

# Scrutiny Committee

## Agenda

### Members of the Scrutiny Committee:

Cllr J Hornby (Chairman)  
Cllr Y Bendle  
Cllr T Holden  
Cllr T Spruce  
Cllr J Worley

Cllr J Halls (Vice Chairman)  
Cllr B Bernard  
Cllr J Rowe  
Cllr J Overton

### Date & Time:

Thursday 16 February 2023  
10.00am

### Place:

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

### Contact:

Jessica Hammond tel (01508) 505298  
Email: [committee.snc@southnorfolkandbroadland.gov.uk](mailto:committee.snc@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-iPyRImsTCIng>

If a member of the public would like to observe the meeting, or speak on an agenda item, please email your request to [committee.snc@southnorfolkandbroadland.gov.uk](mailto:committee.snc@southnorfolkandbroadland.gov.uk), no later than 5.00pm on Monday 13 February 2023.

### Large print version can be made available

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

# AGENDA

1. To report apologies for absence and to identify substitute members;
2. Any items of business which the Chairman decides should be considered as a matter of urgency pursuant to section 100B(4)(b) of the Local Government Act, 1972. Urgent business may only be taken if, “by reason of special circumstances” (which will be recorded in the minutes), the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency;
3. To receive Declarations of Interest from Members;  
(Please see guidance form and flow chart attached – page 4)
4. Minutes of the meetings of the Scrutiny Committee held on 26 January 2023;  
(attached – page 6)
5. 2023/24 Budget;  
  
Members of the Scrutiny Committee are invited to scrutinise the decisions made at Cabinet on 13 February 2023, which will be made available at the meeting. The recommendations of the Scrutiny Committee will be reported to Council on 22 February 2023.
  - a) Revenue Budget and Council Tax 2023/24  
(report attached – page 10)
  - b) Capital Strategy and Capital Programme 2023/24 to 2027/28  
(report attached – page 31)
  - c) Treasury Management Strategy Statement 2023/24  
(report attached – page 52)
6. Scrutiny Work Programme, Tracker and Cabinet Core Agenda;  
(attached – page 84)

# **Working Style of the Scrutiny Committee and a protocol for those attending**

## **Independence**

Members of the Scrutiny Committee will not be subject to whipping arrangements by party groups.

## **Member leadership**

Members of the Committee will take the lead in selecting topics for and in questioning witnesses. The Committee will expect members of Cabinet, rather than officers, to take the main responsibility for answering the Committee's questions about topics, which relate mainly to the Council's activities.

## **A constructive atmosphere**

Meetings of the Committee will be constructive, and not judgmental, accepting that effective overview and scrutiny is best achieved through challenging and constructive enquiry. People giving evidence at the Committee should not feel under attack.

## **Respect and trust**

Meetings will be conducted in a spirit of mutual respect and trust.

## **Openness and transparency**

The Committee's business will be open and transparent, except where there are sound reasons for protecting confidentiality. In particular, the minutes of the Committee's meetings will explain the discussion and debate, so that it could be understood by those who were not present.

## **Consensus**

Members of the Committee will work together and, while recognising political allegiances, will attempt to achieve consensus and agreed recommendations.

## **Impartial and independent officer advice**

Officers who advise and support the Committee will give impartial and independent advice, recognising the importance of the Scrutiny Committee in the Council's arrangements for governance, as set out in the Constitution.

## **Regular review**

There will be regular reviews of how the overview and scrutiny process is working, and a willingness to change if it is not working well.

## **Programming and planning**

The Scrutiny Committee will have a programme of work. Members will agree the topics to be included in the work programme, the extent of the investigation to be undertaken in relation to resources, and the witnesses to be invited to give evidence.

## **Managing time**

The Committee will attempt to conclude the business of each meeting in reasonable time. The order of business will be arranged as far as possible to minimise the demands on the time of witnesses.

## 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



**Agenda Item: 4**

## **SCRUTINY COMMITTEE**

**Minutes of a meeting of the Scrutiny Committee of South Norfolk District Council held on Thursday 26 January 2023 at 10.00am.**

**Committee Members Present:** Councillors: J Hornby (Chairman), Y Bendle, B Bernard, J Halls, T Holden, J Rowe, T Spruce and J Overton.

**Officers in Attendance:** The Assistant Director for Regulatory (N Howard), the Assistant Director for Economic Growth (G Denton), the Clean Growth and Sustainability Manager (A Sommazzi), the Environmental Coordinator (K Burns), the Senior Governance Officer (E Goddard) and the Democratic Services Officer (L Arthurton)

### **1330 APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

### **1331 DECLARATIONS OF INTEREST**

No declarations of interest were received from members.

### **1332 MINUTES**

The minutes of the meeting held on Thursday 17 November 2022, were confirmed as a correct record and signed by the Chairman.

### **1333 ENVIRONMENTAL STRATEGY AND DELIVERY PLAN**

The Clean Growth and Sustainability Manager introduced the report, which updated members on the work undertaken over the last 12 months as part of the existing Environmental Strategy, along with the updated Environmental Strategy and associated Delivery Plan.

Members noted that the Council adopted the current Environmental Strategy in 2020, and the table in section two of the report showed its progress. Following this, Officers drafted a revised version of the Strategy, which collates the achievements to date while setting more ambitious environmental targets. The Committee's attention was drawn to the two new key commitments in the revised Strategy: the 2030 Net-Zero target for

organisational emissions and a commitment to align with the Government's 2050 target for wider district decarbonisation.

The Clean Growth and Sustainability Manager further explained that the Environmental Strategy and Delivery Plan would continue to be a living document and would be updated annually to address additional local priorities and opportunities. Progress against any activities would be fed back to members as part of the existing performance management structure.

The Chairman thanked officers for the report and opened up the meeting for comments and questions.

A member raised an area of concern regarding the electric charging points within car parks and the electrical grid supply issues. Officers explained that the initiation of the charging points delivery in car parks would be subjected to a feasibility study, investigating any potential issues. The Committee noted the ongoing issues with grid connectivity and capacity in the District and that this was a regional issue. Officers further explained that wider discussions were taking place to resolve issues.

In response to a query on whether the Council had recruited to the Environmental Enforcement Officer role, officers confirmed that the position sits with another team at the Council but was in the process of being filled.

The discussion turned to scope-three emissions within the District and what was being done to reduce the impact on the environment. Members heard that this section of work was encompassed in the decarbonisation audit. One member shared the importance of challenging organisations to lower theirs. Reference was made to the Council's own, and Committee noted that the inhouse waste and leisure services reduced the Council's overall impact and that the updated procurement strategy would also reduce this further.

Reference was made to the emissions increase in transportation noted in the report. Members heard that the table in the report presented district-wide figures, which the Council could not control. Concerning the top emitters in the district, members noted that work was being undertaken to support businesses to reduce their emissions. This was also supported by the New Anglia LEP.

One member requested that a yearly update of the Strategy be programmed in to allow a focused review to take place on progress. Officers confirmed that the annual review of corporate delivery plans of the Council would encompass Environmental Delivery Plan, but officers would be happy to present any updates to the Committee when required.

In response to a question on the Leisure Centres' Solar panels, officers explained that work was being carried out to understand what was required, which included battery storage facilities.

Members noted that through staff training and development, the Council now had the resource to measure its carbon footprint details, which was to be assessed annually and published.

After a member asked whether domestic wind turbines were included and encouraged as part of the Environmental Strategy, the Clean Growth and Sustainability Manager explained that the technology surrounding the use of turbines was moving at pace but was difficult to scope and currently the council's solar together scheme focussed on solar panels. The presented Strategy was designed to focus on emission reduction, but members noted that options for turbines could be included at a later point in the Strategy's development.

A brief discussion followed, during which members discussed the possibility of the Strategy stating that the Council looks favourably at planning applications that relate to solar energy or vehicle charging points. The Assistant Director for Economic Growth explained that the Strategy needs to support wider growth and that this was a more nuanced issue. He advised that he would contact the Planning Department to understand what could be achieved regarding this and the Committee noted that the team already worked closely with colleagues in the Planning Department regarding applications of this kind.

In response to a query on improvements being made to existing electric charging points in the Council owned car parks, members noted that work was being carried out to improve charging KW rates and customer experience. A follow-up question was asked, regarding electric charging points being installed in Village Hall car parks. The Assistant Director for Economic Growth explained that there had been issues with land ownership negotiations, but an additional officer was coming into the team to support the project.

It was then unanimously;

## **RESOLVED**

To

1. Receive the update on the work undertaken in the last 12 months in regard to the current Environmental Strategy
2. Recommend to Cabinet that it approve the adoption of the revised draft Environmental Strategy and Delivery Plan



**1334 SCRUTINY WORK PROGRAMME, TRACKER AND CABINET CORE AGENDA**

The Committee noted the Work Programme, Tracker and Cabinet Core Agenda.

(The meeting concluded at 10.38am)

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Chairman

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

**Report Author(s):** Rodney Fincham, Assistant Director - Finance  
t [01508 533982](tel:01508533982)  
e [rodney.fincham@southnorfolkandbroadland.gov.uk](mailto:rodney.fincham@southnorfolkandbroadland.gov.uk)

**Portfolio Holder:** Finance & Resources

**Ward(s) Affected:** All wards

**Purpose of the Report:** This report provides information affecting the Council's revenue budget for 2023/24 in order for the Cabinet to make recommendations to Council on 22<sup>nd</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 £8,635,275, and for Special Expenditure shall be £7,424.
  - 1.3 That the Band D level of Council Tax be £165.00, for General Expenditure and £0.14 for Special Expenditure.
- 2 That Cabinet agrees
  - 2.1 Changes to the proposed fees and charges as set out in section 5.
- 3 That Cabinet notes:
  - 3.1 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.
  - 3.2 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	2,485	1,624	-778	3,331
Finance	2,643	1,007	-414	3,236
Transformation and ICT / Digital	1,547	1,556	-38	3,065
Economic Growth	935	1,718	-2,092	561
Regulatory	841	114	-195	760
Planning and Business Support	3,771	1,322	-4,338	755
Individuals & Families	3,256	1,299	-2,835	1,720
Housing Benefit Payments	0	16,150	-16,150	0
Community Services	4,469	3,472	-4,708	3,233
Leisure	2,216	1,742	-3,122	836
<b>Net Cost of Services (Including HB)</b>	<b>22,163</b>	<b>30,004</b>	<b>-34,670</b>	<b>17,497</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	483.70
Temporary roles funded from Opportunity Reserves	
Apprentices	3.85
Growth Posts	1.10
Communities	1.21
New roles funded from growth in income / grant monies	
Shared Prosperity Fund	0.55
Planning	1.90
Building Control	1.58
Health and Wellbeing Partnership officers	0.80
District Direct	5.53
Social Prescribing	3.60
Next Steps	1.10
Rapid Rehousing	4.00
Homes for Ukraine	3.75
Extra parking officer	1.00
Flood officer	1.00
Changes within Leisure (including changes in casual staff numbers)	5.28
Other	2.41
23/24 FTE	522.36

#### 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 £150,000 in 2023/24 (£328,000 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 Broadland, 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 Broadland, 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.

