NORWICH
City Council

BUDGET COUNCIL

MINUTES

7.30pm – 10.00pm **17 February 2015**

Present: Councillor Lubbock (Lord Mayor), Mr Armstrong (Sheriff), Councillors Ackroyd, Arthur, Barker, Blunt, Bogelein, Boswell, Bradford, Bremner, Brociek-Coulton, Button, Carlo, Driver, Galvin, Gayton, Gihawi, Grahame, Harris, Haynes, Henderson, Herries, Jackson, Jones, Kendrick, Little, Manning, Maxwell, Neale, Packer, Price, Ryan, Sands (M), Sands (S), Stammers, Stonard, Waters, Woollard and Wright

Apologies: Councillor Howard

1. LORD MAYOR'S ANNOUNCEMENTS

The Lord Mayor said that it had only been three weeks since the last council meeting but it has been a busy time with many engagements including a visit to our twin city in Serbia, Novi Sad by invitation of its Mayor. They have a special day on 1st February to celebrate their city and they were extremely hospitable and welcoming to her and her husband. They travelled with Diana and Peter Beckley who have done so much to encourage the twinning links that they have been made Honorary Citizens of Novi Sad.

The previous Sunday the city said a farewell to Canon Peter Nokes of St Peter Mancroft. A service in the church was followed by a wonderful reception at City Hall and the Lord Mayor thanked the council for providing this event. Many tributes were paid to Peter for his dedication to the city over the last 15 years. He will be missed very much.

Finally she said she had visited the extraordinary exhibition at the Castle 'Homage to Manet', which is a 'must see' and she encouraged everyone to find time to go along and enjoy it.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. QUESTIONS FROM THE PUBLIC

There were no questions from the public.

4. PETITIONS

There were no petitions.

5. MINUTES

The Lord Mayor highlighted that there was an error in Appendix A of the minutes of the previous meeting. Three questions to portfolio holders and answers were missing. Subject to these being added to the final version of the minutes it was –

RESOLVED, unanimously, to approve the minutes of the meeting held on 27 January, 2015.

6. DRAFT CORPORATE PLAN 2015-2020

Councillor Arthur moved and Councillor Driver seconded the recommendations in the annexed report.

RESOLVED, unanimously, to approve the corporate plan 2015-2020.

7. GENERAL FUND REVENUE BUDGET AND CAPITAL PROGRAMME 2015-16

Councillor Waters moved and Councillor Maxwell seconded the recommendations in the annexed report subject to the following revised figures in table 6.1a of the appendix:-

	£000s
+ Increases in council tax	(539)
+ Movement 2014/15 to 2015/16	**1,352**

Councillor Boswell moved and Councillor Stammers seconded the following amendment : –

*“*To amend recommendation 1a) by inserting after “ ….. Annex A” “…and the changes detailed below:-

General Fund 2015/16

Add the following items:-	**£s**
- Gulley unblocking	20,000
- Student Community Outreach Officer	25,000
- Increase Environmental Strategy budget to create full time community outreach officer post	20,000
- Contingency fund to cover replanting of trees outside of Conservation areas in the event council is not able to source this from Community Infrastructure Levy funding	50,000
- Create a separate repairs and maintenance budget for Community centres	180,000
	295,000

Reduce the following:-

- Grass cutting budget	65,000
- Level of reserves	50,000
- General repairs and maintenance	180,000
	295,000 *“*

With 16 voting in favour (Councillors Ackroyd, Blunt, Bogelein, Boswell, Carlo, Galvin, Grahame, Haynes, Henderson, Jackson, Jones, Little, Neale, Price, Stammers and Wright), 21 against (Councillors Arthur, Barker, Bradford, Bremner, Brociek-Coulton, Button, Driver, Gayton, Gihawi, Harris, Herries, Kendrick, Manning, Maxwell, Packer, Ryan, Sands (M), Sands (S), Stonard, Waters and Woollard) and 1 abstention (Councillor Lubbock), the amendment was declared lost.

Councillor Galvin moved and Councillor Bogelein seconded the following amendment –

“To ask cabinet to:-

- set up a cross-party working group to review strategy and options for future capital investment.

- pursue joint funding (with the county council and the Norfolk and Suffolk Foundation Trust (NSFT) for a Homeless Mental Health Officer to work within the city council and to include that in future budgets from 2016-7 onwards.

- seek to find alternative funding arrangements for the £25k Greater Norwich Growth Board increased cost (as already outlined in the transformation programme) with an arrangement with the New Anglia LEP or from commercial sources”.

With 38 voting in favour and 1 abstention, the amendment was carried and became part of the substantive motion.

Councillor Wright moved and Councillor Ackroyd seconded the following amendment :–

“1) To amend recommendation 1a) by replacing “…. the budgetary requirement be set to £17.056M” ….” with “…the budgetary requirement be set to **£17.002M**“ and by inserting after “….Annex A“ “….. and the changes detailed below:-

Additional savings/income:-	£s
Reduce HR/Democratic Services Budget	61,000
Council Tax Freeze Grant	99,757
	160,757
Growth/reduced income:-	
Council Tax – zero increase	153,902
Channel shift scoping work around delivering council services via the post office network	6,855
	160,757

2) To amend recommendation 1b) to read:-

“that the council’s council tax requirement is set at **£8.160m”.**

3) To amend recommendation 1c) to read:-

“that council’s council tax should be set at **£234.76** for band D”.

4) To amend recommendation 1d) to read:-

“that the precept of the collection fund for 2015/16 be set at **£7.926m** calculated in accordance with sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 as per the statutory determination at annex B”.

(Info note – no Council Tax increase reduces income by £154k – attracts Council Tax Freeze Grant of £100k – net effect is to reduce budgetary requirement by £54k)”.

With 2 voting in favour (Councillors Ackroyd and Wright), 35 against (Councillors Arthur, Barker, Blunt, Bogelein, Boswell, Bradford, Bremner, Brociek-Coulton, Button, Carlo, Driver, Galvin, Gayton, Gihawi, Grahame, Harris, Haynes, Henderson, Herries, Jackson, Jones, Kendrick, Little, Manning, Maxwell, Neale, Packer, Price, Ryan, Sands (M), Sands (S), Stammers, Stonard, Waters, Woollard and Wright) and 1 abstention (Councillor Lubbock), the amended was declared lost.

RESOLVED, -

1) with 22 voting in favour (Councillors Arthur, Barker, Blunt, Bradford, Bremner, Brociek-Coulton, Button, Driver, Gayton, Gihawi, Harris, Herries, Kendrick, Manning, Maxwell, Packer, Ryan, Sands (M), Sands (S), Stonard, Waters and Woollard); 13 against (Councillors Ackroyd, Bogelein, Boswell, Carlo, Galvin, Grahame, Haynes, Henderson, Little, Neale, Price, Stammers and Wright) and 3 abstentions (Councillors Jackson, Jones and Lubbock) to approve cabinet's recommendations of 4 February for the 2015/16 financial year:

    a) that the council's budgetary requirement be set to £17.056m and that the budgets set out in paragraphs 6.1 and 6.3 of Annex A are approved, taking into account the savings, income and other budget movements set out in the report and appendix 2 of annex A;

    b) that the council's council tax requirement is set at £8.315m;

    c) that council tax be set at £239.34 for band D, which is an increase of 1.95%;

    d) that the precept of the collection fund for 2015/16 be set at £8.081m calculated in accordance with sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 as per the statutory determination at annex B;

    e) that a new general fund earmarked reserve be set up into which all Section 31 Business Rates Relief grant monies are transferred until applied to offset related business rates deficits as they arise;

    f) that the prudent level of reserves for the council be set at £4.474m in accordance with the recommendation of the chief finance officer;

    g) that the non-housing capital plan 2015/16 to 2019/20 should be as set out in paragraph 9.7 of annex A and the further detail provided in annexes C-E;

    h) that the non-housing capital programme 2015/16 be as set out in paragraph 10.3 of annex A including the council elements of the Greater Norwich Growth Programme,

2) with 35 voting in favour, 2 against and 1 abstention, to allocate the neighbourhood Community Infrastructure Levy for 2015/16 as set out in annex E.

3) with 36 voting in favour, none against and 2 abstentions to approve the Greater Norwich Growth programme as set out at annex D.

4) with 38 voting in favour and 1 abstention, to approve the addition of the extended Push the Pedalways programme to the 2015/16 to 2019/20 capital plan and the 2015/16 capital programme as set out at Annex F subject to the Department for Transport approving the scheme; and that Council confirms its acceptance of the DfT's condition of grant that it accepts responsibility for meeting any costs over and above the DfT contribution requested as set out in paragraph 9.

5) with 38 voting in favour and 1 abstention, to ask cabinet to –

   a) set up a cross-party working group to review strategy and options for future capital investment;

   b) pursue joint funding (with the county council and the Norfolk and Suffolk Foundation Trust (NSFT) for a Homeless Mental Health Officer to work within the city council and to include that in future budgets from 2016-7 onwards;

   c) seek to find alternative funding arrangements for the £25k Greater Norwich Growth Board increased cost (as already outlined in the transformation programme) with an arrangements with the New Anglia LEP or from commercial sources".

(With more than 2 hours having passed since the commencement of the meeting the Lord Mayor invited members to consider whether any of the following items could be taken as unopposed business).

8. HOUSING RENTS AND BUDGETS 2015-16

RESOLVED, unopposed, to approve the cabinet's recommendations for the 2015-16 financial year.

(1) that the council housing rent increase be approved at 2.2% as set out in paragraph 6.7 of the report;

(2) that the housing revenue account budgets be approved as set out in paragraph 3.1 of the report;

(3) that the prudent minimum level of housing reserves be approved as set out in paragraph 7.1.1 of the report;

(4) that the housing capital plan 2015-16 to 2019-20 set out in paragraph 8.6 of the report and the housing capital programme 2015-16 set out in paragraph 9.1 of the report be approved.

9. TREASURY MANAGEMENT STRATEGY 2015-16

RESOLVED, unopposed, to approve cabinet's recommendations in relation to the key elements of the annexed report –

(1) the capital prudential indicators and limits for 2015-16 to 2017-18 contained within paragraphs 10 – 15 of the report;

(2) the minimum revenue provision policy statement set out in paragraph 16 of the report;

(3) the borrowing strategy 2015-16 to 2017-18 set out in paragraphs 24 – 28 of the report;

(4) the treasury prudential indicators set out in paragraphs 29 – 32 of the report, including the authorised limit.

(5) the investment strategy 2015-16 as set out in paragraphs 33-57 of the report and the detailed criteria included in appendix 3.

CHAIR

NORWICH City Council

Council

Members of the council are hereby summoned to attend the meeting of the council to be held in the council chamber, City Hall, St Peters Street, Norwich, NR2 1NH on

Tuesday, 17 February 2015

19:30

Agenda

		Page nos
1	**Lord Mayor's announcements**	
2	**Declarations of interest** (Please note that it is the responsibility of individual members to declare an interest prior to the item if they arrive late for the meeting)	
3	**Questions from the public**	
4	**Petitions**	
5	**Minutes** **Pupose -** To agree the accuracy of the minutes of the council meeting held on the 27 January 2015	**5 - 28**
6	**Draft corporate plan 2015-2020** **Purpose -** To consider the Draft Corporate Plan 2015-2020	**29 - 60**
7	**General fund revenue budget and capital programme 2015-16** **Purpose -** To propose for approval the budget and budgetary requirement, council tax requirement, level of council tax, and non-housing capital programme, for the financial year 2015-16 and the non-housing capital plan	**61 - 108**

Anton Bull
Executive head of business relationship management and democracy

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For information about attending or speaking at meetings, please contact the committee officer above or refer to the council's website

IN TRAN communication for all

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MINUTES

COUNCIL

7.30pm – 9.05pm **27 January 2015**

Present: Councillor Lubbock (Lord Mayor), Councillors Ackroyd, Arthur, Barker, Blunt, Bogelein, Boswell, Bradford, Bremner, Brociek- Coulton, Button, Carlo, Driver, Galvin, Gayton, Grahame, Harris, Haynes, Herries, Howard, Jackson, Jones, Kendrick, Little, Manning, Maxwell, Neale, Ryan, Sands (M), Sands (S), Stammers, Stonard, Waters, Woollard and Wright

Apologies: Councillors Gihawi, Henderson, Packer and Price and Mr Armstrong (Sheriff)

1. LORD MAYOR'S ANNOUNCEMENTS

The Lord Mayor thanked those councillors who had joined her in attending the Holocaust Memorial Service earlier that morning. It had been particularly poignant as it was 70 years ago to the day that Auschwitz Death Camp had been liberated.

The holocaust commemorations were continuing with a concert at the Norwich Synagogue which the sheriff was attending on the Lord Mayor's behalf. The Lord Mayor said that she was sure that fellow councillors would join her in congratulating Bill Armstrong, the Sheriff, on his award of an OBE in the New Year's Honours List. It was awarded for his services to the health and voluntary sector and especially his work with the bereaved. Members showed their appreciation in the usual way.

The Lord Mayor said that she only had 4 months left in her term and said that if any councillors wished to accompany her on any of her visits and engagements in that time please contact the civic office who would make the necessary arrangements.

2. PRESENTATION OF LONG SERVICE AWARD

At the invitation of the Lord Mayor, Councillor Bremner, portfolio holder for housing, informed Council that Dennis Foster had retired after 25 years working in the Norwich Community Alarm Service. The Lord Mayor presented Dennis Foster with his long service award and members showed their appreciation in the usual way.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. QUESTIONS FROM THE PUBLIC

Mr Vaughan Thomas asked the cabinet member for environment, development and transport the following:

"The council has just finished consulting on its second environmental strategy and I note that the vast majority responses have been positive and indeed some respondents have been most complementary about the previous achievements and current ambitions of the council on environmental issues. However, I also have read press reports which have raised doubts in my mind about how ambitious the strategy really is and who has contributed to it. Would the portfolio holder for environment, development and transport please clarify who initiated and steered the development of this strategy, and would he also provide some reassurance about its level of ambition and what it will deliver for the people of Norwich?"

Councillor Mike Stonard, cabinet member for environment, development and transport replied as follows:

"Thank you for the question and for the opportunity to clarify a number of issues around the draft of the council's third environmental strategy.

This administration is very proud of its record of achievement in environmental matters, which has been recognised in a number of prestigious national and international environmental awards. Our first environmental strategy was launched in 2008 and since then we have delivered a 14% reduction in per capital carbon dioxide emissions for the city – the largest fall in the East of England - and a 27% reduction in the council's own carbon dioxide emissions.

Also, during this time, residual waste levels in the city have fallen faster than in the rest of Norfolk and we have improved the energy efficiency of the Council's own housing stock through a major programme of improvements while working hard to promote grants and incentives for private homes.

In 2010 the council received recognition at the United Nations Environment Programme LivCom Awards, achieving Gold standard for the management of the environment; in 2014 the council also won an international Green Apple Award for its Raspberry Pi project; and in 2014 the council's environmental strategy manager was named Energy Manager of the Year in the National Energy Services and Technology Association awards.

This has been achieved because of a firm commitment to a sustainable environment which improves or maintains the quality of life for us all. This administration is carefully balancing the need for homes, jobs, economic infrastructure and quality of life with the need to create a sustainable City that we and our children and grandchildren can all enjoy in the future.

The new draft environmental strategy is an ambitious document. For example, the carbon reduction targets are the equivalent, in carbon terms, of more than 110,000 double-decker buses. Similarly there is a large range of ambitious actions within the action programme. To highlight just five of the more than 70 different actions:

- To look to run a major collection auction for photovoltaic panels (PV) so that private households and landlords can purchase and install PV at a lower cost (we would be the first city in the UK to do this).
- To look at the potential for investing in a major PV scheme for the City's housing stock.
- To explore with partner organisations the potential for a district heating scheme for the city.
- To work with residents and organisations across the city to jointly develop a bid to be the UK Green Capital 2019.
- To deliver programmes and projects to improve energy efficiency measures in privately owned housing.

The draft strategy sets out how the council will deliver its environmental priorities within four key areas of its responsibility: as community leaders; as service providers; as a purchaser of goods and services; and as estate managers.

You ask who initiated and steered the development of the draft strategy.

You will of course be aware that this council is run by a Labour administration. The development of the draft Strategy has been driven and underpinned by this administration's ongoing commitment to environmental improvement and sustainability, as captured in the 2014 Norwich Labour Manifesto's explicit promise to ensure an environmentally sound Norwich and the development of a sustainable, low carbon city that can be enjoyed for generations to come.

The same 2014 Norwich Labour manifesto promised the many environmental initiatives now being reported as delivered, including: increased energy efficiency in our housing stock; reduced waste to landfill; maintenance and development of Switch and Save; further reductions in the council's carbon emissions; improved recycling; and the introduction of a city-wide blanket 20 mph speed limit. There are of course many more.

As I say, this administration is proud of its record of achievement in Environmental matters. This does not mean, however, that we are complacent and that us why we have drafted such an ambitious replacement strategy. In that regard, I would direct those who suggest a lack of ambition to this council's prestigious national and international environmental awards and to contrast our performance with the disastrous performance in similar matters of Brighton and Hove Council. As I have said before, this administration does not just talk the environmental talk, it delivers practical outcomes."

Vaughan Thomas asked, as a supplementary question, if the portfolio holder could expand on who initiated and lead the development of the draft environmental strategy. **Councillor Stonard** said that it had been initiated and lead by relevant portfolio holders starting with Councillor Bremner then himself and with contributions from labour colleagues. Good practice had been reviewed, input from experts sought and a public consultation undertaken. The administration had been politically inclusive inviting others to contribute. He said it was unfortunate that green councillors had - through the press - implied only they had contributed to the strategy.

5. PETITIONS

There were no petitions.

6. MINUTES

RESOLVED, unanimously, to approve the minutes of the meeting held on 25 November, 2014.

7. QUESTIONS TO CABINET MEMBERS/COMMITTEE CHAIRS

The Lord Mayor advised that 14 questions had been received from members of the council to cabinet members of which notice had been received in accordance with the provisions of Appendix 1 of the Council's Constitution and the questions were as follows –

Question 1 Councillor Howard to the cabinet members for neighbourhoods and community safety on the Russell Street Community Centre

Question 2 Councillor Bogelein to the cabinet member for customer services on responses to consultations and Freedom of Information requests.

Question 3 Councillor Jackson to the cabinet member for customer services on council consultations.

Question 4 Councillor Carlo to the cabinet member for environment, development and transport on planning enforcement.

Question 5 Councillor Neale to the deputy leader and cabinet member for resources on compensation to Connaught workers.

Question 6 Councillor Boswell to the leader of the council on the "Cities outlook 2015" report.

Question 7 Councillor Galvin to the cabinet member for environment, development and transport on green street verges.

Question 8 Councillor Herries to the cabinet member for housing on the Learning, Employment and Accommodation Project (LEAP).

Question 9 Councillor Manning to the deputy leader and cabinet member for resources on the Local Government Finance Settlement.

Question 10 Councillor Brociel-Coulton to the cabinet member for environment, development and transport on the Cycling Ambition Grant Programme.

Question 11 Councillor Maxwell to the cabinet member for customer services on digital inclusion.

Question 12 Councillor Button to the cabinet member for environment, development and transport on the Switch and Save scheme.

Question 13 Councillor Ackroyd to the cabinet member for housing on overcharging leaseholders for caretaking and lighting.

Question 14 Councillor Wright to the cabinet member for customer services on reporting issues through the website during Christmas and New Year break.

(Details of the questions and replies, together with any supplementary questions and replies are attached as Appendix A to these minutes).

8. NOMINATIONS FOR LORD MAYOR AND SHERIFF 2015-16

Councillor Waters moved and Councillor moved seconded that Councillor Arthur be nominated as Lord Mayor and Beryl Blower be nominated as Sheriff for the 2015/16 civic year.

RESOLVED, unanimously, to receive the following nominations for the 2015-16 civic year which would be formerly considered at the council's annual general meeting –

(1) Lord Mayor – Councillor Brenda Arthur
(2) Sheriff – Beryl Blower

9. COUNCIL TAX REDUCTION SCHEME 2015 – 16

Councillor Waters moved and Councillor Button seconded the recommendations in the annexed report

RESOLVED, unanimously, to –

(1) approve the council tax reduction scheme 2015–16 by continuing with the council's 2014–15 scheme with the following modifications –

(a) To calculate the income someone gets for council tax reduction in the same way as it is calculated for housing benefit;
(b) To disregard war and armed forces disablement income when assessing a reduction in council tax;
(c) To align council tax reduction and housing benefit processes wherever possible.

(2) remove the one month discount for vacant dwellings (Class C) so that the discount is zero for 6 months.

10. MOTION – COUNCIL HOUSING STOCK

Councillor Haynes moved and Councillor Boswell seconded the motion as set out on the agenda.

Councillor Waters moved and Councillor Maxwell seconded that the procedural rule in paragraph 14.7 of Appendix 1 of the council's constitution be suspended to allow wider amendments

RESOLVED, with 21 voting in favour, 13 against and no abstentions, to approve the procedural motion.

Councillor Bremner moved, and Councillor Maxwell seconded, the following amendment:-

After "….stock is lost" add "…which are contrary to what our tenants and this council have consistently committed to."

And

After "…… commitment to

insert …. " 1) and after "….a housing association add :-

2) planned growth across all housing tenures to meet the diverse needs of all residents in the city and including the opportunities contained within the Lyons Housing Review, LAMS, delivering the Joint Core Strategy for Norwich and greater regulation of the private rented sector.

RESOLVED, with 21 voting in favour, 10 against and 3 abstentions, to approve the amendment which then became part of the substantive motion.

RESOLVED that –

With the rising need for affordable, good quality housing, council housing is highly important. New rules (government implementation in Autumn 2013 of provisions within section 34A of the Housing Act, 1995) had been introduced encouraging council housing to be transferred to housing associations, meaning democratic control of housing stock is lost which are contrary to what our tenants and this council have consistently committed to.

RESOLVED –

1) unanimously, to ask cabinet to include within its corporate plan proposal a commitment to keeping our housing stock council owned and run and not to initiate a transfer process to a housing association

2) with 21 voting in favour, none against and 13 abstentions, to ask cabinet to include within its corporate plan proposal a commitment to planned growth across all housing tenures to meet the diverse needs of all residents in the city and including the opportunities contained within the Lyons Housing Review, LAMS, delivering the Joint Core Strategy for Norwich and greater regulation of the private rented sector.

CHAIR

APPENDIX A

Question 1

Councillor Lucy Howard to the cabinet member for neighbourhoods and community safety:

> "Following the closure of Russell St Community Centre, the management of the Belvedere centre presented the council with a business proposal which would allow the centre to re-open. Provided that the use of the community centre can be shown to meet the needs of the local community, will the council work with the community group and invest to make the centre usable?"

Councillor Keith Driver, cabinet member for neighbourhoods and community safety's response:

> "Ward councillors were notified in November that Russell Street community centre had closed as a result of the committee standing down, the building being handed back to the council, and the council needing to explore the best option for the community centre.
>
> I would like to take this opportunity to recognise and thank the committee and volunteers for their hard work in running this centre.
>
> As a result of the closure, the building was made secure to protect it from vandalism and a short review of the facility was undertaken to inform the next steps. This is normal procedure when an asset such as this is returned to the council and this review included community needs, the quality of the building and repair requirements, other community provision in the area and other relevant information.
>
> During this period, the council was approached by the management committee of the Belvedere community centre who expressed an interest in running Russell Street community centre as an extension to the Belvedere centre. Given the success of the Belvedere in the extensive range of activities that is provided for the community, the proposal from the Belvedere community association provides an opportunity to grow the use and reach of the Russell Street centre. Portfolio holders agreed that officers should explore in more detail the proposal from the Belvedere community association but if this is progressed then the council will need to ensure that the centre would be available for use by and meeting the needs of the local residents in the vicinity of the centre."
>
> A follow up discussion with the Belvedere committee has been suggested to discuss their proposals in much more detail. If these discussions are successful, the council will need to consider how the investment the community centre requires can be achieved. There is no funding specifically allocated to any community centre as yet, with funds allocated on a

programmed basis from the council's general repairs and maintenance budget. Work on this will start shortly.

The report to cabinet in July 2013 from the scrutiny committee review of community space highlighted the council's financial constraints and the council being unable to invest in the fabric of the buildings to the level it desired. The report also recognised that the council's financial constraints would not improve in the short to medium term and community centres will continue to have to compete for financial resources with other council owned assets and programmes. This issue remains the case today and as that report stated, greater collaboration with partners and communities in the development of community centres and other community spaces provides an opportunity to access external sources of funding and achieve greater use of these facilities.

There are a number of very successful examples where council officers have worked collaboratively with community centre management committees to raise external funds and this broad approach, including investment of officer time and use of council budgets, will be how the council can realise investment in all of its community centres."

Councillor Howard asked, as a supplementary question, if the cabinet member would consider holding a public meeting with all stakeholders. **Councillor Driver** said he would consider it but hopefully the centre would be up and running before Purdah.

Question 2

Councillor Sandra Bogelein to the cabinet member for customer services:

"I would like to ask cabinet the reason why I, and a resident have still not received any answer to our request to the council on 14 November on details about a reported previous consultation regarding the skateboarding issue? I am also aware that Long Live Southbank and the Drug Store have to date not received an answer to their freedom of information request made on the 21November 2014, and my colleague Lucy Howard is also still waiting for a response to a request. I am not trying to bring up the skateboarding issue at this point; I would just like to point out a gap in the council's system with regards to transparency and would like to enquire why that gap appears and what is going to be done about it?"

Councillor Gail Harris, cabinet member for customer services' response:

"In respect of your request and that of a resident, I understand that an answer was provided for the majority of your enquiry. Unfortunately the request for information about a previous consultation was accidently not passed on to an officer for comment. This will be rectified and an apology issued.

In respect of the freedom of information (FOI) request the required information was pulled together by city wide services and provided to democratic services, who administer the FOI process, within the statutory timescale. Unfortunately, due to human error in democratic services, the final response was not drafted and sent. As soon as this was highlighted the response was sent with an apology for the error. Thank you for bringing this to my attention. Along with my colleague Councillor Waters I will be looking at a means for regularly monitoring the response times to FOIs.

I am concerned to hear that Councillor Howard is still awaiting a response to a request, but I am informed that there are no related enquiries from Councillor Howard within the councillor email system for which she has not had a response. If the enquiry was submitted through another route I would suggest that in the first instance Councillor Howard might wish to follow it up with the officer concerned, otherwise I would be more than happy to assist in progressing the enquiry if I could be provided with the necessary details."

Councillor Bogelein asked, as a supplementary question, what the cabinet member would do to ensure the council met its statutory obligation. **Councillor Harris** said she had already held discussions with the relevant officers to ensure this was monitored and thanked Councillor Bogelein for bringing it to her attention.

