

Overview & Scrutiny Committee



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Tuesday, 5 February 2019

A meeting of the **Overview & Scrutiny Committee** of North Norfolk District Council will be held in the **Council Chamber - Council Offices, Holt Road, Cromer, NR27 9EN** on **Wednesday, 13 February 2019** at **9.30 am**.

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

Members of the public who wish to ask a question or speak on an agenda item are requested to notify the committee clerk 24 hours in advance of the meeting and arrive at least 15 minutes before the start of the meeting. This is to allow time for the Committee Chair to rearrange the order of items on the agenda for the convenience of members of the public. Further information on the procedure for public speaking can be obtained from Democratic Services, Tel: 01263 516047, Email: matthew.stembrowicz@north-norfolk.gov.uk.

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

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

Emma Denny
Democratic Services Manager

To: Mr S Hester, Mr N Pearce, Mrs A Claussen-Reynolds, Ms J English, Ms V Gay, Mr M Knowles, Mr R Reynolds, Mr B Smith, Mr N Smith, Mr B Hannah, Dr P Butikofer and Mrs P Grove-Jones

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



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

Corporate Directors: Nick Baker and Steve Blatch
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A G E N D A

1. TO RECEIVE APOLOGIES FOR APOLOGIES FOR ABSENCE

2. SUBSTITUTES

3. PUBLIC QUESTIONS & STATEMENTS

To receive questions / statements from the public, if any

4. MINUTES

(Pages 1 - 10)

To approve as a correct record the minutes of the meeting of the Overview and Scrutiny Committee held on 16th January 2019.

5. ITEMS OF URGENT BUSINESS

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

6. DECLARATIONS OF INTEREST

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

7. PETITIONS FROM MEMBERS OF THE PUBLIC

To consider any petitions received from members of the public.

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

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

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

None received.

10. NORTH NORFOLK DISTRICT COUNCIL TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20

(Pages 11 - 24)

Summary:

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

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

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

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

Reasons for Recommendation:

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

Cabinet Member(s):
Cllr E Seward

Ward(s) affected:
All

Contact Officer Lucy Hum
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11. NORTH NORFOLK DISTRICT COUNCIL CAPITAL STRATEGY 2019-20 (Pages 25 - 34)

Summary: This report sets out the Council's Capital Strategy for the year 2019-20. It sets out the Council's approach to the deployment of capital resources in meeting the Council's overall aims and objectives while providing the strategic framework for the effective management and monitoring of the capital programme.

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

Conclusions: The Council is required to approve a Capital Strategy to demonstrate compliance with the Codes and establishes the strategic framework for the management of the capital programme.

Recommendations: **That Cabinet recommends to Full Council that; The Capital Strategy and Prudential Indicators for 2019-20 are approved.**

Reasons for Recommendation: Approval by Council demonstrates compliance with the Codes and provides a framework within which to consider capital investment decisions.

Cabinet Member(s):
Cllr E Seward

Ward(s) affected:
All

Contact Officer Lucy Hum
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email lucy.hume@north-norfolk.gov.uk

12. NORTH NORFOLK DISTRICT COUNCIL INVESTMENT STRATEGY 2019/20

(Pages 35 - 42)

Summary: This report sets out the Council's Investment Strategy for the year 2019-20. It sets out the Council's approach to investing its money along three broad themes; treasury management investments, service investments and commercial investments – focussing predominantly on the latter two categories.

Options Considered: This report must be prepared to meet the requirements of statutory guidance issued by the government in January 2018.

Conclusions: The Council is required to approve an Investment Strategy to demonstrate compliance with statutory guidance

Recommendation: **To approve the Investment Strategy 2019/20**

Reasons for Recommendation: Approval by Council demonstrates compliance with the Codes and provides a framework within which to consider capital investment decisions.

Cabinet member:
Cllr E Seward

Ward Member(s):
All

Contact Officer Lucy Hume
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and e-mail: lucy.hume@north-norfolk.gov.uk

13. ENFORCEMENT BOARD UPDATE

(Pages 43 - 50)

Summary: This report provides an update for Members on the work of the Enforcement Board and Combined Enforcement Team over the past six months and also gives an assessment of progress made since the Board's inception over 5 years ago.

The Enforcement Board has dealt with a number of difficult and long-standing properties and, since the last report, significant progress is being made on many other properties that are subject to major renovation projects.

The Board has also overseen more data matching to quality assure the records held for long-term empty properties.

The Combined Enforcement Team plays a key role in targeting, monitoring and overseeing renovation works to bringing back properties to use and also in taking forward Planning Enforcement case work. The Combined Enforcement Team similarly has provided real progress especially in Planning and property level revenues enforcement

Conclusions:

The Enforcement Board and Combined Enforcement Team continues to make significant progress towards its objectives of dealing with difficult and long-standing enforcement cases and bringing long term empty properties back into use, across all areas of the District, with both social and economic benefits to the community, and financial benefits to the Council.

Recommendations:

- 1. That Cabinet notes the continued progress of the Enforcement Board.**
- 2. That Cabinet note the data collection work supporting the reduction in long term empty properties.**
- 3. That Cabinet notes the continued progress of the Combined Enforcement Team**

Reasons for Recommendations:

1. To ensure appropriate governance of the Board's activities
2. To highlight the data quality improvements required

to sustain empty homes works.
3. To show the progress of Combined Enforcement Team cases and contribution to the work of the Enforcement Board

Cabinet Members:

Cllr Karen Ward (Planning) Cllr Nigel Lloyd (Enforcement)
Cllr Eric Seward (Revenues and Benefits)

Ward(s) affected:
All Wards

Contact Officer, telephone number and email:
Nick Baker, Corporate Director 01263 516221
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- 14. HOUSING STRATEGY ACTION PLAN - UPDATE** (Pages 51 - 56)
- To update the Committee on the Housing Strategy Action Plan.
(Please note this item is for update only and will not be presented at the meeting)
- 15. BETTER BROADBAND FOR NORFOLK - NNDC HIGHLIGHT REPORT** (Pages 57 - 58)
- To provide an update on the broadband provision across the district.
(Please note this item is for update only and will not be presented at the meeting)

WORK PROGRAMMES

- 16. THE CABINET WORK PROGRAMME** (Pages 59 - 62)
- To note the upcoming Cabinet Work Programme
- 17. OVERVIEW & SCRUTINY WORK PROGRAMME AND UPDATE** (Pages 63 - 64)
- To receive an update from the Scrutiny Officer on progress made with topics on its agreed Work Programme, training updates and to receive any further information which Members may have requested at a previous meeting
- 18. EXCLUSION OF THE PRESS AND PUBLIC**
- To pass the following resolution, if necessary:
"That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph _ of Part I of Schedule 12A (as amended) to the Act."
- 19. TO CONSIDER ANY EXEMPT MATTERS ARISING FROM**

CONSIDERATION OF THE PUBLIC BUSINESS OF THE AGENDA

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OVERVIEW AND SCRUTINY

Minutes of a meeting of the Overview and Scrutiny Committee held on 16th January 2019 in the Council Chamber, North Norfolk District Council, Holt Road, Cromer at 9.30 am.

Members Present:

Committee: Cllr S Hester (Chairman)

Cllr V Gay	Cllr B Smith
Cllr M Knowles	Cllr P Grove-Jones
Cllr N Pearce	Cllr P Bütikofer
Cllr J English	Cllr N Smith
Cllr R Reynolds	Cllr D Young (S)

Officers in Attendance: The Corporate Director (SB), the Head of Legal Services, the Head of Finance and Asset Management, the Democratic Services & Governance Officer (Scrutiny), the Democratic Services Manager, the Communications and PR Manager (EF), the Communications and PR Manager (LC).

Members in Attendance: Cllr J Rest, Cllr R Shepherd, Cllr R Price, Cllr H Cox (portfolio holder for Leisure, Culture and Licensing), Cllr J Lee, Cllr D Baker, Cllr E Seward (portfolio holder for Finance, Revenues & Benefits) and Cllr S Bütikofer (Leader).

97. APOLOGIES

Apologies were received from Cllr A Claussen-Reynolds and Cllr B Hannah.

98. SUBSTITUTES

Cllr D Young for Cllr B Hannah.

99. PUBLIC QUESTIONS & STATEMENTS

None received.

100. MINUTES

The minutes of the Overview and Scrutiny Committee meeting held on 12th December 2018 were signed as a correct record subject to the following amendments:

The first member of the public invited to speak during item 12 – Councillor Call for Action; name be corrected to Mr Crocker.

101. ITEMS OF URGENT BUSINESS

None received.

102. DECLARATIONS OF INTEREST

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

103. PETITIONS FROM MEMBERS OF THE PUBLIC

None received.

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

None received.

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

None received.

106. COMMUNICATIONS TEAM UPDATE ON CORPORATE BRANDING PROJECT

The PR and Communications Team had provided a written update to the Committee that was included in the agenda. They then outlined the purpose of the re-branding project and explain its implementation.

Questions and Discussion

The Communications and PR Manager (EF) stated that so far the rebranding project had been successful in improving the wider image of NNDC. He added that whilst the project had created a significant amount of work for the Communications Team, they were proud of the outcome and felt that NNDC now had a more professional image as a result of the project.

Cllr P Grove-Jones asked when the last rebranding had taken place. The Communications and PR Manager (LC) replied that a rebranding project like this had not taken place before. The Corporate Director (SB) added that the brand that underpins the imagery of the Council had been introduced in 1995, and the changes in the use of this imagery that had taken place since its introduction necessitated the need for the rebranding project to take place. Members were informed that the NNDC logo had generally remained the same, but had been simplified for better use across a wider range of formats. Cllr P Grove-Jones stated that £12,000 had been spent on the project so far, and asked if there were any more costs expected. The Communications and PR Manager (LC) replied that £12,000 was the overall cost of the project, and any further work and associated costs would be covered by the Communications Team budget.

Cllr J English asked whether there were any images available for the Committee to see the new branding. The Communications and PR Manager (LC) replied that she did not have any images at hand, but would ensure that these were sent out to Members after the meeting.

Cllr D Baker asked what the cost benefit of the project would be to the Council, taking into account that the budget was upcoming. The Communications and PR Manager (LC) reiterated that any ongoing costs would be met by the Communications Team, and that the main benefit of the project would be improving the identity of NNDC and helping to identify ownership of the Council's valued assets such as Cromer Pier and its leisure facilities. The Corporate Director (SB) offered further clarification that there would be no further substantial costs as all further rebranding would take place as and when required, as opposed to an exhaustive process over a short time period. He added that over twenty-three years the NNDC logo had been used in up to eighteen different ways, and it was

therefore necessary to implement a uniform logo and branding, especially online, in order to maintain a consistent image. Following a question from Cllr D Baker it was confirmed that signage would not be replaced immediately.

Cllr D Young stated that he was pleased to see the BBC ident over the Christmas period that was filmed on Cromer Pier, then asked if the logo on desktops would change eventually, and if there was any timescale for completing the project. The Communications and PR Manager (LC) confirmed that they would change over time, and that the Council's social media accounts had already been changed. She added that it was difficult to pin point an exact completion date as most items were being updated when required rather than immediately. Cllr D Young asked if this meant that the project could take years to complete, to which the Communications and PR Manager (LC) replied that she hoped this would not be the case.

In response to a question from Cllr D Young, it was confirmed that the Communications Team managed the Council's corporate social media accounts. Cllr D Young then asked for clarification on the purpose of the newly introduced Inphase system. The Communications and PR Manager (LC) replied that it was new performance management software that the Council would use to monitor its performance in key areas.

Cllr J Lee stated that he approved of the rebranding, as it gave the Council a more professional image that could help to both identify services that NNDC was responsible for, and encourage more professional staff such as planners to join the organisation.

Cllr J Rest referred to the Council's public car parks that are managed by KL&WNBC, and asked if the NNDC logo was across all locations. The Corporate Director (SB) informed Members that the logo was only present in some car parks and agreed that more could be done to promote the Council in other locations. He then suggested that this could be something that the Council could look to improve when procuring a new contract for the management of the district's parking facilities. The Chairman agreed that branding was important to the organisation, and that it must be updated for the Council to stay relevant.

107. REVIEW OF POLLING PLACES

In the absence of the Elections Officer, the Corporate Director (SB) introduced the report and informed Members that this was a periodic review required by law. He stated that for the majority of polling places across the district, there were no changes proposed, but the purpose of presenting the Report to the Committee, was to resolve the few locations where issues had arisen.