### Leisure Services

- 2.10 Leisure services are an important contributor to public health and general wellbeing. The service provided by SNC is valued, and is seen as an important element of the Council's overall service provision.
- 2.11 Over the past few years the Council has invested over £8.3m in the leisure facilities and prior to Covid the number of leisure users had been rising with almost a million visits in 19/20. The Council had also made substantial progress towards its aim of delivering a operationally cost neutral service - ie where the income from running the facilities, fully covers the running costs, without needing a subsidy from the general council taxpayer.
- 2.12 The leisure service was however hit hard by the enforced closures of the leisure centres due to Covid, and user numbers are only now slowly returning to pre-pandemic levels.
- 2.13 As such last year the Council agreed to financially support the leisure service in the short term with a target that the service will require no more than £2.5m of support over the 3 year period 21/22, 22/23, 23/24. In 23/24 it is anticipated that there will be c£500,000 left in the leisure reserve to offset the cost of running the leisure service in this year. The cost of leisure in 2023/24 is expected to be c£836k, giving a net figure of c£336k.

### Other Key Assumptions

- 2.14 Within the 2023/24 Budget there are a number of key assumptions as follows:
- Occupancy of the Horizon Centre during 23/24, with South Norfolk being sold at the end of March 23.
  - Contract license costs (eg software licenses) rising by CPI.
  - Legal fees rising by 20%, but half of this increase is able to be absorbed by reducing usage.
  - The cost of temporary accommodation is able to be constrained by the purchase of council owned accommodation.
  - An allowance for MRF processing costs of £1,012,500 (£680,000 in 2022/23). This is based on 13,500 tonnes at £75. However given that the agreement is now 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	10,846	11,788	11,275	11,275	11,275	12,241
Business Rate Tariff	-7,843	-8,431	-8,154	-8,154	-8,154	-9,003
Business Rate Grant						552
<b>Baseline Need</b>	<b>3,003</b>	<b>3,357</b>	<b>3,121</b>	<b>3,121</b>	<b>3,121</b>	<b>3,790</b>
New Homes Bonus	3,838	3,941	4,522	3,577	2,093	778
Services Grant					215	121
Funding Guarantee Grant						2,569
Lower Tier Services Grant				447	1,238	
Rural Services Grant				299	299	299
Revenue Support Grant	417				1	249
<b>Total</b>	<b>7,258</b>	<b>7,298</b>	<b>7,643</b>	<b>7,444</b>	<b>6,967</b>	<b>7,806</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 The 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 £778,364, of which £15,120 relates to the Affordable Homes Premium (54 x £350 x 80%). The New Homes Bonus Grant for 2022/23 was £2,092,501. 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 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

- 3.12 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

- 3.13 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 don't increase council tax our increase in funding will be below this.

#### Lower Tier Services Grant

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

#### Rural Services Grant

- 3.15 This grant has been retained at the 22/23 level.

#### Revenue Support Grant

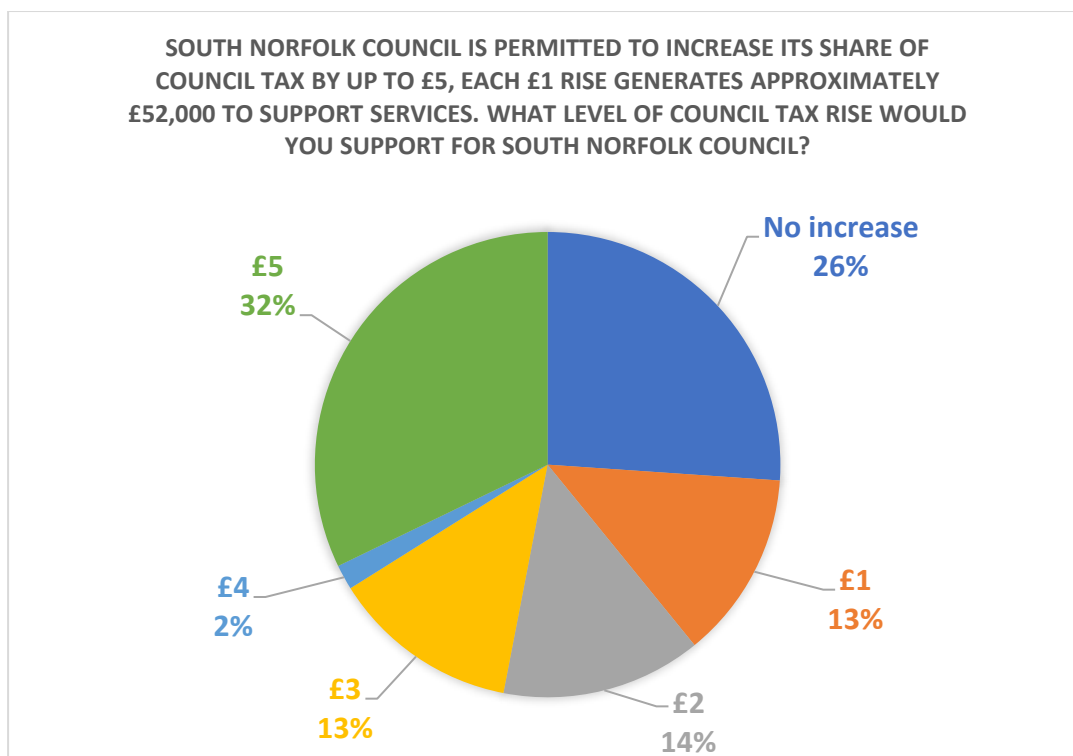
- 3.16 On the face of it, it looks as if our RSG has increased. However the increase is due to the following grants having now been rolled into RSG
- The Family Annexe Council Tax Discount grant
  - Local Council Tax Support Administration Subsidy grant.

#### 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 £238,048 in Homeless Prevention Grant in 2023/24 (£229,037 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 115 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 75% support to target resources primarily on those most in need.
  - There was 62% support for investing in initiatives such as Big Sky.
  - There was 63% support for targeting resources to encourage business growth.
  - There was 70% support for charging service uses 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 4 Rules for Financial Governance states in 9.1 'Directors shall agree with the Cabinet which fees and charges the Cabinet will approve and which the relevant Director will approve.'
- 5.2 In line with the Council's Charging Policy (as amended) [see note below], it is proposed to increase most discretionary fees and charges this year in line with inflation. This year fees will be increased by 12.6% being the September RPI figure.

[SNC Charging Policy Note:

Cabinet on 24 October 16 agreed a charging policy which stated:



*all fees or charges are increased by the level of inflation (as measured by the Retail Prices Index in December)*

However, this was amended by Cabinet on 4 Feb 19 so

*that future increases to fees and charges will be linked to the September Retail Price Index each year.]*

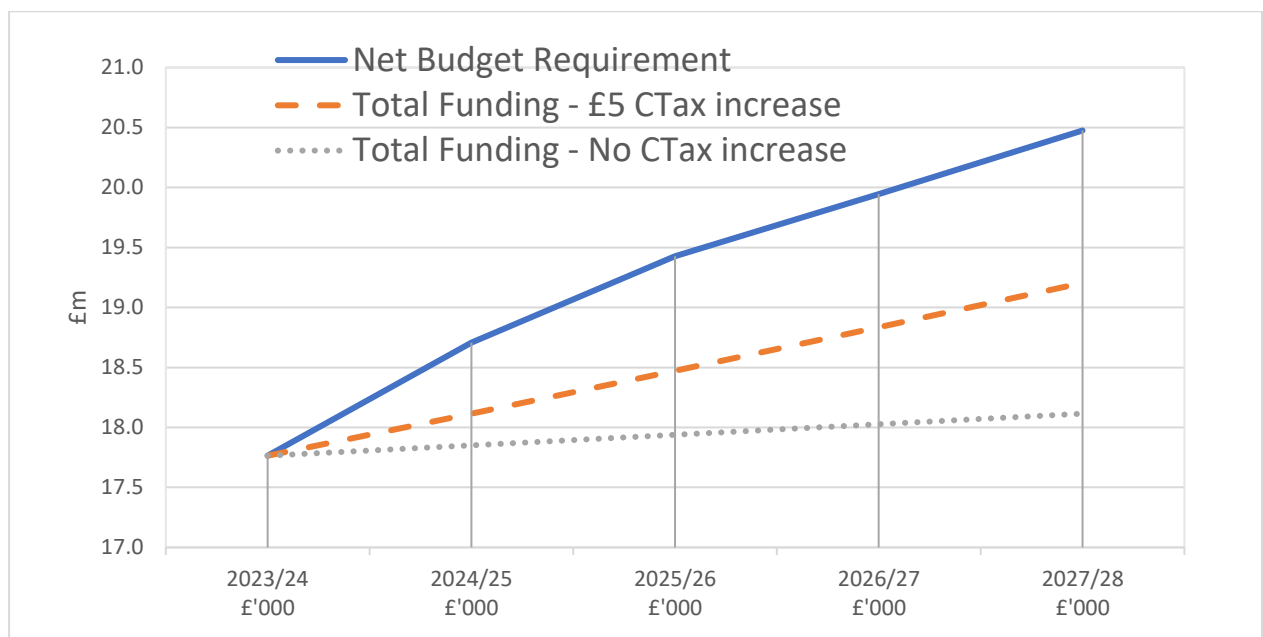
### Garden Waste Brown Bin

5.3 The proposed Garden Waste Brown bin charges are as follows:

	22/23 Charge	23/24 Proposed Charge
Direct Debit customers	£53.00	£57.00
Non-Direct Debit Customer	£60.00	£60.00
Re-joining Fee	£20.00	£22.00

## 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	350
10 extra families in B&B temporary accommodation	151
Investment income 25% lower (ie base rate fall from 3.5% to 2.625%)	238
Big Sky Investment income 25% lower (ie fail to secure new site)	338
10% cut in Government grants	402
Full reset of Business Rates retention scheme	1,316
<b>Scenarios that could reduce the funding gap</b>	
New Transformation savings delivered	250
MRF processing costs 20% cheaper ie £60 rather than £75 a tonne	203

### Borrowing

- 6.6 The Council has borrowings of £20m and provision is made within the budget for £480,000 of interest costs and £500,000 of revenue provision to repay the borrowing.

