

# Cabinet Agenda

## Members of Cabinet:

Cllr S Vincent Chairman (Leader)	Policy
Cllr T Mancini-Boyle (Deputy Leader)	Finance
Cllr J Copplestone	Economic Development
Cllr J Emsell	Transformation and Organisational Development
Cllr J Leggett	Environmental Excellence
Cllr F Whymark	Communities, Housing and Planning

## Date & Time:

Tuesday 7 February 2023 at 6.00pm

## Place:

Council Chamber, Thorpe Lodge, 1 Yarmouth Road, Thorpe St Andrew, Norwich, NR7 0DU

## Contact:

James Overy tel (01603) 430540

Email: [committee.bdc@southnorfolkandbroadland.gov.uk](mailto:committee.bdc@southnorfolkandbroadland.gov.uk)

Website: [www.southnorfolkandbroadland.gov.uk](http://www.southnorfolkandbroadland.gov.uk)

## PUBLIC ATTENDANCE:

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

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

If a member of the public would like to attend to speak on an agenda item, please email your request to [committee.bdc@southnorfolkandbroadland.gov.uk](mailto:committee.bdc@southnorfolkandbroadland.gov.uk), no later than 5.00pm on Thursday 2 February 2023.

# AGENDA

1. To receive declarations of interest under Procedural Rule no 8 4
2. Apologies for absence
3. Minutes of meeting held on 10 January 2023 6
4. Matters arising therefrom (if any)
5. Public Speaking  

To consider representation from the members of the public who have expressed the wish to convey their views on items on this Agenda.

In accordance with the Constitution a period of 3 minutes is allowed per member of the public.
6. Representations from Non-Cabinet Members  

To receive the views from non-Cabinet Members on items on this agenda. Members are reminded to advise the Leader if they wish to attend and speak at the meeting.

In accordance with the Constitution a period of 3 minutes is allowed per non-Cabinet Member.
7. Overview and Scrutiny Committee  

Cabinet will be advised of the views expressed by the Committee at its meeting on 31 January 2023 in relation to items on this Agenda.
8. Revenue Budget and Council Tax 2023/24 13
9. Capital Strategy and Capital Programme 2023/24 To 2027/28 33
10. Treasury Management Strategy Statement 2023/24 51
11. Council Tax Assistance Scheme 2023/24 83
12. Health and Wellbeing Partnerships Funding Delegations 95
13. Forward Plan 87

**14. Exclusion of the Press and Public**

The Chairman will move that the press and public be excluded from the meeting for the remaining items of business because otherwise, information which is exempt information by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by The Local Government (Access to Information) (Variation) Order 2006, would be disclosed to them.

**15. Exempt Cabinet Minute**

**90**

To receive the Exempt Minute of the meeting held on the 10 January 2023

Trevor Holden  
Managing Director

## DECLARATIONS OF INTEREST AT MEETINGS

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

<p>Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.</p>
<p>Does the interest directly:</p> <ol style="list-style-type: none"> <li>1. affect yours, or your spouse / partner's financial position?</li> <li>2. relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?</li> <li>3. Relate to a contract you, or your spouse / partner have with the Council</li> <li>4. Affect land you or your spouse / partner own</li> <li>5. Affect a company that you or your partner own, or have a shareholding in</li> </ol> <p>If the answer is "yes" to any of the above, it is likely to be pecuniary.</p> <p>Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.</p>
<p>Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?</p> <p>If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but you should not partake in general discussion or vote.</p>
<p>Is the interest not related to any of the above? If so, it is likely to be an other interest. You will need to declare the interest, but may participate in discussion and voting on the item.</p>
<p>Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.</p>

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

## DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



## CABINET

**Minutes of a meeting of Cabinet held at Thorpe Lodge, 1 Yarmouth Road, Thorpe St Andrew, Norwich, on Tuesday 10 January 2023 at 6.00pm.**

**Cabinet Members Present:** Councillors: S Vincent (Chairman), T Mancini-Boyle (Vice-Chairman), J Copplestone, J Emsell, J Leggett and F Whymark.

**Other Members in Attendance:** Councillors: S Holland and M Murrell.

**Officers in Attendance:** The Managing Director (T Holden), the Director for Resources (D Lorimer), the Director of Place (P Courtier), the Director for People and Communities (J Sutterby), the Chief of Staff (Monitoring Officer) (E Hodds), the Assistant Director of Finance (R Fincham), the Assistant Director for Regulatory (N Howard), the Assistant Director for Planning (H Mellors), the Principal Planning Policy Officer (A Banham) the Senior HR and OD Lead (V Finch), the Food Safety and Licensing Team Manager (L Chant), the Growth Delivery Manager (E Larter) and the Democratic Services Officer (J Overy).

The Leader asked those present to note the sad passing of Cllr Sue Prutton by observing a minute's silence in her memory.

### 71 MINUTES

The minutes of the meeting of Cabinet held on 29 November 2022 were agreed as a correct record.

### 72 OVERVIEW AND SCRUTINY COMMITTEE

The Chairman of the Overview and Scrutiny Committee advised Members on the views expressed by the Committee when it reviewed the Cabinet Agenda on 3 January 2023, as each item was considered.

## 73 GREATER NORWICH LOCAL PLAN GYPSY AND TRAVELLER SITES FOCUSED CONSULTATION REPORT

The Principal Planning Policy Officer introduced the report, which sought Cabinet approval to undertake a public consultation on the allocation of Gypsy and Traveller sites in the Greater Norwich Local Plan (GNLP).

The GNLP had been submitted in July 2021, with the understanding that further work would need to be done on the allocation of sites for Gypsy and Travellers. This work had subsequently been undertaken and ten favoured sites with enough space for 62 pitches had been identified. These sites were proposed to go out for a public consultation, which was scheduled to take place from 30 January to 13 March 2023.

The report had already been considered by a number of Committees and issues raised had included the legal challenge to the road improvements from Blofield to North Burlingham, which would put the proposed A47 site at risk and the importance of residential pitches in allowing Gypsy and Traveller children to attend school.

Cabinet was also informed that South Norfolk Council had made an amendment to recommendation one and that under the terms of the Greater Norwich Development Partnership, the constituent bodies needed to give unanimous approval to move ahead with the consultation.

The Portfolio Holder for Communities Housing and Planning noted that the report would start the process of consultation and that further sites might come forward as part of this. He proposed the following amendment of recommendation 1:

Approve the focused consultation on the Greater Norwich Local Plan (GNLP) proposed allocations for Gypsy and Traveller sites, *subject to the reference to the Contingency Site for Gypsy and Traveller pitches at Costessey being deleted.*

In seconding the amended proposal, the Portfolio Holder for Environmental Excellence advised residents to read and comment on the proposed sites.

The Leader noted that the consultation would run from 30 January to 13 March 2023 and he too urged residents to comment on the proposals in the report, so that the Council was made fully aware of how the sites would impact the District.

Following a show of hands it was

### RESOLVED

To

1. Approve the focused consultation on the Greater Norwich Local Plan (GNLP) proposed allocations for Gypsy and Traveller sites, subject to the reference to

the Contingency Site for Gypsy and Traveller pitches at Costessey being deleted; and

2. Agree to delegate authority to the Assistant Director – Planning, in consultation with the Leader and Portfolio Holder for Planning, to agree consultation documentation and materials prior to the public consultation.

### **Reasons for Decision**

To meet the requirements of the National Planning Policy Framework and to ensure the legal compliance and soundness of the Greater Norwich Local Plan.

## **74 TO ESTABLISH AND ENTER INTO A JOINT VENTURE TO DELIVER A PROGRAMME OF MITIGATION FOR NUTRIENT NEUTRALITY**

The Director for Place introduced the report, which proposed the establishment of a Joint Venture to source the mitigation to overcome constraints imposed by Natural England in respect of nutrient neutrality.

The Joint Venture would seek to provide a range of environmental credits, initially focusing on nutrient neutrality for small and medium sized developers, who would not otherwise be able to provide the mitigation required themselves. The Joint Venture would enable the trading of mitigation to off-set the nutrients arising from developments by buying wholesale nutrient neutrality mitigations and then selling them on. For example, an upgrade to a water recycling centre by Anglian Water would generate an increase in nutrients being stripped out, which could then be purchased as mitigations and sold on as credits to developers.

The Portfolio for Communities Housing and Planning wished to congratulate the team for the tremendous amount of work they had done to bring this scheme forward. He noted that this was a way forward that would help unblock the delays in development caused by the constraints imposed by Natural England. He proposed the recommendations in the report.

In seconding the proposal, the Portfolio Holder for Finance noted that the scheme demonstrated the forward-thinking attitude being taken by the Council to address this issue.

The Portfolio Holder for Environmental Excellence noted the contribution to the green agenda made by the scheme and that she was pleased to see that some of it was being funded by a loan from the Environmental Projects Reserve.

In response to a query from the Leader, the meeting was advised that it was not considered necessary to have a formal reporting mechanism to leaders, as the Joint Venture would be an autonomous company with officer representation on the board. There would however be an informal reporting link to Leaders via the Norfolk Strategic Planning Forum.



In answer to a further query, the Director of Place advised Cabinet that three funding streams were required for the establishment of the Joint Venture. Central Government had already provided £200,000 across the catchment to respond to the nutrient neutrality issue; the £150,000 loan from Broadland would establish the Joint Venture and the £300,000 cumulative loan from the partners would fund the first year. These loans would be recouped, by top-slicing the credits being sold and it was envisaged that after the first year the Joint Venture would be self-funding.

The Chairman of the Overview and Scrutiny Committee informed the meeting that the Committee had raised concerns about the security of the £150,000 being loaned by the Council for the establishment of the Joint Venture and had recommended that this sum should be made up of £30,000 from each of the local authorities instead. He added that this matter had subsequently been clarified at the Communities, Housing and Planning Policy Committee on 4 January 2023, to his satisfaction,

The Director for Place confirmed that if an agreement between each local authority needed to be drawn up for the £150,000 loan, it would further delay the process of establishing the Joint Venture. He added that the risk of the scheme failing was negligible and the business case for the Joint Venture was sound, as the payment per dwelling for a credit would be between £5,000-£7,000. Therefore, the first 200 credits would return between £1m-£1.4m and as the catchment had a backlog of 10,000 homes, it was clear that it would generate significant income that would allow the loans to be repaid promptly.

This income could also be expanded in the future to deliver other environmental credits, such as green infrastructure and biodiversity net gain.

The Leader noted that the risk to the Council from this scheme was low and that it would still need to introduce measures to respond to nutrient neutrality on its own, if it did not join the Joint Venture.

It was confirmed that the repayment of the £150,000 loan would go back into the Environmental Projects Reserve.

The Leader suggested that the return from the Joint Venture might even be used to further reinforce the Environmental Projects Reserve, to enable more environmental initiatives to be brought forward.

Following a show of hands, it was unanimously:

### **RESOLVED**

1. To enter a Joint Venture (a company limited by guarantee) with Anglian Water and one or more local authorities in Norfolk for the provision of environmental credits (initially focussing on addressing nutrient neutrality) as per the attached Heads of Terms.
2. To commit £30,000 revenue in 2023/24 as part of establishing the Joint Venture. The purpose of the funding being to establish the operating model in year one,

after which there will be full recovery of the operating costs as part of the credit income.

3. To delegate to the Director of Place in consultation with the Leader of the Council to finalise the details of the joint venture agreement and operating arrangements and enter the Joint Venture.
4. To loan £150,000 revenue from the Environmental Projects Reserve as seed funding in 2022/23 for the Joint Venture to be repaid with interest within 2 years from the establishment of the Joint Venture.
5. To delegate to the S151 Officer in consultation with the Portfolio Holder for Finance to finalise the details of the seed funding and repayment mechanism

### **Reasons for Decision**

To establish a joint venture company in order to identify mitigation solutions that would address the development constraints imposed by nutrient neutrality.

## **74 LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT 1976 TOWN POLICE CLAUSES ACT 1847 TAXIMETER TARIFF (TABLE OF FARES) CONSULTATION RESPONSES**

The Food Safety and Licensing Team Manager introduced the report, which detailed the results of a consultation exercise in respect of a proposed table of fares, which would be applicable to any licensed hackney carriages from 1 April 2023. The draft table of fares and associated consultation responses were presented for Cabinet's consideration and subsequent adoption.

Members were advised that although the Council did not currently have any hackney carriages licensed in the District, it was appropriate to have the arrangements in place for a table of fares, as part of the Hackney Carriage and Private Hire Vehicle Policy Terms and Conditions, which was introduced on 1 April 2022.

The proposed table of fares had had a lead in period of 12 months and under the new policy all new drivers were dual licensed, so could drive either hackney carriage or private hire vehicles.

Only seven responses to the consultation had been received. None were from drivers or operators in Broadland.

The Portfolio Holder for Environmental Excellence advised the meeting that the Council was well prepared should hackney carriages be licensed in the District in the future and she emphasised that the table set out the maximum fares that could be charged and that operators could charge less if they wished.

In response to a query the Food Safety and Licensing Team Manager confirmed that the technical query from the taximeter manufacturer had been addressed to ensure that the meters were correctly calibrated for the administration of the fares.

It was confirmed that the fares would be reviewed annually, and could be reviewed sooner if needed, for example if energy costs increased suddenly.

Following a show of hands, it was unanimously

**RESOLVED**

To agree the proposed table of fares for their adoption with a view to the agreed fares taking effect from 1 April 2023.

**Reasons for decision**

To meet legislative requirements.

**75 FORWARD PLAN**

Cabinet noted the Forward Plan.

**76 EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED**

That the press and public be excluded from the meeting for the remaining items of business because otherwise, information which is exempt information by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by The Local Government (Access to Information) (Variation) Order 2006, would be disclosed to them.

**77 HR AND PAYROLL – HUMAN RESOURCES MANAGEMENT SYSTEM AND PAYROLL BUREAU**

The Chief of Staff presented the exempt report, which requested that Cabinet consider the business case to proceed with a new Human Resources Management System and Payroll Bureau service for the Council.

Following further discussion, as set out in the exempt minute, it was

**RESOLVED**

To

1. Agree and endorse the Business Case as attached at Appendix A; and
2. Agree to delegate the award of the contract for Human Resources Management System and Payroll Bureau to the Chief of Staff in consultation with the Portfolio Holder for Transformation and Organisational Development.

**Reasons for Decision**

To proceed with the procurement of a Human Resources Management System and Payroll Bureau service for the Council.

**78 PLUMSTEAD ROAD EAST: WORKS COST CONTRIBUTION AGREEMENT FOR A PRIORITY T-JUNCTION**

The Growth Delivery Manager presented the exempt report, which sought approval to enter into a Works Cost Contribution Agreement to facilitate the delivery of a T-junction on Council owned land off Plumstead Road East.

Following further discussion, as set out in the exempt minute, it was

**RESOLVED**

To agree the recommendations, as amended.

**Reasons for Decision**

To provide the highway infrastructure required to support major residential growth in the District.

**79 EXEMPT MINUTES**

The exempt minutes of the meeting of Cabinet held on 29 November 2022 were agreed as a correct record.

(The meeting concluded at 6.55 pm)

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Chairman

## **REVENUE BUDGET AND COUNCIL TAX 2023/24**

<b>Report Author:</b>	Rodney Fincham, Assistant Director - Finance t <a href="tel:01508533982">01508 533982</a> e <a href="mailto:rodney.fincham@southnorfolkandbroadland.gov.uk">rodney.fincham@southnorfolkandbroadland.gov.uk</a>
<b>Portfolio Holder:</b>	Finance
<b>Wards Affected:</b>	All wards
<b>Purpose of the Report:</b>	This report provides information affecting the Council's revenue budget for 2023/24 in order for the Cabinet to make recommendations to Council on 23 <sup>rd</sup> February regarding the Council's budget and council tax for 2023/24.

### **Recommendations:**

- 1 That Cabinet recommends to Council:
  - 1.1 The approval of the 2023/24 base budget; subject to confirmation of the finalised Local Government Finance Settlement figures which may necessitate an adjustment through the General Revenue Reserve to maintain a balanced budget. Authority to make any such change to be delegated to the Assistant Director of Finance.
  - 1.2 That the Council's demand on the Collection Fund for 2023/24 for General Expenditure shall be £6,252,179, and for Special Expenditure shall be £121,962.
  - 1.3 That the Band D level of Council Tax be £129.91 for General Expenditure, and £2.53 for Special Expenditure.
  - 1.4 Changes to the proposed fees and charges as set out in section 5.
- 2 That Cabinet notes:
  - 2.1 The advice of the Section 151 Officer with regard to section 25 of the Local Government Act 2003, contained in section 10 of this report.
  - 2.2 The Medium Term Financial Strategy projections.

## 1 SUMMARY

- 1.1 It is the responsibility of the Cabinet to prepare a revenue budget for approval by Council. Based on consideration of the information in this report, Cabinet needs to make recommendations to the Council meeting in February where the council tax, including the element relating to preceptors, will be decided.
- 1.2 This report presents a summary of the Council's draft 2023/24 Revenue Budget and contains details of the proposed fees and charges for 2023/24.
- 1.3 This report is divided into a number of sections that as a whole cover the various elements that need to be considered when setting the Council's budget for the coming year and the council tax for the District.