Questions and Discussion

The Corporate Director (SB) informed Members that when looking at the attached spreadsheet the proposals printed in red had received objections, whereas those in blue/green had been positively received.

The first polling station to be introduced was Ludham, where a proposal had been made to change the location of the polling station from the Methodist Church, which was centrally located in the village, to the village hall, which had better parking facilities but was not centrally located. It was stated that due to the location of the proposed new site, the Parish Council were not supportive of the change.

The next proposal was for Wells-next-the-sea, in which the new Maltings building had been suggested as a more suitable venue as it was fully accessible. Members were informed that the Town Council has raised objections to the proposal due to the limited parking

available near the Maltings. They suggested that the polling station should remain at the Methodist Church that had extensive nearby parking available at Stearmans Yard car park.

East and West Beckham were introduced together as it was proposed that the polling station for both parishes would change from the Wheatsheaf public house, which had become increasingly expensive, to Bodham village hall. The Corporate Director (SB) informed Members that there had only been a single objection to the proposal.

The final proposal that had received objections was for Matlaske, where it was proposed that the polling station be moved to Little Barningham village hall, as there were numerous issues with the existing site that included trip hazards, poor lighting, drainage troughs in the entrance and poor access. Whilst strong objections had been received from the Parish Council regarding the proposal, Members were strongly advised of the need to carry-out the change with images shown to highlight the significant inadequacies of the current venue.

Cllr V Gay raised a question regarding the possible use of temporary polling stations at Victory Gym in North Walsham. She stated that she did support the proposal, but wanted clarification on what constituted a temporary polling station. The Corporate Director (SB) replied that this would be a mobile building such as a porta cabin. He stated however, that these were in relatively short supply and suggested that he would aim to discuss with Victory Gym whether a studio in the building could be used, as long as the loss of earnings were covered by the Council. In addition, it was stated that a cost would be incurred with the existing venue regardless of any changes.

Cllr R Reynolds stated that he supported the location of Fakenham's polling stations, but raised concerns about Fakenham North's stations being spread across three separate locations, which he suggested had been poorly signposted during previous elections. The Corporate Director (SB) stated that it had been difficult to secure a suitable site in this location, and whilst the exam hall would have been appropriate, the election would clash with the school's exam timetable. As a result, the rugby club was chosen as the most suitable location and whilst it was accepted that access wasn't ideal for all, efforts would be made to improve signage for the location.

Cllr D Young stated that he agreed with three of the suggestions that had been made, but did not agree with the proposals for Wells on the basis that he was concerned the plans might condone illegal parking. As a local Member for Wells, the Chairman informed Members that the current polling station was next door to Stearmans Yard car park, and these parking arrangements had worked well in the past. He added that whilst the Maltings was a lovely new building, it did suffer from poor parking and he could not therefore support proposals to move the polling station to this location.

Cllr P Grove-Jones said that she was pleased to see the proposals for Stalham, though she had some concerns about parking outside the high street venue, as there were double yellow lines with a parking restriction in place. She then asked who chose the polling station locations. The Corporate Director (SB) replied that after each election, the Presiding Officers review their polling stations and feedback is used to influence the future choice of polling stations by the Elections Team. Cllr P Grove-Jones stated that complaints had been received in previous years about the lack of microwave facilities available in Stalham. The Corporate Director (SB) replied that he was aware of the wide variety of facilities across the district, and accepted that in some cases cooking provisions were limited. Finally, Cllr P Grove-Jones referred to the proposals for Ludham, and stated that she would be happy to see the proposals rejected, as the village hall was a considerable distance from the centre of the village.

Cllr B Smith endorsed the proposals for Mundesley and suggested that it would be safer, and therefore welcomed the move and thanked Officers for their work.

Cllr P Bütikofer referred to the objections against moving the Matlaske polling station. He asked if there were any other cases where polling stations were outside of the parish boundaries. The Corporate Director (SB) replied that yes there were sometimes cases where polling stations were outside of the parish boundary, usually in rural areas where there were limited locations available. He added that Government guidance stated that a suitable location within the parish boundaries must be chosen where possible, though it was accepted that this may not always be achievable. The Corporate Director (SB) then stated that whilst some locations weren't ideal, Officers had tried to make voting as easy as possible and the proposed changes had not been made for financial reasons.

Cllr M Knowles noted that only one objection had been received regarding the proposed changes to the polling stations for East and West Beckham, and he therefore supported the proposals.

Cllr V Gay stated that the Corporate Director (SB) had done a good job as Returning Officer at previous elections, and asked whether an overnight count was planned for the district election. It was confirmed that at this stage an overnight count was expected to go ahead, with any Parish and Town Council counts taking place at the NNDC Cromer office the following day. In response to a question from Cllr P Grove-Jones, it was confirmed that the count would be held at North Walsham High School, as a faster count was expected at this venue.

The Chairman summarised the comments and it was proposed and seconded that there was general support for all but the Ludham and Wells-next-the-sea proposals.

RESOLVED

To recommend to Full Council that the proposed changes to the polling places of Matlaske and West and East Beckham are carried-out in line with the Report, and that the polling places of Ludham and Wells-next-the-sea remain the same as a result of the objections received.

108. DRAFT - 2019/20 BUDGET REVIEW

The Head of Finance and Asset Management gave a brief introduction to the report. It was noted that in the executive summary on page 28 that the second line of the table was incorrect and an updated version would be sent to Members.

Questions and Discussion

The Head of Finance and Asset Management informed the Committee in reference to the 2019/20 budget projection, that the £320k deficit was now predicted to become a £220k surplus due to a new homes bonus that had been granted by Central Government. This was because the original baseline position of housing growth had remained at 0.4% and not risen to 0.6% as expected, therefore after surpassing the target, the Council was awarded a £400k bonus. He then stated that a rural services grant added an additional £96k into the budget. It was suggested that both cases highlighted how small assumptions about future funding could have significant effects on the budget.

Referring to future budget forecasts, the Head of Finance and Asset Management stated that Central Government assumed that local Councils would do whatever they can to increase income, including raising Council Tax rates. Therefore, all predictions were based

on a £4.95 rise in Council Tax. He added that the Government may take a critical view of Councils that were unwilling to raise their Council Tax.

On investment income, the Head of Finance and Asset Management informed Members that income was at 3.5% or approximately £1.5m, and that additional money that had been invested on a short term basis had lowered that interest rate. He added that advice had been taken on the Council's investments, and whilst Brexit had caused concerns he had been assured that Europe was only one area that could impact investments.

The Head of Finance and Asset Management outlined the Council's reserves position and informed Members that the general reserve was set at £1.85m, and other reserves amounted to £18m. On key cost pressures, he stated that there had been a slight reduction in the waste contract cost at £700k, down from the expected £1m. Members were informed that no savings had been assumed as a result of the joint procurement exercise yet, though this could potentially lower costs in the future. New figures had been included in the budget for the new leisure services contract, but any savings would be used to fund the new Splash site.

On tax increases, the Head of Finance and Asset Management informed Members that the Council had the authority to increase Council Tax by up to £5 as it was in the lower percentile. To raise it further would require a referendum that would be very unlikely to succeed. In addition, the Report suggested that the Police precept was expected to double.

The Committee was informed that the Fair Funding Review of Local Government was ongoing, and that the Council would be submitting a response to this, as well as contributing to a county-wide response. The Head of Finance and Asset Management notified Members that a settlement had been reached on the business rates pilot, with 75% agreed as the set rate of retention. He added that this was good news for Norfolk as a whole, though many assumptions remained at this stage, so it was advisable to wait to see the actual income from the scheme at the end of the year. In summary, the Head of Finance and Asset Management stated that next year's budget was now balanced with a small surplus, but there were still challenging times ahead.

Cllr E Seward, portfolio holder for finance, revenues and benefits then gave a statement on the budget that suggested that the Council must accept the position it is in. He stated that County Council were expected to raise Council tax by 2.99%, which alongside the expected £24 rise from the Police and Crime Commissioner was a significant rise. Members were reminded that less than 10 pence per pound of Council Tax was for NNDC, and that with Parish and Town Council collection rates not being capped, there were cases where they received more than the District Council. The Head of Finance and Asset Management confirmed that there were several instances where this was the case. Cllr E Seward then said that looking forward, budget deficits of between £1.7m-£1.8m were predicted and though some reduction in these figures could be expected, he did not see these turning in to surpluses. As a result, despite some extra income from the new homes bonus and rural services grant, these were not ongoing grants and a number of major challenges would need to be faced going forward.

With regards to the Big Society Fund and Community Fund grants there remained £225k available in reserves, but the Council would need to make a decision on whether to continue these funds in the future.

Cllr E Seward stated that the news on the business rates pilot was very encouraging, and asked if there was any indication of the value of the pilot. The Head of Finance and Asset Management stated that the figure was very hard to predict, but that it was possible that

several hundred thousand pounds could be expected, but this was difficult to account for until the final figure was known.

Cllr J Lee asked for clarification on the amount that had been reserved for the BSF. The Head of Finance and Asset Management confirmed that as stated on page 47 of the Report, that £242k had been allocated. He added that budget forecasts had predicted that this money would continue to come out of the budget year on year, and that allocation of this was shown, but it remained the Council's decision whether or not to continue the fund.

Cllr D Young referred to page 31 section (f) of the Report on investment income, and stated that he was happy with the level of risk, but asked if the Council was in danger of decreasing its liquidity. The Head of Finance and Asset Management replied that he did not think this was a problem, and there was potential for inter-authority loans to be available if required. He suggested that the Council was ahead of the curve in terms of pinch points, and that a £1.3m return on investment was very good considering the current base rates. Cllr D Young stated that he had seen several years of BSF funding, and hoped it would continue. He then referred to the possibility of borrowing to fund the new Splash project and asked if internal borrowing would be cheaper, and how the Council would account for this. The Head of Finance and Asset Management replied that there had been some flexibility built into the funding options for the Splash project, and whilst it was preferable to minimise borrowing, inter-authority loans would be cheaper.

Cllr V Gay thanked the Finance Team for their well composed Report, then referred to the previous allocation for the Community Transport Group, and asked if this would continue. The Head of Finance and Asset Management stated that an additional £54k had been granted to the group as a one-off funding opportunity, and it was not assumed that this would continue, though it could be sought from the 2019/20 budget surplus or reserves. Cllr V Gay then asked if there was any flexibility on parking for market towns, for instance free parking during certain times. The Head of Finance and Asset Management replied that ultimately parking policy was the responsibility of the Council, so it could be changed. Cllr V Gay suggested that at certain times in some locations there was little revenue gained from the Council's parking sites, therefore limited free parking could be considered with minimal revenue implications.

The Chairman asked whether the £15k spent on aerial photography had been correctly tendered. The Head of Finance and Asset Management replied that this photography had been undertaken for the Planning Department and he was unsure of the procurement process but would request further details. The Chairman then referred to the General Fund Capital Programme, and noted that £490k had been allocated for the Shannocks Hotel in Sheringham, and asked if any further detail was available. The Head of Finance and Asset Management stated that £64k of costs had been incurred on the project and the Council were therefore considering whether to pursue a CPO on the property. He added that whilst the owner was continuing to take the project forward, concerns had been raised about its progress.

Cllr D Young referred to page 33 paragraph 4.4 on business rates retention, and asked why, if there was no additional income yet from the scheme, did the bar chart on page 32 show considerable movement. The Head of Finance and Asset Management replied that the movement was an allocation for business rates growth, as actual business rates had been higher than expected, therefore the £600k was growth and not the result of the pilot scheme. Cllr D Young then stated that he had expected savings would go down, but noted that this didn't appear to be the case. The Head of Finance and Asset Management replied that savings had been built in for future years, however the £1.7m-£1.8m deficits had not yet been built in. In which case, he stated that reserves would provide some buffer, though this was not a preferred option. Cllr D Young asked whether the Council's car park income

would be considered as part of the fair funding review. The Head of Finance and Asset Management replied that the initial position of the fair funding review was that car park revenues would be ignored. However, questions were now being raised about whether car parking revenues should be included. He added that car parking income is very beneficial to NNDC and others, and its inclusion in the fair funding review would be strongly lobbied against as it was not in the interest of many Councils.

