costs	319,709	325,905	6,196	£11,427 - Inflation on management fee. (£5,380) - Transfer of building repair costs to Sports Centres to cover increased staff hours.
Capital Charges	487,987	525,644	37,657	Depreciation
Support Service Charges	15,700	39,570	23,870	£22,740 - Higher recharge from Leisure Services following restructuring.
Net Expenditure	823,396	891,119	67,723	
Other Sports				
Gross Direct Costs	125,142	102,283	(22,859)	£25,000 - One-off costs for fees relating to Outdoor Leisure Strategy funded from the New Homes Bonus. (£42,063) - Costs relating to the Sports Hubs and Clubs project.
Capital Charges	3,527	0	(3,527)	Depreciation
Gross Direct Income	(82,700)	(39,530)	43,170	(£17,000) - Income relating to Public Health Funding project. £60,170 - Grant relating to the Sports Hubs and Clubs project.
Support Service Charges	37,770	49,130	11,360	£10,360 - Higher recharge from Leisure Services following restructuring.
Net Expenditure	83,739	111,883	28,144	
Recreation Grounds				
Gross Direct Costs	8,465	8,669	204	No Major Variances
Capital Charges	79	79	0	No Major Variances
Gross Direct Income	(1,000)	(1,000)	0	No Major Variances
Support Service Charges	5,090	4,530	(560)	No Major Variances
Net Expenditure	12,634	12,278	(356)	
Arts & Entertainments				
Gross Direct Costs	75,010	96,680	21,670	£20,000 - One-off pilot for a Music Centre of Excellence at Gresham to be funded from the General reserve.
Capital Charges	211	211	0	No Major Variances
Gross Direct Income	(1,460)	(1,460)	0	No Major Variances
Support Service Charges	34,080	31,710	(2,370)	No Major Variances
Net Expenditure	107,841	127,141	19,300	

Community and Economic Development Service Area

	Base Budget 2017/18	Base Budget 2018/19	Variance	Explanation for Major Variances
	£	£	£	
Pier Pavilion				
Gross Direct Costs	92,847	44,448	(48,399)	(£48,399) - Reduction in pier show management fee.
Gross Direct Income	0	(20,000)	(20,000)	(£20,000) - Assumed profit share from pier show.
Support Service Charges	9,150	17,790	8,640	(£6,700) - Lower recharge from Property Services following restructuring. £14,070 - Higher recharge from Leisure Services following restructuring.
Net Expenditure	101,997	42,238	(59,759)	
Foreshore (Community)				
Gross Direct Costs	372,300	401,938	29,638	£20,000 - Transfer of cleansing contract costs from Street Cleaning service to cover litter picking and other cleansing. £5,710 - Inflation on cleansing contract. £3,716 - Inflation on Lifeguard management fee.
Support Service Charges	30,180	42,720	12,540	£11,960 - Recharge from new Environmental Contracts unit.
Net Expenditure	402,480	444,658	42,178	
Woodlands Management				
Gross Direct Costs	131,419	140,323	8,904	£4,234 - Pay award. £3,191 - Staff restructure.
Capital Charges	1,346	1,346	0	No Major Variances.
Gross Direct Income	(25,550)	(25,550)	0	No Major Variances.
Support Service Charges	90,710	102,750	12,040	£7,900 - Public Liability insurance now recharged to specific areas based on claims history rather than per head. £6,420 - Higher recharge from Leisure Services following restructuring.
Net Expenditure	197,925	218,869	20,944	
Cromer Pier				
Gross Direct Costs	43,539	44,347	808	No Major Variances
Capital Charges	23,716	8,741	(14,975)	Depreciation
Gross Direct Income	(20,709)	(20,709)	0	No Major Variances
Support Service Charges	9,950	15,010	5,060	No Major Variances
Net Expenditure	56,496	47,389	(9,107)	
Beach Huts & Chalets				
Gross Direct Costs	47,608	49,064	1,456	£1,149 - Pay award
Gross Direct Income	(120,165)	(187,362)	(67,197)	(£67,197) - Increase in charge for beach hut rentals.
Support Service Charges	58,340	60,880	2,540	(£10,090) - Lower recharge from Property Services following restructuring. £21,000 - Higher recharge from Leisure Services following restructuring. (£10,730) - Lower recharge from Sundry Debtors.
Net Expenditure	(14,217)	(77,418)	(63,201)	

Community and Economic Development Service Area

	Base Budget 2017/18	Base Budget 2018/19	Variance	Explanation for Major Variances
	£	£	£	
Economic Growth				
Gross Direct Costs	44,292	42,238	(2,054)	No Major Variances.
Support Service Charges	198,800	182,070	(16,730)	Lower recharges (£11,590) Business Growth Staffing and (£5,260) Internal Audit.
Net Expenditure	243,092	224,308	(18,784)	
Tourism				
Gross Direct Costs	40,338	40,338	0	No Major Variances.
Support Service Charges	56,930	53,940	(2,990)	Lower recharge from Business Growth Staffing.
Net Expenditure	97,268	94,278	(2,990)	
Coast Protection				
Gross Direct Costs	320,975	321,275	300	No Major Variances.
Capital Charges	630,978	5,834	(625,144)	This reflects the capital programme in year.
Gross Direct Income	(25)	0	25	No Major Variances.
Support Service Charges	244,920	275,360	30,440	£45,530 Higher recharges from Coastal Management to reflect new staffing structure. (£16,630) Reduced recharge from Property Services.
Net Expenditure	1,196,848	602,469	(594,379)	
Business Growth Staffing				
Gross Direct Costs	250,311	242,944	(7,367)	Pension savings.
Support Service Charges	91,210	77,260	(13,950)	The major changes relate to lower recharges from (£6,150) Central Costs, (£3,520) Insurance.
Support Service Recharges	(341,521)	(320,204)	21,317	Lower recharges reflecting lower service costs.
Net Expenditure	0	0	0	
Comm & Economic Dev Mgt				
Gross Direct Costs	77,830	78,164	334	No Major Variances
Support Service Charges	8,580	9,810	1,230	No Major Variances
Support Service Recharges	(86,410)	(87,974)	(1,564)	Increased recharges reflecting higher service costs.
Net Expenditure	0	0	0	
Leisure				
Gross Direct Costs	90,789	206,148	115,359	£100,776 - Transfer of staff from Property services. £5,148 - Pay award. £9,435 - IAS 19 Pension fund adjustment.
Gross Direct Income	(700)	(700)	0	No Major Variances
Support Service Charges	48,750	115,970	67,220	£4,550 - Higher recharge from Computer Network & PCs. £4,450 - Higher recharge from Computer (Applications Team). £4,210 - Higher recharge from Admin Buildings. £51,160 - Higher recharge from Digital Transformation.
Support Service Recharges	(138,839)	(321,418)	(182,579)	Increased recharges reflecting higher service costs.
Net Expenditure	0	0	0	

Community and Economic Development Service Area

	Base Budget 2017/18	Base Budget 2018/19	Variance	Explanation for Major Variances
	£	£	£	
Housing (Health & Wellbeing)				
Gross Direct Costs	191,361	215,311	23,950	Temporary staffing resources funded from the Housing earmarked reserve.
Gross Direct Costs - Refcus	1,246,051	1,000,000	(246,051)	
Support Service Charges	249,130	295,180	46,050	Higher recharges from £39,400 Housing (Health & Wellbeing), £6,020 Computer Network & Applications, £4,100 Admin Buildings, £2.890 Digital Transformation with lower recharges (£4,750) Legal services.
Support Service Recharges	(235,091)	(273,421)	(38,330)	Increased recharges reflecting higher service costs.
Gross Direct Income - Refcus	(157,930)	(1,000,000)	(842,070)	
Net Expenditure	1,293,521	237,070	(1,056,451)	
Housing Strategy				
Gross Direct Costs	189,692	309,289	119,597	£109,134 Temporary posts funded from the Community Housing Fund.
Gross Direct Income	0	(30,668)	(30,668)	Recoverable income from Kings Lynn and Breckland Councils who are sharing the costs of the Community Housing Delivery officer post.
Support Service Charges	269,360	278,080	8,720	The major changes relate to £5,090 Admin Buildings, £6,800 Computer Network & Applications, £3,300 Digital Transformation and £5,050 Internal Audit. These are offset by lower recharges for (£10,650) Legal Services.
Support Service Recharges	(246,622)	(243,800)	2,822	No Major Variances.
Net Expenditure	212,430	312,901	100,471	
Cctv				
Capital Charges	2,160	0	(2,160)	No Major Variances.
Net Expenditure	2,160	0	(2,160)	
Community And Localism				
Gross Direct Costs	369,432	374,432	5,000	£10,000 - One-off grant to Museums service funded from the Economic Development and Tourism reserve. (£5,000) - No further payments from the Big Society Fund in relation to World War 1 Commemorations.
Gross Direct Income	(607,118)	(452,911)	154,207	£154,207 - Reduced grant from Norfolk County Council in relation to 2nd homes returned funding.
Support Service Charges	105,970	101,890	(4,080)	(£5,330) - Reduced recharge from Business Growth Staffing.
Net Expenditure	(131,716)	23,411	155,127	

