Cabinet

Monday 11 June 2018

9.00 am, Colman and Cavell Rooms

South Norfolk House, Cygnet Court, Long Stratton, Norwich, NR15 2XE

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

Contact Claire White on 01508 533669 or democracy@s-norfolk.gov.uk

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

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.

Group Meetings

Conservatives – 8.00 am, Cabinet Office

Liberal Democrats – 8.15 am, Kett Room

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 5)

4. **To confirm the minutes of the meeting of Cabinet held on Monday 30 April 2018;** (attached – page 6)

5. **Performance, Risks, Revenue and Capital Budget Position Report for the Financial Year 2017/18;** (report attached – page 14)

6. **Treasury Management Annual Report 2017/18** (report attached – page 85)

7. Cabinet Core Agenda (attached – page 98)

8. Exclusion of the Press and Public;

To exclude the public and press from the meeting under Section 100A of the Local Government Act 1972 for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended)

9. CNC Building Control – Future Arrangements;

(NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)

Agenda Item: 3

DECLARATIONS OF INTEREST AT MEETINGS

Members are asked to declare any interests they have in the meeting. 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 on the matter.
- 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.
- In any case, members have the right to remove themselves from the meeting or the voting if they consider, in the circumstances, it is appropriate to do so.

Should Members have any concerns relating to interests they have, they are encouraged to contact the Monitoring Officer (or Deputy) or another member of the Democratic Services Team in advance of the meeting.

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 30 April 2018 at 9.00 a.m.

Members Present:

Cabinet: Councillors J Fuller (Chairman), Y Bendle, M Edney, L Hornby, K Mason Billig and B Stone

Non-Appointed: Councillors F Ellis, M Gray, N Legg, T Lewis, G Minshull

Officers in Attendance: The Chief Executive (S Dinneen), the Director of Communities and Well-Being (J Sutterby), the Director of Growth and Business Development (D Lorimer), the Assistant Director – Resources (P Catchpole), the Head of Governance (E Hodds), the Head of Planning (P Courtier), the Commercial and Digital Marketing Manager (H Griffiths), the Joint Spatial Planning Manager (J Walchester), the Operational Economic Development Manager (D Disney), the Senior Planning Officer (S Marjoram) and the Learning and Development Advisor (J Evans)

2640 MINUTES

The minutes of the meeting held 19 March 2018 were confirmed as a correct record and signed by the Chairman.

2641 SOUTH NORFOLK ECONOMIC GROWTH PROSPECTUS

The Subject of the Decision

Members considered the report of the Funding Manager, which sought Cabinet approval for the delivery and design of an on-line economic development prospectus, which was aligned with the New Anglia Local Enterprise Partnership (LEP) Norfolk and Suffolk Economic Strategy.

The Chairman commended the report to members, explaining that the proposed approach would produce an on-line prospectus to assist with the delivery of the growth ambitions of South Norfolk, and Greater Norwich. The Chief Executive added that this would promote the whole of the Greater Norwich Area, whilst also protecting the identity of South Norfolk.

The Operational Economic Development Manager outlined how the prospectus would attract inward investment and new business, and the Commercial and Digital Marketing Manager drew attention to the design concept, which would include an easy to navigate home page with key sectors highlighted.

Members noted that a more detailed downloadable document would also be made available, once contact details had been provided, and this would also act as a lead generation tool for officers.

Cabinet expressed its support for the proposals, noting that Broadland District Council planned to mirror this approach.

The Decision

RESOLVED:

1. To approve the proposed concept, content and design of the South Norfolk Economic Growth Prospectus;
2. To delegate the production of the prospectus to the Director of Growth and Business Development

The Reasons for the Decision

To assist the delivery of the Council's growth plans, as part of Greater Norwich, and attract new investment opportunities.

Cab Min 30/04//18CLW

Other Options Considered

Do nothing and continue to rely on third parties to attract new investment opportunities in to the area.

2642 RESPONSE TO CONSULTATIONS ON DRAFT REVISED NATIONAL PLANNING POLICY FRAMEWORK AND GOVERNMENT STATEMENT ON "SUPPORTING HOUSING DELIVERY THROUGH DEVELOPER CONTRIBUTIONS"

The Subject of the Decision

Members considered the report of the Joint Spatial Planning Manager, which set out a proposed response to the Government's consultations on a draft revised National Planning Policy Framework (NPPF) and statement on "Supporting Housing Delivery through Developer Contributions – Referring Developer Contributions to Affordable Housing and Infrastructure".

The Joint Spatial Planning Manager outlined the key areas of the draft NPPF, the Developer contributions consultation, and the proposed response, which had been produced under the Greater Norwich Development Partnership, with additional input from both Broadland and South Norfolk officers. Members noted that Norfolk County Council (NCC) did not concur with some elements of the response, particularly around CIL, and regulation 123 lists, and therefore the relevant councils would be sending individual responses.

Members considered how the Council's response could be strengthened, and they urged officers to continue discussions with NCC, in the hope that a consensus would be reached, to enable a joint response that would carry more weight. Cabinet was supportive of a joint GNDP district response, should NCC choose not to align, and it was also suggested that officers should consider responses from other partner organisations, such as the New Anglia Local Enterprise Partnership.

During discussion, Cllr M Gray drew attention to Section 15 of the draft NPPF; "Conserving and Enhancing the Natural Environment", and after brief discussion, it was agreed that with regard to paragraph 172, sub paragraph (a), the Council would propose that the words "and geodiversity" be added after "biodiversity".

Some members expressed disappointment that affordable home ownership had only been proposed at 10% on major sites, however, the Chairman reminded members that this was a minimum requirement only, and that the Council would continue to seek to achieve a high level of affordable housing, across the District. Members also raised the need for section 106 agreements to be carefully drafted, and the need for a better understanding of how new developments could have a positive impact on villages in terms of sustainability.

The Decision

RESOLVED: To:

1. Agree the Council's proposed responses as set in Appendices C and D, subject to a number of changes, and the outcome of further discussions with Norfolk County Council (NCC);
2. Should NCC decide not to align its response, to consider a joint Greater Norwich Development Partnership (GNDP) district response;
3. Delegate authority to the Director of Growth and Business Development, in consultation with the Cabinet Member for Economy and External Affairs, to agree any minor factual corrections to the responses if necessary.
4. Welcome an early review of the Community Infrastructure Levy (CIL), through the Greater Norwich Growth Board (GNGB).

The Reasons for the Decision

To ensure that the Council's views are considered by the Government and that its response is strengthened where possible

Other Options Considered

None

2643 GUIDELINES FOR RECREATIONAL PROVISION IN NEW RESIDENTIAL DEVELOPMENTS SUPPLEMENTARY PLANNING DOCUMENT (SPD) - REVISED DRAFT FOR CONSULTATION

The Subject of the Decision

Members considered the report of the Joint Spatial Planning Manager, which sought Cabinet approval for the revised draft "Guidelines for Recreation Provision in New Residential Developments" Supplementary Planning Document (SPD), to go out for four weeks' public consultation, to commence in May 2018.

The Joint Spatial Planning Manager outlined the key issues arising from the report. He reminded members that the consultation on the original draft SPD had ran from June to August 2017, and that following this consultation, the SPD had been simplified, with the likely charge per dwelling laid out more clearly.

Cabinet noted that the draft SPD had been endorsed by the Planning and Regulation Policy Committee at its meeting on 18 April 2018.

Members expressed their support for the revised document, noting the reasons why the Council could no longer routinely take on the ownership and maintenance of new recreational open and play areas, provided through new developments.

The Decision

RESOLVED: To:

1. Note the representations received on the first draft of the SPD, and agree the Council's proposed responses (Appendix C);
2. Agree the revised draft 'Guidelines for Recreation Provision in New Residential Developments' SPD (Appendix A) for four weeks' public consultation, to commence in May 2018;
3. Agree that a Strategic Environmental Assessment of the 'Guidelines for Recreation Provision in New Residential Developments' SPD does not need to be prepared, but to seek consultation views on the revised Screening Opinion (Appendix D); and

4. Delegate authority to the Director of Growth and Business Development, in consultation with the Cabinet Member for Economy and External Affairs:
   (a) To make minor changes to the revised draft SPD prior to consultation, where the Director considers this necessary or desirable;
   (b) In consultation with the Chairman of the Regulation and Planning Policy Committee, to agree any minor changes to the revised draft SPD post consultation, prior to further consideration of the SPD by Cabinet and Full Council.

The Reasons for the Decision

To ensure that the proposed SPD is simplified, with the likely charge per dwelling laid out more clearly.
To ensure that it reflects the Council's agreed policy on adoption and maintenance, and adopted Local Plan policy.

Other Options Considered

None

2644 WAVENEY LOCAL PLAN
DUTY TO COOPERATE – STATEMENT OF COMMON GROUND ON HOUSING MARKET AREA, FUNCTIONAL ECONOMIC AREA AND OBJECTIVELY ASSESSED NEEDS

The Subject of the Decision

Members considered the report of the Joint Spatial Planning Manager, regarding Waveney District Council's "Duty to Co-operate – Statement of Common Ground on Housing Market Area, Functional Economic Area and Objectively Assessed Needs".

The Senior Planning Officer outlined the key issues arising from the report.

The Decision

RESOLVED: To agree that the Director of Growth and Business Development signs the *‘Waveney Local Plan: Duty to Cooperate- Statement of Common Ground on Housing Market Area, Functional Economic Area and Objectively Assessed Needs’* (Appendix A) on behalf of South Norfolk Council.

The Reasons for the Decision

Waveney District Council has demonstrated that it has met the requirements of the Duty to Co-operate, engaging actively and constructively on strategic cross boundary issues.

Other Options Considered

None

2645 INVESTORS IN PEOPLE (IiP) 2018

The Subject of the Decision

Members considered the report of the Chief Executive, which updated Cabinet on a recent 2018 Annual Assessment Review of the Council’s IiP standard, to determine whether the Council should retain its Platinum accreditation.

Members noted that the Council had retained its Platinum accreditation and the Learning and Development Advisor advised that during the assessment, the assessor had referred to the passion and focus demonstrated by all staff at South Norfolk, which in turn maintained and enhanced the services to the community. The assessment had also highlighted many positive examples that demonstrated the Council’s commitment to continuous improvement.

Cabinet agreed that this was an outstanding achievement and thanked all staff and members for their contributions. In a response to a query regarding the collaboration with Broadland Council, the Learning and Development Advisor suggested that this would not impact upon the Council's current accreditation, and Cllr K Mason Billig reminded members that the collaboration would bring with it more career opportunities for staff.

The Decision

RESOLVED: To note that the Council has successfully retained the highly prestigious Investors in People Platinum Award.

2646 CLLR L HORNBY

The Chairman reminded members that this was Cllr Hornby's last meeting as a Cabinet member, as he had chosen to step down from his role on the Cabinet, due to personal commitments. He thanked Cllr Hornby for his diligent approach to work, and the Chief Executive explained that staff in his portfolio had always found him to be approachable and helpful.

Cllr Hornby thanked officers and fellow members for their support.

2647 CABINET CORE AGENDA

Members noted the latest version of the Cabinet Core Agenda.

(The meeting concluded at 10.19 am)

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Chairman

Cab Min 30/04//18CLW

Cabinet
11 June 2018
Agenda Item: 5

Performance, Risks, Revenue and Capital Budget Position Report for the Financial Year 2017/18

Report of the Accountancy Manager / Business Improvement Programme Manager / Senior Governance Officer

Cabinet Member: Barry Stone, Finance and Resources

CONTACT
Revenue/Budget: Matthew Fernandez-Graham 01508 533915
mgraham@s-norfolk.gov.uk

Performance: Emma Pepper 01508 533317
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1. Introduction

1.1 This report details the Council's performance against strategic measures, risk position and financial position at the end of the fourth quarter for 2017/18, and seeks approval for other consequential matters.

2. Overview

2.1 **Performance**: In February 2017, Cabinet approved the annual Corporate Business Plan for the 2017/18 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 4 and the year overall. The table below provides a summary.

	Totals
Green Indicator	21 Measures met or exceeded the target.
Amber Indicator	4 Measures are within an acceptable tolerance of target.
Red Indicator	3 Measures did not reach the stretched target.
Baseline	5 Measures are being 'baselined' in order to determine the target.

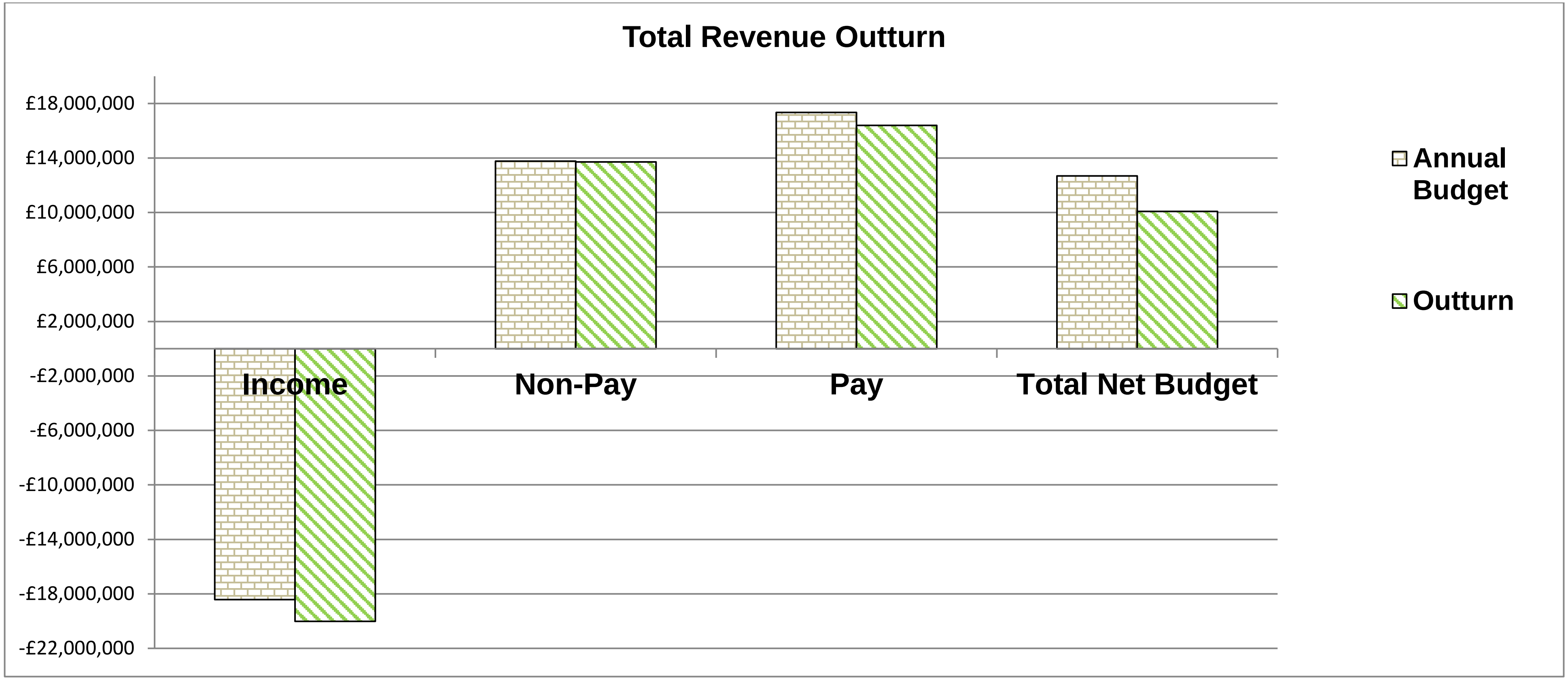
2.2 **Risk management:** Managers have undertaken a review of all Strategic, Directorate and Operational risks. In light of this, the current organisational capacity position is highlighted below; this demonstrates that at present all risk factors are positive, indicating the Council is proactively managing 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 agreed in February 2018 shows that the Council's Budget is balanced for 2018/19 and 2019/20 after taking account of income and savings identified in those years. Work is ongoing to identify measures to balance the budget from 2020/21 onwards and will be brought to Cabinet in due course.	+
Service Delivery	Potential Options for collaborative working with Broadland District Council are being explored to future proof the provision of services. The Council continues to perform strongly against its suite of strategic performance indicators. The year-end position is favourable, with only 3 out of the 33 strategic measures not reaching their stretched target and we have plans in place to address these, as detailed further in the report.	+
Legal / Compliance	No significant legal / compliance issues have been raised over the past quarter and the status remains the same. The Council has continued to prepare for the introduction of new data protection laws (General Data Protection Regulation (GDPR)) which come into force on 25 May 2018.	+
Reputation	The Council continues to retain a good reputation both nationally and regionally.	+
Human Resources Capacity	This remains strong and the Strategic Leadership Team continues to be in a position to drive the Council forward. It will continue to ensure that the Council has the right skills and resources in place to fulfil the needs of the organisation and make interim appointments where appropriate to ensure service continuity and delivery of key functions. The ongoing work with Broadland District Council as referred to above gives the Council scope to consider opportunities when appropriate.	+

2.3 **Revenue Provisional Outturn Position**

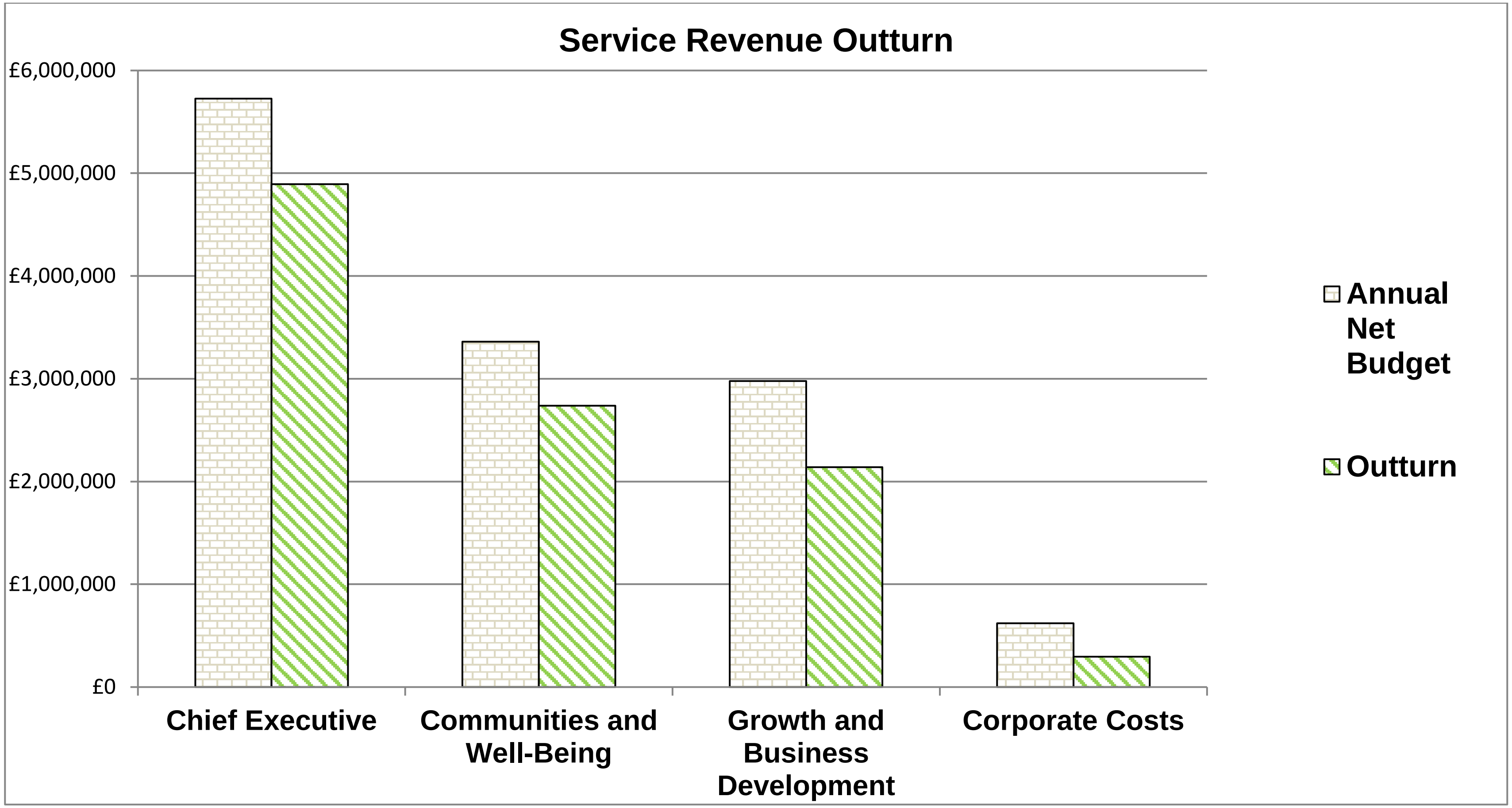
The budget for 2017/18 was set by the Council in February 2017. The draft group accounts were published on 21st May, the earliest they have ever been completed and are currently being audited by the Council's external auditors, Ernst and Young (EY). This report informs the Medium Term Financial Strategy which will be presented for approval by Cabinet, later in the year.