Section 2	Revenue Budget Requirement 2023/24
Section 3	Local Government Finance Settlement
Section 4	Budget Consultation
Section 5	Fees & Charges
Section 6	Medium Term Financial Strategy
Section 7	Reserves
Section 8	Council Tax
Section 9	Special Expenses
Section 10	Advice of Chief Finance Officer / Section 151 Officer.

## 2 REVENUE BUDGET REQUIREMENT 2023/24

- 2.1 The proposed revenue budgets and associated Delivery Plan seek to advance the Council's priority areas:
- Growing the Economy
  - Supporting individuals and empowering communities
  - Protecting and improving the natural and built environment, whilst maximising quality of life
  - Moving with the times, working smartly and collaboratively.
- 2.2 The draft budget requirement for 2023/24 is summarised in the following table.

	Pay £'000	Non Pay £'000	Income £'000	Net £'000
Chief of Staff	1,912	947	-287	2,572
Finance	1,646	739	-251	2,134
Transformation and ICT / Digital	1,267	1,264	-43	2,488
Economic Growth	767	1,125	-787	1,105
Regulatory	620	126	-231	515
Planning and Business Support	1,644	436	-1,869	211
Individuals & Families	2,339	1,275	-1,946	1,668
Housing Benefit Payments	0	14,060	-14,060	0
Community Services	376	6,520	-4,165	2,731
<b>Net Cost of Services (Including HB)</b>	<b>10,571</b>	<b>26,492</b>	<b>-23,639</b>	<b>13,424</b>

- 2.3 A more detailed breakdown is shown in **Appendix A**, and the main changes to the base budget are as shown in **Appendix B**. All spending areas have been reviewed to ensure that there are appropriate budgets for service areas, and these accord with the Delivery Plan.

#### Staffing Costs

- 2.4 The proposed budget includes provision for a cost of living rise of 3% in 2023/24, and the increase in the Real Living Wage, plus an allowance of 2% for Performance Related Pay costs.  
Staff terms and conditions are determined under local pay bargaining arrangements, and negotiations are currently ongoing.
- 2.5 Within the staffing budgets it looks as if there has been a significant increase in FTE numbers. However, this is explained by the following table.

22/23 FTE	203.67
Temporary roles funded from Opportunity Reserves	
Apprentices	3.15
Growth Posts	0.90
Communities	0.72
Posts provided for in Budget for first time (covered by income)	
Broadland County Park	1.60
Broadly Active	3.30
Tots to Teens casual staffing	1.41
New roles funded from growth in income / grant monies	
Shared Prosperity Fund	0.45
Planning	1.55
Health and Wellbeing Partnership officers	0.80
Social Prescribing	6.80
Next Steps	0.90
Homes for Ukraine	2.29
Other changes	-1.53
23/24 FTE	226.01

#### Community Infrastructure Levy (CIL)

- 2.6 CIL is not included within the Council's revenue budget as it relates to funding for infrastructure and is accounted for separately to the Council's revenue budget, with the exception of the agreed 5% proportion for administration of the scheme by the Council, which is estimated to be £425,000 in 2023/24 (£350,000 in 2022/23).  
However, it is difficult to predict with certainty the level of income from CIL as it depends upon the commencement of the Development.

#### Joint Working

- 2.7 As a result of the joint working with South Norfolk, the workforce operates as 'one team' supporting two councils. Some staff are still fully charged to one authority (for instance all leisure staff are charged to SNC as only SNC operate leisure centres). However, all joint costs have been split SNC 55% / BDC 45% since 1 January 2020. This cost split has been reviewed and agreed by our external auditors.

- 2.8 In order to monitor the savings from the joint working with South Norfolk, a Cost and Saving Tracker is maintained, and progress against this is monitored as Measure 1 within the Strategic Performance and Finance Report. All the savings delivered to date have been built into the 2023/24 budgets.

#### COVID Budgets

- 2.9 No Covid budgets have been included for 2023/24. However it is likely that a few remaining budgets allocated to support our Covid response will be carried forward as a limited number of our support programmes will be continuing.

#### Other Key Assumptions

- 2.10 Within the 2023/24 Budget there are a number of key assumptions as follows:
- Occupancy of the Horizon Centre during 23/24, with Thorpe Lodge being sold at the end of Sept 23.
  - Contract license costs (eg software licenses) rising by CPI.
  - Legal fees rising by 10%, but half of this increase is able to be absorbed by reducing usage.
  - The True Up / Inflationary Provisions with the Waste contract are settled at a reasonable level.
  - The cost of temporary accommodation is able to be constrained by the purchase of council owned accommodation.
  - The continued provision of the forward funded food waste collection service to the whole district funded from the Refuse Vehicle Replacement / Waste Reserve, in advance of any confirmation of the Government's future strategy and potential new burdens funding (as agreed by Cabinet on 21 December 2021).
  - An allowance for MRF processing costs of £975,000 (£620,000 in 2023/23). This is based on 13,000 tonnes at £75. However, given that the agreement is for a variable gate fee the actual costs will vary from this figure. The actual gate fee has fluctuated significantly in recent years, and thus there could be a material difference in MRF processing costs.

### **3 LOCAL GOVERNMENT FINANCE SETTLEMENT**

- 3.1 The Provisional Local Government Finance settlement for 2023/24 was announced on 19th December 2022. The headline message being that all councils are guaranteed at least a 3% increase in their core spending power (CSP), before taking into account any decisions to increase council tax.
- 3.2 The Final Local Government Financial settlement will be announced in the coming weeks and officers will provide a verbal update to the Cabinet meeting if information is available at that time. It is proposed that any changes from the provisional settlement are managed through reserves, so as not to impact on Council Tax setting and that this is delegated to the s151 Officer.



## Grant Figures

3.3 The following table shows the key grant figures.

	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000
Business Rates Baseline	11,419	12,411	11,872	11,872	11,872	12,801
Business Rate Tariff	-8,653	-9,552	-8,996	-8,996	-8,996	-9,818
Business Rate Grant						508
<b>Baseline Need</b>	<b>2,766</b>	<b>2,859</b>	<b>2,876</b>	<b>2,876</b>	<b>2,876</b>	<b>3,491</b>
New Homes Bonus	2,008	2,174	2,318	1,625	1,333	707
Services Grant					198	112
Funding Guarantee Grant						796
Lower Tier Services Grant				366	129	
Revenue Support Grant	438		30	31	32	177
<b>Total</b>	<b>5,512</b>	<b>5,033</b>	<b>5,224</b>	<b>4,898</b>	<b>4,568</b>	<b>5,282</b>

### Business Rates Baseline Need

- 3.4 The Business Rates Baseline is the predicted / reference level of Business Rates that the authority is expected to retain. This is different to the actual amount retained which includes a proportion of the growth in business rates.
- 3.5 This year the figures have increased due to the revaluation of business rates, and the under indexation grant to compensate local authorities for lost income as the business rate multiplier has been frozen for 23/24.

### Business Rates Pooling

- 3.6 The Norfolk local authorities participated in a business rates retention pool in previous years. Any additional retained growth from pooling was allocated to a Norfolk wide 'Joint Investment Fund' which was used to fund projects across Norfolk.
- 3.7 In 2021/22, due to the risk of a significant drop in Business Rate income due to Covid, no retention pool was formed.
- 3.8 In 2022/23 a business rates retention pool was again formed. However rather than all gains being allocated to a Norfolk wide 'Joint Investment Fund' any gains are shared between the authorities.
- 3.9 The Norfolk business rates pool is continuing in 2023/24, on the same basis as 2022/23. This year for the first time we have budgeted to receive £250,000 from pooling.

### New Homes Bonus

- 3.10 The provisional allocation for 2023/24 is £706,502, of which £40,040 relates to the Affordable Homes Premium (143 x £350 x 80%). The New Homes Bonus Grant for 2022/23 was £1,333,360. The reduction is primarily because all legacy payments have now ended, so the grant is now only based on growth delivered in the past year.
- 3.11 A small proportion of the New Homes Bonus is passed over to the Broads Authority for new homes built within its area, reflecting their role as the planning authority.
- 3.12 The Government has indicated that they will set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement.

### Services Grant

- 3.13 The Government introduced the Services Grant in 2022/23. This grant has reduced from 2022/23 in part due to the fact that there will no longer be an increase in National Insurance Contributions.

### Funding Guarantee Grant

- 3.14 There is a new Funding Guarantee, to ensure that all councils have an increase of 3 per cent in core spending power before any changes in council tax levels are taken into account. If we do not increase council tax our increase in funding will be below this.

### Lower Tier Services Grant

- 3.15 This grant has been abolished, and the funding used to help meet the funding guarantee.

### Revenue Support Grant

- 3.16 On the face of it, it looks as if our RSG has increased. However the increase is due to the following grants having now been rolled into RSG
- The Family Annexe Council Tax Discount grant
  - Local Council Tax Support Administration Subsidy grant.

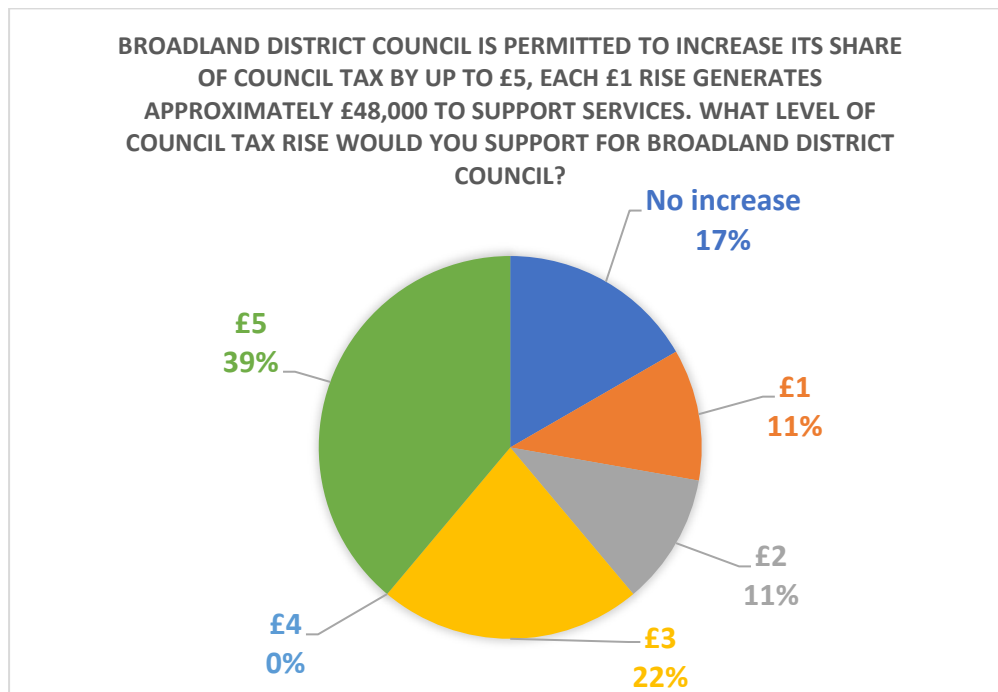
### Service Specific Grants

- 3.17 The Council continues to receive Housing Benefit Administration Grant for the administration on Housing Benefit. However, this is reducing over time as the benefit moves over to Universal Credit.
- 3.18 The Council will receive £305,662 in Homeless Prevention Grant in 2023/24 (£302,458 in 2022/23).

## **4 BUDGET CONSULTATION**

- 4.1 The Council undertook a budget consultation via its citizens panel and via its website between 21 December 2022 and 14 January 2023.
- 4.2 The consultation received 54 responses, and therefore may not be representative of the population.
- 4.3 The key messages from this year's budget consultation exercise are:
- There was 74% support to target resources primarily on those most in need.
  - There was 65% support for investing in initiatives such as Broadland Growth.
  - There was 67% support for targeting resources to encourage business growth.
  - There was 80% support for charging service users for discretionary services, as opposed to charging general taxpayers.

#### 4.4 Regarding increasing council tax there was a range of responses as follows:

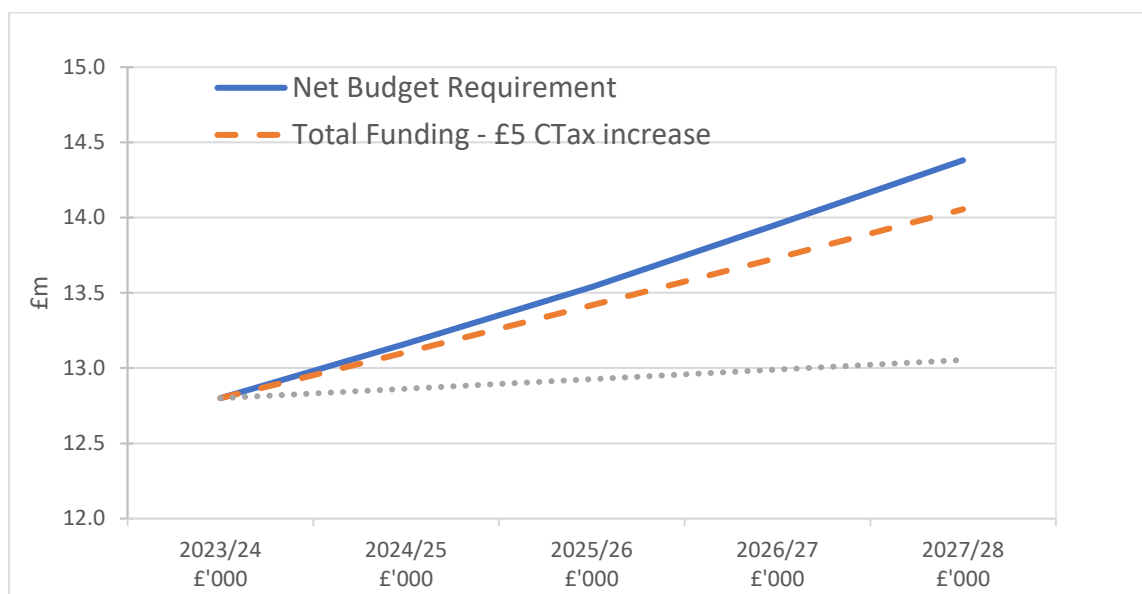


## 5 FEES AND CHARGES

- 5.1 The Constitution Part 3 17.1 (26) reserves the power to set discretionary fees and charges to Full Council, and in recent years it has been the policy to increase fees and charges in line with inflation.
- 5.2 This year it is proposed to increase discretionary fees and charges in line with inflation, based on the September RPI figure of 12.6%.

## 6 MEDIUM TERM FINANCIAL STRATEGY

- 6.1 The following graph shows the Council's projected Net Budget Requirement compared to the predicted Total Funding over the next few years.



- 6.2 **Appendix C** provides the Medium Term Financial Plan (MTFP) figures supporting this graph.
- 6.3 This shows a funding gap developing over the next few years as Government funding is unlikely to keep pace with expenditure pressures.
- 6.4 Future year funding figures are also uncertain due to:
- the Government's ongoing funding review, and
  - potential changes to the Business rates retention scheme.
- However as yet we do not know what impact these will have on the Council.
- 6.5 Given the uncertain future funding landscape it is useful to consider a few realistic scenarios to illustrate the risks we face, and to help stress test the MTFP.

	£'000
<b>Scenarios that could increase the funding gap</b>	
Expenditure pressures are 2% higher than estimated	258
10 extra families in B&B temporary accommodation	151
Investment income 25% lower (ie base rate fall from 3.5% to 2.625%)	264
10% cut in Government grants	179
Full reset of Business Rates retention scheme	1,143
<b>Scenarios that could reduce the funding gap</b>	
New Transformation savings delivered	250
Broadland Growth Investment delivers a return 2% higher than standard treasury investments	140
MRF processing costs 20% cheaper ie £60 rather than £75 a tonne	195

## 7 RESERVES

### General Revenue Reserve

- 7.1 The impact of the proposed revenue budget on the General Revenue Reserve is shown in the table below:

	With Council Tax Rise £'000	Without Council Tax Rise £'000
<b>Estimated Balance as at 1 April 2023</b>	<b>5,000</b>	<b>5,000</b>
2024/25 Funding Gap (with / Without £5 Council Tax Rise)	-56	-299
2025/26 Funding Gap (with / Without £5 Council Tax Rise)	-121	-612
2026/27 Funding Gap (with / Without £5 Council Tax Rise)	-222	-965
2027/28 Funding Gap (with / Without £5 Council Tax Rise)	-326	-1,327
<b>Projected balances as at 31 March 2028</b>	<b>4,275</b>	<b>1,797</b>

- 7.2 The projected General Fund Balance remains above the recommended minimum level of £1.2m. However, there is a need to address the funding gap over the medium term.

## 8 COUNCIL TAX

### Taxbase

- 8.1 The tax base for 2023/24 is 48,127 Band D equivalent households. The projected tax base has increased by 1.4% compared to the tax base in 2022/23. This is due to housing growth in the district and officers working to identify new properties as soon as they are taxable.

