

SPECIAL COUNCIL

To: All members of the Council

You are hereby summoned to attend a special meeting of South Norfolk Council for the purpose of transacting the business set out in this agenda.

Yours sincerely



Trevor Holden
Managing Director

Mr G Minshull
Chairman of the Council

Mrs F Ellis
Vice-Chairman of the Council

PUBLIC ATTENDANCE

This meeting will be live streamed for public viewing via the following link:

<https://www.youtube.com/channel/UCZciRgwo84-iPyRImsTCIng>

If a member of the public would like to ask a question on an agenda item, please email your request to

democracy@s-norfolk.gov.uk, no later than 5.00pm on Wednesday 10 June 2020

AGENDA

Date

Monday 15 June 2020

Time

7.00 pm

Place

To be hosted remotely at:
South Norfolk House
Cygnet Court
Long Stratton
Norwich
NR15 2XE

Contact

Claire White
01508 533669
democracy@s-norfolk.gov.uk
www.south-norfolk.gov.uk

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

The Council's Prayer

A G E N D A

1. **Apologies for absence**
2. **To Receive Declarations of Interest from Members**
(please see guidance – pages 3)
3. **Big Sky Living Annual Review 2019;** (attached – page 5)
Members are requested to note the Big Sky Living Annual Review 2019
4. **Recommendations from the Emergency Committee arising from the Meeting held on Friday 5 June**

4 (i) Review of 2020/21 Budgets (report attached – page 21)

Emergency Committee Decision

TO RECOMMEND THAT COUNCIL agrees:

- (a) The proposed changes to the 20/21 income budgets, as set out in the table at paragraph 2.3.
- (b) The proposed changes to the 20/21 expenditure budgets.
- (c) The following requests for additional funding
 - Hardship Payments (£150 Council Tax Support (£100,000)
 - Discretionary Housing Payments (£50,000)
- (d) The use of £703,000 of General reserves to support the current year budget.
- (e) The proposed in year saving options.

4 (ii) Monitoring Officer (report attached - page 48)

Report Emergency Committee

Decision

To note the contents of the report and to agree that the report be revised to consider any further comments received from members and officers, before consideration by Council.

AGENDA ITEM 2

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.

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.

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.

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 would a member of the public, but you should not partake in general discussion, or vote.

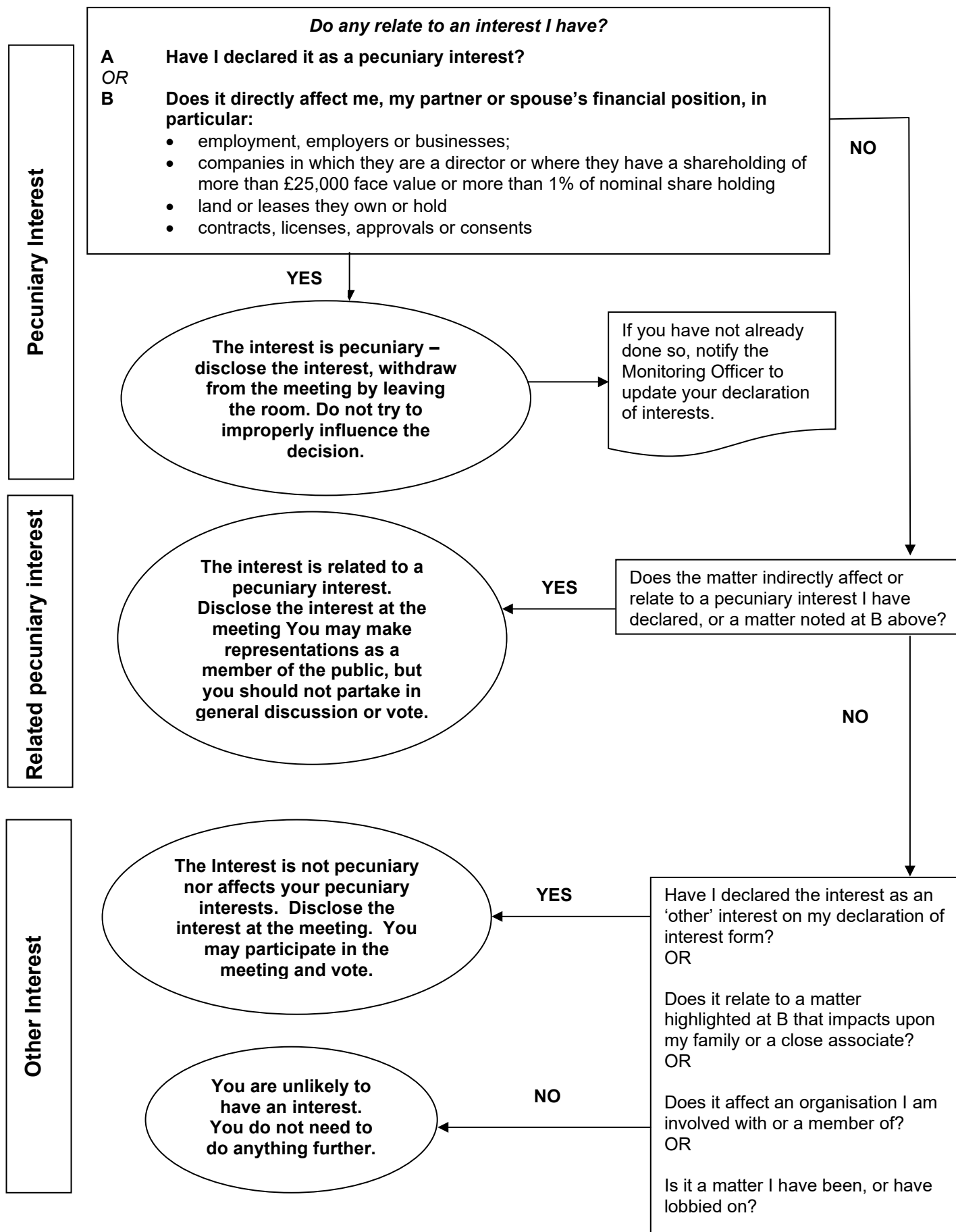
Is the interest not related to any of the above? If so, it is likely to be an 'other' interest. You will need to declare the interest but may participate in discussion and voting on the item.

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.

**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

What matters are being discussed at the meeting?





Annual Review 2019

Introduction from our Shareholders' Representative

Big Sky Living exists to build modern homes, attractive streets and public spaces of a superior standard, that exceed expectations, and in which homeowners will be proud to entertain family and friends.

We are proud to build homes that offer people more than they might usually expect: rooms sized to meet the real needs of a modern family, larger than average windows to make the most of the natural light and an outside environment with an affordable, high quality finish. And, to think about the practical things that often get forgotten like storage, sound-proofing and insulation.

Our heritage and values drive a key focus on building communities and landscapes, not just homes, with settings and layouts that enhance the quality of life for homeowners and their families.

We include generous road widths for convenience and safety. We incorporate, where possible, informal green recreational space as well as more formal play areas and meeting spaces. In short, we create places where people can thrive.

I'm proud that the high standards we have set ourselves are now being extended to further developments. These will build a better environment and establish new stronger communities in streets that have quality of life at their hearts.



John Fuller OBE
Shareholders' Representative

Big Sky Living - Our Story

Big Sky Developments was established in 2014. South Norfolk Council was one of the first local authorities to recognise that if the country was to meet the demand for new homes, we could not leave it to the traditional housing market.

We set off on two key approaches; firstly, to use our position of influence with national Government to shape planning and housing policy. Secondly, we formed one of the first commercial housing development companies wholly-owned by a local authority to deliver homes for sale, market rent and affordable shared equity.

We also felt it was important, in terms of sustaining cohesive communities and the environmental benefits, to build workspace as an integrated part of all of our larger developments.



From small beginnings, stakeholder and customer research in 2019 showed us that we are now well established in the Norfolk housing market, with a good reputation and the backing of partners and competitors to continue to grow and make a difference. In 2020, we are rebranding the business to become Big Sky Living.



What is Big Sky Living?

We are developers, property advisors and managers, focused on delivering growth and enhancing the quality of life in South Norfolk and beyond. The Big Sky Group has two delivery arms: Big Sky Living and Big Sky Property Management.

Big Sky Living builds high quality spaces in the Cambridge-Norwich Tech Corridor focusing on the Greater Norwich housing market area, to create vibrant communities that will stand the test of time.

Our proposition stands out because:

- each of our developments is different and designed to fit in with the community it is located within
- the room sizes better reflect the needs of a modern family
- we provide premium homes at affordable prices

Big Sky Property Management provides quality residential properties for market rental within South Norfolk, aiming to support communities within the district to become desirable places for people to live and work. In addition, we manage a commercial portfolio and provide technical property advice to South Norfolk Council to ensure it meets its growth objectives.



Our core values – what we stand for

- We THINK BIG – the sky's the limit
- We OFFER MORE to our customers both before and after sale
- We have a SOCIAL CONSCIENCE rooted in our Norfolk provenance
- We GO THE EXTRA MILE without compromising our commerciality
- INNOVATION is at the heart of what we do

Our Ethos

1) Delivering what our customers want

- Quality homes at affordable prices for aspirational homeowners.
- Room sizes designed to better meet the needs of modern families.
- Creating communities whilst fully integrating into the wider community, places that people can work, rest and play.
- Contemporary homes with high specifications designed to be effortlessly stylish with low maintenance and energy efficiency.

2) Developing the right spaces

- We initially sought to develop sites owned by South Norfolk Council, delivering income for the public purse and making more effective use of public space. Moving forward, we are focusing on acquiring sites from local landowners or other public sector partners, particularly within the Cambridge-Norwich Tech Corridor, securing the benefit of, additional New Homes Bonus, Council Tax and addressing the 5-year land supply requirement of South Norfolk Council.
- Our analysis identifies that we are operating in a competitive market. There is a range of large scale, national developers delivering major developments in urban and semi-urban areas, and smaller developers delivering generally high-end developments. Therefore, we consider every site on its merits.
- We like to work in partnership, whether we acquire a site or form an option with a third party, understanding and respecting each other's needs and expectations.