The total net budget was £12.686 million. The actual total expenditure, net of income and excluding Housing Benefit payments, was £10.069 million. The provisional revenue surplus is £2.6 million and the net increase in General Revenue Reserves is £1.7 million, before taking account of slippage requests. The increase in the surplus since the Q3 forecast is principally due to business rates. Following the introduction of the Valuation Office Agency's "Check, Challenge, Appeal" system for business rates, there has been a significant reduction in the amount set aside for appeals on business rate valuations. It is unclear whether this will continue in future years or be reversed as further appeals under the new system are processed and therefore the positive financial benefit from this change has been used to increase the earmarked Localisation of Business Rates Reserve by £989,173. The provisional outturn is set out in the graph below.



The surplus does not take account of £333,447 in slippage requests made later in this report which, if approved, would be adjusted via the general revenue reserve in 2018/19.

The graph below shows that there are positive variances across the Council in all Directorates. 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.



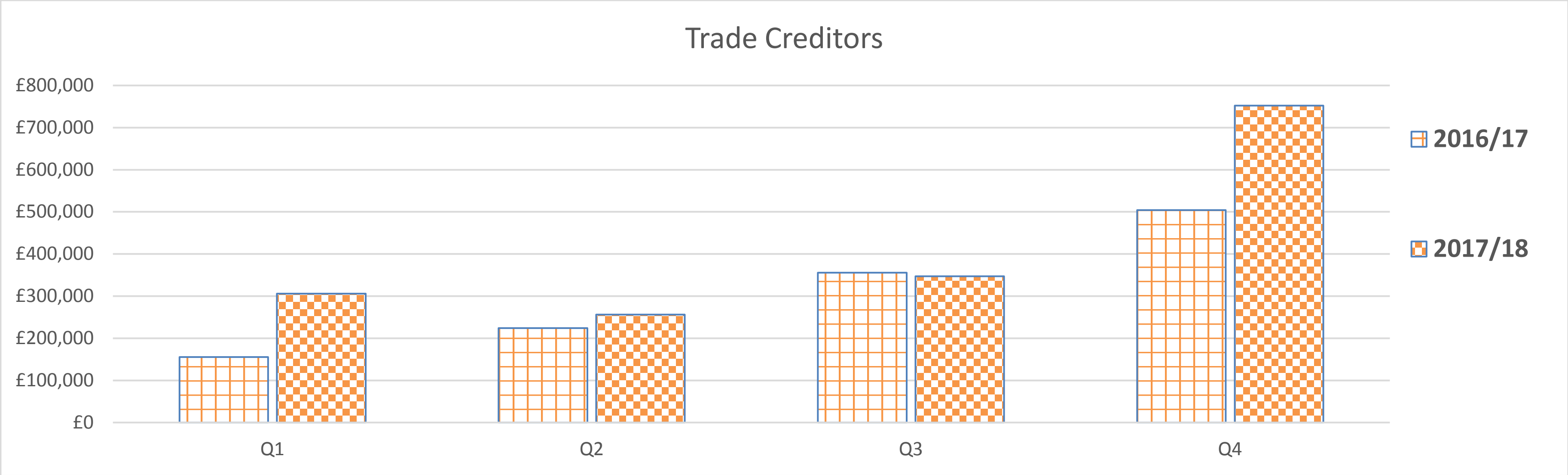
2.3.1 Pay and staffing budgets

There were vacancies in several areas across the Council, which included Building Control, Housing, Environmental Quality, Community Assets, Development Management and Planning Policy. Interim staffing arrangements in these areas did not fully offset the savings from vacancies. Overall pay budgets were 94.5% fully utilised and the positive variance was slightly higher than in 2016/17.

2.3.2 Non Pay Budgets

Non-pay budgets were reduced for 2017/18 as part of the 10% Challenge on budgets. Overall, there was lower than budgeted non-pay expenditure across the Council resulting in a positive variance of £68,000 which is lower than for 2016/17 (£1,800,000), reflecting the decrease in budgets.

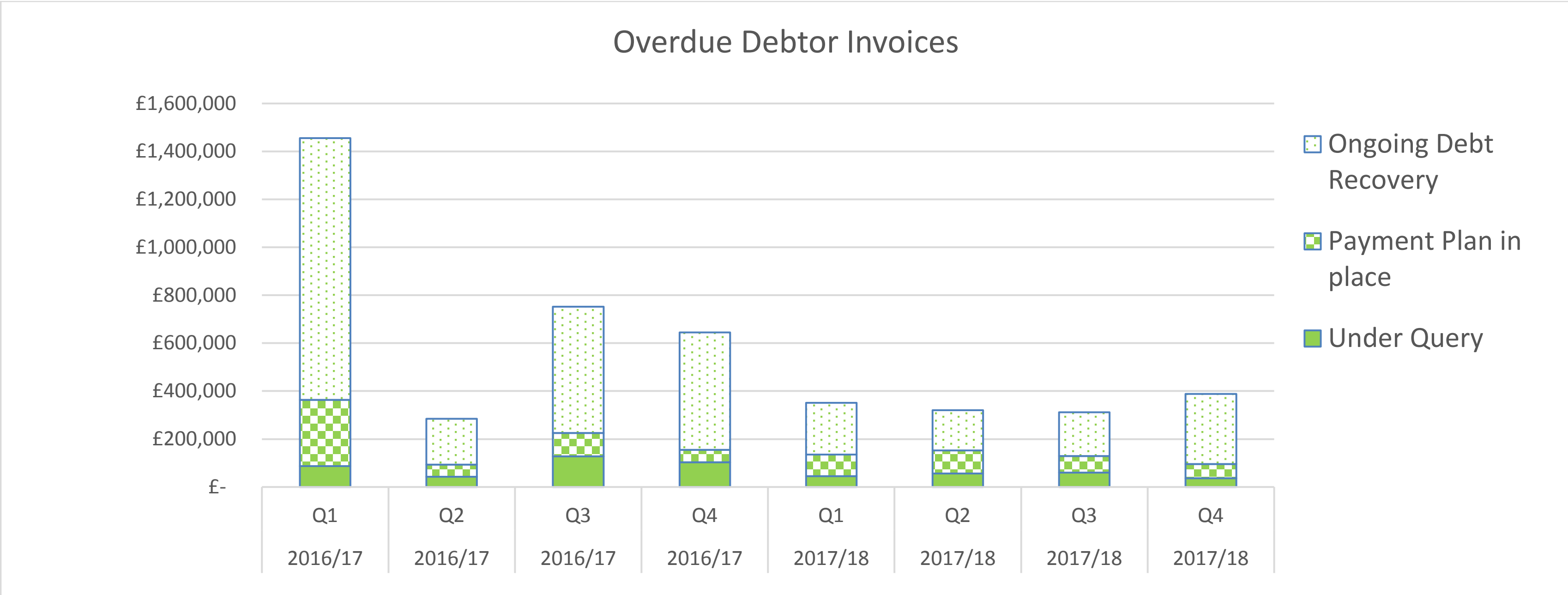
Performance through the year on payments is shown in the graphs below which show the total value of invoices approved on the finance system but not yet paid (these are referred to as 'Trade Creditors'). The Council pays most of its suppliers within 30 days. More than 96% of all undisputed supplier invoices have been paid within 30 days throughout the 2017/18 financial year.



2.3.3 Income Budgets

Some income budgets were increased for 2017/18 as part of the 10% Challenge. Overall income was £1,595,000 higher than budgeted across the Council, mainly due to the performance on business rates income outlined in 2.3. This is higher than the performance in 2016/17 which was a positive variance of £46,000.

Trade Debtors are all invoices raised by the Council and where we are awaiting payment. Performance on overdue invoices through the year is shown in the graph below, demonstrating an improved performance compared with 2016/17. These invoices include charges for CNC Building Control, Community Infrastructure Levy, Rent Assisted Deposits and charges for Sewerage Services. £4,200,390 has been raised in the current financial year in relation to Community Infrastructure Levy (CIL).



2.3.4 Revenue Slippage Requests

Slippage requests totalling £333,447 have been made, which are listed in the table below:

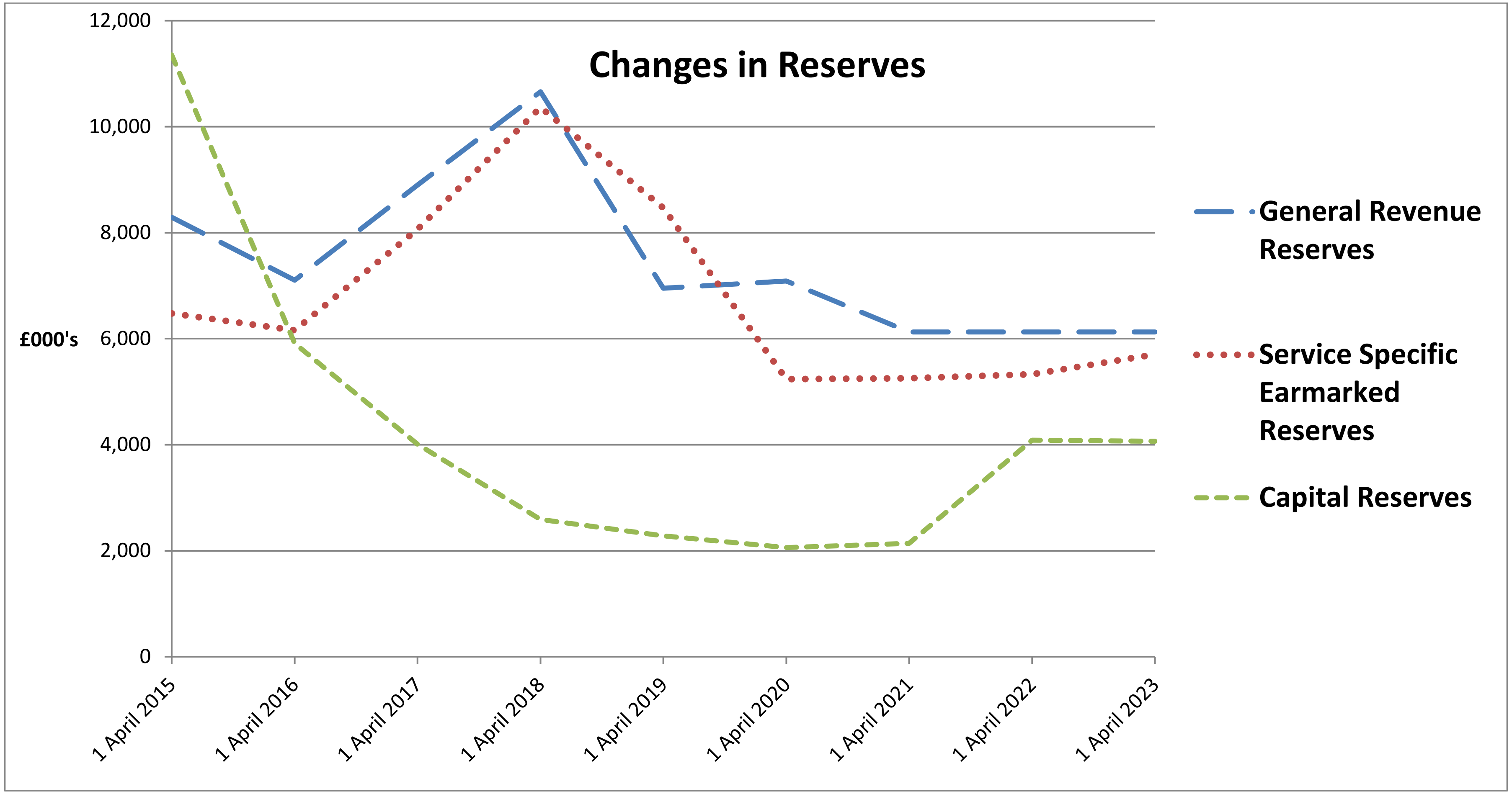
Directorate (Area)	Amount	Reason
Growth & Business Development (Broadband)	£164,725	The Better Broadband project is part of the wider Norfolk roll out of Superfast Broadband. This budget is required to fund the revenue costs of this 3 year project and therefore needs to be spread over the lifetime of the project.
Communities & Well-Being (Community Connectors)	£36,097	This is a multi-year project and budget therefore needs to be rolled forward into next year.
Chief Executive (Asset Management Plan)	£30,572	Gas works at Diss Leisure Centre and work on the Uninterruptable Power Supply at South Norfolk House were not complete at year end and therefore the unspent AMP budget is requested to be carried forward.
Communities & Well-Being (Street Lighting)	£28,837	Ad hoc replacement of street lights was delayed while consultation took place on transfer to town and parish councils and this budget is therefore requested to be carried forward for repairs and replacements in 2018/19.
Growth & Business Development (Tourism)	£27,684	Digital Heritage Project work with Norfolk County Council is continuing into 2018/19 and the associated budget is required.
Communities & Well-Being (Leisure)	£15,000	The unspent uniform budget 17/18 is requested for carry forward as this budget has been removed for 2018/19.
Communities & Well-Being (Employment Support)	£9,400	This unspent budget is requested to be slipped to fund the associated LIFT employment project in 2018/19.
Communities & Well-Being (Youth Advisory Board)	£9,366	This is funding from the County Council and is ring-fenced. The County Council has reviewed the funding for this and it will continue to decrease in future years.
Communities & Well-Being (Management of Commons)	£6,766	Work that was planned for 2017/18 was delayed owing to bad weather and therefore it is requested that the unspent budget be slipped into 2018/19.
Communities & Well-Being (Community Awards)	£3,000	Work on the Community Awards has been underway, but the awards are only made in June 2018 and therefore it is requested that the budget is carried forward.
Communities & Well-Being (Recycling Strategy)	£2,000	Recycling signage on vehicles at the depot was agreed in 2017/18 with works to be carried out in 2018/19 and so this budget is requested to be carried forward.

2.3.5 Reserves and Balances

Owing to the surplus and capital funding requirements moving into 2018/19, the balance on the General Revenue Reserve has increased and is projected to move as follows:

General Revenue Reserve	**£'000**
Balances as at 1 April 2017	**8,901**
Projected contribution to reserve excluding slippage due to positive variance against service budgets	1,721
Positive variance due to reduced business rates appeals provision	989
Infrastructure Reserve funding from New Homes Bonus	1,386
Affordable Housing Premium from New Homes Bonus	205
Funding of Build Insight Balance Sheet as part of Joint Venture	-165
Transfer of Affordable Housing Premium to earmarked Reserve	-205
Slippage requests from 2016/17	-786
Transfer to Infrastructure Reserve	-1,386
Projected balances as at 31 March 2018	**10,660**
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	-4,168
Projected balances as at 31 March 2019	**6,953**
Contribution from Revenue Budget	400
Transfer to Vehicle Replacement and Renewals Reserve	-177
Projected Funding of capital programme	-87
Projected balances as at 31 March 2020	**7,089**

The Council's usable revenue reserves have increased by £4.06 million during the year. This was due to the surplus on revenue expenditure and lower than planned use of revenue reserves for capital expenditure. The Council used some of its capital receipts during the year and therefore the capital receipts reserve reduced by £1.421 million. Total usable reserves have therefore increased by £2.639 million during the year to a total of £25.010 million. The overall projected position on reserves is shown in the graph below.



Details of each usable reserve and the movement during the year are provided in Appendix 5.

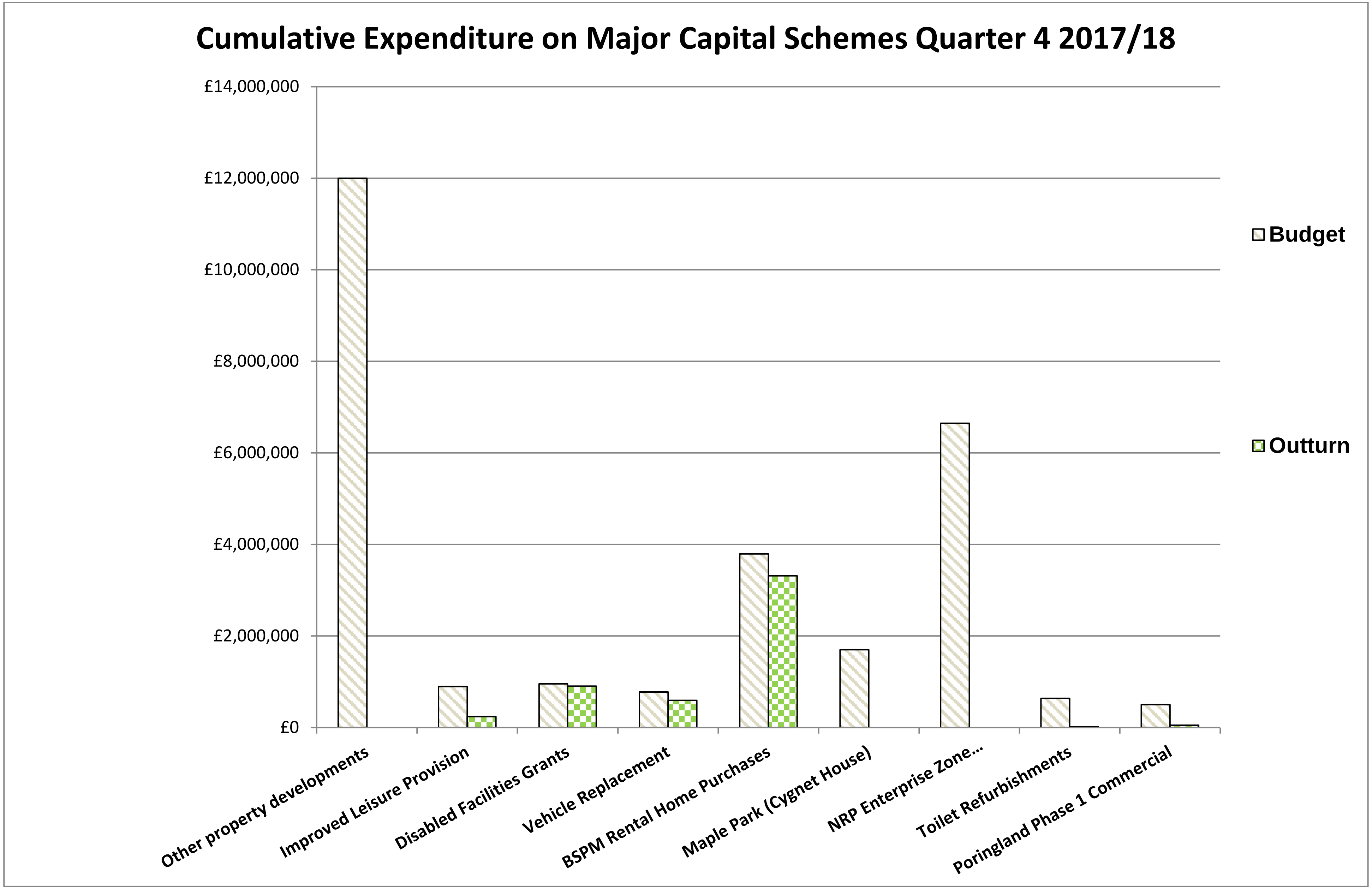
In accordance with the rules of financial governance, Cabinet are asked to approve all revenue budget virements which have taken place during the 2017/18 financial year which exceed £100,000. Details are provided in Appendix 6.

