



Cabinet

**Tuesday, 4th February, 2020 at 3.30 pm
in the Assembly Room - Town Hall, Saturday Market
Place, King's Lynn PE30 5DQ**

Reports marked to follow on the Agenda and/or Supplementary Documents

1. **Financial Plan 2019/2024** (Pages 2 - 96)
1. **Treasury Management Strategy for 2020/21 and Prudential Indicators for 2019/20 and 2022/23** (Pages 97 - 133)
1. **King's Lynn Area Transport Study** (Pages 134 - 135)

Contact

Democratic Services
Borough Council of King's Lynn and West Norfolk
King's Court
Chapel Street
King's Lynn
Norfolk
PE30 1EX
Tel: 01553 616394
Email: democratic.services@west-norfolk.gov.uk

The FINANCIAL PLAN 2019/2024

**As submitted to the
Cabinet**

4 February 2020

**Tina Stankley
Interim Financial Services manager (S151 Officer)**

The FINANCIAL PLAN 2019/2024

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The FINANCIAL PLAN - 2019/2024

1 Executive Summary

- 1.1 As part of the council tax setting process the Council updates its longer term Financial Plan to take account of any changes in financial settlements, inflation on service costs and revised priorities of the administration.
- 1.2 In February 2019 the Council set out a Financial Plan for 2018/2023. The Plan reflected the continued significant financial challenges faced by the Council.
- 1.3 Changes to the local government finance system were due to be implemented for 2020/21 including the phasing out of Revenue Support Grant (RSG), Rural Services Delivery Grant (RSDG) and changes to the distribution of New Homes Bonus. A full reset of the business rates system was also due to take place in 2020/2021, which would have allowed the full implementation of reforms to the Business Rates Retention Scheme to take place. Also due was an announcement on the outcome of the review into relative needs and resources, i.e. the Fair Funding Review.
- 1.4 On 4 September 2019, when the Chancellor outlined the Government's Spending Round 2019 i.e. the spending plans for 2020/21, he confirmed that there would be a one year settlement for Local Government with RSG and RSDG continuing for another year at the 2019/20 levels plus inflation. He also announced that the introduction of the Business Rates Retention Scheme and the outcome of the review into relative needs and resources, i.e. the Fair Funding Review, would also be postponed for a year.
- 1.5 The provisional local government finance settlement for 2020/2021 was published on 20 December 2019. It did not contain any surprises as the announcements around the local government finance settlement for 2020/2021 had been made by the Chancellor in his Spending Round 2019 speech in September. It has been confirmed that the one year settlement with RSG and Rural Services Delivery Grant (RSDG) will be paid for one final year (2020/21). It has been assumed within the Financial Plan that neither grant will be paid beyond 2020/2021.
- 1.6 The Council can present a funded budget for all years of the medium term financial plan to 2024 (see Appendix 1). **There is significant uncertainty from 2021/2022 onwards.** This is due the Government having taken the decision to delay both the implementation of the reforms to the business rates retention scheme and the Fair Funding Review until April 2021. This delay has resulted in being unable to determine with any certainty the future funding position beyond 2020/2021, which is a considerable downside risk.

- 1.7 The provisional local government finance settlement announced by the Government on 20 December 2019 confirmed the one year settlement with RSG and Rural Services Delivery Grant (RSDG) being paid for one final year. It has been assumed that neither grant will continue beyond 2020/2021 so no grant income for this has been included in the Financial Plan beyond 2020/21. As the Council Tax Support to parishes was being funded from RSG this has also been continued for one more year (at £21k) and then not included beyond 2020/21.
- 1.8 The Government's focus is on Councils' 'core spending power' inclusive of locally generated resources. The core spending power analysis tables published by the Government for each Council assumes that Councils in the lowest quartile of Council Tax levels (which includes the Borough Council) will introduce the full £5 per annum per Band D dwelling Council Tax increase now permitted under the Council Tax Referendum Principles.
- 1.9 In the winter of 2018 the Government approved 15 additional Business Rates Pilots for 2019/2020 including a Norfolk Pilot. Under the pilot arrangements the amount of RSG and RSDG received would be zero. The value of the RSG and RSDG was then taken into account in setting revised tariffs and top-ups for 2019/20.
- 1.10 It was announced on 4 September 2019 as part of the Spending Round 2019 that the Government would not be renewing the 2019/2020 75% Business Rates Retention Pilot Schemes. Authorities could continue in their pools if they wanted to, but this would revert back to a 50% Business Rates Retention scheme.
- 1.11 Norfolk authorities which were in such a scheme last year (2019/2020) have opted to remain in a Business Rates Pool for 2020/2021.
- 1.12 In preparing the Financial Plan 2019/2024 assumptions have been made on continued growth in business rates for 2020/2021. However there can be no guarantee that business growth will materialise as developers/businesses will respond to changing market conditions, and there is the added uncertainty of the Brexit arrangements as they unfold. Whilst the assumptions have been made using the most up to date information available there is a significant level of risk, because of these external factors which are out of our control. Any delay or deviation from the anticipated growth will result in income levels falling below that forecast.
- 1.13 The Council over recent years has adopted a policy of seeking efficiencies and different ways of delivering services producing significant levels of savings. A robust process to identify proposals to address the continuing budget deficit has been underway since the autumn 2015. In taking up the offer of a four year funding settlement the Council was required to publish an efficiency plan and monitor progress on delivery of savings. As at the end of November 2019 we had achieved actual ongoing annual savings of £1.4m. Where savings have been

achieved in advance of 2020/2021 these have been transferred to reserves to fund investment in major capital projects which will provide future revenue income streams.

- 1.14 Work has been underway during the current financial year on securing the cost reduction/income generating targets identified as part of the budget setting process in February 2019. The actual annual savings achieved of £1.4m are included in the Financial Plan 2019/2024 from 2020/2021 and by the end of this medium term plan there is still a budget gap of £3.2m. The budget gap may be even higher depending on the impact of the reforms to the Business Rates Retention scheme and the Fair Funding Review. The delivery of the major corporate capital projects to generate additional/new income is vital in achieving the required budget savings.
- 1.15 The costs for Council services have been updated. In terms of expenditure a number of service budgets have been held at 2018/2019 levels i.e. no inflation has been applied in many budget areas and increases have been made only where known price increases have occurred. Growth items have only been included where there is a statutory requirement including minimum pay pledges.
- 1.16 It remains difficult in the current economic climate to estimate levels of income in certain services including planning, car parks and industrial estates and a cautious approach has been taken in projecting funding in future years.
- 1.17 Fees and charges have been reviewed as part of the estimates process and the general principle has been to increase charges in line with CPI projections. Car parking charges were last increased in April 2018. The proposal is for no across-the-board inflationary increases in car park charges for the forthcoming year. In 2011 a 3-hours-for-the-price-of-2-hours promotion was introduced offering those paying for 2 hours parking on the short-term, resort and multi-storey car parks an additional free hour. This promotion will be withdrawn and the pricing structure of up to 2 hours and up to 3 hours reinstated. Long-term car parks will not be affected.
- 1.18 The Council has a planned approach for the use of the general fund balance. As in previous years the Council continues to make use of working balances and reserves to protect against volatile changes in the cost of services, receipt of income and more significantly funding levels from business rates growth. At no time does the Plan take working balances below the minimum level as stated in the Policy on Earmarked Reserves and General Fund Working Balance of the Council.

- 1.19 The figures shown in the Financial Plan for 2019/2024 include a £4.50 per annum per Band D dwelling increase in council tax for each year of the plan. The increases are in line with the Council's published efficiency plan. The overall £5 increase permitted under the Council Tax Referendum Principles includes the £4.50 per annum per Band D dwelling increase in council tax to cover the Borough expenditure and an increase of £0.50 per annum to cover the expenditure for special expenses.
- 1.20 The Financial Plan 2019/2024 (see Appendix 1) does show that the Council can present a funded budget. The current general fund balances would be required to support the budget in the event that income levels are not achieved and/or delayed, whilst further cost reductions are made.
- 1.21 **However there is significant uncertainty and risk is from 2021/2022.** The Government has announced that there will be reforms to the Business Rates Retention Scheme, along with implementation of the outcome of the Fair Funding Review in 2021/2022. A business rates revaluation will also take place at the same time. There is concern that the re-set of the baseline may mean that the Council does not retain all the growth currently included in the Financial Plan. The Fair Funding Review will determine the starting point for resource allocations under any new Business Rates Retention scheme. This Council will continue to make strong representations for fair and transparent funding arrangements for local government, which take account of the particular pressures of rural authorities, and in the case of west Norfolk, the funding arrangements to address the flood and drainage responsibilities met through the internal drainage boards.

1.22 A summary of the recommendations in the report is shown below:

Recommendation 1

It is recommended that Council approve the revision to the budget for 2020/2021 as set out in the report.

Recommendation 2

It is recommended that Council to reaffirm the Policy on Earmarked Reserves and General Fund Working Balance and the maximum balances set for the reserves as noted in the report.

Recommendation 3

It is recommended that Council :

- 1) Approves the budget of £18,441,610 for 2020/2021 and notes the projections for 2021/2022, 2022/2023 and 2023/2024.**
- 2) Approves the level of Special Expenses for the Town/Parish Councils as detailed in the report.**
- 3) Approves the Fees and Charges for 2020/2021 detailed in Appendix 5.**
- 4) Approves a Band D council tax of £130.37 for 2020/2021**

Recommendation 4

It is recommended that Council approves a minimum requirement of the General Fund balance for 2020/2021 of £922,080.

The REVENUE BUDGET 2019/2020

2 The Revenue Budget 2019/2020

- 2.1 The original budget 2019/2020 was approved by Council on the 5 February 2019. Throughout the year the s151 Officer has monitored the budget and where necessary sought approval for additional budget provision.
- 2.2 Full details of the changes that have been made to the original budget are reported in the monthly monitoring reports to November 2019. A revision to the 2019/2020 Budget is shown below and in Appendix 1. The following table compares November 2019 positions and the revised budget for the year 2019/2020, along with the variance which is explained in the paragraph 2.3.

	November Monitoring 2019/2020	Revised Budget 2019/2020	Variance
	£	£	£
Corporate	(2,179,130)	1,125,100	3,304,230
Additional transfers to Earmarked Reserves:			0
Cost reduction programme	1,423,850	1,423,850	0
Business Rates Renewable Energy	1,858,850	800,000	(1,058,850)
			0
Democracy	1,439,900	1,284,570	(155,330)
			0
Services Areas:			0
Central and Community Services	2,335,350	1,798,670	(536,680)
Chief Executive	1,531,310	1,197,990	(333,320)
Commercial Services	4,081,680	2,180,470	(1,901,210)
Environment and Planning	2,008,200	1,547,420	(460,780)
Finance Services	2,287,870	1,858,730	(429,140)
		0	0
Financing Adjustment	1,591,870	1,793,140	201,270
Internal Drainage Boards	2,759,490	2,754,140	(5,350)
Council Tax Support to Parishes	20,970	20,970	0
			0
Borough Spend	19,160,210	17,785,050	(1,375,160)
			0
Reimbursement of lump sum pension payment	1,517,000	1,517,000	0
Contribution to Balances	(1,646,830)	(271,670)	1,375,160
			0
Borough Requirement	19,030,380	19,030,380	0

- 2.3 The November Monitoring report includes all the internal recharges that are made between services e.g. finance will recharge an element of its costs to Personnel and vice versa. This was previously a CIPFA accounting requirement to identify the true costs of services. This is no longer the case and so only those recharges which have a real impact on the council's finances are now included within the budgets e.g. a recharge is included for the element of Internal Audit costs that cover the provision of services to Fenland District Council as it is real income to the Council. This change accounts for most of the large variances that can be seen in the table above.
- 2.4 Other changes to the November 2019 budget relate to a review of service provision costs and income. The table below gives details of the main changes other than those for the adjustment in the way the Council accounts for recharges.

Service Area	Change in budget £
Reduction in the Business Rates Renewable Energy transfer to reserves	(1,058,850)
Increase in turnover savings to be achieved based on actuals to date for 2019/2020	(700,000)
Reduction in insurance premium	(112,220)
Net income generated by KLIC	(125,000)
Provision for pay award no longer required as pay award increases are provided for in the salaries budgets	(155,000)
Reduction in Crematorium Fees	229,270
Increased costs of computer software maintenance	161,430
Total	(1,760,370)

- 2.5 Any further variances between the revised budget and actual outturn for 2019/2020 will be shown in Monitoring Reports for the remainder of the financial year and in the Final Accounts Outturn Report in June 2020.
- 2.6 The net impact of the projected outturn 2019/2020, as detailed above, on the overall level of General Fund balance is as follows:

	£
Balance brought forward 1 April 2019 (draft SOA)	(7,672,064)
Reimbursement of lump sum Pension Payment	(1,517,000)
Contribution from balances for 2019/2020 (as per the November 2019 budget monitoring report)	271,670
Projected General Fund Balance 31 March 2020	<u>(8,917,394)</u>

- 2.6 In 2017/2018 the Council made an upfront pension contribution of £4,250,000 to the Norfolk Pensions Service. By doing this the Council saved approximately £261,000 over the three years from 2017/18 to 2019/20. The Council could then account for it in each of the three years. The Council is intending to do this again for the three year period 2020/2021 to 2022/2023 saving £337,000 over the three years. The Financial Plan has been prepared on this basis.
- 2.7 The Council is holding the General Fund balance at a high level to provide the Council a degree of protection in the current volatile environment. As in previous years the Council will make use of the balance in its Financial Plan over the next four years bringing it back to a lower level.

Recommendation 1

It is recommended that Council approve the revision to the Budget for 2019/2020 as set out in the report.

The Financial Plan 2019/2024

3 The Financial Plan 2019/2024 - Funding

3.1 Revenue Support Grant (RSG) and Rural Services Delivery Grant (RSDG)

3.1.1 The financial year 2019/2020 was the fourth and final year of the 4 year Local Government Finance Settlement and it was expected that the Council would not receive RSG, nor RSDG from 2020/2021 onwards. However it was announced in the September Spending Round that there would be a one-year settlement, with both RSG and RSDG being paid for a further year (2020/2021) at 2019/2020 levels plus an increase for inflation (CPI of 1.7%). The provisional local government finance settlement announced by Government on 20 December 2019 confirmed the figures.

3.1.2 The Government has stated that a full multi-year spending review will be conducted in 2020. The review will take into account the nature of Brexit and set out further plans for long-term reform. There hasn't been any RSG and RSDG grant income included within the Financial Plan beyond 2020/21.

3.1.3 The RSG and RDSG funding that BCKLWN will receive is set out in the table below.

Receipt of Funding	RSG £	RSDG £
2019/2020	(614,210)	(462,830)
2020/2021	(624,620)	(470,700)
2021/2022	0	0
2022/2023	0	0
2023/2024	0	0

3.1.4 In the provisional local government finance settlement announced on 13 December 2018 the Government approved 15 additional Business Rates Pilots for 2019/2020 including a Norfolk Pilot. Under the pilot arrangements the amount of RSG and RSDG received was zero, but the value of both as detailed at 3.1.3 was taken into account when setting revised tariffs and top-ups. As a result the baseline business rates funding for BCKLWN was adjusted so that the council was not in a worse funding position than had it not been part of a Business Rates Pilot.

3.1.5 The Government has announced (as part of the Spending Round 2019 on 4 September 2019) that the Pilot Schemes would not be continuing in 2020/2021. However the pools can continue and it has been assumed that the value of RSG and RSDG are included within the business rate baseline funding levels which will increase in line with inflation. These are set out in section 3.3 below.

3.2 Delivering the Efficiency Plan

3.2.1 In taking up the offer of a four year funding settlement the Council was required to publish an efficiency plan. The Council's efficiency plan was approved at Council on 29 September 2016 and this includes a focus on the following:

- Continue to examine all operational service areas to identify achievable revenue cost savings through delivering services in different ways, reductions in service level, increasing income and reviewing discretionary expenditure. Some of the identified areas include channel shift, joint and shared working arrangements and sharing office space.
- Identify capital investment opportunities to maximise use of our assets, generate a revenue return above that achieved from treasury investments, promote housing development, increase the council tax base and new homes bonus, promote local economic and business growth and increase business rates. Some identified areas are a major housing project, commercial investment and development, review of car parking strategy.
- As a lower quartile Council, increase Band D council tax by £5 per annum from 2019/2020 in line with government expectations.

3.2.2 Work has been underway during the current financial year on securing the cost reduction/income generating targets identified as part of the budget setting process in February 2019. Actual revenue savings achieved against the target savings for 2019/2020 have been reported in the monitoring reports to the end of November 2019. In addition to savings against targets there are savings that have been generated from running the King's Lynn Innovation Centre which had not been anticipated. All the savings are shown in the table below.

Service Area	2019/2020 Saving £	2020/2021 Saving £
Personnel Service	0	0
Energy Efficiency	33,600	21,640
Parish Council Elections	4,270	0
Car Parking	30,000	30,000
Net saving from removing telephone line at Valentine Road offices in Hunstanton	6,000	6,000
Digital collection of information – savings in scanning costs	15,000	15,000
Realignment of budget between years	18,500	(1,500)
Review of ICT support contracts	6,000	6,000
KLIC	125,000	150,000
Savings to Date	238,370	227,140
Target savings	337,196	621,336
Variance (under) to Date	(98,826)	(394,196)

3.2.4 The Council over recent years has adopted a policy of seeking efficiencies and different ways of delivering services producing significant levels of savings. A robust process to identify proposals to address the continuing budget deficit has been underway since the autumn 2015. As at the end of November 2019 we had achieved actual ongoing annual savings of £1.4m. Where savings are achieved in advance of 2020/2021 these will be transferred to reserves to fund investment in major capital projects which will provide future revenue income. The cost reduction savings reserve currently stands at £2.8m.

3.2.5 The actual annual savings achieved of £1.4m are included in the Financial Plan 2019/2024 from 2020/2021 and by the end of this medium term plan there is still a budget gap of £2.9m. The budget gap may be even higher depending on the impact of the reforms to the Business Rates Retention scheme and the Fair Funding Review. The delivery of the major corporate capital projects to generate additional/new income is vital in achieving the required budget savings. Past experience shows that it is important to gain savings as soon as possible.

3.2.6 The Financial Plan is reliant upon drawing sums from the working balance. The use of reserves is clearly a temporary measure and over the period of the Plan the Council will work toward bringing spending in line with income. Savings already identified and yet to be achieved are detailed in the table below.

Service Area	2020/2021 Saving £	2021/2022 Saving £	2022/2023 Saving £	2023/2024 Saving £
Target savings identified at budget setting February 2018 still to be achieved	118,340	78,540	150,000	150,000
Identified revenue savings from changes to leisure arrangements	215,880	302,880	369,880	369,880
Corporate Projects - identified new revenue income	111,660	262,620	346,700	1,087,330
Total identified savings	445,880	644,040	843,400	1,607,210

3.3 Retained Business Rates

3.3.1 The baseline business rates funding allocation, announced on 20 December 2019 is broadly as anticipated in the current plan.

3.3.2 Rateable Values (RVs) are reviewed and updated by the Valuation Office usually every 5 years, the last RVs came into effect on April 2017. The revaluation redistributes the rates burden and is nationally cost neutral. A transitional relief scheme spreads the cost (or benefit) of large increases and decreases in business rates bills at a revaluation.

3.3.3 The Chancellor announced in the Spring Budget Statement 2018 that the next business rates revaluation would be brought forward a year to 2021/2022 and that future revaluations will then take place every 3 years rather than five. The three year revaluation system should enable a fairer reflection of rental values.

3.3.4 As part of the Autumn Statement 2019 the Chancellor announced new and extended business rates discounts (subject to legislation being passed):

- An increase in the level of the retail discount from one-third to 50 per cent will apply in 2020/21 for eligible retail businesses occupying a property with a rateable value less than £51,000.
- The retail discount has been extended to eligible music venues and cinemas with a rateable value of less than £51,000.
- The £1,500 business rates discount for office space occupied by local newspapers has been extended and will apply for an additional 5 years until 31 March 2025.
- The reintroduction of the pubs discount will provide a £1,000 discount to eligible pubs with a rateable value of less than £100,000 in 2020/21. This is in addition to the retail discount and will apply after the retail discount.

3.3.5 The baseline business rates will increase annually in line with the increase in the business rates multiplier. The provisional new multipliers for 2020/2021 are as follows (2019/2020 figures in brackets):

Non-domestic rate multiplier	-	51.2p (50.4p)
Non-domestic rate multiplier (small businesses)	-	49.9p (49.1p)

3.3.6 The Council is part of the Norfolk business rates pilot in 2019-20 which was forecast to deliver tangible benefits to the county as a whole, and support the Government as it developed the new Business Rate Retention system for implementation in 2020-21. The financial benefit to Norfolk as a whole from piloting 75% Business Rates retention was forecast to be around £7.8m representing the additional 25% share of growth that would be retained locally and shared between the Districts and County Council.

3.3.7 During the year the Government was unable to make the progress needed on reforming the Business Rates Retention Scheme due to Brexit taking up most of its time. Therefore the implementation of the new scheme has been delayed until

2020/2021. The Government announced in the Spending Round in September 2019 that the 75% Business Rates retention pilots could continue for another year, but would revert back to being 50% Business Rates retention pools.

- 3.3.8 The baseline funding for 2020/2021 is the amount included in the Local Government Finance Settlement 2020/2021 published on 20 December 2019. The future 3 years of the medium-term financial plan 2021–2024 are calculated on the baseline business rates included for 2020/2021 uplifted for estimated CPI increases (see Appendix 1).
- 3.3.9 Business rates growth included in the Financial Plan 2019/2024 is detailed in Appendix 1. It is estimated that BCKLWN will receive one off additional growth of £655,000 in 2019/2020 as part of the Norfolk Pilot. This will be held in Reserves and used when required to support expenditure (currently planned use of this is in 2021/2022).
- 3.3.10 The implementation of reforms to the Business Rates Retention Scheme mean existing grants will be incorporated into business rate retention including the RSG and RSDG. The revised arrangements for business rates retention will not provide this Council with funding to replace the reductions announced in RSG. The review into relative needs and resources, the Fair Funding Review, will redistribute business rates. It can be anticipated that there will be winners and losers as a result of the funding review.
- 3.3.11 In preparing the Financial Plan 2019/2024 assumptions have been made on continued growth in business rates from 2019/2020 onwards. However there is no guarantee that business growth will materialise as developers and businesses will respond to changing market conditions and the added uncertainty as the Brexit is implemented and the country moves through the transition phase. There is therefore a significant level of risk with this approach. If the anticipated projects do not progress as planned or are cancelled the growth will not be achieved.
- 3.3.12 The current focus for the Government is on Brexit and this has added to the uncertainty for local government. It was announced that there would be a further delay to the implementation of the reforms to the Business Rates Retention Scheme until 2021/2022 and that for this year only there would be a one year Local Government Finance Settlement.
- 3.3.13 For the final two years of the plan we have taken a prudent approach to additional growth as the impact of the implementation of a new system for business rates is not clear and an element of the growth may be removed when the review of relative needs and resources has been completed and the baseline is reset.

3.3.14 Collection Fund Surplus – Retained Business Rates

In setting Retained Business Rates each year there is an assumption made on the rate of collection that will be achieved. In drawing up the NNDR tax base for

2019/2020 the assumed collection rate was 97.5%. In past years the Revenues Services teams have achieved higher levels of collection thereby producing a surplus on the Collection Fund Account. Previously any rate of collection achieved above the projection will produce surpluses on the Collection Fund of which will be distributed amongst the major preceptors and a proportion will come back to the Council. The table below shows what has been included in the financial plan for the surplus that the council will receive each year.

Surplus each year	£
2019/2020	0
2020/2021	0
2021/2022	(330,000)
2022/2023	(330,000)
2023/2024	(340,000)

3.4 New Homes Bonus

3.4.1 The government announced, as part of the Spending Round 2019, that it will retain the amount of the top slice of RSG at £900m to fund the New Homes Bonus scheme in 2020/21.