Question 3

Councillor Simeon Jackson to ask the cabinet member for customer services:

"I would like to suggest to the cabinet member that there should be a formal written strategy for council consultations. This would include time scales, procedure for advertisement and contact of key stakeholders and most importantly a formalised procedure and time line detailing how answers to consultations are dealt with and incorporated into policy drafts. Does the cabinet member support this idea?"

Councillor Gail Harris, cabinet member for customer services' response:

"Thank for you question and your suggestion. The council is already required to have a formal consultation strategy for planning. This is called our statement of community involvement. This is a published document which outlines what we will do to improve the way in which the community can get involved in plan making and in decisions on planning applications.

Based on our current success and lessons learned from previous consultations, the statement of community involvement outlines a range of consultation approaches that can be used in consultation including:

- Letters/emails to groups and individuals;
- newspapers and Citizen magazine;
- paper documents;
- council's website;
- 'planning for real' type events;
- presentations to community groups;

- public meetings;
- focus groups;
- exhibitions;
- local councillors;
- social media;
- local radio.

It also sets out guidelines on timeframes for consultation on planning issues. For example:

- Where the consultation period overlaps with either the holiday periods of Christmas, Easter, or August. In such circumstances the consultation period shall be extended from 6 to 8 weeks.

- Where there is no indication of the intention to prepare the document in the Local Development Scheme. In such circumstances the consultation period shall be 12 weeks;

- Where there has been significant additional material included within the document between first publication of draft papers and formal consultation commencing. Again in such circumstances the consultation period shall be extended to be 12 weeks.

The Norfolk Compact

The council is also a signatory to the Norfolk Compact, this code of practice aims to improve the way in which both the statutory, voluntary and community sectors in Norfolk consult each other on policy developments, leading to the planning and delivery of better services.

The compact provides framework for consulting with the voluntary and community sector including timescales.

This means that any major changes to policies or changes in funding arrangements have to be consulted on for a 12 week period.

Other consultations

For all other consultations we use a set of guiding principles to help shape how we consult. These principles are:

Proportional - the time and resources put into the consultation exercise should be in line with the purpose and impact.

Genuine – the results of the consultation exercise should be used to inform the decision making process.

Consistent – given that different methods of consultation may be employed, it is important to ensure consistency in approach.

This means that we do not adopt a 'one size fits all' approach and can use many ways to listen to what people think about what we do and how it could be improved.

We believe consultation with our residents and partners is very important, and helps us to shape the services we deliver and the things we do.”

Councillor Jackson said he was aware of the statement of community involvement for planning and asked, as a supplementary question, whether a similar robust procedure should be initiated for other consultations to inform policy. **Councillor Harris** said that her response clearly emphasised that a one size fits all approach would not be appropriate. If Councillor Jackson wished he could suggest this as a topic for discussion by scrutiny committee.

Question 4

Councillor Denise Carlo to ask the cabinet member for environment, development and transport:

“At full council on 25 November, the cabinet member for environment, development and transport rejected a member request to take action over the white film in numerous windows of non-listed buildings under section 215 of the Town and Country Planning Act 1990 on grounds that white film is not considered to harm local amenity in accordance with the requirements of the Act (as amended).

The cabinet member said that amenity is narrowly defined. However, planning guidance describes amenity as a fundamental concept in planning law; a broad concept which is not formally defined but one which is a matter of fact and degree and common sense. The Planning Portal defines amenity as ‘a positive element that contributes to the overall character or enjoyment of an area.”

The white film on all the windows of five hotels and apartments in Unthank Road and Earlham Road (several of which are locally listed) give the buildings a derelict appearance and detract from the once former attractive buildings and from the character and appearance of the Heigham Grove Conservation Area and from people’s enjoyment of their local environment. The blanked out windows create a sense of unease for local residents and raise concerns over activities within the buildings and the level of security (several of the hotels were raided by the police in December 2013).

Will the cabinet member reconsider and ask the officers to take action over these buildings and the blanked out windows on grounds that they adversely impact on local amenity?”

Councillor Mike Stonard, cabinet member for environment, development and transport's response:

"Following my answer provided to your question at council on 25 November, I did ask officers to look into this matter further. They have looked into the issue of whether there is any form of consent needed for the film that has been applied or whether serving a Section 215 notice is a potential solution to the problem that you identify.

The application of film to the internal windows of buildings does not constitute development given that the works are internal and Section 55 of the Town and Country Planning Act explicitly excludes internal works from the definition of development. Therefore no planning permission is required.

As you are aware irrespective of the need for planning permission Section 215 of the Town and Country Planning Act provides a power to the local planning authority (LPA) to serve a notice on an owner of land where the amenity of a part of their area is adversely affected by the condition of that land. The notice would require steps to remedy the condition of the land within a specified period. The use of Section 215 is discretionary and it is therefore up to the Authority to decide whether a notice would be appropriate. However the land owner has a right of appeal to such a notice via the magistrates' court.

There is best practice guidance available on using Section 215 and there is guidance and advice on amenity, which is relevant to section 215. The guidance advises that each case will be different and what would not be considered amenity in one part of an area might well be considered so in another. LPAs will therefore need to consider the condition of the site, the impact on the surrounding area and the scope of their powers in tackling the problem before they decide to issue a notice.

The best practice guidance gives examples of the use of Section 215 notices. Officers can find no similar examples where Section 215 notices have been served. Case law indicates that they are typically used where refuse or materials are left on land or where the external of a building is in a dilapidated or derelict state. Whilst the regulations do not prevent use where an internal alteration has an effect on amenity it is considered that the application of film to the internal side of windows would certainly be very much at the lower end of the scale in terms of the degree of harm to amenity even taking into account the buildings location in a conservation area. Therefore there has to be a risk that any notice would not be upheld if challenged.

Furthermore the council does need to take a consistent and proportionate approach to serving Section 215 notices and have regard to the resources involved. There are certainly many other sites in the Norwich area which are affecting the amenity of the areas to a far greater extent than is being done in this case. There would be a significant increase in the resources directed towards planning enforcement, if the threshold for action under Section 215 was set as low as in this case and the council was to maintain a consistent approach across the city. So I cannot see that the course of action you propose is appropriate in this case."

Councillor Carlo asked, as a supplementary question, what were the other examples where the impact of amenity were worse than this case and would this be an appropriate topic for sustainable development panel? **Councillor Stonard** emphasised that it was important that the council did not do anything whereby it could be challenged for not being consistent. He said that if he believed that there was power to address the issue raised by Councillor Carlo he would do so tomorrow.

Question 5

Councillor Paul Neale, to ask the deputy leader and cabinet member for resources:

"I was interested to read in the Evening News (6 January) that former Connaught Workers who carried out work on behalf of the council have only recently been awarded compensation because Connaught failed to consult with the workforce before making them redundant. Was the cabinet aware at the time that Connaught was treating their staff in this way, and if so, what did the cabinet do to encourage Connaught to treat their workers in line with employment law?"

Councillor Alan Waters, deputy leader and cabinet member for resources' response:

"This question relates to events that took place over 4 years ago and a decision has only been made by an employment tribunal late in 2014. This should give some indication as to the complexities of this case. To suggest that cabinet should be aware of a breach of employment law that has taken over 4 years to be decided upon by a judge who is an expert in such matters is quite frankly ridiculous. Indeed, in the article Brian Rye of UCATT who brought the claim is quoted as saying "This has been a very long and protracted fight for justice".

The newspaper article also makes brief mention of a failed application for unfair dismissal. There was also an application that TUPE applied and staff and unions were not consulted by contractors who worked on the council's contracts post Connaught but this application also failed. I hope this gives you a better perspective on just how complex the issues are in employment law and that a whole number of alleged breaches of employment law were dismissed.

To take you back to September 2010, our first contact with the administrators was on 9 September 2010 when they advised that they had already decided to make the Connaught staff redundant the following day. The council persuaded the administrators to allow the council until the following Monday to try to find an alternative solution and not make staff redundant so rapidly.

The council managed to find a solution for the environmental contracts (waste collection, street cleansing etc.) and successfully enabled over 200 staff to retain their jobs.

Unfortunately the council was not able to find a solution for the housing contracts and the administrators took the decision to make the Connaught staff redundant on Monday 13 September 2010.

The council worked with a variety of other agencies to support the staff who had lost their jobs staging an event at St Andrews Hall to help those staff find alternative employment. The council took details from those staff who wanted their details passed on to the new contractors and a significant number of those staff found work this way. Some staff were eligible to take their local government pension scheme early because of their age. I am aware that other staff took the opportunity to find new careers not connected to the work provided for the council. The council also managed to find successful placements for four apprentices who were only part way through their apprenticeship allowing them the opportunity to continue their learning.

The council managed to successfully maintain critical services during this hugely disruptive time and quickly get services back up and running to provide employment opportunities for the Connaught staff who had been made redundant.

It is a testament to those staff who suffered losing their jobs that they picked themselves up so quickly and went on to work for new employers and continued to provide services to the council and the tenants."

Councillor Neale said that he welcomed the lengthy response to the second part of his question but the first part had not been addressed and asked, as a supplementary question, was the portfolio holder aware of the way Connaught was treating its staff. **Councillor Waters** said that he had given a very detailed response to something that had happened 4 years previously. The High Court Judge had decided that Connaught did not treat its workforce well and he was delighted that they were receiving recompense. His answer had explained all the work the council had undertaken on this matter and he hoped that Councillor Neale found it reassuring.

Question 6

Councillor Andrew Boswell to ask the leader of the council the following:

"What reasons would the leader give for Norwich's poor rating in the recent Centre for Cities "Cities Outlook 2015" report (published: January 19th 2015 and highlighted on BBC Look East) in which Norwich's employment rate and average weekly earnings are both well below national medians?"

Councillor Brenda Arthur, leader of the council's response:

“The recently published report is interesting reading and the comparative data it provides is a useful benchmark of cities’ economic health. In the case of Norwich relatively poor performance in respect of average weekly earnings is a matter of concern and something the council is seeking to address as I will explain.

In collating the Centre for Cities Outlook data cities are defined in terms of “Primary Urban Area” (PUA); and both the Broadland and the Norwich local authority areas are included in the city of Norwich definition used in the analysis. Around 49% of Broadland’s population is classed as “rural”. This therefore immediately puts Norwich at a relative performance disadvantage when compared to cities such as Cambridge and Ipswich, for example, as the Cambridge and Ipswich PUAs only include the Cambridge City Council and Ipswich District Council areas which are entirely urban. This means that the Norwich PUA is based on a working age population of 167,600, compared to 92,100 for Cambridge PUA and 87,200 for Ipswich PUA.

Turning firstly to employment rate, the Norwich PUA employment rate stands at 71.8 per cent of the working population in 2014 Norwich is ranked 35th lowest out of 64 cities on this measure. It therefore compares well to the national median and I would therefore question whether Councillor Boswell’s assertion is correct. Furthermore, looking at the change in employment rate from 2004 to 2014, Norwich PUA ranks 26th highest which is well above the national median.

Comparing Norwich to the national average, Great Britain’s employment rate stands at 73 per cent. The data used in the Cities Outlook is the Annual Population Survey (API) and this dataset is subject to a margin of error of at least +/-5% at the local level. The difference between Norwich PUA and the Great Britain average is not therefore statistically significant.

As regards average weekly earnings, the Norwich PUA is ranked 25th lowest out of 64 cities on this measure, below the national median.

Average weekly earnings in the Norwich PUA and in Norfolk as a whole have been below the national average and the national median ever since the Annual Survey of Hours and Earnings (ASHE) has reported earnings figures. This is most likely caused by Norwich and Norfolk’s relatively isolated location which means that employers in the area are not in competition with neighbouring urban conurbations for certain workers, particularly those in low level occupations. To an extent it also reflects the types of jobs based in the local area, reflecting Norwich’s position as a major regional service centre which means it has a high percentage of jobs in relatively low pay sectors such as retail and leisure.

The low wage economy and the need for better paid jobs are reflected in the Norwich Economic Strategy and the Joint Core Strategy. It is part of the underlying rationale behind the ambition in Norwich’s City Deal to accelerate jobs growth in high value/high pay sectors - creative digital, engineering and health and life sciences.”

Councillor Boswell asked, as a supplementary question, what will be the real impact of the City Deal and how were we monitoring it. **Councillor Arthur** said that the Skills Board was working well and the living wage campaign was making a significant contribution to increasing wages. The aim was to provide more jobs especially for young people; the right jobs and to attract people to Norwich. She would report progress to a future council meeting.

Question 7

Councillor Lucy Galvin to ask the cabinet member for environment, development and transport:

"Norwich's many green street verges make our city pleasant for all, and help to prevent flooding. Yet increasingly they are defaced and damaged due to cars inappropriately parked on them. Many of the cars display notices showing them to be openly for sale, blatantly as a business proposition.

I trust that the cabinet member welcomes scrutiny committee's recent commitment to tackle this problem which has dogged the city for two decades and causes ongoing distress to many local residents. Will he detail why he considers past efforts to have failed and describe how he will work to ensure support for this initiative so that action can be both timely and effective?

Councillor Mike Stonard, cabinet member for environment, development and transport's response:

"As Councillor Galvin notes the city's grass verges are a very important asset making a major contribution to Norwich's amenity. In good condition, they help reduce surface water run-off to help prevent localised flooding.

I therefore welcome scrutiny committee's interest in the condition of our verges and work to review the council's approach to managing verges which is being incorporated into 2015-16 service planning. Damaged verges are found in all parts of the city and whilst one must not lose sight of car sales as a contributor to such damage, most damage is caused by motorists in general, who are often local residents, using them as a parking place.

In 2006 work took place to begin to tackle the issue of verge parking across the city and a number of traffic regulation orders to prevent parking on verges were introduced in areas where there were alternative parking provisions available. The bulk of the problems that remain are in areas where there is no alternative provision and so any solution is likely to include a redesign of the verge area to accommodate parking, in the way that the Push the Pedalway scheme on The Avenues between Colman Road and Bluebell Road will do later this year. However such schemes are extremely expensive, and lack of funding is the key reason that past efforts have stalled. I am sure Councillor Galvin is aware of the very large cuts in highways budgets since the coalition came to power and of the impact this has had on our ability to deliver such improvements.

Residents (who have space for off-street parking) are offered the opportunity of having a verge crossing constructed whilst we undertake footway reconstruction schemes. However, take up of this offer is variable as the costs to the resident can be from a few hundred pounds to perhaps £2,000 depending on the verge width.

Turning to the issue of car sales specifically there are powers contained in the Clean Neighbourhoods and Environment Act 1985 which are intended to control such activity. However the powers have been found to have weaknesses (for example in proving that vehicles parked closer than 500m to each other are owned by the same person). Hence it has become very difficult for officers to enforce.

Officers have therefore been examining alternative approaches including:

- The issuing of warning letters (as undertaken by Great Yarmouth Borough Council with some success);
- Use of section 149 of the Highways Act 1980 (but which only can be used if the vehicle is causing a danger);
- Verge or other parking TROs;
- Use of powers contained in Schedule 4 to the Local Government (Miscellaneous Provisions) Act 1982 which enable a Local Authority to prohibit trading on specified streets (i.e. including car sales); and
- Use of Anti-social Behaviour, Crime and Policing Act 2014 powers to create a public spaces protection order.

Work to confirm the practical feasibility and the merit or otherwise in taking any of the above forward has been delayed due to long-term staff sickness. However, this resourcing issue has now been resolved and officers intend to bring a report to cabinet to consider options early in the new civic year."

Councillor Galvin said that work began looking into this 9 years ago and asked, as a supplementary question, if the cabinet member would commit to sorting this out once and for all. **Councillor Stonard** said that he clearly could not give such a commitment. The council was addressing this as fast as it could taking into account the massive cuts in highways budgets and the staffing issues.

Question 9

Councillor Patrick Manning to ask the deputy leader and cabinet member for resources:

> "The Coalition's provisional Local Government Finance Settlement confirmed that councils will continue to face significant spending cuts and huge financial challenges. Can the deputy leader and cabinet member for resources comment on the impact of this upon Norwich City Council?

Councillor Alan Waters, deputy leader and cabinet member for resources' response:

"Thank you for your pertinent and timely question.

Norwich received (and not for the first time) one of the worst financial settlements from the Department for Communities and Local Government with a further £1.9 million sliced off our Revenue Support Grant from £6million to £4.1 million and a reduction of 6.2% in our 'spending power'. The Revenue Support Grant is a key element in the financial building blocks that make up the General Fund Budget. This budget pays for council services and employs the staff to deliver those services. Pressure on our General Fund Budget has been growing since the economic recession of 2008 and has become acute since 2010 with the determination of the Coalition Government to sharply reduce the funds to local councils. Urban areas with high levels of deprivation and low council tax bases – like Norwich - are particularly hard hit by cuts in the RSG.

The Revenue Support Grant is needs based: a mechanism designed to help equalise funding between richer and poorer areas. Councils in affluent areas and with a high council tax base, depend much less on RSG. Inequality in the United Kingdom is entrenched across society – it is also reflected in the deep inequalities between local authorities – particularly across England - as a result of deep cuts in Revenue Support Grant.

Since 2008 Norwich has had to reduce its controllable budget cumulatively by £40million with further projected budget reductions of £11.6 million over the next five years (cumulatively £34.7m) if as expected the RSG disappears altogether, by the end of the decade. This does not take account of having to absorb each year £1million plus for inflation and unavoidable growth. Despite our successful efforts up to now, to sustain the services and activities residents expect us to provide; cuts in services, within a couple of years, on current projections will be difficult to avoid.

This mirrors the situation facing councils across England (reported in a recent Local Government Audit Committee briefing) as a shortfall in funding of £5.8 billion created by a combination of funding cuts and spending pressures is growing by an average rate of £2.1billion per year. Spending on social care and waste management, both of which have significant statutory elements, is taking up an increasing proportion of the funding available to councils, which means that according to the Local Government Association (LGA) model, funding for other council services will drop by 43% in cash terms by the end of the decade. Bringing together the predicted income and expenditure trends, the LGA forecasts a gap of £12.4 billion between funding and net expenditure by 2019-20. LGA research indicates that in many authorities savings are starting to come from service reductions rather than through efficiencies.

Problems are compounded by a reformed system of local government finance based on funding local services through the retention by each council of a proportion of locally collected business rates. This creates a funding instability for local government, because income from business rates is sensitive to local economic circumstances. Services require long term predictable funding. The Coalition finance reforms introduced in 2013 create a dangerous unpredictability for local councils.

If we needed reminding the forthcoming General Election, for Norwich and other councils up and down the country, will determine whether local government has a future as a service provider with an ability to meet the pressing needs of the communities it is elected to represent. "

Councillor Manning asked, as a supplementary question, what the cabinet member's expectations were from the Independent Commission on Local Government Finance. **Councillor Waters** said that the future for local government would be different in the hands of the various main political parties. The commission's work reflected that a better way of funding public services was required. The conservatives were proposing a shrinking state and the future would be bleak for local authorities. We need a stable system of funding local government that was robust and allowed local authorities to plan for future years. A strong local state was needed to meet the needs of local people.

Question 10

Councillor Julie Brociek-Coulton to ask the cabinet member for environment, development and transport:

"Could the cabinet member for environment, development and transport give his opinion to Council on the opportunities and benefits for the Cycling Ambition Grant Programme?

Councillor Mike Stonard, cabinet member for environment, development and transport's response:

"In the last two years the city council has successfully positioned itself in the premier league of cities that are investing in cycling in England. We are in the company of large cities like Birmingham and Manchester as well as smaller cities already noted for cycling such as Oxford and Cambridge. We have successfully applied for £3.7m of government funding and a further £8.4m has been provisionally allocated to us, subject to our application.

This investment allows us to make the city a better place. Here are some examples:

- Chapelfield Gardens has an attractive new entrance, better lighting and crossing points. You can cycle in both directions along Little Bethel Street where, until recently, there were two lanes of traffic and poor safety.

- Yesterday work started on Magdalen Street to enable people to ride their bikes directly into the city centre from the north. It will also make the pedestrian crossing better at Magdalen Gates and help eliminate the anti-social pavement cycling problem.

- The Avenues project will provide cycle tracks which are separate from the buses and the pedestrians. It will also deal with the problem of residents having to park on the verges which get muddy and damaged.

- I am delighted that the Tombland project was unanimously approved at committee last week. It is a wonderful historic space that will be made even better when the pavements are wider, more crossing points are provided and you can ride through without having to negotiate a busy roundabout. More people will visit Tombland and spend money there.

These sorts of projects show that making places better for cycling can make places better for business, for residents, for people on buses and for pedestrians.

I am optimistic that we will be able to fund these sorts of projects in other parts of the city for at least the next three years. By doing so we can make big strides towards helping tackle health problems, make it easier for people to access jobs without spending lots of money on travel, save carbon from unnecessary car journeys and avoid tragic accidents happening."

In reply to a supplementary question from **Councillor Brociek-Coulton**, **Councillor Stonard** confirmed that it was only possible to attract funding for these schemes because the council was part of the City Deal.

Question 12

Councillor Sally Button to ask the cabinet member for environment, development and transport:

"The popular Switch and Save scheme is now in its fifth tranche with the closing date of 2 February. Can the cabinet member give his opinion on the progress to date and the energy cost saving benefits already achieved with previous schemes?"

Councillor Mike Stonard, cabinet member for environment, development and transport's response:

"The fifth tranche of the popular scheme runs until 2 February 2015. So this is the last week you can register for the scheme which is expected to provide some excellent results due to the reduction in the wholesale costs.

The result from the last tranche showed that better savings can be made with Norwich's Big Switch and Save than with other online comparison websites.

An amazing 98% of households who signed up for the last scheme, which ran from August to October, last year, were offered a saving. If all of them had switched, £34,624 would have been saved giving the potential for the savings made to be spent elsewhere in the Norwich economy.

The average household was offered a saving of £221 a year. This was between 3.6 to 5% cheaper than the best available price available on online comparison websites on the day of auction.

Some 6,500 people have previously signed up to the previous four tranches of the scheme with more than 70% being offered a saving. More than £35,000 of real savings has been delivered so far.

Any income that we get from the Switch and Save is used for affordable warmth activities such as urgent heating need and warm and well packs. Lowering fuel poverty and helping people in the city who are most at need during the cold winter months."

In reply to a supplementary question from **Councillor Button**, **Councillor Stonard** confirmed that people who had already made savings under the Switch and Save scheme were able to apply again for future traunches.

Question 14

Councillor James Wright to ask the cabinet member for to ask the cabinet member for customer services:

"Can the portfolio holder for customer contact please comment on the effectiveness of the services offered during the Christmas closure period, and whether they believe the ongoing policy of channel shift to the website is working, given that residents have complained that they were unable to report issues – eg, a damaged food waste bin - as the web form was taken offline during the Christmas and New Year break?"

Councillor Gail Harris, cabinet member for customer services' response:

"During the Christmas period demand for our online forms and activity on our website was significantly increased with nearly 150 service requests being received. The activity on our spatial service 'MyNorwich', where citizens were able to find information on council services and also continue to report the majority of service requests, received at its peak nearly 600 hits in one day more than any other day during December. Online activity continues to grow month on month and the Christmas and New Year period was no exception.

The decision to take down the non-urgent repairs and missed bins online forms over the Christmas and new year period was to ensure that we did not raise customer expectations when the request would not have been progressed until the council offices reopened on 5 January 2015. The council's website advised customers who wanted to report non-urgent repairs or waste issues that the forms were unavailable with the following message:

> "Please note – this form is currently offline. Any non-urgent housing repairs will not be dealt with until the city council reopens on Monday 5 January."

Over the Christmas period, customers could report urgent repairs by calling the out of hours service at NCAS who would ensure that the contractors' duty officer was alerted and dealt with the specific issue in accordance with the council's normal arrangements outside normal office hours.

During the coming year we will be further developing our online forms with our contractors and IT provider so that they can remain in place over this period."

Councillor Wright asked, as a supplementary question, if the cabinet member could confirm that all forms would be available 24/7. **Councillor Harris** confirmed that work was being undertaken to achieve this.

Report to	Council	**Item**
	17 February 2015	
Report of	Executive head of strategy, people and neighbourhoods	6
Subject	Draft Corporate Plan 2015-2020	

Purpose

To consider the draft corporate plan 2015-2020.

Recommendations

To approve the draft corporate plan 2015-2020.

Corporate and service priorities

The report helps to meet all the corporate priorities.

Financial implications

The costs of taking forward the corporate plan are built into the draft budget for 2015/16

Ward/s: All wards

Cabinet member: Councillor Arthur – Leader of the council

Contact officers

Russell O'Keefe, Executive head of strategy, people and neighbourhoods	01603 212908
Phil Shreeve, Policy, performance and partnerships manager	01603 212356

Background documents:

None

Report

The new draft corporate plan framework 2015-2020

1. The council's current corporate plan 2012-2015 will end in March 2015. Work has therefore been progressing to develop a new corporate plan. The corporate plan sets out the overall strategic direction of the council including its vision and priorities. This guides everything the council will do for the city and its residents and visitors for the period. As such, the plan acts as the overarching policy framework for the council.

2. A new corporate plan for the period 2015-2020 has been developed through a number of methods including:

    - Analysing information on levels of need in the city such as looking at demographics, strengths, opportunities, inequalities and challenges.
    - Assessing the current environment the council operates in, including the national and local economic climate and policy and legislation for local government.
    - Looking at the potential future factors that may impact on Norwich and the council e.g economic, social, environmental etc.
    - Discussions with councillors including an all councillor workshop.
    - Specific discussions with partner organisations
    - Assessing the future resourcing likely to be available to deliver a new corporate plan.
    - Formal review by scrutiny and cabinet.

3. In line with the approach we have used previously a consultation has been carried out on the draft corporate plan framework for 2015-2020 with citizens and organisations. A copy of a summary of the results of the consultation can be found at Annex A. Based on the results of the consultation no further changes are proposed.

4. Scrutiny committee considered the draft corporate plan 2015-2020 for the final time on the 29 January alongside the draft budget for 2015/16 and made a number of recommendations to Cabinet.

5. On the 4 February Cabinet agreed a number of changes to the draft, on that basis, which have either been incorporated into the document or where further detailed work is needed, notes have been included in the draft to show how they will be incorporated.

6. At Annex B is a copy of the updated new draft corporate plan 2015-2020.

Integrated impact assessment

NORWICH City Council

Report author to complete	
Committee:	Council
Committee date:	17 February 2015
Head of service:	Russell O'Keefe
Report subject:	Draft Corporate Plan 2015-2020
Date assessed:	20 January 2015
Description:	To consider the draft corporate plan 2015-2020.