2.3.6 Capital Budget and Expenditure Provisional Outturn Position

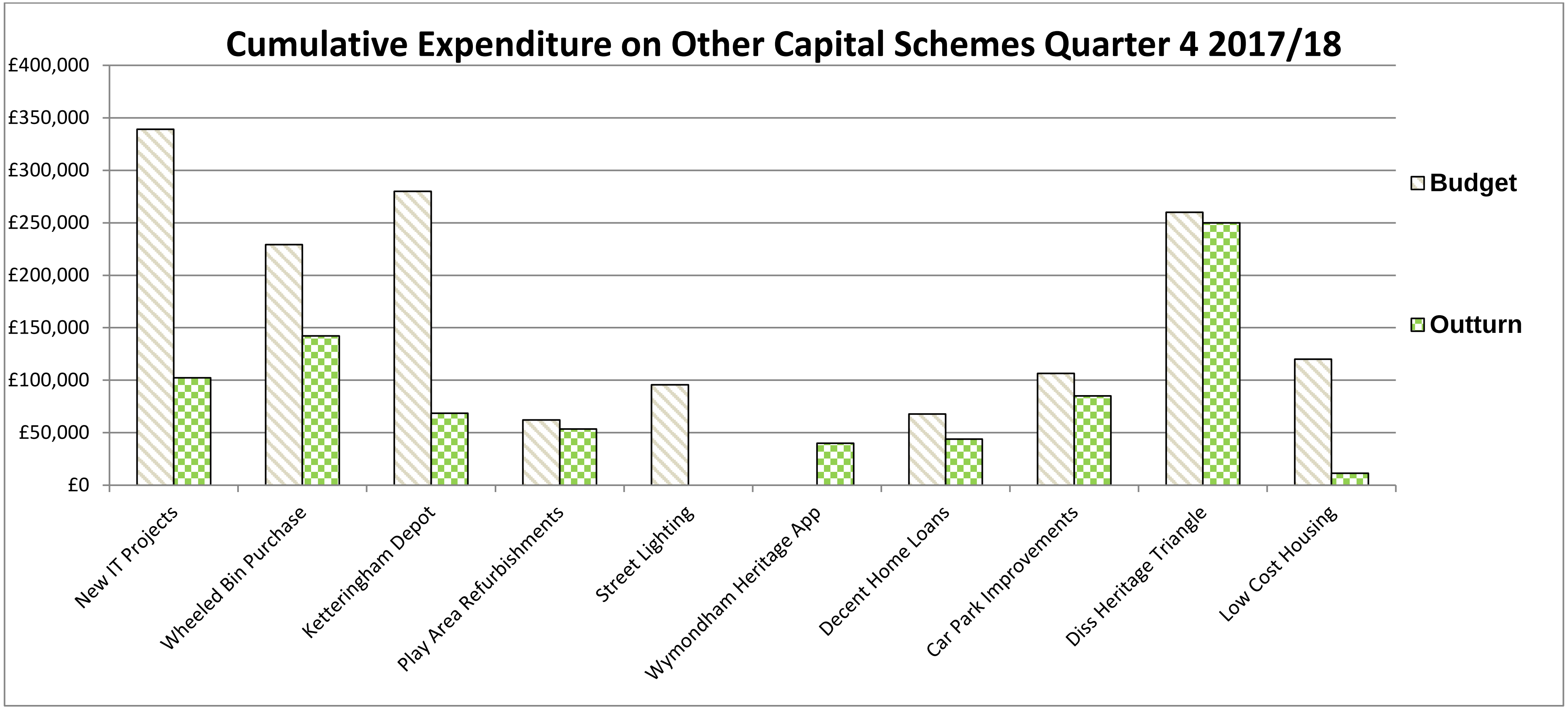
The report details the overall position on the Capital Programme for the financial year 2017/18. The figures in this report are provisional, being subject to the outcome of the ongoing audit of the accounts. Expenditure in 2017/18 was £6.128 million compared to a budget of £29.5 million.

The report also updates the programme for 2018/19, agreed by Council in February, to reflect the provisional outturn position. This confirms the position that the Council will need to borrow to fund the capital programme. It is expected that external borrowing will be required in the financial year 2018/19.

The two graphs below show the variances on the 2017/18 capital programme. The main variances relate to Investment Property, the Enterprise Zone, Commercial Property at Poringland and Maple Park, Long Stratton, and Toilet Refurbishments. The largest variance, which is on Investment Property, is due to slippage on the funding requirement for Big Sky Developments to finalise a land purchase, which has now completed. Further details of the variances on individual capital projects are included by relevant theme later in this report and in Appendix 4. The programme was fully funded for 2017/18.



Cumulative Expenditure on Major Capital Schemes Quarter 4 2017/18
£14,000,000
£12,000,000
£10,000,000
£8,000,000
£6,000,000
£4,000,000
£2,000,000
£0
Other property developments
Improved Leisure Provision
Disabled Facilities Grants
Vehicle Replacement
BSPM Rental Home Purchases
Maple Park (Cygnet House)
NRP Enterprise Zone...
Toilet Refurbishments
Poringland Phase 1 Commercial
Budget
Outturn


Cumulative Expenditure on Other Capital Schemes Quarter 4 2017/18
£400,000
£350,000
£300,000
£250,000
£200,000
£150,000
£100,000
£50,000
£0
New IT Projects
Wheeled Bin Purchase
Ketteringham Depot
Play Area Refurbishments
Street Lighting
Wymondham Heritage App
Decent Home Loans
Car Park Improvements
Diss Heritage Triangle
Low Cost Housing
Budget
Outturn

2.3.7 Capital Slippage Requests

Slippage from 2017/18 to 2018/19 is requested for a total of £22,318,465 in the following areas:

- Investment Property - £12,000,000 (£6,000,000 into 2018/19, £3,000,000 into 2019/20, £3,000,000 into 2020/21)
- NRP Enterprise Zone Infrastructure - £6,647,100
- Commercial Property at Maple Park - £1,700,000
- Big Sky Property Management Rental Homes Purchases - £479,998
- Long Stratton Leisure Centre Refurbishment - £260,182
- Toilet Refurbishments - £215,000
- Ketteringham Depot Improvements - £211,500
- Vehicle Procurement and Replacement (Waste) - £184,590
- IT Projects (Telephony & Website) - £178,484
- Aids and Adaptations - £127,072
- Leisure Centre Works at Diss and Wymondham - £104,991
- Street Lighting - £95,700
- Grounds Maintenance Equipment - £35,500
- Workshop Equipment - £32,000
- Car Park Improvements - £21,348
- Wheeled Bin Replacements - £15,000
- Diss Heritage Project Grant - £10,000

2.3.8 Capital Financing and Future Years

Capital receipts during 2017/18 were £1.488m. This includes much higher than anticipated Right to Buy receipts of £1.3 million. This is partly owing to the continued historically low level of mortgage interest rates. The total level of receipts held for capital expenditure was £2.579m at 31st March 2018.

The overall level of capital expenditure meant that no funding was required from general revenue reserves, compared to a budgeted figure of £4.168m. These unused funds in general revenue reserves have already been incorporated into the revenue reserves available to fund the programme in 2018/19.

An updated capital programme is shown in Appendix 7, along with the effect of the slippage outlined in Section 2.3.7 and revisions to the budget. Owing to changes in timing of capital works, it is requested that budgets relating to leisure and South Norfolk House are partly brought forward from future years into the 2018/19 budget.

The capital programme was fully funded for 2017/18, as set out in Appendix 8, with no internal or external borrowing required, owing to expenditure on property investment and the Enterprise Zone being pushed back into 2018/19. In 2018/19 the programme, including proposed slippage from 2017/18 is now at £47.3 million. It is now expected to be 45% funded from all sources before needing to borrow. To delay external borrowing, with associated interest costs, internal borrowing from cash balances is planned as set out in the Treasury Management report elsewhere on this agenda. The programme will continue to be reviewed regularly to ensure that the levels of expenditure are matched by generation of the necessary resources.

3 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.

3.1 <u>Economic Development</u>

The number of Small-Medium size Enterprises (SMEs) provided with advice and guidance in South Norfolk (LI 356) was 2,087 at the end of Quarter 4, which means that we have considerably exceeded the year-end target of 1,200. The number of new business start-ups supported (LI 613) was 231 for the year, which is greater than the target of 75; 54 of these start-ups were supported by the Growth Club at Poringland in quarter 4.

As at year-end, we have had a total of 288 new apprenticeships placements (EG 1605) available in our local businesses, of which 128 began in quarter 4. This exceeded the year-end target of 70. At the end of Q4, relating specifically to our Council, we now have a total of 21 apprentices as defined by government policy which achieves our national public sector target number.

The amount of external funding identified and brought into the local economy (LI 758) is £4.2m. This is above the annual target of £1,000,000.As a result of a joint bid, South Norfolk Council and Broadland District Council have received funding from the Government's Planning Delivery Fund of £220,600 (£120,00 year 1 and £100,600 in year 2) for funding a "Joint Rural Community Enabling Team." The Council secured £394k from the Football Foundation towards the construction of a new artificial grass pitch at Ketts Park in Wymondham.

Progress on the Norwich Research Park Enterprise Zone is partly dependent on a current planning application relating to a multi-storey car park. Work has been ongoing on road infrastructure and it is expected that this cost will be reclaimed in 2018/19. Work has been completed on a market assessment for a building in Zone 4 of the Park (to be a collaboration between the Council and the LEP) which shows a good level of demand for such an investment.

3.2 Business Rates

Performance on non-domestic rates (NNDR) collected (BV010) in quarter 4 was 98.38% which has exceeded the target of 98%. This has been the best in-year collection rate for 5 years, reflecting a realignment earlier in the year that enabled the team to focus entirely on NNDR collection. 71% of customers are now paying by Direct Debit and customers using e-billing have gone up by 46% year on year. This performance is reflected in a positive variance of £1,179k on South Norfolk Council's share of NNDR (business rates) income. This is due principally to a reduction in the provision for appeals based on best estimates from the limited information available under the new "Check, Challenge, Appeal" system. There was also a higher than expected share of NNDR income for SNC, together with greater Section 31 grant income from central government. Income of £160k relating to businesses on the Norwich Research Park Enterprise Zone is included in this variance, which is transferred to the Enterprise Zone Reserve as part of the year end accounts process to cover the costs of further development on the site, with associated borrowing.

3.3 Car Parks

Works on the car parks are now financed from revenue income via the Car Parks Upgrade Reserve. There was a surplus on car parking and £15,000 of this has been added to the Reserve in addition to the original planned revenue contribution of £70,000. The installation of new pay and display machines in all car parks cost less than budgeted. To allow for future improvements, this budget is subject to a slippage request.

3.4 Property Development and Management

Overall the indicator for percentage of rental income returned from our property investments was 6.4% which exceeded the target for the year (LI358), reflecting high levels of occupancy and new leases at Crafton House, which is now 80% let. A total of 2,438 square metres of commercial space has been developed during the year (EG1601b).

Indicator EG1601a set a baseline for number of residential properties developed since Q1 of 2016 and the number achieved to date is 89. Phase 2 of the work at Poringland is now complete and has seen the delivery of a total of 57 dwellings. 7 of which have been transferred to Saffron Housing Association, 8 remain to be sold as open market units (3 of these are reserved), and 7 remaining to be sold as shared equity units (5 of these have been reserved). Of the 57 dwellings delivered 12 have been transferred to the Council's property management company, all of which are rented out. The commercial property ended the year being 60% occupied (based on area) with tenant fit out works being complete ready for completion of new leases already agreed to commence in the next financial year, bringing the occupancy to just over 80%. The Long Stratton development has delivered 32 dwellings so far, 3 of which have been transferred to Saffron Housing Association, 13 have been sold, 1 remains as the show home, and 7 have been reserved. Of the 32 dwellings delivered, 5 have been transferred to the Councils property management company, all of which are rented out.

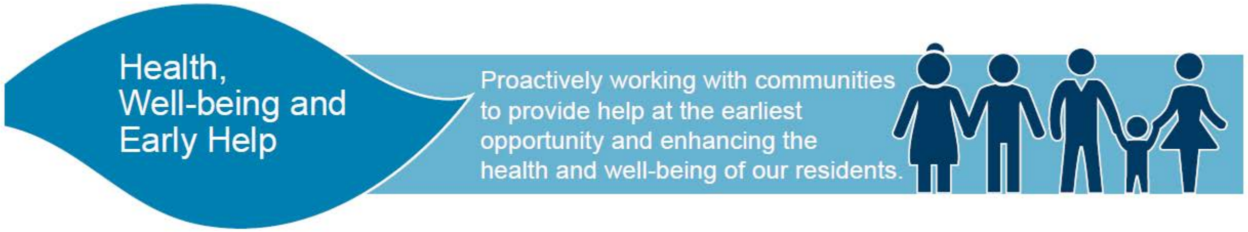
In line with the capital programme, from January to March funding of £410,000 was transferred to Big Sky Property Management Ltd (BSPML) to purchase 2 plots reserved by BSPML for letting on Maple Park. The 21 residential properties owned by BSPML are currently all let.

Owing to the timing of loans to BSPML to purchase properties for rent, there is a positive variance in investment income from the Council's companies of £71,000 at year end.

Loan funding of Big Sky Developments Ltd to complete the land purchase at Cringleford is now required in Q1 of 2018/19 with staged payments meaning that the budget of £12 million is requested for slippage partly into 2018/19 and partly into 2019/20 and 2020/21.

3.5 CNC Building Control

Overall, the financial position has improved since Q3 and the service is reporting an operating surplus of £330k (prior to statutory pension related adjustments), with a positive variance of £218k against budget. Income generation is below the year-end target (LI 1013) partly due to increased competition from Approved Inspectors across the CNC area, but particularly in West Norfolk and Kings Lynn and Norwich City. In addition, the inclement weather in Q4 has hindered construction progress, resulting in fewer building control applications. To mitigate this, CNC has been operating on reduced staffing levels and therefore costs. A review to create more efficiencies and further improve customer service has been started.



3.6 Leisure and Recreation

There has been an overall 10.6% increase in memberships (HE1601) across the Leisure Centres since April 2017 which exceeds the end year target of 10%. At Q4 year-end the number of monthly paying members was 3,542 (Fitness members) and 5,311 overall including Swim School members.

Income received for Wymondham Leisure Centre compared to Q4 last year has increased by 18% and the year on year bottom line (income net of direct expenditure) has improved by £217k, meaning that the centre has started to contribute to corporate overheads, by £70k for 2017/18.

Work on the refurbishment of Long Stratton Leisure Centre is now underway and membership levels have held up well, due to an active member retention campaign, resulting in a lower drop-off in income than forecast.

3.7 Housing

In Q4, 81% of households contacting South Norfolk Council because of the risk of losing their homes were prevented from becoming homeless (HE 1604) – there was a total of 37 cases in Q4 with 7 unsuccessful cases. However, through our home options service, all 7 cases eventually had positive outcomes, obtaining secure housing in Q4.

Building on our effective use of temporary accommodation, we are creating a dedicated housing and benefit FIRST officer post which will support residents in temporary accommodation to enable them to move on successfully as quickly as possible.

Our Home Options scheme housed 570 people over the year, all of whom were still in their accommodation after six months (HE1605).

3.8 Independent Living

During the year, we supported 2,040 vulnerable people to maintain independence in their own homes (LI 323) which exceeds the annual target of 2,000. A hospital discharge scheme (District Direct) is reducing the impact on homes not being ready when people are discharged which prevents hospital bed blocking. Based on NHS performance management information this saved 725 bed days over a 29-week pilot (average daily saving of 5 bed days) creating a saving of £181,250 (based on £250 cost per bed day). The average length of stay across this pilot has reduced by 36% (11 days to 7 days).

This support work is reflected in expenditure on Disabled Facilities Grant/Aids and Adaptations, where a combined total of £904,205 was granted during 2017/18 to provide 183 grants, compared to 195 grants approved in 2016/17. All the external grant funding received by the Council in 2017/18 to provide this service was fully utilised to finance this expenditure. The waiting list for assessments stood at 2 people as at 31st March.

3.9 Early Help

This year we have helped 2,514 families and residents to achieve positive outcomes through our Help Hub service (HE 1607), which exceeded the year-end target. Self-referrals have increased by 18%, reflecting work done to improve on-line access to the service for residents.

During the year, the Community Connectors Team engaged with 8,554 people (HE 1608), of which 1,434 were seen in Q4. The 1,434 figure is broken down into 338 persons who were seen as individuals and 1,096 people who were seen in groups.

3.10 Housing Benefit/Council Tax Support

Over the whole year, we have met the target for the year of 9 days for processing new claims for Housing Benefit and Council Tax Support (HE1606). The number of changes of circumstances requests increased by 80% compared with Q3. This put additional pressure on the service, which nevertheless managed to achieve the target. The national average performance for processing Housing Benefit claims is 22 days.

Place, Communities and Environment

Improving the quality of life of our communities and enhancing the built and natural environment in our towns and villages.

3.11 Development Management

2017/18 was a record year for delivery of affordable homes in South Norfolk, with 629 being completed in 12 months (LI 350). We are well on the way to meeting the 3-year target of 1,000 completions by March 2020. Most homes were completed either through negotiation with developers (270 were via S106 agreements) or through the government's Help to Buy equity loan scheme (a total of 331).

The timetable proposed by the developer anticipates consideration by Development Management Committee in December 2018 of the submitted planning applications in relation to homes in Long Stratton that will facilitate the funding for the bypass. A successful bid for the Business Rates Pool is being used to develop costing for the bypass, a timeline for delivery and the economic case for the bypass (to support future bids for capital funding).

The Strategic Risk associated with the impact of a shortage of 5-year land supply in the Norwich Policy Area continues to be mitigated by officers, including taking into account the further evidence provided by the Central Norfolk Strategic Market Housing Assessment (2017). However, this also has implication for the rural area of South Norfolk which may be at a heightened risk of speculative applications, as opposed to the more urban areas in the District.

The percentage of major applications determined within 13 weeks or in extension of time (MI 1038) was 81.25% and below target in quarter 4. However, this related to 3 of the 16 applications in this period that were determined out of time or extension of time and relates to one site which had longstanding and complex enforcement/compliance issues which these applications were seeking to address. We can report that the matter has since been resolved.

61% of householder applications were determined within six weeks (MI 1037) in the fourth quarter, which is an improvement on the performance compared to the same period last year. The average number of days in which the Council determines a householder application is 41 days.

Planning fees ran £42k shy of budget but were £225k higher than last year, helped by the inclusion of fees relating to the Long Stratton bypass project. The shortfall against Budget is explained by the expectation that a 20% fee increase would be applied from September 2017, but this was ultimately delayed until mid-January 2018. Positive variances of £43k were seen against recovery income as larger CIL receipts in the year resulted in a larger admin fee being recorded than budgeted, and employment costs were £70k below budget due to unfilled vacancies earlier in the year. The budget benefited from the removal of a £100k provision for legal challenges to planning decisions carried forward from 16/17, which was no longer required.

3.12 Waste

The cost of waste collection per household for Q4 is £31.09. The lower figure is due to lower than projected disposal fees and higher than anticipated income from the new initial bin charge (£67k), which is reflected in an improved performance against budget since Q3.

The number of missed bins for all waste per 100,000 collections (LI 263) is within acceptable tolerance in spite of the particularly adverse weather conditions during Q4.

The amount of municipal waste recycled, reused and composted (NI 192a) has a provisional Q4 performance of 34.94%. Overall the performance for year-end recycling rate is projected to be 42.36% within the target level of 44%. The principal reason for the decrease in garden waste collected, down from 800 tonnes in March 2017 to 269 tonnes in March 2018, is owing to the snow and harsh growing conditions. A higher volume of material is being rejected for recycling at the Materials Recycling Facility on account of contamination and higher quality standards dictated by world markets. An action plan is ongoing to educate residents across Norfolk as this is an issue for all local authorities.

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

3.13 <u>Resources</u>

The overall provisional surplus of £2.6 million for 2017/18 is a positive sign of the present strength of the Council's financial position and the success of the 10% challenge. We recognise there is a strategic risk that the Council is unable to deliver priority services as revenue funding falls short of required income.

3.14 <u>Staff</u>

The number of working days lost due to short term sickness absence (BV012a) was 3.97 per FTE cumulatively at the end of March 2018 which is good and below the annual target threshold of 4.5 days and better than in the previous year (4.06 days per FTE).

3.15 <u>IT/Digital</u>

In Q4, 62.89% of our top 10 service requests were made via online webforms (LI 759). Due to the success of this, we are now extending this measure to cover all our service requests that are possible online and increasing the target for March 2019 to 65%. We are currently working on introducing the Customer Portal which will simplify and improve customer experience.

4 Recommendations

4.1 It is proposed that Cabinet:

a) Notes the 2017/18 performance for the year 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 provisional outturn position and the reason for the variances on the General Fund (detail contained in Appendices 3 and 4).

d) Recommends to Council the approval of the budget virements which exceed £100,000 in accordance with the rules of financial governance (detail contained in Appendix 6).

e) Recommends to Council the approval of the movements in reserves as outlined in Section 2.3.5.

f) Approves and recommend to Council the slippage requests of £333,447 on revenue and £22,318,465 on capital

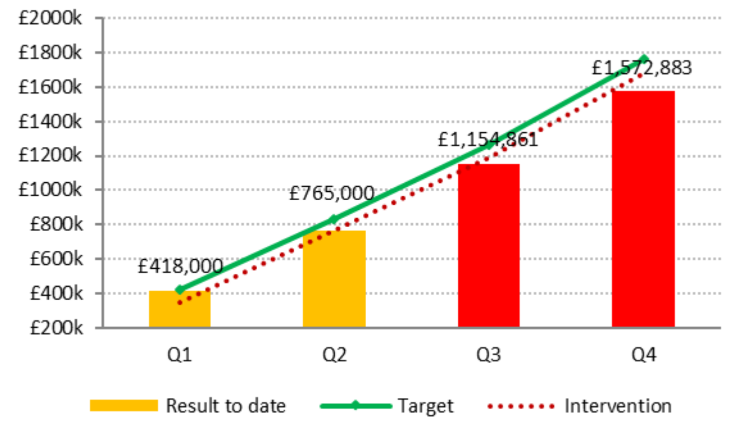
g) Approves and recommend to Council the amended Capital programme and its financing for the next four financial years as set out in Appendices 7 and 8.

APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

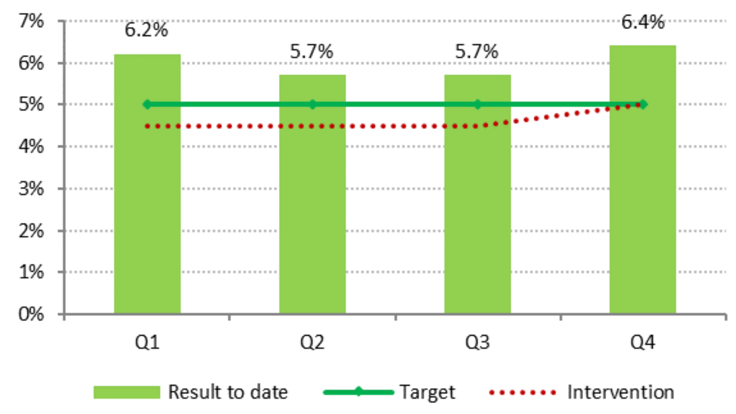
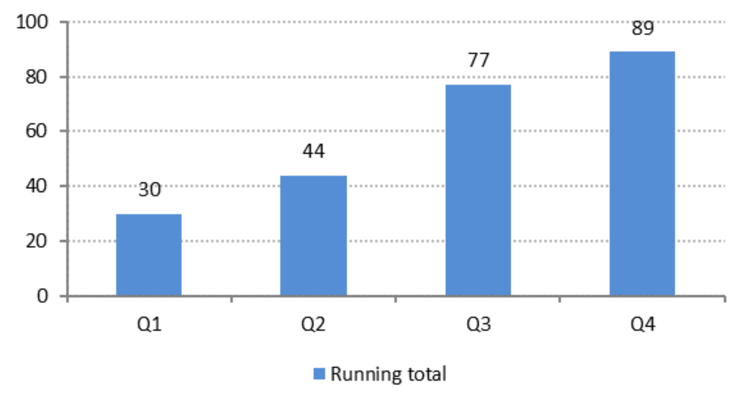
Economic Growth, Productivity and Prosperity

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

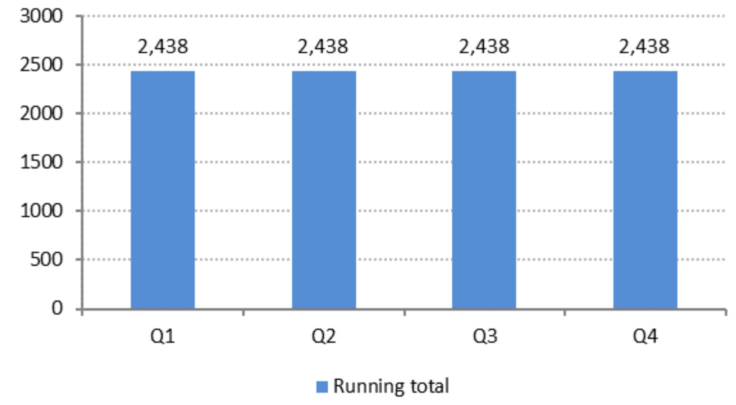
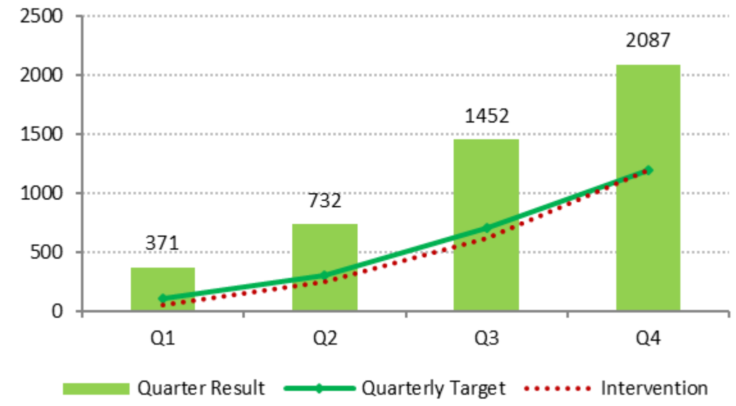
Key:
- = Met or exceeded target
- = Within acceptable tolerance of target
- = Stretch target not reached
- = The measure is being 'baselined' in order to determine the target

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
LI 1013: CNC Building Control fee earning income.	£1,572,883	£1,770,000	Stephen Fulcher	Income generation is below our Q4 target due to the continued and significant competition from Approved Inspectors across the area covered by CNC. The increased number of initial notices we have received supports our understanding that competition from Approved Inspectors has risen significantly. In particular West Norfolk & Kings Lynn and Norwich have been affected. Poor Weather in Q4 has also effected build programs across the country which in turn has an adverse effect on building control income. Although we have reported income below our quarter four target, We continue to operate with reduced staffing levels and therefore costs, which mitigates some of the financial concerns.	

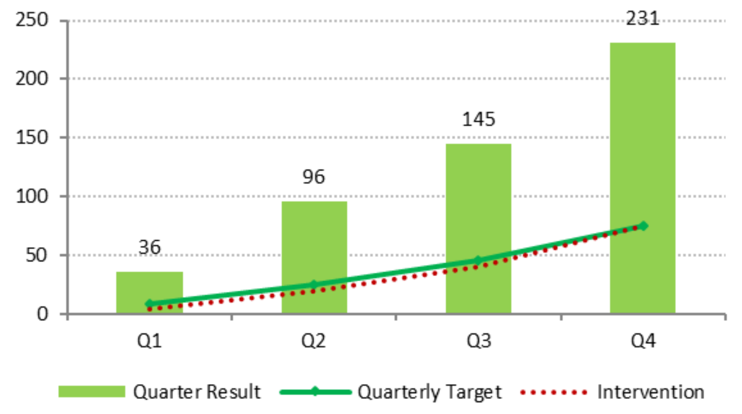
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
LI 358: % rental income return from property investment.	6.40%	5.00%	Spencer Burrell	Investment properties alongside Roseberry Park continue to perform above budget. Both are offset by Ketteringham and Loddon these were caused by Harmony moving out of the unit at Ketteringham in Q2 and the void period on the retail unit in Loddon, which has since been let.	
EG 1601a: Number of residential dwellings developed through our Big Sky Developments company.	89	Baseline (Totals shown are multi-year running totals from Q1 2016/17)	Spencer Burrell	Only 5 properties to sell (2 shared equity and 3 open market) on Roseberry Park. Maple Park continues to progress with a further 12 properties handed over by the contractor. The 3 affordable properties have been also been transferred to Saffron. A total of 16 properties have been sold with a further 15 reserved.	

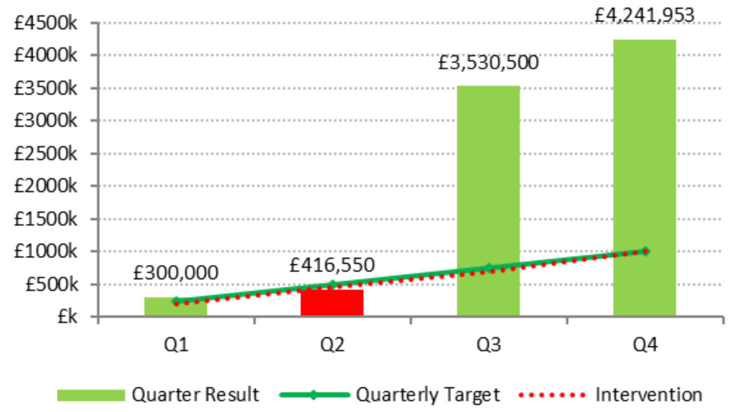
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2017/18	Measure Owner	Operational Comments	Chart
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 of space developed. Work is complete in the remaining ground floor space of Crafton house to accommodate a tenant and this space will be let early April '18. Maple Park - construction is due for completion May/Jun '18. The office is being marketed and we are progressing with 5 enquiries.	
LI 356: Number of SME's provided with advice and guidance in South Norfolk.	2087	1,200 (This is a cumulative total for the whole year which will be the sum of each quarter's result)	David Disney	In Q4 we provided advice and guidance to 635 SME's (2087 cumulative for the year) The quarter four figures comprise: 382- Licensing and Food. 40- Broadband Engagement 180-VEI/L-Tag briefings 23- Growth Hub 9 -NWES	

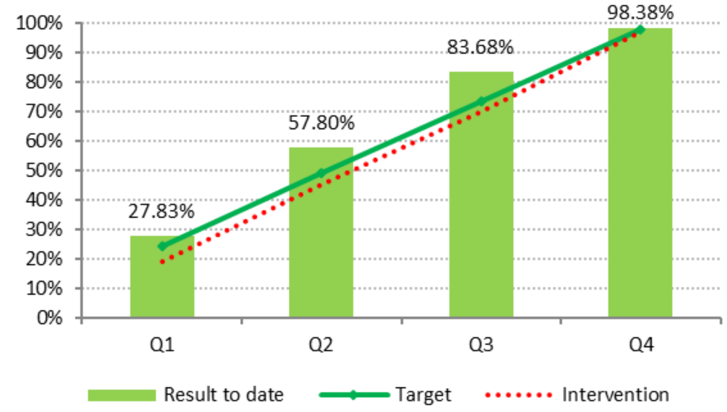
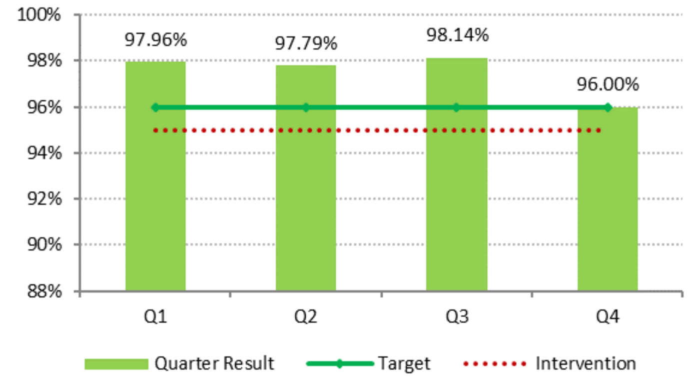
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
LI 613: Number of new business start-ups supported in South Norfolk.	231	75 (This is a cumulative total for the whole year which will be the sum of each quarter's result)	David Disney	In Q4 we supported 32 start-ups (231 cumulative this year) referred to the Growth hub and NWES. 54 were supported by the Growth Club at Poringland. .	

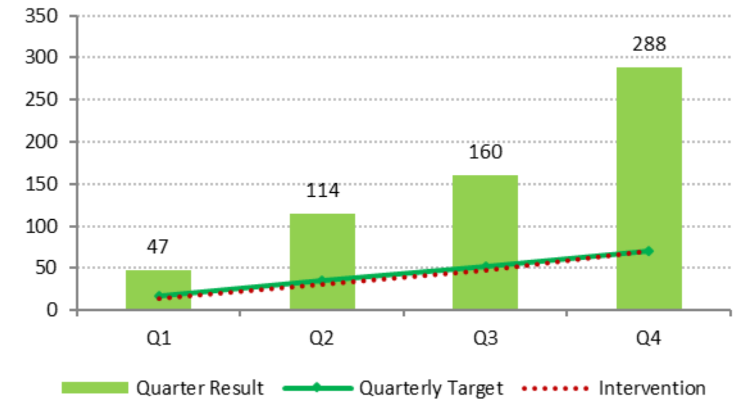
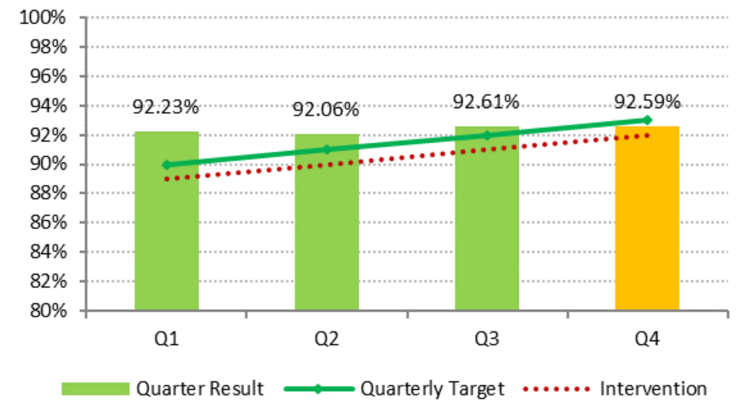
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2017/18	Measure Owner	Operational Comments	Chart
LI 758: External funding identified and brought into the local economy.	£4,241,953	£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 Q4 figure includes New Anglia Business grants for businesses - Polar Manufacturing Ltd- £171,320 - The Limecrete Company - £3,750 - Inductive Logic Ltd - £3,907 grant - Sassa's Bespoke Cakes - £3,359 - Novo Farina Ltd - £3,817 SNC/BDC collaboration also received some funding from the Government's Planning Delivery Fund of £220,600 (£120,00 year 1 and £100,600 in year 2) for funding a "Joint Rural Community Enabling Team". For the purposes of this exercise only 50% of the funding will be counted. Sports England awarded the Council a grant for £21k towards a Strategic Delivery Model Project to undertake a Feasibility Study for future Leisure provision for Diss and the surrounding area. The Council secured £394k from the Football Foundation towards the construction of a new artificial grass pitch at Ketts Park in Wymondham.	

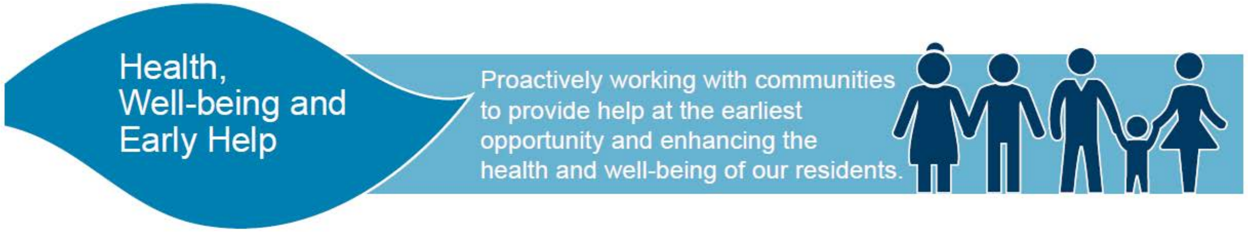
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2017/18	Measure Owner	Operational Comments	Chart
BV 010: % of non-domestic rates collected.	98.38%	98.00%	Simon Bessey	In year collection rate continued to improve over every quarter. The newly formed team are now able to concentrate 100% of their time to Business Rates which is starting to produce good results. In year collection provided net receipts of £29.945m against a collectable debit of £30.438m. This is our best in year for collection rate for 5 years, since 2012/13. In addition to successfully achieving our in year collection rate, this year has also seen - the tax base increase with an additional RV of 616,000 - eBilled customers increase by 46% to 1,347 - we also have 71% of our customers paying by Direct Debit	
LI 210: % of food premises which have an FHRS (Food Hygiene Rating Scheme) rating of satisfactory or above.	96.00	95.00%	David Disney	We still remain high and above our target. The figure is slightly reduced due to action being taken at four premises across the district which were found to be failing to meet legal obligations.	

APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2017/18	Measure Owner	Operational Comments	Chart
EG 1605: Number of apprenticeship placements available in our local businesses for our young people.	288	70 (This is a cumulative total for the whole year which will be the sum of each quarter's result)	David Disney	In Q4, there were 128 opportunities (288 cumulative for the year so far). Quarter 4 figures are: January 41 February 33 March 54	
MI 1039: % of units liable for business rates occupied.	92.59%	93%	David Disney	Over the year there was an increase of 269 rateable premises in total, and an increase of 9 in the number of empty premises (8 of the 13 were office units vacated by Flagship Housing at Keswick Hall). Business Rates staff are carrying out a review of business premises recorded as unoccupied, which may reduce numbers.	

APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures



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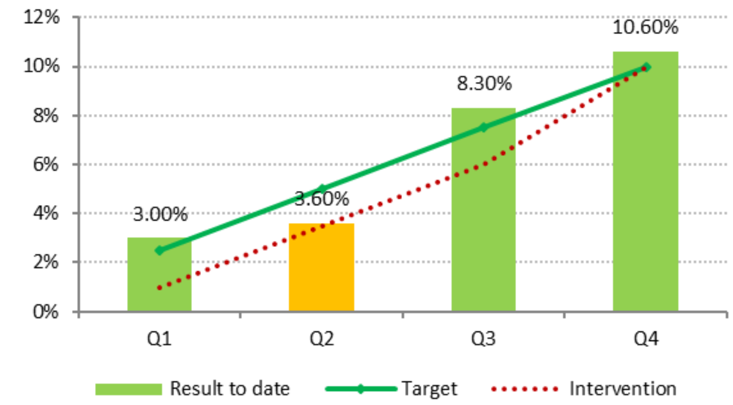
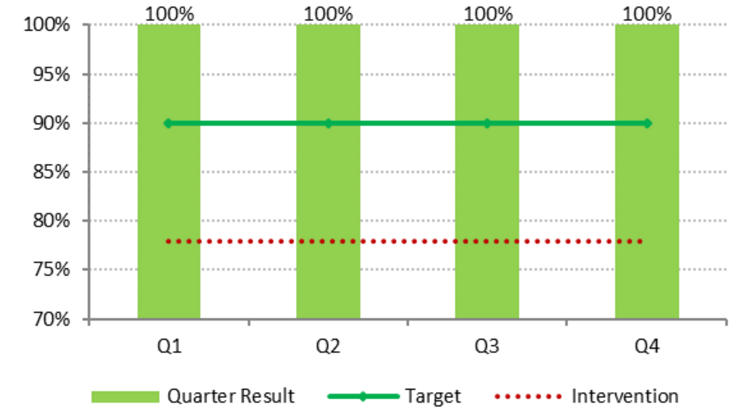
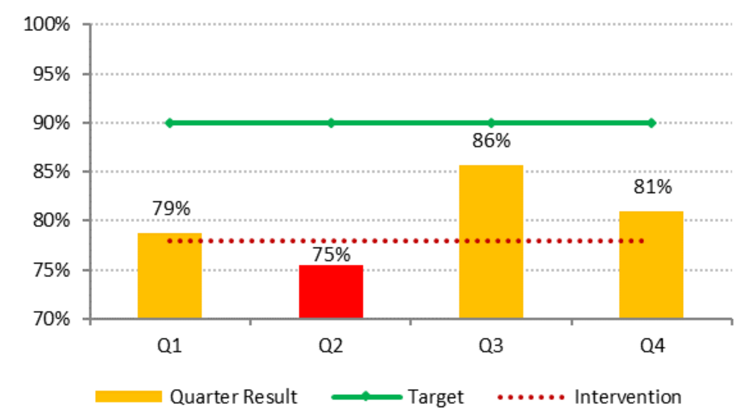
- = The measure is being 'baselined' in order to determine the target

Measure Description	Latest Data Quarter 3 Result / Indicator	 Year End Target 2017/18	Measure Owner	Operational Comments	Chart
(NEW) HE 1601: % increase in our Leisure Centre members following the refurbishment of our three Centres.	10.60%	10.00%	Steve Goddard	**Long Stratton Leisure Centre**: Increased its membership in Q4 by +13 Direct Debit members. Any growth preceding the centres imminent re-development commencing is welcome and a retention incentive programme has been advertised to retain members during the project period (1 month free upon full re-opening in 2019). The 3G pitch business has experienced a busy Q4 and we continue to grow our core business. The refurbishment project has commenced and we are marketing continually to ensure 1- the community understand we remain open and 2- increase interest in the centre as the redevelopment advances. **Diss Leisure Centre:** Direct Debit Fitness membership increased by +8 in Q4 and Swim School further increased by +10 Direct Debits. Improved marketing and social media campaigns and profile continue to have a positive impact on the centres profile and performances. Diss LC's income and membership numbers are at the highest levels ever. **Wymondham Leisure Centre**: Fitness Direct Debit membership increased by +45 from Q3 to Q4. The centres swim school continues to perform ahead of budget and grew by a further	

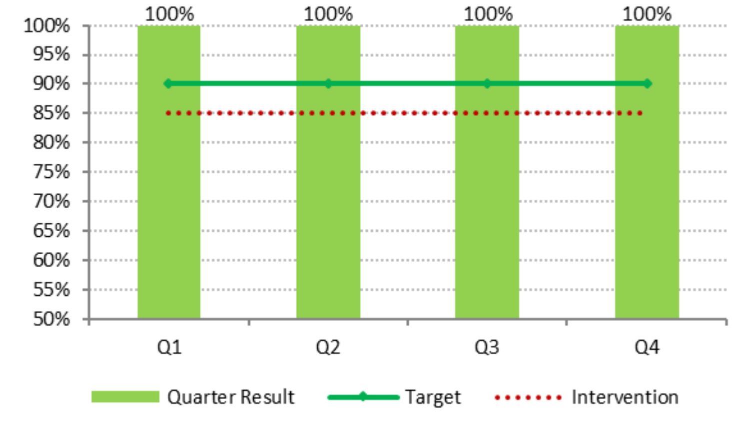
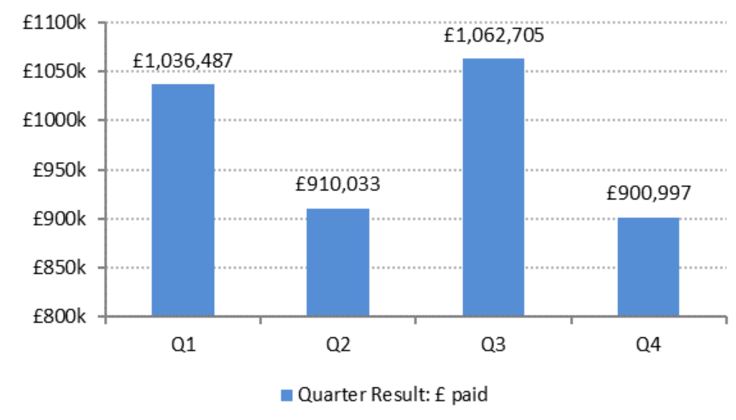
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
				+9 Direct Debit members in Q4. As with Diss the social media and marketing focus continues to reap dividends. Capacity challenges are constantly challenging further growth and plans to mitigate are underway with alternative venue option (Ketts Park) and car park expansions with the neighbouring school under consideration. **Leisure overall:** The Q3-Q4 overall growth of fitness direct debit members was +172 (= +5.4%), which is a positive note and performance to finish the year. When compared Year on Year it is an increase of our overall Fitness Direct Debit membership by +10.6% and crucially our monthly Direct Debit by £9k (= +£108k annualised). The Q3- Q4 overall growth of direct debit fitness and swim school members combined was +3.7%, and is another encouraging growth period. Our Fitness membership has grown overall by 10.6% this financial year and we have achieved our year-end target of 10%. We now have 3,314 Monthly DD Fitness members across the Centres using a £28 average due per member and 1,769 swim school members so overall 5,083 members on Direct Debit plus in addition WLC has 153 Annual paying Fitness members, LSLC has 31 and DLC has 44 totalling 228 Annual members adding up to 3,542 Fitness members and 5,311 overall including Swim School.	