3) Quality focused construction

- We appreciate the importance of excellent design.
- We uphold the principle of good design, building on the best of our local community buildings and using modern construction techniques.
- Our developments aim to integrate with the local communities, ensuring that they are sustainable and viable. Our schemes aim to link to public transport facilities where feasible, improving their viability and reducing reliance on personal transport.
- We seek to fully engage with our contractors and project teams. In 2016, we were recognised as “Client of the Year” at the Norfolk Construction Awards. We have strategic partners, who have been subject to robust procurement processes in order to consistently deliver strong quality in a timely basis to our customers.

4) Delivering what our communities want

- We aim to provide the right living infrastructure for our communities. We are focused on providing affordable, quality house, and opportunities for our residents to realise their dreams of home ownership or home rental.
- We engage with our communities as we develop our proposals. We take into account their needs and demands and seek to understand how these can be accommodated through our developments, wherever possible.
- We aim to provide a great customer service and experience before during and after sale. We partner with key agents to sell our properties and target high levels of customer satisfaction. We will provide a range of options to enable customers to purchase houses with the features they value the most, creating a unique, bespoke journey.

What is Big Sky Living?



Giving back to our communities



We have contributed £145k in s106 contributions to provide much needed community facilities.



We have given charitable donations of £129k to local charities including Solo Housing £34.5k, Citizens Advice Bureaus £21k, Harleston Information Plus £11k, Creative Arts East £5k, Whitlingham Charitable Trust £5k, Nightstop £2.5k and Prince of Wales Charitable Trust £50k.



Since we commenced development we have delivered over £4.6m to South Norfolk Council through a variety of means. This has enabled the Council, along with its own careful budget management, to continue to deliver a range and quality of services it would not otherwise have been able to achieve.



Provided sponsorship of £3.4k to worthy causes.

Looking back

Housing delivery

We have built 107 homes over the past 3 years. These have been in two locations, Poringland and Long Stratton. We believe that vibrant communities stem from diversity and ensure our developments have a choice of property styles and sizes to cater for people at all stages of life, from first-time buyers, to growing families and those looking to downsize. We have retained and managed 23 properties for private rental and have delivered 19 affordable homes to Housing Associations.

Office space

We have delivered 23,000 square feet of office accommodation across the two locations that now provides accommodation for 19 thriving businesses.



Looking back

Open space

- We have provided two equipped play areas and 106,900 square feet of natural open space where residents can meet and mingle or enjoy a bit of fresh air and quiet time.



Residential portfolio

- We have built up a rental property portfolio with a capital value in excess of £5.9m which yields £257,000 revenue pa. We will retain up to 20% of market houses at each development to generate a revenue stream and long-term capital asset for South Norfolk Council.

Strategic property advice & management

- We have provided a property advice and management service to South Norfolk Council.
- We have worked with South Norfolk Council's Economic Development team to secure the development of the first commercial laboratory and office space as part of the Norwich Research Park Enterprise Zone.
- We attracted £7.8m from Homes England to invest in South Norfolk.
- Within the two new commercial developments we have created space which has accommodated over 100 jobs so far.

Looking forward

Market Overview

The last three years have been an uncertain time for the UK economy and housing market. Commentators agree that, as the UK's future trading relationship with the EU and other major trading partners becomes clearer, confidence will return to the economy. This should translate into improved wage growth, which acts as a stimulus for housing demand, while interest rates are predicted to remain relatively low.

The housing market is likely to be constrained by how much buyers can borrow due to mortgage regulation. However, the continuation of the Help to Buy scheme will help first-time buyers into the market. Industry experts, although cautious, expect that the UK will avoid economic recession, providing the platform for house price growth once households have more certainty on the outlook for their household finances.

The prospect of a long-anticipated, gradual increase in interest rates could progressively squeeze affordability at the point of getting a mortgage. This would have a particularly severe impact in London and parts of the South East.

Overall, experts seem to be agreeing that the average price of a UK home will rise by between 5% in London and 25% in the North West of England over the next five years, with a Brexit-bounce only gaining a real foothold at the end of the transition period. Average market predictions suggest that house prices in the East of England will grow 12-15% in the same period.



Big Sky thinks big and has big ambitions. By 2025 we aim to be :

- the property developer of choice in the East of England for home buyers and potential partners
- seen as the most desirable developer to buy (or rent) from as measured by the excellent ratings and feedback voiced by our customers
- recognised as a role model for other councils to create their own property development companies

Our Mission

To build the right housing in the right places to sustain vibrant communities

We'll do this by:

- building and investing in high quality, attractive homes and creating vibrant communities for people living in South Norfolk and beyond, offering home buyers and rental tenants more than is currently available on the market, while also providing a valuable income stream to the shareholder.
- utilising land assets that we acquire either through a competitive bid process or that aren't available to larger developers or where we are best placed to deliver. We will build in a way that is sympathetic to the local and global environments and the needs of our communities, using sustainable materials where we can.
- designing developments that will create communities where people enjoy living, making it easy for them to commute or work locally and build friendships within the development.
- establishing ourselves as a recognised and significant player in the housing market in the East of England by 2025.

Delivering for our communities

Our aim is to deliver 100 houses per year across multiple sites and/or phasing on larger sites. We will initially focus on our flagship development St Giles Park at Cringleford where we will deliver over 300 homes, from five-bed executive homes to one-bed apartments to cater for the diverse local workforce. This location is ideal for serving Norwich Research Park, University of East Anglia and the Norfolk and Norwich University Hospital. We will also develop office, retail and restaurant spaces to ensure the community is vibrant and also enables the new community to blend with the existing community .

We will develop Phase 3 at Poringland, providing an additional office building to complement our existing office space, Crafton House, which is fully occupied and has further unmet demand. We will also provide some additional homes to further meet the needs of the community. We will deliver housing in Wymondham and are actively looking at new sites in a number of other locations.



In addition we will continue to support the local growth ambitions of the Cambridge-Norwich Tech Corridor investment initiative, connecting Norwich and Cambridge along the A11, recognising these two cities as key technology hubs, aiming to create £500m of innovation-led growth, infrastructure and housing. The tech and creative sectors are expected to see employment growth of 11.3% between 2019 and 2024, resulting in over 1,000 extra jobs. We will work with partners to deliver more commercial space and housing to cater for this growth.

We will seek to build on our relationship with Homes England to secure more investment in Norfolk and demonstrate the viability of Modern Methods of Construction as a real alternative to traditional construction methods.

We will continue to employ design principles for our developments that promote energy efficiency and minimise the impact on the environment.

Case Study - Maple Park

Home owners of the future

We work hard to engage communities in our developments. Hoardings around developments are necessary for health and safety, but can be unsightly and boring. So, we decided to work with the local school in Long Stratton to improve the kerb appeal of the hoarding around Maple Park and encourage Year 7 pupils to express their creativity.

All the pupils in year 7 took part in the project to design a fantasy treehouse. Pupils worked in groups; each was given the task of drawing a house for one of the tree's branches. Pupils took three lessons to complete the paintings and were thrilled to create something for public viewing in their own community.

Pupils said "We particularly enjoyed being able to use our imaginations to create something that was pure fantasy. The treehouses come in different shapes and sizes with bridges, ropes, platforms and balconies, even a train and a pub are included."

This is just one example of how Big Sky Living works to ensure its developments complement and integrate with existing ones.



Case Study - Awards winner

Client of the Year

In 2017, Big Sky Developments won the Client of the Year award at the East of England Construction Excellence Awards.

The judges were told that Big Sky Developments recognised the importance of early engagement with the professional team and the importance of following an open OJUE process to procure a contractor to undertake the project.

The judges agreed that:

- By awarding the contract on the strongest bid we would in turn contribute to achieving best practice and constructing excellence.
- We had a strong and unwavering commitment to working proactively with the contractor from the outset. It was also actively involved in the design strategy and implementation of the design principles of the project.
- Our project brief was clear and concise, allowing the professional team enough scope to enhance the project from a design perspective.
- We were flexible in our approach to design and open to considerations from the contractor at every stage of the process.

This was proved to smooth the transition from design to construction.

- We took an active, hands-on approach to the delivery of the project
- We understood that in order to achieve the goals we had set and in order to achieve the outcome we desired, we had to work closely alongside the contractor.

Construction clients have an important role to play in transforming the way the industry operates. How projects come to market have a significant impact on the ability of the construction industry to provide innovative, value for money solutions.

Our approach meant that the contractor was continually challenged and performance reviewed. The importance of health and safety and the competence of the contractor was a key factor in the award of contracts.

We were also praised for our ethos of supporting the local economy by offering opportunities to local companies and businesses.

Our Directors



Julie Brown
Company Secretary



Stuart Bizley
Director



Spencer Burrell
Director



Peter Catchpole
Director



Sandra Dinneen
Director



Trevor Holden
Managing Director



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REVIEW OF 2020/21 BUDGETS

Report Author(s): Rodney Fincham, Assistant Director – Finance
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Portfolio: Finance

Ward(s) Affected: All wards

Purpose of the Report: This report provides information on the financial impact of Covid 19 on the Council's Budgets and provides proposals to mitigate the impact.

Recommendations

- 1 That the Emergency Committee recommends the following to Council:
 - S2 The proposed changes to the 20/21 income budgets, as set out in the table at paragraph 2.3.
 - S3 The proposed changes to the 20/21 expenditure budgets.
 - S5 The following requests for additional funding
 - o Hardship Payments (£150 Council Tax Support (£100,000)
 - o Discretionary Housing Payments (£50,000)
 - S7 The use of £703,000 of General reserves to support the current year budget.
 - S9 The proposed in year saving options.
- 2 That the Emergency Committee notes the following:
 - S4 The impact on Big Sky
 - S6 The impact on the Capital Programme.
 - S7 The impact on the Medium-Term Financial Strategy over the longer term.
 - S8 The proposed mitigation actions.
 - S10 The longer terms savings options.