3.4.2 In addition to funding legacy payments associated with previous years' allocations, the Government has suggested that it will make a new round of allocations for 2020-21. However as the 2020/21 settlement is for one year only any funding beyond 2020-21 will be subject to the 2020 Spending Review and potential new proposals for the scheme. So it is likely that any new allocations in 2020-21 will not result in legacy payments being made in subsequent years on those allocations.

3.4.2 Therefore in setting the Financial Plan 2019-2024 it has been assumed that funding of existing years' legacy payments will be made but nothing has been included beyond 2020/21 for any new funding beyond that.

3.4.3 The financial plan 2019/2024 includes the following for New Homes Bonus:

New Homes Bonus	£
2019/2020	(1,019,860)
2020/2021	(898,180)
2021/2022	(475,220)
2022/2023	(321,440)
2023/2024	0

3.5 Collection Fund Surplus – Council Tax

3.5.1 In setting council tax each year there is an assumption made on the level of collection that will be achieved. In addition new properties come into the tax base

during the year and increase the tax base above that used in the Financial Plan. The additional council tax income achieved during the year is then distributed in the following year as a surplus on the Collection Fund. BCKLWN has been holding and distributing high Collection Fund surpluses and this has had a particular impact on Norfolk County Council. As at 31 March 2019 the County's share of the council tax collection fund was £2.1m. In discussions with the County Council it has been agreed to reflect the tax base calculated on 100% collection rate from 2019/2020.

3.5.2 This approach should result in a distribution in-year of Collection Fund income and a minimal level of surpluses being held in the Collection Fund. In the event that the Collection Fund falls into a deficit this will be recovered from the precepting authorities in the following year and the collection rate assumptions for future budget setting will be reviewed.

3.5.3 It is estimated that the Council can draw sums as detailed below.

Council Tax surplus	£
2019/2020	0
2020/2021	0
2021/2022	(422,150)
2022/2023	0
2023/2024	0

The draw comes from the accumulated surplus generated in prior years. It is anticipated that the surplus contained in the Collection Fund and available from distribution will be reduced in future as the growth in the tax base is more accurately reflected in the tax base estimate.

3.6 Council Tax

3.6.1 Council Tax was introduced in April 1993 and is essentially a property tax based on the broad value of domestic properties. The Valuation Office Agency (VOA) is responsible for the valuation of all domestic properties in England and Wales. The VOA attributes each domestic property to one of eight bands – A to H. The bands relate to the estimated property value as at 1991 prices:

Band	Value £	Weighting of band
A	Up to £40,000	6/9ths
B	£40,001 – £52,000	7/9ths
C	£52,001 – £68,000	8/9ths
D	£68,001 – £88,000	9/9ths
E	£88,001 – £120,000	11/9ths
F	£120,001 – £160,000	13/9ths
G	£160,001 – £320,000	15/9ths
H	Over £320,000	18/9ths

3.6.2 Although promised by past Governments there has not yet been a revaluation of the property bands. Council tax banding remains set at 1991 prices.

Council Tax Base

3.6.3 The Council Tax base is the estimated full-year equivalent number of liable dwellings in the Borough, expressed as an equivalent number of Band D dwellings with 2 or more liable adults. The calculation of the tax base is important in determining the overall level of Council Tax. The Council has a statutory duty to determine its tax base under the Local Government Finance Act 1992.

3.6.4 The calculation of the tax base for 2020/2021 takes into account changes resulting from the local council tax support scheme (which reduces the tax base). At the meeting on 23 January 2020 Council agreed the continuation of the existing scheme for 2019/20 with the following minor changes to keep it in line with other welfare reform amendments, both of which are beneficial to our Council Tax payers claiming support.

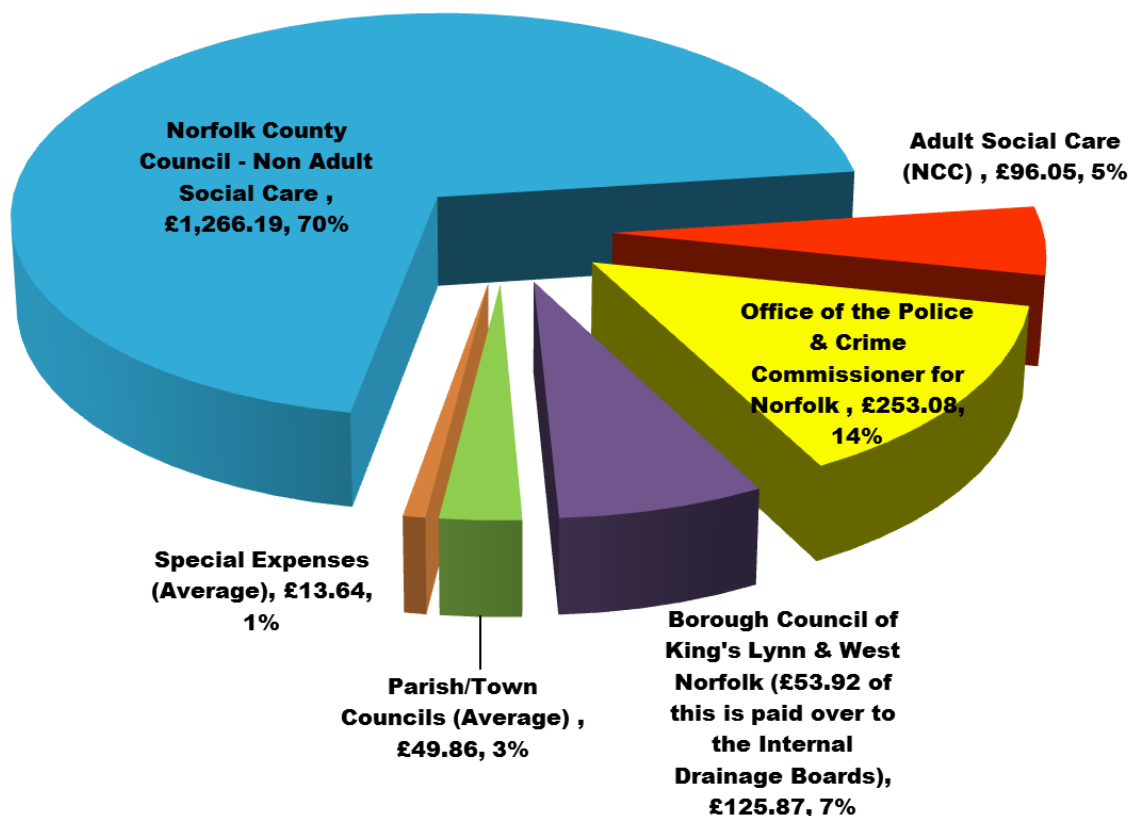
- Disregarding any income from the Windrush Compensation scheme, and
- Disregarding any lump sum payments from the Windrush Compensation scheme.

3.6.5 The full tax base for 2019/2020 is 51,179. For 2020/2021 the tax base is assumed to increase by 801 Band D equivalent properties (based on the actual figures) and then for the subsequent years the assumption is that the tax base will rise by the equivalent of 300 Band D properties per annum.

3.6.6 Council Tax 2019/2020

The Borough Council element of the full council tax bill in 2019/2020 for a Band D property is £125.87 out of a total of £1,804.69 (including the average parish and special expenses charge). The following graph shows the separate elements of the bill and it is clear that of a Band D charge in 2019/2020 the Borough Council's charge forms a very small part of the bill (7%) collected from every council tax payer.

Breakdown of an average Band D Council Tax bill of £1,804.69 for 2019/2020



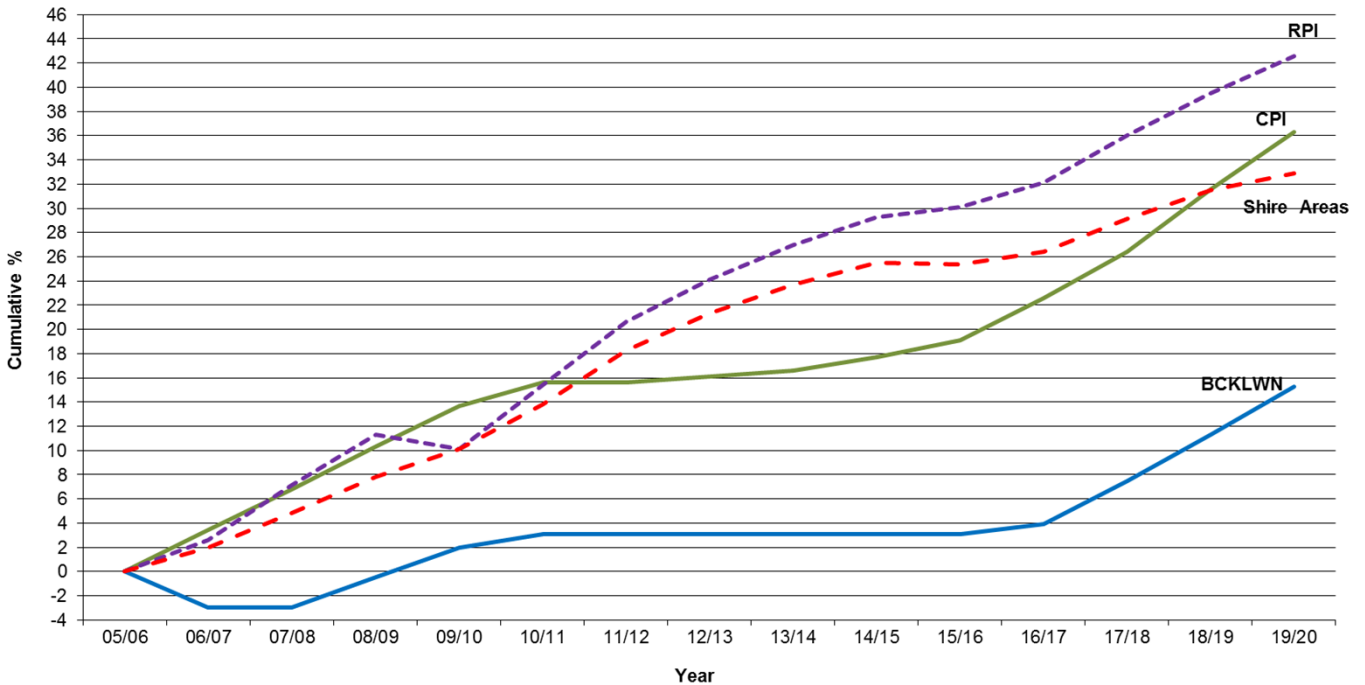
Council Tax Levels – Band D

3.6.7 The table below shows the elements of a council tax Band D charge of £1,804.69 for 2019/2020.

Charging Authority	2019/2020
	£
Borough Council of Kings Lynn and West Norfolk	125.87
Parish and Special Expenses	63.50
Norfolk County Council	1,362.24
Norfolk Police Authority	253.08
Total	1,804.69

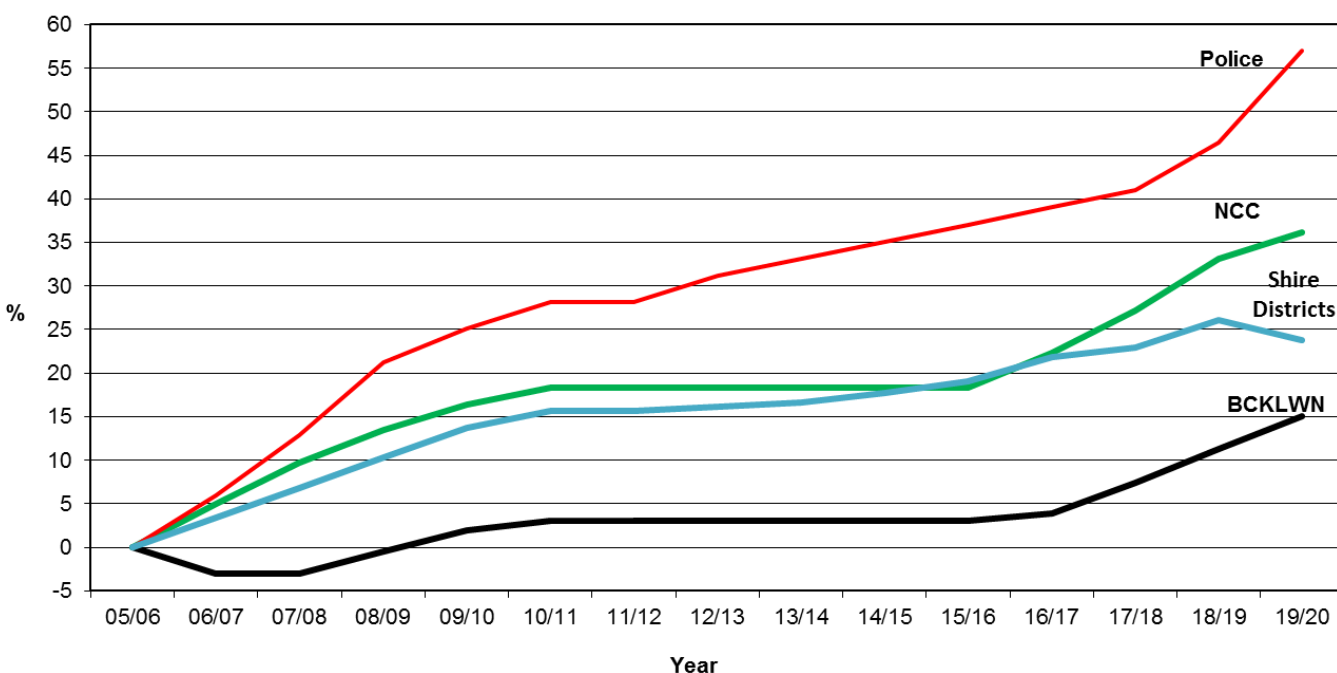
3.6.8 Over the period since April 2005 the Council has held council tax to a level where in 2019/2020 the cumulative increase in a Band D charge of £125.87 amounts to 20.4% above the 2005/2006 figure of £108.67. The average cumulative increase in council tax for shire areas in England over the same period 2005/2006 to 2019/2020 has been 36.59%. The Retail Price Index (RPI) has increased over that period (April 2005 to April 2018) by 42.6%. The Consumer Price Index (CPI) has increased by 32.9% over the same period. The Council's council tax increases have been lower than RPI, CPI and the average of shire districts throughout the whole period since 2005/2006.

Band D Council Tax and RPI percentage increases 2005 to 2019



3.6.9 The graph below shows how the various elements of the council tax bill in West Norfolk have increased over the period 2005/2006 to 2019/2020. The increase in the County Council precept for 2019/2020 includes the additional permitted increase for Adult Social Care. The increase in the Police Authority precept for 2019/2020 includes the additional maximum amount permitted of £24 for the year.

Band D Council Tax percentage increase 2005 to 2019



Council Tax 2020/2021 and Future Years

3.6.10 The Government focus is on Councils’ ‘core spending power’ inclusive of locally generated resources. The core spending power analysis tables published by the Government for each Council assumes that Councils in the lowest quartile of Council Tax levels (which includes this Borough Council) will introduce the full £5 per annum per Band D dwelling Council Tax increase now permitted under the Council Tax Referendum Principles.

3.6.11 The ‘Referendums Relating to Council Tax Increase (Principles) (England) Report 2020/2021’ published on 20 December 2019 state that for the borough council the principles for 2020/2021 are:

The relevant basic amount of council tax of an authority is excessive if the authority’s relevant basic amount of council tax for 2020-21 is

- (a) 2%, or more than 2%, greater than its relevant basic amount of council tax for 2019-20; and
- (b) more than £5 greater than its relevant basic amount of council tax for 2019/20.

3.6.12 The figures shown in the Financial Plan for 2019/2024 include a £4.50 per annum per Band D dwelling increase in council tax for each year of the plan. The increases are in line with the Council's published efficiency plan. The overall £5 increase permitted under the Council Tax Referendum Principles includes increases in special expenses and the Borough precept.

3.6.13 The proposed levels of council tax for 2020/2021 are:

Band	2020/2021
	£
A*	72.43
A	86.91
B	101.40
C	115.88
D	130.37
E	159.34
F	188.31
G	217.28
H	260.74

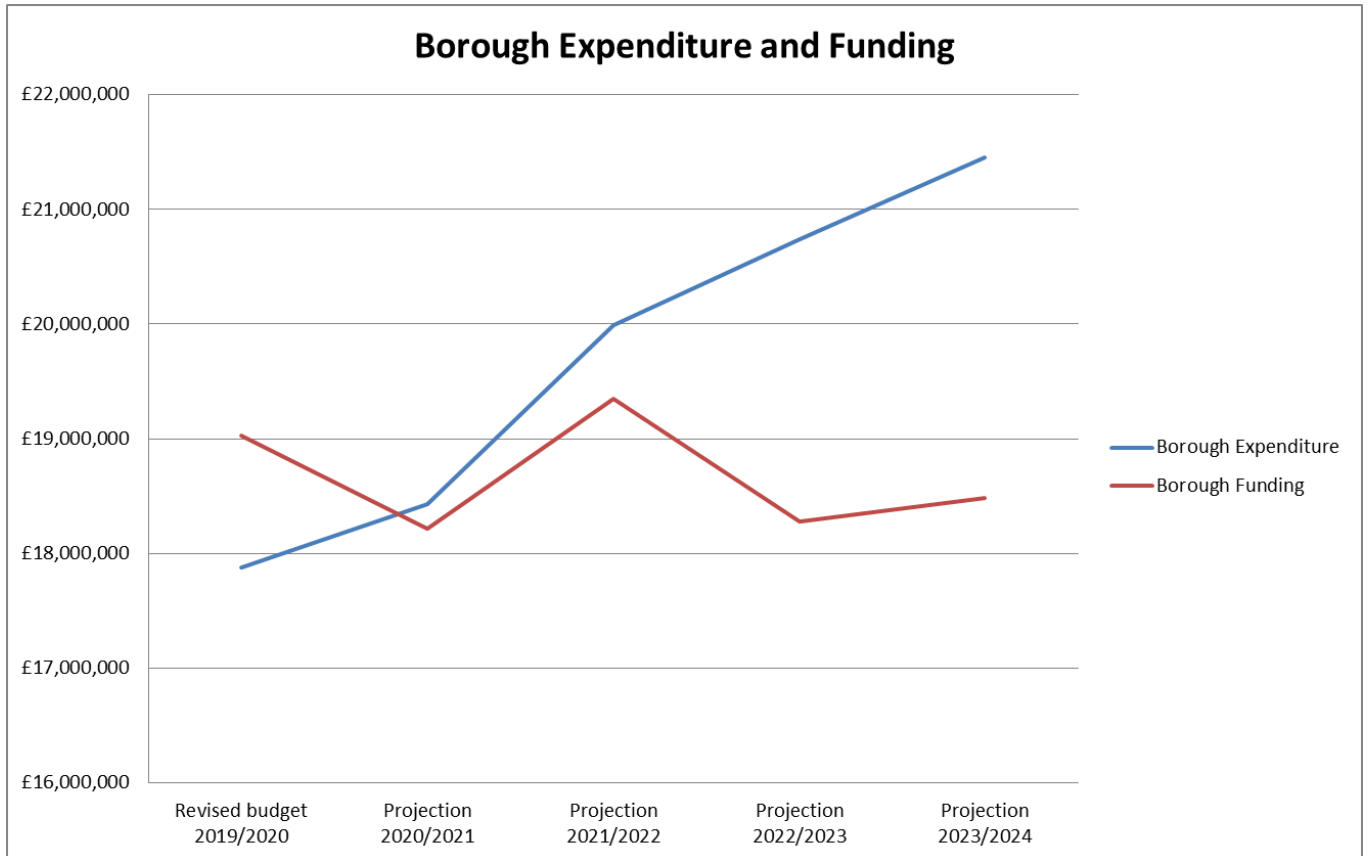
* The Council reduces the charge to a property classed as Band A to £72.43 per annum when it is eligible for Disabled relief.

3.7 Overall Funding Position

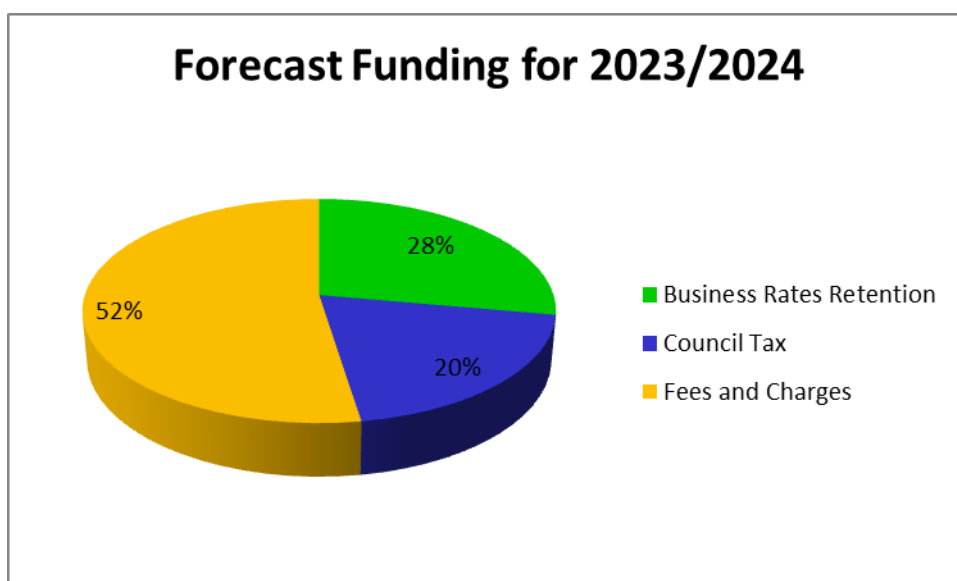
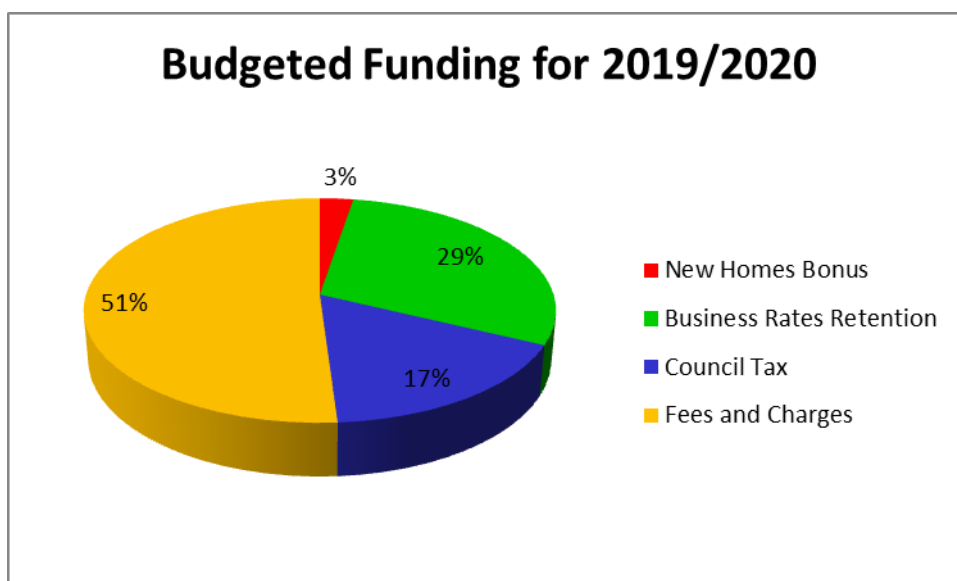
3.7.1 The RSG and RSDG funding for the period to 2020/2021 is presented with a degree of certainty as the Government announced as part of the Spending Round on 4 September 2019 that there would be a one-year settlement, with both RSG and RSDG being paid for a further year (2020/2021) at 2019/2020 levels plus an increase for inflation (CPI of 1.7%). However there is still concern over whether the forecast Business Rates growth included in the Plan comes to fruition or not.

