Council

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07 November 2017

A meeting of the **North Norfolk District Council** will be held in the **Council Chamber** at the Council Offices, Holt Road, Cromer on **Wednesday 15th November 2017 at 6.00 p.m.**

Emma Denny
Democratic Services Manager

To: All Members of the Council
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. PRAYER

Led by Reverend David Roper, St Mary the Virgin, Northrepps.

2. CHAIRMAN'S COMMUNICATIONS

To receive the Chairman's communications, if any.

3. TO RECEIVE DECLARATIONS OF INTERESTS FROM MEMBERS

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.

4. APOLOGIES FOR ABSENCE

To receive apologies for absence, if any.

5. MINUTES (attached – page 6)

To confirm the minutes of the meeting of the Council held on 20 September 2017.

6. 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.

7. PUBLIC QUESTIONS / STATEMENTS

To consider any questions or statements received from members of the public.

8. REVIEW OF POLITICAL BALANCE AND APPOINTMENT OF COMMITTEES, SUB COMMITTEES, WORKING PARTIES AND PANELS (page 13)

(Appendix A – p.16) (Appendix B – to follow)

Summary:	Following the notification to the Heads of Paid Service of a change of political groups within North Norfolk District Council, the Council is required to review the allocation of seats on committees, sub committees and working parties to reflect the political balance of the Council, in accordance with Section 15 of the Local Government and Housing Act 1989 and regulations made thereunder.
Conclusions:	Following a change in the political balance it is necessary to review the allocation of seats on committees, sub-committees, working parties and panels.
Recommendations:	**1. That Council approves the revised political balance calculation as per section 2.4 of this report** **2. That Council approves the allocation of seats to political groups as shown at Appendix A** **3. That Council approves the appointment of each committee, sub-committee, working party and panel as set out in Appendix B.**

9. RECOMMENDATIONS FROM CABINET – 30 OCTOBER 2017 (page 17)

a) AGENDA ITEM 08: MEDIUM TERM FINANCIAL STRATEGY 2018/19 TO 2021/22

RECOMMENDATION to Council:

To approve the revised reserves statement as included at Appendix 1 to the financial strategy.

b) AGENDA ITEM 10: TREASURY MANAGEMENT HALF YEARLY REPORT (page 49)

RECOMMENDATION to Council:

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

b. That the Council be asked to APPROVE changes to the Counterparty Limits.

RECOMMENDATIONS FROM THE OVERVIEW AND SCRUTINY COMMITTEE

The Overview & Scrutiny Committee will consider this recommendation at their meeting on 8th November. The Chairman will provide an oral update to the Council meeting.

c) AGENDA ITEM 12: HIGHFIELD ROAD CAR PARK FAKENHAM (page 61)

RECOMMENDATION to Council:

That a capital budget be established of £75,000 to fund the proposed improvement works, to be financed by capital receipts.

d) AGENDA ITEM 13: IMPROVED ACCESSIBLE TOILET AND PARKING FACILITIES, WELLS NEXT THE SEA (page 68)

RECOMMENDATION to Council:

That a capital budget be established of £40,000 to fund the proposed provision of a Changing Places facility in the Wells Maltings development, or as part of the wider Wells Maltings and Sackhouse development, to be financed by capital receipts.

10. FURTHER RECOMMENDATIONS FROM THE OVERVIEW & SCRUTINY COMMITTEE 08 NOVEMBER 2017

To consider any further recommendations from the Overview & Scrutiny Committee meeting held on 08th November 2017.

Please note this meeting took place after the Council agenda was published and the Chairman of the Overview & Scrutiny Committee will provide an oral update at the meeting if any recommendations are made.

11. RECOMMENDATIONS FROM THE CONSTITUTION WORKING PARTY 11 OCTOBER 2017 (draft minutes attached – p.72)

RECOMMENDATIONS TO COUNCIL:

a) That the Monitoring Officer should redraft Standing Order 3.8 (Public Questions/Statements) with the following wording:

'*3.8 Public Questions/ statements*

Members of the public must notify the committee clerk 24 hours in advance of the meeting of their intention to ask a question or make a statement and at that time provide a copy of the proposed question or statement. Statements should not exceed 3 minutes. The Monitoring Office may reject a question if it is not about a matter for which the Council has a responsibility or which particularly affects the Council. It may also be rejected if it is defamatory, frivolous or offensive or requires the disclosure of confidential or exempt information. If the Monitoring Officer rejects a question or statement then s/he will notify the Group Leaders of the subject matter of the question and the reasons for rejection. One supplementary question will be allowed on the day. If an answer cannot be provided at the meeting a written response will be provided.

Different deadlines apply for speakers at Development Committee (see Chapter 5 Part 3)'

b) That the Constitution be amended to reflect revisions.

12. RECOMMENDATIONS FROM STANDARDS COMMITTEE – 07 NOVEMBER 2017

The Constitution Working Party requested that the Standards Committee should convene, preferably before Council on 15 November, for consideration of revisions to the Member/Officer Protocol.

The Standards Committee agreed to make the following recommendation to Council:

RESOLVED

To recommend the following amendment to the Member/Officer Protocol to Full Council:

'3. Members' Constituency Role and Individual Employees

3.1 A Member may be asked for advice and support by an employee who is one of their constituents. Employees are entitled to seek such assistance in the same way as any other member of the public. However, Members should be careful not to prejudice the Council's position in relation to disciplinary procedures or employment matters in respect of an employee. A Member approached for help in such circumstances should seek to signpost employees to other sources of help and not become directly involved.'

13. TO RECEIVE THE APPROVED MINUTES OF THE UNDERMENTIONED COMMITTEES

Members are requested to note that the minutes of the undermentioned committees have been approved. Copies of all the minutes are available on the Council's website or from Democratic Services.

1) Cabinet – 04 September, 02 October 2017
2) Development Committee – 31 August, 28 September 2017
3) Overview & Scrutiny Committee – 17 May, 14 June 2017

14. REPORTS, UPDATES & BRIEFINGS FROM THE CABINET OR MEMBERS OF THE CABINET

To receive reports from Cabinet members on their portfolios.

Members are reminded that they may ask questions of the Cabinet member on their reports and portfolio areas but should note that it is not a debate.

1) Planning & Planning Policy – Cllr Sue Arnold (page 76)
2) Legal Services & Democratic Services – Cllr Judy Oliver (page 80)
3) Strategic Housing – Cllr Richard Price (page 81)
4) Business, Economic Development and Tourism – Cllr Nigel Dixon (page 82)
5) Health & Wellbeing, Leisure and Culture – Cllr Maggie Prior (page 84)

15. QUESTIONS RECEIVED FROM MEMBERS

The following question has been received from Cllr E Seward:

'In drawing up the specification for a new waste and related services contract what improvements/changes are envisaged to the existing contract. In particular:

- What improvements in recycling rates for waste may be expected in the new contract given that during the long tenure of this contract innovations in waste management can be expected?
- Will the collection of food waste be considered in the new contract?
- Will the emphasis in the new contract be on the quality of the service to be provided or will it solely be about cutting costs?
- What are the type/level of cost savings envisaged by having a joint contract with three other District Councils in Norfolk?
- Will bidders of the new contract be given the opportunity to express innovative ways for the collection and disposal of waste?
- Is consideration being given to contracting out separately grounds maintenance work to town/parish councils and/or bringing it back to North Norfolk District Council?'

16. OPPOSITION BUSINESS

None received

17. NOTICE(S) OF MOTION

None

18. EXCLUSION OF 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 item(s) of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph(s) _ of Part 1 of Schedule 12A (as amended) to the Act.”

19. PRIVATE BUSINESS

Circulation:
All Members of the Council.
Members of the Management Team and other appropriate Officers.
Press and Public

COUNCIL

Minutes of a meeting of North Norfolk District Council held on 20 September 2017 at the Council Offices, Holt Road, Cromer at 6.00 pm.

Members Present:

Mrs S Arnold
Mr D Baker
Mr P Butikofer
Mrs S Butikofer
Mrs A Claussen-Reynolds
Mrs H Cox
Mr N Dixon
Mrs J English
Mrs A Fitch-Tillett
Mr T FitzPatrick
Mr V FitzPatrick
Ms V R Gay
Mrs A Green
Mrs P Grove-Jones
Mr B Hannah
Mr J Lee
Mr N Lloyd
Mrs B McGoun
Mrs M Millership
Mrs A Moore
Mr P W Moore
Mr W J Northam
Mrs J Oliver
Mr N Pearce
Mrs G Perry-Warnes
Mr R Price
Mrs M Prior
Mr J Punchard
Mr J Rest
Mr R Reynolds
Mr R Shepherd
Mr B Smith
Mr R Stevens
Mrs V Uprichard
Mrs K Ward
Mr G Williams
Mr A Yiasimi
Mr D Young

Officers in Attendance: The Corporate Directors, the Monitoring Officer, the Head of Finance & Assets, the Communications & Marketing Manager and the Democratic Services Manager

Press: Present

37. PRAYERS

The Chairman invited Reverend David Head, Church of the Holy Trinity, West Runton, to lead prayers.

38. CHAIRMAN'S COMMUNICATIONS

The Chairman said that he had attended the following events since the last meeting of Council:

24 June – Cromer Hospital Fete, 300th Anniversary of the Freemasons and the Cromer Pier Show
8 July – Lord Mayor's procession and fireworks
15 July – award of the Blue Flag to West Runton Beach
16 July – 200th anniversary of the RNLI at Sheringham
21 July – start of the summer repertory season at Sheringham Little Theatre
23 July – launch of Cromer County tennis week
31 July – Paschendaele ceremony at Cromer
13 August – Sheringham Lifeboat day service
29 August – attended the Benjamin Court consultation event
02 September – Shantymen performance at the Forum, Norwich to raise funds for Nelson's Journey

07 September – Civic Reception on the Sheringham steam train
09 & 10 September – Greenbuild
11 September – Battle of Britain commemoration at City Hall, Norwich
15 September – Battle of Britain youth celebration at County Hall
16 September – judging of the market stalls and traders at the 1940s weekend in Sheringham
19 September – Royal British Legion president's reception at the Old Hospital, Norwich

He said that he had been proud to represent the Council at all of these events.

39. TO RECEIVE DECLARATIONS OF INTERESTS FROM MEMBERS

None received

40. APOLOGIES FOR ABSENCE

Mr N Coppack, Mr M Knowles, Mrs A Moore, Ms B Palmer, Mr P Rice, Mr E Seward and Mr D Smith.