Cllr D Young referred to the CLT summary on page 42, and asked why the funding spiked during 2019/20 then went back down in the following years. The Head of Finance and Asset Management replied that the spike was due to the upcoming election, and added that the funds would be returned by Central Government the following year.

Cllr V Gay questioned whether there were any known significant effects as a result of the fair funding review. The Head of Finance and Asset Management replied that no extra funding had yet been outlined and whilst there would be winners and losers from the review, the outcomes were not yet known. He added that many positive items had been lobbied on and that the main aim of the review was to increase transparency, but this could ignore individual levies such as those for coastal protection. Cllr V Gay asked for clarification on whether the review would reverse basic injustices. The Head of Finance and Asset Management replied that the review would look at issues like rurality and the size of the district, and that it was the overall aim to consider all drivers. He added that the review was set to begin in summer, but it was unclear whether this was still the case.

In response to a question from Cllr D Baker regarding the broadband reserve, the Head of Finance and Asset Management clarified that NNDC had agreed to provide a £1m contribution to the Better Broadband Scheme, as well as establishing a £2m local property fund.

Cllr P Grove-Jones asked if there was an overall cap on the amount that could be raised via business rates, and asked for confirmation on whether there was business rates relief available for new businesses. The Head of Finance and Asset Management replied that there was no cap on the growth of businesses, but business rates charges were set by Central Government and were not within the Council's authority. He then informed Members that a number of reliefs were available to businesses, and Section 31 Grants meant that these reliefs were essentially funded by Central Government. It was confirmed that the Government would not look to take back these reliefs.

RESOLVED

To note the content of the Report.

109. SHERINGHAM PRIMARY SCHOOL PARKING TASK AND FINISH GROUP

The Chairman introduced the item and reminded the Committee that following a Councillor Call for Action in December 2018 regarding traffic issues around Sheringham Primary School, the Overview & Scrutiny Committee had agreed to establish a Task and Finish Group to review the problems which included anti-social behaviour, poor parking practices, excessive speed and general bad driving. The Committee were informed that they would need to agree the Task and Finish Group's terms of reference, and agree the process for appointing Members to the Group.

Questions and Discussion

Cllr S Bütikofer provided an update and stated that she had visited the School with a

Highways engineer and a representative from Norfolk Constabulary. She informed Members that she had seen parking on pavements and curb-sides as had been described during the CCfA, as well as problems with traffic movement. She added that she did not witness any verbal altercations and that the yellow zig-zag lines that outlined a no parking area outside the school were not enforceable by law. It was suggested that the police had previously been informed of concerns and had issued tickets in the past. Cllr S Bütikofer then suggested that the loss of PCSOs may have had an impact on the situation, and that the best way to influence the parent's behaviour was through informing the school children of the dangers being caused by dangerous driving and parking. She then informed Members that the police would be writing letters to parents in order to remind them of safe parking practices and would continue parking enforcement whilst placing an emphasis on stopping cars from blocking driveways. It was stated that the Highways engineer had proposed trying a cycle to school scheme that had been trialled elsewhere in Norfolk. Finally, Cllr S Bütikofer informed Members that she had contacted the Vice-Chair of Sheringham Town Council to discuss the issue and that now work had begun, she would allow the Task and Finish Group to take over.

The Chairman outlined that the proposal had been to establish a politically balanced Task and Finish Group, with representatives from external organisations and the public invited to attend to give evidence. He informed Members that the Scrutiny Officer would provide support for the Group and asked if there were any comments on the terms of reference. Cllr D Young replied that he felt there were limits on what the District Council could achieve, and therefore proposed that the wording in the terms of reference be changed to reflect what can be done to improve the situation, as opposed to what the Council can do to mitigate the problems.

Cllr N Smith stated that school parking issues were a county-wide problem, and suggested that it would take more than just the District Council to address the problem, therefore other organisations must be brought together. Cllr R Shepherd replied that the review had to start somewhere, and that the Council did have a stake due to its land available adjacent to the school. Cllr S Bütikofer informed Members that the NNDC land adjacent to the school was a protected green space and that Cllr D Smith had looked to repurpose this area before but it had not been possible.

The Democratic Services Manager informed Members that the Chair of the Task and Finish Group must be a Member of the Overview and Scrutiny Committee. The Chairman then stated that it should be the responsibility of the Task and Finish Group to determine whether to co-opt other Members onto the Group. It was then suggested that group leaders should appoint Members to the Task and Finish Group as soon as possible to begin the review process and that the first meeting should be a site visit to the school. Cllr M Knowles agreed that time was of the essence and asked whether a six-month duration was necessary. The Democratic Services Manager confirmed that the duration of the Task and Finish Group could be shorter with more frequent meetings. The Chairman agreed and suggested that two meetings could be held per month to get the review underway as quickly as possible. Cllr J Rest suggested that 24 hours should be adequate to get Member nominations from group leaders.

Cllr V Gay stated for the record that during the CCfA her comments had been misinterpreted, and she wanted to make clear that she was not aware of any aggressive behaviour taking place in her ward in relation to school parking issues.

The proposals were proposed and seconded then voted on en bloc.

RESOLVED

1. **Approved the Terms of Reference for the Task & Finish Group.**
2. **Approved the delegation of appointments to the Task & Finish Group to group leaders.**
3. **Agreed to allow the Task & Finish Group to determine whether to co-opt members of the public or external organisations onto the group.**

110. MARKET TOWNS INITIATIVE WORKING GROUP

The Chair of the MTI Working Group informed Members that funding conditions offer letters had been sent out to successful applicants and that once the signed copies were received funding would be processed. Cllr S Bütikofer stated that it was no longer appropriate for her to continue as a Member and Chair of the Working Group as she was no longer a Member of the Overview and Scrutiny Committee. She proposed that Cllr M Knowles, as Vice-Chair of the working Group, should take the position on an interim basis until a new Chair is elected by the Group. She added that Membership of the Working Group had been delegated to group leaders, and that she would appoint a replacement accordingly. Cllr Knowles accepted the position of interim chair of the Working Group and confirmed that the Group would have to officially elect a new Chair at the next meeting.

111. THE CABINET WORK PROGRAMME

The Democratic Services and Governance Officer gave a summary of the upcoming items on the Cabinet Work Programme and informed Members that it was up to date.

112. OVERVIEW AND SCRUTINY WORK PROGRAMME AND UPDATE

The Democratic Services and Governance Officer (Scrutiny) updated the Committee on upcoming items on the Work Programme. He informed Members that to compliment the upcoming broadband update in February, a briefing was being held on 28th January to inform Members of the possibilities of adding high speed internet cabling in the Vattenfall cable trenches that would eventually run across the district.

It was also confirmed that Visit North Norfolk had been contacted in order to provide an update to the Committee at a future meeting, and that a mental health professional would be sought to answer questions during the upcoming mental health update.

The meeting ended at 11.50am

Chairman

North Norfolk District Council Treasury Management Strategy Statement 2019/20

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

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

Introduction

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

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

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

External Context

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

Credit outlook: The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest rate forecast: Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low

interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity. As such, the risks to the interest rate forecast are considered firmly to the downside.

Local Context

On 31st December 2018, the Authority held no borrowing and £41.0m of investments. This is set out in further detail at **Appendix A**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
General Fund CFR	3.743	3.474	3.205	7.269	6.856
Less: Other debt liabilities *	-0.355				
Loans CFR	3.388	3.474	3.205	7.269	6.856
Less: External borrowing **	0.000	0.000	0.000	-4.190	-4.046
Internal borrowing	3.388	3.474	3.205	3.079	2.810
Less: Usable reserves	-32.059	-26.648	-24.476	-22.654	-22.536
Less: Working capital	-7.158	-7.158	-7.158	-7.158	-7.158
Investments	35.829	30.332	28.429	26.732	26.883

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

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

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

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

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2019/20.

Borrowing Strategy

The Authority currently holds no of loans, in line with the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority does not expect to need to borrow in 2019/20. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £23.4 million.

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

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

The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

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

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

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

- leasing
- hire purchase
- Private Finance Initiative

- sale and leaseback

The Authority has previously raised long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

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

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises.

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

Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £36.750 and £51.035 million, and similar levels are expected to be maintained in the forthcoming year.

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

Negative interest rates: If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2019/20. This is especially the case for the estimated £2m that is available for

longer-term investment. A dwindling proportion of the Authority's surplus cash remains invested in short-term unsecured bank deposits, and money market funds. This diversification will represent a continuation of the current strategy.

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

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£2m 5 years	£4m 20 years	£4m 50 years	£2m 20 years	£2m 20 years
AA+	£2m 5 years	£4m 10 years	£4m 25 years	£2m 10 years	£2m 10 years
AA	£2m 4 years	£4m 5 years	£4m 15 years	£2m 5 years	£2m 10 years
AA-	£2m 3 years	£4m 4 years	£4m 10 years	£2m 4 years	£2m 10 years
A+	£2m 2 years	£4m 3 years	£4m 5 years	£2m 3 years	£2m 5 years
A	£2m 13 months	£4m 2 years	£4m 5 years	£2m 2 years	£2m 5 years
A-	£2m 6 months	£4m 13 months	£4m 5 years	£2m 13 months	£2m 5 years
None	£1m 6 months	n/a	£3m 25 years	£500,000 5 years	£3m 5 years
Pooled funds and real estate investment trusts		£10m per fund or trust			

This table must be read in conjunction with the notes below

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

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

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

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

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment as part of a diversified pool in order to spread the risk widely.

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

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

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

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As

with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

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

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

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

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

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

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Investment limits: The Authority’s revenue reserves available to cover investment losses are forecast to be £16 million on 31st March 2019. In order that only an acceptable level of reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Central and Local Government) will be £6 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 3: Investment limits

	Cash limit
Any single organisation, except the UK Central and Local Government	£6m each
UK Central and Local Government	unlimited
Any group of organisations under the same ownership	£6m per group
Any group of pooled funds under the same management	£15m per manager
Negotiable instruments held in a broker’s nominee account	£10m per broker
Foreign countries	£6m per country
Registered providers and registered social landlords	£10m in total
Unsecured investments with building societies	£5m in total
Loans to unrated corporates	£5m in total
Money market funds	£16m in total
Real estate investment trusts	£10m in total

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

Treasury Management Indicators

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

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

Credit risk indicator	Target
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Portfolio average credit score	6.0
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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.

Liquidity risk indicator	Target
Total cash available within 3 months	£3m

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

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

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

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

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

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

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

Price risk indicator	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£42m	£42m	£42m

Related Matters

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

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

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

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

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

Financial Implications

The budget for investment income in 2019/20 is £1.344 million, based on an average investment portfolio of £38.4 million at an interest rate of 3.5%. The budget for debt interest paid in 2019/20 is £0.010 million, based on an average debt portfolio of £0.895 million at an average interest rate of 1.125%. This is to cover short term borrowing for cash flow purposes only. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

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

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

Appendix A – Existing Investment Portfolio Position

	Amount £m	Average Interest Rate %
Managed in-house		
Short-term Investments		
- Term Deposits (other Local Authorities)	5.000	0.59
Long-term Investments		
- Covered Bonds with Banks & Building Societies	2.250	1.04
Managed externally		
- Money Market Funds	1.765	0.59
- Pooled Funds	32.000	3.11
Total Investments	41.015	1.69

The position shown as per the budget report for Interest returns differs from this figures, as that also includes the loan to Broadland Housing Association. With this loan included, the rate rises to 2.36%.

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Capital Strategy 2019-20

Summary:	This report sets out the Council's Capital Strategy for the year 2019-20. It sets out the Council's approach to the deployment of capital resources in meeting the Council's overall aims and objectives while providing the strategic framework for the effective management and monitoring of the capital programme.
Options Considered:	This report must be prepared to ensure the Council complies with the CIPFA Treasury Management and Prudential Codes.
Conclusions:	The Council is required to approve a Capital Strategy to demonstrate compliance with the Codes and establishes the strategic framework for the management of the capital programme.
Recommendations:	That Cabinet recommends to Full Council that; The Capital Strategy and Prudential Indicators for 2019-20 are approved.
Reasons for Recommendation:	Approval by Council demonstrates compliance with the Codes and provides a framework within which to consider capital investment decisions.

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

1 Introduction

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

Prudential Code (the Code) with regard to capital investment decisions.