## 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>6,000</b>	<b>6,000</b>
2024/25 Funding Gap (with / Without £5 Council Tax Rise)	-592	-856
2025/26 Funding Gap (with / Without £5 Council Tax Rise)	-954	-1,488
2026/27 Funding Gap (with / Without £5 Council Tax Rise)	-1,110	-1,918
2027/28 Funding Gap (with / Without £5 Council Tax Rise)	-1,271	-2,360
<b>Projected balances as at 31 March 2028</b>	<b>2,073</b>	<b>-622</b>

- 7.2 The projected General Fund Balance remains above the recommended minimum level of £1.4m, provided future council tax rises are implemented. However, there is a need to address the funding gap over the medium term.

## 8 COUNCIL TAX

### Taxbase

- 8.1 The projected tax base for 2023/24 is 52,335 (Band D equivalent households). The projected tax base has increased by 1.8% 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.

### SNC Council Tax

- 8.4 It is proposed that South Norfolk Council keeps its Council Tax for a Band D property at £165.00 for 2023/24.
- 8.5 The Council Tax is calculated by taking the total income to be collected (£8,635,275) and dividing this by the Taxbase (52,335).
- 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 was increased this year the council would have an extra £ ¼ million of income to help 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, and the full increase is being recommended.

### 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. South Norfolk 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 22<sup>nd</sup> February.

SNC

## 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 SNC this only relates to street lighting in Costessey and Gillingham.
- 9.2 The amount to be collected in Special Expenses has been increased by 0.8%, to reflect the level of running costs expected in individual parishes. However as the number of properties in Gillingham has increased, the charge per property actually falls.
- 9.3 The Band D charges being proposed are as follows:

	22/23 Band D C Tax	23/24 Band D C Tax
Costessey	£0.92	£0.92
Gillingham	£8.63	£8.57

- 9.4 The Council also operates a number of streetlights in the Council car parks. The maintenance of these are paid for by SNC out of its budgets.

## 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 South Norfolk 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 Broadland 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 South Norfolk Council keeps its Council Tax for a Band D property at £165.00 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 £8,635,275, and for Special Expenditure shall be £7,424.
  - 1.3 That the Band D level of Council Tax be £165.00, for General Expenditure and £0.14 for Special Expenditure.
- 2 That Cabinet agrees
  - 2.1 Changes to the proposed fees and charges as set out in section 5.
- 3 That Cabinet notes:
  - 3.1 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.
  - 3.2 The Medium-Term Financial Strategy projections.

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### Background Papers

Delivery Plan

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

	FTE Core	FTE Externally Funded	Pay £'000	Non Pay £'000	Income £'000	Net £'000	Prior Yr FTE	Transfers	Pay £'000	Non Pay £'000	Income £'000	22/23 Budget £'000
<b>Chief of Staff</b>												
Executive Team	4.40		459	46	0	505	4.40		437	27	0	464
Chief of Staff (inc Comms & IA)	8.80		478	671	-488	661	8.84		427	698	-537	588
Governance	8.88		416	745	-16	1,145	8.45	-0.55	368	711	0	1,079
Elections & Electoral Registration			133	206	-274	65			0	56	-2	54
Human Resources	6.36		547	54	0	601	5.54		526	53	0	579
Apprentices	12.10		354	0	0	354	14.30		343	0	0	343
Apprentices (Opportunity Funded)	3.85		98	-98	0	0			0	0	0	0
<b>Finance</b>												
Corporate Costs (inc pension costs)			1,547	852	-20	2,379			1,810	358	-20	2,148
Finance & Procurement	10.70		451	89	0	540	11.26		441	87	0	528
Council Tax & NNDR	18.79	0.88	645	66	-394	317	20.36	-0.55	646	55	-384	317
<b>Transformation and ICT / Digital</b>												
ICT & Digital	13.16		716	1,013	0	1,729	13.64		697	1,093	0	1,790
Strategy & Transformation	4.69		307	4	0	311	6.22	-1.10	275	10	0	285
Transformation (ICO)	4.43		176	0	0	176		4.43				
Customer Services	6.55		208	172	0	380	3.14	2.77	49	6	0	55
Horizon Centre / Facilities	3.48		140	367	-38	469	5.59	-0.79	195	393	-74	514
<b>Economic Growth</b>												
Economic Growth	11.91		605	1,272	-1,588	289	10.91		531	1,064	-1,316	279
Shared Prosperity Fund		0.55	39	0	-39	0			0	0	0	0
Clean Growth (Opportunity Funded)	1.10		58	-58	0	0			0	0	0	0
Car Parks & Public Conveniences	4.00		131	158	-389	-100	2.80		74	153	-415	-188
Community Assets	2.20		102	346	-76	372	2.20		99	346	-75	370
<b>Regulatory</b>												
Community & Environmental Protection	10.23		527	81	-23	585	9.86		493	69	-23	539
Food, Safety & Licensing	6.67		314	33	-172	175	6.42		272	27	-172	127
<b>Planning and Business Support</b>												
Planning	33.75		1,611	627	-1,443	795	31.72	-0.32	1,393	553	-1,553	393
Building Control / CNC	35.92		1,761	637	-2,565	-167	34.54		1,687	493	-2,394	-214
Business Support	14.76		399	58	-330	127	15.43	-0.89	407	149	-330	226

	FTE Core	FTE Externally Funded	Pay £'000	Non Pay £'000	Income £'000	Net £'000	Prior Yr FTE	Transfers	Pay £'000	Non Pay £'000	Income £'000	22/23 Budget £'000
<b>Individuals &amp; Families</b>												
Communities and Early Help	13.50		564	328	-115	777	12.31		500	319	-86	733
Housing Standards & Independent Living	10.60		458	30	-115	373	11.21	-1.00	458	33	-135	356
Housing and Benefits	33.04	0.77	1,177	810	-1,417	570	33.61	-1.10	1,151	259	-1,187	223
District Direct		7.27	250	118	-368	0	1.74		0	0	0	0
Social Prescribing (Com Connectors)		13.20	478	13	-491	0	9.60		0	0	0	0
Next Steps		1.10	0	0	0	0			0	0	0	0
Hardship Support (Opportunity Funded)	1.21		43	0	-43	0			0	0	0	0
Rapid Rehousing		4.00	146	0	-146	0			0	0	0	0
Warm Homes Fund			0	0	0	0			0	0	0	0
Homes for Ukraine		3.75	140	0	-140	0			0	0	0	0
Housing Benefit Payments				16,150	-16,150	0				17,000	-17,000	0
<b>Community Services</b>												
Waste Services	136.32		4,469	3,472	-4,708	3,233	135.46	-0.91	4,081	2,673	-4,370	2,384
<b>Leisure</b>												
Leisure	69.46		2,216	1,742	-3,122	836	64.18		2,022	1,649	-2,724	947
<b>Cost of Services</b>	490.84	31.52	22,163	30,004	-34,670	17,497	483.70	0.00	19,382	28,334	-32,797	14,919
Precept - Internal Drainage Board						207						198
Interest Payable						480						300
Minimum Revenue Provision (to repay borrowing)						500						0
Investment Income - General						-978						-56
Investment Income - Loans to Company						-1,372						-1,500
Council Tax Deficit / (Surplus)						-112						-70
Transfer to Asset Replacement Reserves						1,900						1,900
Transfer to Economic Growth Reserve						0						1,000
Transfer to Environmental / Infrastructure Reserve						0						500
Transfer to Other Earmarked Reserves						142						142
Transfer (from) Leisure Recovery Reserve						-500						-946
Transfer to / (from) General Fund Balance						0						298
						17,764						16,685



	FTE Core	FTE Externally Funded	Pay £'000	Non Pay £'000	Income £'000	Net £'000	Prior Yr FTE	Transfers	Pay £'000	Non Pay £'000	Income £'000	22/23 Budget £'000
<b>Funded by</b>												
Council Tax - District Element (no rise)						8,635						8,486
Council Tax - Special Expenses						7						7
NNDR (Business Rates) - Baseline						3,238						3,121
NNDR (Business Rates) - Growth						1,066						970
NNDR (Business Rates) - Grant						552						319
NNDR (Business Rates) - Pooling Benefit						250						0
New Homes Bonus						778						2,093
Services Grant						121						215
Funding Guarantee Grant Allocation						2,569						0
Lower Tier Services Grant						0						1,175
Revenue Support Grant						249						0
Council Tax Family Annex Discount Grant (rolled into RSG)						0						0
						17,764						16,685

## APPENDIX B: SNC 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>14,919</b>
Salary Related Changes Pay inflation (23/24 3%, plus rise in living wage) Other changes in salary costs		607 588
Inflationary Cost Pressures General Fuel	275 284	559
Increases in Fees & Charges Waste Leisure Other	-210 -102 -11	-323
Growth Roll out of Business Intelligence Service ( <a href="#">Cabinet to approve business case</a> ) Octagon centre Nutrient Neutrality Mitigation Programme	74 7 30	111
Cost Pressures Executive Team Chief of Staff Governance - £5k canvas costs HR – Job advertising Corporate Costs – Inflationary Contingency Customer Services - Additional out of hours calls Economic Growth One off cost for Diss parking scheme Increased cost of Dog contract following retender October 2022 Planning - Anticipated costs associated with neighbourhood plans Planning - GNLP for 23/24. Building Control / CNC Communities & Early Help Communities & Early Help – £20k Lift Dashboard – Not built in Housing & Benefits – Temporary Accommodation (B&B) costs Waste Leisure	14 12 5 21 537 6 2 11 12 40 60 3 10 - 239 545 186	1,703
Reductions in Income Facilities – loss of rental income from partners Economic Growth Potential loss of Car Parking and PCN income Community Infrastructure Levy (Cil) from £328k to £178k Housing standards Local Council Tax Support Admin Grant (rolled into RSG) Waste Leisure	51 22 26 181 20 125 29 73	527
Savings Governance Human Resources Council Tax & NNDR ICT & Digital Transformation Horizon Centre Economic Growth Economic Growth capitalising costs Car Parks	-20 -20 -8 -79 -55 -57 -28 -11 -1	