41. MINUTES

The minutes of the meeting held on 21st June 2017 were approved as a correct record and signed by the Chairman subject to the following amendment:

Mrs A Fitch-Tillett was recorded as being in attendance when she had sent her apologies.

42. ITEMS OF URGENT BUSINESS

There was one item of urgent business: Rate Relief Policy

The Portfolio Holder for Finance, Mr W Northam, introduced this item. He explained that as part of the Budget on 8th March 2017, the Government had announced that it would make available a discretionary fund of £300m over four years to support those businesses facing the steepest increases in their business rates bills as a result of revaluation. Every authority had been awarded a share of this fund and billing authorities were free to decide on an appropriate scheme to allocate this to their ratepayers.

Mr Northam said that a working group of Norfolk authorities met on 7 April 2017 to discuss options and methodologies for a relief scheme and to model the different options within their funding allocations. On 26th May it was agreed that a banded scheme based on the value of the increase in ratepayer's bills was the preferred option. The County Council had indicated that it would like to see a consistent relief scheme across the County and were supportive of this approach.

Mr Northam then outlined the key points of the preferred scheme. He said that it would be fully funded through a Section 31 grant and urged Members to support the recommendations. He concluded by thanking the Head of Finance and the Revenues Manager for their hard work in bringing this forward within a very tight timescale.

The Chairman invited Members to speak:

Mrs S Butikofer said that she was pleased to see this coming forward and that local businesses deserved the Council's support. She added that she was concerned that it had apparently taken a letter from a Minister to bring it forward now. Mr T FitzPatrick said that he was pleased to second the proposal and in response to Mrs Butikofer's concerns, he said that there had been issues with the software yet despite this work was well underway by 22 July. He said that it was imperative that the Council ensured that the system change was correct.

Central Government were aware that that the software would need updating and he had spoken to the Minister concerned, Marcus Jones, on 12th and 13th September about this issue. He concluded by saying that he had decided to bring it straight to Full Council so that Government could be informed as soon as possible that NNDC were participating. As it was a fully funded scheme he could see no reason why it wouldn't be supported.

Mr N Lloyd said that he would be supporting the proposals but that he also had concerns regarding the reference to delays in the letter. He said that as a local member for North Walsham he was worried that some businesses in the town could have benefitted if the relief had been introduced earlier and he queried whether it would be backdated and how many businesses might have failed since April due to a delay in its introduction.

The Revenues Manager confirmed that all businesses that were entitled to rate relief would receive it. Regarding the software issues he said the suppliers were addressing the problems and he was confident that the deadlines would be met.

Mr FitzPatrick added that the Government had sent out a standard letter to all affected councils and it had been acknowledged that some local authorities were ahead of the game. He reminded Members that NNDC had lobbied for business rate relief and this proposal should be welcomed.

In response to a question from Mr P W Moore about the businesses that may have failed since March 2017, the Revenues Manager confirmed that all businesses in occupation on 31st March and 1st April and entitled to discretionary relief would receive it.

Mr T FitzPatrick requested a recorded vote (attached at Appendix 1).

It was proposed by Mr W Northam, seconded by Mr T FitzPatrick and

RESOLVED unanimously that

1. The new Local Discretionary Revaluation Relief Scheme for Year 1 (2017/2018) is a banded scheme where a fixed amount of relief is awarded based on the amount the ratepayer's bill has increased as at 1 April 2017.
2. The principle of a banded scheme is retained in Years 2, 3 and 4 with delegated authority given to the s151 Officer, in consultation with the Discretionary Rate Relief Panel, to review and decide the bandwidths and the value of the relief given to each band.
3. Delegated authority is given to the Discretionary Rate Relief Panel to consider individual applications for the new Local Discretionary Revaluation Relief scheme that do not meet these criteria.
4. That the Rate Relief Policy which has been updated to include the Local Discretionary Revaluation Relief, the Supporting Small Businesses Relief and the Pub Relief as indicated in Appendix A.

43. PUBLIC QUESTIONS OR STATEMENTS

There was one public speaker, Mr O'Brien.

The Chairman stopped Mr O'Brien during his question as it involved the disclosure of details relating to employees.

The Monitoring Officer advised Mr O'Brien that the Council would be happy to provide him with a written response as long as there was no breach of confidentiality relating to any employees.

She added that the Council as a whole is not permitted to discuss individual cases in full session and that he was straying into confidential matters.

The Chairman thanked Mr O'Brien.

Mr B Hannah asked to speak. He asked about the engagement of members.

The Monitoring Officer stated that, except for circumstances specified in the Constitution, Members did not get involved. She said that if he had a particular question or concern around how the employment policies apply to officers then that could be discussed with Members.

Mr FitzPatrick queried Mr Hannah's inference to the Leader being aware of certain employment related matters. He said that he had not been involved in any direct discussions regarding any staffing matters and confirmed that day to day staffing matters were dealt with by HR.

44. APPOINTMENTS

The Leader informed Council that there was a vacancy on Development Committee and he wished to appoint Mrs A Claussen-Reynolds to the committee.

The Leader of the Opposition said that she wished to remove Dr P Butikofer from the Development Committee and appoint Mr N Pearce to the committee. She went onto thank Mr P W Moore for all his hard work as chairman of the Overview & Scrutiny Committee over the previous 3 years.

RESOLVED

To approve the following appointments:
Mrs A Claussen-Reynolds and Mr N Pearce to Development Committee

45. RECOMMENDATIONS FROM GOVERNANCE, RISK & AUDIT COMMITTEE – 05 SEPTEMBER 2017

a) AGENDA ITEM 07: 2016/17 STATEMENT OF ACCOUNTS

The Chairman of the Governance, Risk & Audit Committee, Mr V FitzPatrick, introduced this item. He began by thanking the Head of Finance and his team for their hard work in preparing the Statement of Accounts. He went onto say that the Statement of Accounts was produced in accordance with the Code of Practice on Local Authority Accounting. The draft accounts were produced by 31st May 2017 and had been subject to external audit review. The outturn position was reported to Council in June 2017 and was used to inform the annual accounts for 2016/17.

Mr FitzPatrick said that the Governance, Risk & Audit Committee had given full consideration to their review of the Statement of Accounts for 2016/17 and were confident in recommending their approval to Full Council.

It was proposed by Mr V FitzPatrick, seconded by Mr D Young and

RESOLVED

To approve the Statement of Accounts for 2016/17

45. RECOMMENDATIONS FROM THE OVERVIEW & SCRUTINY COMMITTEE 13 SEPTEMBER 2017

There were no further recommendations from the Overview and Scrutiny Committee meeting held on 13 September 2017.

46. TO RECEIVE THE APPROVED MINUTES OF THE UNDERMENTIONED COMMITTEES

The minutes of the meetings below were noted as a correct record;

1) Cabinet – 03 July 2017
2) Development Committee – 11 May, 08 June, 06 July, 03 August 2017
3) Governance, Risk & Audit Committee – 06 June 2017
4) Overview & Scrutiny Committee – 17 May, 14 June 2017

47. REPORTS, UPDATES AND BRIEFINGS FROM CABINET

The Chairman asked whether any Cabinet member wished to add a further update to their written report.

i. Mrs S Arnold, Portfolio Holder for Planning, said that she wished to commend the staff in the Planning and Planning Policy service areas for all their hard work – as highlighted in her report. She reminded Members that the Graham Allen awards were taking place on 21st September and all members were encouraged to attend the awards ceremony.
ii. Mrs J Oliver, Portfolio Holder for Asset Commercialisation, said that she was delighted to announce that the Council had completed its acquisition of the Itteringham Community Shop.
iii. Mr W Northam, Portfolio Holder for Finance, said that he was delighted to inform members about the recent appointment of a new Chief Technical Accountant, Lucy Hume.
iv. Mr R Price, Portfolio Holder for Housing, informed Members that a Community Housing Fund grant had been given to Holt Housing Society to purchase 3 properties in the new Kings Meadow development. He added that the works were now completed regarding the recent purchase of temporary housing premises.
v. Ms M Prior, Portfolio Holder for Sports & Leisure, said that she wished to thank the teams involved in the Sporting Centre of Excellence programme. The second year was now underway and was set to be another success.
vi. Mr J Lee, Portfolio Holder for Coast, thanked the Coastal Manager for all his hard work over recent weeks.
vii. Mrs A Claussen-Reynolds, Portfolio Holder for Waste and Environmental Services, said that she was pleased to be able to inform Members that the waiting lists for brown bins were being reduced with over 25% of people having now received bins and an average timescale of 2-3 weeks. She added that the business process review of Environmental services would include garden waste administration.

48. QUESTIONS RECEIVED FROM MEMBERS

Mrs V Uprichard had submitted the following question:

'*In view of the concerns raised by BBC Watchdog, where faecal material was found in ice being served in soft drinks I would like to know*

1. Does ice get checked for purity in premises serving iced drinks?
2. If not do we need to introduce this as policy?

For your information, ice was checked at Costa Coffee, Starbucks and Cafe Nero and also fast food outlets such as Kentucky Fried chicken, McDonalds and Burger King. Most samples failed in testing. Many councils have introduced routine testing as a result. As a council concerned with the well-being of thousands of tourists as well as residents I feel that we should take urgent action.'

Mrs A Claussen-Reynolds, Portfolio Holder for Waste and Environmental Services confirmed that ice in food and drink establishments was not checked routinely. She referred to the Council's sampling policy for the microbiological examination of food which outlined in depth how samples were taken and the procedures underpinning this process. She said that this information would be circulated to all members after the meeting. Mrs Claussen-Reynolds then referred to a leaflet covering the safe production of ice for drinks, which provided details on storage, contamination, handling ice and the training of staff. Again, she offered to circulate this to all members.

Mrs H Cox said that she wished to reiterate Mrs Claussen-Reynolds' comments. As someone who had previously managed licensed establishments she said that she could reassure members that very thorough checks were undertaken of ice machines. This was a very important issue and it was vital that the production of ice was checked rigorously.

Mrs Uprichard said that she was reassured by the response and her question was to clarify which processes were in place.