3.7.2 The significant risk is from 2021/2022. The reforms to the Business Rates Retention scheme will be introduced in 2021/2022, however the detailed arrangements for the implementation of the reforms are not yet known. Alongside this there will also be a re-set of the business rates baseline which may mean that the Council does not retain all the growth currently included in the Plan. The Fair Funding Review will set a new funding baseline for the new Business Rates Retention scheme. It will be based on a redesigned needs assessment methodology.

3.7.3 The graph below shows how the gap between expenditure and funding is forecast to widen over the period of the Financial Plan.



3.7.3 A comparison of the overall funding streams is shown in the following diagrams:



4. Cost of Services

4.1 In order to set an annual budget and longer term financial plan it is necessary to make some assumptions at a certain date. The Retail Price Index (RPI) and Consumer Price Index (CPI) inflation rate for August 2019 was 2.6% and 2.5% respectively. These and future projections of inflation rates published at that date have been used as a guideline for budget purposes. Wherever possible, reduced levels or zero increases for inflation have been applied to expenditure budgets with an aim to reduce ongoing service costs. Where there are known increases in costs such as utilities and contracts fixed to price indices then the appropriate

inflation factor has been applied. The following assumptions have been made with respect to the 2019/2024 budget projections.

Inflation Assumptions	2020/21	2021/22	2022/23	2023/24
	%	%	%	%
Salaries (cost of living)	2.5	2.5	2.5	2.5
General Inflation	0.0	0.0	0.0	0.0
Business rates	1.7	2.0	2.0	2.0
Electricity price	1.0	4.0	4.0	4.0
Gas	1.0	2.0	2.0	2.0
Water (unmeasured)	4.0	4.0	4.0	4.0

4.2 Changes to the Current Financial Plan

4.2.1 The projections for the years 2020/2021, 2021/2022 and 2022/2023 were revised as part of developing the new Financial Plan. The table below updates those projections and shows how the revision of service costs has impacted on the Financial Plan.

Financial Plan	2020/2021	2021/2022	2022/2023
	£	£	£
Budget Projection - Monitoring November 2019	19,111,630	20,209,530	21,084,700
Net adjustments as part of developing the 2019/20 to 2023/24 Financial Plan.	3,063,240	(1,890,270)	(2,063,680)
New Budget Projection	22,174,870	18,319,260	19,021,020

4.2.2 The detailed service budgets of the Financial Plan 2019/2024 are shown at Appendix 3.

4.2.3 The projection for 2023/2024 has now been prepared. The main movements are shown in the table below:

	2023/2024
	£
Borough Spend projection for 2022/2023	19,021,020
The main changes to the Plan are:	
Increase in pension deficit recovery payment to the Norfolk Pension fund.	1,985,000
Increase in Internal Drainage Board Levies	61,560
Inflation on salaries costs	786,760
Additional interest on investments	(101,830)
Other net other movements	(23,150)
New Budget Projection for 2023/2024	21,766,660

4.3 Fees and Charges 2020/2021

4.3.1 Income from charges for services supports Council expenditure. The Council agreed in January 2005 to delegate authority to the Executive Director of the appropriate service (in consultation with the S151 Officer), the relevant portfolio holder and the Leader) to vary charges having regard to market conditions and the Council's policy framework. This combined approach has been adopted in setting the charges for 2020/2021. (Appendix 4).

4.3.2 There have been no increases in car park charges since April 2018. The proposal is for no across-the-board inflationary increases in car park charges for the forthcoming year. In 2011 a 3-hours-for-the-price-of-2-hours promotion was introduced offering those paying for 2 hours parking on the short-term, resort and multi-storey car parks an additional free hour. This promotion will be withdrawn and the pricing structure of up to 2 hours and up to 3 hours reinstated. Long-term car parks will not be affected. This change in pricing is shown in appendix 4.

4.3.3 In all other service areas the fees and charges have been increased on average by 1.7%, the projected inflation level by April 2020.

4.4 Corporate Business Plan, Service Plans and Investment

4.4.1 In January 2020 the Cabinet approved a refresh and update of the Corporate Business Plan 2020/2024 which sets out the priorities for the administration. The Financial Plan reflects the aims of the Council;

- Focusing on delivery
- Delivering growth in the economy and with local housing
- Protecting and enhancing the environment including tackling climate change
- Improving social mobility and inclusion
- Creating and maintaining good quality places that make a positive difference to people's lives
- Helping to improve the health and wellbeing of our communities

4.4.2 Service areas within the Council not only contribute toward the Business Plan but also have their own ambitions and targets which are reflected in the Financial Plan and budgets for 2019/2024.

4.4.3 Some of the key areas of investment included in the Financial Plan are as follows:

Focusing on delivery

The Council is actively seeking business with other local organisations to produce additional income or share costs of management/service provision. Arrangements currently include:

- Management of car parking, CCTV and care and repair services.
- Legal Services contract with Eastlaw (North Norfolk District Council).
- Shared internal audit manager with Fenland District Council.
- Shared accommodation, the DWP Job Centre Plus and West Norfolk Clinical Commissioning Group are accommodated within King's Court, reducing costs for all organisations and encouraging support for town centre businesses.
- Provision of procurement support to Boston Borough Council.

Income generation will be further encouraged through an expansion of the borough's cultural offer with the opening of a 2 screen cinema in the Corn Exchange, King's Lynn and operation of business space at King's Lynn Innovation Centre.

The council has ambitious plans for the further development of digital services to customers, businesses and visitors to the Borough. We are committed to:

- Designing services that best meet the needs of citizens
- Ensure technology is an enabler, not a barrier to service improvements
- Challenge our software suppliers to offer flexibility and partnership working to achieve the best results
- Protect citizens privacy and security
- Deliver better value for money
- Eradicate duplication of effort across departments
- the MHCLG's 'Digital Declaration' which affirms our commitment to providing value for money and efficient services. Working with local authority partners

to collaborate and develop common building blocks which can be utilised across local authorities. This is an ambitious project which requires both culture and technology shift. The council has made considerable progress in its digital journey over the last four years and will continue to work to improve our digital offer'. This is evidenced in the range of online application and payment processes available through our website.

Delivering growth in the economy and with local housing

This is a significant aspect of investment in our Financial Plan.

The regeneration programme is the prime objective of the Council and the level of investment in the capital programme remains high. Key schemes for the Council are the development of the Enterprise Zone at the Nar Ouse Regeneration Area, a scheme being undertaken in partnership with the New Anglia Local Enterprise Partnership (LEP); and the One Public Estate programme in Hunstanton.

A planning application for the Enterprise Zone is being progressed. Heads of Terms are in advanced discussion and the marketing of the plots and premises will start from April 2020.

A town centre study of King's Lynn has concluded and has informed the ability to make bids for funding to help revive the town centre; these include High Street Heritage Action Zone, Future High Street Fund and the Towns Fund.

The Council's major housing scheme has moved forward according to schedule. Orchard Close (Marsh Lane) is now complete with 3 of the 130 units available. Dewside (Lynnsport 4/5) is due to complete in April 2020 with 23 of 89 units still available. Cowper Place (Lynnsport 3) is currently in the construction phase with the first unit becoming available in April 2020. Currently 20 of the 54 units have been reserved.

The joint venture with Norfolk County Council has progressed with phases 1 to 3 complete with only a small number of units remaining for sale.

Work to increase the affordable housing supply and provide investment opportunities, via the Council's wholly owned company has moved forward including the acquisition of 12 new affordable 1, 2 and 3 bedroom homes. These have been leased to Broadland Housing Association who have management responsibility.

Accelerated Construction Programme – The Council in conjunction with the Homes and Communities Agency (HCA) is progressing sites in the Council's control. In its role as a delivery agent, opportunities are being pursued to access grants or loans, or work as development partners sharing risk and reward.

Community Led Housing – the Council has allocated funds from central government to support the provision of affordable housing in areas facing pressures arising from the demand for second homes and holiday homes. A site in Hunstanton is being

progressed, and work is underway to engage the community and bring forward a development of approximately 30 homes that enhances this part of the town and benefits local people.

The Council was successful in obtaining £120k grant funding for feasibility work on sites in Hunstanton in two phases of the 'One Public Estate' government initiative, which aims to support economic growth through new homes and jobs as well as creating more joined-up, efficient services.

The Homelessness Reduction Act 2017 brought some of the biggest changes since the original legislation in 1977. The Act has new duties and the Council has seen a significant increase in workload to meet these duties. Significant investment has been made in software to support management and provide insight.

The Council continues to develop and implement new policy and practice in relation to the requirements of the Self-build and Custom Housebuilding Act 2015. At the national Build It Awards, the Borough Council of King's Lynn & West Norfolk won the Best Council for Self or Custom Build Award.

The Council will continue to lobby strongly for much needed improvements to vital infrastructure. This includes the King's Lynn to King's Cross rail service and the A47 and A10 roads. It will also continue to work with Better Broadband for Norfolk with a view to achieving over 95% coverage for superfast broadband in the west Norfolk area.

Protecting and enhancing the environment including tackling climate change

The Council signed the Courtauld Agreement and is committed to the following:

- Work with others to identify and develop good practices in engaging with others.
- Engage with residents and colleagues to enable changes in consumption habits - for example deliver 'Love Food Hate Waste' messages.
- Report annually to WRAP on what has been done to engage with residents.

A baseline audit has been developed for the council's carbon emissions and will inform the development of a policy and strategy. A programme of work, known as Re:fit, to reduce the Council's energy costs and improve emissions across its estate commenced in 2019 and will continue for several years.

The Council's chief executive chairs a newly formed Norfolk-wide partnership to encourage collaborative work to address climate change.

The Council continues to support work on the Coastal Management Plan which details what works are required to mitigate coastal erosion on Hunstanton Cliff and review what works are needed to Hunstanton's Sea Defences going forward.

Improving social mobility and inclusion

The Council's current cohort of apprentices have now completed their qualifications. A

revised approach to apprenticeships has taken effect from 1st April 2017, in line with the introduction of the apprentice levy and the apprenticeship targets that the Council will need to meet from April 2018.

Learning Catalysts continue to provide effective support and guidance to parents at a number of schools. Work of Learning Catalysts is becoming increasingly embedded into school arrangements.

The Council is engaged with Norfolk-wide activities on inclusive growth. This work will help to ensure all communities in Norfolk have opportunities to contribute to and benefit from economic growth and regeneration. This will enable every individual in Norfolk has access to education, skills and opportunities to help them to fulfil their potential and have productive, healthy, independent lives.

Creating and maintaining good quality places that make a positive difference to people's lives

Consultation took place on the Southern Seafront Masterplan options appraisal. Consultation feedback has been collated and the final draft options report is awaited from Hemingway Design. The wayfinding and signage project for the seafront, funded by the 'Coastal Revival Fund' is now planned to commence in late Spring 2020. This is community led project, supported by Hunstanton Coastal Community Team.

The Council is collaborating with a range of organisations on the Sail the Wash project. Works are planned to commence in July 2020. Website and marketing plans are underway, with launch planned for the Spring 2020.

Helping to improve the health and wellbeing of our communities

The Council has taken an active role in the 'west Norfolk Early Help Hub' along with other partners, in order to identify and address issues with young people to prevent escalation to social care level.

The Council has used the flexibility within the enhanced Better Care Fund / Disabled Facilities Grant (BCF/DFG) allocation and the Integrated Housing Adaptations Team (IHAT) approach to support and assist vulnerable people in the borough.

Working with Norfolk County Council (NCC) the Council has helped facilitate new housing solutions for people currently being accommodated in expensive inappropriate residential care. This includes people with learning difficulties, enduring mental health problems, and Housing with Care for elderly people.

4.5 Performance Indicators

4.5.1 The Council has adopted a number of local indicators that cover various service areas and are considered to be representative measures on the performance of the Council in the key areas. The indicators are reported regularly to all Panels.

4.6 Staffing Plan

4.6.1 A key issue in the Financial Plan remains the control of staffing levels. The Council has set its permanent establishment at a level which in effect acts as a 'cap' on the permanent staffing levels and approval for additional posts is only given if a compensating reduction in the establishment can be offered or if the posts are required to meet new commercially funded operations where there is a clear business benefit to the borough council. Control on staffing is also monitored through the level of the payroll.

4.6.2 The Council has maintained restraint over the payroll through the level of pay increases awarded over the past few years as can be demonstrated in the table below.

2009/2010	0%
2010/2011	1%
2011/2012	0%
2012/2013	0%
2013/2014	1%
2014/2015	1% and £7.00 per hour minimum
2015/2016	1% (1.5% for pay grade below £21,500) and £7.20 per hour minimum
2016/2017	1% and minimum pay £7.52 per hour
2017/2018	1% and minimum pay £7.78 per hour
2018/2019	2% and minimum pay £8.50 per hour
2019/2020	2% and minimum pay £9.00 per hour

4.6.3 The Financial Plan 2019/2024 includes within each service area provision for pay awards of 2.5% in each year. The level of increase will be subject to separate reports to Council each year.

4.6.4 The Government has made pay pledges to increase the minimum hourly rate from £7.20 in April 2016 to £9.20. The National Employers pay deal for the period 1 April 2019 to 31 March 2020 included increases in the minimum hourly rate to £8.50 in April 2018 and £9.00 from April 2019. The Council pay policy in previous years has been to increase its minimum hourly rate in line with the National Pay Award. This was continued for 2019/2020 with Cabinet approving the £9.00 per hour at its meeting on 26 March 2019. The outcome of the National Employees pay request has not yet concluded. Any national pay award decisions will be considered in setting future years' pay awards.

4.7 Financing Adjustment

4.7.1 The Financing Adjustment is an account used to budget for interest earned on investment and interest paid on debt. The account also contains charges for revenue expenditure funded from capital under statute (REFCUS) e.g. the cost of disabled facilities grants, although considered to be capital items are charged to revenue as part of the Cost of Services. These adjustments ensure that depreciation and REFCUS charges that are simply 'book entries' meant to properly show the 'true' cost of a service, are not passed on to the council taxpayer.

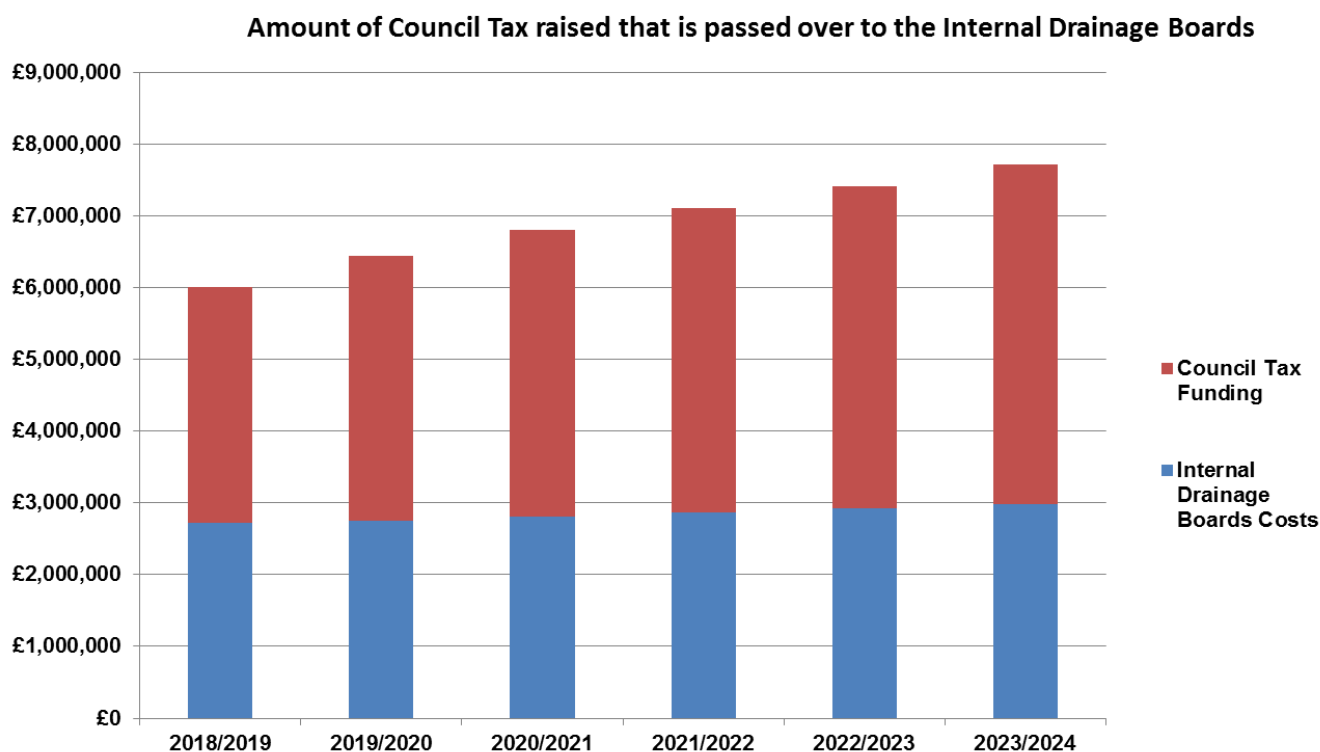
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	£	£	£	£	£
Unsupported Borrowing	(207,000)	(194,690)	(311,260)	(293,210)	(274,030)
External Interest Payments	435,000	445,000	455,000	465,000	465,000
External Interest Receipts	(351,560)	(501,970)	(641,330)	(779,090)	(880,370)
Minimum Revenue Provision	345,470	371,520	437,610	437,610	437,610
REFCUS	1,571,230	1,571,230	1,571,230	1,571,230	1,571,230
TOTAL	1,793,140	1,691,090	1,511,250	1,401,540	1,319,440

Interest rates are expected to remain at current low levels for some time. This has an impact on both interest paid on borrowing and our investment income. The future of the timing of increases in rates remains uncertain in the current economic climate. Any changes in rates that affect the financing adjustment will continue to be monitored and updated during the year in the monthly monitoring reports.

4.8 Internal Drainage Boards

4.8.1 Internal Drainage Boards (IDB) levies are paid by the Council to the various Boards. The levies count as spending of the Council, but no contribution is made by Government as part of the financial settlement. **Any increase in the levies does have an impact on the council tax payer who picks up the residual costs.** Clearly with the significant reductions in RSG any increase in IDB levies in future will have to be met from council tax or cost savings. The budget of £2,814,680 for 2020/2021 is based on known increases (already provided by some Drainage Boards) or 2019/2020 actual costs plus an allowance of 2% for inflation (for Drainage boards yet to let the Council know what the precept will be for 2020/2021). These precepts are listed in Appendix 5.

4.8.2 The chart below shows the Council Tax funding compared to Internal Drainage Boards costs.



4.9 Special Expenses / Council Tax Support to Parishes

4.9.1 The Local Government Finance Act 1992 stipulates that any expenses incurred by the authority in performing in a part of its area a function performed elsewhere by a parish council are the authority's special expenses, unless a resolution of the authority to the contrary effect is in force. Special expenses are charged across a number of towns and parishes for closed churchyards, footway lighting, community halls, emptying of dog bins, playing fields and open spaces.

4.9.2 In 2013 changes made by Government on the arrangements for the payment of benefit for local council tax support through the reduction in council tax base had an impact on the level of both parish/town precepts and special expenses charges that could be made on the council tax bill.

4.9.3 The impact of those new arrangements meant that for most parishes/towns the council tax bases were reduced. In the event that the level of spend on a precept or special expenses remained at the same level this would cause an increase in a Band D charge. The Government identified part of the formula funding paid to the Borough Council as assistance toward reducing the impact of such an

increase in council tax at parish level and expected the Council to distribute the funds to parish/town councils and by reducing the charges for special expenses.

4.9.4 These arrangements continue to apply in 2020/2021 where the council tax base of the parishes and town councils are affected by the reduction in tax base dependent upon the types and mix of claimants in each ward. The Borough Council has set aside a sum of £20,970 toward parishes to help to mitigate the impact on the level of council tax set by the local council. This will be the last year of grant; there will be no funding from 2021/2022 onwards.

4.9.5 Details of the revised costs to be set for each parish/town currently subject to special expenses together with the grant awarded to offset the impact on a Band D charge are shown at Appendix 6.

4.10 General Fund Balance and Reserves

4.10.1 Over the past years the Council has held its general fund working balance higher than usual to provide for time to properly assess the impact of service reviews to offset the reductions in the formula grant. The use of balances to assist in a planned and measured response to the reduction in Government grants and poor economic environment has proved to be very effective.

4.10.2 The introduction of the new formula funding/business rates retention scheme in 2013/2014 transferred a significant risk from central Government to the Council. The scheme allowed the Council to benefit from the growth of business rates by retaining an element of the income; however it also introduced the risk of losing funding if there was any reduction in the business rates list. In the event of a major ratepayer closing its business or appealing for a reduction in rates payable then the Council will have to bear the loss of rates income, which it had not before.

4.10.3 The Plan requires draws from balances every year in order to “balance the budget” throughout the life of the Financial Plan. As at 31 March 2024 the estimated balances will be reduced to £2,090,000 which will be above the minimum requirement of £928,859 (i.e. 5% of the Council’s budget requirement).

	2019/2020 £	2020/2021 £	2021/2021 £	2022/2023 £	2023/2024 £
(Contribution to)/Use of Balances for reimbursement of Lump Sum Pension Payment	(1,517,000)	3,570,000	(1,759,000)	(1,811,000)	0
(Contribution)/Draw from Balances to balance the budget	271,670	163,260	1,123,170	2,469,730	3,070,490

- 4.10.4 Whilst it is good working practice and part of risk management to hold reserves to cushion the impact of unforeseen events and as a means to building up funds to meet known or predicted requirements, there are costs associated with holding levels of funds. Although these funds are used to deal with uneven cashflow, invested or used instead of borrowing and they therefore bring in income or avoid the cost of interest charges, they serve no other purpose if they remain unused over long periods of time. Council tax should not be set to establish significant sums of money that sit on a balance sheet and do not serve the public in any other way. This means that the levels of holdings should be properly justified.
- 4.10.5 The operation of the General Fund working balance does support the Financial Plan and the level of council tax throughout and is reduced at the end of that period to just above the minimum level required to be held.
- 4.10.6 For the other reserves, their use and demands on the accounts are regularly monitored. Any adjustments that could be made without raising a level of risk to the financial standing of the Council would be reported as necessary.
- 4.10.7 The Council's Policy on Earmarked Reserves and General Fund Balance is reviewed annually as part of the Budget report to Council and sets out why reserves are held and the minimum and maximum acceptable levels of the accounts.
- 4.10.8 Budget monitoring reports throughout the year include updates on budget variations, action to be taken and notes any movements on the general fund balances and earmarked reserves. The Policy on Earmarked Reserves and General Fund Balance is attached at Appendix 6.

Recommendation 2

Council is recommended to reaffirm the Policy on Earmarked Reserves and General Fund Balance and the maximum balances set for the reserves as noted in the report.

4.11 Budget Requirement 2020/2021

- 4.11.1 The Borough Requirement is a figure that comes from the total net costs of spending on services plus Internal Drainage Board levies less the credits for the Financing Adjustment and plus the costs of special expenses and council tax support to parish councils. The final part of the calculation is the addition for any transfer to or from reserves and the use of general fund balances.

4.11.2 In 2019/2020 the Budget Requirement for the Council is £18,220,910. This sum is to be met from Government Formula Funding, Business Rates growth Retention, New Homes Bonus, any Collection Fund surplus and Council Tax.

5 Parish Precepts

5.1 Parish and Town Councils within the borough request the Council to collect Council Tax on their behalf and pay over the sums requested as a Parish Precept. The total of the precepts must be added to the Council's budget but it is shown separately on Council Tax bills.