	£'000	£'000
Food safety & licensing	-4	
Planning	-26	
Housing Standards	-3	
Housing Benefits	-2	
Waste	-47	
Leisure	-182	-543
Growth in Income		
NNDR cost of collection allowance	-10	
Economic Growth – Roxburgh House (net income)	-85	
Planning	-5	
Housing & Benefits	-41	
Waste	-158	
Leisure	-352	-651
<b>Base Budget 2023/24</b>		<b>17,497</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		17,497	17,497	18,197	18,652	19,118
<u>Recurring Adjustments:</u>						
Inflationary Pressures - 23/24	4.00%		700			
Inflationary Pressures - Longer Term	2.50%			455	466	478
Transformation Savings			-318	-39		
Base Net Expenditure for following year		17,497	17,879	18,287	18,744	19,213
<u>Non Recurring Adjustments</u>						
Internal Drainage Board Precept	5.00%	207	217	228	240	252
Interest Payable & MRP	No change	980	980	980	980	980
Investment Income - General	Reducing	-978	-928	-878	-828	-778
Investment Income - Loans to companies	Reducing	-1,372	-1,372	-1,122	-1,122	-1,122
Council Tax - Deficit / (Surplus)	No change	-112	-112	-112	-112	-112
Transfers to / (from) Earmarked Reserves	No change	2,042	2,042	2,042	2,042	2,042
Transfer (from) Leisure Centre Recovery Reserve	Runs out	-500				
Net Budget Requirement		17,764	18,706	19,426	19,944	20,475

<u>Funded by</u>						
Council Tax - District Element (No increase)		8,635	8,722	8,809	8,897	8,986
Council Tax - Special Expenses	No change	7	7	7	7	7
NNDR (Business Rates)	No change	5,106	5,106	5,106	5,106	5,106
New Homes Bonus	No change	778	778	778	778	778
Other Grants	No change	3,238	3,238	3,238	3,238	3,238
Total Funding - No Council Tax Increase		17,764	17,851	17,938	18,026	18,115
Total Funding - With £5 Council Tax Increase		17,764	18,115	18,472	18,835	19,204

Funding Gap / (Surplus) - No CTax increase		0	856	1,488	1,918	2,360
Funding Gap / (Surplus) - £5 CTax increase		0	592	954	1,110	1,271

<u>Council Tax Calculation - No Increase</u>						
Council Taxbase (Homes)	1.00%	52,335	52,858	53,387	53,921	54,460
Council Tax	No change	165.00	165.00	165.00	165.00	165.00
		8,635	8,722	8,809	8,897	8,986

<u>Council Tax Calculation - £5 Increase</u>						
Council Taxbase (Homes)	1.00%	52,335	52,858	53,387	53,921	54,460
Council Tax	£5	165.00	170.00	175.00	180.00	185.00
		8,635	8,986	9,343	9,706	10,075

Extra		0	264	534	809	1,089
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## 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 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.
  - An allowance for MRF processing costs of £1,012,500 (£680,000 in 2022/23). This is based on 13,500 tonnes at £75. However given that the agreement is now 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 reserves held by the Council at 31<sup>st</sup> March 2023 is £6m. Given the scale of the earmarked reserves held, 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(s):** Darren Slowther  
Capital and Treasury Accountant  
01603 430467  
darren.slowther@southnorfolkandbroadland.gov.uk

**Portfolio:** Finance & Resources

**Ward(s) 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.

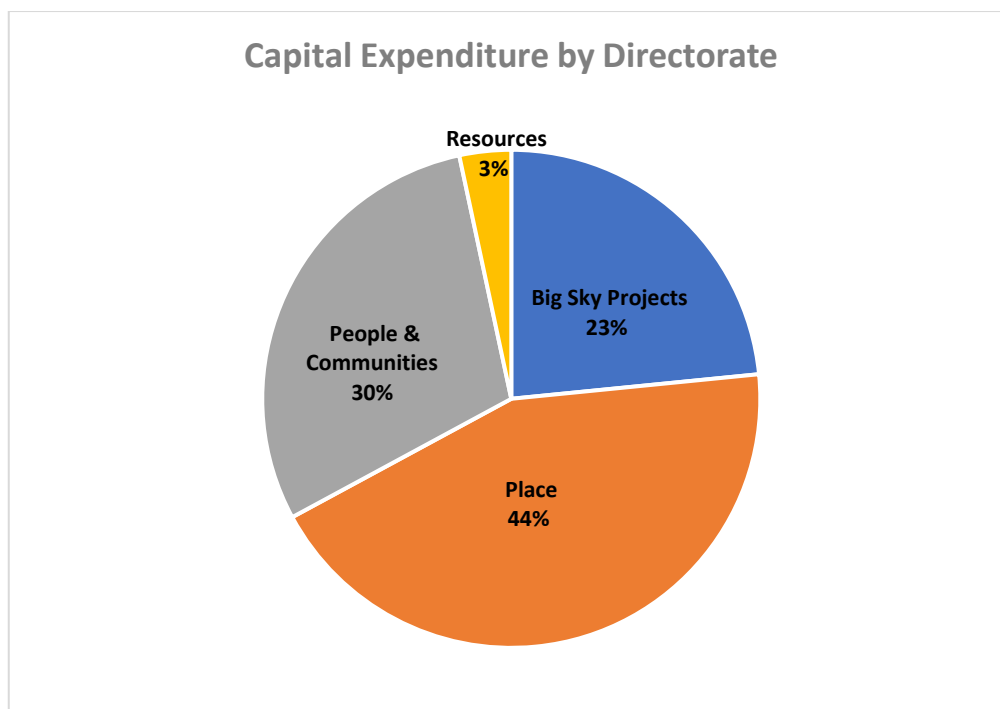
## 3 CAPITAL STRATEGY

- 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 This year the Capital Programme has been expanded to include a number of new key projects help bring forward key economic development projects, make improvements to the public realm, and protect the environment.
- 4.2 The programme is therefore larger than previous years and represents an increase in ambition.
- 4.3 The detailed capital programme is shown in **Appendix B**. The pie chart below shows how the programme is broken down by Directorate over the next five years.
- 4.4 Included across the directorates is co-funded work enabled by grants awarded through the Public Sector Decarbonisation Scheme (PSDS), a Department for Business, Energy and Industrial Strategy initiative that enables the transition of public sector assets to non-fossil fuel alternatives. The council submitted an application to cover improvements to three buildings to replace end of life systems. Details are included in the appropriate section below.





4.5 Expenditure by Directorate is summarised in the following sections.

## 5 PEOPLE AND COMMUNITIES

### Leisure Provision

- 5.1 Expenditure on Leisure facilities has been budgeted to take place in order of priority over the next five years.
- 5.2 Improvement works across all sites totalling £825k are budgeted to take place during 2023/24 and these are to be financed from a specific reserve which was created to ensure that resources are in place to fund the refurbishment and replacement of equipment and improvements to Leisure Centres when required. PSDS funding has been secured to replace the boilers in Diss Leisure Centre with an air or ground source heat pump solution, as well as the provision of additional external wall and roof insulation prior to the installation. Funding will also be available for the installation of a solar PV array.

### Waste Services

- 5.3 The capital programme includes provision for development of a new depot. Options are currently being investigated and will be subject to a full business case. A reserve has been specifically created to ensure the earmarked funding is in place for depot expenditure.
- 5.4 Annual budgets are in place for the purchase of waste bins for homes in the district, and for the replacement of waste vehicles

## Disabled Facilities Grant

- 5.5 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 £1.035m 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.

5.6 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. In addition to this, PSDS funding has been secured to provide a solar PV array at one of the authorities' main buildings currently providing temporary accommodation

## **6 PLACE**

### Economic Growth

- 6.1 Budgets are provided in the Programme for a series of initiatives that will enhance the economic development of the South Norfolk district including:
- £8m for the delivery of infrastructure works to assist with removing expansion constraints for businesses at the Hethel Engineering site.
  - £4.5m fund for a contribution to the provision of a bypass for Long Stratton.
  - £3.5m fund for development opportunities.
  - £8m on land acquisition and construction for an office development in the Norwich Research Park.

## **7 BIG SKY PROJECTS**

- 7.1 In July 2017 Cabinet agreed to provide funding to Big Sky Developments Ltd (BSDL) in relation to strategic housing and employment development opportunities and the capital programme includes the associated budgets for potential developments over the coming years, although the timing of expenditure is dependent upon the speed with which these opportunities are realised and is therefore not entirely within the Council's control.
- 7.2 BSDL has projected its cash requirements for the next five years and in order to ensure that they have the necessary cash to deliver their strategy. This totals £14.4m in 23/24 and £8m in 2023/24.

- 7.3 BSDL cashflow projections show that it can repay SNC loans totalling £42.8m between 2023/24 and 2027/28. These loan repayments are treated as Capital Receipts. Further details about the Capital Receipts balance are shown in the table at paragraph 9.7.

## 8 RESOURCES

### ICT and Digital Investment

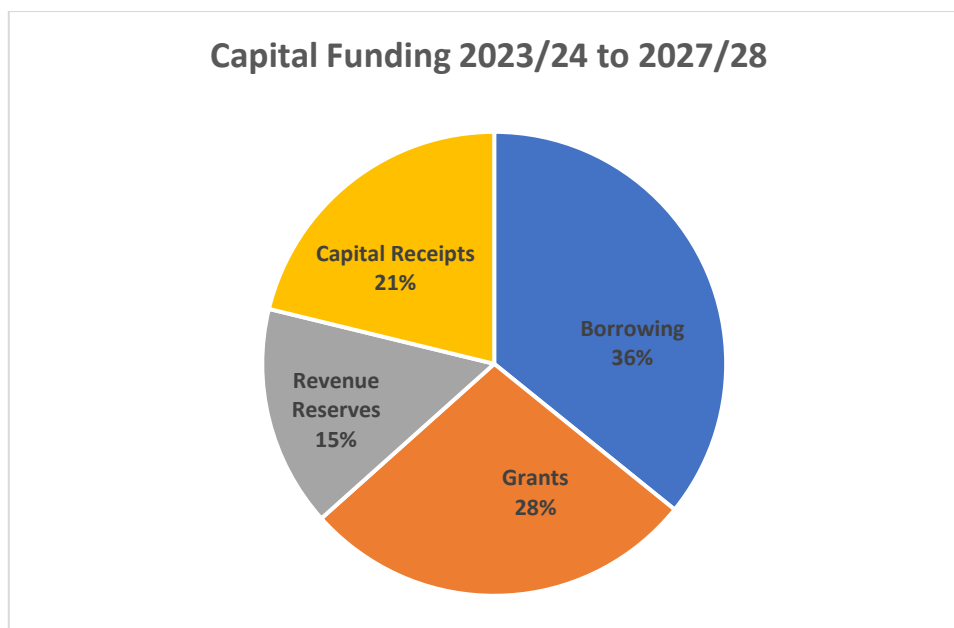
- 8.1 The capital programme sets aside the capital funding required to deliver the ongoing requirements for IT equipment for individual users and infrastructure and software upgrades and replacements to support the Council's IT network and systems.
- 8.2 There is an additional budget included in the programme for the continuing investment in the transformation programme to align IT systems across departments. This work is being carried out in collaboration with Broadland 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.  
PSDS funding has been secured to replace the boilers in the Horizon Centre with an air or ground source heat pump solution, removing the need to potentially fund this work through other council resources in future years.