49. NOTICE OF MOTION

None

50. PRIVATE BUSINESS

None

The meeting concluded at 7.02pm

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Chairman

COUNCIL
RECORDED VOTE FORM

Motion: Agenda Item 4: Urgent Business – Rate Relief Policy

Date: 20 September 2017

	For	Against	Abst		For	Against	Abst
Arnold, S	X			Northam, W J	X		
Baker, D	X			Oliver, J	X		
Butikofer, P	X			~~Palmer, B~~			
Butikofer, S	X			Pearce, N	X		
Claussen-Reynolds, A	X			Perry-Warnes, G	X		
~~Coppack, N~~				Price, R	X		
Cox, H	X			Prior, M	X		
Dixon, N	X			Punchard, J	X		
English. J	X			Rest, J	X		
Fitch-Tillett, A	X			Reynolds, R	X		
FitzPatrick, T	X			~~Rice, P~~			
FitzPatrick, V	X			~~Seward, E~~			
Gay, V R	X			~~Shaw, S~~			
Green, A R	X			Shepherd, R	X		
Grove-Jones, P	X			Smith, B	X		
Hannah, B J	X			~~Smith, D~~			
~~Hester, S~~				~~Smith, N~~			
~~Knowles, M~~				Stevens, R	X		
Lee, J H A	X			Uprichard, V	X		
Lloyd, N	X			Walker, L	X		
McGoun, B M	X			Ward. K	X		
Millership, M	X			Williams, G	X		
Moore, A	X			Yiasimi, A	X		
Moore, P W	X			Young, D	X		

Agenda Item No____8________

REVIEW OF POLITICAL BALANCE AND APPOINTMENT TO COMMITTEES, SUB-COMMITTEES, WORKING PARTIES AND PANELS

Summary:	Following the notification to the Heads of Paid Service of a change of political groups within North Norfolk District Council, the Council is required to review the allocation of seats on committees, sub committees and working parties to reflect the political balance of the Council, in accordance with Section 15 of the Local Government and Housing Act 1989 and regulations made thereunder.
Conclusions:	Following a change in the political balance it is necessary to review the allocation of seats on committees, sub-committees, working parties and panels.
Recommendations:	**1. That Council approves the revised political balance calculation as per section 2.4 of this report** **2. That Council approves the allocation of seats to political groups as shown at Appendix A** **3. That Council approves the appointment of each committee, sub-committee, working party and panel as set out in Appendix B.**

Contact Officer(s), telephone number and email:
Steve Blatch, Head of Paid Service, 01263 516232, steve.blatch@north-norfolk.gov.uk; Nick Baker, Head of Paid Service, 01263 516221, nick.baker@north-norfolk.gov.uk

1. Introduction

1.1 On 12th October 2017, the Heads of Paid Service were notified that following the recent resignations of four councillors from their political group they were intending to form a separate independent group. It is therefore necessary to review the political balance of the Council and the allocation of seats across the committees, sub-committees, working parties and panels of the Council. Since that date there have been three further resignations bringing the total number of members in the Independent group to seven.

1.2 Council's duty is to determine the allocation of seats to be filled by appointments by the authority, except the Cabinet. The purpose is to ensure that there is proportionality across all formal activities of the Council, reflecting the overall political composition. It affects all formally constituted committees, sub-committees, working parties and panels which discharge functions on behalf of the authority.

2. Background

2.1 Confirmation has been received that a new Independent Group has been formed. The composition of the Council is now Conservatives (24 Members), Liberal Democrats (17 Members) and Independent (7 Members).

2.2 Section 15(1) of the Local Government & Housing Act 1989 requires the Council to review the representation of the different political groups on committees and sub-committees:

- at, or as soon as practicable after the Annual Meeting of the Council or,
- where notice is received of a change in the composition of political groups

2.3 The Heads of Paid Service have a duty, whenever such a review takes place, to submit a report to the Council showing what the allocation of seats, in their opinion, best meet the requirements of the above Act.

2.4 Political Composition

The political composition of the Council is outlined below:

Group	No. of members	%
Conservative	24	50.00
Liberal Democrat	17	35.42
Independent	7	14.58
Total	**48**	**100%**

2.5 The Council needs to approve the allocation of seats to the political groups on those committees which are required by law to be politically balanced.

2.6 The obligation to ensure that there is proportionality in the political composition of the Council's committees extends only to proportionate representation of members of political groups and does not require non-grouped members to be represented.

3.7 In carrying out any review, the Council is obliged to adopt the following principles and to give effect to them 'so far as is reasonably practicable':

a) That not all seats on the Council are allocated to the same political group
b) That the majority of the seats on the Council are allocated to a particular group if the number of persons belonging to that group is a majority of the authority's membership
c) Subject to the above, that the number of seats on ordinary committees of the Council which are allocated to each political group, have the same proportion to the total of all the seats on the ordinary committees of that authority as is borne by the number of members of that group to the membership of the authority and

d) Subject to a) and c) above, that the number of the seats on the Council which are allocated to each group have the same proportion to the number of all the seats on that Council as is borne by the number of members of that group to the membership of the Council.

3.8 Entitlement to Places

The table at Appendix A shows those Committees that are required to be politically balanced and provides the entitlement to places of each group. According to NNDC's Constitution, Chapter 5 section 6.2 'Working Parties shall in law be Committees of the Council' consequently the political balance rules will also apply to working parties. The Member Development Group is not required to be politically balanced but for ease of allocation it has been included in the table.

3. Conclusion

Council is asked to allocate seats and substitutes to political groups in accordance with the political balance rules and appoint the new membership as applicable.

4. Implications and Risks

In line with the relevant legislation, the Council must review the political balance and allocation of seats following the formation of a new political group. There is no alternative.

5. Financial Implications and Risks

There are no financial implications arising from this report.

6. Sustainability

There no sustainability issues arising from this report.

7. Equality and Diversity

An Equality Impact Assessment has not been completed because there are no service, policy or organisational changes being proposed.

8. Section 17 Crime and Disorder considerations

There are no Crime and Disorder implications arising from this report.

Appendix A

			Conservative		Liberal Democrat		Independent		TOTAL
Members			**24**		**17**		**7**		**48**
Expressed as %			**50.00%**		**35.42%**		**14.58%**		**100%**
Committee	No. of Seats		Entitled Places (exact)	Entitled Places (rounded)					
Licensing Committee	15		7.50	8	5.31	5	2.19	2	**15**
Development Committee	14		7.00	7	4.96	5	2.04	2	**14**
Overview & Scrutiny	12		6.00	6	4.25	4	1.75	2	**12**
Planning Policy & Built Heritage WP	11		5.50	5	3.90	4	1.60	2	**11**
Standards Committee	7		3.50	4	2.48	2	1.02	1	**7**
Big Society Fund Grants Panel	7		3.50	4	2.48	2	1.02	1	**7**
Member Development Group **not required to be politically balanced*	6		3.00	3	2.13	2	0.88	1	**6**
Governance, Risk & Audit Committee	6		3.00	3	2.13	2	0.88	1	**6**
Constitution Working Party	5		2.50	2	1.77	2	0.73	1	**5**
Joint Staff Consultative Committee	5		2.50	2	1.77	2	0.73	1	**5**
Council Tax Support Working Party	5		2.50	2	1.77	2	0.73	1	**5**
TOTAL	**93**		46.5	**46**	32.95	**32**	13.75	**15**	**93**

Agenda Item No_____8_______

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

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

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

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

Cabinet Member(s) Cllr Wyndham Northam	Ward(s) affected All
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1. Introduction and Background

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

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

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

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

2. Financial Implications and Risks

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

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

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

3 Sustainability

3.1 None as a direct consequence from this report.

4. Equality and Diversity

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

5. Section 17 Crime and Disorder considerations

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

CONTENTS

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

1. INTRODUCTION

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

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

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

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

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

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

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

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

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

2. BACKGROUND AND CONTEXT

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

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

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

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

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

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

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

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

2.8 National Economic Outlook

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

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

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

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

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

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

2.9 Funding

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

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

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

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

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

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

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

2.10 Revenue Finance

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

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

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

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

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

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

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

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

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

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

2.11 Business Rates Retention

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

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

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

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

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

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

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

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

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

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

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

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

2.12 100% Retention of Business Rates

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

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

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

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

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

2.13 New Homes Bonus

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

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

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

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

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

2.14 Autumn Statement

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

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

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

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

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

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

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

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

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

3. RESOURCES

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

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

3.2 **Council Tax**

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

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

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

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

Table 3 - Council Tax Income	2017/18 Actual £000	2018/19 Forecast £000	2019/20 Forecast £000	2020/21 Forecast £000	2021/22 Forecast £000
Council Tax Income Yield	5,381	5,423	5,464	5,506	5,548
Increase/(Decrease) in Yield	112	42	42	42	42
Collection Fund Yield	139	59	39	20	20
Total Income	**5,520**	**5,481**	**5,504**	**5,526**	**5,568**

Note - the Council Tax Income equates to the tax base multiplied by the Band D equivalent and the Collection Fund Yield reflects the forecast of the surplus available for distribution.