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

2 Capital Expenditure

- 2.1 The Corporate Plan sets out what the Council intends to do between 2015 and 2019. It focuses on five priorities which will influence how we move forward:

- Jobs and the local Economy - a district with a thriving economy offering better jobs and prospects for local people
- Housing and Infrastructure - to address housing and infrastructure for local people whilst meeting the market demand for housing
- Coast and Countryside - a district where the beautiful natural environment is managed and protected for future generations
- Health and Well-Being - a district with vibrant communities and where healthy lifestyles are accessible to all
- Delivering Service Excellence - to make the Council more efficient so that we can both deliver our priorities and offer value for money for local taxpayers

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

- 2.2 All capital projects are considered and prioritised as part of the Council's overall budget process, with affordability in relation to the Medium Term Financial Strategy (MTFS) being a key issue. The revenue implications and funding of any approved bids are included within the Council's revenue budget forecasts to identify the resultant effects on future Council Tax levels.
- 2.3 The business case and options appraisal methodology is applied to all significant projects (those with a capital cost of over £50,000). The options appraisal should be undertaken by the relevant manager (project leader) initially.
- 2.4 The business case considers the full options appraisal as evidence to support the recommended option as required. The options analysis will cover elements such as risk, sensitivity and cost benefit analysis and will seek to identify the option that delivers maximum benefit at the lowest or most appropriate cost.

- 2.5 Projects that generate future income streams for the Council, for example industrial estates and other Asset Commercialisation projects are also viewed positively within the evaluation process. The Asset Management Plan framework helps to identify these assets in order to ensure the revenue implications are again fully accounted for in the decision-making process for the disposal of assets.
- 2.6 The Current approved Capital Programme (as at December 2018) can be found as part of the Council's draft Budget papers (Appendix E).

3 Medium and Long Term Funding Strategy

- 3.1 There are a number of sources of funding available to the Council for capital schemes (capital grants/contributions, capital receipts, borrowing etc). Revenue funding is also available via a Revenue Contribution to Capital Outlay (RCCO), however it should be noted that the scope for using revenue resources for capital purposes is limited.
- 3.2 Funding from capital receipts is forecast for the next three years to ensure a level of internal resources is maintained and can support future projects. It should however be noted that these are only forecasts at the present time and anticipated balances at the end of the period are based on the current approved capital budget.
- 3.3 The current Capital Programme is funded from grants and contributions, capital receipts from the disposal of assets and from the Council's own reserves, internal and external borrowing. Whilst capital funding is available to invest in new assets or in improving existing assets, the impact on the revenue account due to the loss of investment income is always a key consideration.
- 3.4 The Council has access to short or long term borrowing if required to finance capital expenditure. Although business cases for new capital projects are modelled on the assumption that borrowing will be required (to reflect a 'worst case scenario' in terms of cost), the decision to borrow externally is ultimately a treasury one, and is made closer to the time when expenditure is actually incurred, taking into account available cash balances, the opportunity cost of investments, and the exposure to interest rate and credit risks.
- 3.5 Currently, the Council is expecting to borrow in future years to part fund the re-provision of Splash Leisure and Fitness Centre in Sheringham. It is anticipated that there will be external borrowing for this project in the region of £5m, with £1.3m forecasted to be required in 2019/20 and £3.7m required in 2020/21. A smaller sum of borrowing has been assumed to part fund the construction of an artificial grass pitch in North Walsham, at a sum of £374,000.
- 3.6 It is a requirement of the new CIPFA code that the Council consider alternative means of financing if required. The Council is aware of the opportunities that may be realisable through a Private Finance Initiative (PFI). The Procurement

Strategy includes guidance on appraising Private Public Partnerships in the context of service delivery, and emphasises that obtaining ‘value for money’ means choosing the optimum combination of whole life costs and benefits to meet the customer’s requirements. This is not necessarily the lowest initial price option and requires an assessment of the ongoing revenue/resource implications as well as initial capital investment.

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

4 Asset Management and Commercial Activities

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

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

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

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

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

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

- 4.7 The Council has a small portfolio of commercial assets to rent within the district. These are identified within the Asset Management Plan as being held by the

Council primarily for the purpose of generating income to support the Councils, revenue and capital budgets. Whilst generating income, returns and financial independence to support the delivery of services, there are a number of benefits to the Council, the community, tourist and business sector from the Council commercial portfolio including promoting strategic regeneration, increasing business rate and council tax income and supporting tourism.

- 4.8 Where assets are identified as being surplus to requirements and not achieving required financial or service delivery performance targets, they can be considered for disposal to provide useable capital receipts, which can then be redirected to achieve the Council's objectives. Further information can be found in the Council's Disposal Policy.
- 4.9 The Council's Property Services Team has historically managed the Council property portfolio with support of the Finance team, Eastlaw and Economic Development. Different types of commercial property require different levels of resource to manage effectively. Business Centers with easy in and out terms, tend to be more management intensive due to the relatively high turnover of tenants, in comparison to the longer leases of industrial units, where typically tenants have responsibility for full maintenance/repairs and insuring.

4.10 Asset management undertaken includes:

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

An increase to the portfolio will require additional resource to manage effectively which could be achieved by additional staff for internal management or appointing experienced commercial agents for external management. At the current time, it is considered unlikely that the Council would invest outside of the District or County; however, if this decision is taken in the future the it may be necessary to consider additional resources within the team to effectively manage this. In the coming months, the Council will be undertaking surveys across its asset portfolio in order to identify areas for investment in terms of repairs and ongoing maintenance. This will inform future year's Revenue budgets and ensure the ongoing viability of the asset portfolio.

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

5 Debt Management and MRP Statement

- 5.1 Where a local authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as the Minimum Revenue Provision (MRP). There has been no statutory minimum amount to be applied since 2008, although the Local Government Act 2003 does require authorities to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision 2012, which is currently undergoing a revision, subject to consultation.
- 5.2 The Guidance requires that the Council approve an Annual MRP Statement in advance of each financial year, and identifies a number of options for calculation of a prudent provision for MRP. Whilst there are four alternative methods available for this calculation, only two apply to new borrowing under the Prudential system for which no Government support is being given, i.e. borrowing which is intended to be self-financed.
- 5.3 All Council decisions made in relation to capital expenditure will be reviewed on their own merits and the most equitable treatment will be introduced in respect of the financing of these schemes. For the purposes of existing schemes and those proposed for the coming financial years where borrowing has been assumed, the Council will be applying the Asset Life Basis (Option 3 under the MHCLG Guidance). This allows MRP to be charged to the revenue account across the estimated life of the assets that are being funded, in accordance with the regulations.
- 5.4 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

5 Prudential Indicators

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

The Council has an integrated Treasury Management Strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial

transactions of the Council, and not just those arising from capital spending reflected in the CFR. The Council is required to set for the coming year and the following two financial years an authorised limit for its total gross external debt, separately identifying borrowing from other long term liabilities. The Authorised Limit sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Council. It is measured against all external debt items (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). The indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved Treasury Management policy statement and practices. The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Authorised limit for borrowing	23.400	23.400	23.400	23.400
Authorised limit for other long-term liabilities	0.000	0.000	0.000	0.000
Authorised limit for external debt	23.400	23.400	23.400	23.400

5.3 *Operational Boundary for External Debt*

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

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Operational boundary for borrowing	15.030	15.030	15.030	15.030
Operational boundary for other long-term liabilities	0.000	0.000	0.000	0.000
Operational boundary for external debt	15.030	15.030	15.030	15.030

5.4 Capital Expenditure

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

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Estimated Capital Expenditure	10.668	21.914	6.835	1.055

5.5 Capital Financing Requirement

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

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
CFR	3.474	3.205	7.269	6.856
Less: Other Debt Liabilities	0.000	0.000	0.000	0.000
Estimated Capital Financing Requirement	3.474	3.205	7.269	6.856

5.6 Proportion of Financing Costs to Net Revenue Stream

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

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Financing cost (net)	(1.131)	(1.331)	(1.271)	(1.242)
Net Revenue Stream	14.460	14.480	14.265	14.164
Ratio	-7.82%	-9.19%	-8.91%	-8.77%

6 Links to other Strategies and Plans

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

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

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

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

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

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

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

North Norfolk District Council Investment Strategy 2019/20

Summary: This report sets out the Council's Investment Strategy for the year 2019-20. It sets out the Council's approach to investing its money along three broad themes; treasury management investments, service investments and commercial investments – focussing predominantly on the latter two categories.

Options Considered: This report must be prepared to meet the requirements of statutory guidance issued by the government in January 2018.

Conclusions: The Council is required to approve an Investment Strategy to demonstrate compliance with statutory guidance

Recommendation: To approve the Investment Strategy 2019/20

Reasons for Recommendation: Approval by Council demonstrates compliance with the Codes and provides a framework within which to consider capital investment decisions.

Cabinet member:
Cllr E Seward

Ward Member(s):
All

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telephone 01263 516246
and e-mail: lucy.hume@north-norfolk.gov.uk

Introduction

The Authority invests its money for three broad purposes:

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

This investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £30.8m and £41.2m during the 2019/20 financial year.

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

Further details: Full details of the Authority's policies and its plan for 2019/20 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

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

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

Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2018 actual (£m)			2019/20
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Housing associations	3.365	0.006	3.359	£10m
TOTAL	3.365	0.006	3.359	£10m

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Authority

makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

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

Service Investments: Shares

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

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

Table 2: Shares held for service purposes in £ millions

Category of company	31.3.2018 actual			2019/20
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Subsidiaries	Nil	Nil	Nil	£5m
Suppliers	Nil	Nil	Nil	£5m
Local businesses	Nil	Nil	Nil	£5m
TOTAL	Nil	Nil	Nil	£15m

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

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

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

Commercial Investments: Property

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

Table 3: Property held for investment purposes in £ millions

Property	Actual	31.3.2018 actual		31.3.2019 expected	
	Purchase cost	Gains or (losses)	Value in accounts (£)	Gains or (losses)	Value in accounts (£)
Grove Lane Depot	-	-	325,000	-	325,000
Fair Meadow House	582,207	(32,207)	550,000	-	550,000
TOTAL	582,207	(32,307)	875,000	-	875,000

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

A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding property investments by using advisors and quality financial/property press to assesses the market that the investment will be competing in, the nature and level of competition, along with expectations on how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements. We have qualified staff that will consider the local market and also have a number of external advisors and

agents who we seek advice from where appropriate. This also extends to national advice although the Council's current strategy is to invest within the local area. Risk assessments include reference to credit ratings, but are not the sole indicator of risk used. Credit ratings are actively monitored by advisors and changes are relayed to the Authority using an alert system.

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

Loan Commitments and Financial Guarantees

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

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

Proportionality

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

Table 4: Proportionality of Investments

	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
Gross service expenditure	61.813	62.052	59.132	59.330
Investment income	1.131	1.331	1.271	1.242
Proportion	1.83%	2.14%	2.15%	2.09%

Borrowing in Advance of Need

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

Capacity, Skills and Culture

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

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

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

Investment Indicators

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

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

Table 5: Total investment exposure in £millions

Total investment exposure	31.03.2018 Actual (£m)	31.03.2019 Forecast (£m)	31.03.2020 Forecast (£m)
Treasury management investments	40.768	45.381	38.400
Service investments: Loans	3.365	3.096	2.827
Commercial investments: Property	0.875	0.875	0.875
TOTAL INVESTMENTS	45.008	49.352	42.102
Commitments to lend	0.00	0.00	0.00
Guarantees issued on loans	0.00	0.00	0.00
TOTAL EXPOSURE	45.008	49.352	42.102

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing in £millions

Investments funded by borrowing	31.03.2018 Actual	31.03.2019 Forecast	31.03.2020 Forecast
Treasury management investments	Nil	Nil	Nil
Service investments: Loans	Nil	Nil	Nil
Commercial investments: Property	Nil	Nil	Nil
TOTAL FUNDED BY BORROWING	Nil	Nil	Nil

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

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

Investments net rate of return	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Treasury management investments	2.29%	2.51%	3.35%
Service investments: Loans	3.8%	3.8%	3.8%
Commercial investments: Property	N/A	-1.79%	6.2%

Table 8: Other investment indicators

Indicator	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Debt to net service expenditure ratio	Nil	Nil	Nil
Net Commercial income to net service expenditure ratio	Nil	Nil	0.28%

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ENFORCEMENT UPDATE

Summary:

This report provides an update for Members on the work of the Enforcement Board and Combined Enforcement Team over the past six months and also gives an assessment of progress made since the Board's inception over 5 years ago.

