Agenda

CABINET

Members of the Cabinet	Portfolio
John Fuller (Chairman)	The Economy and External Affairs
Mr M Edney (Vice Chairman)	Growth and Resources
Mrs Y Bendle	Housing, Wellbeing, Leisure and Early Intervention
Mr K Kiddie	Stronger Communities
Mrs K Mason Billig	Shared Services, Waste and Recycling
Mrs L Neal	Regulation and Public Safety

Date
Monday 4 February 2019

Time
9.00 am

Place
Colman and Cavell Rooms
South Norfolk House
Cygnet Court
Long Stratton
Norwich
NR15 2XE

Group Meetings

Conservatives: Cabinet Office	8.00 am
Liberal Democrats: Blomefield Room	8.15am

Contact
Claire White tel (01508) 533669

South Norfolk District Council
Cygnet Court
Long Stratton Norwich
NR15 2XE

Email: democracy@s-norfolk.gov.uk
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This meeting may be filmed, recorded or photographed by the public; however anyone who wishes to do so must inform the Chairman and ensure it is done in a non-disruptive and public manner. Please review the Council's guidance on filming and recording meetings available in the meeting room.

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

Large print version can be made available

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communication for all

Agenda

1. **To report apologies for absence;**

2. **Any 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. Urgent business may only be taken if, "by reason of special circumstances" (which will be recorded in the minutes), the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency;**

3. **To Receive Declarations of Interest from Members** (please see guidance – page 4)

4. **To confirm the minutes of the meeting of Cabinet held on Monday 7 January 2019** (attached – page 6)

5. **Performance, Risk, Revenue and Capital Budget Position Report for Quarter Three 2018/19** (report attached – page 12)

6. **2019/20 Budget Consultation** (report attached – page 71)

7. **2019/20 Business Plan** (report attached – page 75)

8. **Capital Strategy 2019/20 to 2023/24** (report attached – page 112)

9. **Revenue Budget, Capital Programme and Council Tax 2019/20** (report attached – page124)

10. **Treasury Management Strategy Statement 2019/20** (report attached – page 169)

11. **Waste Re-Optimisation** (report attached – page 210)
    Please note: This item has been withdrawn.

12. Senior Management Recruitment and Appointment Arrangements
(report attached – page 216)

13. Council Tax (Empty Dwellings) – Changes to Premium Rates
(report attached – page 227)

14. Council Tax Local Discount for Care Leavers (report attached – page 231)

15. Discretionary Rate Relief Guidelines (report attached – page 237)

16. Cabinet Core Agenda (report attached – page 257)

DECLARATIONS OF INTEREST AT MEETINGS

When declaring an interest at a meeting Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest. Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting. Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.

<table>
<tr><td>Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.</td></tr>
<tr><td>Does the interest directly:
1. affect yours, or your spouse / partner’s financial position?
2. relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?
3. Relate to a contract you, or your spouse / partner have with the Council
4. Affect land you or your spouse / partner own
5. Affect a company that you or your partner own, or have a shareholding in

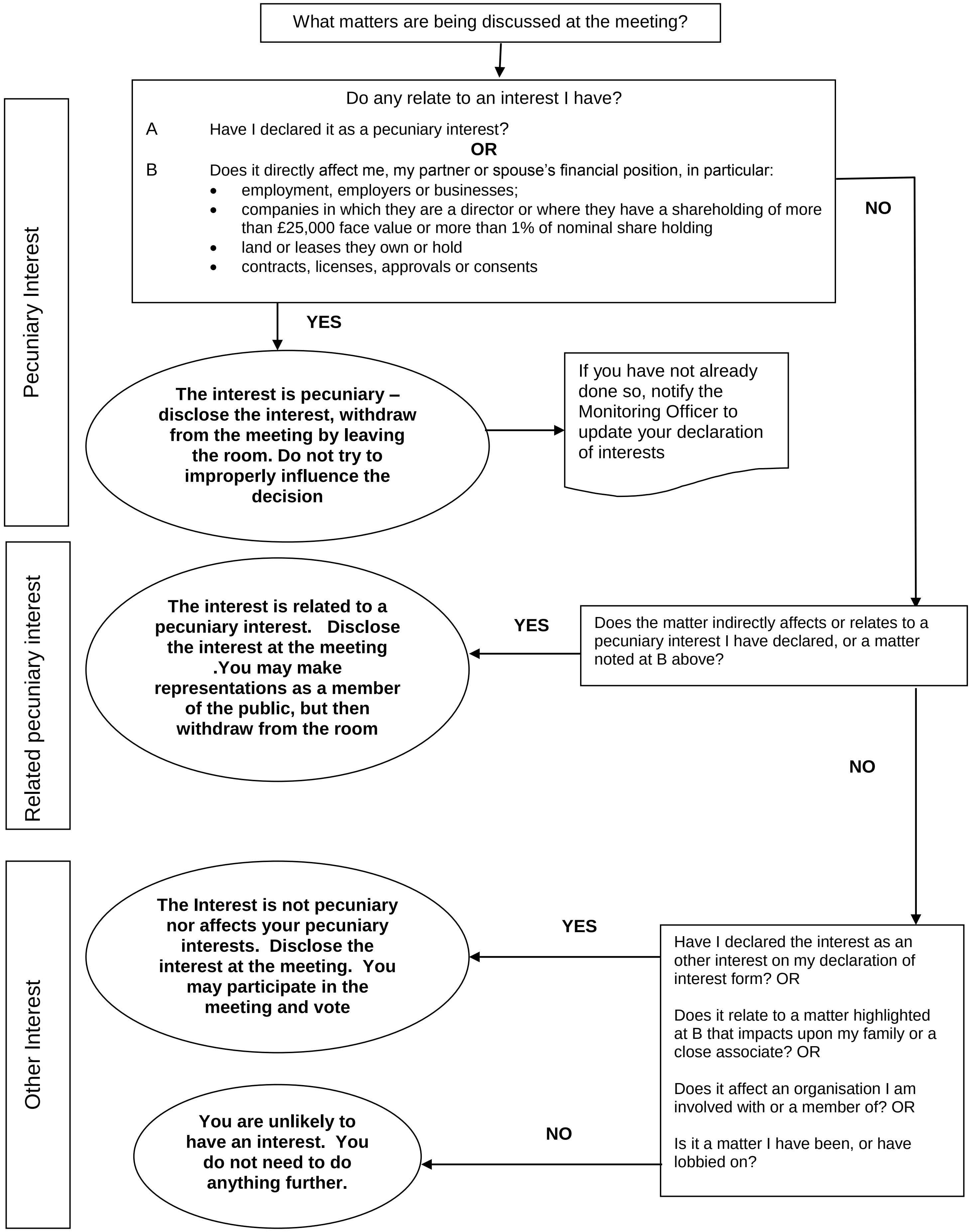
If the answer is “yes” to any of the above, it is likely to be pecuniary.

Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.</td></tr>
<tr><td>Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?

If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.</td></tr>
<tr><td>Is the interest not related to any of the above? If so, it is likely to be an other interest. You will need to declare the interest, but may participate in discussion and voting on the item.</td></tr>
<tr><td>Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.</td></tr>
</table>

FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF.
PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER IN THE FIRST INSTANCE

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



South Norfolk COUNCIL

CABINET

Minutes of a meeting of the Cabinet of South Norfolk District Council held at South Norfolk House, Long Stratton on Monday 7 January 2019 at 9.00am.

Members Present:

Cabinet:	Councillors:	J Fuller (Chairman), M Edney, Y Bendle, K Kiddie and L Neal
Apologies:	Councillors:	K Mason Billig
Non-Appointed	Councillors:	D Bills, F Ellis, M Gray, T Lewis, G Minshull and V Thomson
Officers in Attendance:	The Managing Director (T Holden), the Director of Communities and Wellbeing (J Sutterby), the Director of Growth and Business Development (D Lorimer), the Head of Business Transformation (H Ralph), the Head of Governance and Monitoring Officer (E Hodds), the Head of Planning (P Courtier), the Housing Standards and Community Protection Manager (T Cook), the Group Accountant (J Brown) and the Senior Planning Officer (S Marjoram)	

2688 WELCOME TO TREVOR HOLDEN

The Chairman welcomed the Council's new Managing Director, Trevor Holden, to his first Cabinet meeting for South Norfolk Council. The Chairman looked forward to working with Mr Holden, and the new challenges that lay ahead through collaborative working with Broadland. He felt this was an exciting time and a real opportunity to realign how district councils could work and become an exemplar for best practice in Local Government.

The Managing Director agreed that this was a fantastic opportunity for the Council to be smart and different through its collaborative work, impacting positively on residents, and he referred in particular to the need to improve social mobility in the area. He looked forward to the challenges ahead, suggesting that there would be a need for compromise by all along the way. He had been impressed with the positive attitudes of staff across both South Norfolk and Broadland Councils and he stressed the importance of pressing ahead with staff restructures, so that the focus for both Councils, could be on residents and external matters.

2689 SHARED SERVICES, WASTE AND RECYCLING PORTFOLIO

The Chairman reminded members that Cllr K Mason Billig was taking a break from her councillor responsibilities, due to a family bereavement. Cabinet expressed its sincere sympathies to Cllr Mason Billig.

The Chairman informed the meeting that in Cllr Mason Billig’s absence, both Cllrs K Kiddie and L Neal would be taking on portfolio responsibilities relating to waste and recycling.

2690 MINUTES

The minutes of the meeting of the Cabinet held on 10 December 2018 were confirmed as a correct record and signed by the Chairman.

2691 IMPACT OF LOCAL GOVERNMENT FINANCE SETTLEMENT ON THE MEDIUM TERM FINANCIAL STRATEGY

Members considered the report of the Accountancy Manager, which updated Cabinet on the results of the provisional Local Government Finance Settlement, announced on 13 December 2018.

The Group Accountant outlined the key issues in the report, drawing attention to the positive impact of the settlement on the Council. Members noted that the settlement was better than expected, and that the Council was £1.25 million better off when compared to the Medium Term Financial Strategy approved by Cabinet back in February 2018. This was due to a combination of the settlement and the strong performance on new homes built, which in turn increased the amount of New Homes Bonus received. The Council had delivered a total of 1,145 new homes, including a record number of 290 affordable homes, resulting in the New Homes Bonus being £103k higher in 2019/20, than in 2018/19.

Members were reminded that the £636k benefit from the 75% Business Rates Pilot and the £47k from the national levy surplus, were one off gains that should not be factored in to the Council’s base budget and attention was drawn to the proposal to add the gains from the Business Rates Pilot to general reserves in 2019/20.

Regarding Homelessness Prevention, members noted that the settlement had confirmed that there would be no separate funding allocation for this work, and that the Council would need to fund more of its homelessness work, from its own income.

In response to queries, the Group Accountant confirmed that these were only indicative figures, and that there was a small risk that the final figures would change. Members noted that an updated Medium Term Financial Strategy would be presented to Cabinet in February, incorporating details of the settlement.

It was then

RESOLVED: To

1) Agree that the one-off financial benefit from participation in the Business Rates Pilot should be added to general reserves in 2019/20.
2) Note the report and the impact on the Medium Term Financial Strategy.

The Reason for the Decision

As some of the gains were for one year only, it was felt prudent for some of the additional funding to be added to general reserves for 2019/20

Other Options Considered

None.

2692 GREATER NORWICH JOINT 5-YEAR INFRASTRUCTURE INVESTMENT PLAN 2019/20 – 2023/24 AND THE ANNUAL GROWTH PROGRAMME 2019/20

Members considered the report of the Head of Planning, which sought member endorsement for the Greater Norwich Joint Five-Year Infrastructure Investment Plan (5YIIP) for 2019/20 to 2023/24, and the Annual Growth Programme (AGP) for 2019/20.

The Senior Planning Officer presented the report to members, explaining that the 5YIIP and the AGP was being considered by the Greater Norwich authorities, before returning to the Greater Norwich Growth Board (GNGB) for consideration in February. Members noted that due to a shortfall in Community Infrastructure Levy (CIL), only a limited 2019/20 AGP was proposed. The Senior Planning Officer informed members that a review of CIL for Greater Norwich would be considered at a future meeting of the GNGB.

Members' attention was drawn to the progress on a number of projects that had already been funded. Cabinet was also pleased to note that initial works were due to commence that very day on the new roundabout at the Hempnall crossroads.

During discussion, the Chairman stressed the need for a review of CIL for Greater Norwich, and the importance of collecting maximum amounts from the best sites. He acknowledged that there were concerns regarding the implications of Norwich City Council's newly adopted policy to allow CIL exemptions in certain instances, and advised that a report from Norwich City Council would be made to the February GNGB meeting, concerning the implications of its CIL exemption proposals. Members noted that South Norfolk Council's Scrutiny Committee would also be considering the matter at its next meeting on 23 January 2019.

With regard to queries concerning the new proposed development at Anglia Square in Norwich, the Joint Head of Planning explained that the developers were awaiting a decision from the Secretary of State, as to whether or not the decision would be called in and a public inquiry held. Members noted that the developer could not make an application for an exemption from CIL, until the planning decision had been issued.

It was then

RESOLVED: **TO RECOMMEND THAT COUNCIL** endorses the Greater Norwich Joint 5-Year Infrastructure Investment Plan (5YIIP) for 2019/20 to 2023/24 and agrees the Annual Growth Programme (AGP) for 2019/20, for consideration at the next meeting of the Greater Norwich Growth Board (GNGB).

The Reason for the Decision

To ensure that projects are appropriately prioritised and that sufficient funds are available to cover commitments within the agreed Programme.

Other Options Considered

None.

2693 SUPPORTING INDEPENDENCE – DISABLED FACILITY GRANTS

Members considered the report of the Housing Standards and Community Protection Manager, which advised members on the recommendations of the recent national review of Disabled Facility Grants (DFGs) and the injection of additional funding, and sought member approval for three schemes to assist vulnerable residents.

The Housing Standards and Community Protection Manager presented his report, explaining that a recent national review of Disabled Facility Grants had resulted in 31 recommendations, against which the Council performed strongly. This position of strength was mainly down to a South Norfolk led review of the Norfolk Disabled Facility Grant process and a Norfolk wide journey of improvement that had first commenced back in 2011. The Council continued to strive to improve, and this approach had ensured that processes were ahead of many other local authorities.

Members noted that the Government had recently awarded the Council an additional £96,000 DFG for 2018/19, and the Housing Standards and Community Protection Manager outlined schemes relating to three priority areas; winter deaths, hospital avoidance, and dementia, where it was proposed that the additional funding be allocated.

Cllr Y Bendle, the portfolio holder, commended the report and the recommendations to members, and Cabinet expressed its support for the three schemes outlined. With reference to the Going Home Pack, the Chairman suggested that the wording concerning time limits be softened, so that cases could be considered on a case by case basis, as opposed to a strict 12-week period, and this amendment was agreed by officers.

It was

RESOLVED: To agree to allocate the £96,000 recently awarded by the Government to support the schemes detailed in this report.

The Reason for the Decision

To ensure that the additional funding is used in priority areas where the Council's interventions can make the biggest difference.

Other Options Considered

To allocate the additional funding in to the general DFG budget.

2694 2019-20 COUNCIL TAX SUPPORT SCHEME

Members considered the report of the Housing and Benefit Manager which reviewed the Council Tax Support Scheme and proposed no changes for 2019/20.

The Housing and Benefit Manager presented his report, and advised members that the Housing Wellbeing, Leisure and Early Intervention Policy Committee had also considered the proposals and had been satisfied that the current scheme remained fit for purpose. Members noted the scheme's ethos was to encourage work, and to protect those that could not, whilst remaining as simple as possible to administrate.

The Housing and Benefit Manager explained that a public consultation had taken place, and although the response rate had been low, no negative feedback had been received with regard to the current scheme.

Cllr Y Bendle commended the report, reminding members that the hardship fund was in place as a safety net for one-off cases, and that its introduction had been the start of the Council's early help approach. She added that the following year, a more robust review of the Council Tax Support Scheme was required, to take account of any implications resulting from the roll out of universal credit.

It was

RESOLVED: **TO RECOMMEND TO COUNCIL** that it keeps the Council Tax Support Scheme in its current form for a further 12 months.

The Reason for the Decision

To ensure a scheme that remains fit for purpose.

Other Options Considered

None.

2695 CABINET CORE AGENDA

Members noted the latest version of the Cabinet Core Agenda.

(The meeting concluded at 10.01 am)

Chairman

Agenda Item: 5
Cabinet
4 February 2019

PERFORMANCE, RISK, REVENUE AND CAPITAL BUDGET POSITION FOR QUARTER THREE 2018/19

Report Author(s): **Finance**: Matthew Fernadez-Graham (Accountancy Manager)
01508 533982, mgraham@s-norfolk.gov.uk

Performance: Emma Pepper (Business Improvement Lead)
01508 533656, epepper@s-norfolk.gov.uk

Risk Management: Emma Goddard (Senior Governance Officer)
01508 533943, egoddard@s-norfolk.gov.uk

Portfolio: Growth and Resources

Ward(s) Affected: All

Purpose of the Report: This report details the Council's performance against strategic measures, risk position and financial position for the third quarter of 2018/19, and seeks approval for other consequential matters.

Recommendations:

It is proposed that Cabinet:

a) Notes the 2018/19 performance for the quarter and the combined efforts across the Directorates to deliver the vision of the Council (detail contained in Appendix 1).
b) Notes the current position with respect to risks and accepts the actions to support risk mitigation (detail contained in Appendix 2).
c) Notes the capital and revenue position and the reason for the variances on the General Fund (detail contained in Appendix 3 & 4).
d) Agrees to the use of the capital budget to fund the purchase of an additional home on Rosebery Park for rental by Big Sky Property Management Limited as outlined in 2.4.

1. SUMMARY

1.2 **Performance**: In February 2018, Cabinet approved the annual Corporate Business Plan for the 2018/19 financial year which included a set of strategic measures aligned to our corporate priorities. These measures are monitored and reported on a quarterly basis to Cabinet. Appendix 1 provides the detailed performance report for quarter 3. The table below provides a summary.

	Totals
Green Indicator	**26 Measures met or exceeded the target.**
Amber Indicator	**1 Measures are within an acceptable tolerance of target.**
Red Indicator	**2 Measures did not reach the stretched target.**
Baseline	**6 Measures are being 'baselined' in order to determine the target.**

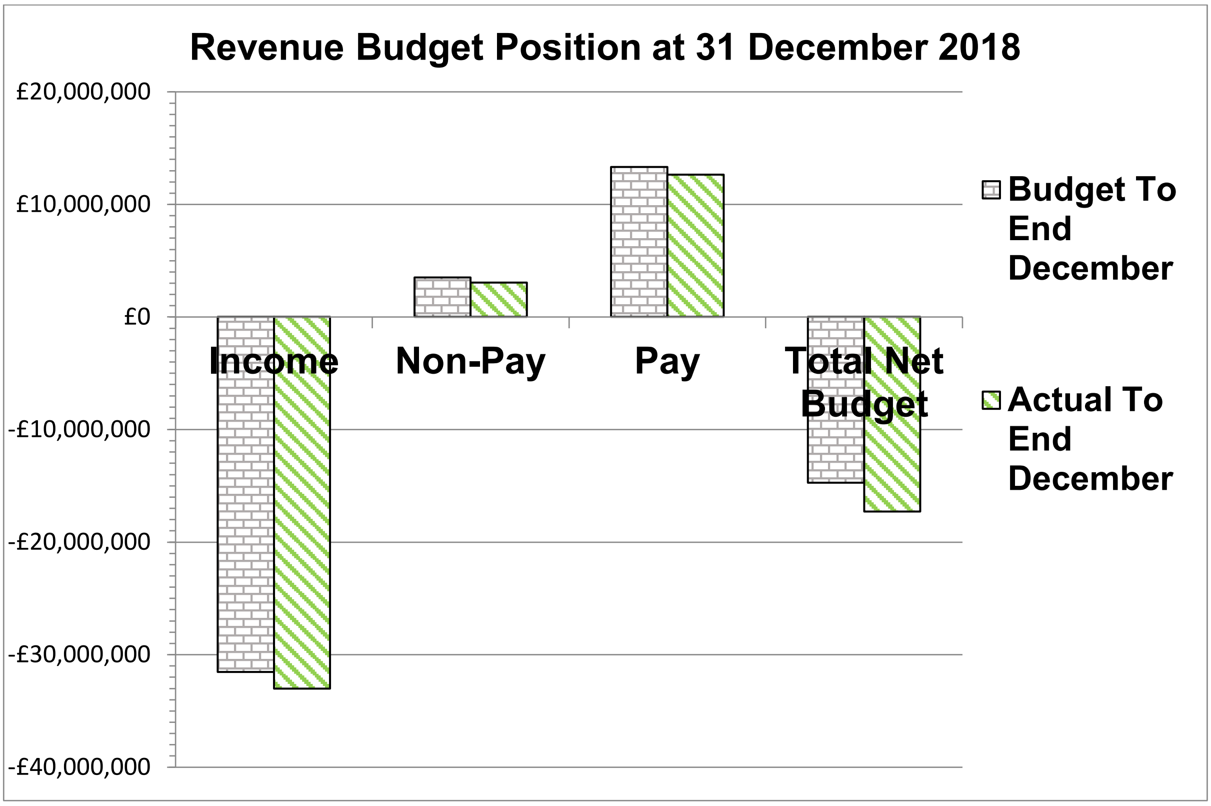
1.3 **Risk Management:** Managers have undertaken a review of all Strategic, Directorate and Operational risks. In light of this, the current organisational capacity position is highlighted below; this demonstrates that at present all risk factors are positive, indicating the Council is proactively managing risks and capable of realising opportunities as they are identified. The table below presents a position that will assist the organisation achieve its ambitious targets for the future. The Strategic Risk Register is outlined in Appendix 2.

Capacity Indicator	Present Position	Present Risk Acceptability
Financial	The Medium Term Financial Strategy to be agreed in February 2019 shows that the Council's Budget is balanced until 2022/23.	+
Service Delivery	The Council continues to perform strongly against its suite of strategic performance indicators. The quarter 3 position 2018/19 is favourable with only two measures not meeting its target.	+
Legal / Compliance	No significant legal / compliance issues have been raised over the past quarter and the status remains the same.	+

Capacity Indicator	Present Position	Present Risk Acceptability
Reputation	The Council continues to have good reputation locally and nationally	+
Human Resources Capacity	This remains strong and Corporate Management continues to be in a position to drive the Council forward. The Council continues to ensure that it has the right skills and resources in place to fulfil the needs of the organisation, with a view for a new joint senior structure to be in place in April 2019.	+

1.4 **Revenue Position Quarter Three:** The total net budget to the end of December was (£14,716k). The actual total expenditure, net of income and excluding Housing Benefit payments, was (£17,332k). This therefore produced a positive variance against the revenue budget of £2,575k. The variance has risen since Quarter 2, owing in particular to a large increase in planning income from major applications, resulting in a £458k increase in the income variance on development management. The position at the end of December is set out in the graph below.

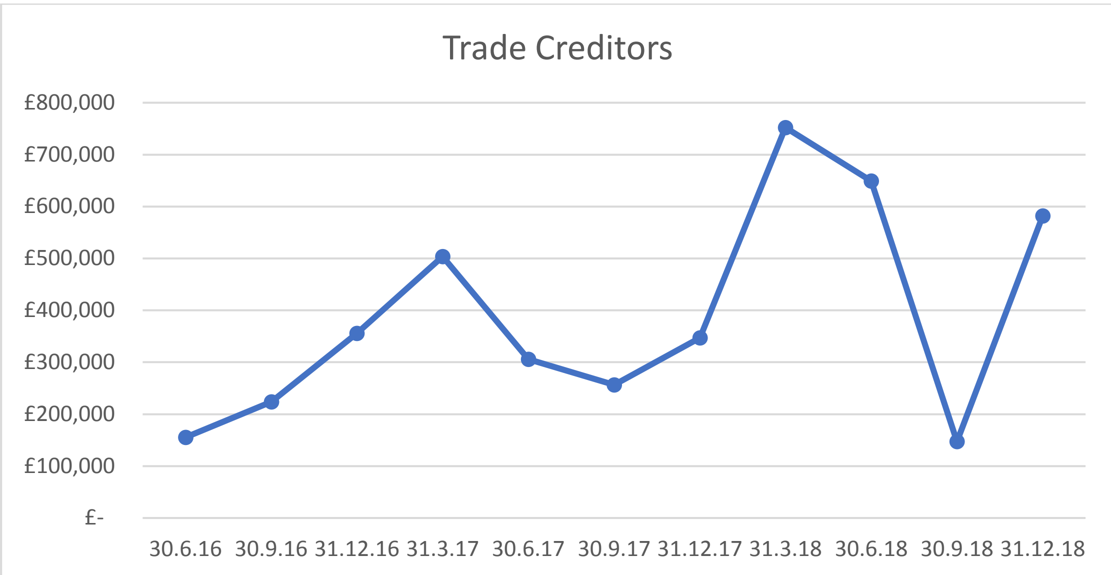
A more detailed analysis of the main areas of variance by service is attached as Appendix 3. These variances are the direct costs of each service and exclude recharging between services for overheads, depreciation charges and technical financial adjustments required for statutory reporting purposes at the end of the financial year.



1.5 **Pay and staffing budgets:** There have been vacancies in several areas across the Council, as outlined in Appendix 3. Recruitment processes are ongoing, but interim staffing arrangements in these areas did not fully offset the savings from vacancies. In some cases, vacancies have been held open pending review. The overall position on staffing budgets at the end of December is a positive variance of £675,000. This represents 5.07% of the pay and staffing budget, which is lower than the proportion for quarter 2 last year (6.62%).

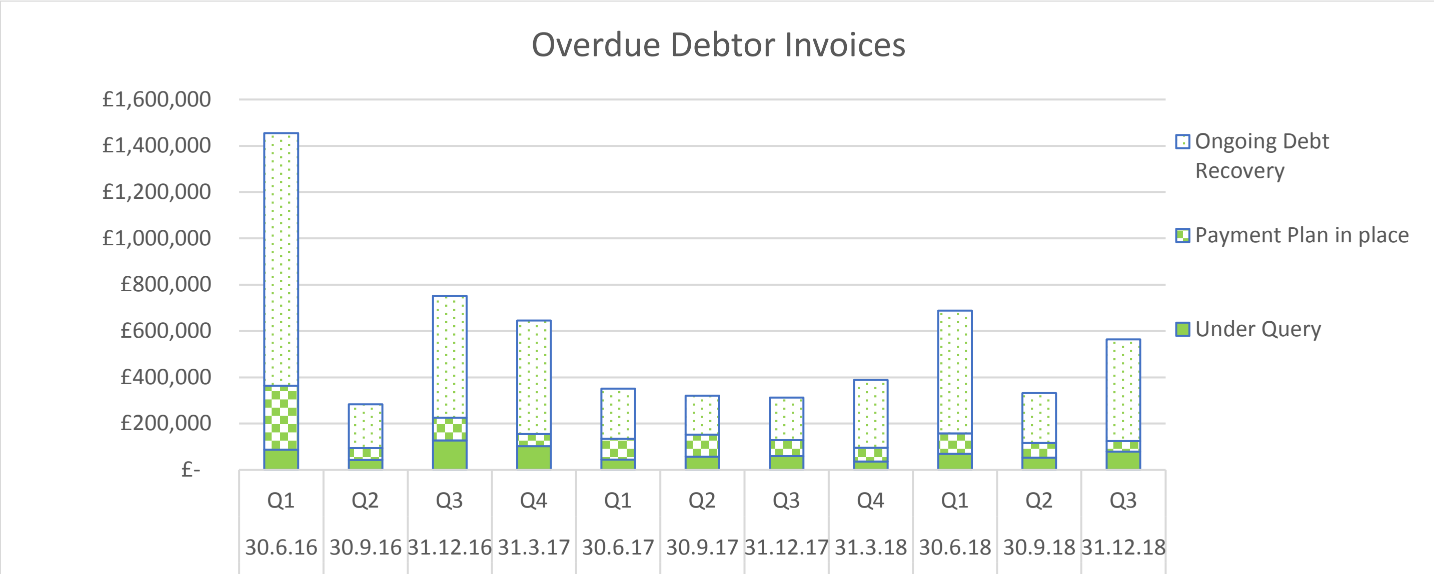
1.6 **Non Pay budgets:** these were reduced for 2018/19 as part of budget setting. Overall, there was lower than budgeted non-pay expenditure across the Council, resulting in a positive variance of £437,000. This represents 12.48% of the non-pay budget, which is considerably higher than the proportion for quarter 3 last year (7.35%). However, over 70% of this positive variance (£325,000) reflects the fact that the Council has not yet had to borrow externally and therefore has not spent anything on interest payments and the variance excluding this element would reduce to 3.19%. This is a positive outcome from the Council's strategy of delaying external borrowing as long as possible by using its own cash.

Performance on payments is shown in the graph below which shows the total value of invoices approved on the finance system but not yet paid (these are referred to as 'Trade Creditors'). The Council pays most of its suppliers within 30 days. 96.8% of all undisputed supplier invoices have been paid within 30 days for the year to date.



1.7 **Income Budgets:** these were increased as part of budget setting to reflect higher demand and increases to most fees and charges. Overall income was £1,463,000 higher than budgeted across the Council. This represents a positive variance of 4.64% of the income budget, which is greater than the proportion for quarter 3 last year (which was a negative variance of 2.24%). There is a positive variance on business rates income of £465k, reflecting the fact that overall NNDR receipts continue to be ahead of the 2017/18 position. Major planning applications in Q3 have resulted in a positive income variance of £615k for development management. These two factors together account for 74% of the total income variance.

1.8 Trade Debtors are all invoices raised by the Council and where we are awaiting payment. Performance on overdue invoices for Quarter 3 compared to historic performance since 2016/17 is shown in the graph below. These invoices include charges for CNC Building Control, Community Infrastructure Levy, Rent Assisted Deposits and charges for Sewerage Services. £1,456,620 has been raised in the current financial year in relation to Community Infrastructure Levy (CIL).

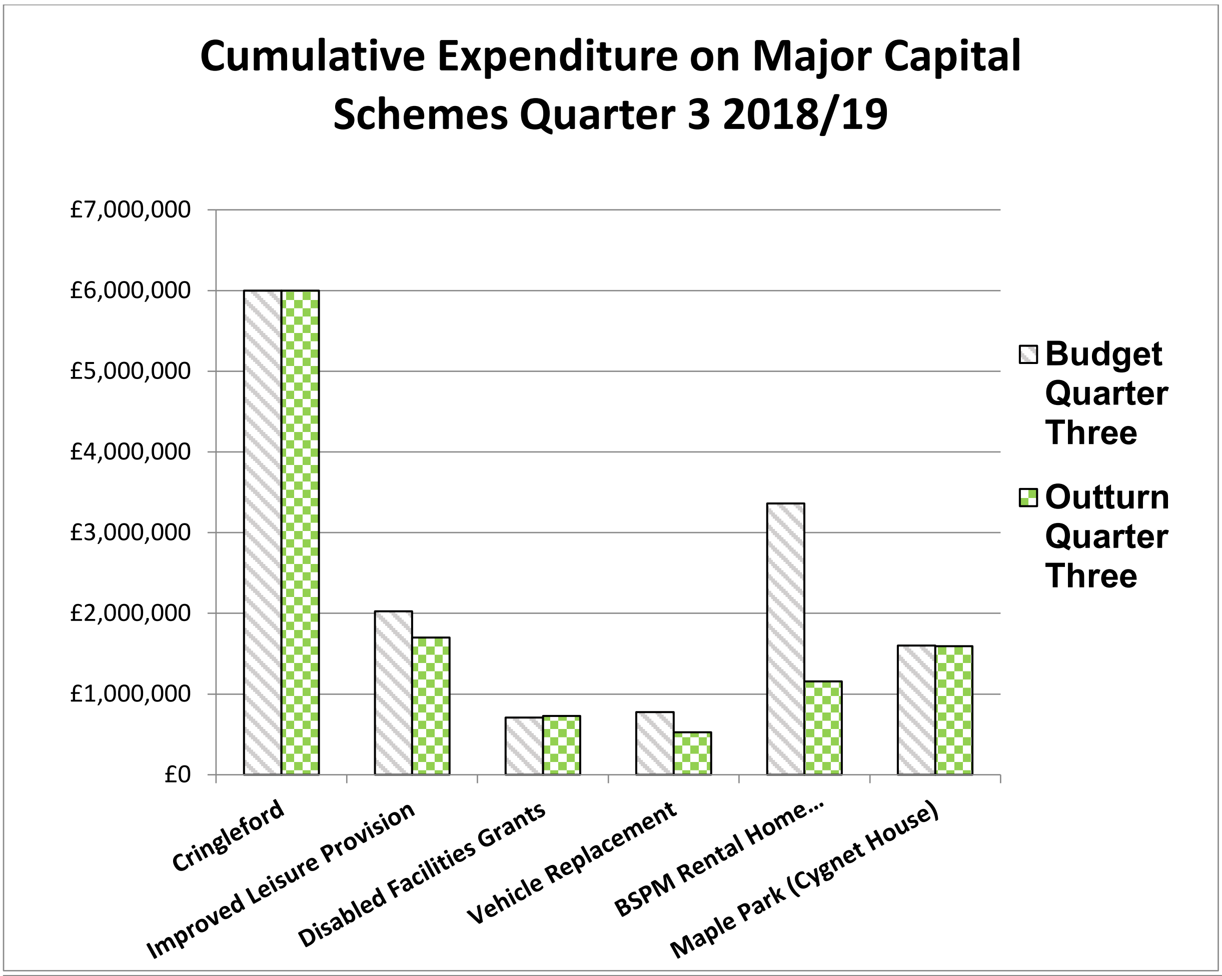


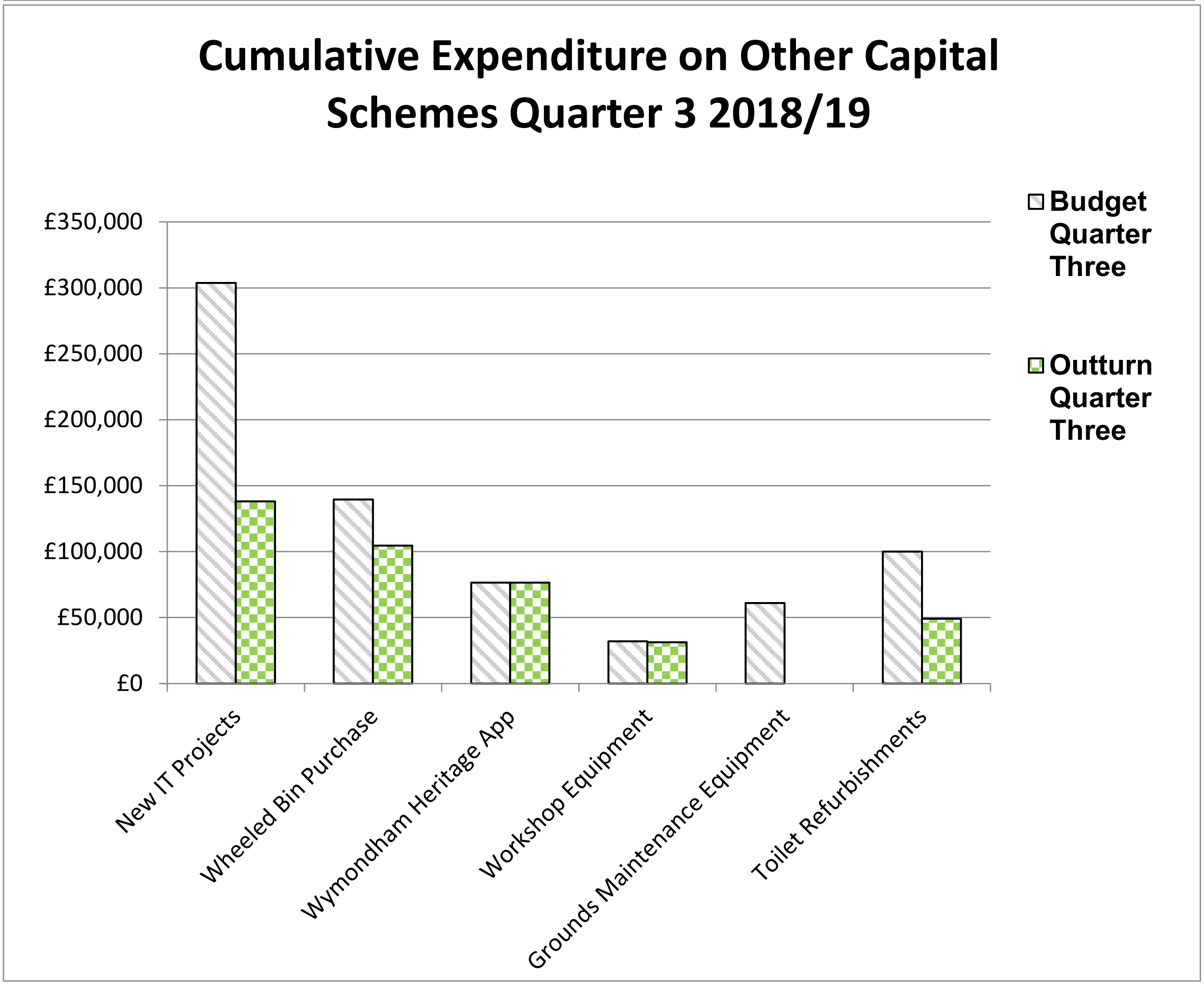
1.9 **Capital Budget and Expenditure Quarter Three:** The report details the overall position on the Capital Programme. Expenditure to the end of December was £12.232 million compared to a budget of £16.046 million.

1.10 The anticipated year end outturn for capital expenditure is £15.388 million compared to a budget of £47.74 million. Substantial slippage is expected and is currently estimated at some £32.128 million, which is shown below.

Norwich Research Park Enterprise Zone Infrastructure	£12,540,000
Norwich Research Park Enterprise Zone Office	£5,000,000
Other Property/Economic Development Investment	£5,000,000
Strategic Economic Development	£4,468,000
BSPM Rental Homes on new sites	£3,321,998
Poringland Phase 2 Commercial	£750,000
Ketts Park (Tennis Facilities)	£387,000
Refurbishment of Tennis Courts - Long Stratton	£230,000
Ketteringham Depot Improvements	£211,500
Other	£219,431
Total	**£32,127,929**

1.11 The two graphs below show the variances on the 2018/19 capital programme as at Q3. Major variances are reported in Appendix 4.


Cumulative Expenditure on Major Capital Schemes Quarter 3 2018/19
£7,000,000
£6,000,000
£5,000,000
£4,000,000
£3,000,000
£2,000,000
£1,000,000
£0
Cringleford
Improved Leisure Provision
Disabled Facilities Grants
Vehicle Replacement
BSPM Rental Home...
Maple Park (Cygnet House)
Budget Quarter Three
Outturn Quarter Three


Cumulative Expenditure on Other Capital Schemes Quarter 3 2018/19
£350,000
£300,000
£250,000
£200,000
£150,000
£100,000
£50,000
£0
New IT Projects
Wheeled Bin Purchase
Wymondham Heritage App
Workshop Equipment
Grounds Maintenance Equipment
Toilet Refurbishments
Budget Quarter Three
Outturn Quarter Three

2. Combined Performance, Risk and Financial Commentary by Corporate Priority

Economic Growth, Productivity and Prosperity

Providing the environment to stimulate growth, productivity and prosperity, sharing the benefits of growth with our communities.

2.1 Economic Development

The number of new business start-ups supported (LI 613) has already exceeded our year-end target of 75 having already achieved 94 by the end of Q3.

The Council is currently in discussions with the New Anglia LEP and partners about the funding of infrastructure on the Norwich Research Park and the results of related planning applications. It is now expected that the infrastructure investment will be phased over a longer period and no capital expenditure or borrowing is now expected in 2018/19. There has been progress on marketing the Zone with the appointment of specialist agents to undertake this activity. With regard to the management of the Strategic Risk relating to the Enterprise Zone, a key tenant has been secured for a planned building on the enterprise zone, which the Council will manage as a joint venture with the LEP. Awaited funding has been received to allow work to begin on the Transport Strategy and a funding package has been agreed in principle for subsequent phases of infrastructure work.

Performance relating to the number of apprenticeships placements available in our local business (EG 1605) has continued to exceed our target with a further 106 being advertised in South Norfolk during Q3.

South Norfolk Council in Q3 had 31 apprentices registered with the National Apprenticeship Service and agreement for 3 more apprentices waiting to start their apprenticeship programme so we’re on track to meet 36 employed by 2020.

Having already exceeded our external funding target of £1m (LI 758). we have continued to attract external funding this quarter totalling a further £541k. This includes £50k to undertake a Transport strategy review for the NRP alongside £56k to deliver vehicle charging points.

2.2 Business Rates

Performance on non-domestic rates collected (BV010) in quarter 3 has again exceeded its target. The team continue to identify new and modified properties which means that the rateable value recorded on our tax base continues to increase.

There is an overall positive variance of £465,000 on South Norfolk Council's share of NNDR (business rates) income. South Norfolk Council's share of NNDR (business rates) income is higher than anticipated when the budget was set owing to higher than budgeted receipts to date including greater compensation from central government for mandatory reliefs. This has more than offset the adverse impact of appeals on retail businesses in the district. Income from businesses on the Norwich Research Park Enterprise Zone is included in this variance and this income will need to be transferred to the Enterprise Zone Reserve at year end.

Norfolk Councils were successful in their joint bid to MHCLG to establish a one-year pilot for 75% retention of business rates for 2019/20 as detailed in the 2019/20 budget report elsewhere on this agenda.

2.3 Property Development and Management

Overall the indicator for percentage of rental income returned from our property investments has again exceeded quarter 3 target (LI358), 96% of occupancy remaining at Crafton House. Marketing at Trumpeter House (Long Stratton) continues, occupancy is at 16% with Big Sky moving in during December. The Lodge refurbishment on Maple Park has commenced and is due to have been completed in January. This assists in mitigating the Strategic Risk (S6) relating to property development and associated income.

Furthermore, in relation to residential dwelling developed through Big Sky Developments (EG1601a), only 5 properties remain at Rosebery Park (3 shared equity and 2 open market) and a further 6 open market dwellings are left to sell at Maple Park, where a further 3 are reserved and awaiting exchange.

Work is progressing at pace with Cringleford with 9 reserved matters applications being submitted just before Christmas. There was an information event held at the Willow Centre in Cringleford on the 22nd January. Looking forward to 19/20, Big Sky Developments will be starting on site in Q1 with the access road from the Round House Roundabout. In Q2 it will start the first phase of infrastructure and the first phase of residential development.

At its meeting on 5th November 2018, Cabinet agreed that Big Sky Developments could have an ongoing "overdraft" facility of £2,000,000, to be charged at 6%. BSDL is carefully managing its cash and has only called on £500,000 of this facility for working capital purposes. It anticipates being able to repay this by the end of this financial year, subject to progress on the sale of the remaining properties.

There is a positive variance of £3.322m predicted on the budget for Big Sky Property Management to purchase further properties to rent. It is possible that Big Sky Property Management may seek to use this budget to purchase one further property on Rosebery Park, should no market buyer be found. Cabinet is requested to agree this approach which ensures that the property is not left vacant and begins to generate an income.

2.4 CNC Building Control

CNC has continued to see a positive increase in fee earning income again this quarter and has met the Q3 income target for this reporting period (LI 1013). Income is exceeding the levels recorded in the same period last year by £40k, which greatly helps to mitigate the Directorate Risk (D4) relating to the pace of income generation. The team continue to monitor the effects the Grenfell Enquiry and the impacts of the construction industry from Brexit so that we can remain responsive to situations as they arise. Staffing vacancies have proved difficult to fill in a tight labour market, resulting in a positive variance on staffing of £363k. A recruitment drive initiated in December has proven successful with several successful candidates joining in January. Further investment in scanning and digitisation is expected to begin later in the year and this will reduce the overall variance.

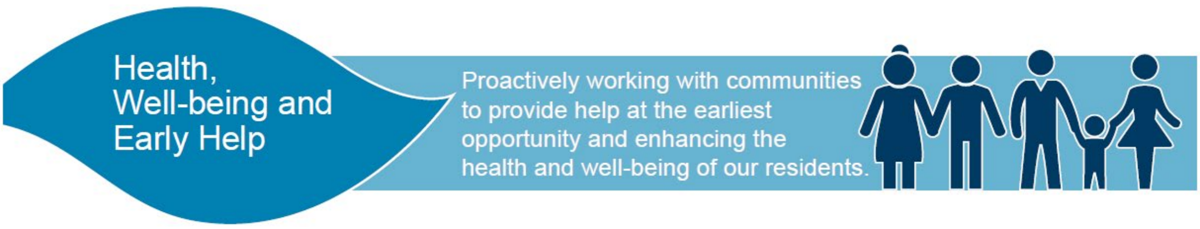
2.5 BDC/SNC Collaborative Working

Delivery of the route map is being closely monitored to ensure it remains on track, ensuring that the Strategic Opportunity (S7) is well managed to delivered agreed outcomes.

S151 officers have agreed a common approach to the Medium Term financial plan and financial challenges, as well as mechanisms to track collaboration costs/savings.

Both authorities agreed to establish a formal Joint Scrutiny Committee, which will be called upon to consider matters relating to the collaboration, alongside the Joint Lead Members Group. The Joint Scrutiny Committee met for its initial meeting on 31 January 2019.

The draft senior management structure has been shared with staff and members, which will go to both Councils in January 2019 prior to the start of formal consultation period with staff and UNISON.



2.6 Leisure and Recreation

Q3's overall monthly Direct Debit Fitness Membership growth has not materialised as anticipated and has plateaued in Q3 (HE1601).

It is important to note that membership direct debits account for only 40% of income to the leisure service. Overall service income performance is healthy with overall income has increased by over +£90k yr. on yr. which a +5.01%

increase. To put this into the context the service has 205 more members (+7.7%) compared to the end of Q3 last year.

Wymondham Leisure centre, with nearly 70% of all members accounts for the largest element of membership performance. Member attrition still remains relatively low, the reasons for leaving are varied but a significant % state the difficulty in car parking is a factor along with the difficulty in accessing classes at times (due to popularity), time pressures, moving house/job and family changes etc. An improvement programme is underway which includes reviewing the class programme to include more mass participation options, taking full advantage of Ketts Park facility to add capacity to the centre by shifting certain hirers such as evening football, plans to extend the Leisure Centres parking are progressing with a target of spring to complete. Front of house staffing and digital channel shift work is underway along with considering the catering operation both of which will improve the centres profitability, efficiency and customer experience.

For information- Although not specifically a Corporately reported KPI the Swim School Membership has increased yr. on yr. by +11.8 % = the equivalent of +196 children and currently beating budget set by 6.7%.

Construction of the artificial grass pitch at Ketts Park is now complete and the official opening took place on 10th January. Improvements to the on-site car park are expected to commence during February. Discussions are ongoing with external funders to enable the improvement of the tennis facilities.

The refurbishment of Long Stratton Leisure Centre is still progressing well and is now entering the final fit-out stage. The centre is due to re-open in March 2019.

2.7 Housing

The issues we were facing in Q2 re the availability of vacancies for those not suitable for standard housing have remained during Q3 and a further reduction in supporting people funding there are less vacancies available for people who are not suitable for standard housing (HE1603) has been a result with 61.54% having been met. This may be further compounded in the future with the anticipated closer of additional supported accommodation. There are four households which have been evicted from Social Landlords and we are working closely with our partners including providers and neighbouring councils to identify suitable housing pathways and are aware of potential evictions early enough to have a clear pathway in place.

Due to sustained investment in the team we have been able to significantly improve our prevention capability and have seen an increase on the already good performance of (HE1801) for the % of successful interventions to prevent or relieve homelessness.

There are positive variances totalling £83k on hostel and homelessness budgets due to increased hostel income and grant funding.

2.8 Independent Living

Intervention to increase the number of vulnerable people supported to maintain independence in their own homes (L1323) are on track to meet the year end targets with a cumulative 1413 having been supported as at the end of Q3.

Expenditure on Disabled Facilities Grant/Aids and Adaptations of a combined total of £728,533 resulted in the Council making 137 grants during the first three quarters, compared to 120 grants approved in the same period of 2017/18.

Additional funding of £96,653 was made available by Central Government in December and the team remain confident that they will be able to commit the full allocation of £942,340 for DFGs in 2018/19.

2.9 Early Help

Social prescribing will be reviewed in 2019, which has now been implemented across all surgeries in South Norfolk. The planned workshop with partners has been put back from Q3 to Q4 2018/19, which will be used to refresh our early help offer with partners and further assists the mitigate of the associated Directorate Risk (D6)

We have now helped over 2127 families and residents to achieve positive outcomes through our Help Hub service (HE 1607), and cumulatively have already exceeded the year end target of 1500. Our emotional resilience service has been commissioned to support people who are below clinical mental health need but need additional support, this service aims to provide practical and emotional support.

2.10 Housing Benefit / Council Tax Support

The % of Council Tax collected as at Q3 is 82.65% and remains within target for the year. The tax base continues to grow and we have added 900 properties since April which has generated an extra £752k in Council Tax for this year alone. With an increasing tax base the level of customer contact continues to be high and so the team are working to increase and improve the online offer to our residents.

Following a difficult Q2, performance for the number of days taken to process new claims for Housing Benefit/Council Tax Benefit (HE1606) has returned to within tolerance achieving 9.7 days. Top quartile national performance remains at 18 days with only a very few like us achieving single figure performance

2.11 Development Management

We have already exceeded our yearend target of 500 affordable homes by the end of the year by delivering a further 85 homes in Q3 via S106 agreements. With over 50 more homes under construction and help to buy sales remaining strong it is hoped the annual total will exceed 600.

The status the five-year land supply Strategic Risk (S3) remains the same. Housing Delivery test results are yet to be published by Ministry of Housing, Communities and Local Government. The Joint Core Strategy is now five years old, which allows the Council to consider using the Government Standard Methodology which could have a positive impact on how land supply will be calculated as past performance would be eradicated from the calculations and the council's calculations would not take account of the whole Norwich Policy Area.

In relation to the Directorate Risk (D2) that manages the delivery of infrastructure, there is a shortfall in CIL against previous projections which has resulted in the suspension of funding for new projects for the 2019/20 programme, however it should be noted that £1.5m will be spent on previously agreed projects. Projects that failed to gain CIL funding have been deferred, found funding from elsewhere or deemed a lower priority. A revised approach to CIL forecasting has been implemented in order to provide greater accuracy in subsequent years.

The planning applications in relation to the Long Stratton by-pass are now likely to be considered by Development Management Committee in Q1 2019/20 (Strategic Risk, S2). £250k has been secured from Norfolk Pooled Business Rates towards the design of the bypass, whilst the total project cost of £500k has been match funded by Norfolk County Council and South Norfolk Council.

We continue to perform at or above target for the majority of development management strategic measures with 98.59% of householder applications determined within 8 weeks or in extension of time. The % of householder application determined within 6 weeks fell only slightly short of the desired target by 1% but this has picked up with 100% determined in time for both November and December.

Income exceeds budget by £615k, with application fees and the admin charge of the CIL levy posting positive variances of £579k and £25k respectively as applications, especially those of large developments, have been higher than anticipated. Savings on employment costs of £65k were also realised due to vacancies within the service which have been filled in January.

2.12 Waste

The cost of waste collection (LI 262) for Q2 is £35.35 per household which is slightly up on Q2 figures but still under the £37 year-end target. This reflects higher clinical waste costs as a result of the NHS transferring responsibility for the costs of collection to local government.

In addition, for Q2 the number of missed bins per 100,000 collections (LI 263) remains 'green' at 27 despite having recently undergone a garden waste optimisation where traditionally it takes time for both crews and residents to adapt to the new rounds.

The amount of municipal waste recycled, reused and composted has a provisional outturn of (NI 192a) 42.31% this sees a reduction on both Q1 and Q2 but is anticipated due to seasonal impacts and remains within our targets.

The Vehicle Procurement and Replacement budget for 2018/19 has been committed to a total of £1.021m with only the budget for a street sweeper remaining. The delivery of two new refuse vehicles expected in January has been slipped by the manufacturer to February. Following approval for £130k of the budget for 2019/20 to be rolled forward to 2018/19, a second-hand refuse collection vehicle has been ordered and is expected to be delivered by the end of the financial year.

There is a negative variance on transport fleet costs of £170k, owing to maintenance costs on the fleet. Procedures for the maintenance of the transport fleet have been reviewed and the budget increased for 2019/20. There are some corresponding savings in parts of the capital programme where assets have longer lives than initially anticipated.

The capital budget of £211,500 for improvements to the Ketteringham Depot site is unlikely to be utilised during 2018-19 as options are still being considered.

In terms of operations at the Depot (Directorate Risk, D7), additional staff are undergoing the Transport Manager CPC examination to provide further resilience in relation to legal compliance, which helps to manage this risk. Furthermore, regular updates on Health and Safety issues are carried out by the Operations Manager and Transport Manager, including physical walkarounds.

2.13 Public Conveniences

The refurbishment of the public conveniences at Harleston is now underway and is expected to be complete by the end of January.

The Council is anticipating refurbishing the Diss public conveniences as soon as an agreement is reached with the Town Council regarding the ongoing management of the refurbished facilities.

Planning permission has recently been granted to allow the Council to convert the Long Stratton public conveniences to mixed use, including the provision of a public toilet. We are currently considering transferring the management of these toilets, along with those in Loddon, to a local social enterprise. The refurbishment of the assets may commence in the last quarter of this financial year.

How we will deliver: Customer focussed, Can do and collaborative, Business-like, efficient and entrepreneurial - Moving Forward Together

2.14 Resources

The positive variance against the revenue budget of £2,575,000 in Q2 is a positive sign of the present strength of the Council's financial position which needs to be maintained in the future. We recognise there is a strategic risk that the Council is unable to deliver priority services should revenue funding fall short of required expenditure. Forecasts indicate that the revenue surplus at year end will be in the region of £2.2 million of which 75% reflects the three factors of higher business rates income, delayed external borrowing and greater planning fee income. Estimated revenue slippage requests will be £278k at year end and if all these requests are approved, this amount will be taken from the overall revenue surplus.

The updated Medium Term Financial Strategy is shown in the budget report elsewhere on this agenda and shows a balanced budget up to and including 2021/22, with a funding gap projected in subsequent years.

2.15 Health & Safety

With reference to the Operational Risk (O11) relating to serious injury and ill health of staff as a result of the Council's undertaking / activity, he Health and Safety Policy has been reviewed and a gap analysis carried out to identify where new policies may be required. This has informed the Health and Safety Priority List update for 2018/19.

Work continues with Norfolk County Council to develop a safety training offer for South Norfolk Council which will result in a comprehensive training directory.

Discussions have also taken place with Broadland District Council, with a view to work towards health and safety service delivery across both organisations

2.16 Staff

The number of working days lost due to short term sickness absence (BV012a) is showing an increase this quarter, to 2.92 days lost per FTE, however remains just below our Q3 target. Long Term absence cases recorded in December. has reduced dramatically with only one long term absence compared to 1.53 in Q2 2017/18.

The roll out of "Being the Best you can be" Development Programme 2018 concluded during Q3 with over 900 attendees across the three core subjects, which supports the Council's Moving Forward Together programme, continuous service development and collaborative working, which alleviates the Directorate Risk regarding: There is insufficient employee capability / capacity to deliver organisational priorities.

2.17 <u>IT / Digital</u>

The performance against the measurement for on line self-service HO1801 has marginally increased again in Q3 to 66.95%of services that have an online webform were made via online self-service, this is partially due to an increase in online activity over the Christmas period. We continue to see growth in our "My Account" portal this quarter with an increase of over 1000 users since we last reported to cabinet in Q2. The total users now signed up for "My Account" is 5259.

The telephony project continues and the new system went live in December as planned. Further enhancements are to be applied during Q4; the capital budget is considered sufficient to cover these works.

With reference to the Directorate Risk (D12) relating to the IT Strategy effectively supporting service innovation and working practices, work will commence in Q4 to review the creation of a joint IT strategy with Broadland District Council, whilst work continues to review practices and systems at both Councils to progress collaborative working.

3. PROPOSED ACTION

3.1 In addition to noting the contents of this report, Cabinet is requested to agree to the use of the capital budget to fund the purchase of an additional home on Rosebery Park for rental by Big Sky Property Management Limited as outlined in paragraph 2.4.

4 OTHER OPTIONS

4.1 Cabinet could decide not to allocate capital funding as requested in 2.4 but this would potentially leave a property vacant on Rosebery Park.

5 ISSUES AND RISKS

5.1 **Resource Implications** – These are as outlined in the body of the report.

5.2 **Legal Implications** – none

5.3 **Equality Implications** – none

5.4 **Environmental Impact** - none

5.5 **Crime and Disorder**- none

5.6 **Other Risks** – none

6 CONCLUSION

6.1 Overall, the position regarding performance, management of risks and financials is positive at quarter three 2018/19.

7 RECOMMENDATIONS

7.1 It is proposed that Cabinet:

e) Notes the 2018/19 performance for the quarter and the combined efforts across the Directorates to deliver the vision of the Council (detail contained in Appendix 1).
f) Notes the current position with respect to risks and accepts the actions to support risk mitigation (detail contained in Appendix 2).
g) Notes the capital and revenue position and the reason for the variances on the General Fund (detail contained in Appendix 3 & 4).
h) Agrees to the use of the capital budget to fund the purchase of an additional home on Rosebery Park for rental by Big Sky Property Management Limited as outlined in 2.4.

APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Economic Growth, Productivity and Prosperity

Providing the environment to stimulate growth, productivity and prosperity, sharing the benefits of growth with our communities.

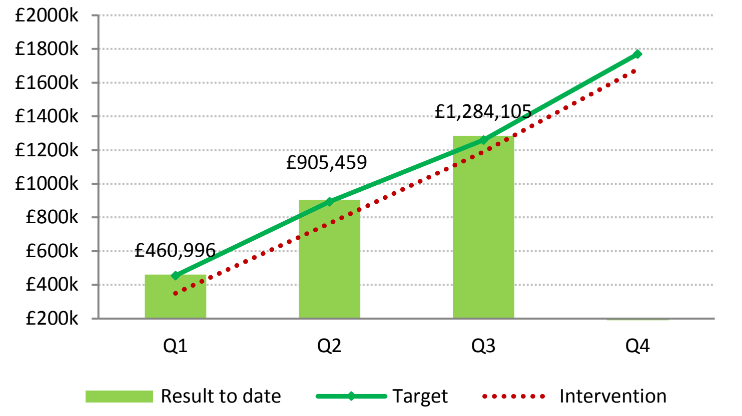
Key:

= Met or exceeded target

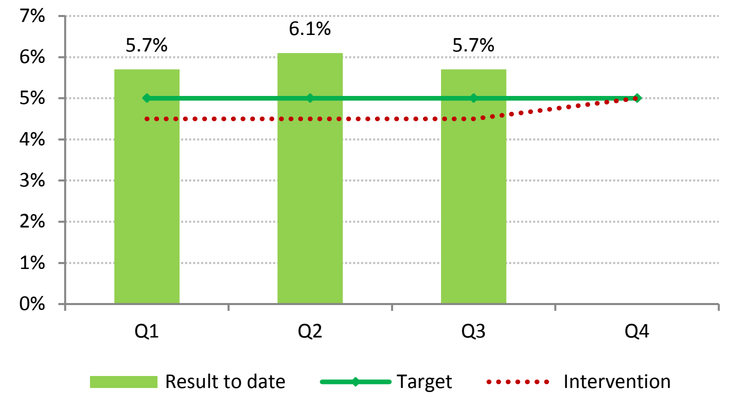
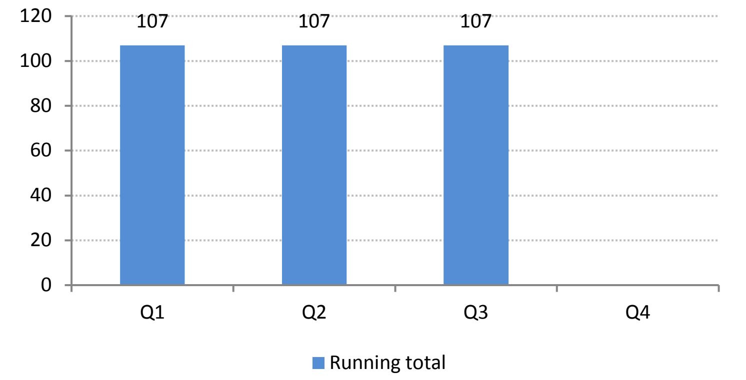
= Within acceptable tolerance of target

= Stretch target not reached

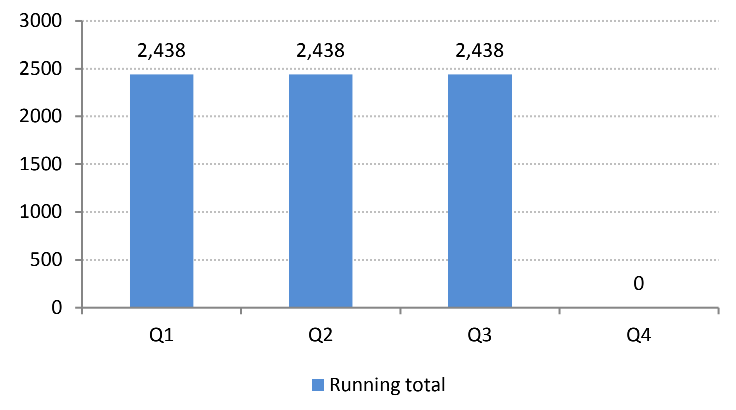
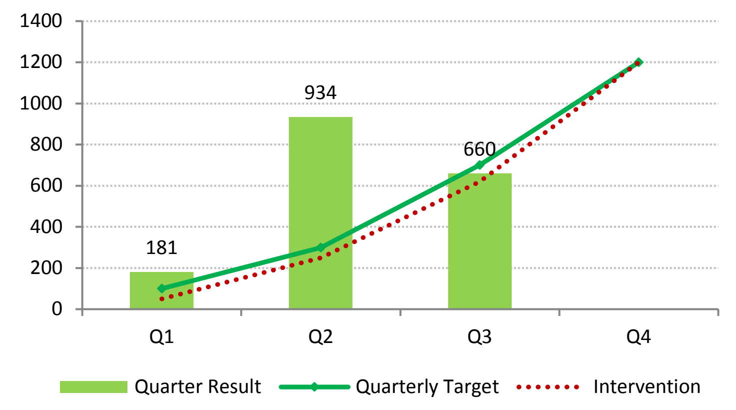
= The measure is being 'baselined' in order to determine the target

Measure Description	Latest Data Quarter 3 Result / Indicator	Latest Data Year End Target 2018/19	Measure Owner	Operational Comments	Chart
LI 1013: CNC Building Control fee earning income.	£1,248,705	£1,770,000	Stephen Fulcher	Despite an anticipated slowdown in Quarter 3 due to weather effecting productivity across the construction sector, we continue to remain above our quarterly target. This is positive, but we must remain vigilant and responsive to the effects the Grenfell Enquiry, Brexit and changes to the housing policy may have in Quarter 4.	