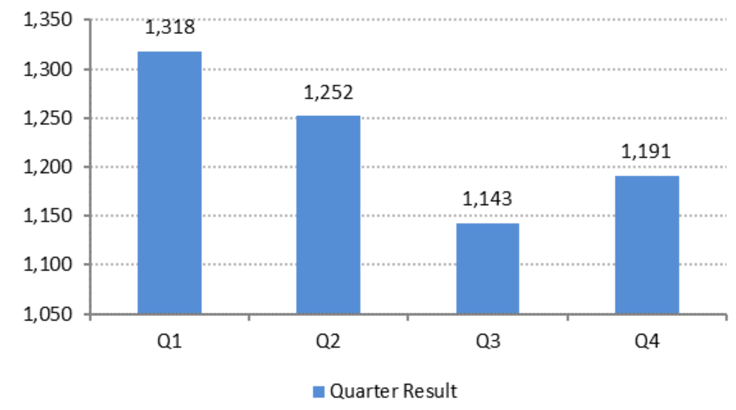
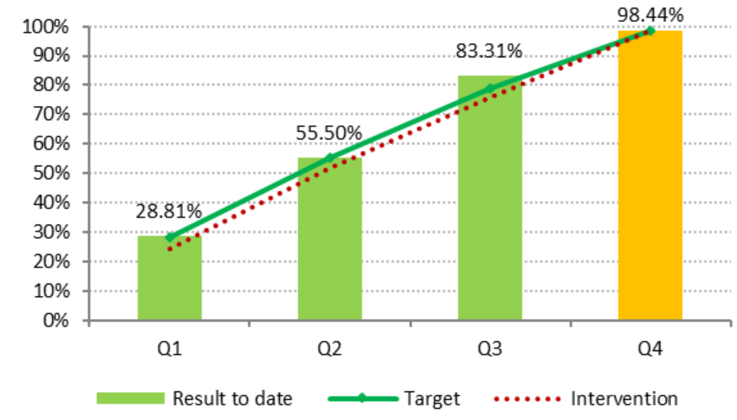
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
HE 1603: % of households in temporary accommodation for 8 weeks or less from the date of the homelessness decision to housing solution.	100%	90%	Mike Pursehouse	Our temporary accommodation remains an essential part of the housing service. During customers time within temporary accommodation all residents are assessed and suitable training plans put in place to make sure they are tenancy ready when their new home is available. This has been very successful and we are therefore extending this availability by creating a dedicated Housing and Benefit FIRST officer that will start on the 30th April 2018. This will ensure higher levels of availability and intensive support allowing residents to be ready to move forward as early as possible.	
HE 1604: % of households contacting South Norfolk because of risk of losing their homes that are prevented from becoming homeless.	80.95%	90%	Mike Pursehouse	As described in Q3 comments new measure being completed for next year. Although we were unable to prevent homelessness in some cases this only amounted to 7 in total. Due to the early availability of assistance through our register residents are aware assistance is available before prevention stage. This means the number of people needing prevention work is reduced and therefore any unavoidable homelessness is a larger percentage. As shown within Q3 successful outcomes are still achieved. All 7 cases in Q4 have now moved into a new home obtained through home options. Where necessary training was provided whilst residents were housed within our temporary accommodation and some continue to receive training going forward to make sure their tenancy remains sustainable avoiding potential problems moving forward.	

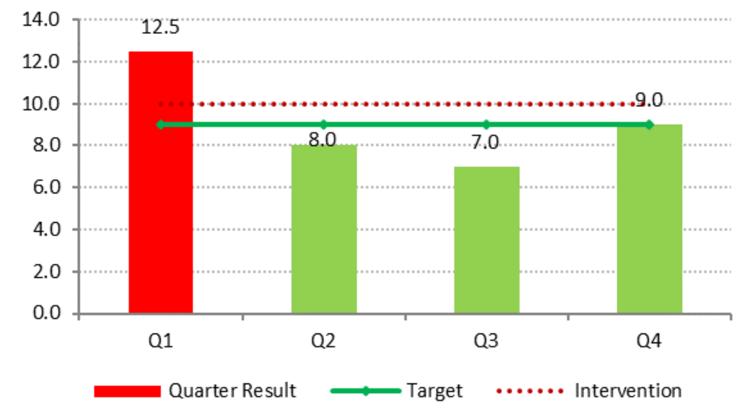
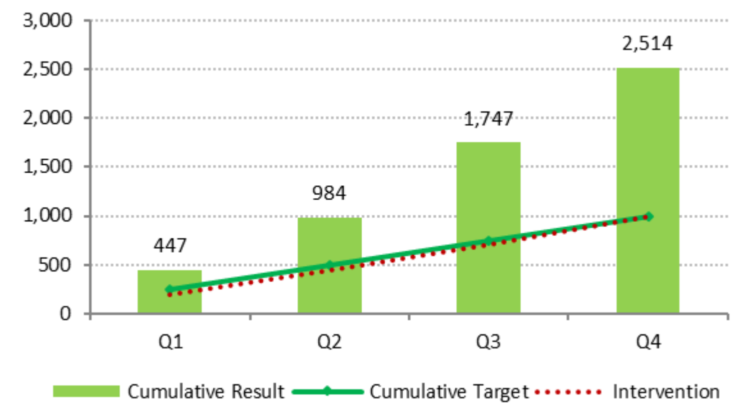
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
HE 1605: % of those housed by SNC Housing which are still in there after a 6 month period.	100%	90%	Mike Pursehouse	We housed 144 people in the last quarter and 570 over the last 12 months all of which have remained housed for 6 months. This target is very important as removes the risk of a 'revolving door'. By making sure that it is fully understood what customers' needs are, finding suitable accommodation, which is right from the commencement of the tenancy ensures happy residents with sustainable tenancies. Due to its importance this target will increase to 12 months next year	
HE 1607a: £pounds paid in benefits to people in work	£900,997	Baseline	Mike Pursehouse	The reduction in benefits paid is a good reflection of the districts buoyant economy. Our benefits team are also providing budgeting assistance and by using our benefits calculator residents can easily find out how much better off they would be, either in work, or by working increased hours, making the transition to work easier to understand. This will increase with the introduction of Universal Credit in Diss in May 2018.	

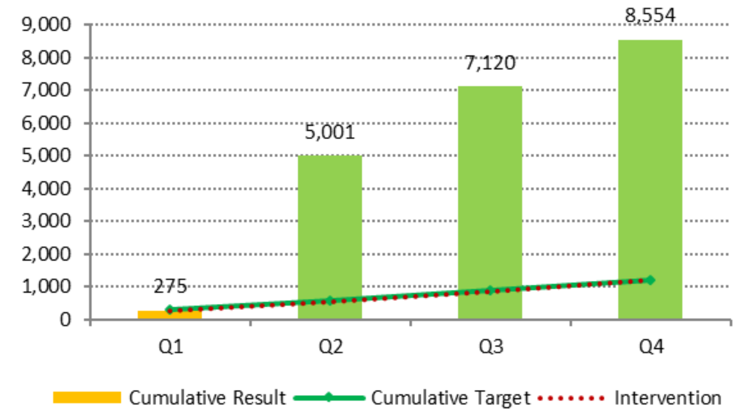
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
HE 1607b: Number of people in work receiving benefits	1191	Baseline	Mike Pursehouse	Whilst there is an increase in applicants claiming, the average has reduced from £929.75 in the last Qtr to £756.50. This means that a large proportion are part benefit applicants and therefore working. Whilst it would be good to also see the continued fall in total claimants it is encouraging to see that people are finding jobs providing the opportunity to increase their income in the future.	
BV 009: % of Council Tax collected.	98.44%	98.50%	Simon Bessey	In year collection of council tax was impacted by a number of factors but was only fractionally short of the target set (0.06% representing £51k). The Single Person Discount review was successful and identified £69k of additional income that was generated by the exercise. Although with this identification it left a shorter period to collect. In year collection was £78.419m of the £79.664m that was billed. The demands on the council tax team continue to grow, yet again we've excelled in New Homes' Bonus, as the tax base continues to grow: - 1,229 new properties brought onto the register, meaning we now have 60,731 properties subject to council tax charges - eBilling continues to increase with 15,000 of our residents now taking this as their option for billing - 47,439 of our customers (with something to pay) now opt to pay us by Direct Debit	

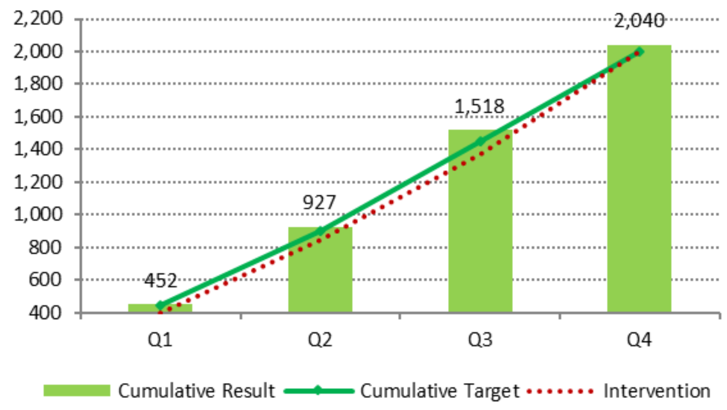
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
HE 1606: Number of days taken to process new claims for Housing Benefit/Council Tax Benefit.	9 days	9 days	Mike Pursehous e	Q4 saw an increase in the resource required due to both new claimants and the level of Change of Circumstances reported. The number of Change of Circumstances increased from 7298 in Qtr 3 to 13182 in Qtr 4. This is a substantial increase and the team worked hard to make sure the year end target was achieved.	
HE 1607: Number of families and residents helped to achieve positive outcomes through our Help Hub service.	2514	1,000 (This is a cumulative figure for the whole year)	Mike Pursehous e	The Help Hub supported 767 people this year of which 260 were children and 507 adults. Around 80% of requests of support are from families, with 20% adults only. Self-referrals have increased with 18% of all requests coming straight from residents.	

APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

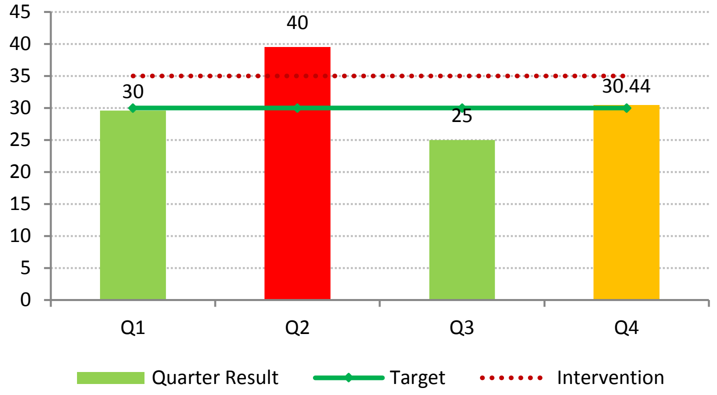
Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2017/18	Measure Owner	Operational Comments	Chart
HE 1608: Number of residents who are assisted to access support within their community to meet low level need.	8554	1,200 (This is a cumulative figure for the whole year)	Mike Pursehouse	Quarter 4 in the communities team, including community connectors saw 1434 residents this quarter, 338 in individual engagements and 1096 through group engagement. The significant increase in people seen compared to the target set has been due to a full complement of Community Connectors operating across the District. The connectors have also targeted events including Flu Clinics to ensure we reach key audiences.	

APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

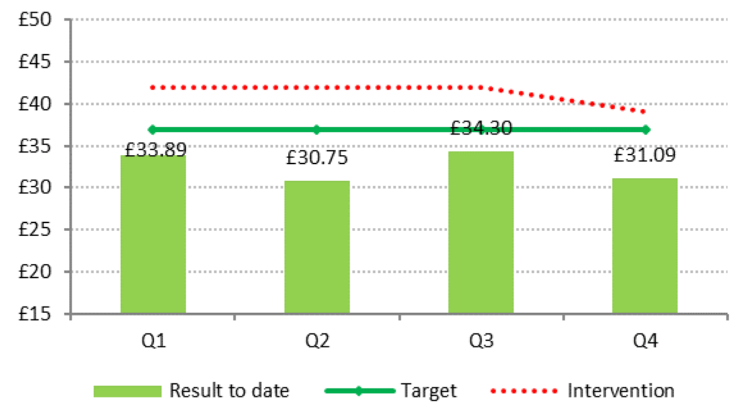
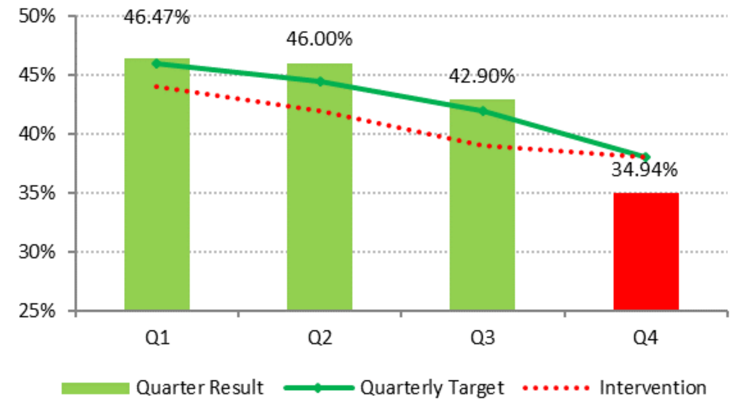
Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
LI 323: Increase the number of vulnerable people supported to maintain independence in their own homes, with support from interventions.	2040	2,000 (This is a cumulative figure for the whole year)	Sam Cayford	A concentrated effort has seen the waiting list for assessments reduce significantly throughout the year from 100 to 2. Despite the increasing complexity of the cases we are seeing - we have achieved our year end target for 17/18. A hospital discharge scheme (District Direct) is reducing the impact on homes not being ready when people are discharged which prevents hospital bed blocking. Based on NHS performance management information this saved 725 bed days over a 29-week pilot (average daily saving of 5 bed days) creating a saving of £181,250 (based on £250 cost per bed day). The average length of stay across this pilot has reduced by 36% (11 days to 7 days). This support work is reflected in expenditure on Disabled Facilities Grant/Aids and Adaptations, where a combined total of £904,205 was granted during 2017/18 to provide 183 grants, compared to 195 grants approved in 2016/17. All the external grant funding received by the Council in 2017/18 to provide this service was fully utilised to finance this expenditure. The waiting list for assessments stood at 2 people as at 31st March.	

APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

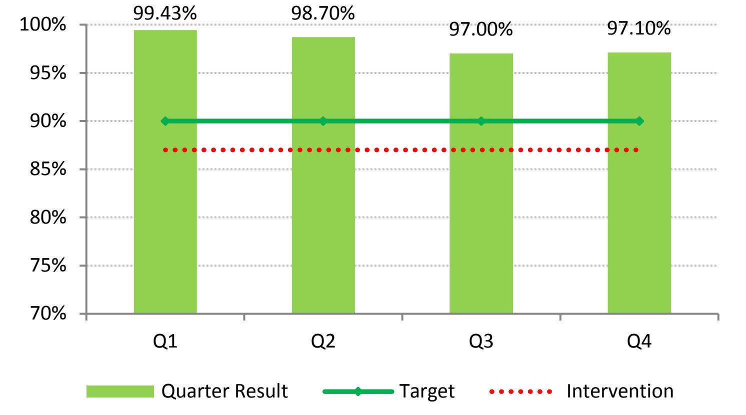
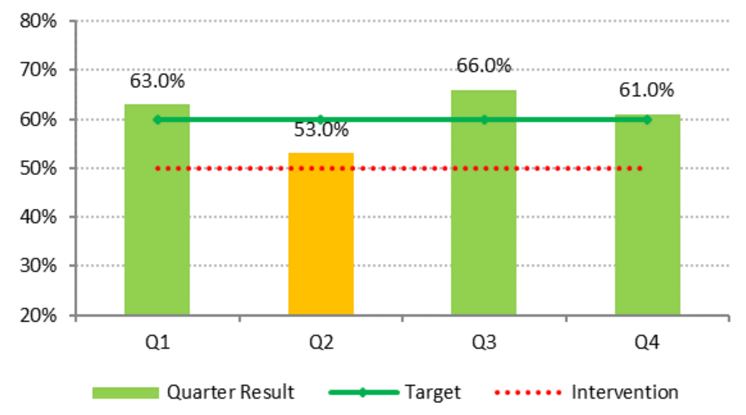
Key:
- = Met or exceeded target
- = Within acceptable tolerance of target
- = Stretch target not reached
- = The measure is being 'baselined' in order to determine the target

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2017/18	Measure Owner	Operational Comments	Chart
LI 263: Number of missed bins for all waste per 100,000 collections	30.44	30	Simon Hawken	This result is within acceptable tolerance and considering the seasonal variances experienced, the result is very positive in what has been a testing start to the year. Several operational issues due to vehicle availability caused by an extended period of inclement weather (severe frosts were the major factor in causing electrical issues on the vehicle) meant the first few weeks of January were a challenge. This coupled with the unprecedented stoppage of services for 3 days in late-Feb early-March due to snow impacted the operation and so this performance can be taken as a positive. The effectiveness of the recovery operation and the hard work of all depot staff is commendable.	