Community and Economic Development Service Area

	Base Budget 2017/18 £	Base Budget 2018/19 £	Variance £	Explanation for Major Variances
Coastal Management				
Gross Direct Costs	159,210	198,770	39,560	Pay award and the costs associated with the new staffing structure. £20k relates to a contribution to the Coastal Partnership East which is being funded from the Coastal Reserve.
Support Service Charges	57,410	59,210	1,800	No Major Variances.
Support Service Recharges	(216,620)	(257,980)	(41,360)	Increased recharges reflecting higher service costs.
Net Expenditure	0	0	0	
Total Community and Economic Development	3,807,237	2,648,580	(1,158,657)	
Gross Direct Costs	4,472,149	4,800,503	328,354	
Capital Charges	1,251,411	640,036	(611,375)	
Gross Direct Income	(3,800,193)	(3,645,071)	155,122	
Gross Direct Costs - Refcus	1,246,051	1,000,000	(246,051)	
Gross Direct Income - Refcus	(157,930)	(1,000,000)	(842,070)	
Support Service Charges	2,060,852	2,357,909	297,057	
Support Service Recharges	(1,265,103)	(1,504,797)	(239,694)	
Net Expenditure	3,807,237	2,648,580	(1,158,657)	

Customer Services & ICT Service Area

2016/17 Actual	Service	2017/18 Base Budget	2018/19 Base Budget	Variance 2018/19 Base to 2017/18 Base
£		£	£	£
171,842	Local Taxation	134,058	153,274	19,216
190,587	Benefits	358,820	424,208	65,388
1,026,551	ICT - Support Services	1,083,449	1,168,766	85,317
103,867	Tic'S	101,991	104,040	2,049
24,880	Homelessness	8,650	(131,050)	(139,700)
232,470	Housing - Service Mgmt	251,897	310,782	58,885
286,346	Digital Transformation	137,795	183,442	45,647
83,049	Reprographics	87,634	86,489	(1,145)
529,955	Customer Services - Corporate	542,042	580,367	38,325
2,649,547	Total Net Costs	2,706,336	2,880,318	173,982
50,000	Gross Direct Costs - Reffcus	0	0	0
156,529	Capital Charges	283,995	147,386	(136,609)
2,774,564	Support Service Charges	2,693,670	2,700,210	6,540
(3,555,442)	Support Service Recharges	(3,457,369)	(3,584,603)	(127,234)
2,075,198	Net Cost of Service	2,226,632	2,143,311	(83,321)

Customer Services & ICT Service Area

	Base Budget 2017/18	Base Budget 2018/19	Variance	Explanation for Major Variances
Local Taxation	£	£	£	
Gross Direct Costs	561,689	580,905	19,216	£11,994 transfer of vacant post from Corporate Finance to support the new Housing Benefits Overpayments (HBOP) post, the balance of which is being funded from the Benefits reserve.
Gross Direct Income	(427,631)	(427,631)	0	No Major Variances.
Support Service Charges	453,000	440,770	(12,230)	The major changes relate to higher recharges £10,360 Customer Services, £14,570 Admin Buildings & £10,100 Internal Audit. These are offset by lower recharges (£9,610) Accountancy, (£8,040) Insurance, (£11,410) Central Costs, (£13,550) Digital Transformation, (£7,870) Legal Services.
Net Expenditure	587,058	594,044	6,986	
Benefits Administration				
Gross Direct Costs	797,933	827,245	29,312	£13,025 Employee Inflation. £4,649 Balance of an Apprentice post funded from reserves. £5,249 Employees joining the superannuation scheme. £6,389 IAS 19 Superannuation funding.
Capital Charges	110,106	11,500	(98,606)	Depreciation.
Gross Direct Income	(439,113)	(403,037)	36,076	Reduction in Department for Works and Pensions (DWP) Admin subsidy.
Support Service Charges	490,020	550,130	60,110	The major changes relate to higher recharges £13,670 Customer Services, £32,570 Computer Network & Applications, £27,250 Admin Buildings, £10,090 Internal Audit. These are offset by reduced charges of (£9,680) Insurance, (£6,750) Accountancy and (£7,560) Postal & Scanning Services.
Net Expenditure	958,946	985,838	26,892	
ICT - Support Services				
Gross Direct Costs	1,083,859	1,169,176	85,317	£5,000 - Transfer from Benefits to fund Computer Licences. £6,839 - pay award. £61,031 - Fixed term staff funded from reserves. £12,477 - IAS 19 Pension fund adjustment
Capital Charges	134,491	111,554	(22,937)	(£48,047) - Depreciation. £25,110 - Intangible Amortisation.
Gross Direct Income	(410)	(410)	0	No Major Variances.
Support Service Charges	177,240	148,200	(29,040)	(£29,380) - Reduced recharge from Digital Transformation. £12,980 - Increased recharge from Admin Buildings. (£5,250) - Reduced recharge from Insurances. (£5,140) - Reduced recharge from Central Costs.
Support Service Recharges	(1,389,070)	(1,425,320)	(36,250)	Increased recharges reflecting higher service costs.
Net Expenditure	6,110	3,200	(2,910)	
Tic'S				
Gross Direct Costs	131,491	133,540	2,049	£1,269 - Pay award
Capital Charges	6,187	5,729	(458)	No Major Variances.
Gross Direct Income	(29,500)	(29,500)	0	No Major Variances.
Support Service Charges	129,360	106,820	(22,540)	(£6,640) - Reduced recharges from Central Costs. (£17,590) - Reduced recharge from Digital Transformation.
Net Expenditure	237,538	216,589	(20,949)	

Homelessness

Gross Direct Costs	102,692	122,392	19,700	£15,000 Increase in Bed and Breakfast charges to reflect prior year usage, this is offset by recoverable income. £4,800 A budget has been established for expenses relating to the accommodation at Holt to be used for Homeless accommodation; it is anticipated this will be covered by rent and /or benefits.
Capital Charges	6,630	0	(6,630)	Depreciation.
Gross Direct Income	(94,042)	(253,442)	(159,400)	(£19,800) Recoverable income from homeless accommodation. (£93,773) Flexible Homelessness Support grant and (£45,927) New Burdens Homelessness grant.
Support Service Charges	421,700	474,690	52,990	Higher recharge £58,340 Customer Services Housing offset by lower recharge (£10,580) Computer Applications.
Net Expenditure	436,980	343,640	(93,340)	

Customer Services Housing

Gross Direct Costs	251,897	310,782	58,885	£47,926 New Housing posts funded from the Homelessness Grants received from Department for Communities and Local Government (DCLG). £5,534 Employee Inflation. £5,425 IAS 19 Pension funding.
Support Service Charges	128,210	127,610	(600)	Higher recharge £15,850 Customer Services offset by lower recharge (£16,020) Digital Transformation.
Support Service Recharges	(380,107)	(438,392)	(58,285)	Increased recharges reflecting higher service costs.
Net Expenditure	0	0	0	

Digital Transformation

Gross Direct Costs	137,795	183,442	45,647	(£56,494) Non recurring use of Reserves. £6,930 Balance of apprentice posts funded from the Invest to Save Reserve. £88,725 Two posts previously funded from the Digital Transformation programme have been made permanent in the establishment.
Support Service Charges	494,810	466,660	(28,150)	Lower recharges (£38,120) Computer Applications offset by higher recharges £6,900 Admin Buildings.
Support Service Recharges	(632,605)	(650,102)	(17,497)	Increased recharges reflecting higher service costs.
Net Expenditure	0	0	0	

Reprographics

Gross Direct Costs	95,134	93,989	(1,145)	(£2,000) - Reduced copy costs as a result of the switch to hybrid mailing.
Capital Charges	12,603	18,603	6,000	Depreciation
Gross Direct Income	(7,500)	(7,500)	0	No Major Variances.
Support Service Charges	12,350	12,830	480	No Major Variances.
Support Service Recharges	(112,587)	(117,922)	(5,335)	Increased recharges reflecting higher service costs.
Net Expenditure	0	0	0	