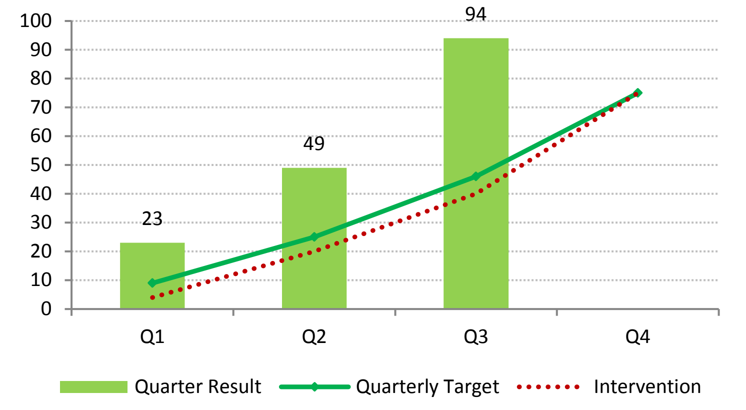
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2018/19	Measure Owner	Operational Comments	Chart
LI 358: % rental income return from property investment.	5.70%	5.00%	Spencer Burrell	Investment property income has a ytd variance of -£56k this is mainly due to the unit at Wymondham only now being let and also a unit at Diss which was vacant in the earlier part of the year. Ketteringham depot rental income has a -£7.5k variance due to a vacant unit there not being let all year. Crafton house renal income has a -£31k variance due to it being overbudgeted for the year, adjustment have been made for 2019/20 to provide a more accurate reflection.	
EG 1601a: Number of residential dwellings developed through our Big Sky Developments company.	107	Baseline (Totals shown are multi-year running totals from Q1 2016/17)	Spencer Burrell	Rosebery Park - only 5 properties left to sell (3 shared equity and 2 open market). Maple Park - we have only 6 open market dwellings left to sell. A further 3 are reserved awaiting exchange. Both shared equity units are reserved and are progressing through the qualification process.	

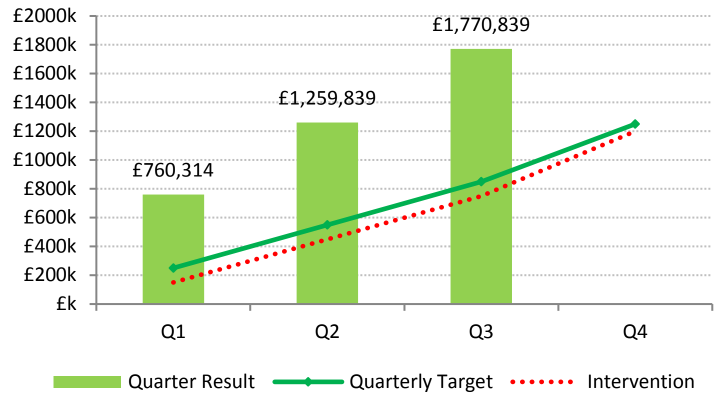
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
EG 1601b: Sq Metre area of commercial space developed through our Big Sky Developments company.	2,438	Baseline (Totals shown are multi-year running totals from Q1 2016/17)	Spencer Burrell	The running total still remains at 2,438 sqm	
LI 356: Number of SME's provided with advice and guidance in South Norfolk.	660 cumulative	1,200 (This is a cumulative total for the whole year which will be the sum of each quarter's result)	David Disney	In Q3 we provided advice and guidance to 660 SME's The quarter three figures comprise of: 58- licences issued. 26- Tiffey Valley L-Tag meeting 230- Business awards presentations 28- Via Ec Dev and Growth Hub enquiries 318 - General business contacts	

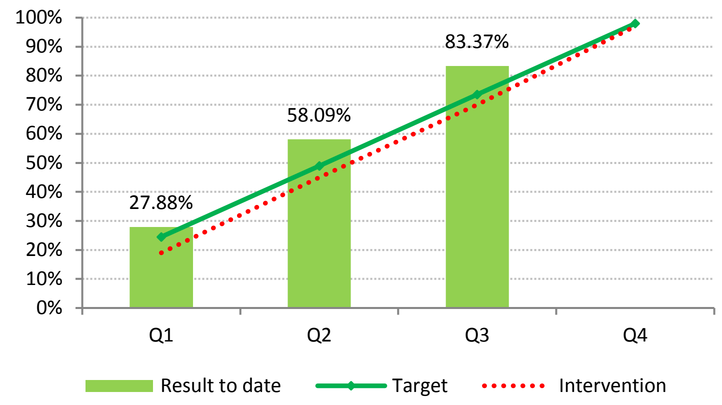
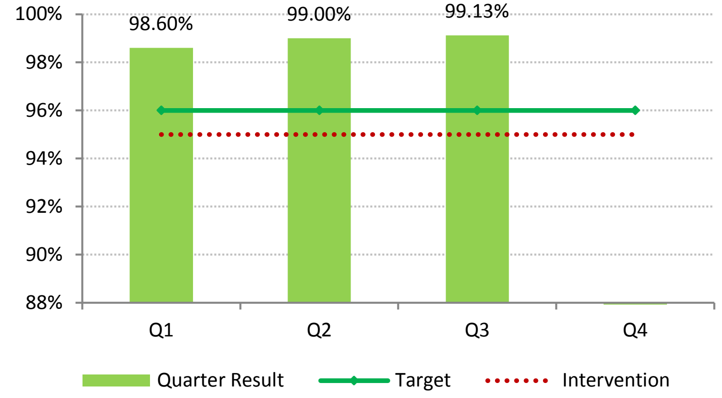
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure Description	Latest Data Quarter 3 Result / Indicator	Year End Target 2018/19	Measure Owner	Operational Comments	Chart
LI 613: Number of new business start-ups supported in South Norfolk.	94 Cumulative 	75 (This is a cumulative total for the whole year which will be the sum of each quarter's result)	David Disney	Total for this quarter 45 7 - via NWES/Hub referral 38 - Growth Club programme	

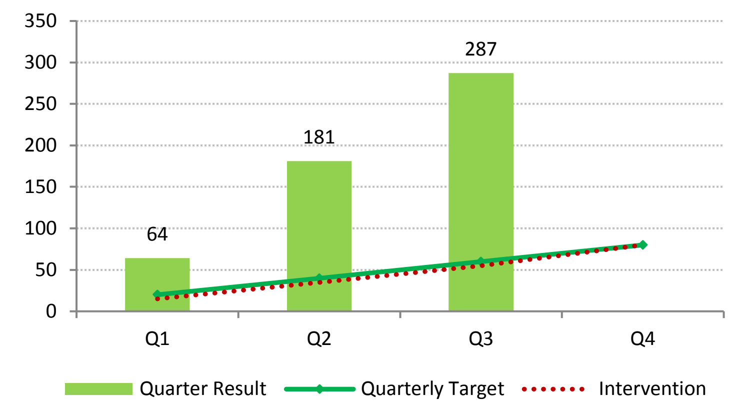
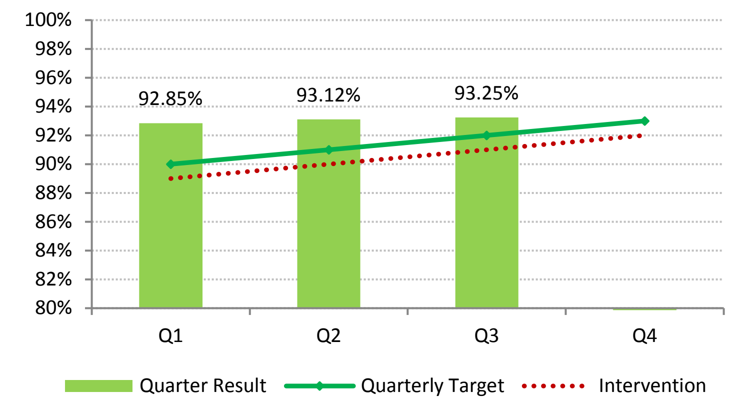
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2018/19	Measure Owner	Operational Comments	Chart
LI 758: External funding identified and brought into the local economy.	£1,770,839 Cumulative	£1,000,000 (This is a cumulative total for the whole year which will be the sum of each quarter's result)	Nina Cunningham	The Q2 have already taken us over our £1m target for year end, however we continue . The Q3 figures total £541k and comprise of the following: £50,000 from Norfolk pooled Business rates and private sector investment to undertake a Transport strategy review and phasing plan for the NRP. £375,000 from Norfolk Pooled Business rates and Norfolk County Council to deliver a full design for the Long Stratton by pass. £56,000 from OLVE to deliver vehicle charging points in SN Market towns £10,000 from Health Education England to develop integration of housing and health professionals, a local trial of district officers attending MDTs within GP surgeries. £20,000 from Sport England towards an independent feasibility study ref- future leisure provision for Diss.	

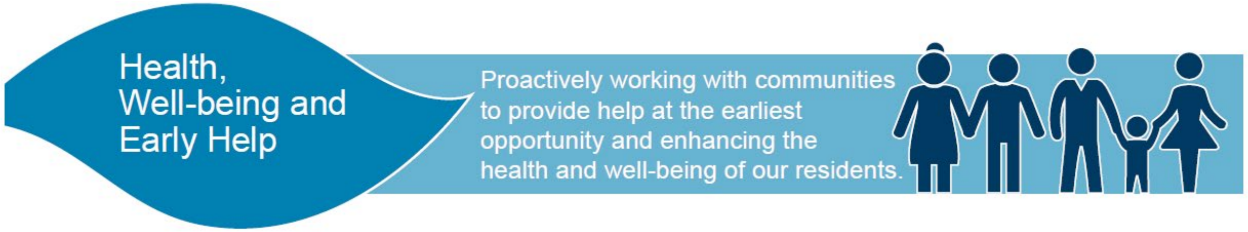
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
BV 010: % of non-domestic rates collected.	83.37%	98.00%	Simon Bessey	Receipts totalling £26.5m have been received in respect of £31.7m 2018/19 liabilities and is in line with 2017/18 collection rates (83.6%). The team continue to identify new and modified properties which means that the rateable value recorded on our tax base continues to increase	
LI 210: % of food premises which have an FHRS (Food Hygiene Rating Scheme) rating of satisfactory or above.	99.13%	95.00%	David Disney	Q3. this reflects the continuous improvement approach to the scheme SNC has taken. The drive to improve scores results in better standards for our residents.	

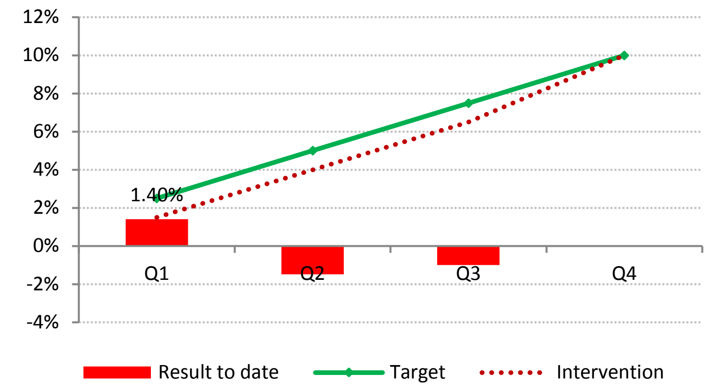
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2018/19	Measure Owner	Operational Comments	Chart
EG 1605: Number of apprenticeship placements available in our local businesses for our young people.	287 Cumulative	70 (This is a cumulative total for the whole year which will be the sum of each quarter's result)	David Disney	In Q3 - 106- live apprenticeships were advertised in South Norfolk	
MI 1039: % of units liable for business rates occupied.	93.25%	93%	David Disney	We have seen steady growth in the proportion of business rated properties that are occupied over the past 5 quarters. This quarter being the most successful with occupancy rates having not been this high since this measurement was introduced as at the end of 2012/13.	

APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures



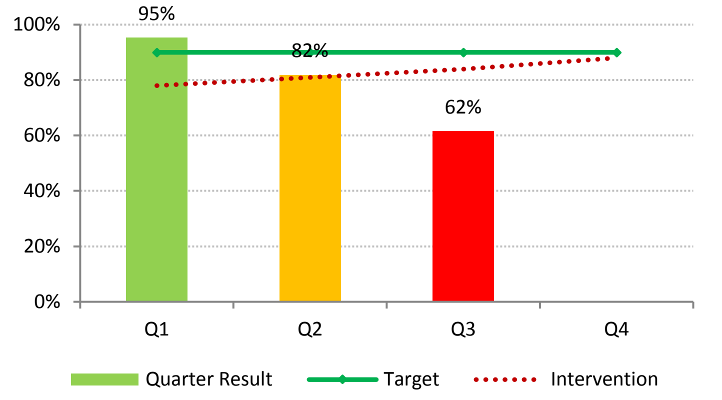
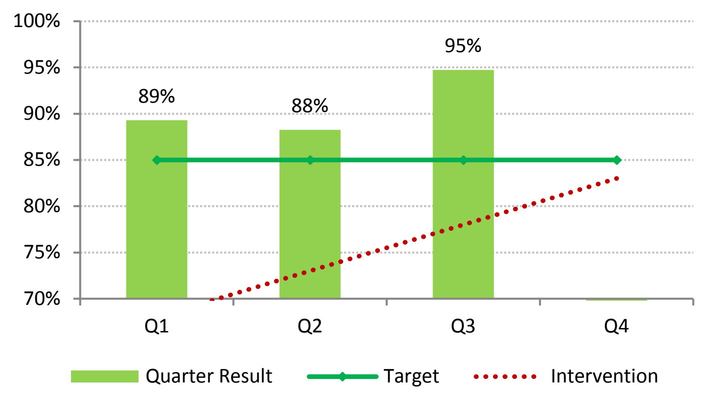
Key:
- = Met or exceeded target
- = Within acceptable tolerance of target
- = Stretch target not reached
- = The measure is being 'baselined' in order to determine the target

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
(NEW) HE 1601: % increase in our Leisure Centre members following the refurbishment of our three Centres.	-1.00%	10.00%	Steve Goddard	It is important to note that membership direct debits account for only 40% of income to the leisure service. Overall service income performance is healthy with overall income has increased by over +£90k yr. on yr. which a +5.01% increase. Q3's overall specific monthly Direct Debit Fitness Membership growth has not materialised and has plateaued. Wymondham LC's monthly DD membership has declined by (-41), Diss LC has declined by (-8) and Long Stratton LC has increased by +21. An overall quarterly decline of -28 members which equates to -1%. It is important to add the context that the services has 205 more members (+7.7%) compared to the end of Q3 last year. Wymondham Leisure centre, with nearly 70% of all members accounts for the largest element of membership performance, as membership growth has stagnated post refurbishment as the centre begins to reach its capacity. Member attrition still remains relatively low, the reasons for leaving are varied but a significant % state the difficulty in car parking is a factor along with the difficulty in accessing classes at times (due to popularity), time pressures, moving house/job and family changes etc. An improvement programme is underway which includes	

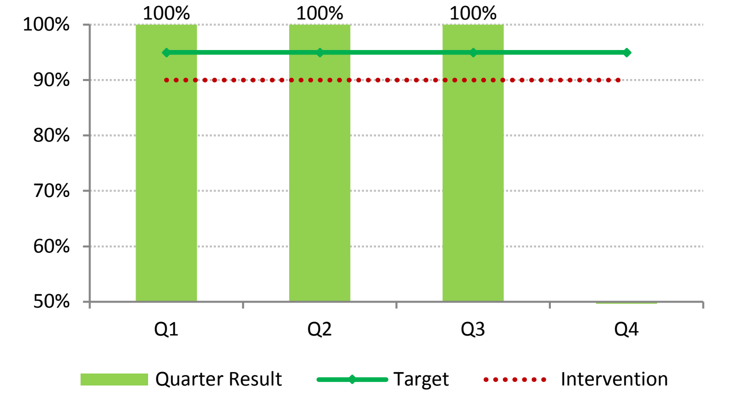
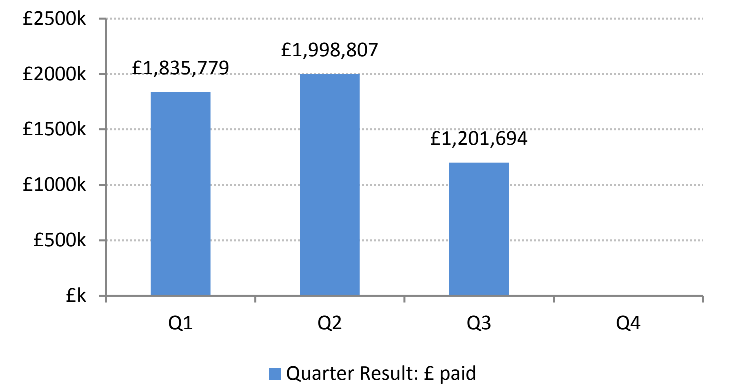
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
				reviewing the class programme to include more mass participation options, taking full advantage of Ketts Park facility to add capacity to the centre by shifting certain hirers such as evening football, plans to extend the Leisure Centres parking by c40 spaces are progressing with a target of spring to complete. Front of house staffing and digital channel shift work is underway along with considering the catering operation both of which will improve the centres profitability, efficiency and customer experience. A push to convert casual users to memberships and to annual options including a new Leisure passport Spa inclusive option are now being promoted to increase membership. The Centre has with the car parking improvements the capacity to increase membership by a further 400 and this final push to capacity is proving challenging . However, The underlying trends remain positive but our ambitious and stretched targeting this year has proved challenging to achieve to date. For information- Although not specifically a Corporately reported KPI the Swim School Membership has increased yr. on yr. by +11.8 % = the equivalent of +196 children and currently beating budget set by 6.7%.	

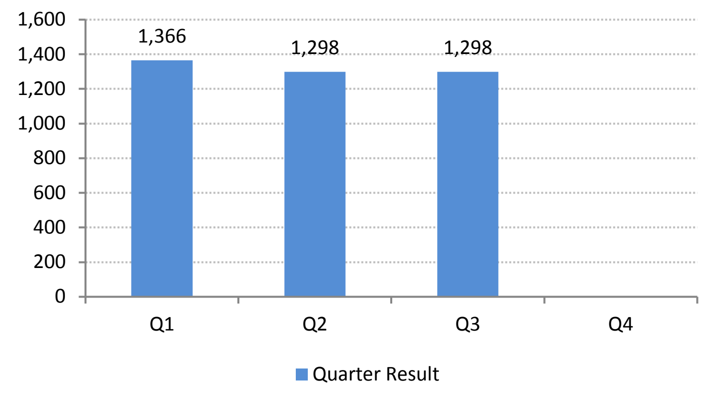
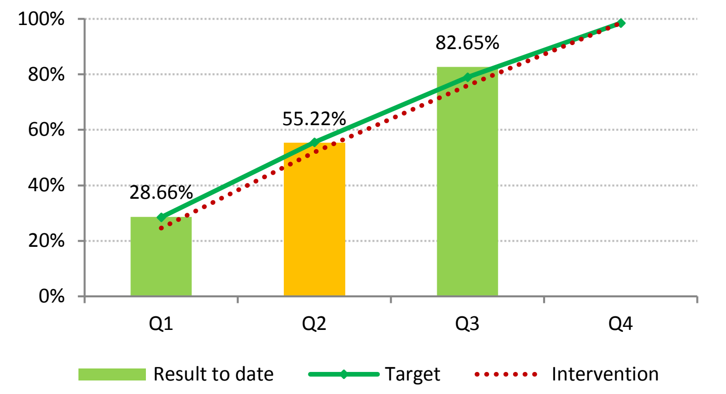
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
HE 1603: % of households in temporary accommodation for 8 weeks or less from the date of the homelessness decision to housing solution.	61.54%	90%	Mike Pursehouse	The issues we were facing in Q2 re the availability of vacancies for those not suitable for standard housing have remained during Q3. This may be further compounded in the future with the anticipated closer of additional supported accommodation. We are working closely with our partners including providers and neighbouring councils to identify suitable housing pathways. As this is a percentage target to put it into context this indicator only relates to four households staying longer than eight weeks. The vast majority of people we support do not need to end up in temporary accommodation, which is dealt with through our excellent prevention work and evidenced within performance measure HE1801. These four households have all been evicted from Social Landlords, an issue we aim to remedy with our partners to ensure we are aware of potential evictions early enough to have a clear pathway in place.	
(NEW) HE 1801 % successful intervention to prevent or relieve homelessness for customers who are homeless or at risk of becoming homeless	94.75%	85%	Mike Pursehouse	Due to sustained investment in the team we have been able to significantly improve our prevention capability, a work stream we remain very proud of. Due to sustained welfare changes and reduced investment in supported accommodation sustained partnership working with those within the Help Hub are proving to be ever more important and effective.	

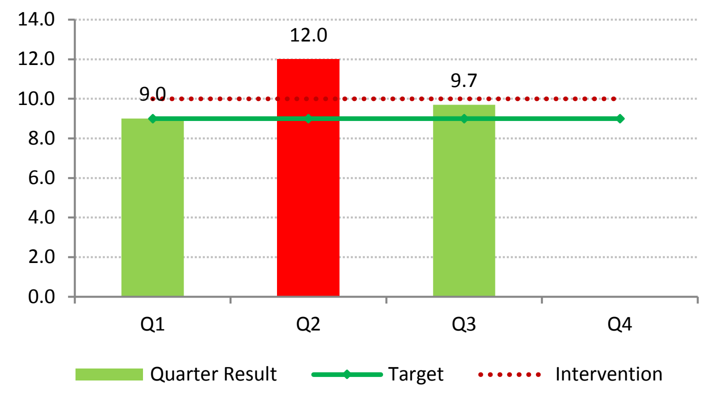
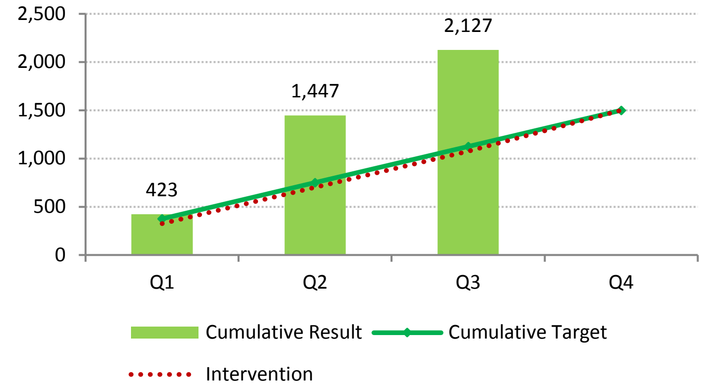
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
HE 1605: % of those housed by SNC Housing remain in the same, similar or improved accommodation after a 12 month period	100%	95%	Mike Pursehouse	This sustained performance measure is achieved due to the work completed within HE1801. We work very hard to make sure that people access the properties most suitable to them through detailed assessments and officer professional judgement. Following the training made available through our FIRST offer and Princes Trust partners our CBL system makes sure that people choose the property they want meaning they remain proud to call the property their home and foresee a long-term future within it	
HE 1607a: £pounds paid in benefits to people in work	£1,201,694	Baseline	Mike Pursehouse	As evidenced within the increased performance HE1606 the team has worked hard to catch up on outstanding claims. This has resulted in increased payments throughout this Quarter. The total cost for Q2 and 3 amounts to £1,911,609.86 or £955,804 per quarter. Although still an increase on Q1 it remains much closer evidencing the continued sustained economic activity throughout the district	

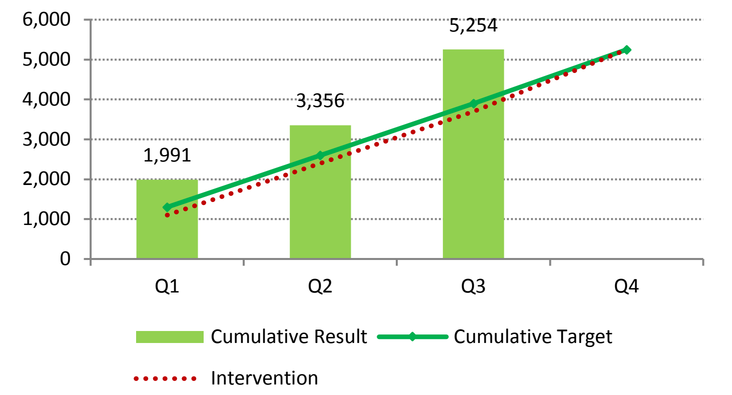
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

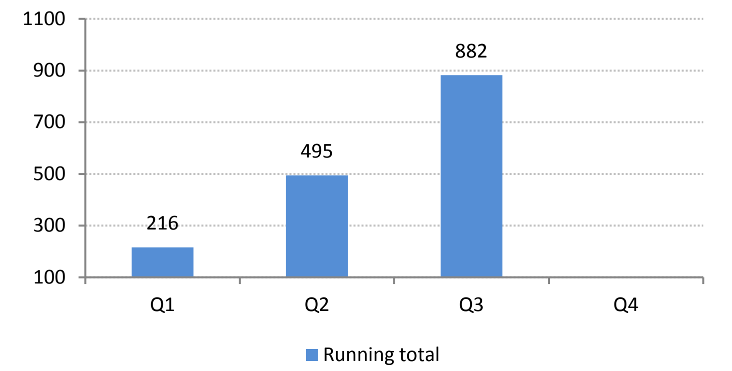
Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
HE 1607b: Number of people in work receiving benefits	1298	Baseline	Mike Pursehouse	There continues to be a steady decline in Housing Benefit claims with the continued introduction of Universal Credit. Council tax support claims which do not fall within Universal Credit remain steady.	
BV 009: % of Council Tax collected.	82.65%	98.50%	Simon Bessey	Changes in approach have allowed us to reduce the outstanding work although we continue to experience high levels of demand from our customers we are working to increase and improve self-service options available to our residents. This is already beginning to see dividends with an increased use of self-serve options (particularly moves and card payments) is encouraging. We've collected £71.2m of the £86.2m Council Tax liabilities that have been raised for 2018/19. Our tax-base continues to grow. The 900 new properties brought into charge since April has generated an extra £752k in Council Tax for this year alone.	

APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2018/19	Measure Owner	Operational Comments	Chart
HE 1606: Number of days taken to process new claims for Housing Benefit/Council Tax Benefit.	9.7days	9 days	Mike Pursehous e	Following a difficult Q2, the team has worked hard to bring back performance in line with where we aim to be, and December saw the days taken to process fall to 7.08 days We are keen to sustain this performance to make sure we hit the target at year end. Top quartile national performance remains at 18 days with only a very few like us achieving single figure performance.	
HE 1607: Number of families and residents helped to achieve positive outcomes through our Help Hub service.	2127	1,500 (This is a cumulative figure for the whole year)	Mike Pursehous e	Our new emotional resilience service has been commissioned through utilising NCC money to support people who are below clinical mental health need but need additional support with their mental health and wellbeing. The aim of the new service is to provide practical and emotional support to people to reduce the amount of problems and concerns to a level they can deal with themselves.	

APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

<table>
<tr><th>Measure</th><th colspan="2">Latest Data</th><th rowspan="2">Measure Owner</th><th rowspan="2">Operational Comments</th><th rowspan="2">Chart</th></tr>
<tr><th>Description</th><th>Quarter 3 Result / Indicator</th><th>Year End Target 2018/19</th></tr>
<tr><td>HE 1608a: Number of residents who are assisted to access support within their community to meet low level need</td><td>5254</td><td>5250 (This is a cumulative figure for the whole year)</td><td>Mike Pursehouse</td><td>Connectors continue to provide the 'human face' of the Early Help Hub and are available to engage with residents and support them in meeting their needs in venues as diverse as job clubs, dementia cafes, mother and toddler groups and high schools. Demand for and engagement with this service is consistent across the year.</td><td>
</td></tr>
<tr><td>HE 1608b: Number referrals from GPs to our social prescribing service via community connectors</td><td>882</td><td>Baseline</td><td>Mike Pursehouse</td><td>We have seen an increase of 20% on the last quarter for referrals into social prescribing. Compared to the same period last year there is an increase of 125%.

Increased awareness amongst GPs coupled with the new priorities in the NHS ten year plan are likely to see referrals increase further. There is currently capacity to accommodate a further small increase in the number of residents we see.</td><td>
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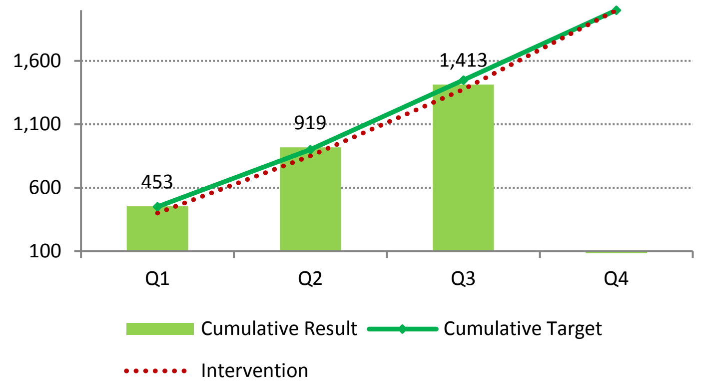
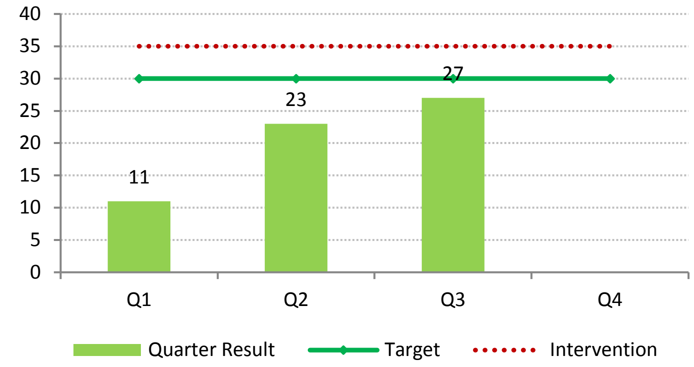
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

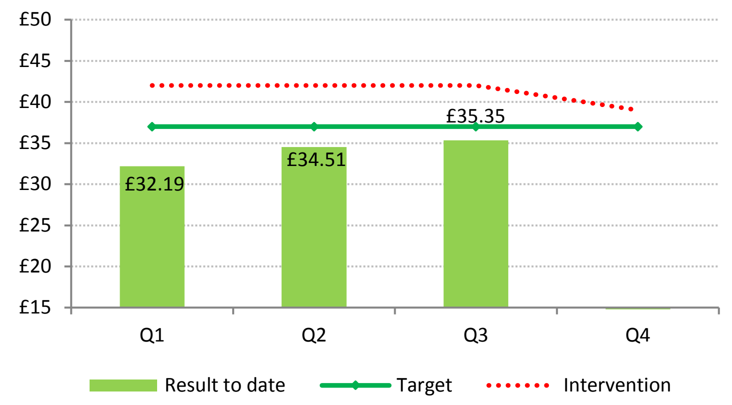
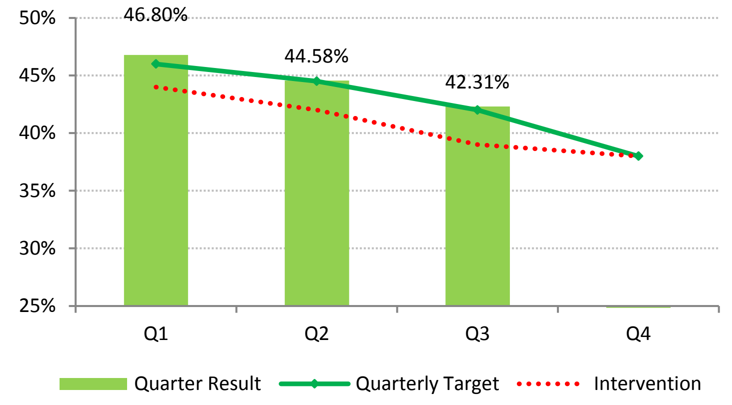
Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
LI 323: Increase the number of vulnerable people supported to maintain independence in their own homes, with support from interventions.	1413 Cumulative 	2,000 (This is a cumulative figure for the whole year)	Sam Cayford	Interventions are on track to meet the year end targets.	

APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

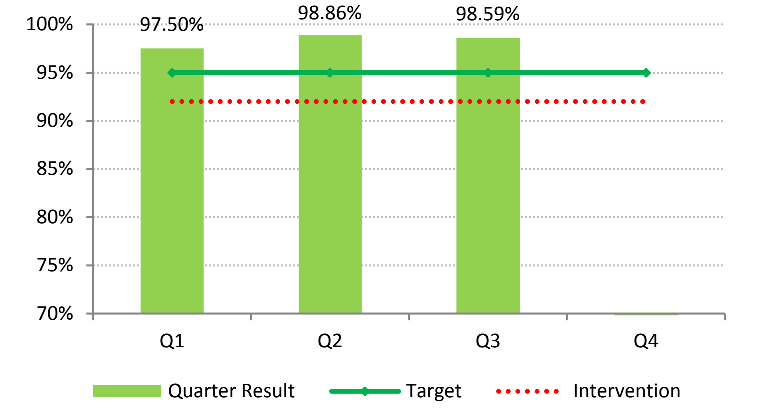
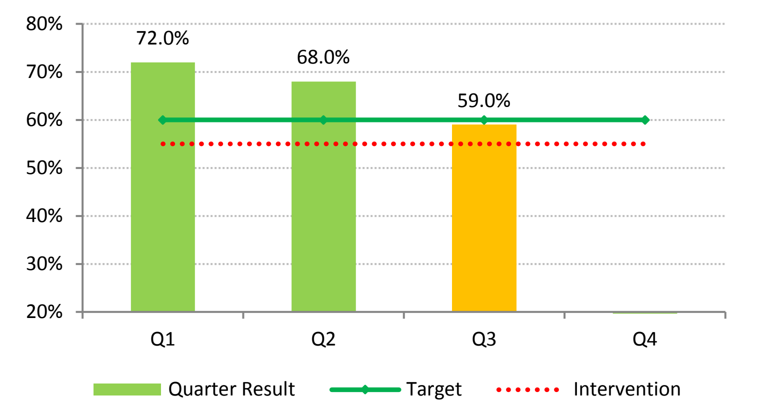
Key:
- = Met or exceeded target
- = Within acceptable tolerance of target
- = Stretch target not reached
- = The measure is being 'baselined' in order to determine the target

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
LI 263: Number of missed bins for all waste per 100,000 collections	27	30	Simon Hawken	This figure this quarter remains below the target, however is an increase on the previous quarter. This is likely to be because the garden waste rounds were recently re-optimised. Although there are many benefits, one disadvantage is that all the crews and residents need time to adapt to the new rounds	

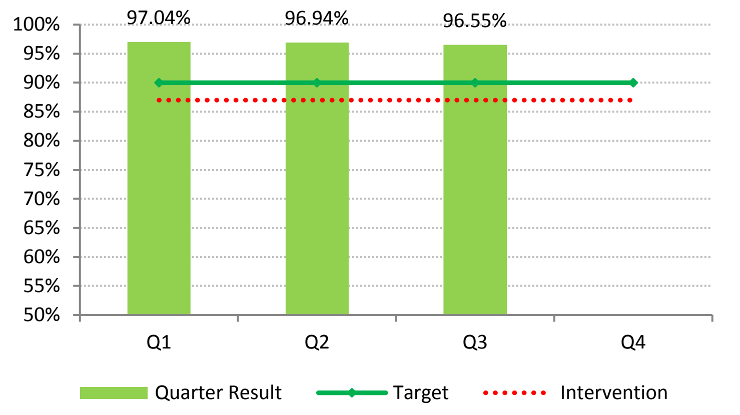
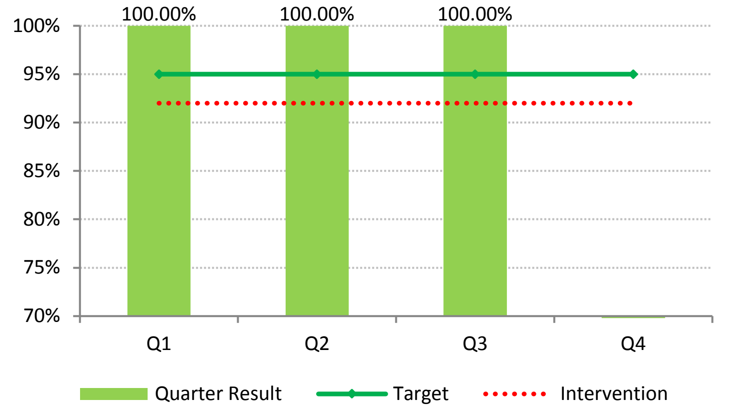
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
LI 262: Cost of waste collection per household	£35.35	£37	Simon Hawken	Collection cost remains below the target of £37 but slightly higher than the previous quarter. The increase identified is down to the removal of a rebate provision that has previously been included in this calculation but that was already being provided for in our monthly figures, meaning that the rebate was being double counted. A small increase in projected income from the Garden Waste service has helped mitigate anticipated increases in employment costs as a result of an increase in agency workers to man additional rounds put on for the Domestic Waste service during the fiscal year.	
NI 192a: % Municipal waste recycled, reused and composted	42.31%	45.00% (This is a target for the year overall and is not the same as the Q4 quarterly target)	Bob Wade	Given provisional data we are slightly above the target for Q3. Garden waste is always lower in quarter 3 due to Christmas break and a period of colder weather. Q2 actual figures have since been confirmed at 43.05%. This is lower than estimated in the previous quarter but still above the target we have set.	

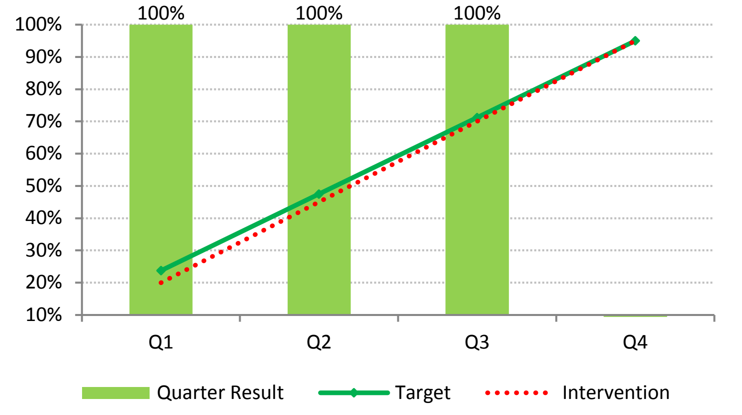
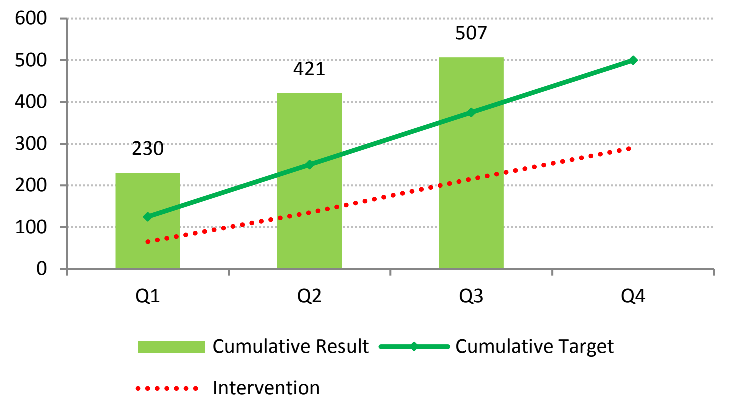
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
LI 302: % of householder applications determined within 8 weeks or in extension of time	98.59%	95.00%	Helen Mellors	This relates to 142 applications, 127 of which (89%) were determined in the 8 week period with 13 being determined within an extension of time, resulting in 98.59% being determined in an agreed time period.	
MI 1037: % of householder applications determined within six weeks	59.00%	60.00%	Helen Mellors	This relates to 142 applications, 84 of which (59%) were determined in the less than 6 week period. 127 (89%) were determined in the 8 week period with 13 determined within an extension of time, resulting in 98.59% being determined in an agreed time period. The monthly percentage for determined in time has been 100% for November and December 2018.	

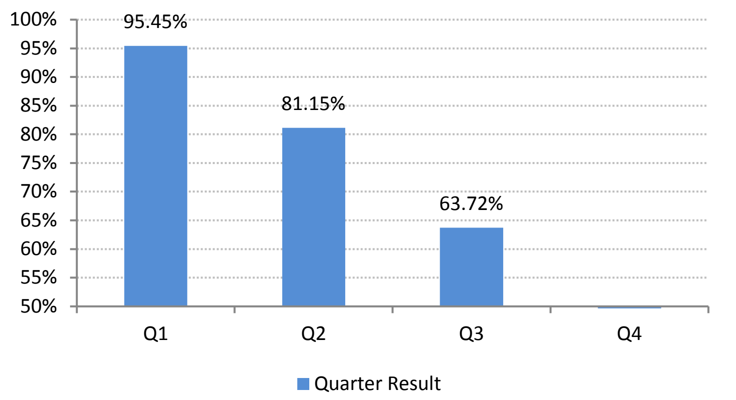
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
(NEW) PL1801 : % of other and minor applications determined within eight weeks or extension of time	96.55%	90.00% (Rolling two year figure)	Helen Mellors	This is a rolling 2 year figure. 96.55% (2657 / 2752) were determined in an agreed time period	
MI 1038: % of major applications determined within 13 weeks or in extension of time	100%	95.00%	Helen Mellors	This relates to 18 applications, 6 of which (33%) were determined in the 13 week period with 12 being determined within an extension of time, resulting in 100% being determined in an agreed time period.	

APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2018/19	Measure Owner	Operational Comments	Chart
PL 1602: % of Community Action Fund (CAF) spent.	100%	95%	Mike Pursehouse	No CAF panel this Quarter	
LI 350: Number of Affordable homes delivered in this year (2018-19)	507 Cumulative	500 affordable homes by 31 March 2019. (1,500 by March April 2020)	Keith Mitchell	The full-year target of 500 was achieved by the end of Q3. In Q3, 85 affordable homes were completed through S106 agreements, bringing the annual total to 277. The total of 507 completions also includes 2 houses acquired by Big Sky for sale on shared ownership terms and 228 sales of homes through Help to Buy (equity loan). With over 50 more homes under construction, and Help to Buy sales being strong, the annual total is expected to be well over 600.	

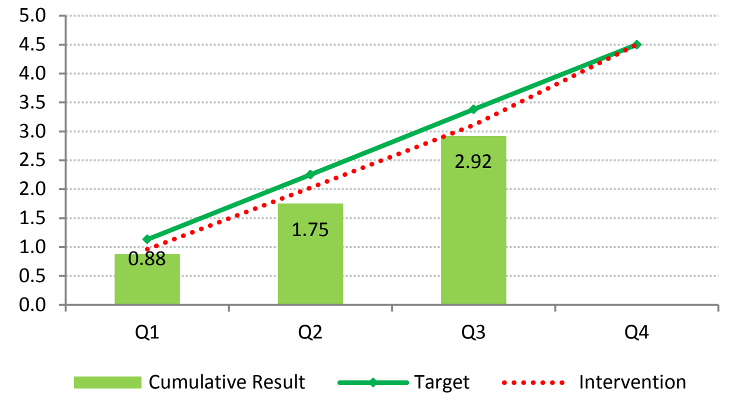
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
PL 1604: % percentage of people applying to register to vote online as opposed to on paper.	63.72%	Baseline	Julia Tovee-Galey	The annual canvass continued into Q3, which effected the responses during this period.	

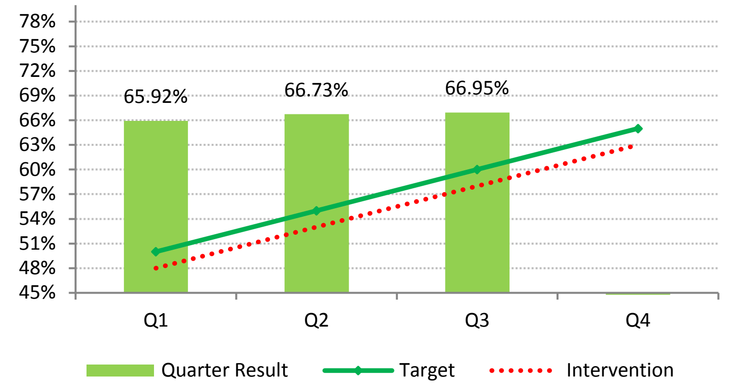
APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Customer Focussed
Can do and collaborative
MFT
Businesslike, efficient and entrepreneurial

Key:
- = Met or exceeded target
- = Within acceptable tolerance of target
- = Stretch target not reached
- = The measure is being 'baselined' in order to determine the target

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2018/19	Measure Owner	Operational Comments	Chart
BV012a: Working days lost per FTE due to short term sickness absence.	2.92	4.5 days (This is a cumulative total per FTE figure for the whole year)	Peter Catchpole	Short-term absence is showing a small increase to 2.92 days lost which is slightly higher than the same period last year (2.72 in Q3 2017/18) but still below target. The overall days lost per FTE, including long-term sickness, has reduced to 5.47 cumulative and is significantly lower than Q3 2017-18 (6.31 days). Long term absence cases have reduced dramatically, with only one long term absence case recorded in December. Absence continues to be monitored monthly and return to work forms chased/quality checked. Formal procedures are also being monitored and managed closely.	

APPENDIX 1 - Quarter 3 performance report 2018/19: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2018/19			
(NEW) HO1801 % of services that have an online web form that were self service	66.95%	65.00%	Simon Smith	The figures have increased slightly this quarter due to the increase in online activity over the Christmas period whilst the offices were closed. We will be launching more online services in Q4 which will continue to enable channel shift and improvements in customer service throughout all of 2019.	

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2018/19 Business Plan Activity	Required/outstanding actions to support risk mitigation
Economic Growth, Productivity and Prosperity – Providing the environment to stimulate growth, productivity and prosperity, sharing the benefits of growth with our communities.						
Growth & Business Development	**S1**	Failure to secure a new funding package for the infrastructure. Failure to encourage business growth at Norwich Research Park Enterprise Zone (EZ) means the Council cannot recoup its investment in the site. Failure of landowners to deliver all of the required infrastructure on Zone 1, 4 and 3 to enable end users to avail of the financial incentives from new developments. Interest rates are greater than expected and loan will take longer to repay.	Head of Planning	On 23 May 2016, Cabinet agreed to invest £12.54m to support infrastructure development at Norwich Research Park Enterprise Zone. The accompanying report highlighted the opportunity to: - invest, unlock and enable new development - generate significant economic and financial benefits - accelerate business growth and attraction of inward investment - generate business rates income Also highlighted were several key risk areas, most notably that the development of the site does not occur, which could ultimately result in the Council's investment not being recouped. Work has been completed on a market assessment for a building	Delivery of inward investment, new jobs and business rates income from the NRP EZ	• Assessment of most advantageous borrowing. options for South Norfolk Council at point of borrowing. • Secure funding contribution and agree terms of the JV package with the LEP for the Zone 4 building. • Secure funding contribution from the LEP for infrastructure. • Agree an investment package to deliver the multi-story car park

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2018/19 Business Plan Activity	Required/outstanding actions to support risk mitigation
		The EZ is not built out in a consistent manner leaving 'holes' within particular zones where infrastructure funding could not be secured. Opportunity to take forward a JV building on the NRP EZ with NA LEP is not delivered. Opportunity to grow key sectors including Life science & bio-economy, Agritech and ICT.		Zone 4 which shows a good level of demand for such an investment.		
Growth & Business Development	**S2**	Delivery of the Long Stratton Bypass is delayed	Director of Growth & Business Development	• The Greater Norwich City Deal facilitates a commitment to pool CIL to help fund infrastructure across the Greater Norwich area, with the Long Stratton Bypass identified as a key project to be delivered. A multi-year commitment to borrow £10m from the City Deals loan pot to help part-fund the bypass was agreed by the Greater Norwich Growth Board in 2016. Additional internal and external funding streams are also being investigated.	E3 Infrastructure Delivery	• Two planning applications have been submitted, which include 1,800 homes, employment land, supporting infrastructure and the bypass. Currently working towards determination by Development Management Committee in Q1 2019/20. • The potential use of a Compulsory Purchase Order to ensure delivery remains an option if

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2018/19 Business Plan Activity	Required/outstanding actions to support risk mitigation
				• The Long Stratton AAP was adopted in May 2016, which requires developers/ landowners to contribute a 'substantive' amount of the funding required, adding certainty to the project happening • A successful bid to the National Productivity Investment Fund has secured £3.05m towards the improvements at Hempnall Crossroads and NCC have undertaken initial consultation in preparation for a planning application;		progress is too slow, Considerable internal resources would be needed if a formal CPO process is required for the Long Stratton bypass and 1800 houses plus associated employment land and infrastructure. A significant sum has been earmarked from the Council's reserves should additional costs be necessary to fund such work • SNC has supported the inclusion of the A140 as part of the Government's Major Roads Network, and will work with Norfolk County Council to investigate any subsequent funding opportunities that arise.

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2018/19 Business Plan Activity	Required/outstanding actions to support risk mitigation
Place, Communities and Environment – Improving the quality of life of our communities and enhancing the built and natural environment in our towns and villages.						
Growth & Business Development	**S3**	Shortage of 5-year land supply results in uncoordinated development across South Norfolk, with pressure to approve housing applications on unallocated sites and housing planning appeals more likely to succeed when applications are refused on land supply grounds	Director of Growth & Business Development	Housing land supply figures for April 2017 have been published in the JSC Annual Monitoring Report (AMR) for 2016/17. The AMR takes the JCS figures as the starting point for land supply calculations, but also presents figures based on the 2017 Central Norfolk SHMA. The Council will remain under pressure to approve residential development proposals on unallocated sites.	E2 – Adopted Local Plan delivery and implementation	• All Greater Norwich Local Plan documents allocating sites have been adopted, but continuing to approve appropriate planning applications on unallocated sites will add to the housing land supply. Each application will be considered on its own merits. Planning applications for housing need to be considered having regard to the current five-year supply situation set out in the AMR – including both JCS and SHMA-based calculations. • Forthcoming Housing Delivery Test, to be published by MHCLG in November is likely to have implications for the

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2018/19 Business Plan Activity	Required/outstanding actions to support risk mitigation
						5-Year Land Supply calculation. • Officers across Greater Norwich are continuing to work with housebuilders and landowners and undertaking research to identify the reasons why some sites are not progressing as quickly as desirable, and explore whether any assistance (via the LEP, the Local Infrastructure Fund, the National Productivity Investment Fund, the Housing Infrastructure Fund and other sources) could help speed up delivery of such sites. • Officers will continue to take legal advice on various aspects of the current housing land supply situation, to ensure the position across greater Norwich is robust and defendable.

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2018/19 Business Plan Activity	Required/outstanding actions to support risk mitigation
How we will deliver: Customer focussed, Can do and collaborative, Business-like, efficient and entrepreneurial - Moving Forward Together						
Managing Director	**S4**	The Council is unable to deliver priority services as revenue funding falls short of required income	Accountancy Manager	The Council's Medium Term Financial Strategy (MTFS) was updated in February 2019 and shows a balanced budget for 2018/19, 2019/20, 2020/21 and 2021/22. The £1 million challenge on budgets for 2019/20 will need to be delivered by staff. Further work is required to identify measures to balance the budget from 2022/23 onwards. The plan contains two major risks, around income. Firstly, it includes revenue income from the New Homes Bonus (NHB). The actual level of NHB received is dependent on continued delivery of planned housing growth in the District. The future of this funding stream beyond 2019/20 is subject to decisions in the government’s Spending Review timetabled for 2019.	**BAU: Finance:** Ensure the Council's resources are managed effectively and provide value for money, reducing the risk to the Council's reputation and procurement challenge.	• Balanced budget beyond 2022/23 • Delivery of Long Stratton Leisure Centre Enhancements (2018/19) • Delivery of the Enterprise Zone • Delivery of further property developments (2018/19 and beyond) • Delivery of the savings from collaboration with Broadland Council (2019/20 onwards)

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2018/19 Business Plan Activity	Required/outstanding actions to support risk mitigation
				Secondly, the plan assumes additional income from commercialisation, mainly from property development and the leisure service and also from increases to fees and charges. The forecast outturn is for 18/19 is for a surplus.		
Managing Director	**S5**	Council assets are not managed effectively and do not support service delivery	Assistant Director - Resources	The Council's key operational assets need to be maintained adequately to support effective service delivery. These assets can assist the Council in improving services offered and increasing income generation. The repairs and maintenance of these assets is managed by the services responsible. Technical advice is provided by the Facilities and Technical Services Manager.		• Delivery of Long Stratton Leisure Centre enhancements (2018/19) • Rationalise floor space at South Norfolk House for rental income – office space has been created with a view to let (2018/19) • The Lodge is to be refurbished, with a view to providing rental income (begin - Q3) • Trumpeter House is being actively marketed (2018/19)

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2018/19 Business Plan Activity	Required/outstanding actions to support risk mitigation
Managing Director	**S6**	Property Development activities are not successful and income generation is not realised	Development Project Manger	Through the Council's wholly owned property development company, Big Sky Developments Ltd, the Council is seeking to utilise its own land to develop a range of residential and commercial property. The commercial units will be retained within the Council to enable revenue income to be generated from rents. While the majority of the residential homes will be sold to generate profit, it is envisaged that a number will be retained in the Council's wholly owned property rental company, Big Sky Property Management Ltd. These homes will generate a rental income and the company's profits will be returned to the Council's revenue income.		• Maximise opportunities by seeking to gain planning consent for development • Respond to market conditions, supply and demand • Feasibility appraisal of 5 potential development sites has led to pre-application discussions in relation to 4 sites, with a view to submit full planning applications in relation to two sites in Q3 2018/19. • Search for additional sites for development in progress (2018/19) • Assembling Design Team to deliver housing at the newly acquired site in Cringleford, purchased by Big Sky Developments

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2018/19 Business Plan Activity	Required/outstanding actions to support risk mitigation
Managing Director	**S7**	Opportunity to benefit from efficiencies and enhance services and quality of life for residents through collaborative working with Broadland District Council.	Head of Business Transformation	South Norfolk Council has been working alongside Broadland District Council (BDC) since October 2017 to consider options regarding collaborative working. This approach would enable both Councils to drive economic and housing growth, enhance quality of life and improve service delivery to residents of Broadland and South Norfolk. This would also allow both councils to build capacity and resilience, deliver potential savings and increase their influence nationally with regard to shaping the local government agenda The Full Council of each authority resolved to form one joint officer team across the two autonomous councils on 12 July 2018	M2: BAU: Business Improvement Team: Undertaking Service Reviews for Strategic Leadership Team and the wider business to identify capacity, efficiencies, service delivery alterations. Tracking, reporting, challenging and intervening as necessary for Council performance, corporate projects and programmes. In conjunction with Digital Transformation, identify, prioritise and develop digital solutions to maximise self-service and 24x7x365 customer support	• Programme Team to: • progress the actions outlined in the route map for delivery set out in the Feasibility Study (2018/19) • monitor risks as outlined in the Feasibility Study. • Consult Joint Lead Members Group and Joint Scrutiny Committee when appropriate (2018/19) • Track and support the delivery of the Routemap through the core programme team.

Appendix 3: Analysis of Major Variances on Service Areas – April to December 2018

Service Area	Direct Budget £	Direct Net Expenditure/ (Income) £	Variance £	Commentary
Wymondham Leisure Centre	(185,374)	(51,277)	(134,097)	Negative variance of 37k on salaries following a realignment to match business needs, utility overspend of £5k due to CHP installation, £26k overspend on building maintenance and income target being missed by £61k as memberships are below target.
WLC Spa	(1,101)	27,880	(28,981)	Negative variance due to operation starting later than planned and significant one-off set up costs incurred
Recreation & Sport	66,812	96,357	(29,545)	Negative variance due to a feasibility study costing £42k which is being treated as a revenue cost unless and until the project is agreed, at which point the cost can be transferred to capital.
Leisure Centre Management	159,071	117,104	41,967	Positive variance due to underspends on uniform, consultancy and advertising
Community Assets	206,988	179,558	27,430	Positive variance mainly due to salary savings after restructure
Community Protection	164,393	128,714	35,679	Positive variance mainly due to salary savings after restructure
Recycling Strategy	59,665	24,401	35,264	Positive variance due to establishment savings after realignment
Environmental Quality	247,329	203,020	44,309	Positive variance mainly due to salary savings after restructure

Hostels	7,092	(32,878)	39,970	Positive variance due to hostel income being much higher than budgeted
Homelessness	(177,300)	(220,429)	43,129	Positive variance due to increase in funding and savings on SLA's
Care & Repair	(128,178)	(67,810)	(60,368)	Negative variance due to income targets being missed due to the full year effect of one partner no longer participating in the scheme
Housing Options Team	336,481	306,159	30,322	Positive variance mainly due to salary savings after restructure
Independent Living Team	243,095	212,767	30,328	Positive variance due to salary savings from vacant posts and savings on supplies and materials
HB Administration	(177,732)	(223,001)	45,269	Positive variance due to saving on audit fees and grant income being higher than budget
Management of Commons	29,486	1,448	28,038	Positive variance due to savings on grounds maintenance and grants paid
Benefits Team	275,898	301,188	(25,290)	Negative variance due to non-receipt of one-off income previously received last year.

Building Control	(75,704)	(439,044)	363,340	Stronger than budgeted performance has been driven by savings on employment related costs of £301k. This is mainly due to vacancies carried over into the new fiscal year when it has proved difficult to attract in part because of the strong labour market. A recruitment drive initiated in December has proven successful with several successful candidates joining in January. Further investment in scanning and digitisation is expected to begin later in the year and this will reduce the overall variance. A further positive variance [£29k] has also occurred on equipment spend because of investment in employees' equipment being pushed further back into the second half of the year pending a decision on potential software solutions [£25k]. Income has failed to keep pace with budget by (£30k) following a slow December but is currently exceeding income levels seen in the corresponding period last year by £40k. This reflects the fee increase in October 2017 which is offsetting a fall in overall applications.
Development Management	63,418	(635,487)	698,905	Income exceeds budget by £615k, with application fees and the admin charge of the CIL levy posting positive variances of £579k and £25k respectively as applications, especially those of large developments, have been higher than anticipated. Additionally, savings on employment costs of £65k were also realised due to vacancies within the service which have been filled in January.

Planning & Housing	233,098	195,527	37,571	A favourable variance has been achieved through grant income for work carried out on a Community Led Program with Broadland, which has funded employment costs for those working on it.
Economic Development	226,465	179,364	47,101	Grant income over what was budgeted for has managed to offset an increase in Consultancy spend on several initiatives that were not known at the time of the budget setting process. Savings of £57k have been realised on employment costs due to the decision not to recruit to vacancies. Recruitment to these is unlikely this year whilst a review of the service across Broadland and South Norfolk is undertaken.
Food & Safety	152,919	102,037	50,882	Positive variance achieved predominantly through a £38k saving on employment costs because of a decision not to recruit to a vacant budgeted role following a review of the service. This post is being removed from the establishment.
Licensing	(86,809)	(12,722)	(74,087)	A change in accounting treatment of income to reflect revenue recognition rules mean that fees & charges reported falls short of budget by £57k. An additional £10k has been spent on agency staff to help manage workloads in Q3.
Street Cleaning	242,703	197,394	45,309	The reallocation of some employment costs to reflect the work performed by the Streets team in opening and maintaining Public Conveniences have, with unfilled vacancies, driven a favourable variance. Vacancies are being partly covered through agency staff until recruitment takes place,
Domestic Waste	1,187,302	1,244,838	(57,536)	Additional staffing and agency usage (£69k) and fuel costs (£30k) have been recorded because of additional rounds having to be put on to reduce the risk of

				vehicles being overweight as the volume of overall waste is continuing to increase. These additional costs have been partially offset by higher income received from initial bin charges (£22k).
Garden Waste	(941,528)	(969,328)	27,863	Favourable variance has been achieved through savings on fuel costs because of a change in the classification of vehicles at the depot.
Grounds Maintenance	136,008	54,029	81,979	Favourable variance has been achieved by the decision not to recruit to vacancies, as well as provisions for annual maintenance contracts historically invoiced in March during the year.
Transport Fleet	284,965	455,654	(170,689)	Maintenance costs of the fleet are currently running £195k over budget. Following a review of the procedures surrounding maintenance of the fleet it has been concluded that the budgeted figures previously set were insufficient and these have been amended for 2019/20. A review of current fleet management packages has commenced within Q3 which will enable enhanced tracking and analysis of maintenance costs.
Ops Management	312,669	364,057	(51,388)	Negative variance reported because of additional consultancy costs being recorded for a review of procedures around fleet maintenance. Additional employment costs have also been noted due to role changes.
Growth and Business Development Business Support	377,189	333,989	43,200	Favourable variance achieved because of a decision to not fill budgeted roles that were vacant.

Land Charges	(237,000)	(208,715)	(28,285)	A lower than budgeted number of applications have been received this year which has led to a shortfall from fees of £36k. This shortfall has also seen us save £8k from paying for searches.
Visitor Economy Initiative	134,687	164,364	(29,677)	Adverse variance reported due to a completion date of the Wireless Broadband project being earlier than the March 2019 date factored in for the budget.
Electoral Registration		(52,346)	52,346	Positive variance due to an advance received to fund the changes needed in the new electoral system. Bills are due to be received against this in the final quarter of the year.
Marketing	221,303	165,149	56,154	Positive variance due to salary saving of £32k due to a vacancy being carried. Costs have been lower in Consultancy, System Improvement and Advertising although this is expected to rectify itself in the final quarter of the year.
IT	966,214	1,029,031	(62,817)	Negative variance due to increased software costs as a result of upgrades to existing software and introduction to new software, Telephone costs have been higher that expected due to the phased rolling out of the new telephone system. This has now been introduced and steps are being taken to remove old services that are not used any more. Larger data infrastructure expenses than anticipated. A review of suppliers is currently underway to reduce costs going forward.
Business Improvement	176,309	147,537	28,772	Positive variance due to unbudgeted income alongside a vacancy within the establishment.
Investment Properties	(262,913)	(210,063)	(52,850)	Negative variance due to a large unit in Wymondham being vacant losing approximately £35k in rent although the unit is now let, a smaller unit in Diss was

				vacant losing approximately £3k in rent but it is now let. Also, there is a unit at Ketteringham which has been vacant losing approximately £7.5k.
Crafton House Service Account	(32,422)	(6,652)	(25,770)	Negative variance due to income being overbudgeted for this property. Steps have been taken to budget in 2019/20 to reflect the actual levels of occupation achieved.
The Asset Management Plan	66,400	25,500	40,900	Positive variance due to works being scheduled to start in the final quarter of the year.
Investment Income	(382,500)	(595,100)	212,600	This reflects the outstanding loans to the Council's wholly owned companies and additional interest from the temporary loan required to cover the VAT payment on the land at Cringleford plus the "overdraft" facility.
Interest Payments on External Borrowing	379,500	0	379,500	The positive variance results from the fact that no external borrowing has yet taken place as the authority's cash balances are being used to avoid the need to borrow prematurely
Business Rates (NNDR) Income	(2,2244,714)	(2,710,194)	465,480	This reflects strong performance on collection of business rates in the first nine months of the financial year and receipt of grants from Central Government in relation to reliefs given.