5.2 In 2018 the government announced that they would defer the setting of referendum principles for town and parish councils for 3 years. This is subject to the sector taking all available steps to mitigate the need for Council Tax increases and the government seeing clear evidence of restraint in the increases set by the sector as a whole.

6 Full Council Tax 2020/2021

6.1 In order to calculate the full Council Tax for 2020/2021 it will be necessary to add the County Council, Police Authority and parish precept requirements to the Council's element as previously shown.

Recommendation 3

It is recommended that Council :

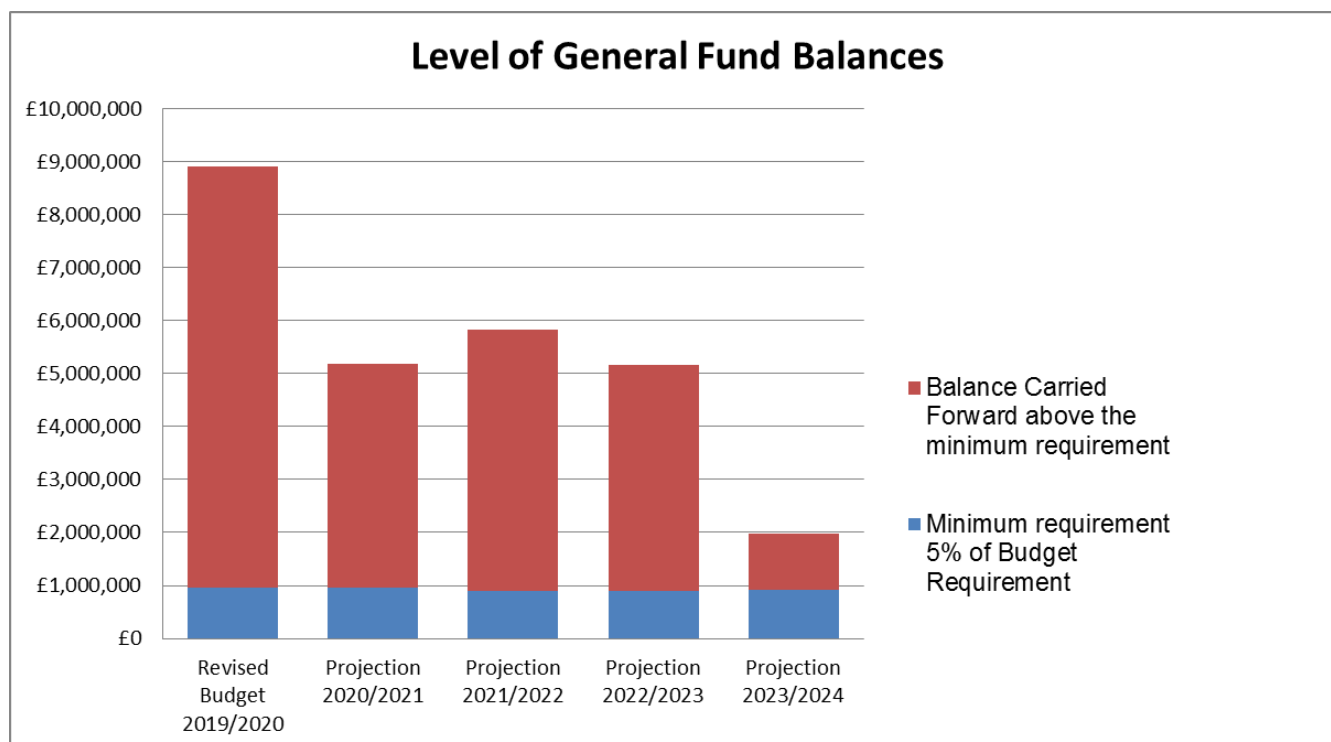
- 1) Approves the budget of £18,441,610 for 2020/2021 and notes the projections for 2020/2021, 2021/2022 and 2022/2023.**
- 2) Approves the level of Special Expenses for the Town/Parish Councils as detailed in the report.**
- 3) Approves the Fees and Charges 2020/2021 detailed in Appendix 4.**
- 4) Approves a Band D council tax of £130.37 for 2020/2021**

7 General Fund Financial Overview

7.1 This part of the report deals with the Council's General Fund balance based on the proposed Financial Plan 2019/2024. The projected position for the period of the Financial Plan will be as follows:

	2019/2020 £	2020/2021 £	2021/2022 £	2022/2023 £	2023/2024 £
Balance brought forward	7,672,064	8,917,394	5,184,134	5,819,964	5,161,234
Estimated Contribution to/(Draw from) Balances	1,245,330	(3,733,260)	635,830	(658,730)	(3,189,490)
Balance carried forward	8,917,394	5,184,134	5,819,964	5,161,234	1,971,744
Minimum requirement:					
5% of Budget Requirement (Balance Required)	951,519	922,080	947,755	918,115	928,858

7.2 The chart below shows how the General Fund Balances are used over the period of the Financial Plan with the balance held just above the minimum level required at the end of 2023/24.



- 7.3 Section 25 of the Local Government Act 2003 requires the S151 Officer, as part of the Council Tax setting process, to comment as to the adequacy of the Council's Balances.
- 7.4 The General Fund balance remains above the minimum level required for all years in the Plan. The minimum requirement is calculated by taking 5% of the Budget Requirement.
- 7.5 The projected General Fund balances held by the Council are in the opinion of the S151 Officer adequate for the Council's operational needs. However this does require that target savings are achieved

Recommendation 4

Council is recommended to approve a minimum requirement of the General Fund balance for 2020/2021 of £922,080.

8 Capital Strategy

- 8.1 The CIPFA revised 2017 Prudential and Treasury Management Code now requires all local authorities to prepare a Capital Strategy which will provide the following;
- A high level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - An overview of how the associated risk is managed
 - The implications for future financial sustainability.
- 8.2 The Capital Strategy should complement other key documents such as the MTFs, the Asset Management Plan, the Council's Strategic Plan, and Treasury Management Strategy, etc. by defining the approach, structure and governance for the effective management of the Council's capital investment needs and ambitions.
- 8.3 The Strategy will be presented to Cabinet in March 2020. The core categories will include:
- Governance process;
 - Knowledge, awareness and skills;
 - Strategy (asset management, service asset planning, commercial property investment);
 - Technical property (valuations, leases);
 - Technical finance (sensitivity analysis, risk assessment, borrowing, depreciation and componentisation).

9 "Robustness" of Budget

- 9.1 Under Section 25 of the Local Government Act 2003 S151 Officer must report as to the robustness of the estimates included within the budget. There are within any projection of budgets over a five year period a number of assumptions that are made, some of which will have a level of risk against them, and the Financial Plan 2019/2024 is no exception.
- 9.2 The funding for 2020/2021 is presented with a degree of certainty in respect of RSG and RSDG funding as the Government has announced that it will continue to be paid for one further year i.e. 2020/2021. However there is still uncertainty that the Business Rates growth included in the Plan does not come to fruition.
- 9.3 The significant risk is from 2021/2022. The detailed arrangements for the implementation of the new Business Rates Retention scheme are not known and the re-set of the baseline may mean that the Council does not retain all the growth currently included in the Plan. The Fair Funding Review will determine the starting point under the new Business Rates Retention scheme.
- 9.4 The Council's delivery of its efficiency plan and achieving its target savings will be key in containing costs and generating additional income as the Council moves towards a position of funding based on locally generated resources rather than receiving RSG as it comes to an end.
- 9.5 The safety net of the level of working balances provides for a degree of comfort and robustness and in the opinion of the S151 Officer the level of General Fund balances held over the period are above minimum levels and adequate for the purposes of the Council. As noted, there are a number of operational and financial risks facing the Council that could possibly impact on the level of General Fund balances held
- 9.5 The main risks facing the Council are as follows:

Operational Risks – There will always be an element of risk in the robustness of estimates where many services are demand led. This level of risk is especially heightened during this period of uncertainty in the economy. This is particularly the case where large or volatile budgets exist – mainly the income driven budgets e.g. planning, industrial rents and car parking fees. These services produce high levels of income and a 1% reduction in the car parks estimates can produce a variance of circa £50,000.

Past experience shows that the risk from these service areas, whilst significant in financial terms, can be dealt with through good budget management which quickly identifies any potential issues and enables prompt corrective action to be taken and where necessary the use of balances. However, in this period of the Plan there is a degree of uncertainty as to how easy it will be to compensate for

lost income in the event that the projections are not met. The performance on budgets is included in monthly monitoring reports to management and members and in the event that action is necessary approval can be gained quickly.

General Economic Risks – Assumptions on inflation made within the budget are detailed in the report. Where inflation factors rise above the assumed levels there will be an impact on the budget. The risk can be reduced through strong budget monitoring of spend and corrective action being taken. In the event that costs cannot be contained then the working balances come into play.

There is a risk to the budget from the changes in interest rates, especially in the current economic climate. Any significant changes to interest rates by the Bank of England Monetary Policy Committee to control inflation would in turn influence the interest paid on the Council's investments and borrowings. There is a degree of offsetting on our temporary and daily cashflow borrowing and lending but there remains a risk that there could be an imbalance between rates of borrowing and investment and the Council could suffer a net increase in costs. The risk is reduced through good debt management practices and monitoring of the markets and budget position.

Brexit – The exit from the European Union will take place on 31 January 2020 and there is uncertainty as to what the impact on the Council's budget will be. Updates on any impact will be reported as part of the budget monitoring process.

Capital Schemes, Partnerships and Contracts – The Council will always be subject to general financial risks inherent within large capital schemes, major outsourcing arrangements and partnership arrangements. The risks can be reduced through the existence of good governance arrangements, active participation in the schemes, sound project management and constant monitoring of the risks.

Business Continuity – In terms of risk management there are a number of issues that present a risk to the Council all of which are included in the Corporate Risk Register. A number of the most highly rated risks are concerned with finance – the impact of the slow economic recovery and Brexit on income/service costs and capital receipts, the implementation of the new Business Rates Retention Scheme and the Fair Funding Review and the difficulties involved with achieving savings targets to deliver the efficiency plan. All of these issues have been considered and appropriate action taken to reduce the risk to the Council.

Business Rates Growth – The Financial Plan includes assumptions that business rates growth will be achieved. The estimated business rates growth presents a significant level of risk. There is a risk that an element of the growth will be removed as part of the baseline re-set with the implementation of the new Business Rates Retention Scheme arrangements in 2021/2022.

Legislation – There are always risks associated with changes in legislation. For example, changes to VAT rules could have significant impact on the Financial Plan of the Council. There is little that can be done to mitigate legal risks other than to continue to be aware of the potential changes and act accordingly.

10 Consultation

- 10.1 The Council met with representatives of the business and voluntary sector community at the King's Lynn Town Centre Partnership meeting on 3 February 2020 to seek their opinions. Draft notes of the meeting will be made available to Cabinet on 4 February 2020.
- 10.2 Staff briefings will be held during February 2020. This report will be made available to staff and comments will be sought. Trade union representatives will also be sent a copy of the report. Any comments arising as a result of the consultation process will be reported to Council.
- 10.3 As part of the budget process a joint Panel Meeting will be held on 3 February 2020 and the draft minutes from the meeting will be presented to Cabinet on 4 February 2020.

Acknowledgement

The preparation of this budget has only been possible after considerable effort, research and co-operation of many officers from all sections of the Council.

Tina Stankley
Interim Head of Finance (S151 Officer)

Access to Information

Cabinet Reports
Financial Plan 2018-2023
Capital Programme 2018-2023 and 2019-2024
Monthly Monitoring Reports 2019/2020

Finance Settlement

The oral ministerial statement supporting documents for the provisional local government finance settlement 2020/2021

[Provisional local government finance settlement 2020 to 2021: statement - GOV.UK](#)

Financial Plan 2019/2024 (Estimates)

	Estimate 2019/20 (November Monitoring) £	Revised Budget 2019/2020 £	Projection 2020/2021 £	Projection 2021/2022 £	Projection 2022/2023 £	Projection 2023/2024 £
Corporate	(2,179,130)	1,125,100	6,518,020	1,276,370	1,306,370	3,345,670
Central Services Recharge	0	0	0	0	0	0
<u>Additional transfers to Earmarked Reserves</u>						
Cost reduction programme	1,423,850	1,423,850	0	0	0	0
Business Rates Renewable Energy	1,858,850	800,000	1,100,000	1,214,750	1,232,040	1,260,890
Democracy	1,439,900	1,284,570	1,290,940	1,306,270	1,341,830	1,384,950
<u>Service Areas:</u>						
Central and Community Services	2,335,350	1,798,670	1,686,290	1,831,530	1,988,390	2,221,870
Chief Executive	1,531,310	1,197,990	1,212,400	1,254,660	1,292,250	1,333,620
Commercial Services	4,081,680	2,180,470	2,085,840	3,043,750	3,245,740	3,503,650
Environment and Planning	2,008,200	1,547,420	1,644,870	1,748,640	1,874,430	1,992,560
Finance Service	2,287,870	1,858,730	2,112,460	2,260,970	2,407,100	2,411,120
Financing Adjustment	1,591,870	1,793,140	1,691,090	1,630,920	1,386,100	1,304,010
Internal Drainage Boards	2,759,490	2,754,140	2,811,990	2,871,040	2,931,330	2,992,890
Council Tax Support to Parishes	20,970	20,970	20,970	0	0	0
Borough Spend	19,160,210	17,785,050	22,174,870	18,438,900	19,005,580	21,751,230
Reimbursement of Lump sum Pension Payment	1,517,000	1,517,000	(3,570,000)	1,759,000	1,811,000	0
Contribution (from)/to General Fund Balance	(1,646,830)	(271,670)	(163,260)	(1,242,810)	(2,454,290)	(3,174,060)
Borough Requirement	19,030,380	19,030,380	18,441,610	18,955,090	18,362,290	18,577,170
Revenue Support Grant	0		(624,620)		0	0
Rural Services Delivery Grant	0		(470,700)		0	0
New Homes Bonus	(1,019,860)	(1,019,860)	(898,180)	(475,220)	(321,400)	0
<u>Taxation</u>						
Business Rates Retention Baseline Funding	(6,480,230)	(6,480,230)	(5,491,230)	(5,601,060)	(5,713,080)	(5,827,340)
Business Rates Retention Additional Funding		0	0	(655,000)		
Business Rates Funding From Growth	(1,355,870)	(1,355,870)	(1,539,880)	(1,727,430)	(1,922,690)	(2,000,000)
Business Rates Renewable Energy	(2,571,460)	(2,571,520)	(2,640,370)	(2,693,180)	(2,747,040)	(2,801,980)
Business Rates Collection Fund Surplus	(1,061,060)	(1,061,060)		(330,000)	(330,000)	(340,000)
Council Tax Collection Fund Surplus	(100,000)	(100,000)		(422,200)	0	0
Council Tax band D	125.87		130.37	134.87	139.37	143.87
	51,179		51,980	52,280	52,580	52,880
Council Tax	(6,441,901)	(6,441,840)	(6,776,630)	(7,051,000)	(7,328,080)	(7,607,850)
Funding Position	0	0	0	0	0	0

Corporate

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Apprenticeship Scheme	73,400	75,000	75,000	75,000	96,000
Corporate Costs & Provisions	214,810	600,810	516,350	515,990	428,450
Corporate Initiatives	194,610	(110,090)	(108,810)	(108,480)	(108,160)
Corporate Management Team	642,280	675,300	703,830	733,860	764,380
<u>Additional transfers to Earmarked Reserves</u>					
Business Rates Renewable Energy	800,000	1,100,000	1,214,750	1,232,040	1,260,890
Cost reduction programme	1,423,850	0	0	0	0
Total for Service	3,348,950	2,341,020	2,401,120	2,448,410	2,441,560

Corporate

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Apprenticeship Scheme					
Corporate costs of the apprenticeship scheme and the national apprenticeship levy from 2018/2019.					
Employees	73,400	75,000	75,000	75,000	96,000
Total Expenditure	75,920	75,000	75,000	75,000	75,000
Total Service Cost	75,920	75,000	75,000	75,000	75,000

Corporate Costs and Provisions

Corporate costs and provisions are those that are incurred for the benefit of the Council as a whole and do not relate specifically to one service function. This budget includes costs incurred for bank charges, external audit fees and pension deficit payments

Employees	(413,550)	(49,380)	(152,130)	(164,590)	(286,390)
Premises	403,580	459,970	516,430	572,750	629,380
Transport	500	500	500	510	510
Supplies & Services	179,830	200,840	200,840	200,840	200,840
ICT Support Costs	275,210	275,380	273,890	263,890	263,890
Total Expenditure	445,570	887,310	839,530	873,400	808,230
Customer & Client Receipts	(49,240)	(54,790)	(60,240)	(65,690)	(71,140)
Total Income	(49,240)	(54,790)	(60,240)	(65,690)	(71,140)
Direct Service Cost	396,330	832,520	779,290	807,710	737,090
Transfer To Reserves	10,000	10,000	10,000	10,000	10,000
Inter Service Recharges	(191,420)	(241,710)	(272,940)	(301,720)	(318,640)
Total Service Cost	214,910	600,810	516,350	515,990	428,450

Corporate

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Corporate Initiatives					
Corporate initiatives and projects such as the One Vu project and the Cost Reduction programme.					
Employees	(809,710)	23,840	22,860	21,840	20,740
Supplies & Services	349,780	(157,610)	(156,640)	(156,640)	(156,640)
ICT Support Costs	64,420	45,000	45,000	45,000	45,000
Total Expenditure	(395,510)	(88,770)	(88,780)	(89,800)	(90,900)
Customer & Client Receipts	(24,780)	(23,840)	(22,860)	(21,840)	(20,740)
Total Income	(24,780)	(23,840)	(22,860)	(21,840)	(20,740)
Direct Service Cost	(420,290)	(112,610)	(111,640)	(111,640)	(111,640)
Transfer To Reserves	549,140	0	0	0	0
Inter Service Recharges	65,760	2,520	2,830	3,160	3,480
Total Service Cost	194,610	(110,090)	(108,810)	(108,480)	(108,160)

Corporate Management Team

Corporate Management Team includes the Chief Executive and Secretary, the Deputy Chief Executive three Executive Directors and two Assistant Directors.

Employees	614,820	647,820	675,420	704,160	734,080
Premises	0	0	0	0	0
Transport	23,090	23,490	23,890	24,340	24,360
Supplies & Services	3,120	3,110	3,110	3,130	3,150
Administrative Buildings	20,930	20,770	21,300	21,840	22,680
Total Expenditure	661,960	695,190	723,720	753,470	784,270
Direct Service Cost	661,960	695,190	723,720	753,470	784,270
Inter Service Recharges	(19,680)	(19,890)	(19,890)	(19,610)	(19,890)
Total Service Cost	642,280	675,300	703,830	733,860	764,380

Democracy

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Borough & Parish Council Elections	95,650	54,140	35,400	36,280	49,490
Civic Function Expenses	66,030	65,020	67,110	70,530	71,910
Councillors Allowances & Expenses	547,550	572,090	583,310	593,410	601,140
Mayoral Allowances & Transport	34,970	38,800	39,750	38,810	38,300
Register Of Electors	299,970	313,480	323,710	335,070	346,540
Support of Democratic Process	240,400	247,410	256,990	267,730	277,570
Total for Service	1,284,570	1,290,940	1,306,270	1,341,830	1,384,950

Democracy

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Borough and Parish Council Elections					
The election of Borough Councillors takes place every four years. This budget includes costs for the organisation and administration of elections and by-elections, including parishes.					
Employees	107,900	7,000	7,140	7,280	93,000
Premises	19,500	1,000	1,020	1,040	25,000
Transport	4,270	150	150	150	5,000
Supplies & Services	64,530	5,100	5,200	5,300	45,100
Total Expenditure	196,200	13,250	13,510	13,770	168,100
Customer & Client Receipts	(5,000)	(2,500)	(2,500)	(2,500)	(13,500)
Total Income	(5,000)	(2,500)	(2,500)	(2,500)	(13,500)
Direct Service Cost	191,200	10,750	11,010	11,270	154,600
Transfer To (From) Reserves	(100,000)	40,000	20,000	20,000	(110,000)
Inter Service Recharges	4,450	3,390	4,390	5,010	4,890
Total Service Cost	95,650	54,140	35,400	36,280	49,490

Civic Function Expenses

This budget deals with the costs of civic functions.

Employees	49,120	51,220	53,410	55,690	58,090
Transport	100	100	100	100	110
Supplies & Services	15,880	13,290	13,190	13,290	13,300
ICT Support Costs	0	0	0	0	0
Total Expenditure	65,100	64,610	66,700	69,080	71,500
Direct Service Cost	65,100	64,610	66,700	69,080	71,500
Central Support Services	0	0	0	0	0
Inter Service Recharges	930	410	410	1,450	410
Total Service Cost	66,030	65,020	67,110	70,530	71,910

Democracy

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
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Councillors Allows & Expenses

This budget deals with allowances and expenses for all 55 members. These costs also include members training, IT and officer support.

Employees	8,500	7,900	8,300	8,710	9,150
Premises	0	350	360	370	370
Transport	460	460	460	460	460
Supplies & Services	468,260	474,860	483,010	489,980	496,850
ICT Support Costs	67,480	71,340	72,840	74,420	74,420
Total Expenditure	544,700	554,910	564,970	573,940	581,250
Direct Service Cost	544,700	554,910	564,970	573,940	581,250
Central Support Services	0	13,870	14,610	15,310	15,310
Inter Service Recharges	2,850	3,310	3,730	4,160	4,580
Total Service Cost	547,550	572,090	583,310	593,410	601,140

Mayoral Allowances & Transport

This budget deals with the allowances paid to the Mayor and Deputy Mayor to reimburse them for any out of pocket expenses incurred and the cost of running the official car which is used for Mayoral and other official duties.

Employees	19,910	21,260	22,120	23,020	23,910
Transport	4,800	7,230	7,260	5,360	3,170
Supplies & Services	9,840	9,840	9,840	9,840	9,840
Total Expenditure	34,550	38,330	39,220	38,220	36,920
Direct Service Cost	34,550	38,330	39,220	38,220	36,920
Inter Service Recharges	420	470	530	590	1,380
Total Service Cost	34,970	38,800	39,750	38,810	38,300

Democracy

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Register of Electors					
The electoral register is prepared each Autumn and published in the following December.					
Employees	210,770	220,340	229,280	239,140	249,420
Premises	130	130	140	140	150
Transport	680	700	730	750	750
Supplies & Services	78,240	71,150	72,400	73,660	75,060
ICT Support Costs	10,600	10,600	10,600	10,600	10,600
Total Expenditure	300,420	302,920	313,150	324,290	335,980
Grants & Contributions	(18,200)	(6,000)	(6,000)	(6,000)	(6,000)
Customer & Client Receipts	(2,260)	(2,260)	(2,260)	(2,260)	(2,260)
Total Income	(20,460)	(8,260)	(8,260)	(8,260)	(8,260)
Direct Service Cost	279,960	294,660	304,890	316,030	327,720
Central Support Services	0	0	0	0	0
Inter Service Recharges	20,010	18,820	18,820	19,040	18,820
Total Service Cost	299,970	313,480	323,710	335,070	346,540

Support of Democratic Process

These costs include the time spent by officers in dealing with Committees and other such activities that come about because the Council is an accountable public body.