### Council Tax Referendum limit

- 8.2 As a shire district council authority, the Council is allowed to raise its Band D Council Tax by the greater of £5 or 3% without breaching the Council Tax Referendum limit.
- 8.3 Under the Localism Act, local communities have the power to decide if a Council Tax rise is excessive. Any district council that wishes to increase its Council Tax beyond the prescribed limit is required to hold a referendum to seek the approval of the electorate. The process of holding a referendum would have implications on cash flows and investment interest, as well as costing in excess of £150,000.

### BDC Council Tax

- 8.4 It is proposed that Broadland Council keeps its Council Tax for a Band D property at £129.91 for 2023/24.
- 8.5 The Council Tax is calculated by taking the total income to be collected (£6,252,179) and dividing this by the Taxbase (48,127).
- 8.6 Not increasing council tax in 23/24, is affordable in the short term, as a balanced budget can be set.
- 8.7 However Increasing Council Tax protects the Council's income base and helps address the future predicted funding gap. For instance if council tax had been increased last year and this year the council would have an extra £ ½ million of income that would go a long way to meeting the medium term funding gap.
- 8.8 There is therefore a strong argument for Council Tax rises to be implemented to protect the taxbase, and thus the long term income levels for the council.

### Norfolk County Council (NCC)

- 8.9 The NCC 23/24 Revenue Budget report has been published by NCC. The report proposes a 4.99% council tax increase (including 2% for the Adult Social Care precept). NCC Cabinet are meeting on 30<sup>th</sup> January to make recommendations to 21<sup>st</sup> February Full Council where the final decision will be made.

### Police and Crime Panel

- 8.10 The Police and Crime Panel have the option of increasing their Council Tax by £15. The actual increase is yet to be confirmed.

### Parishes

- 8.11 At the time of writing, parish precepts for 2023/24 were still being set. A full list of precepts will accompany the Council Tax report to Full Council. Broadland Council has no influence over the level of these precepts.
- 8.12 For 2023/24, the Government has again decided not to apply any thresholds for Council Tax increases set by Parish and Town Councils, which if exceeded would trigger a referendum.
- 8.13 Officers will use the information provided by the preceptors in producing the Council Tax resolution for the Full Council meeting on 23<sup>rd</sup> February.

## 9 SPECIAL EXPENSES

- 9.1 Where a Parish/Town Council requires this Council to run specific services, then the cost is recouped through the special expense's mechanism. For BDC this only relates to street lighting in Great Witchingham and Hellesdon.
- 9.2 It is proposed to keep the special expense band D charge the same as 22/23.
- 9.3 The Band D charges being proposed are as follows:

	22/23 Band D C Tax	23/24 Band D C Tax
Great Witchingham	£20.97	£20.97
Hellesdon	£30.24	£30.24

## 10 ADVICE OF THE SECTION 151 OFFICER

- 10.1 The Local Government Act 2003 places two specific requirements on an authority's Section 151 (s151) Officer in determining the Council's budget and Council Tax. Under section 25, the s151 Officer must advise firstly on the robustness of the estimates included in the budget, and secondly on the adequacy of the financial reserves.
- 10.2 **Appendix D** contains the full advice of the s151 officer on these matters.
- 10.3 In summary the advice is:
- Overall, in my opinion the budget has been based on a reasonable set of assumptions with due regard to the risks and is therefore robust.
  - Assuming Cabinet and Council agree the revenue budget as set out in this report, then in my opinion the level of reserves is adequate for known and potential risks at this time.

### Section 114

- 10.4 The Section 151 Officer is also required by section 114 of the Local Government Finance Act 1988 to report to Members if it appears that the expenditure the authority proposes to incur in a financial year is likely to exceed the resources available to it to meet that expenditure.
- 10.5 Section 114 notices are rare, and the advice of the Section 151 Officer is that the possibility of such a notice being required at Broadland Council is very remote at the present time.

## **11 OTHER OPTIONS**

- 11.1 Cabinet can propose an alternative revenue budget, capital programme and Council Tax to Council, subject to the advice of the s151 Officer on the prudence and robustness of the budgets.

## **12 ISSUES AND RISKS**

- 12.1 Resource Implications – These budget proposals set out the resource plans for the Council during 2023/24.
- 12.2 There are always a number of unknown variables at the time of setting the budget. Where this is the case, officers have made prudent estimates based on the most up to date information available.
- 12.3 Legal Implications – The Council has a legal duty to set a balanced budget.
- 12.4 Equality Implications – The budget contains reductions in spending without impacting on the level of service that our residents presently receive – for instance as a result of the joint working with South Norfolk Council. There are also increases in fees and charges, with discounts available for some services to residents on low incomes. Officers believe that this budget presents no significant negative impact on those who share protected characteristics as defined in the Equality Act 2010.
- 12.5 Environmental Impact - The budget will allow the Council to deliver its statutory duties in respect of the environment.
- 12.6 Crime and Disorder - The budget will allow the Council to deliver its statutory duties in respect of the community safety.

## **13 CONCLUSION**

- 13.1 The proposed 2023/24 revenue budget is balanced and has no call on general revenue reserves, subject to the final Government Finance Settlement figures not changing substantially from the provisional figures.
- 13.2 It is proposed that Broadland Council keeps its Council Tax for a Band D property at £129.91 for 2023/24.
- 13.3 Discretionary fees and charges have been increased for service areas and commercial activities.
- 13.4 Over the next few years, the Council needs to find annual savings or additional income primarily because the level of Government funding is expected to not keep pace with inflation.
- 13.5 Increasing Council Tax protects the Council's income base and would help address the future funding gap.
- 13.6 There is increased financial risk while future changes to the funding formula and business rates are still under discussion.

## 14 RECOMMENDATIONS

- 1 That Cabinet recommends to Council:
  - 1.1 The approval of the 2023/24 base budget; subject to confirmation of the finalised Local Government Finance Settlement figures which may necessitate an adjustment through the General Revenue Reserve to maintain a balanced budget. Authority to make any such change to be delegated to the Assistant Director of Finance.
  - 1.2 That the Council's demand on the Collection Fund for 2023/24 for General Expenditure shall be £6,252,179, and for Special Expenditure shall be £121,962.
  - 1.3 That the Band D level of Council Tax be £129.91 for General Expenditure, and £2.53 for Special Expenditure.
  - 1.4 Changes to the proposed fees and charges as set out in section 5.
- 2 That Cabinet notes:
  - 2.1 The advice of the Section 151 Officer with regard to section 25 of the Local Government Act 2003, contained in section 10 of this report.
  - 2.2 The Medium Term Financial Strategy projections.

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### **Background Papers** Delivery Plan



## APPENDIX A: BDC REVENUE BUDGET REQUIREMENT 2023/24

	FTE Core	FTE Externally Funded	Pay £'000	Non Pay £'000	Income £'000	Net £'000	Prior Yr FTE	Transf ers	Pay £'000	Non Pay £'000	Income £'000	22/23 Budget £'000
<b>Chief of Staff</b>												
Executive Team	3.60		376	20	0	396	3.60		357	4	0	361
Chief of Staff (inc Comms & IA)	5.72		305	193	-18	480	5.75		276	171	-18	429
Governance	7.27		345	592	-43	894	6.91	-0.45	301	576	-30	847
Elections & Electoral Registration			102	178	-226	54			0	47	-3	44
Human Resources	5.21		459	44	0	503	4.53		430	46	-2	474
Apprentices	9.90		245	0	0	245	11.70		238	0	0	238
Apprentices (Opportunity Funded)	3.15		80	-80	0	0			0	0	0	0
<b>Finance</b>												
Corporate Costs (inc pension costs)			749	592	-1	1,340			853	438	-2	1,289
Finance & Procurement	8.75		369	76	0	445	9.21	-0.45	361	74	0	435
Council Tax & NNDR	15.38	0.72	528	71	-250	349	16.66	-0.45	516	58	-249	325
<b>Transformation and ICT / Digital</b>												
ICT & Digital	10.76		586	761	0	1,347	11.16		572	778	0	1,350
Strategy & Transformation	3.83		251	3	0	254	5.09	-0.90	225	9	0	234
Transformation (ICO)	3.62		144	0	0	144		3.62				0
Customer Services	5.36		170	119	0	289	2.57	2.27	40	5	0	45
Horizon Centre / Facilities	2.85		116	381	-43	454	4.57	-0.64	135	448	-67	516
<b>Economic Growth</b>												
Economic Growth	9.93		541	721	-608	654	9.93		460	686	-472	674
Shared Prosperity Fund		0.45	32	0	-32	0			0	0	0	0
Growth Posts (Opportunity Funded)	0.90		47	-47	0	0			0	0	0	0
Car Parks & Public Conveniences			0	130	-1	129			0	124	-1	123
Community Assets	3.40		147	321	-146	322	1.80		81	296	-44	333
<b>Regulatory</b>												
Community & Environmental Protection	7.56		363	91	-44	410	8.07		393	77	-46	424
Food, Safety & Licensing	5.45		257	35	-187	105	5.25		224	30	-186	68
<b>Planning and Business Support</b>												
Planning	27.61		1,318	346	-1,569	95	25.95	-0.27	1,168	282	-1,449	0
Building Control			0	38	0	38			0	38	0	38
Business Support	12.07		326	52	-300	78	12.62	-0.72	332	52	-220	164

	FTE Core	FTE Externally Funded	Pay £'000	Non Pay £'000	Income £'000	Net £'000	Prior Yr FTE	Transf ers	Pay £'000	Non Pay £'000	Income £'000	22/23 Budget £'000
<b>Individuals &amp; Families</b>												
Communities and Early Help	14.49	1.16	592	195	-256	531	11.50		461	145	-118	488
Housing Standards & Indep. Living	8.67		375	33	-120	288	9.17		374	27	-100	301
Housing and Benefits	27.04	0.63	963	1,020	-1,134	849	27.50	-1.26	942	1,070	-1,544	468
Social Prescribing (Com Connectors)		6.80	242	27	-269	0			0	0	0	0
Next Steps		0.90	59	0	-59	0			0	0	0	0
Hardship Support (Opp Funded)	0.72		27	0	-27	0			0	0	0	0
Rapid Rehousing			0	0	0	0			0	0	0	0
Warm Homes Fund			0	0	0	0			0	0	0	0
Homes for Ukraine		2.29	81	0	-81	0			0	0	0	0
Housing Benefit Payments				14,060	-14,060	0				15,025	-15,060	-35
<b>Community Services</b>												
Waste Services	9.83		376	6,020	-4,165	2,231	10.13	-0.74	393	5,089	-3,947	1,535
Waste Services - Food Waste Expansion (Reserve funded)				500		500						
<b>Cost of Services</b>	213.06	12.95	10,571	26,492	-23,639	13,424	203.67	0.00	9,132	25,595	-23,558	11,168
Precept - Internal Drainage Board						288						268
Interest Payable						1						4
Investment Income						-1,108						-404
Council Tax Deficit / (Surplus)						-51						-95
Transfer to Refuse Vehicle Replacement / Waste Reserve						630						630
Transfer (from) Waste Reserve						-500						0
Transfer to Street Lighting R&R Fund						96						98
Transfer to / (from) BVR Reserve						20						20
Transfer to Accommodation Reserve						0						271
Transfer to Other Reserves						0						0
Transfer to / (from) General Fund Balance						0						0
						12,800						11,960
<b>Funded by</b>												

	FTE Core	FTE Externally Funded	Pay £'000	Non Pay £'000	Income £'000	Net £'000	Prior Yr FTE	Transf ers	Pay £'000	Non Pay £'000	Income £'000	22/23 Budget £'000
Council Tax - District Element						6,252						6,165
Council Tax - Special Expenses						122						120
NDR (Business Rates) - Baseline						2,983						2,876
NDR (Business Rates) - Growth						893						1,107
NDR (Business Rates) - Grant						508						0
NDR (Business Rates) - Pooling Benefit						250						0
New Homes Bonus						707						1,333
Services Grant						112						198
Funding Guarantee Grant Allocation						796						0
Lower Tier Services Grant						0						129
Revenue Support Grant						177						32
Council Tax Family Annex Discount Grant (rolled into RSG)						0						0
						12,800						11,960

## APPENDIX B: BDC BUDGET MOVEMENTS

The main changes to the base budget are as shown in the table below.

	£'000	£'000
<b>Base Budget 2022/23</b>		<b>11,168</b>
Salary Related Changes		
Pay inflation (23/24 3%, plus rise in living wage)		254
Other changes in salary costs		240
Inflationary Cost Pressures		125
Increases in Fees & Charges		
Waste	-210	-210
Growth		
Roll out of Business Intelligence Service (Cabinet 20 Sept 22)	60	
Nutrient Neutrality Mitigation Programme	30	
Waste contract (£300 true up, £350 inflation, -£155 remove year 1 extras)	495	
Extended food waste costs – Reserve funded	500	1,085
Cost Pressures		
Executive Team	11	
Chief of staff	1	
Governance - member training	12	
Electoral Registration - canvas costs	5	
HR – Job advertising	20	
Corporate Costs - Inflationary Contingency	265	
Customer Services - Additional out of hours calls	4	
Facilities (including rise in NDR following national revaluation exercise)	21	
Economic Growth	1	
Increased cost of Dog contract following retender October 2022	16	
Planning – Design guide preparation	9	
Planning - GNLP for 23/24. Reserve now fully used.	45	
Communities & Early Help	10	
Housing Standards	6	
Housing & Benefits – Temporary Accommodation (B&B) costs	282	
Waste – Disposal Costs	476	1,184
Reductions in Income		
Facilities – loss of rental income from partners	24	
Street naming – 22/23 budget is £34k, actual income likely to be £10k	24	
Housing and Benefits – including less HB overpayments to reclaim	43	
Local Council Tax Support Admin Grant (rolled into RSG)	100	
Waste	16	207
Savings		
Governance	-6	
HR	-16	
Corporate costs – Reduction in pension rate	-53	
Council Tax and NNDR	-1	
ICT & Digital	-27	
Strategy & Transformation	-1	
Transformation (ICOs)	-45	
Economic Growth capitalising costs	-23	
Food, Safety & Licensing	-4	
Planning	-28	
Housing & Benefits	-15	
Waste	-46	-265

	£'000	£'000
Growth in Income		
Increase in grant for cost of collecting business rates	-1	
Food Innovation Centre – Expected to make a loss in 22/23 as it takes time for units to be let. However now expected to break even in 23/24	-112	
Community Assets	-23	
Food, Safety & Licensing	-1	
Community Infrastructure Levy (Cil) £350k to £425k	-75	
Planning fees	-9	
Land charges	-80	
Communities & Early Help	-4	
Housing Standards	-20	
Housing & Benefits	-14	
Waste – Recycling Credits	-25	-364
<b>Base Budget 2023/24</b>		<b>13,424</b>

## APPENDIX C: MEDIUM TERM FINANCIAL PLAN (MTFP)

	Assumptions	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Base Net Expenditure		13,424	13,424	13,721	14,033	14,384
<u>Recurring Adjustments:</u>						
Inflationary Pressures - 23/24	4.00%		537			
Inflationary Pressures - Longer Term	2.50%			343	351	360
Estimated Transformation Savings in progress			-240	-32		
Base Net Expenditure for following year		13,424	13,721	14,033	14,384	14,743
<u>Non Recurring Adjustments</u>						
Internal Drainage Board Precept	5.00%	288	302	318	333	350
Interest Payable & MRP	No change	1	1	1	1	1
Investment Income - General	Reducing	-1,108	-1,058	-1,008	-958	-908
Council Tax - Deficit / (Surplus)	No change	-51	-51	-51	-51	-51
Transfers to / (from) Earmarked Reserves	No change	246	246	246	246	246
Net Budget Requirement		12,800	13,162	13,538	13,955	14,381

<u>Funded by</u>						
Council Tax - District Element (No increase)		6,252	6,315	6,378	6,442	6,506
Council Tax - Special Expenses	No change	122	122	122	122	122
NNDR (Business Rates)	No change	4,634	4,634	4,634	4,634	4,634
New Homes Bonus	No change	707	707	707	707	707
Other Government Grants	No change	1,085	1,085	1,085	1,085	1,085
Total Funding - Without £5 Council Tax Increase		12,800	12,863	12,926	12,990	13,054
Total Funding - With £5 Council Tax Increase		12,800	13,106	13,417	13,733	14,056

Funding Gap / (Annual Surplus) - No CTAX increase		0	299	612	965	1,327
Funding Gap / (Annual Surplus) - £5 CTAX increase		0	56	121	222	326

<u>Council Tax Calculation - No Council Tax Increase</u>						
Council Taxbase (Homes)	1.00%	48,127	48,608	49,094	49,585	50,081
Council Tax	No change	129.91	129.91	129.91	129.91	129.91
		6,252	6,315	6,378	6,442	6,506

<u>Council Tax Calculation - £5 Council Tax Increase</u>						
Council Taxbase (Homes)	1.00%	48,127	48,608	49,094	49,585	50,081
Council Tax	£5	129.91	134.91	139.91	144.91	149.91
		6,252	6,558	6,869	7,185	7,508
Extra		0	243	491	744	1,002

## APPENDIX D: ADVICE OF THE s151 OFFICER

The advice of the s151 officer on the robustness of the estimates included in the budget, and on the adequacy of the financial reserves is as follows.