Customer Services - Corporate

Gross Direct Costs	571,112	603,237	32,125	£6,940 - Pay award. £13,600 - New staff joining pension scheme. £11,585 - Pension fund adjustment.
Capital Charges	13,978	0	(13,978)	(£12,000) - Depreciation. (£1,978) - Intangible Amortisation
Gross Direct Income	(29,070)	(22,870)	6,200	Only processing new age related bus pass applications. No longer dealing with new disabled applications or replacement lost/stolen passes.
Support Service Charges	386,980	372,500	(14,480)	£10,240 - Increased recharge from Computer (Applications Team). £25,600 - Increased recharge from Admin Buildings. (£12,390) - Reduced recharge from Insurances. (£15,420) - Reduced recharges from Central Costs. (£25,680) - Reduced recharges from Digital Transformation.
Support Service Recharges	(943,000)	(952,867)	(9,867)	Increased recharges reflecting higher service costs.
Net Expenditure	0	0	0	
Total Customer Services and ICT	2,226,632	2,143,311	(83,321)	
Gross Direct Costs	3,733,602	4,024,708	291,106	
Capital Charges	283,995	147,386	(136,609)	
Gross Direct Income	(1,027,266)	(1,144,390)	(117,124)	
Support Service Charges	2,693,670	2,700,210	6,540	
Support Service Recharges	(3,457,369)	(3,584,603)	(127,234)	
Net Expenditure	2,226,632	2,143,311	(83,321)	

Environmental Health Service Area

2016/17 Actual	Service	2017/18 Base Budget	2018/19 Base Budget	Variance 2018/19 Base to 2017/18 Base
£		£	£	£
333,740	Commercial Services	350,965	332,093	(18,872)
368,091	Rural Sewerage Schemes	374,254	386,274	12,020
(1,428)	Travellers	1,498	1,534	36
(16,113)	Public Protection	29,251	1,438	(27,813)
5,810	Street Signage	41,971	12,470	(29,501)
13,904	Pest Control	0	0	0
428,169	Environmental Protection	475,487	558,570	83,083
35,151	Dog Control	0	0	0
122,877	Env Health - Service Mgmt	143,323	132,273	(11,050)
132,305	Corporate Enforcement Team	125,202	146,072	20,870
0	Environmental Contracts	0	255,735	255,735
492,850	Waste Collection and Disposal	720,025	727,212	7,187
582,174	Cleansing	621,946	551,355	(70,591)
11,334	Environmental Strategy	5,000	0	(5,000)
23,256	Community Safety	24,725	19,914	(4,811)
92,581	Civil Contingencies	97,856	99,670	1,814
2,624,701	Total Net Costs	3,011,503	3,224,610	213,107
44,240	Gross Direct Costs - Reffcus	0	104,583	104,583
(44,240)	Gross Direct Income - Reffcus	0	(104,583)	(104,583)
(192,739)	Capital Charges	457,072	170,912	(286,160)
822,060	Support Service Charges	844,800	1,106,050	261,250
(382,158)	Support Service Recharges	(399,066)	(739,990)	(340,924)
2,871,864	Net Cost of Service	3,914,309	3,761,582	(152,727)

Environmental Health Service Area

	Base Budget 2017/18 £	Base Budget 2018/19 £	Variance £	Explanation for Major Variances
Commercial Services				
Gross Direct Costs	375,400	355,778	(19,622)	(£18,200) Savings previously identified to be delivered as part of the Digital Transformation programme.
Gross Direct Income	(24,435)	(23,685)	750	No Major Variances.
Support Service Charges	136,110	121,450	(14,660)	The major changes relate to lower recharges of (£8,730) Environmental Health, (£4,700) Insurance, (£6,490) Central Costs and (£5,080) Reprographics. This is offset by higher recharges of £8,770 from Property Services.
Net Expenditure	487,075	453,543	(33,532)	
Rural Sewerage Schemes				
Gross Direct Costs	374,254	386,274	12,020	Inflation on Internal Drainage Board (IDB) Rates and Levies.
Support Service Charges	220	200	(20)	No Major Variances.
Net Expenditure	374,474	386,474	12,000	
Travellers				
Gross Direct Costs	5,498	5,534	36	No Major Variances.
Gross Direct Costs - Refcus	0	104,583	104,583	This reflects the capital programme in the year.
Capital Charges	97,800	97,800	0	No Major Variances.
Gross Direct Income	(4,000)	(4,000)	0	No Major Variances.
Gross Direct Income - Refcus	0	(104,583)	(104,583)	This reflects the capital programme in the year
Support Service Charges	1,320	1,520	200	No Major Variances.
Net Expenditure	100,618	100,854	236	
Public Protection				
Gross Direct Costs	190,436	191,423	987	No Major Variances.
Gross Direct Income	(161,185)	(189,985)	(28,800)	Additional licensing income.
Support Service Charges	133,400	120,860	(12,540)	The major changes relate to lower recharges of (£7,100) Environmental Health, (£7,880) Customer Services, (£3,380) Legal Services. This is offset by higher recharges of £5,940 from Admin Buildings.
Net Expenditure	162,651	122,298	(40,353)	
Street Signage				
Gross Direct Costs	41,971	12,470	(29,501)	Budgets transferred to a new management unit.
Capital Charges	7,565	7,565	0	No Major Variances.
Support Service Charges	540	17,350	16,810	Environmental Contracts - new management unit.
Net Expenditure	50,076	37,385	(12,691)	

Environmental Health Service Area

	Base Budget 2017/18 £	Base Budget 2018/19 £	Variance £	Explanation for Major Variances
Environmental Protection				
Gross Direct Costs	490,487	573,370	82,883	Pay award and new staff structure.
Capital Charges	2,612	7,112	4,500	Reflects the capital programme in year.
Gross Direct Income	(15,000)	(14,800)	200	No Major Variances.
Support Service Charges	185,840	177,380	(8,460)	The major changes relate to lower recharges of (£13,750) Environmental Health, (£3,920) Customer Services, (£8,220) Legal Services, (£3,230) Insurance, (£5,100) Central Costs, (£5,060) Reprographics. This is offset by higher recharges of £12,980 from Admin Buildings, £6,920 Digital Transformation and £12,990 Computer Network and Applications.
Net Expenditure	663,939	743,062	79,123	
Env Health - Service Mgmt				
Gross Direct Costs	143,323	132,273	(11,050)	Pay award and new staff structure.
Capital Charges	20,181	0	(20,181)	Reflects the capital programme in year.
Support Service Charges	44,970	50,070	5,100	Higher recharges of £4,960 from Legal Services.
Support Service Recharges	(208,474)	(182,343)	26,131	Lower recharges reflecting lower service costs.
Net Expenditure	0	0	0	
Corporate Enforcement Team				
Gross Direct Costs	125,202	146,072	20,870	Pay award and new staff structure.
Support Service Charges	65,390	75,600	10,210	The major changes relate to higher recharges of £3,960 from Admin Buildings and £4,060 from Head of Planning.
Support Service Recharges	(190,592)	(221,672)	(31,080)	Higher recharges reflecting higher service costs.
Net Expenditure	0	0	0	
Environmental Contracts				
Gross Direct Costs	0	255,735	255,735	Staffing and oncosts for new management unit transferred from Cleansing and Waste Collection & Disposal.
Support Service Charges	0	80,240	80,240	Support charges for new Support Service unit.
Support Service Recharges	0	(335,975)	(335,975)	Higher recharges reflecting higher service costs.
Net Expenditure	0	0	0	

Environmental Health Service Area

	Base Budget 2017/18 £	Base Budget 2018/19 £	Variance £	Explanation for Major Variances
Waste Collection And Disposal				
Gross Direct Costs	3,626,012	3,822,661	196,649	See Note A below
Capital Charges	328,914	58,435	(270,479)	Depreciation.
Gross Direct Income	(2,905,987)	(3,095,449)	(189,462)	See Note B below
Support Service Charges	193,980	358,280	164,300	See Note C below
Net Expenditure	1,242,919	1,143,927	(98,992)	

Note A: Significant variances include £90,653 Inflation on Kier contract; £198,228 Kier stepped costs associated with additional vehicles; £21,657 Additional commercial waste disposal costs; £40,000 Procurement costs associated with the new cleansing and waste contract which is being funded from reserves; (£5,000) Tipping away; (£11,457) Pension deficit funding; (£135,832) Transfer of staffing costs to a new management unit. (£5,000) Transfer to cleansing for Rapid Response work.

Note B: (£65,000) Additional trade waste fee income. (£82,572) Additional garden bin fee income and recycling credits. (£46,890) Additional recycling credit income due to higher tonnage from mixed recyclables. £5,000 loss of income from tipping away.

Note C: The major changes relate to a new recharge of £224,700 from the new Environmental Contracts cost centre, £25,710 Environmental Health - offset by lower recharges of (£33,320) Sundry Debtors, (£8,910) Central Costs, (£5,380) Digital Transformation, (£7,170) Internal Audit, (£14,930) Computer Network and Applications, (£5,030) Personnel Services and (£4,410) Insurance.