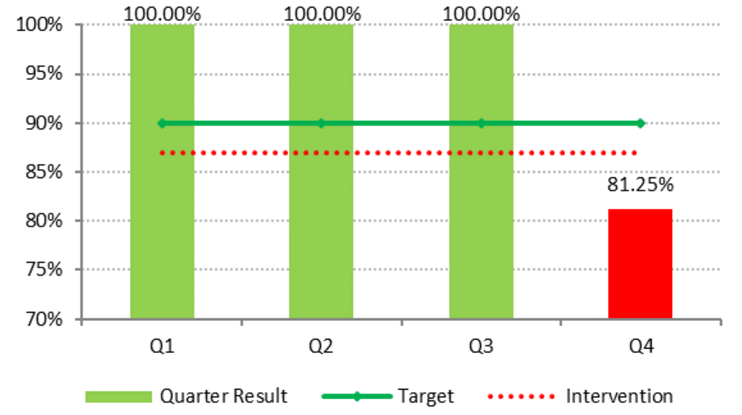
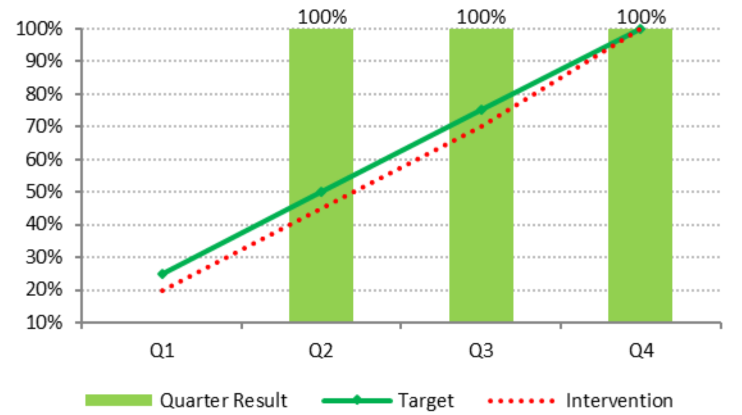
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
LI 262: Cost of waste collection per household	£31.09	£37	Simon Hawken	The lower costs are predominantly due to lower than projected MRF disposal fees and rebate alongside higher than anticipated income due to the new property bin charges.	
NI 192a: % Municipal waste recycled, reused and composted	34.94%	44.00% (This is a target for the year overall and is not the same as the Q4 quarterly target)	Bob Wade	The target estimates as not all data is available yet for qtr 4. The low total is due to 269 t garden waste collected this March compared to 800t last March due to bad weather. This in addition to the increase in residual waste has significantly impacted Qtr 4 figures. Year end estimated total is 42.36% Provisional year end outturn for recycling and composting rate (given current unconfirmed data on residual waste tonnages and third party recycling) is 42.36% against a target of 44% . This is below that for last year - principle reason being significant dip in garden waste tonnages in QTR4 and higher residual waste tonnages - also see PL1601. We have actions in place to address these issues going forward. This dip is not confined to South Norfolk. The overall volumes of recyclables collected has increased.	

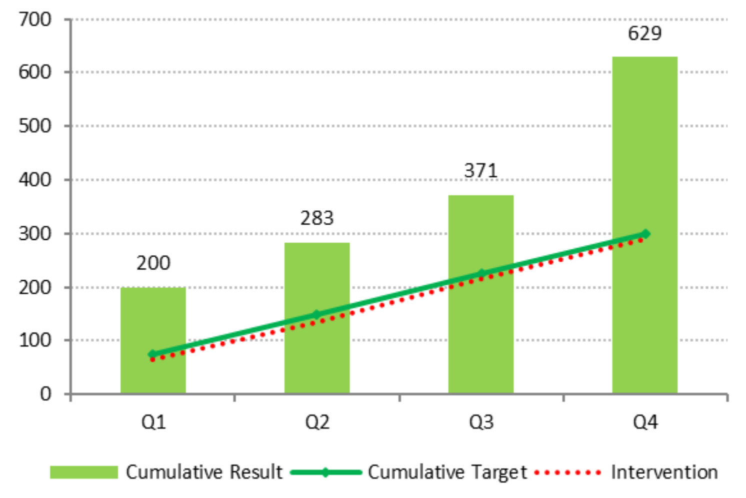
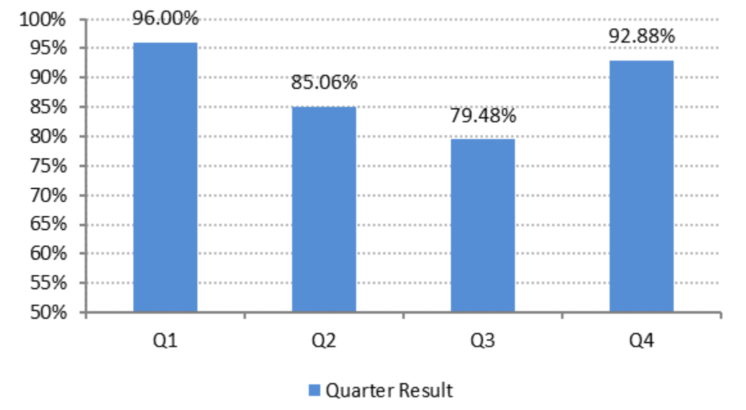
APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
LI 302: % of householder applications determined within 8 weeks or in extension of time	97.10%	90.00%	Helen Mellors	This relates to 167 applications, 151 (90%) of which were determined in the statutory time period and 11 of which were determined in an extension of time. The average number of days for determining householder applications is 41 days.	
MI 1037: % of householder applications determined within six weeks	61.00%	60.0%	Helen Mellors	This relates to 167 applications, 102 (61%) of which were determined in less than 6 weeks. 151 (90%) were determined in the statutory time period and 11 were determined in an extension of time. The average number of days for determining householder applications is 41 days.	

APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
MI 1038: % of major applications determined within 13 weeks or in extension of time	81.25%	90.00%	Helen Mellors	This relates to 16 applications, 7 of which (44%) were determined in the statutory time period and 6 of which were determined in an extension of time (81.25%). The remaining 3 of the 16 applications were determined out of time or extension of time were on the same site and were related to a longstanding and complex enforcement/compliance issues which these applications were seeking to address. The matter has since been resolved. In the last 12 months, the authority has determined 72 major applications 53 of which related to housing developments, 94% of which were determined within 13 weeks or an extension of time.	
PL 1602: % of Community Action Fund (CAF) spent.	100%	90%	Mike Pursehous e	CAF was successfully spent in Q2'2017-18 and the CAF panel will next meet again in 2018-19.	

APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure Description	Latest Data Quarter 3 Result / Indicator	Year End Target 2017/18	Measure Owner	Operational Comments	Chart
LI 350: Number of Affordable homes delivered in this year (2017-18)	629	300 affordable homes by 31 March 2018. (New 3-year target of 1,000 from 2017 to March 2020)	Keith Mitchell	The total number of affordable homes completed was 629, the highest-ever figure for South Norfolk. 298 homes were completed by housing associations, with 270 being provided through negotiation with developers (another record total). Saffron HT built the other 28: 15 for local needs at Dickleburgh, and the remaining 13 on land already in their ownership. Sales of 331 new homes through the government's Help to Buy (equity loan) scheme accounted for the remainder of completions.	
PL 1604: % percentage of people applying to register to vote online as opposed to on paper.	92.88%	Baseline	Julia Tovee-Galey	There has been an increase in the online applications compared to paper applications, this may be a result of the improvements made to the online access.	

APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Key:
= Met or exceeded target
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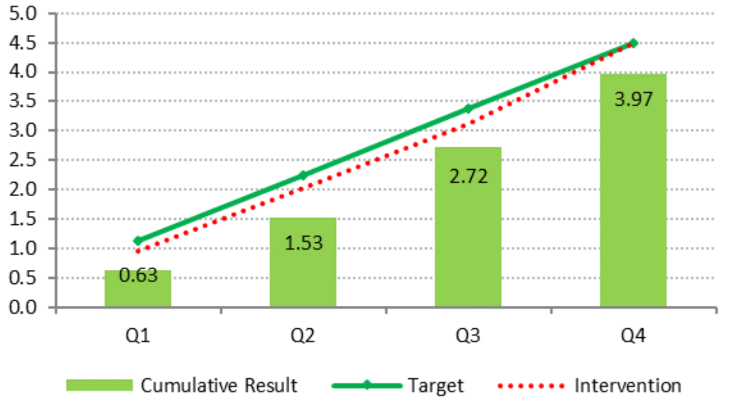
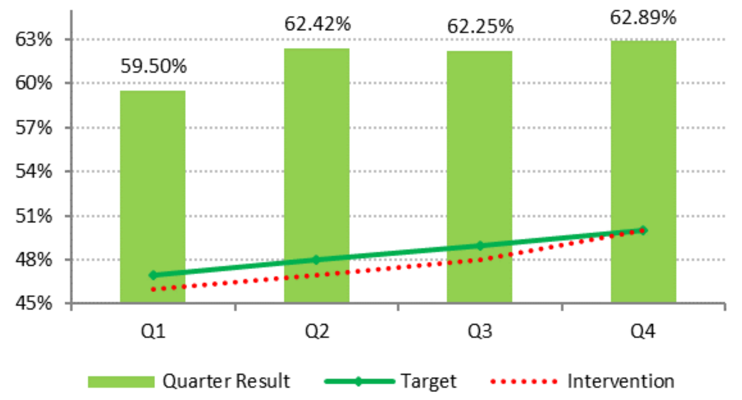
= The measure is being 'baselined' in order to determine the target

Measure	Latest Data		Measure Owner	Operational Comments	Chart
Description	Quarter 3 Result / Indicator	Year End Target 2017/18			
BV012a: Working days lost per FTE due to short term sickness absence.	3.97	4.5 days (This is a cumulative total per FTE figure for the whole year)	Peter Catchpole	This is a very positive result overall for 2017-18 year. We are under target and there has been a significant reduction in days lost, from a month peak of 0.85 days lost per FTE in 2017 to the current monthly position of 0.5 days lost per FTE. Absence is being monitored monthly and return to works chased/quality checked. Formal procedures are also being monitored and managed closely by the Senior HR Advisor. In Q4, we ran a workshop with line managers from different parts of the business to seek their feedback on the current policy and process in order to inform future efficiencies and improvements.	

APPENDIX 1 - Quarter 4 performance report 2017-18: Strategic Measures

Measure Description	Latest Data: Quarter 3 Result / Indicator	Latest Data: Year End Target 2017/18	Measure Owner	Operational Comments	Chart
LI 759: % of our top 10 service requests made via online web-forms.	62.89%	50.00%	Simon Smith	The improvement of digital self service has continued to increase slightly this quarter. We have made improvements to many online forms over the last 3 months and will continue to do so into 2018/19. Marketing has helped to drive self-service with the larger recycling bin driving demand past capacity.	

Strategic Risk Register Appendix 2

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2017/18 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 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 the required infrastructure on Zone 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. The EZ is not built out in a consistent	Director of Growth & Business Development	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	• E3 - Delivery of the Greater Norwich City Deal which is centred around the economic growth of the Park and greater levels of commercialisation of NRP research • Delivery of economic growth within a Life science / biotechnology/ bio-economy - a key growth sector within the Industrial Strategy • Securing new inward investment into the District • Delivering the Cambridge Norwich Tech Corridor which the	• Lead generation work programme to be commissioned to identify prospective tenants for the EZ • Planning permission decision remains outstanding which is impacting on the timeframe to deliver the remaining Zone 4 infrastructure. • Assessment of most advantageous borrowing. options for South Norfolk Council at point of borrowing • Financial agreement in place with NRP LLP to deliver the required infrastructure within Zone 1 and 2. • Develop and agree terms of the JV package for Zone 4 building.

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2017/18 Business Plan Activity	Required/outstanding actions to support risk mitigation
		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. Change in management of the NRP LLP		Council's investment not being recouped. Work has been completed on a market assessment for a building Zone 4 which shows a good level of demand for such an investment. Completion certificate has been issued on the first phase of infrastructure in Zone 4.	NRP EZ forms part of.	
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	E3 – Infrastructure Delivery Programme	• Two planning applications have been submitted, which include 1,800 homes, employment land, supporting infrastructure and the bypass. The timetable proposed by the developer anticipates consideration of the applications by Development Management Committee in December 2018. • The potential use of a Compulsory Purchase Order to ensure delivery remains an option if progress is insufficiently rapid, Considerable internal

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2017/18 Business Plan Activity	Required/outstanding actions to support risk mitigation
				external funding streams are also being investigated. • 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; • A successful bid for the Business Rates Pool is being used to develop costing for the bypass, a timeline for delivery and the economic case for the bypass (to support future bids for capital funding);		resources would need to be deployed 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 investigate any subsequent funding opportunities that arise.

Place, Communities and Environment

Improving the quality of life of our communities and enhancing the built and natural environment in our towns and villages.

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2017/18 Business Plan Activity	Required/outstanding actions to support risk mitigation
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. • Officers are continuing to work with housebuilders and landowners and undertaking research to identify the

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2017/18 Business Plan Activity	Required/outstanding actions to support risk mitigation
						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. • In March 2017 the Greater Norwich Growth Board asked officers to explore the potential for a Local Delivery Vehicle (LDV) to assist in the more rapid delivery of infrastructure and housing in Greater Norwich, and this work has progressed • 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)	2017/18 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						
Chief Executive	**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 2018 and shows a balanced budget for 2017/18, 2018/19 and 2019/20. Further work is required to identify measures to balance the budget from 2020/21 onwards. The plan contains two major risks, around income. Firstly, it includes reduced revenue income from the New Homes Bonus (NHB) of £551k in the revenue budget for 2018/19 compared to 2017/18. The reduction up to 2022/23 years is £1.5 million. The actual level of NHB received is dependent on continued delivery of planned housing growth in the District.	BAU Finance: Budget Setting, Monitoring and Reporting and Business Cases BAU: Development of the Leisure Portfolios offering: Ensure residents have access to high quality leisure services across the district and increase our leisure offering by identifying additional business opportunities, including the resurrection of the New Diss Leisure	• Balanced budget beyond 2019/20 • Delivery of Long Stratton Leisure Centre Enhancements (2018/19) • Completion of Phase 2 Poringland development (2017/18) • Completion of Maple Park development (2017/18) • Delivery of the Enterprise Zone • Implementation of increases to fees and charges (2018/19) • Delivery of further property developments (2018/19)

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2017/18 Business Plan Activity	Required/outstanding actions to support risk mitigation
				Secondly, the plan assumes additional efficiencies and income from meeting the 10% challenge and commercialisation, mainly from property development and the leisure service and also from increases to fees and charges. The provisional outturn for 17/18 indicates a positive variance and that the 10% challenge has been met.	Centre project & or temporary dry side unit option ACTIVITY: Property investment and development activities to maximise income generation to the Council ACTIVITY: Supporting growth: Support growth and local communities by growing and offering services which meet business needs of others ACTIVITY: Build Insight: support Build Insight to deliver our services to their customers both supporting local business, customers and the Council on its commercialisation agenda	

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2017/18 Business Plan Activity	Required/outstanding actions to support risk mitigation
Chief Executive	**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.	J2 - Ketteringham Depot expansion and upgrade J2 - Leisure Centre Enhancement Programme	• 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)
Chief Executive	**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	E5 - Maximise income generation and opportunities of surplus or underutilised land and property assets. Creation and effective management of a broad commercial property investment portfolio (capital investment) to support economic growth	• 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 Q1 2018/19. • Search for additional sites for development in progress (2018/19)

Directorate	Code	Risk/Opportunity	Owner	Commentary (including outcomes / benefits that may be gained)	2017/18 Business Plan Activity	Required/outstanding actions to support risk mitigation
				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.		

Appendix 3: Analysis of Major Variances on Service Areas – January to March 2018

Service Area	**Direct Budget** **£**	**Direct Net Expenditure/ (Income)** **£**	**Variance** **£**	**Commentary**
Housing Access & Standard Team	190,681	118,921	71,760	There is a positive variance due to additional grant income received for the trailblazer project.
Housing Benefit Payments	(293,018)	(473,982)	180,964	The positive variance is due to HB recovery income being higher than budgeted, reflecting effective recovery action by the team.
Wymondham Leisure Centre	(253,801)	(70,457)	(183,344)	Overall income received for the centre compared to Q4 last year has increased by 18% and the year on year bottom line has improved by £217k, meaning that the centre has started to contribute to corporate overheads. The negative variance is mainly due to £160k on staffing which is a legacy of the previous structure that has now been realigned. There was £11k one-off spend on utilities due to the installation of the Combined Heat and Power machine that will make savings over time and a £10k variance on income due to lower resale of gym and swim accessories than budgeted. A positive variance of £48k on the Kids Camp is due to high attendance, bolstered by the new pricing strategy, and savings on equipment. There was a negative variance on the spa of £25k, but pricing changes and the new management contract for 2018/19 are expected to address this. A negative variance of £6k occurred at the Café for the whole of the year, but a revised staffing structure and menu has now contributed to leading the Café into profit each month.

Diss Leisure Centre	105,898	140,322	(34,424)	Overall income received for the centre compared to last year has increased by 9% and the year on year bottom line has improved by £38k. The negative variance is due to missing income target which was mainly due to price increase temporarily impacting on casual and swimming usage and low sales on vending and retail.
Long Stratton Leisure Centre	43,579	105,800	(62,041)	Overall income received for the centre compared to last year has increased by 7%. The negative variance is due to missing income target mainly due to reduced income from the school while refurbishment takes place and low sales on vending and retail.
Homelessness	(160,825)	(221,336)	60,511	The positive variance is due to the homelessness support and prevention grant income being secured after budget setting.
Care and Repair	(166.100)	(95,134)	(70,966)	The negative variance was partly due to income being less than budget resulting from a Care & Repair officer vacancy (1 FTE). Following agreement of the 2017/18 revenue budget, North Norfolk Council took this service in-house, which reduced income levels.
Independent Living Team	352,147	270,330	81,817	A positive variance results from vacancies and lower than budgeted spend on supplies and materials, such as hoists. Caseloads meant that not all the supplies budget was ultimately required.
Director of Communities and Well-being	193,167	117,123	76,044	There is positive variance due to the vacant Director post which was partly covered for 3 months and not fully recruited until October 2017, this has also contributed to a saving on supplies and materials & consultancy budgets.
Housing Options	425,519	370,751	54,768	A positive variance is due to two historic vacancies that have been removed in 18/19 budget setting.

Early Help Hub	198,161	147,267	50,894	The positive variance is mainly due to two vacant posts that are in the process of being recruited and also social prescribing (community referral) with leisure not starting until 2018/19.
Environmental Quality and Community Asset Teams	575,617	358,760	216,857	Salary vacancies result in a positive variance from the departmental realignment. There was an underspend on advertising and an increase in income released from S106 agreements for adopted open spaces.
Recycling Strategy	150,415	91,620	58,795	The positive variance results from salary vacancies from a department realignment and underspend on advertising.
Building Control	(112,996)	(330,648)	217,652	Income from application fees was 16% lower than budget for the reporting period. This is due to heightened competition from Approved Inspectors, particularly in the Norwich City area, who have been able to win a larger share of the higher fee generating jobs. There was also a reduction in application numbers seen in the last couple of months due to poor weather hindering construction progress. There is a positive variance of £314k on staff related costs despite a large one-off IAS19 pension adjustment of £159k. This is due to vacancies throughout the year and the difficulties faced in recruiting to them in a competitive labour market. There are currently 4 vacancies that are due to be interviewed for this month.
Economic Development	287,967	355,604	(67,637)	This negative variance is caused by additional spend against the consultancy budget during the year. This has been to fund an Interim Head of Department (£23k) and contributions to the Norwich and Cambridge Tech Corridor project (£27.5k), Browick

				Road Wymondham (£10k) and MIPIM Inward Investment Event (£11k). Savings of £23k were achieved through having unfilled vacancies throughout the year; which was offset by grant income budgeted for not being realised.
Car Parks	(141,287)	(181,599)	40,312	Positive variance due to resurfacing provision of £70k not hitting the revenue budget. This has been partially offset by a decrease in car park income of (£45k) due to the later than anticipated installation of new parking machines and subsequent fee structure changes, along with poor weather in Q4 impacting on customer usage.
Food Safety	200,541	162,683	37,858	Positive variance achieved due to unfilled vacancies being carried during the year.
Development Management	(85,408)	(268,848)	(183,440)	Planning fees ran (£42k) shy of budget but £225k higher than last year, helped by the inclusion of fees relating to the Long Stratton bypass project. The shortfall against Budget is explained by the expectation that a 20% fee increase would be applied from September 2017, but which ended up being delayed until mid-January 2018. Positive variances have been seen against recovery income [£43k] as larger CIL receipts in the year resulted in a larger admin fee being recorded than budgeted, employment costs [£70k] due to vacancies during the year (now filled), and the removal of a £100k provision for legal challenges to planning decisions carried forward from 16/17, which was no longer required.