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

3.3 Fees, Charges and Other Income

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

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

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

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

4. FINANCIAL FORECAST UPDATE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. RESERVES

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

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

- General Reserve
- Earmarked Reserves
- Capital Receipts Reserve

5.3 The General Reserve is held for two main purposes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. CAPITAL

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

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

Table 7 Current Approved Capital Programme

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

Table 8 Capital Programme Financing

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

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

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

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

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

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

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

Financing the Capital Programme

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

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

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

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

7. FINANCIAL STRATEGY AND KEY THEMES

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

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

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

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

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

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

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

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

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

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

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

7.4 Use of Reserves – Invest to Save

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

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

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

8. SENSITIVITY ANALYSIS AND RISKS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary of Acronyms – Financial Strategy

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

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

Reserve	Purpose and Use of Reserve	Balance 01/04/16 £	2016/17 Outturn Movement £	Balance 01/04/17 £	Budgeted Movement 2017/18 £	Balance 01/04/18 £	Budgeted Movement 2018/19 £	Balance 01/04/19 £	Budgeted Movement 2019/20 £	Balance 01/04/20 £
General Fund - General Reserve	A working balance and contingency, current recommended balance is £1.75 million.	**2,597,761**	(265,986)	**2,331,775**	(102,317)	**2,229,458**	0	**2,229,458**	0	2,229,458
Earmarked Reserves:										
Capital Projects	To provide funding for capital developments and purchase of major assets. This includes the VAT Shelter Receipt.	**2,335,462**	(21,484)	**2,313,978**	(834,596)	**1,479,382**	0	**1,479,382**	0	1,479,382
Asset Management	To support improvements to our existing assets as identified through the Asset Management Plan.	**154,398**	346,494	**500,892**	882,188	**1,383,080**	0	**1,383,080**	0	1,383,080
Benefits	To be used to mitigate any claw back by the Department of Works and Pensions following final subsidy determination. Timing of the use will depend on audited subsidy claims.	**558,376**	871,480	**1,429,856**	0	**1,429,856**	0	**1,429,856**	0	1,429,856
Broadband	Earmarks £1million for superfast broad band in North Norfolk. (600k was transferred from the BSF reserve and £400k from NHB reserve)	**1,000,000**	0	**1,000,000**	(1,000,000)	**0**	0	**0**	0	0
Building Control	Building Control surplus ring-fenced to cover any future deficits in the service.	**145,451**	26,329	**171,780**	0	**171,780**	0	**171,780**	0	171,780
Business Rates	To be used for the support of local businesses and to mitigate impact of final claims and appeals in relation to business rates retention scheme.	**2,027,045**	500,000	**2,527,045**	0	**2,527,045**	0	**2,527,045**	0	2,527,045
Coast Protection	To support the ongoing coast protection maintenance programme ands carry forward funding between financial years.	**173,516**	29,000	**202,516**	0	**202,516**	0	**202,516**	0	202,516
Common Training	To deliver the corporate training programme. Training and development programmes are sometimes not completed in the year but are committed and therefore funding is carried forward in an earmarked reserve.	**48,450**	0	**48,450**	0	**48,450**	0	**48,450**	0	48,450
Communities	To support projects that communities identify where they will make a difference to the economic and social wellbeing of the area. Funded by a proportion of NCC element of second homes council tax.	**1,032,567**	164,612	**1,197,179**	317,441	**1,514,620**	27,196	**1,541,816**	(242,000)	1,299,816
Economic Development and Regeneration	Earmarked from previous underspends within Economic Development and Regeneration Budgets along with funding earmarked for Learning for Everyone.	**116,283**	17,175	**133,458**	0	**133,458**	0	**133,458**	0	133,458
Election Reserve	Established to meet costs associated with district council elections, to smooth the impact between financial years.	**13,000**	30,000	**43,000**	40,000	**83,000**	40,000	**123,000**	(80,000)	43,000

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

Reserve	Purpose and Use of Reserve	Balance 01/04/16 £	2016/17 Outturn Movement £	Balance 01/04/17 £	Budgeted Movement 2017/18 £	Balance 01/04/18 £	Budgeted Movement 2018/19 £	Balance 01/04/19 £	Budgeted Movement 2019/20 £	Balance 01/04/20 £
Enforcement Works	Established to meet costs associated with district council enforcement works including buildings at risk .	**110,663**	(6,989)	**103,674**	88,237	**191,911**	0	**191,911**	0	191,911
Environmental Health	Earmarking of previous underspends and additional income to meet Environmental Health initiatives.	**200,287**	79,102	**279,389**	(5,619)	**273,770**	0	**273,770**	0	273,770
Grants	Revenue Grants received and due to timing issues not used in the year.	**411,403**	27,949	**439,352**	0	**439,352**	0	**439,352**	0	439,352
Housing	Previously earmarked for stock condition survey and housing needs assessment.	**75,617**	2,445,126	**2,520,743**	(58,084)	**2,462,659**	0	**2,462,659**	0	2,462,659
Treasury (Property) Reserve	Property Investment (Treasury), to smooth the impact on the revenue account of interest fluctuations.	**66,068**	0	**66,068**	0	**66,068**	0	**66,068**	0	66,068
Land Charges	To mitigate the impact of potential income reductions.	**215,926**	17,243	**233,169**	0	**233,169**	0	**233,169**	0	233,169
Legal	One off funding for Compulsory Purchase Order (CPO) work and East Law Surplus.	**79,069**	65,105	**144,174**	0	**144,174**	0	**144,174**	0	144,174
Local Strategic Partnership	Earmarked underspends on the LSP for outstanding commitments and liabilities.	**0**	0	**0**	0	**0**	0	**0**	0	0
LSVT Reserve	To meet the cost of successful warranty claims not covered by bonds and insurance following the housing stock transfer.	**435,000**	0	**435,000**	0	**435,000**	0	**435,000**	0	435,000
New Homes Bonus (NHB)	Established for supporting communities with future growth and development and Plan review*	**1,418,041**	416,399	**1,834,440**	(86,692)	**1,747,748**	(185,944)	**1,561,804**	(82,944)	1,478,860
Organisational Development	To provide funding for organisation development to create capacity within the organisation, including the provision and support for apprenticeships and internships.	**42,728**	302,400	**345,128**	0	**345,128**	0	**345,128**	0	345,128
Pathfinder	To help Coastal Communities adapt to coastal changes.	**206,378**	0	**206,378**	0	**206,378**	0	**206,378**	0	206,378
Planning	Additional Planning income earmarked for Planning initiatives including Plan Review.	**393,183**	(224,519)	**168,664**	(123,485)	**45,179**	(31,670)	**13,509**	0	13,509
Restructuring & Invest to Save Proposals	To fund one-off redundancy and pension strain costs and invest to save initiatives. Transfers from this reserve will be allocated against business cases as they are approved. Timing of the use of this reserve will depend on when business cases are approved.	**1,875,372**	558,707	**2,434,080**	(281,936)	**2,152,144**	(20,117)	**2,132,027**	0	2,132,027
Sports Hall Equipment & Sports Facilities	To support renewals for sports hall equipment. Amount transferred in the year represents over or under achievement of income target.	**28,181**	(15,532)	**12,649**	0	**12,649**	0	**12,649**	0	12,649
Total Reserves		**15,760,224**	**5,362,611**	**21,122,835**	**(1,164,863)**	**19,957,972**	**(170,535)**	**19,787,437**	**(404,944)**	**19,382,493**

Agenda Item No 10

Treasury Management Half Yearly Report 2017/18

Summary:	This report sets out the Treasury Management activities actually undertaken during the first half of the 2017/18 Financial Year compared with the Treasury Management Strategy for the year.
Options Considered:	This report must be prepared to ensure the Council complies with the CIPFA Treasury Management and Prudential Codes.
Conclusions:	Treasury activities for the half year have been carried out in accordance with the CIPFA Code and the Council's Treasury Strategy.
Recommendations:	That the Council be asked to RESOLVE that The Treasury Management Half Yearly Report 2017/18 is approved. That the Council be asked to APPROVE changes to the Counterparty Limits.
Reasons for Recommendation:	Approval by Council demonstrates compliance with the Codes.

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

1 Introduction

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

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

2 Context

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

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

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

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

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

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

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

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

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

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

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

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

3 Regulatory Updates

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

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

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

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

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

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

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

4 Summary Treasury Management Position

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

Table 1: Treasury Management Summary

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

5 Borrowing Strategy during the half year

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

6 Investment Activity

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

Table 2: Investment Position

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

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

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

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

7 Other Investment Activity

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

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

8 Amendment to Treasury Management Strategy Statement 2017/18

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

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

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

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

9 Performance Report

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

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

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

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

10 Compliance Report

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

Table 3: Investment Limits

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

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

11 Financial Implications and Risks

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

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

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

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

Appendix 1

Treasury Management Indicators

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appendix 2

Credit Score Analysis

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

Scoring:

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

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

AAA = highest credit quality = 1

D = lowest credit quality = 15

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

Agenda Item No______12______

Highfield Road Car Park, Fakenham

Summary: This report details the options available to the Council with respect to the future of the Highfield Road Car Park at Fakenham following the recommendation made by the Council's Strategic Property partner, Gleeds, that the car park should be sold for development; and the Council undertaking a public consultation exercise inviting public comment on future options for the use of this asset.

Options considered: The sale of the car park for a residential development

Retention of the car park but with the introduction of charges

Retention of the car park as currently operates without charges

Conclusions: The report makes a number of recommendations concerning the disposal or retention of the Highfield Road Car Park in Fakenham.

Recommendations: That Cabinet resolves:-

1. **That the Highfield Road Car Park in Fakenham be retained as a public car park owned and operated by the District Council, but that charges are introduced at the car park in accordance with other "Standard Tariff" car parks as detailed within the North Norfolk Off-Street Parking Order.**

2. **That the North Norfolk Off-Street Parking Order be amended accordingly and be the subject of statutory consultation, with the aim of introducing charges at this location from 1st April 2018.**

That Cabinet recommends to Full Council:-

3. **That a capital budget be established of £75,000 to fund the proposed improvement works, to be financed by capital receipts.**

Reasons for Recommendations: Sound management of the Council's land and property assets in a way which meets the needs of the community.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

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

Confidential site options / appraisal analysis to inform decisions on individual sites. Such summaries are confidential / exempt documents on the basis that they contain professional advice to the authority which is commercially sensitive.

Cabinet Member(s) Cllr Judy Oliver	Ward(s) affected: Lancaster North

Contact Officer, telephone number and email:

Steve Blatch - 01263 516232

steve.blatch@north-norfolk.gov.uk

1.0 Background:-

1.1 Following the District Council elections in May 2015, the Council adopted a new Corporate Plan and Medium-Term Financial Strategy. These documents identified that a key area of work for the Council moving forward was the need for the authority to take a more commercial approach to the use of the Council's land and property assets - both from the perspective of the Council realising ongoing revenue streams, and potentially capital receipts, from its property assets and in supporting new investment and strengthening the social and economic well-being of local communities.

1.2 As the Council had limited capacity within its Property Team it engaged a Strategic Property Development partner, Gleeds of Nottingham, to advise the Council on increasing the commercial potential of its asset portfolio in the future. Gleeds were appointed through a competitive process in the summer of 2016 and during the autumn of last year reviewed the District Council's land and property portfolio and made a number of recommendations as to assets which could be developed or sold by the Council so as to generate an ongoing income or capital receipt for the authority.

1.3 An initial report detailing the recommendations made by Gleeds was presented to the Council's Cabinet at its meeting of 6th February 2017. This report included a recommendation that the Highfield Road Car Park in Fakenham could be sold for a residential apartment development generating a capital receipt for the Council.