1 PURPOSE OF REPORT

- 1.1 The 'Financial Implications of Covid 19' report presented to the Emergency Committee on 24 April 2020, estimated that if the lockdown lasts until the end of July the full financial impact on this Council in 20/21 could be over £4m. If the impacts last until the end of November, the impact could be closer to £10m.
- 1.2 It is therefore prudent to review the Council's Revenue and Capital budgets and the Medium-Term Financial Strategy (MTFS) to look for compensating savings, or to approve the additional draw down of sums from reserves, or a combination of both.
- 1.3 Although aspects of the lockdown are easing, there is a risk of a second wave. This report therefore takes a balanced view in estimating the financial impact on the Council for the complete financial year 20/21.

2 IMPACT ON 2020/21 INCOME BUDGETS

- 2.1 A key impact of Covid 19, will be on the income received by the Council.
- 2.2 The Emergency Committee considered the impact on the following areas at its meeting on 22 May.
- Leisure facilities
 - Planning and related service charges
 - Car Parking
 - Commercial rents.
- 2.3 The following table now summarises the proposed changes to all the income budgets for 20/21. This includes all areas, not just those discussed at the Emergency Committee.

	Methodology	Original Budget £'000	New Budget £'000	Change £'000
Leisure Facilities (See note)	No income 1 Apr – 31 Jul 50% reduction 1 Aug – 31 Mar	3,371	1,124	-2,247
Planning	25% reduction	1,310	982	-328
Building Control SNC	25% reduction	505	379	-126
Building Control Other	Other parties to bear loss	1,352	1,352	-
Car Parking	50% reduction	356	178	-178
Waste Charges	25% reduction in bulky waste only	656	643	-13
Commercial Income	£100k reduction	520	420	-100
Land charges	25% reduction	330	247	-83
Housing Benefit Overpayment	25% reduction	400	300	-100
Pest control fees	25% reduction	60	45	-15
Council Tax recovery	25% reduction	170	127	-43
Licensing	No change proposed	165	165	-
Recycling credits	No change proposed	776	776	-
Green Waste	No change proposed	2,042	2,042	-
Other income and service specific grants	No change proposed	4,507	4,507	-
Total		16,520	13,287	-3,233

Note: We currently plan to reopen an element of the Leisure Centres from the 6 July. In line with Government Advice this is likely to be the dry-side provision. Some on-line classes have already been sold, but currently this income stream is minimal. Once open, achieving 50% of income may well still be a challenge if there is a high attrition rate in Memberships and without income from the wet-side for classes such as swim school.

Members are requested to agree the proposed changes to the 20/21 income budgets.

3 IMPACT ON 2020/21 EXPENDITURE BUDGETS

3.1 Covid 19 will also have an effect on the expenditure of the Council.

A) Emergency Response to Covid 19

3.2 The Council is incurring additional costs in response to the Covid 19 pandemic. Primarily on:

- Additional communications to residents and businesses.
- Additional costs of ensuring all homeless persons are provided with safe accommodation.
- Additional IT costs to enable effective homeworking and video conferencing, and software to facilitate grant payments.
- Allowance for implementing social distancing within the waste service.

3.3 It is therefore proposed to increase the following budgets.

	Methodology	Original Budget £'000	New Budget £'000	Change £'000
General Allowance for Covid 19 costs	£50,000 a month for 5 months	0	250	250
Housing costs	£50,000 a month for 5 months	35	285	250

Nb: Although the methodology is based on a monthly calculation, the intention is that these will be annual budgets to be drawn upon throughout the year.

Members are requested to agree the proposed changes to the 20/21 expenditure budgets.

B) Investing in the Public Realm / Supporting the Economic Recovery

3.4 In order to support the recovery of the economy, South Norfolk Council is working with Broadland and Breckland Councils to launch Operation Beacon to provide support to businesses, one element of that is support for the High Streets.

3.5 In order to successfully reopen our market towns, we need to ensure a safe environment and give confidence to retailers and shoppers.

3.6 There is therefore a need to:

- make changes to street layouts,
- provide additional hand washing facilities,
- improve seating,
- provide street marshals, and
- make other changes to the public realm.

3.7 Any changes will need to be made working with Norfolk CC and the relevant Town or Parish Council.

The Emergency Committee on 22 May agreed an initial budget figure of £100,000 for Operation Beacon.

- 3.8 The Government in conjunction with the European Regional Development Fund has announced a new £50 million fund to support the recovery of our high streets The Reopening High Streets Safely Fund will help councils in England introduce a range of safety measures in a move to get people back to work and customers back to the shop.
- 3.9 Local authorities will be able to spend money on eligible activities from 1 June 2020 and claim it back in arrears. As part of the funding agreement, the Council will need to acknowledge the ERDF on any publicity. SNC has been allotted £125,275.
- 3.10 It is proposed that the new funding will be in addition to the agreed £100,000.

C) Council Tax Support

- 3.11 The cost to SNC of providing Council Tax support is £774k a year.
- 3.12 There has already been a 17% increase in claims processed, and new claims are still arriving daily.

	Apr-20	May-20
Total number of working age LCTS caseload	3,866	4,097
Total <i>expectation</i> of working age LCTS caseload	3,500	3,500
Increase	10%	17%

- 3.13 It is therefore proposed to increase the following budgets.

	Methodology	Original Budget £'000	New Budget £'000	Change £'000
Cost of Council Tax Support	4 months based on a 50% increase (£32k a month x 4 months) 4 months based on a 25% increase (£16k a month x 8 months)	774	1,030	256

Members are requested to agree the proposed changes to the 20/21 expenditure budgets.

4 IMPACT ON BIG SKY

- 4.1 As the Council's wholly owned development Company, Big Sky Developments is one element of the Council's Economic Recovery Programme.
- 4.2 The Company has reviewed both its current developments and also its future plans, to ensure that it focuses on delivering those developments which will make the biggest impact towards the economic recovery of the district.
- 4.3 This information has been taken into account when reviewing the Council's current five-year capital programme, which was agreed in February 2020, to ensure it is still affordable following the forecast draw on reserves to cover the additional cost and loss of income as a consequence of the pandemic. This is essential due the current capital programme containing significant financing of the Big Sky Group over the next five years.
- 4.4 The outcome from both Big Sky's review of its development programme and the Council's review of its capital programme in relation to the Big Sky Activities are as below:
- Big Sky Developments will continue to press ahead at St Giles Park, Cringleford where a total of 350 homes will be delivered over the next few years. Members will remember that Big Sky Developments is receiving, via the Council, funding from Homes England to accelerate delivery of the dwellings. Big Sky has been in discussions with Homes England and plans to continue to deliver at the agreed pace.
 - To continue to deliver the development at St Giles Park at the agree accelerated pace and in line with previous projections it is expected that funding of £5.5m will be drawn down prior to August 2020, the final instalment for the land of £3m will be was drawn down on the 20 May. This will leave a further £9.9m to be drawn down for this current financial year; £4.5m from the capital programme and the remaining £5.4m from the Homes England Accelerated Construction Fund. The Company is also reviewing funding options for securing a further £8-9m but that should not impact on Council finances, who hold a charge over the land.
 - Big Sky Developments has included an item on its risk register for the potential impact of Covid19. They are anticipating that there could be a supply of resources problem which could delay the delivery of homes and a softening in house prices, along with a potential in reduced demand. The Company already has 60 homes being built at St Giles Park, with the main infrastructure elements and are looking to have a further 2 phases of houses on site before the end of the financial year, along with the remaining infrastructure and strategic landscaping. If the monitored impacts of Covid are too great this could see a significant increase to the delivery timescales and also the site be paused if there was a substantial decrease in the profitability of the site. If as a result of a decline in the housing market there remained unsold a number of dwellings from the first two housing phases, mitigation could include the renting of the new dwellings at market rent through Big Sky Properties Management.

- The current situation with regards to the other Developments which were being progressed by Big Sky Developments are:
 - Phase 3 Roseberry Park, Poringland will come before Members later this month for consideration.
 - Friarscroft – unlikely to progress in 2020/21 as residential scheme is unlikely to be viable so looking at alternative options.
 - 9 Park Road, Diss – unlikely to progress in 2020/21 as currently a mixed commercial/residential scheme is not viable.
 - Current Wymondham Town Council premises – Wymondham Town Council will be vacating the premises it currently leases from the council to move into its new purpose built premises near Ketts Park. Big Sky Developments has been asked to undertake a feasibility study on how this property could be developed which will be brought back to cabinet for consideration at a later date.
- In order to assist Big Sky Developments with its cashflow, should there be the need, the Council has offered to defer the interest on the latest Big Sky loan. It should be noted that there are no plans to defer at the moment and the interest will still be due in the financial year even if it is deferred, but this option is available should the need arise and would also be considered for existing loans as well.

Members are requested to note the impact on Big Sky.

5 REQUESTS FOR ADDITIONAL FUNDING

- 5.1 The Council has received £1.465m of additional funding from Government, to help address the pressures being facing in response to the Covid-19 pandemic across all service areas.
- 5.2 This level of funding is not sufficient to cover the Council's additional operating costs and offset the Councils lost income. The Council will therefore need to draw on reserves or make savings to balance the budgets.
- 5.3 However, there is pressure to allocate funding to meet new schemes, and details of these are detailed below.
- 5.4 When considering these, Members need to bear in mind that any new funding that is agreed will increase the need to draw on reserves or make additional savings to balance the budgets. Any changes could also have an impact on the affordability of the capital programme.

A) Hardship Funds

- 5.5 To ensure residents are able to continue to work, or come back to the workplace quickly, we need to ensure they are housed, safe and not making poor choices regarding borrowing, choices that will restrict their options for a long time to come. By utilising our discretionary funds, we can quickly intervene and provide overall stability, especially regarding their housing

Hardship – Direct Payment Scheme

- 5.6 At present the Council has allowed £100k to cover direct hardship payments to residents during the Covid 19 pandemic. This budget is considered to be adequate at present.