### 1 Robustness of Estimates

- 1.1 The budget estimates have been produced on a prudent basis, with an emphasis on identifying the existing cost pressures the Council faces and a realistic level of savings and efficiencies. The budget has been constructed so that all known costs are budgeted for, and income budgets are based on realistic projections. The budget is therefore constructed on a prudent basis.
- 1.2 There are however a number of significant potential risks in the robustness of the estimates as follows:
  - The expected changes to the formula for council funding and changes to the business rates retention scheme is a source of major uncertainty at the present time, as the impact of any changes could have a variety of impacts. While best estimates have been made, the impact of these changes on the council's funding remains unclear.
  - There is an assumption that the Council is able to collect the level of Council Tax planned. The Council has consistently performed well in this area. As Universal Credit is rolled out, the Council is working to ensure that it can manage any resultant customer debt issues.
  - The Council depends on a number of contractors, suppliers and partners to deliver services. The use of partners is important as a delivery model for certain services, and there is a risk that some of these either contract their activities or cease to exist altogether. There could be cost implications that arise should this occur. Where it appears likely that this may happen with particular organisations, then the Council will take appropriate contingency measures to mitigate the impact.
  - There is a risk that the economy stalls and growth is not as assumed in the Medium-Term Financial Strategy. If this were to occur, it would impact on the level of income received by the Council through its fees and charges as well as income from business rates retention. There would also be an impact on the demand on the services provided by the Council such as increasing homelessness and benefit claimants. This in turn would lead to an increase in the savings required in future years.
  - Budget estimates have been prepared on a cautious basis, limiting costs and growth where possible and ensuring income expected to be received, both through fees and charges and grant streams are at a level officers are confident can be delivered. There is a risk that this will be overly sensitive.
  - The Council is still in discussion with its waste contractor over the level of price increase due. Therefore there is a risk that the final agreement will be more or less than the amount assumed in the budget.
  - An allowance for MRF processing costs of £975,000 (£620,000 in 2023/23). This is based on 13,000 tonnes at £75. However, given that the agreement is for a variable gate fee the actual costs will vary from this figure.
  - On the 16 March 2022 Natural England issued new guidance to local planning authorities concerning nutrient enrichment and the role local authorities must play in preventing further adverse impacts to protected wetland habitats. Local Planning Authorities are required to consider the impact of nutrient enrichment

before planning permission can be granted and therefore all planning applications in the affected catchments have temporarily been put on hold. Until this issue has been resolved this represents a risk to delivery of planning income and growth.

- 1.3 Overall, in my opinion the budget has been based on a reasonable set of assumptions with due regard to the risks and is therefore robust.

## **2 Adequacy of Reserves**

- 2.1 As s151 officer I am also required to report on the adequacy of reserves.
- 2.2 Section 26 of the Local Government Act 2003 gives the Secretary of State power to fix a minimum level of reserves for which an authority must provide in setting its budget. The Secretary of State has the view that section 26 would only be used "...in which an authority does not act prudently, disregards the advice of its chief finance officer and is heading for serious financial difficulty."
- 2.3 The level of reserves is predicted to remain at the level required to finance the medium-term financial strategy. The plans in the Capital Programme include using earmarked reserves to fund an element of the capital programme over the next five years.
- 2.4 The projected level of the main General Fund reserve held by the Council at 31<sup>st</sup> March 2023 is £5m. This level of reserves provides sufficient flexibility should any of the assumptions made in this budget prove too optimistic.
- 2.5 Assuming Cabinet and Council agree the revenue budget as set out in this report, then in my opinion the level of reserves is adequate for known and potential risks at this time.



## **CAPITAL STRATEGY AND CAPITAL PROGRAMME 2023/24 TO 2027/28**

**Report Author:** Darren Slowther  
Capital and Treasury Accountant  
01603 430467  
[darren.slowther@southnorfolkandbroadland.gov.uk](mailto:darren.slowther@southnorfolkandbroadland.gov.uk)

**Portfolio:** Finance

**Wards Affected:** All

### **Purpose of Report:**

To present the Capital Strategy and the proposed Capital Programme for 2023/24 to 2027/28.

### **Recommendation:**

Cabinet is asked to recommend to Council the Capital Strategy (**Appendix A**) and the Capital Programme for 2023/24-2027/28 (**Appendix B**).

## **1 SUMMARY**

- 1.1 It is the responsibility of the Cabinet to prepare a budget for approval by the Council.
- 1.2 This report is one of a number of reports to be considered by Cabinet at this meeting to set the Council Budgets.
- 1.3 This paper focuses on the Capital Strategy and the associated Capital Programme.

## 2 BACKGROUND

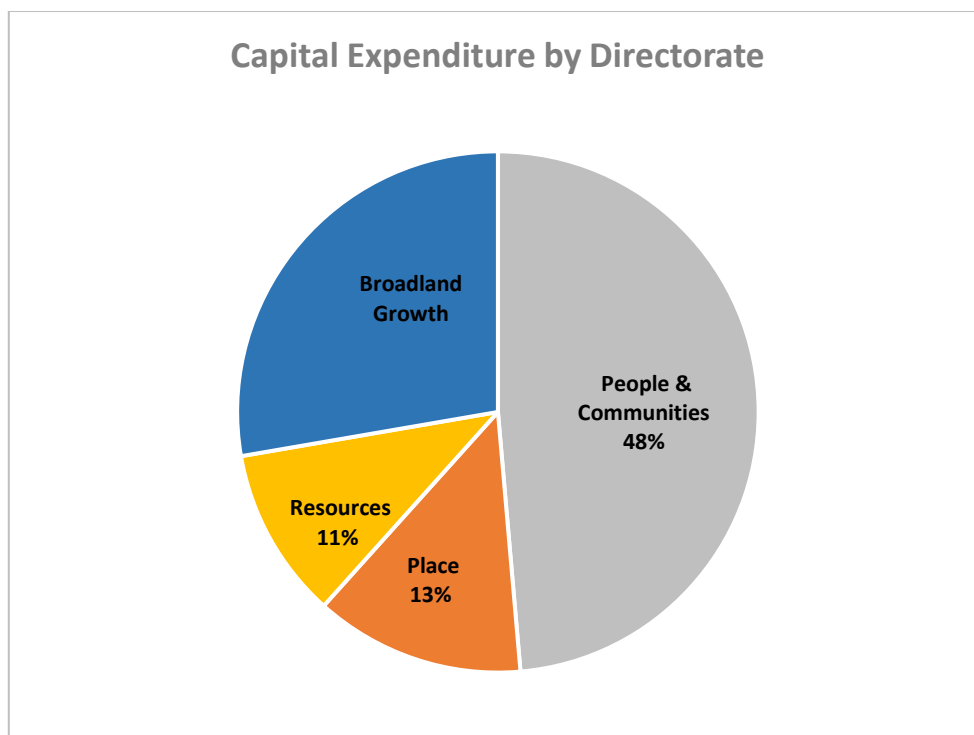
- 2.1 As part of the Council's budget process the Capital Strategy, and associated Capital Programme, is reviewed in order to assess, as part of the overall financial strategy of the Authority, what the scale and composition of the programme should be, and the consequential funding implications for the financial strategy.

## 3 CAPITAL STRATEGY

- 3.1 The Capital Strategy sets out the Council's approach to the use of its capital assets and resources. It is the framework for determining the capital programme and the effective use of the Council's resources.
- 3.2 This strategy seeks to deliver the Council's vision for the district as set out in the Delivery Plan. These ambitions are:
- Growing the Economy.
  - Supporting individuals and empowering communities.
  - Protecting and improving the natural and built environment, whilst maximising quality of life.
  - Moving with the times, working smartly and collaboratively.
- 3.3 The Capital Strategy focuses investment to deliver these priorities while also contributing to the financial sustainability of the Council by supporting opportunities to develop more efficient service delivery and to generate additional income.
- 3.4 The full capital Strategy is included as **Appendix A**.

## 4 SUMMARY OF CAPITAL PROGRAMME

- 4.1 The detailed five-year capital programme is shown in **Appendix B** and comes to £25.3 million. The pie chart below shows how the programme is broken down by Directorate over the next five years.



4.2 Expenditure by Directorate is summarised in the following sections.

## **5 PEOPLE AND COMMUNITIES**

### Waste Services

- 5.1 A budget of £3.1m has been included in the Programme to allow for the potential refurbishment of the existing waste depot. Expenditure against this budget would be subject to a full business case.
- 5.2 Annual budgets are in place for the purchase, renewal and replacement of waste bins for homes in the district, and for the purchase of waste vehicles.

### Disabled Facilities Grant

- 5.3 The Council receives ring-fenced Disabled Facilities Grant funding from the Government through the Enhanced Better Care Fund managed by Norfolk County Council. The allocation for 2022-23 was £1.014m and is projected to remain at this level for future years. It is important that this funding is fully committed in each year to avoid it having to be returned to Government. These grants are valuable in helping people stay in their own homes.

#### 5.4 Property Purchases for Temporary Accommodation Provision

Due to several factors the Council is facing a significant increase in homelessness and therefore a requirement to provide temporary accommodation. A proposal has been approved to remodel the Council's temporary accommodation offer by increasing the amount of temporary accommodation that the council directly owns and manages. The capital programme includes budgets for the purchase of properties that become available that officers deem suitable for this purpose.

## 6 **PLACE**

### Economic Growth

- 6.1 The capital programme includes a budget for the potential purchase of land to facilitate the development of a Community Health Hub in Taverham. The hub will provide an enhanced customer experience for residents by increasing the scale of co-located working with the partner organisations that are collaborating with the council to deliver the project.
- 6.2 The Hub will provide local people with a single gateway for all public health and employment services. By April 2025 the project will have delivered a new build hub that incorporates a relocated and expanded Taverham Surgery plus a YMCA community hub, a 90-place day care offer nursery, community rooms for hire along with other initiatives.
- 6.3 A budget is in place to ensure there are adequate resources to fund the ongoing upkeep of the Bure Valley and Marriotts Way bridges and other necessary works on the Bure Valley Railway, which the authority has a responsibility to maintain. The budget is mainly financed from an earmarked reserve kept specifically for this purpose.
- 6.4 Also included in the programme for 23/24 are budgets for the provision of Streetlighting (to facilitate a column replacement programme, financed using the Streetlighting reserve).

## 7 **BROADLAND GROWTH**

- 7.1 £3m is included in 2023/24 with a further £4m in 2024/25 to expand the operations of Broadland Growth Ltd to enable the company to deliver a number of mixed housing developments across the District and an investment return to the Council. This is subject to a business case but is included in the capital programme to give a full picture of the potential extent of the programme.

## 8 RESOURCES

### ICT and Digital

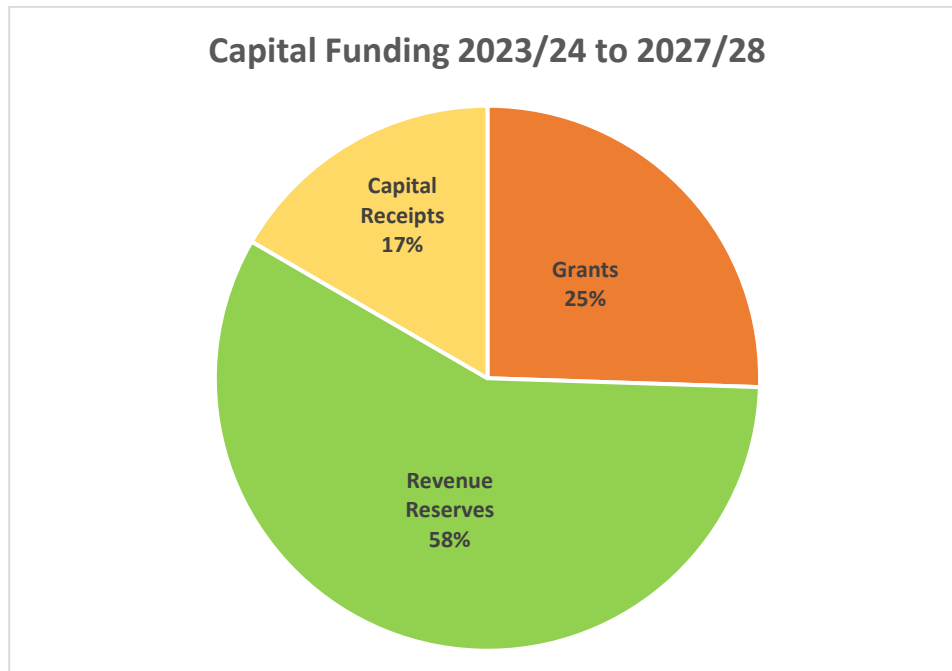
- 8.1 The capital programme sets aside the capital funding required to deliver the ongoing requirements for IT equipment for individual users and infrastructure and software upgrades and replacements to support the Council's IT network and systems.
- 8.2 There is an additional budget included in the programme for the continuing investment in the transformation programme to align IT systems across departments. This work is being carried out in collaboration with South Norfolk District Council in order to deliver better value for money and enable a fully joined up network going forward.

### Facilities

- 8.3 Provision is included across the programme for maintenance / enhancement of Horizon Centre. While the majority of initial fit out works are expected to be completed in 22/23, budgets are in place for future years essential and/or enhancement work.

## 9 FINANCING THE CAPITAL PROGRAMME

- 9.1 This section focuses on the main sources of funding that are proposed to be used to fund the capital programme.
- 9.2 The new five-year capital programme will be financed from a mixture of revenue and capital reserves, capital receipts and grants. The projected sources of funding are shown in the graph below and **Appendix B** provides further details.



### Effect on Reserves

- 9.3 During the five-year programme £14.6 million of revenue reserves will be used to fund the programme as shown in the table below:

	<b>£000</b>
Broadland Growth Reserve	7,000
General Revenue Reserve	5,560
Refuse Reserve	1,408
Repairs and Renewals Reserve	229
Street Light Reserve	189
Bure Valley Reserve	152
Environmental Projects Reserve	72
<b>Total Use of Revenue Reserves</b>	<b>14,610</b>

### Capital Receipts

- 9.4 The programme includes £7m for the repayment of loans from Broadland Growth Ltd., anticipated to be returned following borrowing for development. These are subject to the prevailing housing market conditions at the time of sale. They could therefore fluctuate, and this is a risk to the funding of the programme which needs to be managed.
- 9.5 The table below demonstrates the estimated pattern of receipts and expenditure funded from these. A significant number of these additions are repayments from Broadland Growth Limited, indicated in the table below (bracketed figures).

<b>Est Opening Balance 31/3/23</b>	<b>2,948,124</b>
Additions in year	20,000
Utilised 23/24	2,022,778
<b>Balance 31/3/24</b>	<b>945,346</b>
Additions in year	20,000
Utilised 24/25	827,840
<b>Balance 31/3/25</b>	<b>137,506</b>
Additions in year (£2m BGL)	2,020,000
Utilised 25/26	482,681
<b>Balance 31/3/26</b>	<b>1,674,825</b>
Additions in year (£2m BGL)	2,020,000
Utilised 26/27	373,375
<b>Balance 31/3/27</b>	<b>3,321,450</b>
Additions in year (£3m BGL)	3,020,000
Utilised 27/28	495,361
<b>Closing Balance 31/3/28</b>	<b>5,846,089</b>

## Borrowing

- 9.6 The use of revenue reserves for capital purposes means that it is not expected that the Council will need to borrow to fund the capital programme over the next five years.

## **10 OTHER OPTIONS**

- 10.1 Cabinet can propose changes to the Capital Strategy and Capital Programme, before recommending these to Council for approval.

## **11 ISSUES AND RISKS**

### **Resource Implications**

- 11.1 The size and composition of the capital programme has a significant impact on the medium-term financial plan.

### **Risks**

- 11.2 A number of the capital schemes rely on working with partners and / or require appropriate opportunities to arise in the market. As such there is a risk that the timeframe for schemes (particularly those marked as provisional schemes) will slip.

### **Legal Implications**

- 11.3 The Council is required to set a budget for 23/24.

### **Equality Implications**

- 11.4 Officers believe that this budget presents no significant negative impact on those who share protected characteristics as defined in the Equality Act 2010.

### **Environmental Impact**

- 11.5 There is no direct environmental impact arising from this report.

### **Crime and Disorder**

- 11.6 There is no direct crime and disorder impact arising from this report.



## 12 CONCLUSION

- 12.1 The attached Capital Strategy and Capital Programme is affordable and supports the Council's priority areas.

## 13 RECOMMENDATION

- 13.1 Cabinet is asked to recommend to Council the Capital Strategy (**Appendix A**) and the Capital Programme for 2023/24-2027/28 (**Appendix B**).

### Background Papers

None

## Appendix A Capital Strategy

### 1 Purpose

- 1.1 The purpose of this Capital Strategy is to outline the Council's approach to capital investment, and how the Council ensures that capital investment is prudent, affordable and directed to the Council's Corporate Priorities.
- 1.2 The Capital Strategy is a partner document to the Medium-Term Financial Plan (MTFP), the Broadland and South Norfolk – "Our Plan" 2022-2024, the ICT Strategy, the Commercialisation Strategy, the Council's Delivery Plan, the Council's Budget (Revenue and Capital), the Treasury Management Policy and the Annual Investment Strategy.