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☒	☐	☐	The corporate plan has been developed alongside the council's draft budget to ensure the necessary resources are in place for its deliver.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	

	Impact			
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	

(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	The risks of delivering the council's new corporate plan is managed in line with the council's risk management strategy.

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Summary of consultation results on corporate plan priorities

Across the whole consultation a total of 239 responses were received from groups or individuals who did not classify themselves as a member of staff. These data represent the results from those 239 responses. No data has been weighted

Responses were first sought on suggestions for priorities for the council using free text format. Early results analysed by the research company suggest that of the 173 responses the top five can be grouped into very broad headings as follows (percentages represent the percentage of those mentioning this topic from those who responded to this question):

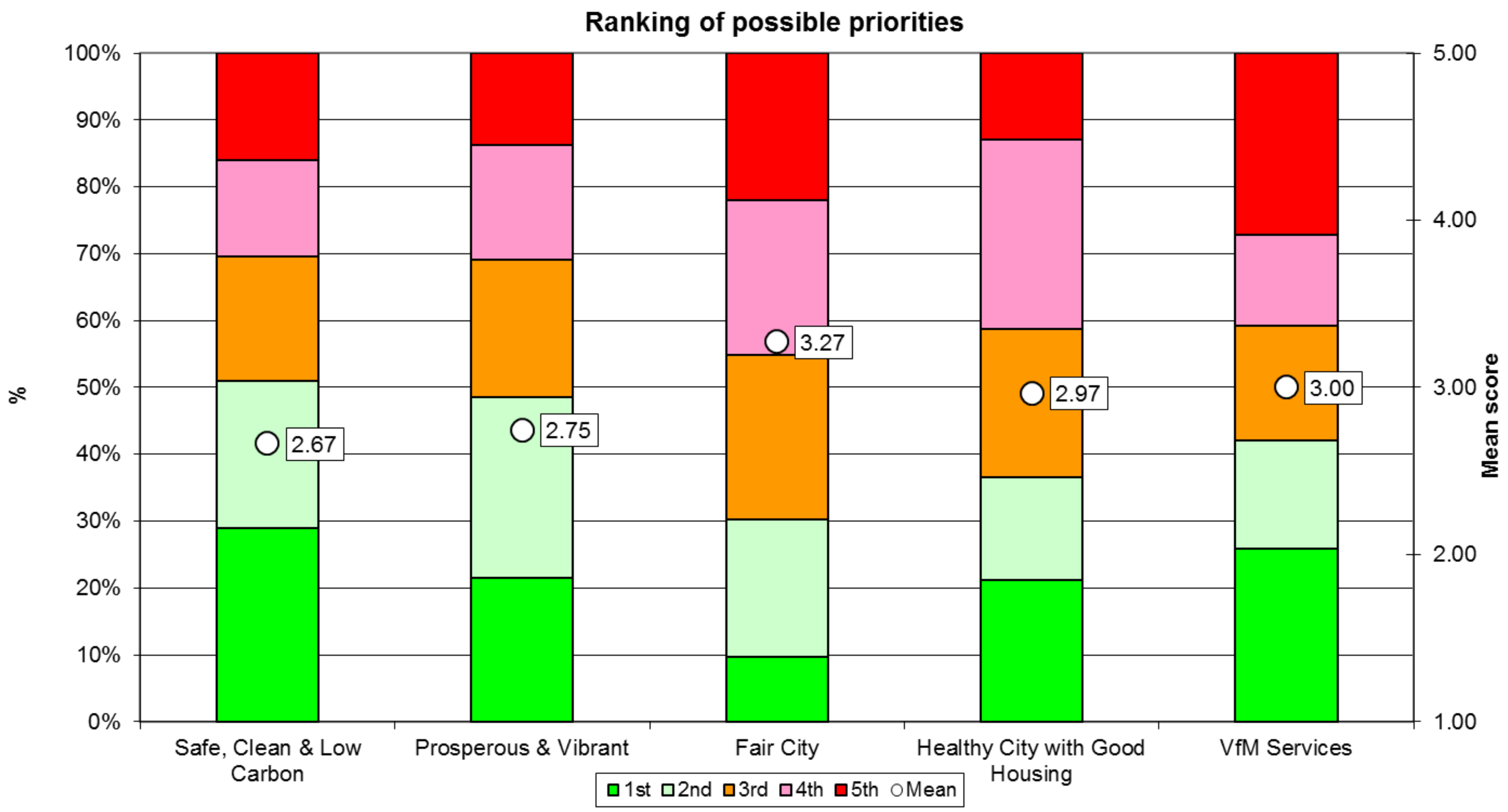
1. Environment (recycling, clean city etc.) 32%
2. Economic growth / focus 26%
3. Maintain a good name for Norwich 21%
4. Quality housing for all 18%
5. Support the community (inc. public services) 17%

Broadly these fit within the draft priorities and actions within the draft corporate plan 2015-2020. Further detailed work will be undertaken moving forward to go through all the responses and assess them against, for example, services we deliver and approaches we use.

Respondents were then asked to rank from 1 to 5 their order of preference of the proposed corporate plan priorities. As in previous years data are presented in two ways; the numbers and spread across those preferences and also a mean score showing what the average of all those choices would be (the lower the mean, the more favourable the response). It is presumed in very general terms that scores 1 and 2 indicate broad support and values 4 and 5 broad opposition. Each option elicited between 195 and 221 responses:

Priority	**1**	**2**	**3**	**4**	**5**	**Mean**	**Net Support**
Safe, Clean & Low Carbon City	29.00%	22.00%	18.50%	14.50%	16.00%	2.67	**20.50**
Prosperous & Vibrant City	21.57%	26.96%	20.59%	17.16%	13.73%	2.75	**17.65**
Fair City	9.74%	20.51%	24.62%	23.08%	22.05%	3.27	**-14.87**
Healthy City with Good Housing	21.15%	15.38%	22.12%	28.37%	12.98%	2.97	**-4.81**
Value for Money Services (VFM)	25.79%	16.29%	17.19%	13.57%	27.15%	3.00	**1.36**

The “net support” figure shows the difference between broad support (values 1 and 2) and broad opposition (values 4 and 5). Taking this nuanced view looking at VfM services for example shows how on one perspective this is the second most supported priority with 26% ranking it at 1. However more ran it as the least important, suggesting a divergence of views. The data can also be represented graphically:



This shows the spread of rankings alongside the mean scores, enabling a more rounded perspective of the responses.

Other individual responses to the priorities included :

- One resident (supported by a councillor) suggesting 'To promote physical and mental well-being of Norwich residents.'

Response:

This would already be encompassed within the Healthy City with Good Housing priority and work on mental health will form part of the Healthy Norwich action plan.

- A petition was presented at Council on 14th January worded "We, the undersigned, call on our elected representatives to make preventing catastrophic climate change a top level priority in corporate plans and all policy areas, for example procurement of goods and services, investment strategies, transport and trade relationships."

Response:

This would already be encompassed within the Safe, Clean and Low Carbon City priority and actions and projects delivered through the new environmental strategy.

Respondents were also asked about their support or otherwise for the extension of 20mph zones:

To what extent do you support the proposals to extend 20 mph speed limits in Norwich		
Answer Options	**Response Percent**	**Response Count**
Strongly agree	43.62%	82
Slightly agree	13.30%	25
Neither agree nor disagree	11.17%	21
Slightly disagree	5.85%	11
Strongly disagree	25.53%	48
Don't know	0.53%	1
	answered question	**188**
	skipped question	**51**

Net approval:	**25.53%**

DRAFT CORPORATE PLAN 2015-2020

Contents

1. Foreword by the leader of the council

To be added in by the leader of the council prior to publishing the final designed version of the document.

2. The council and the city

Norwich City Council is one of four Councils that provide services to the City of Norwich along with Broadland District Council, South Norfolk Council and Norfolk County Council.

The City Council is responsible for approximately 60% of the urban area of the City, including the historic city centre, covering a population of approximately 135,900 people (Source: 2013 midyear estimates, Office of National Statistics ONS).

Norwich is an innovative, creative city with big ambition for both the place and the people who live here. The fastest growing economy in the east of England, it is home to the headquarters of 50 major companies, is in the top shopping destinations in the country, and is the regional cultural capital. Yet in sharp contrast to this outward economic prosperity, Norwich has a low-wage economy and high levels of deprivation.

Norwich's position as a regional centre means there are high levels of inward travel into the City for work, shopping, cultural and leisure activities. This means that many of the services the City Council provides are used by people who live outside of the City, placing additional pressures on Council resourcing. However, this must be balanced against the range of benefits this high inward travel provides, including to the local economy and to the council financially through its share of business rates etc.

In the next section there is more detail on the economic, social, health, cultural and environmental picture of the City.

Norwich - facts and figures

Norwich has been a success story for almost 1,000 years. It is a modern city with a historic heart. It is vibrant and growing fast. Its economic, social, cultural and environmental influence is out of proportion to its size, and extends far beyond its boundary. Norwich's importance to the people of Norfolk and the wider region is clear.

But it is also a city that hides significant inequality. While the city has many positive aspects, it also has many of the severe issues that urban city centres can experience, poor educational attainment, poor health, and above average crime and antisocial behaviour, although this is reducing. Below we set out some key facts about the City.

Summary of the social picture

- Levels of socio-economic deprivation are the third highest in the region and 70th (out of 326) in England (Source: Index of Multiple Deprivation 2010, Average of Scores)
- 25.2 per cent of housing is council rented, compared to only 5.7 per cent in Norfolk (Source: Census 2011, ONS)
- 88 per cent of school leavers staying on to further education, compared with 90 per cent across Norfolk (Source: Year 11 leavers activity data, Norfolk County Council, Norfolk Insight)
- 7.1 per cent of the working age population is claiming Incapacity Benefit or Severe Disablement Allowance (Source: May 2014, Department of Work and Pensions (DWP) and Norfolk Insight)
- Over the three years to 2014, overall crime reduced by 7.7 per cent (Source: Crime statistics, Norfolk Police)
- For the 12 months ending March 2014 there were 8,200 incidents of anti-social behaviour in Norwich, which was a year-on-year reduction of 7.5 per cent.
- 31.8 per cent of children in Norwich are affected by income deprivation which is the 30th highest percentage nationally. It is the highest percentage of any district council and the highest percentage in the eastern region (Source: Index of Multiple Deprivation 2010, IDACI)

Summary of the environmental picture

- Over the lifetime of our Carbon Management Programme, Norwich City Council reduced its carbon emissions by more than 24% (non-weather corrected data) or 29% (weather corrected data). (Source: Norwich City Council)
- University of East Anglia (UEA) and Norwich Research Park are internationally recognised for excellence in environmental, health and life sciences. (Source: UEA Climatic research unit)
- Norwich City Council has increased household recycling and composting to around 38 per cent and reduced residual waste per household. The dry recycling rate (i.e. paper, glass, metals and plastics) for Norwich city council stands at 27.5%. (Sources: Norwich City Council/ WasteDataFlow)

Summary of the economic picture

- 28 per cent of Norwich's adult population is qualified to degree level and above, higher than the national (27%) and Norfolk (22%) averages. (Census 2011)

- Around 128,000 people work in the Norwich urban area with 48,400 workers commuting to the city each day. (Sources: 2013 Business Register and Employment Survey and 2011 Census)
- 39 per cent of jobs in the county are based in the Norwich urban area. (Source: 2013 BRES)
- Norwich is ranked 13th in the UK as a retail centre and the sector accounts for 13% of employment in the city. (Source: UK Retail footprint, CACI Venuescore)

Summary of the cultural picture

- Highest level of culture per capita in the UK. (Source: locallife.co.uk)
- Prime examples of architecture including Norwich 12, the UK's finest collection of heritage buildings in a medieval cityscape. (Source: Norwich Heart)
- Bid shortlisted for UK City of Culture 2013. (Source: UK City of Culture 2013)
- Major sporting facilities including football, athletics, Olympic swimming pool etc. (Source: Norwich City Council)
- Three regional media businesses (BBC, Anglia and Archant). (Source: Norwich City Council)
- High-profile arts calendar including the Norfolk and Norwich Festival, the largest festival in the country. (Source: Norwich City Council)
- Writers' Centre Norwich delivering world-class literary events. (Source: Norwich City Council)
- Norwich has been awarded UNESCO City of Literature status. The first city in England to achieve this. (Source: Norwich City Council)
- Highly regarded arts institutions including Norwich Castle Museum and Art Gallery, Norwich University College of the Arts and the Sainsbury Centre for Visual Arts. (Source: Norwich City Council)
- Five theatres, including the Theatre Royal – the most successful regional theatre in the UK. (Source: Norwich City Council)
- 75 formal play areas and 17 all-weather games areas. (Source: Norwich City Council)

Summary of the health picture

- The health picture overall for Norwich is mixed, though average life expectancy is close to the national average for men and slightly above the national average for women. (Source: Health Profiles 2014, Public Health England)
- But this masks differences within the city, for example men in the most deprived areas of the City have an average life expectancy that is 9 years

shorter than in the least deprived areas. For women the difference is 4 years. (Source: LG Inform Plus/ Public Health England)

- Many key health measures are significantly worse in Norwich than in the rest of the county. (Source: Health Profiles 2014, Public Health England)
- Significant health issues with high levels of teenage pregnancy, mental health problems and drug and alcohol misuse. (Source: Health Profiles 2014, Public Health England)
- Low levels of malignant melanoma and diabetes. Fewer obese adults. (Source: Health Profiles 2014, Public Health England)
- Lower than average children's population, and higher proportions in the younger adult age ranges (16 to 24 and 25 to 39). (Source: 2013 mid-year population estimates, ONS)
- Lower than average road deaths and injuries. (Source: Health Profiles 2014, Public Health England).

3. Strategic direction of the council

The council's strategic direction sets out our overall vision, priorities and values for the next five years. This will guide everything we will do as an organisation and how we will go about it. The strategic direction is shown in the diagram on the next page and covers the following elements:

- **Our vision** - overall this is what as a council we aim to achieve for the city and its citizens
- **Our mission** – this is the fundamental purpose of the council – so basically what we are here for
- **Our priorities** – these are the key things we aim to focus on achieving for the city and its residents to realise our vision over the next five years
- **Our core values –** these drive how we will all work and act as teams and employees of the council.

Taken together these summarise what we promise to do and be as a council over the next five years for the city and its residents.

Our strategic direction has been developed through a number of methods including:

a) Analysing information on levels of need in the city such as looking at demographics, strengths, opportunities, inequalities and challenges.

b) Assessing the current environment the council operates in, including the national and local economic climate and policy and legislation for local government.

c) Looking at the potential future factors that may impact on Norwich and the council e.g economic, social, environmental etc.

d) Discussions with councillors including an all councillor workshop.

e) Specific discussions with partner organisations

f) Consultation with citizens and organisations in the City.

g) Assessing the future resourcing likely to be available to deliver a new corporate plan.

Also mentioned in the diagram is the council's blueprint. This is a separate document that can be found on our website at www.norwich.gov.uk and guides how we organise ourselves to deliver the priorities.

OUR VISION

To make Norwich a fine city for all

OUR MISSION

To always put the city and its people first

OUR COUNCIL BLUEPRINT

(How we organise ourselves to deliver our priorities)

COUNCIL PRIORITY

To make Norwich a safe, clean and low carbon city

COUNCIL PRIORITY

To make Norwich a prosperous and vibrant city

COUNCIL PRIORITY

To make Norwich a fair city

COUNCIL PRIORITY

To make Norwich a healthy city with good housing

COUNCIL PRIORITY

To provide value for money services

OUR CORE VALUES

To do this, everything we ever do as an organisation, whether in teams or as individuals, will be done with PACE; our core values:

P Pride - We will take pride in what we do and demonstrate integrity in how we do things
A Accountability - We will take responsibility, do what we say we will do and see things through
C Collaboration - We will work with others and help others to succeed
E Excellence - We will strive to do things well and look for ways to innovate and improve

4.0 Council priorities and key actions

Council priority- Safe, clean and low carbon city

We want to ensure that Norwich is safe and clean for all citizens and visitors to enjoy and that we create a sustainable city where the needs of today can be met without compromising the ability of future citizens to meet their own needs.

To support this priority we will work with our citizens and partners to enable and deliver the following key actions over the next five years:

- To maintain street and area cleanliness.
- To provide efficient and effective waste collection services and reduce the amount of waste sent to landfill.
- To work effectively with the police to reduce anti-social behaviour, crime and the fear of crime.
- To protect residents and visitors by maintaining the standards of food safety.
- To maintain a safe and effective highway network in the City and continue to work towards 20mph zones in residential areas.
- To mitigate and reduce the impact of climate change wherever possible and protect and enhance the local environment.
- To reduce the council's own carbon emissions through a carbon management programme.

Council priority – Prosperous and vibrant city

We want Norwich to be a prosperous and vibrant city in which businesses want to invest and where everyone has access to economic, leisure and cultural opportunities.

To support this priority we will work with our citizens and partners to enable and deliver the following key actions over the next five years:

- To support the development of the local economy and bring in inward investment through economic development and regeneration activities.
- To advocate for an effective digital infrastructure for the City.
- To maintain the historic character of the City through effective planning and conservation management.
- To provide effective cultural and leisure opportunities for people in the City and encourage visitors and tourists to the City.

Council priority – Fair city

We want Norwich to be a fair city where people are not socially, financially or digitally excluded and inequalities are reduced as much as possible.

To support this priority we will work with our citizens and partners to enable and deliver the following key actions over the next five years:

- To reduce financial and social inequalities
- To advocate for a living wage across the City
- To encourage digital inclusion so local people can take advantage of digital opportunities
- To reduce fuel poverty in the City through a programme of affordable warmth activities

Council priority – Health city with good housing

We want to ensure that people in Norwich are healthy and have access to appropriate and good quality housing.

To support this priority we will work with our citizens and partners to enable and deliver the following key actions over the next five years:

- To deliver our annual Healthy Norwich action plan with our key partners to improve health and wellbeing in the City.
- To support the provision of an appropriate housing stock in the City including bringing long term empty homes back into use and building new affordable homes.
- To prevent people in the City from becoming homeless through providing advice and alternative housing options.
- To improve the council's own housing stock through a programme of upgrades and maintenance and provide a good service to tenants.
- To improve the standard of private housing in the City through advice, grants and enforcement and supporting people's ability to live independently in their own homes through provision of a home improvement agency.

The council is also committed to keeping the housing stock council owned and run and not to initiate a transfer process to a housing association. It also committed to explore and, where possible in the future, take advantage of the ideas and opportunities suggested within the Lyons Housing Review.

Council priority – Value for money services

The council is committed to ensuring the provision efficient, effective and quality public services to residents and visitors. Whilst we will continue to face considerable savings targets over the next five years, we will continue to protect and improve those services our citizen's value most as much as we possibly can.

To support this priority we will work with our citizen's and partners to enable and deliver the following key actions over the next five years:

- To engage and work effectively with customers, communities and partner organisations, utilising data and intelligence and collaborative and preventative approaches to improve community outcomes.
- To continue to reshape the way the council works to realise our savings target and improving council performance wherever possible.
- To improve the efficiency of the council's customer access channels.
- To maximise council income through effective asset management, trading and collection activities.

5. Key performance measures and targets

To ensure we are achieving our priorities and delivering the key actions that support them we develop and monitor key performance measures. We use these to test how we are doing. These are shown in the table below.

WHAT WE AIM TO ACHIEVE (OUR PRIORITIES)	**SAFE, CLEAN AND LOW CARBON CITY**		**PROSPEROUS AND VIBRANT CITY**		**FAIR CITY**		**HEALTHY CITY WITH GOOD HOUSING**		**VALUE FOR MONEY SERVICES**	
WHAT WE WILL DO TO ACHIEVE OUR PRIORITIES WORKING WITH OUR PARTNERS AND RESIDENTS (KEY ACTIONS)	To maintain street and area cleanliness		To support the development of the local economy and bring in inward investment through economic development and regeneration activities		To reduce financial and social inequalities		To deliver our annual Healthy Norwich action plan with our key partners to improve health and wellbeing in the City		To engage and work effectively with customers, communities and partner organisations, utilising data and intelligence and collaborative and preventative approaches to improve community outcomes.	
	To provide efficient and effective waste collection services and reduce the amount of waste sent to landfill		To advocate for an effective digital infrastructure for the City		To advocate for a living wage across the City		To support the provision of an appropriate housing stock in the City including bringing long term empty homes back into use and building new affordable homes		To continue to reshape the way the council works to realise our savings target and improving council performance wherever possible.	
	To work effectively with the police to reduce anti-social behaviour, crime and the fear of crime		To maintain the historic character of the City through effective planning and conservation management		To encourage digital inclusion so local people can take advantage of digital opportunities		To prevent people in the City from becoming homeless through providing advice and alternative housing options		To improve the efficiency of the council's customer access channels	
	To protect residents and visitors by maintaining the standards of food safety		To provide effective cultural and leisure opportunities for people in the City and encourage visitors and tourists to the City		To reduce fuel poverty in the City through a programme of affordable warmth activities		To improve the council's own housing stock through a programme of upgrades and maintenance and provide a good service to tenants		To maximise council income through effective asset management, trading and collection activities	
	To maintain a safe and effective highway network in the City and continue to work towards 20mph zones in residential areas						To improve the standard of private housing in the City through advice, grants and enforcement and supporting people's ability to live independently in their own homes through provision of a home improvement agency			
	To mitigate and reduce the impact of climate change wherever possible and protect and enhance the local environment									
	To reduce the council's own carbon emissions through a carbon management programme									
HOW WE MEASURE WHAT WE ARE ACHIEVING (KEY MEASURES AND PROJECTS)	% of streets found clean on inspection	% of people satisfied with waste collection	Number of new jobs created/ supported though council funded activity	Delivery of the council's capital programme (encompassing all key regeneration projects)	Delivery of the reducing inequalities action plan	% of people saying debt issues had become manageable following face to face advice	Delivery of the Healthy Norwich action plan	Relet times for council housing	% of residents satisfied with the service they received from the council	Council achieves savings targets
	% of people feeling safe	Residual household waste per household (Kg)	Number of new business start ups	Amount of funding secured by the council for regeneration activity	% increase in the number of contractors, providers and partner organisations paying their employees a	Delivery of the digital inclusion action plan	Number of long term empty homes brought back into use	Number of new affordable homes delivered on council land or purchased from developers	% of council partners satisfied with the opportunities to engage with the council	Avoidable contact level

					living wage					
	% of food businesses achieving safety compliance	% of residential homes on a 20mph street	Planning quality measure	Provision of free wi-fi in City Centre	Number of private sector homes where council activity improved energy efficiency	Timely processing of benefits	Number of people prevented from becoming homeless	Number of people who feel that the work of the home improvement agency has enabled them to maintain independent living	Channel shift measure	% of income owed to the council collected
	Number of accident casualties on Norwich roads	% of adults living in the City Council's area who cycle at least once per week	Delivery of the heritage investment strategy action plan	% of people satisfied with leisure and cultural facilities			% of council properties meeting Norwich standard	% of people satisfied with the housing service	% of income generated by the council compared to expenditure	% of customers satisfied with the opportunities to engage with the council
	Reduction in CO_2 emissions for the Norwich area	Reduction in CO_2 emissions from local authority operations	Number of visitors to the City				Number of private sector homes made safe			Delivery of local democracy engagement plan
	% of people satisfied with parks and open spaces	Measure relating to bus usage								
	% of people satisfied with their local environment									
KEY SERVICES CONTRIBUTING	City wide services	Local neighbourhoods service	City development service	Local neighbourhood services	Policy, performance and partnerships	Local neighbourhood services	Policy, performance and partnerships	City development service	All services	All services
	City development services	Customer contact service	Planning service	Policy, performance and partnerships	Customer contact service	Business relationship management service	Housing service	Customer contact service		
	Policy, performance and partnerships	Environmental strategy	Business relationship management service	Culture and communications service	Environmental strategy		Planning service			
	Planning service		Customer contact service							

For each of the key performance measures the council sets targets it aims to achieve. These are set out in detail in service plans and progress is reported on these to as part of the performance report to the Council's cabinet and scrutiny committee. Specific targets for 2018/19 and 2019/20 will be developed as part of the annual review of the plan in 2016/17.

Key Performance Measures	**Targets**		
	2015/16	2016/17	2017/18
Council priority- Safe, clean and low carbon city			
% of streets found clean on inspection	94%	94%	94%
% of people satisfied with waste collection	85%	85%	85%
% of people feeling safe	76%	77%	78%
Residual household waste per household (Kg)	420	396	375
% of food businesses achieving safety compliance	90%	90%	90%
% of residential homes on a 20mph street	32.6%	40.4%	48.1%
Number of accident casualties on Norwich roads	Less than 400	Less than 400	Less than 400
% of adults living in the City Council's area who cycle at least once per week	23%	25%	27%
Reduction in CO2 emissions for the local area	2.4%	2.4%	2.4%
Reduction in CO2 emissions from local authority operations	2.2%	2.2%	2.2%
% of people satisfied with parks and open spaces	75%	75%	75%
Measure relating to bus usage	Options for this are still being explored with Norfolk County Council. Final targets will be taken to scrutiny and cabinet for consideration.		
Percentage of people satisfied with their local environment	75%	78%	80%

Council priority – Prosperous and vibrant city			
Number of new jobs created/ supported by council funded activity	300	300	300
Delivery of the council's capital programme (encompassing all key regeneration projects)	Yes on target	Yes on target	Yes on target
Amount of funding secured by the council for regeneration activity	250,000	250,000	250,000
Number of new business start ups	100	100	100
Provision of free wi-fi in City Centre	Yes	Yes	Yes
Planning service quality measure	Options for this are still being explored with the national Planning Advisory Service. Final targets will be taken to scrutiny and cabinet for consideration.		
Delivery of the heritage investment strategy action plan	Yes on target	Yes on target	Yes on target
% of people satisfied with leisure and cultural facilities	85%	90%	95%
Number of visitors to the City	10,927,000	11,200,000	11,424,000
Council priority – Fair city			
Delivery of the reducing inequalities action plan	Yes on target	Yes on target	Yes on target
% of people saying debt issues had become manageable following face to face advice	84%	86%	88%
Delivery of the digital inclusion action plan	Yes on target	Yes on target	Yes on target
Timely processing of benefits	100%	100%	100%
Number of private sector homes where council activity improved energy efficiency	150	150	150
% increase in the number of contractors, providers and partner organisations paying their employees a living wage	10%	12%	14%
Council priority – Health city with good housing			
Delivery of the Healthy Norwich action plan	Yes on target	Yes on target	Yes on target

Relet times for council housing	16 days	16 days	16 days
Number of long term empty homes brought back into use	20	20	20
Number of new affordable homes developed on council land or purchased from developers	80	180	320
Number of people prevented from becoming homeless	450 Please note these will be turned into percentages	450	450
Number of people who feel that the work of the home improvement agency has enabled them to maintain independent living	100 Please note these will be turned into percentages	100	100
% of council properties meeting Norwich standard	97%	97%	97%
% of people satisfied with the housing service	77%	77%	80%
Number of private sector homes made safe	100	100	100
Council priority – Value for money services			
% of residents satisfied with the service they received from the council	93%	93%	93%
Council achieves savings targets	2.3m	2.3m	2.3m
% of council partners satisfied with the opportunities to engage with the council	80%	80%	80%
Avoidable contact levels	15%	15%	15%
Channel shift measure	5%	10%	20%
% of income owed to the council collected	95%	95%	95%
% of income generated by the council compared to expenditure	43.2%	44.2%	45.2%

% of customers satisfied with the opportunities to engage with the council	50%	52%	54%
Delivery of local democracy engagement plan	Yes	Yes	Yes

6. Delivering the plan

This document sets out the overall strategic direction for the council in the 2015-20 period. This plan is underpinned by a range of strategic and operational plans, which set out in more detail how our vision and priorities will be delivered. These plans contain more specific targets, which are allocated to teams, contractors and employees to deliver.