Hardship Payments - £150 Council Tax Support

- 5.7 The Government provided £756,235 in hardship funding, primarily to cover the cost of awarding £150 council tax support to all working age Council Tax Support claimants.
- 5.8 So far, the Council has awarded £539,000 under this scheme, and has top sliced £100,000 to fund the Direct Payment Scheme. This leaves £117,000, which is sufficient for c800 more claims.
- 5.9 There are however concerns that as we have a requirement to award £150 discounts to new all new working age claimants, the remaining balance will not be sufficient to cover these costs. At present we are processing c70 new claims a week. At this rate we will us up our remaining funds in about 11 weeks.
- 5.10 **It is therefore requested that an additional £100,000 is set aside to cover this cost pressure.**

Discretionary Housing Payment (DHP)

- 5.11 In 20/21 DWP is providing a grant of £205,583 to allow the payment of DHP. Government allows local authorities to award up to 2.5 times this amount, but any costs over the grant amount fall on the local authority.

- 5.12 The current embargo (anticipated to end in June) on evictions means that that current DHP claim rate is only slightly above normal. However, all indicators lead us to believe that there are people who are now in unaffordable accommodation who will need assistance to move. Any move takes time and DHP allows us to help prevent people getting into significant and unsustainable debt. As the embargo on evictions lifts, we are therefore expecting a surge in support needs.
- 5.13 To ensure residents are able to continue to work, or come back to the workplace quickly, we need to ensure they are housed. By using DHP we can quickly intervene and provide stable housing.
- 5.14 To ensure we have sufficient funds it is suggested that we add £50,000 to the DHP (Discretionary Housing Payment) fund and we lobby Government to fund this.**

Council Tax Discretionary Fund (CTDF)(Budgeted at £30,000)

- 5.15 The Council also has a £30,000 Council Tax Discretionary Fund, to support council taxpayers.
- 5.15.1 Officers believe this will be sufficient and will endeavour to utilise DHP and the DHF to support people so that they can continue to either pay their Council tax or are supported to claim Council tax support in a timely manner.

B) Payments to Town / Parishes

- 5.16 The Secretary of State for Housing, Communities and Local Government wrote to all town and parish councils on 30 April
<https://www.gov.uk/government/publications/coronavirus-covid-19-letter-to-town-and-parish-councils>
- 5.17 In this letter he said:
*As Local Government Secretary I want you to know that I am behind you and will support the vital work that you are doing in your communities. That is why I have made £3.2 billion of additional funding available to councils, with the latest tranche of £1.6 billion including a larger share for lower tier councils. **If you have questions regarding funding I would encourage you to speak with your principal council***
- 5.18 As yet no Town or Parish Council has formally approached us for funding, and the general approach in Norfolk to date is that this would only be considered in exceptional circumstances, after the Town or Parish Council has exhausted its Reserves.
- 5.19 Furthermore, Town and Parish Councils do not, unlike this council, have any constraints on their ability to raise additional income through their precepts. Thus, loans to help cashflow could be offered if necessary, until the Town or Parish Council was able to increase its precept.

C) Granting of Additional Business Rate Reliefs

- 5.20 In order to support businesses, the Council could offer additional discretionary local business rate discounts. For instance:
- **Showhomes** - Owners of showhomes are liable to business rates on them whilst they are being used for actively selling properties.
As showhomes are being used for selling properties and also fall into the bracket of estate agent activities they are getting full business rate relief this year, under the Expanded retail discount scheme, so there is nothing to pay in 20/21 and they are also eligible for a £10k/£25k business grant providing the developer does not breach state aid rules.
However, the Council could look to maintain this relief going forward in 21/22 as a local discretionary rate relief should the housing market not recover.
- 5.21 The cost of any such local rate relief discounts are split between SNC, County & Government (except where they are Government funded to deliver on a national policy).
- 5.22 An alternative approach would be to lobby Government to continue / expand the range of national business rate discounts. Officers will continue to monitor the economic effect on businesses, and should it be necessary will make future recommendations to Members around the discretionary business rates relief policy for 21/22.

D) Granting of Additional Council Tax Reliefs on New Builds

- 5.23 Once a new build dwelling reaches a stage where it could be completed within 3 months, we must serve a completion notice specifying a date within 3 months when we deem it to be complete. This sets the date for the property to be banded by the Valuation Office. Once a property has been banded by the VOA it is included within the New Homes Bonus calculation.
- 5.24 There is a one-month full discount where no charge is due and then 100% charge on an empty thereafter. In 2019/20 there were 158 empty relief awards made to builders costing £21,000,
- 5.25 Increasing the discount to a three-month period, would therefore cost approximately £42,000 extra.
- 5.26 The regulations preclude us from changing this discount even if we wanted to until the start of April 2021.
- 5.27 However, from April 2021 we could operate a more generous discretionary local discount for a period (S13A), but Members should note that the full cost of the relief falls on the billing authority, i.e. the complete Council Tax bill not just the element relating to South Norfolk Council.
- 5.28 An alternative approach would be to lobby Government to make this a national discount whilst ensuring new builds are counted towards any New Homes Bonus calculations, or to get agreement from the other preceptors to share this cost, although this would be an agreement outside of the Council Tax Collection Fund.

Members are requested to review the requests for additional funding, and decided which, if any, to support and whether to lobby Government of request other preceptors share any of the costs.

6 **IMPACT ON CAPITAL BUDGET**

- 6.1 **Appendix 1** details the current 20/21 and 21/22 Capital Programme. It includes comments on each project regarding the effect of Covid 19.
- 6.2 No changes are proposed to the Capital Budgets.

Members are requested to discuss any required changes to the Capital Programme.

7 MEDIUM TERM FINANCIAL STRATEGY (MTFS) UPDATE

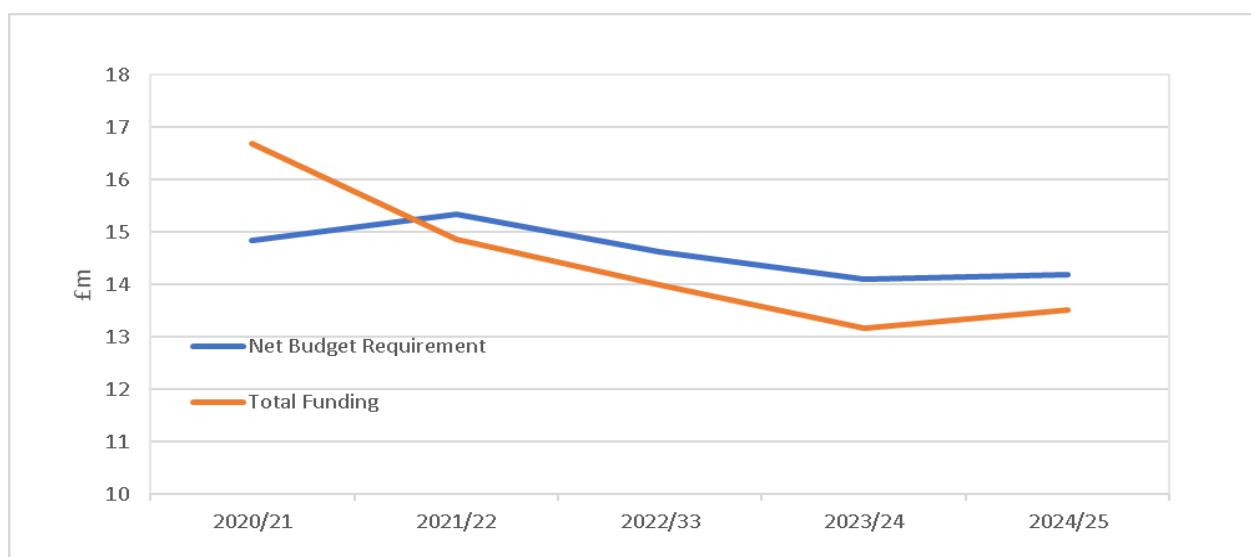
7.1 This section of the report provides and update on the MTFS.

A) MTFS - As Presented in Feb 20

7.2 The 'Revenue Budget and Council Tax 2020/21' report presented to Cabinet on 3 February 2020, included a MTFS.

7.3 This reported a £1.8m surplus in 20/21, followed by a funding gap of between £465k-£933k in future years as follows.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Net Budget Requirement	14,851	15,339	14,625	14,106	14,193
Total Funding	16,688	14,874	14,002	13,173	13,520
Funding Gap / (Annual Suplus)	-1,837	465	623	933	673



B) MTFS – Update

7.4 The MTFS assumptions have now been reviewed and the following changes made.

Impacts on Net Budget Requirement

- £390k per year has been included for the likely increase in the MRF gate fee (13,000 tonnes x £30). There is only a half year impact in 20/21.
- Lost income of £3.2m in 20/21, followed by £0.8m in 21/22 has been assumed.
- £600k has been included as a one-off pressure in 20/21. This is made up of £250k general Covid 19 spending pressures, £250k homelessness and £100k for investing in the public realm.
- £256k has been included for additional Council Tax Support costs in 20/21, reducing to £192k in 21/22, before dropping back to current levels in 22/23.