Cleansing

Gross Direct Costs	668,370	602,618	(65,752)	(£20,000) Kier Cleansing budget transferred to another service area. £14,166 Kier contract inflation. (£60,694) Staffing costs transferred to new Environmental Contract Support Service unit.
Gross Direct Income	(46,424)	(51,263)	(4,839)	Additional income from dog and litter bin recharges.
Support Service Charges	29,090	44,560	15,470	The major changes relate to higher recharges of £3,990 Environmental Health and £29,670 Environmental Contracts offset by lower recharges of (£5,450) Computer Network and Applications with the balance relating to misc. minor variances.
Net Expenditure	651,036	595,915	(55,121)	

Environmental Health Service Area

	Base Budget 2017/18 £	Base Budget 2018/19 £	Variance £	Explanation for Major Variances
Environmental Strategy				
Gross Direct Costs	17,500	15,000	(2,500)	Savings bid from 2016/17 relating to Green Build event.
Gross Direct Income	(12,500)	(15,000)	(2,500)	
Support Service Charges	5,520	13,610	8,090	Recharge for Insurance - based on previous claims history.
Net Expenditure	10,520	13,610	3,090	
Community Safety				
Gross Direct Costs	24,725	19,914	(4,811)	Staff working reduced hours.
Support Service Charges	8,860	11,180	2,320	No Major Variances.
Net Expenditure	33,585	31,094	(2,491)	
Civil Contingencies				
Gross Direct Costs	97,856	99,670	1,814	No Major Variances.
Support Service Charges	39,560	33,750	(5,810)	The major change relates to lower recharges of (£11,010) Environmental Health. This is offset by misc. minor recharges.
Net Expenditure	137,416	133,420	(3,996)	
Total Environmental Health	3,914,309	3,761,582	(152,727)	
Gross Direct Costs	6,181,034	6,618,792	437,758	
Gross Direct Costs - Refcus	0	104,583	104,583	
Capital Charges	457,072	170,912	(286,160)	
Gross Direct Income	(3,169,531)	(3,394,182)	(224,651)	
Gross Direct Income - Refcus	0	(104,583)	(104,583)	
Support Service Charges	844,800	1,106,050	261,250	
Support Service Recharges	(399,066)	(739,990)	(340,924)	
Net Expenditure	3,914,309	3,761,582	(152,727)	

Finance and Assets Service Area

2016/17 Actual	Service	2017/18 Base Budget	2018/19 Base Budget	Variance 2018/19 Base to 2017/18 Base
£		£	£	£
(79,054)	Industrial Estates	(110,749)	(115,769)	(5,020)
0	Surveyors Allotments	(50)	(50)	0
(39,750)	Handyman	(39,989)	(14,053)	25,936
(28,824)	Parklands	(31,080)	(32,696)	(1,616)
(886,460)	Benefits	0	0	0
79,552	Discretionary Rate Relief	70,798	65,846	(4,952)
354,819	Non Distributed Costs	259,287	251,249	(8,038)
447,571	Administration Building Svs	260,020	286,852	26,832
734,880	Property Services	547,702	532,063	(15,639)
0	Head of Assets & Finance	86,109	100,514	14,405
390,892	Corporate Finance	447,584	424,337	(23,247)
160,132	Insurance & Risk Management	176,017	179,856	3,839
67,983	Internal Audit	94,000	75,000	(19,000)
21,748	Playgrounds	30,995	29,875	(1,120)
709	Community Centres	5,938	5,948	10
468,310	Public Conveniences	457,379	452,008	(5,371)
8,297	Investment Properties	(26,408)	(78,313)	(51,905)
54,441	Central Costs	84,043	81,491	(2,552)
364,773	Corporate & Democratic Core	441,503	423,486	(18,017)
2,120,019	Total Net Costs	2,753,099	2,667,644	(85,455)
(255,819)	IAS 19 Adjustment	(259,287)	(251,249)	8,038
58,506	Gross Direct Costs - Reffcus	0	0	0
392,937	Capital Charges	462,525	344,283	(118,242)
1,965,776	Support Service Charges	2,198,247	2,207,257	9,010
(2,599,785)	Support Service Recharges	(2,674,919)	(2,538,293)	136,626
1,681,634	Net Cost of Service	2,479,665	2,429,642	(50,023)

Finance & Assets Service Area

	Base Budget 2017/18	Base Budget 2018/19	Variance	Explanation for Major Variances
	£	£	£	
Industrial Estates				
Gross Direct Costs	21,666	16,646	(5,020)	Grounds Maintenance budget not required at Fakenham industrial unit.
Capital Charges	46,239	46,238	(1)	No Major Variances.
Gross Direct Income	(132,415)	(132,415)	0	No Major Variances.
Support Service Charges	72,650	96,850	24,200	Higher recharges from Property Services.
Net Expenditure	8,140	27,319	19,179	
Surveyors Allotments				
Gross Direct Income	(50)	(50)	0	No Major Variances.
Support Service Charges	5,190	7,200	2,010	Higher recharges from Property Services.
Net Expenditure	5,140	7,150	2,010	
Handy Man				
Gross Direct Costs	66,811	41,858	(24,953)	Staff restructure.
Capital Charges	2,739	2,739	0	No Major Variances.
Gross Direct Income	(106,800)	(55,911)	50,889	Reduced Handyman recharges.
Support Service Charges	58,450	34,000	(24,450)	The major change (£8,540) relates to lower recharges from Property services. The balance consists of small misc. variances.
Net Expenditure	21,200	22,686	1,486	
Parklands				
Gross Direct Costs	26,130	23,630	(2,500)	Lower electricity costs.
Capital Charges	2,750	585	(2,165)	Depreciation.
Gross Direct Income	(57,210)	(56,326)	884	No Major Variances,
Support Service Charges	41,700	51,030	9,330	Higher recharge of £12,320 for Property Services offset by a lower recharge of (£3,660) for Sundry Debtors.
Net Expenditure	13,370	18,919	5,549	
Benefits Subsidy				
Gross Direct Costs	27,392,779	25,823,841	(1,568,938)	Estimated Expenditure and Grant Subsidy on Housing Benefits payments. This has been updated based on figures included within the 2017/18 Mid Year estimate.
Gross Direct Income	(27,392,779)	(25,823,841)	1,568,938	
Net Expenditure	0	0	0	
Discretionary Payments				
Gross Direct Costs	70,798	65,846	(4,952)	This reflects a reduction in the grant offered to Parish and Town councils.
Support Service Charges	2,750	6,450	3,700	No Major Variances.
Net Expenditure	73,548	72,296	(1,252)	
Non Distributed Costs				
Gross Direct Costs	259,287	251,249	(8,038)	(£8,034) - Cessation of payment re Loss of
IAS 19 Adjustment	(259,287)	(251,249)	8,038	Office.
Support Service Charges	0	0	0	No Major Variances.
Net Expenditure	0	0	0	

Administration Buildings Svs

Gross Direct Costs	499,548	457,633	(41,915) See Note A below
Capital Charges	115,217	76,862	(38,355) Depreciation.
Gross Direct Income	(239,528)	(170,781)	68,747 Loss of income for Windmill Restaurant - now run by external contractor. Offset by lower costs.
Support Service Charges	152,850	162,700	9,850 The major changes relate to higher recharges of £22,410 Property Services and £18,820 Admin Buildings, offset by lower recharges of (£10,940) Computer Network and Applications, (£5,210) Accountancy, (£7,450) Central Costs, (£7,600) Personnel & Digital Transformation.
Support Service Recharges	(427,560)	(436,637)	(9,077) Higher recharges due to higher service costs.
Net Expenditure	100,527	89,777	(10,750)

Note A: (£57,821) Change of budget for Windmill as now being managed by an external contractor. £5,500 Additional servicing contractor costs. £5,365 Pay award. £10,200 inflation on utilities, Business rates, insurance and contractor costs. (£2,500) Saving on plant maintenance contract following reprocurement.

Property Services

Gross Direct Costs	547,702	532,063	(15,639) (£102,605) Transfer of staff to Leisure services. £13,385 Pay Award. £16,367 Increased insurance premium costs. £59,300 Increased salary and oncosts due to a restructure.
Capital Charges	12,773	12,774	¹ No Major Variances.
Support Service Charges	195,710	251,100	55,390 The major changes relate to higher recharges of £15,290 Customer Services, £8,170 Admin Buildings, £20,530 Insurance, £3,740 Leisure and £14,260 Legal Services. These are offset by lower recharges of (£7,090) Central Costs.
Support Service Recharges	(756,185)	(795,937)	(39,752) Higher recharges reflecting higher service costs.