Progress against targets is monitored and reviewed regularly through the council's performance management framework. This includes monthly performance reports to portfolio holders.

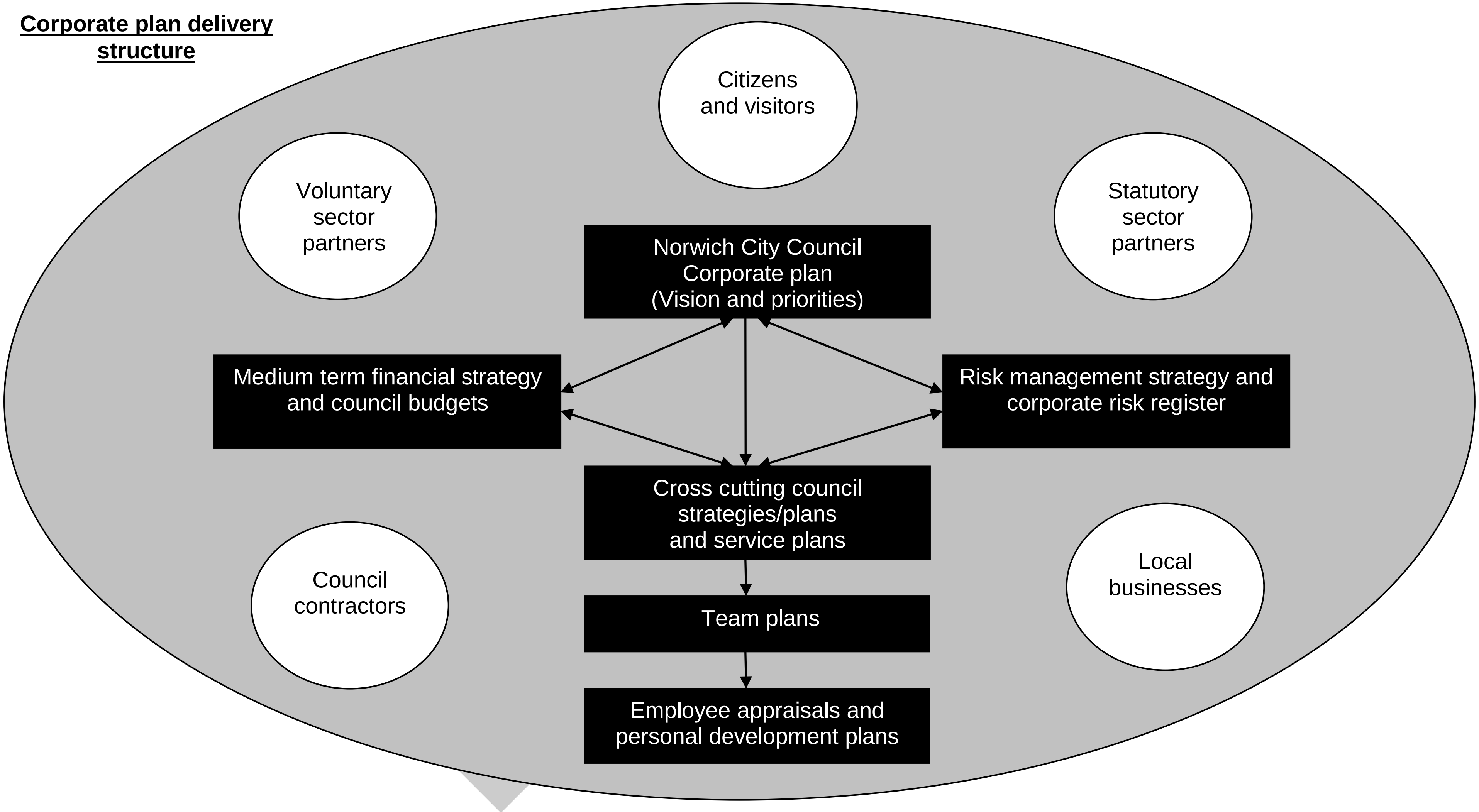
Overall progress on delivering the corporate plan is then formally reported quarterly to the council's cabinet and scrutiny committee. The council also publishes an annual performance review as part of its statement of the accounts. This can be found on the council's website at www.norwich.gov.uk.

This corporate plan 2015-20 sits alongside the council's budgets and Medium Term Financial Strategy. These documents ensure that resources are available for the delivery of the corporate plan.

The corporate plan 2015-20 also links closely to the council's risk management strategy and corporate risk register. The council has a comprehensive approach to risk management which ensures that all strategic risks are appropriately identified, managed and mitigated against.

The diagram below summarises how our priorities, actions and performance targets are delivered through delivery plans, financial plans and agreed staff actions.

Corporate plan delivery structure



Report to	Council	
	17 February 2015	Item 7
Report of	Chief finance officer	
Subject	General fund revenue budget and capital programme 2015-16	

Purpose

To propose for approval the budget and budgetary requirement, council tax requirement, level of council tax, and non-housing capital programme, for the financial year 2015-16 and the non-housing capital plan 2015/16 to 2019/20.

Recommendations

1. To approve cabinet's recommendations of 4 February for the 2015/16 financial year:

   a) that the council's budgetary requirement be set to £17.056m and that the budgets set out in paragraphs 6.1 and 6.3 of Annex A are approved, taking into account the savings, income and other budget movements set out in the report and appendix 2 of annex A;

   b) that the council's council tax requirement is set at £8.315m;

   c) that council tax should be set at £239.34 for band D, which is an increase of 1.95%;

   d) that the precept of the collection fund for 2015/16 be set at £8.081m calculated in accordance with sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 as per the statutory determination at annex B;

   e) that a new general fund earmarked reserve be set up into which all Section 31 Business Rates Relief grant monies are transferred until applied to offset related business rates deficits as they arise;

   f) that the prudent level of reserves for the council is set at £4.474m in accordance with the recommendation of the chief finance officer;

   g) that the non-housing capital plan 2015/16 to 2019/20 should be as set out in paragraph 9.7 of annex A and the further detail provided in Annexes C-E;

   h) that the non-housing capital programme 2015/16 should be as set out in paragraph 10.3 of annex A including the council elements of the Greater Norwich Growth Programme,

2. To allocate the neighbourhood Community Infrastructure Levy for 2015/16 as set out in Annex E.

3. To approve the Greater Norwich Growth programme as set out at Annex D.

4. To approve the addition of the extended Push the Pedalways programme to the 2015/16 to 2019/20 capital plan and the 2015/16 capital programme as set out at Annex F subject to the Department for Transport approving the scheme; and that Council confirms its acceptance of the DfT's condition of grant that it accepts responsibility for meeting any costs over and above the DfT contribution requested as set out in paragraph 9.

Corporate and service priorities

The report helps to meet all the corporate priorities.

Financial implications

This report sets the general fund budgetary requirement, the council tax requirement and non-housing capital programme for 2015/16.

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact officers

Justine Hartley, chief finance officer	01603 212440

Background documents

None

Report

1. Cabinet considered a report (annex A) at its meeting of 4 February, and approved recommendations to council as follows:

   a) that the council's budgetary requirement be set to £17.056m (para 6.1 of annex A);

   b) that the proposed general fund budgets be approved, taking into account the savings, income and other budget movements set out in the report. (para 6.3 of annex A);

   c) that the council's council tax requirement be set at £8.315m and that council tax be set at £239.34 for band D, which is an increase of 1.95% (para 7.1 of Annex A);

   d) that the precept on the council tax collection fund for 2015/16 be set at £8.081m calculated in accordance with sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 (para 7.1 of Annex A);

   e) that a new general fund earmarked reserve be set up into which all Section 31 Business Rates Relief grant monies are transferred until applied to offset related business rates deficits as they arise (para 8.2of Annex A);

   f) that the prudent level of reserves for the council be set at £4.474 in accordance with the recommendation of the chief finance officer (para 8.5 of annex A);

   g) that the proposed Non-housing capital plan 2015/16 to 2019/20 (para 9.7 of annex A) and the Non-housing capital programme 2015/16 (para 10.3 of annex A) be approved.

Budgetary context

2. Since the drafting of budgets for consideration by cabinet, the government has confirmed that the limit for council tax increases beyond which a local referendum is required will remain at 2%. The recommended increase in council tax of 1.95% is within this limit, and will not therefore trigger a local referendum.

3. Additionally, the government has now issued the finalised Formula Settlement Grant confirming the figure for the council for Revenue Support Grant for 2015/16, and New Homes Bonus and other grants for 2015/16 have also been confirmed. There are no significant changes in the grant amounts announced and the chief finance officer does not consider any amendments to the proposed budgets reviewed by cabinet are required as a result of these recent announcements.

4. At the time of the drafting of budgets for consideration by cabinet the final Council Tax base was not confirmed pending Council consideration on January 27 of changes to the council tax reduction scheme. The statutory

determination at Annex B reflects the final Council Tax base as confirmed by the chief finance officer under delegated powers, and also reflects the following proposed increases in Council tax:

Preceptor	% increase
Norwich City Council	1.950
Norfolk County Council	Nil
Office of the Police and Crime Commissioner for Norfolk	1.976

Capital programme 2015/16 and capital plan 2015/16 to 2019/20 – further information provided

5. Following review of the proposed budget papers at Scrutiny Committee on 29 January, a further breakdown of the capital plan for 2015/16 to 2019/20 at capital programme level was presented to Cabinet on 4 February. This breakdown is shown at Annex C.

6. On 14 January Cabinet reviewed the Greater Norwich Growth programme for 2015/16 and resolved to recommend council approve the programme. Cabinet also approved the inclusion of the council's elements of the Greater Norwich Growth programme within the council's own 2015/16 proposed capital programme. The Greater Norwich Growth programme and the Norwich City Council elements of this included within the capital programme are set out at Annex D.

7. On 4 February Cabinet reviewed the proposed application of the neighbourhood funding element of Community Infrastructure Levy (CIL) for 2015/16. Cabinet resolved to recommend council approve the programme which is set out at Annex E and included within the capital programme at Annex A.

Proposed addition to the capital programme 2015/16 and capital plan 2015/16 to 2019/20 set out at Annex A

8. On 31 December 2014 the Department for Transport (DfT) invited the council to apply for £8.427m of funding to continue the work on the Push the Pedalways programme of cycling infrastructure. Cabinet agreed on January 14 that an application should be submitted and this has now been done – see Annex F.

9. As part of the application the DfT require assurance that Norwich City Council:

- has allocated sufficient budget to deliver this scheme on the basis of its proposed funding contribution; and

- accepts responsibility for meeting any costs over and above the DfT contribution requested, including potential cost overruns and the underwriting of any funding contributions expected from third parties.

10. The application specified that these assurances could only be provided following consideration by Council on 17 February. Letters of assurance have been obtained from all parties that they intend to provide the funding set out at Annex F.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report

Report author to complete

Committee:	Council
Committee date:	17 February 2015
Head of service:	Justine Hartley, Chief finance officer
Report subject:	General Fund Budget & Capital Programme 2015/16
Date assessed:	16 January 2015
Description:	This integrated impact assessment covers the proposed general fund budget, capital programme, and council tax for 2015/16

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The recommendations of the report will secure continuing value for money in the provision of services to council tax payers and other residents of the city
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☐	☒	☐	The proposed capital plan and programme will provide for improvements to the council's assets and the surrounding environment
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☐	☒	☐	The proposed capital plan and programme will provide for improvements in thermal and carbon efficiency
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

Risk management	☐	☒	☐	The risks underlying the proposed budgets, council tax, and capital plan and programme have been assessed and prudent provision made for the financial consequences of those risks both within the budgets and the recommended prudent minimum level of general fund reserves

Recommendations from impact assessment
Positive
None
Negative
None
Neutral
None
Issues
None

Report to	Cabinet
	4 February 2015
Report of	Chief finance officer
Subject	General fund revenue budget and non-housing capital programme 2015/16

Purpose

To set a budgetary requirement, council tax requirement and level of council tax and to approve the non-housing capital programme, for the financial year 2015/16.

Recommendations

That cabinet recommends to council:

a) that the council's budgetary requirement for the 2015/16 financial year be set to £17,056m (para 6.1);

b) that the proposed general fund budgets for 2015/16 be approved, taking into account the savings, income and other budget movements set out in the report. (para 6.3);

c) that the council's council tax requirement for 2015/16 be set at £8.315m and that council tax be set at £239.34 for Band D, which is an increase of 1.95% (para 7.1), the impact of the increase for all bands is shown in table 7.2;

d) that the precept on the council tax collection fund for 2015/16 be set at £8.081m calculated in accordance with Sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 (para 7.1);

e) that a new general fund earmarked reserve be set up into which all Section 31 Business Rates Relief grant monies are transferred until applied to offset related business rates deficits as they arise (para 8.2);

f) that the prudent level of reserves for the council be set at £4.474m in accordance with the recommendation of the Chief finance officer (para 8.5);

g) that the proposed non-housing capital plan 2015/16 to 2019/20 (para 9.8) and the non-housing capital programme 2015/16 (para 10.3) be approved;

and

h) That cabinet delegates to the Executive head of regeneration and development and the Chief finance officer, in consultation with the Deputy leader and resources, the authority to agree the asset maintenance programme and the final scheme details, including any adjustment to the financial allocations of the section 106 works, provided that this investment is contained within the total budgetary provision shown in Table 10.3.

Corporate and service priorities

The report helps to meet all the corporate priorities.

Financial implications

This report sets out the proposed budget requirement for 2015/16 of £17.056m and the means by which this is to be financed, including through a proposed council tax of £239.34 per Band D property.

It also sets out the proposed capital programme for 2015/16, and the proposed capital plan illustrating how anticipated capital expenditure needs can be financed over the medium term.

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact officers

Justine Hartley, Chief finance officer	01603 212440

Background documents

None

Report

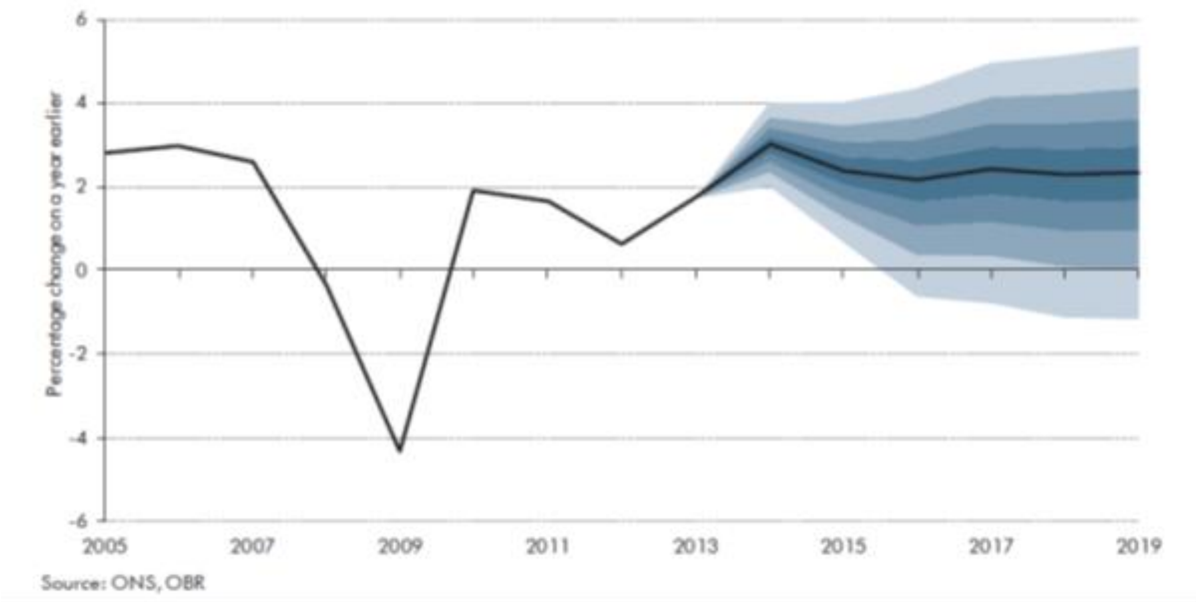
1. Contents of report

1.1 The contents of this report are set out as follows:

2. Budgetary context

2.1 The strength of the UK economy in 2014 has meant that the Office for Budget Responsibility (OBR) has consistently revised up its forecasts for growth. The recovery continues to be driven primarily by consumer expenditure as opposed to business investment, despite wage growth lagging behind inflation for the majority of the year. Surging growth in the housing market in the first half of the year led to some speculation that there could be a housing bubble in the UK. However, after the Bank of England acted to tighten mortgage lending rules, growth has cooled significantly. It also expects some slowdown from the rapid growth of 2014 and the OBR is forecasting GDP growth to remain above 2.0% until at least 2019. Inflation, on the other hand, is expected to remain benign throughout the forecasted period and is not expected to hit the Bank of England's 2.0% target until 2017.

Figure 2.1: GDP Growth (Source: OBR)

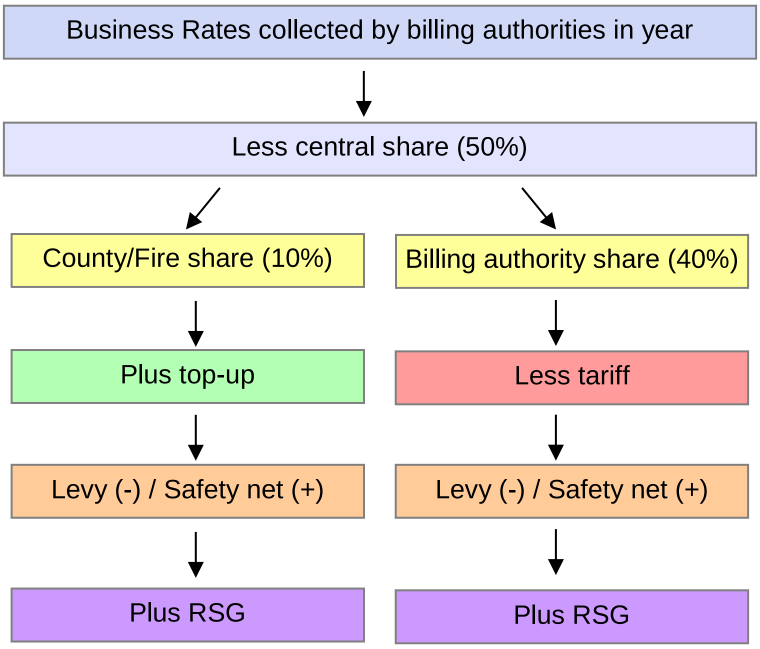


2.2 Public Sector Net Borrowing (PSNB) has not fallen as expected this year but rather has continued to rise as the government struggles to reduce the budget deficit. PSNB is still forecast to fall each year and the OBR expects a budget surplus by 2019. Comparisons, however, between the March Budget and the Autumn Statement forecasts are difficult to make due to a change in accounting methodology which has seen the OBR adopt ESA10 rather than ESA95.

2.3 The **Business Rates Retention Scheme** replaced the Formula Grant system from 2013/14. The scheme takes the business rates collected in a geographical area during the year and applies various splits, additions and/or reductions to calculate an authority's final allocation. Part of the government's rationale in setting up the new scheme is to allow local authorities to retain part of the future growth in their business rates.

2.4 The diagram below illustrates how the scheme calculates funding for local authorities. Central government has decided that billing authorities such as Norwich City Council will receive 40% of the business rates collected in their area.

Diagram 2.2: Business rates retention scheme



2.5 The business rates collected during the year by billing authorities are split 50:50 between central government and local government. Central government's share will be used to fund Revenue Support Grant (RSG) and other grants to local government.

2.6 Each authority then pays a tariff or receives a top-up to redistribute business rates more evenly across authorities. The tariffs and top-ups were set in 2013/14 based on the previous 'Four Block Model' distribution and were due to be uprated by September 2013 RPI. However, this increase has been capped to 2%.

2.7 A levy and 'safety net' system also operates to ensure that a 1% increase in business rates is limited to a 1% increase in retained income, with the surplus funding any authority whose income drops by more than 7.5% below their baseline funding.

2.8 In the years where the 50% local share is less than local government spending totals, the difference is returned to local government via RSG. This is allocated pro-rata to local authorities' funding baseline.

2.9 Therefore, there is a specific need for billing authorities to accurately forecast future business rates. The Council has committed resources to this task but is hampered by the number of appeals on properties on our ratings list. Although progress has been made in settling appeals over the past year, there remains a backlog at the Valuation Office which presents a significant risk to forecasts.

2.10 The Government reimburses authorities for the impact of tax changes for small business and other additional business rate reliefs announced in the Autumn Statement each year by means of a Section 31 grant payment. The grant amount is based on actual costs as captured at year end via local authority returns. The grant is received in the year to which the business rates relate but is required to offset impacts on the general fund revenue account in the following two years.

3. Medium Term Financial Strategy (MTFS)

3.1 The council's budget is underpinned by the MTFS. The financial projections underlying the MTFS have been revised to reflect changes in assumptions, the provisional Local Government Finance Settlement and the changing risk environment in which the council operates. Other budget pressures including inflation and demographic requirements have also been factored in to produce a projection of the council's medium term financial position.

3.2 The presentation of savings in the MTFS shows the net savings required to deliver a balanced budget. Items such as growth and decreases in income are now incorporated within the transformation programme and net off against the savings to be delivered.

3.3 A net reduction for 2015/16 of £0.969m has now been included within the budget. The MTFS shows a need to make further net savings of £11.6m over the next 5 years, which following the "smoothed" approach equates to £2.3m each year. This is an increase from the £1.9m of savings set out in the 2014/15 budget papers principally as a result of:

- Lower business rate revenues in 2014/15 than expected in the MTFS;
- Removal of assumptions of new allocations of New Homes Bonus given the uncertainties surrounding the future of this grant;
- Removal of assumed income streams associated with a proposed commercial arrangement which is not now certain to go ahead;
- The assumption that future business rate deficits will offset section 31 grant received and the recommended transfer from general to earmarked reserves of section 31 monies received to date (see para 8.2).

3.4 In assessing the longer term financial stability of the council, consideration has been given balancing external factors, such as global and macro-economic risks that may cause the government to increase and/or extend its austerity measures, with the need to maintain services to the residents of Norwich. To a certain degree, the strong culture of forward planning and prudent financial management that exists within the Council mitigates these external risks and allows minimum reserve levels to be set below current reserve levels.

3.5 Payroll-related inflation has been estimated at 3.6%, to include estimates for an annual pay settlement, payroll drift and increases in pension contributions. Inflation has been allowed for on premises costs, supplies and services and transport at 2.0%, to reflect forecast changes in CPI.

3.6 Specific grant figures have been confirmed by the Department for Communities & Local Government for 2015/16. Grants for future years have been estimated at 2015/16 levels, except for New Homes Bonus and Housing Benefit / CTS Administration Grants. There is a significant level of uncertainty around the future of the new Homes Bonus grant so whilst current allocations of the grant have been left in for the remaining years that they are due to be paid, no new allocations of New Homes Bonus grant have been anticipated. Housing Benefit / CTS Administration Grants, have been assumed to decrease by 5% per year.

The MTFS assumes no increases in Council Tax beyond that recommended in this report for 2015/16.

3.7 Anticipated growth in business rates from 2014/15 to 2015/16 has not materialised largely as a result of the settling of appeals and this has put further pressure on the council's finances. In addition, the MTFS assumes all Section 31 business rate relief grant is transferred to an earmarked reserve and used to offset the impact of related business rate deficits in future years.

3.8 The table below shows the proposed budget for 2015/16 and the medium term financial projections for the 5 years to 2020/21.

Table 3.1: Budget 2015/16 and medium term financial projections for 5 years to 2020/21

	2015/16 Year 1 £000s	2016/17 Year 2 £000s	2017/18 Year 3 £000s	2018/19 Year 4 £000s	2019/20 Year 5 £000s	2020/21 Year 6 £000s
Employees	£17,381	£18,007	£18,583	£18,992	£19,410	£19,837
Premises	£9,209	£9,393	£9,581	£9,773	£9,968	£10,167
Transport	£272	£280	£288	£297	£306	£315
Supplies & Services	£15,313	£15,543	£16,009	£16,489	£16,984	£17,494
Capital Charges	£3,526	£3,526	£3,526	£3,526	£3,526	£3,526
Transfer Payments	£68,533	£68,533	£68,533	£68,533	£68,533	£68,533
Third Party Payments	£7,531	£7,612	£7,764	£7,920	£8,078	£8,240
Centrally Managed	£1,253	£1,279	£1,304	£1,330	£1,357	£1,384
Recharge Expenditure	£16,925	£16,925	£16,925	£16,925	£16,925	£16,925
Recharge Income	-£25,157	-£25,157	-£25,157	-£25,157	-£25,157	-£25,157
In-Year Savings	£0	£0	£0	£0	£0	£0
Receipts	-£24,454	-£24,821	-£25,193	-£25,571	-£25,955	-£26,344
Government Grants:	£0	£0	£0	£0	£0	£0
New Homes Bonus	-£2,356	-£2,356	-£1,681	-£1,167	-£742	-£317
PFI Grant	-£1,429	-£1,429	£0	£0	£0	£0
Benefit Subsidy	-£67,379	-£67,379	-£67,379	-£67,379	-£67,379	-£67,379
Benefit/CTS Admin Grant	-£1,227	-£1,209	-£1,145	-£1,081	-£1,018	-£954
Other Government Grants	-£503	-£503	-£503	-£503	-£503	-£503
Subtotal budgets	**£17,439**	**£18,245**	**£21,457**	**£22,928**	**£24,334**	**£25,767**
Savings	0	-£2,315	-£4,630	-£6,945	-£9,260	-£11,575
Contribution to/(from) bals	-£383	£451	-£1,204	-£1,091	-£888	£302
Budget requirement	**£17,056**	**£16,380**	**£15,622**	**£14,892**	**£14,186**	**£14,495**
Share of NNDR (Baseline)	-£4,645	-£5,218	-£5,378	-£5,566	-£5,777	-£6,002
Council Tax Freeze Grants	£0	£0	£0	£0	£0	£0
Formula Funding	-£4,096	-£3,000	-£2,000	-£1,000	£0	£0
Council Tax Requirement	-£8,315	-£8,162	-£8,244	-£8,326	-£8,409	-£8,493
Total funding	**-£17,056**	**-£16,380**	**-£15,622**	**-£14,892**	**-£14,186**	**-£14,495**

New savings (smoothed)		**£2,315**	**£2,315**	**£2,315**	**£2,315**	**£2,315**

Balance brought forward	**-£8,186**	**-£7,803**	**-£8,254**	**-£7,050**	**-£5,959**	**-£5,071**
Contributions (to)/from I&E	£383	-£451	£1,204	£1,091	£888	-£302
Balance carried forward	**-£7,803**	**-£8,254**	**-£7,050**	**-£5,959**	**-£5,071**	**-£5,373**
Relative to controllable spend	*17%*	*17%*	*14%*	*12%*	*10%*	*10%*

4. Preparation of the 2015/16 budget

4.1 Guided by the council's corporate plan and its 'changing pace blueprint' (operating model) a range of work has been carried out across the council through the transformation programme, to develop options for additional income and savings in order to meet the target within the MTFS and ensure a balanced budget. This work has been informed by a cross party working group. The corporate plan is being updated and a new plan will be presented to council for approval alongside this budget.