1.4 Following discussion at the Cabinet meeting on 6th February 2017 the Council received a number of representations regarding the Highfield Road Car Park site, including from Fakenham Town Council and local residents. These representations were discussed at the meeting of the Council's Overview and Scrutiny Committee on 15th February 2017 and again at the meeting of Cabinet held on 6th March 2017.

1.5 The decision of the Cabinet at its meeting of 6th March 2017 as it related to the Highfield Road Car Park was as follows:-

> *"That proposals for the use of the Highfield site including for the use of the car park as a transport hub together with proposals put forward by the District Council shall form the basis of public consultation and consultation with Fakenham Town Council. These consultations are to take place between now and the end of May with the public being particularly asked to consider the deliverability of each and every proposal."*

1.6 The proposed consultation exercise in respect of the Highfield Road Car Park slipped by about three months due to the additional workload involved for the Council created through the unexpected calling of the General Election in June. The consultation process was therefore taken forward during August and September and this report details the feedback received through the consultation process and details options open to the Council with regards the future development / use of the car park.

2.0 Gleeds advice

2.1 Gleeds' advice to the Council that the Highfield Road Car Park site in Fakenham be advertised for sale for a residential apartment development was based on a number of factors, including:-

- the generous provision of public car parking spaces in Fakenham compared to other towns in the district;
- that, except for Thursdays, there was low levels of use of District Council owned car parks in the town compared to other locations across the district;
- that the Highfield Road Car Park was the only car park operated by the Council anywhere in the district without charges;
- strength of demand for sites like the Highfield Road Car Park, both regionally and nationally, by specialist retirement housing developers;
- previous (unsolicited) offer made to the District Council by such a developer for the Highfield Road Car Park site which the authority had rejected following receipt of valuation advice from the District Valuer as not representing value for money for the authority and local Council Tax payers.
- The fact that the site was within the residential development policy area of the adopted North Norfolk Local Plan where development of residential apartments would be acceptable in principle, subject to detailed planning consent being obtained.
- It was suggested that the car park site be advertised for sale generating a capital receipt for the authority for investment in a future income generating project as the costs of the Council developing out the site itself would be significant and represent too great a financial risk for the authority.

3.0 The consultation process:-

3.1 Before coming to a decision on whether the Highfield Road Car Park site should be advertised for disposal, the District Council's Cabinet proposed inviting public comment on the future of the car park. As noted at paragraph 1.6 above, pressures created by the calling of the General Election meant that the timescale for this consultation slipped from late spring to the summer.

3.2 In the intervening period Fakenham Town Council undertook both an online survey and survey of local residents and users of the car park to establish public views on the proposed sale of the car park. The results of these surveys have formed the basis of the Town Council's formal response to the District Council consultation, further details of which are provided below.

3.3 The District Council prepared a hard copy and online consultation document which was issued in early August and inviting public comments by end of September. The consultation process was advertised through local media, on-site posters, letters delivered to residents on Church Lane with accesses onto the car park and through consultation with Fakenham Town Council. The District Council online survey saw 214 people provide consultation responses and 23 individual letter or email representations were also received, in addition to the detailed response received from Fakenham Town Council.

3.4 Responses to the consultation largely expressed opposition to the sale of the Highfield Road Car Park site on the following grounds:-

- That it provides a valuable facility to the north of the town centre for local residents without private parking.
- That it was used by local people working in town centre businesses.
- That it was used by people catching buses to Norwich and Kings Lynn.
- That it could become a car park of choice in the future for new residents of the town occupying homes in the large urban extension development proposed to the north of the town.
- Some comments were also made that historically the car park was used for parking by buses and coaches and that the restrictions imposed preventing use of the car park for that purpose had resulted in fewer coach companies visiting the town.

3.5 Whilst some of the consultation responses expressed strong views that the Highfield Road Car Park should be retained as a free car park, the majority of respondents expressing a view that the car park should be retained emphasised its locational advantages, serving local residential properties and future use in connection with the planned growth to the north of the town, and seemed to accept that the introduction of charges would not be unreasonable.

3.6 The consultation exercise also acknowledged that some local people had suggested that the car park site be developed as a transport hub or bus station; this proposal obtained a moderate level of support from respondents to the online questionnaire, but few people were able to suggest how such a facility would be funded as a viable capital project or in the longer term through sustainable revenue funding.

3.7 Only a small number of the consultation responses supported sale of the site for an Over 55s apartment development, although some responses agreed that the site could accommodate residential development and should be developed for social housing or starter homes.

3.8 A number of the consultation responses received, including that from Fakenham Town Council, questioned the position of the District Council as outlined in the consultation document in stating that the Highfield Road Car Park was not well-used and that there was a large supply of alternative parking available in the town. These issues are considered further below.

4.0 Car park usage:-

4.1 Fakenham has more public parking, operated by North Norfolk District Council, on-street marked spaces covered by traffic regulations and at retail premises (albeit with time restrictions for customers) close to the town centre than any other town in North Norfolk, as detailed below.

Town	Total Spaces	NNDC spaces	% NNDC of total spaces	Average income per NNDC space
Cromer	910	378 exc. Runton Road	41.5	£952
Fakenham	1024	352	34	£356
Holt	436	166	38	£1042
North Walsham	691	297	43	£434
Sheringham	804	526	65	£767
Stalham	329	120	36.5	£76
Wells-next-the-Sea	749	160	21	£1793
Total	**4943**	**1999**	**40.4 (Average)**	**£774**

4.2 In terms of the District Council-owned and operated pay and display car parks, at Bridge Street, Oak Street, Queens Road and The Limes in Fakenham, these car parks have generated the lowest average income per space than any other town in the District (except for Stalham) over a number of years, indicating significant periods of under-use throughout the week, with the possible exception of Thursdays (Market Day), as shoppers choose to use the "free" car parks provided by retail businesses in the town including at Tesco, Aldi, Millers Walk and Aldiss.

4.3 Given the significant periods of under-occupancy at District Council car parks in the town over a number of years the Council responded positively in 2015 to a request from Kinnerton Confectionery for additional parking for its staff through agreeing to let 100 spaces on The Limes car park for permit parking to the company's staff under a contract parking arrangement. This arrangement is reviewed annually, meaning that this capacity can be released for public parking in the future if demand for public parking in the town increases in the future as the town grows.

4.4 Notwithstanding the relatively low levels of use of District Council car parks in Fakenham compared to other towns in the district, the consultation process conducted by the District Council and the representation made by Fakenham Town Council presents a persuasive case that the parking available at the Highfield Road Car Park meets the needs of large numbers of local people to the north of Fakenham town centre with no private parking and should therefore be retained. Comments were also made that the car park could also see increased levels of use in the future as planned housing growth in Fakenham moves forward.

4.5 However, the Highfield Road Car Park is the only "free" car park operated by the District Council anywhere in the district, a position which is considered to be inequitable and unsustainable in the future relative to the position in other towns. This is because the District Council incurs costs of several thousand pounds a year to operate the Highfield Road Car Park, despite the facility being free to use, to cover costs of Business Rates, insurance and repairs and maintenance. It is therefore suggested that if a decision was taken to retain the Highfield Road Car Park consideration should be given to introducing charges in line with the Council's charges for "Standard" car parks. This would require a revision of the North Norfolk Off-Street Parking Order.

4.6 The District Council operates a parking permit scheme, which offers very good value for money for people working in town centres across the District or for local residents with no private parking. An annual permit is available allowing 24/7 parking in the majority of the District Council's car parks, including the four car parks in Fakenham, for £204 per annum (less than 60 pence per day). These arrangements operate in other towns across North Norfolk, where people working in town centres purchase season tickets to park on District Council car parks and where people with properties without off-street parking similarly purchase season tickets to park their vehicles in public car parks.

4.7 Some comments were made through the consultation process that historically the Highfield Road Car Park accommodated parking by lorries and buses and coaches and that parking for such vehicles should be re-instated.

4.8 Lorries have not been able to park on the Highfield Road Car Park for approaching twenty years and the District Council doesn't believe that this is an appropriate use to encourage in what is a predominantly a residential area of the town. Further, use of the car park by large and heavy vehicles has resulted in repeated damage to the surface of the car park and the District Council would not therefore propose allowing lorries to park on the car park moving forward.

4.9 With regards use of the car park by buses and coaches, the District Council acknowledges that buses and coaches have parked on the car park in the past, but understood most use was by local companies providing local public transport services, which should have operated from depot facilities on the town's industrial estate, rather than a car park in a predominantly residential area of the town.

4.10 The District Council notes the position of Fakenham Town Council and some local residents which suggests that the Highfield Road Car Park provides an important facility for coaches bringing visitors to the town to park. The District Council supports the objective of attracting coach visits to the town, but believes that the Highfield Road Car Park is too far out of the town centre for the largely elderly customers of coach tour companies to walk into the town centre and would therefore wish to explore with the Town Council and coach companies whether other arrangements can be made to accommodate coach tours to the town, possibly by identifying a central location for coaches to drop off and pick up passengers and then park up away from the town centre. The District Council can state however that since the introduction of the height barriers on the Highfield Road Car Park in 2015 so as to restrict access by large vehicles the authority has received no complaints, objections or representations from bus or coach companies about the loss of the parking facility.

5.0 Future options:-

5.1 Sale of site for residential development:-

5.1.1 As detailed in Section 4 above, a strong case can be presented, based on the availability and levels of car park use in Fakenham, and market demand for town centre development sites by the developers of Over 55 housing schemes, for the Highfield Road Car Park site to be sold for development, as recommended by Gleeds.

5.2 Retention of car park:-

5.2.1 However, the public consultation process undertaken by the District Council has presented a persuasive case for the car park to be retained and the Cabinet could therefore propose retention of the car park moving forward. On the basis of equity with other towns and the costs incurred by the Council in operating the car park, officers would strongly recommend, if the car park is to be retained, that the Highfield Road Car

Park be brought within the scope of the North Norfolk Off-Street Parking Order and charges be introduced as per the “Standard” tariff car parks.

5.2.2 If the car park is to be retained and charges introduced the public might expect to see some improvements made to the car park surface and wider environs. Given the relatively low levels of use of other District Council car parks in Fakenham compared to other towns in the District, it is considered unlikely that any improvement of the car park would in itself generate any significant increase in use. In this respect the Council would be need to carefully consider the cost of any investment to be made in the car park relative to the level of income which might be realised from the car park.