## 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 five-year capital programme will be financed from a mixture of revenue and capital reserves, capital receipts and grants, internal borrowing from cash balances, and external borrowing. The projected sources of funding are shown in the graph below and **Appendix B** provides further details.
- 9.3 The size of the capital programme and the need to be prudent in the use of revenue reserves for capital purposes means that it is predicted that the Council will need to borrow to fund the capital programme over the next five years.



### Effect on Reserves

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

	£000
Asset Replacement Reserve	6,413
Refuse Reserve	5,000
New Ways of Working Reserve	1,319
Leisure Centre Reserve	825
Infrastructure Reserve	500
Environmental Infrastructure Reserve	278
Car Park Upgrades Reserve	225
Street Lighting Reserve	48
<b>Total Use of Revenue Reserves</b>	<b>14,608</b>

### Capital Receipts

- 9.5 The programme includes repayment of loans from Big Sky Developments Limited funded by property sales from future developments in the District. 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.
- 9.6 As part of the transfer of the housing stock to Saffron Housing Trust the Council will continue to receive income from for the sale of right to buy properties.
- 9.7 The table below demonstrates the estimated pattern of receipts and expenditure

funded from these. A significant number of these additions are repayments from Big Sky Developments Limited, indicated in the table below (bracketed figures).

<b>Opening Balance 31/3/23</b>	<b>2,354,340</b>
Additions in year (£11.44m BSDL)	11,665,000
Utilised 23/24	13,975,000
<b>Balance 31/3/24</b>	<b>44,340</b>
Additions in year (£3m BSDL)	3,225,000
Utilised 24/25	3,127,000
<b>Balance 31/3/25</b>	<b>142,340</b>
Additions in year (£9.86m BSDL)	10,085,000
Utilised 25/26	2,775,000
<b>Balance 31/3/26</b>	<b>7,542,340</b>
Additions in year (£4.1m BSDL)	4,325,000
Utilised 26/27	490,000
<b>Balance 31/3/27</b>	<b>11,377,340</b>
Additions in year (£14.44m BSDL)	14,665,000
Utilised 27/28	27,000
<b>Closing Balance 31/3/28</b>	<b>26,015,340</b>

9.8 The table below details the Big Sky loan position and proposed additional borrowing and repayment schedule

<b>Investment in Big Sky</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Big Sky Ventures Shares	6,468,000	6,468,000	6,468,000	6,468,000	6,468,000
BSPM Loans	3,160,000	3,160,000	3,160,000	3,160,000	3,160,000
Loans Brought Forward	28,400,000	31,400,000	36,400,000	26,540,000	22,440,000
Loans Taken Out in Year	14,440,000	8,000,000	0	0	0
Loans Repaid	-11,440,000	-3,000,000	-9,860,000	-4,100,000	-14,440,000
Loans Carried Forward	31,400,000	36,400,000	26,540,000	22,440,000	8,000,000
Total Investment at the end of year	41,028,000	46,028,000	36,168,000	32,068,000	17,628,000

### Borrowing

9.9 Due to the ambition of the programme, the Council will have a need to borrow to fund capital projects.

9.10 It is likely that there will be slippage over the life of the programme which could delay the need to borrow. In the first instance, the Council will be able to borrow internally from its own cash balances. The cost of this would be the interest foregone from investing the cash with external counterparties.

## **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 This Capital Programme is significantly larger than a few years ago. It represents an increase in ambition and risk. Furthermore as the overall programme it likely to lead to long term borrowing being undertaken, it represents a step change in approach, and will commit future administrations to servicing this debt.

## 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 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 a ongoing significant capital liability for the Council over the next 20 years.
- 6.2 The Council has adopted a Commercialisation Strategy, which helps guide how we invest in our income generating assets. Over the past few years significant investment has gone into the Council's three leisure centres in order to increase footfall and work towards a subsidy free service.
- 6.3 The Council also has a portfolio of commercial units. These supports the Council's economic development strategy and also provide a financial return to the Council.
- 6.4 In addition to these assets, significant capital expenditure will need to be incurred on the upgrade of IT equipment and improvements to the IT Infrastructure
- 6.5 As at 31<sup>st</sup> March 22 the Council held £40,028,000 in loans and equity in its commercial companies. These investments have been made as part of the capital programme and need to be considered as part of this Capital Strategy.
- 6.6 Under the Treasury Management Code, for all non-treasury investments, i.e. commercial activity, the Council is required to approve annually a schedule of existing material investments, subsidiaries and joint ventures and liabilities and



its risk exposure. This is contained in Annex 1 for approval. The level of risk exposure is taken to be the value of these investments which will vary over time but are shown as at 31 March 2022.

## **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 £95.7 million as set out below:

<b>Resources</b>	<b>£million</b>
Capital Receipts	20.3
Grants (incl. S106 funds)	26.5
Revenue Reserves	14.6
Borrowing Requirement	34.3
<b>Total</b>	<b>95.7</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**

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 will be required to borrow to finance any additional capital expenditure in the coming period. However, any borrowing must be affordable in line with the requirements of the prudential code.

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 pure 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:

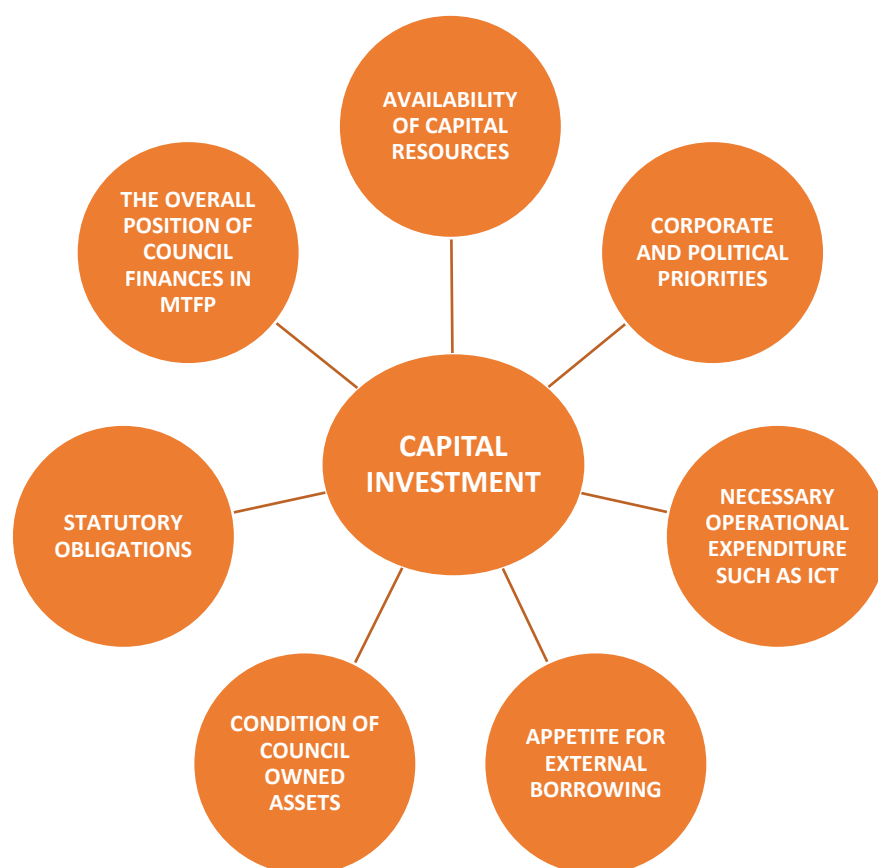
- Public Works Loan Board (PWLB)
- Borrowing from other local authorities
- Borrowing via the Municipal Bonds Agency (MBA)
- Borrowing from institutions such as the European Investment Bank and directly from commercial banks
- Borrowing from the money markets
- Local Authority stock issues and bills

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 specifically for yield is not permitted under the Prudential Framework. SNC 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>
Development opportunities on the Norwich/Cambridge Tech Corridor	Further enhancement of SNC Leisure Facilities	Development/Purchase of Low Cost/Affordable Housing	Delivering the ICT Strategy and Systems Transformation
Other Property Development for Local Business Workspace	Disabled Facilities Grants	Investment in Refuse Services including wheeled bins	Improvements to the Council's operational buildings

<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>
Strategic Economic Developments to boost growth (Neighbourhood Renewal Fund)		Street Lighting Replacement Programme	Works to new office accommodation (The Horizon Centre)
		Public Sector Decarbonisation Scheme Projects	

## **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.
- 10.1 South Norfolk Council's collaborative working with Broadland 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
- 10.2 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 another 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.
- 13.5 ***The South Norfolk District Council Capital Programme continues to be larger in scope than a few years ago. It represents an increase in ambition and risk. The overall programme has led to long term borrowing being undertaken and it is likely further borrowing will be required if the***

***programme is fully delivered in the planned timescales. it represents a step change in approach and will commit future administrations to servicing this debt.***