The Enforcement Board has dealt with a number of difficult and long-standing properties and, since the last report, significant progress is being made on many other properties that are subject to major renovation projects.

The Board has also overseen more data matching to quality assure the records held for long-term empty properties.

The Combined Enforcement Team plays a key role in targeting, monitoring and overseeing renovation works to bringing back properties to use and also in taking forward Planning Enforcement case work. The Combined Enforcement Team similarly has provided real progress especially in Planning and property level revenues enforcement

Conclusions:

The Enforcement Board and Combined Enforcement Team continues to make significant progress towards its objectives of dealing with difficult and long-standing enforcement cases and bringing long term empty properties back into use, across all areas of the District, with both social and economic benefits to the community, and financial benefits to the Council.

Recommendations:

- 1. That Cabinet notes the continued progress of the Enforcement Board.**
- 2. That Cabinet note the data collection work supporting the reduction in long term empty properties.**
- 3. That Cabinet notes the continued progress of the Combined Enforcement Team**

Reasons for

Recommendations:

1. To ensure appropriate governance of the Board's activities
2. To highlight the data quality improvements required to sustain empty homes works.
3. To show the progress of Combined Enforcement Team cases and contribution to the work of the Enforcement Board

Cabinet Members Cllr Karen Ward (Planning) Cllr Nigel Lloyd (Enforcement) Cllr Eric Seward (Revenues and Benefits)	Ward(s) affected All Wards
Contact Officer, telephone number and email: Nick Baker, Corporate Director 01263 516221 nick.baker@north-norfolk.gov.uk	

ENFORCEMENT BOARD UPDATE

1. Introduction

- 1.1. Members will be aware that the Enforcement Board was set up to tackle difficult, often longstanding enforcement issues, with an additional focus on Long Term Empty (LTE) homes. From the lessons learned, it subsequently provided oversight for the formation of the Combined Enforcement Team (CET), which brought together property level revenues and LTE inspections and Planning enforcement.
- 1.2. The Board works best where the properties and sites are likely to benefit from cross service intelligence and the senior management level attendees ensure action plans are implemented quickly and effectively.
- 1.3. Dealing with difficult cases in this way has also encouraged more innovative approaches to the use of the Council's legislative powers. Whilst this may sometimes give rise to additional risk, much work has been done to ensure enhanced governance, with significant support from officers in both legal and finance teams.
- 1.4. Whilst Members do not routinely sit at meetings of the Enforcement Board, because of legal sensitivities around enforcement decisions; where decisions have a wider implication and or risk, CLT and or relevant members are involved in the decision making process. Other decisions are taken under officer delegated powers, with expenditure from the Enforcement Reserve authorised at Director/s151 officer level.
- 1.5. In addition to the six monthly update to Cabinet, relevant members and Group Leaders are kept informed of progress on the individual cases being dealt with by the Board, through a confidential case update report.
- 1.6. The Combined Enforcement Team plays a key role in the work of the Board both at the intelligence gathering stage and also by its officers applying pressure on owners to press forward with development or renovation plans. It also ensures that neglected properties are subject to enforcement powers to improve the appearance and condition of long-term problem properties.

The team was set up in 2016 and inherited a large backlog of long-standing Planning Enforcement cases, a significant reduction in which has been achieved with a much faster response to new cases.
- 1.7. In terms of empty homes, there remains a number of good reasons to act. As well as the obvious social advantage, of utilising as much of the District's housing stock as possible, thereby maximising housing provision, many LTEs attract New Homes Bonus to the Council when brought back into use.
- 1.8. The current challenge with empty homes is to ensure that information held within the Council Tax database is accurate. Owners do not always inform the Council as soon as they move into a previously LTE property. Whilst the property Council Tax remains the same whether occupied or empty (unless the property is on an over two year LTE levy charge), the Council may be missing out on New Homes Bonus income if the statistical numbers of LTE properties are not kept up to date.

2. Case Progress update

- 2.1. The Board continues to meet fortnightly to ensure good progress is achieved across the full range of cases under consideration. The current caseload of the Board is 37 ongoing cases across all areas of the district.

- 2.2. Since the last report, a number of long standing cases have been progressed or completed and key cases of note are highlighted below:
- 2.3. 28 Church Street Northrepps, which was formerly part of the Gurney Trust estate, has been impressively restored to family home by the new owner, together with another former Gurney Trust property at Larner's Hill, which was derelict, is continuing to undergo major renovation.
- 2.4. The new owner of Sutton Mill is continuing to make progress in restoring this once Listed mill and works are being closely monitored by officers to ensure that works are sympathetic to the original features and design.
- 2.5. Sites at Beeches Farm, Tunstead and three buildings within the Melton Constable Hall complex, which were all subject to Enforcement Notices issued by the Council, had appeals considered by the Planning Inspectorate.

Beeches Farm, a mixed use site, was subject to a public hearing of 5 days, split between September and November and the decision from the Planning Inspector went in the Council's favour with the appeal dismissed.

The Melton Constable Hall properties were each considered by the Planning Inspector in writing and all three appeals were dismissed by the Planning Inspector who upheld the Council's enforcement action.

- 2.6. Under the threat of prosecution from the Council, tyre removal from Tattersett Business Park has begun. The owner successfully applied to change his processing planning permission with the County Council and Permit with the Environment Agency. The previous approval for shredding c600,000 tyres has been replaced with permission to bale large bundles of tyres which are being shipped to the continent for recycling. Assurances have been given by the owner that more resource will be allocated to the processing of tyres now that the new process has been agreed.
- 2.7. The Council has now almost completed compulsory purchase of two properties in Sculthorpe and has exchanged contracts on a Listed property in Walsingham under a voluntary purchase in lieu of a CPO.
- 2.8. Of the remaining properties on the Board's agenda, all are progressing; many with major renovation works required to bring them back into habitable condition. More details on these properties are contained in the appendix accompanying this report

3. Long Term Empty Homes (LTEs) Update

- 3.1. The last report drew attention to a major effort by officers to confirm on site, the data held on all long term empty properties in the district. This resulted in a significant reduction in the number of reported long term empty properties but also highlighted anomalies reported by the electronic data.
- 3.2. As a result, of the anomalies picked-up by the manual property visits earlier in the year, the Council is in dialogue with the Council Tax software suppliers to find a way to reduce the manual checking of records to be able to better report accurate data.

- 3.3. In addition, a wider piece of work regarding data matching across the Council will be undertaken as part of the Digital Transformation programme.
- 3.4. In September 2018, officers carried out further targeted property visits to quality assure the information required for the October return to Central Government, to determine the amount of New Homes Bonus generated by reductions in numbers of long-term empty properties. The work resulted in an in-year reduction of 121 long-term empty properties from those reported to Government in October 2017.
- 3.5. The ongoing software changes, affecting data reporting, will be incorporated into the Business Process Review to be carried out in Revenues and Benefits over the next year.

4. Combined Enforcement Team Update

- 4.1. As noted above, the Combined Enforcement Team was set up to bring consistency of approach and efficiencies in the way the Council deals with Empty Homes, Council Tax Completions and Planning Enforcement, as these are mainly property level inspection based cases.
- 4.2. Empty Homes work is important to maximise New Homes Bonus but the introduction of new build properties and larger developments into Council Tax banding also maximises the Council Tax collection. The team carry out regular inspections of known developments to ensure properties are brought in to banding at the earliest opportunity.
- 4.3. The work of the Combined Enforcement Team underpins much of the work of the Enforcement Board, both in terms of finding new cases to be worked on but also in moving forward many of the current caseload.
- 4.4. The team's caseload currently stands at 289 cases. In the last 6 months the team have opened 169 new cases and closed 172 old ones.
- 4.5. Whilst much of the progress made in these cases is via informal means, in the last 12 months the team have also served 8 new enforcement Notices, tackling both breaches in planning control and addressing neglected properties and land affecting the visual amenity.

5. Future Working

- 5.1. The intelligence provided by officers inspecting the list of LTE properties has also identified a number of properties that seemingly have no justifiable reason for remaining empty. Over the next few months, officers will attempt to engage with the owners to understand what is preventing them returning their properties to use. From this, a number of solutions will be explored and some of the properties have already been added to the existing caseload of the Enforcement Board.
- 5.2. The targeted inspection exercises, if repeated annually, will produce significant savings for Council budgets while providing the opportunity to maximise income from New Homes Bonus and Council Tax for LTEs returned to use or brought into banding.
- 5.3. Compulsory Purchase options will continue to be explored as a last resort, but it is likely that most properties will be best tackled with a combination of enforcement actions by the Council including the threat of compulsory purchase.

6. Performance Management

- 6.1. Members have continued to be kept informed of cases being taken forward in their wards and Group Leaders are also being kept informed of all cases. This continues to be well received.
- 6.2. Where appropriate, Town and Parish Councils are also kept informed of progress and where there is an obvious legal risk or implication, the relevant Portfolio holder is also informed, as well as the local member and CLT.

7. Financial Implications and Risks

- 7.1. The work of the Enforcement Board is partly driven by the need to maximise revenue from both Council Tax and, for Long Term Empty Properties, the New Homes Bonus scheme. Significant contributions have already been made by bringing properties back into use and/or back into Council Tax banding, in the four years the Board has been working
- 7.2. As has been stated above, a number of these properties give rise to local blight and therefore an expectation from local communities on the Council to resolve the issues, with accompanying reputational risk if we do not act.
- 7.3. It is however, also important that we act sensitively in some cases, and that we adhere to our own Enforcement Policies in terms of proportionality of approach.
- 7.4. There is also a reputational risk involved, if we lose legal action. Whilst this can be mitigated by good process, evidence gathering, etc, we are seeking to be innovative in our use of legal powers and we may not always win the case at hand.
- 7.5. The use of the Council's powers in different ways will almost certainly cause some complaint from those who have not previously seen direct action from the Council in respect of the issues concerned. It is therefore essential that we ensure both the technical and legal processes used are sound and that, in terms of our reputation, our rationale for action is clearly understood.
- 7.6. There is, in some cases, a risk of not being able to recover costs; for both officer and legal costs, and where works in default are undertaken. However, these risks are being mitigated, through good intelligence and evidence gathering and ensuring that the correct legal processes are followed during any action taken.

In addition, where necessary, valuation advice is taken to ensure that there is enough value in a site against which to provide proceeds of an enforced sale if necessary to recover costs.

It should be noted that all expenditure allocated to the Enforcement Board Reserve is approved by both the s151 Officer and a Head of Paid Service.

- 7.5. The Enforcement Board Reserve covers the costs of dealing with these cases and in general, most of the costs concerned are recovered. However, formal action takes place in a number of cases, where some costs are simply not recoverable.
- 7.6. There has been the need for significant additional legal input to the cases and although much of the cost is recovered, this has been underwritten by the Reserve.

8. Sustainability

The only sustainability implications directly resulting from this report are around better use of existing housing stock and other buildings, as opposed to new build and therefore the potential use of green field sites.

9. Equality and Diversity

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

10. Section 17 Crime and Disorder considerations

Some of the work being undertaken by the Board has a direct link to criminal activity, around deliberate Council Tax avoidance. In addition, a number of empty properties have been associated with anti-social behaviour, which of course will be removed when properties are brought back into use.

11. Conclusions

The Enforcement Board continues to make significant progress towards its objectives of dealing with difficult and long-standing enforcement cases and bringing long term empty properties back into use across all areas of the District, with both social and economic benefits to the community, and financial benefits to the Council. The Combined Enforcement Team supports this work and has also seen great improvements in Planning Enforcement.

Appendix

Key Activity on Long Term Empty Properties (as at 10th Jan 2019)

Note: this is not an exhaustive list of cases, as some issues are legally or otherwise sensitive and are therefore not for publication.