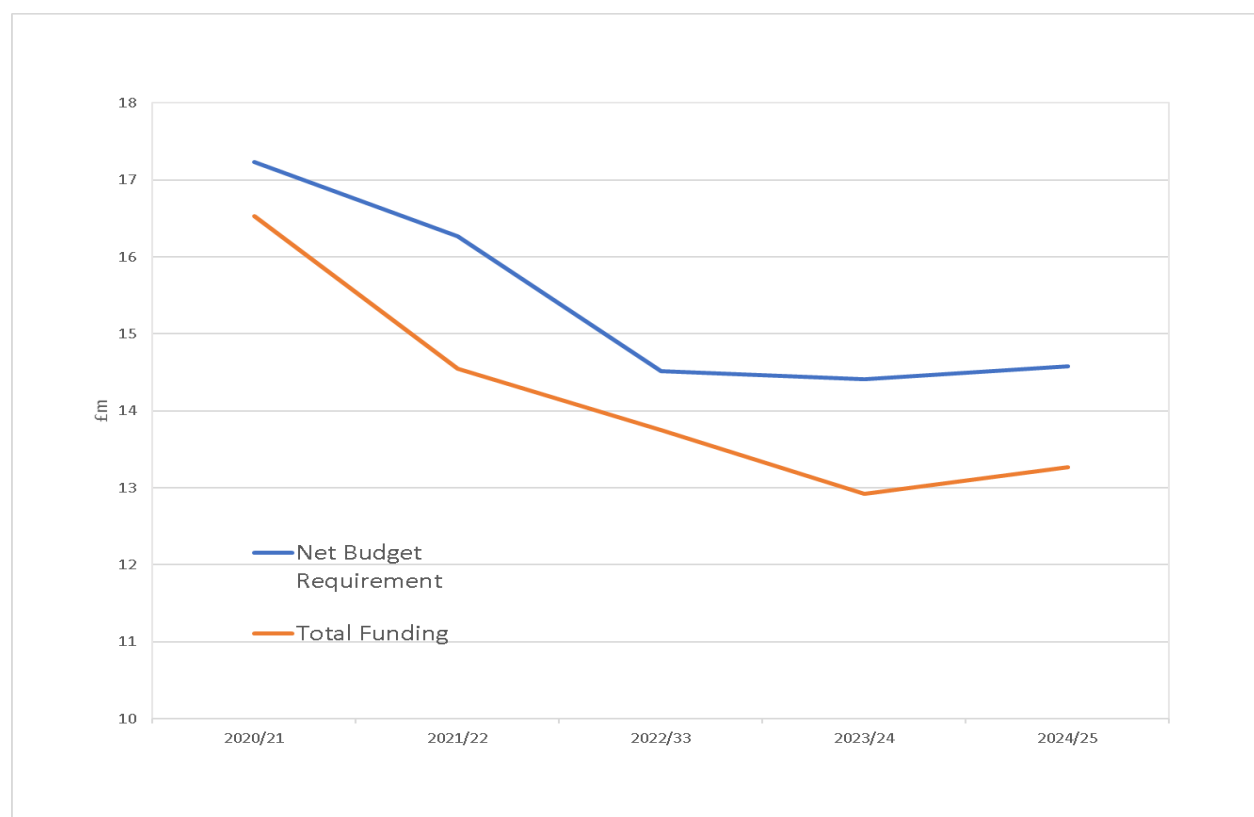
Impacts on Funding

- Additional Covid 19 Government grant of £1.465m.
- Reductions in Council Tax collection rates totalling £154k in 20/21 and £77k in 21/22. Representing a cut in the collection rate of 2% / 1% respectively.
- An ongoing cut of £250k in the likely amount of business rates growth retained.
- No change has been made to income from New Home Bonus, as the original MTFS already assumed this was being phased out.

7.5 Further details are shown in **Appendix 2**.

7.6 The updated MTFS now shows a funding gap of £0.7m in 2020/21, rising to £1.7m in 2021/22, then falling to between £0.8m-£1.3m in future years as follow.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Net Budget Requirement	17,237	16,269	14,520	14,413	14,583
Total Funding	16,534	14,547	13,752	12,923	13,270
Funding Gap / (Annual Suplus)	703	1,722	768	1,490	1,313



7.7 The following table shows how the funding gap has changed.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Original Funding Gap / (Annual Suplus)	-1,837	465	623	933	673
<u>Impacts on Net Budget Requirement</u>					
Collaboration savings		-495	-495	-83	
Recycling Gate Fee	195	390	390	390	390
Lost Income	3,233	843			
COVID 19 - Spending Pressures	600				
Additional Council Tax Support	256	192			
Measures to reduce in year spend	-433				
<u>Impacts on Funding</u>					
COVID 19 - Government Funding	-1,465				
Reduction in Council Tax Collection Rates	154	77			
Reduction in assumed Business Rates Growth		250	250	250	250
New Home Bonus					
New Funding Gap / (Annual Suplus)	703	1,722	768	1,490	1,313

C) Summary

7.8 The key point to note is that that the updated MTFS is showing that:

- Rather than adding £1.4m to reserves over the next two years (£1,837k - £465k)
- The Council will need draw £2.4m from reserves (£703k + £1,722k).

7.9 This represents a net worsening of the position by some £3.8m.

Cabinet is recommended to request Council approve the use of £703,000 from General Reserves to rebalance the current year budget, this figure takes into account proposed in-year savings in section 9 of £433,000.

In future years Members may decide to use further Reserves to cover this reduction, in combination with some of the saving options in section 10 of this report to try and reduce this sum.

8 MITIGATION ACTIONS

- 8.1 The following actions have occurred, or are proposed, to help mitigate the impact of Covid 19 on the Council's finances.

A) Staff Redeployments

- 8.2 As at mid-May, across BDC and SNC, we have redeployed a total of 97 staff to directly support COVID19 work. Whilst the bulk of this resource came from the SNC leisure centres, we have also redeployed staff from areas such as Chief of Staff, Waste Services, Customer Support, Planning and CNC Building Control.
- 8.3 We have redeployed people to support the following service areas:
- 68 people to the Communities (Help Hub) to either take or make calls to vulnerable residents, or work out in the community delivering food/prescriptions etc.
 - 13 people to Waste Services working as drivers, loaders and logistic support.
 - 12 people to Non-Domestic Rates (Business Rates) to either take calls from businesses (to release capacity to process grant applications) or to make calls to businesses who are potentially eligible but are yet to claim grants.
 - 1 person to Council Tax to process work items and applications and release core staff to deal with increased demand.
 - 1 person to Housing Options to release core staff to deal with increased demand.
 - 1 person to HR to support high priority work.
 - 1 person to facilities to support Caretakers at the Lodge as backfill for vulnerable staff.
- 8.4 It should also be noted that a number of people have picked up additional work to support COVID19 work whilst remaining with their core service. These are not within the numbers above but include Economic Growth staff who have also been supporting Business Rates work and our reception staff who have supported Housing Benefits.
- 8.5 We have also released a very small number of our staff, who we were unable to directly redeploy, to work with food banks and the NHS.

B) Leisure

- 8.6 A number of leisure centre staff have been redeployed to assist at the depot. This has meant that up to 8 agency workers have not needed to be employed at the depot at an average cost of £3,500 per week.
- 8.7 The opportunity has been taken to try to undertake works at Wymondham and Diss leisure centres while they are closed. These works had been programmed for later in the year, and would have necessitated the part closure of the centres and the loss of a month's income, equating to some £100K.
- 8.8 Savings will also materialise through reduced utilities costs, as the heating in the pools has been reduced and there is less lighting of the facilities.

- 8.9 Work is underway to offer a number of chargeable on-line leisure classes while the Leisure Centres remain closed, these commenced on 25th May. This will help retain memberships and assist in a smooth transition of members back when the centres finally reopen.
- 8.10 Preparatory work has also started regarding how we communicate and what offers we want to use to reintroduce our leisure offer, and encourage more use and income.
This includes how we develop our community leisure offer as a potential emerging income stream and working closely with both the Communities and Economic Development teams plus NHS colleagues to benefit both activity levels and our market towns and community capacity objectives.

C) Increased Marketing Activity and Promotion of Other Services

- 8.11 When appropriate, we will carry out an active marketing campaign to encourage take up of our chargeable services, for instance Garden Waste Bins and Bulky Waste Collections.

D) Commercialisation and Supporting the Local Economy

- 8.12 Officers are investigating charging for optional services, where possible, to mitigate the impact of the loss of income. Where feasible these charges will focus on areas which also support the local economy.
- 8.13 The Council will also look to procure goods and services locally, wherever feasible, and ensure payment is made as quickly as possible to assist businesses with cashflow.

Members are requested to note the proposed mitigation actions.

9 IN YEAR SAVINGS OPTIONS

- 9.1 This section of the report provides various in year saving options for members to review.

A) Holding Vacancies

- 9.2 At present there are 65.6 FTE vacancies across both Councils, which had yet to progress to offer stage. The annual cost of these posts is c£2.2m.
- 9.3 Assistant Directors have reviewed all these vacancies to determine whether we should:
- Continue to recruit
 - Freeze the post for a while
 - Delete the post.
- 9.4 The result of the review is shown in the table below.

	Comment	No of FTEs	Salary Saving BDC £'000	Salary Saving SNC £'000
Posts to be deleted	Full year saving	1.5	27	32
Posts to be frozen	Six months saving	14.1	67	147
Posts to be frozen	Covered by redeployments	4.0	-	-
Posts to be recruited	Three months saving	41.0	148	199
Posts to be recruited	No saving as agency costs	5.0	-	-
Total		65.6	242	378

The savings are higher for SNC as a number of the vacancies are / leisure / waste.

Members are requested to note the proposed salary savings which will be taken into account rebalancing the current year budget.

B) Furloughing Staff

- 9.5 Although we have closed our leisure facilities, we are still paying the leisure staff. The monthly salary bill for these staff is approximately £160k – (£2m a year).
- 9.6 At present, the majority of these staff have been redeployed to assist with the Covid 19 response, either staffing the help hub, or assisting with refuse and recycling collections.
- 9.7 The Government's Coronavirus Job Retention Scheme will remain open until the end of October.
- 9.8 From August, furloughed workers will be able to return to work part-time with employers being asked to pay a percentage towards the salaries of their furloughed staff.
- 9.9 The current Government Coronavirus Job Retention Scheme guidance re the public sector is as follows.

The government expects that the scheme will not be used by many public sector organisations, as the majority of public sector employees are continuing to provide

essential public services or contribute to the response to the coronavirus outbreak.

Where employers receive public funding for staff costs, and that funding is continuing, we expect employers to use that money to continue to pay staff in the usual fashion – and correspondingly not furlough them.

This also applies to non-public sector employers who receive public funding for staff costs. Organisations who are receiving public funding specifically to provide services necessary to respond to COVID-19 are not expected to furlough staff.