5.2.3 Some provisional costs have been obtained for the improvement of the car park. Given anticipated levels of use / financial return, it is not considered that provision of a permanent blacktop surface with associated drainage, markings and lighting etc can be justified. Prices have therefore been obtained for the following works – to scrape off 200mm, lay geo-textile matting and import and compact new material (stone or planings), with the option of providing kerbs around the perimeter of the site. Costs for such improvement works are estimated as being between £65,000 and £75,000.

5.2.4 Revision of the Car Park Order, with the required periods of public consultation, takes a minimum of three months, and therefore, if Cabinet is minded to agree to retain the Highfield Road Car Park and introduce charges, it is suggested that charges be introduced from 1st April 2018. If Cabinet agrees to the above and the capital improvement works detailed, it would be recommended that the works required are undertaken in advance of charges being introduced, ie in March 2018.

5.2.5 Consideration could be given to identifying space within the Highfield Road Car Park for the provision of coach bays, but this would require significant strengthening of any new surface provided in the car park, covering both the access way, parking spaces and turning area for such vehicles which would significantly increase costs above those detailed at paragraph 5.2.3 above and represent poor value for money. It is therefore suggested that the District Council works with Fakenham Town Council, Norfolk County Council and coach companies to establish whether other arrangements can be made to accommodate coach tours to the town, possibly by identifying a central location for coaches to drop off and pick up passengers and then park up away from the town centre.

6.0 Financial Implications and Risks:-

6.1 The financial issues and risks to the Council of retaining the Highfield Road Car Park are outlined in Section 5 above.

7.0 Sustainability:-

7.1 This report does not in itself raise any issues in respect of sustainability.

8.0 Equality and Diversity:-

8.1 This report does not raise any direct issues relating to Equality and Diversity.

9.0 Section 17 Crime and Disorder considerations:-

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

Agenda Item No______12______

Improved accessible toilet and parking facilities, Wells-next-the-Sea

Summary: This report proposes, subject to the agreement of the Wells Maltings Trust, either the provision of a grant to the Wells Maltings Trust for the provision of a fully accessible Changing Places facility within the new Maltings development or the Council funding such provision as part of the Wells Maltings and Sackhouse development, recognising its development as a key community asset for the town; and consulting local stakeholders with a view to changing the Staithe Street Public Car Park (owned and operated by the District Council) to Blue Badge holders parking only.

Options considered: The provision of a Changing Places facility in other public toilets in Wells as operated by the District Council.

Allowing continued use of the Staithe Street Public Car Park by all users.

Conclusions: That the provision of a grant to the Wells Maltings Trust to meet the costs of a fully accessible Changing Places facility within the Wells Maltings development or the Council funding such provision as part of the Wells Maltings and Sackhouse development, and consulting local stakeholders with a view to designation of the adjoining Staithe Street Car Park for use by Blue Badge holders only, would significantly improve the tourism offer of Wells to visitors with a disability and their families / carers further building upon the town's appeal as a popular visitor destination at the heart of the Norfolk Coast Area of Outstanding Natural Beauty.

Recommendations: That Cabinet resolves:-

1. **That the District Council provides a capital grant to the Wells Maltings Trust to provide a fully accessible Changing Places facility within the Maltings development or directly funds such provision with a budget of up to £40,000 as part of the wider Wells Maltings and Sackhouse development, with the facility being promoted for use by visitors to the town with special care needs**

2. **That the District Council consults with local stakeholders on a proposal for the Staithe Street Car Park in Wells to be designated for use by Blue Badge users only, recognising the reduced number of spaces available at this location once development of adjoining properties, including the Wells Maltings, is complete.**

That Cabinet recommends to Full Council:-

3. **That a capital budget be established of £40,000 to fund the proposed provision of a Changing Places facility in the Wells Maltings development, or as part of the wider Wells Maltings and Sackhouse development, to be financed by capital receipts.**

Reasons for Recommendations:	To improve the provision of visitor facilities in Wells-next-the-Sea for visitors with disabilities and their carers / supporters

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

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

Cabinet Member(s)	Ward(s) affected: Priory
Cllr Judy Oliver	

Contact Officer, telephone number and email:

Steve Blatch - 01263 516232

steve.blatch@north-norfolk.gov.uk

1.0 Background:-

1.1 North Norfolk has some of the highest levels of older people of any local authority area in the country and the third highest concentration of people suffering from dementia. The District is also a popular area for tourist visitors, both staying visitors and day visitors, and increasing awareness of the needs of residents and visitors with health conditions has seen the Council consider how it might improve the services and facilities it provides in order that the District can positively promote itself as an inclusive and accessible destination.

1.2 The Council believes it should undertake a comprehensive review of its services and facilities with the objective of improving the provision of more accessible and inclusive services for all. A priority area of focus is the provision of more accessible toilet facilities in the district's principal resorts and, in the medium-term, in other towns across the district, through the provision of at least one Changing Place facility in each town. A Changing Place facility is now a recognised adult changing facility of a minimum floor area and includes space for wheelchairs, a carer, adult changing table, hoist access, and toilet.

1.3 There are currently relatively few of these facilities nationally, with most provision in large retail and leisure developments and hospital settings. There is therefore an opportunity for the District Council to support the provision of such facilities locally, increasing the appeal of the district as an accessible and inclusive destination.

1.4 Whilst this strategy is being developed through the Council trying to identify a location in each town to provide Changing Place facilities which are well-located with regard to access to major attractions, seafront areas, the majority of retail food and drink businesses in a town and served by good public parking; an opportunity may present exist to support the provision of a Changing Place facility within the Wells Maltings development which is now moving forward at some pace to the point that detailed consideration is being given to the internal fitting out of that building and improvement of the wider area between the Maltings building and the adjoining Sackhouse. There may now therefore be an opportunity for the Council to work with the Wells Maltings Trust to deliver a Changing Places facility in Wells as part of that development, further details of which are provided below. Provision of such facilities in Wells at this time would support and build upon a local initiative to promote Wells as a Dementia-friendly town / community.

2.0 Changing Place facility

2.1 The Wells Maltings Trust development involves the provision of a new community theatre, café, tourist information centre and meeting rooms / exhibition space on Staithe Street in the heart of Wells, set back a few metres from the town's quay. The project has been developed over a number of years, supported by the District Council, and is a £4.5 million development supported by significant grant funds from the Heritage Lottery and Coastal Communities Fund, and a variety of other sources.

2.2 The project will meet all current legislative requirements in terms of disabled access both into and within the building and in the provision of accessible toilets, hearing loops etc. However, with increasing awareness of the provision of more inclusive facilities, the District Council has asked the Maltings Trust whether it could accommodate a Changing Places facility within its development or as part of the wider Wells Maltings and Sackhouse site, recognising the location of the Maltings development on Staithe Street in the heart of Wells and close to the majority of the town's shops, restaurants and cafes and the historic quay.

2.3 Accommodating a Changing Place facility within or adjacent to an existing or new attraction / community building is likely to be better than adapting or extending an existing public convenience facility, and locating such a facility within a multi-purpose "staffed" building will allow for a higher standard of facility to be provided and maintained and for such a facility to be open and accessible for longer hours than might otherwise be the case in a more traditional public convenience building.

2.4 A dialogue has therefore been opened with the Wells Maltings Trust about the provision of a Changing Place facility on the basis of the Council being prepared to finance the capital costs of providing such a facility within the Maltings or wider Maltings / Sackhouse site, with future costs of cleaning and maintaining the facility being met by the Trust. The capital costs of such a facility, estimated to be approximately £40,000, could either be met directly by the Council or via a grant to the Trust. Provision of the facility within the Maltings and/or the wider Maltings / Sackhouse development will see the provision of a quality facility in the heart of the town and provide visitors to the town and the Maltings development with a high quality, modern facility.

3.0 Staithe Street Public Car Park:-

3.1 The District Council believes that as the strategy for the provision of specialist Changing Places toilet facilities is developed, such facilities should be in locations well-supported by the provision of accessible "Blue Badge" parking spaces.

3.2 The Wells Maltings development adjoins the District Council owned Staithe Street Pay and Display Public Car Park. Historically this car park provided 19 spaces but adjoining development at The Maltings site and at a nearby retail premises (which has seen the provision of a new electricity sub-station within the boundaries of the car park) has reduced the number of spaces to no more than 10 spaces.

3.3 Given this relatively small number of spaces, a narrow access into the car park and associated congestion, it is suggested that the District Council consults upon a proposal to designate all spaces within the car park from April 2018 for use by Blue Badge holders. The car park would still be operated as a Pay and Display car park where charges are levied, but would meet the needs of disabled drivers / passengers and their carers at the heart of the town and with direct access into the Maltings development and the proposed Changing Places toilet facility and easy access to the principal pedestrian shopping area of Staithe Street with its shops and cafes etc and the nearby quay.

3.4 Designation of the Staithe Street car park for use by Blue Badge holders only would require an amendment to the North Norfolk Off-Street Parking Order. This process would take about three months and therefore, subject to the necessary consultation processes, it would be proposed to implement any changes from April 2018.

3.5 Provision of a dedicated Blue Badge car park at Staithe Street in Wells would provide a significantly enhanced visitor environment and experience for visitors with disabilities and their families / carers, as existing car parks in the town (Stearmans Yard, the Quay, Beach Road and Freeman Street) are often congested and in the context of Beach Road and Freeman Street are some distance from the main attractions of the town. The small size of the Staithe Street car park would therefore provide a safe and less intimidating car park environment for visitors with disabilities and their carers. New signposting would be necessary to direct users to appropriate car parks in the town for which a small budget would also be needed. If implemented, this proposal would reduce traffic circulation and consequent vehicular/ pedestrian conflicts and congestion at the lower end of Staithe St.

4.0 Financial Implications and Risks:-

4.1 The financial issues relating to these proposals are outlined in Sections 2 and 3 above.

5.0 Sustainability:-

5.1 This report does not in itself raise any issues in respect of sustainability.

6.0 Equality and Diversity:-

6.1 This report makes a number of positive recommendations which seek to significantly increase the quality and provision of facilities for people with disabilities and care / support needs when visiting Wells-next-the-Sea, improving the visitor experience for people visiting Wells.

7.0 Section 17 Crime and Disorder considerations:-

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

CONSTITUTION WORKING PARTY

Minutes of a meeting of the Constitution Working Party held on 11 October 2017 in the Board Room, Council Offices, Holt Road, Cromer at 11.00am.