Property	Issues	Action
56 and 56 Beeston Common, Sheringham	Dilapidated, overgrown garden Empty for over 10 years	Properties continue to undergo major works and are hoped to be back in use later this year
33 Oak Street, Fakenham	Empty since approximately April 2008 Property very dilapidated.	Significant renovation works have been undertaken with likely completion in early 2019 and the property was recently featured in the EDP as part of National Empty Homes Week.
Leighton House, 11-13 St Mary's Road, Cromer	Significant residential property in extremely dilapidated condition detracting from neighbourhood amenity Unfit for habitation Previous pest infestations	Environmental concerns still being addressed. The Council continues to work with owner to ensure ongoing improvements
2 and 2a Stirling Road, Sculthorpe	Unfinished 'new build' properties, middle and end terrace.	Issues with land registration by previous owners have now been resolved and the properties will be marketed for resale in the near future.
28 Church Street, Northrepps	Long Term Empty property	Ownership change forced. New owners now in occupation
40 Larners Hill, Northrepps	Long Term Empty property for approximately 3 years	Ownership change forced and major renovation and improvement ongoing.
East View, Helena Road, Walcott	Property empty since 2013	Property occupied and recently featured in EDP as part of Empty Homes Week.
25 Holt Road, Langham	Long Term Empty Property	Renovation works underway. Enforcement notice served but major structural work required first. This is being overseen by NNDC Building Control

Non- Residential Activity

Property	Issue	Action
Tyre Storage Tattersett Business Park	Long-term storage of around 6000 tonnes of tyres	Tyre removal now underway and will continue to be monitored by officers
Star Yard Fakenham	Dilapidated garage in dangerous condition	Works still progressing
Sutton Mill	Potentially dangerous structure of Listed Building	New owner carrying out works in liaison with Council Conservation officer
Former Shannoeks Hotel Sheringham	Long-term empty property in poor condition in prime location	<p>After pressure from Council, the owners successfully obtained planning approval for renovation scheme.</p> <p>Awaiting compliance with owner's build programme following Planning Approval for demolition otherwise CPO will be commenced.</p>
Pineheath Nursing Home	Bungalows in curtilage of former Care home closed by Care Quality Commission.	Currently a new planning proposal is being considered under pre-contract advice.

Housing Strategy Action Plan Monitoring

New Housing

Action/Intervention	Activities	Timescale	Lead officer/team	On target?	Comments
Ensuring new housing is delivered in a timely way					
We will continue to review and improve as required the planning application process	Business Process Review to improve processing time for planning applications	Dec-16	Head of Planning	Complete	New processes are delivering outcomes above targets.
Monitor the number of sites with planning permission which have not yet started on site	<ul style="list-style-type: none"> Monitor how many sites have not achieved an actual start on site 12 months from the date of planning consent being issued Identify why such sites have stalled 	March 2017 and then ongoing	Planning Policy Team	Complete and ongoing Some progress	Reports are prepared annually (Five Year Land Supply Statements) which include delivery rates and trajectories for larger sites.
Keep planning policies under review and where required reflect changes in the market which impact on developers' and builders' ability to build out site with permissions	<ol style="list-style-type: none"> Review the Housing Delivery Incentive Scheme Decision as to whether to extend the scheme and basis of any extension 	Dec-16	Planning Policy Team	Complete Complete	Review completed. Revised new scheme launched June 2017 to operate in period until new Local Plan is live.
Ensure the Council has an up to date Local Plan	<ol style="list-style-type: none"> Procure required evidence to inform development of policies for new Local Plan. Produce Local Plan policies to meet: <ul style="list-style-type: none"> Needs of older people Needs of disabled people and those with a long term, limiting health problem All other household types Need for housing for those who cannot afford to or choose not to buy –including affordable housing provision, private rented housing and support for home ownership including Starter Homes requirement Needs identified from the self-build and custom build register Requirements of Housing and Planning Act 2016 Requirement to address coastal erosion through effective roll back policies in relation to housing and communities 	End of 2016 Mid 2019	Planning Policy Team	Complete	<ol style="list-style-type: none"> The evidence base for the Local Plan is now largely in place. Draft Local Plan policies agreed for public consultation in February 2019
Respond to opportunities to support housing delivery in North Norfolk	<ul style="list-style-type: none"> Submit bids where appropriate for government funding to support the delivery of housing across the district, with particular focus on funding which will address infrastructure deficits which may prevent a site being developed. 	Ongoing	Housing Strategy Team	On track	The bid for Marginal Funding from the Housing Infrastructure Fund was unsuccessful, alternative options to deliver the site are being actively considered.
Ensuring a sufficient supply of land is available					
Maintain a minimum five year supply of land for new homes	<ul style="list-style-type: none"> Monitor the supply of housing land available Bring forward reserve sites as required 	Ongoing	Planning Policy Team	On track On track	HELAA published 2017 along with annual 5 Year Housing Land Position Statement. New sites will be allocated through the emerging Local Plan.
Allocate new housing sites as required	<ul style="list-style-type: none"> Review all sites identified through Local Plan call for sites process Identify preferred sites for Local Plan Site Allocations Document 	Early 2017 Mid 2017	Planning Policy Team	Complete and ongoing On track	First stage assessment through HELAA complete. Preferred site options for draft Local Plan have been agreed and will be subject to consultation in February 2019.
Respond to the needs identified through the self-build and custom build register	<ul style="list-style-type: none"> Consider needs identified from register Identify suitable sites Include appropriate policy in forthcoming Local Plan 	Ongoing Ongoing Mid 2019	Planning Policy Team	On track Some progress Some progress	Interim policy approach in place through Housing Delivery Incentive Scheme launched in June 2017. Draft policy to be included in Local Plan consultation in February 2019.
Ensuring the right sizes, types and tenures of housing are provided					
Keep information on the need for housing, including the need for affordable housing and specialised and supported housing up to date	<ul style="list-style-type: none"> Undertake/procure required surveys and assessments of housing need 	Ongoing	Planning Policy Team/Housing Strategy Team	Complete and ongoing	Updated Strategic Housing Market Assessment completed 2017 and will be kept under regular review.
Ensure that the Local Plan contains specific policies to require that new housing supply contributes to meeting these needs	Affordable Housing <ul style="list-style-type: none"> Maintain use of H02 and H03 policies pending adoption of new Local Plan policies for affordable housing. 	Ongoing	Planning Service	On track	Policies H02 and H03 are subject to review and revised policies will be subject to public consultation in February 2019.
Require the provision of the viable amount of affordable housing on eligible sites	<ul style="list-style-type: none"> Negotiate viable amount of affordable housing on eligible sites in accordance with policy H02 Secure all affordable housing provided through planning policy through use of appropriate Section 106 Agreement provisions 	Ongoing	Planning Service/Housing Strategy team	On track	
	<ul style="list-style-type: none"> Produce new policies for forthcoming Local Plan 	Mid 2019	Planning Policy Team	On track	
	Specialised and supported housing <ul style="list-style-type: none"> Maintain use of policy H01 pending adoption of new Local Plan policies in relation to needs of older persons and those who require specialised/supported housing Produce new policies for forthcoming Local Plan 	Ongoing	Planning Service	On track	
		Mid 2019	Planning Policy Team	Some progress	New Local Plan process subject to some delay - but initial consultations commencing in February 2019.

Ensure that a range of affordable housing is provided to meet the need for rented affordable housing and affordable housing for sale	<ul style="list-style-type: none"> Undertake a review of the need for and affordability of affordable housing for sale products 	Sep-19	Housing Strategy Team	On Hold	It was expected that a Housing White Paper would identify new models of Home Ownership, this paper has not been released and this work remains on hold. Impact of amended definitions of affordable housing in National Planning Policy Framework are being considered to inform this activity.
	<ul style="list-style-type: none"> Identify appropriate mix of affordable rented and affordable for sale homes on all eligible sites 	Ongoing		On track	
	<ul style="list-style-type: none"> Consider how new supply can meet the needs of those impacted on by changes in welfare entitlement, including those single people aged 35 or less 	Feb-19		On track	New Housing Allocations Scheme will allow sharing of affordable housing stock by single people.
Respond to the requirements of legislation and planning policy guidance in relation to new housing provision	<ul style="list-style-type: none"> Amend planning policies as required 	Ongoing	Planning Policy Team	Some progress	Revised policies agreed for public consultation.
Support the delivery of community led housing schemes to be funded from the Community Housing Fund	<ul style="list-style-type: none"> Ensure spend of the 2016/17 Community Housing Fund allocation in accordance with the submitted delivery plan 	Ongoing	Housing Strategy Team	On track	Funding has been awarded to support the acquisition of eight affordable homes by two local housing associations. Remaining funding is actively monitored to ensure effective spend against the delivery plan.
	<ul style="list-style-type: none"> Recruit a Community Housing Delivery Officer (shared post with Borough Council of Kings Lynn and West Norfolk and Breckland District Council) and Local Housing Enabler to support communities to develop community led housing schemes. 	Jun-17	Housing Strategy Team	Complete	Community Housing Delivery Officer recruited and in post. Two Local Housing Enablers (1.38 FTE) recruited and in post.
	<ul style="list-style-type: none"> Develop an ongoing pipeline of schemes to be submitted as bids to the Community Housing Fund from 2017/18 onwards. 	Ongoing	Housing Strategy Team	On track	Following the contacting of all parishes in the target area, consultation events have been held in six parishes and in three parishes, a Housing Association is working with a landowner to develop a scheme proposal which will be subject to further community consultation. The team will continue to engage with parishes in the target area to develop more proposals for schemes. In September 2018, government announced the availability of capital funding to support the construction of community led housing schemes with bids to Homes England able to be submitted in the period up to December 2019, subject to funding remaining available.
Maintain a programme of exception housing schemes across the district to meet local housing need	<ul style="list-style-type: none"> Consult and work with town and parish councils to bring forward proposals for exception housing schemes Identify cold spots where there is a lack of provision to meet local housing needs and target provision in these areas Ensure local communities understand the mixed tenure model 	Ongoing	Housing Strategy Team	Some progress	The Local Housing Enablers are engaging with parish councils in the target area for the Community Housing Fund and a temporary enabling resource for areas outside the Community Housing Fund target area has now been identified to support the delivery of stalled and new schemes. All enablers will support communities to understand the mixed tenure exception housing schemes model.
Respond to changes in funding for the provision of affordable housing to seek to maximise the provision of new affordable housing including homes for rent, for affordable sale and supported housing	<ul style="list-style-type: none"> Identify new models of supporting affordable housing delivery 	Oct-19	Housing Strategy Team	On track	This activity will remain a focus to ensure that innovative ways of supporting affordable housing continue to be explored.
	<ul style="list-style-type: none"> Maximise opportunities to secure affordable housing through planning gain 	Ongoing	Planning Policy Team/Housing Strategy Team	On track	
	<ul style="list-style-type: none"> Consider how new affordable sale products can support provision of affordable homes for rent 	Dec-17	Housing Strategy Team	Superseded Activity	Government funding is now available to support the delivery of rented affordable homes which has increased the viability of schemes by removing reliance on cross subsidy from shared ownership homes.
	<ul style="list-style-type: none"> Identify opportunities for direct provision in housing, including provision of private rented housing to be made via the Property Investment Strategy 	Ongoing	tba	On hold	Due to the size of the plot available at the Grove Lane site a housing development site was not felt to be viable due to the high level of infrastructure costs in comparison with the number of units provided as development would only have been possible along one side of the access road as opposed to both sides. Officers have however been successful in attracting a new tenant to this site so the buildings will continue to be used now as office accommodation which means that the site is currently not available for housing delivery.