### 2 Vision for the District

- 2.1 This strategy seeks to deliver our vision for the district as set out in the Broadland and South Norfolk – "Our Plan" 2022-2024. Our ambitions are:
  - Growing the Economy
  - Supporting Individuals and empowering communities
  - Protecting and improving the natural and built environment, whilst maximising quality of life
  - Moving with the times, working smartly and collaboratively.

### 3 Definition of Capital Expenditure

- 3.1 Capital expenditure is defined in Section 16 of SI 2003/3146 as:
  - Expenditure that results in the acquisition, construction or enhancement of fixed assets (tangible and intangible)
  - Expenditure fulfilling one of the definitions specified in regulations made under the Local Government Act 2003
  - Expenditure which has been directed to be treated as capital by the Secretary of State (for example, grants made to third parties for the purpose of capital expenditure).

### 4 Requirement for a Capital Strategy

- 4.1 The Local Government Act 2003 requires local authorities to adopt the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The Prudential Code "requires local authorities to have regard to wider management processes (option appraisal, asset management planning, strategic planning and achievability) in accordance with good professional practice".
- 4.2 As part of the Prudential Code authorities are required to produce a capital strategy and are also required to estimate their capital expenditure over the next three financial years, which will form a part of the budget setting process each year.

- 4.3 The capital strategy helps address the strategic long-term purpose of investment and therefore stretches for many years.
- 4.4 The strategy provides the starting point for the capital programme and a framework for the effective use of the Council's resources and will influence the direction of treasury management. The Prudential Code permits the Council to determine the appropriate level of capital investment to deliver quality public services, subject to affordability.

## **5 Priorities**

- 5.1 This Capital Strategy focuses investment to deliver the Council's corporate priorities, while also contributing to the Council's financial sustainability by supporting opportunities to develop more efficient service delivery and to generate additional income.
- 5.2 The current capital expenditure priorities are set out in the Capital Programme.
- 5.3 This strategy is a living document which evolves over time to incorporate ongoing capital liabilities which will need to be met in the future alongside other investment decisions. In order to determine future liabilities, the Council will need to commission condition surveys for Council assets. The Capital Strategy will also need to be developed in line with the asset management plan. The Capital Strategy is a corporate document and requires a cross-Council approach to be effective.

## **6 Capital Assets**

- 6.1 The main council buildings are likely to present the greatest ongoing capital liability for the Council over the next 20 years.
- 6.2 In addition to these assets, capital expenditure will need to be incurred on the upgrade of IT equipment and improvements to the IT Infrastructure.

## **7 Capital Financing**

- 7.1 The Council can finance its capital programme from various sources as follows:
- Revenue.
  - Revenue Reserves
  - Capital Receipts from asset disposals
  - Grants
  - Tax Increment Financing (TIF).
  - Private Finance Initiative/Public Private Partnership
  - CIL
  - Borrowing.
- 7.2 Over the next few years, the total amount of investments and cash will fall as cash is spent on the capital programme and earmarked reserves are spent.

- 7.3 The proposed total resources available to finance the current capital programme going forward from 2023/24 will be in the region of £25.3 million as set out below:

<b>Resources</b>	<b>£million</b>
Capital Receipts	4.2
Grants	6.5
Revenue Reserves	14.6
Borrowing Requirement	0
<b>Total</b>	<b>25.3</b>

- 7.4 The use of reserves means that the Council's cash is projected to reduce in the short term. This reduction means that further capital expenditure in this period would need to be funded from generating additional resources or external borrowing.

## **8 Borrowing and Commercial Activity**

- 8.1 CIPFA issued an updated version of 'The Prudential Code for capital finance' in December 2021. Under the Prudential Code, Councils determine how much they will borrow as long as any borrowing is affordable and prudent, thus clearly linking the financing of capital with the Treasury Management Strategy and the revenue budget.
- 8.2 The consequence of the funding position is that the Council may be required to borrow to finance any additional capital expenditure in the coming period. However, any borrowing must be affordable in line with the requirements of the prudential code.
- 8.3 Under the updated Prudential Code, Councils are not permitted to borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. The revised code also stresses the requirement for local authorities to prioritise capital projects in line with strategic priorities. Any commercial projects would need an evaluation to ensure the risks of commercial investment are proportionate to an authority's overall capacity, i.e., that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services and the level of resources available. Currently all projects in the capital programme fall into the allowable expenditure categories defined by the PWLB and do not include commercial activity.
- 8.4 The need to borrow is not based on our levels of investment balances/reserves but on the Council's capital financing requirement (CFR).
- 8.5 The total amount of debt that the Council can take on needs to be affordable. Affordability will be kept under review as part of the Treasury Management Strategy and when setting revenue and capital budgets It will reflect the need for prudence along with the risk appetite of the Council.
- 8.6 There are many sources of borrowing available to the Council and it is likely that the Council will utilise a mix of these to spread the risk around loan maturities and future interest rates. Sources include

- Public Works Loan Board (PWLB)
- Borrowing from other local authorities
- Borrowing via the Municipal Bonds Agency (MBA)
- Borrowing from commercial banks
- Borrowing from the money markets
- Local Authority stock issues and bills

8.7 HM Treasury issued new guidance regarding PWLB lending on 12 August 2021. The effect of this guidance is that PWLB borrowing can only be taken out to support service delivery, housing, economic regeneration, preventative action, and treasury management. It includes a definition of investment assets bought primarily for yield, which the PWLB will not support. Additionally, under the Prudential Framework local authorities cannot borrow or invest for speculative purposes. The government and CIPFA are clear that borrowing to invest for yield is not permitted under the Prudential Framework. BDC has no such projects in its Capital Programme.

8.8 The purpose of this Capital Strategy is to outline the Council's approach to capital investment, and how the Council ensures that capital investment is prudent, affordable and directed to the Council's Corporate Priorities.

## 9 Priorities for the Capital Programme / Option Appraisal

9.1 The need for capital investment is driven by a number of factors both internal and external to the council. The diagram below illustrates a number of these.



- 9.2 Within the funding constraints outlined above, it is necessary to set clear priorities for capital expenditure. All expenditure proposals require a clear business case to justify the expenditure. The policy on capitalisation is included in the Council's annual accounts. Capital expenditure is authorised by Cabinet and Full Council through the budget setting process and monitored on a quarterly basis through reports to Cabinet.
- 9.3 Potential proposals should be assessed in line with the Council priorities. The table below highlights capital expenditure that is already planned or could be undertaken to meet the Council's priorities:

<b>Growing the Economy</b>	<b>Supporting individuals and empowering communities</b>	<b>Protecting and improving the natural and built environment, whilst maximising quality of life</b>	<b>Moving with the times, working smartly and collaboratively</b>
One Public Estate – Taverham Hub	Disabled Facilities Grants	Development/Purchase of Low Cost/Affordable Housing	Delivering the ICT Strategy and Systems Transformation
Property Development	Home Improvement Grants	Investment in Refuse Services including wheeled bins	Improvements to the Council's operational buildings
Strategic Economic Developments to boost growth (Rural and Shared Prosperity Fund projects)		Street Lighting Replacement Programme	Works to new office accommodation (The Horizon Centre)

## **10 Partnerships**

- 10.1 Partnership working is essential for the successful delivery of a number of capital projects within the programme and this is likely to assume greater significance given the state of public finances so this strategy needs to ensure that any capital requirements identified through partnership work can be considered alongside other bids for capital funds.
- 10.2 Broadland District Council's collaborative working with South Norfolk District Council is likely to create a wide number of opportunities to work jointly on capital projects that will benefit both authorities. If the expectation is that the nature of the projects are large scale, significant capital expenditure is likely. Managers of capital projects should be encouraged to adopt or at least make reference to this Capital Strategy, affirming that the project(s) are in line with current priorities and vision moving forward
- 10.3 The Council is a member of the Greater Norwich Growth Board (GNGB). Expenditure, both capital and revenue, is directed by the Greater Norwich

Business Plan, reviewed and updated annually by the Board and supports the delivery of growth over the GNGB area which comprises Broadland, Norwich and South Norfolk Councils, Norfolk County Council and the Local Enterprise Partnership.

## **11 Equalities**

- 11.1 Capital projects must give consideration to the Equalities Act 2010.
- 11.2 Promoting equality and diversity is vital for tackling discrimination and social exclusion.

## **12 Risk Management**

- 12.1 As part of the project business case, capital projects should be risk assessed. Any mitigation actions should be included in the project business case. With diversity of partnership working, including joint venture working as described above, local authorities' assessment of risk management becomes increasingly important.
- 12.2 The main financial risk is associated with actual performance against expected. Excessive costs incurred due to unforeseen circumstances and project slippage can lead to increased pressure on future year's budgets. This can be mitigated by having robust business cases and monitoring through the life of the project.
- 12.3 The risk around borrowing is managed by use of Prudential Indicators that are calculated annually as part of the budget setting process and revisited at each year's actual outturn and a decision on how much the council can afford to borrow.

## **13 Advice of the Section 151 Officer**

- 13.1 The Section 151 Officer is specifically required to report on the deliverability, affordability and risks associated with the capital strategy.
- 13.2 Deliverability is underpinned through the embedding of capital expenditure within the business planning process and use of specialist advice where required, for example, in assessing the plans to deliver commercial property investments.
- 13.3 The prudential indicator of net financing costs to net revenue income stream from taxation and central government provides a view of financial sustainability. This is set out in the Treasury Management Strategy elsewhere on this agenda.
- 13.4 The key risks in this strategy are as follows:
  - **Economic** – Changes in the economy could mean that investments undertaken in line with the strategy do not deliver the anticipated benefits or returns. Prudent assumptions have been made on the level of returns that can be expected.
  - **Timing** – Delays incurred during the implementation phase of particular projects could impact on the returns in the short term. Effective project management and monitoring is undertaken to mitigate this risk.

- **Interest Rates** – It has been estimated that interest rates will continue to rise, peaking in December 2023 at 4.5%, then gradually declining (information from LINK, the Council's treasury advisors). The exact timing of any borrowing will determine the exact interest rates on external debt incurred as part of this strategy. The interest rate outlook is kept under review.
- **Government Policy** – The strategy is aimed to deliver quality services and to improve the sustainability of the Council. Should government policy change in a way that prevents parts of the strategy being implemented, increases its cost or reduces the expected benefits, then the strategy would need to be revised.

## **14 Conclusion**

- 14.1 This Capital Strategy represents a prudent and affordable approach to investment in the Council's assets to support service delivery and to contribute to the Council's financial sustainability over the next five years



## Appendix B Capital Programme

Capital Programme - Scheme	Type of Capital Expenditure	Provisional Projects - i.e. those requiring a business case and/or Member approval to progress	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £	Estimate 2027/28 £	Total 2023-28 £
Supporting Individuals - Housing								
Broadland Growth Financing	Housing	Y	3,000,000	4,000,000				7,000,000
Temporary Accommodation - Health and Safety Improvements	Housing		15,000	15,000	15,000	15,000	15,000	75,000
Temporary Accommodation - Property Purchase	Housing		904,000	452,000				1,356,000
Supporting Individuals - Health & Leisure								
Disabled Facilities Grants (funded by BCF DFG grant)	Service Delivery		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Minor Improvement Grants	Service Delivery		30,000	30,000	30,000	30,000	30,000	150,000
Improvements in the Public Realm								
Street Lighting	Service Delivery	Y	35,300	38,300	38,300	38,300	38,300	188,500
Car Park Improvements	Service Delivery		25,000	10,000	10,000	10,000	10,000	65,000
Youngs Park Aylsham	Regeneration	Y	250,000					900,000
Bure Valley Railway	Service Delivery		90,000	90,000	30,000	30,000	30,000	270,000
Public Conveniences	Service Delivery		164,000					164,000
Buildings at Risk / Historic Buildings Grants	Service Delivery		15,000	15,000	15,000	15,000	15,000	75,000
Investment in the Economy								
One Public Estate - Taverham	Regeneration	Y	1,500,000					1,500,000
Shared Prosperity Fund	Regeneration		41,427	166,984				208,411
Rural Prosperity Fund	Regeneration		142,388	427,165				569,553
Our Own Needs								
Horizon Centre - Capital Maintenance	Service Delivery		519,369		120,000	78,375	60,561	778,305
IT - Annual Server and PC Replacement Programme	Service Delivery		216,357	60,840	67,681		139,800	484,678
IT - System Replacement Programme (Transformation)	Service Delivery		183,814	225,000	225,000	225,000	225,000	1,083,814
IT - Infrastructure	Service Delivery		340,750					340,750
Waste Vehicles	Service Delivery		420,639	999,628	65,214	197,606		1,683,087
Waste Depot	Service Delivery		3,140,930					3,140,930
Bins - Domestic Waste, Recycling	Service Delivery		175,000	175,000	175,000	175,000	175,000	875,000
			<b>12,208,974</b>	<b>7,704,917</b>	<b>1,791,195</b>	<b>1,814,281</b>	<b>1,738,661</b>	<b>25,258,028</b>

Capital Programme - Financing		2023/24	2024/25	2025/26	2026/27	2027/28	Total
Grants		1,851,434	1,594,149	1,000,000	1,000,000	1,000,000	6,445,583
Revenue Reserves		8,334,762	5,282,928	308,514	440,906	243,300	14,610,410
Capital Receipts		2,022,778	827,840	482,681	373,375	495,361	4,202,035
Borrowing		0	0	0	0	0	0
		12,208,974	7,704,917	1,791,195	1,814,281	1,738,661	24,858,659

## TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24

<b>Report Author:</b>	Darren Slowther Capital and Treasury Accountant 01603 430467 <a href="mailto:darren.slowther@southnorfolkandbroadland.gov.uk">darren.slowther@southnorfolkandbroadland.gov.uk</a>
<b>Portfolio Holder:</b>	Finance
<b>Wards Affected:</b>	All
<b>Purpose of the Report:</b>	This report sets out the authority's approach to the management of its borrowings, investments and cash flows.

### Recommendations:

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

1. This Treasury Management Strategy Statement 2023/24
2. The Treasury Management Policy Statement 2023/24 (**Appendix 1**)
3. The Annual Investment Strategy 2023/24 (**Appendix 2**)
4. The Treasury Management Practice (TMP1) (**Appendix 3**)
5. The Treasury Management Scheme of Delegation (**Appendix 4**)
6. The Prudential Indicators (**Appendix 5**)
7. The Minimum Revenue Provision (MRP) Statement (**Appendix 6**).

### 1 SUMMARY

- 1.1 This report sets out the Treasury Management Strategy Statement 2023/24 and associated policies.
- 1.2 It is a regulatory requirement that these be approved annually by Full Council.

## 2 DEFINITION AND PRINCIPLES

- 2.1 The Chartered Institution of Public Finance and Accountancy (CIPFA) defines treasury management as:
- “The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 2.2 DLUHG and CIPFA have extended the meaning of ‘*investments*’ to include both financial and non-financial investments. This Treasury Management Strategy Statement deals solely with financial investments. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
- 2.3 There are 3 key treasury management principles:
1. **Security** – To ensure monies are not placed at undue risk, by ensuring all monies are invested in appropriate counterparties or instruments commensurate with the organisation’s risk appetite.
  2. **Liquidity** - To ensure that cash flow is adequately planned, with cash being available when it is needed, and that sufficient funding is available to finance the organisation’s capital investment plans.
  3. **Yield** - To maximise investment returns (commensurate with risk) and minimise borrowing costs to minimise the costs to the organisation.
- 2.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as “non-treasury” activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities. The exception to this is commercial loans made primarily for yield (as opposed to primarily for service reasons).

## 3 TREASURY MANAGEMENT STRATEGY STATEMENT

- 3.1 This Treasury Management Strategy Statement for 2023/24 encompasses a number of areas as follows:
- |            |   |
|------------|---|
| Section 4  | Treasury Management Policy Statement                              |
| Section 5  | Annual Investment Strategy  |
| Section 6  | Expected Investment Returns                                       |
| Section 7  | Treasury Management Practices                                     |
| Section 8  | Treasury Management Scheme of Delegation & Reporting Requirements |
| Section 9  | Policy on use of External Service Providers                       |
| Section 10 | Prudential Indicators   |
| Section 11 | Minimum Revenue Provision (MRP) Policy Statement                  |
| Section 12 | Borrowing Strategy  |
| Section 13 | Prospects for Interest Rates                                      |

- 3.2 These documents do not tend to change significantly from year to year. However it is a regulatory requirement that these be approved annually by Full Council.
- 3.3 On 20<sup>th</sup> December 2021 CIPFA published revised Treasury Management and Prudential Codes. Formal adoption was not required until the 2023/24 financial year, therefore those changes are incorporated in this report for the first time for 2023/24. This Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval. The revised codes have the following implications:
- 3.4 The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes:

### **Treasury management**

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

### **Service delivery**

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

### **Commercial return**

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

- 3.5 The revised Treasury Management Code also requires authority to implement the following:

Adopt a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;

Long-term treasury investments, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;

Pooled funds are to be included in the indicator for principal sums maturing in years beyond the initial budget year;

Amendment to the knowledge and skills register for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;

Reporting to members is to be done quarterly. Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring;

Environmental, social and governance (ESG) issues to be addressed within an authority's treasury management policies and practices (TMP1).