Appendix 4: Analysis of Major Variances on Capital Programme

Capital Projects	Budget to 31/12/18	Expenditure to 31/12/18	Variance	Commentary
	£	£	£	
Wheeled Bin Purchases	139,500	104,636	34,864	Stock levels of bins are monitored and new bins ordered when required. It is anticipated that expenditure will total around £130k at year end resulting in a positive variance of £70k, which will not be required in future years.
Waste Vehicle Replacement	778,000	528,055	249,945	Two new vehicles are on order and are due to be delivered in February. One further second-hand vehicle is also due to be delivered by the end of the financial year. Once these vehicles have been received, expenditure should total £1,021m. This would leave only the budget for a new street sweeper, for which options are being considered.
New IT Projects	303,832	138,114	165,718	The telephony system is now live, however further costs are expected in Q4 as further enhancements to the system are applied. The mobile working budget remains unspent however, plans are being formulated to spend this budget by year end. Options regarding a joint website with Broadland are being investigated; it is expected this year's web budget will result in a £19k positive variance. This will need to be slipped into 2019/20 to facilitate further work. Expenditure on GDPR system upgrades remains low as much work has been done in house, particularly where new upgrades were found not to offer satisfactory solutions. Some of this positive variance will need to be slipped into 2019/20 to implement upgrades when solutions have improved.
Grounds Maintenance	61,125	0	61,125	Regular servicing has lengthened the life of the current grounds

Equipment Purchase				maintenance equipment, therefore it is not expected that this budget will be required this year. The equipment will remain under review, but a positive variance of £81,500 is currently predicted for year end.
Toilet Refurbishments	100,000	49,136	50,864	Full payment has been made for the refurbishment of the Public conveniences in Wymondham. The refurbishment of the public conveniences in Harleston is underway and is expected to be complete by the end of January. SNC is anticipating taking on the refurbishment of the Diss public conveniences as soon as an agreement is reached with the Town Council regarding the ongoing management of the refurbished facilities. SNC has also recently gained planning permission to convert the public conveniences in Long Stratton to mixed use, including the provision of a public toilet.
Car Park Improvements	58,614	28,853	34,761	The installation of twenty electric car charging points at five car parks across the district has commenced and they are due to be operational in January. A grant has been secured for 75% of the cost. Quotes are currently being obtained for the resurface of the Shelfanger West car park, but the remaining budget is not expected to be required by the end of the financial year. A positive variance of £46k is therefore expected, some of which will be slipped into 2019/20.
Ketts Park	950,250	742,793	207,457	The construction of the artificial grass pitch is now complete, but we await final confirmation of external funding before we can proceed with improvements to the tennis facilities. It is therefore likely that there will be a positive variance of £387k at year end, which will need to be slipped into 2019/20.

BSPM Rental Home Purchases	3,359,999	1,158,000	2,201,999	Funding has been provided to BSPM to enable them to purchase 6 properties on Maple Park. BSPM may seek to purchase one further property before the end of the financial year, but this would still result in a positive variance in the region of £3m at year end, which will be required in future years.
Improved Leisure Provision	2,024,841	1,699,943	324,898	For operational reasons, it has been decided to install the new pool filters at Wymondham Leisure Centre in the next financial year, so this will result in slippage.

Agenda Item: 6
Cabinet

4 February 2019

BUDGET CONSULTATION 2019/20

Report Author(s): Julie Brown, Group Accountant, 01508 533855, jabrown@s-norfolk.gov.uk

Portfolio: Michael Edney, Growth and Resources

Ward(s) Affected: All

Purpose of the Report:

This report describes the key messages from this year's budget consultation exercise, to inform Councillors' consideration of the budget proposals for the financial year 2019/20, which are included elsewhere on the agenda.

Recommendation:

It is recommended that Cabinet considers the feedback from the consultations when reviewing the proposed budget for the financial year 2019/20.

1. SUMMARY

This report describes the key messages from this year's budget consultation exercise, to inform Councillors' consideration of the budget proposals for the financial year 2019/20, which are included elsewhere on the agenda.

2. BACKGROUND

The Council has consulted businesses, as part of its statutory duty, and the public on investment, charging and levels of Council Tax for 2019/20. The consultation process for the 2019/20 budget has focused on an online consultation for both the public and businesses.

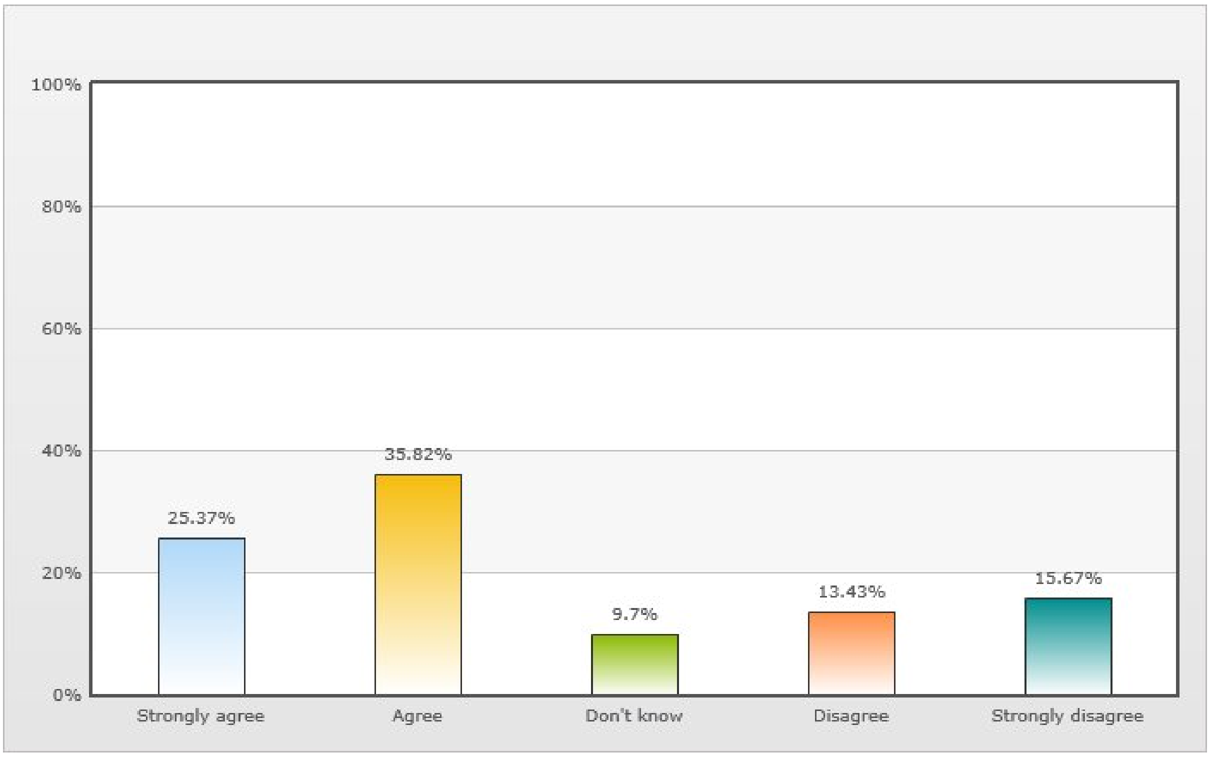
3. CURRENT POSITION / FINDINGS

3.1 The Council used an online survey to consult with members of the public and businesses, as part of its statutory duty to consult with businesses before setting its budget. Respondents were made aware of the consultation through the use of the Council's website, social media accounts and business newsletter. The consultation received 134 responses, which it should be noted, may not be representative of the South Norfolk population as a whole.

3.2 The consultation consisted of three main questions, the responses to which are listed below:

3.3 *Q1. The Revenue Support Grant the Council receives from Central Government will be removed for 2019/20, which is a decrease of £417,000 from the current year. By increasing its share of council tax in 2019/20 by £5, the Council would raise £247,000 (compared to no increase) to help to protect the services that improve your quality of life. To what extent do you support the Council increasing its share of council tax by £5 in 2019/20?*

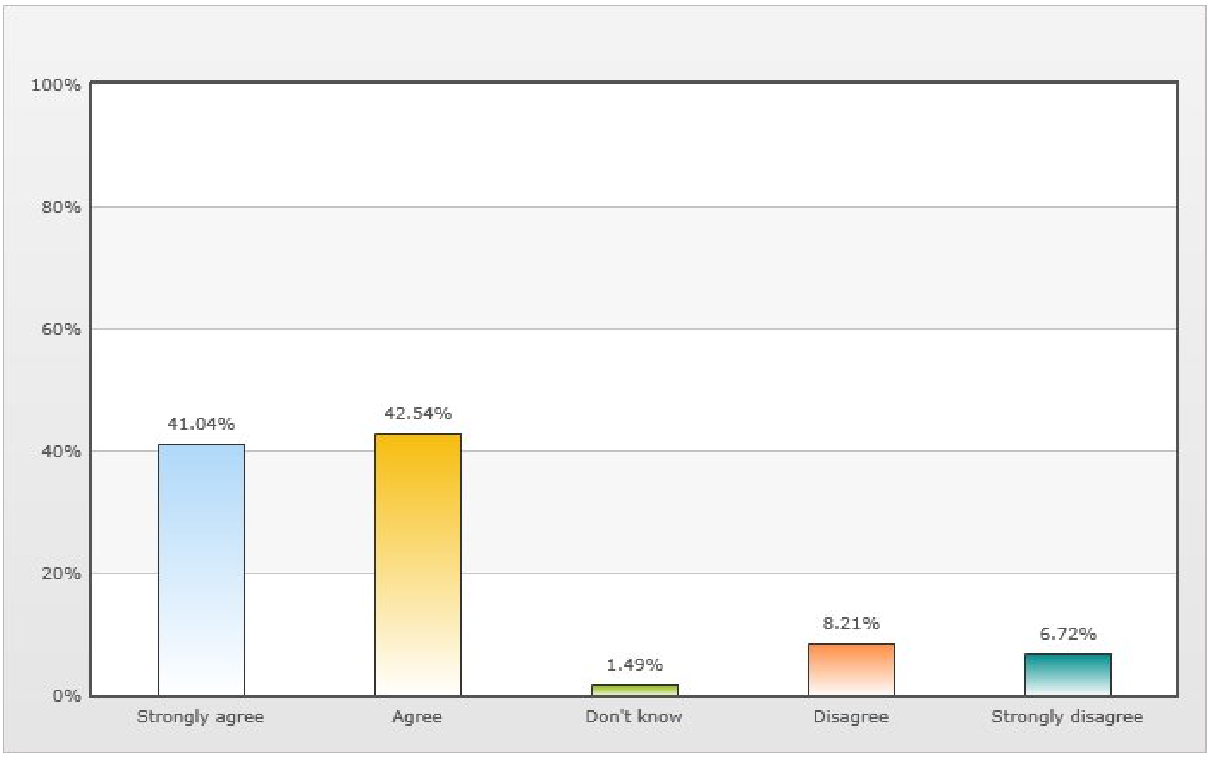
3.4 Results:



3.5 The results indicate that 61% of respondents are in agreement with the Council's proposed increase to Council Tax. The Council has not increased Council Tax for six out of the last ten years. However, due to reduced funding levels from central government, the Council must find ways to deliver a balanced budget and part of this must now result in increased Council Tax (as detailed in the Revenue Budget, Capital Programme and Council Tax report elsewhere on the agenda).

3.6 *Q2. Some of the charges we make are for services that are discretionary and only used by some of our residents. These charges include our garden waste service, leisure services, car parks and planning service. To what extent do you believe that these services should be paid for by the customers who benefit from these services rather than general council tax payers?*

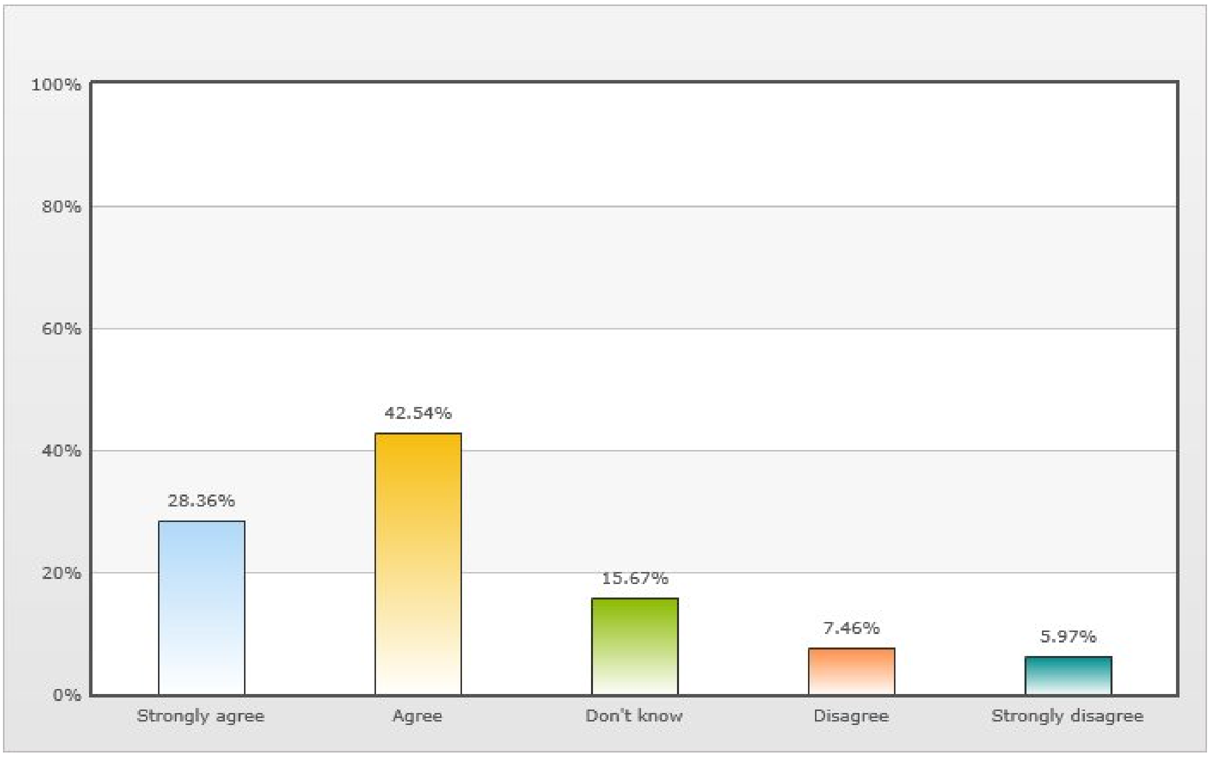
3.7 Results:



3.8 84% of respondents agreed with the suggestion that discretionary services should be paid for by those who use them. The Council reviews its fees and charges in line with its Charging Policy (adopted in October 2016) and for 2019/20, is proposing an increase in most charges of 2.7% to reflect the Retail Price Index for inflation as at December 2018. This is intended to increase income and reduce the burden on the Council Tax payer.

3.9 *Q3. Over the last 3 years we have achieved more than £258 million of business investment into South Norfolk. We would like to know if you think we should re-invest a share of our business rate income to support our business community, for example investing in superfast broadband and infrastructure for economic development.*

3.10 Results:



3.11 Respondents were in favour of investment to support the local business community with 71% either agreeing or strongly agreeing. The Council has created an Infrastructure Reserve to finance preparatory work on infrastructure projects. It is proposed to use some of this reserve to support revenue costs of infrastructure and economic development investment in the District. It has also committed £570,000, in 2019/20, to go to Norfolk County Council to improve the Broadband infrastructure within South Norfolk. This funding will be drawn down in accordance with the timetable for the Better Broadband for Norfolk programme.

4 ISSUES AND RISKS

4.1 There is a risk that if the consultation responses are ignored then the services delivered by the Council may not fulfil the priorities of the businesses and public it serves.

5 CONCLUSION

5.1 The consultations have provided an efficient and cost-effective way of consulting with the Council's residents and businesses. The feedback around the Council Tax rise was in support of a £5 increase in the Council's share of this.

5.2 Respondents agreed with charging for discretionary services and supporting the business community by reinvesting business rates income.

6 RECOMMENDATIONS

6.1 It is recommended that Cabinet considers the feedback from the consultations when reviewing the proposed budget for the financial year 2019/20.

Agenda Item: 7
Cabinet
4 February 2019

BUSINESS PLAN 2019/20

Report Author(s): Emma Pepper
Business Improvement Lead
epepper@s-norfolk.gov.uk

Portfolio: Growth and Resources

Ward(s) Affected: N/A – All

Purpose of the Report: The annual Business Plan has been submitted to Scrutiny for their consideration and recommendation as appropriate to Cabinet

Recommendations:

Cabinet is asked to

1. Consider and approve the 2019/20 Business Plan
2. Consider the recommendation of the Scrutiny Committee, detailed in paragraph 1.2 of this report

1. SUMMARY

1.1 The annual Business Plan has been submitted to Cabinet for consideration and to seek approval of it. The Business Plan went to Scrutiny on 23 January 2019.

1.2 At this meeting, Scrutiny Committee resolved to note the draft Business Plan and comment to Cabinet, subject to the following recommendation:

1.2.1 Amendment of the wording for measure HO1801, new wording proposed as follows: % of services that have an online web form which were completed via self-service

1.3 This year we have again developed the Business Plan around the Council's corporate priorities as defined in our 5-year Corporate Plan instead of developing the Business Plan around organisational structures. In this way we can easily show the activities aligned to our priorities as well as the Strategic Measures reported quarterly to Cabinet that we use to track performance.

2. BACKGROUND

2.1 The Business Plan has been written through iteration and reviews by officers, teams, at two all-staff workshops and by the Strategic Leadership Team (SLT) and Corporate Management Leadership Team (CMLT). (Please see Appendix A)

2.2 In December, an informal Scrutiny led all-Member workshop ('The Year Ahead – Planning for Success 2019-20) was also held to review the draft Business Plan with lead officers. This workshop gave Members the opportunity to discuss the plans in detail with service leads and members of the finance team. The plans for formally presented to Scrutiny on the 23 January for final recommendation to Cabinet.

2.3 The draft Business Plan is attached for approval by Cabinet. The intention is for the Business Plan to come into effect from 1st April 2019. Between February and April, individual staff objectives for the year are written. The Business Plan provides input to this and establishes the link between an individual's objectives, team activities and our corporate priorities.

3 CURRENT POSITION / FINDINGS

3.1 The main aims of the Business Plan are to:

3.1.1 Set out our proposed activities for the year ahead (2019/20) to support our corporate priorities
3.1.2 Highlight the resources (staffing levels and financials) to implement the plan
3.1.3 Show the strategic measures and targets by which we will track alignment with our corporate priorities through quarterly performance reporting to cabinet

3.2 The Business Plan contains a detailed table showing the proposed activities to be undertaken in 2019-20. We have revised the presentation of Capital expenditure this year to include both internally and externally funded capital as requested by Members during the previous Business Planning cycle. The plan has also been revised to reference the joint working with BDC.

3.3 The total revenue budget for 2019/20 is £52M which includes £26M of benefits payments. The total budget shown in the Business Plan will differ to that shown in the total budget which will go to Cabinet, this difference is due to the full budget containing parish precepts, reserve movements and centrally funded costs such as the pension scheme lump sum payments and interest payments, receipts. This year we anticipate an increase in Commercial income of £1.1m This position is not reflected in the overall bottom line figures of the plan when comparing the Business Plan Income figures year on year due to the inclusion and variation of housing benefit income received offsetting this figure.

3.4 The revenue budgets in the business plan, combined with additional income from the New Homes Bonus will contribute to the Council's long-term financial plan, enabling us to deliver the activities outlined within the 2019/20 Business Plan across our themes of Economic Growth, Health and Wellbeing and Place & Environment.

3.5 The movement of Net Cost variances in comparison to the 2018/19 Business Plan has again this year been highlighted on the Business Plan itself via coloured arrows. As with previous years sometimes the increase can be a result of how the FTE or budget is being apportioned between activities, because of additional investments in a service or increased baseline costs a number of these increases are offset by decreases in other areas of the business and are relative to the apportionment of costs across the themes.

3.6 This year's cycle began back in October where service areas identified and adjusted the plan to ensure it incorporates both new and continuing actions for the financial year ahead. This cycle also included a £1m challenge whereby the finance and service teams were challenged to identify £1m of additional income or revenue expenditure reductions and was met with success. Over £2.5m of income increases or revenue expenditure reductions (both pay and non-pay) were identified. This contribution to savings and income has meant that we have only seen a 2.2% or £233k increase in net cost variance from the 18/19 plan to 19/20 plan.

3.7 The Capital programme for 2019/120 totals £33.5m. This capital investment includes over £29m of internally funded projects and a further £4.5m of externally funded capital. When comparing 2018/19 to 2019/20 the Capital investment programmes appears on face value to have increased however the 2019/20 programme includes some predicted slippage from the 18/19 and may need to be further revised once the 2018/19 outturn is finalised.

The distribution of capital across our themes remains largely the same as in previous years. Much of the Capital expenditure for the 2019/20 Business Plan has been invested into Economic Growth, Productivity and Prosperity, aligning with the key driver for growth across our district. This expenditure includes £8.2M in Norwich Research park, £570k for continuation of better broadband, £56k of car park improvements.

3.8 FTE numbers have decreased by 12.39 FTE as we continue to adapt and revise our ways of working and by increasing digital levels of customer self -service.

3.9 The strategic performance measures and associated targets have been reviewed and revised to ensure we set stretching but realistic targets for 2019/20 following feedback and current performance. A full breakdown of the proposals can be found attached (Appendix B). Highlights of which includes but are not limited to;

3.9.1 (LI 758) External funding identified and brought into the local economy – A proposed Increase of £0.25m

3.9.2 (EG1605) Number of apprenticeship placements available in our local businesses for our young people – A proposed increase of 180

3.9.3 (HE1601) % Increase in our leisure centre members following the refurbishment of our three centres – A proposal to remove this measure as it is not reflective of overall performance (i.e. swim school) and replace with (HE1901) Achievement of our leisure services income performance target to achieve cost neutrality and (HE1902) 4% increase in the annual footfall of customers visiting SNC's leisure facilities and activities to lead healthier and more active lives

3.9.4 (HE1607) Number of households helped to achieve positive outcomes through our Help Hub service – A proposed increase of 500
3.9.5 (HE1608) B) Number of referrals from GPs to our social prescribing services – A proposal to target this measure (Previously baseline monitoring)
3.9.6 (HE1801) % of services that have an online web form that were self-service – A proposal to increase this by 5%
3.9.7 (HO1602) £-Efficiency savings delivered – A proposal to increase by £110k

4 PROPOSED ACTION

4.1 Cabinet is asked to Consider and approve the 2019/20 Business Plan, taking into account the recommendation of the Scrutiny Committee, detailed in paragraph 1.2 of this report

5 OTHER OPTIONS

5.1 None

6 ISSUES AND RISKS

6.1 **Financial** - The Business Plan has been developed in the context of the information currently available regarding the local government finance environment we will be operating in over the next four years. It is aligned to the proposed 2019-20 Budget and Medium Term Financial Strategy which at time of writing is draft subject to submission to Cabinet and Full Council in February and subject to the announcement of the final finance settlement for local government for 2019-20. Although a solid financial strategy has been developed with a prudent approach to potential income and efficiencies, it should be noted that some activities may need to be revised as a result of any major changes to our budget.

6.2 **Resource Implications** – Outlined in the budget report elsewhere in this Cabinet agenda

6.3 **Legal Implications** – None

6.4 **Equality Implications** – none

6.5 **Environmental Impact** - None

6.6 **Crime and Disorder**- None

6.7 **Other Risks** – None

7 CONCLUSION

7.1 The revenue budgets in the draft business plan, combined with additional income from the New Homes Bonus will contribute to the Council's long-term financial plan, enabling us to deliver the activities outlined within the 2019/20 Business Plan across our themes of Economic Growth, Health and Wellbeing and Place & Environment.

8 RECOMMENDATIONS

Cabinet is asked to

8.1 Consider and approve the 2019/20 Business Plan
8.2 Consider the recommendation of the Scrutiny Committee, detailed in paragraph 1.2 of this report

APPENDIX

South Norfolk Business Plan 2019-20

South Norfolk COUNCIL

Contents

Introduction

In 2016 through the agreement of our Members we published our 5-year Corporate Plan. The Corporate Plan defines our vision and corporate priorities for 2016 through 2020. This document, our annual Business Plan, has been developed around the corporate priorities and describes our intended activities for 2019-20 to support the priorities set out in the Corporate Plan.

The Council’s Vision and Priorities

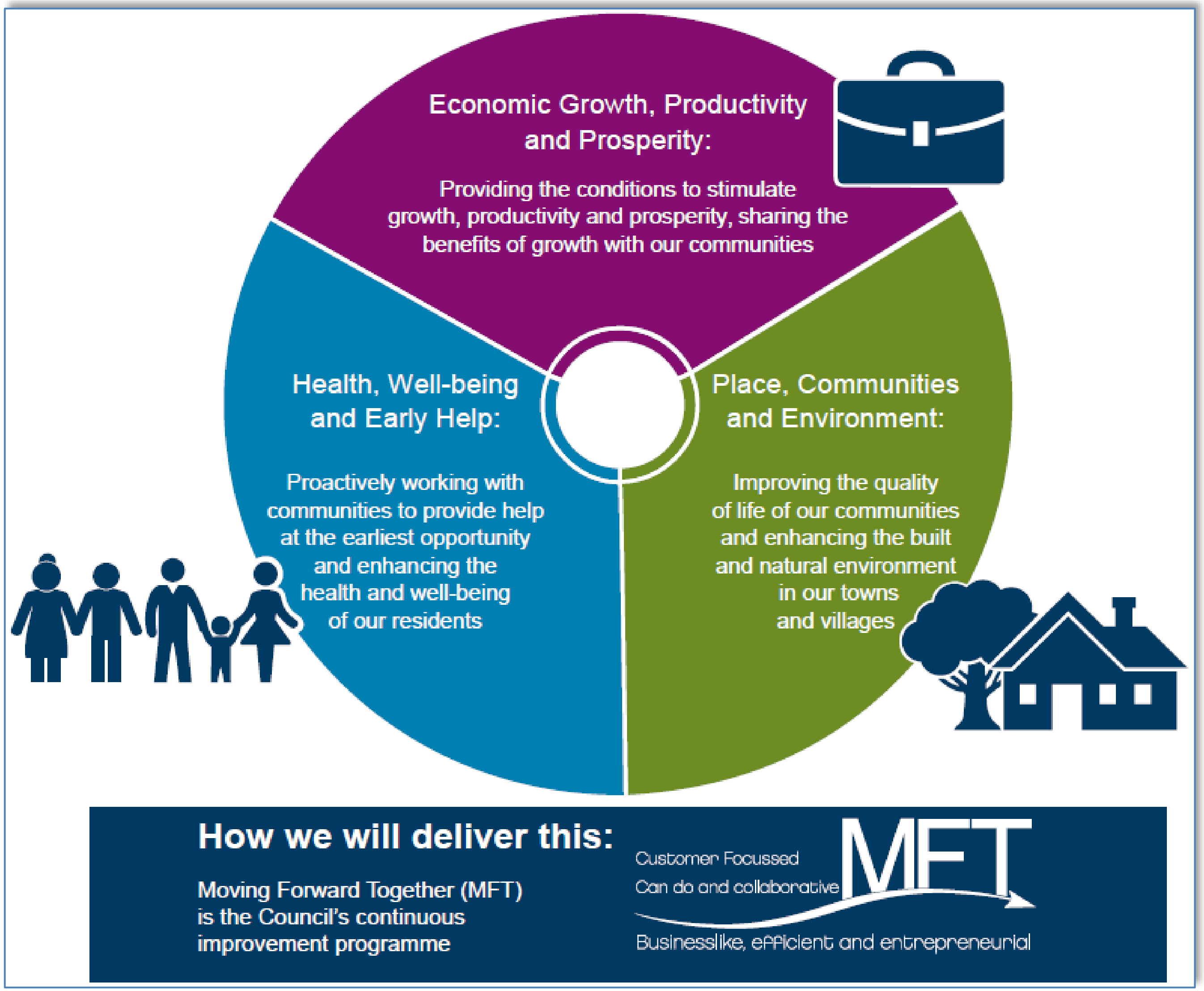
We are committed to making South Norfolk one of the best places to live and work in the country. Below is our ***vision*** for South Norfolk as a place and our ***ambition*** for South Norfolk Council as an organisation.

> **Our Vision** - To retain and improve the quality of life and prosperity of South Norfolk, for now and future generations, to make it one of the best places to live and work in the country.
>
> **Our Ambition** - To be recognised as a respected and ambitious local authority, innovating to help communities thrive by actively shaping services to meet today’s and tomorrow’s need.

Our Corporate Plan identifies three priority areas where we focus our resources and efforts.

These areas are underpinned by how we deliver our services – customer focussed, collaborative and having a commercial approach to service delivery.

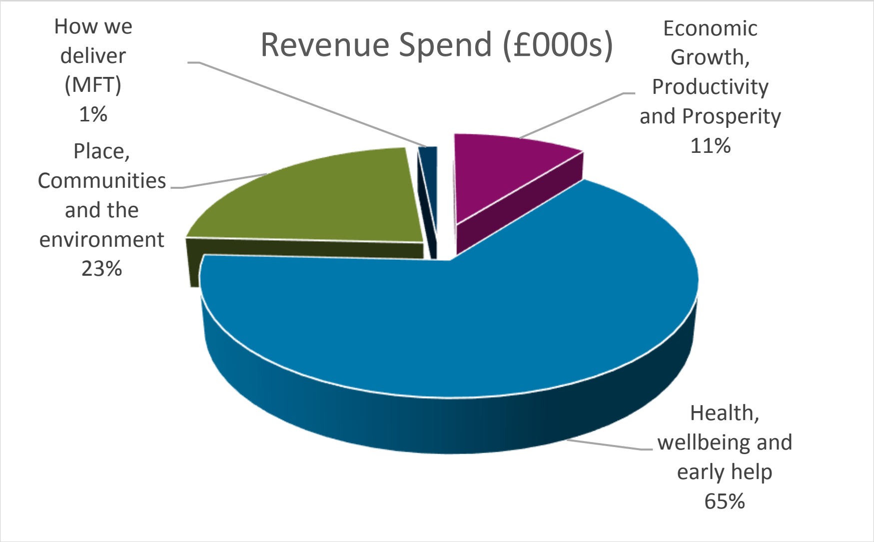
These principles are part of our continuous improvement programme, 'Moving Forward Together' (MFT).

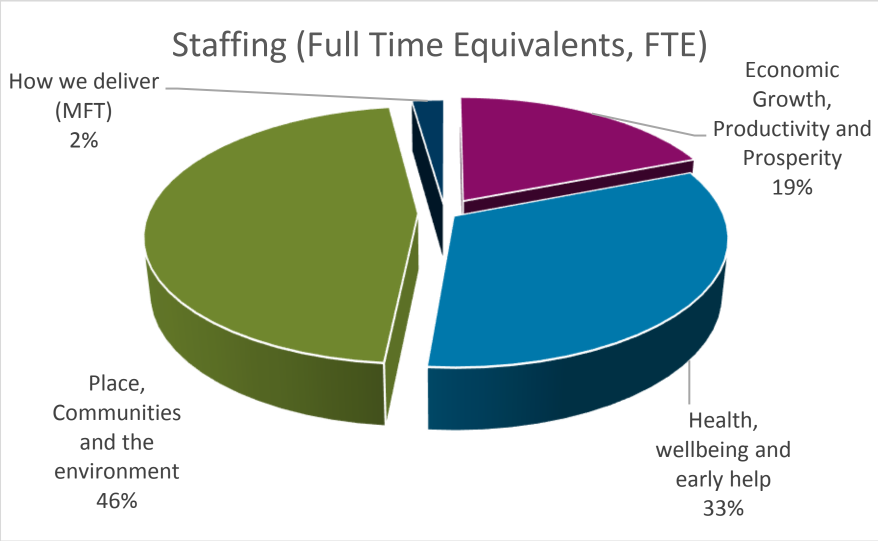


Financial Summary

The budgeted spend for the proposed activities shown in this Business Plan is £52 million including £26 million of benefit payments (included in the revenue spend chart below under Health, Well-being and Early Help).

The breakdown of resources across our corporate priority areas is shown below:





Corporate Priority Areas

Each priority area within the Corporate Plan has a number of individual priorities associated with it. These are summarised below and form the major headings under which the activities in this Business Plan are shown.

Corporate Priority Area: Economic Growth, Productivity and Prosperity.
Providing the environment to stimulate growth, productivity and prosperity, sharing the benefits of growth with our communities

Corporate priorities:

- Working as part of Greater Norwich to support investment in critical infrastructure, utilising innovative funding mechanisms, increasing the number of local jobs and the area's overall productivity.
- Supporting new and existing Businesses to grow; facilitating innovation and providing targeted support to key sectors.
- Working with key partners to develop local skills to match what our businesses need, and supporting apprenticeships.
- Sustaining the character and supporting the vitality of our local market towns, stimulating business growth, both in town centres and across the rural parts of our District.

Corporate Priority Area: Health, Well-being and Early Help.
Proactively working with communities to provide help at the earliest opportunity and enhancing the health and well-being of our residents

Corporate priorities:

- Encouraging our residents to live healthy and active lives.
- Supporting people within our communities who need our help the most.
- Working as part of communities to proactively provide early help.

- Helping our older and vulnerable residents to stay independent and in their own homes for longer.

Corporate Priority Area: Place, Communities and Environment.
Improving the quality of life of our communities and enhancing the built and natural environment in our towns and villages

Corporate priorities:

- Keeping streets and public spaces safe, clean and tidy.
- Encouraging communities and businesses to recycle more - reducing the amount of waste that we send to landfill.
- Enhancing our high quality environment by supporting development that respects and enhances the distinctive character of South Norfolk.
- Working effectively with the voluntary sector and community groups to make sure our residents have access to a wide range of services and support to meet their needs.
- Ensuring the range and number of local homes match the needs of local families and residents.
- Supporting a transparent and democratic Council, that enables communities to have their say on local decisions and services.

Customer Focussed
Can do and collaborative
MFT
Businesslike, efficient and entrepreneurial

How we will deliver: Customer focussed, Can do and collaborative, Business-like, efficient and entrepreneurial - Moving Forward Together

Corporate priorities:

- Increasing our ability to be self-financing through commercialising where appropriate to support those services that matter to residents the most.
- Delivering increased value for money by increasing productivity.
- Delivering the services that customers need when they need them.

- Leading and building collaborative working with our private, public and voluntary sector partners to deliver better and more efficient services for our residents.

For each corporate priority, our Business Plan outlines:

- The 2019-20 Council activities, ‘business as usual’ (BAU) operational services and initiatives which will contribute to achieving the priority.

- The *‘Strategic Measures’* and end of year targets that will be used to track achieving the priority. These Strategic Measures are reported to our Cabinet each quarter as part of our Performance Management Framework.

Performance Management Framework

The 5-year Corporate Plan sets out our key corporate priorities together with 5-year targets for success. The Business Plan for 2019-20 uses these priorities and shows the ***'Strategic Measures'*** with year-end targets for each priority. The Strategic Measures are tracked and reported each quarter to Cabinet as part of our Performance Framework.

The annual Business Plan is agreed in February each year in tandem with the Financial Plan and Budget. The Business Plan sets out the proposed activities and 'business as usual' operational services that will be undertaken for the financial year ahead commencing 1 April.

Between February and April staff personal objectives are set for the year and reflect the proposed activities they will be working on from the Business Plan. These personal objectives are assessed as part of annual staff performance reviews in October and April each year.

Understanding the Business Plan

We have used the same format for this Business Plan as we did last year in that the listings of our proposed activities and operational services for 2019-20 are grouped by corporate priority rather than by our organisational structure.

Corporate Priority Area

Corporate Priority

Strategic Measures for the priority (reported quarterly to Cabinet)

Activities and BAU 'business as usual' operational services that support the priority. Where: 'ACTIVITY' represents proposed new projects and initiatives; And 'BAU' represents 'business as usual' operational Council services.

Ref	BAU service or Project/Activity. Plus description of outcomes expected from this activity	2017-18 Year 1 activity ('What we plan to do' this year)	Target	FTE	Revenue Spend (£'000)	Income (£'000)	Net (£'000)	Capital Spend (£'000)	Team	NET COST CHANGE SINCE 2016-17
	RATE PRIORITY AREA (THEME): Economic Growth, Productivity and Prosperity - Providing the environment to stimulate growth, productivity and prosperity, sharing the benefits of growth with our communities									
	CORPORATE PRIORITY: Working as part of Greater Norwich to support investment in critical infrastructure, utilising innovative funding mechanisms, increasing the number of local jobs and the area's overall productivity.									
	STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter	**MEASURE**: - (LI 1013) CNC Building Control fee earning income - (LI 358) % rental income return from property investment - (EG 1601) a) Number of residential dwellings and b) SqMetre area of commercial space developed through our Big Sky Developments company - Annual measure (EG 1602) Number of hectares of employment land developed by 2026 - Annual measure (EG1603) Number of new jobs created in the district	**Year End TARGET**: £1.68m 5% a) Baseline b) Baseline Baseline Baseline							
	ACTIVITY: Digital (District) Programme: Attract and retain businesses into the District by identifying new technological opportunities and digital platforms to include enhanced broadband provision.	• Investigate the development of new digital infrastructure, platforms and training packages for online business. • Enhanced broadband provision across the District.	Q4 Q4	0.30	£15.90	-£1.60	£14.30		Economic Development	↓
E2	**BAU: Adopted Local Plan delivery and implementation - To increase the number of jobs and houses by** promoting the development of key sites allocated in the Adopted Local Plan, monitoring their delivery and implementation. Outcomes will include the delivery of needed houses and employment sites, boosting New Homes Bonus, CIL, (in some cases Business Rates) and council tax income and, more generally, economic growth	• Produce and publish an Annual Monitoring Report (for previous years activity) to include 5 year housing land supply trajectory. • Work with Colleagues (internal and Greater Norwich Growth Board) to investigate potential sources of funding sources (e.g. LIF) to assist with lifting infrastructure blockages or other barriers to delivery of housing and employment growth. • Finalise and adopt three Supplementary Planning Documents, on Open Space, Custom Build and Starter Homes • Provide ongoing support as required by legislation, comment on consultation drafts, and administer the examination, referendum and adoption stages of Neighbourhood Plans (as appropriate; timescales are uncertain). Will include further stages of work for the Long Stratton NP, Easton NP and Diss & District NP	Q3 Q4 Q2 Q3	2.80	£327.60	-£102.10	£225.50		Planning Policy	↔
	CORPORATE PRIORITY: Supporting new and existing businesses to grow; facilitating innovation, and providing targeted support to key sectors.									
	STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter	**MEASURE**: - (LI 356) Number of Small-to-Medium Enterprises (SMEs) provided with advice and guidance in South Norfolk - (LI 613) Number of new business start-ups supported in South Norfolk - (LI 758) External funding identified and brought into the local economy - (BV010) % of non domestic rates collected - (LI 210) % of food premises which have an FHRS (Food Hygiene Rating Scheme) rating of satisfactory or above - Annual measure (EG1604) Increase in the number of new businesses attracted to operate and grow in South Norfolk	**Year End TARGET**: 1,200 75 £1m 98% 95% Baseline							
E11	**ACTIVITY: Supporting growth:** Support growth and local communities by growing and offering services which meet business needs of others.	• Extend our reach in terms of commercial waste services for businesses in and around South Norfolk.	Q4	1.60	£172.58	-£232.00	-£59.42	£55.00	Environmental Services	↑

Resource allocations (staffing levels as well as financials): 'FTE' refers to Full Time equivalent (staffing level); 'Net' column is the Net cost or income based on Revenue spend minus Income. A negative NET cost figure represents a positive rather than a cost. Please Note figures have been rounded

Net Cost change since last year (i.e. Down, Up, Same cost or a New item)

Business Plan 2019-20
Detail of activities

Theme	Ref	Service (BAU - 'Business As Usual' operations) or Activity / Project and description of outcomes expected from this	What we plan to do this year (2019/20)	Target	Team	FTE	Revenue Spend	Income	Net	Capital Spend (Internally Funded)	Capital Spend (Externally Funded)	Net Cost Change Since 2018-19 (£)
		CORPORATE PRIORITY AREA (THEME): Economic Growth, Productivity and Prosperity - Providing the environment to stimulate growth, productivity and prosperity, sharing the benefits of growth with our communities										
EG	CORPORATE PRIORITY: Working as part of Greater Norwich to support investment in critical infrastructure, utilising innovative funding mechanisms, increasing the number of local jobs and the area's overall productivity.											
EG		STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter										
EG			**MEASURE**	**Year End TARGET**								
EG			(LI 1013) CNC Building Control fee earning income	£1.85m								
EG			(LI 358) % rental income return from property investment	5%								
EG			(EG 1601) a) Number of residential dwellings and b) SqMetre area of commercial space developed through our Big Sky Developments company	a) Baseline b) Baseline								
EG			Annual measure (EG 1602) Number of hectares of employment land developed by 2026	Baseline								
EG			Annual measure (EG1603) Number of new jobs created in the district	1% Increase on previous year								
EG	E1	**BAU : Digital District Programme:** Agreed SNC contribution to Better Broadband for Norfolk (BBfN) programme to ensure (at least) 91% superfast broadband coverage within district. Programme managed by Karen O'Kane from Norfolk County Council.	• Receive and circulate to members BBfN quarterly report plus commentary if necessary • Invite and host a BBfN representative at a members briefing biannually • Work with BBfN regarding queries related to BBfN and superfast broadband provision in South Norfolk	Ongoing	Economic Development	0	-	-	-	£570k	-	↓
EG	E2	**BAU: Adopted Local Plan delivery** and implementation - To increase the number of jobs and houses by promoting the development of key sites allocated in the Adopted Local Plan, monitoring their delivery and implementation. Outcomes will include the delivery of needed houses and employment sites, boosting New Homes Bonus, CIL, (in some cases Business Rates) and council tax income and, more generally, economic growth	• Produce and publish an Annual Monitoring Report to include 5 year housing land supply trajectory and Housing Delivery Test results, and consider fixing 5 year land supply through an annual position statement. Analyse trends in development and monitor the effectiveness of current Local Plan policy. Both these feed into the evidence base for the ongoing preparation of the Greater Norwich Local Plan • Prepare bids, with Broadland where appropriate, for potential sources of funding (e.g. Local Infrastructure Fund, LEP Growth Fund, Housing Infrastructure Fund etc) to help overcome infrastructure blockages that are hindering some sites from being developed/completed • Provide ongoing support (as required by legislation), comment on consultation drafts, and administer the examination, referendum and adoption stages of Neighbourhood Plans (as appropriate; timescales are uncertain). Will include further stages of work for the Long Stratton Neighbourhood Plan (NP), Diss & District NP, Poringland NP, Dickleburgh and Starston. Build on the jointly-delivered Community Led Planning project with Broadland.	Q3 Q4 Q4	Planning Policy	0.92	£87.5k	-	£87.5k	-	-	→
EG	E3	**ACTIVITY: Infrastructure delivery programme:** Working as part of the Greater Norwich Growth Board to plan and help deliver high quality infrastructure that helps facilitate and support housing and employment growth, including progress on delivering the Long Stratton Bypass. Outcomes will include new footpaths and ecological improvements to various sites	• Preparation of the 2020/21 Greater Norwich Infrastructure Investment Plan to identify the delivery of planned infrastructure projects in South Norfolk • Help administer the delivery of infrastructure projects receiving money from the pooled CIL pot in South Norfolk for delivery in 2019/20 • Work with Norfolk County Council on detailed work to support the delivery of the Long Stratton Bypass, exploring external funding opportunities	Q2 Q4 Q4	Planning Policy	0.76	£72.1k	-	£72.1k	£5m	-	→
EG	E4	**BAU: Growth Delivery Team:** Establish a joint growth delivery team, operating across Broadland and South Norfolk, to accelerate and promote quality development in the delivery of the two districts' strategic sites, notably Beeston Park, Long Stratton, Norwich Research Park and Rackheath.	• Establish a core, dedicated growth delivery team consisting initially of three officers to work with existing teams, partners and consultants	Q1	Planning	0.07	£80.6k	-	£80.6k	-	-	
EG	E5	**BAU: CNC ongoing operations:** Maintain high quality service delivery for CNC building control and its associated services that meets the needs of our customers and local authority partners.	• Continue to create efficiencies and cost savings through increasing self-service online options and streamlining processes in line with customer demands. • To produce and use a dashboard of measures to improve the management of our service delivery. This will include KPI's, customer satisfaction scores and other strategies / operational and personal measures. • Review our business requirements to ensure CNC systems are resilient and fit for future growth. Develop our mobile solution and adopt "cloud" working so Building Control certificates can be issued on site. • Continue to work with other departments (planning and economic development) and Build Insight to create opportunities for income generation and to improve the customer experience. Identify efficiencies by continually reviewing practices. • To grow CNC by providing services to or partnering with other councils, protecting our market share and resilience. • Ensure a robust succession plan through recruitment, retention and training	Q3 Q2 Q2 Q3 Q4	CNC	35.94	£1.9m	£-2.1m	£-236.1k	-	-	↓
EG	E6	**ACTIVITY: Big Sky Developments Ltd:** Continue to progress residential development opportunities and manage 3,170m2 of high quality office space which will drive business and housing growth in the district, create employment opportunities in construction and associated industries, and generate income for the Council.	• Start on site with development of dwellings at Friarscroft, Wymondham • Start on site with the development of dwellings at Phase 3 Rosebery Park, Poringland including around 6,000sqft of office space. • Start on Site with 4 apartments and approximately 2,600sqft of commercial space. • Explore development options and progress to site on Rushall Road, Harleston. • Commence on site with infrastructure and Phase 1 of St Giles Park, Cringleford	Q2 Q3 Q3 Q1 Q1	Big Sky		-	-	-	£12.6m	-	→

Theme	Ref	Service (BAU - 'Business As Usual' operations) or Activity / Project and description of outcomes expected from this	What we plan to do this year (2019/20)	Target	Team	FTE	Revenue Spend	Income	Net	Capital Spend (Internally Funded)	Capital Spend (Externally Funded)	Net Cost Change Since 2018-19 (£)
EG	E7	**ACTIVITY: Commercial property Investment and development:** Develop potential sites, subject to business cases. Acquire/develop commercial property in prime growth areas, which will help generate new income for the Council. Work with partners such as the New Anglia Local Enterprise Partnership and other public sector bodies to help grow the economy.	• To continue to work alongside New Anglia Local Enterprise Partnership to develop a new commercial unit on the Norwich Research Park (subject to feasibility study and business case) • Commence development of a mixed business and residential scheme at Diss. • Commence development of residential land at Wymondham. • Commence development of residential and commercial land at Poringland (Rosebery Park phase 3) • Commence infrastructure works on site and phase 1 residential (for 300-400 dwelling site) • Identify potential development opportunities for Big Sky Developments Ltd to generate income for the Council	Q1 Q3 Q3 Q3 Q2 Q2	Big Sky		-	-	-	£7.2m	-	→
EG	E8	**ACTIVITY: Residential property Investment:** Review opportunities to purchase new properties and expand the services provided by Big Sky Property Management to generate income for the Council **BAU: Provide high quality property management** to Big Sky's residential and commercial property portfolio**.**	• Provide support services to Big Sky Companies to generate income for the Council • Assess options to expand the property management service to provide similar services to other companies and organisations. • Continue to deliver high quality property maintenance service for both Big Sky and South Norfolk Councils Handyperson Service.	Ongoing	Big Sky		-	-	-	-	-	→
EG	E9	**BAU: Maximise economic opportunities to deliver enhanced infrastructure**, skills, innovation and enterprise for the benefit of businesses and residents in South Norfolk by partnership working with Broadland, New Anglia Local Enterprise Partnership, Local Authorities, Norfolk County Council and other agencies to shape regional and national development.	• Work with the LEP and other partners to grow existing and attract new business to South Norfolk, providing advice and support in accessing skills development, premises and grants. • To maximise opportunities to regenerate our town centres to make them 'fit for the future' via the Future High Streets Fund.	Ongoing	Economic Development	0.47	£31.9k	-	£31.9k	-	-	↓
EG	E10	**ACTIVITY: Maximising economic opportunities** by ensuring that South Norfolk's element of the Transforming Cities programmed is delivered	• Work with Norfolk County Council and district partners to ensure delivery is consistent with, and maximises the impact of, other infrastructure delivery programmes • Make links to renewable energy workstream • Engage with Big Sky to ensure housing delivery is aligned with programme delivery • Work with partners to facilitate key development sites to come forward in parallel	Q4	Multi Team	0.17	£15.2k	-	£15.2k	-	-	
EG	E11	**BAU**: **Local Plan:** To co-ordinate future development across the Greater Norwich area by working with partners in continuing to prepare the Greater Norwich Local Plan (strategic policies and allocations of land). Outcomes will include the agreement of the Preferred Directions report, which will identify preferred sites allocations to cover the years to 2036	• Consult on Regulation 18 Draft Plan • Publish the Pre-submission (Regulation 19) version of the Greater Norwich Local Plan • Initiate Greater Norwich Community Infrastructure Levy review activities and progress CIL review itself • (Working with Norfolk colleagues) update the Norfolk Strategic Framework inline with revised NPPF and standard housing methodology	Q2 Q4 Q4	Planning Policy	1.43	£136.6k	-	£136.6k	-	-	↓
EG	E12	**BAU: Management of the Commercial Property Portfolio:** Maximise the income received by the Council from its commercial property investment portfolio **BAU: Asset Valuations and adhoc property advice to Council teams:** The asset valuations and adhoc property advice ensure that teams and services within the Council are supported to make informed property decisions.	• Carry out rent reviews and minimise periods when buildings are unoccupied to ensure the return from the Council's commercial property portfolio is maximised. Ensure the units are maintained to a good standard so that existing tenants are retained minimising unoccupied periods. • Conversion of the former Information Centre premises to a retail unit and let (subject to approval) for rental income. • Ensure quality, cost effective property advice is available to other Council services to maximise the use of Council resources.	Q4	Big Sky		£282k	£-627.8k	£-345.8k	-	-	↑

Theme	Ref	Service (BAU - 'Business As Usual' operations) or Activity / Project and description of outcomes expected from this	What we plan to do this year (2019/20)	Target	Team	FTE	Revenue Spend	Income	Net	Capital Spend (Internally Funded)	Capital Spend (Externally Funded)	Net Cost Change Since 2018-19 (£)
EG	**CORPORATE PRIORITY: Supporting new and existing businesses to grow; facilitating innovation, and providing targeted support to key sectors.**											
EG		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
EG			**MEASURE**	**Year End TARGET**								
EG			(LI 356) Number of Small-to-Medium Enterprises (SMEs) provided with advice and guidance in South Norfolk	1,200								
EG			(LI 613) Number of new business start-ups supported in South Norfolk	75								
EG			(LI 758) External funding identified and brought into the local economy	£1.25m								
EG			(BV010) % of non domestic rates collected	98%								
EG			(LI 210) % of food premises which have an FHRS (Food Hygiene Rating Scheme) rating of satisfactory or above	96%								
EG			Annual measure (EG1604) Increase in the number of new businesses attracted to operate and grow in South Norfolk	Baseline								
EG	E13	**ACTIVITY: Supporting growth:** Support growth and local communities by growing and offering services which meet business needs	• Promote and increase the take up of commercial waste services for businesses in and around South Norfolk.	Q4	Environmental Services	4.39	£361.1k	£-512.5k	£-151.4k	£40k	-	
EG	E14	**ACTIVITY: To develop a new approach to facilitate business growth** by delivering our business support and training opportunities across Broadland and South Norfolk.	• To work with Broadland District Council to explore the range of Business Support and Training available either from resources already available, or from in house provision. • To work with Broadland to facilitate a programme of workshops and training for businesses including start-up, and general business advice and more specialised training opportunities, to provide a wide ranging support package to encourage new business and growth. • To maximise funding opportunities available from the Local Enterprise Partnership, The Growth Hub and other providers to support our businesses.	Q1 Q2 Q3	Economic Development	2.04	£137k	-	£137k	-	-	
EG	E15	**ACTIVITY: Inward investment:** Attract inward investment, new sector and place based investment into South Norfolk through handling of major investment enquiries and removing barriers to growth	• Promotion and ongoing management of the joint InvestGN website with Broadland. • Deliver against Cambridge / Norwich Tech Corridor Programme of work to maximise Inward Investment potential for South Norfolk.	ongoing Q4	Economic Development	0.37	£25.4k	-	£25.4k	-	-	
EG	E16	**ACTIVITY: Strategic site development and promotion:** To bring forward new commercial development sites and remove barriers to growth across South Norfolk and the wider geography	• Deliver feasibility study for power for Norwich Research Park Enterprise Zone, Browick interchange, Hethel Technology Park in line with the Greater Norwich Growth Board expectations and to unlock the sites and provide growth in South Norfolk. • Actively engage with land owners and site developers to bring forward new commercial development at key locations including the Cambridge-Norwich Tech Corridor sites e.g. Browick Interchange and Hethel Tech Park, to enable future growth • Oversee the economic development element of feasibility study for Long Stratton Bypass which will improve the transport infrastructure and improve connectivity to the A14 and the South.	Q1 Q3 Q2	Economic Development	0.37	£25.4k	-	£25.4k	-	-	
EG	E17	**ACTIVITY: Norwich Research Park Enterprise Zone:** To actively promote and progress development at the Enterprise Zone	• Deliver phase 1 infrastructure contractual requirements on Zone 4 • Manage lead generation project for the Norwich Research Park Enterprise Zone • Deliver feasibility study/ market assessment and secure funding for Zone 4 building	Q2	Economic Development	0.42	£29.3k	-	£29.3k	£1.6m	£2.5m	
EG	E18	**ACTIVITY: Support to businesses:** Providing support and advice to new and existing businesses , promoting funding opportunities to enable them to create more jobs and create economic prosperity.	• Following on from the provision of a new support package, in conjunction with Broadland, we will identify businesses with growth potential to deliver a targeted plan of action to remove any barriers to growth. This will involve forming a bespoke group in each case to progress individual cases and to meet regularly to ensure momentum is maintained.	Ongoing	Economic Development	0.54	£38.1k	-	£38.1k	-	-	
EG	E19	**ACTIVITY: Support South Norfolk businesses** to engage with their communities through a Corporate Social Responsibility framework aligned to community need and encouraging volunteering	• Enable communities to support themselves by working with businesses to fund and support community led activity.	Ongoing	Community Capacity	1.11	£46.6k	£-15k	£31.6k	-	-	
EG	E20	**BAU: External funding:** Provide enhanced services for our communities by identifying, targeting and securing external funding opportunities to create an additional revenue for investment into the economic growth of South Norfolk.	• Identify and secure external funding into the local economy (South Norfolk and Greater Norwich) .	Q4	Economic Development	0.37	£25.4k	-	£25.4k	-	-	
EG	E21	**BAU: Provision of a statutory food, safety and licensing (premises & taxis) service** which ensures compliance with legislation and gives confidence to businesses and residents by promoting food safety, health and safety, issuing licenses and undertaking regular inspections to keep residents and visitors safe.	• Working collaboratively with colleagues at Broadland to provide the resilience of a coordinated service across the wider geography. • Work with food premises as part of the Food Hygiene Rating Scheme (FHRS) to ensure regulatory compliance to ensure public health in our communities. • Develop a programme of policy reviews and updates , in particular to reflect any changes in legislation which will ensure South Norfolk has up to date policies and procedures compliant with the regulations. • Review and establish a service level that provides a proportionate service based on risk and need and maximises any commercial opportunity identified from this review • Provide Explore opportunities to develop resilience across the wider geography and work towards a one team approach. To provide a 'one stop shop' to event organisers in liaising with regulatory and blue light services to help ensure legally compliant, safe and secure events have minimal impact on residents and businesses.	Q4	Economic Development	5.32	£279.2k	£-171.2k	£108.1k	-	-	
EG	E22	**BAU: Maximising income for the council** by raising appropriate charges and reliefs and consider how we can support business in key sectors to stimulate growth	• Administer the collection of business rates through processing and inspection, enforce non-payment, negotiate reliefs/discounts where appropriate and maintain accurate Valuation Office lists	Ongoing	Finance	8.37	£125.3k	£-174k	£-48.7k	-	-	

Theme	Ref	Service (BAU - 'Business As Usual' operations) or Activity / Project and description of outcomes expected from this	What we plan to do this year (2019/20)	Target	Team	FTE	Revenue Spend	Income	Net	Capital Spend (Internally Funded)	Capital Spend (Externally Funded)	Net Cost Change Since 2018-19 (£)
EG	**CORPORATE PRIORITY: Working with key partners to develop local skills to match what our businesses need, and supporting apprenticeships**											
EG		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
EG			**MEASURE**	**Year End TARGET**								
EG			(EG 1605) Number of apprenticeship placements available in our local businesses for our young people	200								
EG	E23	**ACTIVITY: Skills requirements:** Promote employment opportunities and apprenticeships for South Norfolk businesses.	• Develop relationships with skills providers to sign post businesses to them and work with Early Help Hub to enable people to get back into work.	Q3	Economic Development	0.75	£50.4k	-	£50.4k	-	-	↑
EG	E24	**BAU: Support residents to access employment**, training and improve opportunities within work.	• Reduce the number of residents out of work by support people to access training and employment. • Enable businesses to support staff to stay in work by providing advice and information to businesses around wellbeing issues. • Work with partners to improve careers advice in schools by linking schools and businesses together to enable more young people to leave school with the skills South Norfolk businesses need.	Ongoing	Early Help	0.16	£27.1k	-	£27.1k	-	-	→
EG	**CORPORATE PRIORITY: Sustaining the character and supporting the vitality of our local market towns, stimulating business growth, both in town centres and across the rural parts of our District.**											
EG		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
EG			**MEASURE**	**Year End TARGET**								
EG			(MI 1039) % of units liable for business rates occupied	93%								
EG			Annual Measure (EG 1606) Number of day visits to South Norfolk	1% Increase from previous year								
EG			Annual Measure (EG1608) South Norfolk tourism spend	1% Increase from previous year								
EG	E25	**ACTIVITY: Provision of on street car parking**	• Work with Parish Councils, Town Councils and Norfolk County Council to help deliver on-street parking solutions where appropriate.	Q4	Economic Development	0.15	£9.9k	-	£9.9k	-	-	→
EG	E26	**ACTIVITY: Provision of car parking**	• Provide a car parking service and undertake the maintenance programme	Ongoing	Depot	2.87	£273.2k	£-423.3k	£-150.2k	£53.3k	-	↑
EG	E27	**ACTIVITY: Delivery Visitor Economy Strategy :** Support and promote the development of the visitor economy as a key sector by promoting awareness of businesses, attractions, destinations and events.	• Promote the Wymondham Digital Heritage pilot project, to increase the numbers of visitors to Wymondham and analyse evidence for a future programme rollout. • Maximise the visitor economy through working with the LTAGs to become self-sustaining and training for businesses to develop a digital presence. • Work proactively with Broadland to develop joint visitor economy projects that may be beneficial to the wider geography to enable expertise and resources to be shared. • better enable a more sustainable year round visitor economy by facilitating stronger links to North Norfolk, the Broads and other coastal areas through increased partnership working.	Q2 Q1 Q2 ongoing	Economic Development	1.27	£107.7k	-	£107.7k	-	-	↑
	The following items support all three Corporate Priorities and are repeated under each Priority. The totals (the FTE & Financial figures) have been apportioned evenly across each Priority with these exceptions: HR figures are apportioned relative to the FTE of each Priority and Finance figures in proportion to the revenue spend of each Priority											
EG	E28	**BAU: Human Resources (HR):** Ensure the Council recruits and retains appropriately trained and motivated staff in a timely manner, taking action when problems arise. Ensure the Council's policies are in accordance with relevant legislation and best practice to reduce the risk to reputation and potential litigation.	• Provide support to managers in attracting, recruiting and retaining staff. Ensure staff are supported through any changes including realignments. Support Managers to undertake effective ongoing performance management. Strong HR support will ensure an effective workforce is in place to deliver the Council's corporate priorities. • Review and develop HR policies ensuring on-going compliance with legislation and best practice and communicate changes throughout the Council with training where appropriate. Ensuring policies are kept updated will reduce the risk of litigation and damage to reputation. • Support managers with absence management to ensure that where possible the highest levels of attendance are achieved, the Absence Management Policy is followed robustly and consistency with support provided where needed including training and developing line managers. Work with BDC to establish the one team approach.	Q4	HR	1.73	£110.2k	-	£110.2k	-	-	↑
EG	E29	**BAU: Finance:** Ensure the Council's resources are managed effectively and provide value for money, reducing the risk to the Council's reputation and procurement challenge.	• Provide well-managed financial and accountancy services to the Council and its group companies, supporting it to being creative, effective and efficient in managing its resources. In doing so, provide timely and accurate financial information to enable informed decision making, ensuring the Council's reputation for strong financial management is maintained. • Work with Broadland District Council to influence government policy on the future funding of local government. •Process financial transactions in a timely manner, enabling efficient payment of suppliers and collection of income to support the Council's services. Support the maintenance of the Council's financial systems, ensuring information is complete and accurate to protect the integrity of financial transactions.	Q4	Finance	3.34	£84.2k	£-0.8k	£83.4k	-	-	↑
EG	E30	**BAU: Customer Services and Corporate Business Support:** Deliver a high quality professional service on behalf of the service areas and acting as first point of contact and getting customer to the services they need thereby enhancing the reputation of South Norfolk Council as a customer focussed organisation whilst promoting our Digital channel for 24x7x365 utilisation.	• Manage the operation of the core customer service for the provision of Switchboard telephony, Reception, Meet and Greet and Corporate digital mailbox handling. Monitor and undertake continuous improvement of the service to refine embedded processes and maximise efficiencies to channel shift where appropriate, to ensure a high quality customer service • Manage the operation of Corporate Business Support Services, working on behalf of and with Service areas to develop, enhance and promote digital channels for customer to access services 24/7. Giving advice and assistance to customers on behalf of service areas and processing their requests when digital access is limited.	Q3	Corporate Business Support Team	3.97	£133.2k	-	£133.2k	-	-	↑