Net Expenditure**Head Of Assets & Finance**

Gross Direct Costs	86,109	100,514	14,405 £11,538 Employee inflation. £2,007 IAS 19 pension funding.
Support Service Charges	0	9,620	9,620
Support Service Recharges	(86,109)	(110,134)	(24,025)
Net Expenditure	0	0	0

Corporate Finance

Gross Direct Costs	447,584	424,337	(23,247) (£12,404) Transfer of vacant post to Revenues to part fund newhousing benefits overpayment officer. £18,123 Employee inflation. (£27,893) Employee savings as a result of changes to contracted hours.
Capital Charges	4,491	4,491	0
Support Service Charges	129,850	135,050	5,200
Support Service Recharges	(581,925)	(563,878)	18,047
Net Expenditure	0	0	0

Insurance & Risk Management

Gross Direct Costs	176,667	180,506	3,839 (£9,362) - Transfer of staff to another service area. £9,242 - Increase in public liability insurance.
Gross Direct Income	(650)	(650)	0 No Major Variances.
Support Service Charges	14,700	14,610	(90) Insurance is now the responsibility of Accountancy not Human Resources. (£12,300) - Reduced recharge from Human Resources. £10,060 - Increased recharge from Accountancy. £3,030 - Increased recharge from Internal Audit.
Support Service Recharges	(190,717)	(194,466)	(3,749) Increased recharges reflecting higher service costs.
Net Expenditure	0	0	0

Internal Audit

Gross Direct Costs	94,000	75,000	(19,000) (£19,000) - Savings resulting from renegotiated internal audit fees
Support Service Charges	11,720	9,240	(2,480) (£3,540) - Reduced recharge from Accountancy.
Support Service Recharges	(105,720)	(84,240)	21,480 Reduced recharges reflecting lower service costs.
Net Expenditure	0	0	0

Playgrounds

Gross Direct Costs	30,995	29,875	(1,120) No Major Variances.
Support Service Charges	23,150	34,880	11,730 No Major Variances.
Net Expenditure	54,145	64,755	10,610

Community Centres

Gross Direct Costs	5,938	5,948	10 No Major Variances.
Support Service Charges	10,170	13,670	3,500 Higher recharge from Property Services.
Net Expenditure	16,108	19,618	3,510

Public Conveniences

Gross Direct Costs	457,379	452,008	(5,371) £7,102 inflation on Business Rates and Kier contract. (£5,267) savings for Business Rates and repair and maintenance. (£7,200) Kier contract savings.
Capital Charges	141,917	134,495	(7,422) Depreciation
Support Service Charges	67,307	135,977	68,670 The major changes relate to higher recharges of £18,920 Environmental Contracts, £38,550 Property Services, £11,500 Creditors.
Net Expenditure	666,603	722,480	55,877

Investment Properties

Gross Direct Costs	66,568	87,799	21,231	£11,231 Inflation and additional costs relating to electricity, service contracts and Business Rates. £10k relates to new budget requirements for a holiday rental property; however, this is offset by rental income (as below).
Capital Charges	136,399	66,099	(70,300)	Depreciation.
Gross Direct Income	(92,976)	(166,112)	(73,136)	(£30,000) Rental income from concessions (Asset Commercialisation programme). (£36,350) Holiday rental income. The balance relates to inflation on misc. rental income.
Support Service Charges	65,400	77,520	12,120	Higher recharge from Property Services.
Net Expenditure	175,391	65,306	(110,085)	

Central Costs

Gross Direct Costs	84,043	81,491	(2,552)	No Major Variances.
Support Service Charges	442,660	271,510	(171,150)	(£38,430) - Reduced recharge from Customer Services. (£161,310) - Reduced recharge from Admin Buildings. £34,820 - Increased recharge from Property Services. (£9,140) - Reduced recharge from Internal Audit.
Support Service Recharges	(526,703)	(353,001)	173,702	Reduced recharges reflecting lower service costs.
Net Expenditure	0	0	0	

Corporate & Democratic Core

Gross Direct Costs	441,503	423,486	(18,017)	£7,900 - Increase in bank charges. £18,000 - Payments re Local Enterprise partnership (LEP) Enterprise Zones, funded from the Business Rate reserve. (£44,000) - Savings resulting from the new external audit contract.
Support Service Charges	903,990	895,850	(8,140)	(£14,770) - Reduced recharge from Environmental Health. £47,540 - Increased recharges from Human Resources. (£118,260) - Reduced recharges from Admin Buildings. £27,360 - Increased recharges from Accountancy. £7,470 - Increased recharges from Corporate Leadership Team. £35,320 - Increased recharges from Legal Services.

Net Expenditure	1,345,493	1,319,336	(26,157)
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Total Finance and Assets	2,479,665	2,429,642	(50,023)
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Gross Direct Costs	30,775,507	29,073,730	(1,701,777)
Capital Charges	462,525	344,283	(118,242)
Gross Direct Income	(28,022,408)	(26,406,086)	1,616,322
IAS19 Pension Adjustment	(259,287)	(251,249)	8,038
Support Service Charges	2,198,247	2,207,257	9,010
Support Service Recharges	(2,674,919)	(2,538,293)	136,626
Net Expenditure	2,479,665	2,429,642	(50,023)

Legal & Democratic Service Area

2016/17 Actual	Service	2017/18 Base Budget	2018/19 Base Budget	Variance 2018/19 Base to 2017/18 Base
£		£	£	£
484,030	Members Services	497,445	524,953	27,508
190,406	Legal Services	280,581	310,871	30,290
674,436	Total Net Costs	778,026	835,824	57,798
	2,500 Capital Charges	2,500	0	(2,500)
	259,378 Support Service Charges	273,140	179,700	(93,440)
	(316,073) Support Service Recharges	(397,681)	(424,521)	(26,840)
620,241	Net Cost of Service	655,985	591,003	(64,982)

Legal & Democratic Service Area

	Base Budget 2017/18	Base Budget 2018/19	Variance	Explanation for Major Variances
	£	£	£	
Members Services				
Gross Direct Costs	497,845	525,353	27,508	£4,326 - Pay award. £3,219 - Additional National Insurance costs. £3,335 - Members' Allowance increased in line with staff pay award. £16,000 - New Cabinet Member (now up to full complement). Special responsibility allowance for the Development Committee
Capital Charges	2,500	0	(2,500)	Intangible Amortisation
Gross Direct Income	(400)	(400)	0	No Major Variances.
Support Service Charges	156,040	66,050	(89,990)	£6,020 - Increased recharges from Customer Services. (£24,370) - Reduced recharges from HR. (£71,850) - Reduced recharges from Computer Network & PCs
Net Expenditure	655,985	591,003	(64,982)	
Legal Services				
Gross Direct Costs	546,902	640,817	93,915	£63,625 - Additional staffing costs funded from new contract income (see below). £9,010 - Pay award. £11,431 - Fixed term staffing costs. £10,111 - Pension fund adjustment.
Gross Direct Income	(266,321)	(329,946)	(63,625)	(£63,625) - New contract income.
Support Service Charges	117,100	113,650	(3,450)	£8,770 - Increased recharge from Admin Buildings. (£4,700) - Reduced recharge from Insurances. (£6,490) - Reduced recharge from Central Costs.
Support Service Recharges	(397,681)	(424,521)	(26,840)	Increased recharges out to other services reflecting higher service costs.
Net Expenditure	0	0	0	
Total Legal and Democratic Services	655,985	591,003	(64,982)	
Gross Direct Costs	1,044,747	1,166,170	121,423	
Capital Charges	2,500	0	(2,500)	
Gross Direct Income	(266,721)	(330,346)	(63,625)	
Support Service Charges	273,140	179,700	(93,440)	
Support Service Recharges	(397,681)	(424,521)	(26,840)	
Net Expenditure	655,985	591,003	(64,982)	

Planning Service Area

2016/17 Actual	Service	2017/18 Base Budget	2018/19 Base Budget	Variance 2018/19 Base to 2017/18 Base
£		£	£	£
309,190	Development Management	84,905	54,164	(30,741)
266,139	Planning Policy	597,315	551,731	(45,584)
116,190	Conservation & Design	102,261	103,542	1,281
215,452	Major Development	246,705	229,098	(17,607)
(65,697)	Building Control	(5,142)	(16,378)	(11,236)
173,151	Head of Planning	167,256	190,707	23,451
(62,736)	Property Information	21,724	(6,167)	(27,891)
951,689	Total Net Costs	1,215,024	1,106,697	(108,327)
18,886	Capital Charges	38,721	41,631	2,910
1,147,061	Support Service Charges	1,066,536	1,147,786	81,250
(281,859)	Support Service Recharges	(207,266)	(234,307)	(27,041)
1,835,777	Net Cost of Service	2,113,015	2,061,807	(51,208)

Planning Service Area

	Base Budget 2017/18	Base Budget 2018/19	Variance	Explanation for Major Variances
	£	£	£	
Development Management				
Gross Direct Costs	840,525	856,784	16,259	£24,747 Employee Inflation. £30,000 Vacant post transferred from Major Developments (£24,334) reallocation of some of the Supplies and Services budgets within the Planning service area.
Capital Charges	38,721	41,631	2,910	Depreciation
Gross Direct Income	(755,620)	(802,620)	(47,000)	£3,000 S106 Legal work now undertaken by Legal Services. (£50,000) 20% Fee increase on nationally set fees, this additional income will be ringfenced in an earmarked reserve for future Local Plan reviews, following new requirement to review every five years.
Support Service Charges	603,050	660,630	57,580	See Note A
Net expenditure	726,676	756,425	29,749	

Note A: The major changes relate to higher recharges of £8,110 Head of Planning, £29,510 Corp. Enforcement Team, Postal & Scanning Services, £12,490 Computer Network & Applications, £19,650 Admin Buildings. These are offset by lower charges from (£9,680) Insurance & (£12,250) Central Costs.