4.2 In October cabinet considered an initial list of income and savings options and agreed for further work to be carried out to progress these.

4.3 In line with the approach used in previous years, cabinet agreed to consult the public on the proposed approach to meeting the savings target for 2015/16. It was also agreed to consult the public on the potential for a council tax rise.

4.4 The consultation ran from the 13 October – 6 January. An analysis of the results of the consultation can be found at Appendix 1. The overall results showed that of the people who completed the consultation and answered the question:

- The biggest single group responding liked the council's proposed approach for generating income and saving money
- 65.69% supported a proposed council tax increase

4.5 Comments and ideas were also received on other things the council could do differently to generate income or save money in the future. A large number of these relate to approaches the council is already progressing. However, as with previous years the comments will be used to inform the council's ongoing development of income and savings opportunities as part of the transformation programme.

4.6 A final list of the key income and savings projects that have been developed through the transformation programme and are now included in the proposed budget for 2015/16 are set out at Appendices 3 and 5. They amount to just under £2.6m.

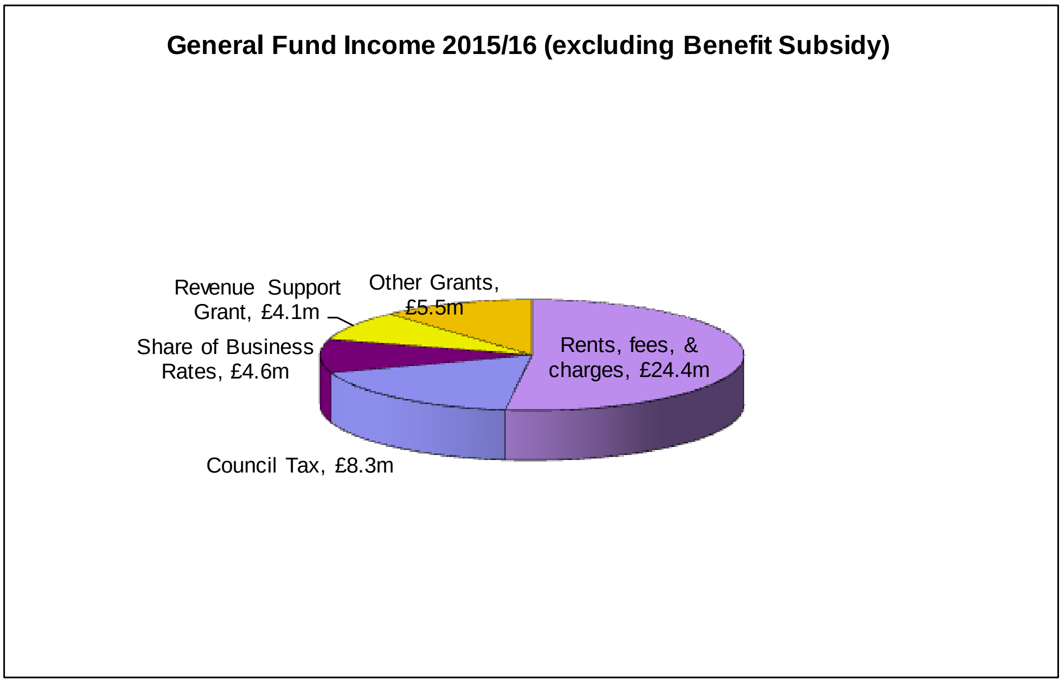
4.7 The changes resulting from the savings would further reduce the council's overall capacity. However, they should not significantly impact the services that the public receive from the council for 2015/9. This further demonstrates the success of the council's ongoing approach to developing savings and income, particularly given that fact that the council has already delivered approximately £26m of recurring revenue savings over the last six years.

4.8 The overall package of proposed income and savings alongside all the other upward and downward budget movements and proposals within this report would result in a net reduction of £0.949m in 2015/16.

5. Budgetary resources

5.1 Expenditure in the General Fund is financed from both income within the budgetary requirement and from government grant and council tax within budgetary resources.

Diagram 5.1: Council income excluding benefit subsidy 2015/16



5.2 The total of £37.3m raised locally (through business rates, council tax and rents, fees and charges) amounts to 80% of this income, whilst the £9.6m of central government funding (RSG and other grants) amounts to 20%.

Table 5.3 Formula and other grants 2014/15 and 2015/16

	2014/15 £000s	2015/16 £000s	% change
Revenue Support Grant (RSG)	5,981	4,096	-31.5
Business Rates	4,651	4,645	-0.0
Formula funding	**10,632**	**8,741**	**-17.8**
New Homes Bonus	2,038	2,356	15.6
Local Council Tax Support / Housing Benefit Administration Grant	1,272	1,227	-3.5
Private Finance Initiative (PFI) Grant	1,429	1,429	0.0
Other grants	447	503	12.5
Total grant funding	**15,818**	**14,256**	**-9.9**

5.3 Section 31 Business Rate Relief grant is given to offset reliefs which reduce the business rates income to the Council so is not included as a separate grant.

5.4 In addition to the formula grant, the budgetary requirement is funded by council tax collected by the council. Any increase in the level of council tax is limited by referendum principles. For 2015/16 a 2% limit on increases was announced as part of the provisional settlement.

5.5 The government has announced a further Council Tax Freeze Grant for 2015/16 which equates to a 1% increase in council tax. However, the value of the grant offered is less than the amount that can be raised through the proposed increase in council tax, and is subject to future cuts therefore the resulting shortfall would add considerably to already significant budgetary pressures. Based on recommendations in this report, the council would reject the freeze grant.

5.6 The draft budget proposals are based on an increase of 1.95%, and a rate of £234.76 per Band D property. The calculation of the recommended Council Tax Requirement and derivation of the Council Tax Precept are shown in Section 7.

6. Budgetary requirement – income and expenditure

6.1 To achieve a balanced budget, the total movements in the budgets must equal the movements in budgetary resources as shown in the MTFS. The following tables show the available budgetary resources for 2015/16 and the movements in budgets by Service Area proposed to maintain spend within available resources.

Table 6.1a: Budgetary resources 2015/16

	£000s
Formula funding 2014/15	(5,981)
Business rates 2014/15	(4,651)
Council tax 2014/15	(7,776)
Budgetary resources 2014/15	**(18,408)**
- Decrease in formula funding	1,885
- Decrease in business rates	6
+ Increases in council tax	(350)
+ Movement 2014/15 to 2015/16	**1,956**
= Formula funding 2015/16	(4,096)
= Business rates 2015/16	(4,645)
= Council tax 2015/16	(8,315)
= Budgetary resources 2015/16	**(17,056)**

Table 6.1b: Movement in budget requirement 2014/15 to 2015/16 by Service Area

General Fund	Base £000	Adjust Base/ Transfers £000	Inflation & Growth £000	Savings £000	Increased income £000	Decreased Income £000	Total £000
Chief Executive	0	0	-1	-1	0	0	-2
Chief Executive	**0**	**0**	**-1**	**-1**	**0**	**0**	**-2**
Corporate Management	-1,079	-836	0	-372	-524	1,301	-1,510
Business Relationship Management	2,718	263	191	-150	0	38	3,060
Finance	-1,779	-27	10	-649	0	222	-2,223
Procurement & Service Improvement	34	-64	145	-80	0	0	35
Democratic Services	304	132	9	-78	0	0	367
Business Relationship Management and Democracy	**197**	**-532**	**355**	**-1,329**	**-524**	**1,560**	**-272**
Communications & Culture	2,526	34	34	-64	-164	0	2,365
Customer Contact	-116	80	55	-104	0	4	-81
Customers, Communications & Culture	**2,409**	**114**	**89**	**-168**	**-164**	**4**	**2,284**
Neighbourhood Housing	2,654	-129	153	-181	-50	0	2,447
Neighbourhood Services	2,229	47	41	-1	0	0	2,316
Citywide Services	9,979	-74	555	-374	-234	189	10,042
Human Resources	0	25	30	-50	0	0	5
Strategy & Programme Management	36	-127	82	-45	0	0	-54
Strategy, People and Neighbourhoods	**14,898**	**-258**	**861**	**-651**	**-284**	**189**	**14,756**
Regeneration and Development	0	26	0	-26	0	0	0
City Development	-966	-174	526	-140	-616	86	-1,285
Property Services	125	19	56	-51	-25	1	126
Planning	1,743	-160	140	-43	-236	4	1,448
Regeneration and Development	**903**	**-288**	**722**	**-261**	**-878**	**90**	**289**
Total General Fund	**18,407**	**-964**	**2,026**	**-2,409**	**-1,850**	**1,844**	**17,056**

6.2 Movements in budget for each type are detailed in Appendix 2.

6.3 The following table shows the proposed budget for 2015/16 analysed by type of expenditure or income (subjective group) compared to 2014/15.

Table 6.3: Proposed budget analysis 2015/16 by subjective group

Subjective group	Budget 2014/15 £000s	Budget 2015/16 £000s	Change £000s
Employees	17,367	17,381	14
Premises	8,570	9,209	639
Transport	314	272	(42)
Supplies & services	15,981	15,313	(668)
Savings proposals	(55)	0	55
Third party payments (shared services)	7,785	7,531	(254)
Transfer payments	68,533	68,534	1
Capital financing	3,685	3,526	(159)
Recharge expenditure	18,800	18,178	(620)
Subtotal expenditure	**140,978**	**139,944**	**(1,034)**

Government grants	(73,697)	(73,277)	420
Receipts	(23,186)	(24,454)	(1,268)
Recharge income	(25,687)	(25,157)	530
Subtotal income	**(122,570)**	**(122,888)**	**(318)**
Total Budgetary Requirement	**18,408**	**17,056**	**(1,352)**

7. Council tax & precept

7.1 The following table shows the calculation of the level of council tax with the recommended increase of 1.95%

Table 7.1: Council Tax calculation 2015/16

	No.	£
Budgetary requirement		**17,056,054**
- Formula grant		-4,096,104
- NNDR Distribution		-4,645,379
= Council tax requirement		**8,314,571**
- Surplus on collection fund		-233,495
= Council tax precept		**8,081,076**
Band D Equivalent properties	33,764	
Council tax (Band D)		**239.34**

7.2 The following table shows the impact of the proposed increase for each council tax band on the Norwich City Council share of total council tax. The full proposed new council tax will be set once we have confirmation from Norfolk County Council and the Office of the Police and Crime Commissioner for Norfolk on any increases they may apply for 2015/16. The figures shown will be reduced, for qualifying council tax payers, by the council's discount scheme which has replaced the council tax benefit system.

Table 7.2: Council tax increases 2014/15 to 2015/16, Bands A to H

Band	A	B	C	D	E	F	G	H
2014/15	£156.51	£182.59	£208.68	£234.76	£286.93	£339.10	£391.27	£469.52
Increase	£3.05	£3.56	£4.07	£4.58	£5.60	£6.61	£7.63	£9.16
2015/16	£159.56	£186.15	£212.75	£239.34	£292.53	£345.71	£398.90	£478.68

8. Report by the Chief finance officer on the robustness of estimates, reserves and balances

8.1 Section 25 of the Local Government Act 2003 requires that the Chief finance officer of the council reports to members on the robustness of the budget estimates and the adequacy of council's reserves. The Chief finance officer is required to provide professional advice to the council on the two above matters and is expected to address issues of risk and uncertainty.

8.2 Of particular note in this budget is the assumption that future business rate deficits will offset the section 31 Business Rate Relief grant in full, and the recommendation to transfer all section 31 business rate relief grant received from 2013/14 onwards to an earmarked reserve. The grant is given to reimburse authorities for small business and other additional rate reliefs based on actual costs. Business rate accounts operate on a three year cycle and the impact of reliefs given impacts on the general fund in the two years subsequent to the year the rates are due. Transferring all section 31 rates relief monies received since 2013/14 into an earmarked reserve and transferring them back into the revenue account in the year the related deficit arises will allow the grant to be matched to the related reduction in income.

8.3 By the end of 2014/15 £1.7m of Business Rate Relief grant will have been received. The deficits associated with this will impact on the revenue account in 2014/15 to 2016/17. It is recommended that a transfer of £1.7m is made from the general reserve to an earmarked reserve and brought back into the revenue account as the associated deficits arise. This reduction in general fund reserves has been reflected in the MTFS. This will significantly reduce the risk of future business rate variations adversely impacting on the council's budget.

8.4 The main driver to achieve savings in the current budget round has been the council's transformation programme. This has been subject to rigorous review by both members and officers and is directly linked to the service planning process ensuring a strong link between the council's priorities and the financial resources available to deliver them. As with all future estimates there is a level of uncertainty and this has been taken into account when assessing the levels of reserves.

8.5 There are risks around the level of unavoidable expenditure and income loss. Historically this has been in excess of £1 million per annum. Both the identification and estimation of these amounts has been included within the council's ongoing transformation programme for the next three years. However, it should be noted that the level of uncertainty surrounding estimates increases as they relate to periods further into the future.

8.6 There are also risks around future grant and business rates incomes. In particular, there is significant uncertainty around the future of the New Homes Bonus grant. In addition, the business rates yield for Norwich City has not grown as anticipated over the past year requiring further savings to be made to balance the budget.

8.7 Allowing for the above comments on uncertainty it is the opinion of the Chief finance officer that in the budgetary process all reasonable steps have been taken to ensure the robustness of the budget. Further comfort is taken from the record of the council in managing and delivering to budget in year.

8.8 A key mitigation for expenditure/income risks is the Chief finance officer's estimate of a prudent level of reserves. An amount has been built into the prudent level of reserves to cover estimated levels of risk, as set out in Appendix 4.

8.9 The requirement for financial reserves is acknowledged in statute. Section 32 of the Local Government Finance Act 1992 requires billing authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

8.10 It is the responsibility of the Chief finance officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.

8.11 The council holds two types of general fund reserves:

- The general fund is a working balance to cushion the impact of uneven cash flows. The reserve also acts as a contingency that can be used in year if there are unexpected emergencies, unforeseen spending or uncertain developments and pressures where the exact timing and value is not yet known and/or in the Council's control. The reserve also provides cover for grant and income risk.
- The earmarked general fund is set aside for specific and designated purposes or to meet known or predicted liabilities e.g. insurance claims.

8.12 Earmarked reserves remain legally part of the general fund although they are accounted for separately.

8.13 A risk assessment has been undertaken to determine the level of non-earmarked general reserves required by the council. In making a recommendation for the level of reserves the Chief finance officer has followed guidance in the CIPFA LAAP Bulletin 77 – Guidance notes on Local Authorities Reserves and Balances. The risk analysis shows that a prudent minimum level of reserves for 2015/16 will be of the order of £4.474m as shown in Appendix 4.

8.14 The following table shows that the anticipated level of balances will remain above this prudent minimum level for the duration of the medium term planning period.

Table 8.11: Estimated general fund balance through the MTFS period

Year ending	£000s
31 March 2016	7,803
31 March 2017	8,254
31 March 2018	7,050
31 March 2019	5,959
31 March 2020	5,071
31 March 2021	5,373

9. Capital resources and capital plan 2015/16 – 2016/20

9.1 The council owns and maintains a range of assets. Major investment in these assets is funded from the capital programme. In turn the capital programme is resourced, in part, by the income received from the disposal of surplus assets.

9.2 In June 2011 the council adopted an asset management strategy that established a framework for the maintenance and improvement of assets that meet the needs of the organisation. Underperforming assets, particularly those retained for investment purposes, will be released to provide a receipt for future investment in the capital programme. The key requirements of the strategy are to optimise the existing portfolio (by establishing a rigorous process for review); to prioritise investment in the portfolio to support income generation and cost reduction; to rationalise office accommodation and to work in partnership with others to attract third party funding to bring forward development on council owned sites (e.g. the use of section 106 funding or the HCA development partnership).

9.3 The following table shows the total non-housing capital resources anticipated over the duration of the capital plan:

Table 9.3: Capital resources 2015/16 – 2019/20

Non-housing capital resources	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
S106 Balances b/f	(1,081)	(576)	(707)	(948)	(802)
S106 Forecast resources arising	(447)	(323)	(477)	(170)	(175)
S106 Forecast resources utilised (ongoing works)	628	0	0	0	0
S106 Forecast resources utilised (proposed)	324	192	236	316	267
Total S106 Resources	***(576)***	***(707)***	***(948)***	***(802)***	***(710)***
CIL Balances b/f	(47)	(104)	(134)	(148)	(159)
CIL Forecast resources arising	(1,207)	(1,909)	(1,719)	(1,400)	(1,486)
CIL Forecast resources utilised (contribution to pool)	1,000	1,608	1,448	1,179	1,251
CIL Forecast resources utilised (proposed neighbourhood schemes)	150	271	258	210	223
Total CIL Resources	***(104)***	***(134)***	***(148)***	***(159)***	***(170)***
Anticipated balance b/f	(5,048)	(556)	(556)	(556)	(556)
Forecast resources arising - borrowing	(12,101)	(24,230)	(10,974)	0	0
Forecast resources arising - grants	(1,324)	0	0	0	0
Forecast resources arising - GNGP Strategic Pool	(346)	(300)	(200)	(200)	(200)
Forecast resources arising - receipts	(1,250)	(1,671)	(1,286)	(1,286)	(1,286)
Forecast resources utilised (ongoing works)	9,539	0	0	0	0
Forecast resources utilised (proposed)	9,974	26,201	12,460	1,486	1,486
Total other capital resources	***(556)***	***(556)***	***(556)***	***(556)***	***(556)***
Total non-housing capital resources	**(1,236)**	**(1,397)**	**(1,652)**	**(1,517)**	**(1,436)**

9.4 The forecast level of resources from asset disposal receipts, Section 106 payments and CIL payments should be regarded with some caution, as they are based upon estimates and are therefore not guaranteed.

9.5 Shortfalls against these targets will be managed by continuing the council’s policy of not committing spend against forecast resources until the resources materialise, alongside consideration of further use of borrowing where the associated revenue costs are manageable.

9.6 Anticipated borrowing covers mainly costs associated with Threescore phase 2, construction of a new multi-storey car park, Hurricane Way development and other schemes generating revenue income in excess of the borrowing costs.

9.7 The following table shows the proposed capital plan, based on capital expenditure supporting the Asset Management Plan and the forecast non-housing capital resources.

Table 9.7: Capital plan 2015/16 – 2019/20

Non-housing capital plan	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
Asset improvement	30	0	0	0	0
Asset investment	1,000	7,065	27	0	0
Asset maintenance	1,233	1,176	886	886	886
Initiative funds	500	450	400	400	400
Regeneration and growth	6,865	17,210	10,947	0	0
Section 106 schemes	324	192	236	316	267
CIL	1,150	1,879	1,705	1,389	1,474
GNGP Strategic Pool Schemes	346	300	200	200	200
Total expenditure	**11,448**	**28,272**	**14,401**	**3,191**	**3,227**
S106	324	192	236	316	267
CIL Funding	1,150	1,879	1,705	1,389	1,474
Other capital resources	9,974	26,201	12,460	1,486	1,486
Total resources applied	**11,448**	**28,272**	**14,401**	**3,191**	**3,227**
Total non-housing capital plan	**0**	**0**	**0**	**0**	**0**

9.8 All risks relating to the resourcing and delivery of the capital plan are identified and managed in accordance with the council's risk management strategy.

10. Capital programme 2014/15

10.1 The proposed capital programme for 2014/15 continues to focus on the five core themes of the Asset Management Plan:

- **Asset maintenance**
  This theme includes provision for repair costs to St Andrews MSCP.
- **Asset improvement**
  This theme includes provision for the initial costs of Phase II of the reconfiguration of City Hall to maximise utilisation and facilitate income generation
- **Asset investment**
  This theme includes provision for capital works and possible acquisitions to increase revenue income generation and reduce revenue costs.
- **Regeneration and growth**
  This theme includes provision for the use of the Norwich and Homes & Communities Agency Strategic Partnership's strategic priority fund, subject to decisions of the partnership's Strategic Board.
- **Developer-funded section 106 schemes**

10.2 Additionally, the proposed capital programme incorporates **Initiative Funds**, including provision for community grants, environmental initiatives, and IT investment which relieves pressure on general fund revenue resources.

10.3 The following table sets out the elements making up the proposed capital plan and programme, over and above existing programme items rolling forward.

Table 10.3: Capital Programme 2015/16

Scheme	£000's
City Hall external lighting	30
Asset improvement total	**30**
Asset investment for income	1,000
Asset investment total	**1,000**
Eaton Park access improvements	30
Major repairs programme	886
Millar Hall walkway replacement	10
Park depot redevelopment	97
Waterloo Park pavillion works	210
Asset maintenance total	**1,233**
CIL GNGB strategic pool contribution	1,000
CIL neighbourhood projects	150
Corporate Infrastructure Levy total	**1,150**
Riverside Walk at Fye Bridge	30
Earlham Millennium Green	66
Marriots Way	250
GNGP strategic pool schemes total	**346**
IT development	400
Eco investment fund	50
Municipal Bonds Agency	50
Initiative funds total	**500**
Push the Pedalway administration	22
Threescore phase 2	4,333
Mountergate West phase 2	587
Hurricane Way development	1,884
Magpie Road city wall landscape	39
Regeneration and growth total	**6,865**
Riverside Walk at Fye Bridge	32
Hall Road cycling scheme	44
Pointers Field phase 3	19
The Runnell play area	99
Castle green spaces	9
Bowthorpe southern park	66
Car club investment	38
Wensum View play area	17
Section 106 schemes total	**324**
Total non-housing capital programme 2015/16	**11,448**

11. Progress in reducing the council's carbon footprint

11.1 Previously information on progress in reducing the council's carbon footprint has been included in the budget report. However, this information is now reported through a range of different mechanisms and is also published at all times on the council's website at www.norwich.gov.uk/Environment/EcoIssues/Pages/CarbonFootprintReport.aspx

Consultation responses on the proposed budget for 2015/16

Across the whole consultation a total of 239 responses were received from groups or individuals who did not classify themselves as a member of staff. These data represent the results from those 239 responses. No data has been weighted

To what extent do you support the city council raising its share of the council tax by 2% in 2015-16 and using that money to protect key council services in the future? (Please show your level of support by ticking one box below).		
Answer Options	**Response Percent**	**Response Count**
Strongly agree	51.96%	106
Slightly agree	13.73%	28
Neither agree nor disagree	8.82%	18
Slightly disagree	5.88%	12
Strongly disagree	18.63%	38
Don't know	0.98%	2
	answered question	204
	skipped question	35

41.18%

Responses were also sought on the proposed approach to change ways of working and to save money or generate income. Early results analysed by the research company suggest that of the 115 responses the top five (excluding other / one off) can be grouped into very broad headings as follows (percentages represent the percentage of those mentioning this topic from those who responded to this question):

1. Like the ideas / agree 21%
2. Stop wasting money on unnecessary work and services (inc. car parks)14%
3. Maintain good services (inc. by not cutting staff) 9%
4. Financial priorities (inc. related to revenue and benefits etc.) 9%
5. Protect green space / no developments 8%

Responses were also sought on suggestion to change ways of working and to save money or generate income. Again early results analysed by the research company suggest that of the 104 responses the top five (excluding other / one off) can be grouped into very broad headings as follows (percentages represent the percentage of those mentioning this topic from those who responded to this question):

1. Consider financial priorities / stop wasting money 14%
2. Revisit current properties for development / improvement 11%
3. Increase in council tax 10%
4. Environmental efficiency 9%

5. More services shared / contracted out **and** Increase parking charges (inc. charging for parking permits) 8%

The detailed ideas will be analysed further and used to inform the future development of income and savings options.