In a small number of cases, for example where organisations are not primarily funded by the government and whose staff cannot be redeployed to assist with the coronavirus response, the scheme may be appropriate for some staff

Source:<https://www.gov.uk/guidance/check-if-you-could-be-covered-by-the-coronavirus-job-retention-scheme>

- 9.10 The following Q&A from a DCN Coronavirus conference call, indicates that although unlikely it is still possible for local authorities to furlough staff.

Q: Can Government confirm that in-house Leisure Services staff who cannot be redeployed and are furloughed will qualify for 80% reimbursement?

A: Yes, provided they meet the requirements set out in the guidance on furloughing can be found here - <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-guidance-for-employees>. The LGA has also produced some useful guidance here - <https://www.local.gov.uk/lga-workforce-update-job-retention-scheme>

- 9.11 The Council has obtained legal advice on this as follows:

As there is no direct funding for staff costs at the leisure centre – it is definitely worth pursuing the furlough option. I can't provide an absolute guarantee that the rebate will be allowed because we only have the guidance to go on but based on the guidance my advice is that the Council can make a good case for furlough applying. In a worst case scenario – the employees will still be on reduced pay for a period of time which will help with the cost savings.

- 9.12 According to a recent LGA council workforce survey. A total of 16 per cent of councils reported that they had furloughed at least one member of staff. On the other hand, some 76 per cent of councils reported recruiting additional staff.

- 9.13 It is therefore recommended that SNC does not at present furlough any leisure staff, as they are providing a crucial resource that is being used to support our Covid 19 resource. However, this is to be reviewed by officers as and when these staff are no required to support the Covid 19 response.**

C) New Ways of Working

- 9.14 The enforced lockdown has challenged us to work in new ways. There is now the opportunity to capture some of the positive changes. Some of these changes will not only provide a financial benefit, but also an environmental benefit.
- 9.15 The following budget changes are also put forward to members for consideration.

Training Budgets

- 9.16 There is a total training budget in 20/21 across the two Councils of £300k. During the lockdown, training has either been deferred or carried out online. This budget therefore needs to be reviewed.
- 9.17 However, any reduction to this budget would reduce the amount of training and would be counter to the One Team approach of investing in our staff and members.
- 9.18 The recent staff survey has indicated a need to invest heavily in both our staff to drive forward the one team culture and our Managers to ensure they provide their staff with the support they need. There is also a need to embrace the new agile way of working.
- 9.19 However, the ability for staff to attend training in 20/21 is likely to be affected by the social distancing restrictions. **Therefore, a one-year temporary pro-rata reduction of £50,000 to this budget would be a reasonable reflection on the current situation;** the impact on South Norfolk Budgets is a reduction of £27,500 (55% as per the collaboration agreement).

Travel & Subsistence Budgets

- 9.20 With the lockdown, staff travel has reduced. In the future travel is also likely to be lower than before, as holding meetings virtually becomes a more common business practice and staff continue to work from home.
- 9.21 It is therefore proposed that the **travel budget be reduced by £50,000** from £236,375 to £186,375; the impact on South Norfolk Budgets is a reduction of £27,500 (55% as per the collaboration agreement).

Energy Costs

- 9.22 Officers will be carrying out a review of energy costs to identify any potential savings from reduced consumption and / or if it is possible to buy at a better rate in the current climate.

Accommodation

- 9.23 A separate paper is being produced looking at accommodation options.

Members are requested to note the proposed new ways of working savings which will be taken into account rebalancing the current year budget.

10 LONGER TERM SAVING OPTIONS

- 10.1 This section of the report provides various longer-term saving options which Members may wish to consider when considering the 21/22 budget later in the year.

A) Discretionary Services and Optimising income

- 10.2 Most of the functions that the Council provides are statutory. The key discretionary services are:
- Commercial Ventures
 - Grants and Community Funding
 - Asset Management / Building Maintenance
 - Early Intervention
 - Leased properties and hostels
 - Renovation grants
 - Care and Repair / Home Maintenance Advice
 - Supporting People
 - Handyperson Services
 - Leisure Centres
 - Sports & Leisure Development
 - Broadband for the community
 - Visitor Economy / Tourism
 - Commercial Property
 - Car Parking
 - Play areas.
- 10.3 However, there is also opportunity to look at the level of service within statutory areas. For instance, the legislation in many areas leaves that open for interpretation. Taking Pest Control for instance the legislation says - Under the Prevention of Damage by Pests Act 1949, local authorities are responsible for ensuring that their districts are kept, as far as is practicable, free of rats and mice. While some authorities provide a service directly, many other local authorities just signpost to external providers.
- 10.4 Officers will also be carrying out a review of prices (including bulky waste / green waste collection fees) to determine if there is scope to increase these.
- 10.5 They will also consider whether it is possible to charging for optional elements of services, over and above the basic level of service. Or charging a premium for a quicker response.
- 10.6 Changes to charging structures, is likely to be an area that will fall within the remit of the Member responsible for commercialisation.

B) Further Collaboration Options

- 10.7 At present SNC and BDC are successfully operating shared service arrangements, and this is delivering significant savings. At present the business case is expecting these savings to be delivered over a 5-year period. Work could be undertaken to try to accelerate the delivery of these savings.
- 10.8 However further savings could be obtained if the Council:
- Progressed with a full merger. These savings would arise from reducing duplication ie one set of committees, one set of budgets, one set of rule and regulations etc.
 - Requested a boundary review to potentially reduce the number of wards and thus members. A reduction in the number of members would be likely if a full merger was envisaged as currently between the two councils there are 93 members.
 - Looked to expand the partnership from a 2 way shared service, in order to deliver further economies of scale.
- 10.9 The possibility of further collaboration savings is however contingent on any future Government devolution / restructure proposals and a white paper on devolution is anticipated in the autumn.

C) Reducing Council Tax Discounts

Class B – Second Home Discount (SNC)

- 10.10 Second homes get a 5% council tax discount.
- 10.11 In 2019/20 there were 941 such awards giving a total Council tax discount of £55,280. As SNC only retain a proportion of council tax, the cost of this discount to SNC was approximately £4,699.
- 10.12 BDC do not offer a Second Home Discount.

Class C - Empty Discount (SNC)

- 10.13 Empty properties currently get a one-month council tax discount.
- 10.14 This supports local landlords as they have 1 month to 'turn a property round' in between tenants without incurring Council Tax charges.
- 10.15 Private landlords are essential to providing accommodation for a significant proportion of the population. Landlords are being negatively affected by Covid 19 as a number of their tenants will be experiencing financial distress,
- 10.16 However, Members should be aware that the landlord does not always benefit from this reduction, as often the tenant claims the 1 month free at the start or end of their tenancy.
- 10.17 In 2019/20 there were 3,919 such awards giving a total Council tax discount of £312,873. As SNC only retain a proportion of council tax, the cost of this discount to SNC was approximately £26,594.

- 10.18 BDC do not offer an Empty Home Discount, however this provides no cushion for landlords or owners of property when they move in/out and can result in debts being difficult to recover if they are only for short periods.

Class D – Major Repairs Discount (SNC)

- 10.19 Homes undergoing major repairs get a 50% council tax discount for up to 12 months.
- 10.20 In 2019/20 there were 182 such awards giving a total Council tax discount of £63,948. As SNC only retain a proportion of council tax, the cost of this discount to SNC was approximately £5,436.

Timing

- 10.21 The Council can only amend Council Tax Discounts with effect from a new financial year.
- (5) A billing authority may make a determination varying or revoking a determination under subsection (3) or (4) for a financial year, but only before the beginning of the year.*

Members are requested to review the proposed savings options and provide officers with a steer on which ones to progress in preparing the 21/22 budgets.

11 **ISSUES AND RISKS**

- 11.1 Resource Implications – This paper provides an update on the financial implications of Covid 19 on the Council. We are still at an early stage, and the numbers in this report are therefore subject to variation.
- 11.2 The Council currently has £10m in general reserves and £12m in earmarked reserves. The Council therefore has sufficient reserves to cover the estimated use of reserves highlighted in this report, however a significant draw on reserves would impact on the financing of the capital programme over the longer term, which currently includes the use of revenue reserves to support capital expenditure.
- 11.3 The Council also has limited capital reserves (c£1m) However, in general capital reserves can only be used to fund capital expenditure and are not permitted to be used to fund revenue deficits.
- 11.4 The key risks / issues raised in this paper are:
- There could be a second wave of infections, which could require a second full lockdown incurring further costs and income losses to the Council.
 - There is uncertainty over whether Government will provide any more funding to help deal with the financial implications.
 - The speed that we can reopen our leisure facilities is uncertain and the ability of income from leisure to recover to pre-Covid-19 levels is uncertain.
- 11.5 Legal Implications – The Council has a legal duty to ensure its financial position remains robust.

12 **RECOMMENDATIONS**

- 1 That the Emergency Committee recommends the following to Council:
- (a) The proposed changes to the 20/21 income budgets, as set out in the table at paragraph 2.3.
 - (b) The proposed changes to the 20/21 expenditure budgets.
 - (c) The following requests for additional funding
 - Hardship Payments (£150 Council Tax Support (£100,000)
 - Discretionary Housing Payments (£50,000)
 - (d) The use of £703,000 of General reserves to support the current year budget.
 - (e) The proposed in year saving options.
- 2 That the Emergency Committee notes the following:
- (a) The impact on Big Sky
 - (b) The impact on the Capital Programme.
 - (c) The impact on the Medium-Term Financial Strategy over the longer term.
 - (d) The proposed mitigation actions.
 - (e) The longer terms savings options.