Planning Policy

Gross Direct Costs	597,315	551,731	(45,584)	£15,979 Employee inflation. (£61,938) Allocation of earmarked reserves to the Local Plan Review.
Support Service Charges	67,376	70,866	3,490	No Major Variances.
Net Expenditure	664,691	622,597	(42,094)	

Conservation, Design & Landscape

Gross Direct Costs	102,261	103,542	1,281	No Major Variances.
Support Service Charges	66,670	70,220	3,550	No Major Variances.
Net Expenditure	168,931	173,762	4,831	

Major Developments

Gross Direct Costs	246,705	229,098	(17,607)	See Note A
Support Service Charges	100,320	127,650	27,330	The major changes relate to higher recharges of £4,060 Head of Planning, £8,330 Computer Network & Applications, £7,040 Admin Buildings, £4,210 Digital Transformation, £7,220 Legal Services.

Net Expenditure	347,025	356,748	9,723	
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Note A: (£23,625) Transfer of a vacant post to Development Management. £12,715 Employee inflation. (£3,889) Employee not in the superannuation scheme. £4,500 reallocation of some of the Supplies and Services budgets within the Planning service area.

Planning Service Area

	Base Budget 2017/18	Base Budget 2018/19	Variance	Explanation for Major Variances
	£	£	£	
Building Control				
Gross Direct Costs	367,439	369,872	2,433	No Major Variances.
Gross Direct Income	(372,581)	(386,250)	(13,669)	Increased income anticipated based on current year actuals.
Support Service Charges	122,220	121,860	(360)	Higher recharges £7,890 from Admin Buildings offset by lower recharges (£7,400) from Sundry Debtors.
Net Expenditure	117,078	105,482	(11,596)	
Head Of Planning				
Gross Direct Costs	167,256	190,707	23,451	£20,684 Transfers from other Planning services to support a more flexible use of generic budgets such as training. £2,462 Employee Inflation.
Support Service Charges	40,010	43,600	3,590	No Major Variances.
Support Service Recharges	(207,266)	(234,307)	(27,041)	Higher recharges out reflecting higher service costs.
Net Expenditure	0	0	0	
Property Information				
Gross Direct Costs	190,724	183,833	(6,891)	£1,970 Employee Inflation. (£10,000) Norfolk County Council Search Fees based on current years actuals.
Gross Direct Income	(169,000)	(190,000)	(21,000)	Reduced Land Charge fee income to reflect slippage in the planned transfer of some fundtions to Land Registry.
Support Service Charges	66,890	52,960	(13,930)	The major changes relate to lower recharges (£4,430) Customer Services, (£10,130) Personnel Services, (£3,860) Internal Audit offset by higher recharges of £4,040 from Admin Buildings.
Net Expenditure	88,614	46,793	(41,821)	
Total Planning	2,113,015	2,061,807	(51,208)	
Gross Direct Costs	2,512,225	2,485,567	(26,658)	
Capital Charges	38,721	41,631	2,910	
Gross Direct Income	(1,297,201)	(1,378,870)	(81,669)	
Support Service Charges	1,066,536	1,147,786	81,250	
Support Service Recharges	(207,266)	(234,307)	(27,041)	
Net Expenditure	2,113,015	2,061,807	(51,208)	

North Norfolk District Council

Council Tax Summary 2018/19

	2017/18 Actual £	Actual 2018/19 3.6% Council Tax Increase		
			Variance £	Variance %
Demand on Collection Fund (excluding Parish/Town Precepts)	£ 5,520,427	£ 5,909,655	£389,228	7.1%
District Council Tax Level at Band D	£ 142.47	£ 143.37	£0.90	0.6%
£4.95 Increase in precept		£ 4.95	£4.95	
Less Estimated Collection Fund Surplus at 31st March	(£3.60)	(£4.50)	-£0.90	25.0%
Net District Council Tax at Band D	£ 138.87	£ 143.82	£4.95	3.6%
Value of Precepts	£2,079,492	£2,202,881	£123,389	5.9%
Effect of Parish/Town Precepts	53.67	55.29	£1.62	3.0%
Billed District Council Tax at Band D	£ 192.54	£ 199.11	£6.57	3.4%

Tax Base	38,748	39,844
Tax Base Movement		1,096

Note: The Tax Base for 2018/19 is 39,844 (2017/18 38,748) so each £39,844 change in net expenditure has £1.00 effect on Council Tax at Band D.

Reserves Statement 2018/19 Onwards

Reserve	Purpose and Use of Reserve	Balance 01/04/17	Updated Budgeted Movement 2017/18	Balance 01/04/18	Budgeted Movement 2018/19	Balance 01/04/19	Budgeted Movement 2019/20	Balance 01/04/20	Budgeted Movement 2020/21	Balance 01/04/21	Budgeted Movement 2021/22	Balance 01/04/22
		£	£	£	£	£	£	£	£	£	£	£
General Fund - General Reserve	A working balance and contingency, current recommended balance is £1.75 million.	2,331,775	(142,212)	2,189,563	(60,000)	2,129,563	0	2,129,563	0	2,129,563	0	2,129,563
Earmarked Reserves:												0
Capital Projects	To provide funding for capital developments and purchase of major assets. This includes the VAT Shelter Receipt.	2,313,978	(595,137)	1,718,841	(747,964)	970,877	0	970,877	0	970,877	0	970,877
Asset Management	To support improvements to our existing assets as identified through the Asset Management Plan.	500,892	337,833	838,725	(3,443)	835,282	0	835,282	0	835,282	0	835,282
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.	1,429,624	(50,000)	1,379,624	(12,838)	1,366,786	(12,838)	1,353,948	0	1,353,948	0	1,353,948
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	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.	171,780	0	171,780	0	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.	2,527,045	(20,376)	2,506,669	(18,000)	2,488,669	(18,000)	2,470,669	(18,000)	2,452,669	(18,000)	2,434,669
Coast Protection	To support the ongoing coast protection maintenance programme and carry forward funding between financial years.	202,516	0	202,516	(20,000)	182,516	(20,000)	162,516	(20,000)	142,516	(20,000)	122,516
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	(48,450)	0	0	0	0	0	0	0	0	0
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.	1,197,179	317,441	1,514,620	168,234	1,682,854	(242,000)	1,440,854	(242,000)	1,198,854	(242,000)	956,854
Economic Development and Regeneration	Earmarked from previous underspends within Economic Development and Regeneration Budgets along with funding earmarked for Learning for Everyone.	133,458	(37,837)	95,621	(10,000)	85,621	0	85,621	0	85,621	0	85,621
Election Reserve	Established to meet costs associated with district council elections, to smooth the impact between financial years.	43,000	40,000	83,000	40,000	123,000	(120,000)	3,000	40,000	43,000	40,000	83,000