Other individual responses to the proposed budget included:

- One resident suggested charging taxis to use St Stephen's Street, invite people to pick litter in parks and would support a council tax increase to support services but not necessarily to increase council tax year on year
- A letter to the local press was picked up suggesting reducing the number of councillors to one per ward
- The Office of the Police and Crime Commissioner, considering both the detailed proposals for council tax reduction (specifically losses to them by implementing into the main scheme war pensions disregard) and the council tax increase said *"The PCC receives a grant to compensate for the loss of taxbase. How long the grant will be payable for and whether it will be cut year on year we do not know. Clearly we are pleased that your proposed scheme changes will generate additional council tax (taxbase) for us"*

Movements in budget 2015/16 by type

Table A2.1: Adjustments to base budgets

Adjusted Base / Transfers	£000s
Correction to neighbourhood wardens budgets	61
Removal of one off item from Contingency - Invest to Save budget	-200
Audit fee recharge to HRA now part of LGSS recharges	97
Reduced contribution to Reserves	-924
Reduction in contribution to airport pension costs	-13
Removal of temporary posts	-88
Home options recharges	-24
Adjustment to corporate recharges	160
Corrections to salary costs	14
Other adjustments (<£10k)	-47
Total Adjusted Base / Transfers	**-964**

Table A2.2: Growth and Inflation

Growth and Inflation	£000s
Office block to be pulled down	41
Creation of procurement apprentice post	23
Capacity Grid NDR review	49
Capacity Grid Council Tax long term empty review	20
New Street Worker post funded by County	34
Initial operating costs for Rose Lane car park	230
Budgets transferred to accurately reflect LGSS savings and growth	15
LEAP programme budgets – offset by savings	119
Transformation Programme growth (see appendix 2)	593
Salary inflation, increment and pay awards	261
Business Rates	21
Contract inflation/living wage/properties/driver uplift	110
Other contractual inflation	214
Pay award for NPS Core Services	73
Increased recharge costs due to pay inflation	17
Other growth and inflation adjustments (<£10k)	207
Total Growth and Inflation	**2,026**

Table A2.3: Savings

Savings	£000s
Reduced Minimum Revenue Provision	-319
Office block to be pulled down	-50
Reduction in Business Rates following property reassessment	-53
Change in Riverside Centre management contract	-10
Salary adjustments	-56
Reduction in expenditure on vets bills & stray dogs	-25
Decrease in food waste gate fee costs	-12
Reduction in MRF operating costs as a result of new Joint Venture contract	-54
Increase in mixed recycling tonnage and increase in recycling credit rate	-93
Removal of discretionary rate relief budget as now part of Collection Fund	-65
Bank charges reduced due to change in banking contract	-50
Premium on early redemption of debt	-24
Ending of LEAP programme – offset by reduced income	-130
Service curtailment – offset by reduced income	-16
Budget no longer needed - Livestock Market Sold	-15
Savings to be made to accurately reflect LGSS costs - transferred in 2014/15	-65
Transformation Programme savings (see appendix)	-1,316
Other adjustments (<£10k)	-50
Total Savings	**-2,409**

Table A2.4: Income increases

Income Increases	£000s
Increase in garden waste subscriptions and increase in subscription charge	-46
Recharge 1.6 FTE Salary costs to capital	-119
New Street Worker post funded by County	-34
Adjustment to reflect new agency agreement and increased in line with change in national APT and C staff salaries	-17
Baseline' profit share higher than originally budgeted	-65
New Homes Bonus increase	-317
New Burdens Funding for Local Council Tax Reduction Scheme	-46
Riverside contract People for Places management fee income	-57
Increase in rents and lettings	-33
Increase in interest from Livestock Market	-10
Increase in s31 grant	-161

Income Increases	£000s
Transformation Programme income (see appendix)	-927
Other adjustments (<£10k)	-18
Total Income Increases	**-1,850**

Table A2.5: Income reductions

Income Reductions	£000s
S31 grant transfer to reserves to meet future business rate deficits	1290
Reduced service charge income as a result of disposal of assets	13
Salary savings	20
Reduced to reflect actual income received for pest control	25
Reduction in MRF income/profit share	153
Reduction in Council Tax Admin Subsidy	10
Other interest - removal of one off income re commercial loan	222
Reduction in Housing Benefit Admin grant	35
Service curtailment - income will not be received	20
NPS Baseline profit share likely to be less than originally budgeted	25
Other adjustments (<£10k)	30
Total Income Reductions	**1,843**

Key savings and income projects from the transformation programme

In the table below are a range of the key savings and income projects included within different parts of the draft budget:

Transformation programme savings and new income streams for 2015/16			
No	**Service**	**Description of key savings / income projects**	**Revenue savings / income for 2015/16**
1	Property services	Further sharing of City Hall with other organisations	25,000
2	Business relationship mgt/ LGSS	Implementation of paperless committee meetings/ councillors/ senior officers supported by electronic committee management system and suitable electronic devices for councillors and officers.	15,000
3	City development	Additional car parking income (excluding Rose Lane)	150,000
4	Multiple	Business rates review	75,000
5	Planning	Increases in planning fee income due to economic recovery	57,000
6	City development	Replace Rose Lane car park with a new multi storey car park	110,457
7	City development	Surplus share for NPS and Norse joint ventures (environmental and buildings)	55,000
8	Citywide services	Increase in cemetery fees (the public were consulted on this previously).	58,000
9	Citywide services	Increase use of parks (concessions etc).	8,827
10	Citywide services	Increase charges for allotments (the public were consulted on this previously).	1,100
11	Multiple	Advertising income review	50,000
12	Hr and learning	Reduction in learning and development spend in line with reducing organisation	15,000
13	Housing	Review of housing options	49,000
14	Planning	Estimate of increased fee income from capital projects	60,000
15	Finance	Inflation lower than planned for in medium term financial strategy	71,228
16	Planning	Reducing planning budget that is no longer required	7,500
17	City development	Increased private sector housing income	25,512
18	Citywide services	Reduce emergency planning contingency as will be covered by corporate contingency in the future	12,000
19	Business relationship mgt/ LGSS	Reduce insurance budget that is no longer required	10,000
20	Business relationship mgt/ LGSS	Reduce systems support advice budget this is no longer required	10,000
21	Business relationship mgt/ LGSS	Reduce democratic services budgets that are no longer required	60,000
22	Business relationship mgt/ LGSS	Reduce telecommunications and printing budgets that are no longer required	69,590

No	Service	Description of key savings / income projects	Revenue savings / income for 2015/16
23	Customers, communications and culture service grouping	Reduce customer contact and mail handling budgets that are no longer required	10,000
24	Hr and learning	Reduce HR budget that is no longer required	5,000
25	Finance	Reduce corporate contingency budget that is no longer required	301,813
26	Planning and city development	Capitalised fee income associated with increased capital programme	125,000
27	Business relationship mgt/ LGSS	Revenues and benefits improvement project resulting in increased grant through lower error rates	250,000
28	Finance	Potential council tax rise (beyond freeze grant amount included in medium term financial strategy)	60,000
29	Finance	Potential change to council tax discount (remove one month empty property discount)	70,000
30	Finance	Formally include war pension disregard in to our council tax reduction scheme in line with approach to housing benefit	17,000
31	City development / NPS	Additional income from new property arrangements and removal of need for grant spend	38,534
32	Customers, communications and culture service grouping	Review of sports development including the Norman Centre and the Halls	32,000
33	Customers, communications and culture service grouping	Review of tourism development and tourist Information centre including on-line selling	10,000
34	Citywide services	Increased cost recvery for Norfolk Waste Partnership	15,000
35	Planning	Further savings from CNC building control	20,000
		Appendix 5 items	651,268
		Total	**2,600,829**

Transformation programme growth for 2015/16			
No	**Service**	**Description of key savings / income projects**	**Growth for 2015/16**
1	Provision market	This includes loss of income from empty stalls and rates to pay and support for future development/ improvement work	134,000
2	Investment general code	Reduced service charge and other income as a result of disposal of assets	66,967
3	Policy and performance	Growth re loss of second homes money from County Council and small contribution to Healthy Norwich	45,000
4	Neighbourhood management	Additional money into tree budget which was previously reduced	16,000
6	Business relationship management	LGSS inflation uplifts as part of LGSS partnering and delegation agreement	106,257
7	Homelessness	Reduction in income due to lowering of homelessness expenditure budget, matched by savings	13,000
8	Integrated waste management strategy	Removal of enhanced recycling credit for food waste by County Council	51,600
9	HR	Cost of joining national graduate trainee scheme	18,000
10	GNDP	Increased cost on Greater Norwich Growth Board.	25,000
11	Planning policy	Increase in cost for policy documents	20,000
12	Conservation design and landscape	Post funded from Push the Pedalways to be put into establishment	30,834
13	Conservation design and landscape	Additional hours funded 60% from Capital	31,360
14	Environmental strategy	Growth re additional resource to support delivery of new environmental strategy	20,000
15	Neighbourhood management	To provide a small budget to support activity on safeguarding, domestic abuse etc	5,000
16	Planning	Increased hours for Planning posts to be made permanent including hours funded by Push the Pedalways	10,474
		Total	**593,492**

Calculation of prudent minimum balance

Estimate of prudent level of General Fund reserves 2014/15

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Description	Level of risk		Amount at risk	Risk
Employee Costs	*Medium*		17,380,959	34,762
Premises Costs	*Medium*		9,018,251	33,818
Transport Costs	*Medium*		271,926	1,360
Supplies & Services	*Medium*		15,382,412	230,736
Third Party Payments	*Medium*		7,530,604	56,480
Transfer Payments	*Medium*		65,821,823	197,465
Centrally Managed Expenditure	*Medium*		1,075,019	32,251
Receipts	*Medium*		24,100,589	126,528
Grants & Contributions	*Low*		116,466,907	174,700
Total One Year Operational Risk				888,100
Allowing three years cover on operational risk				**2,664,300**
Balance Sheet Risks				
Issues arising from Annual Governance Report	*0*	@	100%	0
General & Specific Risks				
Unforeseen events	2,000,000	@	50%	1,000,000
Legal action – counsels' fees	100,000	@	100%	100,000
Council Tax Reduction	700,000	@	10%	70,000
Business Rates retention	500,000	@	100%	500,000
Litigation / claims	700,000	@	20%	140,000
ESTIMATED REQUIRED LEVEL OF GENERAL FUND RESERVES				**4,474,300**

Operational cost risk profiles

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		Low Risk	*Med Risk*	*High Risk*
Employee Costs	overspend	1.00%	2.00%	3.00%
	probability	15.0%	10.0%	5.0%
	amount at risk	26,071	34,762	26,071
Premises Costs	overspend	2.50%	5.00%	7.50%
	probability	10.0%	7.5%	5.0%
	amount at risk	22,546	33,818	33,818
Transport Costs	overspend	5.00%	7.50%	10.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	1,360	1,530	1,360
Supplies & Services	overspend	5.00%	10.00%	15.00%
	probability	20.0%	15.0%	10.0%
	amount at risk	153,824	230,736	230,736
Third Party Payments	overspend	5.00%	10.00%	15.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	37,653	56,480	56,480
Transfer Payments	overspend	1.00%	2.00%	3.00%
	probability	25.0%	15.0%	10.0%
	amount at risk	164,555	197,465	197,465
Centrally Managed Expenditure	overspend	10.00%	20.00%	30.00%
	probability	20.0%	15.0%	10.0%
	amount at risk	21,500	32,251	32,251
Receipts	shortfall	2.00%	3.50%	5.00%
	probability	25.0%	15.0%	10.0%
	amount at risk	120,503	126,528	120,503
Grants & Contributions	shortfall	1.00%	1.50%	2.00%
	probability	15.0%	10.0%	5.0%
	amount at risk	174,700	174,700	116,467

General fund revenue budget and capital programme 2015/16 – Statutory Council Tax Resolution

The Council is recommended to resolve as follows:

1 That, taking account of changes to the council's Council Tax Reduction Scheme considered by council on 27 January 2015, the Chief finance officer has estimated the Council Tax Base 2015/16 for the whole Council area as 33,764 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the 'Act')] and,

2 To calculate that the Council Tax requirement for the Council's own purposes for 2015/16 (excluding Parish precepts) is £8,081,076

3 That the following amounts be calculated for the year 2015/16 in accordance with Sections 31 to 36 of the Act:

(a)	£221,047,487	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
(b)	£213,016,411	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£8,081,076	being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31A(4) of the Act)
(d)	£239.34	being the amount at 3(c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
(e)	0	being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
(f)	£239.34	being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1 above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

4 That it be noted that for the year 2015/16 the Norfolk County Council and the Police &Crime Commissioner for Norfolk have issued precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated in the table below.

Band	A	B	C	D	E	F	G	H
County	£763.38	£890.61	£1,017.84	£1,145.07	£1,399.53	£1,653.99	£1,908.45	£2,290.14
Police	£139.20	£162.40	£185.60	£208.80	£255.20	£301.60	£348.00	£417.60

5 That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2014/15 for each part of its area and for each of the categories of dwellings.

Band	A	B	C	D	E	F	G	H
City	£159.56	£186.15	£212.75	£239.34	£292.53	£345.71	£398.90	£478.68
County	£763.38	£890.61	£1,017.84	£1,145.07	£1,399.53	£1,653.99	£1,908.45	£2,290.14
Police	£139.20	£162.40	£185.60	£208.80	£255.20	£301.60	£348.00	£417.60
Total	**£1,062.14**	**£1,239.16**	**£1,416.19**	**£1,593.21**	**£1,947.26**	**£2,301.30**	**£2,655.35**	**£3,186.42**

6 To determine in accordance with Section 52ZB Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2015/16 is not excessive in accordance with principles approved by the Secretary of State under Section 52ZC.

ANNEX C

Further breakdown of the capital plan 2015/16 to 2019/20 – Table 9.7 of Annex A

Non Housing Detailed Capital Plan 2015/16 - 2019/20

Scheme	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
City Hall external lighting	30	0	0	0	0
Asset improvement total	**30**	**0**	**0**	**0**	**0**
Asset investment for income (see note 1)	1,000	7,065	27	0	0
Asset investment total	**1,000**	**7,065**	**27**	**0**	**0**
Eaton Park access improvements	30	0	0	0	0
Major repairs programme	886	886	886	886	886
Millar Hall walkway replacement	10	0	0	0	0
Park depot redevelopment	97	0	0	0	0
Waterloo Park pavillion works	210	40	0	0	0
West End St Gdns MUGA	0	60	0	0	0
West End St Nthland St Access	0	30	0	0	0
Jubilee Park Playground	0	80	0	0	0
Bowthorpe Pk MUGA	0	80	0	0	0
Asset maintenance total	**1,233**	**1,176**	**886**	**886**	**886**
CIL GNGB strategic pool contribution	1,000	1,608	1,448	1,179	1,251
CIL neighbourhood projects	150	271	258	210	223
Corporate Infrastructure Levy total	**1,150**	**1,879**	**1,705**	**1,389**	**1,474**
Riverside Walk at Fye Bridge	30	0	0	0	0
Earlham Millennium Green	66	0	0	0	0
Marriots Way	250	0	0	0	0
Riverside Walk Package Scheme	0	200	200	200	200
Yare Valley Boardwalk Extension	0	100	0	0	0
GNGP strategic pool schemes total	**346**	**300**	**200**	**200**	**200**
IT development	400	400	400	400	400
Eco investment fund	50	50	0	0	0
Municipal Bonds Agency	50	0	0	0	0
Initiative funds total	**500**	**450**	**400**	**400**	**400**
Push the Pedalway administration	22	0	0	0	0
Threescore phase 2 (see note 2)	4,333	8,667	4,333	0	0
Mountergate West phase 2 (see note 3)	587	6,614	6,614	0	0
Hurricane Way development (see note 4)	1,884	1884	0	0	0
Magpie Road city wall landscape	39	0	0	0	0
Tombland toilets demolition	0	45	0	0	0
Regeneration and growth total	**6,865**	**17,210**	**10,947**	**0**	**0**
Riverside Walk at Fye Bridge	32	0	0	0	0
Hall Road cycling scheme	44	0	0	0	0
Pointers Field phase 3	19	0	0	0	0
The Runnell play area	99	0	0	0	0
Castle green spaces	9	0	0	0	0
Bowthorpe southern park	66	0	0	0	0
Car club investment	38	0	0	0	0
Wensum View play area	17	0	0	0	0
Play, open space and local transportation schemes	0	192	236	316	267
Section 106 schemes total	**324**	**192**	**236**	**316**	**267**
Total non-housing capital programme 2015/16	**11,448**	**28,272**	**14,401**	**3,191**	**3,227**

Notes

(1) Includes £3,000K in 2016/17 for proposed development of 26 homes for rent or sale at Goldsmith Street.

(2) Includes £17,333K over 3 years from 2015/16 to 2017/18 for the proposed development of around 120 homes for rent or sale.

(3) Includes £13,815K over 3 years from 2015/16 to 2017/18 for the proposed development of around 80 homes for rent or sale.

(4) Includes £3,768K over 2015/16 and 2016/17 for the proposed development of around 30 homes for rent or sale.

Greater Norwich Growth Programme 2015-16

Schemes approved for delivery commencing 2015-16

APPENDIX 1

Greater Norwich growth programme 2015-16

(Table 3 from the report to GNGB 8 October 2014 (as amended))

Schemes approved for delivery commencing 2015-16

Scheme	Scheme Promoter	Scheme Total (£)	(£'s)			
	Funding source	Committed funding	15/16	16/17	17/18	18/19
Salhouse Road Walk/Cycle Route	NCC / Broadland	200,000	200,000			
	City Cycle Ambition Grant	(200,000)	(200,000)			
Blue Pedalway – School Lane/ Chartwell Road/ Denton Road – Toucan Crossing and associated works	NCC / Broadland	120,000	120,000			
Golden Ball St	NCC/ Norwich	2,500,000	1,500,000	1,000,000		
	LTB funding	(2,000,000)	(1,000,000)	(1,000,000)		
Yellow Pedalway	Norwich	100,000	100,000	TBC following outcome of scheme identification work		
	S106 funding	(100,000)	(100,000)			
Guardian Road/Dereham Road junction improvements	NCC/ Norwich	1,650,000	50,000	50,000	750,000	750,000
	LTB funding	(1,650,000)	(50,000)	(50,000)	(750,000)	(750,000)
Earlham Millennium Green Path improvements	Norwich	66,000	66,000			
Marriott's Way	Norwich	250,000	250,000			
Eaton interchange	NCC / Norwich	100,000	25,000	75,000		
Roundhouse Way Interchange	NCC / South Norfolk	500,000	50,000	450,000		
	LTB funding	(500,000)	(50,000)	(450,000)		
Longwater Scheme Development	NCC	2,000,000	750,000	750,000	500,000	
	LTB funding	(2,000,000)	(750,000)	(750,000)	(500,000)	
Total (£)		**5,836,000**	**3,061,000**	**2,325,000**	**1,250,000**	**750,000**
Identified Funding (£)		**4,800,000**	**2,100,000**	**2,250,000**	**1,250,000**	**750,000**
Pooled funding requirement (£)		**1,036,000**	**961,000**	**75,000**	**0**	**0**

Note:_ £30K CIL funding for 2015-16 for the Riverside Walk already committed in the 2014-15 growth programme

Greater Norwich growth programme

2015-16 Scheme details

Broadland, Norwich City and South Norfolk Councils each prepared their own Annual Business Plans setting out schemes considered to be their priority for funding support in the 15-16 Growth Programme which are summarised below.

Broadland
Salhouse Road Walk/Cycle Route
The first stage of an off carriageway cycle link in the city deal strategic infrastructure programme between Rackheath and the Norwich Cycle Network via Salhouse Road. This first phase is to be delivered in 2015/16 through the Cycle City Ambition Bid. Cost £200k, funded through Cycle City Ambition Grant. It needs no funding support but demonstrates delivery of an element of the strategic programme through the Cycle City Ambition Grant.

Chartwell Road/Denton Road Toucan Crossing
Part of the Blue Pedalway route which links the city centre with the North East Growth Triangle (NEGT). Cost £120k. An identified discreet scheme on the route of the Blue Pedalway.

Norwich City
Golden Ball St / Westlegate, Norwich
This scheme build on the traffic improvements realised as part of the Chapelfield North scheme and is an important element of the City Centre NATS measures that will provide a more attractive environment for pedestrians and cyclists. Cost £2.5m to be promoted by the County Council.

Yellow Pedalway
Investment in the Greater Norwich cycle network, the yellow route connects the new University Technical College through Lakenham to the city centre, and continues northwards to the airport. Cost £4.8m to be promoted by the County Council.

Earlham Millennium Green Path Improvements
Enhancement of Earlham Millennium Green for site users and wildlife. This project is a further phase of the project approved for inclusion in the 14/15 Growth Programme. **Cost £66k included within the NCC capital programme.**

Marriott's Way
A second phase of improvement to the section of Marriott's Way from Thorpe Marriott to Norwich City Centre in addition to those agreed in the 2014/15 AGP. **Cost £250k included within the NCC capital programme.**

Eaton Bus Interchange
This is a NATS programme project to provide a further phase of bus improvements on the A11 corridor linking the City, NRP, NNUH, Cringleford, Hethersett and Wymondham. Cost £25K in 15/16 for scheme development with £75,000 for delivery in 2016/17.

South Norfolk
Roundhouse Way Bus Interchange
Linked to the Eaton bus interchange, this is another NATS programme project to provide a further phase of bus improvements on the A11 corridor linking the City, NRP, NNUH, Cringleford, Hethersett and Wymondham. Cost £50K for scheme development in 2015/6 and £450K for delivery in 2016/17.

Longwater Scheme Development
Improvements are required in the Longwater/Easton area of Norwich to resolve existing issues on the transportation network and accommodate additional traffic arising from planned growth as set out in the adopted Joint Core Strategy (JCS) for the Greater Norwich area.

Norfolk County Council has carried out a feasibility study informed by a Developer and Stakeholder Forum with input from local Parish, District and County Councillors. Further work will commence shortly evaluate 2 options plus an alternative suggested by various parties during the consultation.

The remaining strategy elements will be progressed in the interim, using S106 and other funds such as the LEP Growth Fund. £2million of Growth Fund money was allocated to the Thickthorn interchange to develop an improvement scheme, but following the Autumn Statement announcement that the Highways Agency will be developing this, the £2m has been reallocated to the Longwater/Easton strategy.

Total 2015-16 GNGP elements included in the Norwich City Council capital programme at Table 10.3 of Annex A:

a) £30k for Riverside walk improvements (approved in the 2014-15 growth programme);
b) £66k for Earlham Millennium green path improvements; and
c) £250k for Marriott's Way.

TOTAL- £346k

Schemes approved by the Greater Norwich Growth Board (GNGB) for scheme development work in 2015-16

Broadland

- North West Norwich Forest Connections: Enhance woodlands and heathlands, creating links between in the Horsford, Felthorpe, Drayton and Hevingham area.
- Burlingham: Green Infrastructure
- Thorpe Ridge: protection and enhancement of woodlands and provision of public access
- Section of North East orbital route between Salhouse Road and the proposed junction on the northern edge of Brook Farm
- Improvements to Bittern Line including potential rail halt at Broadland Business Park
- Cycle improvements at junction between Wroxham Road, Cozens Hardy Road and Cannerby Lane

Norwich City

- Rose Lane / Prince of Wales Road
- Tombland: Public Realm
- Dereham Road BRT - Guardian Road roundabout
- Guardian Road Traffic Signals scheme development
- Blue Pedalway

South Norfolk

- Hempnall Crossroads improvements
- Long Stratton Bypass
- Longwater / Easton highways improvements, including improved walking and cycling
- BRT Longwater to City Centre

Proposed projects to be funded from the CIL neighbourhood funding 2015-16

Bignold Rd / Drayton Rd junction safety £3k

Car sales on roadside verges are an issue across the city, creating a negative impact on the safety of pedestrians and road users and restricting council services from carrying out their schedule of works to cut grass areas.

In some areas safety of road users and pedestrians have a higher risk factor, where vision is impaired. This junction is one of those where there is a high risk due to the difficulty to egress from Bignold Road on to a busy Drayton Road whether left or right turning.

Erecting hard wood posts similar to those already in place along Drayton Road around the grass verge facing Bignold Road and Drayton Road would:

- completely restrict sales at this site
- restore a safer junction
- allow access to neighbouring houses by emergency services
- reduce the risk of accidents and enable contractors to cut grass.

Britannia Rd traffic issues £20k

The scheme aims to respond to issues raised by residents, councillors and police: i.e.

1) Ensure traffic speeds comply with 20mph
2) Disrupt boy racing and circuit driving on the car park and adjacent roads
3) Provide a pedestrian crossing point to the Heath from the end of the pavement on Britannia Road and the gate to the prison café
4) Enable the tourist bus to stop and turn around
5) Help make Britannia Road feel safer for cyclists and pedestrians

There are two options; both of which have the same traffic calming effect: point closure or pinch point.

City trees (citywide) £50k

There is strong support for providing replacement trees in streets and other areas where these have been lost. There are also requests from residents for new trees. This project would provide a budget (which could be scaled up or down depending on the availability of funding to provide new and replacement street trees in a variety of locations around the city. A highway tree costs approx. £350 to purchase, plant and protect. A non- highway tree £100.

Lakenham Way 1 (nature trail) £7k
There is increasing interest from local residents/groups as well as the newly reformed Lakenham & Town Close Open Spaces group to act as an umbrella organisation to provide support and develop a broader base of volunteers to promote cleaner/greener areas used by residents.

Lakenham Way forms part of the yellow pedalway and is a green corridor through the Lakenham ward which is used by many commuters in to the city as well as local residents. This use is likely to increase given the anticipated development along Hall road. This proposal will aim to reduce fear of crime as well as reduce anti-social behaviour by making Lakenham Way a well-used, safer and attractive route for pedestrians and cyclists The focus of the project will be to increase bio diversity, volunteer involvement and provide a location for schools/community groups to use. Interest from local businesses to enhance this area to improve residents' health and well- being (walking, interest in gardening, community pride) will also be embedded in future developments.

The proposal will fund engagement with schools, local users and residents to design and make wildlife habitats as well as design and provide wildlife information boards.

Lakenham Way Phase 2 and 3 (access points, yellow pedalway). Following the announcement of further funding, it is suggested that Phase 2 and 3 could be included within the proposals for next round of the Cycle Ambition Funding. The engagement through Phase 1 will help provide a better understanding of the needs of local residents, in their use and value for this community asset, and how these can be realised through Phase 2 and 3.

Natural area/ boundaries improvements George Fox Way and Augustus Hare Drive £10k

This area is blighted by litter and fly tipping. The problems are exacerbated by unkempt shrubs, poor informal oversight, low usage and poor condition of pathways.. The improvements that are proposed are mainly to improve soft landscaping and pathway installation. A detailed final plan will be developed in conjunction with local residents, Friends of West Earlham Woods, the police and Broadland Housing Association. Any work undertaken will be overseen by the natural areas officer and Norwich Fringe Project in order to minimise ecological impact and to improve indigenous biodiversity. This work will compliment further work that will target those responsible for fly tipping in the neighbourhood.

Netherwood Green & wooded ridge £48k

This area is a valued community resource which includes a tract of land that runs down Netherwood Green and county hall. The land forms part of the purple pedalway – providing an attractive travel to work route both into the city and out towards county hall, Trowse and other employment areas. It also includes part of a wildlife area jointly managed by city and county councils. Both the footpath and the wooded ridge area attract fly tipping, are overgrown and affect access by local residents to the area for natural play, enjoyment of wildlife. The proposal would be to improve access for all users including people with mobility difficulties as well as sensory impairments. It would aim to encourage greater use for well-being/leisure purposes This would be through the provision/improvements of trail routes, waymarks, clearing some areas, new planting, natural seating. Areas identified for improvement fall on city owned land but longer term aspiration is to build on this project to test out interest from local residents to develop a "Friends of group" working with both councils in the management of the site.