Employees	204,470	213,260	222,430	231,990	241,970
Administrative Buildings	18,360	18,050	18,460	18,880	17,390
Transport	810	740	740	740	740
Supplies & Services	3,670	4,310	4,310	4,310	4,310
ICT Support Costs	10,000	10,000	10,000	10,000	10,000
Total Expenditure	237,310	246,360	255,940	265,920	274,410
Direct Service Cost	237,310	246,360	255,940	265,920	274,410
Central Support Services	0	0	0	0	0
Inter Service Recharges	3,090	3,160	3,160	3,920	3,160
Total Service Cost	240,400	249,520	259,100	269,840	277,570

Central and Community Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Care and Repair	(1,558,030)	(1,565,730)	(1,539,990)	(1,513,250)	(1,473,900)
Communications	107,590	111,700	116,100	120,680	125,500
Community Safety and Nuisance	681,190	701,300	723,860	749,210	772,160
Customer Information Centres	757,600	746,600	777,850	810,870	846,990
Improvement, Efficiency & Performance Review	78,090	80,930	84,240	87,680	91,380
Personnel Services	422,510	421,260	434,670	449,360	462,880
Policy and Partnerships	121,470	124,420	129,330	137,030	139,530
Printing and Graphics	160,700	145,570	152,260	159,290	166,670
Safety and Welfare	60,110	62,180	64,390	66,680	69,100
ICT	967,440	858,060	888,820	920,840	1,021,560
Total for Service	1,798,670	1,686,290	1,831,530	1,988,390	2,221,870

Central and Community Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Care and Repair					
This budget provides for the Home Improvement Agency Service, Careline, Handy Person Scheme and other projects which help the elderly, people with disabilities and those on low incomes to stay in their own homes and live as independently as possible. The service includes agency agreements with Fenland District Council and Breckland District Council.					
Employees	897,300	908,420	913,490	914,240	953,570
Premises	20,000	20,000	20,000	20,000	20,000
Transport	48,390	48,660	48,940	48,030	58,950
Supplies & Services	256,660	303,680	201,800	201,800	201,800
Agency & Benefit Payments	89,000	94,110	94,210	94,210	95,770
Financing Costs	38,940	45,830	54,780	62,030	69,280
Total Expenditure	1,350,290	1,420,700	1,333,220	1,340,310	1,399,370
Grants & Contributions	(1,936,940)	(1,927,120)	(1,827,320)	(1,790,480)	(1,791,120)
Customer & Client Receipts	(797,170)	(779,190)	(797,250)	(818,720)	(834,350)
Total Income	(2,734,110)	(2,706,310)	(2,624,570)	(2,609,200)	(2,625,470)
Direct Service Cost	(1,383,820)	(1,285,610)	(1,291,350)	(1,268,890)	(1,226,100)
Central Support Services	3,160	600	600	600	600
Transfer To Reserves	50,130	48,950	80,000	80,000	80,000
Inter Service Recharges	(227,500)	(329,670)	(329,240)	(324,960)	(328,400)
Total Service Cost	(1,558,030)	(1,565,730)	(1,539,990)	(1,513,250)	(1,473,900)

Communications

This budget relates to the costs of the Corporate Communications Team.

Employees	96,310	100,450	104,770	109,270	113,970
Supplies & Services	4,550	4,550	4,550	4,550	4,550
	100,860	105,000	109,320	113,820	118,520
Direct Service Cost	100,860	105,000	109,320	113,820	118,520
Central Support Services	6,730	6,700	6,780	6,860	6,980
Total Service Cost	107,590	111,700	116,100	120,680	125,500

Central and Community Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Community Safety and Nuisance					
This budget relates to Community Safety, Community Development and Noise Monitoring.					
Employees	529,460	550,640	572,720	595,740	619,780
Premises	0	0	0	0	0
Transport	24,270	24,270	24,270	24,270	24,270
Supplies & Services	29,170	29,170	29,170	29,170	29,170
ICT Support Costs	0	0	0	0	0
Total Expenditure	582,900	604,080	626,160	649,180	673,220
Direct Service Cost	582,900	604,080	626,160	649,180	673,220
Central Support Services	18,930	18,770	19,250	19,760	20,490
Transfer To Reserves	10,000	10,000	10,000	10,000	10,000
Inter Service Recharges	69,360	68,450	68,450	70,270	68,450
Total Service Cost	681,190	701,300	723,860	749,210	772,160

Customer Information Centres

Customer contact and telephone contact service.

Employees	741,850	772,280	805,500	840,130	876,260
Premises	0	0	0	0	0
Transport	1,000	1,000	1,000	1,000	1,000
Supplies & Services	2,650	2,650	2,650	2,650	2,650
Total Expenditure	745,500	775,930	809,150	843,780	879,910
Direct Service Cost	745,500	775,930	809,150	843,780	879,910
Central Support Services	11,390	(29,330)	(31,300)	(33,330)	(32,920)
Inter Service Recharges	710	0	0	420	0
Total Service Cost	757,600	746,600	777,850	810,870	846,990

Central and Community Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Improvement, Efficiency & Performance Review					
Improvement, Efficiency and Performance Review undertake monitoring and analysis of corporate performance, systems analysis and undertake in-house consultancy work dealing with service reviews.					
Employees	68,030	70,950	74,010	77,190	80,510
Transport	150	150	150	150	150
Supplies & Services	90	90	90	90	90
ICT Support Costs	0	0	0	0	0
Total Expenditure	68,270	71,190	74,250	77,430	80,750
Direct Service Cost	68,270	71,190	74,250	77,430	80,750
Central Support Services	9,820	9,740	9,990	10,250	10,630
Total Service Cost	78,090	80,930	84,240	87,680	91,380

Personnel Services

This service area provides a range of services including dealing with recruitment, disciplinary matters, payroll and research and development.

Employees	442,140	454,090	466,560	479,580	493,160
Premises	4,450	4,450	4,450	4,450	4,450
Transport	1,920	1,920	1,920	1,920	1,920
Supplies & Services	59,270	60,540	62,060	63,810	63,810
ICT Support Costs	11,150	11,150	11,150	11,150	11,150
Total Expenditure	518,930	532,150	546,140	560,910	574,490
Customer & Client Receipts	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)
Total Income	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)
Direct Service Cost	511,930	525,150	539,140	553,910	567,490
Central Support Services	220	(105,320)	(105,900)	(106,520)	(106,040)
Transfer (From) Reserves	(91,960)	0	0	0	0
Inter Service Recharges	2,320	1,430	1,430	1,970	1,430
Total Service Cost	422,510	421,260	434,670	449,360	462,880

Central and Community Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Policy and Partnerships					
The West Norfolk Partnership is a group of key public, private and voluntary sector organisations who work together to improve services and the quality of life in West Norfolk. As well as local people, members of the partnership include representatives of the Borough and County Councils, the Health and Education services, housing providers, the Police and voluntary sector.					
Employees	105,660	110,160	114,860	119,370	124,500
Transport	1,000	1,000	1,000	1,000	1,000
Supplies & Services	206,640	232,210	232,210	4,710	4,710
ICT Support Costs	0	0	0	0	0
Total Expenditure	313,300	343,370	348,070	125,080	130,210
Grants & Contributions	0	0	0	0	0
Total Income	0	0	0	0	0
Direct Service Cost	313,300	343,370	348,070	125,080	130,210
Central Support Services	8,470	8,400	8,610	8,840	9,170
Transfer (From) Reserves	(201,930)	(227,500)	(227,500)	0	0
Inter Service Recharges	1,630	150	150	3,110	150
Total Service Cost	121,470	124,420	129,330	137,030	139,530

Printing and Graphics

Costs associated with the Council's in-house graphics design team and printing facility.

Employees	169,900	155,180	161,790	168,750	176,010
Premises	5,250	5,250	5,250	5,250	5,250
Supplies & Services	87,090	93,470	93,470	93,470	93,470
Total Expenditure	262,240	253,900	260,510	267,470	274,730
Customer & Client Receipts	(30,300)	(75,300)	(75,300)	(75,300)	(75,300)
Total Income	(30,300)	(75,300)	(75,300)	(75,300)	(75,300)
Direct Service Cost	231,940	178,600	185,210	192,170	199,430
Central Support Services	(53,400)	(33,310)	(33,230)	(33,160)	(33,040)
Other Transfers	(18,120)	0	0	0	0
Inter Service Recharges	280	280	280	280	280
Total Service Cost	160,700	145,570	152,260	159,290	166,670

Central and Community Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Safety and Welfare					
Budget for implementing the corporate Healthy and Safety policy.					
Employees	63,000	65,080	67,250	69,510	71,870
Premises	3,000	3,000	3,000	3,000	3,000
Transport	610	610	610	610	610
Supplies & Services	5,340	5,340	5,340	5,340	5,340
ICT Support Costs	0	0	0	0	0
Total Expenditure	71,950	74,030	76,200	78,460	80,820
Customer & Client Receipts	(4,160)	(4,160)	(4,160)	(4,160)	(4,160)
Total Income	(4,160)	(4,160)	(4,160)	(4,160)	(4,160)
Direct Service Cost	67,790	69,870	72,040	74,300	76,660
Central Support Services	1,370	1,360	1,400	1,430	1,490
Inter Service Recharges	(9,050)	(9,050)	(9,050)	(9,050)	(9,050)
Total Service Cost	60,110	62,180	64,390	66,680	69,100

ICT

Provides technical Information and Communication Technology support.

Employees	737,500	759,710	785,560	817,910	851,650
Premises	0	0	0	0	0
Transport	2,570	2,570	2,570	2,570	2,570
Supplies & Services	206,500	203,760	203,760	203,760	203,760
ICT Support Costs	732,730	655,160	655,460	646,190	711,190
Total Expenditure	1,679,300	1,621,200	1,647,350	1,670,430	1,769,170
Customer & Client Receipts	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)
Total Income	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)
Direct Service Cost	1,637,300	1,579,200	1,605,350	1,628,430	1,727,170
Central Support Services	39,780	39,440	40,450	41,520	43,050
Other Transfers	(60,510)				
Transfer (From) Reserves	(5,130)	(5,130)	0	0	0
Inter Service Recharges	(644,000)	(755,450)	(756,980)	(749,110)	(748,660)
Total Service Cost	967,440	858,060	888,820	920,840	1,021,560

Chief Executive

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Homechoice	45,210	49,250	53,650	57,490	62,320
Housing Enabler Role	83,180	86,400	88,570	88,550	88,670
Housing Options	346,570	343,760	355,690	368,130	382,220
Housing Standards	341,670	347,020	365,310	380,950	397,130
Legal Services	302,020	303,350	305,400	307,520	309,950
Strategic Housing	79,340	82,620	86,040	89,610	93,330
Total for Service	1,197,990	1,212,400	1,254,660	1,292,250	1,333,620

Chief Executive

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Homechoice					
The scheme deals with the allocation of social housing and running the Common Housing Register within the Borough. The Council operates the Choice Based Lettings Scheme on behalf of our 15 registered landlord partners, including Freebridge Community Housing.					
Employees	95,030	99,120	103,380	107,830	112,460
Transport	120	120	120	120	120
Supplies & Services	1,190	1,190	1,190	1,190	1,190
ICT Support Costs	6,000	6,000	6,000	5,250	5,250
Total Expenditure	102,340	106,430	110,690	114,390	119,020
Grants & Contributions	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)
Total Income	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)
Direct Service Cost	32,340	36,430	40,690	44,390	49,020
Central Support Services	5,270	5,220	5,360	5,500	5,700
Inter Service Recharges	7,600	7,600	7,600	7,600	7,600
Total Service Cost	45,210	49,250	53,650	57,490	62,320

Housing Enabler Role

This service supports the development of affordable housing in the Borough.

Employees	79,640	82,860	85,030	85,010	88,670
Transport	3,540	3,540	3,540	3,540	0
Total Expenditure	83,180	86,400	88,570	88,550	88,670
Direct Service Cost	83,180	86,400	88,570	88,550	88,670
Total Service Cost	83,180	86,400	88,570	88,550	88,670

Chief Executive

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Housing Options					
The budget includes costs incurred in carrying out the Council's statutory duties towards homeless persons and in providing housing options and advice service. The cost of initiatives to prevent homelessness including advice and support and inter-agency partnership working are also included.					
Employees	414,540	387,930	403,330	385,500	401,690
Transport	12,370	12,370	12,370	12,370	12,370
Supplies & Services	111,400	111,400	111,400	111,400	111,400
Agency & Benefit Payments	151,200	151,200	1,200	1,200	1,200
Total Expenditure	689,510	662,900	528,300	510,470	526,660
Grants & Contributions	(216,430)	(190,040)	(77,180)	(45,510)	(47,260)
Customer & Client Receipts	(65,700)	(66,700)	(66,700)	(66,700)	(65,700)
Total Income	(282,130)	(256,740)	(143,880)	(112,210)	(112,960)
Direct Service Cost	407,380	406,160	384,420	398,260	413,700
Central Support Services	9,220	9,140	9,380	9,620	9,980
Transfer (From) Reserves	(70,030)	(71,540)	(38,110)	(39,750)	(41,460)
Total Service Cost	346,570	343,760	355,690	368,130	382,220

Housing Standards

Housing Service staff time dealing with the inspection of housing standards in the private sector.

Employees	327,990	334,130	352,100	367,150	382,930
Transport	11,510	11,510	11,510	11,510	11,510
Supplies & Services	14,050	14,050	14,050	14,050	14,050
ICT Support Costs	1,650	1,700	1,750	1,800	1,800
Total Expenditure	355,200	361,390	379,410	394,510	410,290
Customer & Client Receipts	(21,080)	(21,080)	(21,080)	(21,080)	(21,080)
Total Income	(21,080)	(21,080)	(21,080)	(21,080)	(21,080)
Direct Service Cost	334,120	340,310	358,330	373,430	389,210
Central Support Services	6,790	6,710	6,980	7,260	7,660
Inter Service Recharges	760	0	0	260	260
Total Service Cost	341,670	347,020	365,310	380,950	397,130

Chief Executive

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Legal Services					
The legal service commissions legal advice and support for the Council.					
Employees	32,680	34,090	35,560	37,090	38,680
Supplies & Services	95,670	95,670	95,670	95,670	95,670
Agency & Benefit Payments	175,000	175,000	175,000	175,000	175,000
ICT Support Costs	2,380	2,480	2,500	2,500	2,500
Total Expenditure	305,730	307,240	308,730	310,260	311,850
Customer & Client Receipts	(25,910)	(25,910)	(25,910)	(25,910)	(25,910)
Total Income	(25,910)	(25,910)	(25,910)	(25,910)	(25,910)
Direct Service Cost	279,820	281,330	282,820	284,350	285,940
Central Support Services	21,840	21,660	22,220	22,810	23,650
Inter Service Recharges	360	360	360	360	360
Total Service Cost	302,020	303,350	305,400	307,520	309,950

Strategic Housing

This budget includes the Housing Management Team, who oversee the general housing functions.

Employees	76,210	79,490	82,910	86,480	90,200
Transport	2,270	2,270	2,270	2,270	2,270
Total Expenditure	78,480	81,760	85,180	88,750	92,470
Direct Service Cost	78,480	81,760	85,180	88,750	92,470
Inter Service Recharges	860	860	860	860	860
Total Service Cost	79,340	82,620	86,040	89,610	93,330

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
CCTV	(125,540)	(94,340)	(83,190)	(70,580)	(94,300)
Community Centres	(10,320)	(13,330)	(18,900)	(19,510)	(32,150)
Community Transport	115,890	115,890	115,890	115,890	115,890
Corporate Projects	206,310	213,880	222,360	232,040	242,950
Council Accommodation	(292,820)	(294,700)	(297,070)	(299,210)	(300,450)
Crematorium & Cemeteries	(693,800)	(706,700)	(685,880)	(667,340)	(653,170)
Depots	(240)	220	280	350	330
Economic Development	217,380	222,610	229,090	236,980	243,820
Events & Cultural Activities	7,800	7,800	7,800	7,800	7,800
General Markets	(47,870)	(23,800)	(23,580)	(26,240)	(26,080)
General Properties	(178,520)	(176,200)	(172,410)	(168,860)	(166,260)
Guildhall and Arts Centre	124,750	126,240	130,950	130,200	131,010
Hanse	2,500	2,500	2,500	2,500	2,500
Industrial Units	(1,202,580)	(1,195,630)	(1,191,400)	(1,186,650)	(1,162,460)
Kings Lynn & Downham Mkt TICs	100,180	102,570	105,670	108,990	112,670
Leisure Services	1,267,810	1,231,900	1,267,560	1,292,460	1,443,340
Museums	31,300	31,420	31,540	31,630	31,750
Parking Operations	(2,821,840)	(3,161,060)	(3,104,810)	(3,049,570)	(3,084,750)
Parks, Sport Grounds & Open Spaces	817,490	857,270	878,220	908,280	943,970
Play Areas	9,400	9,480	9,270	9,320	9,070
Property Services	642,780	676,340	678,920	706,880	735,120
Public Cleansing & Street Sweeping	1,552,360	1,650,730	1,709,050	1,725,030	1,719,820
Public Clocks	3,170	3,170	3,170	3,170	3,170
Public Conveniences	361,540	327,100	340,450	343,460	343,790
Refuse and Recycling	1,522,940	1,616,150	2,390,590	2,347,710	2,369,770
Regeneration Projects	131,200	135,380	139,890	144,580	148,800
Resort	31,900	37,150	29,950	26,010	22,080
Shops and Offices	(195,680)	(244,200)	(318,990)	(317,610)	(316,200)
Tourism	130,250	147,910	151,470	156,540	159,160
Town Centre Manager	66,630	78,410	80,480	82,970	84,920
Town Centre Promotions	99,330	95,000	95,000	103,660	95,000
Town Hall and Stories of Lynn	306,770	306,610	319,880	334,860	372,740
Total for Service	2,180,470	2,085,770	3,043,750	3,245,740	3,503,650

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
CCTV					
The CCTV system operates from Kings Court and covers areas such as car parks, housing estates, council offices, the Walks, Lynnsport, North Lynn, Hardwick Industrial Estates and Breckland CCTV.					
Employees	368,810	372,590	386,840	401,670	417,160
Premises	80,920	81,140	81,190	81,240	81,290
Transport	5,740	5,850	5,900	5,950	6,000
Supplies & Services	162,650	162,650	162,650	162,650	162,650
Financing Costs	48,210	78,290	77,700	77,700	77,700
Total Expenditure	666,330	700,520	714,280	729,210	744,800
Customer & Client Receipts	(257,680)	(260,090)	(263,280)	(266,360)	(306,250)
Total Income	(257,680)	(260,090)	(263,280)	(266,360)	(306,250)
Direct Service Cost	408,650	440,430	451,000	462,850	438,550
Central Support Services	14,610	14,490	14,870	15,260	15,830
Inter Service Recharges	(548,800)	(549,260)	(549,060)	(548,690)	(548,680)
Total Service Cost	(125,540)	(94,340)	(83,190)	(70,580)	(94,300)

Community Centres

This budget includes the costs and income associated with community centre situated at Fairstead, South Lynn, Highgate, St Augustine's in King's Lynn. The costs, except for depreciation, are funded by Special Expenses.

Employees	23,400	20,410	21,290	22,210	23,160
Premises	38,070	42,500	43,190	43,890	44,630
Supplies & Services	3,200	3,220	3,220	3,220	3,220
ICT Support Costs	8,900	9,490	9,520	9,560	9,560
Total Expenditure	73,570	75,620	77,220	78,880	80,570
Customer & Client Receipts	(96,590)	(101,540)	(109,280)	(112,510)	(115,980)
Total Income	(96,590)	(101,540)	(109,280)	(112,510)	(115,980)
Direct Service Cost	(23,020)	(25,920)	(32,060)	(33,630)	(35,410)
Inter Service Recharges	12,700	12,590	13,160	14,120	3,260
Total Service Cost	(10,320)	(13,330)	(18,900)	(19,510)	(32,150)

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Community Transport					
This budget includes the costs of supporting community transport projects					
Supplies & Services	115,890	115,890	115,890	115,890	115,890
Total Expenditure	115,890	115,890	115,890	115,890	115,890
Direct Service Cost	115,890	115,890	115,890	115,890	115,890
Central Support Services	0	0	0	0	0
Total Service Cost	115,890	115,890	115,890	115,890	115,890

Corporate Projects Team

This budget relates to the costs of the Corporate Project Team.

Employees	219,740	229,190	239,050	249,320	260,040
Premises	150	150	150	150	150
Transport	5,800	5,880	5,960	6,050	6,050
Supplies & Services	10,360	10,360	10,360	10,360	10,360
Leasing	(39,360)	(40,900)	(42,500)	(44,160)	(44,160)
Total Expenditure	196,690	204,680	213,020	221,720	232,440
Direct Service Cost	196,690	204,680	213,020	221,720	232,440
Central Support Services	4,270	4,240	4,340	4,450	4,600
Inter Service Recharges	5,350	4,960	5,000	5,870	5,910
Total Service Cost	206,310	213,880	222,360	232,040	242,950

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Council Accommodation					
This budget deals with the office costs for King's Court, including postages and vending services.					
Employees	197,240	205,720	214,550	223,790	233,410
Premises	446,180	456,700	464,830	473,170	488,630
Transport	2,090	2,120	2,150	2,190	2,220
Supplies & Services	124,910	125,040	125,040	125,040	125,040
Total Expenditure	770,420	789,580	806,570	824,190	849,300
Customer & Client Receipts	(521,570)	(543,870)	(551,880)	(560,060)	(568,450)
Total Income	(521,570)	(543,870)	(551,880)	(560,060)	(568,450)
Direct Service Cost	248,850	245,710	254,690	264,130	280,850
Central Support Services	145,050	145,620	149,420	153,350	158,930
Other Transfers	(24,000)	0	0	0	0
Transfer (From) Reserves	14,380	14,380	14,380	14,380	14,380
Inter Service Recharges	(677,100)	(700,410)	(715,560)	(731,070)	(754,610)
Total Service Cost	(292,820)	(294,700)	(297,070)	(299,210)	(300,450)

Crematorium & Cemeteries

The Council funds the running costs of the Crematorium, including the maintenance of the gardens and woods, from this budget. Approximately, 2,160 cremations are carried out each year.

This budget also funds the following cemeteries. There are approximately 200 burials each year in Council run cemeteries:

Hunstanton	Walpole St Andrew
Gayton Road, King's Lynn	Marshland Smeeth
Hardwick Road, King's Lynn	Upwell

Employees	304,400	316,620	329,370	342,670	356,530
Premises	284,900	287,000	291,500	296,130	300,880
Transport	6,010	6,030	6,040	6,060	6,060
Supplies & Services	63,040	63,200	63,200	63,200	61,530
ICT Support Costs	0	0	0	0	0
Financing Costs	334,530	328,800	328,800	328,800	328,800
Total Expenditure	992,880	1,001,650	1,018,910	1,036,860	1,053,800
Customer & Client Receipts	(1,969,830)	(1,970,520)	(1,972,860)	(1,975,460)	(1,977,610)
Total Income	(1,969,830)	(1,970,520)	(1,972,860)	(1,975,460)	(1,977,610)
Direct Service Cost	(976,950)	(968,870)	(953,950)	(938,600)	(923,810)
Central Support Services	2,500	17,140	18,240	19,280	19,280
Inter Service Recharges	280,650	245,030	249,830	251,980	251,360
Total Service Cost	(693,800)	(706,700)	(685,880)	(667,340)	(653,170)

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Depots					
These costs are in respect of the two main council depots based at Heacham and King's Lynn.					
Premises	77,120	77,920	79,250	80,620	82,010
Supplies & Services	820	980	980	980	980
Total Expenditure	77,940	78,900	80,230	81,600	82,990
Direct Service Cost	77,940	78,900	80,230	81,600	82,990
Inter Service Recharges	(78,180)	(78,680)	(79,950)	(81,250)	(82,660)
Total Service Cost	(240)	220	280	350	330

Economic Development

This budget contains provision for expenditure relating to the promotion of development initiatives, advertising land and industrial units for sale or to let, the Business Support Scheme and other initiatives.