Reserves Statement 2018/19 Onwards

Reserve	Purpose and Use of Reserve	Balance 01/04/17	Updated Budgeted Movement 2017/18	Balance 01/04/18	Budgeted Movement 2018/19	Balance 01/04/19	Budgeted Movement 2019/20	Balance 01/04/20	Budgeted Movement 2020/21	Balance 01/04/21	Budgeted Movement 2021/22	Balance 01/04/22
		£	£	£	£	£	£	£	£	£	£	£
Enforcement Works	Established to meet costs associated with district council enforcement works including buildings at risk .	103,674	82,926	186,600	0	186,600	0	186,600	0	186,600	0	186,600
Environmental Health	Earmarking of previous underspends and additional income to meet Environmental Health initiatives. Also included is the earmarked surplus licence fee income which is set on a cost recovery basis.	279,389	0	279,389	0	279,389	0	279,389	0	279,389	0	279,389
Grants	Revenue Grants received and due to timing issues not used in the year.	439,352	37,521	476,873	(8,792)	468,081	0	468,081	0	468,081	0	468,081
Housing	Previously earmarked for stock condition survey and housing needs assessment.	2,520,743	60,170	2,580,913	(14,247)	2,566,666	(72,624)	2,494,042	(70,248)	2,423,794	(32,808)	2,390,986
Treasury (Property) Reserve	Property Investment (Treasury), to smooth the impact on the revenue account of interest fluctuations.	66,068	(66,068)	0	0	0	0	0	0	0	0	0
Land Charges	To mitigate the impact of potential income reductions.	233,169	0	233,169	0	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.	144,174	0	144,174	0	144,174	0	144,174	0	144,174	0	144,174
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	0	435,000
New Homes Bonus (NHB)	Established for supporting communities with future growth and development and Plan review*	1,834,440	111,122	1,945,562	(280,944)	1,664,618	(114,747)	1,549,871	0	1,549,871	0	1,549,871
Organisational Development	To provide funding for organisation development to create capacity within the organisation, including the provision and support for apprenticeships and internships.	345,128	(4,281)	340,847	(4,649)	336,198	0	336,198	0	336,198	0	336,198
Pathfinder	To help Coastal Communities adapt to coastal changes.	206,378	0	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.	168,664	(123,485)	45,179	18,330	63,509	50,000	113,509	50,000	163,509	50,000	213,509
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.	2,434,080	(354,973)	2,079,107	(86,380)	1,992,727	(38,924)	1,953,803	0	1,953,803	0	1,953,803
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.	12,649	0	12,649	0	12,649	0	12,649	0	12,649	0	12,649
Total Reserves		21,122,605	(455,806)	20,666,799	(1,040,693)	19,626,106	(1,589,133)	18,036,973	(260,248)	17,776,725	(222,808)	17,553,917

GENERAL FUND CAPITAL PROGRAMME - 2017/18 to 2020/21

<u>Scheme</u>	Scheme Total Current Estimate	Pre 31/3/17 Actual Expenditure	Current Budget 2017/18	Actual Expenditure 2017/18	Updated Budget 2018/19	Updated Budget 2019/20	Updated Budget 2020/21
	£	£	£		£	£	£
Jobs and the Economy							
North Norfolk Enterprise Innovation Centre	50,000	10,295	39,705	0	0	0	0
Rocket House	77,084	37,334	39,750	0	0	0	0
North Norfolk Enterprise and Start Up Grants	135,000	126,207	8,793	0	0	0	0
Public Convenience Water Heater Improvements	11,837	7,556	4,281	4,625	0	0	0
Egmere Business Zone	1,895,000	98,606	1,796,394	58,591	0	0	0
Better Broadband for Norfolk	1,000,000	0	1,000,000	0	0	0	0
Public Conveniences - Review, Re-provision and Redevelopment	450,000	0	450,000	1,686	0	0	0
Car Park Refurbishment 2016/17	112,827	21,098	91,729	9,948	0	0	0
North Lodge Park	197,000	11,690	185,310	2,191	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	961	0	0	0
Fair Meadow House	635,000	0	635,000	639,537	0	0	0
Sutton Mill Loan	350,000	0	350,000	0	0	0	0
Holt Tourist Information Centre	100,000	0	100,000	0	0	0	0
Walsingham Public Convenience	47,000	0	47,000	0	0	0	0
	5,650,748	342,293	5,308,455	736,679	0	0	0

GENERAL FUND CAPITAL PROGRAMME - 2017/18 to 2020/21

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	614,784	0	0	0
Housing Loans to Registered Providers	3,500,000	0	3,500,000	0	0	0	0
Parkland Improvements	100,000	12,996	87,004	0	0	0	0
Compulsory Purchase of Long Term Empty Properties	630,000	800	629,200	0	0	0	0
Shannoeks Hotel	490,000	23,897	466,103	22,017	0	0	0
Laundry Loke - Victory Housing	100,000	0	80,000	0	20,000	0	0
Temporary Accommodation for Homeless Households	194,000	169,950	24,050	23,656	0	0	0
Community Housing Fund	2,198,262	0	2,198,262	0	0	0	0
Provision of Temporary Accommodation	610,000	0	488,000	0	122,000	0	0
	7,822,262	207,643	9,849,631	660,456	142,000	0	0
Coast and Countryside							
Gypsy and Traveller Short Stay Stopping Facilities	1,417,533	1,270,950	42,000	0	104,583	0	0
Cromer Pier Structural Works - Phase 2	1,378,549	1,322,094	56,455	108	0	0	0
Cromer Pier and West Prom Refurbishment Project	1,465,000	699,013	215,987	225,072	550,000	0	0
Refurbishment Works to the Seaside Shelters	149,500	127,446	22,054	11,045	0	0	0
Cromer Coast Protection Scheme 982 and SEA	8,822,000	5,246,343	3,575,657	58,901	0	0	0
Pathfinder Project	1,967,015	1,683,310	283,705	283,295	0	0	0
Coastal Erosion Assistance	90,000	17,203	72,797	0	0	0	0

GENERAL FUND CAPITAL PROGRAMME - 2017/18 to 2020/21

<u>Scheme</u>	Scheme Total Current Estimate	Pre 31/3/17 Actual Expenditure	Current Budget 2017/18	Actual Expenditure 2017/18	Updated Budget 2018/19	Updated Budget 2019/20	Updated Budget 2020/21
	£	£	£		£	£	£
Storm Surge	1,176,000	1,105,987	70,013	95,901	0	0	0
Sheringham West Prom	804,000	632,504	171,496	47,795	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	1,011	0	0	0
Sheringham Gangway	201,514	116,533	84,981	0	0	0	0
Vale Road Beach Access	18,600	15,115	3,485	0	0	0	0
Bacton and Walcott Coastal Management Scheme	500,000	0	500,000	821	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	101,054	0	0	0
	20,831,225	12,445,129	7,731,513	825,004	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	21,548	0	0	0
Splash Leisure Centre Reprovision	10,667,000	0	0	0	2,000,000	4,333,500	4,333,500
North Norfolk Sports Hub, Cromer	2,931,000	0	0	0	1,465,500	1,465,500	0

GENERAL FUND CAPITAL PROGRAMME - 2017/18 to 2020/21

<u>Scheme</u>	Scheme Total Current Estimate	Pre 31/3/17 Actual Expenditure	Current Budget 2017/18	Actual Expenditure 2017/18	Updated Budget 2018/19	Updated Budget 2019/20	Updated Budget 2020/21
	£	£	£		£	£	£
	13,866,120	11,305	239,315	21,548	3,483,000	5,799,000	4,333,500
Service Excellence							
Personal Computer Replacement Fund	205,583	181,929	23,654	61,605	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	2,770	0	0	0
Planning System (Scanning of Old Files) - Business Transformation Programme	100,000	83,890	16,110	27,641	0	0	0
Council Chamber and Committee Room Improvements	89,000	948	88,052	66,671	0	0	0
Environmental Health IT System Procurement	150,000	6,327	143,673	41,051	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	6,971	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	67,059	40,000	0	0
Customer Contact Centre	60,000	17,825	42,175	33,878	0	0	0
Purchase of Property Services Vehicle	15,000	0	15,000	15,008	0	0	0
User IT Hardware Refresh	220,000	0	55,000	0	55,000	55,000	55,000
Goat Livestock Grazing Project	17,000	0	17,000	16,665	0	0	0
Replacement Environmental Health Vehicle	21,935	0	21,935	22,605	0	0	0

GENERAL FUND CAPITAL PROGRAMME - 2017/18 to 2020/21

<u>Scheme</u>	Scheme Total Current Estimate	Pre 31/3/17 Actual Expenditure	Current Budget 2017/18	Actual Expenditure 2017/18	Updated Budget 2018/19	Updated Budget 2019/20	Updated Budget 2020/21
	£	£	£		£	£	£
Uniform Planning System	140,000	0	140,000	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	650	0	0	0
Management Information Systems	50,000	0	50,000	28,023	0	0	0
Benefits System Replacement	57,500	0	57,500	57,500	0	0	0
Council Office Improvements	45,000	0	45,000	-	0	0	0
	1,873,593	648,476	1,072,617	531,544	145,000	55,000	55,000
	50,043,948	13,654,846	24,201,531	2,775,232	4,424,583	5,854,000	4,388,500

Capital Programme Financing

Grants	9,585,617	1,837,083	0	0
Other Contributions	501,715	350,000	0	0
Asset Management Reserve	593,443	0	0	0
Capital Project Reserve	834,596	0	0	0
Invest to Save Reserve / Broadband Reserve	1,207,500	0	0	0
Capital Receipts	7,978,660	1,504,500	4,520,500	805,000
Internal / External Borrowing	3,500,000	733,000	1,333,500	3,583,500
TOTAL FINANCING	24,201,531	4,424,583	5,854,000	4,388,500