Theme	Ref	Service (BAU - 'Business As Usual' operations) or Activity / Project and description of outcomes expected from this	What we plan to do this year (2019/20)	Target	Team	FTE	Revenue Spend	Income	Net	Capital Spend (Internally Funded)	Capital Spend (Externally Funded)	Net Cost Change Since 2018-19 (£)
EG	E31	**BAU: Corporate and External Communications:** Promote and manage the council's reputation in line with corporate priorities, maximising the council's reach and impact **BAU: Internal Communications:** Ensuring that all South Norfolk and Broadland staff and members are fully engaged and communicated effectively with across all sites.	• Increase our digital audience through engaging and relevant content, helping to promote our revenue generating services and promote our services to those that need our help the most. Use our digital channels to promote our press activity and increase customer satisfaction with the council. Increase the number of digital channels that we use to reach a wider and more diverse audience. • Increase the Council's profile jointly with Broadland District Council on a national scale, through engaging with local government publications, regional and national publications and through the implantation of a joint public affairs strategy and plan. • Produce a joint Communications and Marketing Strategy with Broadland District Council that supports the councils aims and ambitions, promoting the benefits of our collaboration to both residents and businesses. • Deliver a joint internal communications approach and plan with Broadland District Council to promote our one team ethos and drive our joint culture.	Q4	Comms	0.55	£47.9k	£-1.7k	£46.2k	-	-	➔
EG	E32	**BAU: Council-wide IT service operations:** Ensure the Council's IT systems and infrastructure are operating to acceptable service levels. Public Sector network Compliance: Continuing security certification of our IT systems and network for the Public Service Network to maintain critical Public Service Network connections (e.g., with Department of Work and Pensions).	• Maintain appropriate level of IT service for the council. • To ensure our Business Systems are up to date and fit for purpose ensuring we retain Public Service Network status and continue replacement of end of life hardware and software throughout the estate to ensure we stay in support with manufacturers.	Ongoing	IT	2.78	£317.8k	£-20.3k	£297.5k	-	-	↑
EG	E33	**BAU: Facilities:** Effectively maintain the Councils office space, namely South Norfolk House to ensure all building remain accessible and open to enable services to be delivered to residents and businesses.	• Ensure repairs and maintenance of the Council's office space is carried out in a timely, efficient and effective manner to keep the buildings open, safe, clean and accessible for people to receive services. • Work with BDC to establish an agreed approach to facilities management. e.g. One pass, access etc.	Q4	Facilities	2.12	£187.4k	£-41k	£146.5k	-	-	↓
EG	E34	**BAU Internal Audit:** Provision of an Internal Audit function to provide stakeholders with the assurance that controls, risk management and corporate governance is in place and effective.	• Monitor the performance of the Internal Audit contractor against the contract specification and if required, take appropriate action through a performance improvement plan, to provide an efficient and effective Internal Audit service. • Prepare and present regular reports to Finance, Resources, Audit and Governance Committee/Audit Committee and Senior Management in order to provide assurance on the risk management, corporate governance and internal control framework for each Consortium Member. • Ensure that audit review work supports the corporate priorities and objectives of each consortium member, through a risk based approach to Internal Audit planning, and focus audit resources on areas of key risk and importance to provide assurance on the control framework and to add value to developments within service areas.	Ongoing	Internal Audit	0.37	£159.4k	£-132.3k	£27.1k	-	-	↑
EG	E35	**BAU Procurement:** Ensure the Council achieves best value through effective and efficient procurement	• Provide support to ensure procurement processes are compliant with the Public Contract Regulations 2015, UK law and the Council's Constitution. • Provide support to South Norfolk Businesses through enabling them to access Council procurement activities and embedding the importance of social value in procurement. • Provide leadership on procurement activity and advice & guidance to both South Norfolk and Broadland District Council through collaborative working, ensuring that efficiencies for both Councils are achieved through joint procurement activity (where appropriate).	Q4	Procurement	0.65	£28.4k	£-4.3k	£24k	-	-	↑
EG	E36	**ACTIVITY: Implement the IT Strategy:** Enable the council to use new ways of working and deliver first class support across One Officer team . Implement our IT Strategy that utilises cloud-based services where appropriate. To ensure customers have ease of use and access to our services at a time that is convenient for them and driving council efficiencies. Following on from our rollout of Office365, we will develop further functionality to aid data and filesharing. We will implement and rollout a new council-wide telephony system that will assist remote and mobile working. **BAU: Continuation of Mobile Technology support** and development: To ensure efficiencies can be realised through development and rollout of Mobile Technology identified as part of our ongoing programme of internal service reviews.	• Install, maintain and support a new Council wide telephony solution. This will enable a more efficient service to our customers whilst ensuring we meet the needs of the business in the best way possible. • Provide, implement and support an electronic working solution for members and internal SLT. This will enable more efficient and effective meetings whilst also making savings in both print and staff time. • Plan and implement the upgrade of Desktop, Laptop and mobile devices to Windows 10 together with a review of user remote access in a controlled and effective manner •Work with BDC to deliver the joint IT strategy. E.G. Joint email, domain names, telephony etc.	Q1 Q1 Q2 Ongoing	IT	0.93	£106k	£-6.7k	£99.3k	£47k	-	➔

Theme	Ref	Service (BAU - 'Business As Usual' operations) or Activity / Project and description of outcomes expected from this	What we plan to do this year (2019/20)	Target	Team	FTE	Revenue Spend	Income	Net	Capital Spend (Internally Funded)	Capital Spend (Externally Funded)	Net Cost Change Since 2018-19 (£)
EG	E37	**ACTIVITY: Implement the Digital Strategy:** Align business and customer needs to best practice technologies, cultural approach and systems to enable us to support customers to access our services through digital channels. Make digital the first choice for customers by continually improving our digital services and improving customer experience across all channels, supporting the below digital priorities: • Customer Driven and Digital First Services • Efficient and Effective Technologies •Data and evidence led Digital Services •Digitally Empowered Workforce Continue to build on the implementation of our website and undertake further development of digital solutions prioritised by business and customer insight analysis.	•Work collaboratively with Broadland to develop a joined up digital strategy and delivery plan, including a joint web platform. • Implement a digital Customer Management solution to enable the effective up-selling, cross-selling and targeted promotion of our services to customers to support our commercial targets and support those services to reach those customers that need or help the most. • Develop our digital systems to increase customer satisfaction through a high quality digital customer experience. • Support implementation of enterprise data architecture and data analytics to ensure the organisation can develop its digital offering based on customer need. • Ensure General Data Protection Regulation (GDPR) compliance for all digital services. • Implement Web Chat to enhance our customer service offer.	Q3 Q1 Q4 Ongoing Ongoing Q3	Digital Transformation	1.58	£91.3k	-	£91.3k	£33.3k	-	↑
EG	E38	**BAU: Marketing: Provision of strategic marketing to the organisation to:** - support new service developments - deliver the Council's commercial ambitions -promote our services to those that need our help the most - promote our collaborative working with Broadland District Council and our enhanced collective opportunity -develop high quality and engaging design	• Produce a joint marketing and communications strategy and plan with Broadland District Council that support the business to meet objectives. • To ensure our website and digital channels use every opportunity to generate leads and sell our income generating services. • Develop our integrated marketing platform and build an email database for service area specific campaigns • Increase our digital audience and engagement on our social media channels • Monitor and measure all marketing campaigns to ensure they are highly targeted and cost effective	Q1 Ongoing Ongoing Ongoing Ongoing	Marketing & Design	2.05	£101.8k	£-5k	£96.8k	-	-	↑

CORPORATE PRIORITY AREA (THEME): Health, Well-being and Early Help - Proactively working with communities to provide help at the earliest opportunity and enhancing the health and well-being of our residents

HE	**CORPORATE PRIORITY: Encouraging our residents to live healthy and active lives**		
HE	**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**		
HE		**MEASURE**	**Year End TARGET**
HE		(HE 1901) Achievement of our leisure services income performance target to achieve cost neutrality.	£3.7m
HE		(HE1602) % Increase in the number of adults participating in exercise regularly to lead to heathier and active lives	4%
HE		(HE 1902) % increase in the annual footfall of customers visiting SNC's leisure facilities and activities to lead healthier and more active lives.	4%

Theme	Ref	Service (BAU - 'Business As Usual' operations) or Activity / Project and description of outcomes expected from this	What we plan to do this year (2019/20)	Target	Team	FTE	Revenue Spend	Income	Net	Capital Spend (Internally Funded)	Capital Spend (Externally Funded)	Net Cost Change Since 2018-19 (£)
HE	H1	**ACTIVITY: Reducing health inequalities:** through a targeted approach. Utilising South Norfolk, Broadland and partner assets to improve the health and wellbeing of residents	• Integrate public health within our policies incorporating our partnership working and whole systems approach to reduce health inequalities. • Identify shared health & wellbeing priorities across South Norfolk Council and Broadland • Identify opportunities to improve the health and wellbeing of residents by targeting appropriate activities at all stages of life • Explore best use of South Norfolk community assets and data/intelligence to increase the levels of residents who are physically active. • Develop and roll out District Direct Model across the County and into Mental and Community hospitals • Develop and support the delivery of a county wide falls and frailty programme • Evaluate effectiveness of health and well-being programmes. • Lead on the delivery of the Healthy Long Stratton Partnership.	Q4	Independent Living	3.78	£141.7k	£-91k	£50.7k	-	-	→
HE	H2	**ACTIVITY: Develop Community Leisure Offering:** Continue to work with public bodies in the area to increase the use of community facilities to enable residents to stay fit and healthy. Utilise the expertise of the Leisure team to increase the community leisure offering across the district via links to Health and well being initiatives and priorities.	• Continue to develop a framework to provide or run leisure services at community facilities such as schools and community centres, where the opportunities arise and commercial and social value is demonstrable. • Advertise to all local clubs and the local community to create awareness of opportunities and range of options to build a viable and sustainable programme of activities at community centres. Liaise with Schools to enhance community access and use. Utilise current Leisure Centre programme demands to kick start demand and delivery with cross bookings and contacts. • Consider the short and medium term leisure requirements in Diss and how they are best served by the existing Leisure Centre offer.	Q4	Leisure	4.79	£217k	£-156.9k	£60.1k	-	-	↑
HE	H3	**ACTIVITY: Long Stratton Leisure Centre/Community Hub:** Work with public bodies in the town to enhance the current provision to residents, supporting them to stay fit and healthy. Utilise the expertise of the Leisure team to increase the offering across the district and to successfully launch the newly refurbished Leisure Centre and prepare for the impending future growth of the Leisure Centre and the auxiliary hub facilities.	• Deliver the new business plan and benefits following the refurbishment of the Leisure Centre in Long Stratton with the aim to maximise the enhancement of the current provision to the local residents, getting more people active and fit and to increase income and reduce the services deficit from the leisure centres and facilities improved performances. • Engage with the local clubs, Parish Council, schools and communities to develop the Long Stratton Sporting Hub bringing in additional match funding to provide increased leisure provision for the local residents which is cost effective and efficient to maintain and operate.	Q3	Leisure	1.17	£100.3k	-	£100.3k	-	£230k	↓

Theme	Ref	Service (BAU - 'Business As Usual' operations) or Activity / Project and description of outcomes expected from this	What we plan to do this year (2019/20)	Target	Team	FTE	Revenue Spend	Income	Net	Capital Spend (Internally Funded)	Capital Spend (Externally Funded)	Net Cost Change Since 2018-19 (£)
HE	H4	**BAU: Efficient and safe operational delivery of the Leisure Centres and Community Leisure offerings:** Ensure our Leisure Centres and community leisure offerings work to highest operational standards, maintaining and building on the Quest accreditation (Industry Standard Kite Mark accreditation award) to ensure customers receive value for money alongside safety. Ensure the centres provide an uninterrupted service through careful planning of resources and maintenance. This will ensure customers have maximum accessibility to services to encourage them to undertake activities and remain fit and healthy while reducing the costs of the service to ensure it viability in the long term.	• Ensure the Leisure Team performs to its full capability through on-going investment in learning and professional development alongside the new Quality Management Systems (QMS) working policies and practices. This will allow the service to enhance its operational standards while enhancing the customer service and experience and also reducing risks through improved working practices. • Ensure the centres and services are extensively marketed to encourage residents to utilise the facilities reaching as many people as possible, by ensuring we develop a targeted marketing and delivery strategy to support the wider leisure strategy. • Monitor the fitness classes and swim programmes to maximise usage, balancing the programme to ensure there is something for all ages and abilities, making changes when demand reduces. This will ensure that as many people participate in activity as is possible and helps maintain the viability of the Centres. • Enhance the membership packages with new benefits and changes to price, package and added value to compete as a market leader. Increasing the effectiveness of the learn to swim programme getting more children / adults swimming as soon and as often as possible. • Continual review of productivity of the offer to ensure maximised value for money in the offer, for example, finalising the LED installations rather than traditional lighting in all centres, minimising the use of overtime, building on the new partnership to deliver the Wymondham Spa offer, etc.	Q4	Leisure	65.82	£3.4m	£-3663.7k	£-219.7k	£366.7k	£25k	↓
HE	H5	**BAU: Development of the Leisure Portfolios Offering:** Ensure all parts of our community have access to high quality and appropriate leisure services across the district to help best contribute to the health and wellbeing of our communities.	• Encourage participation from all parts of our community to encourage residents to keep fit and healthy. Work closely with Broadland District Council Officers to encourage both good practice and positive health and leisure initiatives and outcomes for residents of both Districts. • Exploring opportunities for working in partnership with other public bodies and organisations to help progress the health and wellbeing agenda in a commercially feasible way. • Continue to develop targeted offers to support those with dementia and to contribute towards falls prevention, social isolation and maximising resident independence. • Develop member journey to design programme of retention and acquisition campaigns. Continue to build links with the Help Hub through the development and delivery of projects which seek to engage with, and provide services to customers who do not access our existing leisure offers.	Q2	Leisure	1.17	£69.8k	-	£69.8k	-	£837k	→
HE	**CORPORATE PRIORITY: Supporting people within our communities who need our help the most**											
HE		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
HE			**MEASURE**	**Year End TARGET**								
HE			(HE1603) % of households in temporary accommodation for 8 weeks or less from the date of the homelessness decision to housing solution	90%								
HE			(HE 1801) Successful intervention to prevent or relieve homelessness for customers who are homeless or at risk of becoming homeless	85%								
HE			(HE 1605) %of those housed by SNC Housing remain in the same, similar or improved accommodation after a 12 month period	95%								
HE			(BV 009) % of Council Tax collected	98.50%								
HE			(HE 1606) Number of working days taken to process new claims for Housing Benefit/Council Tax Benefit	9 days								
HE	H6	**ACTIVITY: Deliver housing advice services** to provide sustainable outcomes which meet the ongoing and changing needs of residents, and prevent homelessness.	• Help residents to remain independent by providing the advice and support to move on to long term housing. • Reduce the impact debt has on wellbeing and ability to remain independent by providing early budgeting and advice through the FIRST scheme. • Reduce the impact on residents who are adversely affected by homelessness by providing effective support and advice to residents who are homeless or at risk of becoming homeless. We will investigate how we can work more closely with Broadland District Council to support residents to prevent homelessness.	Ongoing	Housing & Benefits	0.91	£88.8k	£-5.1k	£83.7k	-	-	→
HE	H7	**ACTIVITY: Temporary accommodation:** ensuring the Council has appropriate temporary accommodation to meet the needs of residents	• Review the impact on temporary accommodation arising from the Homelessness Reduction Act.	Q1	Housing & Benefits	0.16	£35.2k	£-32.5k	£2.7k	-	-	↓
HE	H8	**ACTIVITY: Universal Credit scheme working in partnership with Job Centre Plus,** Strategic Housing, Citizens Advice and the Help Hub to give budgeting support and advice to those claiming Universal Credit, Housing Benefit and Council Tax Support. Administer discretionary funding and updating supported accommodation claims	• Continue to work with Broadland District Council to support residents by working with partners to thrive and remain independent through ensuring Universal Credit claimants receive appropriate advice, intervention and discretionary funding where necessary.	Ongoing	Housing & Benefits	1.28	£75.5k	£-9.3k	£66.2k	-	-	↑
HE	H9	**BAU: Home Access:** Ensure people in need of housing are able to retain or access suitable sustainable accommodation that is appropriate to their needs	• Through embracing the Homelessness Reduction Act we will work with partners to identify the threat of homelessness as early as possible and support people into appropriate and stable accommodation. • Reduce the impact of homelessness by providing temporary accommodation where required. • Assist residents to stay in their own home by working with registered providers to establish protocols to help us spot social tenancy problems early, and maintaining a well run housing register.	Ongoing	Housing & Benefits	11.6	£530.7k	£-280.4k	£250.2k	-	-	↑
HE	H10	**BAU: Administration of Housing Benefit & Council Tax Support:** Process Housing Benefit and Council Tax Support claims.	• Support residents to thrive and remain independent by providing effective administration of Housing Benefit.	Ongoing	Housing & Benefits	15.77	£26.4m	£-26.6m	£-228.4k	-	-	↑
HE	H11	**BAU: Council Tax collection & administration:** Ensure efficient and effective administration and collection of Council Tax	•Administer the collection of Council Tax through the updating of moves, awarding and removal of discounts & exemptions where appropriate alongside the inspection of new & existing properties.	Q4	Finance	10.13	£423.4k	£-160k	£263.4k	-	-	→

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HE	CORPORATE PRIORITY: Working as part of communities to proactively provide early help											
HE		STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter										
HE			MEASURE	Year End TARGET								
HE			- (HE 1607) Number of households helped to achieve positive outcomes through our Help Hub service	2,000								
HE			(HE1607a): £ paid in benefits to people in work	baseline								
			(HE1607B): Number of people in work receiving benefits	baseline								
HE			- (HE 1608A) Number of households who are assisted to access support within their community to meet low level need	5,250								
HE			- (HE 1608B) Number of referrals to our social prescribing services	1,200								
HE	H12	**ACTIVITY: Vulnerable people:** Coordinate a single point of access to support for vulnerable people.	• Build up referrals from other avenues, such as adult social care, in line with the NHS England definition of social prescribing. • Co-ordinate and support the South Norfolk Dementia Action Alliance with the aim of enabling South Norfolk to become a Dementia friendly district. • Share learning taken from preventative initiatives across South Norfolk and Broadland.	Ongoing	Early Help	3.31	£140.2k	-	£140.2k	-	-	→
HE	H13	**BAU: Support for residents to access early help services.**	• Prevent residents becoming vulnerable by identifying needs earlier and working with our partners to ensure appropriate intervention in place. • Enable residents issues to be resolved at a local level by maximising the full coverage of social prescribing in all GP surgeries in the district. • Investigate with Broadland District Council how we can work with partners to further collaborate early help support for residents.	Ongoing	Early Help	4.66	£337.2k	£-82.2k	£255k	-	-	→
HE	CORPORATE PRIORITY: Helping our older and vulnerable residents to stay independent and in their own homes for longer											
HE		STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter										
HE			MEASURE	Year End TARGET								
HE			- (LI 323) Increase the number of vulnerable people supported to maintain independence in their own homes, with support from interventions	2,000								
HE	H14	**BAU: Increase the number of vulnerable people helped** to maintain independence in their own homes.	Provide customer-centric services including: • District Direct • Handyperson Services focussed on specific need & funded via the hardship fund • Welfare Rights and Debt Advice, budgeting and life skills. • Support from Community Connectors. • Working alongside partners to deliver support relating to: Domestic Abuse, Emotional Reslience and loneliness and social isolation. • Explore opportunities where residents can be supported across South Norfolk and Broadland. • Explore opportunities where residents can be supported across South Norfolk and Broadland.	Ongoing	Early Help	2.96	£154.7k	£-153.6k	£1.1k	-	-	↓
HE	H15	**BAU: Health & Safety**	• Contract manage NCC and assist in co-ordinating advice and guidance on health & safety related aspects of Council activities.	Q4	Procurement	0.1	£9.5k	-	£9.5k	-	-	→
	The following items support all three Corporate Priorities and are repeated under each Priority. The totals (the FTE & Financial figures) have been apportioned evenly across each Priority with these exceptions: HR figures are apportioned relative to the FTE of each Priority and Finance figures in proportion to the revenue spend of each Priority											
HE	H16	**BAU: Human Resources (HR):** Ensure the Council recruits and retains appropriately trained and motivated staff in a timely manner, taking action when problems arise. Ensure the Council's policies are in accordance with relevant legislation and best practice to reduce the risk to reputation and potential litigation.	• Provide support to managers in attracting, recruiting and retaining staff. Ensure staff are supported through any changes including realignments. Support Managers to undertake effective ongoing performance management. Strong HR support will ensure an effective workforce is in place to deliver the Council's corporate priorities. • Review and develop HR policies ensuring on-going compliance with legislation and best practice and communicate changes throughout the Council with training where appropriate. Ensuring policies are kept updated will reduce the risk of litigation and damage to reputation. • Support managers with absence management to ensure that where possible the highest levels of attendance are achieved, the Absence Management Policy is followed robustly and consistency with support provided where needed including training and developing line managers. • Work with BDC to establish the one team approach.	Q4	HR	1.73	£110.2k	£-1.2k	£109k	-	-	↓
HE	H17	**BAU: Finance:** Ensure the Council's resources are managed effectively and provide value for money, reducing the risk to the Council's reputation and procurement challenge.	• Provide well-managed financial and accountancy services to the Council and its group companies, supporting it to being creative, effective and efficient in managing its resources. In doing so, provide timely and accurate financial information to enable informed decision making, ensuring the Council's reputation for strong financial management is maintained. • Work with Broadland District Council to influence government policy on the future funding of local government. • Process financial transactions in a timely manner, enabling efficient payment of suppliers and collection of income to support the Council's services. Support the maintenance of the Council's financial systems, ensuring information is complete and accurate to protect the integrity of financial transactions.	Q4	Finance	5.81	£542k	£-6.1k	£535.9k	-	-	↓

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HE	H18	**BAU: Customer Services and Corporate Business Support:** Deliver high quality professional service at on behalf of the service areas, acting as first point of contact and getting customers to the services they need, thereby enhancing the reputation of South Norfolk Council as a customer focussed organisation whilst promoting our Digital channel for 24x7x365 utilisation.	• Manage the operation of the core customer service for the provision of Switchboard telephony, Reception, Meet and Greet and Corporate digital mailbox handling. Monitor and undertake continuous improvement of the service to refine embedded processes and maximise efficiencies to channel shift where appropriate, to ensure a high quality customer service. Manage the operation of the Business Support Services, working on behalf of and with Service Areas to develop, enhance and promote digital channels for customers to access services 24/7. Giving advice and assistance on behalf of service areas and processing customer requests when digital access is limited.	Q3	Corporate Business Support Services	3.97	£133.2k	-	£133.2k	-	-	↑
HE	H19	**BAU: Corporate and External Communications:** Promote and manage the council's reputation in line with corporate priorities, maximising the council's reach and impact **BAU: Internal Communications:** Ensuring that all South Norfolk and Broadland staff and members are fully engaged and communicated effectively with across all sites.	• Increase our digital audience through engaging and relevant content, helping to promote our revenue generating services and promote our services to those that need our help the most. Use our digital channels to promote our press activity and increase customer satisfaction with the council. Increase the number of digital channels that we use to reach a wider and more diverse audience. • Increase the Council's profile jointly with Broadland District Council on a national scale, through engaging with local government publications, regional and national publications and through the implantation of a joint public affairs strategy and plan. • Produce a joint Communications and Marketing Strategy with Broadland District Council that supports the councils aims and ambitions, promoting the benefits of our collaboration to both residents and businesses. • Deliver a joint internal communications approach and plan with Broadland District Council to promote our one team ethos and drive our joint culture.	Q4	Comms	0.55	£47.9k	£-1.7k	£46.2k	-	-	→
HE	H20	**BAU: Council-wide IT service operations:** Ensure the Council's IT systems and infrastructure are operating to acceptable service levels. Public Sector network Compliance: Continuing security certification of our IT systems and network for the Public Service Network to maintain critical Public Service Network connections (e.g., with Department of Work and Pensions).	• Maintain appropriate level of IT service for the council. • To ensure our Business Systems are up to date and fit for purpose ensuring we retain Public Service Network status and continue replacement of end of life hardware and software throughout the estate to ensure we stay in support with manufacturers.	Ongoing	IT	2.78	£317.8k	£-20.3k	£297.5k	-	-	↑
HE	H21	**BAU: Facilities:** Effectively maintain the Councils office space, namely South Norfolk House to ensure all building remain accessible and open to enable services to be delivered to residents and businesses.	• Ensure repairs and maintenance of the Council's office space is carried out in a timely, efficient and effective manner to keep the buildings open, safe, clean and accessible for people to receive services. • Work with BDC to establish an agreed approach to facilities management. e.g. One pass, access etc.	Q4	Facilities	2.13	£187.5k	£-41k	£146.5k	-	-	↓
HE	H22	**BAU Internal Audit:** Provision of an Internal Audit function to provide stakeholders with the assurance that controls, risk management and corporate governance is in place and effective.	• Monitor the performance of the Internal Audit contractor against the contract specification and if required, take appropriate action through a performance improvement plan, to provide an efficient and effective Internal Audit service. • Prepare and present regular reports to Finance, Resources, Audit and Governance Committee/Audit Committee and Senior Management in order to provide assurance on the risk management, corporate governance and internal control framework for each Consortium Member. • Ensure that audit review work supports the corporate priorities and objectives of each consortium member, through a risk based approach to Internal Audit planning, and focus audit resources on areas of key risk and importance to provide assurance on the control framework and to add value to developments within service areas.	Each Quarter	Internal Audit	0.37	£159.3k	£-132.3k	£27k	-	-	↑
HE	H23	**BAU Procurement:** Ensure the Council achieves best value through effective and efficient procurement	• Provide support to ensure procurement processes are compliant with the Public Contract Regulations 2015, UK law and the Council's Constitution. • Provide support to South Norfolk Businesses through enabling them to access Council procurement activities and embedding the importance of social value in procurement. • Provide leadership on procurement activity and advice & guidance to both South Norfolk and Broadland District Council through collaborative working, ensuring that efficiencies for both Councils are achieved through joint procurement activity (where appropriate).	Q4	Procurement	0.65	£28.4k	£-4.3k	£24k	-	-	↑

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HE	H24	**ACTIVITY: Implement the IT Strategy:** Enable the council to use new ways of working and deliver first class support across One Officer team . Implement our IT Strategy that utilises cloud-based services where appropriate. To ensure customers have ease of use and access to our services at a time that is convenient for them and driving council efficiencies. Following on from our rollout of Office365, we will develop further functionality to aid data and filesharing. We will implement and rollout a new council-wide telephony system that will assist remote and mobile working. **BAU: Continuation of Mobile Technology support** and development: To ensure efficiencies can be realised through development and rollout of Mobile Technology identified as part of our ongoing programme of internal service reviews.	• Install, maintain and support a new Council wide telephony solution. This will enable a more efficient service to our customers whilst ensuring we meet the needs of the business in the best way possible. • Provide, implement and support an electronic working solution for members and internal SLT. This will enable more efficient and effective meetings whilst also making savings in both print and staff time. • Plan and implement the upgrade of Desktop, Laptop and mobile devices to Windows 10 together with a review of user remote access in a controlled and effective manner •Work with BDC to deliver the joint IT strategy. E.G. Joint email, domain names, telephony etc.	Q1 Q1 Q2 Ongoing	IT	0.93	£106k	£-6.7k	£99.3k	£47k	-	
HE	H25	**ACTIVITY: Implement the Digital Strategy:** Align business and customer needs to best practice technologies, cultural approach and systems to enable us to support customers to access our services through digital channels. Make digital the first choice for customers by continually improving our digital services and improving customer experience across all channels, supporting the below digital priorities: • Customer Driven and Digital First Services • Efficient and Effective Technologies •Data and evidence led Digital Services •Digitally Empowered Workforce Continue to build on the implementation of our website and undertake further development of digital solutions prioritised by business and customer insight analysis.	•Work collaboratively with Broadland to develop a joined up digital strategy and delivery plan, including a joint web platform. • Implement a digital Customer Management solution to enable the effective up-selling, cross-selling and targeted promotion of our services to customers to support our commercial targets and support those services to reach those customers that need or help the most. • Develop our digital systems to increase customer satisfaction through a high quality digital customer experience. • Support implementation of enterprise data architecture and data analytics to ensure the organisation can develop its digital offering based on customer need. • Ensure General Data Protection Regulation (GDPR) compliance for all digital services. • Implement Web Chat to enhance our customer service offer.	Q3 Q1 Q4 Ongoing Ongoing Q3	Digital Transformation	1.58	£91.3k	-	£91.3k	£33.3k	-	
HE	H26	**BAU: Marketing: Provision of strategic marketing to the organisation to:** - support new service developments - deliver the Council's commercial ambitions -promote our services to those that need our help the most - promote our collaborative working with Broadland District Council and our enhanced collective opportunity -develop high quality and engaging design	• Produce a joint marketing and communications strategy and plan with Broadland District Council that support the business to meet objectives. • To ensure our website and digital channels use every opportunity to generate leads and sell our income generating services. • Develop our integrated marketing platform and build an email database for service area specific campaigns • Increase our digital audience and engagement on our social media channels • Monitor and measure all marketing campaigns to ensure they are highly targeted and cost effective	Q1 Ongoing Ongoing Ongoing Ongoing	Marketing & Design	2.05	£101.8k	£-5k	£96.8k	-	-	

Theme	Ref	Service (BAU - 'Business As Usual' operations) or Activity / Project and description of outcomes expected from this	What we plan to do this year (2019/20)	Target	Team	FTE	Revenue Spend	Income	Net	Capital Spend (Internally Funded)	Capital Spend (Externally Funded)	Net Cost Change Since 2018-19 (£)
CORPORATE PRIORITY AREA (THEME): Place, Communities and Environment - Improving the quality of life of our communities and enhancing the built and natural environment in our towns and villages												
PL	CORPORATE PRIORITY: Keeping streets and public spaces safe, clean and tidy											
PL		STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter										
PL			MEASURE	Year End TARGET								
PL			(LI 263) Number of missed bins for all waste per 100,000 collections	30								
PL			(LI 262) Cost of waste collection per household	£37								
PL	P1	**BAU: Sustainably manage the Street scene to deliver high quality public areas and highways that are clean, meet customer needs and maximises community involvement**	• Maintain as far as practicable the cleansing and sweeping schedules • Manage grounds maintenance and open spaces taking advantage of opportunities to introduce more sustainable management regimes	Q4	Depot	22.82	£623.5k	£-161.5k	£462.1k	£75k	£136.8k	↓
PL	P2	**BAU: Providing effective, efficient, value for money and customer facing community protection services** working closely with partners and communities to reduce antisocial behaviour, nuisance and environmental crime.	• In partnership with the early help, police and social & private housing providers ensure the communities and the street scene is respected and maintained for residents and businesses and that an early intervention and/or prevention approach is adopted to support local Health and Wellbeing • Ensure statutory services such as stray dog collection and scrap metal dealer licensing are effectively and efficiently maintained. • Protect the viability of legally compliant businesses and the well-being of our residents by taking appropriate action and robust enforcement to reduce environmental crime. • In association with partners and local communities deliver an awareness raising campaign focused on reducing the incidence of fly-tipping. •Work with partners to assist with the delivery of the County Lines Strategy to reduce drug related crime. • Work with partners to deliver the County Community Safety Partnership (CCSP)	Q4	Community Protection	5.16	£248.9k	£1k	£249.9k	-	-	↓
PL	P3	**BAU: Provide efficient and focussed emergency planning and business continuity services** by building resilience and preparedness within the Council and communities.	• Ensure that we maintain a robust emergency response to incidents and business continuity both internally and with our partners in the Norfolk Resilience Forum (NRF). • Ensure our communities remain resilient by supporting communities to develop local resilience plans so that people can help each other in the event of local incidents. • Build on the existing rest centre premises and complete plans to meet statutory and community obligations in the event of an incident or emergency.	Q4	Emergency Planning	1.66	£84.1k	-	£84.1k	-	-	→
PL	CORPORATE PRIORITY: Encouraging communities and businesses to recycle more - reducing the amount of waste that we send to landfill											
PL		STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter										
PL			MEASURE	Year End TARGET								
PL			(NI 192a) % Municipal waste recycled, reused and composted	45%								
PL			Annual Measure (PL 1601) % Reduction in the amount of waste generated - total kilogram waste per household	Baseline								
PL	P4	**ACTIVITY: Sustain and Re-develop the depot:** to future proof the Council's street scene depot.	• Develop and deliver a plan to ensure the delivery of a safe and fit for purpose facility at Kettering ham Depot	Q4	Depot	0.07	£95.1k	£-7.2k	£87.9k	£211.5k	-	↑
PL	P5	**BAU: The delivery of a waste and recycling service**	• Provide reliable waste and recycling collection services. • Seek to optimise the Domestic waste collection service to ensure future sustainable systems • Maintain a household bulky waste and recycling collection services. • Provide litter removal and dog bin services for communities. • Maintain the Council's transport fleet safely and efficiently. • Manage external contract for clinical sharps	Q4	Depot	95.14	£4.5m	£-2.9m	£1.6m	£922k	-	↑
PL	P6	**BAU: Provide waste, recycling and other services** which make better use of waste as a resource, maximise recycling and income for the Council.	• Complete community litter pick and encourage ongoing local involvement to help improve the local environment • Develop and deliver community initiatives which influence residents' positive waste habits including waste reduction and reuse with Broadland DC and as part of the Norfolk Waste Partnership (NWP). This will also support the actions within the Courtauld commitment. • Maintain household waste and recycling collection services. • Maintain a strategy to minimise contamination in the recycling collection bin to reduce costs with Broadland DC and as part of the NWP and to support the Courtauld commitment • develop a local strategy with Broadland DC and the NWP to support the actions within the Government's Resource and Waste strategy • Ensure residents are able to maximise the amount of material they recycle through effective and targeted communication campaigns with Broadland DC and as part of the Norfolk Waste Partnership. • In collaboration with Broadland DC and the NWP consider new waste collection models and arrangements to deliver efficiencies whilst maintaining customer service. Respond to the Government's agenda under the Resource and Waste strategy with partners in the NWP. • Maintain statutory data reporting	Q4	Environmental Services	0.66	£75.4k	£-77.5k	£-2.1k	-	-	↓

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PL	**CORPORATE PRIORITY: Enhancing our high quality environment by supporting development that respects and enhances the distinctive character of South Norfolk**											
PL		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
PL			**MEASURE**	**Year End TARGET**								
PL			(PL1801) % of other and minor applications determined within 8 weeks or in extension of time	90%								
PL			(LI 302) % of householder applications determined within 8 weeks or in extension of time	95%								
PL			(MI 1307) % of householder applications determined within six weeks	65%								
PL			(MI 1038) % of major applications determined within 13 weeks or in extension of time	95%								
PL	P7	**BAU: Environmental quality including community Assets:** Protect the health and wellbeing of communities whilst improving the environmental quality of the district ensuring that statutory requirements are met.	• Protect the environment and support sustainable development by assessing the impacts of planning and licencing applications and providing timely advice. • Work with businesses & issue fee-based air pollution control permits to support them to operate effectively whilst meeting air pollution control requirements and protecting the local environment and health. • Contribute to improvements in water management by working with partners to minimise flooding risk and contribute advice for planning application consultations and the lead flood authority/register of critical infrastructure to safeguard local communities. • Seek reduction in resource use by the Council and drive efficiency savings by implementing a reviewed corporate environment policy/strategy with Broadland DC. • Manage air and land quality in line with statutory responsibilities to ensure health impacts are minimised. • Implement the community asset strategy (CAS) by taking forward opportunities - to include maximising community inputs, reducing resource needs, increasing biodiversity etc and to support local health and wellbeing. Take forward a corporately agreed programme of divestment/disposal as part of the ongoing delivery of the CAS. • Deliver a management plan for the open spaces at Queen's Hills working with partners and support the delivery of a sustainable Community based management organisation. •Protect the users of private water supplies, repair a five year programme Private Water Supply sampling programme and new pricing schedule.	Q4	Environmental Quality	3.7	£754.1k	£-97.5k	£656.6k	£127.2k	£12.2k	↓
PL	P8	**BAU: Statutory Development Management function -** Provide a modern, time-efficient, statutory Development Management service which delivers good quality new homes and employment in the right places for South Norfolk Towns and Villages enabling them to grow and prosper whilst protecting and respecting their individual characters. Provide a pre-application advice service to applicants. Undertake Conservation Area Appraisals (CAA's), secure Service Level Agreements for specialist advice. Maintain the South Norfolk Gazetteer for street naming & numbering.	• Continue to monitor planning application processing times to inform case management and service improvements to provide a proportionate service to customers. • Review 6 CAA's to help protect Heritage Assets and to inform planning decisions . • Continue to monitor the pre-application enquiry service and seek feedback from service users to ensure we are meeting customer needs and providing quality advice.	Q1 Q3	Development Management	24.57	£1.3m	£-1.3m	£-42.7k	-	-	↓
PL	P9	**BAU: Work with BDC to establish a single planning team d**elivering a shared service across both districts	• Work with BDC to review, implement and monitor the establishment of a single team delivering a high quality service across both districts for our customers.	Ongoing			-	-	-	-	-	
PL	P10	**BAU - Provision of a customer focussed Growth and Business Development technical support service.**	• Undertake the validation and consultation of planning applications, the registering of Local Land Charge Searches by providing a first contact with customers to support and enable the delivery of new homes, employment and business developments in accordance with statutory requirements.	Ongoing	Corporate Business Support team	7.56	£258.8k	£-330k	£-71.2k	-	-	↓
PL	**CORPORATE PRIORITY: Working effectively with the Voluntary Sector and community groups to make sure our residents have access to a wide range of services and support to meet their needs**											
PL		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
PL			**MEASURE**	**Year End TARGET**								
PL			**% of Member Ward budget spent**	**95%**								
PL			(PL 1602) % of Community Action Fund (CAF) spent	95%								
PL	P11	**BAU: Work with our communities** to develop a shared vision for the District where local and statutory services complement each other to support vulnerable residents, and reduce duplication of delivery effort/resources.	• To equip members and our partners with information which informs their work in our communities, based on a good understanding of local need and community intelligence. • Equip our residents and community groups with the skills and resources that they need to be able to help themselves. • To reduce demand on statutory services by managing issues at the first point of contact • Build community capacity by developing our knowledge of community groups and assets, and providing support and guidance for community groups to establish or develop themselves, we will help to develop healthy and self supporting communities.	Ongoing	Community Capacity	2.54	£96.7k	£-37.5k	£59.2k	-	-	→
PL	P12	**BAU: Support active, vibrant and accessible communities that meet residents' needs.**	• Enable independent living by working within the total transport project to promote and improve the availability of transport services (including community transport). • Develop a relationship with key champions and organisations within our communities by recognising the contribution of individuals, groups and businesses and celebrating their achievements through the Community Awards scheme and Business Awards • Support communities to protect the facilities they value the most by registering assets of community value (statutory duty). • Increase understanding of the support available to residents by engaging with communities at existing events, delivering South Norfolk on Show, and support the community to deliver their own events to share key messages. Explore options with Broadland District Council to collaborate across a variety of community functions such as awards, applications for funding and delivery or projects, assets of community value, members funding and community leisure projects.	Ongoing	Community Capacity	6.34	£366.8k	£-110.5k	£256.3k	-	-	↓
PL	P13	**ACTIVITY: One Public Estate:** Work with other organisations to identify opportunities to share buildings and facilities to reduce the cost of running facilities and improve the way we deliver services	• Continue to work with other public sector bodies to identify premises which could be shared and which would enhance the services we provide customers and reduce cost of running facilities.	Ongoing	Property	0.16	£11.5k	-	£11.5k	-	-	→

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PL	**CORPORATE PRIORITY: Ensuring the range and number of local homes match the needs of local families and residents**											
PL		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
PL			**MEASURE**	**Year End TARGET**								
PL			(LI 350) Number of Affordable homes delivered (including Help to Buy)	500 (Third year of the amended three year target, 1800 by April 2020)								
PL			Annual Measure (PL 1603) New homes to be developed by 2026	Baseline								
PL	P14	**BAU: Housing Enabling-** Working with local communities, Registered Providers, Homes England and Developers to ensure there is appropriate housing in the right locations to ensure people can be part of and contribute to their local community.	• Keep housing need under review. • On qualifying sites negotiate with applicants details of affordable housing to be provided. • Assess financial viability where relevant. • Agree and implement the use of S106 receipts and other resources for affordable housing. • Liaise with legal (NPLaw) on the wording of Section 106 agreements. • Manage the custom build register and promote custom build in accordance with regulations. • Work with land owners, developers and partners to deliver custom build in suitable locations. • Implement the Joint Strategic Housing Statement with Broadland DC.	Q4	Housing Strategy and Enabling	1.07	£56.2k	-	£56.2k	-	-	↓
PL	P15	**BAU: Housing Standards:** Ensuring homes in South Norfolk are safe and healthy.	• Support residents and homeowners in accordance with the approved Housing Support and Regulation Strategy. • Investigate complaints about housing conditions and take appropriate action. • Assist residents to overcome the disabling features of their homes that prevent them from living independently. • Assist landlords, letting agents and accommodation providers to meet their legal obligations including effective licensing of houses in multiple occupation and caravan sites. • Assist residents to efficiently heat their homes. • Take firm action against those who flout the law or act irresponsibly. • Deliver a Health and Housing training opportunity for key partners. • Maximise the Warm Homes Fund uptake by South Norfolk residents.	Q4	Housing Standards	6.32	£317.1k	£-19.6k	£297.5k	-	£845k	↓
PL	P16	**BAU: Quality of life partnerships:** working strategically with partners to protect and improve the health and wellbeing of our residents	• Engage with partners at a strategic level to ensure the needs of our residents are identified and included in the strategic planning process. • Work with partners to make best use of the resources available to meet the identified needs. • Agree outcomes. • Ensure the systems and frameworks are in place to deliver /achieve the agreed outcomes. • Review outcomes of Better Care Fund to ensure the aims and outcomes of the frameworks remain relevant and are being met.	Q2	Housing Standards	0.16	£35.2k	£-32.5k	£2.7k	-	-	↓
PL	P17	**Activity: Homelessness Reduction Act Trailblazer:** government funded pilot to investigate and overcome barriers to closer working with the private rented sector	• Engage with the private rented sector to understand the barriers to working with homelessness prevention. • Develop frameworks and initiatives to overcome the barriers. • Trial the initiatives to assess their effectiveness. • In collaboration with Broadland develop a Private Sector Leasing Scheme.	Q2	Homelessness Trailblazer	1.91	£93.9k	£-11.9k	£81.9k	-	-	→
PL	**CORPORATE PRIORITY: Supporting a transparent and democratic Council, that enables communities to have their say on local decisions and services**											
PL		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
PL			**MEASURE**	**Year End TARGET**								
PL			(PL 1604) % percentage of people applying to register to vote online as opposed to on paper	Baseline								
PL	P18	**ACTIVITY: Elections & Boundary Reviews.** **BAU: Maintain Electoral Register.**	• Electoral Register monthly update. • District and Parish Elections May 2019. • Annual Electoral Canvass- Between July - December. • Polling district, polling places and polling stations review. • Public Engagement Strategies for Elections and Electoral Registration including the Annual Electoral Canvass. • When capacity exists within the team, plans are in place to assist with projects, customer services, lean reviews and other activities such as website enhancements within the Chief Executives Directorate.	Ongoing Q1 Q3 Q3 Ongoing Ongoing	Elections	3	£384.7k	£-202k	£182.7k	-	-	↓
PL	P19	**BAU: Provision of Data Protection Officer Services**	• Continuation of the Data Protection Officer services being delivered collaboratively across South Norfolk Council and Broadland District Council.	Q4	Governance and Democratic Services	1.59	£48.9k	-	£48.9k	-	-	→
PL	P20	**BAU: Provision of democratic services function**	• Support effective and efficient democracy within the Council whilst ensuring high standards of governance are maintained, the Council is compliant with the law and risks the Council faces are well managed • Comprehensive induction and training plan for new, and returning members, working collaboratively with Broadland District Council where appropriate.	Q4	Governance and Democratic Services	3.9	£943k	£-48k	£895k	-	-	↑

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	The following items support all three Corporate Priorities and are repeated under each Priority. The totals (the FTE & Financial figures) have been apportioned evenly across each Priority with these exceptions: HR figures are apportioned relative to the FTE of each Priority and Finance figures in proportion to the revenue spend of each Priority											
PL	P21	**BAU: Human Resources (HR):** Ensure the Council recruits and retains appropriately trained and motivated staff in a timely manner, taking action when problems arise. Ensure the Council's policies are in accordance with relevant legislation and best practice to reduce the risk to reputation and potential litigation.	• Provide support to managers in attracting, recruiting and retaining staff. Ensure staff are supported through any changes including realignments. Support Managers to undertake effective ongoing performance management. Strong HR support will ensure an effective workforce is in place to deliver the Council's corporate priorities. • Review and develop HR policies ensuring on-going compliance with legislation and best practice and communicate changes throughout the Council with training where appropriate. Ensuring policies are kept updated will reduce the risk of litigation and damage to reputation. • Support managers with absence management to ensure that where possible the highest levels of attendance are achieved, the Absence Management Policy is followed robustly and consistency with support provided where needed including training and developing line managers. • Work with BDC to establish the one team approach.	Q4	HR	1.73	£110.2k	£-1.2k	£109k	-	-	↓
PL	P22	**BAU: Finance:** Ensure the Council's resources are managed effectively and provide value for money, reducing the risk to the Council's reputation and procurement challenge.	• Provide well-managed financial and accountancy services to the Council and its group companies, supporting it to being creative, effective and efficient in managing its resources. In doing so, provide timely and accurate financial information to enable informed decision making, ensuring the Council's reputation for strong financial management is maintained. • Work with Broadland District Council to influence government policy on the future funding of local government. • Process financial transactions in a timely manner, enabling efficient payment of suppliers and collection of income to support the Council's services. Support the maintenance of the Council's financial systems, ensuring information is complete and accurate to protect the integrity of financial transactions.	Q4	Finance	8.44	£183.6k	£-1.1k	£182.6k	-	-	→
PL	P23	**BAU: Customer Service and Corporate Business Support:** Deliver high quality professional service on behalf of service areas and act as first point of contact to get customers to the services they need, thereby enhancing the reputation of South Norfolk Council as a customer focussed organisation whilst promoting our Digital channel for 24x7x365 utilisation.	• Manage the operation of the core customer service for the provision of Switchboard telephony, Reception, Meet and Greet and Corporate digital mailbox handling. Monitor and undertake continuous improvement of the service to refine embedded processes and maximise efficiencies to channel shift where appropriate, to ensure a high quality customer service. Manage the operation of the Business Support Services, working on behalf of and with Service Areas to develop, enhance and promote digital channels for customers to access services 24/7. Giving advice and assistance on behalf of service areas and processing customer requests when digital access is limited.	Q3	Corporate Business Support Services	3.97	£133.2k	-	£133.2k	-	-	↑
PL	P24	**BAU: Corporate and External Communications:** Promote and manage the council's reputation in line with corporate priorities, maximising the council's reach and impact **BAU: Internal Communications:** Ensuring that all South Norfolk and Broadland staff and members are fully engaged and communicated effectively with across all sites.	• Increase our digital audience through engaging and relevant content, helping to promote our revenue generating services and promote our services to those that need our help the most. Use our digital channels to promote our press activity and increase customer satisfaction with the council. Increase the number of digital channels that we use to reach a wider and more diverse audience. • Increase the Council's profile jointly with Broadland District Council on a national scale, through engaging with local government publications, regional and national publications and through the implantation of a joint public affairs strategy and plan. • Produce a joint Communications and Marketing Strategy with Broadland District Council that supports the councils aims and ambitions, promoting the benefits of our collaboration to both residents and businesses. • Deliver a joint internal communications approach and plan with Broadland District Council to promote our one team ethos and drive our joint culture.	Q4	Comms	0.55	£47.9k	£-1.7k	£46.2k	-	-	→
PL	P25	**BAU: Council-wide IT service operations:** Ensure the Council's IT systems and infrastructure are operating to acceptable service levels. Public Sector network Compliance: Continuing security certification of our IT systems and network for the Public Service Network to maintain critical Public Service Network connections (e.g., with Department of Work and Pensions).	• Maintain appropriate level of IT service for the council. • To ensure our Business Systems are up to date and fit for purpose ensuring we retain Public Service Network status and continue replacement of end of life hardware and software throughout the estate to ensure we stay in support with manufacturers.	Ongoing	IT	2.78	£317.8k	£-20.3k	£297.5k	-	-	↑
PL	P26	**BAU: Facilities:** Effectively maintain the Councils office space, namely South Norfolk House to ensure all building remain accessible and open to enable services to be delivered to residents and businesses.	• Ensure repairs and maintenance of the Council's office space is carried out in a timely, efficient and effective manner to keep the buildings open, safe, clean and accessible for people to receive services. • Work with BDC to establish an agreed approach to facilities management. e.g. One pass, access etc.	Q4	Facilities	2.12	£187.4k	£-41k	£146.5k	-	-	↓

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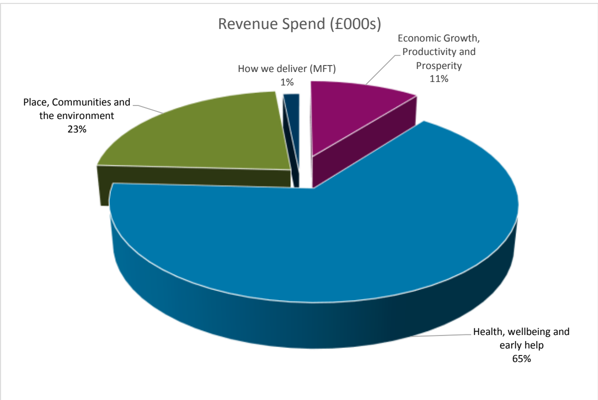
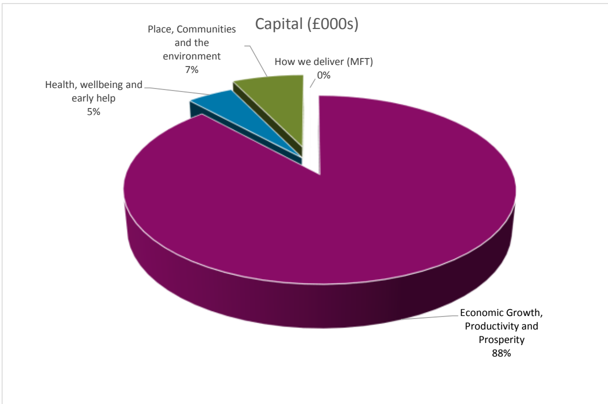
PL	P27	**BAU Internal Audit:** Provision of an Internal Audit function to provide stakeholders with the assurance that controls, risk management and corporate governance is in place and effective.	• Monitor the performance of the Internal Audit contractor against the contract specification and if required, take appropriate action through a performance improvement plan, to provide an efficient and effective Internal Audit service. • Prepare and present regular reports to Finance, Resources, Audit and Governance Committee/Audit Committee and Senior Management in order to provide assurance on the risk management, corporate governance and internal control framework for each Consortium Member. • Ensure that audit review work supports the corporate priorities and objectives of each consortium member, through a risk based approach to Internal Audit planning, and focus audit resources on areas of key risk and importance to provide assurance on the control framework and to add value to developments within service areas.	Each Quarter	Internal Audit	0.37	£159.4k	£-132.3k	£27.1k	-	-	↑
PL	P28	**BAU Procurement:** Ensure the Council achieves best value through effective and efficient procurement	• Provide support to ensure procurement processes are compliant with the Public Contract Regulations 2015, UK law and the Council's Constitution. • Provide support to South Norfolk Businesses through enabling them to access Council procurement activities and embedding the importance of social value in procurement. • Provide leadership on procurement activity and advice & guidance to both South Norfolk and Broadland District Council through collaborative working, ensuring that efficiencies for both Councils are achieved through joint procurement activity (where appropriate).	Q4	Procurement	0.65	£28.4k	£-4.3k	£24k	-	-	↑
PL	P29	**ACTIVITY: Implement the IT Strategy:** Enable the council to use new ways of working and deliver first class support across One Officer team . Implement our IT Strategy that utilises cloud-based services where appropriate. To ensure customers have ease of use and access to our services at a time that is convenient for them and driving council efficiencies. Following on from our rollout of Office365, we will develop further functionality to aid data and filesharing. We will implement and rollout a new council-wide telephony system that will assist remote and mobile working. **BAU: Continuation of Mobile Technology support** and development: To ensure efficiencies can be realised through development and rollout of Mobile Technology identified as part of our ongoing programme of internal service reviews.	• Install, maintain and support a new Council wide telephony solution. This will enable a more efficient service to our customers whilst ensuring we meet the needs of the business in the best way possible. • Provide, implement and support an electronic working solution for members and internal SLT. This will enable more efficient and effective meetings whilst also making savings in both print and staff time. • Plan and implement the upgrade of Desktop, Laptop and mobile devices to Windows 10 together with a review of user remote access in a controlled and effective manner. •Work with BDC to deliver the joint IT strategy. E.G. Joint email, domain names, telephony etc.	Q1 Q1 Q2 Ongoing	IT	0.93	£106k	£-6.7k	£99.3k	£47k	-	→
PL	P30	**ACTIVITY: Implement the Digital Strategy:** Align business and customer needs to best practice technologies, cultural approach and systems to enable us to support customers to access our services through digital channels. Make digital the first choice for customers by continually improving our digital services and improving customer experience across all channels, supporting the below digital priorities: • Customer Driven and Digital First Services • Efficient and Effective Technologies •Data and evidence led Digital Services •Digitally Empowered Workforce Continue to build on the implementation of our website and undertake further development of digital solutions prioritised by business and customer insight analysis.	•Work collaboratively with Broadland to develop a joined up digital strategy and delivery plan, including a joint web platform. • Implement a digital Customer Management solution to enable the effective up-selling, cross-selling and targeted promotion of our services to customers to support our commercial targets and support those services to reach those customers that need or help the most. • Develop our digital systems to increase customer satisfaction through a high quality digital customer experience. • Support implementation of enterprise data architecture and data analytics to ensure the organisation can develop its digital offering based on customer need. • Ensure General Data Protection Regulation (GDPR) compliance for all digital services. • Implement Web Chat to enhance our customer service offer.	Q3 Q1 Q4 Ongoing Ongoing Q3	Digital Transformation	1.58	£91.3k	-	£91.3k	£33.3k	-	↑
PL	P31	**BAU: Marketing: Provision of strategic marketing to the organisation to:** - support new service developments - deliver the Council's commercial ambitions -promote our services to those that need our help the most - promote our collaborative working with Broadland District Council and our enhanced collective opportunity -develop high quality and engaging design	• Produce a joint marketing and communications strategy and plan with Broadland District Council that support the business to meet objectives. • To ensure our website and digital channels use every opportunity to generate leads and sell our income generating services. • Develop our integrated marketing platform and build an email database for service area specific campaigns. • Increase our digital audience and engagement on our social media channels. • Monitor and measure all marketing campaigns to ensure they are highly targeted and cost effective.	Q1 Ongoing Ongoing Ongoing Ongoing	Marketing & Design	2.05	£101.8k	£-5k	£96.8k	-	-	↑

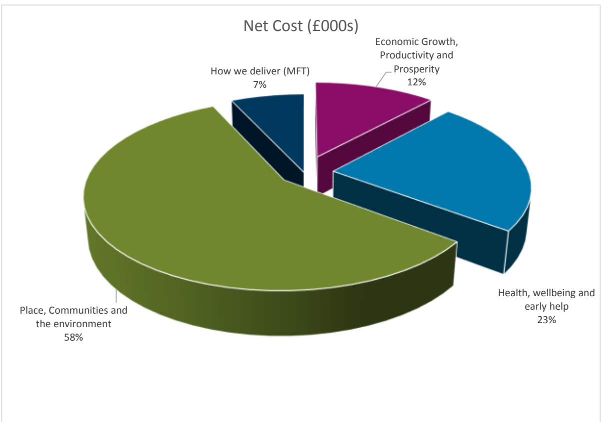
Theme	Ref	Service (BAU - 'Business As Usual' operations) or Activity / Project and description of outcomes expected from this	What we plan to do this year (2019/20)	Target	Team	FTE	Revenue Spend	Income	Net	Capital Spend (Internally Funded)	Capital Spend (Externally Funded)	Net Cost Change Since 2018-19 (£)
	Customer Focussed Can do and collaborative MFT Businesslike, efficient and entrepreneurial	**HOW: How we will deliver this: Customer focussed, Can do and collaborative, Business-like, efficient and entrepreneurial - Moving Forward Together**										
HO	**CORPORATE PRIORITY: Increasing our ability to be self-financing through commercialising where appropriate to support those services that matter to residents the most**											
HO		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
HO			**MEASURE**	**Year End TARGET**								
HO			Annual Measure (HO 1601) % of income commercially generated	10%								
HO	M1	**Through Service Level Agreements South Norfolk Council works through our owned companies, which are listed below, to support our commercialisation agenda:** **• Big Sky Developments Ltd** **• Big Sky Property Management Ltd** **• Big Sky Ventures Ltd** **• Build Insight Ltd** **• Build Insight Consulting Ltd** **• Build Insight Ventures Ltd**										
HO	**CORPORATE PRIORITY: Delivering increased value for money by increasing productivity**											
HO		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
HO			**MEASURE**	**Year End TARGET**								
HO			**(BV012a)** Working days lost due to short term sickness absence	4.5 days								
HO	**CORPORATE PRIORITY: Delivering the services that customers need, when they need them**											
HO		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
HO			**MEASURE**	**Year End TARGET**								
HO			(HO1801) '% of services that have an online web form which were completed via self-service	70%								
HO	M2	**BAU: Business Improvement Team:** Undertaking joint service reviews to identify efficiencies and opportunities to enhance service delivery and our customer experience. Tracking, reporting, challenging and intervening as necessary for Council performance, corporate projects and programmes.	• Coordinate develop and agree the annual business plan to support the council to prioritise activities and effectively use its resources. • Coordinate Quarterly Strategic Performance reporting to Cabinet to encourage high performing services. • To use the data and insights from operational dashboards to engage with teams to drive forward continuous improvements across the organisation and encourage high performing services and an improved customer journey. • Undertake joint one team service reviews across Broadland District Council and South Norfolk Council to drive the efficiency and effectiveness of aligned services. • Support the delivery of the collaborative working programme with Broadland District Council supporting the two councils to work as one team. • Identify and undertake Digital developments as per the prioritisation list whilst maintaining BAU support of our website and other in-house Digital solutions to ensure we promote this as a channel of choice for our customers. • Work and support teams to deliver the customer strategy ensuring we maintain a customer focussed organisation and high levels of customer satisfaction	Q3 Quarterly Ongoing Ongoing Ongoing Ongoing Ongoing	Business Improvement Team	5.18	£213k	£-33k	£180k	-	-	
HO	M3	**BAU: Management Support:** Provide management support to the Corporate Management Leadership Team across South Norfolk Council and Broadland District Council.	• Ensure the Corporate Management Leadership Team provides strategic leadership on business direction, to support the two councils to deliver on our key corporate priorities as set by Members. • Provide the leadership to ensure all services are delivered to a high standard. • Liaise with Members to set the strategic direction of the Council.	Ongoing	CEX	0.98	£135.3k	-	£135.3k	-	-	
HO	M4	**BAU: Organisational Development:** Through our joint Organisational Development approach with Broadland District Council, promote our single paid service's culture, values and behaviours to ensure that we can seize the opportunities of an evolving local government landscape and respond to any challenges.	• Develop and lead on the delivery of the Organisational Development Plan (OD) with Broadland District Council to support our continuous change programme and corporate priorities. • Develop a performance management approach with Broadland District Council to drive staff performance and behaviours. • Using Learning and Development, Leadership Development, Future Forum, Learning Hours etc. to develop, drive and embed our values and behaviours across the organisations. •Develop a strategic approach to the recruitment of graduates and apprenticeships to support the national apprenticeship targets and maximise the apprenticeship levy. • Support collaborative working with Broadland District Council by sharing and integrating new ways of working so that jointly, we are an Employer of Choice.	Q4	CEX	0.98	£243.7k	-	£243.7k	-	-	

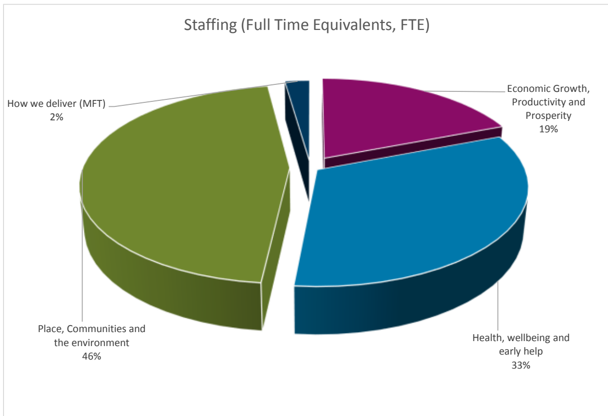
Theme	Ref	Service (BAU - 'Business As Usual' operations) or Activity / Project and description of outcomes expected from this	What we plan to do this year (2019/20)	Target	Team	FTE	Revenue Spend	Income	Net	Capital Spend (Internally Funded)	Capital Spend (Externally Funded)	Net Cost Change Since 2018-19 (£)
HO	**CORPORATE PRIORITY: Leading and building collaborative working with our private, public and voluntary sector partners to deliver better and more efficient services for our residents**											
HO		**STRATEGIC MEASURES - success in achieving this Priority will be tracked through reporting the following to Cabinet each Quarter**										
HO			**MEASURE**	**Year End TARGET**								
HO			Efficiency Savings Identified	£1m								
HO	M5	**BAU: Shaping and influencing national policy:** Both independently and through our work with national partners, to promote and protect the interests of our local residents and businesses. Working in partnership with local government and public sector partners, ensure that we deliver more joined up local strategies and services at a scale that delivers better outcomes for local communities.	• Support Members to be effective influencers on a regional and a national stage by providing relevant information and tools, promoting the work of South Norfolk Council and Broadland District Council and sharing best practice. • Through an effective public affairs strategy and plan, work jointly with Broadland District Council to continue to promote the councils reputations, influencing strategy and policy on a regional and national level. • Working with key partners where possible, respond to relevant national consultations, providing the organisations with the ability to shape and influence national policy decisions and direction and secure the best outcomes for our districts and customers. • Through effective horizon scanning, ensure senior leaders across the organisations remain abreast of key national policy developments and are able to influence the direction of travel or implement plans to mitigate against any issues arising. • Through involvement with the District Councils' Network (DCN), Local Government Association (LGA) and other national local government bodies, promote District Councils' interests on a national stage, supporting them to remain valued bodies to deliver cost effective solutions at a scale that makes sense for people and places.	Q4	Business Transformation	1.65	£54.4k	-	£54.4k	-	-	
HO	M6	**ACTIVITY: Broadland District Council and South Norfolk Council Collaborative working programme management:** Implementation/delivery phase to support both councils to realise the benefits of collaborative working and develop a single paid service and one team approach across Broadland and South Norfolk.	• Ensuring the Joint Senior Management Team is in place. • Ensuring the one joint team structure is developed and put in place, alongside T&Cs and an agreed timeline. • Programme and project plans for all other workstreams in place and being actively monitored including delivery of single paid service and one team approach across all service areas.	Q1 Q2 Ongoing	Business Transformation	1.65	£163.6k	£-30k	£133.6k	-	-	





	2019/20						
	FTE (Establishment)	Revenue	Income	Net	Capital (Internally Funded)	Capital (Externally funded)	Total Capital
Economic Growth, Productivity and Prosperity	88.33	£5.5m	£-4.3m	£1.3m	£27.1m	£2.5m	£29.6m
% Percentage	19.10%	10.59%	10.28%	11.79%	93.58%	54.51%	88.24%
Health, wellbeing and early help	150.16	£34m	£-31.5m	£2.5m	£0.4m	£1.1m	£1.5m
% Percentage	32.47%	65.23%	76.05%	23.45%	1.54%	23.81%	4.58%
Place, Communities and the environment	213.5	£11.8m	£-5.6m	£6.2m	£1.4m	£1m	£2.4m
% Percentage	46.17%	22.62%	13.52%	57.78%	4.88%	21.67%	7.18%
How we deliver (MFT)	10.44	£0.8m	£-0.1m	£0.7m	£0m	£0m	£0m
% Percentage	2.26%	1.56%	0.15%	6.98%	0.00%	0.00%	0.00%
Total	462.43	£52.1m	£-41.4m	£10.7m	£29m	£4.6m	£33.6m





Appendix B – Strategic Measures

The strategic performance measures and associated targets have been reviewed and revised to ensure we set stretching but realistic targets for 2019/20 following feedback from the all Member Business Planning workshop, Scrutiny, Senior Leadership Team and Corporate Management Leadership Team. A full breakdown of the proposals can be found below:

Theme	Measure	Year End Proposed 2019/20 Target	2018/19 Year End Target	2018/19 Q1 Performance	2018/19 Q2 Performance
EG	- (LI 1013) CNC Building Control fee earning income	£1.85m	Increased Target from £1.77m	460,996	905,459
EG	- (LI 358) % rental income return from property investment	5%	SAME	5.70%	6.10%
EG	- (EG 1601) a) Number of residential dwellings developed through our Big Sky Developments company	Baseline	SAME	107	107
EG	and b) Sq Metre area of commercial space developed through our Big Sky Developments company	Baseline	SAME	2,438	2,438
EG	- Annual measure (EG 1602) Number of hectares of employment land developed by 2026	Baseline	SAME	Annual Measure	Annual Measure
EG	- Annual measure (EG1603) Number of new jobs created in the district	Baseline 1% Increase from previous year	SAME	Annual Measure	Annual Measure
EG	- (LI 356) Number of Small-to-Medium Enterprises (SMEs) provided with advice and guidance in South Norfolk	1200 Cumulative	SAME	181	934
EG	- (LI 613) Number of new business start-ups supported in South Norfolk	75	SAME	23	49
EG	- (LI 758) External funding identified and brought into the local economy	£1.25m	Increased Target from £1m	760,314	£1,259,839
EG	- (BV010) % of non domestic rates collected	98%	SAME	27.88%	58.09%
EG	- (LI 210) % of food premises which have an FHRS (Food Hygiene Rating Scheme) rating of satisfactory or above	96%	SAME	98.60%	99.00%

EG	- Annual measure (EG1604) Increase in the number of new businesses attracted to operate and grow in South Norfolk	Baseline	SAME	Annual Measure	Annual Measure
EG	- (EG 1605) Number of apprenticeship placements available in our local businesses for our young people	200	Increased Target from 80	64	181
EG	- (MI 1039) % of units liable for business rates occupied	93%	SAME	92.85%	93.12%
EG	- Annual Measure (EG 1606) Number of day visits to South Norfolk	Baseline 1% Increase from previous year	SAME	Annual Measure	Annual Measure
EG	- Annual Measure (EG1608) South Norfolk tourism spend	Baseline 1% Increase from previous year	SAME	Annual Measure	Annual Measure
HE	(HE1601) % Increase in our leisure centre members following the refurbishment of our three centres	10%	Removed & Replaced (HO1901 +HO1902)	1.40%	-1.48%
HE	(HE1901 Achievement of our leisure services income performance target to achieve cost neutrality	£3.7m (By Q4)	NEW	N/A	N/A
HE	(HE1602) % Increase in the number of adults participating in exercise regularly to lead to heathier and active lives	4%	Wording Change	Annual Measure	Annual Measure
HE	(HE1902) 4% increase in the annual footfall of customers visiting SNC's leisure facilities and activities to lead healthier and more active lives	4%	NEW	N/A	N/A
HE	- (HE1603) % of households in temporary accommodation for 8 weeks or less from the date of the homelessness decision to housing solution	90%	SAME	95%	82%
HE	- (HE 1801) Successful intervention to prevent or relieve homelessness for customers who are homeless or at risk of becoming homeless	85%	SAME	89%	88%

HE	- (HE 1605) % of those housed by SNC Housing remain in the same, similar or improved accommodation after a 12 month period	95%	SAME	100%	100%
HE	- (BV 009) % of Council Tax collected	98.50%	SAME	28.66%	55.22%
HE	- (HE 1606) Number of working days taken to process new claims for Housing Benefit/Council Tax Benefit	9 days	9 days Wording change to “working days”	9	12
HE	(HE1607A: £paid in benefits to people in work	Baseline	SAME	£1,835,779	£1,998,807
HE	(HE1607B: Number of people in work receiving benefits	Baseline	SAME	1366	1298
HE	**-** (HE 1607) Number of households helped to achieve positive outcomes through our Help Hub service	2,000	Increased Target from 1500 Wording change	423	1447
HE	- (HE 1608- A) Number of households who are assisted to access support within their community to meet low level need	5,250	Wording change	1991	3356
HE	- (HE 1608 - B) Number of referrals from GPs to our social prescribing services	1200	NEW New Target previously Baseline	216	495
HE	- (LI 323) Increase the number of vulnerable people supported to maintain independence in their own homes, with support from interventions	2,000	SAME	453	919
PL	- (LI 263) Number of missed bins for all waste per 100,000 collections	30	SAME	11	23
PL	- (LI 262) Cost of waste collection per household	£37	SAME	£32.19	£34.51
PL	- (NI 192a) % Municipal waste recycled, reused and composted	45%	SAME	46.80%	45%
PL	- Annual Measure (PL 1601) % Reduction in the amount of waste generated - total kilogram waste per household	Baseline	SAME	Annual Measure	Annual Measure
PL	(PL1801) % of other and minor applications determined within 8 weeks or in extension of time	90%	SAME	97%	96.90%

PL	- (LI 302) % of householder applications determined within 8 weeks or in extension of time	95%	SAME	98%	99%
PL	- (MI 1307) % of householder applications determined within six weeks	65%	SAME	72%	68%
PL	- (MI 1038) % of major applications determined within 13 weeks or in extension of time	95%	SAME	100%	100%
PL	- (PL 1602) % of Community Action Fund (CAF) spent	95%	SAME	100%	100%
PL	'- (LI 350) Number of Affordable homes delivered (including Help to Buy)	500	SAME	230	421
PL	- Annual Measure (PL 1603) New homes to be developed by 2026	Baseline	SAME	Annual Measure	Annual Measure
PL	- (PL 1604) % percentage of people applying to register to vote online as opposed to on paper	Baseline	SAME	95.45%	81.15%
HO	Annual Measure (HO 1601) % of income commercially generated	10%	SAME	Annual Measure	Annual Measure
HO	- (BV012a) Working days lost due to short term sickness absence	4.5days	SAME	0.88	1.75
HO	(HO1801) % of services that have an online web form which were completed via self-service	70%	Increased Target from 65%	65.92%	66.73%
HO	- Annual measure (HO 1602) £-Efficiency savings delivered	£1m	Increased Target from £890k	Annual Measure	Annual Measure

Agenda Item: 8

Cabinet
4 February 2019

CAPITAL STRATEGY 2019/20 to 2023/24

Report Author(s):	Matthew Fernandez-Graham, Accountancy Manager, 01508 533982, mgraham@s-norfolk.gov.uk Helena Craske, Capital and Management Accountant, 01508 533915 hcraske@s-norfolk.gov.uk
Portfolio:	Growth and Resources
Ward(s) Affected:	All
Purpose of the Report:	To set the Council's capital strategy for the next 5 years and to outline the steps required to develop a 20-year strategy as now required by CIPFA and MHCLG

Recommendations:

It is recommended that Cabinet recommends to Council:

i. the approval of this Capital Strategy.

ii. the approval of the Schedule of Non-Treasury Investments referred to in Section 2.3 and contained in Appendix A.

iii. to note the further work required to develop a longer-term Capital Strategy

1. SUMMARY

1.1 The Capital Strategy is a corporate strategy which is a requirement of The CIPFA Prudential Code for Capital Finance in Local Authorities 2017 and sets out South Norfolk Council's approach to the use of its capital assets and resources. The strategy provides the framework for determining the capital programme, the effective use of the Council's resources and its approach to treasury management and must be reviewed and updated annually. The Prudential Code for Capital Finance permits Councils to determine the appropriate level of capital investment to deliver quality public services, subject to affordability.