Employees	162,430	169,510	176,900	156,520	163,240
Premises	0	0	0	0	0
Transport	5,040	5,040	5,040	5,040	5,040
Supplies & Services	68,900	68,900	68,900	68,900	68,900
Total Expenditure	236,370	243,450	250,840	230,460	237,180
Direct Service Cost	236,370	243,450	250,840	230,460	237,180
Central Support Services	3,260	3,240	3,320	3,410	3,530
Inter Service Recharges	2,230	1,350	1,350	3,110	3,110
Total Service Cost	241,860	248,040	255,510	236,980	243,820

Events & Cultural Activities

These budgets include subscriptions and promotional activities including the Heritage Week and tour of Britain

Supplies & Services	7,800	7,800	7,800	7,800	7,800
Total Expenditure	7,800	7,800	7,800	7,800	7,800
Direct Service Cost	7,800	7,800	7,800	7,800	7,800
Total Service Cost	7,800	7,800	7,800	7,800	7,800

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
General Markets					
The Council is responsible for the King's Lynn markets on Tuesday, Friday and Saturday and the Wednesday and Sunday markets at Hunstanton. The Mart is also included in this budget.					
Premises	3,350	3,350	3,350	1,930	1,930
Transport	1,860	1,860	1,860	520	520
Supplies & Services	4,930	6,800	6,800	6,900	6,900
Total Expenditure	10,140	12,010	12,010	9,350	9,350
Customer & Client Receipts	(62,650)	(40,620)	(40,580)	(40,580)	(40,580)
Total Income	(62,650)	(40,620)	(40,580)	(40,580)	(40,580)
Direct Service Cost	(52,510)	(28,610)	(28,570)	(31,230)	(31,230)
Inter Service Recharges	4,640	4,770	4,990	4,990	5,150
Total Service Cost	(47,870)	(23,840)	(23,580)	(26,240)	(26,080)

General Properties

The General Properties budget deals with the general management and maintenance of assets such as South Gates, Princess Theatre, Marriots Warehouse and Saddlebow Waste Disposal Site. The budget also deals with sewerage and bridge maintenance.

Employees	1,390	1,450	1,510	1,570	1,640
Premises	198,266	173,626	174,120	174,586	164,486
Transport	50	50	50	50	50
Supplies & Services	66,374	66,374	66,380	66,374	66,374
Agency & Benefit Payments	84,760	84,760	84,760	84,760	84,760
Financing	0	12,460	12,460	12,460	12,460
Total Expenditure	350,840	338,720	339,280	339,800	329,770
Customer & Client Receipts	(572,590)	(560,630)	(559,630)	(558,630)	(558,630)
Total Income	(572,590)	(560,630)	(559,630)	(558,630)	(558,630)
Direct Service Cost	(221,750)	(221,910)	(220,350)	(218,830)	(228,860)
Transfer (From) Reserves	23,300	23,300	23,300	23,300	33,900
Inter Service Recharges	19,930	22,410	24,640	26,670	28,700
Total Service Cost	(178,520)	(176,200)	(172,410)	(168,860)	(166,260)

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Guildhall and Arts Centre					
The Centre has 350 seats, associated art galleries and a full education and outreach programme of activities. This also includes provision for Arts Development.					
Employees	670	670	670	670	670
Premises	65,280	65,900	69,840	68,310	69,060
Transport	160	160	160	160	160
Supplies & Services	125,930	125,930	125,930	125,930	125,930
Total Expenditure	192,040	192,660	196,600	195,070	195,820
Customer & Client Receipts	(74,610)	(74,610)	(74,610)	(74,610)	(74,610)
Total Income	(74,610)	(74,610)	(74,610)	(74,610)	(74,610)
Direct Service Cost	117,430	118,050	121,990	120,460	121,210
Inter Service Recharges	7,320	8,190	8,960	9,740	9,800
Total Service Cost	124,750	126,240	130,950	130,200	131,010

Hanse

This budget covers costs for the Hanse initiative. These costs were previously included in the Economic Development Budget.

Supplies & Services	2,500	2,500	2,500	2,500	2,500
Total Expenditure	2,500	2,500	2,500	2,500	2,500
Direct Service Cost	2,500	2,500	2,500	2,500	2,500
Total Service Cost	2,500	2,500	2,500	2,500	2,500

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Industrial Units					
This budget relates to the Council's industrial estates at King's Lynn, Downham Market and other parts of the Borough. The estates are:					
Hardwick Industrial Estate		Saddlebow Industrial Estate		North Lynn Industrial Estate	
Austin Fields Industrial Estate		Horsley Fields Industrial Estate		The Narrows Industrial Estate	
Lower Canada Industrial Estate		Heacham Workshops		Fritcham Workshops	
Enterprise Works (North Lynn)		Downham Market Workshops		St Johns Business Park	
Employees	11,370	11,860	12,370	12,900	13,450
Premises	186,980	187,910	189,340	191,310	192,340
Supplies & Services	3,100	3,260	3,260	3,260	3,260
Total Expenditure	201,450	203,030	204,970	207,470	209,050
Customer & Client Receipts	(1,433,330)	(1,433,330)	(1,433,330)	(1,433,330)	(1,433,330)
Total Income	(1,433,330)	(1,433,330)	(1,433,330)	(1,433,330)	(1,433,330)
Direct Service Cost	(1,231,880)	(1,230,300)	(1,228,360)	(1,225,860)	(1,224,280)
Transfer To Reserves	3,000	3,000	3,000	3,000	3,000
Inter Service Recharges	26,300	31,670	33,960	36,210	58,820
Total Service Cost	(1,202,580)	(1,195,630)	(1,191,400)	(1,186,650)	(1,162,460)

Kings Lynn & Downham Mkt TICs

The Custom House in King's Lynn opened as a Tourist Information Centre and Maritime Heritage Centre in April 1999. The Tourist Information Centre at Downham Market is located within the Priory Centre complex and deals with the management and operation of tourism services to the Downham Market and Fenland area of the borough.

Employees	61,740	64,330	67,020	69,850	71,290
Premises	24,550	24,760	25,060	25,380	25,710
Supplies & Services	13,700	13,470	13,470	13,470	13,470
ICT Support Costs	4,780	4,780	4,780	4,780	4,780
Total Expenditure	104,770	107,340	110,330	113,480	115,250
Customer & Client Receipts	(13,900)	(13,900)	(13,900)	(13,900)	(13,900)
Total Income	(13,900)	(13,900)	(13,900)	(13,900)	(13,900)
Direct Service Cost	90,870	93,440	96,430	99,580	101,350
Transfer To Reserves	5,000	5,000	5,000	5,000	5,000
Inter Service Recharges	4,310	4,130	4,240	4,410	6,320
Total Service Cost	100,180	102,570	105,670	108,990	112,670

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
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Leisure Services

The management and operation of the leisure facilities and the Corn Exchange transferred from Alive Leisure and Alive Management Ltd to Alive West Norfolk from 1 July 2019. The Council remains responsible for the maintenance and utility costs of the Leisure facilities buildings; Corn Exchange, Lynnsport, Oasis, St James and Downham Market Sports Centre.

Premises	532,100	540,120	559,200	579,030	599,620
Supplies & Services	37,035	37,030	30,030	30,030	30,030
Financing Costs	116,750	127,820	75,460	75,460	150,920
Total Expenditure	685,885	704,970	664,690	684,520	780,570
Grants & Contributions	(48,860)	(48,860)	(48,860)	(48,860)	(48,860)
Customer & Client Receipts	(63,195)	(63,190)	(56,190)	(56,190)	(56,190)
Total Income	(112,055)	(112,050)	(105,050)	(105,050)	(105,050)
Direct Service Cost	573,830	592,920	559,640	579,470	675,520
Central Support Services	0	560	580	590	590
Transfer To Reserves	78,990	78,990	78,990	78,990	78,990
Inter Service Recharges	614,990	559,430	628,350	633,410	688,240
Total Service Cost	1,267,810	1,231,900	1,267,560	1,292,460	1,443,340

Museums

This budget covers the cost of supporting the Lynn Museum.

Supplies & Services	30,560	30,560	30,560	30,560	30,560
Total Expenditure	30,560	30,560	30,560	30,560	30,560
Direct Service Cost	30,560	30,560	30,560	30,560	30,560
Inter Service Recharges	740	860	980	1,070	1,190
Total Service Cost	31,300	31,420	31,540	31,630	31,750

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Parking Operations					
This budget covers 10 short term car parks (1,134 spaces), 5 long term car parks (812 spaces) and the multi-storey car park, St James' (701 spaces), the Seafront car parks at Hunstanton and Heacham, North Norfolk Car Parks and Parking Enforcement.					
Employees	943,690	979,760	1,018,490	1,058,990	1,101,170
Premises	919,150	930,080	944,660	959,570	974,810
Transport	36,710	37,160	37,670	38,210	54,760
Supplies & Services	107,790	95,780	95,780	95,780	95,780
Agency & Benefit Payments	439,010	439,010	439,010	439,010	439,010
Financing Costs	6,250	6,190	6,140	6,140	2,890
Total Expenditure	2,452,600	2,487,980	2,541,750	2,597,700	2,668,420
Customer & Client Receipts	(6,037,020)	(6,149,570)	(6,155,220)	(6,160,000)	(6,264,890)
Total Income	(6,037,020)	(6,149,570)	(6,155,220)	(6,160,000)	(6,264,890)
Direct Service Cost	(3,584,420)	(3,661,590)	(3,613,470)	(3,562,300)	(3,596,470)
Central Support Services	8,690	8,620	8,840	9,070	9,410
Transfer To Reserves	381,070	116,070	119,070	119,070	119,070
Inter Service Recharges	372,820	375,840	380,750	384,590	383,240
Total Service Cost	(2,821,840)	(3,161,060)	(3,104,810)	(3,049,570)	(3,084,750)

Parks, Sports Grounds & Open Spaces

This budget deals with the maintenance of all the Council Parks, Sports Grounds and Open Spaces including amenity areas on private housing estates for which the Council has responsibility.

Employees	961,800	1,003,560	1,041,760	1,078,040	1,115,810
Premises	279,220	232,310	233,670	234,970	236,330
Transport	129,090	130,680	132,460	134,400	136,380
Supplies & Services	163,820	163,820	163,820	163,820	163,820
Financing Costs	183,050	132,890	130,880	130,730	121,510
Total Expenditure	1,716,980	1,663,260	1,702,590	1,741,960	1,773,850
Customer & Client Receipts	(723,540)	(737,040)	(753,060)	(768,370)	(768,370)
Total Income	(723,540)	(737,040)	(753,060)	(768,370)	(768,370)
Direct Service Cost	993,440	926,220	949,530	973,590	1,005,480
Central Support Services	29,690	33,210	34,020	34,860	35,370
Transfer To Reserves	(25,570)	22,080	22,080	22,080	22,080
Inter Service Recharges	(180,070)	(124,240)	(127,410)	(122,250)	(118,960)
Total Service Cost	817,490	857,270	878,220	908,280	943,970

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Play Areas					
This budget deals with the repairs and maintenance of all the Council Play Areas					
Employees	13,120	13,680	14,270	14,880	15,520
Premises	30,160	29,390	29,450	29,500	29,250
Total Expenditure	43,280	43,070	43,720	44,380	44,770
Customer & Client Receipts	(45,650)	(47,110)	(48,910)	(49,520)	(50,160)
Total Income	(45,650)	(47,110)	(48,910)	(49,520)	(50,160)
Direct Service Cost	(2,370)	(4,040)	(5,190)	(5,140)	(5,390)
Inter Service Recharges	11,770	13,520	14,460	14,460	14,460
Total Service Cost	9,400	9,480	9,270	9,320	9,070

Property Services

This budget covers costs involved in property and land management, including: properties to let, industrial land for sale, industrial estates, garages and residential development land owned by the Borough.

Employees	608,690	649,330	652,090	679,770	708,760
Transport	14,960	15,110	15,260	15,420	15,420
Supplies & Services	19,550	20,750	20,750	20,750	20,750
Total Expenditure	643,200	685,190	688,100	715,940	744,930
Customer & Client Receipts	(30,720)	(38,160)	(39,140)	(40,160)	(41,330)
Total Income	(30,720)	(38,160)	(39,140)	(40,160)	(41,330)
Direct Service Cost	612,480	647,030	648,960	675,780	703,600
Central Support Services	20,020	19,800	20,320	20,850	21,620
Inter Service Recharges	10,280	9,510	9,640	10,250	9,900
Total Service Cost	642,780	676,340	678,920	706,880	735,120

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Public Cleansing & Street Sweeping					
The Public Cleansing Service is responsible for the cleansing of public space, beaches, pavements and streets, according to the standards laid down by the 1990 Environmental Protection Act. Also included are Footway Lighting, the cost of Dog Warden Service, disposal of abandoned vehicles and the Neighbourhood Teams.					
Employees	1,367,180	1,419,880	1,476,950	1,536,350	1,594,540
Premises	119,690	120,330	122,730	125,220	127,800
Transport	171,850	174,110	176,610	179,350	171,860
Supplies & Services	86,530	86,530	86,530	86,530	86,530
Agency & Benefit Payments	27,420	27,420	27,420	27,420	27,420
Financing Costs	317,130	315,510	325,050	275,680	213,710
Total Expenditure	2,089,800	2,143,780	2,215,290	2,230,550	2,221,860
Customer & Client Receipts	(121,500)	(126,000)	(128,140)	(130,630)	(130,630)
Total Income	(121,500)	(126,000)	(128,140)	(130,630)	(130,630)
Direct Service Cost	1,968,300	2,017,780	2,087,150	2,099,920	2,091,230
Central Support Services	29,690	30,880	31,530	32,190	32,700
Transfer To Reserves	2,720	2,200	1,680	1,110	1,110
Inter Service Recharges	(448,350)	(400,130)	(411,310)	(408,190)	(405,220)
Total Service Cost	1,552,360	1,650,730	1,709,050	1,725,030	1,719,820

Public Clocks

Maintenance of Public Clocks including clocks at Gaywood and the Bus Station

Premises	3,170	3,170	3,170	3,170	3,170
Total Expenditure	3,170	3,170	3,170	3,170	3,170
Direct Service Cost	3,170	3,170	3,170	3,170	3,170
Total Service Cost	3,170	3,170	3,170	3,170	3,170

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Public Conveniences					
The Council is responsible for the management of 20 toilet blocks across the Borough.					
Premises	131,210	126,730	133,000	136,340	136,420
Supplies & Services	4,340	1,340	1,340	1,340	1,340
Total Expenditure	135,550	128,070	134,340	137,680	137,760
Customer & Client Receipts	(30,710)	(31,000)	(31,840)	(32,420)	(32,420)
Total Income	(30,710)	(31,000)	(31,840)	(32,420)	(32,420)
Direct Service Cost	104,840	97,070	102,500	105,260	105,340
Inter Service Recharges	256,700	230,030	237,950	238,200	238,450
Total Service Cost	361,540	327,100	340,450	343,460	343,790

Regeneration Projects

This budget relates to the co-ordination and management of King's Lynn Urban Development Strategy, including the Waterfront and Nar Ouse Regeneration Area (NORA).

Employees	93,510	97,520	101,720	106,090	110,650
Premises	18,710	18,890	19,100	19,320	19,550
Transport	2,210	2,210	2,210	2,210	2,210
Supplies & Services	15,110	15,110	15,110	15,110	15,110
Total Expenditure	129,540	133,730	138,140	142,730	147,520
Customer & Client Receipts	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)
Total Income	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)
Direct Service Cost	126,840	131,030	135,440	140,030	144,820
Central Support Services	3,260	3,240	3,320	3,410	2,830
Inter Service Recharges	1,100	1,110	1,130	1,140	1,150
Total Service Cost	131,200	135,380	139,890	144,580	148,800

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Refuse and Recycling					
The Council operates a fortnightly domestic household collection service to an estimated 71,500 properties and also deals with trade customers through an external contractor, Kier Services. Recycling initiatives include glass, paper, green waste, textiles, white goods, dry box collection scheme and food waste.					
Employees	256,280	266,310	276,780	287,710	299,080
Premises	6,000	6,000	6,000	6,000	6,000
Transport	7,900	7,940	7,990	8,030	8,050
Supplies & Services	45,730	45,730	45,730	45,730	45,730
Agency & Benefit Payments	5,013,710	5,179,290	5,315,200	5,315,200	5,315,200
Financing Costs	227,440	234,720	985,100	988,110	999,240
Total Expenditure	5,557,060	5,739,990	6,636,800	6,650,780	6,673,300
Grants & Contributions	(1,717,160)	(1,756,360)	(1,805,170)	(1,805,170)	(1,805,170)
Customer & Client Receipts	(2,294,800)	(2,357,120)	(2,432,640)	(2,492,640)	(2,492,640)
Total Income	(4,011,960)	(4,113,480)	(4,237,810)	(4,297,810)	(4,297,810)
Direct Service Cost	1,545,100	1,626,510	2,398,990	2,352,970	2,375,490
Central Support Services	49,790	62,600	64,310	65,620	66,490
Inter Service Recharges	(71,950)	(72,960)	(72,710)	(70,880)	(72,210)
Total Service Cost	1,522,940	1,616,150	2,390,590	2,347,710	2,369,770

Resort

The Sea Front budget includes maintenance and servicing of beach safety, cliffs and beach, promenade and foreshore, Heacham beach, weather station and seafront facilities such as pitch and putt, putting green, crazy golf and chalets.

Employees	188,350	184,343	182,370	186,770	191,360
Premises	82,330	82,690	83,190	83,710	84,250
Transport	7,140	6,660	6,740	6,830	9,830
Supplies & Services	121,740	102,060	102,060	102,060	102,060
ICT Support Costs	2,390	2,390	2,390	2,390	0
Financing Costs	2,190	2,190	2,190	2,190	2,190
Total Expenditure	404,140	380,333	378,940	383,950	389,690
Grants & Contributions	(26,140)	0	0	0	0
Customer & Client Receipts	(464,740)	(465,520)	(474,760)	(484,170)	(493,760)
Total Income	(490,880)	(465,520)	(474,760)	(484,170)	(493,760)
Direct Service Cost	(86,740)	(85,187)	(95,820)	(100,220)	(104,070)
Inter Service Recharges	118,640	122,340	125,770	126,230	126,150
Total Service Cost	31,900	37,153	29,950	26,010	22,080

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Shops and Offices					
This budget contains estimates on income receivable from the leaseholders of the New Conduit Street and Broad Street areas of Town. It also includes Unit 2, Regis Place.					
Employees	6,150	6,410	6,690	6,980	7,280
Premises	13,680	14,040	14,190	14,500	14,830
Total Expenditure	19,830	20,450	20,880	21,480	22,110
Customer & Client Receipts	(304,220)	(354,220)	(430,220)	(430,220)	(430,220)
Total Income	(304,220)	(354,220)	(430,220)	(430,220)	(430,220)
Direct Service Cost	(284,390)	(333,770)	(409,340)	(408,740)	(408,110)
Inter Service Recharges	88,710	89,570	90,350	91,130	91,910
Total Service Cost	(195,680)	(244,200)	(318,990)	(317,610)	(316,200)

Tourism

This budget deals with the promotion of tourism within the Borough

Employees	62,700	81,050	84,530	88,170	91,960
Transport	1,220	1,220	1,220	1,220	0
Supplies & Services	97,530	97,530	97,530	97,530	97,460
Total Expenditure	161,450	179,800	183,280	186,920	189,420
Customer & Client Receipts	(36,750)	(36,750)	(36,750)	(36,750)	(36,750)
Total Income	(36,750)	(36,750)	(36,750)	(36,750)	(36,750)
Direct Service Cost	124,700	143,050	146,530	150,170	152,670
Central Support Services	3,250	3,230	3,310	3,400	3,520
Inter Service Recharges	2,300	1,630	1,630	2,970	2,970
Total Service Cost	130,250	147,910	151,470	156,540	159,160

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Town Centre Manager					
This budget deals with the costs and contributions associated with the Town Centre Manager. This is a full time post and the responsibilities include King's Lynn Town Centre, Gaywood, Downham Market and Hunstanton.					
Employees	35,260	47,210	49,240	51,360	53,570
Transport	2,770	2,770	2,770	2,770	2,770
Supplies & Services	32,130	32,130	32,130	32,130	32,130
Total Expenditure	70,160	82,110	84,140	86,260	88,470
Customer & Client Receipts	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Total Income	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Direct Service Cost	60,160	72,110	74,140	76,260	78,470
Central Support Services	1,730	1,720	1,760	1,810	1,870
Inter Service Recharges	4,740	4,580	4,580	4,900	4,580
Total Service Cost	66,630	78,410	80,480	82,970	84,920

Town Centre Promotions

This budget is to fund town centre events, developments and promotions such as car parking promotions.

Supplies & Services	95,000	95,000	95,000	95,000	95,000
Total Expenditure	95,000	95,000	95,000	95,000	95,000
Direct Service Cost	95,000	95,000	95,000	95,000	95,000
Inter Service Recharges	4,330	0	0	8,660	0
Total Service Cost	99,330	95,000	95,000	103,660	95,000

Commercial Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Town Hall and Stories of Lynn					
The Town Hall is used for civic functions and is also available for private hire. The Stories of Lynn is part of the Town Hall complex, these budget covers both the operations of the Stories of Lynn and the Regalia Rooms.					
Employees	173,080	168,260	175,080	182,200	189,640
Premises	126,810	128,180	131,650	135,270	138,980
Transport	210	210	210	220	220
Supplies & Services	81,580	81,290	81,290	81,290	81,290
Total Expenditure	381,680	377,940	388,230	398,980	410,130
Customer & Client Receipts	(112,240)	(112,240)	(112,240)	(112,240)	(112,240)
Total Income	(112,240)	(112,240)	(112,240)	(112,240)	(112,240)
Direct Service Cost	269,440	265,700	275,990	286,740	297,890
Inter Service Recharges	37,330	40,910	43,890	48,120	74,850
Total Service Cost	306,770	306,610	319,880	334,860	372,740

Environment and Planning

	2019/2020 Revised	2020/2021 Estimate	2021/2022 Projection	2022/2023 Projection	2023/2024 Projection
	£	£	£	£	£
Building Control	61,430	63,220	63,280	63,350	63,350
Conservation and Heritage	86,000	88,810	91,740	94,820	98,010
Corporate Scanning	199,630	207,730	216,950	226,560	236,720
Development Control	(65,330)	(29,910)	8,490	51,010	90,320
Emergency Planning & Flood Defence	191,290	199,410	192,860	198,460	200,160
Food Hygiene & Public Health	439,590	450,780	469,240	491,020	508,550
Licensing	(3,590)	9,760	19,280	29,220	38,900
Planning Policy	(27,100)	(9,810)	(5,960)	(2,070)	12,130
Pollution Monitoring	285,570	282,300	293,670	306,310	317,250
Local Land Charges	315,370	315,140	328,400	341,700	349,520
Street Naming & Numbering	64,560	67,440	70,690	74,050	77,650
Total for Service	1,547,420	1,644,870	1,748,640	1,874,430	1,992,560

Environment and Planning Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Building Control					
This budget deals with the fee and non-fee aspects of Building Control. From 1 September 2010, this service has been carried out as a joint service with other local councils - known as CNC Building Control.					
Agency & Benefit Payments	69,190	69,190	69,190	69,190	69,190
Total Expenditure	69,190	69,190	69,190	69,190	69,190
Direct Service Cost	69,190	69,190	69,190	69,190	69,190
Central Support Services	0	1,790	1,850	1,920	1,920
Inter Service Recharges	(7,760)	(7,760)	(7,760)	(7,760)	(7,760)
Total Service Cost	61,430	63,220	63,280	63,350	63,350

Conservation and Heritage

This budget aims to conserve environmental assets - protecting the heritage of our towns and villages and natural beauty of the countryside which gives this area its particular character.