Working Party:	Mrs H Cox, Ms V Gay, Mrs A Moore, Mrs J Oliver and Miss B Palmer
Other Members:	Mrs S Butikofer (from item 6), Mr S Shaw and Mr R Shepherd
Officers in Attendance:	The Monitoring Officer and the Democratic Services Officer

1 TO RECEIVE APOLOGIES FOR ABSENCE

None received.

2 MINUTES

The Minutes of the meeting held on 07 February 2017 were approved as a correct record, and signed by the Chairman

3 ITEMS OF URGENT BUSINESS

None

4 DECLARATIONS OF INTEREST

None

5 REVIEW OF THE RULES OF DEBATE

At the last meeting of Full Council (20 September 2017) it had become apparent that there were areas that required tightening, and possibly changed, to achieve a more efficient meeting and better working relationships.

Discussion:

a) The Chairman said that debate was important but that the issue under discussion was how it was conducted.
b) Mrs J Oliver expressed concern that comments had been passed at Full Council which could have been detrimental to the reputation of the authority had members of the public been present. Members should come to Committee prepared for substantive, useful debates. Sometimes Members' questions denoted a lack of prior preparation.
c) Mrs A Moore said that good chairmanship was essential to efficient meetings. There should be proper training for chairmen and they should have an appropriate advisor at their side throughout a meeting. In the past, specific training for chairmen had been delivered. If all Members were included in this, it would be beneficial to everyone. The Chair of the Constitution Working Party added that chairing a meeting was daunting and that some Members tried to take

advantage of this. It was an area that needed to be addressed with training for all Members on conduct in committee meetings. Ms V Gay said that the role of Chairman was particularly daunting at Full Council as there was also the visual dimension of taking in and including all participants wanting to speak. She agreed that training for all Members would be beneficial. It was recognised that it was difficult to get all Members to attend training but a majority who understood the rules would be beneficial.

d) Ms Gay pointed out that the Rules of Debate couldn't control the tone of a debate and that this was a role of the chairman. There were two theories regarding chairmanship – dictatorial or inclusive (facilitating debate). Mrs J Oliver suggested that any training could include Members deciding what style of chairing they preferred. It would be good if all Members felt they could speak.

e) Mr R Shepherd, as Chairman of the Council, said that he was in favour of serious debate but there had to be a proper procedure.

f) The Monitoring Officer explained that at North Norfolk District Council it had been the practice to facilitate debate without enforcing Standing Orders. Up until now this approach had worked. The last Full Council had shown that all Members weren't aware of Standing Orders. Chairing Full Council was difficult and Members should be helping the Chairman. Chairing training could be provided, with all Members encouraged to attend via the Member Development Group. Officers were reluctant to intervene in the chairing of a meeting unless it was unavoidable, nor did they control the debate. She added that the Rules of Debate could be usefully employed and that Recognition of the Chairman needed to be respected. Members could receive education on Standing Orders and the wider Constitution. Many Members were not familiar with the Constitution and some of it was never used.

g) Ms V Gay observed that Members preferred not to propose the application of a rule as it could be perceived as hostile. A briefing on Standing Orders would be useful and helpful.

h) Mrs J Oliver reminded the Working Party that the Monitoring Officer's appointment had been the result of a unanimous vote. There should be respect for her advice and this should be communicated to all Members. The Monitoring Officer added that there needed to be recognition of the separation between Members and Officers.

i) Mrs Oliver expressed concern about Members using their mobile phones and other electronic devices for non-work reasons during Full Council. This was distracting during debate and gave a bad impression to members of the public. The Monitoring Officer explained that Standing Orders required that mobile phones and other electronic equipment be switched to, and kept on, silent throughout the meeting. She suggested that an announcement to this effect could be made by the Chairman at the beginning of a meeting. She offered to put together some wording for this announcement which could also be included on the agenda.

RESOLVED that

1. **Training be delivered on Standing Orders/Rules of Debate including role play to reinforce procedure.**
2. **Attendance should be encouraged via the political groups and Member Development Group.**
3. **The Monitoring Officer would produce a statement regarding the use of mobile phones and electronic devices for a Chairman's announcement and for inclusion on agendas. She would circulate this first to committee chairmen for consideration and comment.**

6 PROTOCOL ON MEMBER/OFFICER RELATIONS AND PUBLIC SPEAKING AT COMMITTEE MEETINGS

The Chairman explained that this was an area that needed clarification and definition. It had been a difficult time but a further recurrence could be prevented. It would be helpful if questions had to be notified 24 hours before a meeting. However, it was noted that a recent problem had arisen from a public statement and that these were not monitored at present. The Monitoring Officer informed the Working Party that the Independent Person's advice regarding involvement in staff issues had been circulated to the Group Leaders. It was possible that NNDC's protocol was not as robust as that of other councils. It was for Members to decide if pre-vetting should be carried out.

Discussion:

a) The Monitoring Officer, referring to the Protocol, said that there needed to be an understanding of the Member role. Member involvement in a current situation had made things worse and had resulted in a complaint to the Monitoring Officer from UNISON. It was recognised that confidentiality could be a difficult issue but it was part of the Member Code of Conduct. Some matters were between employer and employee and not for public discussion. Members shouldn't be involved in employment matters. In response to a question from Mrs A Moore it was explained that breach of confidentiality by an Officer was an employment matter.
b) Mrs J Oliver was concerned that an Officer had been left exposed in a recent situation. She suggested that there was a duty to staff to vet public statements in advance.
c) Ms V Gay asked if it would not be better to issue guidance for the public on how to make a statement. The Monitoring Officer responded that vetting might be necessary to prevent the potential of other occurrences from members of the public regarding other issues. In answer to a question from Ms Gay about other mechanisms, she said that there was a full complaints process. However other authorities had more robust procedures in place to prevent occurrences like a recent incident. We needed to be prepared with our own robust measures. It wasn't fair for any Member or Officer to be put in a similar position again.
d) The Chairman said that vetting would be a good initial action. Members of the public were allowed a second question and this gave them another opportunity. In response to a concern expressed by Mrs S Butikofer she agreed that there would need to be more guidance, the Monitoring Officer suggested including something in the Standing Orders. It would be fair to see statements, as well as questions, 24 hours in advance. In response to a question from Mrs A Moore it was explained that the document "Public Participation at Public Meetings" was available as guidance to the public for all committees except the Development Committee which had its own guidance leaflet.
e) Mrs J Oliver said that if there was a conflict between empowering the public and protecting staff, then the latter option should be chosen. She considered that pre-vetting was the only way forward. Miss B Palmer agreed that there should some form of vetting. The Monitoring Officer said that administration of the process must be correct and this would include amending the Constitution.
f) The Monitoring Officer asked what actions Members required regarding the Member/Officer Protocol. Relationships had become blurred. Mrs J Oliver said that there shouldn't be public criticism of Officers. Members should go through appropriate channels. She believed that this should be built into the Member Code of Conduct. The Monitoring Officer replied that the Member/Officer Protocol did recognise this but that there should be recognition of the Officer's role in processes. It would be worthwhile for the Standards Committee to look at the

Protocol. Mrs S Butikofer supported referring the Protocol to the Standards Committee. Members should be able to ask questions, but Officers needed to be treated with respect.

g) The Monitoring Officer concluded by saying that although we had been informal at NNDC in the past it might be necessary to be more robust in the future.

RESOLVED to recommend to the Standards Committee and Full Council that

1. **The Monitoring Officer should redraft Standing Order 3.8 (Public Questions/Statements).**

2. **The Standards Committee should convene, preferably before Full Council on 15 November, for consideration of revisions to the Member/Officer Protocol.**

3. **The Constitution be amended to reflect revisions.**

7 UPDATES TO THE CONSTITUTION

Once the recommendations of the Constitution Working Party had been to the Standards Committee and Full Council, the Constitution would be amended and re-issued immediately.

The meeting closed at 12.55 pm.

______________________________Chairman

CABINET MEMBERS REPORT TO COUNCIL

15th November 2017

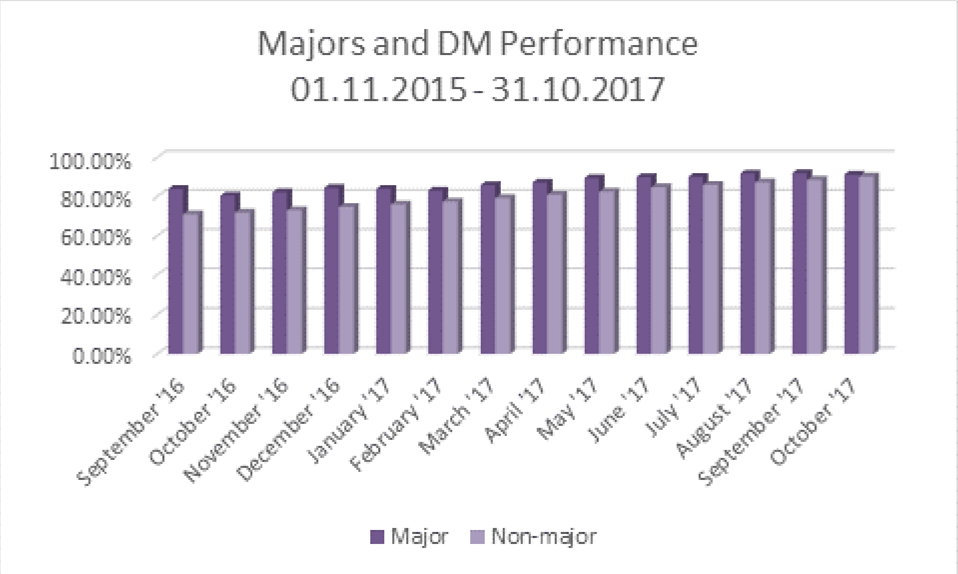
COUNCILLOR SUE ARNOLD - CABINET MEMBER FOR PLANNING
For the period September to November 2017

1 Progress on Portfolio Matters.

Development Management Performance

Our focus remains firmly on exceeding the Government targets for major and non-major applications. Our last figures (October 2017) for majors is 91.20% (Government target is 60%) and for non- major 90.3%(Government target is 70%). Graph below demonstrates the continuous improvement.