Housing & Public Health Partnership	37,854	5,760	32,094	This variance represents unbudgeted grant income (Custom Build) received in year.
Planning & Housing	367,716	306,049	61,667	Positive variance achieved due to unfilled vacancies [£43k] being carried during the year and a £101k saving on Consultancy spend (£40k saving on Travellers & £45k on Long Stratton which will be delayed into 2018/19). A budgeted £80k credit in year relating to reserve used for consultancy has not been transferred to the revenue budget this year, owing to the overall surplus.
Market Towns Funding	468,525	75,921	382,819	Positive variance due to spend on Better Broadband project now taking place in 2018/19. In addition, £210k that was budgeted for work on the Diss Heritage Triangle has been paid but not hit the revenue account.
Street Cleaning	398,681	302,760	95,921	Positive variance achieved through reduced staff costs [£92k] due to vacancies during the period. There are currently 2 vacancies which are being covered by agency staff.
Domestic, Garden and Bulky Waste Collections	133,429	194,308	(60,879)	The negative variance has reduced by more than half since Q3. Income across the residential waste collection services has exceeded budget by 1%, and last year's outturn by 15% respectively. This has been helped by the introduction of fees for bins at new developments which have added £67k in income in the 3 months since the charge came into effect. Staffing costs are over budget by £200k in the reporting period. The harsh weather in February led to 3 days where collection couldn't take place which led to overtime costs of £26k being incurred for the service to catch up on missed bins. This is in addition to the

				increased reliance on agency staff and overtime payments referenced last quarter. A rebate of fees from the MRF have driven non-pay expenses below budget by 8.5%, although this is still an increase of (11.7%) compared to last year, due to elevated tonnage and gate fees charged this year.
Grounds Maintenance	138,839	90,396	48,443	Income has outperformed budget by £21k in part due to income for the maintenance of play areas. In addition, a further £20k was saved against budget on employment costs through unfilled vacancies (2 FTE at year end) and an additional apprentice being taken on in lieu of 1 FTE.
Transport Fleet	388,378	435,205	(46,827)	Negative variance due to higher repair costs to vehicles, in addition to the hire of a replacement vehicle to cover one damaged by fire. The variance has reduced since Q3 reporting.
Commercial Waste Collection	(80,525)	(117,178)	30,653	Positive variance achieved through reduced staff costs due to 1 FTE post that it was decided not to recruit to during the period. Income is sitting 6.6% lower than Budget, but this still represents a 36.3% increase on last year.
Chief Executive	324,602	284,885	39,717	The main positive variance comprises a £29k positive variance on employment cost due to an apprentice vacancy and temporary staffing changes resulting in lower in year costs and £10k lower than budgeted spend in systems improvements due to cost restraints.
Property Management Team	228,895	183,905	44,990	Presently there is a £191k positive variance on employment costs following the transfer of the property team over to Big Sky and £121k increased costs in consultancy mainly from a settlement claim relating to a Compulsory Purchase Order.

Elections	40,138	(4,463)	44,601	The positive variance results from a planned variance on the contribution towards the District Elections reserve and a sale of equipment (screens).
Register of Electors	52,100	0	52,100	A balance transfer to reserves leaves a positive budget variance
IT	1,382,682	1,242,822	139,860	Savings of £40k on resource cost is due to an Interim Head of IT being in post, the telephone platform project was delayed giving a saving to budget of £18k. Data infrastructure spend resulted in £24k higher spend than budget and software licence savings of £79k were due to the move to virtual servers.
Democratic Services	424,069	244,803	179,266	Due to lower use of the service. legal fees came in less than expected by £100k which includes an NP Law fee refund of £83k. Recovery Income increased by £71k to budget due to the Council receiving its share of the NP Law surplus.
Transformation Team	370,658	310,989	59,669	No spend in consultancy results in an £58k final positive variance due to prioritising the collaborative work in 18/19, which meant that other non-urgent work has been held back and also a £13k positive employment variance from a previous vacancy now filled.
Council Tax Cost of Collection	(207,617)	(304,418)	96,801	There is positive income variance of £82k resulting from additional unbudgeted income, mainly for work on empty homes discounts with Norfolk County Council.
Digital & Customer Relations	177,713	96,258	81,455	Underspends contribute to positive variances in employment costs of £26k including a current vacant Apprentice post and slippage to fill the Digital Services Manager post which has now been filled. A £19k positive variance results on consultancy due to slippage connected to the vacant Manager post along with a lower than expected current spend (£37k) on system improvements.

South Norfolk House	468,149	409,640	58,509	Repairs and maintenance underspends result in a £21k positive variance [£8k maintenance, £13k equipment repairs] due to hold back on work until next year when a fuller repair program is planned. Room space rental income increased by £21k than expected due to redistribution of the Early Help Hub contribution and £12k is saved against the heating oil and electricity budgeted.
Finance Team	443,329	390,189	53,140	Resource costs save £31k due to a Technical Development Officer vacancy now filled and stationary spend was £9k less than budgeted.
Accountancy Team	352,870	394,389	(41,519)	One-off additional employment costs (Agency) to cover vacancies contributed to a £46k negative variance to budget. £11k of recruitment expenses were incurred filling vacant posts due to the need to involve agencies.

Appendix 4: Analysis of Major Variances on Capital Programme– Full Year 2017/18

Capital Projects	Budget	Expenditure	Variance	Commentary
	£	£	£	
Improved Leisure Provision	895,352	238,248	657,104	£300k of the positive variance relates to the budget for improvement works at Harleston Leisure Centre, which was not required. Expenditure on the Long Stratton Leisure Centre refurbishment was slower than expected towards the end of the year, but the project remains on track for completion early in 2019. A business case for new LED lighting at Wymondham Leisure Centre is still being considered therefore the budget for this of £38,350 remained unspent this year and a slippage request has been made. Quotes have been received and plans have been made to spend the budget for essential works at Diss, therefore the remaining budget for this will also need to be slipped into 2018/19.
Aids & Adaptations & DFGs	953,450	904,205	49,245	Funding received from the Better Care Fund totalling £858,827 was fully utilised to finance expenditure on grants in 2017/18.
Waste Vehicle Replacements	780,080	595,490	184,590	During 2017/18, vehicle trackers were purchased as well as 3 refuse collection vehicles and a new sweeper. The balance of the budget will need to be slipped into 2018/19 as a new Garden Waste Vehicle was ordered prior to 31/03/18, but due to the manufacturer's lead time, it is not expected to be delivered and paid for until May 2018.
BSPM Rental Home Purchases	3,795,000	3,315,002	479,998	This positive variance was caused by weather related delays in the construction of new homes, as they were therefore not available for purchase before year end.

Maple Park (Commercial Unit)	1,700,000	0	1,700,000	The construction of the commercial unit was expected to be completed and transferred to SNC by the end of 2017/18, however, the building work was not completed in time due to poor weather. This budget will therefore need to be slipped into 2018/19 so that SNC can purchase the building from Big Sky Developments.
Norwich Research Park Enterprise Zone	6,647,100	0	6,647,100	Expenditure in 17/18 was partly dependent upon the progress of a planning application which is now expected to be decided during 2018/19. Infrastructure costs already incurred on the Enterprise Zone will be reclaimed by Bullens during 2018/19 and slippage is therefore required.
Toilet Refurbishments	639,574	17,420	622,154	The refurbishment of the public conveniences in Hingham was complete and paid for by the end of the financial year. A slippage request has been made for £215k, which is expected to cover all remaining refurbishments.
Poringland Phase 1 Commercial	500,000	51,459	448,541	This budget was originally intended for the fit out of Crafton House, but much of this work was ultimately included within the overall purchase price for the building. A final retention payment was made and some partitioning work was completed during the year. There is no further requirement for this budget.
New IT Projects	338,976	102,252	236,724	£61k of this positive variance relates to the purchase of equipment for the new telephony system, which will now take place in quarter 1 of 2018/19. Further IT equipment purchases did not take place because a review is being undertaken by the service to determine what equipment is required. A request for slippage totalling £178k has been made.
Wheeled Bin Replacements	229,144	142,117	87,027	Expenditure on new bins during 2017/18 has been predominantly driven by demand, whilst maintaining appropriate stock levels.

Ketteringham Depot Improvements	280,000	68,500	211,500	Work to improve car parking was completed in 2017/18. The remaining budget needs to be slipped to allow further improvements in 2018/19.
Section 106 grant funding	0	184,061	(184,061)	Expenditure in the year included £62k to Norfolk County Council towards highways improvements, £54k to improve energy efficiency of affordable housing, £38k towards play equipment in Little Melton and £22k towards outdoor gym equipment in Hingham. No budget is set for this expenditure as all these contributions have been made using Section 106 funds that the Council was holding and were in line with developers' conditions.
Street Lighting	95,700	0	95,700	We have been considering the Council's position and future investment with the Town & Parish Councils and have held back on incurring non-urgent expenditure until the position has been resolved. A request has been made for this budget to be slipped into 2018/19.
Wymondham Heritage App	0	40,000	(40,000)	A budget for this project had been approved in 2018/19, however, work had to start in 2017/18 on the development of the software, therefore the budget in 2018/19 will be reduced by £40k.
Low Cost Housing	120,000	11,340	108,660	There has been only one payment of £11,340 to Saffron Housing during 2017/18. The remaining budget is no longer needed to provide top-up funding for Housing Association developments, as there is a low requirement for this type of funding and any future funding will be targeted towards the Council's own affordable housing schemes.
Investment Property	12,000,000	0	12,000,000	A land purchase that was expected to complete before the end of the financial year was delayed and is now expected to complete at the end of May. This budget will therefore need to be slipped into 2018/19.

Name of Reserve	Actual Balance 31 March 2017 £'000	Transfers in £'000	Transfers Out £'000	Projected 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	Transfers in £'000	Transfers Out £'000	Projected Balance 31 March 2021 £'000	Transfers in £'000	Transfers Out £'000	Projected Balance 31 March 2022 £'000	Transfers in £'000	Transfers Out £'000	Projected Balance 31 March 2023 £'000
Corporate Reserves																			
New Homes Bonus contained within General Revenue Reserve	0	1,386	(1,386)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance of General Revenue Reserve excluding New Homes Bonus	8,901	2,915	(1,156)	10,660	859	(4,566)	6,953	400	(264)	7,089	0	(962)	6,127	0	0	6,127	0	0	6,127
Total General Revenue Reserve	8,901	4,301	(2,542)	10,660	859	(4,566)	6,953	400	(264)	7,089	0	(962)	6,127	0	0	6,127	0	0	6,127
General Fund Balance	1,400	0	0	1,400	0	0	1,400	0	0	1,400	0	0	1,400	0	0	1,400	0	0	1,400
Total Corporate Reserves	10,301	4,301	(2,542)	12,060	859	(4,566)	8,353	400	(264)	8,489	0	(962)	7,527	0	0	7,527	0	0	7,527
Service Specific Reserves																			
Invest to Grow the Business Reserve	1,000	0	(1,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure Reserve	2,139	1,386	0	3,525	0	(1,118)	2,407	0	(1,570)	837	0	(337)	500	0	0	500	0	0	500
Non-Commercial Assets Replacement Reserve	0	593	0	593	450	(873)	170	0	(150)	20	0	(20)	0	0	0	0	0	0	0
Localisation of Business Rates Reserve	1,500	989	0	2,489	0	0	2,489	0	0	2,489	0	0	2,489	0	0	2,489	0	0	2,489
Localisation of Council Tax Benefit	500	0	0	500	0	0	500	0	0	500	0	0	500	0	0	500	0	0	500
Neighbourhood Grants	47	0	(25)	22	0	(22)	0	0	0	0	0	0	0	0	0	0	0	0	0
District and Parish Elections	102	40	0	142	40	0	182	40	(160)	62	40	0	102	40	0	142	40	0	182
Land Charges	152	0	0	152	0	(152)	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Development Reserve	934	0	(79)	855	0	(260)	595	0	0	595	0	0	595	0	0	595	0	0	595
Vehicle and Equipment Procurement and Replacement Reserve	653	1,034	(738)	949	1,021	(1,009)	961	382	(1,046)	297	1,037	(1,037)	297	55	(352)	0	55	(55)	0
Low Cost Housing (New Homes Bonus)	682	205	(11)	876	0	0	876	0	(876)	0	0	0	0	0	0	0	0	0	0
Car Park Upgrades Reserve	0	85	(85)	0	70	(45)	25	70	(35)	60	70	(35)	95	70	(35)	130	70	(35)	165
Enterprise Zone Reserve	122	160	(223)	59	260	(260)	59	428	(333)	154	533	(250)	437	533	(250)	720	533	(250)	1,003
3G Pitch Renewal Reserve	0	15	(4)	11	15	0	26	15	0	41	15	0	56	15	0	71	15	0	86
Communities and Localism Reserve	231	0	(40)	191	0	(10)	181	0	0	181	0	0	181	0	0	181	0	0	181
Total Service Specific Reserves	8,062	4,507	(2,205)	10,364	1,856	(3,749)	8,471	935	(4,170)	5,236	1,695	(1,679)	5,252	713	(637)	5,328	713	(340)	5,701
Total Revenue Reserves	18,363	8,808	(4,747)	22,424	2,715	(8,315)	16,824	1,335	(4,434)	13,725	1,695	(2,641)	12,779	713	(637)	12,855	713	(340)	13,228
General Reserves	16,963	8,808	(4,747)	21,024	2,715	(8,315)	15,424	1,335	(4,434)	12,325	1,695	(2,641)	11,379	713	(637)	11,455	713	(340)	11,828
Capital Reserves																			
Usable Capital Receipts																			
General Receipts	2,926	1,495	(2,769)	1,652	5,680	(5,680)	1,652	300	(300)	1,652	6,300	(6,222)	1,730	6,350	(4,401)	3,679	350	(371)	3,658
IT Replacement LSVT	810		(102)	708		(304)	404		(224)	180		0	180		0	180		0	180
LSVT Capital Receipt	0		0	0		0	0		0	0		0	0		0	0		0	0
Aids & Adaptations	172		(45)	127		0	127		0	127		0	127		0	127		0	127
Insurance	100			100			100			100			100			100			100
Capital Grants Unapplied Account	0			0			0			0			0			0			0
Total Capital Reserves	4,008	1,495	(2,916)	2,587	5,680	(5,984)	2,283	300	(524)	2,059	6,300	(6,222)	2,137	6,350	(4,401)	4,086	350	(371)	4,065
Total Usable Reserves	22,371			25,011			19,107			15,784			14,916			16,941			17,293

List of virements greater than £100,000 in 2017/18 **Appendix 6**

Description	Amount £	Reason
Benefits Team	(352,977)	Transfer of funds as part of Revenues and Benefits staffing realignment
Council Tax and NNDR Team	311,465	Transfer of funds as part of Revenues and Benefits staffing realignment
Housing Access & Standards Team	(333,150)	Transfer of funds as part of housing budget realignment
Housing Options Team	333,150	Transfer of funds as part of housing budget realignment
Head of Business Transformation	(199,914)	Transfer of funds as part of Business Transformation budget realignment
Digital Transformation Team	139,272	Transfer of funds as part of Business Transformation budget realignment
Human Resources	(150,000)	Transfer of corporate training budget with move of Organisational Development function
Digital Transformation Team	150,000	Transfer of corporate training budget with move of Organisational Development function
Parliamentary Elections	(143,200)	Creation of income budget for the General Election 2017
Diss Heritage Project	210,000	2016/17 Slippage approved by Cabinet
Better Broadband Project	183,525	2016/17 Slippage approved by Cabinet
Second Homes Funding (Early Help)	136,283	2016/17 Slippage approved by Cabinet
Movement on General Reserves	(785,519)	2016/17 Total Slippage approved by Cabinet

Capital Project	Approved Budget 2018-19	Slippage from 2017-18	Adjustments	Total Budget 2018-19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Total Capital Programme (2018/19 to 2022/23)
	£	£	£	£	£	£	£	£	£
Long Stratton Leisure Centre Improvements	1,500,000	260,182		1,760,182	-	-	-	-	1,760,182
Further Works at Wymondham Leisure Centre	116,100	39,469		155,569	63,465	42,000	-	20,000	281,034
Further Works at Diss Leisure Centre	-	65,522	23,500	89,022	-	-	-	-	89,022
Framingham Earl High School	-			-	300,000	-	-	-	300,000
Ketts Park 3G Pitch	1,267,000			1,267,000	-	-	-	-	1,267,000
Refurbishments of Tennis Courts behind Long Stratton LC	230,000			230,000	-	-	-	-	230,000
Aids/Adaptations	-	127,072		127,072	-	-	-	-	127,072
Disabled Facilities Grants	780,000		65,687	845,687	845,000	845,000	845,000	845,000	4,225,687
Diss Heritage Triangle	-	10,000		10,000	-	-		-	10,000
Total Priority: Health, Well-being and Early Help	**3,893,100**	**502,245**	**89,187**	**4,484,532**	**1,208,465**	**887,000**	**845,000**	**865,000**	**8,289,997**
Wheeled Bin Purchase - Domestic Rubbish and Recycling	90,000	15,000		105,000	90,000	90,000	90,000	90,000	465,000
Wheeled Bin Purchase - Garden Waste	40,000			40,000	40,000	40,000	40,000	40,000	200,000
Vehicle Procurement and Replacement	778,000	184,590		962,590	785,945	892,000	740,000	740,000	4,120,535
Grounds Maintenance Equipment	46,000	35,500		81,500	75,000	15,000	-	-	171,500
Workshop Equipment	-	32,000		32,000	-	-	-	-	32,000
Ketteringham Depot - Expanding facilities	-	211,500		211,500	-	-	-	-	211,500
Play Area Refurbishments - Sites **with** Commuted Sums	57,356			57,356	149,855	72,385	-	-	279,596
Toilet Refurbishments	-	215,000		215,000	-	-	-	-	215,000
Street Lighting	435,300	95,700		531,000	-	-	-	-	531,000
Total Priority: Place, Communities and Environment	**1,446,656**	**789,290**	**-**	**2,235,946**	**1,140,800**	**1,109,385**	**870,000**	**870,000**	**6,226,131**

Capital Project	Approved Budget 2018-19	Slippage from 2017-18	Adjustments	Total Budget 2018-19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Total Capital Programme (2018/19 to 2022/23)
Norwich Research Park Enterprise Zone Infrastructure	5,892,900	6,647,100		12,540,000	-	-	-	-	12,540,000
Norwich Research Park Enterprise Zone Office	5,000,000			5,000,000	-	-	-	-	5,000,000
Maple Drive (Cygnet House) Commercial	-	1,700,000		1,700,000	-	-	-	-	1,700,000
Poringland Phase 2 Commercial	750,000			750,000	750,000	-	-	-	1,500,000
BSPM Rental Homes on new sites	4,000,000	479,998		4,479,998	4,000,000	4,000,000	4,000,000	-	16,479,998
Commercial Waste Service - Bin Purchase	55,000			55,000	55,000	55,000	55,000	55,000	275,000
Better Broadband	-			-	570,000	-	-	-	570,000
Car Park Improvements	45,000	21,348		66,348	35,000	35,000	35,000	35,000	206,348
Wymondham Tourism App	116,550	- 40,000		76,550	-	-	-	-	76,550
Cringleford	-	12,000,000	- 6,000,000	6,000,000	3,000,000	3,000,000	-	-	12,000,000
Browick	4,468,000			4,468,000	2,734,000	-	-	-	7,202,000
Long Stratton Bypass	5,000,000			5,000,000	5,000,000	-	-	-	10,000,000
Park Rd, Diss	-			-	850,000	-	-	-	850,000
Total Priority: Economic Growth, Productivity and Prosperity	**25,327,450**	**20,808,446**	**- 6,000,000**	**40,135,896**	**16,994,000**	**7,090,000**	**4,090,000**	**90,000**	**68,399,896**
New IT Projects	125,000	62,092		187,092	125,000	125,000	125,000	125,000	687,092
Data Cleanse Software	77,000	- 4,000		73,000	-	-	-	-	73,000
Digital	25,000	55,392		80,392	100,000	100,000	100,000	100,000	480,392
Telephony	20,000	61,000		81,000	-	-	-	-	81,000
South Norfolk House - Replacement of Boilers	-			-				50,000	50,000
South Norfolk House -Uninterruptable Power Supply	-		32,000	32,000			-		32,000
South Norfolk House -Replacement of the Felt on the Roof	-			-				20,000	20,000
Total: Improving services through being business-like, efficient and entrepreneurial	**247,000**	**174,484**	**32,000**	**453,484**	**225,000**	**225,000**	**225,000**	**295,000**	**1,423,484**
Total Capital Programme	**30,914,206**	**22,274,465**	**(5,878,813)**	**47,309,858**	**19,568,265**	**9,311,385**	**6,030,000**	**2,120,000**	**84,339,508**

		2017/18 Outturn £000	2018/19 Revised Budget £000	2019/20 Forward Budget £000	2020/21 Forward Budget £000	2021/22 Forward Budget £000	2022/23 Forward Budget £000
	Capital Programme Expenditure	**6,128**	**47,310**	**19,568**	**9,311**	**6,030**	**2,120**
	Financed by:						
Grants Total	Grants	911	7,030	845	845	845	845
S106 Funds Total	S106 Funds	238	204	150	72	-	-
Revenue Total	Revenue	2,063	6,065	2,019	1,072	960	960
Capital Receipts Total	Capital Receipts	2,916	7,925	525	4,322	4,225	315
Grand Total	**Total Capital Resources Available**	**6,128**	**21,224**	**3,539**	**6,311**	**6,030**	**2,120**
	Borrowing Requirement For Year	**-**	**26,086**	**16,029**	**3,000**	**-**	**-**

Cabinet 11 June 2018

Agenda Item No. 6

Treasury Management Annual Report 2017/18

Report of the Accountancy Manager
Cabinet Member: Barry Stone – Finance and Resources

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South Norfolk COUNCIL

1. Introduction

1.1 The report reviews the treasury management activity during the financial year 2017/18 and reports on the prudential indicators as required by CIPFA's Treasury Management Code of Practice.