## **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 5 years.

## Annex 1: Schedule of Non-Treasury Investments

<b>Investment</b>	<b>Value in the Council's Balance Sheet at 31 March 2022</b>
Big Sky Ventures Ltd – Equity Shares	£6,468,000
Big Sky Developments Ltd - Loans	£30,400,000
Big Sky Property Management Ltd - Loans	£3,160,000
Crafton House	£1,520,000
Rectory Road, Dickleburgh - Agricultural Land	£1,347,500
Wym - Ayton Road	£1,906,900
Rushall Road, Harleston - Agricultural land	£1,738,600
Shotesham Road, Poringland - Commercial Development Land	£170,600
9-11 Mere Street, Diss	£590,000
Trumpeter House	£980,000
Loddon Business Centre	£496,000
Friarscroft Lane, Wymondham - Development Land	£887,500
Unit 18A Harleston	£541,300
Former Wym Town Council Office, Middleton St	£296,200
Gissing - Residential Development	£278,100
Unit 19A Harleston	£245,600
21 Penfold Drive, Gateway 11, Wymondham NR18 0WZ	£193,600
15 Vincess Road, Diss	£211,800
Ketteringham Depot-Unit 1 & 2 Station Lane	£273,700
Dereham Road, Costessey Caravan Site	£265,300
Unit B17 Owen Rd Diss	£449,500
13 Vincess Road, Diss	£215,500
The Lodge, Maple Park	£70,500
Unit 5b Owen Road Diss IP22 4ER	£111,600
9 Park Road Diss	£22,100
4 Garages Thomas Manning Road	£121,400
Park Road Diss - Land - Bus Depot Diss	£52,400
3 Garages Chapel Street Diss	£118,900
Friarscroft Lane, Wymondham - Garden Lane Rear of 23-37	£90,000
Eleven Mile Lane, Sutton, Wymondham - Paddock Land	£25,200
Parking Plots in Long Stratton	£1,900
Garden Plot, Station Close, Swainsthorpe	£200
	<hr/>
	<b>£53,249,900</b>

In addition, the Council has jointly invested with the Local Enterprise Partnership (LEP) in the Ella May Barnes building on the Norwich Research Park. This will generate a financial return, as well as helping promote the success of the Research Park, and consequently Economic Growth in the district.

## Appendix B Capital Programme

Scheme	Type of Capital Expenditure	Provisional Projects	Estimate 2022/23 £	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £	Estimate 2027/28 £	Total £
Supporting Individuals - Housing									
Big Sky Financing	Housing			7,440,000					7,440,000
New Big Sky Developments	Housing	Y		7,000,000	8,000,000				15,000,000
Development opportunities on Cambridge / Norwich arc	Housing			3,500,000					3,500,000
Travellers Sites	Housing		300,000						300,000
Temporary Accommodation - Health & Safety works	Housing	Y	11,000	15,000	15,000	15,000	15,000	15,000	86,000
Temporary Accommodation – Property Purchase	Housing			1,205,334	602,666				1,808,000
Affordable Housing Land - Hethersett	Housing	Y		1,322,900					1,322,900
Temporary Accommodation – Carbon Efficiency Works	Housing			262,588					262,588
Travellers site - Bawburgh	Housing		114,000						114,000
Supporting Individuals - Health & Leisure									
Disabled Facilities Grants	Service Delivery		1,236,607	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,236,607
Wymondham Leisure Centre Works	Service Delivery		278,200	286,000	30,000	20,000	75,000		689,200
Long Stratton EGym	Service Delivery	Y		110,000					110,000
Diss Leisure Centre	Service Delivery		170,496	137,000	22,000	50,000			379,496
Diss Leisure Centre Carbon Efficiency Works	Service Delivery			1,145,838					1,145,838
Diss LC Poolside Improvements and Tank Tiles	Service Delivery	Y		800,000	500,000				1,300,000
Long Stratton Leisure Centre	Service Delivery		65,000	277,000	60,000				402,000
Framingham Earl High School	Service Delivery		10,520						10,520
Ketts Park Tennis Facilities	Service Delivery		365,936						365,936
Ketts Park Kitchen	Service Delivery		35,000						35,000
Ketts Park Works	Service Delivery	Y	35,000	15,000	1,500,000				1,550,000
Leisure Provision in the East	Service Delivery	Y			3,000,000				3,000,000
One Public Estate / Medical / Health Facilities	Service Delivery	Y		1,500,000	2,500,000				4,000,000
Land assembly / Investment in Diss	Regeneration	Y		1,500,000					1,500,000



Scheme	Type of Capital Expenditure	Provisional Projects	Estimate 2022/23 £	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £	Estimate 2027/28 £	Total £
Improvements in the Public Realm									
Street Lighting	Service Delivery		136,240	24,240	24,240	24,240	24,240	24,240	257,440
Car Park Improvements	Service Delivery		56,348						56,348
Play Areas (works funded by s106 monies)	Regeneration			113,973	49,946				163,919
Norfolk Strategic Fund to support Economic Growth	Regeneration		803,572						803,572
Queens Hill Country Park (GNGB co-funded)	Regeneration	Y		153,152					153,152
Venta Icenorum (Caister St Edmund) (GNGB co-funded)	Regeneration	Y		153,128					153,128
Cringleford Country Park (GNGB co – funded)	Regeneration	Y		27,000	250,000	191,000			468,000
Changing Places (Disabled Public Conveniences)	Service Delivery		30,000						30,000
Opportunities Funding - Loddon Staithe Bridge Repairs	Regeneration		150,000						150,000
Improvements in the Public Realm – Co Investment									
Community Infrastructure Loan Fund	Regeneration	Y	1,000,000	100,000	100,000	100,000			1,300,000
Co-Investment Grant Fund (to support parish projects)	Regeneration	Y	1,000,000	1,000,000	1,000,000	1,000,000			4,000,000
Long Stratton public realm	Regeneration	Y				2,000,000			2,000,000
Long Stratton public realm (Matched funded from Town C)	Regeneration	Y				2,000,000			2,000,000
Easton Village Hall (GNGB co-funded)	Regeneration			1,005,000					1,005,000
Protecting the Environment									
Electric Car Charging Points	Service Delivery		28,000						28,000
Environmental Projects	Service Delivery	Y	400,000	400,000	400,000	400,000	400,000		2,000,000
Electric Vehicle Charging Points (Opportunities Funded)	Service Delivery		400,000						400,000

Scheme	Type of Capital Expenditure	Provisional Projects	Estimate 2022/23 £	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £	Estimate 2027/28 £	Total £
Investment in the Economy									
Roxborough House	Regeneration		215,323						215,323
Norwich Research Park Enterprise Zone Office	Regeneration		1,465,826						1,465,826
Norwich Research Park Buildings 2 & 3	Regeneration	Y		8,000,000					8,000,000
Property Development (Browick Road)	Regeneration			3,000,000					3,000,000
Long Stratton Bypass	Regeneration	Y			4,500,000				4,500,000
Hethel Infrastructure Project	Regeneration		300,000	2,014,690	2,985,310				5,300,000
Car Park Services Electric Vehicle	Service Delivery			50,000					50,000
Car Park Improvements	Service Delivery		35,000	35,000	35,000	35,000	35,000	35,000	210,000
Shared Prosperity Fund	Regeneration			49,554	199,741				249,295
Rural Prosperity Fund – Hethel Infrastructure Project	Regeneration				915,788				915,788
Colney Roundabout Contribution	Regeneration			132,818					132,818
Our Own Needs									
Horizon Centre - Purchase and Fit Out	Service Delivery		4,402,625						4,402,625
Horizon Centre - Capital Maintenance / Carbon Efficiency	Service Delivery		175,000	519,369		120,000	78,375	60,561	953,305
IT - Annual Server and PC Replacement Programme	Service Delivery		225,000	261,012	74,360	82,721		156,600	799,693
IT - Members IT refresh (£1k per member)	Service Delivery		46,000						46,000
IT - System Replacement Programme (Transformation)	Service Delivery		971,760	224,661	275,000	275,000	275,000	275,000	2,296,421
IT - Infrastructure	Service Delivery			370,750					370,750
IT - WIFI	Service Delivery		220,000						220,000
IT - Remote Working Solution	Service Delivery		220,000						220,000
Bins Purchase	Service Delivery		165,000	181,500	181,500	181,500	181,500	181,500	1,072,500
Waste Vehicles – Replacement Programme	Service Delivery		760,000	808,000	808,000	808,000	808,000	808,000	4,800,000
Waste Vehicles - New vehicles as new rounds needed	Service Delivery		190,000			190,000			380,000
Waste Vehicles - Increase for extra street sweeping	Service Delivery		234,000						234,000
Grounds Maintenance Equipment	Service Delivery			65,000	45,000	15,000	15,000	15,000	155,000
Waste Depot	Service Delivery	Y		6,500,000					6,500,000

Scheme	Type of Capital Expenditure	Provisional Projects	Estimate 2022/23 £	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £	Estimate 2027/28 £	Total £
Opportunities Funding - Depot – Improved Facilities	Service Delivery		43,000						43,000
Opportunities Funding - Depot – Workshop	Service Delivery		34,000						34,000
Opportunities Funding – Temporary Accommodation	Service Delivery		100,000						100,000
Opportunities Funding - Leisure Centre Solar Panels	Service Delivery		438,000						438,000
Opportunities Funding - Leisure Centre Solar Panels - Car Ports	Service Delivery		288,000						288,000
			<b>17,154,453</b>	<b>52,705,507</b>	<b>29,073,551</b>	<b>8,507,461</b>	<b>2,907,115</b>	<b>2,570,901</b>	<b>112,918,988</b>
Capital Programme - Financing									
Grants			3,902,419	8,884,000	11,413,025	4,223,240	1,012,240	1,012,240	30,447,164
Revenue Reserves			5,111,260	8,641,173	1,430,860	1,599,221	1,404,875	1,531,661	19,719,050
Capital Receipts			3,738,149	13,975,000	3,127,000	2,685,000	490,000	27,000	24,042,149
Borrowing			4,402,625	21,205,334	13,102,666	0	0	0	38,710,625
			<b>17,154,453</b>	<b>52,705,507</b>	<b>29,073,551</b>	<b>8,507,461</b>	<b>2,907,115</b>	<b>2,570,901</b>	<b>112,918,988</b>

*Notes*

*Provisional Projects - i.e. those requiring a business case and/or Member approval to progress*

*GNGB – Greater Norwich Growth Board*

## **Treasury Management Strategy Statement 2023/24**

<b>Report Author(s):</b>	Darren Slowther, Capital and Treasury Accountant 01603 430467 darren.slowther@southnorfolkandbroadland.gov.uk
<b>Portfolio Holder:</b>	Finance & Resources
<b>Ward(s) 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 DLUHC 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 will require an 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 cornerstones 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 £53.9m, and £33.5m in loans to wholly owned Council companies. 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 On the basis of the assumptions in 6.1 and 6.2 above, the expected investment return for 2023/24 has been calculated as £978,000.
- 6.3 For comparison the investment return in 2022/23 is expected to be c£1,200,000.