<u>Scheme</u>	Current Budget 2017/18	Expenditure + Commits to P9	Anticipated Further Spend	SLIPPAGE
	£			
Jobs and the Economy				
North Norfolk Enterprise Innovation Centre	39,705	0		39,705
Rocket House	39,750	0		39,750
North Norfolk Enterprise and Start Up Grants	8,793	0		8,793
Egmere Business Zone	1,796,394	58,591		1,737,803
Better Broadband	1,000,000	0		1,000,000
Public Conveniences - Review, Re provision and Redevelopment	450,000	1,686		448,314
Car Park Refurbishment Schemes	91,729	9,948		81,781
North Lodge Park	185,310	2,191		183,119
Deep History Coast	500,000	961	20,000	479,039
	4,111,681	73,377	20,000	4,018,304
Housing and Infrastructure				
Disabled Facilities Grants	2,377,012	614,784	1,762,228	0
Housing Loans to Registered Providers	3,500,000	0	3,500,000	0
Parkland Improvements	87,004	0		87,004
Compulsory Purchase of Long Term Empty Properties	629,200	0		629,200
Shannoeks Hotel	466,103	22,017		444,086
Laundry Loke - Victory Housing	80,000	0		80,000
Community Housing Fund	2,198,262	0	250,000	1,948,262
Provision of Temporary Accomodation	488,000	0		488,000
	9,825,581	636,801	5,512,228	3,676,552
Coast and Countryside				
Gypsy and Traveller Short Stay Stopping Facilities	42,000	0		42,000
Refurbishment Works to the Seaside Shelters	22,054	11,045		11,009

Cromer Coast Protection Scheme 982 and SEA	3,575,657	58,901		3,516,756
Coastal Erosion Assistance	72,797	0		72,797
Sheringham West Prom	171,496	47,795	88,701	35,000
Mundesley - Refurbishment of Coastal Defences	2,221,000	0		2,221,000
Ostend Targeted Rock Placement and Coastal Adaptation	54,781	0		54,781
Cromer Pier - External and Roofing Improvements to Pavilion Theatre	273,750	1,011		272,739
Sheringham Gangway	84,981	0	50,000	34,981
Bacton and Walcott Coastal Management Scheme	500,000			500,000
	7,018,516	118,752	138,701	6,761,063
Health and Well Being				
Splash Roof Repairs	53,254	0		53,254
Steelwork Protection to Victory Pool and Fakenham Gym	27,467	0		27,467
Fakenham Gym	45,000	0		45,000
Cromer Sports Pitch	48,594	0		48,594
	174,315	0	0	174,315
Service Excellence				
Asset Management Computer System	11,270	0		11,270
e-Financials Financial Management System Software Upgrade	13,425	0		13,425
Administrative Buildings Planning System (Scanning of Old Files) - Business Transformation Programme	52,778	2,770	50,008	0
Council Chamber and Committee Room Improvements	16,110	27,641		(11,531)
Environmental Health IT System Procurement	88,052	66,671		21,381
Customer Contact Centre	143,673	41,051		102,622
Back Scanning of Files	42,175	33,878		8,297
	150,000	0	60,000	90,000
	517,483	172,011	110,008	235,464
	21,647,576	1,000,941	5,780,937	14,865,698

North Norfolk District Council
Cabinet Work Programme
For the Period 01 February 2018 to 30 April 2018

Decision Maker(s)	Meeting Date	Subject & Summary	Cabinet Member(s)	Lead Officer	Status / additional comments
Feb 2018					
Cabinet	05 Feb 2018	Asset Management Plan & supporting documents	Judy Oliver	Renata Garfoot Estates & Asset Strategy Manager 01263 516086	
Scrutiny	17 Jan 2018				
Council	21 Feb 2018				
Cabinet	05 Feb 2018	Digital Transformation Update	Tom FitzPatrick	Sean Kelly Head of IT & Digital Transformation 01263 516276	Pre-scrutiny
Scrutiny	17 Jan 2018				
Cabinet	05 Feb 2018	Treasury Strategy 2018/19	Wyndham Northam	Lucy Hume Chief Technical Accountant 01263 516246	
Scrutiny	14 Feb 2018				
Council	21 Feb 2018				
Cabinet	05 Feb 2018	2018/19 Base Budget and Projections for 2019/20 to 2021/22	Wyndham Northam	Duncan Ellis <i>Head of Finance</i> 01263 516243	
Scrutiny	14 Feb 2018				
Council	21 Feb 2018				



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

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

North Norfolk District Council
Cabinet Work Programme
For the Period 01 February 2018 to 30 April 2018

Decision Maker(s)	Meeting Date	Subject & Summary	Cabinet Member(s)	Lead Officer	Status / additional comments
Cabinet Council	05 Feb 2018 21 Feb 2018	Rate Relief Policy	Wyndham Northam	Sean Knight Revenues Manager 01263 516347	
Cabinet Council	05 Feb 2018 21 Feb 2018	Housing Allocations Policy	Richard Price	Nicola Turner Housing Strategy & Community Manager 01263 516222	
March 2018					
Cabinet Scrutiny	12 Mar 2018 21 Mar 2018	Managing Performance Q3	Tom FitzPatrick	Helen Thomas Policy & Performance Management Officer 01263 516214	
Cabinet Scrutiny	12 Mar 2018 21 Mar 2018	Budget Monitoring Period 10	Wyndham Northam	Duncan Ellis <i>Head of Finance & Assets</i> 01263 516243	
Cabinet Scrutiny	12 Mar 2018 21 Mar 2018	Enforcement Update	Judy Oliver	Nick Baker Head of Paid Service 01263 516221	
Cabinet	12 Mar 2018	North Norfolk Lottery Scheme	Judy Oliver	Emma Duncan Head of Legal 01263 516045	



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North Norfolk District Council
Cabinet Work Programme
For the Period 01 February 2018 to 30 April 2018

Decision Maker(s)	Meeting Date	Subject & Summary	Cabinet Member(s)	Lead Officer	Status / additional comments
Cabinet	12 Mar 2018	Market Towns Initiative		Emma Duncan Head of Legal 01263 516045	
Cabinet Scrutiny Council	12 Mar 2018 21 Mar 2018 28 Mar 2018	Community Governance Reviews for several parishes	Judy Oliver	Steve Blatch Head of Paid Service 01263 516232	Date tbc
Cabinet	12 Mar 2018	Disposal of land at Edgefield	Richard Price	Nicola Turner Housing Strategy & Community Manager 01263 516222	
April 2018					
Cabinet Scrutiny Council	16 Apr 2018 25 Apr 2018 30 May 2018	Annual Action Plan	Tom FitzPatrick	Helen Thomas <i>Policy & Performance Management Officer</i> 01263 516214	
Cabinet Scrutiny	16 Apr 2018 25 Apr 2018	North Norfolk Big Society Fund Annual Update	Tom FitzPatrick	Sonia Shuter <i>Health & Communities Team Leader</i> 01263 516173	



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

Meeting	Title / format	Lead Officer / Portfolio Holder	Reason for coming to O&S
February			
	Budget 2018/19	Wyndham Northam Duncan Ellis	Annual
	Treasury Strategy 2017/18	Wyndham Northam Duncan Ellis	Annual
	Asset Management Plan	Judy Oliver Renata Garfoot	<i>Requested by Committee</i>
March			
	Managing Performance Q3	Tom FitzPatrick Helen Thomas	Cyclical
	Budget Monitoring Period 10	Wyndham Northam Duncan Ellis	cyclical
	Mental Health update – to include a presentation on the work of the Early Help Hub	Maggie Prior/ Sonia Shuter	6 months (March 2018)
Cabinet report	Enforcement Board Update	Judy Oliver Nick Baker	Cyclical
	Leisure Services Update	Maggie Prior Karl Read	Committee to confirm
	Tourism Update	Nigel Dixon Stuart Quick	Committee to confirm

April			
	Annual Action Plan	Tom FitzPatrick Helen Thomas	Annual
	Customer Services Update (tbc)	Becky Palmer David Williams	At Committee's request
	Review of public transport provision in the District		Annual update (<i>could slip</i>)
TBC			
	Review of Market Towns across the District – current issues & challenges		Likely to be April 2018
	Public Space orders		(to come back when updated)
	Changes to O&S structure / ways of working		Recs from Member Group (currently on hold)
Cabinet & Council	Community Governance Reviews for several parishes	Steve Blatch Judy Oliver	
	Review of beach hut & chalet charges – 2018/19		Task & Finish Group to be established