1.2 Investments totalled £36.137 million as at 31 March 2018, including loans and equity in the Council's wholly owned companies.

1.3 Interest received on external cash investments during the financial year was £150,000 which is £22,000 above the budget of £128,000. The average rate of return is 0.47%, a decrease from the 2016/17 figure of 0.82%, reflecting the lower rates available on cash investments, as the base rate was at 0.25% from April to November 2017 before increasing to 0.5%. More cash was held short in order to ensure that funds were available for the capital programme, to avoid the need to borrow externally.

2. Background

2.1 The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annual Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year. Over the past financial year, formal reports have been presented at six month intervals to Cabinet with recommendations to Full Council and, where appropriate, scrutiny of treasury policy, strategy and activity is delegated to the Scrutiny Committee.

2.2 Treasury management is defined as: "The management of the local authority'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."

2.3 Overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives. Treasury management is led by the Section 151 Officer (Assistant Director - Resources) and day to day treasury management activity is carried out by the Accountancy Team.

3. Economic Environment and Interest Rates

3.1 Overall, growth in 2017 was at 1.4% for the year, which was slower than the 1.8% for 2016. Britain went from being the fastest-growing G7 economy in 2016 to the weakest last year as Brexit related uncertainty weighed on household spending and corporate investment. There has been a sharp downturn since mid-February which has resulted in a first estimate of a mere 0.1% GDP growth in the quarter from January to March 2018). On a positive note, Britain's inflation appears to have peaked and begun to fall after hitting its highest level in five years of 3.1% in November 2017. Inflation is forecast to continue to fall, from its present level of 2.5% to the Bank's target rate of 2% with the next 2 years.

3.2 The latest growth and inflation picture meant that the Bank of England pulled back from an expected rate increase in May 2018. The Monetary Policy Committee may well now want to see two quarters of a return to reasonably strong growth before tightening monetary policy. The Bank commented that "If the economy performs broadly as we expect, then we will need to reduce the amount of support we are providing to make sure inflation returns sustainably to the target. We think that will probably require further modest rises in interest rates over the next few years. We expect any rises in interest rates to happen at a gradual pace and to a limited extent. Interest rates are likely to remain substantially lower than a decade ago."

3.3 The latest interest rate forecast from the Council's Treasury Management Advisors, is shown in the table below, with a rise in the central bank rate now expected in November 2018. Rates on cash investments are often linked to the London Interbank Bid Rate (LIBID), which is marginally higher than the bank rate. Borrowing rates from the Public Works Loans Board continue to be at historic lows for short term borrowing, increasing to a peak of just under 3% for 25-year borrowing and then reducing slightly for very long-term borrowing.

Link Asset Services Interest Rate View												
	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.50%	0.50%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 Month LIBID	0.60%	0.70%	0.90%	0.90%	0.90%	1.10%	1.20%	1.30%	1.40%	1.50%	1.60%	1.60%
6 Month LIBID	0.70%	0.80%	1.00%	1.00%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 Month LIBID	0.80%	0.90%	1.10%	1.10%	1.20%	1.30%	1.40%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB Rate	1.90%	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%
10yr PWLB Rate	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%
25yr PWLB Rate	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%

4. The Council's Overall Borrowing Requirement

4.1 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. Based on the draft accounts, as at 31 March 2018, the Council had a CFR of £0 showing no need to borrow for a capital purpose as the capital programme was fully funded.

4.2 The Council's CFR for the year is shown below, and represents a key prudential indicator.

CFR (£m)	31 March 2018 Provisional	31 March 2019 Estimate
Closing Balance	£0	£26,086,000

4.3 Given the significant cuts to local government funding putting pressure on Council finances, the strategy followed was to minimise debt interest payments by using the Council's own resources. The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns was significant (over 2%). The use of internal resources in lieu of borrowing was judged to be the most cost-effective means of funding capital expenditure. The timing of capital expenditure, as detailed in the Risk, Finance and Performance report elsewhere on this agenda, meant that planned borrowing for 2017/18 was not required. This has, for the time being, lowered overall treasury risk by maintaining a position of no external debt and reducing temporary investments. Looking forward, the extent of the Council's capital investment programme means that the Council will need to borrow externally in the future.

4.4 The Council is currently estimated to have a Capital Financing Requirement of £26,086,000 for 2018/19, which will increase in future years given the size of the capital programme agreed by Cabinet in February 2018. The Council's Treasury Management Strategy, agreed by Full Council on 19 February 2018 states that the CFR would be financed from internal borrowing in the first instance and then external borrowing. Whether external borrowing is ultimately required in 2018/19 will depend on the extent of net cash flows into the authority and the speed at which the Council's capital programme is delivered.

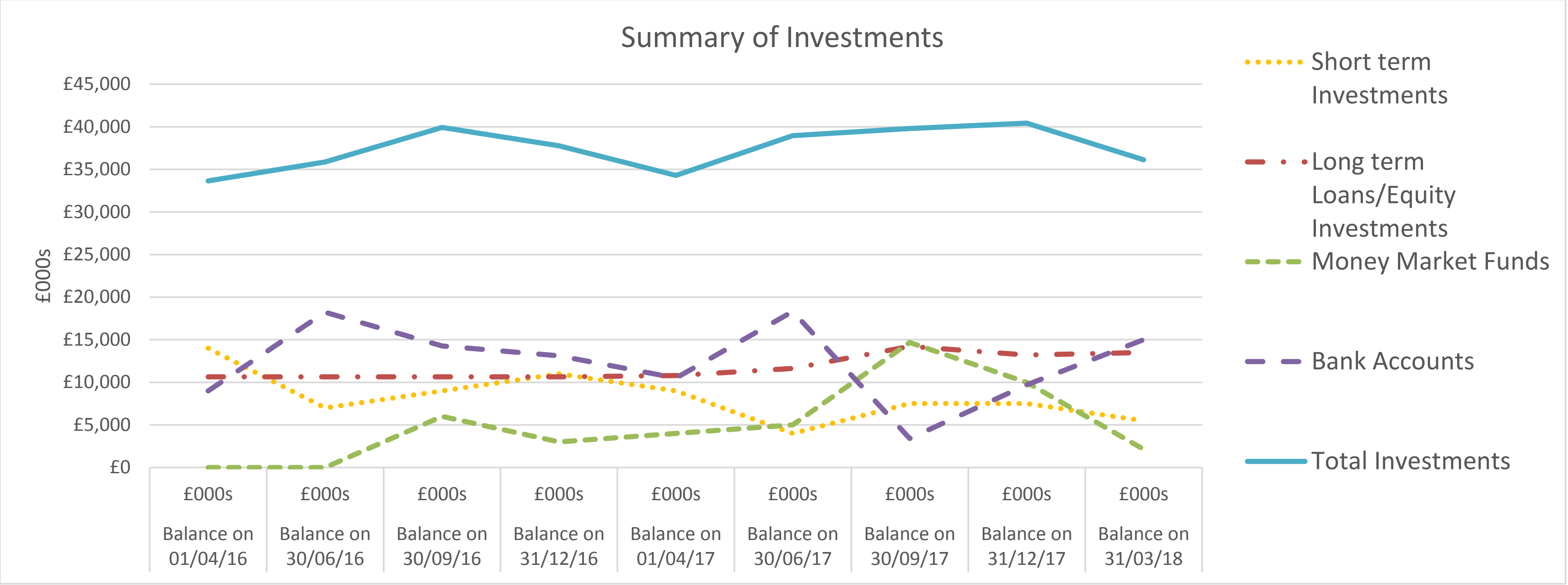
5. Compliance with Prudential Indicators

5.1 The Council approved a set of Prudential Indicators for 2017/18, in February 2017, as part of the Council's Treasury Management Strategy.

5.2 Under the Council's Constitution, the Full Council approves the Treasury Management Strategy and therefore any deviation or breach must be reported to Full Council. In practice, all breaches are also reported to Cabinet prior to Full Council. The prudential indicators can be found in Appendix A. There were no breaches of the indicators during the year.

6. Investment Activity

6.1 The CLG's Investment Guidance requires local authorities to prioritise security and liquidity over yield. The graph below shows the position on investments as at 31 March 2018 compared to the position over the past 2 years. Short term investment balances have fallen as the Council has sought greater liquidity in its portfolio, using a combination of bank account and money market investments, depending on rates and cash requirements. Long term investments have risen as the Council has used its cash to invest in property and commercial activities via its wholly owned companies.



6.2 For new investments this year, the Council has invested for up to one year in order to maintain a more liquid position, taking the advice of its treasury management advisors at the time. Details of these investments (excluding those placed in money market and bank call accounts) are provided below. Notice has now been given on all Goldman Sachs accounts.

Investment made in Month	**Counterparty**	**Amount £m**	**Length of Investment**	**Rate**
July	Goldman Sachs	2.0	95 days' notice	0.46%
August	Goldman Sachs	3.5	185 days' notice	0.60%
August	Goldman Sachs	2.0	1 year's notice	0.885%
November	Central Bedfordshire Council	5.0	2 weeks	0.30%

The Council has also made use of Enhanced Money Market Funds that have been able to provide slightly higher returns than call accounts.

6.3 Security of capital remains the Council's main investment objective. At the end of March 2018, no counterparty in which the Council has invested funds for longer than 1 day had a long term credit rating lower than A.

6.4 Liquidity is important due to the Council's sizable capital programme and decision to use its cash rather than borrow. Funds have therefore been reinvested for shorter periods to increase liquidity. The maximum length of an investment is 2 years, though there are few deals beyond 1 year currently available from suitable counterparties. It is important that the Council keeps a balanced portfolio in terms of risk, rates and liquidity.

6.5 The Council's budgeted investment income for the year has been set at £128,000. The cash balances invested, representing the Council's reserves and working balances were £22.637 million as at 31 March 2018 and interest earned was £150,000 which is £22,000 above budget, due to higher balances than originally predicted, as some capital expenditure was moved into the 18/19 financial year. This was £32,000 less than the £182,000 received in 2015/16, due to lower interest rates and the use of reserves for the capital programme. With reductions to interest rates, the weighted average rate of return at 31 March 2018 was 0.47% which compares to a rate of return for 2016/17 of 0.82%.

6.6 The Council holds £25,000 in shares in the Municipal Bonds Agency. This is an equity investment and was accounted for as capital expenditure.

6.7 The Council has invested in its companies. As at 31 March 2018, this consisted of £5,730,000 of equity shares in Big Sky Ventures Limited, the holding company for the Council's property companies and £125,000 in Build Insight Ventures Limited, which is the holding company for the 50/50 joint venture with Norfolk Property Services (NPS) for the building control companies.

6.8 As per the agreed capital programme, there are outstanding loans of £2,240,000 to Big Sky Property Management Ltd, to enable it to purchase rental property from Big Sky Developments Limited. Interest rates on these loans are applied at a commercial rate of 4%, reflecting the relative risk in the company and the market environment. The Council also had an outstanding loan of £5,380,000 to Big Sky Developments Ltd, at a commercial interest rate of 8%.

6.9 The detailed position as at 31 March 2018 on the Council's investments is shown in Appendix B.

7. Investment Properties

7.1 The Council has a portfolio of Investment Properties worth around £7.2 million. The majority of these properties are rented out, so the return obtained on these properties is as important as if the Council had invested the same amount in the Treasury Strategy. However, under CIPFA's code they are recognised as Capital Assets in the Balance Sheet.

7.2 The average rate of return for the total investment portfolio was projected to be 6.4% gross, calculated on the property value as at 1/4/17. This is a significantly better rate of return than if the same value had been invested with the Council's counterparties.

8. Conclusion

8.1 Investment balances have increased from £34.297 million at 31 March 2017 to £36.137 million at 31 March 2017, but this includes £13.5 million in loans and equity in the Council's companies.

8.2 Interest earned on cash investments was £150,000 for the year, which is £22,000 above the budget of £128,000, but is £32,000 less than the £182,000 received in 2016/17.

9. Recommendation

9.1 Cabinet is recommended to request that Council:

a) Note the treasury activity for the second half of the year and that it complies with the agreed strategy.

b) Approve the 2017/18 prudential indicators for the latter six months of the year.

Appendix A: Prudential Indicators

Capital Financing Requirement and Borrowing

Estimates of the Council's Capital Financing Requirement for 2017/18 to 2019/20 are shown in the table below:

	31/03/2018 Outturn £000s	**31/03/2019 Estimate £000s**	**31/03/2020 Estimate £000s**
Capital Financing Requirement before MRP	0	26,086	42,115
Less Minimum Revenue Provision	0	0	(283)
Capital Financing Requirement	0	26,086	41,832

The table below shows the maximum borrowing planned, which is both internal borrowing from cash balances and external borrowing from funders such as PWLB.

	31/03/2018 Outturn £000s	**31/03/2019 Estimate £000s**	**31/03/2020 Estimate £000s**
Existing Profile of Borrowing	0	(0)	26,086
Less: Other Long Term Liabilities	0	0	0
Borrowing in Year	0	26,086	16,029
Cumulative Maximum Borrowing Requirement	**0**	**26,086**	**42,115**

In the Prudential Code (November 2009), it states[1] 'Where there is a significant difference between the net and gross borrowing position the risks and benefits associated with this strategy should be clearly stated in the annual strategy.'

[1] Prudential Code, November 2009, page 4, paragraph E19

Balances and Reserves
Estimates of the Council's level of Balances and Reserves (both Revenue and Capital) for 2017/18 and future years are as follows:

	31/03/2017 Actual £000s	31/03/2018 Provisional Outturn £000s	31/03/2019 Estimate £000s	31/03/2020 Estimate £000s
Balances and Usable Reserves	22,371	25,011	19,107	15,784

These have risen from the estimates in the Treasury Management Strategy due to the provisional revenue surplus for 2017/18 and lower than anticipated capital expenditure during the year.

<u>Prudential Indicator Compliance</u>

(a) Authorised Limit and Operational Boundary for External Debt

- The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached.
- There was no external borrowing in 2017/18 and therefore the limits set for 2017/18 were not breached.

(b) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2017/18 £000s
Upper Limit for Fixed Interest Rate Exposure on Debt	(13,000)
Upper Limit for Fixed Interest Rate Exposure on Investments	50,000
Net Upper Limit for Fixed Rate Exposure	37,000
Compliance with Limits:	**Yes**
Upper Limit for Variable Interest Rate Exposure on Debt	(200)
Upper Limit for Variable Interest Rate Exposure on Investments	35,000
Upper Limit for Variable Rate Exposure	34,800
Compliance with Limits:	**Yes**

(c) Maturity Structure of Fixed Rate Borrowing

- This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 31/03/18	% Fixed Rate Borrowing as at 31/03/18	Compliance with Set Limits?
Under 12 months	0	0	0	0	Yes
12 months and within 24 months	0	0	0	0	Yes
24 months and within 5 years	0	0	0	0	Yes
5 years and above	100	0	0	0	Yes

(d) Total principal sums invested for periods longer than 364 days

- This indicator allows the Council to manage the risk inherent in investments longer than 364 days.
- The limit for 2017/18 is set at £15 million.

MONIES INVESTED AS AT:	31 March 2018			APPENDIX B
Date Invested	**Borrower**	**Amount Invested** £ooo	**Interest Rate**	**Terms of Notice**
INVESTMENT BANK ACCOUNTS				
15/05/12	Royal Bank of Scotland	-		Call Account
28/03/12	HSBC	2,500	0.6000	Call Account
28/05/12	Barclays	12,500	0.3500	Call Account
	Total Bank Accounts	**15,000**		
FIXED TERM INVESTMENTS				
Investments Fixed from 6 Months to 1 Year				Notice given - Funds due to return on:
14/08/2017	Goldman Sachs	3,500	0.6000	04/12/2018
14/08/2017	Goldman Sachs	2,000	0.8850	06/12/2018
		5,500		
	Total Fixed Term Investments	**5,500**		
MONEY MARKET FUND INVESTMENTS				
	CCLA Investment Management	2,137	Variable	
		2,137		
	Total Money Market Fund Investments	**2,137**		
CASH				
	Investment Bank Accounts	15,000		
	Fixed Term Investments	5,500		
	Money Market Funds	2,137		
	Total Cash	**22,637**		
EQUITY INVESTMENTS				
	Municipal Bonds Agency	25	N/a	
	Build Insight Ventures	0		£1 in BIC and £1 in BIL for Joint Venture
	Build Insight Ventures	100		Wholly owned by SNC
	Build Insight Ventures	25		Wholly owned by SNC
	Big Sky Ventures Ltd	1,020		Wholly owned by SNC
	Big Sky Ventures Ltd	3,580		Wholly owned by SNC
	Big Sky Ventures Ltd	336		Wholly owned by SNC
	Big Sky Ventures Ltd	152		Wholly owned by SNC
	Big Sky Ventures Ltd	80		Wholly owned by SNC
	Big Sky Ventures Ltd	308		Wholly owned by SNC
	Big Sky Ventures Ltd	90		Wholly owned by SNC
	Big Sky Ventures Ltd	164		
	Total Equity Investments	**5,880**		
LOANS TO COUNCIL COMPANIES				
	Big Sky Property Management Ltd	545	4.0000	Working Capital
	Big Sky Developments Ltd	5,380	8.0000	Working Capital
	Big Sky Property Management Ltd	228	4.0000	Working Capital
	Big Sky Property Management Ltd	504	4.0000	Working Capital
	Big Sky Property Management Ltd	120	4.0000	Working Capital
	Big Sky Property Management Ltd	462	4.0000	Working Capital
	Big Sky Property Management Ltd	135	4.0000	Working Capital
	Big Sky Property Management Ltd	246		
	Total Loans to Companies	**7,620**		
	TOTAL FUNDS INVESTED	**36,137**		

Split by Counterparty (including forward dated commitments)

Counterparty	**Max Limit**	**Invested**	**Available**	**Max Period**
Barclays Investment				
Barclays Call AC		12,499,874		
Total Barclays	12,500,000	12,499,874	126	6 Months
HSBC	12,500,000	2,500,000	10,000,000	24 Months
Goldman Sachs International	7,500,000	5,500,000	2,000,000	12 Months
CCLA Investment Mgmt	6,000,000	2,137,033	3,862,967	Money Market Fund
Municipal Bonds Agency		25,000		
Build Insight Ventures Ltd		2		
Build Insight Ventures Ltd		25,000		
Build Insight Ventures Ltd		100,000		
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		5,380,000		
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 Ventures Ltd		164,000		
Big Sky Property Management Ltd		246,000		
Total Invested		**36,136,909**		

South Norfolk COUNCIL

CABINET CORE AGENDA 2018

	Decisions: Key, Policy, Operational	Key Decision/Item	Lead Officer	Cabinet Member	Exempt Y/N
Council AGM 14 May					
11 June	O	Performance, Risk and Capital Budget Position Report for the Financial Year 2017/18	E Pepper/M Fernandez-Graham / E Goddard	B Stone	N
	O	Treasury Management Report 2017/18	M Fernandez- Graham	B Stone	N
	O	CNC – the Next Five Years	Debbie Lorimer	J Fuller	N
2 July (at Broadland Offices)		Collaborative Working	Sandra Dinneen	K Mason Billig	N
Council 12 July					
23 July	O	Performance, Risk and Capital Budget Position Report for Q1 2018/19	E Pepper/M Fernandez-Graham / E Goddard	B Stone	N
	O	Guidelines for Recreation Provision in New Residential Developments Supplementary Planning Document (SPD)	S Marjoram	J Fuller	N
	K	South Norfolk Health and Wellbeing Board Strategy	J Sutterby / S Cayford	Y Bendle	N
10 Sept	K	Norfolk Health and Wellbeing Strategy	J Sutteby / S Cayford	Y Bendle	N
Council 17 September					
5 Nov	O	Performance, Risk and Capital Budget Position for Q2 2018/19	E Pepper/M Fernandez-Graham/ E Goddard	B Stone	N
	O	Treasury Management Half Yearly Report	M Fernandez-Graham	B Stone	N
3 Dec	O	Conservation Area Boundaries and Appraisals for Brockdish, Brooke, Saxlingham Green, Saxlingham Nethergate and Shotesham.	C Bennett	L Hornby	N
Council 10 December					

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.