Employees	65,370	68,180	71,110	74,180	77,370
Transport	3,570	3,570	3,570	3,580	3,580
Supplies & Services	17,060	17,060	17,060	17,060	17,060
Total Expenditure	86,000	88,810	91,740	94,820	98,010
Direct Service Cost	86,000	88,810	91,740	94,820	98,010
Total Service Cost	86,000	88,810	91,740	94,820	98,010

Environment and Planning Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Corporate Scanning					
Corporate digital scanning team					
Employees	185,880	194,530	203,530	212,920	222,720
Premises	2,000	2,000	2,000	2,000	2,000
Supplies & Services	2,320	2,320	2,320	2,320	2,320
Total Expenditure	190,200	198,850	207,850	217,240	227,040
Direct Service Cost	190,200	198,850	207,850	217,240	227,040
Central Support Services	9,430	8,880	9,100	9,320	9,680
Total Service Cost	199,630	207,730	216,950	226,560	236,720

Development Control

This service deals with planning and related applications from developers/members of the public and any subsequent appeals arising from previous decisions. It enforces planning and related controls and takes action if necessary.

Employees	1,009,170	1,051,270	1,094,810	1,137,460	1,186,400
Transport	52,380	52,720	53,050	53,420	53,420
Supplies & Services	139,680	134,230	127,880	124,050	115,580
ICT Support Costs	66,500	66,500	66,500	66,500	66,500
Total Expenditure	1,267,730	1,304,720	1,342,240	1,381,430	1,421,900
Customer & Client Receipts	(1,383,760)	(1,383,760)	(1,383,760)	(1,383,760)	(1,383,760)
Total Income	(1,383,760)	(1,383,760)	(1,383,760)	(1,383,760)	(1,383,760)
Direct Service Cost	(116,030)	(79,040)	(41,520)	(2,330)	38,140
Central Support Services	33,010	33,330	34,210	35,100	36,380
Inter Service Recharges	17,690	15,800	15,800	18,240	15,800
Total Service Cost	(65,330)	(29,910)	8,490	51,010	90,320

Environment and Planning Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Emergency Planning & Flood Defence					
This budget contains the costs for Emergency Planning, severe weather contingency and radio phones.					
Employees	73,720	76,880	80,190	83,640	87,230
Premises	94,840	100,840	100,840	100,840	100,840
Transport	4,070	4,070	4,070	4,070	3,980
Supplies & Services	34,380	34,380	24,380	24,380	24,380
Total Expenditure	207,010	216,170	209,480	212,930	216,430
Customer & Client Receipts	(26,400)	(26,400)	(26,400)	(26,400)	(26,400)
Total Income	(26,400)	(26,400)	(26,400)	(26,400)	(26,400)
Direct Service Cost	180,610	189,770	183,080	186,530	190,030
Central Support Services	5,470	5,430	5,570	5,720	5,920
Inter Service Recharges	5,210	4,210	4,210	6,210	4,210
Total Service Cost	191,290	199,410	192,860	198,460	200,160

Food Hygiene & Public Health

The Council offers Food Hygiene courses, export certificates and Health & Safety advice.

Employees	399,860	417,060	435,000	453,710	473,220
Transport	25,390	25,390	25,390	25,390	25,390
Supplies & Services	34,000	29,870	29,870	29,870	29,870
Total Expenditure	459,250	472,320	490,260	508,970	528,480
Customer & Client Receipts	(36,490)	(36,490)	(36,490)	(36,490)	(36,610)
Total Income	(36,490)	(36,490)	(36,490)	(36,490)	(36,610)
Direct Service Cost	422,760	435,830	453,770	472,480	491,870
Central Support Services	13,000	12,890	13,220	13,570	14,070
Transfer (From) Reserves	0	0	0	0	0
Inter Service Recharges	3,830	2,060	2,250	4,970	2,610
Total Service Cost	439,590	450,780	469,240	491,020	508,550

Environment and Planning Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Licensing					
This is a general heading covering all licences from Hackney Carriage to Riding Establishments which are issued by the Borough Council.					
Employees	217,110	226,450	236,180	246,320	256,910
Transport	8,440	8,440	8,440	8,440	8,440
Supplies & Services	13,010	13,010	13,010	13,010	13,010
Total Expenditure	238,560	247,900	257,630	267,770	278,360
Customer & Client Receipts	(250,110)	(252,300)	(253,170)	(254,070)	(255,250)
Total Income	(250,110)	(252,300)	(253,170)	(254,070)	(255,250)
Direct Service Cost	(11,550)	(4,400)	4,460	13,700	23,110
Central Support Services	7,000	13,200	13,860	14,560	14,830
Inter Service Recharges	960	960	960	960	960
Total Service Cost	(3,590)	9,760	19,280	29,220	38,900

Local Land Charges

Expenditure and income associated with the local land charges service is included within the heading. A register is maintained of properties within the Borough and details are supplied when requested by solicitors and members of the public, for a fee.

Employees	59,100	61,640	64,290	67,050	69,930
Supplies & Services	350	350	350	350	350
Agency & Benefit Payments	78,190	78,190	78,190	78,190	78,190
Total Expenditure	137,640	140,180	142,830	145,590	148,470
Customer & Client Receipts	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)
Total Income	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)
Direct Service Cost	(22,360)	(19,820)	(17,170)	(14,410)	(11,530)
Central Support Services	0	14,850	15,390	15,860	16,520
Transfer (From) Reserves	(10,000)	(10,000)	(10,000)	(10,000)	0
Inter Service Recharges	5,260	5,160	5,820	6,480	7,140
Total Service Cost	(27,100)	(9,810)	(5,960)	(2,070)	12,130

Environment and Planning Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Planning Policy					
This budget ensures that necessary development is delivered in the most sustainable way possible. It produces the Council's Local Development Framework and all associated documents.					
Employees	294,790	287,670	300,040	312,940	326,400
Premises	1,010	1,010	1,010	1,010	1,010
Transport	8,510	8,550	8,590	8,630	8,630
Supplies & Services	152,600	137,600	137,600	137,600	137,600
ICT Support Costs	6,850	6,850	6,850	6,850	6,850
Total Expenditure	463,760	441,680	454,090	467,030	480,490
Grants & Contributions	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Customer & Client Receipts	(1,102,110)	(1,101,600)	(1,101,260)	(1,101,630)	(1,101,080)
Total Income	(1,122,110)	(1,121,600)	(1,121,260)	(1,121,630)	(1,121,080)
Direct Service Cost	(658,350)	(679,920)	(667,170)	(654,600)	(640,590)
Central Support Services	14,150	20,630	21,520	22,440	22,980
Transfer To Reserves	926,200	938,910	936,640	934,990	932,180
Inter Service Recharges	3,570	2,680	2,680	3,480	2,680
Total Service Cost	285,570	282,300	293,670	306,310	317,250

Pollution Monitoring

Responsibility for the regular monitoring of air, water, noise and contaminated land. Additional monitoring is also carried out following public complaints.

Employees	297,910	297,670	303,670	316,710	330,340
Premises	2,330	2,350	2,450	2,550	2,650
Transport	9,170	9,200	9,230	9,260	7,650
Supplies & Services	45,560	45,560	52,560	52,560	48,060
Total Expenditure	354,970	354,780	367,910	381,080	388,700
Customer & Client Receipts	(37,550)	(37,550)	(37,550)	(37,550)	(37,550)
Total Income	(37,550)	(37,550)	(37,550)	(37,550)	(37,550)
Direct Service Cost	317,420	317,230	330,360	343,530	351,150
Central Support Services	5,100	5,060	5,190	5,320	5,520
Transfer (From) Reserves	(7,160)	(7,160)	(7,160)	(7,160)	(7,160)
Inter Service Recharges	10	10	10	10	10
Total Service Cost	315,370	315,140	328,400	341,700	349,520

Environment and Planning Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Street Naming & Numbering					
This budget deals with the allocation of street names and house numbers to new and existing housing developments.					
Employees	68,370	71,300	74,380	77,570	80,910
Premises	4,500	4,500	4,500	4,500	4,500
Transport	90	90	90	90	90
Total Expenditure	72,960	75,890	78,970	82,160	85,500
Customer & Client Receipts	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Total Income	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Direct Service Cost	57,960	60,890	63,970	67,160	70,500
Central Support Services	6,600	6,550	6,720	6,890	7,150
Total Service Cost	64,560	67,440	70,690	74,050	77,650

Finance Services

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Revised	Estimate	Projection	Projection	Projection
	£	£	£	£	£
Int Audit & Fraud	132,210	137,160	142,770	148,600	154,990
Financial Assistance	276,940	283,230	252,980	248,580	140,090
Financial Services	824,050	817,480	860,040	897,520	924,440
Revenues and Benefits	625,530	874,590	1,005,180	1,112,400	1,191,600
Total for Service	1,858,730	2,112,460	2,260,970	2,407,100	2,411,120

Finance Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Financial Assistance					
This budget covers funding for 14 service level agreements that the Council holds with local voluntary and community groups to provide services for the people of West Norfolk. There is also a budget for Small Grants Scheme, a scheme by which local, constituted groups and organisations can apply for either revenue and capital funding for projects or general running costs. The Small Grants Scheme is administered by Norfolk Community Foundation.					
Supplies & Services	371,640	358,230	327,980	322,980	215,090
Total Expenditure	371,640	358,230	327,980	322,980	215,090
Direct Service Cost	371,640	358,230	327,980	322,980	215,090
Customer & Client Receipts	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
Total Income	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
Central Support Services	0	0	0	0	0
Transfer (From) Reserves	(30,000)	(10,000)	(10,000)	(10,000)	(10,000)
Inter Service Recharges	300	0	0	600	0
Total Service Cost	276,940	283,230	252,980	248,580	140,090

Financial Services

This service provides the financial information and advice to the Council's service areas and committees.

Employees	774,820	813,230	858,040	894,810	933,260
Administrative Buildings	24,380	24,170	24,800	25,450	26,400
Transport	1,910	3,410	3,410	3,410	3,410
Supplies & Services	46,330	42,970	42,970	42,970	42,970
ICT Support Costs	63,400	64,900	64,900	64,900	54,900
Total Expenditure	910,840	948,680	994,120	1,031,540	1,060,940
Customer & Client Receipts	(13,380)	(13,380)	(13,380)	(13,380)	(13,380)
Total Income	(13,380)	(13,380)	(13,380)	(13,380)	(13,380)
Direct Service Cost	897,460	935,300	980,740	1,018,160	1,047,560
Central Support Services	30	(42,780)	(45,660)	(48,100)	(48,080)
Transfer (From) Reserves	10,000	10,000	10,000	10,000	10,000
Other Transfers	(45,300)	0	0	0	0
Inter Service Recharges	(38,140)	(85,040)	(85,040)	(82,540)	(85,040)
Total Service Cost	824,050	817,480	860,040	897,520	924,440

Finance Services

	2019/2020 Revised £	2020/2021 Estimate £	2021/2022 Projection £	2022/2023 Projection £	2023/2024 Projection £
Internal Audit & Fraud					
This budget covers the cost of the Internal Audit service .					
Employees	91,050	94,970	99,050	103,300	107,740
Transport	600	600	600	600	600
Supplies & Services	4,310	4,310	4,310	4,310	4,310
Computers	0	0	0	0	0
Agency Payments	26,590	27,730	28,920	30,160	31,610
Administrative Buildings	12,980	12,870	13,210	13,550	14,050
Total Expenditure	135,530	140,480	146,090	151,920	158,310
Customer & Client Receipts	(1,750)	(1,750)	(1,750)	(1,750)	(1,750)
Total Income	(1,750)	(1,750)	(1,750)	(1,750)	(1,750)
Direct Service Cost	133,780	138,730	144,340	150,170	156,560
Central Support Services	(1,570)	(1,570)	(1,570)	(1,570)	(1,570)
Total Service Cost	132,210	137,160	142,770	148,600	154,990

Revenues and Benefits

This budget includes the cost of administration of rent allowances and council tax support, together with the cost of benefits paid and government grant received.

Employees	1,616,380	1,736,650	1,783,270	1,824,920	1,903,320
Premises	0	0	0	0	0
Transport	21,350	21,350	21,350	21,350	21,350
Supplies & Services	229,370	206,760	206,760	206,760	206,680
Unified Benefits	31,541,070	30,870,180	30,870,180	30,870,180	30,870,180
ICT Support Costs	129,690	157,280	162,250	167,150	169,730
Total Expenditure	33,537,860	32,992,220	33,043,810	33,090,360	33,171,260
Grants & Contributions	(31,886,220)	(31,298,530)	(31,212,680)	(31,167,060)	(31,167,540)
Customer & Client Receipts	(1,104,670)	(1,022,330)	(1,022,330)	(1,022,330)	(1,022,330)
Total Income	(32,990,890)	(32,320,860)	(32,235,010)	(32,189,390)	(32,189,870)
Direct Service Cost	546,970	671,360	808,800	900,970	981,390
Central Support Services	78,560	203,230	196,380	211,430	210,210
Transfer (From) Reserves	0	0	0	0	0
Inter Service Recharges	0	0	0	0	0
Total Service Cost	625,530	874,590	1,005,180	1,112,400	1,191,600

Internal Drainage Board - Estimated Levies 2020/2024

Board	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Revised	Estimate	Projection	Projection	Projection
(1)	(2)	(3)	(4)	(5)	(6)
	£	£	£	£	£
Churchfield and Plawfield	17,890	18,260	18,640	19,030	19,430
Downham and Stow Bardolph	56,870	58,060	59,280	60,520	61,790
East of Ouse, Polver and Nar	271,000	276,690	282,500	288,430	294,490
Hundred Foot Washes	140	150	150	150	150
Hundred of Wisbech	1,000	1,030	1,050	1,070	1,090
King's Lynn	1,847,250	1,886,040	1,925,650	1,966,090	2,007,380
Littleport and Downham	23,450	23,940	24,440	24,950	25,470
Manea and Welney	19,520	19,930	20,350	20,780	21,220
Middle Level	203,640	207,910	212,280	216,740	221,290
Needham and Laddus	19,270	19,670	20,080	20,500	20,930
Nordelph	1,110	1,130	1,150	1,170	1,190
Norfolk Rivers	19,200	19,610	20,020	20,440	20,870
Northwold	250	260	270	280	290
Southery and District	199,900	204,100	208,390	212,770	217,240
Stoke Ferry	45,070	46,010	46,980	47,970	48,980
Stringside	1,620	1,660	1,690	1,730	1,770
Upwell	26,970	27,540	28,120	28,710	29,310
Total Levies	2,754,150	2,811,990	2,871,040	2,931,330	2,992,890

Note

The above estimates are based on an assumed increase of 2.1% across all years. It should be noted, however, that these estimates are likely to change once the Internal Drainage Boards have finalised their requirements later in the year.

Special Expenses 2020/2021

Parish	Taxbase	Special Expenses Cost £	Less Central Government Support Grant £	Net Special Expenses Charge £	2019/20 Special Expenses Band D Charge £	2020/21 Special Expenses Band D Charge £
Barton Bendish	91	20	0	20	0.23	0.22
Bircham	236	200	1	199	0.89	0.85
Brancaster	739	130	0	130	0.18	0.18
Burnham Market	635	1,040	6	1,034	2.00	1.63
Burnham Thorpe	89	120	1	119	1.37	1.34
Castle Acre	350	30	0	30	0.09	0.09
Clenchwarton	668	1,070	10	1,060	1.61	1.59
Denver	321	1,170	8	1,162	3.61	3.62
Dersingham	1,789	1,030	9	1,021	0.58	0.57
Docking	504	500	3	497	1.01	0.99
Downham Market	3,830	86,850	837	86,013	22.45	22.46
East Rudham	238	40	0	40	0.17	0.17
East Winch	283	2,610	19	2,591	9.09	9.15
Emneth	893	1,890	18	1,872	2.15	2.10
Feltwell	728	1,260	9	1,251	1.75	1.72
Fincham	187	290	2	288	1.54	1.53
Gayton	495	160	2	158	0.33	0.32
Great Massingham	345	80	1	79	0.23	0.23
Grimston	715	1,750	10	1,740	2.50	2.43
Heacham	1,943	11,110	101	11,009	5.78	5.67
Hilgay	431	4,080	41	4,039	9.57	9.37
Hillington	133	50	0	50	0.40	0.37
Hockwold	383	260	2	258	0.68	0.67
Hunstanton	2,078	76,730	752	75,978	37.37	36.57
King's Lynn	10,672	503,810	7,050	496,760	46.79	46.55
Leziate	276	290	1	289	1.05	1.05
Marham	783	680	2	678	0.87	0.87
Marshland St James	415	20	0	20	0.05	0.05
Methwold	499	400	3	397	0.80	0.80
Middleton	569	0	0	0	0.00	0.00
North Creake	182	230	2	228	1.23	1.26
North Wootton	873	7,890	27	7,863	8.90	9.01
Northwold	393	210	1	209	0.55	0.53
Old Hunstanton	367	1,030	3	1,027	2.64	2.80
Outwell	660	2,450	36	2,414	3.70	3.66
Pentney	210	80	1	79	0.35	0.38
Roydon	135	300	1	299	2.22	2.21
Runcton Holme	231	30	0	30	0.13	0.13
Shouldham	238	10	0	10	0.04	0.04
Snettisham	1,123	490	4	486	0.44	0.43
South Creake	296	410	2	408	1.40	1.38
South Wootton	1,679	6,280	10	6,270	3.20	3.73
Southery	422	1,250	12	1,238	3.07	2.93
Stoke Ferry	389	690	7	683	1.75	1.76
Syderstone	216	140	1	139	0.61	0.64
Terrington St Clement	1,310	2,280	24	2,256	1.77	1.72
Terrington St John	280	870	8	862	3.10	3.08
Thornham	385	40	0	40	0.11	0.10
Tilney All Saints	191	150	1	149	0.80	0.78
Tilney St Lawrence	465	890	12	878	1.92	1.89
Upwell	917	4,490	47	4,443	5.00	4.84
Walpole	576	130	1	129	0.21	0.22
Walpole Cross Keys	157	100	1	99	0.69	0.63
Walpole Highway	235	400	5	395	1.79	1.68
Walsoken	508	360	3	357	0.70	0.70
Watlington	837	1,610	14	1,596	1.93	1.91
West Acre	75	40	1	39	0.55	0.53
West Dereham	164	70	0	70	0.00	0.43
West Walton	577	200	2	198	0.34	0.34
West Winch	982	1,370	11	1,359	1.68	1.38
Wiggenhall St Germans	461	810	6	804	1.76	1.75
Wiggenhall St Mary Magdalen	229	1,180	14	1,166	5.04	5.10
Wimbotsham	248	490	4	486	1.94	1.96
Total		734,640	9,150	725,490		

Borough Council of Kings Lynn and West Norfolk

Policy on Earmarked Reserves and General Fund Working Balance

Purpose

Balances and reserves can be held for four main purposes;

- A working balance can cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing
- A working balance and a reserve can act as a contingency to cushion the impact of unexpected events or emergencies
- Earmarked reserves can be used to build up funds to meet known or predicted liabilities
- Holding account reserves help in equalizing the impact of operational surpluses and deficits

Working balance is considered to be the balances on the account of the General Fund.

Earmarked reserves are those set aside to meet known or predicted liabilities the main accounts being;

- capital reserves
- renewal and replacement reserves
- insurance reserves
- trading and business units reserves
- other reserves retained for operational service use

Adequacy

In order to assess the adequacy of balances and reserves when setting the budget it is necessary to take account of the strategic, operational and financial risks facing the Council and where possible;

- Attempt to keep the level of the balances and reserves within reasonable limits consistent with the associated risks
- To avoid tying up funds unnecessarily

Levels and Movements on Reserves

For each earmarked there will be set minimum/maximum levels to be held. Movements on the reserves will be recorded as part of the monthly Monitoring Report and members will be advised of any action necessary to restore agreed levels. The need for the reserve and levels to be held will be reviewed on an annual basis.

Governance

The power to establish reserves will rest with the Council on recommendation by the Cabinet.

Within the existing statutory and regulatory framework, it is the responsibility of the Section 151 Officer to advise the Council about the level of reserves and balances.

Where a reserve exists for a specific purpose (e.g. a renewal or repair reserve), the Chief Finance Officer may withdraw funds from that reserve, PROVIDED THAT the withdrawals to finance an item or items of expenditure are related to the reasons for the existence of the reserve, up to a value of £100,000 per annum. Any necessary withdrawal that exceeds this amount additionally required the approval of the relevant portfolio holder.

Decisions involving additional resources from ear-marked reserves may be made by any portfolio holder up to a maximum of £50,000 per Portfolio Holder in any financial year, subject to compliance with Financial Regulations.

Any use of reserves as described above must be reported in the next monthly budget monitoring report.

Where any decision has been made without regard to Financial Regulations and it is noted prior to the commitment or spending, the Chief Finance Officer and the Monitoring Officer will have the authority to defer the payment until further discussions have been undertaken with the relevant portfolio holder.

Level of Working Balance – General Fund

The minimum level of the working balance for the General Fund on 1 April each year will be set in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) recommendations. The level of balances will be reviewed each year at the setting of the Budget.

The CIPFA guidelines are currently set at 5% of the Budget Requirement (net service spend) for the following year.

Earmarked Reserves

The balances on earmarked reserves as at 31 March are part of the annual report to Council in September of each year. The table below provides a note on the purpose for each reserve and the recommended minimum and maximum levels to be held.

The minimum / maximum level of balances was last reviewed at the Cabinet meeting on the 18 June 2019 as part of the Revenue Outturn 2018/2019 report.

Earmarked Reserves Purpose	Minimum Balance £	Maximum Balance £
<p>Amenity Areas The reserve represents past contributions made by developers for the maintenance of land on housing sites. The balances will be drawn down over a period in support of service costs.</p>	0	300,000
<p>Capital Programme Resources This reserve consists of past and annual revenue contributions (RCCO). It will be used to finance capital programmes.</p>	0	£11,000,000
<p>West Norfolk Partnership This reserve holds income from second homes council tax. It is used to support the Partnership on initiatives across the borough.</p>	0	£1,100,000
<p>Insurance Reserve The reserve is held to deal with any loss due to theft (the Council self insures against theft), claims that are below £100 and any other excess on other policies. It is also used to finance risk management initiatives.</p>	£50,000	£300,000
<p>Restructuring Reserve The reserve is set up to deal with any consequences of changes to the establishment where redundancy and other such costs are involved and cannot be met in the year of account.</p>	£150,000	£1,000,000
<p>Renewals and Repairs Reserves These reserves come from annual contributions from service areas to deal with the maintenance and replacement of facilities, vehicles and equipment.</p>	£1,000,000	£2,500,000
<p>Holding Accounts The Holding Accounts reserves consist of a number of accounts which hold year-end balances on operational surpluses/deficits.</p>	£200,000	£2,600,000
<p>Ring Fenced Reserves These reserves consist of balances held on operational trading accounts and include Trust Funds held by the Council. The funds are 'ring-fenced' and are only used for certain purposes. (May be subject to amounts of Trust Funds placed with the Council)</p>	£50,000	£1,500,000
<p>Planning Reserve The Government provide for grant aid/awards for performance on Planning services. The Council's policy is to draw sums from here annually to support the overall cost of the planning service.</p>	0	£1,000,000

Earmarked Reserves Purpose	Minimum Balance £	Maximum Balance £
Grants Reserves These reserves hold unspent funds received as grants from external bodies for specific schemes/projects.	0	£3,000,000
Collection Fund Adjustments This reserve holds the year end balances of any accounting adjustments necessary for the Council's Business Rates safety Net and Levy payments.	0	£4,000,000
Project reserves These reserves are set up to hold funds earmarked for specific projects that will be delivered in future years.	0	£2,000,000
Other The 'Other' Reserves consists of a number of miscellaneous accounts that are basically operational in nature e.g. various system suspense accounts.	0	£100,000

Holding Accounts The Holding Accounts reserves consist of a number of accounts which hold year-end balances on operational surpluses/deficits.	£200,000	£2,600,000
Ring Fenced Reserves These reserves consist of balances held on operational trading accounts and also include Trust Funds held by the Council. The funds are 'ring-fenced' and are only used for certain purposes.	£50,000 (May be subject to amounts of Trust Funds placed with the Council)	£1,500,000 (May be subject to amounts of Trust Funds placed with the Council)
Earmarked Reserves Purpose	Minimum Balance £	Maximum Balance £
Planning Reserve The Government provide for grant aid/awards for performance on Planning services. The Council has a policy of drawing sums from the reserve on an annual basis to support the overall cost of the planning service.	0	£1,000,000
Grants Reserves These reserves hold unspent funds received as grants from external bodies for specific schemes/projects.	0	£3,000,000
Collection Fund Adjustments This reserve holds the year end balances of any accounting adjustments necessary for the Council's Business Rates safety Net and Levy payments.	0	£4,000,000

<p>Project reserves These reserves are set up to hold funds earmarked for specific projects that will be delivered in future years.</p>	0	£2,000,000
<p>Other The 'Other' Reserves consists of a number of miscellaneous accounts that are basically operational in nature e.g. various system suspense accounts.</p>	0	£100,000

Open	Would any decisions proposed :			
Any especially affected Wards	(a) Be entirely within Audit Committee's powers to decide NO			
None	(b) Need to be recommendations to Council		Yes	
	(c) Be partly for recommendations to Council and partly within Cabinets powers –		NO	
Lead Member: Brian Long E-mail:		Other Cabinet Members consulted:		None
		Other Members consulted:		None
Lead Officer: Ruth Wilson E-mail: ruth.wilson@west-norfolk.gov.uk Direct Dial: 01553 616450		Other Officers consulted:		None
Financial Implications Yes	Policy/Personnel Implications NO	Statutory Implications (incl S.17) YES	Equal Opportunities Implications NO	Risk Management Implications NO

Date of meeting: 4 February 2020

TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2020/2021

Summary

The Council is required to receive and approve a Treasury Management Strategy Statement; Annual Investment Strategy; and Minimum Revenue Provision Policy Statement which covers:

- The Treasury Management Strategy
- Capital plans, including prudential indicators
- A Minimum Revenue Provision (MRP) Policy
- An Investment Strategy

This report covers the requirements of the Local Government Act 2003, the Chartered Institute of Public Finance Accountants (CIPFA) Prudential Code, the Ministry of Housing, Communities and Local Government (MHCLG) MRP Guidance, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

The Council's Treasury Advisor, Link Asset Services, provide a template document for the Treasury Management Strategy Statement, which is fully compliant with CIPFA's code and MHCLG's guidance. The Council has used this template in preparing this report.