Purple-major development, light purple – non major development



Local Plan Review

Work on the Local Plan is currently focussed on completing the evidence base which will feed into policy development for the plan. This includes the preparation of a new Gypsy and Traveller accommodation Needs Assessment, Updated Strategic Flood Risk Assessment, and a review of Development Viability in North Norfolk. This work is expected to be completed by early in the new year.

Alongside this, and following a Call for Sites and completion of a Housing

Capacity Study (HELAA) the team is now starting the process of appraising in detail the site development options.

A review of Green Open Space in the District is also on-going.

Under the Duty to Co-operate the Norfolk Authorities all prepared and recently consulted on a new planning framework document for the County. This includes a number of formal agreements which the Councils will be asked to endorse with the intention that these agreements will improve cross boundary working on housing and employment growth and the delivery of supporting infrastructure. The combined authorities are currently considering the comments received following the consultation and hope to produce a final document early in the new year.

Government has recently consulted on a revised approach to establishing the need for new homes and in the new year has indicated that a new National Planning Policy Framework (NPPF) will be published. These are both expected to increase the requirement for new homes in the District and this will need to be reflected in the new Local Plan.

Graham Allen Award 2017
The winner was CORPUSTY AND SAXTHORPE, The Kilns, Holt Road for the erection of replacement two-storey dwelling. This was also the 'People Choice' decided at the Greenbuild event.

2 Forthcoming Activities and Developments.

Following on from the Regional LABC awards NNDC will be represented with the Pensthorpe Natural Park project for the Best Inclusive Building. The national event will be held in London on 10th November.

The team are currently advertising 5 posts within Planning (both Development Management and Policy) with a closing date of 13th November 2017.

3 Meetings Attended and Meetings Scheduled
Duty to Co-operate Development Committee Portfolio Holder meetings.

CABINET MEMBERS REPORT TO COUNCIL

15th November 2017

COUNCILLOR JUDY OLIVER - CABINET MEMBER FOR LEGAL SERVICES
For the period September to November 2017

1 Progress on Portfolio Matters.

Legal Services:

Eastlaw has been shortlisted for the Place category in the Lawyers in Local Government Awards 2017. This category reflects the contribution the team makes to preserving the unique environment of North Norfolk through managing the difficult and often competing interests of environmental and heritage protection and sustainable economic and community investment and development.

This month has seen a roll out across two Councils of the training and preparedness of all Council Departments for the GDPR.

Eastlaw remains on track to meet its income target.

2 Forthcoming Activities and Developments.

Democratic Services:

Work is progressing on the purchase of a committee management system which improve access to committee documents – particularly on mobile devices. It is hoped that this will be in place in early 2018.

CABINET MEMBERS REPORT TO COUNCIL

15th November 2017

COUNCILLOR PRICE - CABINET MEMBER FOR STRATEGIC HOUSING
For the period September to November 2017

1 Progress on Portfolio Matters.

Community Housing Fund:
Guidance is expected to be received shorty on the Community Housing Fund monies for 2017/18 onwards. In the meantime staff in the Community Housing team (which is supported with the initial grant) are engaging with a number of parish and town councils to raise awareness of the fund and support the development of community-led housing initiatives.

Affordable Housing Delivery
Whilst no affordable dwellings were completed in September or October, completions are expected by the end of November. ‘Affordable home-ownership’ properties on sites at Cromer and Sheringham are being marketed for sale with initial priority given to purchasers with local connections.

Housing Infrastructure Fund
In September, the Council submitted a bid to the Department of Communities and Local Government for funding from the national Housing Infrastructure Fund to address the cost of upfront infrastructure requirements to secure the delivery of 950 homes which are subject to a current outline planning application at Fakenham and a further 450 homes on the remaining part of this allocated site. The fund is expected to be oversubscribed and highly competitive with the outcome of the bid expected in February 2018.

CABINET MEMBERS REPORT TO COUNCIL

15 November 2017

COUNCILLOR NIGEL DIXON - CABINET MEMBER FOR BUSINESS & ECONOMIC DEVELOPMENT AND TOURISM
For the period to November 2017

1 Progress on Portfolio Matters.

New Anglia Economic Strategy

The New Anglia LEP has recently produced an Economic Strategy. This document sets out an ambitious vision for the future of Norfolk and Suffolk; identifying how the area can capitalise on its strengths and explore opportunities in the region. The report was endorsed by NNDC's Cabinet in October, however, suggestions have been made to NALEP on how rural areas such as north Norfolk can be better represented in schemes and programmes that are likely to emanate from the Strategy and how the work of NALEP and its partners can better reflect the challenges and opportunities faced by such areas.

Business Support

The Economic Growth Team proactively works with the business community; providing support for business growth plans and helping to overcome any barriers to growth. This financial year to date, the team has engaged 297 business via business events and has had 'meaningful' engagement with a further 104 businesses. Typically, this might include support for businesses in respect of planned projects (e.g. sites/premises/extensions), assisting with recruitment needs (including apprenticeships, skills need etc), supporting new start-ups and site visits with our larger employers.

The team actively promotes the take-up of grant funding, which historically has been low in the District. However, the team is now actively managing a 'pipeline' of business funding applications. Particular focus is being placed on the LEADER rural support grant. In October the Economic Growth Team also supported and promoted two New Anglia Growth Hub 'Business Roadshow' events (in North Walsham and Fakenham) which provided drop-in sessions for local businesses to learn more about business support/funding.

Go Go Hares

Break Charity is proposing to celebrate its 50th anniversary with a countywide trail and has invited businesses and organisations to sponsor installations which this year will be 'GoGoHares'. The principle attraction will be a trail around Norwich, following the format of 'GoGoGorillas' in 2013 and 'GoGoDragons' in 2015. However, this year this will be supplemented by a trail of 'Moongazer' Hares at locations throughout Norfolk. It is anticipated that these sculptures will drive community engagement and encourage people to seek out the Hares in attractive and iconic locations. Following a Cabinet decision in October it has been agreed that NDDC will sponsor two moongazers and work with local businesses to encourage wider take-up of the initiative across north Norfolk. The selected artwork and locations for the sculptures are currently under discussion.

2 Forthcoming Activities and Developments.

LEADER Grant Business Event
A drop-in event is to be held on **15 November** (4pm-7:30pm) at Hoveton Village Hall. Businesses are invited to come along and explore potential funding support from the LEADER grant. Funded by the European Agricultural Fund for Rural Development, this grant supports rural businesses and organisations, with the overarching aims being to:

- contribute towards improving the environment and the quality of life in rural areas;
- strengthen the rural economy by helping micro and small businesses to create and sustain employment within the area; and
- improve competitiveness, particularly in the agriculture and forestry sectors

Economic Growth Team Officers will be in attendance to offer additional support.

First Steps to Start up
Provided by NWES and supported by NNDC, a business start-up workshop is to be held at Merchants' Place Cromer on **29 November** (9am-1pm). This workshop will cover the essentials of starting a business, including:

- How to assess business viability
- Calculating start-up costs and personal 'survival' budget
- Small business funding
- How to register with HMRC
- Different types of business structure
- The legal side of naming your business
- How to undertake market research
- How to write a business plan

Details at: www.nwes.org.uk/events

Coffee Means Business
Commissioned by NNDC, Coffee Means Business is a monthly networking event hosted by Genix. These events, held at various venues across the District, provide the opportunity for local business to meet like-minded people, hear interesting presentations and learn more about local business support activities.

The next event is on **24 November** (9:30am-11:30am) at Fakenham Racecourse. Details at: www.genix.org.uk

3 Meetings Attended and Meetings Scheduled

CABINET MEMBERS REPORT TO COUNCIL

15th November 2017

COUNCILLOR PRIOR - CABINET MEMBER FOR HEALTH & WELLBEING, LEISURE AND CULTURE

For the period September to November 2017

1 Progress on Portfolio Matters.

Health & Wellbeing and leisure

Sports and Leisure Facilities
The Council's sports and leisure facilities continue to perform well; current figures are above the same point in 2016. The monthly throughput for August was 42,563 with a cumulative amount up to the end of September of 290,026; this is nearly 7,000 more visits than at the same point in 2016.
Dual Use Facilities – Holiday Activities
The three dual-use sports facilities had a very good October half-term holiday activity programme. The figures for the summer programme are as follows (percentage of capacity):

- Cromer 58%
- North Walsham 69%
- Stalham 41%

The above figures are comparable to the same period last year.

Sports Clubs and Hubs project
The Sport England Lottery funded (c£211k) project is continuing to perform well through the 18 classes being organised in partnership with local communities, with a new Water Polo club being set up at Alderman Peel High School in Wells and a seated exercise class at Stalham, at Portal Field Close in development.

Norfolk Sports Awards 2017
The 'Sports Clubs and Hubs' project has reached the final three in the 2017 Norfolk Sports Awards, under the 'Community Project' category. The award takes place on Tuesday 14 November, where the winner will be announced.

North Norfolk Sporting Centre of Excellence
The Sporting Centre of Excellence programme continues to be a real success, and year two has started well with nearly 100 participants now involved.

The year two launch event was held on Monday 16 October, and Olympic gymnast Craig Heap proved an entertaining and inspirational speaker.

The endurance running participants from the first year of the programme have been successful, with three of the boys getting a first in the under 13 Southern cross country relay competition. Also, one of the running coaches Iona Lake, has been selected to run for England at the 2018 Commonwealth Games in the steeplechase event.

Parkrun
The Sheringham parkrun, organised by the Council with in partnership local organisations remains an extremely popular, sustainable community event. Numbers continue to grow with a total of 2,125 runners currently registered, and an average of over 128 participants each week. To date there have been 259 events, 33,203 runs, 166,495 km covered with 6,036 individual runners from 587 clubs taking part.

Countryside and Parks Events

The October Half term Halloween events went very well with 275 children attending the trail events over two days.

Culture

Overview and Scrutiny considered a report on Arts and Culture which included details of how such funding can support health and wellbeing outcomes.

2 Forthcoming Activities and Developments.

Health & Wellbeing
Norfolk County Council is seeking a partner to deliver a new two-year social prescribing service and three-year service to address isolation with funding provided at a locality (Northern CCG) level. The Council is in discussions with Norfolk County Council and Broadland District Council about the operation of these services and may take a lead on delivering these services, linking it in with the Help Hub.

Medieval Xmas Trails
The Countryside team are organising their usual Father Xmas trails events at Holt Country Park. This year they will have a special medieval theme, and will be held on 16 and 17 December.