1.2 The draft Financial Settlement for local government in December 2017 confirmed the Government's intention to continue to reduce central government funding to local authorities. In this context, the Capital Strategy needs to help the Council to achieve financial sustainability in line with the Medium Term Financial Strategy.

1.3 The Council's three priority areas are:

- Economic Growth, Productivity and Prosperity.
- Place, Communities and Environment.
- Health, Well-being and Early Help.

1.4 This Capital Strategy focuses investment to deliver these priorities while also contributing to the Council's financial sustainability by supporting opportunities to develop more efficient service delivery and to generate additional income. The Council's collaboration with Broadland Council may generate investment opportunities in the future and the strategy is flexible enough to accommodate this.

1.5 With low interest rates continuing for the foreseeable future there remains the opportunity to invest monies in property as an alternative to bank deposits if the rate of return exceeds the rate of interest which would be achieved through cash investments. However, members need to be aware that this form of investment is deemed to be capital and under the current guidance therefore if an investment property is sold the sale proceeds will be accounted for as capital receipts and cannot be used for revenue purposes in the future.

1.6 Members' involvement is essential in order that the Council can demonstrate that capital expenditure plans are affordable, financing plans are prudent and sustainable, and that treasury decisions are taken in accordance with good practice.

1.7 It is intended that this strategy becomes a living document which evolves over time to incorporate ongoing capital liabilities which will need to be met in the future alongside other investment decisions. In order to do this, work will need to be undertaken in the near future to establish exactly what the Council's capital liabilities are likely to be in the longer term. This may include commissioning condition surveys for Council assets and further development of the asset management plan. This work will need to be done in conjunction with the development of the new Corporate Plan, since the Capital Strategy is a corporate document and requires a cross-Council approach to be effective. The minimum time period suggested by CIPFA that needs to be covered in future versions of the strategy is 20 years.

2. CAPITAL ASSETS AND CAPITAL FUNDING

2.1 The assets which are likely to present the greatest ongoing capital liability for the Council over the next 20 years are as follows:

Asset	Net Book Value as at 31.3.18
South Norfolk House	£3,205,225
Wymondham Leisure Centre	£10,339,000
Long Stratton Leisure Centre	£3,214,000
Diss Leisure Centre	£2,789,000
Investment Properties	£11,901,473

2.2 In addition, the Council currently holds £15,627,000 in loans and equity in its commercial companies. These investments have been made as part of the capital programme and need to be considered as part of this Capital Strategy.

2.3 Under the Treasury Management Code, for all non-treasury investments, i.e. commercial activity, the Council is required to approve annually a schedule of existing material investments, subsidiaries and joint ventures and liabilities and its risk exposure. This is contained in Appendix A for approval. The level of risk exposure is taken to be the value of these investments which will vary over time, but are shown as at 31 March 2018.

2.4 Under the Prudential Code, Councils determine how much they will borrow as long as any borrowing is affordable and prudent, thus clearly linking the financing of capital with the Treasury Management Strategy and the revenue budgets. The Council can finance its future capital programme from various sources as outlined below:

- Revenue – The Council can utilise its revenue income in year however, the General Fund Revenue Balance Reserve is not used.
- Revenue Reserves – from time to time existing reserves are used to fund specific projects. However, a number of reserves are earmarked for specific use which does not include capital projects.
- Capital Receipts from asset disposals – When the Council disposes of any assets it holds, the income it receives can only be used to fund new capital projects. Loans repaid by the Council's companies are also treated as capital receipts if they result in expenditure that would have been classed as capital expenditure if the Council had incurred the expenditure directly. Repayment of short term loans for cashflow and working capital purposes would not be capital receipts.
- Right to Buy Receipts – as part of the LSVT agreement the Council will continue to receive income from the sale of right to buy properties. The amount per property is reduced on a sliding scale over the next 30 years and an administration fee from Saffron Housing Trust. The amount is paid over in a lump sum in the April following the financial year they relate to, which is subject to the Pooling Levy. Right to Buy receipts are anticipated to increase from the low levels of recent years,

although changes in the housing market and in Right to Buy for social landlords may affect this.

- LSVT Receipt – The Council received £31,659,527 from the transfer. This funding has been used to finance Sewage Treatment Works, Aids and Adaptations, financing replacement vehicles, property developments and the ICT Strategy. At 31st March 2018, there was a balance of just over £0.9 million. This balance is earmarked to funding Aids and Adaptations and the ICT Strategy and Digital Transformation and expenditure on these will utilise the majority of these funds by the end of 2019/20, leaving a balance of £100,000 as an ongoing contingency in the event of any insurance claims relating to the LSVT properties.
- Grants – as well as government grants the Council has taken advantage of lottery and any other grants in the past. The Council encourages and supports partner organisations in making applications for external funding, assisting where possible by 'pump priming'.
- Enterprise Zone Grant – As part of the Norwich Research Park Enterprise Zone (EZ) funding, the Council is expecting to receive a grant from the Local Enterprise Partnership.
- Tax Increment Financing (TIF) – This allows local authorities to borrow against predicted growth in their locally raised business rates. The borrowing is used to fund key infrastructure and other capital projects, which will support locally driven economic development and growth. This is the approach being used to drive the development of the EZ.
- Private Finance Initiative/Public Private Partnership – these can be used as a means of finance but so far there has not been a project which makes this a viable proposition and is not expected to be used.
- CIL – This is a form of levy on every property built in the district. A percentage is required to be set aside for local communities to use for their infrastructure requirements. 25% to the local community if they have adopted a local neighbourhood plan reducing to 15% for those communities who have no plan in place. The remainder will be spent on the infrastructure requirements outlined in the LIPP.
- New Homes Bonus – The Government match funds the additional council tax raised on the net growth of new homes and homes brought back into use for a period of four years. An additional sum of £350 per annum is given for each new affordable house, again for a period of four years. The match funding is based on the national average council tax for each band and the District retains 80% with 20% going to the County Council. This scheme began in 2011/12. The funding can be used for either revenue or capital purchases. However, after 2012/13, a large proportion was recycled Revenue Support Grant and therefore not additional money for the Council. The Affordable Homes Premium has been used to finance Affordable Housing in the District and the reserve built up has been earmarked for housing. From 2018/19 onwards, any further Affordable Homes Premium is being used to support the revenue budget.
- Bonds – The Council is a shareholder in the Municipal Bonds Agency (MBA), with an investment of £25,000. The MBA has been set up to issue bonds on behalf of groups of Local Authorities that Capital Market investors would be interested in. The first Bond Issue has been subject to considerable delay and the exact timing is unclear at the present moment.

- Internal borrowing – The Council can use its cash to finance capital expenditure. This reduces the amount available to invest, but avoids the need to borrow externally, and with lower interest rates on cash investments than on external borrowing, it is the most cost-effective form of borrowing.

2.5 Over the next few years the total amount of investments and cash will fall as cash is spent on the capital programme and earmarked reserves are spent. At the start of the current financial year the Council had over £23 million invested as listed below:

Cash and Investments as at 31st March 2018	**£000**	
Long Term Investments	25	Equity in the Municipal Bonds Agency (Excludes investments in Council owned companies of £5.9 million)
Cash	17,803	
Short Term Investments	5,500	
Total	**23,328**	
Representing:		**Used to fund the Capital Programme**
Capital Receipts	2,587	Yes
Internal Investments	(1,961)	Yes (this is cover for under borrowing on external borrowing against the Council's CFR)
Usable Reserves (includes earmarked reserves)	21,302	Yes but prudently
General Fund Balance	1,400	No
Total	**23,328**	

2.6 As part of the budget setting process a review of all usable reserves is undertaken each year. It is important that the authority retains a level of reserves to enable it to cope with the uncertainty around future funding in relation to business rates and New Homes Bonus. There will be a requirement to ensure sufficient levels of reserves are available to respond to this. It is important therefore to retain earmarked reserves for particular risks e.g. volatility of business rates. This means that any volatility in year can be managed through reserves rather than affecting services during that year. This protects service delivery by ensuring that there is no knee jerk reaction whilst allowing time to plan for the future.

2.7 Currently of the £21.3 million of usable reserves above, £10.4 million is earmarked for specific use including the renewals reserve, the infrastructure reserve and the business rates localisation reserve. The remaining £10.9 million relates to the revenue reserve, which has been earmarked to fund part of the capital programme in 2018/19 but may also be needed to support any reduction in funding of the revenue budget in future years.

2.8 As shown above in 2.6 it would not be prudent to use all of the £23 million in investments to finance the capital programme. Of the Useable Reserves, the Renewals Reserve, the Non-Commercial Assets Replacement Reserve, the Car Park Upgrades Reserve, the 3G Pitch Renewal Reserve, the Enterprise Zone Reserve, the Charging Points Maintenance Reserve and the Low Cost Housing

Reserve relate wholly or partly to capital expenditure. The proposed total resources available to finance the current capital programme going forward from 2019/20 and slippage from 2018/19 will be in the region of £82.7 million as set out below:

Resources	**£million**
Capital Receipts	15.2
Grants	9.3
Revenue Reserves	6.1
S106 Funds	2.8
Subtotal before Borrowing	*33.4*
Net Internal Borrowing	16.1
External Borrowing	33.2
Total	**82.7**

2.9 The consequence of funding the capital programme with these resources is a reduction in the amount of cash available to invest and therefore a reduction in income from investments which supports the revenue budget. However, this is mitigated by the Council investing in commercial property to achieve revenue income, the cost of which is classed as capital expenditure.

2.10 There is internal borrowing of cash from the Council's cash balances. The use of reserves means that the Council's cash is projected to reduce to £6 million by March 2021 and then rise to £20 million by March 2024. This reduction means that further capital expenditure in this period would need to be funded from generating additional resources or external borrowing.

3. APPROACH TO BORROWING

3.1 The consequence of the funding position outlined in Section 2 is that the Council will be in a position where it will be required to borrow to finance any additional capital expenditure in the coming period. However, any borrowing must be affordable in line with the requirements of the prudential code.

3.2 Under the Prudential Code, Councils are not permitted to borrow more than or in advance of its needs *purely* in order to profit from the investment of the extra sums borrowed. All the Council's commercial investments are within the District and intended to deliver economic and housing regeneration and growth as well as a financial return.

3.3 The need to borrow is not based on our levels of investment balances/reserves but on the Council's capital financing requirement (CFR). A certain level of cash will still be required for the Council's daily cash requirements; this can be held in money market funds, call accounts and short term investments. However, the Council is choosing not to make long term investments beyond 2 years so that it can instead use cash to avoid or delay external borrowing.

3.4 The total amount of debt that the Council can take on needs to be affordable. Affordability will be kept under review as part of the Treasury Management Strategy and when setting revenue and capital budgets. There is no single measure of affordability, but it will include the revenue costs of borrowing as a proportion of total expenditure and total debt relative to total income. It will reflect the need for prudence along with the risk appetite of the Council, which is higher than for a typical District Council.

3.5 The current interest rate environment means that interest rates are lower for shorter borrowing periods and higher for longer loans. Therefore, the Council could borrow short term even for long life assets, re-borrowing as loans mature. The risk with this approach is if short term rates rise relative to long term rates. It would therefore be prudent to have some longer term loans to guard against this risk.

3.6 There are many sources of borrowing available to the Council and it is likely that the Council will utilise a mix of these to spread the risk around loan maturities and future interest rates. Sources include:

- Public Works Loan Board (PWLB)
- Borrowing from other local authorities
- Borrowing via the Municipal Bonds Agency (MBA)
- Borrowing from institutions such as the European Investment Bank and directly from commercial banks
- Borrowing from the money markets
- Local Authority stock issues and bills
- Commercial paper
- Structured finance

4. PRIORITIES FOR THE CAPITAL PROGRAMME

4.1 Within the funding constraints outlined above, it is necessary to set clear priorities for capital expenditure. All expenditure proposals require a clear business case to justify the expenditure. The policy on capitalisation is included in the Council's annual accounts. Capital expenditure is authorised by Cabinet and Full Council through the budget setting process and monitored on a quarterly basis through reports to Cabinet.

4.2 Priorities are determined through a bid submission process from services which is reviewed by senior management in the light of corporate priorities and results in inclusion of projects within the Business Plan and Capital Programme for scrutiny by Members. Inclusion in the capital programme puts aside the required budgets and funding, but final approval for projects is dependent on the agreement of a full business case.

4.3 Capital expenditure is categorised into one of three categories. This categorisation clarifies whether the funding for the capital expenditure will ultimately be repaid from income generated by this expenditure or from general revenue.

1. Commercial: Where the return on investment will exceed the costs of borrowing and pay back over time.
2. Operational: Where the investment is required to ensure continued service delivery.
3. Health and Safety: Where the investment is required to ensure the Council meets its health and safety obligations.

4.4 Potential proposals should be assessed in line with the Corporate Plan agreed in December 2015. The table below highlights capital expenditure that is already planned or could be undertaken to meet the Council's priorities:

Economic Growth, Productivity and Prosperity	**Health, Well-being and Early Help**	**Place, Communities and Environment**	**Improving services through being business-like, efficient and entrepreneurial**
Norwich Research Park Enterprise Zone	Leisure Enhancement at Long Stratton	Development/Purchase of Low Cost/Affordable Housing	Delivering the ICT Strategy and Digital Transformation
Property Development at Poringland, Maple Park and Cringleford	Disabled Facilities Grants	Waste Vehicle Replacement	Maintaining the Council's operational buildings
Better Broadband	New/enhanced Leisure facilities in partnership with other bodies	Expansion of Ketteringham Depot	
Commercial Waste Bins	Further enhancement of SNC Leisure Facilities	Toilet Refurbishments	
Further Commercial/Residential Property Development		Waste/Recycling Bin Purchases	
Maintaining the Council's current commercial properties			
Strategic Economic Developments to boost growth			

5 FUTURE DEVELOPMENT OF THE CAPITAL STRATEGY

5.1 CIPFA's guidance is that a full Capital Strategy needs to cover a time period of at least 20 years and be developed as a Council-wide document. Further work is therefore required to determine the Council's longer-term investment requirements, as part of the development of the new Corporate Plan during 2019/20. Condition surveys of our property portfolio will need to be undertaken to inform this work. This will result in a long term forecast of capital expenditure, investments and disposals and the associated funding and borrowing requirements.

6 ADVICE OF THE SECTION 151 OFFICER

6.1 The Section 151 Officer is specifically required to report on the deliverability, affordability and risks associated with the capital strategy.

6.2 Deliverability is underpinned through the embedding of capital expenditure within the business planning process and use of specialist advice where required, for example, in assessing the plans to deliver commercial property investments.

6.3 The affordability of this strategy can be assessed in a variety of ways. Based on the revised Medium Term Financial Strategy, the estimated gross cost of financing loans of £34 million (interest payments and the Minimum Revenue Provision) would be £1,401,000 annually by 2023/24, which equates to 8.35% of the Council's net revenue expenditure by 2023/24 and £22.83 per dwelling. This compares to a median average of 3% and £9 per dwelling for District Councils in 2014/15, per the National Audit Office and a mean average of 5.5% and £16.68 per dwelling in 2016/17 based on MHCLG statistics. According to the NAO, in 2014/15, Councils in the top 25% of shire districts for debt servicing costs spend 7.1% of revenue expenditure and £23 per dwelling on debt servicing. On this indicator, the Council would be considered to have a larger risk appetite than the average Council, but not so large as to create sustainability issues for financing its plans. It should be borne in mind that the Council is starting from a position of being debt free and the figures for other Districts are expected to rise in future years.

6.4 Another indicator used by external lenders is that a Council can take on debt of twice its gross total revenue less its long term debts including the pension liability. Based on the 2016/17 statement of accounts, this would equate to total debt of £22 million, but this has increased for the 2017/18 accounts and would be £25 million, including the pension liability, though it would be £84 million excluding the pension liability. On this measure, the Council would, if it borrowed the full amount as planned, be above what could be considered prudent, by 2021/22. However, it is likely that there will be slippage in the capital programme that will delay the need to borrow so much. By using borrowing to invest in property through its companies, the Council is aiming to increase its gross revenues and strengthen its group balance sheet as property values increase, which makes debt more sustainable in the longer term. This debt will allow the Council to lend to its companies which is expected to generate £2.3 million in interest payments alone over the next 5 years, supporting the revenue budget.

6.5 The prudential indicator of net financing costs to net revenue income stream from taxation and central government provides another view of financial sustainability. This is set out in the Treasury Management Strategy elsewhere on this agenda, but it shows that financing costs will be no more than 1.82% of net revenue stream by 2023/24, which is considered sustainable.

6.6 The risks in this strategy are as follows:

- **Economic** – Changes in the economy could mean that investments undertaken in line with the strategy do not deliver the anticipated benefits or returns. Prudent assumptions have been made on the level of returns that can be expected.

- **Timing** – Delays incurred during the implementation phase of particular projects could impact on the returns in the short term. Effective project management and monitoring is undertaken to mitigate this risk.
- **Interest Rates** – It has been assumed that interest rates will stay at their current low levels. The exact timing of borrowing will determine the exact interest rates on external debt incurred as part of this strategy. The interest rate outlook is kept under review so that the strategy can be changed should rises in interest rates become probable.
- **Government Policy** – The strategy is aimed to deliver quality services and to improve the sustainability of the Council. Should government policy change in a way that prevents parts of the strategy being implemented, increases its cost or reduces the expected benefits, then the strategy would need to be revised.

7 CONCLUSION

7.1 This Capital Strategy represents a prudent and affordable approach to investment in the Council's assets to support service delivery and to contribute to the Council's financial sustainability over the next 5 years. The strategy is kept under review and updated each year. Further work is required across the Council to lengthen the time horizon for this Strategy to at least 20 years.

8 RECOMMENDATIONS

8.1 It is recommended that Cabinet recommends to Council:

8.1.1 the approval of this Capital Strategy.

8.1.2 the approval of the Schedule of Non-Treasury Investments referred to in Section 2.3 and contained in Appendix A.

8.1.3 to note the further work required to develop a longer-term Capital Strategy

APPENDIX A

Schedule of Non-Treasury Investments

Investment	Value in the Council's Balance Sheet at 31 March 2018
Big Sky Ventures Ltd	£5,730,000
Big Sky Developments Ltd	£5,380,000
Big Sky Property Management Ltd	£2,240,000
Crafton House	£1,361,100
Rectory Road, Dickleburgh - Agricultural Land	£1,347,500
Wym - Ayton Road	£1,315,600
Rushall Road, Harleston - Agricultural land	£1,043,200
Shotesham Road, Poringland - Commercial Development Land	£1,007,500
9-11 Mere Street, Diss	£815,500
Unit 13 Wymondham Business Park	£623,600
Loddon Business Centre	£613,900
Friarscroft Lane, Wymondham - Development Land	£496,800
Unit 18A Harleston	£481,800
Maple Park Commercial Unit/Cygnet House, Long Stratton	£386,373
Wym Town Council Office, Middleton St	£323,200
Gissing - Residential Development	£283,700
Unit 19A Harleston	£206,400
21 Penfold Drive, Gateway 11, Wymondham NR18 0WZ	£187,500
15 Vincess Road, Diss	£185,000
Ketteringham Depot-Unit 1 & 2 Station Lane	£185,000
Dereham Road, Costessey Caravan Site	£182,800
Unit B17 Owen Rd Diss	£178,100
Unit B19 Owen Rd Diss	£178,100
13 Vincess Road, Diss	£166,500
Build Insight Ventures Ltd	£125,000
Unit 5b Owen Road Diss IP22 4ER	£82,800
9 Park Road Diss	£75,300
4 Garages Thomas Manning Road	£71,400
Park Road Diss - Land - Bus Depot Diss	£48,800
3 Garages Chapel Street Diss	£26,300
Friarscroft Lane, Wymondham - Garden Lane Rear of 23-37	£22,500
Eleven Mile Lane, Suton, Wymondham - Paddock Land	£3,100
Parking Plots in Long Stratton	£1,900
Garden Plot, Station Close, Swainsthorpe	£200
	£25,376,473

South Norfolk COUNCIL

Agenda Item: 9

Cabinet
4 February 2019

REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX 2019/20

Report Author(s):	Peter Catchpole Assistant Director - Resources Matthew Fernandez-Graham, Accountancy Manager, 01508 533982, mgraham@s-norfolk.gov.uk

Portfolio:	Growth and Resources
Ward(s) Affected:	All
Purpose of the Report:	To set out the revenue and capital budgets and the updated Medium Term Financial Strategy so that Members can decide the level of Council Tax for 2019/20.

Recommendations:

a. It is recommended that Cabinet recommends to Council:

i. the approval of the base budget; as shown in para 6.1, subject to confirmation of the finalised Local Government finance settlement figures which may, if significant, necessitate an adjustment through the General Revenue Reserve to maintain a balanced budget.

ii. the use of the revenue reserves as set out in section 12.

iii. that the Council's demand on the Collection Fund for 2019/20 for General Expenditure shall be £7,370,700 and for Special Expenditure be £10,440;

iv. that the Band D level of Council Tax be £150.00 for General Expenditure and £0.21 for Special Expenditure.

v. that the assumptions on which the funding of the capital programme is based are prudent.

vi. the approval of the capital programme for 2019/20 to 2023/24.

b. It is recommended that Cabinet agrees:

    i. that future increases to fees and charges will be linked to the September Retail Price Index each year as set out in para 5.1

    ii. the charges for garden waste as set out in para 5.2

c. It is recommended that Cabinet notes:

    i. that pricing changes will be made in accordance with the Charging Policy in section 5

    ii. the advice of the Section 151 Officer with regard to section 25 of the Local Government Act 2003;

    iii. the future budget pressures contained in the Medium Term Financial Strategy as set out in Appendix B.

1. SUMMARY

1.1 This report covers the revenue budget, the capital budget and the Medium Term Financial Strategy. These are presented in a single report to give Members a comprehensive overview of the Council's financial plans to inform their decisions on the level of Council Tax for 2019/20.

1.2 The Revenue Budget is prepared to enable Full Council to set the level of Council Tax for the forthcoming year. The Capital Programme for the financial years 2019/20 to 2023/24 sets out the Council's capital investments in line with the Capital Strategy elsewhere on this agenda. For the ninth year in a row, revenue and capital budgeting and business planning have been carried out together to ensure that planning, activity and budgets are integrated. As in previous years, staff and elected members have had the opportunity to comment and shape the Business Plan which is fully resourced, reflecting savings and additional income. The Medium Term Financial Strategy (MTFS) has been revised and updated, with projected figures through to 2023/24, showing significant levels of savings and additional income required which means that the Council must continue to work proactively to deliver balanced budgets.

1.3 The Business Plan which includes the proposed budget is contained elsewhere on the Cabinet agenda. As in previous years both the Business Plan and budgets have been integrated to provide the "golden thread" linking resources with outcomes. In December, all Members were invited to a scrutiny workshop, where they were able to talk to budget managers and discuss and offer suggestions on individual team plans. Plans were amended following this workshop and a revised Business Plan was reviewed by Scrutiny Committee on 23 January 2019, resulting in further changes. On approval from Cabinet the Business Plan will inform the performance review process for each member of staff and will link to their objectives for 2019/20.

1.4 As part of the budget setting process the Council has undertaken consultation with both members of the public and businesses. The results of these consultations are reported elsewhere on this agenda.

2. BACKGROUND

2.1 In calculating the level of funding it will distribute to local government, the Ministry of Housing, Communities and Local Government (MHCLG) has assumed that District Councils, such as South Norfolk Council, will increase their Council Tax by £5.00 in 2019/20. For District Councils like South Norfolk, the maximum increase which can be applied to Council Tax is £5.00 for a Band D property. Local Authorities that are responsible for Adult Social Care, such as Norfolk County Council, can raise a further 3% to fund this service in addition to a general increase of 3%, provided that they have not already raised an extra 6% from this Adult Social Care Precept, which Norfolk has done. For Police and Crime Commissioners, the maximum rise is limited to £24.00 for a Band D property. Any increases higher than these limits would trigger a referendum. Last year the Council increased its level of Council Tax by £5 to £145 for a Band D property, having frozen Council Tax at £130.68 for seven years out of the previous ten. This year, in the light of the loss of all remaining Revenue Support Grant in the local government settlement 2019/20 and considerable financial uncertainty for all Councils from 2020/21, an increase of £5 is proposed for 2019/20 to assist in meeting the financial challenge over the five-year period.

2.2 This revenue budget proposes a contribution of £865k to the general fund reserve in order to put aside savings already planned, so that they are available to deal with financial pressures over the MTFS period. A thorough review of the revenue reserves has been undertaken and the total level of revenue reserves is still sufficient to:

- finance an element of the capital programme as outlined in this report;
- give the Council time to move to a lower cost base if the pace of savings and income growth in future years is not sufficient to match reductions in funding;
- manage its budget in year should the level of income from the localisation of business rates not be achieved;
- absorb any large increase in the level of Council Tax Support provided to residents;
- support the commercialisation of specific services;
- support the Norwich Research Park Enterprise Zone;
- keep the car parks in the District in good condition and up to date;
- support development of infrastructure in the District.

2.3 The collaboration cost and savings figures detailed in the feasibility study for the agreed work with Broadland are visible in the Medium Term Financial Strategy (MTFS) but the savings have not been recognised in Base Budget calculations, at this stage. Instead, savings have been offset by the proposed creation of a Collaboration Savings Reserve which receives a contribution equal to the amount of gross savings that were outlined in the feasibility report, £427,000 for 2019/20. A Collaboration Costs Reserve is also proposed, which will fund £107,000 of transitional costs for joint working.

2.4 Norfolk Councils were successful in their bid to pilot 75% retention of business rates in 2019/20 for one year. Cabinet agreed at its meeting on 7th January 2019 to use the one-off benefit from this, estimated at £636,000, to increase General Reserves, which will create more capacity to deal with the impact of the new fair funding formula and the national move to 75% Business Rates and a full reset of business rate baselines, which will all happen in 2020/21.

2.5 The Council created an Infrastructure Reserve to finance preparatory work on infrastructure projects. Some of this has been earmarked to fund the development of broadband infrastructure as outlined in the capital programme.

2.6 There is an ongoing programme to resurface the Council's car parks and to keep them up to date. Cabinet agreed in February 2017 to create a Car Parks Upgrades Reserve that is being used to manage the timing issues associated with this type of capital expenditure. It is proposed that revenue income from the car parks continues to be used to top up this reserve.

2.7 Business rate income from new and expanding businesses within the Norwich Research Park Enterprise Zone (EZ) will be used to repay the initial borrowing that was agreed by Cabinet in May 2016 to bring forward this development. Borrowing has not yet been drawn down. In addition, there is revenue expenditure on, for example, site management and marketing that will also be funded from business rate income. Cabinet agreed in February 2017 to establish an Enterprise Zone Reserve to manage the flows of income and expenditure and their variable timings to manage the funding which is agreed with all parties to be reinvested into the EZ and to finance the loan to enable the infrastructure to be brought forward. This reserve will be increased from business rates EZ relief grant income from central government.

2.8 In February 2017 Cabinet agreed to establish a 3G Pitch Renewal Reserve to build up a fund to refurbish the pitch at Long Stratton in approximately nine years' time. It is proposed that revenue income from the pitch continues to be set aside to build up the funds to finance this capital expenditure.

2.9 In February 2017, Cabinet agreed to create a Non-Commercial Assets Replacement Reserve, specifically to replace fixed assets that do not directly generate income for the Council. This reserve is being used to finance the capital budget of £531k for the replacement of street lighting, which was agreed by Cabinet at its meeting on 8th January 2018. It is recommended to use this reserve to fund a social enterprise to carry out the conversion of toilets in Long Stratton into toilets plus a catering facility and the conversion of toilets in Loddon into a catering facility. It is proposed to top up this reserve from the revenue budget to allow for future expenditure on non-commercial assets.

2.10 Owing to the size of the capital programme, which is partly funded from revenue, there is an overall decrease in revenue reserves of £2.745 million compared to 1st April 2018, leaving a total of £8.193 million in general revenue reserves projected at 31st March 2021.

2.11 The provisional financial settlement for local government in December included no new changes to the New Homes Bonus scheme. New Homes Bonus is received for a period of 4 years and a baseline of 0.4% of housing stock is deducted from the calculation of the number of new homes, so that the first 225 homes built do not attract the bonus. South Norfolk's performance is the best in the East of England and 5th best of any District nationally.

2.12 The final local government financial settlement will be announced by the end of January and officers will provide a verbal update to the Cabinet meeting; it is proposed that any changes from the provisional settlement are managed through reserves, so as not to impact on Council Tax setting.

2.13 The Council set itself a £1 million challenge for 2019/20 budgets, to find ongoing savings, efficiencies or additional income of £1 million. As part of this challenge, a detailed review of the establishment was carried out as part of business planning for 2019/20 and vacant posts removed where appropriate. Further opportunities to make savings have been taken, for example saving on hostel maintenance and the handyperson scheme, and higher income is expected from leisure following the enhancement at Long Stratton and from loans to Council companies. This means that the Council can absorb the impact of government funding reductions and set a balanced budget for 2019/20 without the use of reserves.

2.14 Officers have examined the measurable budget savings from the South Norfolk Early Help approach and have identified three areas of savings. We have seen the Early Help budget stabilised over the last four years, there has been significant external investment in Early Help and we can see that the work we have completed has a tangible impact on future spend.

2.15 Over the last four years there has been a consistent spend per year on Early Help. Despite reductions in public spending resulting in less services and more demand for prevention work, through building a strong Early Help partnership we have been able to increase our capacity to deliver preventative work whilst stabilising expenditure. We have achieved this through targeting specific areas of work such as community safety, debt advice and community support to reduce duplication, ensuring funding is targeted to where it can have the most impact and continuing the shift to online services. This approach has also enabled us to increase our accessibility to residents and reach out to our communities. There will be an increase in budget next year due to a decrease in Government funding, so officers will look to how this can be mitigated through future funding bids and collaboration with Broadland.

2.16 The Council will have around £525,000 of external investment to support our preventative work next year. We have been able to attract funding through our innovative approach and our focus on working within a partnership to deliver a holistic service for residents. Through adding value to our work, building partnerships, and acting as an innovation site to develop and test new ideas and ways of working, we have built a partnership that has attracted investment. Through this funding we have been able to demonstrate a tangible impact on future spend in South Norfolk. Housing prevention has seen a decrease in homelessness numbers in South Norfolk, compared with an increase in England. If we look at a predictive five-year model we can see we have generated, on a conservative estimate, demand management savings of £287k so far, and these are projected to be £479k over the next 5 years, when compared to rural Norfolk trends. This figure is specifically in regard to prevention of homelessness, which is a direct impact on South Norfolk Council services and does not include wider system savings to the public purse.

2.17 The Capital Programme is underpinned by the Treasury Management Strategy which appears elsewhere on this agenda. The Prudential Code permits Councils to determine the appropriate level of capital investment to properly deliver quality public services, subject to affordability. Members' involvement through the process is essential in order that the Council can demonstrate that capital expenditure plans are affordable and that financing plans are prudent and sustainable.

2.18 The Capital Programme is in line with the revised Capital Strategy elsewhere on this agenda. In line with the Prudential Code, the Capital Strategy is now updated annually. The Council will continue its previous strategy to invest in its existing fixed assets and make new property investments to generate income above the returns being earned on cash investments. This will help to support the revenue budget in future years as government funding reduces further.

2.19 The Capital Programme for the period April 2019 to March 2024 is set out in Appendix D with expenditure of £82.7 million over the five-year period. This includes possible slippage of £32.1 million from the current year's programme, as outlined in the Q3 performance report elsewhere on this agenda.

2.20 It is proposed to utilise revenue reserves as well as capital reserves to fund the capital programme. This is possible because the Council has carefully managed its revenue reserves in the past, enabling it to build up funds. These funds can now be invested in the capital programme which has been formulated to either reduce ongoing revenue expenditure or to generate on-going revenue income.

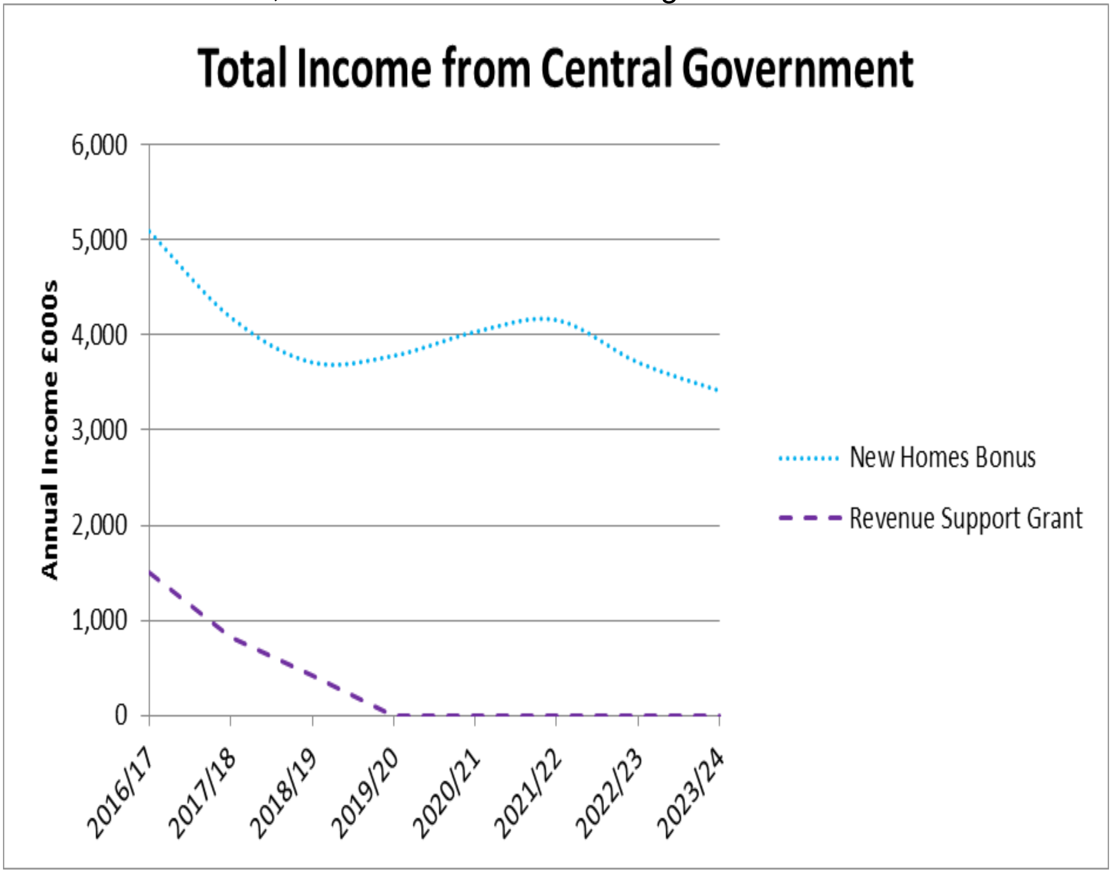
2.21 External borrowing will be required to fund elements of the capital programme, specifically the Norwich Research Park Enterprise Zone and property related investments. The exact amount and timing of this borrowing will be determined by progress on the capital programme and the cash flows for South Norfolk Council and its companies, as well as the interest rate environment. Cabinet in May 2016 approved borrowing of £12.54 million towards the Norwich Research Park Enterprise Zone and in July 2017 Cabinet agreed to provide funding to Big Sky Developments in relation to strategic housing and employment development opportunities. Although indicative figures for further borrowing to fund other property related schemes are set out in this report, specific authority for external borrowing on these schemes will be sought when business cases are presented to Cabinet.

2.22 Looking further ahead, in December 2016, the Government confirmed the funding levels for future years up to 2019/20 for Councils that have submitted an Efficiency Plan. South Norfolk Council has produced an Efficiency Plan and therefore benefits from the relative certainty of this multi-year funding settlement. This included ongoing reductions in Revenue Support Grant and the introduction of a “negative subsidy” where the Council would have had to pay central government £47,000 in 2019/20. This “negative subsidy” was reviewed by MHCLG in response to criticism from local government and removed in the provisional settlement. The government has announced that business rates retention will increase from 50% to 75% from 2020/21, which will offset the ending of Revenue Support Grant and Rural Services Delivery Grant, at the same time as a new funding formula is introduced. The impact of these changes is difficult to predict as the government is still consulting on how the formula might work. Central government will carry out a Spending Review during 2019 in which the future of New Homes Bonus beyond 2019/20 will be determined -this is a strategic risk for the Council.

2.23 The government is consulting on whether to require all Councils to provide a food waste collection service. Although it is hoped that central government will provide some funding for this new burden, it may well be insufficient and therefore an indicative estimated net cost of £275,000 has been included in the budget from 2021/22 onwards.

2.24 In 2019/20 a balanced budget can be achieved as a result of the £1 million challenge, income from existing commercialisation projects and leisure. This would need to be supported by annual increases of £5 per year in Council Tax; even with this level of Council Tax increase over the five-year period, for the last three years of the Medium Term Financial Strategy, there is a funding shortfall forecast, resulting in deficits which are projected to be £0.8 million in 2022/23 and £1.6 million in 2023/24. Savings to be generated by the joint work with Broadland as set out in the feasibility study have been shown with a corresponding increase in an earmarked reserve so that the Council is not dependent on achieving these savings to balance the budget in 2019/20. This allows more time for all these savings to be achieved. A reserve is to be created to reflect the costs arising from collaboration as set out in the feasibility report.

2.25 As the graph below demonstrates, in 2019/20 South Norfolk Council will receive £2.8 million less in funding from central government than it did 3 years ago, a real terms reduction of 48%. Central government funding is projected to halve by 2023/24 compared with 2016/17 in cash terms. In real terms, after taking account of inflation, the reduction will be even greater.



2.26 Future income can be boosted in part if the Council can exceed its already high performance in encouraging housing and economic growth within the District to benefit more from 75% business rates retention from 2020/21, attract more New Homes Bonus and to aid general economic prosperity. A Council Tax increase of £5 each year is still necessary to help replace the funding that has been lost. It is also currently the most reliable source of income, given funding uncertainty around New Homes Bonus and Business Rates reform.

2.27 There are usually a number of unknown variables at the time of setting the budget. Where this is the case, officers have made prudent estimates based on the most up to date information available. Key assumptions are outlined in Appendix A.

2.28 The proposed revenue and capital budgets and the Business Plan seek to advance the Council's three priority areas as set out in the Corporate Plan:

- Economic Growth, Productivity and Prosperity
- Health, Well-being and Early Help
- Place, Communities and Environment

It also makes investments in the assets and systems which underpin the Council's strategy of continuous service delivery improvements.

REVENUE BUDGET

3. CURRENT POSITION

3.1 The Quarter 3 Performance, Risk and Finance report elsewhere on the Cabinet agenda reports an anticipated year end favourable variance against the current year budget of £2.2 million. The reasons for this variance are provided in the Quarter 3 report, however in preparing the proposed budget for 2019/20 any recurring savings or additional income have been taken into account along with anticipated slippage requests estimated at around £278k.

3.2 The Council has been able to deliver a balanced budget in the current and previous financial years as a result of its twin track approach of increasing income and reducing expenditure.

3.3 Through increasing demand in discretionary services the Council has helped to bridge the gap left by the funding reductions. Income has risen in Garden Waste and Commercial Waste and the investment in Leisure has resulted in higher income. The loans to the Council's companies have also increased the level of investment income at a time when income from cash investments is low due to interest rates.

3.4 The Council challenged itself to save a further £1 million on its budgets for 2019/20, reviewing vacant posts and taking advantage of its investments in Digital Transformation, such as the new website and mobile working with associated cultural change, to help achieve efficiencies. The impact of the £1 million challenge measures has been incorporated into the budget and its success will be assessed via budget monitoring during the year.

3.5 In balancing the 2019/20 budget, recurring savings from the current year have been taken into account and income targets adjusted in line with detailed income projections for 2018/19 outturn. The establishment was reviewed in detail by the Strategic Leadership Team and vacancies removed where appropriate. The investments in the Council's assets and IT systems proposed in the capital programme will assist in delivering further savings and increasing income to help close the funding gap in future years.

3.6 The local government provisional settlement was announced on 13 December 2018. The indicative figures originally provided in February 2016 for the NNDR baseline were confirmed while the "negative subsidy" of (£47,000) was removed, meaning that the Council will receive zero Revenue Support Grant, but not have to pay anything back to central government. This still represents a substantial reduction of £417,000 in Revenue Support Grant since last year.

3.7 The baseline of homes built before New Homes Bonus is applied was maintained at 0.4% of total stock. This means that the first 225 new homes built do not attract NHB. The Council has delivered a near record total number of 1,145 new homes including a record number of 290 affordable homes attracting the affordable homes premium. As a result of the Council's strong performance, this means that the New Homes Bonus will be £103k higher in 2019/20 than in 2018/19.

3.8 All Norfolk District Councils along with Norfolk County Council submitted a joint application to pilot 75% business rate retention in 2019/20, prior to the national roll out in 2020/21. This means that Councils will retain an additional 25% of business rate growth locally compared to the current 50% retention scheme. This bid has been successful.

3.9 The one-off benefit from the additional retention of growth locally is estimated to be £7.758 million for Norfolk as a whole in 2019/20. The actual figure will depend on how much business rates grow during 2019/20. South Norfolk Council's share of this figure is estimated to be £636,000. Given that these are estimated figures and that this is a one-off bonus from a one-year pilot, Cabinet has already agreed, at its meeting on 7th January 2019, that the financial benefit from the pilot is added to general reserves in 2019/20 and budgets set on this basis.

3.10 The Business Rates Baseline, which determines how much Councils receive before growth, increased slightly in the settlement. Rural Services Delivery Grant was increased to £285k for South Norfolk. As part of the 75% pilot, the Rural Services Delivery Grant will be rolled into the baseline, which ensures that the benefit of it is not lost.

3.11 Finalised settlement figures are anticipated at the end of January. Any changes from the provisional settlement will be managed through reserves so as not to impact on Council Tax.

4. EXTERNAL FUNDING

4.1 Revenue Support Grant (RSG) – The total RSG has reduced from £1.5 million in 2016/17 to £830,000 for 2017/18, £417,000 for 2018/19 and now £0.

4.2 The Council had funded partly funded homelessness work through a top-slice from Revenue Support Grant, based on an amount indicated in the settlement each year. Now that the Council is receiving zero RSG, MHCLG have clarified that the amount shown within the Council's Core Spending Power for Homelessness Prevention for 2019/20 is purely illustrative and there will be no separate funding allocation. This means that the Council will need to fund more of its homelessness work from its own income. The Council will still receive New Burdens grant funding to continue to implement the Homelessness Reduction Act.

4.3 Rural Services Delivery Funding - This is a separate grant to those rural authorities that face increased costs for delivering services owing to the sparsity of their populations. The grant will be £285,000 in 2019/20, but it will be rolled into the Business Rates Baseline as part of the 75% pilot. It is more likely that this will be replaced with a different funding route in 2020/21, as sparsity is proposed to be included within the new funding formula planned for 2020/21. The Council continues to lobby for the higher costs of rural authorities to be reflect in this formula as part of the Fair Funding review.

4.4 The Council has received a claim for mandatory business rates relief from a local NHS Trust on the basis of charitable status. No decision to grant relief to the Trust has yet been made and it is subject to ongoing investigation. Other similar claims across England are being challenged nationally through the LGA and South Norfolk Council has agreed to participate in this national approach. Legal action is ongoing, though the Council is not directly involved in court proceedings. The view of the Council is that the claim is unfounded.

4.5 New Homes Bonus – This is now the ninth year the council has received this source of funding and as last year the Council has once again achieved growth well above the national average. The Council has invested this funding to promote growth in the District. For 2019/20 within the provisional funding allocations, the Council will receive a total of £3,941,383, of which £158,760 relates to the Affordable Housing Premium, which is £103,000 more in total than 2018/19. This is made up as follows:

2019/20 New Homes Bonus

£24,080	Affordable Housing Premium growth 2014/15 (86 properties)
£12,600	Affordable Housing Premium growth 2015/16 (45 properties)
£40,880	Affordable Housing Premium growth 2016/17 (146 properties)
£81,200	Affordable Housing Premium growth 2017/18 (290 properties)
£158,760	*Total Affordable Housing Premium*
£775,814	Year 4 payment for the growth in 2015/16
£750,747	Year 3 payment for the growth in 2016/17
£1,165,826	Year 2 payment for the growth in 2017/18
£1,090,236	Year 1 payment for the growth in 2018/19
£3,782,623	*Total excluding Affordable Housing Premium*
£3,941,383	*Total New Homes Bonus including Affordable Housing Premium for 2019/20*

4.6 A proportion of the New Homes Bonus is to be passed over to the Broads Authority for new homes built within its area, reflecting their role as the planning authority.

4.7 Housing Benefit Administration Grant – The Council continues to receive a grant for the administration on Housing Benefit, however this is reducing over time as the benefit moves over to Universal Credit.

4.8 Community Infrastructure Levy (CIL) – CIL has not been included within the Council's revenue budget as it relates to funding for infrastructure and is accounted for separately to the Council's revenue budget, with the exception of the agreed 5% proportion retained for administration of the scheme by SNC.

5 FEES AND CHARGES

5.1 The Council has increased its income in some areas such as Garden Waste, Leisure and Commercial Waste as a result of its commercialisation approach and growth in demand. The Council adopted a new Charging Policy in October 2016 and has been reviewing fees and charges in line with this policy. Last year, where charges did not cover the costs of providing the service, these were increased to recover a greater proportion of the costs. Most other charges were increased by 4.1% in line with inflation. For 2019/20, in line with the policy, charges will be raised to reflect the Retail Price Index for inflation as at December 2018, which was a 2.7% increase. Fees and charges will continue to be reviewed throughout the year on a service by service basis. Cabinet has already agreed a future pricing structure for leisure at its meeting in December 2018. To facilitate greater certainty in budget setting it is proposed that in future years, the relevant Retail Price Index for fees and charges should be the September RPI measure each year.

Garden Waste

5.2 Members are asked to consider revised fees for Garden Waste, in line with the RPI increase and the growth in the service. The garden waste service continues to grow as the number of customers increases, which incurs increased costs in fuel and vehicle wear and tear. The majority of customers pay by Direct Debit. These prices are currently £47.50 per year for Direct Debit payment and £53 for other forms of payment. The rounds reorganisation in November 2018 was carried out successfully and will help to ensure the service is as efficient as possible and has capacity to grow further to cope with rising demand. To reflect inflation and the growth in the service, it is proposed to increase the charges to £49.00 per year for payment by Direct Debit and £55.00 per year for Non Direct Debit payments.

6 GENERAL FUND REVENUE BUDGET 2019/20

6.1 The changes to the 2019/20 base budget are as follows:

	£'000
Base budget 2018/19	9,524
Pay award and non-pay inflation	478
Homelessness Prevention Funding Removed	193
Increase in waste costs at Materials Recycling Facility	160
Increase in employer's pension contribution	76
Increase in income earned from investment properties	-9
Increase in income from garden waste fee increase	-46
Increase in income from leisure centre enhancements	-86
New Homes Bonus Increased Funding	-103
Net Reductions in Central Budgets	-154
Net Cost of Borrowing and Repayments	-155
Loan interest and fees from companies	-341
Gross Savings from Collaboration with Broadland Council	-427
Contribution to Reserves from Collaboration Savings (above)	427
Net Savings and Cost Pressures in Directorates	-472
Base Budget 2019/20	**9,065**
Adjustments for 2019/20 only:	
Contribution to General Revenue Reserve	865
Increase in General Reserve from Business Rates Pilot	636
Increase in Renewals Reserve	555
Contribution to Enterprise Zone Reserve	303
Increase in Non-Commercial Asset Replacement Reserve	250
Creation of Collaboration Costs Reserve	107
District and Parish Elections	160
Use of Elections Reserve (for above)	-160
Share of Business Rates Levy Surplus	-47
Rural Services Delivery Grant (to move to Business Rates)	-285
Total Net Expenditure to be financed in 2019/20	**11,449**
Revenue Support Grant	0
Business rates (Baseline excluding Rural Grant, plus Retained Growth)	-4,078
Amount to be financed from Council Tax	**7,371**

7 COUNCIL TAX

7.1 The projected tax base for 2019/20 is 49,138 (Band D equivalent households). Officers are confident that the actual tax base will match this. The projected tax base has increased by 1.82% compared to the budgeted tax base in 2017/18, due to near record housing growth in the District and officers working to identify new properties as soon as they are taxable.

7.2 The revised Medium Term Financial Strategy in Appendix B assumes the tax base increases by 1.75% per year over the duration of the plan. This growth assists in funding the budgets in future years.

7.3 Government funding predictions under the Comprehensive Spending Review are predicated on Council Tax increases of £5.00 per year up to 2019/20. The government is allowing District Councils such as South Norfolk to increase their Council Tax by up to £5.00 without triggering a referendum.

7.4 When it set its budget for the current financial year (2018/19), having previously frozen Council Tax for seven out of the last ten years and faced with a significant reduction to government funding, in particular New Homes Bonus, South Norfolk Council increased its Council Tax for a Band D property from £140.00 to £145.00 for 2018/19, with an anticipation that future increases would be £5 year on year. The Council has lost almost half its central government funding, nearly £3 million, compared to 3 years ago. It is therefore proposed that South Norfolk Council increases its Council Tax for a Band D property from £145.00 to £150.00 for 2019/20, based on the Council Tax Requirement of £7.371 million shown in para. 6.1 divided by the Council Tax base of 49,138. South Norfolk Council's increase would therefore be £5.00 (3.45%) for a Band D property, which is within the referendum limit.

7.5 The County Council is being recommended to increase its Council Tax by 2.99%. The level of the County Council's Council Tax is subject to approval at its Full Council meeting on 11th February.

7.6 The Police and Crime Panel will meet on 4th February to consider the budget proposed by the Police and Crime Commissioner for 2019/20. The four options under discussion by the Police and Crime Commissioner are for increases ranging from 0% to 10.45% (£24).

7.7 We will use the information provided by the preceptors in producing the Council Tax resolution for the Full Council meeting on 18th February. Should the level of Council Tax proposed by Norfolk County Council or the Police and Crime Commissioner be different from that assumed in the resolution, then an amended resolution will be circulated at our Full Council meeting.

7.8 Under the Localism Act, local communities have the power to decide if a Council Tax rise is excessive. Any authority that wishes to increase its Council Tax beyond a threshold determined by the Secretary of State and approved by the House of Commons will be required to hold a referendum to seek the approval of the electorate. Local people would therefore have the final say on excessive increases; a majority no-vote would mean authorities having to refund their Council Taxpayers. The cost of a referendum is borne by the local authority. The process of holding a referendum would have implications on cash flows and investment interest.

7.9 For Council Tax setting for 2019/20, the threshold for District Councils such as South Norfolk is £5.00. The referendum principles for 2019/20 clearly exclude all parishes and towns and the Secretary of State for Housing, Communities and Local Government conditionally decided to not impose referendum limits on any towns or parishes for the three years from 2018/19.

7.10 The General Fund Budget Summary is produced at Appendix C. The Summary excludes recharges and capital charges. Final figures will be made available after the Council Tax resolution by Full Council to enable the online Council Tax leaflet and budget book to be produced.

8 SPECIAL EXPENSES

8.1 In line with the Localism Act, the Council has been engaging with Parish and Town Councils around the services it provides and assets it manages, and whether they should continue to be delivered in the same way. It is intended that this will involve the transfer of services or assets from the Council to individual Parishes/Town Councils. Where the Parish/Town Council currently requires this Council to run the service then the cost is presently recouped through the special expenses mechanism. Cabinet approved a report on street lighting in January 2018 which outlined an approach to pursue divestment of these assets. Following negotiations, all the affected Parish/Town Councils have agreed to the transfer of street lighting, with the exception of Loddon (33 lights), Gillingham (18 lights) and Costessey (only for 36 lights on private land, the majority of lights will transfer). This means that the special expenses scheme will need to continue for those 3 parishes alone. The Council continues to manage lighting for its own car parks and also for Saffron Housing.

8.2 The government's referendum principles include Special Expenses when calculating whether a referendum is required.

8.3 It is proposed to amend the level of Special Expenses to reflect the level of running costs expected in individual parishes. When applied only to the three parishes now covered by the special expenses scheme, this would be an amount for a Band D property of £0.80 for Costessey, £4.01 for Loddon and £8.87 for Gillingham, reflecting the different tax bases in the three parishes compared to the number of lights supported. This is an average of £0.21 across the District's tax base as a whole, a reduction of £1.42 compared to the 2017/18 figure (£1.63) due to the transfer of lights to seven parishes.

9 PARISH PRECEPTS

9.1 At the time of writing, parish precepts for the Financial Year 2019/20 were still being set. A full list of precepts will accompany the Council Tax report to Full Council. South Norfolk Council has no influence over the level of these precepts.

9.2 In previous years, parishes have been awarded a grant to offset the effect of Council Tax Support on their tax base. However, over time, as set out in the Medium Term Financial Strategy, the total funding passed to parishes has been reduced in line with the reduced funding awarded to South Norfolk Council. As the Council will itself receive zero Revenue Support Grant in 2019/20, the grant to parishes has been reduced to zero in 2019/20.