Noticeboards (citywide) £10k

Community Notice Board renovation/upgrade. There are approximately 50 notice boards being actively used to promote activities, important information and useful service providers. Many of these boards are within areas of deprivation and play a vital role in updating the communities, especially since frontline offices have been closed to the public.

Incorporation of capital funds for Push the Pedalways 2015-19 into capital programme and plan

1. On 31 December 2014 the Department for Transport (DfT) invited Norwich City Council to apply for £8.427m of funding to continue the work on the Push the Pedalways programme of cycling infrastructure investment. On 14 January Cabinet agreed that an application should be submitted by the deadline of 30 January.

2. The programme concentrates on the comprehensive improvement of the yellow pedalway (Lakenham – airport) and blue pedalway (Wymondham – Sprowston), which have previously been identified as priorities in the Greater Norwich Growth Programme. The opportunity to apply for funds has accelerated the development of proposals for these pedalways and the opportunity to implement them. It is expected that the DfT will announce in March whether Norwich will receive the funds.

3. The investment programme presented as part of the application amounts to £15.397m and extends over a 4 year period (April 2015 – March 2019), with the DfT funds to be spent in the first 3 years. The difference between the total cost and the DfT grant is being provided from a number of other funding sources listed in table 1.

4. Council approval is required to incorporate the funds into the capital programme and plan if it is money that would be received and / or spent by the City Council and has not already been allocated through previous capital reports to council. This approval is being sought in anticipation of a successful outcome to the application so that full commitment can be demonstrated to the DfT and work can begin on the design and implementation of projects at the beginning of April.

Table 1		
Source	**Status in capital plan and programme**	**Amount**
DfT	Approval sought from Council to incorporate funds if received	£8.427m
Local Growth Fund	Funds to be transferred from New Anglia LEP to County Council	£5.850m
CIL GNGP	Approval sought from Council to incorporate funds from Greater Norwich Growth Programme	£0.720m
Section 106	Approval will be sought to carry forward previously approved funds from 2014/15 capital programme	£0.217m
Section 106	Funds included in proposed 2015/16 - 2019/20 capital plan in main body of	£0.063m

	report	
Section 106	Approval sought from Council to incorporate funds	£0.090m
Airport	Funds held and to be spent by airport owners	£0.030m
Total		**£15.397m**

Table 2 - Addition to City Council's Non Housing Capital Plan 2015/16 - 2019/20					
Scheme	**2015/16 £000s**	**2016/17 £000s**	**2017/18 £000s**	**2018/19 £000s**	**2019/20 £000s**
Push the Pedalways - Yellow pedalway (Lakenham - Airport)	306	2,779	1,450	0	0
Push the Pedalways - Blue pedalway (Cringleford - Sprowston)	304	1,577	1,751	0	0
Push the Pedalways - Yellow & blue pedalways (city centre)	110	80	160	0	0
Total	**720**	**4,436**	**3,361**	**0**	**0**

Report to	Council	**Item**
	17 February 2015	8
Report of	Chief finance officer	
Subject	Housing rents and budgets 2015-16	

Purpose

To propose for approval the Housing Revenue Account (HRA) budget for 2015-16, council housing rents for 2015-16, the prudent minimum level of HRA reserves 2015-16, the housing capital plan 2015-16 to 2019-20; and the capital programme 2015-16.

Recommendations

To approve cabinet's recommendations of 4 February for the 2015-16 financial year:

1. that the council housing rent increase be approved at 2.2% as set out in paragraph 6.7;
2. that the HRA budgets are approved as set out in paragraph 3.1;
3. that the prudent minimum level of housing reserves be approved as set out in paragraph 7.11; and,
4. that the housing capital plan 2015-16 to 2019-20 set out in paragraph 8.6, and the housing capital programme 2015-16 set out in paragraph 9.1 are approved.

Corporate and service priorities

The report helps to meet the corporate priorities of decent housing for all and value for money services.

Financial implications

These are set out in the body of the report

Ward/s: All wards

Cabinet member: Councillor Bremner – Housing

Contact officers

Justine Hartley, Chief finance officer	01603 212440
Shaun Flaxman, Housing finance manager	01603 212561

Background documents

None

Report

1. Contents of report

1.1 The contents of this report are set out as follows:

2. Budgetary context

2.1 The Housing Revenue Account (HRA) is a “ring fenced” account that the authority must maintain in relation to its council housing stock. The HRA must fund all expenditure associated with the management and maintenance of the housing stock. The HRA is a complex account, the format of which is prescribed by government.

2.2 The HRA has moved from a position of being heavily influenced by central government, through the Housing Subsidy system, to a position under Self-Financing where the council has considerably greater discretion over the use of HRA resources. Rent and other income, under Self-Financing, remain within the council’s HRA rather than being subsumed into a national pool.

2.3 The proposed budgets have been drawn up within the framework of the Corporate Plan, corporate Medium Term Financial Strategy (MTFS), the Neighbourhood & Strategic Housing Services’ Service Plans, the HRA Business Plan, the Housing Asset Management Plan, and the Housing Investment Strategy.

3. HRA Budget 2014/15 into 2015/16

3.1 The following table shows the proposed budget in summarised statutory form assuming a rent increase in line with the Government's rent policy (see para 6.7).

Statutory Division of Service	Original Budget 2014/15 £000s	Draft Budget 2015/16 £000s	Change £000s
Repairs & Maintenance	15,923	16,323	400
Rents, Rates, & Other Property Costs	6,178	6,183	5
General Management	11,383	11,028	(355)
Special Services	5,629	4,997	(632)
Depreciation & Impairment	21,925	21,925	-
Provision for Bad Debts	941	584	(357)
Gross HRA Expenditure	**61,979**	**61,040**	**(939)**
Dwelling Rents	(58,916)	(60,144)	(1,228)
Garage & Other Property Rents	(1,951)	(1,980)	(29)
Service Charges – General	(9,644)	(9,145)	499
Adjustments & Financing Items (including revenue contribution to capital)	17,089	24,872	7,783
Amenities shared by whole community	(700)	(560)	(140)
Interest Received	(150)	(150)	-
Gross HRA Income	**(54,272)**	**(47,107)**	**7,165**
Total Housing Revenue Account	**7,707**	**13,933**	**6,226**

3.2 The £6.353m movement from £7.707m to £13.933m use of reserves can be analysed by type of movement and statutory division of service as follows:

Item	General Management	Special Services	Repairs & Maintenance	Other HRA	Total HRA
Adjustment to Base / Transfers	(328)	(361)	409	237	**(43)**
Inflation and Growth	253	113	807	8,282	**9,454**
Income Reduction	-	5	-	272	**277**
Savings	(278)	(372)	(817)	(666)	**(2,132)**
Income Increase	-	(17)	-	(1,312)	**(1,329)**
Draft Budget 2015/16	**(354)**	**(632)**	**399**	**6,813**	**6,226**

Details of budget movements by type are shown in Appendix 1.

4. HRA Balances

4.1 The proposed budgets will impact on the HRA Balance as follows:

Item	£000s
Brought Forward from 2013/14	(25,128)
Budgeted use of balances 2014/15	7,707
Forecast Outturn 2014/15	(834)
Carried Forward to 2015/16	**(18,256)**
Draft Budget 2015/16	13,933
Carried Forward to 2016/17	**(4,323)**

4.2 This will bring the HRA reserve balance down closer to the recommended minimum balance. This is as a result of applying reserves to fund capital spend before resorting to borrowing which incurs greater costs.

5. Background to financial Planning for the HRA

5.1 Financial planning for the HRA is based upon the 30-year Business Plan (BP). In February 2014, members acknowledged that as a result of a lower than government formula rent increase for 2014/15, in order to balance future capital plans, savings in capital spend would need to be made or planned capital expenditure would need to be slipped into future years.

5.2 In addition to reduced rental income, construction costs have risen significantly in recent months. Subsequently, it has been necessary to make changes to the future detailed capital programmes supporting the Business Plan approved last year to ensure that HRA borrowing continues to remain within allowable borrowing limits. As a consequence total capital spend over the four years from 2015/16 has reduced by £10.4m of which the main changes are to:

- Neighbourhood Housing budgets, which pay for housing upgrades and improvements, which have reduced by £5.3m from £120m to £115m; and

- Housing Investment budgets which have reduced by £3.8m from £26.1m to £22.2m.

5.3 On 12 November 2014, members approved the submission of a bid for an increase in the HRA borrowing headroom under the Local Growth Fund. On 23 December 2014, the Secretary of State approved an increase of £6,844,904 in the HRA borrowing headroom for Norwich linked to the building of new social housing. With this additional borrowing the current plan supports the building of 183 new Council homes over the 5 years of the plan.

6. Council Housing Rents

Rent Policy Context

6.1 In December 2002 the Executive agreed to introduce the Government's Rent Restructuring from April 2003. Under this system a target rent for each property is calculated. Rents for individual properties are set to collect the general increase, and move rent levels towards the target rents. The

Government initially intended that Council and Registered Social Landlord rents, for properties of similar sizes and locations, would converge by April 2011, then extended to April 2017. This meant that the amount of increase in rent could vary for properties depending on how near they were to the target rent as calculated by the Rent Restructuring Formula.

6.2 From 2012-13, the housing subsidy system has been abolished and councils are now “self financing”. The proceeds of rent increases now remain with the council instead of being negated by housing subsidy payments.

6.3 Under the previous subsidy system, the council was able to finance the Decent Homes Standard but was unable to maintain service and investment standards in the medium and long term. The introduction of self financing improved this position, enabling a higher level of investment, which has informed the capital proposals set out in paragraphs 8.1-9.4 of this report.

6.4 The level of rent tenants pay continues to be a decision for the council. However, it remains the expectation of ministers and assumption of the HRA business plan that authorities will continue to follow the guidelines.

6.5 More significantly for council landlords, the self-financing regime relies on councils raising sufficient money through rents to fund their liabilities and investment needs, assessed through their HRA Business Plans.

6.6 For 2014-15, the combination of September 2013 inflation at 3.2% and the movement towards converging rents 2016/17 meant that following rent restructuring formula would have generated an average rent increase of 5.57% (£4.21) for Norwich tenants. However, having considered the financial implications, this council determined that an increase of 1.5% should be applied to all rents, with no additional movement towards convergence with target rents.

2015/16 Rent Increase

6.7 For 2015/16, the Government’s rent policy has changed. The guidelines now state that the rent should be increased by CPI (Consumer Price Index) as of September 2014 (1.2%) plus 1% and that it is no longer intended that the rent should converge with target rents. This would equate to a rent increase in 2015/16 of 2.2% which would generate an average weekly increase of £1.70 for Norwich tenants. The table below shows maximum and minimum rent increases at 2.2%.

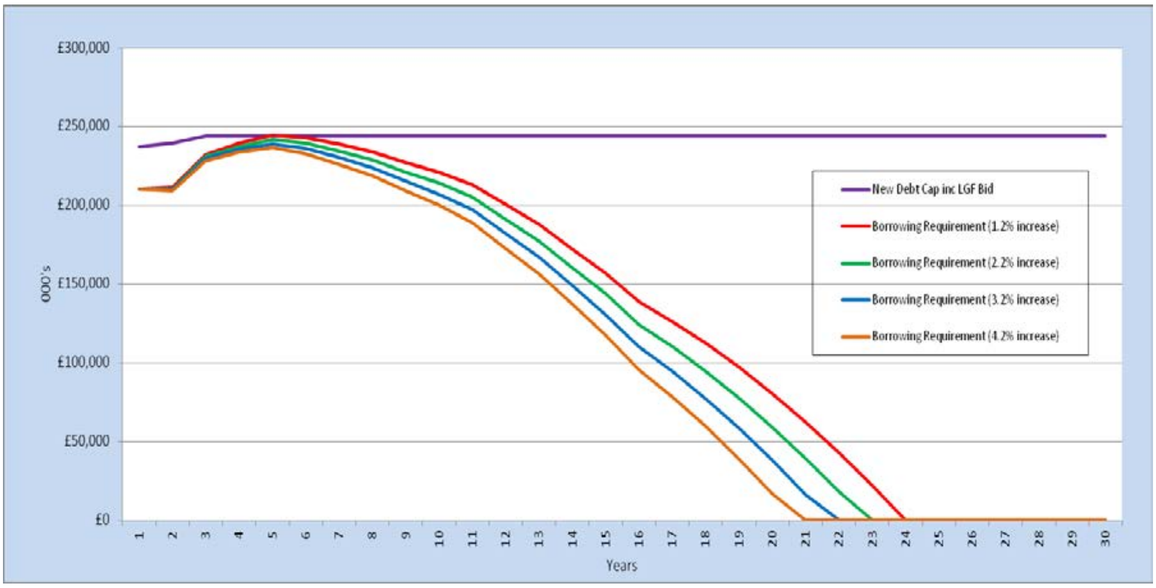
Item	Average £ per week	Maximum £ per week	Minimum £ per week
Rent 2014/15	77.32	139.45	55.64
CPI (@1.2%)	0.93	1.67	0.67
Additional 1%	0.77	1.39	0.56
Rent 2015/16	79.02	142.52	56.86
Increase	£1.70	£3.07	£1.22

6.8 Alternative rent increases have been modelled and are shown in the table below along with the impact on forecast HRA balances over the life of the HRA business plan (30 years).

Rent Increase	Weekly Increase	2015/16 Average Rent	Impact on Forecast HRA Balances (30 years)
1.20%	£0.93	£78.25	-£39.06m
2.20%	£1.70	£79.02	-
3.20%	£2.47	£79.79	+£38.16m
4.20%	£3.25	£80.57	+£75.54m

6.9 The level of capital spend included in this proposed budget assumes that borrowing will reach the allowable debt limits in the early years of the Business Plan. The impact of the rent increase options on the HRA borrowing compared to allowable debt is shown in the chart below.

HRA Debt Curve – Rent Increase Options 2015/16



6.10 A rent increase below the proposed 2.2% would require HRA borrowing to exceed the HRA debt cap and would extend the date at which the council would be able to pay off its housing debt. As the HRA debt must not exceed the debt cap, it would therefore be necessary to reduce future capital programmes by either deferring capital works to existing homes or building fewer new homes.

6.11 Conversely, a rent increase above the proposed 2.2% would generate additional funds for future investment within the HRA and would bring forward the date at which the council would be able to pay off its housing debt or would allow future capital spend to be brought forward.

6.12 60% of tenants are in receipt of Housing Benefit, which will in most cases rise to cover the increased rent set out above. The financial impact of the increases will fall hardest on those just above the benefit entitlement threshold, either impacting on their disposable income or forcing them into benefit. For tenants affected by the benefit changes for non-dependants and under-occupation the position will be worsened.

6.13 It is proposed that garage rents again remain unchanged from current levels in order to maintain affordability and encourage new tenants thereby reducing the number of void garages.

6.14 In accordance with the constitution, levels of tenants' service charges will be determined by officers under delegated powers, in consultation with the portfolio holder and after engagement with tenant representatives.

Consultation with tenants

6.15 Tenant representatives have been consulted over the proposed increase and other options, at a tenant briefing on 15 January 2014.

6.16 A range of responses were provided at the event with almost all tenants present, supporting a rent increase in line with Government policy (2.2%). Many tenants appreciate that rent increases are inevitable if the level of investment is to be maintained. However, concerns were also raised regarding the effect of higher increases on those struggling in the current financial climate.

6.17 All those who attended the briefing have been offered the opportunity to make further comment and any differing subsequent feedback will be reported orally.

7. Report by the Chief Financial Officer on the robustness of estimates, reserves and balances

7.1 Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer of the reports to members on the robustness of the budget estimates and the adequacy of council's reserves.

7.2 The Chief Finance Officer is required to provide professional advice to the council on the two above matters and is expected to address issues of risk and uncertainty.

Estimates

7.3 As with all future estimates there is a level of uncertainty and this has been taken into account when building the Business Plan and assessing the levels of reserves. In particular, significant increases in construction costs have been seen over recent months and if these continue they will impact on the ability to deliver the capital plan proposed.

7.4 Allowing for the above comment on uncertainty it is the opinion of the Chief Finance Officer that in the budgetary process all reasonable steps have been taken to ensure the robustness of the budget.

Reserves

7.5 A risk assessment has been undertaken to determine the level of general reserves required by the Council, attached as Appendix 2.

7.6 In making a recommendation for the level of reserves the Chief Finance Officer has followed guidance in the CIPFA LAAP Bulletin 77 – Guidance notes on Local Authorities Reserves and Balances.

7.7 The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

7.8 Earmarked reserves remain legally part of the general fund although they are accounted for separately.

7.9 There are also a range of safeguards in place that help to prevent local authorities over-committing themselves financially. These include:

a) the balanced budget requirement (England, Scotland and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992)
b) Chief Finance Officers' duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirement (England and Wales)
c) the requirements of the Prudential Code
d) auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.

7.10 Whilst it is primarily the responsibility of the local authority and its Chief Finance Officer to maintain a sound financial position, external auditors will, as part of their wider responsibilities, consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

Role of the Chief Finance Officer

7.11 Within the existing statutory and regulatory framework, it is the responsibility of the Chief Finance Officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose. The risk analysis attached as Appendix 2 shows that an adequate level of HRA reserves for the Council will be in the order of £3.111m.

8. Housing Capital Plan 2015/16-2019/20

8.1 The abolition of the HRA subsidy system from 1 April 2012 and the inception of "self financing" for council housing has allowed the council, in consultation with its tenants, to develop plans for increased investment in maintaining and improving council housing in Norwich.

8.2 The additional resources made available by retaining rent income within the city, rather than passing surpluses to the government, have enabled the council to adopt the Norwich Standard for maintenance and improvements of tenants' homes rather than the basic Decent Homes Standard, and to adopt a Housing Investment Strategy (as considered by cabinet on 14 November 2012) to deliver new council housing, reconfiguration of sheltered housing, estate renewal, renewable energy solutions, and support to private sector housing in the city.

8.3 The following table indicates the anticipated levels of resources available to the Housing Capital Programme in future years.

Housing Capital Resources	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
Forecast resources brought forward	0	0	0	0	0
Capital grants	(504)	(408)	(408)	(408)	(408)
Major Repairs Reserve - depreciation charges	(12,118)	(2,255)	(5,984)	(10,956)	(12,921)
HRA borrowing from headroom under debt cap	(2,845)	(24,340)	(6,787)	0	0
Revenue Contribution to Capital	(25,235)	(12,957)	(12,455)	(13,127)	(6,207)
Leaseholder contributions to major works	(200)	(200)	(200)	(200)	(200)
Capital receipts - properties uneconomic to repair	(780)	(780)	(780)	(780)	(780)
Capital receipts arising from RTB (25%)	(1,472)	(698)	(695)	(692)	(689)
Retained "one for one" RTB Receipts	(1,171)	(720)	(678)	(328)	0
Gross forecast resources	**(44,326)**	**(42,358)**	**(27,987)**	**(26,491)**	**(21,205)**
Forecast resources utilised	44,326	42,358	27,987	26,491	21,205
Forecast resources carried forward	**0**	**0**	**0**	**0**	**0**

8.4 The level of RTB receipts included in the proposed capital plan anticipates a short term increase in RTB sales because of the government's increased incentives, but that numbers of sales will decline within a few years toward the current "normal" rate. The additional "one for one" resources consequently forecast in the capital plan are anticipated to be applied to support the provision of new council housing.

8.5 Proposed housing capital expenditure includes continuing to maintain the structural integrity of tenants' homes, delivering the Norwich Standard of maintenance and improvement, and investment in accordance with the objectives set out in the Housing Investment Strategy.

8.6 The following indicates the anticipated levels of expenditure until 2019/20 and constitutes the Housing Capital Plan:

Housing Capital Plan	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
Neighbourhood housing	33,620	33,369	23,833	23,743	19,550
Strategic housing	1,251	1,155	1,155	1,155	1,155
Housing investment	9,455	7,834	2,999	1,593	500
Total Housing Capital Programmes	**44,326**	**42,358**	**27,987**	**26,491**	**21,205**
Available resources applied	(44,326)	(42,358)	(27,987)	(26,491)	(21,205)
Surplus/(Deficit) in Housing Capital Plan	**0**	**0**	**0**	**0**	**0**

8.7 All planned capital costs and resources are incorporated into the HRA Business Plan projections.

8.8 All risks relating to the resourcing and delivery of the capital plan are identified and managed in accordance with the council's Risk Management Strategy.

9. Recommended Housing Capital Programme 2015/16

9.1 The following table details the proposed Housing Capital Programme for approval:

Scheme	£000s
Home Upgrades	14,120
Heating Upgrades	5,230
Window & Door Upgrades	1,810
Insulation	950
Community Safety & Environment	550
Sheltered Housing Regeneration	775
Preventative Maintenance	8,220
Supported Independent Living	1,000
Site Formation	250
Fees	715
Neighbourhood Housing	**33,620**
New Build Social Housing	8,905
RTB Buyback Programme	500
Sheltered Housing Regeneration	50
Housing Investment	**9,455**
Strong & Well Scheme	96
Home Improvement Agency Works	1,155
Strategic Housing	**1,251**
Total Housing Capital Programme 2015/16	**44,326**

9.2 The outcomes that will be supported by the planned expenditure on the council's own stock compared to previous years, will be as follows:

Housing Capital Programme	2012/13 Outcomes	2013/14 Outcomes	2014/15 Outcomes	2015/16 Planned	*Change 2014/15 to 2015/16*
New kitchens	1,264	1,531	1,557	1,575	-2
New bathrooms	747	655	1,049	1,049	0
Heating systems/boilers	>950	>1,000	999	999	0
New composite doors	479	1,309	4,015	4,025	+10
New PVCu windows	2,400	1,320	34	0	0
Whole house improvements	20	20	20	20	0

9.3 These outcomes reflect the end of the windows programme, and the continued focus on the replacement doors programme.

9.4 In addition, the capital plan anticipates the building of 183 new council homes over the 5 years of the plan.

9.5 The capital programme proposed above will be supplemented by resources and commitments brought forward from the 2014/15 capital programme.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report

Report author to complete	
Committee:	Cabinet
Committee date:	4 February 2015
Head of service:	Justine Hartley, Chief Finance Officer
Report subject:	Housing Budgets & Rents 2015/16
Date assessed:	
Description:	This integrated impact assessment covers the proposed housing budgets and council housing rents for 2015/16

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The recommendations of the report will secure continuing value for money in the provision of works and services to council tenants
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☐	☒	☐	The proposed housing capital plan and programme will provide for improvements to tenanted properties and the surrounding environment
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☐	☒	☐	The proposed housing capital plan and programme will provide for improvements in thermal and carbon efficiency

	Impact			
(Please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☐	☒	☐	The risks underlying the budgets, rent increase, and capital plan and programme have been assessed and prudent provision made for the financial consequences of those risks both within the budgets and the recommended prudent minimum level of HRA reserves

Recommendations from impact assessment
Positive
None
Negative
None
Neutral
None
Issues
None

Draft Housing Revenue Account budgets 2015/16

Budget movements by type

Adjustment to Base / Transfers	£000s
Reduction in corporate recharges	(24)
Other adjustments / transfers	(19)
Adjustment to Base / Transfers	**(43)**

Inflation and Growth	£000s
Revenue Contribution to Capital	8,277
Increase in entry phone maintenance costs	53
Requirement to test tower block lateral power distribution bars	50
Increase in central heating servicing costs	41
Change in regulations requiring additional electrical testing	66
Increase in exterior painting programme	200
Increase in cavity wall insulation costs	250
Increase in asbestos survey costs	10
Increase in drainage maintenance costs	100
Increase in costs of environmental health and hoarding clearances	15
Increase in costs of mutual exchange compensation	15
Increase in HMCTS possession hearing court fees	53
Increased staffing costs due to increased right to buy work	19
Increase in standing charges relating to void dwellings	10
Replacement of warden call equipment	15
New furniture and fittings for St James House following renovation work	30
Additional costs of Sheltered Housing Handyman - partially recovered through service charges	20
Other HRA Growth	44
HRA salary cost inflation	97
Digital ariel inflation	20
Sheltered Housing utilities cost inflation	15
Waste collection cost inflation	41
Other HRA inflation	10
Total inflation and Growth	**9,454**

Income Reduction	£000s
Reduction in amounts to be recovered from leaseholders	217
Reduction in Non-Dwelling rents	55
Other Income Reduction	5
Income Reduction	**277**

Savings	£000s
Housing Property Management reduced costs	(220)
Reduced costs of one off relocation compensation	(29)
Reduction in depreciation	(459)
Reduction in costs of fire alarm maintenance	(23)
Reduction in extractor fan servicing costs	(23)
Reduction in landlord lighting maintenance programme due to fluctuation between years	(115)
Reduction in automatic vent servicing costs	(43)
Reduction in revenue estate aesthetics budgets	(506)
Reduction in water mains renewal costs	(100)
Reduction in bad debt provision	(201)
Review of Norwich community alarms service to realise efficiency savings	(333)
Other Savings	(80)
Total Savings	**(2,132)**

Income Increase	£000s
Dwelling rent increase 2.2%	(1,228)
Room Hire	(17)
Increase in Non-Dwelling rents	(84)
Income Increase	**(1,329)**

APPENDIX 2

Housing Revenue Account – Prudent Minimum Balance

Estimate of prudent level of HRA reserves 2014/15

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Description	Level of risk	Amount at risk	Risk
Employee Costs	*High*	6,473,459	32,367
Supplies and Services	*High*	2,482,133	6,205
Premises Costs	*High*	8,207,695	20,519
Transport Costs	*High*	147,281	368
Contracted Services	*Medium*	16,058,460	120,438
Fees and Charges	*Medium*	2,801,350	42,020
Investment Income	*Medium*	150,500	4,515
Rents & Service Charges	*Low*	70,611,454	176,529
Financing Items	*Medium*	25,362,000	50,724
Total One Year Operational Risk			453,686
Allowing three years cover on operational risk			**1,361,058**
Balance Sheet risk			
Issues arising from Welfare reform			**750,000**
General Risk			
Unforeseen events			**1,000,000**
ESTIMATED REQUIRED LEVEL OF HRA RESERVES			**3,111,058**

Operational cost risk profiles

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		Low Risk	Med Risk	High Risk
Employee Costs	overspend	1.00%	2.50%	5.00%
	probability	25.0%	15.0%	10.0%
	amount at risk	16,184	24,275	32,367
Supplies and Services	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	2,482	4,654	6,205
Premises Costs	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	8,208	15,389	20,519
Transport Costs	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	147	276	368
Contracted Services	overspend	5.00%	10.00%	15.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	80,292	120,438	120,438
Fees and Charges	overspend	5.00%	10.00%	15.00%
	probability	25.0%	15.0%	10.0%
	amount at risk	35,017	42,020	42,020
Investment Income	shortfall	10.00%	20.00%	30.00%
	probability	20.0%	15.0%	10.0%
	amount at risk	3,010	4,515	4,515
Rents & Service Charges	shortfall	1.00%	1.50%	2.00%
	probability	25.0%	15.0%	5.0%
	amount at risk	176,529	158,876	70,611
Financing Items	overspend	1.00%	2.00%	3.00%
	probability	15.0%	10.0%	5.0%
	amount at risk	38,043	50,724	38,043

Report to	Council	**Item**
	17 February 2015	9
Report of	Chief finance officer	
Subject	Treasury management strategy 2015-16	

Purpose

To outline the council's prudential indicators for 2015-16 through to 2017-18 and set out the expected treasury operations for this period. It fulfils three key reports required by the Local Government Act 2003:

1. the reporting of the prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities;

2. the Minimum Revenue Provision (MRP) Policy, as required by Regulation under the Local Government and Public Involvement in Health Act 2007 (Appendix A); and,

3. the treasury strategy in accordance with the CIPFA Code of Practice on Treasury Management.