Consider how the Property Investment Strategy and Local Investment Strategy can support the delivery of new homes of all tenures	<ul style="list-style-type: none"> Make decision as to whether additional funding can be made available for new bidding round for loans to Registered Providers 	Mar-17	Cabinet	On hold	The Treasury Management Strategy for the 2018/19 financial year continues to focus on medium to long term investments to try and improve on interest rate returns due to the extremely low bank rates currently being experienced. This has resulted in some of the Council's cash reserves being invested for longer periods of time. Further analysis will need to be undertaken to establish what money might be available to provide further loans to registered providers, should there be interest in this. The Broadland Housing loans are now in place so the Council does have a successful track record in delivering these investments if required but any lending decisions would need to be made on a case by case basis in terms of the value of loans required, potential interest rates and current investment position.
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Existing Housing and meeting housing related needs

Action/Intervention	Activities	Timescale	Lead officer/team	On target?	Comments
Ensure that new and existing affordable housing meets the needs of existing tenants, applicants, Registered Providers and the Council	<ul style="list-style-type: none"> Continue to operate Choice Based Lettings 	Ongoing	Housing Customer Services Team and Housing Strategy Team	On track	The scheme continues to work effectively. Trend analysis of lets has been undertaken. Second stage analysis will consider types of properties becoming available.
	<ul style="list-style-type: none"> Monitor the turnover of affordable housing in terms of the Council's ability to meet housing need 	Ongoing		On track	
	<ul style="list-style-type: none"> Ensure the Housing Allocations Scheme remains fit for purpose and reflective of changes to legislation and statutory guidance through amendments as required. Consider and respond to the impact of changes to welfare support for housing costs, including the impact on single people aged 35 or less 	Ongoing	Housing Strategy Team	On track	New Housing Allocations Scheme was adopted by Full Council in February 2018. The IT changes needed to implement the new scheme are in the process of being completed and following a re-registration process the new scheme will go live in early 2019.
	<ul style="list-style-type: none"> Review and monitor the Tenancy Strategy to ensure it is fit for purpose. 	Ongoing		On hold	Focus has been on the implementation of the new Housing Allocations Scheme. However, the first fixed term tenancies are now coming to an end and it is timely to complete a review of the Tenancy Strategy in 2019.
Explore how the private rented sector can contribute to meeting housing need	<ul style="list-style-type: none"> Identify opportunities to remove barriers to entry to the private rented sector 	Oct-19	Housing Customer Services Team	Some progress	Since the introduction of the Homelessness Reduction Act on 3 April 2018, the team has been increased to 5 Housing Options officers and 1 Housing Support worker. The team on a daily basis are actively working with the Private landlords in trying to prevent or relieve homelessness. However, landlords are still reluctant to work with the authority or are asking for 6 - 12 months rent in advance for some new tenants. In 2019 a new Homelessness & Rough Sleeping Strategy, which will specifically address how the Council will work to improve access to the private rented sector and encourage private landlords to let to a tenant on benefits. See above. In addition the new Housing Allocations Scheme will enable rooms in shared properties to be advertised.
	<ul style="list-style-type: none"> Engage with private landlords to promote take up of tenants in receipt of benefits 	Oct-19		Some progress	
	<ul style="list-style-type: none"> Consider opportunities to provide tenant matching service through Your Choice Your Home scheme for private landlords 	Oct-19		Some progress	
	<ul style="list-style-type: none"> Consider opportunities to meet needs of under 35's in shared housing 	Oct-19		Some progress	
Ensure that the initial and subsequent sales of shared ownership and other affordable housing for sale products are targeted effectively	<ul style="list-style-type: none"> Ensure that Section 106 Agreements make provisions for targeting the initial and subsequent sales of affordable housing for sale dwellings to eligible households 	Ongoing	Housing Strategy Team	Complete	The new Homes England funding regulations for shared ownership dwellings will in some instances limit the ability to prioritise shared ownership homes for households with connections to North Norfolk. Section 106 Agreements and Nomination Agreements will contain appropriate clauses in these cases which will prioritise local prioritisation if funding rules are changed.
	<ul style="list-style-type: none"> Widely advertise and promote the provision of affordable housing for sale products and increase awareness of products and availability 	Ongoing	Housing Customer Services Team/Housing Strategy Team	On track	Affordable homeownership properties for sale are widely advertised. More work on increasing awareness of product will be undertaken.
Continue to uphold Section 157 restrictions on former Council properties sold through the Right to Buy	<ul style="list-style-type: none"> Include details of the Council's approach to Section 57 restrictions on the website, to include details of what information is required in order consider a request to waive the restriction and the cases where such a request may be approved 	Dec-16	Housing Strategy Team	Complete	The Council's website contains a dedicated page providing information on the Section 157 restriction.
	<ul style="list-style-type: none"> Reject requests to remove the restriction and consider all requests to waive the restriction 	Ongoing	Housing Strategy and Community Development Manager and Portfolio Holder for Housing	On track	

Maintain an adequate supply of self-contained and emergency temporary accommodation.	<ul style="list-style-type: none"> Monitor the usage and requirement for temporary accommodation Procure sufficient self-contained properties to meet needs. 	Ongoing December 2016 then ongoing	Housing Customer Services Team Housing Customer Services Team/Housing Strategy Team	On track On track	<p>Temporary accommodation usage and need is continually kept under review.</p> <p>Currently the council owns one 2 bedroom bungalow for use of temporary accommodation which is suitable for an occupier with limited mobility, the first occupier was rehoused and the bungalow was quickly relet. There are ongoing discussions in relation to a proposal to procure 4 x 2 bed flats (new build) which will be designed to provide flexibility of use as temporary accommodation and meet a range of needs.</p>
Monitor the impact of disposals and sales through the Preserved Right to Buy and Voluntary Right to Buy	<ul style="list-style-type: none"> Monitor the loss of affordable housing stock in relation to the types, sizes and locations of properties sold. Monitor whether the portable discount on the Voluntary Right to Buy is operating to address demands from tenants to purchase and to protect rural housing stocks Review the impact of sales on overall supply and ability to meet housing needs from different household types and sizes across the district and in particular single persons and larger families. Identify opportunities to address lack of or reduction in affordable provision as a consequence of sales 	Ongoing	Housing Strategy Team	On track On track Some progress	<p>Ongoing monitoring of loss of affordable housing stock is undertaken.</p> <p>Voluntary Right to Buy has not yet been extended to tenants in North Norfolk and the timescale and funding for a national roll out is not yet known.</p> <p>Regular monitoring of disposals undertaken, initial review of impact on lets in 2016/17 and 2017/18 and housing need is now complete.</p> <p>Work to ensure there is a pipeline of affordable housing schemes is underway, but will need to be refined to reflect analysis of impact of disposals and Preserved Right to Buy Sales.</p>
Support initiatives and interventions which enable residents to live independently in their home					
Ensure that the Disabled Facilities Grant service operates efficiently and effectively to minimise application timescales and provide more advice and assistance to ineligible households	<ul style="list-style-type: none"> Monitor how the use of the new preventative assessment is reducing the overall application process Continue to identify and implement opportunities to reduce the overall application timescale and improve the customer journey Consider how the service can become more reactive and provide grants which support the invest to save and prevention agendas Consider how integration with Norfolk County Council Locality Teams can increase the resources available for assessment of needs Identify opportunities to provide practical advice and assistance to ineligible households to ensure the works to the property which are required to meet their needs are undertaken in a timely and effective way 	Tbc	Integrated Housing Adaptations Team	Complete	New preventative assessment has allowed more assessments to be completed within the existing staff resource, within the IHAT this has reduced the waiting time for the completion of assessments.
		Ongoing		On track	Whilst this work is on track, waiting times for assessments have increased since August 2018 as a result of the loss of Occupational Therapist (OT) resource, this will start to improve from mid November when a new OT will start in the team.
		Dec-17		On track	The team is taking a more holistic view of the adaptations needed and advising that additional works can be funded through the DFG over and above the works being recommended by the OT. This should result in fewer repeat grant applications in the future and should prevent falls and support greater independence.
		Mar-17		Some problems	Training to allow Community Occupational Therapists to undertake assessments for adaptations took place in quarter 4 of 2017/18, however, there have been few recommendations since and a follow up should be undertaken to understand why.
Work with providers of supported housing to ensure that residents who no longer require the service can be moved on quickly	<ul style="list-style-type: none"> Consider how appropriate priority can be given to residents who are ready for move on or independent living Ensure all such residents receive housing advice and signposting to all housing options which would meet their housing needs 	Dec-17	Housing Customer Services Team	Complete	Existing and new Housing Allocations Scheme contains provisions to provide appropriate priority for applicants ready to move on from supported housing.
		Ongoing		On track	Each resident that approaches the Council who has been identified as being ready to move on, is provided with information on how to access both private rented and affordable accommodation.
Continue to engage with and develop the North Norfolk Early Help Hub	<ul style="list-style-type: none"> Monitor the NCAN request for support and monitoring system to inform a decision on the extension of the contract Expand membership of the hub to all appropriate agencies Increase awareness of the hub amongst all relevant organisations and groups 	Jul-17	Community Development Team/Early Help Steering Group	Complete	Contract extended for a further year.
		Ongoing	Early Help Hub	On track	Work to expand the Early Help Hub is an ongoing activity. The new Living Well - Social Prescribing and Living Well - Health and Wellbeing services are fully integrated into the Early Help Hub and are receiving and making referrals through the hub.
		Ongoing	Early Help Hub	On track	
	<ul style="list-style-type: none"> Monitor and respond to the conclusions of the ongoing review into the funding for supported housing and take any required action to protect existing and planned new provision which would be otherwise adversely impacted by the rent cap. Identify opportunities to meet older persons accommodation needs including the need for Housing with Care of all tenures Identify appropriate responses to the needs identified through the Joint Strategic Needs Assessment 	Ongoing	Housing Strategy Team/Integrated Housing Adaptations Team	Complete	Government has confirmed that supported housing will no longer be subject to a rent cap and that supported housing rents will remain in the welfare system. This has removed a significant barrier to the delivery of new schemes and provided certainty for existing schemes.
		Mar-19		On track	Recent Norfolk County Council information has confirmed the need for additional Housing with Care schemes and work is ongoing with Registered Providers to bring forward the Fakenham scheme and identify opportunities across the district for other schemes.
		Within 6 months of publication		Awaiting publication	

Work with Norfolk County Council and other funders to support the provision of new and existing supported housing and ensure the effective use of such provision to meet identified housing needs.	<ul style="list-style-type: none"> Identify new forms of accessible affordable housing. 	Mar-18	Integrated Housing Adaptations Team	Superseded Activity	As part of preparation of the new Local Plan it is proposed that all new homes will be accessible (built to Category 2 of Part M of Building Regulations) which will ensure new homes are easily adaptable to meet the need for accessible homes.
	<ul style="list-style-type: none"> Prepare specification for wheelchair accessible properties 	Nov-16		On hold	Focus on commitment and spend of increased DFG budget in 2017/18 has delayed this work stream. In the meantime Category 3 of Part M of Building Regulations provides a suitable criteria for wheelchair standard bungalows whilst Category 2 provides design features which accommodate wheelchair users (on the ground floor and entry level).
	<ul style="list-style-type: none"> Make the case for preventative funding 	Dec-16		On hold	Focus on commitment and spend of increased DFG budget in 2017/18 has delayed this work stream, but will be reviewed in 2018/19.
	<ul style="list-style-type: none"> Explore opportunities for cross over between health and care and support funding 	Apr-18		On track	The Council is delivering two services which are designed to reduce or prevent health and care interventions funded by Norfolk County Council (including Public Health).
Ensure that existing housing is of good quality					
Take appropriate enforcement action where a Category 1 Hazard exists and consider appropriate action where there are multiple Category Two Hazards	<ul style="list-style-type: none"> Review the Corporate Enforcement Policy and Environmental Health Enforcement Policy to reflect new provisions in relation to rogue landlords and letting agents and Rent Repayment Orders 	Prior to the provisions coming into force	Environmental Protection Team/Housing Strategy and Housing Customer Services teams	Some progress	Corporate Enforcement Policy updated in 2016, no further updates required. Environmental Health Enforcement Policy in process of being updated, awaiting response from all service areas before finalising document.
	<ul style="list-style-type: none"> Ensure all appropriate powers are used to address poor dwelling condition irrespective of tenure 	Ongoing	Environmental Protection Team	On track	Financial Penalties Policy approved by Committee allows officers to impose financial penalties of up to £30,000 as an alternative to prosecution for a range of offences within the Housing Act 2004.
	<ul style="list-style-type: none"> Ensure residents are aware of how to complain about the condition of their dwelling and the new provisions on retaliatory evictions 	Ongoing	Environmental Protection Team	On track	
Ensure all licensable HMO's are licensed and advice is provided in relation to the standards required for non-licensable HMO's	<ul style="list-style-type: none"> Maintain a register of licensed HMO's and undertake regular inspections as required 	Ongoing	Environmental Protection Team	On track	HMO reforms implemented under Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018. Nineteen HMOs meet new criteria for a Mandatory Licence (i.e. a dwelling occupied by five or more unrelated persons who share basic facilities).
	<ul style="list-style-type: none"> Identify and inspect non-licensable HMO's and provide appropriate guidance to owners/agents on required standards 			On track	
	<ul style="list-style-type: none"> Take appropriate action where required standards are not met 			On track	
Provide advice to owners of long term empty homes and take appropriate action where owners fail to bring the dwelling back into use or where the dwelling is a blight	<ul style="list-style-type: none"> Maintain and promote the Empty Property Matching Service 	Ongoing	Corporate Enforcement Team	On track	Continuing to advise owners of long term empty homes that the Empty Property Matching Service is an option available to them to sell the property. All new registrations are promptly activated.
	<ul style="list-style-type: none"> Take appropriate action to bring long term empty homes back into use through advice and support. 			On track	Continue to advise owners of their options, including the opportunity for reduced VAT in certain circumstances for properties empty in excess of two years.
	<ul style="list-style-type: none"> Use the most appropriate enforcement power where an owner will not engage to voluntarily bring the dwelling into use or where the property is a blight 			On track	Continually looking to identify and target properties that are, or are likely to become, a problem to the local community.
Explore ways to prevent blight as a result of coastal erosion	<ul style="list-style-type: none"> Consider and recommend appropriate policy responses in forthcoming Local Plan 	Dec-18	Coastal Partnership	On going	The Council's planning team is in discussion with other Norfolk and Suffolk coastal council's planning departments to share best practice.
	<ul style="list-style-type: none"> Identify initiatives and opportunities to prevent dwellings in coastal erosion zone being blighted resulting in reduction in the quality of dwellings 	Ongoing		On going	Discussions are ongoing with DEFRA regarding coastal adaptation and consideration is being given to a linked coastal adaptation strategy for Coastal Partnership East area.
Signpost residents at risk of or in fuel poverty to appropriate support and initiatives	<ul style="list-style-type: none"> Consider what support can be provided to households in fuel poverty 	Dec-16	Integrated Housing Adaptations Team	On hold	Focus on commitment and spend of increased DFG budget in 2017/18 and again in 2018/19 has delayed this work stream.
	<ul style="list-style-type: none"> Continue to support community switching initiatives 	Ongoing		On track	
	<p>NEW ACTIVITY Support the installation of first time central heating systems via the countywide Warm Homes Fund</p>	Aug-20	Integrated Housing Adaptations Team	Some progress	Delivery of the Warm Homes Fund is being led by Broadland District Council. The Council will signpost eligible households to the fund and support their application process, allowing residents to access funding to install first time central heating systems.