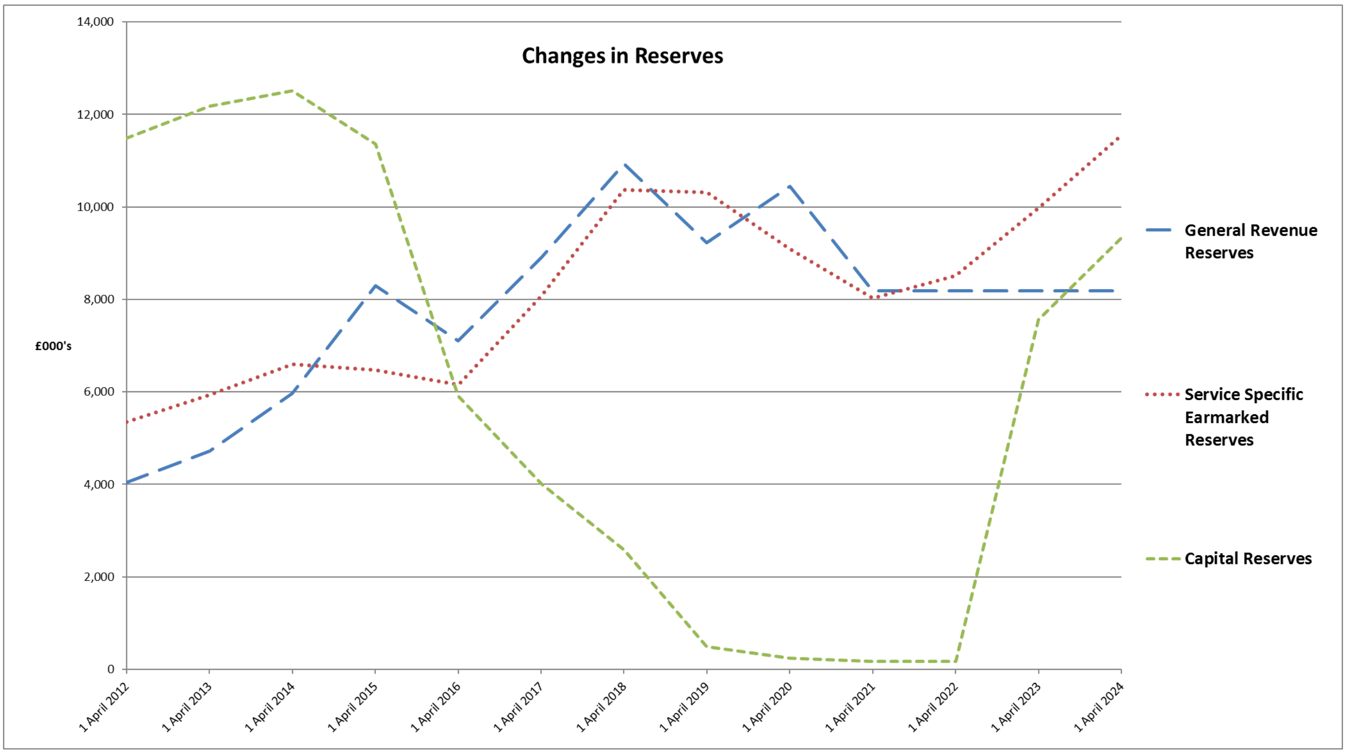
9.3 For 2019/20, the Government has again decided not to apply any thresholds for Council Tax increases set by Parish and Town Councils, which if exceeded would trigger a referendum.

CAPITAL BUDGET

10 CAPITAL PROGRAMME

10.1 The Capital Strategy elsewhere on this agenda sets out South Norfolk Council's approach to the use of its capital assets and resources. It is the framework for determining the capital programme and the effective use of the Council's resources.

10.2 The graph below shows the main sources of funding that have been used to fund the capital programme in the recent past and how they are planned to change in future years. The size of the capital programme and the need to be prudent in the use of revenue reserves for capital purposes means that it is necessary to borrow to fund the capital programme over the next 5 years.

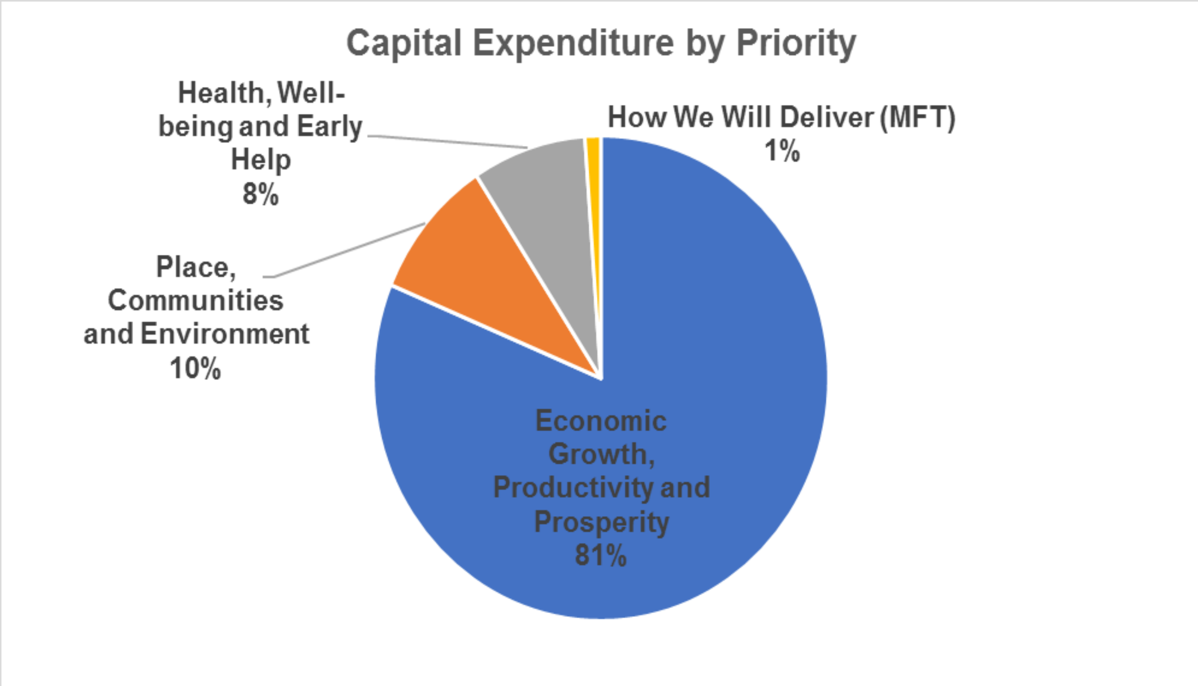


10.3 The Council's three priority areas are:

- Economic Growth, Productivity and Prosperity.
- Place, Communities and Environment.
- Health, Well-being and Early Help.

10.4 The capital programme focuses investment to deliver these priorities while also contributing to the financial sustainability of the Council by supporting opportunities to develop more efficient service delivery and to generate additional income.

10.5 The detailed five-year capital programme is shown in Appendix D and comes to £82.7 million in expenditure, including estimated slippage from 2018/19. The graph below shows how the schemes contribute to the Council's priority areas and the underpinning efficiency work over the next five years.



Health, Well-being and Early Help

Leisure Provision

10.6 In spite of a delayed start owing to inclement weather, work on enhancements to Long Stratton Leisure Centre is expected to be completed in Q4 of 2019. Enhancements include changing room upgrades to support a larger health and fitness offer and an upgraded main sports hall, with the project anticipated to be completed early in 2019. There is also a soft play area for children and a café.

10.7 The Lawn Tennis Association is providing funds to refurbish the tennis courts in Long Stratton, with work expected to be completed in 2019.

10.8 The installation of air conditioning for the café and reception area at Wymondham Leisure Centre will improve the visitor experience at the centre.

Disabled Facilities Grant

10.9 The Council receives ring-fenced Disabled Facilities Grant funding from the government though the Enhanced Better Care Fund managed by Norfolk County Council. This funding has increased significantly from £410k in 2015/16 to £845k in 2018/19 and is projected to remain at this higher level. It is important that this funding is fully committed in each year to avoid it having to be returned to government. These grants are valuable in keeping people in their own homes.

Place, Communities and Environment

Low Cost Housing

10.10 The Council has been exploring alternative ways to finance providing affordable homes, including starter homes, for example through S106 monies as agreed by Cabinet in December 2017. Therefore, no specific funding is set aside in this capital programme.

Wheeled Bin Purchases

10.11 The total annual budget of £150,000 is split between the purchase of bins for domestic rubbish and recyclables, those for garden waste and bins for commercial waste. Commercial waste is included under the Economic Growth, Productivity and Prosperity priority area. Continued growth in the district, increased customers for garden waste and the ongoing expansion of the commercial waste service means that there is continual demand for new bins. Expenditure has been reviewed and the budget reduced in line with expected requirements.

10.12 Cabinet agreed in June 2017 to charge a one-off fee for the supply of domestic and recycling waste collection bins to new residential properties, which will offset some of these costs. This income is being used to add to the Vehicle and Equipment Procurement and Replacement Reserve as a funding source for this expenditure.

Vehicle and Workshop and Grounds Maintenance Equipment Procurement and Replacement

10.13 The renewals reserve was established to finance the purchase of new and replacement vehicles and equipment through direct purchases rather than lease financing. Officers have reviewed the option of leasing and this continues to present worse value for money when compared with direct purchase. Therefore, the Council will continue to fund the programme from its reserves in the medium term, where the revenue impact is the loss of investment interest. This reserve has been topped up from revenue budgets each year, but this will need to cease in 2020/21 due to other pressures on revenue budgets. Income from the new charge for wheeled bins is being added to this reserve from 2018/19 onwards. It is proposed to add an additional £500k to the renewals reserve in 2019/20 to extend the period for which the programme can be funded from reserves and so delay borrowing.

Play Areas

10.14 This budget is for the use of ringfenced S106 receipts to refurbish specific sites in the District from commuted sums. For 2019/20, the sites are Ryfield Road, Bromedale Avenue and Chapshill Drive in Mulbarton, Ensign Way in Diss and Sancroft Square in Harleston,

Street Lighting

10.15 In line with the report agreed by Cabinet in January 2018, sufficient budget has been included in the programme over 2017/18 and 2018/19 to cover replacement of 312 lights at an estimated total cost of £531,000. The exact cost will depend on the finalisation of the transfer process to Parish and Town Councils that is currently in progress.

10.16 Figures for future years cover streetlights to be retained by the Council, i.e. car park lightings, which is to be financed from the Non-Commercial Assets Replacement Reserve and lights managed on behalf of Saffron which will be recharged to Saffron. For the three parishes where lights have not been transferred capital costs of replacements will be recovered over time through special expenses. It is proposed to create a Street Lighting Capital

Replacement Reserve to put aside future funds from Special Expenses for these replacements. This will be funded at a rate of £56 per light per year, totalling £4,872 in 2019/20.

Economic Growth, Productivity and Prosperity

Investment Property and Economic Development

10.17 The Council already manages an investment portfolio of £7.2 million with an expected return of around 6% (Gross) for the current financial year which exceeds the return on investments made with bank accounts although the potential risk is greater. Included within the investment portfolio are industrial units, business centres, and shops and Crafton House.

10.18 Phase 2 of the commercial development at Poringland is expected to be completed in 2021/22. In addition to rental income, these commercial units will bring benefits to the Council in the form of building control fees and NNDR income and provide a stimulus to the local economy. Big Sky Development Ltd is developing the building which will be transferred to the Council on completion. The Council will retain ownership of all the commercial units.

10.19 The development of the land at Cringleford is progressing at pace. Big Sky Developments will be starting on site in the first quarter of 2019/20 with the access road from the Round House Roundabout. In quarter two, it will then begin the first phase of infrastructure and the first phase of residential development. The £6 million balance of the loan for the land will be paid in two tranches in 2019 and 2020.

10.20 In July 2017 Cabinet agreed to provide funding to Big Sky Developments in relation to strategic housing and employment development opportunities and the capital programme includes the associated budgets for these developments over the coming years, although the timing of expenditure is dependent upon the speed with which these opportunities are realised and is therefore not entirely within the Council’s control.

10.21 Big Sky Developments Ltd has projected its cash requirements for the next 5 years in its Business Strategy. This is based on it developing an average of 100 homes per year for market sale (or sale to BSPM) over this period. In order to ensure that BSDL has the necessary cash to deliver this strategy, there will be a requirement for funding from South Norfolk Council of £9.6 million in 2019/20. BSDL cashflow projections are that this funding can be repaid in full by 2022/23 and this has been accounted for in the funding of the capital programme.

10.22 Residential properties for market rental are being rented out via Big Sky Property Management Ltd. The rental portfolio is fully let and producing average yields in line with expectations (5.44% gross yield in the 2017/18 accounts, comparing gross rental income to the total loan/equity investment by the Council). Expansion of the portfolio will allow the company to spread its fixed costs further in the future, increasing profitability. The cost of this programme is based on the acquisition of 20 additional homes per year, on a combination of existing and new sites. No budgetary provision is required in 2019/20 as the homes on the Cringleford site will still be under development.

10.23 Enterprise Zone

The Council is currently in discussions with the New Anglia LEP and partners about the funding of infrastructure on the Norwich Research Park. It is now expected that the infrastructure investment will be phased over a longer period and therefore the requirement in the next 5 years has been reduced to £5.2 million. The LEP has asked the Council to make a contribution to the funding of the office building on the Enterprise Zone, to be repaid from future business rates and the rental from the building and figures have been included in the capital budget while discussions continue.

10.24 It is anticipated that Norfolk County Council will require the funding that has been put aside for Better Broadband in 2019/20.

10.25 Further strategic investment in a mixture of asset classes over the coming years will yield returns that can support the Council's budget and its Medium Term Financial Strategy. This could be a combination of property development for a variety of uses and the purchase of existing property that meets the Council's investment criteria. These investments would need to provide a suitable return on capital and could, as a secondary goal, contribute to the economic growth and prosperity of the district. The rental income would support the revenue budget and in the future would help to offset borrowing costs. Investing in both residential and commercial property is not entirely risk free as property investments may fall in value with reductions in rents. There is also the possibility that the Council might have to sell a property investment to obtain cash at a lower than market rate. Finally any proceeds from the sale of investment property will be classed as a capital receipt and cannot be used to support the revenue budget. In July 2017 Cabinet agreed to provide funding to Big Sky Developments in relation to strategic housing and employment development opportunities and the capital programme includes the associated budgets for these developments over the coming years, although the timing of expenditure is dependent upon the speed with which these opportunities are realised and is therefore not entirely within the Council's control. Additional funding for any further strategic opportunities that could arise is included in this Capital Programme.

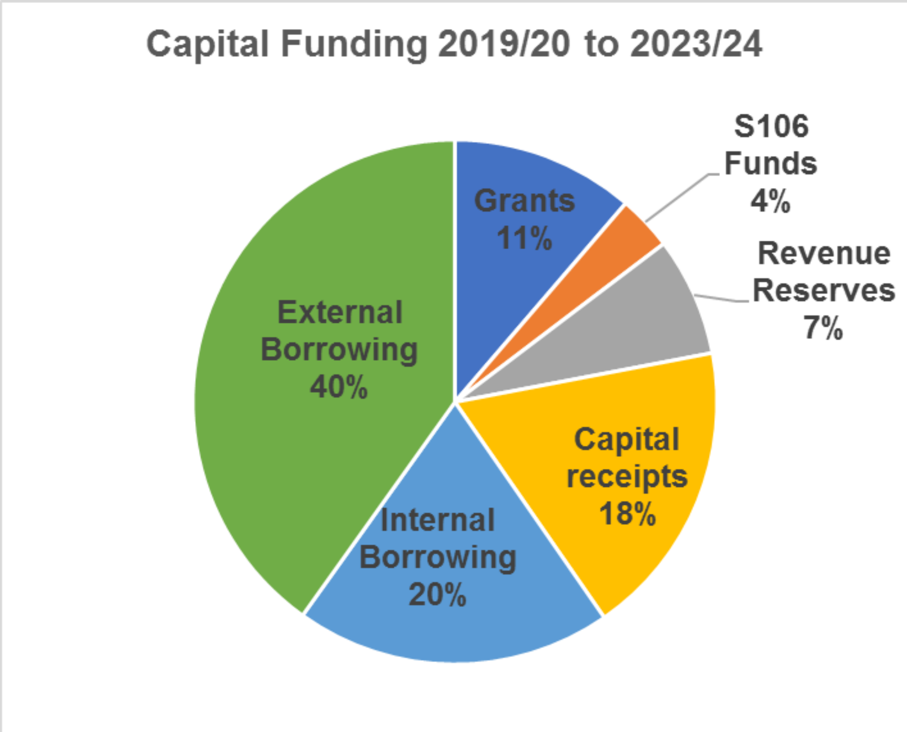
Improving services through being business-like, efficient and entrepreneurial

ICT and Digital Investment

10.26 The IT Strategy and Digital Strategy were both approved by Cabinet in February 2018 and the capital programme sets aside the capital funding required to deliver these strategies. There are ongoing costs for PC and server replacements and for the purchase of Tablet computers in 2019/20. There is planned investment in IT and Digital in the coming year to support joint working with Broadland Council.

11 FINANCING THE CAPITAL PROGRAMME

11.1 Including agreed external borrowing, the 2018/19 capital programme was originally 36% funded prior to borrowing when the budget was agreed by Cabinet in February 2018. Owing to slippage and increases in funding available, this year's programme is now forecast to be fully funded prior to borrowing. The new five-year capital programme will be financed from a mixture of revenue and capital reserves, capital receipts, grants and revenue income. Internal borrowing from cash balances and external borrowing will be required over the period. The projected sources of funding are shown in the graph below and Appendix E provides further details.



11.2 Revenue – During the five-year programme (including projects which will potentially slip from the current year) £6 million of revenue reserves will be used to fund the programme as shown below:

	£000
General Revenue Reserve	1,298
Vehicle Procurement and Replacement Reserve (Renewals Reserve)	2,975
Car Park Upgrades Reserve	175
Low Cost Housing (New Homes Bonus) Reserve	875
Infrastructure Reserve	570
Non-Commercial Assets Replacement Reserve	167
Total Use of Revenue Reserves	**6,060**

11.3 Capital Receipts from Land Sales - The programme includes repayment of loans back from Big Sky Developments Limited funded by property sales from the development at St Giles Park, Cringleford, and future developments in the District. These are subject to the prevailing housing market conditions at the time of sale. They could therefore fluctuate which is a risk to the funding of the programme which needs to be managed. It is not currently proposed that the Council's companies buy back the shares that are owned by the Council. If they did so, then this would also constitute a capital receipt. For the time being, this equity capital remains available to the companies for future development. The profile of these capital receipts means that there will be some £9 million available by 2024 and currently uncommitted. The Council could choose to repay external borrowing with these receipts which will reduce interest and Minimum Revenue Provision costs and thereby improve the revenue budget position.

11.4 Right to Buy Receipts – as part of the LSVT agreement the Council will continue to receive income from the sale of right to buy properties. The amount per property is reduced on a sliding scale over the next 30 years and an administration fee from Saffron Housing Trust. The amount is paid over in a lump sum in the April following the financial year they relate to, which is subject to a levy on pooling of housing receipts. Right to buy receipts have increased from the low levels of recent years, but are prudently projected to be less than current amounts as the number of properties available for sale decreases over time.

11.5 LSVT Receipt – The Council received £31,659,527 from the transfer. Once payments have been made in respect of IT Projects and Aids and Adaptations, it is estimated that there will be a balance at 31 March 2019 of around £413,000. In the five-year capital programme (including slippage), £313,000 of IT expenditure is expected to be funded from the LSVT monies. The LSVT balance is therefore anticipated to be reduced to £100,000 by 31 March 2020, and this will be retained to cover any future costs associated with LSVT properties under the terms of the stock transfer.

11.6 Grants – as well as government grants the Council has taken advantage of lottery and any other grants in the past. For 2019/20 the Council is anticipating £7.2 million from Home England's Accelerated Construction Fund to increase the pace of delivery at St Giles Park, Cringleford. It is now expecting grant funding of £2.5 million from the New Anglia Local Enterprise Partnership towards the cost of a joint property development at the Enterprise Zone, to be released in 2019/20 and a grant of £1.5 million towards the cost of infrastructure on the Norwich Research Park. Grant funding totalling £230,000 is anticipated to fund the refurbishment of the tennis courts in Long Stratton and £100,000 from Sport England to help fund a refurbished pool in Long Stratton. The Council encourages and supports partner organisations in making applications for external funding.

11.7 CIL – This is a form of levy on every property built in the district. After an administration deduction of 5%, a further percentage is required to be set aside for local communities to use for their infrastructure requirements. 25% to the local community if they have adopted a local neighbourhood plan reducing to 15% for those communities who have no plan in place. The remainder which will be collected will be spent on infrastructure requirements through the Greater Norwich Growth Board (GNGB) and passed over to Norfolk County Council who administer the pooled CIL on behalf of the GNGB. There is a contribution from CIL of £350,000 towards the Long Stratton Swimming Pool.

11.8 New Homes Bonus –The Low Cost Housing Reserve, originally funded from New Homes Bonus affordable housing premium, will stand at £875,000 at the end of 2018/19. It is anticipated that this reserve will be sufficient to cover at least the next 5 years of expenditure on whichever housing projects the Council chooses to support. It is anticipated that this will be used to fund more homes for rent via Big Sky Property Management.

11.9 Borrowing - As resources reduce, the Council will have a need to borrow to fund capital projects. Cabinet has already approved borrowing of £12.54 million towards the Norwich Research Park Enterprise Zone. In July 2017 Cabinet agreed to provide funding of up to £12 million to Big Sky Developments in relation to strategic housing and employment development opportunities. In order to fund continued investment in property to generate revenue income, external borrowing is anticipated to be required from 2019/20. It is likely that there will be slippage over the life of the programme which could delay the need to borrow. In the first instance, the Council will be able to borrow internally from its own cash balances. The cost of this is the interest foregone from investing the cash with external counterparties. It is anticipated that all current and proposed loans to Big Sky Developments will be fully repaid by 2023/24.

11.10 Eventually, as cash balances reduce to the minimum needed for working capital purposes, then the Council will need to borrow externally. To provide an estimate on the impact to the revenue budget, the following is an example of a PWLB loan at current rates of interest (including the 0.2% Certainty Rate reduction provided to Local Authorities that submit their capital plans to MHCLG):

Principal: £1,000,000, Years: 15

EIP (Equal Instalments of Principal) where the principal is paid back over the period equally plus interest would cost £156,928 interest over the 15 years at 1.88%

Annuity (where an equal amount is paid back over the period) £158,667 interest over 15 years at 1.9%

Maturity (interest only paid until maturity) interest would be £364,500 over the 15 years at 2.43%

11.11 For the purposes of the MTFS, an average interest rate of 2.1% has been prudently assumed. Bearing in mind commercial investment property generates a gross return of around 6.0% per annum, the borrowing costs are far exceeded by this over the lifetime of the loan and there would be a net positive effect on the revenue budget, which would help to offset the reductions in government funding which will be ongoing for the foreseeable future. While interest rates remain low there is a case for borrowing on a fixed interest rate basis if the income generated from an investment clearly exceeds the cost of financing.

11.12 Although this programme contains indicative figures for internal borrowing of £14 million and further external borrowing of £9 million beyond that already authorised for the Enterprise Zone and Housing/Economic Development, specific authority to borrow externally for particular investments will be sought at the time that business cases are presented to Cabinet.

11.13 The total amount of debt that the Council can take on needs to be affordable. Based on the revised Medium Term Financial Strategy, the estimated gross cost of financing loans of £34 million (interest payments and the Minimum Revenue Provision) would be £1,401,000 annually by 2023/24, which equates to 8.35% of the Council's net revenue expenditure by 2023/24 and £22.83 per dwelling. This compares to a median average of 3% and £9 per dwelling for District Councils in 2014/15, per the National Audit Office and a mean average of 5.5% and £16.68 per dwelling in 2016/17 based on MHCLG statistics. According to the NAO, in 2014/15, Councils in the top 25% of shire districts for debt servicing costs spend 7.1% of revenue expenditure and £23 per dwelling on debt servicing. On this indicator, the Council would be considered to have a larger risk appetite than the average Council, but not so large as to create sustainability issues for financing its plans. It should be borne in mind that the Council is starting from a position of being debt free and the figures for other Districts are expected to rise in future years.

11.14 Another indicator used by external lenders is that a Council can take on debt of twice its gross total revenue less its long-term debts including the pension liability. Based on the 2016/17 statement of accounts, this would equate to total debt of £22 million, but this has increased for the 2017/18 accounts and would be £25 million, including the pension liability, though it would be £84 million excluding the pension liability. On this measure, the Council would, if it borrowed the full amount as planned, be above what could be considered prudent, by 2021/22. However, it is likely that there will be slippage in the capital programme that will delay the need to borrow so much. By using borrowing to invest in property through its companies, the Council is aiming to increase its gross revenues and strengthen its group balance sheet as property values increase, which makes debt more sustainable in the longer term. This debt will allow the Council to lend to its companies which is expected to generate £2.3 million in interest payments alone over the next 5 years, supporting the revenue budget.

11.15 The prudential indicator of net financing costs to net revenue income stream from taxation and central government provides another view of financial sustainability. This is set out in the Treasury Management Strategy elsewhere on this agenda, but it shows that financing costs will be no more than 1.82% of net revenue stream by 2023/24, which is considered sustainable.

12 RESERVES POSITION

12.1 The impact of the proposed revenue budget and the capital programme on the General Revenue Reserve is shown below:

General Revenue Reserve	**£'000**
Balances as at 1 April 2018	**10,938**
Projected contribution to reserve due to positive variance against budget as reported in Q3 Risk, Performance and Finance Report elsewhere on this agenda, less positive variance on NNDR income.	1,505
Contribution from Revenue Budget	707
Slippage requests from 2017/18	-333
Use for Charging Points Installation	-50
Funding for Permit Parking Study	-15
Transfers from Earmarked Reserves	152
Projected Funding of capital programme	-3,674
Budgeted use for revenue purposes	0
Projected balances as at 31 March 2019	**9,230**
Contribution from Revenue Budget	865
Contribution from Business Rates Pilot	636
Projected slippage requests from 2018/19	-278
Projected balances as at 31 March 2020	**10,453**
Contribution from Revenue Budget	0
Transfer to Vehicle Replacement and Renewals Reserve	-962
Projected Funding of capital programme	-1,298
Projected balances as at 31 March 2021	**8,193**

12.2 The General Fund Balance is £1.4 million and is slightly above the recommended 10% of net revenue expenditure; however it is advised that the £1.4 million is maintained. It is planned to add £865,000 to the General Revenue Reserve from the revenue budget and £636,000 from the business rates pilot to enable the council to deal with future funding reductions and cost pressures.

12.3 To take forward local infrastructure schemes such as the bypass in Long Stratton, there are capital costs, but also some costs, such as professional fees, that cannot be funded from capital funding streams, e.g. CIL. An earmarked Infrastructure Reserve was created in 2015/16 to be used to support the Council's commitment to developing infrastructure and fostering economic development in the District. There will be revenue costs associated with delivering the Long Stratton bypass and this reserve can be used for this purpose.

12.4 The revenue budget includes movements on earmarked reserves in 2018/19 as follows:

- Broadland/SNC Collaboration Costs Reserve – Creation of this reserve to fund the transitional costs of the collaboration with Broadland District Council as outlined in the feasibility report. These costs are expected to be £107,000 in 2019/20.

- Broadland/SNC Collaboration Savings Reserve – Creation of this reserve to hold the anticipated savings from the collaboration as outlined in the feasibility report. By putting these savings directly to the reserve the net impact on the 2019/20 revenue budget from savings is nil, which reduces the risk should savings not be delivered in the planned timescale.
- Election Reserve –A decrease of £160,000 to reflect the use of this reserve for the 2019 district election. In future years there will be an annual increase in this reserve of £50,000 as a contribution in readiness for the next district election in 2023.
- Vehicle and Equipment Procurement and Replacement Reserve ("Renewals Reserve") – Increase in reserve of £1,316,000 (including £55,000 of funding from charging for wheeled bins), offset by withdrawal of £1,037,000 from reserve to fund the capital replacement programme, a net increase of £279,000.
- Infrastructure Reserve – Withdrawal of £1,000,000 in revenue funding for non-capital work related to securing the Long Stratton bypass and £570,000 for broadband contribution to Norfolk County Council, a total decrease of £1,570,000.
- Non-Commercial Asset Replacement Reserve – A one-off increase of £250,000 and a recurring increase of £10,472 for street lighting retained by the Council offset by a reduction of £150,000 to fund the purchase of waste bins and £22,000 to fund the balance of decommissioning of street lighting retained by the Council and £92,000 for toilet conversions at Long Stratton and Loddon, resulting in a net decrease of £3,528.
- Street Lighting Capital Replacement Reserve – Creation of this new reserve through transfer of £4,872 from the Special Expenses revenue budget to provide the capital funding for the future replacement of the lights that are being retained at Costessey, Loddon and Gillingham.
- Car Park Upgrades Reserve – An addition to this reserve to be funded from a revenue contribution from car park income of £70,000, offset by £35,000 to fund resurfacing work on car parks, resulting in a net increase of £35,000.
- Charging Points Maintenance Reserve – The creation of this reserve as agreed by Cabinet at its meeting in December 2018 to fund the future maintenance costs of electric vehicle charging points from surpluses generated. £1,000 will be added to this reserve in 2019/20.
- Enterprise Zone Reserve – Additional funding from business rate income of £303,000 in 2019/20, fully offset by use of the reserve for onsite management and marketing of the Enterprise Zone to new businesses and by interest payments on the borrowing for this development. The reserve will build up the funds necessary to repay all loans in full when they are due.
- 3G Pitch Renewal Reserve – Addition to this reserve to be funded from a revenue contribution of £15,000 from income from the Long Stratton 3G Pitch.
- Neighbourhood Grants Reserve – This reserve will be exhausted in 2018/19 and will be closed at year end.
- Local Development Reserve – Withdrawal of £250,000 from this reserve to fund work on developing the Local Plan.
- Land Charges Reserve – Following completion of legal cases, this reserve will be closed and the balance (£152,000) transferred to the General Revenue Reserve at the end of 2018/19.

12.5 Members are asked to recommend to Full Council the reserves as detailed in Appendix F.

13 RISK AND SENSITIVITY ANALYSIS AND ADVICE OF THE SECTION 151 ` OFFICER

13.1 The Local Government Act 2003 places two specific requirements on an authority's Section 151 (S151) Officer in determining the Council's budget and Council Tax. Under section 25, the S151 Officer must advise firstly on the robustness of the estimates included in the budget and secondly on the adequacy of the financial reserves.

13.2 The advice given to the Council on the budget is that the estimates have been produced on a prudent basis, with an emphasis on identifying the existing cost pressures the Council faces and a realistic level of savings and efficiencies. The budget has been constructed so that all known costs are budgeted for, and income budgets reflect the impact from the economy. The budget is therefore constructed on a prudent basis.

13.3 There are a number of potential risks in the robustness of the estimates. Firstly, as part of the budget setting process, there is an assumption that we are able to collect the level of Council Tax planned. The Council has consistently performed well in this area, as proven by the collection fund surplus. As Universal Credit is rolled out, the Council is working to ensure that it can manage any resultant customer debt issues.

13.4 Secondly, the Council depends on a number of contractors, suppliers and partners to deliver services. The use of partners is important as a delivery model for certain services, and there is a risk that some of these either contract their activities, or cease to exist altogether. There could be cost implications that arise should this occur. Where it appears likely that this may happen with particular organisations, then the Council will take appropriate contingency measures to mitigate the impact.

13.5 Thirdly, there is a risk that the present growth in the economy stalls and growth is not as assumed in the Medium Term Financial Strategy. If this were to occur it would impact on the level of income received by the Council through its fees and charges as well as income from business rates retention. There would also be an impact on the demand on the services provided by the Council such as increasing homelessness and benefit claimants. This in turn would lead to an increase in the savings required in future years and a possible drawing of reserves in the short term.

13.6 Fourthly, the expected changes to the formula for council funding and the move to 75% business rates retention from 2020/21 is a source of major uncertainty at the present time, as the impact of measures in the current consultations could have a variety of impacts and the total local government funding envelope for 2020/21 is subject to the outcome of the Spending Review due to take place in 2019. While best estimates have been made, the impact of these changes on the council's funding remain unclear.

13.7 The Council has received a very large claim for mandatory business rates relief from a local NHS Trust on the basis of charitable status. No decision to grant relief to the Trust has yet been made and it is subject to ongoing investigation. The view of the Council, shared by the Local Government Association, is that the claim is completely unfounded and therefore no allowance has been made in the Council's budgets for this claim.

13.8 Budget estimates have been prepared on a cautious basis, limiting costs and growth where possible and ensuring income expected to be received, both through fees and charges and grant streams are at a level officers are confident can be delivered. There is a risk that this will be overly sensitive.

13.9 The Section 151 Officer is also required to report on the adequacy of reserves. There are a number of issues to consider in advising on the adequacy of reserves, which are directly linked - the level of reserves, the dependency on them and future liabilities. At 1st April 2019, the level of reserves are predicted to remain at the level required to finance the medium term financial strategy. The plans in the Capital Programme include using revenue reserves to fund an element of the capital programme over the next five years.

13.10 Excluding the General Fund Minimum Balance, the projected level of revenue reserves held by the Council at 31st March 2019 represents 216% of the proposed net revenue base budget, in line with figures of 224% at 1st April 2018 and 196% at 1st April 2017, reflecting the Council's success in meeting its own self-imposed budget challenges and increasing income. This level of reserves provides sufficient flexibility should any of the assumptions made in this budget prove too optimistic.

13.11 Assuming Cabinet and Council agree the revenue and capital budgets as set out in this report, then the S151 Officer advises that the level of reserves is adequate for known and potential risks at this time.

13.12 Section 26 of the Local Government Act 2003 gives the Secretary of State power to fix a minimum level of reserves for which an authority must provide in setting its budget. The Secretary of State has the view that section 26 would only be used "...in which an authority does not act prudently, disregards the advice of its chief finance officer and is heading for serious financial difficulty."

13.13 The Section 151 Officer is required by section 114 of the Local Government Finance Act 1988 to report to Members if it appears that the expenditure the authority proposes to incur in a financial year is likely to exceed the resources available to it to meet that expenditure. A section 114 notice was issued by Northamptonshire County Council last year. *The advice of the Section 151 Officer is that the possibility of such a notice being required at South Norfolk Council is very remote at the present time.*

14 2020/21 AND BEYOND

14.1 A revised Medium Term Financial Strategy (MTFS) is contained in Appendix B, which projects forward until 2023/24 showing that further savings/income of over £2.4 million will need to be made over the plan period, if reserves are not to be utilised. The figures in the plan are based on the multi-year settlement figures up to 2019/20 that were confirmed in the Local Government Finance Provisional Settlement on 13 December 2018 and a projection for the following 4 years.

14.2 The challenge to officers to deliver the £1 million challenge on their budgets has produced increased income, planned efficiencies and savings from staff reductions plus changes to processes. These are all factored into the MTFS.

14.3 Work to deliver the savings envisaged from the collaboration with Broadland District Council will ensure that the projected remaining funding gap in the MTFS is addressed. It would also be prudent for the Council to continue to identify opportunities for additional income and savings that it can make on its own, e.g. in services that are unlikely to be shared in the short term, such as leisure centres.

14.4 The Council will not receive any Revenue Support Grant in 2019/20. The Spending Review in 2019 will determine whether the Council will continue to be a major beneficiary of the New Homes Bonus. Combined with uncertainty and volatility around funding from business rates income and overall local government funding from 2020/21 onwards, this means there is scope for significant pressure on the Council's budget over the medium term and potentially longer. The Medium Term Financial Strategy therefore includes future Council Tax increases of £5.00 a year which is the maximum increase permitted for District Councils like South Norfolk without a referendum being triggered.

14.5 From 2020/21, the government plans to devolve 75% of business rates to local government. As with the present system there will be mechanisms to redistribute this income between local authorities and a new funding formula will be introduced at the same time. All Norfolk District Councils along with the County Council will be piloting 75% business rates retention in 2019/20. The Council will be responding to the current consultation on the business rates proposals and to the current consultation on the design of the new funding formula. At present there are no specific details available on how the new formula would affect individual local authorities. This level of detail is only expected in late spring of 2019.

14.6 Current initiatives to expand the Council's income from investment property, pre-application advice, leisure centres and commercial waste are an important source of additional revenue to underpin the plan over the next five years. Loans to the Council's wholly owned companies are expected to generate £2.3 million in interest payments over the next five years to support the revenue budget.

14.7 The transition to Universal Credit will affect the Housing Benefit service currently provided. The Department of Works and Pensions is managing this and plans to take on existing Housing Benefit claimants in a phased manner. Details on how the Housing Benefit administration grant, the Council currently receives, will be reduced have not been provided. Following the announcement of delays in the full introduction of Universal Credit, it is now assumed that there will be significant impact from 2020/21. Based on experience elsewhere, it is probable that the reduction in the grant will not mirror the reduction in claimants causing an additional cost pressure and this is reflected in the MTFS.

14.8 The government is consulting on whether to require all Councils to provide a food waste collection service. An indicative estimated net cost of £275,000 has been included in the budget from 2021/22 onwards. Further work to clarify the cost implications for this Council will be required once the consultation has been completed.

14.9 The level of New Homes Bonus which can be delivered will greatly influence the Medium Term Financial Strategy due to the significant size of this funding. Therefore, the reforms to this funding stream have a large impact on the Council's future financial strategy. The near record number of new homes in the last year, combined with higher projections for house building in the Greater Norwich area, means that reductions in future years are not expected to be quite as severe as previously anticipated, but this assumes that this funding stream continues after the Spending Review, which is a major risk to the Council's finances.

14.10 Future years' capital programmes will be funded partly through borrowing, this will initially be internal borrowing from the Council's own cash balances; any external borrowing must be affordable within the context of the revenue budget. Nevertheless, while interest rates remain low there is a case for borrowing on a fixed interest rate basis if the income generated from an investment clearly exceeds the cost of financing. The exact timing of borrowing depends upon the progress and phasing of the Capital Programme and the level of revenue reserves.

15 OTHER OPTIONS

15.1 Cabinet can propose an alternative revenue budget, capital programme and Council Tax to Council, subject to the advice of the Section 151 Officer on its prudence and robustness of budgets.

16 ISSUES AND RISKS

16.1 **Resource Implications** – these budget proposals will need to be delivered by staff during 2019/20

16.2 **Legal Implications** – the Council has a legal duty to set a balanced budget

16.3 **Equality Implications** – the budget presented for Members contains reductions in spending that have been realised as a result of challenging officers to streamline internal processes and realise efficiency savings and additional income, without impacting on the level of service that our residents presently receive. There are also increases in fees and charges, with discounts available for some services to residents on low incomes. The Council is implementing its digital engagement strategy and is enhancing online services and information to provide residents with increased access. Officers therefore believe that this budget presents no negative impact on those who share protected characteristics as defined in the Equality Act 2010.

16.4 **Environmental Impact** - the budget will allow the Council to deliver its statutory duties in respect of the environment

16.5 **Crime and Disorder**- no implications

17 CONCLUSION

17.1 The Business Plan includes the integration of the budget against the activities and outcomes planned for the year ahead. The balanced revenue budget has no calls on general revenue reserves and includes a contribution to general revenue reserves to prepare for future cost pressures and funding reductions. As a consequence of significant and sustained reductions in government funding, the Council Tax is proposed to increase from £145.00 for a band D property to £150.00 for 2019/20. Further increases of £5.00 each year are assumed in future years for the purposes of the Medium Term Financial Strategy.

17.2 Fees and charges have been increased for service areas and commercial activities and will be reviewed again in 2019/20 in line with the Charging Policy.

17.3 The proposed budget includes funding for performance related pay of £100,000 (0.78% of payroll), reflecting the amended scheme to apply in future years, and a cost of living rise of £378,000 has been set aside in line with the national pay offer of 2% for 2019/20, including the impact of the National Living Wage.

17.4 The level of Government funding will continue to decrease in future years and Revenue Support Grant will cease to be received in 2019/20. The combined level of additional income that is already expected to be generated from commercial activities to offset this decrease in funding from 2019/20 to 2023/24 is almost £3.3 million. Over the five-year period, the Council will have to find further additional income and savings on an annual basis by 2023/24 to prevent an annual deficit in 2022/23 of £0.8 million rising to £1.6 million in 2023/24, which is £2.4 million in total.

17.5 There is increased financial risk while future changes to the funding formula and further localisation of business rates are still under discussion. The amount of the New Homes Bonus beyond 2018/19 is subject to any further government reforms and the successful delivery of sufficient new homes and remains a major risk.

17.6 The Capital Programme for 2019/20 to 2023/24 is £82 million, including estimated slippage from 2018/19. It is funded from a combination of capital receipts and reserves and revenue reserves. It is anticipated that external borrowing will be required dependent on the delivery of the programme, the realisation of capital receipts during the period and the level of revenue reserves. The total level of external borrowing required from 2019/20 to 2023/24 would be just over £33 million which is towards the higher end of what can be considered sustainable for a single District Council of South Norfolk's size.

18 RECOMMENDATIONS

18.1 It is recommended that Cabinet recommends to Council:

18.1.1 the approval of the base budget; as shown in para 6.1, subject to confirmation of the finalised Local Government finance settlement figures which may, if significant, necessitate an adjustment through the General Revenue Reserve to maintain a balanced budget.

18.1.2 the use of the revenue reserves as set out in section 12.

18.1.3 that the Council's demand on the Collection Fund for 2019/20 for General Expenditure shall be £7,370,700 and for Special Expenditure be £10,440;

18.1.4 that the Band D level of Council Tax be £150.00 for General Expenditure and £0.21 for Special Expenditure.

18.1.5 that the assumptions on which the funding of the capital programme is based are prudent.

18.1.6 the approval of the capital programme for 2019/20 to 2023/24.

18.2 It is recommended that Cabinet agrees:

18.2.1 that future increases to fees and charges will be linked to the September Retail Price Index each year as set out in para 5.1

18.2.2 the charges for garden waste as set out in para 5.2

18.3 It is recommended that Cabinet notes:

18.3.1 that pricing changes will be made in accordance with the Charging Policy in section 5

18.3.2 the advice of the Section 151 Officer with regard to section 25 of the Local Government Act 2003;

18.3.3 the future budget pressures contained in the Medium Term Financial Strategy as set out in Appendix B.

Background Papers

Draft Business Plan 2019/20

APPENDIX A BUDGET AND MTFS ASSUMPTIONS

	Assumptions in the Medium Term Financial Strategy February 2018	Assumptions in the Proposed Budget 2019/20 and Revised Medium Term Financial Strategy February 2019
Pay		
Pay award and National Insurance	A 2% pay award has been assumed in 2018/19 in line with the national employers' offer, and in future years. The performance related pay award budget has been reduced to £107k for 2018/19 reflecting the agreed amendments to the performance related pay scheme. The MTFS includes an estimate of the apprenticeship levy, estimated at £50k in 2018/19, based on it being 0.5% of payroll less an allowance of £15,000.	A 2% pay award has been assumed in 2019/20 in line with the national employers' offer, and in future years. The performance related pay award budget has been reduced to £100k for 2019/20 reflecting the agreed amendments to the performance related pay scheme. The MTFS includes an estimate of the apprenticeship levy, estimated at £50k in 2019/20, based on it being 0.5% of payroll less an allowance of £15,000.
Pension	The MTFS includes final figures for the annual lump sum payments, which are £184k lower than the estimated figures over the next 3 years. The Norfolk Pension Fund has advised that, based on current projections, a substantial increase will be required in 2020/21 and an initial estimate of £300k has been included in that year. The actual figure required will be determined through the next triennial valuation due in March 2019.	As per Medium Term Financial Strategy (MTFS) February 2018. The Norfolk Pension Fund has advised that, based on current projections, a lower increase than originally anticipated will be required in 2020/21 and therefore a revised estimate of £135k has been included in that year.
Non-Pay		
Inflation	An assumption of inflation running at 3% per annum for rates, 2.5% per annum for utilities and for contracts an inflation budget of £60k based on present increases.	Each utility budget has been reviewed and inflation applied as applicable. Inflation on contracts has only been included where appropriate. For 2020/21 and future years, an assumption of inflation running at 2.5% per annum for utilities, 3% for rates and for contracts an inflation budget of £60k based on present increases.

	Assumptions in the Medium Term Financial Strategy February 2018	Assumptions in the Proposed Budget 2019/20 and Revised MTFS February 2019
Cost Pressures	There have been general cost pressures across all Directorates. These have been more than offset by savings in non-pay and staffing budgets across all Directorates and increases in income from greater activity. A sum has been included in each future year for potential unknown cost pressures. For 2018/19 there were particular cost pressures in the areas of: • domestic waste collection costs following the implementation of the new MRF contract • garden waste costs as the service continues to expand • investment income due to reduced reserves as capital funding is spent.	There have been general cost pressures across all Directorates. These have been more than offset by savings in non-pay and staffing budgets across all Directorates and increases in income from greater activity. A sum has been included in each future year for potential unknown cost pressures. A net cost estimate of £275k for providing a food waste collection service has been included for 2021/22 in anticipation of this becoming a statutory requirement under government policy. For 2019/20 there were particular cost pressures in the areas of: • domestic waste collection costs following changes in the recycling market affecting the MRF contract and additional costs for clinical waste collection
Income		
Increase in income	Since the RPI measure of inflation rose by 4.1% in December 2017, this increase will be applied from 1st April to all fees that are not approved by Cabinet or subject to an ongoing review or set by national government. The planning service has reduced its income budgets to reflect the reversal of the one-off impact of the Long Stratton bypass planning application for 2017/18. The longer national timescale for implementation of the change to land charges administration means the reduction in land charges income is now expected to impact in 2019/20. It is assumed that income from fees and charges will increase by 3.3% for 2019/20 and by 3% in future years in Licensing, Garden Waste Collection, Grounds Maintenance and other Environmental Services.	Since the Retail Price Index measure of inflation rose by 2.7% in December, this increase will be applied from 1st April to all fees that are not approved by Cabinet or subject to an ongoing review or set by national government. The change to land charges administration is reflected in a reduction in land charges income budgets for 2019/20. Based on official forecasts for RPI, it is assumed that income from fees and charges will increase by 3% for 2020/21 and 2021/22, 3.1% for 2022/23 and 3.2% for 2023/24 in the following areas; Garden Waste Collection, New Domestic Waste Bin Charges, Housing, Street Naming and Numbering, Grounds Maintenance and other Environmental Services.

	Assumptions in the Medium Term Financial Strategy February 2018	Assumptions in the Proposed Budget 2019/20 and Revised MTFS February 2019
Housing Benefit Administration Subsidy	A decrease of £100k in Housing Benefit overpayments recovery income has been included in the MTFS for 2021/22 to reflect an expected decrease in recovery income as claimants move onto Universal Credit.	A decrease in Housing Benefit overpayments recovery income has been included in the MTFS to reflect an expected decrease in recovery income as claimants move onto Universal Credit. of £100k in 2021/22 and a further £300k in 2022/23.
Leisure Centre Income	Income is expected to increase by £101k in 2018/19, reflecting the continuing positive impact of the enhancement scheme at Wymondham Leisure Centre, Kids Camp and the 3G pitch and the impact of the revised pricing strategy. Additional net income from the enhancement of Long Stratton Leisure centre is anticipated from 2019/20.	Income is expected to increase by £101k in 2019/20, reflecting the continuing positive impact of the enhancement scheme at Long Stratton Leisure Centre, the new arrangements for the Spa at Wymondham Leisure Centre and the Ketts Park 3G pitch and the impact of the revised pricing strategy.
Investment Interest and Income from Property Investment	Reduced income from lower reserves is expected to reduce interest earned by a further £25k in 2018/19. It is estimated that the Council will benefit by a total of £2,050k over the next 5 years up to 2022/23 from its developments at Poringland and Long Stratton, through a combination of rental income from commercial units and recharges and interest on loans to its wholly owned companies. Interest will reduce as the loan to Big Sky Developments is repaid. It is assumed that profits made by these companies will be retained for future investments.	Increased interest rates are expected to offset reduced income from lower reserves, therefore the 2019/20 budget is unchanged from 2018/19. It is estimated that the Council will benefit by a total of £2.3m in interest payments over the next 5 years up to 2023/24 from its property developments, through interest on loans to its wholly owned companies. Interest will eventually reduce as loans to Big Sky Developments are repaid. It is assumed that profits made by these companies will be retained for future investments. The Council will also benefit from a combination of rental income from commercial units and recharges
New Homes Bonus	The introduction of a deadweight figure of 0.4% of the housing stock which means that the first 220 of any new homes built do not attract New Homes Bonus. Payment of New Homes Bonus per property has reduced to 4 years in 2018/19. The affordable homes element has been included in revenue budgets from 2018/19 onwards. Further reductions are likely in future years, but these are projected to be less than anticipated due to the record number of new homes built in 2017/18 and upwardly revised projections of housing growth within the GNGB area.	The deadweight figure of 0.4% of the housing stock means that the first 225 of any new homes built do not attract New Homes Bonus. Payment of New Homes Bonus per property reduced to 4 years in 2018/19. The affordable homes element has been included in revenue budgets from 2018/19 onwards. Further reductions are likely in later years of the plan, but these are projected to be less than anticipated due to the near record number of new homes built in the last year and upwardly revised projections of housing growth within the GNGB area.

	Assumptions in the Medium Term Financial Strategy February 2018	Assumptions in the Proposed Budget 2019/20 and Revised MTFS February 2019
Savings		
Savings	The medium term plan is based on the provisional Government settlement figures provided in December 2017. The significant savings and income identified for 2017/18 are being delivered and will assist the Council to balance its budget in 2018/19 and 2019/20. Further savings and income generation of £2.5 million will need to be identified in order to balance the budget in 2020/21 and 2021/22 and 2022/23.	Additional savings were identified through the £1 million challenge process including removal of non-pay budgets which were no longer required and reductions in posts where changes to processes meant efficiencies could be made. This means that funding can be redirected to other areas to reflect the Council's priorities. The savings also helped to offset the steep reductions in government funding from New Homes Bonus and Revenue Support Grant. The MTFS is based on the provisional Government settlement figures provided in December 2018. Further savings and income generation of £2.4 million will need to be identified in order to balance the budget in 2022/23 and 2023/24.
Items not in base		
Development of Local Plan	Work on developing the next Local Plan has begun and it is anticipated that this will be funded from the Local Development Reserve.	As per Medium Term Financial Strategy (MTFS) February 2018.
Use of Earmarked Reserves	Specific earmarked reserves will be used to fund elements of the capital programme.	As per MTFS February 2018.
One-off grants	The Council will continue to use one-off grants for one-off items of expenditure and will not build them into the base budget.	As per MTFS February 2018.

	Assumptions in the Medium Term Financial Strategy February 2018	Assumptions in the Proposed Budget 2019/20 and Revised MTFS February 2019
Funding		
RSG/NNDR	The December provisional settlement figures for 2018/19 confirmed the figures that had been assumed in February 2017 with the exception that Rural Services Delivery Grant was maintained at the 2017/18 figure rather than being reduced.	The December provisional settlement figures for 2019/20 confirmed the figures that had been assumed in February 2018 with the exception that Rural Services Delivery Grant was increased to £285k. The Council is not receiving specific funding for Homelessness Prevention, which means a reduction of £193k in income budgets.
Council Tax	The proposed budget includes an increase in Council Tax for 2018/19 from £140.00 to £145.00 and the MTFS assumes a further increase of £5.00 every year thereafter. This is not, in itself, enough to offset fully the reductions in central government funding.	The proposed budget includes an increase in Council Tax for 2019/20 from £145.00 to £150.00 and the MTFS assumes a further increase of £5.00 every year thereafter. This is not, in itself, enough to offset fully the reductions in central government funding.
Tax base	The projected tax base for 2018/19 is 2.42% higher than the 2017/18 budgeted tax base due to record housing completions. An increase in the tax base of 2% per annum is assumed for 2019/20 and future years. This is prudent based on previous years' growth and planned housing growth shown in the Joint Core Strategy.	The projected tax base for 2019/20 is 1.82% higher than the 2018/19 budgeted tax base due to near record housing completions. An increase in the tax base of 1.75% per annum is assumed for 2020/21 and future years. This is prudent based on previous years' growth and planned housing growth shown in the JCS.

	Approved Budget 2018/19 £000	Projected 2019/2020 £000	Projected 2020/2021 £000	Projected 2021/2022 £000	Projected 2022/2023 £000	Projected 2023/24 £000
Base Budget	8,654	9,524	9,065	9,621	10,871	12,342
Inflation & Net Cost Pressures	501	235	871	1,195	1,151	822
Net Income from Commercial Activities and Fees						
Big Sky/BI	-159	-341	-21	-190	-160	213
Leisure Activities	-101	-86	-48	0		
Trade Waste	-123	0	0	0		
Investment properties	-97	-9	0	-40		
Movement in New Homes Bonus	551	-103	-235	-126	447	298
Net Cost of Borrowing and Repayments	506	-155	599	411	33	7
Efficiency Plan to meet Funding Gap:						
Remove Contribution to Renewals Reserve			-611			
Efficiencies and Process Reviews	-208					
BDC Gross Collaboration Savings		-427	-341	-305	-303	-298
Contribution to Reserves from BDC Savings		427	341	305	303	298
BASE BUDGET	**9,524**	**9,065**	**9,621**	**10,871**	**12,342**	**13,681**
Adjustments not included in base budget						
One off adjustments	-30	-47	50	50	50	0
Reserve Movements	388	555	0	0	0	0
Big Sky	-225	0	0	0	0	0
Rural Delivery Grant	-229	-285	0	0	0	0
Increase in Infrastructure Reserve						
Increase in Asset Replacement Reserve	450	250				
Contribution to Enterprise Zone Reserve	260	303	342	321	287	257
Contribution to Collaboration Costs Reserve		107	189	101	101	101
Contribution to General Revenue Reserve from Business Rates Pilot		636				
Contribution to General Revenue Reserve	638	865				
NET EXPENDITURE	**10,776**	**11,449**	**10,202**	**11,343**	**12,780**	**14,039**
FUNDED BY:						
Government Support - RSG	-417	0	0	0	0	0
Government Support - NNDR Baseline	-3,003	-3,071	-3,071	-3,071	-3,071	-3,071
Government Support - RSG/NNDR Total	-3,420	-3,071	-3,071	-3,071	-3,071	-3,071
NNDR Growth Retained after Levy	-358	-1,007	-379	-387	-396	-404
Council Tax	-6,998	-7,371	-7,750	-8,140	-8,541	-8,954
FUNDING FROM RSG/BUSINESS RATES/COUNCIL TAX	**-10,776**	**-11,449**	**-11,200**	**-11,598**	**-12,008**	**-12,429**
Band D Council Tax - £5.00 annual increase	£ 145.00	£ 150.00	£ 155.00	£ 160.00	£ 165.00	£ 170.00
Taxbase	48,259	49,138	49,998	50,873	51,763	52,669
Budget Deficit/ (Surplus)	**£0**	**£0**	**-£998**	**-£256**	**£772**	**£1,610**

Appendix C

Revenue Budget 2019/20

Business Plan Theme	Expenditure	Income	Net Expenditure
Economic Growth, Productivity and Prosperity	£5,516,925	-£4,254,302	£1,262,623
Health, Well-being and Early Help	£33,970,045	-£31,458,666	£2,511,379
Place, Communities and Environment	£11,836,058	-£5,584,732	£6,251,326
How we deliver (MFT)	£809,980	-£63,000	£746,980
Service Costs Funded Centrally	£1,861,402	£0	£1,861,402
Parish Support	£0	£0	£0
Total General Expenditure	**£53,994,410**	**-£41,360,700**	**£12,633,710**
Street Lighting	£10,440	£0	£10,440
Parish Precepts	£3,577,565	£0	£3,577,565
Total Special Expenditure	**£3,588,005**	**£0**	**£3,588,005**
Capital financing and other transfers	£359,030	-£959,800	-£600,770
Movement on Reserves:			
Contribution to General Reserves	£864,650	£0	£864,650
Use of Neighbourhood Reserve	£0	£0	£0
Use of Elections Reserve	£0	-£160,000	-£160,000
Enterprise Zone Reserve	£303,000	£0	£303,000
3G Pitch Renewals Reserve	£15,000	£0	£15,000
Car Park Upgrades Reserve	£70,000	£0	£70,000
Creation of Collaboration Costs Reserve	£107,000	£0	£107,000
Creation of Collaboration Savings Reserve	£427,000	£0	£427,000
Contribution to Business Rates Reserve	£636,000	£0	£636,000
Contribution to Asset Replacement Reserve	£260,472	£0	£260,472
Contribution to Renewals Reserve	£1,166,200	£0	£1,166,200
Total Reserve Movements and Transfers	**£4,208,352**	**-£1,119,800**	**£3,088,552**
Total Net Expenditure	**£61,790,767**	**-£42,480,500**	**£19,310,267**

Financed By:	
Revenue Support Grant	£0
Business Rates	-£4,124,976
Rural Services Delivery Grant	-£285,203
New Homes Bonus	-£3,941,383
District Council Demand on Council Tax Collection Fund	-£7,370,700
Special Expenses Demand on Council Tax Collection Fund	-£10,440
Parish Precepts	-£3,577,565
Total Financing	**-£19,310,267**
Balanced Budget 2019/20	**£0**

	2018/19	2019/20
General tax base for Council Tax Band D Average	48,259	49,138
District Expenditure Council Tax	£145.00	£150.00
Street Lighting Council Tax	£1.63	£0.21
Parish Precepts	£74.13	£72.81
% Increase in District Council Tax	3.57%	3.45%
% Increase in District Council Tax plus Special Expenses	3.53%	2.38%

Budget figures shown are before central departmental and capital financing recharges are input. These have no overall effect on the Council Tax requirement. Parish Precepts have yet to be finalised but net off to zero in the budget.