## 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 Asset Services, Treasury solutions as its external treasury management advisors.

## **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 currently has borrowings of £20m.

### Sources of Borrowing

- 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

- 12.2 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.
- 12.3 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.
- 12.4 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 Asset Services 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 Venture 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.

### Time and monetary limits applying to investments

16. 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

17. 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

18. 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.
19. 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.
20. 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
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

##### AA+

- Canada
- Finland
- U.S.A.

##### AA

- Abu Dhabi (UAE)
- France

##### AA-

- Belgium
- Qatar
- U.K.

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

##### AA-

- Hong Kong



## **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	17,154	52,705	29,074	8,507	2,907	2,571

### 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	-1,420,000	-847,600	-564,100	-246,100	-100
Net Revenue Stream	17,741,000	19,003,000	19,769,000	20,298,000	20,838,000
Ratio of Financing Costs to Net Revenue Stream	-8.00%	-4.46%	-2.85%	-1.21%	0.00%

### 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	17,154	52,705	29,074	8,507	2,907	2,571
Capital receipts	-3,738	-13,975	-3,127	-2,685	-490	-27
Capital grants	-3,902	-8,884	-11,413	-4,223	-1,012	-1,012
Revenue	-5,111	-8,641	-1,431	-1,599	-1,405	-1,532
Net financing need for the year (borrowing required)	4,403	21,205	13,103	0	0	0

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

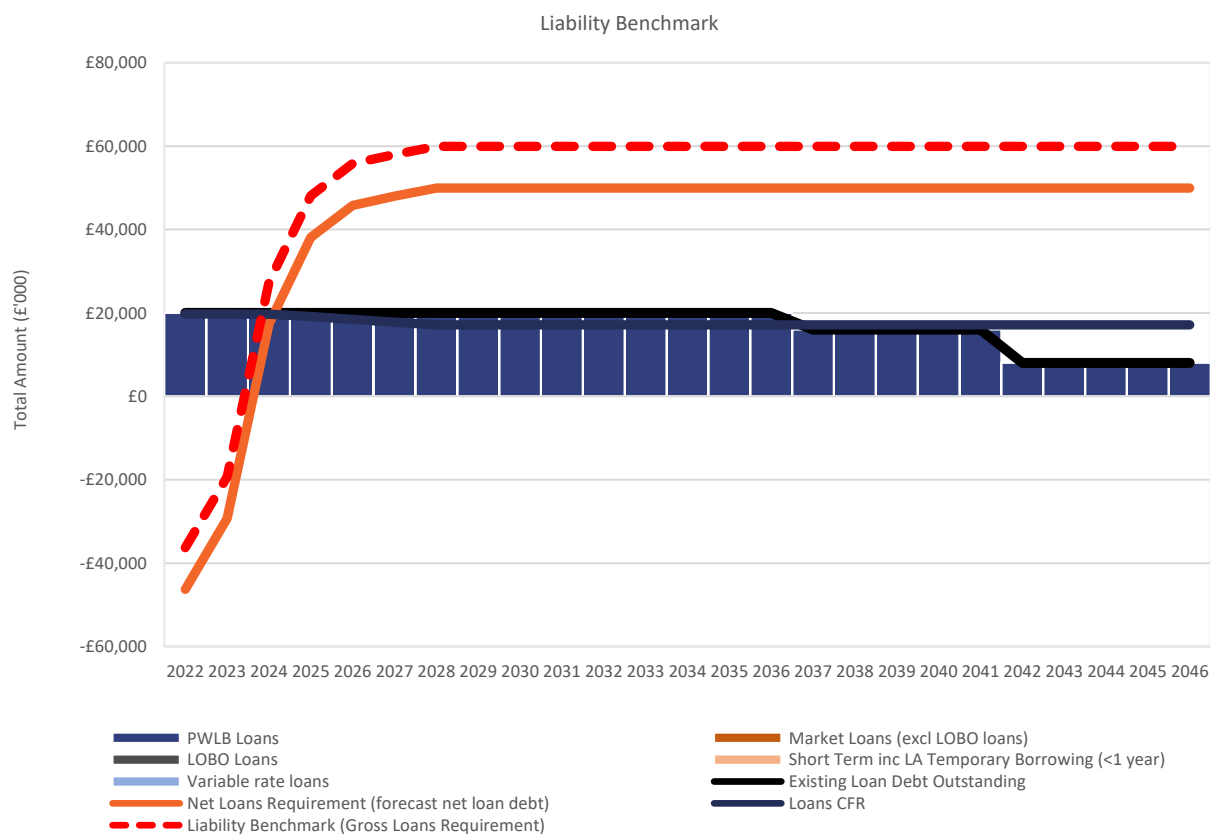
6. The **authorised limit** for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of 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	22,138	31,811	41,390	30,872	26,082	10,918
External Borrowing	4,403	21,205	13,103	0	0	0
Total Debt	4,403	25,608	38,711	38,711	38,711	38,711
Authorised Limit	35,000	40,000	50,000	40,000	35,000	20,000
Operational Boundary	30,000	35,000	45,000	35,000	30,000	15,000

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.
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. *If the capital programme is delivered as planned the graph shows that there would be a requirement for further borrowing.*



### 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 will be under borrowing by £11.8 million in 2023/24 as it will be using its cash instead of incurring external debt (internal borrowing). The cost of internal borrowing is the interest foregone from cash investments, but this is less than the interest rates the Council would pay on external borrowing. Both internal and external borrowing have to be repaid over time, however Minimum Revenue Provision is provided only for borrowing not associated with Council owed companies in line with the MRP Policy.

	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	20,000	20,000	20,000	20,000	20,000	20,000
Expected change in External Debt	0	0	0	0	0	0
Actual gross external debt at 31 March	20,000	20,000	20,000	20,000	20,000	20,000
The Capital Financing Requirement	22,138	31,811	41,390	30,872	26,082	10,918
(Under)/over borrowing	-2,138	-11,811	-21,390	-10,872	-6,082	9,082

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.

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.

The Authority has established a number of wholly owned companies (Big Sky Developments Ltd, Big Sky Property Management Ltd) and has provided loans from the Authority to the companies.

For capital expenditure on loans to third parties (including the wholly owned companies) 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.

As the Authority is satisfied that the companies will make repayments over the life of the capital programme, we do not deem it necessary to set aside MRP for repayment of this debt. However, if there is a doubt about the companies' ability to repay the loans, we will start to provide MRP over the life of the loans.

### 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
BANK RATE	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.

## Scrutiny Committee – Work Programme

In setting future Scrutiny **TOPICS**, members are asked to consider the following: **T**imely – **O**bjective – **P**erformance – **I**nterest – **C**orporate Priority

**T** Is this the right **time** to review this issue and is there sufficient **officer time** and resource to conduct the review? What is the **timescale**?

**O** What is the reason for review; do officers have a clear **objective**?

**P** Can **performance** in this area be improved by input from Scrutiny?

**I** Is there sufficient **interest** (particularly from the public)? The concerns of local people should influence the issues chosen for scrutiny.

**C** Will the review assist the Council to achieve its **Corporate Priorities**?

Date of meeting	Topic	Organisation / Officer / Responsible member	Objectives
2 March 2023	Will be held in the event of call-in only		
6 April 2023	No items scheduled		
Aug 2023	Leisure Recovery Plan – year 2	Assistant Director – Community Services & Leisure Operations Manager; & Portfolio Holder for Customer Focus	Scrutiny Committee to review and assess the progress with the Leisure Recovery Plan. Members to make recommendations as appropriate.
Nov 2023	Member-Led Grants	Assistant Director – Individuals & Families, and Communities Manager; and Portfolio Holder for Better Lives	The Committee to assess the funding allocations and outcomes achieved from the Member Led Grants and make recommendations as appropriate.
	Cost-of-Living support	Assistant Director – Individuals & Families; and Portfolio Holder for Better Lives	The Committee to assess the effectiveness of the Council's support to residents in light of the cost-of-living crisis.
Jan 2024	Environment Strategy	Clean Growth And Sustainability Manager and Portfolio Holder for Clean & Safe Environment	Scrutiny Committee to review the effectiveness of the Council's Environment Strategy and assess whether outcomes have been achieved. Members to make recommendations as appropriate.
Feb 2024	2024/25 Budget & Longer-Term Financial Strategy	S151 Officer; and Portfolio Holder for Finance & Resources	Scrutiny Committee to consider the Council's 2024/25 budget and the recommendations of Cabinet. Members to also formulate a recommendation to Council regarding the budget for consideration at its meeting later in February 2024.
Aug 2024	Leisure Recovery Plan – year 3	Assistant Director – Community Services & Leisure Operations Manager; & Portfolio Holder for Customer Focus	Scrutiny Committee to review and assess the progress with the Leisure Recovery Plan. Members to make recommendations as appropriate.
Nov 2024	Member-Led Grants	Assistant Director – Individuals & Families, and Communities Manager; and Portfolio Holder for Better Lives	The Committee to assess the funding allocations and outcomes achieved from the Member Led Grants and make recommendations as appropriate.

Date of meeting	Topic	Organisation / Officer / Responsible member	Objectives
Aug 2025	Leisure Recovery Plan – year 4	Assistant Director – Community Services & Leisure Operations Manager; & Portfolio Holder for Customer Focus	Scrutiny Committee to review and assess the progress with the Leisure Recovery Plan. Members to make recommendations as appropriate.