APPENDIX 1: IMPACT ON CAPITAL BUDGET

	Team	Provisional Projects	Estimate 2020/21 £	Estimate 2021/22 £	Comments re Covid 19 effect
Wymondham Plant Work including Pool Filters	Leisure		213,191		An order has been placed for filters to enable the works to be carried out during the enforced closure period so that the facilities will not have to be shut again to complete the works. There are however some issues with the supply chain and securing the labour to complete the works.
Further Works at Wymondham Leisure Centre	Leisure		80,000	195,465	Some works have already commenced and orders have been placed for other works to be carried out during the enforced closure period so that the facilities will not have to be shut or have reduced access again to complete the works, there is however some issues in securing the labour and some materials.
Further Works at Diss Leisure Centre	Leisure		85,000	130,000	
Further Works at Long Stratton Leisure Centre	Leisure			35,000	
Framingham Earl High School	Leisure	Y		220,000	No change, however business case for this project may be more difficult.
Ketts Park - Tennis Facilities	Leisure	Y		366,886	No change, however business case for this project may be more difficult.
Long Stratton Pool	Leisure		110,000		Intention is still to progress with project in line with initial timescales but there are concerns as to whether this will be possible, which may require budget being slipped to 21/22.
Wheeled Bin Purchase	Waste		150,000	150,000	No change
Vehicle Procurement and Replacement	Waste		978,528	748,000	No change envisaged, orders for vehicles already placed – although supply of vehicles by supplier could be impacted by close down.
Waste ICT System Improvements	Waste		69,000		No change
Grounds Maintenance Equipment	Waste		78,800		No change
Depot Refurbishment/Replacement	Waste			1,000,000	No change
Disabled Facilities Grants	Housing		900,000	900,000	No change
Police ANPR Cameras - New Project	Individuals & Families	Y	63,000		No change
Total People & Communities			2,727,519	3,745,351	

	Team	Provisional Projects	Estimate 2020/21 £	Estimate 2021/22 £	Comments re Covid 19 effect
Play Area Refurbishments - Sites with Commuted Sums	Economic Growth		72,385		This work will still go ahead. The S106 money has to be used within a certain time frame.
Street Lighting	Economic Growth		42,988	24,240	This project is already part way through and running behind schedule so will still go ahead. Covid-19 has not had any implications yet.
Toilet Refurbishments	Economic Growth		140,000		This project will go ahead as planned this financial year. Covid-19 could impact on it if there is an issue with building companies being unable to work or the supply chain is disrupted but this is not known at present.
Car Park Improvements	Economic Growth		35,000	56,348	£35k per annum is for ongoing maintenance. £21,348 relates to options for introduction of P&D at Ayton Road and should remain programmed for 21/22.
Installation of Electric Car Charging Points	Economic Growth		13,000		No change. Work will continue as planned.
Norwich Research Park Enterprise Zone Infrastructure	Economic Growth		2,100,000		Work commenced on site April 2020, should be finished by August. Not expecting COVID 19 to affect this.
Norwich Research Park Enterprise Zone Office	Economic Growth		3,650,000		Project is planned to be complete by the end of 20/21. It may slip slightly into 21/22, but we are working on the assumption that the vast majority of the budget will be spent in 20/21 even with the COVID implications. Need to lobby to extend Enterprise zones for another year in case end date does slip.
Browick - Unit Development & Purchase	Economic Growth	Y	5,950,000	1,000,000	Discussions have restarted with the landowners to agree a way forward. Currently unknown if any funding will be spent in 20/21.
Browick - Additional Land Purchase	Economic Growth	Y	2,750,000		Discussions have restarted with the landowners to agree a way forward. Currently unknown if any funding will be spent in 20/21.
Other Property/Economic Development Investment (Long Stratton Bypass)	Economic Growth	Y		5,000,000	No change
Total Place			14,753,373	6,080,588	

	Team	Provisional Projects	Estimate 2020/21 £	Estimate 2021/22 £	Comments re Covid 19 effect
Cringleford- Loan to BSD for purchase of land	Finance		3,000,000		No change
BSPM Purchase of Rental Homes on new sites	Finance		550,000	7,450,000	No change
Funding to finance BSD's 5-year strategy	Finance	Y	10,000,000		No change
Homes England money to be passed to BSD for Cringleford	Finance		5,440,000		No change
Poringland Phase 3 - Commercial	Finance	Y		1,700,000	No change
Total Big Sky Projects			18,990,000	9,150,000	
New IT Projects	ICT & Digital		155,000	125,000	No changes envisaged to current budgets
Collaboration IT Infrastructure	ICT & Digital		802,025		No changes envisaged to current budgets
Digital	ICT & Digital		150,000	25,000	No changes envisaged to current budgets
Total: Resources			1,107,025	150,000	
Total Capital Programme			37,577,917	19,125,939	

APPENDIX 2: MEDIUM TERM FINANCIAL PLAN (MTFP)

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Comment
Base Net Expenditure	13,755	13,950	13,925	13,711	13,804	
<u>Recurring Adjustments:</u>						
Inflationary Pressures		275	281	276	270	2% annual increase
Collaboration Savings		-495	-495	-83		Based on 55% of latest figure from cost and savings tracker
Waste contract				-100	-100	No allowance for expansion of food waste, or increased disposal costs
Recycling Gate Fee	195	195				£30 per tonne extra x 13,000 tonnes. Half year effect 20/21.
Base Net Expenditure for following year	13,950	13,925	13,711	13,804	13,974	
<u>Lost income</u>	3,233	843				
<u>Non Recurring Adjustments</u>						
COVID 19 - Spending Pressures	500					One off cost 20/21.
Investing in the Public Realm	100					One off cost 20/21.
Additional Council Tax Support	256	192				20/21 50% increase. 21/22 reducing to 25%. Then back to current levels.
Measures to reduce in year spend	-433					eg freezing vacant posts, training, travel
COVID 19 - Government Funding	-1,465					One off income 20/21.
Investment Income - General	-41	-41	-41	-41	-41	Assume remains stable over time
Investment Income - Loans to companies	-1,500	-1,400	-900	-600	-600	Income from Big Sky
Interest Payable	192	750	750	750	750	External borrowing interest (based on capital £25m x 3%)
Transfers to / (from) Earmarked Reserves	2,445	2,000	1,000	500	500	Reducing
Net Budget Requirement	17,237	16,269	14,520	14,413	14,583	

Funded by						
Council Tax - District Element	7,745	8,075	8,410	8,752	9,099	
Reduction in Council Tax Collection Rates	-154	-77				20/21 2% cut. 21/22 1% cut. Then back to current levels.
Council Tax - Special Expenses	11	11	11	11	11	Assume remains stable over time
NNDR (Business Rates)	4,410	4,410	4,410	4,410	4,410	Assuming maintain current level of income
Reduction in assumed Business Rates Growth		-250	-250	-250	-250	Amount of funding from growth likely to be scaled back in future.
New Homes Bonus	4,522	2,378	1,171			Falling in line with figures in 20/21 provisional finance settlement
Total Funding	16,534	14,547	13,752	12,923	13,270	

Funding Gap / (Annual Surplus)	703	1,722	768	1,490	1,313
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Council Tax Calculation						
Council Taxbase (Homes)	49,966	50,466	50,971	51,481	51,996	1% annual increase
Council Tax	155.00	160.00	165.00	170.00	175.00	£5 annual increase
South Norfolk's share of precept (£000)	7,745	8,075	8,410	8,752	9,099	

New Homes Bonus Calculation					
2017-18	763				
2018-19	1,207	1,207			
2019-20	1,171	1,171	1,171		
2020-21	1,381				
	4,522	2,378	1,171	0	0

MONITORING OFFICER REPORT

Report Author(s): Emma Hodds
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Portfolio: Leader, Economy and External Affairs

Ward(s) Affected: All

Purpose of the Report:

The Leader has indicated due to the response of the Council to COVID19 he wishes to modify the Cabinet portfolios and corresponding Cabinet Policy Committees and to increase the number of portfolios from six to seven. The Leader also wishes to introduce a new Commercial, Trading & Customer Focus Committee.

Recommendations:

That Council:

1. Notes the modification to the delegation of responsibilities to portfolios and cabinet policy committees as included in Appendix 1 of this report.
2. Notes the increase of portfolios to seven and to approve the additional special responsibility allowances.
3. Approves any subsequent amendments to Committee membership as a result of the proposed changes to cabinet membership.
4. Authorises the minor amendments to the Cabinet Portfolio Committees terms of reference to the Monitoring Officer, in consultation with the Group Leaders.
5. Approves the introduction of a new Commercial, Trading & Customer Focus Committee and delegate to the Monitoring Officer, through consultation with the Group Leaders, the creation of the terms of reference.
6. Authorises the Monitoring Officer to make the consequential changes to the constitution as a result of this report.

1 SUMMARY

- 1.1 The Leader has indicated due to the response of the Council to COVID19 he wishes to modify the Cabinet portfolios and corresponding Cabinet Policy Committees and to increase the number of portfolios from six to seven. The Leader also wishes to introduce a new Commercial, Trading & Customer Focus Committee.

2 PORTFOLIO ARRANGEMENTS AND CABINET POLICY COMMITTEES

- 2.1 Part 3 of the Constitution – 3.1 Responsibility for functions - confirms that the Cabinet consists of the Leader, together with at least one and up to nine other councillors from the majority political party, who each act as lead councillor for portfolios of council activities.
- 2.2 The Leader of the Council shall from time to time notify the Council of his appointments to the Cabinet and of the designation and composition of the portfolios which he assigns to specific Cabinet members. A special responsibility allowance is paid to Portfolio Holders.
- 2.3 The Leader has confirmed his intentions to modify the nature and number of cabinet portfolio service area responsibilities as a response to the COVID19 situation to enable the focus of the Cabinet to be directed to reflect how the Council can best respond to the current situation and beyond. It is important that the Council enables Economic Recovery, whilst providing the support to our communities and ensuring that the Council focuses on recovering the financial position.
- 2.4 The review and modification of portfolio responsibilities reflects this ambition, as does the increase in the number of portfolios from six to seven. The corresponding Cabinet Policy Committees have also been reviewed to ensure continued alignment. The detail can be found at Appendix 1, whilst a summary of the proposal is as follows:

Cabinet Portfolio	Corresponding Cabinet Policy Committees
Leader	<ul style="list-style-type: none">• Regulation and Policy• Cross Cutting
Clean and Safe Environment	<ul style="list-style-type: none">• Economy and Environment• Regulation and Planning• People and Communities
Stronger Economy	<ul style="list-style-type: none">• Economy and Environment• Regulation and Planning
Better Lives	<ul style="list-style-type: none">• People and Communities
Customer Focus	<ul style="list-style-type: none">• Commercial, Trading & Customer Focus Committee
Finance and Resources	<ul style="list-style-type: none">• Finance, Resources, Audit and Governance• Cross Cutting

Governance and Efficiency	<ul style="list-style-type: none"> • Finance, Resources, Audit and Governance • Commercial, Trading & Customer Focus Committee • Cross Cutting
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- 2.5 Minor changes to the names and/or Terms of Reference of the Cabinet Policy Committees will be required in order to ensure continuing alignment to the Cabinet Portfolios.
- 2.6 The Leader has also indicated his ambition to constitute a new Commercial, Trading & Customer Focus Committee, which will form and review the Council's policy in respect of being a commercially focused organisation through the development and implementation of innovation and growth focused activity. The Committee will ensure that there is strong leadership which builds a robust commercial culture and ensures the ongoing viability of the Council.