Capital Project	Estimated Outturn 2018-19	Expected slippage from 18-19	Estimate 2019/20 including slippage from 2018-19	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Total Capital Programme (2019/20 to 2023/24)
				£	£	£	£	£
Long Stratton Leisure Centre Improvements	1,760,182	-	-	-	-	-	-	-
Further Works at Wymondham Leisure Centre	62,700	116,691	251,691	170,465	-	20,000	-	442,156
Further Works at Diss Leisure Centre	65,200		75,000	120,000	10,000	-	330,000	535,000
Further Works at Long Stratton Leisure Centre	-	-	40,000	10,000	-	10,000	40,000	100,000
Framingham Earl High School	-	-	-	300,000	-	-	-	300,000
Ketts Park 3G Pitch	880,000	387,000	387,000	-	-	-	-	387,000
Ketts Park Kitchen			25,000	-	-	-	-	25,000
Long Stratton Pool			450,000	-	-	-	-	450,000
Refurbishments of Tennis Courts behind Long Stratton LC	-	230,000	230,000	-	-	-	-	230,000
Aids/Adaptations	127,072	-	-	-	-	-	-	-
Disabled Facilities Grants	942,340	-	845,000	845,000	845,000	845,000	845,000	4,225,000
Diss Heritage Triangle	10,000	-	-	-	-	-	-	-
Total Priority: Health, Well-being and Early Help	**3,847,494**	**733,691**	**2,303,691**	**1,445,465**	**855,000**	**875,000**	**1,215,000**	**6,694,156**
Wheeled Bin Purchase - Domestic Rubbish and Recycling	75,000	-	80,000	80,000	80,000	80,000	80,000	400,000
Wheeled Bin Purchase - Garden Waste	20,000	-	30,000	30,000	30,000	30,000	30,000	150,000
Vehicle Procurement and Replacement	1,092,590	-	687,000	868,945	748,000	748,000	748,000	3,799,945
Waste Route Optimisation System			125,000					125,000
Grounds Maintenance Equipment	-	46,000	75,000	61,000	-	-	15,000	151,000
Workshop Equipment	32,000	-	-	-	-	-		-
Ketteringham Depot - Expanding facilities	-	211,500	211,500	-	-	-		211,500
Play Area Refurbishments - Sites **with** Commuted Sums	57,356	-	136,750	72,385	-	25,150	113,973	348,258
Sums for Affordable Housing Financed by S106 Contributions				2,420,000				2,420,000
Toilet Refurbishments	215,000	-	105,000	-	-	-	-	105,000
Street Lighting	531,000	-	34,440	29,340	24,240	24,240	24,240	136,500
Total Priority: Place, Communities and Environment	**2,022,946**	**257,500**	**1,484,690**	**3,561,670**	**882,240**	**907,390**	**1,011,213**	**7,847,203**
Norwich Research Park Enterprise Zone Infrastructure	-	12,540,000	2,100,000	-	3,100,000	-	-	5,200,000
Norwich Research Park Enterprise Zone Office	-	5,000,000	2,000,000	3,000,000	-	-	-	5,000,000
Strategic Economic/Property Development Opportunities	-	-	4,150,000	-	-	-	-	4,150,000
Commercial Waste Service - Bin Purchase	35,000	-	40,000	40,000	40,000	40,000	40,000	200,000
Better Broadband	-	-	570,000	-	-	-		570,000
Car Park Improvements	20,000	21,348	56,348	35,000	35,000	35,000	35,000	196,348
Installation of Electric Car Charging Points	67,852	-	-	-	-	-	-	-
Wymondham Tourism App	76,550	-	-	-	-	-	-	-
Other Property/Economic Development Investment	-	5,000,000	5,000,000	5,000,000	-	-	-	10,000,000
Maple Drive (Cygnet House) Commercial	1,700,000	-	-	-	-	-	-	-
Cringleford	6,000,000	-	3,000,000	3,000,000	-	-		6,000,000
BSPM Rental Homes on new sites	1,158,000	3,321,998	-	4,000,000	4,000,000	4,000,000	3,321,998	15,321,998
Funding to finance BSD's 5 year strategy			9,589,038					9,589,038
Poringland Phase 2 Commercial	-	750,000	-	-	1,632,000	-	-	1,632,000
Park Rd, Diss	-	-		408,000		-		408,000
Strategic Economic Development	-	4,468,000	7,202,000	1,798,000	-	-		9,000,000
Total Priority: Economic Growth, Productivity and Prosperity	**9,057,402**	**31,101,346**	**33,707,386**	**17,281,000**	**8,807,000**	**4,075,000**	**3,396,998**	**67,267,384**
New IT Projects	247,092	-	125,000	125,000	125,000	125,000	125,000	625,000
Data Cleanse Software	22,000	16,000	16,000	-	-	-	-	16,000
Digital	61,000	19,392	100,000	50,000	25,000	25,000	25,000	225,000
Telephony	65,000	-	-	-	-	-	-	-
South Norfolk House - Roofing Asphalt Replacement	36,000	-	-	-	-	-	-	-
South Norfolk House - Replacement of Boilers	-	-	-	-	-	50,000	-	50,000
South Norfolk House -Uninterruptable Power Supply	28,832	-	-	-	-	-	-	-
South Norfolk House -Replacement of the Felt on the Roof	-	-	-	-	-	20,000		20,000
Total: Improving services through being business-like, efficient and entrepreneurial	**459,924**	**35,392**	**241,000**	**175,000**	**150,000**	**220,000**	**150,000**	**936,000**
Total Capital Programme	**15,387,766**	**32,127,929**	**37,736,767**	**22,463,135**	**10,694,240**	**6,077,390**	**5,773,211**	**82,744,743**

Commercial Activities in green

Capital Expenditure	Estimated Outturn 2018/19	Expected slippage from 18/19	Estimate 2019/20 including slippage from 2018/19	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Total Capital Programme (2019/20 to 2023/24)
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Services	6,495	28,056	25,108	15,015	5,022	2,037	2,411	49,594
Commercial activities	8,893	4,072	12,629	7,448	5,672	4,040	3,362	33,151
Total	**15,388**	**32,128**	**37,737**	**22,463**	**10,694**	**6,077**	**5,773**	**82,745**

APPENDIX E

		2018/19 Estimated Outturn £000	2019/20 Revised Budget £000	2020/21 Forward Budget £000	2021/22 Forward Budget £000	2022/23 Forward Budget £000	2023/24 Forward Budget £000	5 Years Total £000
	Capital Programme Expenditure	**15,388**	**37,737**	**22,463**	**10,694**	**6,077**	**5,773**	**82,744**
	Financed by:							
Grants Total	Grants	1,560	4,424	2,357	857	857	857	**9,352**
S106 Funds Total	S106 Funds	451	162	2,492	-	25	114	**2,793**
Revenue Total	Revenue	5,535	1,756	3,305	795	102	102	**6,060**
Capital Receipts Total	Capital Receipts	7,842	854	475	4,064	5,093	4,700	**15,186**
Grand Total	**Total Capital Resources Available**	**15,388**	**7,196**	**8,629**	**5,716**	**6,077**	**5,773**	**33,391**
	Borrowing Requirement For Year	**-**	**30,541**	**13,834**	**4,978**	**-**	**-**	**49,353**
	Internal Borrowing	-	16,154	-	-	-	-	16,154
	External Borrowing	-	14,387	13,834	4,978	-	-	33,199
	% Funded prior to borrowing	100.00%	19.07%	38.41%	53.45%	100.00%	100.00%	

Name of Reserve	Actual Balance 31 March 2018 £'000	Transfers in £'000	Transfers Out £'000	Projected Balance 31 March 2019 £'000	Transfers in £'000	Transfers Out £'000	Projected Balance 31 March 2020 £'000
Corporate Reserves							
New Homes Bonus contained within General Revenue Reserve	0	0	0	0	0	0	0
Balance of General Revenue Reserve excluding New Homes Bonus	10,938	2,364	(4,072)	9,230	1,501	(278)	10,453
Total General Revenue Reserve	10,938	2,364	(4,072)	9,230	1,501	(278)	10,453
General Fund Balance	1,400	0	0	1,400	0	0	1,400
Total Corporate Reserves	12,338	2,364	(4,072)	10,630	1,501	(278)	11,853
Service Specific Reserves							
Broadland/SNC Collaboration Costs Reserve	0	0	0	0	107	(107)	0
Broadland/SNC Collaboration Savings Reserve	0	0	0	0	427	0	427
Infrastructure Reserve	3,525	0	(118)	3,407	0	(1,570)	1,837
Non-Commercial Assets Replacement Reserve	593	450	(761)	282	260	(264)	278
Street Lighting Replacement Reserve	0	0	0	0	5	0	5
Localisation of Business Rates Reserve	2,489	695	0	3,184	0	0	3,184
Localisation of Council Tax Benefit	500	0	0	500	0	0	500
Neighbourhood Grants	22	0	(22)	0	0	0	0
District and Parish Elections	142	40	0	182	0	(160)	22
Land Charges	152	0	(152)	0	0	0	0
Local Development Reserve	855	0	0	855	0	(250)	605
Vehicle and Equipment Procurement and Replacement Reserve	949	1,021	(1,255)	715	1,316	(1,037)	994
Low Cost Housing (New Homes Bonus)	876	0	0	876	0	0	876
Car Park Upgrades Reserve	0	70	(20)	50	70	(35)	85
Charging Points Maintenance Reserve	0	0	0	0	1	0	1
Enterprise Zone Reserve	59	301	(301)	59	303	(303)	59
3G Pitch Renewal Reserve	11	15	0	26	15	0	41
Communities and Localism Reserve	191	0	(10)	181	0	0	181
Total Service Specific Reserves	10,364	2,592	(2,639)	10,317	2,504	(3,726)	9,095
Total Revenue Reserves	22,702	4,956	(6,711)	20,947	4,005	(4,004)	20,948
General Reserves	21,302	4,956	(6,711)	19,547	4,005	(4,004)	19,548
Capital Reserves							
Usable Capital Receipts							
General Receipts	1,652	5,880	(7,532)	0	475	(475)	0
Longwater Lane Capital Receipt	0	75		75			75
IT Replacement LSVT	708		(395)	313		(241)	72
LSVT Capital Receipt	0		0	0		0	0
Aids & Adaptations	127		(127)	0		0	0
Insurance	100			100			100
Capital Grants Unapplied Account	0			0			0
Total Capital Reserves	2,587	5,955	(8,054)	488	475	(716)	247
Total Usable Reserves	25,289			21,435			21,195

Name of Reserve	Transfers in £'000	Transfers Out £'000	Projected Balance 31 March 2021 £'000	Transfers in £'000	Transfers Out £'000	Projected Balance 31 March 2022 £'000
Corporate Reserves						
New Homes Bonus contained within General Revenue Reserve	0	0	0	0	0	0
Balance of General Revenue Reserve excluding New Homes Bonus	0	(2,260)	8,193	0	0	8,193
Total General Revenue Reserve	0	(2,260)	8,193	0	0	8,193
General Fund Balance	0	0	1,400	0	0	1,400
Total Corporate Reserves	0	(2,260)	9,593	0	0	9,593
Service Specific Reserves						
Broadland/SNC Collaboration Costs Reserve	189	(189)	0	101	(101)	0
Broadland/SNC Collaboration Savings Reserve	768	0	1,195	1,073	0	2,268
Infrastructure Reserve	0	(1,000)	837	0	0	837
Non-Commercial Assets Replacement Reserve	10	(37)	251	10	(12)	249
Street Lighting Replacement Reserve	5	0	10	5	0	15
Localisation of Business Rates Reserve	0	0	3,184	0	0	3,184
Localisation of Council Tax Benefit	0	0	500	0	0	500
Neighbourhood Grants	0	0	0	0	0	0
District and Parish Elections	50	0	72	50	0	122
Land Charges	0	0	0	0	0	0
Local Development Reserve	0	0	605	0	0	605
Vehicle and Equipment Procurement and Replacement Reserve	1,037	(1,080)	951	55	(748)	258
Low Cost Housing (New Homes Bonus)	0	(875)	1	0	0	1
Car Park Upgrades Reserve	70	(35)	120	70	(35)	155
Charging Points Maintenance Reserve	1	0	2	1	0	3
Enterprise Zone Reserve	342	(342)	59	321	(321)	59
3G Pitch Renewal Reserve	15	0	56	15	0	71
Communities and Localism Reserve	0	0	181	0	0	181
Total Service Specific Reserves	2,487	(3,558)	8,024	1,701	(1,217)	8,508
Total Revenue Reserves	2,487	(5,818)	17,617	1,701	(1,217)	18,101
General Reserves	2,487	(5,818)	16,217	1,701	(1,217)	16,701
Capital Reserves						
Usable Capital Receipts						
General Receipts	475	(475)	0	4,064	(4,064)	0
Longwater Lane Capital Receipt		0	75		0	75
IT Replacement LSVT		(72)	0		0	0
LSVT Capital Receipt		0	0		0	0
Aids & Adaptations		0	0		0	0
Insurance			100			100
Capital Grants Unapplied Account			0			0
Total Capital Reserves	475	(547)	175	4,064	(4,064)	175
Total Usable Reserves			17,792			18,276

Name of Reserve	Transfers in £'000	Transfers Out £'000	Projected Balance 31 March 2023 £'000	Transfers in £'000	Transfers Out £'000	Projected Balance 31 March 2024 £'000
Corporate Reserves						
New Homes Bonus contained within General Revenue Reserve	0	0	0	0	0	0
Balance of General Revenue Reserve excluding New Homes Bonus	0	0	8,193	0	0	8,193
Total General Revenue Reserve	0	0	8,193	0	0	8,193
General Fund Balance	0	0	1,400	0	0	1,400
Total Corporate Reserves	0	0	9,593	0	0	9,593
Service Specific Reserves						
Broadland/SNC Collaboration Costs Reserve	101	(101)	0	101	(101)	0
Broadland/SNC Collaboration Savings Reserve	1,376	0	3,644	1,674	0	5,318
Infrastructure Reserve	0	0	837	0	0	837
Non-Commercial Assets Replacement Reserve	10	(12)	247	10	(12)	245
Street Lighting Replacement Reserve	5	0	20	5	0	25
Localisation of Business Rates Reserve	0	0	3,184	0	0	3,184
Localisation of Council Tax Benefit	0	0	500	0	0	500
Neighbourhood Grants	0	0	0	0	0	0
District and Parish Elections	50	0	172	0	(170)	2
Land Charges	0	0	0	0	0	0
Local Development Reserve	0	0	605	0	0	605
Vehicle and Equipment Procurement and Replacement Reserve	55	(55)	258	55	(55)	258
Low Cost Housing (New Homes Bonus)	0	0	1	0	0	1
Car Park Upgrades Reserve	70	(35)	190	70	(35)	225
Charging Points Maintenance Reserve	1	0	4	1	0	5
Enterprise Zone Reserve	287	(287)	59	257	(257)	59
3G Pitch Renewal Reserve	15	0	86	15	0	101
Communities and Localism Reserve	0	0	181	0	0	181
Total Service Specific Reserves	1,970	(490)	9,988	2,188	(630)	11,546
Total Revenue Reserves	1,970	(490)	19,581	2,188	(630)	21,139
General Reserves	1,970	(490)	18,181	2,188	(630)	19,739
Capital Reserves						
Usable Capital Receipts						
General Receipts	12,475	(5,093)	7,382	6,475	(4,700)	9,157
Longwater Lane Capital Receipt		0	75		0	75
IT Replacement LSVT		0	0		0	0
LSVT Capital Receipt		0	0		0	0
Aids & Adaptations		0	0		0	0
Insurance			100			100
Capital Grants Unapplied Account			0			0
Total Capital Reserves	12,475	(5,093)	7,557	6,475	(4,700)	9,332
Total Usable Reserves			27,138			30,471

Agenda Item:10

Cabinet
4 February 2019

Treasury Management Strategy Statement 2019/20

Report Author(s):	Matthew Fernandez-Graham, Accountancy Manager, 01508 533892, mgraham@s-norfolk.gov.uk
Portfolio:	Growth and Resources
Ward(s) Affected:	All
Purpose of the Report:	This strategy outlines the authority's approach to management of its borrowing, investments and cash flows, its banking, money market and capital market transactions; and the effective control of the associated risks and performance.

Recommendations:

Cabinet is recommended to approve the following and recommend these to Council:

a) The Treasury Management Strategy Statement

b) The Prudential Indicators and Limits for the next 3 years contained within Section 4 and Appendix A of the report, including the Authorised Limit Prudential Indicator.

c) The Minimum Revenue Provision (MRP) Statement (section 3D) that sets out the Council's policy on MRP.

d) The Annual Investment Strategy (section 5) contained in the Treasury Management Strategy, including the delegation of certain tasks to the Section 151 Officer

e) The Treasury Management Policy Statement (Appendix E).

1.

1. SUMMARY

1.1 This report sets out the Treasury Management Strategy for 2019/20 and associated policies. It is a regulatory requirement that this be approved annually by Full Council, but at South Norfolk Council it is first brought to Cabinet for detailed review.

2. BACKGROUND

2.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

2.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

2.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

2.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as "non-treasury" activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

2.5 CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.6 Revised reporting is required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding commercial activity undertaken under the Localism Act 2011. The capital strategy was updated in 2018/19 in anticipation of these changes and has been further updated. In view of the increased importance placed by CIPFA on this strategy, it is now reported separately on this agenda, though there are clear links to this Treasury Management Strategy.

Reporting requirements

Capital Strategy

2.7 The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare a capital strategy report, which provides the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

2.8 The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

2.9 While there is strict separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset, there is a strong relationship between "non-treasury" capital activities and treasury management.

2.10 The capital strategy shows:

- The corporate governance arrangements for these types of activities;
- Service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

2.11 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

2.12 Where the Council has borrowed to fund any non-treasury investment which is purely for profit, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

2.13 If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy. To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

Treasury Management reporting

2.14 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
   - the capital plans, (including prudential indicators);
   - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
   - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
   - an investment strategy, (the parameters on how investments are to be managed).

b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury report** – This is a backward looking review document and provides details of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2.15 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by Cabinet.

Treasury Management Strategy for 2019/20

2.16 The strategy for 2019/20 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

2.17 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

Training

2.18 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training will be undertaken for members following the District elections in May 2019. The training needs of treasury management officers are periodically reviewed.

Treasury management consultants

2.19 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.

2.20 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The commercial type investments require specialist advisers, and the Council has access to specialist property advice via its Big Sky companies.

3. THE CAPITAL PRUDENTIAL INDICATORS 2019/20 to 2023/24

3.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

A. Capital expenditure

3.2 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure	Estimated Outturn 2018/19	Expected slippage from 18/19	Estimate 2019/20 including slippage from 2018/19	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Total Capital Programme (2019/20 to 2023/24)
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Services	6,495	28,056	25,108	15,015	5,022	2,037	2,411	49,594
Commercial activities	8,893	4,072	12,629	7,448	5,672	4,040	3,362	33,151
Total	**15,388**	**32,128**	**37,737**	**22,463**	**10,694**	**6,077**	**5,773**	**82,745**

* Commercial activities / non-treasury investments relate to areas such as capital expenditure on investment properties, loans to council companies, and commercial waste

3.3 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of total capital expenditure	Estimated Outturn 2018/19	Estimate 2019/20 including slippage from 2018/19	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24
	£000	£000	£000	£000	£000	£000
Total Capital Expenditure	15,388	37,737	22,463	10,694	6,077	5,773
Capital receipts	-7,842	-854	-475	-4,064	-5,093	-4,700
Capital grants	-1,560	-4,424	-2,357	-857	-857	-857
S106 Funds	-451	-162	-2,492	0	-25	-114
Revenue	-5,535	-1,756	-3,305	-795	-102	-102
Net financing need for the year (borrowing required)	**0**	**30,541**	**13,834**	**4,978**	**0**	**0**

3.4 The net financing need for commercial activities / non-treasury investments included in the above table against expenditure is shown below:

Financing of commercial activities capital expenditure	Estimated Outturn 2018/19	Estimate 2019/20 including slippage from 2018/19	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24
	£000	£000	£000	£000	£000	£000
Capital Expenditure	8,893	12,629	7,448	5,672	4,040	3,362
Capital receipts	-5,184	0	0	-3,794	-4,040	-3,362
Capital grants	0	0	0	0	0	0
S106 Funds	0	0	0	0	0	0
Revenue	-3,709	-40	-2,213	0	0	0
Net financing need for the year (borrowing required)	**0**	**12,589**	**5,235**	**1,878**	**0**	**0**
Percentage of total net financing need	0%	41%	38%	38%	0%	0%

B. The Council's borrowing need (the Capital Financing Requirement)

3.5 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

3.6 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

3.7 The CFR includes any other long-term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR.

3.8 The Council is asked to approve the CFR projections below:

Capital Financing Requirement	Estimated Outturn 2018/19	Estimate 2019/20 including slippage from 2018/19	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24
	£000	£000	£000	£000	£000	£000
Services	0	17,952	26,429	29,267	28,997	28,718
Commercial activities	0	12,589	17,728	19,379	19,119	18,852
Total CFR	0	30,541	44,157	48,646	48,116	47,570
Movement in CFR	0	30,541	13,616	4,489	-530	-546

Movement in CFR represented by	Estimated Outturn 2018/19	Estimate 2019/20 including slippage from 2018/19	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24
Net financing need for the year (see 3.3)	0	30,541	13,834	4,978	0	0
Less MRP and other financing movements	0	0	-218	-489	-530	-546
Movement in CFR	0	30,541	13,616	4,489	-530	-546

3.9 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures and the details above demonstrate the scope of this activity and, by approving these figures, elected members consider the scale proportionate to the Authority's remaining activity.

C. Core funds and expected investment balances

3.10 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24
Fund balances / reserves	20,948	17,617	18,101	19,581	21,139
Capital receipts	247	175	175	7,557	9,332
Total core funds	21,195	17,792	18,276	27,138	30,471
Working capital	4,000	4,200	4,200	4,200	4,200
(Under)/over borrowing	-16,154	-15,936	-15,447	-14,917	-14,371
Expected investments	9,041	6,056	7,029	16,421	20,300

*Working capital balances shown are estimated year-end; these may be higher mid-year

D. Minimum revenue provision (MRP) policy statement

3.11 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

3.12 MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

From 1 April 2008 for all unsupported borrowing (including finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations

These options provide for a reduction in the borrowing need over approximately the asset's life.

Repayments included in annual finance leases are applied as MRP.

MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2019 the total VRP overpayments were £0.

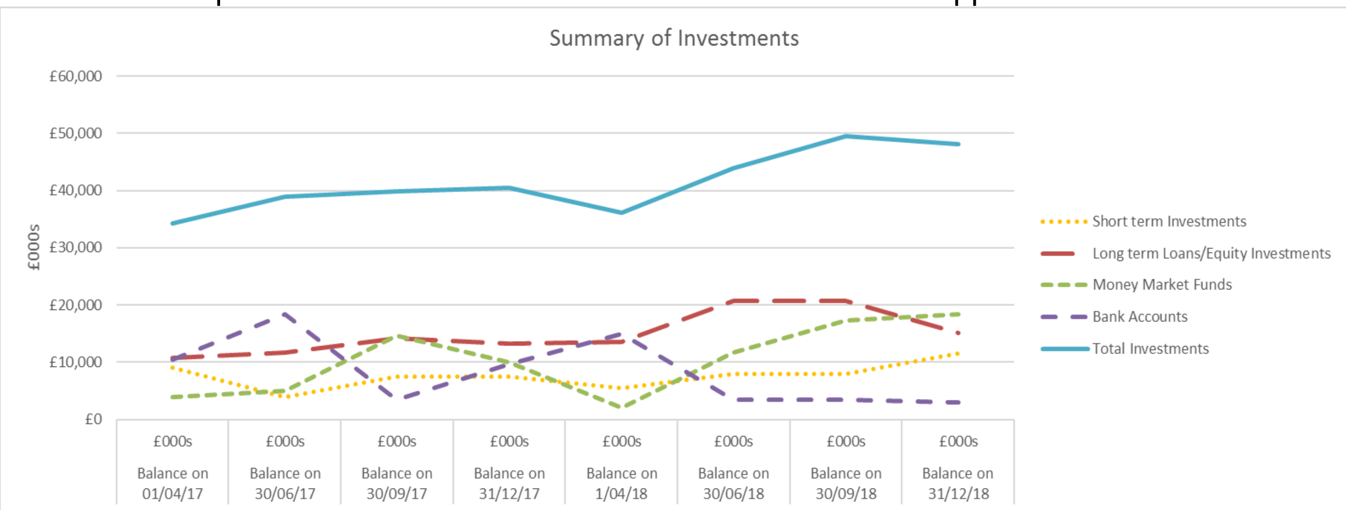
3.13 The Authority has established a number of wholly owned companies ((Big Sky Developments Ltd, Big Sky Property Management Ltd) and has provided loans from the Authority to the companies on a commercial basis. With the exception of the overdraft for Big Sky working capital purposes, the cash advances will be used by the companies to fund capital expenditure and should therefore be treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of loans advanced. Once funds are repaid to the Authority, the returned funds are classed as a capital receipt, off-set against the CFR, which will reduce accordingly. As the Council is expecting to borrow externally in future to fund these investments, MRP will be prudently set aside for repayment of this debt in accordance with the general policy outlined above. It is expected that the funds will be returned in full, allowing the externally borrowing to be completely repaid at this point.

4. BORROWING

4.1 The capital expenditure plans set out in Section 3 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Current portfolio position

4.2 The historic position on the overall treasury management portfolio and the position as at 31 December 2018 are shown below for investments. The detailed portfolio as at 31 December 2018 can be found at Appendix F.



4.3 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting that the Council will be under borrowing by £16 million in 2019/20 as it will using its cash instead of incurring external debt (internal borrowing). The cost of internal borrowing is the interest foregone from cash investments, but this is less than the interest rates the Council would pay on external borrowing. Both internal and external borrowing have to be repaid over time and both therefore require a Minimum Revenue Provision to be made in line with the MRP Policy.

External Debt	Estimated Outturn 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24
	£000	£000	£000	£000	£000	£000
External Debt at 1 April	0	0	14,387	28,221	33,199	33,199
Expected change in External Debt	0	14,387	13,834	4,978	0	0
Other long-term liabilities (OLTL)	0	0	0	0	0	0
Expected change in OLTL	0	0	0	0	0	0
Actual gross external debt at 31 March	0	14,387	28,221	33,199	33,199	33,199
The Capital Financing Requirement	0	-30,541	-44,157	-48,646	-48,116	-47,570
(Under) / over borrowing	0	-16,154	-15,936	-15,447	-14,917	-14,371

4.4 Within the above figures the level of debt relating to commercial activities / non-treasury investment is shown below. The figures are in line with the Council's strategy of seeking where possible to borrow externally only when there are returns from its investments that can compensate for the interest cost.

External Debt for Commercial Activities	Estimated Outturn 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24
	£000	£000	£000	£000	£000	£000
Actual debt at 31 March	0	12,589	17,824	19,702	19,702	19,702
Percentage of total external debt %	0%	85%	62%	59%	59%	59%

4.5 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

4.6 The S151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

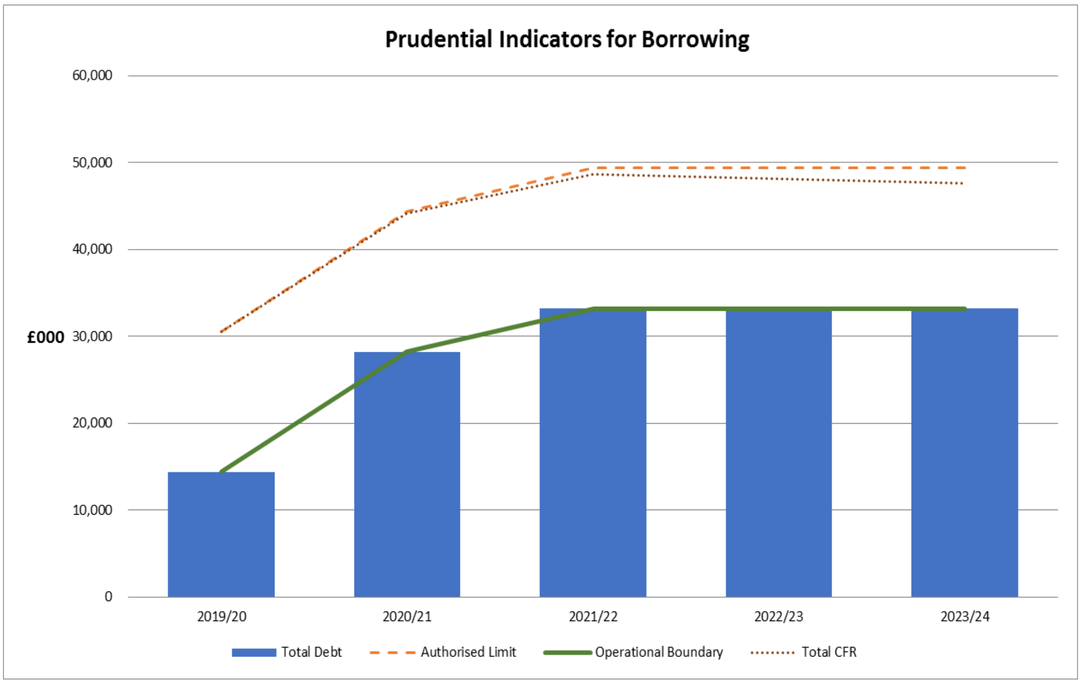
Treasury Indicators: limits to borrowing activity

4.7 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

4.8 **The authorised limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

4.9 The Council is asked to approve all the indicators set out in the table below and summarised in the graph.

Prudential Indicators for Borrowing						
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000	£000
General Fund CFR	0	17,952	26,429	29,267	28,997	28,718
Commercial activity	0	12,589	17,728	19,379	19,119	18,852
Total CFR	0	**30,541**	**44,157**	**48,646**	**48,116**	**47,570**
External Borrowing	0	14,387	28,221	33,199	33,199	33,199
Other long term liabilities	0	0	0	0	0	0
Total Debt	0	**14,387**	**28,221**	**33,199**	**33,199**	**33,199**
Authorised Limit	51,761	30,541	44,375	49,353	49,353	49,353
Operational Boundary	33,235	14,387	28,221	33,199	33,199	33,199



Prospects for the economy and interest rates

4.10 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link's central view along with that of Capital Economics who are an independent forecaster.

PWLB (Includes Certainty Rate)					Forward Rates			
1y	5y	10y	25y	50y	3M/3M FWD	3M/6M FWD	3M/9M FWD	6M/12M FWD
1.49	1.63	2.01	2.61	2.47	0.87	0.93	0.96	1.09
Interest Rate Forecasts								
Bank Rate	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Link	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%
Cap Econ	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%	2.00%
5Y PWLB RATE								
Link	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%
Cap Econ	2.00%	2.20%	2.40%	2.70%	2.70%	2.80%	2.80%	2.90%
10Y PWLB RATE								
Link	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%
Cap Econ	2.40%	2.60%	2.80%	3.10%	3.10%	3.10%	3.10%	3.10%
25Y PWLB RATE								
Link	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%
Cap Econ	3.00%	3.10%	3.30%	3.60%	3.50%	3.50%	3.40%	3.40%
50Y PWLB RATE								
Link	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%
Cap Econ	2.80%	2.90%	3.20%	3.40%	3.40%	3.40%	3.40%	3.40%

4.11 **UK.** After weak economic growth of only 0.1% in January to March 2018, growth picked up to 0.4% in April to June and to 0.6% in July to September. However, uncertainties over Brexit look likely to cause growth to have weakened again towards the end of 2018. After the Monetary Policy Committee (MPC) raised Bank Rate from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until the uncertainties over Brexit clear. In the event of a disorderly exit, the MPC have said that rates could go up or down, though it is probably much more likely to be down so as to support growth. Nevertheless, the MPC does have concerns over the trend in wage inflation which peaked at a new post financial crisis high of 3.3%, (excluding bonuses), in the three months to October 2018. The main issue causing this is a lack of suitably skilled people due to the continuing increase in total employment and unemployment being near to 43 year lows.

Correspondingly, the total level of vacancies has risen to new highs.

4.12 As for CPI inflation itself, this has been on a falling trend, reaching 2.3% in November. However, in the November Bank of England Inflation Report, the latest forecast for inflation over the two year time horizon was raised to being marginally above the MPC's target of 2%, indicating a slight build up in inflationary pressures.

4.13 The rise in wage inflation and fall in CPI inflation is good news for consumers as their spending power is improving in this scenario as the difference between to two figures in now around 1%, i.e. a real terms increase. Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months.

4.14 In the political arena, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, Link's central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in 2019, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

4.15 **USA.** President Trump's massive easing of fiscal policy in 2018 fuelled a (temporary) boost in consumption in 2018 which generated an upturn in the strong rate of growth. The strong growth in employment numbers has fed through to an upturn in wage inflation which hit 3.1% in November. However, CPI inflation overall fell to 2.2% in November and looks to be on a falling trend to drop below the Fed's target of 2% during 2019. The Fed increased rates another 0.25% in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in this cycle. However, they did also reduce their forecast for further increases from three to two. This latest increase compounded investor fears that the Fed is over doing the rate and level of increases in rates and that it is going to cause a US recession as a result. There is also much evidence in previous monetary policy cycles of the Fed's series of increases doing exactly that. Consequently, we have seen stock markets around the world plunging under the weight of fears around the Fed's actions, the trade war between the US and China, an expectation that world growth will slow, Brexit etc.

4.16 **EUROZONE.** Growth fell in July to September but this is likely to be a one off blip caused primarily by a one off fall in car production. The ECB forecast growth in 2018 to be 1.9% falling to 1.7% in 2020. The ECB ended its programme of quantitative easing purchases of debt in December, which now means that the central banks in the US, UK and EU have all now ended the phase of post financial crisis expansion of liquidity supporting world financial markets.

4.17 **CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

4.18 From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

4.19 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

4.20 Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.

4.21 Borrowing interest rates have been volatile so far in 2018-19 and have increased modestly since the summer. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

4.22 There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

Borrowing strategy

4.23 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with external loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

4.24 Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Section 151 Officer Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- If there was a significant risk of a sharp FALL in long and short-term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed unless there is a particular requirement for certainty in interest rates for specific borrowing, e.g. regarding the Enterprise Zone.

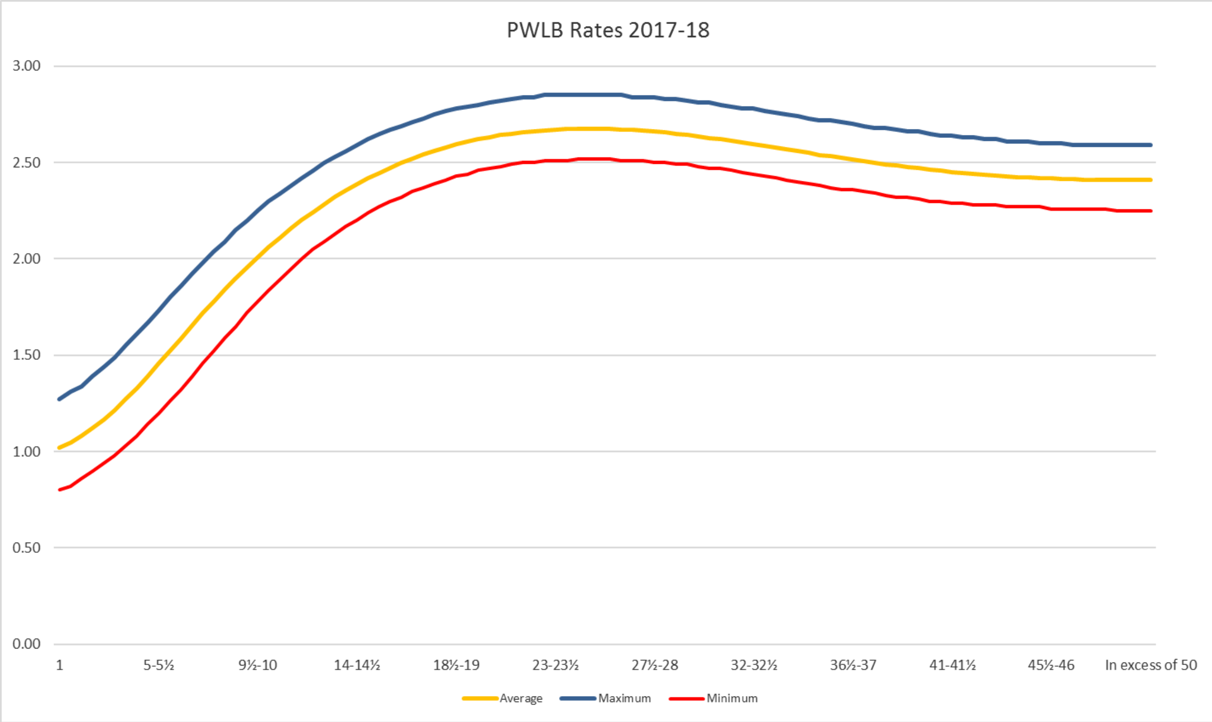
- If there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

4.25 Where these risks develop, then any decisions will be reported to the appropriate decision-making body at the next available opportunity.

4.26 As stated above the Authority is currently debt free but its capital expenditure plans necessitate a borrowing requirement. Initially, the borrowing required can be internal from the Council’s cash balances, the cost of which will be the interest foregone on cash investments with counterparties. In May 2016 Cabinet approved borrowing of up to £12.54 million for the Norwich Research Park Enterprise Zone and, in July 2017, a further £12 million to fund strategic housing and economic development investments. Further external borrowing is recommended to finance the property investment plans of the Authority as set out in the budget report also on this agenda.

4.27 The funding of the capital programme from 2019/20 to 2023/24 requires £6.2m in external borrowing for the EZ, £6m in external borrowing for Cringleford, around £9m in external borrowing for strategic housing and economic development, the repayment of £21.6 million in loans from Big Sky Developments Ltd (which would retain share capital of £3.58 million), and £12.4m in further external borrowing along with internal borrowing from our cash balances of £16.2m which would result in SNC cash balances reducing to around £6 million by the end of 2020/21, rising to £20 million by the end of 2023/24. The minimum prudent level of cash balance is set by the Section 151 Officer at £4 million.

4.28 The interest rate curve shown below for PWLB interest rates this year reflects the historic pattern since the financial crisis where short-term interest rates are lower than long term rates. There are therefore revenue advantages in borrowing a proportion of funds short term and rolling loans forward. To mitigate the risk of future interest rate rises it is not recommended that all borrowing be short term and longer term funding of up to 40 years will also be utilised.



Policy on borrowing in advance of need

4.29 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. All the Council's commercial investments are within the District and intended to deliver economic and housing growth as well as a financial return. Any decision to borrow in advance will be within the approved Capital Financing Requirement and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

4.30 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Municipal Bond Agency

4.31 It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority will review the impact of the first bond issue and then consider participating in future issues as and when appropriate.

5 ANNUAL INVESTMENT STRATEGY

Investment policy – management of risk

5.1 The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This section of the report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy reported elsewhere on this agenda.

5.2 The Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

5.3 The Council's investment priorities will be security first, portfolio liquidity second and then yield (return).

5.4 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

- Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

- Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

- Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

- This authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in Appendix B under the categories of 'specified' and 'non-specified' investments.

- *Specified investments* are those with a high level of credit quality and subject to a maturity limit of one year.

- *Non-specified investments* are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

- *Lending limits*, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 5.12.

- *Transaction limits* are set for each type of investment in appendix C.

- This authority will set a limit for the amount of its investments which are invested for longer than 365 days, (see paragraph 5.22).

- Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 5.10).

- This authority has engaged external consultants, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

- All investments will be denominated in sterling.

5.5 This authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

5.6 As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. The Ministry of Housing, Communities and Local Government has issued a temporary 5-year override to allow English local authorities time to adjust their portfolio of investments and has committed to reviewing whether the override period will be extended beyond 5 years.

Creditworthiness policy

5.7 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

5.8 The Section 151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

5.9 Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

5.10 The criteria for providing a pool of high quality investment counterparties, (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Council will only use banks which:
  - i. are UK banks; and/or
  - ii. are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA, matching the UK's rating.

  and have, as a minimum, the following Fitch, Moody's and Standard & Poor's credit ratings (where rated):

	Fitch	**Moody's**	**Standard & Poors**
Short Term	F1	P1	A-1
Long Term	A-	A3	A-

- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested. The Council's provider of banking services is Barclays Bank PLC. Barclays Bank now meets the minimum ratings for investments for all the main rating agencies, it has passed the latest round of bank stress tests and is considered to be a suitable counterparty for up to 18 months duration. Funds in the day to day Barclays account can be transferred to investment accounts as appropriate to obtain a return on balances. The investment counterparty limit for Barclays excludes balances on non-interest bearing day to day accounts.

- Bank subsidiary and treasury operation -. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building societies. The Council will use all societies which meet the ratings for banks outlined above
- Money Market Funds (MMFs) CNAV – *AAA*
- Money Market Funds (MMFs) LVNAV – AAA
- Money Market Funds (MMFs) VNAV – AAA
- UK Government (including gilts, Treasury Bills and the DMADF)
- Local authorities, parish councils etc subject to due diligence
- Housing associations subject to due diligence
- The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment, on the specific advice of the Authority's treasury management adviser and on the provision of appropriate security, e.g. through a charge on assets.

5.11 *Use of additional information other than credit ratings*. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments.

5.12 The proposed criteria for specified and non-specified investments are shown in Appendix B for approval. The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long term Rating (or equivalent)	**Money Limit**	**Time Limit**
Banks 1 higher quality	***AA-***	**£12.5m**	**2 years**
Banks 1 medium quality	**A**	**£10m**	**18 months**

Banks 1 lower quality	**A-**	**£7.5m**	**1 year**
Banks 2 – part nationalised	**N/A**	**£12.5m**	**2 years**
Limit 3 category – Council's banker (not meeting Banks 1)	**N/A**	**£12.5m**	**6 months**
Other institutions limit	**-**	**£5m**	**1 year**
DMADF	**UK sovereign rating**	**unlimited**	**2 years**
Local authorities	**N/A**	**£5m**	**2 years**
Housing associations higher quality	**AA**	**£10m**	**2 years**
Housing associations medium quality	**A**	**£7.5m**	**1 year**
Housing associations lower quality	**A-**	**£5m**	**1 year**
	Fund rating	**Money and % of Fund Net Asset Value Limit**	**Time Limit**
Money Market Funds CNAV	**AAA**	**£7m / 2.0%**	**liquid**
Money Market Funds LVNAV	**AAA**	**£7m / 2.0%**	**liquid**
Money Market Funds VNAV	**AAA**	**£7m / 2.0%**	**liquid**

UK banks – ring fencing

5.13 The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

5.14 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

5.15 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

Other limits

5.16 Due care will be taken to consider the exposure of the Council’s total investment portfolio to non-specified investments, countries, groups and sectors.

a) **Country limit.** The Council has determined that it will only use approved counterparties from countries with a **minimum sovereign credit rating of AA** from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix C. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

b) **Other limits.** In addition:

- no more than £5 million of total cash will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

Investment strategy

5.17 Cash investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow and to fund the Council’s capital programme, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

5.18 For its cash flow generated balances, the Council will seek to utilise instant access and notice accounts, money market funds and short-dated deposits, (overnight to 364 days), in order to benefit from the compounding of interest.

5.19 If there is a risk that the Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable. Conversely, if the risk is that Bank Rate is likely to fall significantly within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations and budget

5.20 Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by March 2022.

5.21 The budget for cash investments was £104,000 for 2018/19 and the outturn is forecast to be £123,000. Returns are improving due to higher interest rates, but cash is being used to fund the capital programme via internal borrowing. It is therefore proposed that the budget for 2019/20 be set at £104,000.

5.22 *Investment treasury indicator and limit* - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

5.23 The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days					
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Principal sums invested for longer than 365 days	15,000	15,000	15,000	15,000	15,000

Investment risk benchmarking

5.24 In order to ensure security, the Council will use appropriate benchmarks. These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report. The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.1% (1 in 1000) historic risk of default when compared to the whole portfolio.
- This benchmark is an average risk of default measure and would not constitute an expectation of loss against a particular investment.

5.25 Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £0m
- Liquid short-term deposits of at least £4m available with a week's notice.

5.26 Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7-day LIBID rate

6 ISSUES AND RISKS

6.1 **Resource Implications** – The risks in the strategy are discussed in the report but cover risks around security, liquidity and yield on the Council's cash investments. The strategy delivers revenue income for the Council and helps to minimise the costs of borrowing to fund the Council's Capital Strategy.

7 CONCLUSION

7.1 The Council's objective in this financial year is the security of its cash above the liquidity of the investment which is secondary though important to avoid unnecessary borrowing, with the rate of return being the tertiary consideration.

7.2 Following the rate rise in August 2018 to 0.75%, it is forecast that the Bank of England will raise its bank rate in June 2019 at the earliest. The Council needs to use cash to fund its capital programme. It is therefore recommended to keep the majority of investments short and within the agreed counterparties in Appendix C. Money Market Funds and Enhanced Money Market Funds are also to be utilised as well as custody accounts for the ability to invest in Treasury Bills and Certificates of Deposits. Borrowing will be for housing and economic development purposes, with benefits for local residents and businesses. Borrowing will be a mixture of short and longer term borrowing, balancing revenue cost against the need to mitigate interest rate risk.

7.3 The Investment Strategy remains a prudent one that reflects the Council's risk appetite and legal obligations.

8 RECOMMENDATIONS

8.1 Cabinet is recommended to approve the following and recommend these to Council:

a) The Treasury Management Strategy Statement

b) The Prudential Indicators and Limits for the next 3 years contained within Section 4 and Appendix A of the report, including the Authorised Limit Prudential Indicator.

c) The Minimum Revenue Provision (MRP) Statement (section 3D) that sets out the Council's policy on MRP.

d) The Annual Investment Strategy (section 5) contained in the Treasury Management Strategy, including the delegation of certain tasks to the Section 151 Officer

e) The Treasury Management Policy Statement (Appendix E).

APPENDIX A THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2019/20 – 2023/24 AND MRP STATEMENT

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

1.1.1 Capital expenditure

Capital Expenditure	Estimated Outturn 2018/19	Expected slippage from 18/19	Estimate 2019/20 including slippage from 2018/19	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Total Capital Programme (2019/20 to 2023/24)
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Services	6,495	28,056	25,108	15,015	5,022	2,037	2,411	49,594
Commercial activities	8,893	4,072	12,629	7,448	5,672	4,040	3,362	33,151
Total	**15,388**	**32,128**	**37,737**	**22,463**	**10,694**	**6,077**	**5,773**	**82,745**

1.1.2 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs including Minimum Revenue Provision for repayment of borrowing, net of investment income), against the net revenue stream from taxation and central government. The estimates of financing costs include current commitments and the proposals in this budget report. This indicator shows that the net costs of borrowing are sustainable in comparison to the core income of the Council and that commercial activities generate more investment income than they cost in borrowing.

Ratio of Financing Costs to Net Revenue Stream	Estimated Outturn 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24
Services	-0.71%	-0.44%	1.21%	2.01%	2.02%	2.00%
Commercial activity	-3.53%	-3.52%	-1.38%	-0.78%	-1.59%	-0.18%
Total	**-4.24%**	**-3.96%**	**-0.17%**	**1.24%**	**0.43%**	**1.82%**

1.1.3 Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits. The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed and variable interest rate borrowing 2019/20		
	Lower Limit (Cumulative)	**Upper Limit (Cumulative)**
Under 12 months	0%	20%
12 months to 2 years	0%	80%
2 years to 5 years	0%	90%
5 years to 10 years	0%	95%
10 years and above	0%	100%

APPENDIX B TREASURY MANAGEMENT PRACTICE (TMP1) CREDIT AND COUNTERPARTY RISK MANAGEMENT

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and applies its principles to all investment activity. In accordance with the Code, the Section 151 Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. A local authority, housing association, parish council or community council.
3. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 3 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's and / or Fitch rating agencies.
4. A body that is considered of a high credit quality (such as a bank or building society). For category 4 this covers bodies with a minimum Short Term rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies .

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are set out in the report in Section 5.

Non-specified investments –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£)
a.	**Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	£5 million
b.	**The Council's own banker** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	£12.5 million
c.	Any **bank or building society** that has a minimum long term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£10 to £12.5 million depending on the institution
d.	Any **non-rated subsidiary** of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to the same criteria as for the parent company and assurance on the robustness of the group structure.	As per parent company, but total limit not to be exceeded
e.	**Share capital** in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. See note 1 below.	£10 million
f.	**Loan capital** in a body corporate. See note 1 below.	£20 million
g.	**Bond funds.** See note 1 below.	
h.	**Property funds** – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	

NOTE 1. This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

Within categories b and b, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies. These criteria are set out in Section 5 of the main report.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly) On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Section 151 Officer, and if required new counterparties which meet the criteria will be added to the list.

APPENDIX C APPROVED COUNTRIES AND COUNTERPARTIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

Maximum to be invested in any one overseas country £5 million.

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland
- U.S.A.

AA+

- Finland

AA

- Abu Dhabi (UAE)
- France
- U.K.

For Instruments limited to Term Deposits / CDs / Call Accounts

Country/ Domicile	Counterparty	Maximum Counterparty Limit	Maximum Term for New Investments
UK	Bank of Scotland (Lloyds Banking Group)	£10 million	18 months
UK	Lloyds Bank Corporate Markets Plc (Lloyds Banking Group)	£10 million	18 months
UK	Lloyds Bank Plc (Lloyds Banking Group)	£10 million	18 months
UK	Barclays Bank UK Plc	£10 million	18 months
UK	HSBC Bank Plc	£12.5 million	2 years
UK	Coventry Building Society	£10 million	18 months
UK	Leeds Building Society	£7.5 million	1 year

UK	Nationwide Building Society	£10 million	18 months
UK	Skipton Building Society	£7.5 million	1 year
UK	Yorkshire Building Society	£7.5 million	1 year
UK	NatWest (RBS Group)	£10 million	18 months
UK	Royal Bank of Scotland (RBS Group)	£10 million	18 months
UK	Standard Chartered Bank	£10 million	18 months
UK	Goldman Sachs International	£10 million	18 months
UK	Sumitomo Mitsui Banking Corporation Europe	£10 million	18 months
UK	UBS Ltd	£12.5 million	2 years
UK	Close Brothers Limited	£10 million	18 months
UK	Local Authorities	£5 million	2 years
UK	Other Building Societies credit rated in investment grade category	£5 million	12 months
Australia	Australia and New Zealand Bank Group	£5 million	2 years
Australia	Commonwealth Bank of Australia	£5 million	2 years
Australia	Macquarie Bank	£5 million	18 months
Australia	National Australia Bank	£5 million	2 years
Australia	Westpac Banking Corporation	£5 million	2 years
Canada	Bank of Montreal	£5 million	2 years
Canada	Bank of Nova Scotia	£5 million	2 years
Canada	Canadian Imperial Bank of Commerce	£5 million	2 years
Canada	National Bank of Canada	£5 million	18 months
Canada	Royal Bank of Canada	£5 million	2 years
Canada	Toronto-Dominion Bank	£5 million	2 years

Denmark	Danske Bank	£5 million	18 months
Finland	Nordea Bank	£5 million	2 years
France	BNP Paribas	£5 million	18 months
France	Credit Agricole Corporate and Investment Bank	£5 million	18 months
France	Credit Agricole S.A.	£5 million	18 months
France	Credit Industriel et Commercial	£5 million	18 months
France	Societe Generale	£5 million	18 months
Germany	DZ Bank	£5 million	2 years
Germany	Landesbank Hessen-Thueringen Girozentrale	£5 million	18 months
Germany	Landwirtschaftliche Rentenbank	£5 million	2 years
Germany	NRW Bank	£5 million	2 years
Netherlands	ABN AMRO Bank	£5 million	18 months
Netherlands	Bank Nederlandse Bank	£5 million	2 years
Netherlands	ING	£5 million	18 months
Netherlands	Rabobank	£5 million	2 years
Singapore	DBS Bank Ltd	£5 million	2 years
Singapore	Oversea-Chinese Banking Corp	£5 million	2 years
Singapore	United Overseas Bank	£5 million	2 years
Sweden	Skandnaviska Enskilda Banken	£5 million	2 years
Sweden	Svenska Handelsbanken	£5 million	2 years
Sweden	Swedbank	£5 million	2 years
Switzerland	Credit Suisse AG	£5 million	18 months
Switzerland	UBS AG	£5 million	2 years

U.A.E.	First Abu Dhabi Bank PJSC	£5 million	2 years
U.S.A.	Bank of America	£5 million	2 years
U.S.A.	Citibank	£5 million	18 months
U.S.A.	The Bank of New York Mellon	£5 million	2 years
U.S.A.	JP Morgan Chase Bank	£5 million	2 years
U.S.A.	Wells Fargo Bank	£5 million	2 years

- ***Please note this list could change if, for example, a counterparty is regraded, and meets other creditworthiness tools.*

- Group Limits - For institutions within a banking group, the total amount invested cannot exceed the highest individual limit of a single bank within that group, i.e. there is no aggregation of limits.

- Term limits are based on advice from our Treasury Management advisors and the judgement of the Council's Section 151 officer. They are reviewed regularly during the year as market conditions change, and will be revised accordingly during the year.
- The limits above are the maximum that the Council could go to and operationally a more cautious approach will be adopted if deemed necessary.

APPENDIX D TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full council

- approval of annual strategy.
- approval of/amendments to the organisation’s adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;

(ii) Cabinet

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- receiving and reviewing reports on treasury management policies, practices and activities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe of at least 20 years
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
    - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
    - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*

- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*

- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*

- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

APPENDIX E TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION AND BACKGROUND

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code).

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities, including policies where the Council has commercial investments held for financial return.

- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, half yearly reviews and an annual report after its close, in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Cabinet and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

2.1 The Council defines its treasury management activities as:

"The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management."

2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary and tertiary considerations respectively.

2.6 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

2.6 Where the Council has made commercial investments in property, in wholly owned companies or in joint ventures, the performance of these investments will be monitored and reported in line with the overall Treasury Management policy.

MONIES INVESTED AS AT: 31 December 2018 APPENDIX F

Date Invested	Borrower	Amount Invested £000
INVESTMENT BANK ACCOUNTS		
28/03/12	HSBC	2,500
28/05/12	Barclays	500
	Total Bank Accounts	**3,000**
FIXED TERM INVESTMENTS		
Investments Fixed for up to 6 months		
16/10/2018	Lloyds	3,000
15/11/2018	Standard Chartered	1,000
06/09/2018	Standard Chartered	5,000
		9,000
Investments Fixed from 6 Months to 1 Year		
10/12/2018	Goldman Sachs via Links	2,000
		2,000
	Total Fixed Term Investments	**11,000**
MONEY MARKET FUND INVESTMENTS		
	Aberdeen Asset	6,000
	Federated Investors (UK)	6,000
	Invesco	1,505
	CCLA Investment Management	4,914
		18,419
	Total Money Market Fund Investments	**18,419**
CASH	**SUMMARY**	
	Investment Bank Accounts	3,000
	Fixed Term Investments	11,000
	Money Market Funds	18,419
	Total Cash	**32,419**
EQUITY INVESTMENTS		
	Municipal Bonds Agency	25
	Build Insight Ventures	0
	Big Sky Ventures Ltd	1,020
	Big Sky Ventures Ltd	3,580
	Big Sky Ventures Ltd	336
	Big Sky Ventures Ltd	152
	Big Sky Ventures Ltd	80
	Big Sky Ventures Ltd	308
	Big Sky Ventures Ltd	90
	Big Sky Ventures Ltd	164
	Big Sky Ventures Ltd	197
	Big Sky Ventures Ltd	265
	Total Equity Investments	**6,217**
LOANS TO COUNCIL COMPANIES		
	Big Sky Property Management Ltd	545
	Big Sky Developments Ltd	6,000
	Big Sky Developments Ltd	500
	Big Sky Property Management Ltd	228
	Big Sky Property Management Ltd	504
	Big Sky Property Management Ltd	120
	Big Sky Property Management Ltd	462
	Big Sky Property Management Ltd	135
	Big Sky Property Management Ltd	246
	Big Sky Property Management Ltd	297
	Big Sky Property Management Ltd	398
	Total Loans to Companies	**9,435**
	TOTAL FUNDS INVESTED	**48,071**

Split by Counterparty (including forward dated commitments)

Counterparty	Max Limit	Invested
Lloyds TSB		3,000,000
Lloyds Banking Group	10,000,000	3,000,000
Barclays Call AC		500,392
Total Barclays	12,500,000	500,392
HSBC	12,500,000	2,500,000
Standard Chartered Bank	7,500,000	6,000,000
Goldman Sachs International	7,500,000	2,000,000
Aberdeen Asset	6,000,000	6,000,000
Federated	6,000,000	6,000,000
Invesco	6,000,000	1,505,410
CCLA Investment Mgmt	6,000,000	4,913,668
Municipal Bonds Agency		25,000
Build Insight Ventures		2
Big Sky Ventures Ltd		1,020,000
Big Sky Ventures Ltd		3,580,000
Big Sky Property Management Ltd		545,000
Big Sky Developments Ltd		500,000
Big Sky Ventures Ltd		336,000
Big Sky Property Management Ltd		504,000
Big Sky Property Management Ltd		120,000
Big Sky Property Management Ltd		228,000
Big Sky Ventures Ltd		152,000
Big Sky Ventures Ltd		80,000
Big Sky Property Management Ltd		462,000
Big Sky Property Management Ltd		135,000
Big Sky Ventures Ltd		308,000
Big Sky Ventures Ltd		90,000
Big Sky Property Management Ltd		246,000
Big Sky Ventures Ltd		164,000
Big Sky Ventures Ltd		197,000
Big Sky Developments Ltd		6,000,000
Big Sky Property Management Ltd		297,000
Big Sky Property Management Ltd		663,000
	Total Invested	**48,071,472**

South Norfolk COUNCIL

Agenda Item: 11
Cabinet
4 February 2019

WASTE RE-OPTIMISATION

ITEM WITHDRAWN

Report Author(s): Debbie Lorimer,
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Portfolio: Shared Services, Waste & Recycling

Ward(s) Affected: All

Purpose of the Report: To seek agreement from Members to undertake a re-optimisation exercise of the Council's general Waste and Recycling service. This exercise will aim to deliver the most cost-effective waste collection routes and also ensure capacity for the future growth of the District.

Recommendations:

1. That Cabinet agree to Officers undertaking an exercise to re-optimise the General Waste & Recycling Collection Rounds.

2. That Cabinet agree, subject to the approval of a business case, to the purchase of an integrated software and in-cab technology solution to support the delivery of the waste collection service.

ITEM WITHDRAWN

1. SUMMARY

1.1 This report sets out the requirement to undertake an exercise to re-optimise the General Waste and Recycling Collection Rounds. This exercise will identify the most efficient and cost-effective routes, based on a set of parameters, and also provide future capacity for the anticipated growth of the District.

1.2 The growth in the District and changes in residents' waste habits have led to a requirement to undertake this exercise. The service is currently experiencing capacity issues and is therefore having to regularly run additional rounds to ensure all the bins are collected either on the day of collection or several days after.

1.3 This report also explores the proposal to purchase software and in-cab technology to improve the efficiency and productivity of the waste collection service, as well as maintenance of the re-optimised rounds data. In addition, an integrated solution can provide timely information to the organisation and residents.

2. BACKGROUND

2.1 The General Waste and Recycling Collection rounds were last re-optimised in June 2016. At this time the service moved to operating a four-day week collection model which had the benefit of not having to make alternative collection arrangements, with the associated overtime, for Bank Holiday Mondays and also allowed the workshop to undertake pre-planned maintenance on Mondays.

This re-optimisation exercise also took account of the County Council's decision that South Norfolk's waste would be dealt with at a single residual waste transfer station at Costessey from the 1 April 2016 which had logistical implications.

2.2 As a result of that re-optimisation, which took into account the growth in housing numbers at that point in time and those predicted for the next two years, the final optimised service in 2016 was modelled to deliver with 17 rounds; 15 large vehicle rounds and 2 small rounds.

2.3 The licence for the software, Fleetroute, used for the last re-optimisation exercise expires in October 2019. This software is not user friendly and the maintenance of the data within the system has been undertaken in the main, by a member of staff with an IT Developer skillset. Any new dwellings need to be mapped within the system, demolitions removed, and assisted collections identified.

3. CURRENT POSITION / FINDINGS

3.1 Since 2016 the Housing Growth planned for has continued to be delivered, with South Norfolk being recognised nationally as an area with significant housing growth. Since the service was re-optimised in June 2016 a further 3,032 dwellings have been built in the district and this level of growth is anticipated to continue with at least 1000 units forecast to be completed per annum for at least the next 3 – 5 years.

Table 1: Housing Completions

Time period	Number of completions
June 2016 – March 2017	1,162
April 2017 – March 2018	1,118
April 2018 – January 2019	752
Total	**3,032**

3.2 The current general waste rounds are now at capacity and in some areas, demand is outstripping the current rounds capacity. This is leading to concerns over vehicles weights and ensuring the Council is legally compliant and therefore additional rounds are having to be added.

3.3 Unfortunately, it is not always possible to identify in advance where there will be capacity issues as the amount of waste collected varies week from week. As a result, there are occasions where vehicles have reached capacity before completing the rounds. Where this occurs, the Council will try to return the same day to collect the remaining bins however this is not always possible and therefore some residents are experiencing a reduction in service.

3.4 Re-optimising rounds is complex and there are many variables/factors and constraints so it's not simply a case of sub-dividing existing rounds and adding in additional rounds. One of the main variables is weight. Determining the volume and weight of the waste being thrown away by residents is not a precise science as it varies from area to area and is not consistent even week by week. An example of this is residents in Diss on average have heavier/fuller general waste bins and there are many reasons for this including recycling habits and the locality of their nearest Household Recycling Centre which is 13 miles away at Snetterton, an hours round trip, so more rubbish is placed in the bins. The Council also accepts side waste and this adds another variable to the amount of waste collected each week.

The Council, through the Norfolk Waste Partnership is working to address the areas where recycling rates are lower than average through campaigns such as last year's recycling stars, which was run successfully in Diss, and led to an increase in recycling and a decrease in the amount of general waste being thrown away.

3.5 As a large rural district distance is a key factor in delivering the service combined with the location and opening times of the waste disposal facility in Costessey. With a 90 minute round trip from some of the furthest points of the District, such as Diss, to the waste disposal facility, it is not always possible to collect the waste, travel to the waste facility to empty and then return to the same area to complete the round if the vehicles becomes full because of the amount of waste that day. As South Norfolk does not hold a waste transfer licence the vehicles must empty their load at the end of the day at the waste disposal facility in Costessey.

3.6 Because the additional rounds to cover the increased volume of waste are not planned for they are not the most efficient and cost effective. Currently an additional 2 rounds a day are undertaken.

3.7 The current administration of the service is largely paper based. While the vehicles have been fitted with Tom Toms which allow the vehicles to be tracked they do not allow the Crew to record electronically which bins have been presented for collection and where bins contain contaminated waste. There is also no technical solution to send a Crew amendment to rounds for example to pick up part of another round if a Crew is experiencing difficulties in completing that round. As a result information cannot easily be passed between the Crews and the admin/management teams at the Depot. This in turn impacts on the timeliness of providing information for residents.

4. PROPOSED ACTION

4.1 Due to the frequency of the need for additional rounds to be undertaken, the concerns around vehicle weights, the impact on residents and the cost implications, Officers are recommending that a re-optimisation exercise is carried out.

4.2 Based on the highly successful re-optimisation of Garden Waste implemented last November it is recommended that the Council explores working with the same provider to undertake this exercise.

4.3 While a re-optimisation exercise will demonstrate the need for an overall increase in the planned number of rounds it is also anticipated that this will provide a more cost-effective and efficient long-term solution rather than the ad-hoc solution currently in place.

4.4 While it is anticipated that additional rounds can be delivered utilising the existing fleet, at this stage it is too early to determine whether some rounds may have to be undertaken on a Monday to achieve this. There may also be a requirement to look at the size of vehicles as the newer housing developments in some cases require a smaller vehicle to access them. This though would necessitate more vehicles overall as the capacity within a smaller vehicle is much less.

4.5 In undertaking the re-optimisation exercise the following outcomes are sought:

- Capacity for future housing growth. Growth for the next 3 to 5 years will be modelled and Officers will liaise with the Portfolio Holder on the outcome as there is a balance to be struck between building capacity into the rounds and efficiency.
- Improved productivity and equity of work allocated to each collection round.
- Consistent high quality of service to residents with a reduction in missed bins due to capacity issues.
- The most effective use of resources to minimise the cost of fuel and vehicle usage.

4.6 It is proposed that Officers investigate purchasing the route optimisation and round design software, round management and workflow and in-cab technology. As part of the Garden Waste re-optimisation exercise Officers have used the route optimisation and round design software, it is user friendly, provides increased flexibility, and doesn't require the same skillset to maintain compared to the current Fleetroute software. The software also links with in-cab technology. The main benefits from purchasing such a system include:

- The Route re-optimisation software which allows parameters to be flexed so different options can be modelled easily.
- The Round Management and Workflow which provides real time information which can be shared. Rounds can be changed, missed bins logged and assisted collections added easily. The system can then re-optimise the round to account for these changes.
- The Round Management and Workflow which provides data on the impact of changes and can be used to monitor performance as well as assist with channel shift as information can be published on the website.
- The In-cab technology which can reduce errors and paperwork as the Crews log issues in real time such as access problems or bins which have not been presented for collection. This allows customer queries to be dealt with more quickly and for issues to be tracked.

4.7 The Capital Programme elsewhere on this agenda includes the estimated capital cost of this technology. There will be an ongoing revenue cost in maintaining the systems however there is already a requirement to maintain the existing system.

5 OTHER OPTIONS

5.1 The Council could decide not to re-optimise at this point in time and extend the licence of the Fleetroute system. However, this is not recommended for the following reasons:

- The weight and vehicle capacity issues will continue with a risk that vehicles may be overweight.
- Additional rounds will continue to be undertaken on an ad hoc basis which may not be the most efficient or effective way of delivering the service.
- As new housing growth is delivered the severity of the issues will increase.
- The level of service to the residents will continue to fluctuate.
- The current processes and systems will not be improved and there will not be the ability to channel shift customer queries.
- Officers will be required to update two different computer systems – one for garden waste and one for refuse.

5.2 The Council could undertake the re-optimisation exercise but not purchase the integrated technology. However, the re-optimised rounds would quickly become out of date as changes come to light so inefficiencies would creep back into the system. In addition, the other benefits outlined in 4.6 would not be achieved.

6 ISSUES AND RISKS

6.1 **Resource Implications** – The proposals should maximise the effective usage of resources at the Depot. The cost of the technology is included within the capital budget for the coming financial year.

6.2 **Environmental Impact** – re-optimising the General Waste and Recycling rounds should increase the efficiency of the rounds and reduce the environmental impact of the vehicles.

6.3 **Reputational Risk** – The General Waste and Recycling service is delivered throughout the District to every dwelling. There is a reputational risk should the implementation of the re-optimisation exercise not go smoothly, and residents' bins are not collected. To mitigate the risk, it is proposed to use the same supplier who assisted with the recent Garden Waste re-optimisation exercise which was delivered successfully.

7 CONCLUSION

7.1 Due to the current capacity and weight issues being experienced in delivering the General Waste and Recycling service it is recommended that a re-optimisation exercise is carried out to enable the service to be delivered in the most efficient and effective way.

7.2 Building on the experience of the recent Garden Waste re-optimisation exercise it is recommended that the same supplier is utilised to minimise the potential risks.

7.3 To maintain the benefits of the re-optimisation exercise and to continue to improve productivity it is recommended that an integrated technology solution is implemented to remove the paper process and systems. Allowing real time information to be available will assist in resolving resident's queries in a timelier manner and potentially enabling a channel shift to online self-service.

8 RECOMMENDATIONS

8.1 That Cabinet agree to Officers undertaking an exercise to re-optimise the General Waste & Recycling Collection Rounds.

8.2 That Cabinet agree, subject to the approval of a business case, to the purchase of an integrated software and in-cab technology solution to support the delivery of the waste collection service.