Last updated January 2019

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Agenda Item 15

Better Broadband for Norfolk (BBfN) – North Norfolk District Council Highlight Report November 2018

Reporting BBfN progress

This table demonstrates coverage has reached 90%. The table reports coverage provided via the Better Broadband for Norfolk rollout.

The table reports based on the State Aid defined speed above which State Aid cannot be deliberately applied – 15Mbps.

AVAILABLE FROM COMMERCIALY FUNDED ROLLOUTS	11%
AVAILABLE VIA BETTER BROADBAND FOR NORFOLK CONTRACT 1	63%
DELIVERED VIA CONTRACT 2 End Sept 2018	16%
WILL BE DELIVERED BY THE END OF CONTRACT 2 (June 2020)	2%
NO FIBRE SOLUTION PLANNED	8%
TOTAL COVERAGE End SEPT 2018	90%

Independent coverage data

Think Broadband			
Superfast UK (>24 Mbps):	86.97%	Below 2 Mbps (USC):	2.64%
Superfast EU (>30 Mbps):	85.94%	Below 10 Mbps (USO):	9.74%
Openreach (>30 Mbps):	85.94%	Below 15 Mbps:	10.27%
Ultrafast (>100 Mbps):	0.19%	Virgin Media Cable:	0.00%
Openreach FTTP (Native):	0.19%	FTTP or FTTH	0.19%

This information is from the independent Think Broadband website and shows coverage in North Norfolk. This website sources data from infrastructure suppliers and Internet Service Providers and includes data for all deployments, commercially funded and those using public subsidy.

A range of speeds are reported, the two key UK government measures are 24Mbps+ and the percentage of properties with access to a speed of less than 2Mbps.

This information allows the proportion of properties between 15Mbps and 24Mbps to be calculated – 2.8%

<http://labs.thinkbroadband.com/local/index.php?area=E07000147>

Openreach deployment



BBfN Contract 1 implemented 680 fibre cabinets across Norfolk to serve 42% of Norfolk properties, doubling coverage.

This second contract will implement over 1,100 further fibre structures to serve another 11% of Norfolk's properties.

By the end of March 2020, over £50 million of public sector investment via the Better Broadband for Norfolk programme will provide access to Superfast broadband for 95% of Norfolk properties.

The rollout is based on the cost to provide a specific fibre solution, divided by the number of properties that will benefit providing a per property cost. Funding is used on this basis, however District funding is only spent within that District.

To the end of September 2018 the second contract has implemented 74 new fibre cabinets and 8 Fibre to the Premises (FTTP) solutions across North Norfolk District Council which have provided access to fast broadband for over 8,750 North Norfolk District Council properties.

The order of the rollout continues to be based, on the most efficient possible, to ensure as many properties as possible have access to Superfast speeds by minimising deployment costs.

15 more cabinets and 20 Fibre to the Premises (FTTP) solutions have begun implementation in North Norfolk District Council and a further 49 surveys have been completed.

Useful Links

Use this link to check to see the speeds available at a property, via **Openreach** infrastructure:

<https://www.homeandbusiness.openreach.co.uk/fibre-broadband/when-can-i-get-fibre>

Search using your or telephone number or postcode and then select you address from the list. The screen will advise you on what is available or planned.

Use this link to see if a property is in a **Virgin Media** area:

<http://www.virginmedia.com/cablemystreet/>

This **Ofcom** website provides link to accredited comparisons websites where people can check to see the range of available broadband service packages:

<https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/costs-and-billing/price-comparison>

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

In the case of BT any development of 30 properties or more can benefit from a Fibre to the Premises solution at no cost to the developer:

<http://www.ournetwork.openreach.co.uk/property-development.aspx>

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

The **Better Broadband for Norfolk** website provides further information on the programme, including a new procurement which is expected to let a third contract early next year:

<http://www.betterbroadbandnorfolk.co.uk/can-i-get-fast-broadband/>

Government Broadband Subsidy Schemes

Any property that has access to a speed of less than 2Mbps and there is no confirmed fibre plan. Details and an on-line application form can be found at:

<http://www.betterbroadbandnorfolk.co.uk/better-broadband-subsidy-scheme/>

A new scheme aimed at businesses, offering up to £3,000 towards the cost of a Gigabit capable connection:

<https://gigabitvoucher.culture.gov.uk/>

Some more Norfolk stats

Take-up across Norfolk using the infrastructure provided by the first Better Broadband for Norfolk contract was 55% as at the end of September 2018.

Take-up for the second Better Broadband for Norfolk contract was 43% as at the end of September 2018.

In total 2,004 applications have been processed, for the Government's current Broadband Subsidy Scheme and 920 vouchers have been redeemed to provide an alternative infrastructure. This represents the highest level of voucher issue and second highest level of redemption of any individual county.

North Norfolk District Council
Cabinet Work Programme
For the Period 01 January 2019 to 31 March 2019

Decision Maker(s)	Meeting Date	Subject & Summary	Cabinet Member(s)	Lead Officer	Status / additional comments
February 2019					
Scrutiny	16 Jan 2019	2019/20 Base Budget and Projections for 2020/21 to 2021/23	Eric Seward	Duncan Ellis <i>Head of Finance & Assets</i> 01263 516330	
Cabinet Council	04 Feb 2019				
	13/27 Feb 2019				
Cabinet	04 Feb 2019	Treasury Strategy 2019/20	Eric Seward	Lucy Hume <i>Chief Technical Accountant</i>	
Scrutiny	13 Feb 2019				
Council	27 Feb 2019				
Cabinet	04 Feb 2019	Capital Strategy	Eric Seward	Lucy Hume <i>Chief Technical Accountant</i>	
Scrutiny	13 Feb 2019				
Council	27 Feb 2019				
Cabinet	04 Feb 2019	Investment Strategy	Eric Seward	Lucy Hume <i>Chief Technical Accountant</i>	
Scrutiny	13 Feb 2019				
Council	13/ 27 Feb 2019				
Cabinet	04 Feb 2018	Enforcement Update	Sarah Bütikofer Karen Ward	Nick Baker <i>Head of Paid Service</i> 01263 516221	
Scrutiny	13 Feb 2018				



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

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

North Norfolk District Council
Cabinet Work Programme
For the Period 01 January 2019 to 31 March 2019

Decision Maker(s)	Meeting Date	Subject & Summary	Cabinet Member(s)	Lead Officer	Status / additional comments
Cabinet Scrutiny	04 Feb 2018 13 Feb 2018	Digital Transformation Update	Sarah Bütikofer	Nick Baker <i>Head of Paid Service</i> 01263 516221	
Cabinet	04 Feb 2018	Local Plan Consultation	Karen Ward	Mark Ashwell 01263 516325	
Cabinet	04 Feb 2018	Sports Hubs	Hilary Cox	Rob Young 01263 516162	
March 2019					
Cabinet Scrutiny	04 Mar 2019 13 Mar 2019	Managing Performance Q3	Eric Seward	Helen Thomas <i>Policy & Performance Management Officer</i> 01263 516214	
Cabinet Scrutiny	04 Mar 2019 13 Mar 2019	Budget Monitoring Period 10	Eric Seward	Duncan Ellis <i>Head of Finance & Assets</i> 01263 516243	
TBC					
Cabinet		Car Park order – North Walsham	Sarah Butikofer	Karl Read <i>Leisure & Locality Services Manager</i>	



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

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North Norfolk District Council
 Cabinet Work Programme
 For the Period 01 January 2019 to 31 March 2019

				01263 516002	
		Big Society Fund – review of future options		Robert Young	
		Deep History Coast		Robert Young	
		Unauthorised encampment protocol		Steve Hems	



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

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

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OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME 2018/2019
Annual Work Programme

February 2019				
Scrutiny	Housing Strategy Update – to include links to local plan	Nicola Turner Karen Ward	To provide an update on housing strategy/progress	
Cabinet Report	Capital Strategy 2019/20	Eric Seward Duncan Ellis	To outline the capital management strategy	Annual
Cabinet Report	Treasury Strategy 2019/20	Eric Seward Duncan Ellis	To outline the treasury management strategy	Annual
Cabinet Report	Investment Strategy 2019/20	Eric Seward Duncan Ellis	To outline the investment management strategy	Annual
Cabinet report	Enforcement Board Update	Nick Baker Sarah Bütikofer	To provide an update on the activity of the enforcement board	Cyclical
Scrutiny	Update on Broadband (briefing paper)	Karen O’Kane	To provide an update on the broadband provision across the district	Cyclical – Six monthly
March 2019				
Full Council Report	Managing Performance Q3	Helen Thomas Sarah Bütikofer	To review the performance of the Council	Cyclical - Quarterly
Scrutiny	Visit North Norfolk/Tourism Update	Stuart Quick Nigel Dixon	For representatives to provide an update to the Committee on tourism in the district.	Requested by the Committee
Full Council Report	Budget Monitoring Period 10	Duncan Ellis Eric Seward		Cyclical
Scrutiny	Leisure Services – Written Update	Karl Read Hillary Cox		Committee to confirm

April				
Scrutiny	Mental Health update – to include a presentation on the work of the Early Help Hub	Sonia Shuter	To provide an update on mental health services and provision across the district (mental health professional to attend)	6 months (March 2018)
	Annual Action Plan	Helen Thomas		Annual
Scrutiny	Review of public transport provision in the District		To provide an update on the public transport provision in the district	Annual update
Cabinet report	North Norfolk Big Society Fund Annual Update	Sarah Bütikofer? Sonia Shuter	To provide an annual update to the Committee on the work of the BSF	Annual

TBC				
Scrutiny	Recycling Rapid Review	Nigel Lloyd Steve Hems Scott Martin	To carry-out a high level review into the recycling services of NNDC	TBC
Scrutiny	Waste Update	Nigel Lloyd Scott Martin	To provide an update on the current waste contract/service	Cyclical - Six monthly
Scrutiny	Market Towns Initiative – process review	Matt Stembrowicz	For the Committee to review the process of the MTI fund	
Scrutiny	Housing Rapid Review – scoping Session	Nicola Turner(?) Karen Ward	Date TBC	TBC
Scrutiny	Digital Transformation Update	Sarah Bütikofer Sean Kelly	To provide an update on the progress of the digital transformation strategy	Cyclical - Six monthly