3 DEVELOPMENT MANAGEMENT COMMITTEE

- 3.1 The Chairman of the Development Management Committee (DMC) has indicated that the interim emergency arrangements should continue for the time being, namely the introduction of virtual meetings, the membership of the committee and the frequency of the meetings.
- 3.2 Virtual meetings comply with all the "quasi-Judicial" protocols and the format keeps the meetings focussed, transparent, relevant, legal and without pre-determination.
- 3.3 The committee attracts more people due to the public interest in planning matters and therefore the attendance of the public is vital. In the current climate where social distancing is still required, virtual meetings meet both the need of the committee and the need of the public.
- 3.4 There is also the potential need for more frequent meetings, which are also more conducive to online meetings.
- 3.5 The Chairman will liaise regularly with the Monitoring Officer over the arrangements in place, and at a minimum will review the position in three months' time.

4 ISSUES AND RISKS

- 4.1 **Resource Implications** – the increase in portfolios will result in an increased special responsibility allowance, which is £6,325 per annum.
- 4.2 **Legal Implications** – the changes in this report will require changes to the constitution, which have been covered through a recommendation within this report.
- 4.3 **Equality Implications** – not applicable to this report.

4.4 **Environmental Impact** – not applicable to this report.

4.5 **Crime and Disorder** – not applicable to this report.

4.6 **Risks** – not applicable to this report.

5 CONCLUSION

5.1 This report asks for changes to be made to the portfolio service areas, the complementary cabinet policy committees and the creation of a new policy committee.

6 RECOMMENDATIONS

That Council:

6.1 Notes the modification to the delegation of responsibilities to portfolios and cabinet policy committees as included in Appendix 1 of this report.

6.2 Notes the increase of portfolios to seven and to approve the additional special responsibility allowances.

6.3 Approves any subsequent amendments to Committee membership as a result of the proposed changes to cabinet membership.

6.4 Authorises the minor amendments to the Cabinet Portfolio Committees' names and terms of reference to the Monitoring Officer, in consultation with the Group Leaders.

6.5 Approves the introduction of a new Commercial, Trading & Customer Focus Committee and delegate to the Monitoring Officer, through consultation with the Group Leaders, the creation of the terms of reference.

6.6 Authorises for the Monitoring Officer to make the consequential changes to the constitution as a result of this report.

Appendix 1

Portfolio	Service Activity	Directorate	Policy Committee
Leader	Policy and Strategy	Managing Director / Chief of Staff	Cross Cutting
	Communications and Marketing	Managing Director / Chief of Staff	Cross Cutting
	Strategic Planning Policy including: - Community Infrastructure Levy - Local Development Framework - Joint Core Strategy - New Homes Bonus - Town Plans and Developer Guidance	Director Place / AD Planning	Regulation and Planning
	External Affairs	Managing Director / Chief of Staff	Cross Cutting
	Commercial Ventures	Managing Director	Commercial, Trading & Customer Focus
	Emergency Planning and Business Continuity	Director Place / AD Regulatory	Cross Cutting
	Elections and Electoral Registration	Director Resources / AD Governance & Business Support	Cross Cutting
Clean & Safe Environment	Street Lighting	Director Place / AD Regulatory	Economy and Environment
	Public Conveniences – Policy	Director Place	Economy and Environment
	Public Conveniences – Cleansing	Director People & Communities / AD Community Services	Economy and Environment
	Strategic Waste including: - Waste Partnerships - Waste and Environmental	Director People & Communities / AD Community Services	Economy and Environment

	<p>Strategy Development</p> <ul style="list-style-type: none"> - Reuse and Recycling Project Work 		
	<p>Waste including;</p> <ul style="list-style-type: none"> - Domestic Recycling - Domestic Refuse Collection - Mini Recycling Centres - Commercial Waste - Grounds Maintenance 	Director People & Communities / AD Community Services	Economy and Environment
	<p>Community Protection and Environmental Quality including:</p> <ul style="list-style-type: none"> - Surface Water & Sewerage - Environmental Crime - Environmental Health - Pest Control - Dog Control - Disease Control - Neglected Sites - Pollution - Community Safety 	Director Place / AD Regulatory	Economy and Environment
	<p>Licensing including:</p> <ul style="list-style-type: none"> - Alcohol Licensing - Animal Licensing - Gambling Licensing - Regulated Entertainment Licensing - Taxi Licensing - Hypnosis Licensing - Skin piercing registration 	Director Place / AD Regulatory	Regulation and Planning

	Food Safety	Director Place / AD Regulatory	Regulation and Planning
	Burials	Director People and Communities / AD Individuals and Families	People and Communities
	Public Health Protection	Director Place / AD Regulatory	Economy and Environment
Stronger Economy	Community Assets including: - Play Site Inspection and Adoption - Commons - Community Right to Buy - Heritage Site Management - Parish Land Management	Director Place / Assistant Director Economic Growth	People and Communities
	Design and Conservation including: - Biodiversity / Ecology - Dangerous, ruinous or dilapidated buildings - Listed buildings - Tree preservation	Director Place / AD Planning	Regulation and Planning
	Development Control including; - Building Control - client functions - Planning Applications - Planning Appeals - Planning Enforcement - Street Naming & Numbering - Community Infrastructure Levy	Director Place / AD Planning	Regulation and Planning

	<p>Land Charges</p> <p>CNC Building Control</p> <p>Strategic Housing Policy including; - Affordable Housing - Housing Enabling</p> <p>Economic Development including; - Regeneration - Visitor Economy Initiative - Tourism - Commercial Property - Market Towns</p>	<p>Director Place</p> <p>Director Place / AD Planning</p> <p>Director Place / AD Economic Growth</p> <p>Director Place / AD Economic Growth</p>	<p>Regulation and Planning</p> <p>Regulation and Planning</p> <p>People and Communities</p> <p>Economy and Environment</p>
Better Lives	<p>Community Capacity and Engagement including; - Community Volunteering - Community Engagement - Community Grants and Funding - Community Transport</p> <p>Benefits including: - Council Tax Benefit - Housing Benefits</p> <p>Gypsies and Travellers</p> <p>Housing Standards and Advice including; - Homelessness and</p>	<p>Director People & Communities / AD Individuals & Families</p> <p>Director People & Communities / AD Individuals & Families</p> <p>Director People & Communities / AD Individuals & Families</p> <p>Director People & Communities / AD Individuals & Families</p>	<p>People and Communities</p> <p>People and Communities</p> <p>People and Communities</p> <p>People and Communities</p>

	<ul style="list-style-type: none"> - Community Sport Network - Leisure Development - Play Development <p>Leisure Services</p> <p>Information Technology, ICT Strategy, Telephony and GIS</p> <p>Big Sky</p>	<p>Community Services</p> <p>Director People & Communities / AD Community Services</p> <p>Director Resources / AD Governance & Business Support</p> <p>Managing Director</p>	<p>Commercial, Trading & Customer Focus</p> <p>Commercial, Trading & Customer Focus</p> <p>Commercial, Trading & Customer Focus</p>
Finance & Resources	<p>Audit</p> <p>Accountancy and Treasury Management</p> <p>Finance including; - Income - Payments - Sundry Debtors</p> <p>Procurement and Supply Contracts</p> <p>Health and Safety at SNC</p> <p>Human Resources</p> <p>Land and Property including; - Asset Management - Building Maintenance</p>	<p>Director Resources / AD Governance & Business Support</p> <p>Director Resources / AD Finance</p> <p>Director Resources / AD Finance</p> <p>Director Resources / AD Finance</p> <p>Director Resources</p> <p>Director Resources / AD Governance & Business Support</p> <p>Director Resources / AD Governance & Business Support</p>	<p>Finance, Resources, Audit and Governance</p> <p>Finance, Resources, Audit and Governance</p> <p>Finance, Resources, Audit and Governance</p> <p>Finance, Resources, Audit and Governance</p> <p>Cross Cutting</p> <p>Finance, Resources, Audit and Governance</p> <p>Finance, Resources, Audit and Governance</p>

	<ul style="list-style-type: none"> - Facilities Management Revenues including; <ul style="list-style-type: none"> - Council Tax Collection - National Non-Domestic Rates - Rate Relief Schemes - Benefit Fraud 	Director Resources / AD Finance	Finance, Resources, Audit and Governance
Governance and Efficiency	Service Improvement and Efficiency <ul style="list-style-type: none"> - Organisational Development - Business Development - Business Improvement - Performance Improvement - Customer Insight 	Managing Director / Chief of Staff	Cross Cutting
	Shared Services with Broadland	Managing Director	Cross Cutting
	Legal Services	Director Resources / AD Governance & Business Support	Finance, Resources, Audit and Governance
	Risk Management	Managing Director / Chief of Staff	Finance, Resources, Audit and Governance
	Governance including; <ul style="list-style-type: none"> - Data Protection - Freedom of Information - Equalities 	Director Resources / AD Governance & Business Support	Cross Cutting
	Democratic Services including; <ul style="list-style-type: none"> - Committee Services - Member Support 	Director Resources / AD Governance & Business Support	Cross Cutting

	Local Government Review	Managing Director	Commercial, Trading & Customer Focus
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