The investment strategy is in accordance with the Department of Communities and Local Government investment guidance

Recommendations

To approve cabinet's recommendations of 4 February in relation to the key elements of this report:

1. the capital prudential indicators and limits for 2015-16 to 2017-18 contained within paragraphs 10 - 15 of this report;

2. the Minimum Revenue Provision (MRP) policy statement (paragraph 16);

3. the borrowing strategy 2015-16 to 2017-18 (paragraphs 24 – 28);

4. the treasury prudential indicators (paragraphs 29 - 32), including the authorised limit (paragraph 30); and

5. the investment strategy 2015-16 (paragraphs 33 – 57) and the detailed criteria included in appendix 3.

Corporate and service priorities

The report helps to meet the corporate priority of value for money services

Financial implications

The report has no direct financial consequences however it does set the guidelines for how the council manages its borrowing and investment resources

Ward/s: all wards

Cabinet member: Councillor Waters – deputy leader and resources

Contact officers

Justine Hartley, chief finance officer	01603 212440
Philippa Dransfield, chief accountant	01603 212652

Background documents

None

Introduction

1. 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.

2. 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 any debt previously drawn may be restructured to meet council risk or cost objectives.

3. CIPFA defines treasury management as:

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

4. The council initially adopted the CIPFA Code of Practice on 2 April 2002 and has, through the annual strategy, adopted any subsequent changes or revisions. The adoption of the Code of Practice and the requirement to follow the Code is a requirement under statutory instrument.

The Treasury Management Policy Statement

The council defines its treasury management activities as:

5. The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

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

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

Reporting requirements

8. The council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.

A treasury management strategy statement, including prudential and treasury indicators (this report) **-** The first, and most important report covers:

- capital plans, including prudential indicators;
- the treasury management strategy, including treasury indicators; and
- the Minimum Revenue Provision (MRP) policy, describing how residual capital expenditure is charged to revenue over time;
- the investment strategy.

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An annual treasury management report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

9. The **treasury management strategy statement** 2015/16 covers the following areas:

Capital
- capital plans and prudential indicators
- minimum revenue provision (MRP) strategy

Borrowing
- current treasury management position
- prospects for interest rates
- borrowing strategy, including the policy on borrowing in advance of need and debt rescheduling
- treasury indicators: limits to borrowing activity and affordability, designed to limit the treasury risk to the council

Investments
- annual investment strategy
- creditworthiness policy

Other
- training
- policy on use of external service providers

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

Capital

Capital plans and prudential indicators

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

11. **Capital expenditure:** This prudential indicator is a summary of the council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Capital Expenditure £000	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Non-HRA	6,868	10,830	21,615	28,272	14,401	3,191
HRA	27,180	35,809	44,326	42,358	27,987	26,491
Total	**34,048**	**46,639**	**65,941**	**70,630**	**42,388**	**29,682**

The financing need in the table above excludes other long term liabilities such as leasing arrangements which already include borrowing instruments.

Capital expenditure for 2015/16 differs from the proposed capital programme as the figures in the table above include non-housing capital expenditure of £10.167m that is expected to be carried forward at the end of 2014/15 which has already been approved and is therefore not included in the capital programme to be approved.

12. The table below shows how capital expenditure plans are being financed by capital or revenue resources. Any shortfall of resources results in a borrowing need.

Capital Funding £000	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Financed by:						
Capital receipts	3,542	4,806	4,673	3,869	3,439	3,086
Capital grants and contributions	2,324	8,645	7,847	2,979	2,749	2,513
Reserves	13,042	13,303	13,189	2,255	5,984	10,956
Revenue	17,028	19,885	25,235	12,957	12,455	13,127
Total resources	**35,936**	**46,639**	**50,944**	**22,060**	**24,627**	**29,682**
Net borrowing	**(1,888)**	**-**	**14,997**	**48,570**	**17,761**	**-**

need for the year						

13. **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 underlying borrowing need. Any capital expenditure which has not immediately been paid for will increase the CFR.

14. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

15. The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the council's borrowing requirement, these types of scheme include a borrowing facility and so the council is not required to separately borrow for these schemes. The council currently has £1.27m of such schemes within the CFR.

The council is asked to approve the CFR projections below:

Capital Financing Requirement £000	**2013/14 Actual**	**2014/15 Estimate**	**2015/16 Estimate**	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**
CFR Non-HRA	26,925	27,515	39,159	62,415	71,486	68,219
CFR HRA	209,051	207,384	209,637	233,384	239,578	238,985
Total CFR	**235,976**	**234,899**	**248,795**	**295,799**	**311,063**	**307,204**
Movement in CFR	(2,940)	(1,077)	13,896	47,004	15,264	(3,859)
Movement in CFR is represented by						
Net financing need for the year (above)	(1,888)	-	14,997	48,570	17,761	-
Less MRP and other financing movements	(1,052)	(1,077)	(1,101)	(1,566)	(2,497)	(3,858)
Movement in CFR	(2,940)	-	13,986	47,004	15,264	-

Note: the MRP includes finance principle payments.

The CFR above makes no assumptions about selling any of the properties built or of any special purpose vehicle usage for the building of the properties. Part of the CFR movement on 2018/19 relates to the repayment of the LAMS indemnity funding of £1m.

Minimum Revenue Provision (MRP) policy statement

16. 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).

CLG 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:

- For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be based on CFR. This provides for an approximate 4% reduction in the borrowing need (CFR) each year.
- From 1 April 2008 for all unsupported borrowing, the MRP policy will be based on CFR. This provides for an approximate 4% reduction in the borrowing need (CFR) each year.
- There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).
- Repayments included in annual finance leases are applied as MRP.

For authorities, like Norwich, which participate in LAMS using the cash backed option, the mortgage lenders require a 5 year cash advance from the local authority to match the 5 year life of the indemnity. The cash advance placed with the mortgage lender provides an integral part of the mortgage lending, and should therefore be treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the total indemnity. The cash advance is due to be returned in full at maturity, with interest paid annually. Once the cash advance matures and funds are returned to the local authority, the returned funds are classed as a capital receipt, and the CFR will reduce accordingly. As this is a temporary (5 year) arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The position should be reviewed on an annual basis.

Borrowing

Current treasury management position

17. 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 service activity, including capital expenditure plans. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

18. The council's treasury debt portfolio position at 31 March 2014, with forward projections, is summarised below. The table shows the actual external debt (treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£000	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
External debt						
Debt at 1 April	223,917	223,917	223,917	233,803	271,623	282,384
Expected change in debt	-	-	9,886	37,820	10,761	(2,000)
Other long-term liabilities (OLTL)	2,003	1,927	1,847	1,762	1,672	1,576
Expected change in OLTL	(76)	(80)	(85)	(90)	(96)	(101)
Debt at 31 March	**225,844**	**225,764**	**235,565**	**273,295**	**283,960**	**281,859**
Capital Financing Requirement (CFR)	**235,976**	**234,899**	**248,795**	**295,799**	**311,063**	**307,204**
Under / (over) borrowing	**10,132**	**9,135**	**13,230**	**22,504**	**27,103**	**25,345**

The debt is increasing due to presumed borrowing for building properties within the HRA and GF, it makes no assumptions about selling any of the properties built or any special purpose vehicle usage for the building of the properties.

19. Within the 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 total debt, net of any investments, 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 2014/15 and the following two financial years (shown as net borrowing above). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

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

Prospects for interest rates

20. The council has appointed Capita 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 the Capita Asset Services central view.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2015	0.50	2.20	3.40	3.40
Jun 2015	0.50	2.20	3.50	3.50
Sep 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
Mar 2016	0.75	2.60	4.00	4.00
Jun 2016	1.00	2.80	4.20	4.20
Sep 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
Mar 2017	1.25	3.20	4.50	4.50
Jun 2017	1.50	3.30	4.60	4.60
Sep 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
Mar 2018	2.00	3.60	4.80	4.80

Further detailed interest rate forecasts are given in Appendix 1.

21. UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer

disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

22. The US, the biggest world economy, has generated stunning growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is hugely promising for the outlook for strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid 2015.

23. The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Greece: the general election on 25 January 2015 is likely to bring a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strenthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify;

- As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;

- Investment returns are likely to remain relatively low during 2015/16 and beyond;

- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities (especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;

- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

Borrowing strategy

24. The council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the CFR) 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 relatively high.

25. Against this background and the risks within the economic forecast, caution will be adopted with the 2015/16 treasury operations. The Chief finance officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

Any decisions will be reported to Cabinet at the next available opportunity.

26. **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.

27. **Debt rescheduling:** As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place may include:

- the generation of cash savings and / or discounted cash flow savings
- helping to fulfil the treasury strategy
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility)

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the council, at the earliest meeting following its action.

28. **Municipal Bond Agency**
It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority intends to make use of this new source of borrowing as and when appropriate.

Treasury indicators: limits on borrowing activity and affordability

29. **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.

Operational boundary £000	**2013/14 Actual**	**2014/15 Forecast**	**2015/16 Estimate**	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**
Debt	223,917	223,917	233,803	271,623	282,384	280,384
Other Long term Liabilities	1,927	1,847	1,762	1,672	1,576	1,475
Total	**225,844**	**225,764**	**235,565**	**273,295**	**283,960**	**281,859**

The debt is increasing due to presumed borrowing for building properties within the HRA and GF, it makes no assumptions about selling any of the properties built or any special purpose vehicle usage for the building of the properties.

30. **The authorised limit for external debt:** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- The council is asked to approve the following authorised limit:

Authorised Limit £000	**2013/14 Actual**	**2014/15 Forecast**	**2015/16 Estimate**	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**
Debt	263,917	263,917	273,803	311,623	322,384	340,384
Other Long term Liabilities	1,927	1,847	1,762	1,672	1,576	1,475
Total	**265,844**	**265,764**	**275,565**	**313,295**	**323,960**	**341,859**

The debt is increasing due to presumed borrowing for building properties within the HRA and GF, it makes no assumptions about selling any of the properties built or any special purpose vehicle usage for the building of the properties.

Separately, the council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA debt limit £000	**2013/14 Actual**	**2014/15 Forecast**	**2015/16 Estimate**	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**
HRA Debt Cap	236,989	236,989	239,201	243,834	243,834	243,834
HRA CFR	209,052	207,383	209,637	233,384	239,578	238,985
HRA Headroom	27,937	29,606	29,564	10,450	4,256	4,849

Any slippage from 2014/15 to 2015/16 of the capital programme has not been reflected in the CFR for 2015/16 or any subsequent years, inclusion would reduce the headroom.

Treasury management limits on activity

31. There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- **Upper limits on variable interest rate exposure:** This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- **Upper limits on fixed interest rate exposure:** This is similar to the previous indicator and covers a maximum limit on fixed interest rates
- **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	**2014/15**	**2015/16**	**2016/17**
Interest rate exposures			
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	20%	20%	20%

Limits on fixed interest rates: • *Debt only* • *Investments only*	100% 100%	100% 100%	100% 100%
Limits on variable interest rates • Debt only • Investments only	20% 20%	20% 20%	20% 20%

Maturity structure of fixed interest rate borrowing

	Lower	Upper
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	30%
5 years to 10 years	0%	50%
10 years and above	0%	95%

32. **Affordability prudential indicators**: The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are also 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.

%	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Non-HRA	7.63	5.24	6.74	8.83	9.89	10.28
HRA	12.02	12.04	11.72	11.62	10.99	10.68

The estimates of financing costs include current commitments and the proposals in this budget report, which are increasing due increased borrowing to fund building of properties. As stated above The debt is increasing due to presumed borrowing for building properties within the HRA and GF, it makes no assumptions about selling any of the properties built or of any special purpose vehicle usage for the building of the properties.

- **Incremental impact of capital investment decisions on council tax:** This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in the 2015/16 budget report compared to the council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

- **Incremental impact of capital investment decisions on the band D council tax:** The impact of capital expenditure on the council tax would be derived from the effect of Revenue Contributions to Capital on the Council Tax Requirement. Since the council does not budget for any significant revenue contributions, the impact on the Council Tax Requirement, and therefore council tax, is nil.

- **Estimates of the incremental impact of capital investment decisions on housing rent levels:** Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in the 2015/16 budget report compared to the council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

  This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

  The impact of capital expenditure on council dwelling rents (if rent restructuring were being applied) would be derived from any effect of capital expenditure on the January 1999 dwelling values from which formula rents are calculated, moderated through the operation of caps and limits on annual rent increases/decreases. If rent restructuring were not being applied, the impact would be derived from the calculation of a rent requirement incorporating the effect of revenue contributions. Since the council applies rent restructuring, and does not adjust January 1999 values for the effect of capital expenditure, the impact on council dwelling rents is nil.

Investments

Annual investment strategy

33. **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 £000	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Fund balances / reserves	33,443	25,935	10,876	11,022	9,578	8,580
Capital receipts	15,227	18,857	18,857	18,857	18,857	18,857
Other	6,772	9,162	9,586	8,663	7,724	6,219
Working capital*	45,464	25,500	25,500	25,500	25,500	25,500

Expected investments	**66,289**	**60,000**	**73,449**	**64,341**	**57,900**	**57,900**

*Working capital balances shown are estimated year end; these may be higher mid year

A proportion of the capital receipts are ringfenced so can only be spent on specific capital works. It has been assumed that any capital receipts arising in a year are used to finance the capital programme in that year.

34. **Investment policy:** The council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Capita Asset Services (formerly Sector)al Guidance Notes ("the CIPFA TM Code"). The council's investment priorities will be security first, liquidity second, then return.

35. In accordance with the above guidance from the Welsh Government and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

36. Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

37. Further, the council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that 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 this end 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.

38. 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.

39. The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable divesification and thus avoidance of concentration risk.

40. The intention of the strategy is to provide security of investment and minimisation of risk.

41. Investment instruments identified for use in the financial year are listed in Appendix 3 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the council's treasury management practices – schedules.

42. **Creditworthiness policy:** The primary principle governing the council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the council's prudential indicators covering the maximum principal sums invested.

43. The Chief finance officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the council may use, rather than defining what types of investment instruments are to be used.

44. The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the council's criteria, the other does not, the institution will fall outside the lending criteria. Credit rating information is supplied by Capita Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum council criteria will be suspended from use, with all others being reviewed in light of market conditions.

45. The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:

- Banks 1 - good credit quality **–** the council will only use banks which:
  - are UK banks; and/or
  - are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAA
  - and have, as a minimum, the following Fitch, Moody's and Standard Poors credit ratings (where rated):
- Short term - F1, P1, A1
- Long term – A, A2, A
- Viability / financial strength – bbb+ (Fitch / Moody's only)
- Support – 5(Fitch only)
- Banks 2 – Part nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.

- Banks 3 – The council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Bank subsidiary and treasury operation - The council will use these only where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building societies The council will *use* all societies which:
  - meet the ratings for banks outlined above
  - have assets in excess of £2bn
  - or meet both criteria.
- Money market funds – *AAA*
- UK Government (including gilts and the DMADF)
- Local authorities, parish councils etc
- Supranational institutions

46. **Country and Capita Asset Services considerations:** Due care will be taken to consider the country, group and sector exposure of the council's investments. In part, the country selection will be chosen by the credit rating of the sovereign state in Banks 1 above. In addition:

- no more than 30% 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

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

48. **Time and monetary limits applying to investments:** The time and monetary limits for institutions on the council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch long term rating (or equivalent)	**Money Limit**	**Time Limit**
Banks 1 category high quality	*AA*	£15m	364 days
Banks 1 category lower quality	*A*	£10m	364 days
Banks 2 category – part nationalised	N/A	£15m	3yr
Limit 3 category – council's banker (not meeting Banks 1)	A-	£5m	3 months

Building Societies	Asset worth £2bn	£10m	364 days
DMADF	AAA	unlimited	6 months
Local authorities	N/A	£10m per LA	5 years
Money market Funds	AAA	£5m per fund	liquid
		£25m overall limit	

49. **Country limits:** The council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Investment strategy

50. **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).

51. **Investment returns expectations.** Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2015. Bank Rate forecasts for financial year ends (March) are:

- 2015/16 0.75%
- 2016/17 1.25%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth weakens for longer than expected. However, should the pace of growth quicken, there could be upside risk.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next four years are as follows:

- 2015/16 0.60%
- 2016/17 1.25%
- 2017/18 1.75%
- 2018/19 2.25%
- 2019/20 2.75%
- 2020/21 3.00%
- 2021/22 3.25%
- 2022/23 3.25%

Later years 3.5%

52. **Investment treasury indicator and limit:** Total principal funds invested for greater than 364 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 treasury indicator and limit:

Maximum Principle Funds invested >364 days			
£m	**2015/16**	**2016/17**	**2017/18**
Principal sums invested > 364 days	£15m	£15m	£15m

For its cash flow generated balances, the council will seek to utilise its business reserve instant access and notice accounts and short-dated deposits (overnight to three months), in order to benefit from the compounding of interest.

53. **Investment risk benchmarking:** These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

54. **Security -** The council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.05% historic risk of default when compared to the whole portfolio
- in addition, that the security benchmark for each individual year is:

	1 year	**2 years**	**3 years**	**4 years**	**5 years**
Maximum	**0.05%**	**0.04%**	**0.03%**	**0.02%**	**0.01%**

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

55. **Liquidity** – in respect of this area the council seeks to maintain:

- Bank overdraft – zero balance
- Liquid short term deposits of at least £1m available with a week's notice
- Weighted average life benchmark is expected to be 0.45 years, with a maximum of 2.77 years

56. **Yield** - local measures of yield benchmarks are

- Investments – internal returns above the 7 day LIBID rate

57. At the end of the financial year, the council will report on its investment activity as part of its annual treasury management report.

Other

Training

58. The CIPFA code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. Members received treasury management training from Capita's Richard Dunlop in November 2013 and further training will be arranged as required.

59. The training needs of treasury management officers are periodically reviewed.

Treasury Management Consultants

60. The council uses Capita Asset Services as its external treasury management advisors.

61. The council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

62. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Integrated impact assessment	NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report

Report author to complete	
Committee:	council
Committee date:	04 February 2015
Head of service:	Justine Hartley
Report subject:	Treasury Management Strategy 2015/16
Date assessed:	
Description:	

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	X	☐	The report has no direct financial consequences however it does set the guidelines for how the council manages its borrowing and investment resources
Other departments and services e.g. office facilities, customer contact	☐	☐	☐	
ICT services	☐	☐	☐	
Economic development	☐	☐	☐	
Financial inclusion	☐	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☐	☐	☐	
S17 crime and disorder act 1998	☐	☐	☐	
Human Rights Act 1998	☐	☐	☐	
Health and well being	☐	☐	☐	

	Impact			
Equality and diversity (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☐	☐	☐	
Eliminating discrimination & harassment	☐	☐	☐	
Advancing equality of opportunity	☐	☐	☐	
Environmental (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☐	☐	☐	
Natural and built environment	☐	☐	☐	
Waste minimisation & resource use	☐	☐	☐	
Pollution	☐	☐	☐	
Sustainable procurement	☐	☐	☐	
Energy and climate change	☐	☐	☐	
(Please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☐	☐	☐	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Interest Rate Forecasts 2014-2018 APPENDIX 1

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012

Capita Asset Services Interest Rate View													
	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank Rate View	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
3 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.90%	1.10%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	2.10%
6 Month LIBID	0.70%	0.70%	0.80%	1.00%	1.10%	1.20%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.30%
12 Month LIBID	0.90%	1.00%	1.10%	1.30%	1.40%	1.50%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.60%
5yr PWLB Rate	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
10yr PWLB Rate	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yr PWLB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
50yr PWLB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Bank Rate													
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	-	-	-	-	-
5yr PWLB Rate													
Capita Asset Services	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
Capital Economics	2.20%	2.50%	2.70%	3.00%	3.10%	3.20%	3.30%	3.40%	-	-	-	-	-
10yr PWLB Rate													
Capita Asset Services	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
Capital Economics	2.80%	3.05%	3.30%	3.55%	3.60%	3.65%	3.70%	3.80%	-	-	-	-	-
25yr PWLB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.25%	3.45%	3.65%	3.85%	3.95%	4.05%	4.15%	4.25%	-	-	-	-	-
50yr PWLB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.30%	3.50%	3.70%	3.90%	4.00%	4.10%	4.20%	4.30%	-	-	-	-	-

Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012

Economic Background

UK. After strong UK GDP growth in 2013 at an annual rate of 2.7%, and then in 2014 0.7% in Q1, 0.9% in Q2 2014 (annual rate 3.2% in Q2), Q3 has seen growth fall back to 0.7% in the quarter and to an annual rate of 2.6%. It therefore appears that growth has eased since the surge in the first half of 2014 leading to a downward revision of forecasts for 2015 and 2016, albeit that growth will still remain strong by UK standards. For this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster than expected. The MPC is now focusing on how quickly slack in the economy is being used up. It is also particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back significantly above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in wage growth at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Also encouraging has been the sharp fall in inflation (CPI), reaching 1.0% in November 2014; the lowest rate since September 2002. Forward indications are that inflation is likely to remain around or under 1% for the best part of a year. The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 have disappointed until November. The autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated.

Eurozone (EZ). The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In November 2014, the inflation rate fell further, to reach a low of 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB took some rather limited action in June and September 2014 to loosen monetary policy in order to promote growth. It now appears likely that the ECB will embark on full quantitative easing (purchase of EZ country sovereign debt) in early 2015.

Concern in financial markets for the Eurozone subsided considerably after the prolonged crisis during 2011-2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. The ECB's pledge in 2012 to buy unlimited amounts of bonds of countries which ask for a bailout has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2013 figures) of Greece 180%, Italy 133%, Portugal 129%, Ireland 124% and Cyprus 112%, remain a cause of concern, especially as some of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are likely to continue to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US.

Greece: the general election due to take place on 25 January 2015 is likely to bring a political party to power which is anti EU and anti-austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti-austerity political parties throughout the EU is much more difficult to quantify. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries which have high unemployment rates. There are also major concerns as to whether the governments of France and Italy will effectively implement austerity programmes and undertake overdue reforms to improve national competitiveness. These countries already have political parties with major electoral support for anti EU and anti-austerity policies. Any loss of market confidence in either of the two largest Eurozone economies after Germany would present a huge challenge to the resources of the ECB to defend their debt.

USA. The U.S. Federal Reserve ended its monthly asset purchases in October 2014. GDP growth rates (annualised) for Q2 and Q3 of 4.6% and 5.0% have been stunning and hold great promise for strong growth going forward. It is therefore confidently forecast that the first increase in the Fed. rate will occur by the middle of 2015.

China. Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach but recent data has indicated a marginally lower outturn for 2014, which would be the lowest rate of growth for many years. There are also concerns that the Chinese leadership has only started to address an unbalanced economy which is heavily over dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 has suppressed consumer expenditure and growth to the extent that it has slipped back into recession in Q2 and Q3. The Japanese government already has the highest debt to GDP ratio in the world.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis. There is an increased risk that Greece could end up leaving the Euro but if this happens, the EZ now has sufficient fire walls in place that a Greek exit would have little immediate direct impact on the rest of the EZ and the Euro. It is therefore expected that there will be an overall managed, albeit painful and tortuous, resolution of any EZ debt crisis that may occur where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be weak at best for the next couple of years with some EZ countries experiencing low or negative growth, which will, over that time period, see an increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries, especially if growth disappoints and / or efforts to reduce government deficits fail to deliver the necessary reductions. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a sharp resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the larger countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

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

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK strong economic growth is weaker than we currently anticipate.
- Weak growth or recession in the UK’s main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- An adverse reaction by financial markets to the result of the UK general election in May 2015 and the economic and debt management policies adopted by the new government
- ECB either failing to carry through on recent statements that it will soon start quantitative easing (purchase of government debt) or severely disappointing financial markets with embarking on only a token programme of minimal purchases which are unlikely to have much impact, if any, on stimulating growth in the EZ.
- The commencement by the US Federal Reserve of increases in the central rate in 2015 causing a fundamental reassessment by investors of the relative risks of

holding bonds as opposed to equities, leading to a sudden flight from bonds to equities.

- A surge in investor confidence that a return to robust world economic growth is imminent, causing a flow of funds out of bonds into equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Capita Asset Services (formerly Sector)al Guidance Notes. This council adopted the Code on 22 March 2011 and will apply its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the council will use. These are high security (i.e. high credit rating, although this is defined by the council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

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

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.

4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated *AAA* by Standard and Poor's, Moody's or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society For category 5 this covers bodies with a minimum short term rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is:

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

	Non Specified Investment Category	**Limit (£ or %)**
a.	**Supranational bonds greater than 1 year to maturity** **(a) Multilateral development bank bonds** - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.). **(b) A financial institution that is guaranteed by the United Kingdom Government** (e.g. The Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	£15m £15m
b.	**Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	£15m
c.	The council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	£5m
d.	**Building societies not meeting the basic security requirements under the specified investments**. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with	£10m or 1% of assets

	ratings. The council may use such building societies which have a minimum asset size of £2bn but will restrict these type of investments to	
e.	Any **bank or building society** that has a minimum long term credit rating of A+/A,, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	Maximum Limit of 100%, so long as no more than 25% of investments have maturities of longer the one year at any one time.
f.	Any **non-rated subsidiary** of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to having a minimum asset size of £250m and a restriction on the investment amount to 1% of its assets size.	£10m for a maximum of 3 months
g.	**Certifcates of Deposit** or corporate bonds with banks and building societies	£5m
h.	Money market funds	£5m
i.	**Pooled property funds** – The use of these instruments will normally be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. The key exception to this is an investment in the CCLA Local Authorities Property Fund.	CCLA £5m

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services (formerly Sector) as and when ratings change, and counterparties are checked promptly On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer, and if required new counterparties which meet the criteria will be added to the list.

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.