Scrutiny Recommendation Tracker 2022/23

Date	Topic	Responsible Officer	Resolution and Recommendations	Response / Progress	Outcome
9 June 2022	<b>HELP HUB REVIEW</b>	<b>Help Hub and Communities Senior Manager</b>	note the current position of the Help Hub and the future approach outlined in the report	No further action required	Members had the opportunity to review the model operating in the Help Hub currently. The Committee was pleased to note progress made and did not feel it necessary to make any further recommendations
30 June 2022	<b>COMMUNITY SAFETY UPDATE</b>	<b>The Assistant Director of Individuals and Families</b>	<ol style="list-style-type: none"> <li>1. To receive the update on Community Safety</li> <li>2. That South Norfolk Council works with the Police to focus on mental health issues and work towards a system change to alleviate pressures on the Norfolk and Suffolk NHS Foundation Trust (NSFT) and to ensure residents in crisis receive the most appropriate and timely care.</li> </ol>	<p>No further action required</p> <p>Officers supported the recommendation and will progress this</p>	Members were able to receive an overview of police and crime matters affecting the District and ask appropriate questions in order to fully understand the issues affecting residents.
30 June 2022	<b>BEST IN CLASS HOUSING OFFER REVIEW ON PROGRESS</b>	<b>Internal Consultancy Officer</b>	To receive the review on progress of the Best-in-Class Housing Offer.	No further action required	The Committee was able to receive an update on achievements to date and the work of the housing team. Members also gained a better understanding of the pressures facing the Council in regard to service provision.

Date	Topic	Responsible Officer	Resolution and Recommendations	Response / Progress	Outcome
30 June 2022	<b>CALL-IN OF MARKETING OF SOUTH NORFOLK HOUSE</b>	<b>Director of Resources</b>	to endorse the decision of the Cabinet.	No further action required	The Committee considered the decision made by Cabinet with reference to marketing South Norfolk House and concluded that based on the evidence provided and discussion, that cabinet's decision was sound and could be endorsed
4 Aug 2022	<b>LEISURE SERVICE RECOVERY PLAN UPDATE – END OF YEAR ONE POSITION – COVERING 1 APRIL 2021 – 31 MARCH 2022</b>	<b>Leisure Business Development Manager</b>	<ol style="list-style-type: none"> <li>1. To work with TA6 to help improve digital presence, strengthen the South Norfolk brand and enhance messaging to reach a wider audience and drive traffic to the centres</li> <li>2. To work towards achieving the best leisure recovery scenario outcome</li> <li>3. To work on the creation and implementation of a bespoke Leisure Service Strategic Delivery Plan. To include specific key performance indicators and actions for delivery over the next three years (aligned with the agreed Covid recovery plan)</li> <li>4. To work on further commercial opportunities to improve provision for residents and increase income for the service (such as expansion / enhancement projects at Framlingham Earl Sports Centre and Ketts Park)</li> </ol>	<p>Ongoing</p> <p>Ongoing</p> <p>Work in progress</p> <p>Ongoing</p>	<p>Scrutiny Committee was able to consider the progress of the recovery of Council owned leisure centres since closures during the covid pandemic.</p> <p>They were pleased to note that targets were largely being met and the team had ambitious plans to increase revenue and restore footfall.</p> <p>Members were keen to review the position at each key milestone of the recovery plan and have added this to their work programme for the coming years.</p>

Date	Topic	Responsible Officer	Resolution and Recommendations	Response / Progress	Outcome
13 Oct 2022	<b>WYMONDHAM NEIGHBOURHOOD PLAN SUBMISSION</b>	Planning Policy Manager	<ol style="list-style-type: none"> <li>1. That the submitted Wymondham Neighbourhood Plan meets the requirements of Part 6 of Schedule 4B of the Town and Country Planning Act 1990.</li> <li>2. That the Neighbourhood Plan can therefore proceed to consultation, in accordance with Regulation 16 of the Neighbourhood Planning (General) Regulations 2012, and subsequently to an independent examination</li> <li>3. That the proposed South Norfolk Council response, as detailed in Appendix 3, be formally submitted as part of the Regulation 16 consultation</li> </ol>	Cabinet resolved to agree to the recommendations endorsed by Scrutiny Committee and within the officer report	<p>Members were able to review the submitted Plan ahead of consideration of Cabinet and provide their views. The Plan had previously been considered by Cabinet and referred back to the Town Council for further review.</p> <p>Scrutiny Committee were satisfied that the Plan met all the relevant criteria and were happy to recommend that cabinet agree the recommendations in the officer report.</p>
17 Nov 2022	<b>POLICE, CRIME AND COMMUNITY SAFETY PLAN</b>	Assistant Director of Individuals and Families	To receive the Police, Crime and Community Safety Plan.	No further action required	The Committee was able to learn of the nature and volume of crime in the District and County more widely. Most importantly, members were in a position to understand how the Police and Council are tackling the issues together and working collaboratively to reduce crime and manage demand.



Date	Topic	Responsible Officer	Resolution and Recommendations	Response / Progress	Outcome
17 Nov 2022	<b>EARLY INTERVENTION ANTI-SOCIAL BEHAVIOUR (ASB)</b>	Assistant Director for Regulatory	<ol style="list-style-type: none"> <li>1. Receive the review of the Early Intervention Anti-Social Behaviour Officer Pilot service to date and note that this matter would be brought back to the Committee once further information was available to evaluate the success of the pilot.</li> <li>2. Note the success criteria and progress made to achieve them in section 3 of the report.</li> <li>3. Note the proposed extension of the Early Intervention Anti-Social Behaviour Officer Pilot service to March 2024, subject to funding being secured.</li> </ol>		The Committee reviewed the outcomes achieved by the early intervention approach to ASB and the impact this has had on residents and dealing with the increase in demand that the service had experienced in recent years.
17 Nov 2022	<b>BUSINESS REGULATORY SUPPORT HUB</b>	Assistant Director for Regulatory	<ol style="list-style-type: none"> <li>1. Receive the review on the progress of the Business Regulatory Support Hub Pilot service, and to note that this matter would be brought back to the Committee once further information was available to evaluate the success of the pilot.</li> <li>2. Note the proposed extension of the Business Regulatory Support Hub Pilot up to March 2024 subject to confirmation of temporary Shared Prosperity Fund funding to enable longer pilot delivery, testing and evaluation.</li> </ol>		Members reviewed the impact of the Council's Business Regulatory Support Hub and make suggestions for how the service could continue to grow and help businesses flourish in the District.

Date	Topic	Responsible Officer	Resolution and Recommendations	Response / Progress	Outcome
26 Jan 2023	<b>ENVIRONMENTAL STRATEGY AND DELIVERY PLAN</b>	Clean Growth and Sustainability Manager	<ol style="list-style-type: none"> <li>1. Receive the update on the work undertaken in the last 12 months in regard to the current Environmental Strategy</li> <li>2. Recommend to Cabinet that it approve the adoption of the revised draft Environmental Strategy and Delivery Plan</li> </ol>	To be considered by Cabinet	Members were able to review the draft Strategy ahead of consideration by Cabinet to ensure that it is fit for purpose and will achieve the ambitious outcomes for the Council. Members were keen to receive further updates on the Strategy to ensure that relevant progress is made and targets are met.

**CABINET CORE AGENDA 2023**

Date	Key	Title of Report	Responsible Officer	Portfolio Holder	Exempt
<b>13 Feb</b>	Key	Greater Norwich 5-year Infrastructure Investment Plan	Paul Harris	John Fuller	
	Key	The Future Sale of the South Norfolk House site	Debbie Lorimer	Kay Mason Billig	Exempt
		Review of Environmental Strategy and Delivery Plan	Anna Sommazzi	Graham Minshull	
		Council Tax Assistance	Richard Dunsire / Lindsay Sayer	Alison Thomas	
		Council Tax (2 <sup>nd</sup> Homes) – Additional Premium	Simon Bessey	Adrian Dearnley	
		Health and Wellbeing Partnerships (HWP) Funding Delegations	Jamie Sutterby	Alison Thomas	
	Key	Leisure Solar Panel Contract	Simon Phelan	Richard Elliott	Exempt
	Key	Lease Agreement – Ella May Barnes Building	Nina Cunningham	Lisa Neal	Exempt
	Key	Land Acquisition in Diss	Emily Larter	Lisa Neal	Exempt
	Key	Revenue Budget and Council Tax 2023/24	Rodney Fincham	Adrian Dearnley	
	Key	Capital Strategy and Capital Programme 2023/24 to 2027/28	Rodney Fincham	Adrian Dearnley	
	Key	Treasury Management Strategy Statement 2023/24	Rodney Fincham	Adrian Dearnley	

**Council Meeting 22 February**

<b>20 Mar</b>	Key	Long Stratton Bypass Funding	Phil Courtier	John Fuller	Exempt
	Key	Disposal of Middleton Street, Wymondham	Nina Cunningham	Lisa Neal	Exempt
		Deed of Variation on Large Scale Voluntary Transfer (LSVT) Agreement	Helen Skoyles	John Fuller	
		Diss and District Neighbourhood Plan Consideration of Examiner's Report	Richard Squires	John Fuller	
		Wymondham Neighbourhood Plan Consideration of Examiner's Report	Richard Squires	John Fuller	
	Key	Regulation of Investigatory Powers Act (RIPA) Policy	Nick Howard	Lisa Neal	

Date	Key	Title of Report	Responsible Officer	Portfolio Holder	Exempt
	Key	Norfolk Green Infrastructure and Recreational Avoidance and Mitigation Strategy (GIRAMS) – Governance	Paul Harris	Lisa Neal	
		Health and Wellbeing Strategy	Annie Sommazzi	Graham Minshull	
		Performance Report Q3 2022/23	Sinead Carey / Helen Hall	Adrian Dearnley / Kay Mason Billig	
	Key	Public Sector Decarbonisation Contract Award	Annie Sommazzi	Graham Minshull	Exempt

*A key decision is an executive decision which will:*

- (a) result in the Council spending, or saving a **significant** amount compared with the Budget for the service or function the decision relates to; or*
- (b) to be **significant** in terms of its effects on communities living or working in an area, comprising two or more wards in the area of the Council, in that it will:*
  - (i) Have a long-term, lasting impact on that community; or*
  - (ii) Restrict the ability of individual businesses or residents in that area to undertake particular activities; or*
  - (iii) Removes the provision of a service or facility for that community; or*
  - (iv) Increases the charges payable by members of the community to provide a service or facility by more than 5%; or*
  - (v) Have the potential to create significant local controversy or reputational damage to the Council; or*
  - (vi) Is a matter that the decision maker considers to be a key decision.*

*When assessing whether or not a decision is a key decision the decision maker must consider all the circumstances of the case. However, a decision which results in a significant amount spent or saved will generally be considered to be a key decision if:*

- (a) the amount spent is £200,000 or more of revenue expenditure; or*
- (b) savings of £75,000 or more per annum, or*
- (c) capital expenditure of £200,000 or more (where a decision makes a commitment for spending over a period of time, it is the total commitment that must be considered to see if it is a key decision).*