3.6 The main requirements of the Prudential Code relating to service and commercial investments are: -

The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services;

An authority must not borrow to invest for the primary purpose of commercial return;

It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose;

An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;

A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;

Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

3.7 An authority's Capital Strategy or Annual Investment Strategy should include:

The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives,

risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;

An assessment of affordability, prudence and proportionality in respect of the authority's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services);

Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;

Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);

Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy);

State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return;

- 3.8 As this Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report. However, as investments in commercial property have implications for cash balances managed by the treasury team, it will be for the authority to determine whether it feels it is relevant to add a high level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three year time horizon of this report, (or a longer time horizon if that is felt appropriate).

## 4 TREASURY MANAGEMENT POLICY STATEMENT

- 4.1 In line with CIPFA's Treasury Management in the Public Services: Code of Practice the Council maintains a Treasury Management Policy Statement. This is the cornerstone for effective treasury management.
- 4.2 This Treasury Management Policy Statement is included in **Appendix 1** and details the policies, objectives and approach to risk management of the Council's treasury management activities, including policies where the Council has commercial investments held for financial return.
- 4.3 It is this Policy that sets out that the Council's primary objective in relation to investments is the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important but are secondary and tertiary considerations respectively.

## 5 ANNUAL INVESTMENT STRATEGY

- 5.1 The Annual Investment Strategy sets out the Authority's:
- Investment Approach
  - Investment Risk Management Policy
  - Creditworthiness Policy
  - Other Investment Limits
  - Investment Risk Benchmarking
- 5.2 As at the end of December 2022 the Council had treasury investments of £48.1m. However, the application of resources (capital receipts, reserves etc.) to finance capital expenditure is expected to reduce the level of investments over time.
- 5.3 The Annual Investment Strategy categorises investments between:
- **Specified investments.** Investments that have a high level of credit quality and are subject to a maturity limit of one year.
  - **Non-specified investments.** Investments with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration before being authorised for use.
- 5.4 The Annual Investment Strategy also sets time and monetary limits for institutions on the Council's counterparty list.

## 6 EXPECTED INVESTMENT RETURNS

- 6.1 The bank rate rose from 3.00% to 3.50% in December 2022, the eighth change in the rate in 12 months. Forecasts from Link Asset Services (Link), the Council's appointed treasury advisors, anticipate that the rate will peak at 4.50% by December 2023 and have declined to 4.00% by March 2023. However as interest rates have been volatile in recent months, it has been assumed that investment earnings on short term and money market-related instruments will achieve a rate of return of 3.00% for 2023/24.
- 6.2 In addition, an investment return is being generated on our externally managed funds of approximately £25,000 a month.
- 6.3 On the basis of the assumptions in 6.1 and 6.2 above, the expected investment return for 2023/24 has been calculated as £1,104,000.
- 6.4 For comparison the investment return in 22/23 is expected to be c£1,050,000.



## 7 TREASURY MANAGEMENT PRACTICES (TMPs)

- 7.1 Treasury Management Practices set out the manner in which the Council will seek to achieve the Treasury Management policies and objectives, and prescribe how it will manage and control those activities.
- 7.2 Treasury Management Practice (TMP1) Credit and Counterparty Risk Management is included as **Appendix 3**.

## 8 TREASURY MANAGEMENT SCHEME OF DELEGATION, REPORTING REQUIREMENTS AND TRAINING

### Scheme of Delegation

- 8.1 The Council delegates:
- responsibility for the implementation and monitoring of its treasury management policies and practices to Cabinet, and
  - responsibility for the execution and administration of treasury management decisions to the Section 151 Officer.
- 8.2 The Council also nominates the Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 8.3 Further details are included in **Appendix 4**.

### Reporting Requirements

- 8.4 Members are required to receive and approve, as a minimum, three treasury reports each year as follows:
1. **Treasury Management strategy** (this report) – This is forward looking and covers the plans for the year ahead. Approval is through Cabinet and then Council
  2. **A mid-year treasury management report** – This is a progress report and will update on the mid-year treasury management position. Approval is through Cabinet.
  3. **An annual treasury report** – This is a backward looking document and provides details of actual treasury management operations compared to the estimates. Approval is through Cabinet and then Council
  4. In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. This role is undertaken by the Corporate Leadership Team. The reports, specifically, should comprise updated Treasury/Prudential Indicators.

## Training

- 8.5 The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The Code states that there is an expectation that all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.
- 8.6 The training needs of treasury management officers and members are periodically reviewed.

## **9 POLICY ON USE OF EXTERNAL SERVICE PROVIDERS**

- 9.1 The Council recognises that responsibility for treasury management decisions remains with the Council at all times, and will ensure that undue reliance is not placed upon the services of our external service providers.
- 9.2 All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.
- 9.3 The Council currently uses Link as its external treasury management advisors.
- 9.4 The Council purchased units in Ninety One's pooled funds some time ago. Changes in the value of the Council's share reflect the net growth in the overall value of the funds. At the 31 December 22 the market value of the Diversified fund with Ninety One Asset Management totalled £7.234m.

## **10 PRUDENTIAL INDICATORS**

- 10.1 The CIPFA Prudential Code sets out a number of indicators for authorities to use to ensure that their capital expenditure plans are affordable. These fall under 2 subheadings:
- Prudential Indicators for Affordability
  - Prudential Indicators for Prudence.
- 10.2 The Council's proposed Prudential indicators are included as **Appendix 5**.

## 11 MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

- 11.1 The Council is required to pay off an element of its accumulated capital borrowing need (the CFR) through an annual revenue charge (the Minimum Revenue Provision - MRP).
- 11.2 The Council will use the Asset life method of calculating MRP, which means MRP will be based on the estimated life of the assets.
- 11.3 Further details about MRP are included in **Appendix 6**.

## 12 BORROWING STRATEGY

### Borrowing Requirement

- 12.1 The Authority is currently debt free, and the current capital expenditure plans show no need to borrow.

### Sources of Borrowing

- 12.2 The authority seeks to borrow at the most cost effective rate. It is therefore permitted to borrow from any of the following sources:
- PWLB – The primary source for most local authority borrowing due to its cost effective pricing structure (eg a percentage over gilt yields).
  - Bank overdraft – Can be cost effective for short term cashflow needs.
  - Other local authorities – Can be cost effective for shorter dated maturities out to 3 years or so.
  - Financial institutions (primarily insurance companies and pension funds but also some banks). Can be used to borrow out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
  - Municipal Bonds Agency – A developing viable alternative depending on market circumstances prevailing at the time of bond issue.

### Policy on Borrowing in Advance of Need

- 12.3 The authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed.
- 12.4 Any decision to borrow in advance will be within the approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 12.5 Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

## 13 PROSPECTS FOR INTEREST RATES

- 13.1 The Council has appointed Link as its treasury advisor and **Appendix 7** provides their advice on their advice on interest rates a number of other treasury related matters.

## 14 ISSUES AND RISKS

- 14.1 **Resource implications** – The Treasury Management Strategy ensures funding is available to meet the Council's needs. It also delivers investment income for the Council and helps to minimise the costs of borrowing.
- 14.2 **Legal implications** – Adoption of the CIPFA Code of Practice on Treasury Management is recommended by CIPFA and therefore falls within the remit of section 15 of the Local Government Act 2003.
- 14.3 Local authorities are required by Regulations 2 and 24 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146] to have regard to the current editions of the CIPFA codes of best practice.
- 14.4 **Equality implications** – Treasury decisions are made impartially, within the guidelines.
- 14.5 **Risks** – Treasury management is not risk free. The primary objective of the Council's Treasury Management function is to minimise risk to the principal amounts involved, whilst still maintaining optimum liquidity.

## 15 RECOMMENDATIONS

- 15.1 Cabinet is recommended to approve the following and recommend these to Council:
1. This Treasury Management Strategy Statement 2023/24
  2. The Treasury Management Policy Statement 2023/24 (**Appendix 1**)
  3. The Annual Investment Strategy 2023/24 (**Appendix 2**)
  4. The Treasury Management Practice (TMP1) (**Appendix 3**)
  5. The Treasury Management Scheme of Delegation (**Appendix 4**)
  6. The Prudential Indicators (**Appendix 5**)
  7. The Minimum Revenue Provision (MRP) Statement (**Appendix 6**).

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### Background Papers

CIPFA Treasury Management Code of Practice  
CIPFA Prudential Code of Practice

## Appendix 1: Treasury Management Policy Statement

The Council adopts the CIPFA definition of treasury management namely:

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

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

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

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

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

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

The Council, in making investments through its treasury management function, supports the ethos of socially responsible investments. We will actively seek to communicate this support to those institutions we invest in as well as those we are considering investing in by:

- encouraging those institutions to adopt and publicise policies on socially responsible investments;
- requesting those institutions to apply council deposits in a socially responsible manner.

## Appendix 2: Annual Investment Strategy

1. The Annual Investment Strategy sets out the Authority's:
  - Investment Approach
  - Investment Risk Management Policy
  - Creditworthiness Policy
  - Other Investment Limits
  - Investment Risk Benchmarking.

### Investment Approach

2. Cash investments will be made with reference to the core balance and cash flow requirements, and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).
3. Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow and to fund the Council's capital programme, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.
4. For its cash flow generated balances, the Council will seek to utilise instant access and notice accounts, money market funds and short-dated deposits, (overnight to 364 days), in order to benefit from the compounding of interest.
5. If there is a risk that the Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable. Conversely, if the risk is that Bank Rate is likely to fall significantly within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

### Investment Risk Management Policy

6. The Council's Investment Risk Management Policy has regard to the following:
  - DLUHC's Guidance on Local Government Investments ("the Guidance")
  - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
  - CIPFA Treasury Management Guidance Notes 2021.
7. As set out in the Treasury Management Policy Statement, the Council's investment priorities will be security first, portfolio liquidity second and then yield (return).
8. The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:
  - Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term

and long-term ratings.

- Other information: Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to monitor market pricings such as “credit default swaps” and overlay that information on top of the credit ratings.
  - Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
  - This authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists under the categories of ‘specified’ and ‘non-specified’ investments.
    - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
    - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
  - **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 12.
  - **Transaction limits** are set for each type of investment.
  - This authority will set a limit for the amount of its investments which are invested for longer than 365 days.
  - Investments will only be placed with counterparties from countries with a specified minimum sovereign rating.
  - This authority has engaged external consultants, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
  - All investments will be denominated in sterling.
9. This authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

10. As a result of the change in accounting standards for 2022/23 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Department for Levelling UP, Housing and Communities, [DLUHC], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending in 31/03/23). In December 2022, DLUHC announced that following further consultation, Ministers decided to extend the override to 31/03/2025.

### Creditworthiness Policy

11. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
  - It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
12. The Section 151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
13. Credit rating information is supplied by our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria may be suspended from use, with all others being reviewed in light of market conditions.
14. The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) is:
- Banks 1 - good credit quality – the Council will only use banks which:
    - i. are UK banks; and/or
    - ii. are non-UK and domiciled in a country which has a minimum sovereign Long-Term rating of AA, matching the UK's rating.and have, as a minimum, the following Fitch, Moody's and Standard & Poor's



credit ratings (where rated):

	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poor's</b>
<b>Short Term</b>	<b>F1</b>	<b>P1</b>	<b>A-1</b>
<b>Long Term</b>	<b>A-</b>	<b>A3</b>	<b>A-</b>

- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested. The Council's provider of banking services is Barclays Bank PLC.
- Bank subsidiary and treasury operation -. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building societies. The Council will use all societies which meet the ratings for banks outlined above
- Money Market Funds (MMFs) CNAV (consistent net asset value) – AAA
- Money Market Funds (MMFs) LVNAV (low volatility net asset value) – AAA
- Money Market Funds (MMFs) VNAV (variable net asset value) – AAA
- UK Government (including gilts, Treasury Bills and the Debt Management Account Deposit Facility (DMADF))
- Local authorities, parish councils etc subject to due diligence
- Housing associations subject to due diligence
- Wholly owned or Joint Ventures companies
- The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment, on the specific advice of the Authority's treasury management adviser and on the provision of appropriate security, e.g. through a charge on assets.

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

16. **External Fund Managers**

£8.334m of the Council's funds are externally managed on a pooled basis by Ninety One. The Council fully appreciates the importance of monitoring the activity and resultant performance of the funds. In order to aid this assessment, the Council is provided with regular reporting from its fund managers, including monthly statements

and quarterly commentaries. In addition to formal reports, the Council has named fund manager representatives who are available for consultation and advice as and when required.

### Time and monetary limits applying to investments

17. The criteria for specified and non-specified investments are detailed in TMP1. The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long Term Rating (or equivalent)	Money Limit	Time Limit
Banks 1 higher quality	AA-	£12.5m	2 years
Banks 1 medium quality	A	£10m	18 months
Banks 1 lower quality	A-	£7.5m	1 year
Banks 2 – part nationalised	N/A	£12.5m	2 years
Limit 3 category – Council's banker (not meeting Banks 1)	N/A	£12.5m	6 months
Other institutions limit	-	£5m	1 year
DMADF (debt management account deposit facility)	UK sovereign rating	unlimited	2 years
Local authorities	N/A	£7.5m	2 years
Housing associations higher quality	AA	£10m	2 years
Housing associations medium quality	A	£7.5m	1 year
Housing associations lower quality	A-	£5m	1 year
	Fund rating	Money Limit	Time Limit
Money Market Funds CNAV (constant net asset value)	AAA	£10m	liquid
Money Market Funds LVNAV (low volatility net asset value)	AAA	£10m	liquid
Money Market Funds VNAV (variable net asset value)	AAA	£10m	liquid

### Other Investment Limits

18. Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.
- a) **Country limit.**  
The Council has determined that it will only use approved counterparties from countries with a **minimum sovereign credit rating of AA** from Fitch (or equivalent).
- b) **Other limits.**  
In addition:
- no more than £5 million of total cash will be placed with any non-UK country at any time;
  - limits in place above will apply to a group of companies;
  - sector limits will be monitored regularly for appropriateness.

## Investment Risk Benchmarking

19. In order to ensure security, the Council will use appropriate benchmarks. These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report. The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:
  - 0.1% (1 in 1000) historic risk of default when compared to the whole portfolio.
  - This benchmark is an average risk of default measure and would not constitute an expectation of loss against a particular investment.
20. Liquidity – in respect of this area the Council seeks to maintain:
  - Bank overdraft - £0m
  - Liquid short-term deposits of at least £4m available with a week's notice.
21. Yield - local measures of yield benchmarks are:
  - Investments – internal returns above the 7-day SONIA (Sterling Overnight Index Average) rate, which is the risk-free rate for sterling markets administered by the Bank of England. SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors. Link, the Council's treasury advisors provide compounded SONIA rates to clients, including them in their regular reporting templates and digital publications.

### **Appendix 3: Treasury Management Practice (TMP1) Credit and Counterparty Risk Management**

1. Treasury Management Practices set out the manner in which the Council will seek to achieve the Treasury Management policies and objectives, and prescribe how it will manage and control those activities.
2. This TMP covers Credit and Counterparty Risk Management.

#### **Guidance**

3. DLUHC issued Investment Guidance in 2018, and this forms the structure of the Council's policy below.
4. The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and applies its principles to all investment activity. In accordance with the Code, the Section 151 Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

#### **Annual Investment Strategy**

5. The key requirements of both the Code and the investment guidance are to set an Annual Investment Strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:
  - The strategy guidelines for choosing and placing investments, particularly non-specified investments.
  - The principles to be used to determine the maximum periods for which funds can be committed.
  - Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
  - Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.
6. The investment policy proposed for the Council is:

#### **Specified Investments**

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

- The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
- Supranational bonds of less than one year's duration.
- A local authority, housing association, parish council or community council.
- Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's and / or Fitch rating agencies.
- A body that is considered to be of a high credit quality (such as a bank or building society). For category 5 this covers bodies with a minimum Short-Term rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies.

8. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are set out in the report in Appendix 2 para. 15.

### **Non-specified investments**

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

	<b>Non-Specified Investment Category</b>	<b>Limit (£)</b>
a.	<b>Gilt edged securities</b> with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	£5 million
b.	<b>The Council's own banker</b> if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	£12.5 million
c.	Any <b>bank or building society</b> that has a minimum long-term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£10 to £12.5 million depending on the institution
d.	Any <b>non-rated subsidiary</b> of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to the same criteria as for the parent company and assurance on the robustness of the group structure.	As per parent company, but total limit not to be exceeded

	<b>Non-Specified Investment Category</b>	<b>Limit (£)</b>
e.	<b>Share capital</b> in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. See note 1 below.	£20 million
f.	<b>Loan capital</b> in a body corporate. See note 1 below.	£30 million
g.	<b>Bond funds.</b> See note 1 below.	
h.	<b>Property funds</b> – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	

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

Within categories b and c, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies.