ITEM WITHDRAWN

Cabinet SNC 4 February 2019 / BDC 12 February 2019

Agenda Item: 12

SENIOR MANAGEMENT RECRUITMENT AND APPOINTMENT ARRANGEMENTS

Report Author(s): Trevor Holden, Managing Director, 01508 533603 / 01603 430458, MDtoBDCandSNC@s-norfolk.gov.uk

Portfolio Holders: Cllr John Fuller / Cllr Shaun Vincent

Ward(s) Affected: All

Purpose of the Report: This report seeks Cabinet recommendation to Council on the preferred appointment panel options for the recruitment and appointment of the Senior Management roles for Broadland District Council and South Norfolk Council that will facilitate a single paid service. This version is for Cabinet, the version to the February Councils will also include the outcome from the formal staff consultation with the affected senior staff and UNISON.

Recommendations

For Cabinet to:

1. Note the recruitment process and associated timeline for appointment of Chief Officer and Deputy Chief Officer roles to the Senior Management structure.

2. To recommend to Council the proposed panel format as set out in section 4.11 for the Member appointments panel of Chief Officer roles.

3. To recommend to Council a preferred option from the table of options in section 4.12 for the appointments panel of Deputy Chief Officer roles.

4. To recommend to Council that the Managing Director be given delegated authority to appoint on an interim basis in the event that any external appointments are required after all internal senior staff and wider internal staff groups are complete.

1. SUMMARY

1.1 This report sets out the proposed arrangements for selection and appointment to the Senior Management staffing structure for Broadland District Council and South Norfolk Council that will facilitate a single paid service. In January 2019, both Councils agreed the draft senior management structure that would be used for the formal consultation process with affected staff. Both Councils also agreed that formal consultation could commence in parallel with this report to seek agreement of the selection and appointment arrangements.

1.2 The following report describes the proposed process, involvement of Members and anticipated timeline for the whole assessment process. This report has been drafted taking into consideration the feedback that was received from both Council meetings.

2. BACKGROUND

2.1 The Managing Director commenced employment on 2 January 2019 and proposes a senior management structure for Chief Officers and Deputy Chief Officers to support the delivery of both Councils' ambitions. At Broadland these officers are the Deputy Chief Executive and the Heads of Service, and at South Norfolk these officers are the Directors, Assistant Director and the Heads of Service.

2.2 These ambitions were stated within the feasibility report which was approved by Council in July 2018 and are to drive economic and housing growth and improve the services delivered to the residents. The feasibility report also agreed that subsequent to the appointment of the Managing Director, the establishment of a joint senior management team and one joint officer team across the two autonomous Councils was to be progressed.

2.3 The Managing Director has been entrusted to take the Councils forward in delivering a single paid service across two autonomous Councils, hand in hand with this, Members also need to own, and be accountable for, the appointment of the senior management structure who will go on to deliver the Council services and ensure that the aspirations will be achieved.

2.4 The key driver through the whole appointment process is to ensure that individuals have the opportunity to demonstrate their keys strengths and aptitude to meet the Councils' overall objectives. Thus, ensuring that the right people are in the right jobs through an open and transparent process.

3. CURRENT POSITION

3.1 On 7 December 2018 the Joint Lead Members Group discussed the proposed approach to appointing the senior management team and in January 2019 both Councils met separately to agree this. This report has been produced as a result of both Councils agreeing the draft senior structure to start formal consultation process but postponing a decision on approving the preferred composition of appointments panel until further discussion could be held at Joint Lead Members, the new formal Joint Scrutiny, Cabinet and Council.

3.2 Prior to this Cabinet meeting the Joint Lead Members Group will meet to discuss the options available for appointments to be made to Chief Officers and Deputy Chief Officers, with a formal Joint Scrutiny meeting also being held. The Joint Scrutiny meeting will make formal recommendations to respective Cabinets for consideration, these will be tabled at the meeting and a verbal update on the outcomes of this meeting provided.

4. RECRUITMENT PROCESS

4.1 Appendix A outlines the appointment activities and proposed timeline that needs to be adhered to in order to ensure a robust recruitment process. There are key dates within the timeline that need to be achieved so that the requirements outlined in the background of this report are met. The appointment process requires significant time commitment from all parties, ie, recruitment panel members and affected staff. A summary of the key stages is shown below:

COMMENCE FORMAL CONSULTATION PROCESS
Briefing to affected staff and UNISON
Employee Consultation Pack issued to affected staff & UNISON via email
(1-2-1 informal meetings offered with affected staff)

↓

FORMAL CONSULTATION ENDS
Consideration of feedback received, final structure & job descriptions distributed

↓

SELECTION PROCESS COMMENCES
Post consultation matching
Individual position letters

Selection Process Commences
Expressions of interest back
Outcome

↓

Assessment times and dates
Assessments and outcome provided
Director interviews
Assistant Director interviews
Any residual vacancy interviews (open to all affected staff)
Written confirmation of position for all staff

4.2 The following describes the above in more detail.

4.3 There are two levels of post proposed – Chief Officer (Director) and Deputy Chief Officer (Assistant Director). The draft Job Descriptions and proposed salary ranges which will be referred to in the Employee Pack for formal consultation with affected staff and UNISON are currently being finalised.

4.4 Chief Officer roles will be initially ring fenced to current Deputy Chief Executive and Directors. Deputy Chief Officer roles will be ring fenced initially to current Heads of Service.

4.5 The rationale for a ring fence for Chief Officer posts and a ring fence for

Deputy Chief Officer posts is to ensure a fair open and transparent process for candidates and not to create the potential for (say) a Chief Officer to be dislodged by a Deputy Chief Officer. Similarly, the Deputy Chief Officer roles would be ring fenced to existing Heads of Service and not any lower tier groups as this would again create the potential to displace an existing Head of Service.

4.6 Individuals will have the opportunity to initially apply for up to three roles within their ring fenced group. Therefore, the panel will initially interview an individual once for a potential number of roles in their ring fence. The interview will comprise of both the key leadership elements required and any relevant role specific elements to ensure the individual is credible in the role appointed to.

4.7 The overall appointment process will focus on individual’s leadership skills and take account of their previous experience and future potential. The Strengths Based Assessment Centre will be facilitated by an external recruitment provider therefore the process will be in two stages.

i) Strengths Based Assessment Centre
ii) Formal Interview.

4.8 A strengths based and behavioural approach is being taken to guide the recruitment. This means that officers will be assessed against core strengths and behaviours that support the values of the councils and support the move to ‘two councils - one team’. This will support the development of a senior management team that has an effective and engaging leadership approach.

4.9 At the end of the Strengths Based Assessment Centre the external provider will make recommendations to the Interview panel about which individuals should progress to formal interview. It is the Panel decision whether to accept the recommendations.

4.10 Once the two stages for each ring-fenced group are complete, any residual vacancies will be opened up to the overall ring fenced group initially. Should vacancies still exist these will be offered internally for all staff to apply, and then following this exercise externally advertised should the need still be there.

Interview panels

4.11 ***Chief Officer (Director) roles -*** It is proposed that a Member panel is used for Chief Officer interviews with the Managing Director having a formal role and vote only if the panel votes are a tie. A balanced representation on the panels from each Council could otherwise result in a tie of votes. It should be noted that a tie of votes creates a risk of not appointing anyone even those who are suitable, which could lead to a scenario of creating additional costs in having to unnecessarily look externally to appoint. It is also proposed that a representative from the external recruitment provider attend but with no vote, in order to advise on HR procedure and the results from the Strengths Based Assessment. This Member panel would be composed of four Members from each Council with the same political balance as used for the Joint Appointment Panel that recruited the Managing Director, ie, three

Conservatives to one Liberal Democrat. This option enables Members to shape the direction of each Council. In total there would be 10 participants on the panel - eight Members, Managing Director and external recruitment specialist for the envisaged three Director interviews. In order to be fair to all candidates, any substitutes must remain for all interviews.

4.12 ***Deputy Chief Officer (Assistant Director) roles –*** Agreement by both Councils on one option is needed for appointment to these roles. The following is a summary of potential options. For Member panels it is proposed that the Managing Director has a casting vote only in cases of panel deadlock or tied votes and that a representative from the external recruitment provider who are facilitating the Assessment Centre is also present at the interviews in order to advise on HR procedure and the results from the Strengths Based Assessment, but not to have a vote. In order to be fair to all candidates, any panel substitutes must remain for all interviews.

Deputy Chief Officer (Assistant Director) interviews		
Option	**Description**	**Pros & Cons**
Option 1	Same format as Chief Officer roles above i.e., an eight Member Panel plus MD and external recruiter.	Pro: Consistent with Chief Officer roles. Cons: Highly resource intensive (11 interviews over two weeks) because the same panel members must be available for all interviews to be fair to all candidates; High number of panel members creates greater potential for not being available for all interviews, substitutes mid process would introduce an unfair bias to other candidates they have not interviewed; MD is not empowered to choose his management team.
Option 2	A small Member Panel. Two Cabinet Members from each Council, MD and external recruiter.	Pro: Member involvement. Cons: MD not empowered to choose his management team; Availability of Members for interviews.
Option 3	Delegated to the MD plus Member Panel involvement – The eight Members would receive presentations as the first stage of their interview from each candidate and feed their views to the MD.	Pro: Efficient and Member involvement. Cons: Availability of 11 candidates and eight Members on the same day. Availability needs to be confirmed for all 11 presentations by the same eight Members, to avoid the (unfair) use of substitutes
Option 4	Delegated to the MD to recommend for Cabinet endorsement.	Pro: Efficient and enables the MD to be responsible for selecting his management team. Cons: Needs agreement from all Cabinet Members.

4.13 As mentioned above, in order to ensure consistency and fairness to all candidates, panels must have the same representatives interviewing all candidates in their ring fenced group. Therefore, it is required that panel members are available for all steps within the process.

4.14 Any vacant posts remaining at either Director or Assistant Director level would then be opened up for interview to all senior managers in both ring-fenced groups (ie any of the current Deputy Chief Executive, Directors or Heads of Service). Thus, additional interview time would be necessary. It is recognised that interviews will require a significant time commitment from any panel and this might impact the shape of the panel and those that can be on it. The following summarises the likely commitment envisaged for assessment and interviews. Note that these dates are best estimates at time of writing but may change:

- ***W/c 4 March***: Panel review of outputs and recommendations on who should progress to interview. The recommendations will come from the external recruitment specialist running the Assessment Centre for the three Chief Officer and eleven Deputy Chief Officer roles. **(Likely Panel member time commitment: 0.5 day).**

- ***W/c 11 March:*** Three interviews for the Director roles. **(Likely Panel member time commitment: 1 day).**

- ***W/c 25 March and w/c 1 April:*** 11 interviews for the Assistant Director roles. **(Likely time commitment for interviews: up to 3 days).**

- ***W/c 15 April:*** Undertake any residual interviews from either ring fenced group for any vacancies that might remain for either Director or Assistant Director roles. **(Likely time commitment: up to 2 days).**

- Further interviews will be needed if vacant posts still remain after all the ring fenced interviews take place in order that all Councils' staff can apply. If vacancies were to still exist after this, then interviews are envisaged with external candidates.

4.15 Built into the appointments is the process for notifying Cabinet of the appointments so that any reasonable objections can be raised. The appointments to the statutory posts – Monitoring Officer and Section 151 Officer – and to the Chief Officer roles will require ratification at each (Full) Council meeting.

4.16 Regardless of the composition for the interview panel it is important to note that they are delegated to make the appointments and empowered to meet the requirements of ensuring that the right people are in the right jobs and that the individuals' strengths and aptitude will ensure that the Councils objectives are realised.

4.17 In the event that external appointments are required (as outlined above) it would be beneficial for the Managing Director to be given delegated authority to appoint on an interim basis, thus ensuring that progress against the objectives of collaborative working are not hampered. This then allows time for external adverts to be placed and permanent recruitments made, following the preferred appointments route.

5 OTHER OPTIONS

5.1 To continue to work as two separate senior management teams. In doing so the immediate benefits of collaborative working would be lost and therefore it would become difficult to achieve the outcomes that were agreed as part of the feasibility study and the recommendations that were agreed by Members. It would not enable the benefits that are to be realised in terms of maximising efficiencies, developing a joint culture and driving forward the ambition of the Members.

5.2 Defer the introduction of the senior management structure, however delays in the process could be sensitive as it would prolong the period of uncertainty for the staff directly affected and impact the pace of delivery of improving our customer offer through joint working. Both Councils decided at their meetings in January 2019 to postpone the decision on agreeing the appointment process until further discussions had been had. It should also be noted that there has been uncertainty amongst senior management since July 2018 when the Feasibility Report was agreed. We are consulting with them on the structure and so to then not proceed to the appointment process would provide additional uncertainty which could result in good staff looking for alternative employment.

5.3 To take a staged approach to implementing the senior management structure, e.g. using the collaborative service groupings. This would delay the immediate benefits and again cause prolonged uncertainty for existing staff.

6 ISSUES AND RISKS

6.1 **Legal Implications** - Changes to the Constitution are necessary to facilitate the proper implementation of a single management structure. A single management structure is necessary to help both Councils work collaboratively to realise their ambitions.

6.2 **Resource Implications** – Given the presumption of no redundancy the aim is to bring this structure in as cost neutral, however there is potential for savings to be generated as we progress.

Should a redundancy situation arise, each individual Authority's policies and agreements will be respected. There are cost implications to this which each Authority will honour for their individual employees.

6.3 **Equality Implications** – a fair and equitable recruitment process will be applied to all applicants regardless of any protected characteristic, not withstanding, any reasonable adjustment an applicant may require as a result of a protected characteristic.

6.4 **Environmental Impact** – there is no impact on the environment.

6.5 **Crime and Disorder**- there is no impact on crime and disorder.

6.6 **Risks-**

6.6.1 The timeline for implementation provides for a speedy process, recognising that this is a period of uncertainty for those individuals affected. However, speed should not be at the expense of a robust process in which the relevant individuals and their representatives have had the opportunity to contribute.

6.6.2 There is risk due to time commitment needed from individuals on the panel and the need for panel membership consistency in order to ensure fairness to all the candidates.

6.6.3 In the current timeline, after the formal consultation process has finalised the structure and job descriptions, the affected senior staff will be notified on 21 February of which posts they can apply for in their ring fenced group. If these groupings change after this date the letters to staff will be void and the process delayed which would make implementation before the May elections unachievable.

6.6.4 Undertaking formal consultation with the senior staff and then not progressing with the appointment process will disengage those affected and be at risk of losing good people.

6.6.5 Not agreeing a process that is fit for future senior management appointments.

7 CONCLUSION

7.1 The report proposes how Members will be involved in the recruitment of the single senior management structure to facilitate the ambitions of collaborative working, to drive economic and housing growth and improve services to residents.

8 RECOMMENDATION

For Cabinet to:

8.1 Note the recruitment process and associated timeline for appointment of Chief Officer and Deputy Chief Officer roles to the Senior Management structure.

8.2 To recommend to Council the proposed panel format as set out in section 4.11 for the Member appointments panel of Chief Officer roles.

8.3 To recommend to Council a preferred option from the table of options in section 4.12 for the appointments panel of Deputy Chief Officer roles.

8.4 To recommend to Council that the Managing Director be given delegated authority to appoint on an interim basis in the event that any external appointments are required after all internal senior staff and wider internal staff groups are complete.

Appendices –

Appendix A - Proposed activities and timeline for recruitment

Appendix A – Proposed activities and timeline for recruitment

(Draft working timeline updated 23/01/2018)

	Activity (+ = Member-related)	When?
Pre Consultation Period		
+	Broadland Group Meeting	Sat 19 Jan
+	Deadline Joint Lead Members Group and Joint Scrutiny Papers	Wed 23 Jan
	UNISON discussion – T&Cs, JDs and discussion about employee pack	Wed 23 Jan
+	South Norfolk Cabinet Paper Deadline	Fri 25 Jan
Consultation Period		Mon 28 Jan – Fri 15 Feb
	Start of consultation period: - MD meeting with staff, HR leads and UNISON - Employee Consultation Packs to be emailed to staff cohort and UNISON	Mon 28 Jan (pm)
	1:1s with all staff affected	Mon 28 Jan – Fri 15 Feb
+	Joint Lead Member Group and Joint Scrutiny	Mon 28Jan (JLMG) and Thu 31Jan (JScrutiny)
+	Broadland Cabinet Paper Deadline	Thurs 31 Jan
+	South Norfolk Cabinet	Mon 4 Feb
	Strengths based recruitment workshop	W/c 11 Feb
+	Broadland Cabinet	Tue 12 Feb
	Post Consultation Period	
	Pull together changes following consultation period and discuss and agree with TH	Mon 18 Feb
+	Liaison with Leaders following any changes to structure during consultation period	Ongoing – 18 Feb
	Briefing with UNISON and Staff Reps	Tue 19 Feb
	Email of outcome of consultation to staff cohort and UNISON – final structure and JDs	Morning Wed 20 Feb
+	Deadline Papers – Broadland & South Norfolk Special Councils	Wed 20 Feb
	Individual position letters to go out to all affected staff stating finalised structure JDs following formal consultation and the roles available to them in their ring fenced group	Thu 21 Feb
+	Broadland & South Norfolk Special Councils Report will include outcomes of consultation process	Thu 28 Feb TBA
	Risk – if appointment panel not agreed will delay timeline of appointment process	
	Appointment Process	
+	Confirm Member invites to panel	Fri 1 Mar
	Expressions of interest returned to HR	Mon 4 Mar 12.00pm
+	Assessment Centre (all candidates); Feedback & take results with recommendations to Member Panel/s	Wed 6 Mar – Mon 11 Mar
	1:1 discussions with any displaced staff	w/c 11 Mar
+	Director Interviews (5 day Cabinet objection period) & feedback	Wed 13 Mar – Fri 15 Mar
	MD unavailable	w/c 18 Mar
+ -	Assistant Director Interviews (5 day Cabinet objection) & feedback	Mon 25 Mar – Fri 5 Apr
	Make residual vacancies available to all affected staff	Mon 8 Apr – Wed 10 Apr
+	Final internal interviews (5 day Cabinet objection period)	w/c 15 Apr
	1:1 discussions with any displaced staff	w/c 22 Apr
	NB February half term 18Feb and Easter Holidays 8Apr-22Apr. Note Purdah from mid-March	

Activity (+ = Member-related)		When?
+	Ratify Chief Officer and Statutory roles	w/c 22 Apr or AGMs 22 May SNC and 23 May BDC
	Development plans for successful staff and Leadership event for new senior management team	Early-May

Agenda Item: 13
Cabinet
4 February 2019

COUNCIL TAX (EMPTY DWELLINGS) – CHANGES TO PREMIUM RATES

Report Author(s): Simon Bessey, Finance Manager, 01508 533652, sbessey@s-norfolk.gov.uk

Portfolio: Growth and Resources

Ward(s) Affected: All

Purpose of the Report: To seek approval to implement the provisions contained within legislation to increase the premiums added to Council Tax to properties that have been empty for more than 2 years.

Recommendations:

Recommend to Council to adopt the approach to allow the provisions contained within the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to increase the premiums levied against long term empty dwellings.

1. SUMMARY

1.1 The Local Government Finance Act 1992 (S11B) provides Billing Authorities with the power to apply premiums to the Council Tax charge levied on long-term empty dwellings (long-term being defined as those that have been continuously empty for a period of at least 2 years).

1.2 The legislation has been amended to allow this premium to be increased.

1.3 This paper sets out our proposal, in line with a request from Norfolk County Council to adopt these changes in full.

2. BACKGROUND

2.1 From 1 April 2013, billing authorities may charge a premium on a class of property that has been unoccupied and unfurnished for two years or more. The premium can be up to 50% of the council tax on the property.

2.2 The premium will not apply to any empty dwelling that qualifies for an exemption, for example while waiting for probate to be granted or where the owner is now in a care home.

2.3 The intention is not to penalise owners of property that is genuinely on the housing market for sale or rent and South Norfolk Council has applied this premium since 1 April 2013.

3. CURRENT POSITION / FINDINGS

3.1 The long-term empty dwelling premium of 50% is applied to 67 properties across the South Norfolk District.

3.2 The premium applied raised an additional £54k in Council Tax this year which is apportioned and distributed to all the other precepting authorities.

3.3 The application of this premium is controlled within the billing parameters and we do not experience any unusually adverse collection issues within this group.

4. PROPOSED ACTION

4.1 Norfolk County Council have encouraged all its billing authorities to adopt the changes and fully implement the provisions of the Act in from 1 April 2019.

4.2 The changes in the Act will be phased in over a 3-year period and provide for the following amendments to be made:

1 April 2019 – 100% premium for dwellings empty 2 years or more

1 April 2020 – 200% premium for dwellings empty 5 years or more

1 April 2021 – 300% premium for dwellings empty 10 years or more

4.3 South Norfolk Council has 67 dwellings that attract the premium. Based on current data 46 have been empty for 2 years, 14 for 5 years and 7 for more than 10 years.

4.4 The changes to the premium will create additional Council Tax for all the precepting and billing authorities. Based on the current data and using the current premium of 50% as a basis for the calculation, additional income would be distributed as follows:

	2019/2020	2020/2021	2021/2022
Norfolk County Council	£41k	£65k	£71k
Police	£7k	£11k	£12k
South Norfolk Council	£4k	£7k	£8k
Parishes	£2k	£3k	£4k

5 OTHER OPTIONS

5.1 As this proposal is a new initiative instigated and approved by Norfolk County Council the recommendation is to adopt it in full, however members may wish to consider the following options.

5.2 The legislation allows for a maximum the premium to be increased to a maximum of 100%, 200% and 300%. Members may wish to vary the percentage increases that are applied at each stage. For information members must be made aware that all other Norfolk billing authorities have/propose to adopt the new premiums in full.

5.3 Another alternative would be to not adopt the scheme at all. Members would need to consider the financial and reputational impact that this may have on the Council.

6 ISSUES AND RISKS

6.1 **Costs** – there are no additional costs as the premium is awarded automatically by the billing system. Consideration may need to be given to potential non-payment, but these figures cannot be quantified and in mitigation those effected represent a very small population. The known cost would be the foregone income due to all parties by not adopting the increases to the long-term empty premium (see 4.4 above)

6.2 **Resource Implications** – this proposal will have minimal impact and can be delivered without extra resourcing cost.

6.3 **Legal Implications** – the premium will be awarded as directed by the provisions within the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 which amends S11B of the Local Government Finance Act 1992 (as amended).

6.4 **Equality Implications** – this initiative does not discriminate any group.

6.5 **Other Risks** – potential increased contact from this small group however this can be managed and mitigated by consulting with them during the first implementation period 2019/20 and working closely with those smaller number impacted by the larger increases due to come through in 2020 & 2021.

7 CONCLUSION

7.1 The Council Tax system is one way of encouraging of long-term empty dwellings to bring them back into use. The existing premium (which increases Council Tax by 50% on those that have been empty for 2 years) is levied against a relatively small number of properties.

7.2 The Local Government Association has argued successfully that the ability to charge more for empty homes would enable to councils to incentivise owners of long-term empty dwellings to bring them back into use.

8 RECOMMENDATIONS

8.1 Cabinet to recommend to Council to adopt the approach to allow the provisions contained within the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to increase the premiums levied against long term empty dwellings.

Agenda Item: 14
Cabinet
4 February 2019

COUNCIL TAX LOCAL DISCOUNT FOR CARE LEAVERS

Report Author(s): Simon Bessey, Finance Manager, 01508 533652, sbessey@s-norfolk.gov.uk

Portfolio: Growth and Resources

Ward(s) Affected: All

Purpose of the Report: To seek approval to align ourselves with the County Council by providing financial support to care leavers by awarding a local discount to their Council Tax liability.

Recommendations:

Cabinet is recommended to request that Council agree to adopt the policy to allow full local Council Tax discount to care leavers with effect from 1st April 2019.

1. SUMMARY

1.1 Billing Authorities have the power to allow local Council Tax discount under S13A of the Local Government Finance Act 1992 (as amended) for individual cases or a class of cases.

1.2 This paper sets out a proposal to remove all Council Tax charges for care leavers up to the age of 25 who are solely responsible for payment of the bill or who occupy with other adult care leavers aged up to 25.

2. BACKGROUND

2.1 Billing authorities are being encouraged to offer a reduction in Council Tax for care leavers as part of efforts to help them avoid getting into debt and give them more time to learn how to manage their finances.

2.2 Care leavers often start living independently much earlier than their peers taking on more financial responsibility and may be on low incomes and without the same family support network.

2.3 Children and young people who are looked after are amongst the most vulnerable groups in our community. A good corporate parent should have the same aspirations for a child in care or a care leaver as a good parent would have for their own child.

2.4 As a corporate parent, Norfolk County Council has a responsibility to support care leavers whilst they are developing the skills and confidence to live independent lives and learn vital life skills. South Norfolk Council has a duty to co-operate and a legal obligation to assist in re-housing or securing support.

2.5 By removing the need to pay Council Tax for the first few years of independent living, the Council would potentially be providing practical help and financial assistance of great value to care leavers at a very vulnerable stage in their transition from care.

3. CURRENT POSITION / FINDINGS

3.1 There are currently 22 care leavers (based on the latest information provided by Norfolk County Council) living in the South Norfolk district.

3.2 From this group, four of these care leavers are responsible for paying Council Tax.

3.3 Although there is no dedicated discount scheme in place, South Norfolk Council's Local Council Tax Reduction Scheme (LCTRS – Council Tax Support) does provide support where the qualifying criteria is met.

3.4 Of those individuals referred to in 3.2 above, three already receive support through the LCTRS, the fourth does not qualify as is living with a partner.

4. PROPOSED ACTION

4.1 The reduction will apply to individuals for whom Norfolk County Council held corporate parenting responsibility at the point when the young person left care (a care leaver).

4.2 The impact of the reduction will be to remove 100% of residual Council Tax liability after taking account of all available statutory discounts / exemptions to which the resident may be entitled.

4.3 The reduction will apply only to those care leavers in single residence who have sole liability or are sharing with one or more other eligible care leavers under the age of 25.

4.4 Eligibility to the reduction will cease on the care leaver's 25th birthday.

4.5 The reduction will be awarded against any future council tax liability from the date of implementation.

4.6 The reduction will not be means tested or responsive to the individual circumstances of the care leaver so long as they are aged between the ages of 18 to 24.

4.7 Norfolk County Council and The Norfolk Police & Crime Commissioner have confirmed that they will bear the cost of their element of the reduction for those individuals where Norfolk County Council has corporate parenting responsibility.

4.8 A process will be determined between South Norfolk Council and Norfolk County Council to ensure that each care leaver meets the qualifying criteria.

4.9 The total cost of the reduction for those individual's that apply for the reduction where Norfolk County Council does not have corporate parenting responsibility will be borne by South Norfolk Council (see 6.1 below for more detail).

5 OTHER OPTIONS

5.1 As this proposal is a new initiative instigated and approved by Norfolk County Council the recommendation is to adopt it in full, however members may wish to consider the following options.

5.2 Vary the age at which this reduction would cease. The is no obligation to apply the age ceiling proposed by Norfolk County Council. Whilst other Norfolk authorities are set to align with the County Council's proposal to award to the age of 25, Broadland District Council have set an age limit of 22.

5.3 Another alternative would be to not adopt the scheme at all. Members would need to consider the reputational impact that this may have on the Council.

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6 ISSUES AND RISKS

6.1 **Costs** – the total cost of allowing a reduction under S13A falls on the billing authority however Norfolk County Council and the Norfolk Police & Crime Commissioner have confirmed that they will fund their share of any reductions (for those leaving the care of Norfolk County Council). Based on the details of the cases provided to us by Norfolk County Council, the gross Council Tax charges for 18/19 financial year are £5,083.58. This would equate to a cost of £432.10 to South Norfolk Council.

6.2 **Resource Implications** – this proposal will have minimal impact and can be delivered without extra resourcing cost.

6.3 **Legal Implications** – the reduction would be delivered within existing Council Tax legislation, S13A Local Government Finance Act 1992 (as amended).

6.4 **Equality Implications** – this initiative does not eliminate unlawful age discrimination instead it seeks to provide a positive impact on those care leavers that may be vulnerable during the transition period from care to independence based on their age.

6.5 **Other Risks** – there is a risk to the financial stress or stability of care leavers by not providing this assistance with their Council Tax liabilities.

7 CONCLUSION

7.1 Care leavers represent a very small but potentially extremely vulnerable group of South Norfolk residents. This is particularly the case in the period of transition between leaving the parental care of the local authority between the ages 18 to 24.

7.2 S13A of the regulations offers the Council wide discretion to agree a policy to deliver local discount to reduce ongoing Council Tax liabilities.

8 RECOMMENDATIONS

8.1 Cabinet recommend that Council agree to adopt the policy to allow full local Council Tax discount to care leavers as defined in the report with effect from 1st April 2019.

Background Papers

Appendix 1

Council Tax Care Leavers Local Discount Policy (allowed under S13A Local Government Finance Act 1992 (as amended))

1 Background

1.1 Billing Authorities have the power to allow a local Council Tax reduction under S13A of the Local Government Finance Act 1992 (as amended), for individual cases or a class of cases.

1.2 Care leavers often start living independently much earlier than their peers taking on more financial responsibilities, when they might be on a low income and without the same family support network

1.3 As a corporate parent, Norfolk County Council and, in addition, South Norfolk District Council has a responsibility to support care leavers whilst they are developing the skills and confidence to live independent lives and learn vital life skills.

1.4 By granting a full reduction in Council Tax for care leavers living as single adults or living with other care leavers up to 25 years of age, the Council will be providing financial assistance for a group of people who need help at a very important time in their lives.

2 Operation of the discount

2.1 This discount is available to care leavers who are liable to Council Tax as the only adult in the dwelling or who live only with other qualifying care leavers.

2.2 A full discount will be allowed to qualifying care leavers reducing the Council Tax charge to nil for the qualifying period.

2.3 The discount will be awarded only after entitlement to other discounts have been applied.

2.4 The qualifying period will last until the care leaver(s) reach their 25th birthday.

2.5 A care leaver is defined as a person aged 25 or under, who has been looked after by a local authority for at least 13 weeks since the age of 14; and who was looked after by the local authority at school-leaving age or after that date.

2.6 The Act defines the categories of children entitled to leaving care support as:

- Eligible children are those young people aged 16-17 who are still in care and have been 'looked after' for a total of 13 weeks from the age of 14 and including their 16th birthday;

- Relevant children are those young people aged 16 and 17 who have already left care, and who were 'looked after' for at least 13 weeks from the age of 14 and have been 'looked after' at some time while they were 16 or 17;

- Former relevant children are those young people aged 18, 19 or 20 who have been eligible and/or relevant.

2.7 A written application will be required, except for cases where the authority has been able to establish all the conditions of entitlement to the discount from existing evidence held by the authority or provided to it.

2.8 Applications may be made by email to counciltax@s-norfolk.gov.uk, through our website www.south-norfolk.gov.uk or by post to Council Tax Team, South Norfolk Council, South Norfolk House, Cygnet Court, Long Stratton NR15 2XE.

2.9 Once an award has been made an adjustment notice or bill will be sent confirming the reduction.

2.10 The care leaver must advise the Council within 21 days of any change in circumstances which may give rise to a change in entitlement such as a new adult moving in or the care leaver vacating the dwelling.

3 Review of decision and appeal process

3.1 S16 of the Local Government Finance Act 1992 provides that a person may appeal against any decision by a Billing Authority that he or she is liable to pay Council Tax or a calculation as to the amount to pay.

3.2 Any care leaver aggrieved by a decision of the Council not to award a care leavers discount may in the first instance request a review of the decision. A review should be instigated by writing to the Finance Manager at the Council's address shown above.

3.3 A request for a review should detail the reasons in full.

3.4 If a review is requested, the decision on entitlement will be reviewed by a different officer from the one involved in the initial determination.

3.5 A final decision following a review will be sent in writing to the care leaver.

3.6 Following a request for a review, If the care leaver is still aggrieved an appeal may be made to the Valuation Tribunal within 2 months of the Council's response at 3.6. Or, if the Council has not responded, within 4 months of the date of the request for a review the care leaver may appeal to the Valuation Tribunal.

3.7 The Valuation Tribunal's contact details:

Hepworth House
2 Trafford Court
Doncaster
Yorks
DN1 1PN

Email : vtdoncaster@vts.gsi.gov.uk
Tel : 0300 123 2035

Agenda Item: 15
Cabinet

4 February 2019

DISCRETIONARY RATE RELIEF GUIDELINES

Report Author(s): Paul Chapman, Policy Officer, 01508 533892, pchapman@s-norfolk.gov.uk

Portfolio: Growth and Resources

Ward(s) Affected: All

Purpose of the Report: To request that Cabinet approve the updated guidelines document for discretionary rate reliefs to allow for the award of Retail Discount, and more structured approach to relief for Community Interest Companies.

Recommendations:

1. Cabinet to agree to adopt updated Discretionary Rate Relief Guidelines document at appendix A.
2. Cabinet to agree revised approach to considering applications for relief from Community Interest Companies to achieve consistency of approach with Broadland.
3. Cabinet to agree to delegate decisions where specified in the Guidelines document to the Director with responsibility for Finance, in consultation with the relevant portfolio holder.

1. SUMMARY

1.1 The purpose of this document is to get Cabinet approval to an updated version of the Council's Discretionary Rate Relief Guidelines to incorporate the provisions under which South Norfolk Council will use its discretionary Rate Relief powers to award the Retail Discount announced by the Government in the Autumn Budget 2018.

2. BACKGROUND

2.1 Billing authorities such as South Norfolk can award discretionary rate relief under powers contained in Section 47 of the Local Government Finance Act 1988.

2.2 The Council has a guideline document outlining our general approach to the award of discretionary reliefs, which sets the parameters within which officers assess cases. These are guidelines only as we are required to be able to consider any case on its own merits.

2.3 The full guideline document was last updated and approved by Cabinet on 17 July 2017.

2.4 The Government has over recent years increasingly come up with new ways of supporting businesses, and to do so has asked Councils to implement that support using its discretionary rate relief powers, with revenue foregone being fully reimbursed. This has most recently happened in the form of a Retail Discount for 2019/20 and 2020/21 being announced in the Autumn Budget of 2018 and we now need to implement that support for local businesses.

3. CURRENT POSITION / FINDINGS

3.1 The scope of discretionary rate reliefs has grown considerably over many years from initially being focussed on rate relief for charities, local sports clubs and non-profit making organisations to support for key facilities in smaller settlements (post offices, general stores, specialist food shops and public houses) and now to a wide power to provide support to any type of business – a power which is utilised by Government to deliver locally on national initiatives for support.

3.2 Since Cabinet last approved our guideline document the Government announced in the Autumn Budget of 2018 a Business Rate Retail Discount that they intend to provide nationally. The Government requests that to avoid changing legislation, local authorities utilise discretionary rate reliefs in order to deliver on the Government's commitment to provide this discount.

3.3 This additional Retail Discount is fully funded by Government, and South Norfolk is fully reimbursed for the loss of retained income.

3.4 In early December 2018 Government issued detailed guidance on how they wish the Retail Discount to operate, and that detail is now incorporated into an updated guideline document at Appendix A.

3.5 The Retail Discount will take the form of a one-third discount to be applied to the rates bill to the net balance after the award of all other forms of relief/discount. The discount scheme is intended to operate for the two financial years 2019/20 and 2020/21 only.

3.6 For the purposes of this discount retail can best be summarised as shops, restaurants, cafes and drinking establishments (the current Pub relief of £1,000 per year ends 31 March 2019). It does also include some other properties being used for the sale of goods, or provision of specified services to visiting members of the public.

3.7 The Government expects local government to apply and grant relief to qualifying ratepayers from the start of the 2019/20 billing cycle. This means that we will start awarding the relief during February 2019.

3.8 It will deliver about £700k of rate relief to reduce rates of about 300 shops, pubs, restaurants etc in South Norfolk though it is difficult to quantify value of relief as not sure where national chains will apply for relief within their State Aid allocation. The relief will be fully funded by Government.

3.9 There is a need for a more structured and consistent approach to consideration of award of relief to Community Interest Companies. The updated guideline document in Appendix A has been updated to include the same provisions for Community Interest Companies as operated by Broadland District Council.

4. PROPOSED ACTION

4.1 It is recommended that South Norfolk Council adopt the updated guidelines to enable officers to award the new Retail Discount and bring the benefits of that to local businesses in 2019/20 ad 2020/21.

4.2 Agree the revised approach to considering applications for relief from Community Interest Companies. Under these changes no existing recipients will be worse off, and it will give a more structured and consistent approach to this sector across Broadland and South Norfolk.

4.3 Agree revised delegations to the Director with responsibility for Finance.

5 OTHER OPTIONS

5.1 Retain existing unstructured approach to award of relief for Community Interest Companies, which does not cap relief and gives full discretion for each case to be considered on its own merits.

5.2 Not provide the Government funded Retail Discount to local businesses and suffer reputational damage as a result, also failing to lever that funding into the local economy.

6 ISSUES AND RISKS

6.1 There is no risk of adverse financial implications for South Norfolk as Retail Discount is fully funded by government, and we have very few cases of Community Interest Companies at present (but this is expected to be a growing area).

6.2 **Resource Implications** – There will be additional staff time involved in the awarding of Retail Discount. Government will pay a set amount of new burdens funding to each billing authority towards the cost of software changes

6.3 **Legal Implications** – note the areas where delegations exist to nominated posts.

6.4 **Equality Implications** – None

6.5 **Environmental Impact** - None

6.6 **Crime and Disorder**- None

6.7 **Risks** – None

7 CONCLUSION

7.1 South Norfolk to put in place the necessary arrangements to enable implementation of the Retail Discount that will benefit shops, restaurants, cafes and drinking establishments across South Norfolk. This will be fully funded by Government.

7.2 Take the immediate opportunity to align a further element of our approach with that of Broadland District Council by implementing the structured approach to applications from Community Interest Companies.

8 RECOMMENDATIONS

8.1 That Cabinet agree the updated Guidelines document to enable officers to award the new Retail Discount and bring the benefits of that to local businesses in 2019/20 ad 2020/21.

8.2 Cabinet to agree the revised approach to considering applications for discretionary rate relief from Community Interest Companies as set out in the Guidelines document.

8.3 Cabinet to agree to delegate decisions where specified in the Guidelines document to the Director with responsibility for Finance, in consultation with the relevant portfolio holder.

Background Papers

Guidance from Government on Retail Discount

https://www.gov.uk/government/publications/business-rates-retail-discount-guidance

Appendix A

Non-Domestic Rates - Mandatory and Discretionary Rate Relief Guidelines

The Local Government Finance Act 1988 requires local authorities to grant "Mandatory rate relief" to the following categories of Non-Domestic ratepayer:

- Registered charities
- Village Post Offices, general stores, specialist food shops, public houses and petrol filling station – where they are in a designated rural settlement
- Registered Community Amateur Sports Clubs (CASCs)

The Local Government Finance Act 1988 also gives local authorities the power to grant "Discretionary rate relief" as follows:

- To make a further award on top of mandatory relief granted to registered charities
- To village Post Offices, general stores, specialist food shops, public houses and petrol filling station – where they are in a designated rural settlement
- To make a further award on top of mandatory relief granted to registered Community Amateur Sports Clubs (CASCs)
- In respect of sports grounds and clubs
- To other non-profit making organisations

The Local Government Finance Act 1988 also gives local authorities the power to reduce or remit the amount of rates liable to be paid on the grounds of hardship.

The Localism Act 2011 (clause 69) introduced a further general power for local authorities to reduce the business rates of any local ratepayer (not just those who could previously be granted discretionary relief), where the authority is satisfied that it is in the interests of its Council Tax payers.

Guidelines Aim

These guidelines set out the Council's intentions for dealing with discretionary rate relief applications from Charities, Community Amateur Sports Clubs (CASC's), Non-Profit Making Organisations, and other businesses which are situated within the South Norfolk Council area.

Through these guidelines, the Council is providing a mechanism to reduce or, remove the business rates liability for such charities, non-profit making organisations, certain rural businesses providing valuable facilities and services to communities within the South Norfolk area, and other businesses.

These guidelines aim to provide clarity around the process of administration of applications for Discretionary Rate Relief, consistency in the application of the guidelines and to ensure maximum take-up from potential qualifying organisations, which will in turn contribute to achieving the Council's ambitions for the district.

MANDATORY RELIEFS

Mandatory Relief for registered charities.

Mandatory relief applies to registered charities or trustees for a charity where the rated premises are used wholly and mainly for charitable purposes. In the case of charity shops they must sell goods that have been donated to the charity (this condition is also necessary for discretionary relief.)

The relief allowed is 80%.

Mandatory Relief for village post offices, general stores, specialist food shops, public houses and petrol filling stations.

The rural business must be in a rural settlement area that has a population of 3,000 or less.

a) Sole post offices and general stores with a rateable value of £8,500 or less are entitled to 50% relief.

b) Any village shop that sells food for human consumption but excludes restaurants, tearooms, fast or hot food shops and confectionary shops with a rateable value of £8,500 or less are entitled to 50% relief.

c) Where there is only one public house in a rural settlement, which has a rateable value not exceeding £12,500, there is an entitlement to 50% relief.

d) Sole petrol filling stations with a rateable value of £12,500 or less are entitled to 50% relief.

Mandatory Relief for registered Community Amateur Sports Clubs (CASCs)

Sports clubs that have registered with the Inland Revenue as Community Amateur Sports Clubs are entitled to 80% relief.

DISCRETIONARY RELIEFS

All Discretionary Relief applications must be accompanied by a Small Business Rate Relief application where applicable.

Throughout this policy document it shall apply that discretionary relief will be awarded only up to a maximum sum of:

- £4,000 per registered charity or Community Amateur Sporting Club (CASC) in any financial year
- £12,000 per non-profit making organisation or rural business in any financial year (not charities or CASCs)

Applications for relief to be backdated in to the previous financial year may only be accepted if the decision can be made by 1st October of the financial year in which the application is received.

All qualifying businesses and organisations are required to notify The Council of any change in circumstances that may affect their entitlement to Discretionary Rate Relief.

Discretionary top-up relief for registered charities.

Registered charities may apply for additional 'top-up' discretionary relief where 80% mandatory relief has been granted.

Applicants will need to demonstrate that the use of the premises is in furtherance of the objects of the charity, and that the property is wholly or mainly occupied by the charity.

Each application will be looked at on its own merits and it will be at the discretion of the Council whether or not to make an award of discretionary relief.

Discretionary charitable relief will not usually be granted:

1) to charity shops, or
2) in respect of periods where any property is unoccupied (other than in the Enterprise Zone).
3) In respect of properties in an Enterprise Zone while other Discretionary Enterprise Zone Rate relief is available.

Discretionary Relief for village post offices, general stores, specialist food shops, public houses and petrol filling stations.

The rural business must be in a designated rural settlement area that has a population of 3,000 or less.

a) Sole post offices and general stores with a rateable value of £8,500 or less qualifying for 50% mandatory relief are eligible for 50% discretionary relief.

b) Where there is a second post office or general store or the only post office or store has a rateable value above £8,500 but not exceeding £16,500 they are eligible for 50% discretionary relief. Where there are more than two in a rural settlement no relief is granted.

c) A village shop that sells food for human consumption (excluding restaurants, tearooms, fast or hot food or confectionary shops) with a rateable value above £8,500 but not exceeding £16,500 will be entitled to 50% relief.

d) The only public house in a rural settlement, which has a rateable value above £12,500 but not exceeding £16,500 will be awarded 50% discretionary relief.

e) Sole petrol filling stations with a rateable value of £12,500 or less qualifying for 50% mandatory relief are eligible for 50% discretionary relief.

f) Sole petrol filling stations with a rateable value above £12,500 but not exceeding £16,500 will be awarded 50% discretionary relief.

Additional Discretionary Rural Rate relief

The Autumn Statement 2016 confirmed that the Government would double rural rate relief to 100% from 1 April 2017. The Government intends to amend the relevant primary legislation to require local authorities to grant 100% mandatory rural rate relief.

However, before the requirement to grant mandatory relief comes into force South Norfolk Council will use local discount powers to grant 50% discretionary rural rate relief in addition to the 50% mandatory rural rate relief to eligible ratepayers from 1 April 2017.

Discretionary Relief for registered Community Amateur Sports Clubs (CASCs)

Some sports clubs have registered with HM Revenue and Customs as Community Amateur Sports Clubs. CASCs may apply for an additional 20% ‘top-up’ discretionary relief, in addition to the mandatory relief that CASCs are entitled to.

This ‘top-up’ relief will be awarded up to a maximum of £4,000 per CASC per financial year.

Discretionary Relief for sports grounds and clubs.

Both sports grounds and sports clubs may apply for discretionary relief with the amount to be awarded being on a sliding scale percentage related to the balance between sporting and social membership and bar takings. The amounts are as follows:

- 100% relief where there is no bar, or the bar takings are below £10,000.
- 75% relief where bar takings exceed £10,000 but membership is mainly sporting.
- 50% relief where bar takings exceed £10,000 and membership is equally split between sporting and social.
- 25% relief where bar takings exceed £10,000 and membership is mainly social but there is an element of sporting membership.
- 0% relief where the club is operated primarily as a business enterprise and where the level of joining fees excludes membership by the public at large.

Exceptions to the above are:

- sailing, boating, and water sports clubs
- flying and gliding clubs

These will be eligible for 80% relief.
No discretionary relief will be awarded to golf clubs.

Discretionary Relief for other non-profit making organisations.

Village and Community Halls

a) Where the occupier is a registered charity and there is no bar at the premises an additional 20% discretionary relief may be applied for, on top of the 80% mandatory relief. No additional relief will be given if there is a bar.

b) Where the occupier is a non-registered charitable group and there is no bar at the premises 100% discretionary relief will be given.

c) Where the occupier is a non-registered charitable group and there is a bar at the premises 80% discretionary relief will be given.

Voluntary Bodies

Applications from non-registered charitable groups are to be considered on an individual basis.

Discretionary relief to a maximum of 100% is granted.

Conservation and Cultural Organisations

Premises will include:

- Museums
- Rehearsal rooms for bands or dramatic societies
- Premises occupied for preservation projects
- Premises occupied by Norfolk based wildlife groups

In addition to the ‘top-up’ 20% discretionary relief granted to registered charities, 100% discretionary relief will be granted to non-registered charitable groups.

Discretionary relief will not be given to nationally based groups.

Young People’s Activities

In addition to the ‘top-up’ 20% discretionary relief granted to registered charities, 100% discretionary relief will be granted to non-registered charitable groups.

This category excludes any hereditaments occupied for sporting activities.

Discretionary Hardship Relief

Section 49 of the Local Government Finance Act 1988 gives discretion to the billing authority to reduce or remit payments of rates in respect of both occupied and unoccupied premises. This award can be up to 100%. When making an award an authority must be satisfied that:

1) the ratepayer would sustain hardship if the authority did not do so, and
2) it is reasonable for the authority to do so, having regard to the interests of persons subject to its Council Tax.

Decisions to award such relief will be made by the Director with responsibility for Finance.

New Build Empty Property Relief

This relief is temporary and is government funded.

South Norfolk Council will provide 100% relief from unoccupied property rates on properties completed on or after 1 October 2013 and before 30 September 2016, in the circumstances explained below.

Properties that will benefit from the relief will be all unoccupied non-domestic properties that are wholly or mainly comprised of qualifying new structures. South Norfolk Council intend that “structures” means:
a) foundations and/or
b) permanent walls and/ or
c) permanent roofs

South Norfolk Council intend that “new” means:
a) completed less than 18 months previously, and
b) completed after 1 October 2013 and before 30 September 2016.

New structures are to be considered “completed” when the building or part of the building of which they form part is ready for occupation for the purpose it was constructed unless a completion notice has been served in respect of such a building or part of a building - in which case it would be the date specified in that notice.

In terms of considering whether a property is wholly or mainly comprised of qualifying new structures, South Norfolk Council intends that “mainly” means more than half. As the test is made with regards to the composition of the structure, it will not be relevant to consider matters such as the rateable value or use of parts of the property. However, factors such as the area or volume of the property will be relevant. It is not intended that this relief should apply to properties that have been refurbished, but it is intended to capture those that have been the subject of substantial structural construction, so for example those properties that are built on existing foundations or built around a retained façade are likely to benefit from the relief.

Where a property is created as a result of a split or merger of other properties, or where the existing property is altered for example with an extension, the same test will apply i.e. the premises must be wholly or mainly comprised of new structures completed within the necessary timeframes to benefit from the relief. Ratepayers will not benefit merely because a property has split or

merged but, our aim is for ratepayers to have some flexibility to adapt their properties without losing the relief.
There will be some instances where this is not clear cut (such as where one unit is formed from the merger of a property that comprises mainly or wholly of new structures with a property that comprises structures that are not new) – in such cases South Norfolk Council will only award discretionary relief where the new property wholly or mainly comprises qualifying new structures.

The relief will run with the property rather than the owner. So, if a developer initially owns a Property that qualifies for the relief he/she will be able to sell/lease the property with the benefit of the remaining term of the relief, subject to the ratepayer's State Aid de-minimis limits.

Properties that are completed before 1 October 2013 will not benefit from these proposals. However, rating assessments comprising such properties will not be subject to empty property rates for the first 3 or 6 months they are empty, in the normal way.

Enterprise Zone Rate Relief – Norwich Research Park

South Norfolk Council has the discretion to award a business rate discount of up to 100% in respect of properties situated within a designated enterprise zone area.

To qualify for this relief the property concerned must be within the enterprise zone area and a discount on business rates will be awarded for up to five years up to the maximum state aid de minimis threshold, for businesses that are already in the Enterprise Zone area or enter the zone before 31 March 2022, e.g. if a business enters the zone on 31 March 2022, it can receive the discount (subject to de minimis) until 30 March 2027.

Each case will be considered on its own merits and in considering each case the Council may have regard to:

- Whether the ratepayer is new to Norwich Research Park
- Whether the ratepayer will be delivering an increase in employment over the next 5 years
- Whether by moving into the Enterprise Zone and receiving rate relief the ratepayer anticipates being able to make the necessary investment to generate further growth in the business
- The availability of funding from Government to recompense the Council for such awards of relief.

The level of any award of discount, and the period of rates against which any discount will be awarded will be decided on a case by case basis.
Any case (or groups of cases) to be considered under this power will be determined by the Director with responsibility for Finance.

Non-domestic Rates discount

The Localism Act 2011 (clause 69) introduced a general power for local authorities to reduce the business rates of any local ratepayer (not just those who could previously be granted discretionary relief). This is a wide power under which each case will need to be treated on its own merits. The key test is whether the authority is satisfied that it is in the interests of its Council Tax payers to decide to award relief.

In considering whether to award a business rate discount the Council will particularly have regard to:

- Whether the business operates in one of the sectors recognised in the Norfolk & Suffolk Economic Strategy:
    - Energy
    - Life Sciences & Biotech
    - ICT, Tech & Digital Creative
    - Advanced Agriculture, Food & Drink
    - Financial Services & Insurance
    - Visitor Economy – Tourism, Heritage & Culture
    - Transport, Freight & Logistics
    - Construction& Development
    - Advanced Manufacturing & Engineering
- Whether short-term assistance is sought as part of a project that will deliver an increase in jobs created locally, or see expansion of the rateable premises
- Whether the business is located in a key strategic location/growth area
- Whether by offering a short-term rates discount it would help support bringing a property into use, or stimulating further occupiers to a business location - which would generate additional rates income to fund local services in the longer-term
- Whether the discount would support a new enterprise (<2 years) that has significant growth potential (in key sectors and emerging/growing markets)
- Whether the ratepayer will be undertaking activity which will provide support for wider employment initiatives such as apprenticeship schemes, work placements, sponsoring students etc
- Whether a business is investing which may lead to some other community benefit
- Whether the ratepayer is already (or has previously been) in receipt of other forms of rate relief, or has previously received a business rate discount

Community Interest Companies (CIC's)

Community Interest Companies are a form of limited company designed specifically for those wishing to operate for the benefit of the community rather than for the benefit of the owners of the company. This means that a CIC cannot be formed or used solely for the personal gain of a particular person, or group of people.

CIC's can be limited by shares, or by guarantee, and have a statutory "Asset Lock" to prevent the assets and profits being distributed, except as permitted by legislation. This ensures the assets and profits are retained within the CIC for community purposes, or transferred to another asset-locked organisation, such as another CIC or charity. A company that is a charity cannot be a CIC, unless it gives up its charitable status.

Relief will be considered for Community Interest Companies which provide benefits to the local community and satisfy the following criteria:

- Are registered as a community interest company. (the Community Interest Company Register will be checked to confirm entitlement).

- The Articles of Association or Memorandum clearly state that any surplus of income over expenditure will be applied in a manner that ensures no profit is made.

- It is set up with the purpose of providing benefit to the local community or a section of the community.

- Businesses which are entitled to Small Business Rate Relief or Mandatory Charitable relief must have pursued that avenue of assistance before applying for Discretionary Rate Relief.

The council will support such organisations as follows:

a. CIC's with a rateable value of up to £20,000 - 80% discretionary rate relief

b. CIC's with a rateable value of between £20,001 and £30,000 - 50% discretionary rate relief.

What are the application requirements?

The following information will be required in support of applications for relief: -

i. Completed Application Form

ii. Details of any state aid, grants or subsidies either from central or local government over the previous three years where appropriate.

iii. Any other information that may be required in individual cases.

General points regarding discretionary discounts under the above power.

The level of any award of discount, and the period of rates against which any discount will be awarded will be decided on a case by case basis.

Any case (or groups of cases) to be considered under this power will be determined by the Director with responsibility for Finance.

Local Newspapers

The Chancellor announced at the Budget 2016 that the Government will introduce a £1,500 business rates discount for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per property for 2 years from 1 April 2017. This was extended in Autumn Budget 2018 to also apply during 2019/20. The relief will be delivered through local authority discretionary discount powers under section 47(3) of the Local Government Finance Act. Government will reimburse local authorities for the actual cost to them under the rates retention scheme of granting this relief.

South Norfolk Council will provide such an award of discount to any qualifying business.

Supporting Small Businesses

At the Spring Budget 2017, the Chancellor announced that a scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of small business or mandatory rural rate relief following the revaluation.

To support these ratepayers, the Supporting Small Businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

a). a percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 all plus inflation (the real terms transitional relief cap for small businesses each year). Unlike the transitional relief scheme, for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after small business rate relief or rural rate relief, or

b). a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after small business rate relief are brought into paying something.

In comparing to the bill for 31 March 2017 any award of discretionary relief shall be disregarded. This shall have the effect of limiting calculation of support to those cases where it is the loss of mandatory rural rate relief that triggers the calculation of the £600 per year cap. Support is not available to those ceasing to be entitled to discretionary rural relief.

The exact calculation of relief shall be in carried out in accordance with detailed guidance provided by Government as set out in the following document :

https://www.gov.uk/government/publications/42017-spring-budget-update

Support for pubs

For 2017/18 & 2018/19 rates charges only there will be a business rate discount awarded of £1,000 per eligible public house with a rateable value of less that £100,000

For the purposes of this relief a public house shall be considered to be eligible if it:

- Is open to the general public
- allows free entry other than when occasional entertainment is provided
- allows drinking without requiring food to be consumed
- permit drinks to be purchased at a bar

For these purposes, public house excludes:

- restaurants
- cafes
- nightclubs
- hotels
- snack bars
- guesthouses
- boarding houses
- sporting venues
- music venues
- festival sites
- theatres
- museums
- exhibition halls
- cinemas

Local Discretionary Revaluation Rate Relief

Support will be provided to those businesses facing the steepest increases in their bills as a direct result of the revaluation which came into effect on 1 April 2017.

Support will be available (subject to State Aid de minimis rules) to those ratepayers meeting all the following initial qualifying criteria:

- The business faces an increase in 2017/18 of at least £500, representing an increase of at least 5% on 2016/17
- The business occupied the same premises immediately before and after the revaluation came into effect (i.e. on both 31 March 2017 and 1 April 2017). This means that the support will not be available to businesses taking on premises after 1 April 2017 and will cease when there is a change in occupier.
- That the premises were occupied on those qualifying dates and remain occupied (no support will be provided for any periods that the premises are vacant).

There is no upper limit to the amount of increase that qualifies for some support. Increases of above £24,000 will be grouped together into the top band O below.

The amount of relief awarded will be capable of being recalculated in-year in the event of a change of circumstances. This could include, for example, a change to the rateable value of the premises, a change to the period of liability or a change in the amount due as a result of the application of other reliefs/exemptions. Relief may also be varied during the year where eligibility criteria are no longer met.

The table below sets out the agreed bands of increase and corresponding award levels showing those for 2017/18 and those for 2018/19:

Band	Lower level of band £ increase	Upper level of band £ increase	Award level per band 2017-18	Award level per band 2018-19
A	£0	£499	£ nil	£ nil
B	£500	£999	£300	£135
C	£1,000	£1,999	£600	£270
D	£2,000	£3,999	£1,200	£540
E	£4,000	£5,999	£2,000	£900
F	£6,000	£7,999	£2,800	£1,260
G	£8,000	£9,999	£3,600	£1,620
H	£10,000	£11,999	£4,400	£1,980

I	£12,000	£13,999	£5,200	£2,340
J	£14,000	£15,999	£6,000	£2,700
K	£16,000	£17,999	£6,800	£3,060
L	£18,000	£19,999	£7,600	£3,420
M	£20,000	£21,999	£8,400	£3,780
N	£22,000	£23,999	£9,200	£4,140
O	£24,000	No limit	£10,000	£4,500

Support will be provided at a lower level for 2018/19, 2019/20 and 2020/21. The bandwidths and award levels per band for those years will be determined under powers delegated previously by Cabinet.

In advance of 2019/20 that decision will be delegated to the Director of Growth & Business Development, and subsequently to the Director with responsibility for Finance in conjunction with the portfolio holder.

Retail Discount

This discount is government funded and will be available for 2019/20 & 2020/21 only.

Properties that will benefit from the discount will be occupied properties with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

We consider shops, restaurants, cafes and drinking establishments to mean:
i. Properties that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hard car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. Properties that are being used for the provision of the following services to visiting members of the public:
− Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
− Shoe repairs/ key cutting
− Travel agents
− Ticket offices e.g. for theatre
− Dry cleaners
− Launderettes
− PC/ TV/ domestic appliance repair
− Funeral directors
− Photo processing
− Tool hire
− Car hire

iii. Properties that are being used for the sale of food and/ or drink to visiting members of the public:
− Restaurants
− Takeaways
− Sandwich shops
− Coffee shops
− Pubs
− Bars

To qualify for the discount the property should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. The test is a test on use rather than occupation – so for example if a shop is occupied but not being used wholly or mainly for qualifying purposes it will not qualify for the discount.

The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide as to the types of uses that South Norfolk Council considers for this purpose to be retail. Where particular properties not listed are broadly similar in nature to those above South Norfolk Council will consider whether they should be eligible for the discount. Conversely, properties that are not broadly similar in nature to those listed above will not be eligible for the discount.

The list below sets out the types of uses that South Norfolk Council does not consider to be retail use for the purpose of this discount. Where particular properties are broadly similar in nature to those below South Norfolk Council will not consider them to be eligible for the discount under this local scheme.

i. Properties that are being used for the provision of the following services to visiting members of the public:
− Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
− Other services (e.g. estate agents, letting agents, employment agencies)
− Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)

− Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
− Post office sorting office
ii. Properties that are not reasonably accessible to visiting members of the public

The total amount of discount available for each property for 2019-20 and 2020/21 under this scheme is one third of the bill, after mandatory reliefs and other discretionary reliefs have been applied (excluding those awarded under the powers set out in the sections “Non-domestic Rates Discount”, “Community Interest Companies” and “Discretionary Hardship Relief” above). There is no relief available under this scheme for properties with a rateable value of £51,000 or more.

The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. Any discount will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, will be considered afresh for the relief on that day.

Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de minimis limits.

South Norfolk will implement this discount in all respects in accordance with the detailed guidance provided by the Government as set out in the following document:

https://www.gov.uk/government/publications/business-rates-retail-discount-guidance

Recalculations of relief/discount award

With all forms of relief/discount the amount of relief/discount awarded will be recalculated in the event of a change in circumstances. This could include, for example, a change to the rateable value of the premises, a change to the period of liability or a change in the amount due as a result of the application of other reliefs/exemptions.

Relief/discount may also be varied during the year where eligibility criteria are no longer met.

Period of Award (general)

The award period for new and renewal applications will be for a period ending not later than the end of the current financial year (the exception being Enterprise Zone Rate Relief which, once awarded, will generally be for a five-year period).

Review of Relief/Discount Award

The Council will regularly review its approach to the award of relief/discounts, and will periodically review the eligibility of qualifying businesses and organisations.

When a review of eligibility is carried out continuation of relief/discount will be subject to satisfactory completion of review forms and provision of requested supporting information. Where a renewal form is not returned, relief/discount will not be awarded, and the business or organisation will be sent a rate bill for the full charge.

When completed forms are returned, awards will be considered in the light of these or amended guidelines.

Prior to guidelines being revised organisations will be given at least twelve months notice that their eligibility to relief may change.

Award of all discretionary reliefs/discounts

Where a rate payer is concerned that they have not been awarded relief/discount in accordance with the guidelines above they can apply in writing to have the case reviewed by the Director with responsibility for Finance.

CABINET CORE AGENDA 2019

	Decisions: Key, Policy, Operational	Key Decision/Item	Lead Officer	Cabinet Member	Exempt Y/N
4 Feb	O	Performance, Risks, Revenue and Capital Budget Position Report for Quarter Three 2018/19	E Pepper/M Fernandez-Graham/ E Goddard	M Edney	N
	K	2019/20 Business Plan	E Pepper	M Edney	N
	O	Budget Consultation 2019/20	J Brown	M Edney	N
	K	Revenue Budget, Capital Programme and Council Tax 2019/20	M Fernandez-Graham	M Edney	N
	K	Treasury Management and Capital Strategy 1 April 2019 to 31 March2022	M Fernandez-Graham	M Edney	N
	O	Treasury Management Strategy	M Fernandez-Graham	M Edney	N
	K	Waste Re-optimisation	D Lorimer	K Kiddie	N
	O	Empty Properties	S Bessey	M Edney	N
	O	Discretionary Rate Relief Guidelines	P Chapman	M Edney	N
	K	Council Tax Care Leavers Discount	S Bessey	M Edney	N
Council 18 February 2019					
Special Council 28 February 2019					
25 Mar					
Council 22 May 2019					
10 June		Performance, Risks, Revenue and Capital Budget Position Report for the Financial Year 2017/18	E Pepper / M Fernandez-Graham/ E Goddars		

Key decisions are those which result in income, expenditure or savings with a gross full year effect of £100,000 or 10% of the Council's net portfolio budget whichever is the greater which has not been included in the relevant portfolio budget, or are significant (e.g. in environmental, physical, social or economic) in terms of its effect on the communities living or working in an area comprising two or more electoral divisions in the area of the local authority.