This report looks at the period 2019-2024, which fits with the Council's Financial Plan and Capital Programme. Officers of the council have prepared the report based on their views of forecasts for interest rates, and have used information provided by the council's Treasury Management Advisor, Link Asset Services.

Recommendations

Cabinet is asked to recommend that Council approve:

- 1. The Treasury Management Strategy Statement 2020/2021, including treasury indicators for 2020-2024.**
- 2. The Minimum Revenue Provision Policy 2020/2021**
- 3. The Investment Strategy 2020/2021**

Reason for the Decision

The Council must have approved a Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2020/2021 by 31 March 2020.

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement
and Annual Investment Strategy

2020/2021

Including commercial activities / non treasury investments

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1 INTRODUCTION

1.1 Background

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

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

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

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.

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.”

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2020/21, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

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

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

The capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

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

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

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operations, high-level comparators are shown throughout this report.

The updated Capital Strategy will be going to Cabinet on 17th March 2020.

1.2.2 Treasury Management reporting

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

- a. Treasury Management Strategy and Prudential Indicators** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
- b. Mid-Year Treasury Management Report** – To update members on the capital position, amending prudential indicators as necessary, and revising policies if necessary.
- c. Annual Treasury Report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.3 TREASURY MANAGEMENT STRATEGY 2020/21

The strategy for 2020/21 covers two main areas:

Capital

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

Treasury management

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

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

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Treasury Awareness training was provided for members by Link Asset Services on the 9 January 2020.

The training needs of the Council's treasury management officers are periodically reviewed and with full support being given for officers to attend workshops, courses and conferences that will keep their knowledge up to date.

1.5 Treasury management consultants

The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and ensures that undue reliance is not placed upon the services of our external Treasury Management Advisors. All decisions are undertaken with regard to all available information, including, but not solely, our treasury advisors.

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.

2 THE CAPITAL PRUDENTIAL INDICATORS 2020/21 – 2023/24

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

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans. (Capital Programme 2019-2024 to be agreed by Council 27 February 2020, which is the same meeting that this report will be approved at.)

Capital Expenditure	2019/2020 Estimate	2020/2021 Estimate	2021/2022 Estimate	2022/2023 Estimate	2023/2024 Estimate
	£'000	£'000	£'000	£'000	£'000
Major Projects	19,460	44,647	20,800	20,541	16,000
Operational Schemes:					
Central and Community Services	3,343	2,430	2,360	2,360	2,360
Commercial Services	2,711	1,599	658	131	20
Environment and Planning	8	-	-	-	-
Finance Services	101	50	50	50	50
Total	25,623	48,726	23,868	23,082	18,430
Exempt Schemes (Major Projects)	4,809	24,415	16,708	4,284	-
Total	30,432	73,141	40,576	27,366	18,430

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

Financing Capital Expenditure					
	£'000	£'000	£'000	£'000	£'000
Capital Receipts	(24,256)	(38,225)	(9,985)	(32,101)	(23,629)
Capital Receipts c/fwd	7,570	(7,570)		7,008	7,366
Capital Grants	(3,774)	(11,435)	(1,564)	(1,564)	(1,564)
Capital Reserves	(8,340)	(844)	(835)	(45)	(20)
Revenue	(1,632)	(6,201)	(1,082)	(664)	(583)
Total	(30,432)	(64,275)	(13,466)	(27,366)	(18,430)
Net financing need for the year	0	(8,866)	(27,110)	(0)	(0)

The net financing need for commercial activities included in the above table against expenditure is shown below:

Commercial activities	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Net financing need for the year for Exempt Schemes - Commercial	-	6,580	6,580	-	-
Percentage of total net financing need (Closing CFR Requirement for the year as detailed in 2.2)	-	13%	8%	-	-

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

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so 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.

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

The Council is asked to approve the CFR projections below:

Capital Financing Requirement (CFR)	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Opening CFR	44,251	43,716	52,035	78,414	77,701
CFR – Services	(0)	2,286	20,530	0	0
CFR – Commercial Activities	0	6,580	6,580	0	0
Net Financing Need Total	44,251	52,583	79,145	78,414	77,702
Less MRP and other financing movements*	(534)	(548)	(731)	(713)	(694)
Closing CFR	43,716	52,035	78,414	77,701	77,008

Movement in CFR	(535)	8,318	26,379	(713)	(693)
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*Includes finance lease annual principal payments and the repayment of borrowing.

A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in 2.1 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of

the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
General fund balances / ear marked reserves	(23,560)	(26,449)	(24,977)	(25,591)	(28,761)
Capital receipts	(6,835)	(10,668)	(13,791)	(13,953)	(13,567)
Provisions (Collection Fund)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Other	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Total core funds	(34,395)	(41,116)	(42,769)	(43,544)	(46,327)
Working capital	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Internal Borrowing*	34,343	23,611	20,624	27,608	35,499
Expected investments	(6,052)	(23,506)	(28,144)	(21,936)	(16,828)

*Use of internal and/or temporary borrowing will reflect actual capital expenditure during the year.

2.4 MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

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

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

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) which provides for a reduction in the borrowing need over approximately the asset's life.

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

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

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 any over or under borrowing.

Year End Resources	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
External Debt					
Debt at 1 April	10,000	9,374	28,424	57,790	50,093
Expected change in Debt	(398)	19,261	29,558	(7,522)	(8,428)
Other long-term liabilities	(247)	(228)	(210)	(192)	(174)
Expected change in Other long-term liabilities	18	18	18	18	18
Actual gross debt at 31 March	9,374	28,424	57,790	50,093	41,509
The Capital Financing Requirement	43,716	52,035	78,414	77,701	77,008
BORROWING	34,343	23,611	20,624	27,608	35,499

Within the above figures the level of debt relating to commercial activities is:

External Debt for commercial activities	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Actual debt at 31 March £m	-	5,904	11,808	11,132	10,456
Percentage of total external debt %	0%	21%	20%	22%	25%

External borrowing requirements will be reviewed at the time that the funding is required.

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 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.

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 report.

3.1 Treasury Indicators: limits to borrowing activity

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.

Operational boundary	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	Estimate	Estimate	Estimate	Estimate
		£'000	£'000	£'000	£'000
Debt	44,000	42,000	68,000	68,000	67,000
Other long term liabilities	1,000	1,000	1,000	1,000	1,000
Commercial activities		10,000	10,000	10,000	10,000
Total	45,000	53,000	79,000	79,000	78,000

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.

1. 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.
2. The Council is asked to approve the following authorised limit:

Authorised Limit	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	Estimate	Estimate	Estimate	Estimate
		£'000	£'000	£'000	£'000
Debt	49,000	47,000	73,000	73,000	72,000
Other long term liabilities	1,000	1,000	1,000	1,000	1,000
Commercial activities	0	10,000	10,000	10,000	10,000
Total	50,000	58,000	84,000	84,000	83,000

3.2 Prospects for interest rates

Please see Appendix 1 for the full economic forecast as provided by Link Asset Services.

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management.
- While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.3 BORROWING STRATEGY

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

It is anticipated that the Council will need to take external borrowing from 2020/21 to meet the funding requirements of its Capital Programme 2019-2024. Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Executive Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. Monitoring arrangements are detailed at Appendix 5.

3.4 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward 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.

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

3.5 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

If rescheduling was done, it will be reported to the Audit Committee, at the earliest meeting following its action.

3.6 New Financial Institutions as a source of borrowing and / or types of borrowing

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy – management of risk

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

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

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

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

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

1. 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.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
3. **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.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.4 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.

5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being £4m of the total investment portfolio, (see paragraph 4.3).
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This authority has engaged **external consultants**, (see paragraph 1.5), 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.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2019/20 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 Ministry of Housing, Communities and Local Government, [MHCLG], 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 commencing from 1.4.18.)

However, 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, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

4.2 Creditworthiness policy

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to

determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

Yellow	5 years
Dark pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
Light pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
Purple	2 years
Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	not to be used

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

Counterparties	Colour (and long term rating where applicable)	Money per institution Limit	Time Limit
Banks *	yellow	£2m	5yrs
Banks	purple	£4m	2 yrs
Banks	orange	£4m	1 yr
Banks – part nationalised	blue	£4m	1yr
Banks	red	£4m	6 mths
Banks	green	£4m	100 days
Banks	No colour	Not to be used	
DMADF (Debt Management Account Deposit Facility)	UK sovereign rating	Unlimited	6 months
Local authorities	yellow	£10m	Unlimited
Local Authorities Companies which are 100% owned by the Borough Council King's Lynn and West Norfolk	N/A	£12m	Unlimited
	Fund rating	Money and/or % Limit	Time Limit
Money Market Funds CNAV	AAA	£4m	liquid
Money Market Funds LVNAV	AAA	£4m	liquid
Money Market Funds VNAV	AAA	£4m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	£3m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light pink / AAA	£3m	liquid

*Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt – see appendix 5.4.

UK banks – ring fencing

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

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

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

4.3 Country limits

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) **Non-specified investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being £4m of the total investment portfolio.
- b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.4. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
- c) **Other limits.** In addition:
 - no more than £4m 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.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, 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.

- If it is thought that 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 it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations.

Bank Rate is forecast to increase steadily but slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.25%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2019/20	0.75%
2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

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

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

Maximum principal sums invested > 365 days			
	2020/2021	2021/2022	2022/2023
Principal sums invested > 365 days	£4m	£4m	£4m
With Local Authorities	£10m	£10m	£10m
With Local Authorities Companies which are 100% owned by BCKLWN	£12m	£12m	£12m
Current investments as at 31.01.20 in excess of 1 year maturing in each year	£8m	-	-

Group limit - where a number of institutions are under one ownership – Investments for the whole group will not exceed the limit above except where the companies are owned by the Borough Council King's Lynn and West Norfolk.

4.5 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.6 Financial Implications

The financial implications of the borrowing and investment strategy and MRP are reflected in the financing adjustment figure included in the Financial Plan 2019/2024 to be approved at Council on 27 February 2020.

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this council. To ensure that the council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

4.7 Risk Management Implications

There are elements of risk in dealing with the treasury management function although the production and monitoring of such controls as Prudential Indicators and Treasury Management Strategies help to reduce the exposure of the council to the market. The costs and returns on borrowing and investment are in themselves a reflection of risk that is seen by the market forces. The action and controls outlined in the report will provide for sound financial and performance management procedures.

4.8 Policy Implications

There are no other changes in the Treasury Management policy at present, other than those outlined in this report. Appendices 5.5 and 5.6 detail the treasury management scheme of delegation and the role of the Section 151 Officer.

4.9 Statutory Considerations

The council must set Prudential Indicators and adopt a Treasury Management Strategy and Annual investment Strategy before 31 March 2020.

4.10 Access to Information

Monthly Monitoring reports 2019/2020 and 2020/2021
The Financial Plan 2019/2024 – A Financial Plan
Capital Programme 2019/2024
Council Website – Treasury Management Practices
Capital and Local Property Investment Fund Strategy 2017/2021

5 APPENDICES

1. Prudential and treasury indicators and MRP statement
2. Economic background
3. Treasury management practice 1 – credit and counterparty risk management
4. Approved countries for investments
5. Treasury management scheme of delegation
6. The treasury management role of the section 151 officer

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2020/21 – 2023/24 AND MRP STATEMENT

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

5.1.2 Capital expenditure

Capital Expenditure	2019/2020 Estimate	2020/2021 Estimate	2021/2022 Estimate	2022/2023 Estimate	2023/2024 Estimate
	£'000	£'000	£'000	£'000	£'000
Major Projects	19,460	44,647	20,800	20,541	16,000
Operational Schemes:					
Central and Community Services	3,343	2,430	2,360	2,360	2,360
Commercial Services	2,711	1,599	658	131	20
Environment and Planning	8	-	-	-	-
Finance Services	101	50	50	50	50
Total	25,623	48,726	23,868	23,082	18,430
Exempt Schemes (Major Projects)	4,809	24,415	16,708	4,284	-
Total	30,432	73,141	40,576	27,366	18,430

5.1.3 Affordability prudential indicators

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

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

%	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Services	3.77	2.94	3.29	3.76	3.78
Commercial activities	-	0.64	0.49	-	-

The estimates of financing costs include current commitments and the proposals in this budget report.

5.1.4 Maturity structure of borrowing

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

The Council is asked to approve the following treasury indicators and limits:

£m	2019/20	2020/21	2021/22
Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	40%	40%	40%
Maturity structure of fixed interest rate borrowing 2018/19			
	Lower	Upper	£m
Under 12 months	0%	100%	2.5
12 months to 2 years	0%	100%	0.4
2 years to 50 years	0%	100%	-
50 years +	0%	100%	10

5.1.5. Control of interest rate exposure

Please see paragraphs 3.3, 3.4 and 4.4.

5.2 ECONOMIC BACKGROUND

UK. Brexit. 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the **general election** on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

GDP growth has taken a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is likely to tread water in 2020, with tepid growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another **quarterly Inflation Report**, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

The **MPC meeting of 19 December** repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that "domestic unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term".

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a **fiscal boost** by e.g. tax cuts, increases in the annual expenditure budgets

of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However, CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%.. At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy \$60bn, whereas it had been reducing its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt). The Fed left rates unchanged in December. However,

the accompanying statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China. However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels “at least through the end of 2019”, but that was of little help to boosting growth in the near term. Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period**. At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by ‘growth friendly’ fiscal policy.

There were no policy changes in the December meeting, which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. **Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.**

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a

downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**. On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there were a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

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

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a

much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.

- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments.** Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some \$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

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

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- 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 within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

5.3 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of £4m ** will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	* Minimum credit criteria / colour band	** Max % of total investments per institution	Max. maturity period
DMADF – UK Government	N/A	100%	6 months
UK Government gilts	UK sovereign rating	50%	5 years
UK Government Treasury bills	UK sovereign rating	50%	364 days
Bonds issued by multilateral development banks	UK sovereign rating	50%	5 years
Money market funds	AAA	100%	Liquid
Enhanced money market funds with a credit score of 1.25	AAA	100%	Liquid
Enhanced money market funds with a credit score of 1.5	AAA	100%	Liquid
Local authorities	N/A	100%	Unlimited
Term deposits with banks and building societies	Blue Orange Red Green No Colour		12 months 12 months 6 Months 100 days Not for use

CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour		12 months 12 months 6 Months 100 days Not for use
Gilt funds	UK sovereign rating	50%	1 year
Local Authority Mortgage Scheme. Under LAMS the council is required to place funds with the lender for a period of 5 years. This is classified as being a service investment, rather than a treasury management investment, and is therefore outside of the Specified / Non specified categories.			

Non Specified Investments (can be longer than 1 year)	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
With Local Authorities Companies which are 100% owned by the Borough Council King's Lynn and West Norfolk	N/A	In-house	100%	Unlimited
Term deposits – UK government (with maturities in excess of 1 year)	Credit rating in TMP's	In-house	100%	5 years
Term deposits – other LA's (with maturities in excess of 1 year)	Credit rating in TMP's	In-house	100%	5 years
Term deposits – banks and building societies (with maturities in excess of 1 year)	Credit rating in TMP's	In-house	As set out in TMP 1	5 years
Term deposits with unrated counterparties : any maturity	Credit rating in TMP's	In-house	As set out in TMP 1	5 years
Certificates of deposits issued by banks and building societies with maturities in excess of 1 year	Credit rating in TMP's	In house on a 'buy and hold basis' and Fund managers	As set out in TMP 1	2 years
UK Government Gilts with maturities in excess of 1 year	AAA	In house on a 'buy and hold basis' and Fund Managers	As set out in TMP 1	Overall duration of 3 years
Bonds issued by multilateral development banks with maturities in excess of 1 year	AAA	In-house on a 'buy-and-hold' basis. Also for use by fund managers	50% of the total fund	Overall duration of 3 years
Bonds issued by a financial institution which is guaranteed by the UK government with maturities in excess of 1 year	AAA	In-house on a 'buy-and-hold' basis. Also for use by fund managers	50% of the total fund	Overall duration of 3 years
Sovereign bond issues (i.e. other	AAA	In house on	50% of the	Overall

than the UK govt) with maturities in excess of 1 year		a 'buy and hold basis' and Fund Managers	total fund	duration of 3 years
Corporate Bonds : <i>the use of these investments would constitute capital expenditure</i>		In house on a 'buy and hold basis' and Fund Managers	50% of the total fund	Overall duration of 3 years
Floating Rate Notes : <i>the use of these investments would constitute capital expenditure unless they are issued by a multi lateral development bank</i>		Fund managers	50% of the total fund	Overall duration of 3 years
Property Fund: the use of these investments would constitute capital expenditure		In house and Fund Managers	50% of the total fund	Overall duration of 10 years

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

5.4 APPROVED COUNTRIES FOR INVESTMENTS

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

Based on lowest available rating

AAA

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

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)*
- France
- Hong Kong
- U.K.

AA-

- Belgium
- Qatar*

** Whilst the current uncertainty exists in the Middle East, the Council will not invest in these AA rated countries.

This list will be added to or deducted from by officers should ratings change in accordance with this policy.

5.5 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- Approval of annual strategy;
- Budget consideration and approval.

(ii) Cabinet

- Amendments to the organisation's adopted clauses, treasury management policy statement;

(iii) Audit Committee

- Receiving and reviewing regular monitoring reports and acting on recommendations;
- Mid-Year Treasury Management Report
- Annual Treasury Report (Actuals)

5.6 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- 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, including investment and risk management criteria for any material non-treasury investment portfolios;*
 - *Performance measurement and management, including methodology and criteria for assessing the performance and success of non-treasury investments;*
 - *Decision making, governance and organisation, 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, including where and how often monitoring reports are taken;*

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

Supplementary Paper to support Cabinet Report for 4 February 2020 – King’s Lynn Transport Strategy (Item 16)

Note

The Regeneration and Development Panel considered the Cabinet report on the King’s Lynn Transport Strategy at its meeting on 28 January 2020. The meeting discussed clarification of the ‘strategy’ that the Borough and County Councils would be adopting, as per recommendation 2 of the Cabinet report. In order to provide clarity on the matter the following text has been extracted from the Cabinet report itself and the Background Paper ‘Stage 3 KLTS report’. It brings together in one place the elements (highlighted as appropriate) which form, and explain, the ‘Strategy’.

An integrated transport strategy for King’s Lynn

Vision and Objectives

The project vision statement is “To support sustainable economic growth in King’s Lynn by facilitating journey reliability and improved travel mode choice for all, whilst contributing to improve air quality; safety; and protection of the built and historic environment”.

The agreed objectives of the project are:

- Provide a safe environment for travel by all modes;
- Encourage town centre accessibility by all modes whilst conserving and enhancing King’s Lynn’s rich historic environment;
- Support sustainable housing and economic growth;
- Reduce the need to travel by car through development planning;
- Manage traffic congestion in King’s Lynn;
- Increase active travel mode share for short journeys;
- Promote and encourage the use of public transport;
- Reduce harmful emissions and air quality impacts.

The Transport Strategy includes a balanced range of strategic and local highway capacity improvement schemes alongside improvement schemes that could address issues with reliability on the existing bus network. These sit alongside the potential to make further improvements to the existing cycling and walking network to further support the already high mode share for journey to work for these active modes of travel.

A single mode or option cannot address the transport issues in King’s Lynn. As such, **a package of measures** is required including strategic and local car and non-car based options that enhance:

- Local Highway Network capacity;
- Strategic Highway Network capacity
- The bus provision;
- Rail services and King’s Lynn Railway Station;
- Walking and Cycling infrastructure;

- Parking provisions and management; and
- Smarter Choices (e.g. Travel Plans)

Transport strategy and Action Plan

The stage 3 KLTS report (as linked to in the Background Papers section of the Cabinet report) has now been completed and has formed the basis of the Implementation Plan, which is attached as Appendix A.

Section 6.4 of the Stage 3 report titled 'TRANSPORT STRATEGY AND ACTION PLAN' explains what the content of the strategy is:

6.4.1. The proposed Transport Strategy is included in this section which provides tables and plans identifying the scheme location, mode of travel and timescale.

6.4.2. In order to realise the ambitious vision and objectives of this Transport Strategy and to help deliver the infrastructure solutions identified, **an outline Action Plan has been developed in Tables 6-1 to 6-10.** This is intended to:

- Help identify initial actions to develop each option; and
- Identify stakeholder engagement that is likely to be required.

6.4.3. The initial actions are intended to help steer the development of business case for the programme of work as a whole and individual projects within the programme, and to assist with securing future funding.

6.4.4. The initial actions and likely stakeholders are provided alongside the description of each option in the tables in each Section 6.4, 6.5 and 6.6.

6.4.5. Figures 6-1, 6-2 and 6-3 show the locations of the short-term, medium-term and long-term options respectively.

Environmental Considerations

Overall, the transport options highlighted in tables 6-1 to 6-10 aim to provide an improvement in traffic flow with potential positive impacts on environmental conditions, particularly in terms of air quality. For example, schemes may incorporate the optimisation of traffic flows which reduces idling vehicles and can lead to improved journey times which is in accordance with good practice and promoting sustainable transport systems.

6.3 Further work on understanding and quantifying the air quality impacts will be undertaken from the traffic modelling exercise with the traffic flows from the option traffic models being used to inform this.

3.1 No conflicts with existing planning policy or air quality management plan (AQMP) are noted. The AQMP will be revised and updated to reflect the proposals set out in the KLTS Implementation Plan.

AG 29 January 2020.