### [The Monitoring of Investment Counterparties](#)

11. The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly).
12. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest.
13. Any counterparty failing to meet the criteria will be removed from the list immediately by the Section 151 Officer, and new counterparties which meet the criteria will be added to the list.
14. The monitoring of counterparties Environmental, Social & Governance (ESG) factors is a developing area within the Treasury Code. ESG issues are increasingly significant for investors and investment managers. This is better developed in equity and bond markets than for short-term cash deposits, and there is a diversity of market approaches to ESG classification and analysis. This means that a consistent and developed approach to ESG for public service organisations is currently difficult. This is a developing area and the Code does not imply that an ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level. However, where appropriate and taking into account the prime considerations of security, liquidity, yield and counterparty limits the authority will endeavour to place investments that it considers suitable with regard to ESG criteria. Link continues to look at ways in which they can incorporate these factors into their creditworthiness assessment service and will continue to review the options and will update clients as progress is made.

## Approved Countries for Investments

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

### **Based on lowest available rating**

#### AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

#### AA+

- Canada
- Finland
- U.S.A.

#### AA

- France

#### AA-

- Belgium
- U.K.

16. The following countries, although they meet the minimum required sovereign rating, are not approved for investment.

#### AA

- Abu Dhabi (UAE)

#### AA-

- Hong Kong
- Qatar

## **Appendix 4: Treasury Management Scheme of Delegation**

The following Treasury Management Scheme of Delegation shall apply.

### **Full Council**

The following matters are the responsibility of Full Council:

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

### **Cabinet**

The following matters are delegated to Cabinet:

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

### **Corporate Leadership Team (CLT)**

The following matters are delegated to CLT:

- Receiving and reviewing additional monitoring reports (end of June/end of December, specifically comprising updated Treasury/Prudential Indicators) and acting on recommendations.

### **s151 (responsible) officer**

The following matters are delegated to the Council's s151 Officer:

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- Submitting regular treasury management policy reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.



- Ensuring the adequacy of internal audit, and liaising with external audit.
- Recommending the appointment of external service providers.
- Preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe of at least 20 years.
- Ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money.
- Ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority.
- Ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing.
- Ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources.
- Ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities.
- Provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees.
- Ensuring that members are adequately informed and understand the risk exposures taken on by an authority.
- Ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above.
- Creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:
  - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios.
  - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments.
  - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making.
  - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken.
  - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

## Appendix 5: Prudential Indicators

### Prudential Indicator for Affordability 1 - Capital expenditure

1. This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

	Estimated Outturn 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000
Total Capital Expenditure	15,319	12,209	7,705	1,791	1,814	1,739

### Prudential Indicator for Affordability 2 – Financing Cost to Net Revenue Stream

2. This prudential indicator calculates the ratio of financing costs to net revenue stream. Financing costs are broadly defined as the net of the return on investments and other financial assets, against the payments made on debt and similar financial liabilities.
3. This is a measure of the authority's ability to meet any debt payments from its revenue. An increasing positive figure indicates an increasing inability to meet such payments.

	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27	Estimate 2027/28
Financing Cost	-1,103,700	-1,092,700	-1,081,800	-1,081,800	-1,081,800
Net Revenue Stream	12,814,000	13,396,000	13,797,000	14,208,000	14,628,000
Ratio of Financing Costs to Net Revenue Stream	-8.61%	-8.16%	-7.84%	-7.61%	-7.40%

### Prudential Indicator for Affordability 3 – Capital Financing Requirement

4. The Capital Financing Requirement (CFR) is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
5. The table below summarises capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

	Estimated Outturn 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000
Total Capital Expenditure	15,319	12,209	7,705	1,791	1,814	1,739
Capital receipts	-1,998	-2,023	-828	-483	-373	-496
Capital grants	-5,057	-1,851	-1,594	-1,000	-1,000	-1,000
Revenue	-8,264	-8,335	5,283	-308	-441	-243
Net financing need for the year (borrowing required)	0	0	0	0	0	0

#### Prudential Indicator for Affordability 4 – External Debt

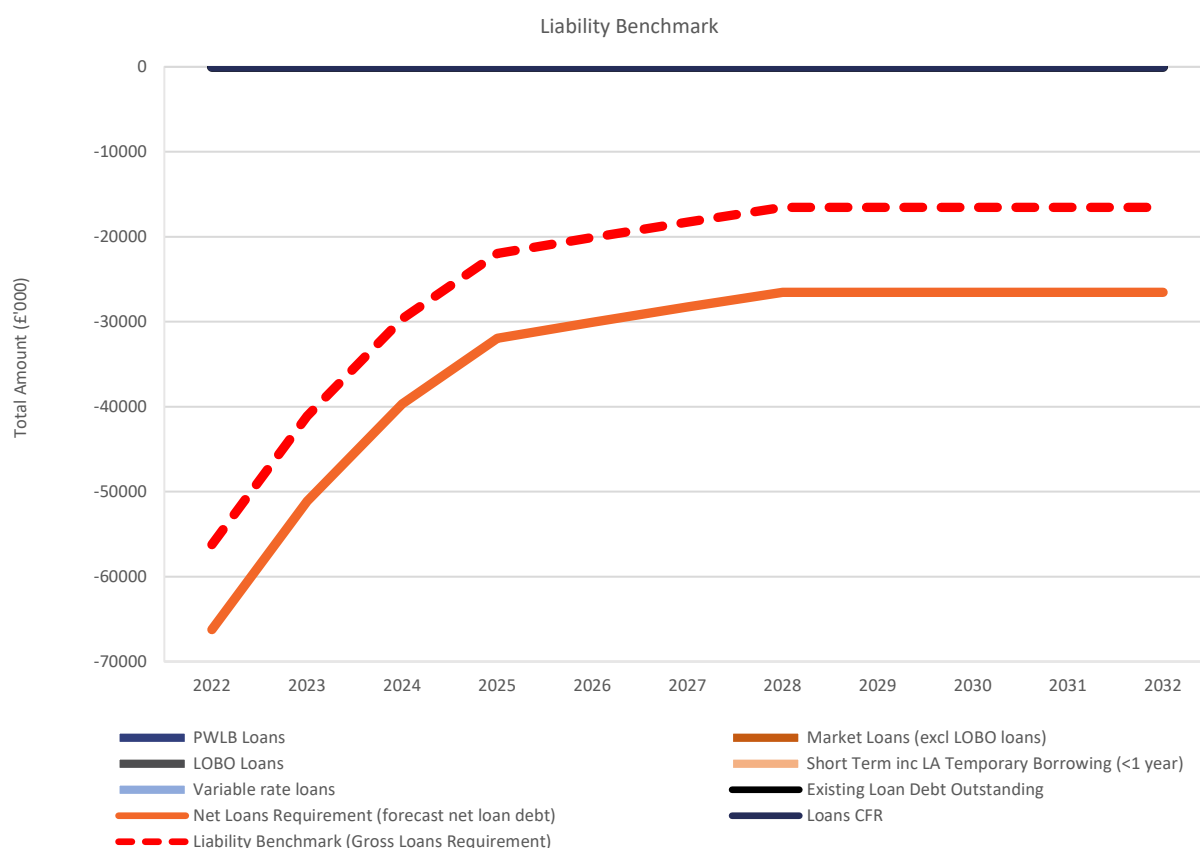
6. The **authorised limit** for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
7. The **operational boundary**. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

	Estimate 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000
Total CFR	0	0	0	0	0	0
External Borrowing	0	0	0	0	0	0
Total Debt	0	0	0	0	0	0
Authorised Limit	5,000	5,000	5,000	5,000	5,000	5,000
Operational Boundary	3,000	3,000	3,000	3,000	3,000	3,000

8. Full Council should be advised at the earliest opportunity if the Operational Boundary is exceeded. The Authorised Limit must not be exceeded without formal agreement in advance by Council.

## Prudential Indicator for Finance Risk Management – Liability Benchmark

9. A new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum. There are four components to the Liability Benchmark:-
10. **Existing loan debt outstanding:** the Council's existing loans that are still outstanding in future years. As the Council is debt free with no planned borrowing this does not apply in the LB graph.
11. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
12. **Net Loans Requirement:** this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
13. **Liability Benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance. As the Council is debt free with no borrowing required, the graph below shows investment levels for the duration of the capital programme as profiled to 2027-28.



## Prudential Indicator for Prudence 1 – Gross Debt and the Capital Financing Requirement

14. Within the range of prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well-defined limits.
15. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.
16. The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting that the Council has not anticipated the need to undertake any external or internal borrowing for the duration of the projected period.

	Estimate 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000
External Debt at 1 April	0	0	0	0	0	0
Expected change in External Debt	0	0	0	0	0	0
Actual gross external debt at 31 March	0	0	0	0	0	0
The Capital Financing Requirement	0	0	0	0	0	0
(Under)/over borrowing	0	0	0	0	0	0

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

### **Prudential Indicator for Prudence 2- Maturity structure of borrowing**

18. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

	Lower Limit (Cumulative)	Upper Limit (Cumulative)
Under 12 months	0%	50%
12 months to 2 years	0%	80%
2 years to 5 years	0%	90%
5 years to 10 years	0%	95%
10 years and above	0%	100%

19. If the authority decides to take up long-term debt to finance a major capital project in the future, it will discuss the matter with its treasury advisors to determine the best option in terms of repayment pattern, term and whether fixed or variable rates would be more efficient.

### **Prudential Indicator for Prudence 3 – Principal sums invested for longer than 365 days**

20. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

	Estimate 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000
Principal sums invested for longer than 365 days	5,000	5,000	5,000	5,000	5,000	5,000

## Appendix 6: MRP Statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options as follows for calculating MRP, but the Authority can use any other reasonable basis that it can justify as prudent.

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

The Council has adopted Option 3 as its policy.

This means MRP will be based on the estimated life of the assets, in accordance with the regulations. This option provides for a reduction in the borrowing need over approximately the asset's life.

The MRP policy statement requires full council approval (or closest equivalent level) in advance of each financial year.

MRP in respect of leases brought on balance sheet under the IFRS-based Local Authority Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP. If the Council borrows to fund these loans, the Capital Financing Requirement (CFR) will increase by the amount of loans advanced and once loans are repaid to the Authority the CFR will reduce accordingly.

### MRP Overpayments

Any MRP charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2022 the total VRP overpayments were £0.

## Appendix 7: Prospects for Interest Rates

The Council has appointed Link as its treasury advisor and t part of their service is to assist the Council to formulate a view on interest rates. This appendix provides this and their advice on a number of treasury related matters.

### Interest Rates

Link provided the following forecasts on 08.11.22. These are forecasts for certainty rates, gilt yields plus 80bps:

Link Group Interest Rate View	08.11.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>BANK RATE</b>	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

### **Additional notes by Link on this forecast table: -**

Our central forecast reflects a view that the MPC will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government's policy of emphasising fiscal rectitude will probably mean Bank Rate does not now need to increase to further than 4.5%.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation will peak at close to 11% in Q4 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market. Wage increases, excluding bonuses, are currently running at 5.7%.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

### Gilt yields / PWLB rates

Yield curve movements have become less volatile under the Sunak/Hunt government. PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.50%. The medium to longer part of the yield curve is currently inverted (yields are lower at the longer end of the yield curve compared to the short to medium end).



We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook but markets are volatile and further whipsawing of gilt yields across the whole spectrum of the curve is possible.

**Downside risks to current forecasts for UK gilt yields and PWLB rates include: -**

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

**Upside risks to current forecasts for UK gilt yields and PWLB rates: -**

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than we currently expect.
- **The Government** acts too slowly to increase taxes and/or cut expenditure to balance the public finances, in the light of the cost-of-living squeeze.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly, if inflation numbers disappoint on the upside, and pull gilt yields up higher than currently forecast.

### Investment and Borrowing Rates

Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are now above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

### Creditworthiness

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

### CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

## **COUNCIL TAX ASSISTANCE SCHEME 2023/24**

**Report Author:**

Lindsay Sayer  
Housing and Benefits Manager  
01603 430632  
[lindsay.sayer@southnorfolkandbroadland.gov.uk](mailto:lindsay.sayer@southnorfolkandbroadland.gov.uk)

**Portfolio:**

Finance

**Wards Affected:**

All Wards

**Purpose of the Report:**

The purpose of this report is to obtain agreement to adopt the current Council Tax Assistance Scheme, with no changes, for the financial year 2023/24

**Recommendation:**

That Cabinet **Recommends to Council** the proposal and approves the Council Tax Assistance scheme for 2023/24.

## **1 SUMMARY**

- 1.1 Council Tax Assistance (CTA) is a discount scheme which reduces Council Tax bills to a more affordable level for low-income households.
- 1.2 The Council is required to review its Council Tax Assistance Scheme annually.
- 1.3 The Council needs to approve the scheme, and any changes, by 11 March and adopt the revised scheme from 1 April each year.
- 1.4 There are no changes proposed for this year.

## **2 BACKGROUND**

- 2.1 From 1 April 2013, the Government abolished the national Council Tax Benefit system. Since then, each billing authority is required to set a Council Tax Assistance scheme for the year ahead.
- 2.2 Each year the billing authority must consider whether or not to revise its scheme or replace it with another one. This must be agreed by 11 March of the financial year preceding the effective date of the revisions.
- 2.3 Government sets out how the scheme must operate for pensioners under prescribed regulations but allows local authorities to shape their own scheme for those of working age.
- 2.4 In previous years amendments to the scheme have been made to reflect national welfare reform changes, to streamline administrative processes, and to ensure that assistance reaches our most vulnerable residents.

## **3 CURRENT POSITION/FINDINGS**

- 3.1 Last year following a comprehensive review, a number of changes were made to the scheme to increase efficiency of assessment and to ensure that we targeted financial help towards those most in need.
- 3.2 Thorough analysis of the impact that these changes have made would not be possible until the scheme has been in place for a full financial year.
- 3.3 Any future changes to the scheme will be considered once an analysis has been undertaken on the current scheme. The timescale of modelling and consulting any proposed changes, in addition to going through the formal governance process, is approximately a year. Therefore, we will not be proposing any changes to the scheme until at least the financial year 2024/25.
- 3.4 The Benefit team is also due to implement a new IT system for benefit assessment in October 2023. It is not yet known what opportunities the system will provide for automation of the assessment of Council Tax Assistance. It is imperative to fully

investigate the parameters of the new system before considering any changes to the scheme to accommodate this.

- 3.5 There have been no welfare policy announcements this year that would necessitate any amendments to the scheme.
- 3.6 The continuation of the cost-of-living crisis also means that it is important we provide stability to our residents.

#### **4 PROPOSED ACTION**

- 4.1 There has not been sufficient time to consider the impact on residents of the changes made to the scheme in 2022/23. Due to this, and the fact that no policy changes have occurred that would require a reconsideration of the scheme, we are not proposing any changes for 2023/24.
- 4.2 This will also ensure stability to residents and continue to support those that need our help, which is especially important as the cost-of-living crisis is due to continue into 2023.

#### **5 ISSUES AND RISKS**

- 5.1 The continued roll out of Universal Credit in the Broadland area will continue to have an impact on the Council Tax Assistance Scheme, both in its administration and the amount households will receive, however the tolerance scheme which was introduced in 2020 provides mitigation for this. Any possible automation of assessment will also be considered although, as noted above, the potential for this is not yet known.
- 5.2 The impact the increase in the cost of living will have on household expenses is likely to be considerable for the foreseeable future. It is not expected, however, that this will have a significant impact on the number of residents eligible for CTA, due to this being means tested support based on income. Cost of living issues that residents are facing are largely due to increased expenditure, rather than decreased income. The cost of the CTA scheme to the Council is not, therefore, expected to increase significantly in the financial year 2023/24.
- 5.3 Additional support that vulnerable residents may require, which is not covered by Council Tax Assistance, can be considered under the discretionary scheme.
- 5.4 **Resource Implications** – Changes made to the scheme in 2021/22 ensures we are able to continue to administer this with current resources.
- 5.5 **Legal Implications** – Schedule 4 of the Local Government Finance Act 2012 states that local authorities must consider revising or replacing its Council Tax Assistance Scheme every year. Failure to do so by 11 March may lead to intervention from the Secretary of State.

5.6 **Equality Implications** – There are no equality implications with the proposal.

5.7 **Environmental Impact** – n/a

5.8 **Crime and Disorder** – n/a

5.9 **Risks** - If the Council does not approve the Scheme by 11 March then the current Scheme will continue unchanged and may be subject to intervention by the Secretary of State.

The continuation of the cost-of-living crisis may provide unforeseen issues that the scheme may not account for.

## **6 CONCLUSION**

6.1 There are no changes proposed to the scheme for the financial year 2023/24. This is due to a) the significant number of changes made to the Council Tax Assistance Scheme last year, b) to provide stability to residents during the cost-of-living crisis, and c) there are no welfare policy announcements this year that would necessitate any amendments to the scheme

## **7 RECOMMENDATIONS**

7.1 That Cabinet Recommends to Council the proposal and approves the Council Tax Assistance scheme for 2023/24.

## **Forward Plan**

The Forward Plan sets out the decisions that the Cabinet will be taking over the coming months. The Plan identifies which decisions are key and also highlights the decisions that Cabinet intend to take, which may result in part of the meeting being held in private.

This document will be updated and republished on the Council's website each month. Any queries relating to the Plan should be forwarded to Democratic Services, Thorpe Lodge, 1 Yarmouth Road, Thorpe St Andrew, Norwich, or via email at [committee.bdc@southnorfolkandbroadland.gov.uk](mailto:committee.bdc@southnorfolkandbroadland.gov.uk)

### **What is a Key Decision?**

Key Decisions are those that are likely:

- (a) to result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates; or
- (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the local authority.

### **Why might a decision be made in private?**

The public may be excluded from a meeting whenever it is likely that in view of the nature of the business to be transacted, exempt information will be disclosed, for example, information which may reveal the identity of an individual or relates to the financial or business affairs of an individual or organisation. Information should only be made exempt, if it is in the public interest to do so.

### **Members of the Cabinet:**

Shaun Vincent (Chairman) – Policy  
Trudy Mancini-Boyle (Vice-Chairman) – Finance  
Jo Copplestone – Economic Development

Jonathan Emsell – Transformation & Organisational Development  
Judy Leggett – Environmental Excellence  
Fran Whymark – Communities, Housing and Planning

<b>Report subject</b>	<b>Decision making body</b>	<b>Date of Decision</b>	<b>Key Decision ?</b>	<b>Contact officer</b>	<b>Decision to be taken in Public or Private</b>
Revenue Budget and Council Tax Budget 23/24	Cabinet Council	7 February 2023 23 February 2023	Key Decision	Rodney Fincham Assistant Director Finance	Public
Treasury Management Strategy Statement 23/24	Cabinet Council	7 February 2023 23 February 2023	Key Decision	Rodney Fincham Assistant Director Finance	Public
Council Tax Assistance	Cabinet Council	7 February 2022 23 February 2023		Richard Dunsire Housing and Wellbeing Senior Manager	Public
Capital Strategy and Capital Programme 23/24 to 27/28	Cabinet	7 February 2023 23 February 2023	Key Decision	Rodney Fincham Assistant Director Finance	Public
Health and Wellbeing Partnerships Funding Delegations	Cabinet	7 February 2023		Jamie Sutterby Director of People and Communities	Public
Norfolk Green Infrastructure and Recreational Avoidance and Mitigation Strategy (GIRAMS) – Governance	Cabinet	21 March 2023	Key Decision	Paul Harris Place Shaping Manager	Public
Greater Norwich 5-year Infrastructure Investment Plan	Cabinet Council	21 March 2023 23 March 2023	Key Decision	Paul Harris Place Shaping Manager	Public



<b>Report subject</b>	<b>Decision making body</b>	<b>Date of Decision</b>	<b>Key Decision ?</b>	<b>Contact officer</b>	<b>Decision to be taken in Public or Private</b>
Streetlight Upgrades in Broadland	Cabinet	21 March 2023		Debra Baillie-Murden Programme Manager – Economic Growth	
Broadland Country Park Business Plan	Cabinet	21 March 2023		Annie Sommazzi Clean Growth and Sustainability Manager	Private Report will include commercially sensitive information
Performance Report Quarter 3	Cabinet	21 March 2023		Sinead Carey Strategy and Intelligence Manager	Public
Regulation of Investigatory Powers (RIPA) Policy	Cabinet	21 March 2023	Key Decision	Nick Howard Assistant Director Regulatory	Public
Disposal of Land	Cabinet	21 March 2023	Key Decision	Emily Larter	Private Report will include commercially sensitive information
Council Tax (2 <sup>nd</sup> Homes) – Additional Premium	Cabinet Council	21 March 2023 23 March 2023		Rodney Fincham Assistant Director Finance	
Handyperson Fees	Cabinet	21 March 2023		Mike Pursehouse Assistant Director Individuals and Families	
Health and Wellbeing Strategy	Cabinet	18 April 2023		Mike Pursehouse Assistant Director Individuals and Families	Public

Please note that decision dates are indicative and occasionally subject to change

**NOT FOR PUBLICATION BY VIRTUE OF SCHEDULE 12A OF PART 1  
PARAGRAPH 3 OF THE LOCAL GOVERNMENT ACT 1972 (AS AMENDED) BY  
THE LOCAL AUTHORITIES (ACCESS TO INFORMATION) (VARIATION) ORDER  
2006 (contains information relating to the financial or business affairs of any  
particular person (including the authority holding that information))**

Pages 90 to 93 are not available to the public because the information is confidential as it includes exempt information about the financial or business affairs of a person

**CABINET**

**Tuesday 7 February 2023**

**Final Papers**

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**DEMOCRATIC SERVICES**

**Broadland District Council**

Thorpe Lodge, 1 Yarmouth Road, Norwich, NR7 0DU

Email: [committee.bdc@southnorfolkandbroadland.gov.uk](mailto:committee.bdc@southnorfolkandbroadland.gov.uk)

## **Health and Wellbeing Partnership Funding Delegations**

**Report Authors:**

Jamie Sutterby  
Director of People and Communities  
01508533703  
[jamie.sutterby@southnorfolkandbroadland.gov.uk](mailto:jamie.sutterby@southnorfolkandbroadland.gov.uk)

Abigail Langley  
Health and Wellbeing Partnership Officer  
01508508712  
[abigail.langley@southnorfolkandbroadland.gov.uk](mailto:abigail.langley@southnorfolkandbroadland.gov.uk)

**Portfolio:**

Communities, Housing and Planning

**Wards Affected:**

All

**Purpose of the Report:**

The purpose of the report is to inform Members about the Health and Wellbeing Partnerships and ensure the correct delegations are in place for the money Broadland District Council holds for allocation by the Broadland Health and Wellbeing Partnership.

**Recommendations:**

1. To delegate authority to accept moneys offered to Broadland District Council by the Health and Wellbeing Partnerships to the Director of People and Communities in consultation with the Portfolio Holder for Finance.
2. To delegate the spend of any Health and Wellbeing Partnership money allocated to Broadland District Council to the Director of People and Communities in consultation with the Portfolio Holder for Communities, Housing and Planning.

## **1. Summary**

- 1.1 Broadland District Council is the holder of money from Norfolk County Council for allocation by the Broadland Health and Wellbeing Partnership. The spend of Covid Recovery Funding has already been delegated to the Director of People and Communities and the relevant Portfolio Holder in June 2021, however the Better Care Fund is money that partners within the Health and Wellbeing Partnership have had to bid for and is now arriving into the Council's account, meaning Broadland District Council is financially accountable. For this to be utilised in accordance with the funding agreements, this report recommends delegation of the money to the Director of People and Communities in consultation with the relevant Portfolio Holder.

## **2. Background**

- 2.1 Integrated Care Boards became legal entities in April 2022. They replaced the former CCG for Norfolk and Waveney, and exist to work with the Integrated Care System to achieve the following aims:
- Improve outcomes in population health and healthcare
  - Tackle inequalities in outcomes, experience, and access
  - Enhance productivity and value for money
  - Help the NHS support broader social and economic development.
- 2.2 NHS [guidance](#) and the health and social care [white paper](#) informing the development of ICS' offers two important principles. One is collaboration over competition, and the second is the principle of subsidiarity. Both principles play strongly to the work of the District Council as an outward facing and progressive partner when working on complex problems, and as an organisation which prides itself for knowing and being at the heart of its community.
- 2.3 Health and Wellbeing Partnerships were set up as part of the newly formed concept of 'place' within the Integrated Care System. They are based on a local government boundary to bring together colleagues from county and district councils, health services, wider voluntary, community and social enterprise sector organisations, and other partners, bringing together the levers which affect the wider determinants of an individual's health and wellbeing (shown in the diagram below). They enable the district councils to play their natural place-based leadership and convening role, on behalf of their residents, and also to draw more delegated authority and resources to a local level and closer to the community it will serve.



- 2.4 The Broadland Health and Wellbeing Partnership meets once a month, existing since May 2022, and Chaired by the Portfolio Holder for Communities, Housing and Planning. The Partnership works within the framework of the Norfolk Health and Wellbeing Board and the Norfolk and Waveney Integrated Care Partnership, in which the Portfolio Holder sits as a voting member.
- 2.5 Council officers are investing time in this as the Health and Wellbeing Partnerships focus on the wider determinants of health that district councils have so much influence over. Their vision is to give every person in Broadland equal opportunities to live healthier, happier lives, and the purpose is to collectively drive strategies and activities for Broadland that:
- Promote good health and wellbeing of communities
  - Address the wider determinants of poor health
  - Tackle health inequalities
  - Develop and deploy support which prevents crises
  - Align, develop, and influence health and wellbeing services and commissioning
  - Support people to live well in their own homes.

### 3. Current position/findings

- 3.1 Health and Wellbeing Partnerships offer a significant opportunity for Broadland District Council.
- 3.1.1 Their intention to affect health inequality and the wider determinants of health plays strongly to our corporate plan and strategic objective of 'supporting individuals and empowering communities' and support the delivery of our Delivery Plan actions:
- *SI18: Delivering a locality Health and Wellbeing Strategy*
  - *SI15: Development of our successful help hub and partnership approach*
  - *J3: Refreshed post-Covid approach to support good physical and mental health through well-placed/times interventions.*
- 3.1.2 They offer the opportunity to continue to draw funding from system wide and national bodies to further develop in partnership our work on prevention and our model of early help. Key to our success, ably demonstrated through COVID and our cost-of-living response, has been the development of services

such as community connectors, social prescribing, district direct, broadly active and debt and welfare support.

- 3.2 In order to aid their development, Norfolk County Council has invested money into all Health and Wellbeing Partnerships in Norfolk. This has taken the form of £300,950 of 'Containing Outbreak Management Funding' (COMF) money in 22/23 named Covid Recovery Funding (CRF) from Norfolk Public Health as part of the ongoing recovery from COVID. This money has been allocated to initiatives by the partnership members. In addition, Adult Social Care have allocated £82,000 of recurring funding from the Better Care Fund (BCF) to help further objectives of the BCF locally. It is expected that Norfolk Public Health will offer funding for the next two financial years to continue to fund local work.
- 3.3 The Public Health money for 22/23 is part of the COMF funding of which the council has received and deployed a significant amount of funding under delegations obtained in June 2021, and follows a similar governance process so far as the requirements of Government for COMF funding and an SLA which covers its devolvement to District Councils, to be spent by the Health and Wellbeing Partnerships, in which the District Council is a partner.
  - 3.3.1 The CRF specification states that the district council is the **holder** of the funding, and the "allocation of this funding will be determined by the newly formed Health and Wellbeing Partnerships in accordance with their agreed and evidenced priorities for their place." Therefore, Broadland District Council is not the accountable body. This money flows through the Council and will make no difference to the Council's net revenue budget.
- 3.4 Delegation of the CRF moneys have already been given to the Director of People and Communities and the relevant Portfolio Holder, under existing COVID delegations. However, in the case of the BCF, the Health and Wellbeing Partnerships were allocated £82,000 each. Broadland Health and Wellbeing Partnership invited partners to bring forward bids which were evaluated by the Partnership's leadership team and were submitted to Norfolk County Council to the Assistant Director of Community Commissioning and the Assistant Director of Social Care and Health Commissioning for their approval. Three joint projects with South Norfolk Health and Wellbeing Partnership were successful in getting approval from Norfolk County Council. Broadland District Council will now receive the money from Norfolk County Council to allocate to these projects, making the Council the accountable body. Therefore, before the money is released delegated authority is required for the Director of People and Communities in consultation with the Portfolio Holder for Communities, Housing and Planning to enable the money to be allocated and spent as it was intended.
- 3.5 To track and monitor these projects and spend of funding, the Health and Wellbeing Partnership has developed a programme structure to ensure that any funding deployed has been used for its intended purpose, and also to review the impact and outcomes for residents which it delivers.
- 3.6 The funding received for 22/23 came very early in the Health and Wellbeing Partnership's development. In parallel, the Partnership is developing a Health and Wellbeing Strategy (led by the district council). This strategy will use a strong multi agency evidence base to set out the issues which most greatly affect our residents' health and wellbeing. This will provide a framework from which the

partnership can deploy resources in a more prioritised way in the future and continue to develop its work programme. This strategy is expected to be received by Cabinet in April 23.

#### 4. Proposed action

- 4.1 The Covid Recovery Funding from Public Health begun in April 2022 and has been allocated by the Broadland Health and Wellbeing Partnership to the following projects under workstreams:

Workstream	Project	Funding source	Spend
<b>Hardship Support</b>	Help Through Crisis <i>Provide structured support to those individuals in or entering crisis by creating personal plans that offer planned and staged help from multiple partners.</i>	CRF	£9750
	Norfolk Care Academy <i>Recruitment, training and support opportunity for care staff.</i>	CRF	£3500
	Hardship Innovation Fund <i>A workshop with people working in hardship support within the district to propose pilot projects to be funded to improve support to people who are experiencing hardship and grow their ability to stay well and live independently.</i>	BCF	£12,081
<b>Healthy Living</b>	Diet and Nutrition <i>Aims to provide resource and support to community food facilities through a Healthy Choices Fund through Norfolk Community Foundation, and focusing on proportionately targeting resource to improve inequalities in health.</i>	CRF	£60,000
	The Hub Space (Outreach vehicle) <i>A mobile studio space for any 'activity' to support communities and specific target groups. It enables the hub services to be provided on demand in any area of the district.</i>	CRF	£27,500
	Active NoW <i>Expanding Active NoW to people who have social vulnerabilities or socio-economic need who would benefit from guided help and access into physical activity and wellbeing interventions.</i>	BCF	£18,107
	Stroke Reach <i>Proactively contacting recent stroke survivors with a view to offering a tailored exercise referral programme through Broadly Active. This will enhance and also facilitate a conduit to other support services through the Social Prescribers.</i>	BCF	£51,812
<b>Social Prescribing in Secondary Care</b>	Social Prescribing in Secondary Care <i>4 Social Prescribers are made available to outpatient clinics at the NNUH. They will make contact with the patient and see them at home or another community setting of their choice.</i>	CRF	£90,000



<b>Mental Wellbeing</b>	Mindful Towns and Villages <i>Delivering free wellbeing and mental health awareness training through NSFT and Mental Health Champion training to local community groups, businesses, shops, pubs, etc. This raises awareness at the most local level and build a genuinely available group of people who can provide support and a 'listening ear'.</i>	CRF	£65,500
	Evaluation of Children's Bereavement Services <i>Nelson's Journey will deliver and evaluate children's bereavement services and needs for young people aged under 18 within Broadland.</i>	CRF	£13,000
<b>Co-production</b>	Co-production training <i>Healthwatch Suffolk's Co-production Ambassadors will deliver a training session to engaged partners to align the Partnership's understanding of co-production and formulate a bespoke action plan that will help the Partnership establish the necessary culture and ambition.</i>	CRF	£680
<b>CRF total allocated:</b>			<b>£269,930</b> out of £300,095
<b>BCF total allocated:</b>			<b>£82,000</b> out of £82,000

4.2 There is £31,020 remaining in the Covid Recovery Funding to date.

4.3 The partnership has oversight through receiving updates from each project every month to ensure they are meeting the agreed outcomes within the time and resource constraints.

## 5. Other options

5.1 Not accepting the money. This would result in a missed opportunity for a new approach to health and wellbeing.

## 6. Issues and risks

6.1 **Resource Implications** – the proposed delegation will allow the money received from Public Health for allocation by the Health and Wellbeing Partnership to be used according to the funding agreement. There are no resource implications as Officers are working with the Health and Wellbeing Partnership within existing resources, and partnership working has been done by the Council for a number of years already.

6.2 **Legal Implications** – there are no legal implications.

6.3 **Equality Implications** – there are no equality implications.

- 6.4 **Environmental Impact** – a project called ‘Mobile Hub’ under the Healthy Living workstream involves the mitigation of carbon footprint of the outreach vehicle. This is currently being mitigated by considering the use of HVO fuel to minimise negative impact on the environment.
- 6.5 **Crime and Disorder** – the proposal will have no impact on crime and disorder.
- 6.6 **Risks** – there is a risk that the money is not spent within the time limit. This will be mitigated through the creation of the Health and Wellbeing Strategy which will outline priorities in which to drive investment of funding in advance of the deadline. There is also a general risk of projects stopping and the reputational risk this may cause. The Health and Wellbeing Partnership Officer and partners will mitigate this risk by consistently providing monthly updates and monitoring of projects to the Partnership.

## **7. Conclusion**

- 7.1 The money from Norfolk County Council to be allocated by the Health and Wellbeing Partnerships is being held by district Councils. As the Communities, Housing, and Planning Portfolio Holder is the Chair of the Broadland Health and Wellbeing Partnership, and the Director of People and Communities is the District Lead, the delegation of the moneys will allow the Health and Wellbeing Partnership to act according to the funding agreements.
- 7.2 Furthermore, the delegation of receipt and allocations of moneys received by the Health and Wellbeing Partnerships to the Portfolio Holder for Finance and Director of People and Communities will allow for the moneys to be received and allocated in line with the agreements.

## **8. Recommendations**

1. To delegate authority to accept moneys offered to Broadland District Council by the Health and Wellbeing Partnerships to the Director of People and Communities in consultation with the Portfolio Holder for Finance.
2. To delegate the spend of any Health and Wellbeing Partnership money allocated to Broadland District Council to the Director of People and Communities in consultation with the Portfolio Holder for Communities, Housing and Planning.

## **Background papers**

COVID recovery framework June 2021.