

Cabinet

Date: Wednesday, 04 February 2015

Time: 17:30

Venue: Mancroft room, City Hall, St Peters Street, Norwich, NR2 1NH

Committee members:

Councillors:

Arthur (chair)
Waters (vice chair)
Bremner
Driver
Harris
Stonard

For further information please contact:

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Information for members of the public

Members of the public and the media have the right to attend meetings of full council, the cabinet and committees except where confidential information or exempt information is likely to be disclosed, and the meeting is therefore held in private.

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

AGENDA

1 Apologies

To receive apologies for absence

2 Public questions/petitions

To receive questions / petitions from the public (notice to be given to committee officer in advance of the meeting in accordance with appendix 1 of the council's constitution)

3 Declaration 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)

4 Minutes

5 - 8

Purpose - To approve the accuracy of the minutes of the meeting held on 14 January 2015

Policy and budget framework

5 Draft corporate plan 2015-2020

9 - 40

Purpose - To consider the draft corporate plan 2015-2020

6 General fund revenue budget and non-housing capital programme 2015-16

41 - 72

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

7 Housing Rents and budgets 2015-2016

73 - 90

Purpose - To consider the housing revenue account budget for 2015-2016, council housing rents for 2015-2016, the prudent minimum level of HRA reserves 2015-2016, the housing capital plan 2015-2016 to 2019-2020, and the housing capital programme 2015-2016

8 Treasury management strategy

91 - 124

Purpose - To consider the council's prudential indicators for 2015-2016 through to 2017-2018 and set out the expected treasury operations for this period

Strategy

- 9 Draft environmental strategy 2015-2019** 125 - 182
- Purpose** - To consider the draft environmental strategy 2015-2019
- Resources**
- 10 Revenue budget monitoring 2014-2015: Period 9** 183 - 202
- Purpose** - To update cabinet on the financial position as at 31 December 2014, the forecast outturn for the year 2014-2015 and the consequent forecast of the general fund and housing revenue account balances
- 11 Capital budget monitoring 2014-2015: Quarter 3** 203 - 218
- Purpose** - To update cabinet on the financial position of the capital programmes as at 31 December 2014
- 12 Community Infrastructure Levy (CIL) - Community element of CIL 2015-2016** 219 - 238
- Purpose** - To consider the projects to be funded from the neighbourhood element of CIL in 2015-2016
- Consultation**
- 13 Response to the East Anglia rail franchise consultation** 239 - 306
- Purpose** - To consider the council's response to the East Anglia rail franchise consultation
- 14 Exclusion of the public**
- Purpose** - Consideration of exclusion of the public.

EXEMPT ITEMS:

(During consideration of these items the meeting is not likely to be open to the press and the public.)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part 1 of Schedule 12 A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, members are asked to decide whether, in all circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

***15 General fund revenue budget and non-housing capital programme 2015-2016 Appendix 5**

- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information) as in para 3 of Schedule 12A to the Local Government Act 1972.

***16 Reveiw of the Norwich Community Alarm Service**

- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information) as in para 3 of Schedule 12A to the Local Government Act 1972.

Date of publication: **Monday, 09 February 2015**

CABINET**17:30 to 18:40****14 January 2015**

Present: Councillors Arthur (chair), Waters (vice chair), Bremner, Driver, Harris and Stonard.

Also present: Councillors Boswell and Wright

1. APOLOGIES

There were no apologies for absence.

2. PUBLIC QUESTIONS / PETITIONS

There were no public questions or petitions.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES

RESOLVED to agree the accuracy of the minutes of the meeting held 10 December 2014.

5. EQUALITY INFORMATION REPORT – KEY DECISION

The portfolio holder for customer services presented the report, explaining that further information was being gathered in respect of the scrutiny committee (18 Dec) resolutions 2 and 3. She added that further reports around this work would be brought to cabinet at a later date.

RESOLVED to approve the publication of the annual equality information report.

6. GREATER NORWICH GROWTH PROGRAMME 2015 - 16

The leader of the council presented the report.

In response to a member's question, the chair of scrutiny clarified that the growth programme had not been reviewed by the scrutiny committee in this civic year as such a review had not been requested.

RESOLVED to:

- (1) recommend council to approve the greater Norwich growth programme 2015-16;
- (2) approve the inclusion of the city council projects in the draft 2015-16 capital programme; and,
- (3) endorse the five year *Norwich area transport strategy programme* set out in appendix 2 and the use of £2,875,000 of pooled community infrastructure levy funds to support delivery from 2016-17 to 2019-20 within future growth programmes.

7. REVENUE BUDGET MONITORING 2014-15 PERIOD 8

The portfolio holder for resources presented the report.

RESOLVED to note the financial position as at 30 November 2014 and the forecast outturn for 2014-15.

8. CYCLING AMBITION GRANT PROGRAMME – ONGOING FUNDING – KEY DECISION

The portfolio holder for environment, development and transport presented the report and, in response to a member's question, explained that the funding would be received across a three year period, allowing time for proper planning and implementation.

The design conservation and landscape manager explained that the Department for Transport had been previously supportive and felt confident that they would appreciate the need for some uncertainty around the feasibility of some areas of work and the potential for slight alterations.

RESOLVED to accept the invitation from the Department for Transport to apply for funding that it has earmarked to Norwich from its Cycling Ambition Grant programme.

9. AWARD OF CONTRACT FOR THE PROVISION OF A ROUGH SLEEPER OUTREACH SERVICE – KEY DECISION

The portfolio holder for housing presented the report.

RESOLVED to award a contract for the provision of a rough sleeper outreach service to St Martins Housing Trust for a period of up to three years from 1 April 2015.

10. BOWTHORPE THREEScore PHASE TWO

The leader of the council presented the report. In response to a member's question, she explained that the aim in future would be build all new council housing to Passivhaus® standard, once the cost of materials and technology had reduced to a more affordable level.

The city growth and development manager clarified that the PV solar panels had only been installed on the social housing properties to ensure that they were well maintained and functioned correctly.

RESOLVED to agree to:

- (1) submit a reserved matters planning application for the development and delegate approval of the final scheme for submission to the executive head of regeneration and development in consultation with the leader of the council;
- (2) to levy a management fee to cover the ongoing maintenance of the open space within the development; and
- (3) approve the inclusion of the Threescore phase two project in the draft 2015-16 capital programme.

11. EXCLUSION OF THE PUBLIC

RESOLVED to exclude the public from the meeting during consideration of item *12 below on the grounds contained in the relevant paragraphs of schedule 12a of the local government act 1972 (as amended).

***12. BOWTHORPE THREEScore PHASE TWO APPENDIX 2 – KEY DECISION (PARAGRAPH 3)**

The leader of the council presented the report.

The city growth and development manager explained the financial details contained in the report.

RESOLVED to note the contents of appendix 2 of the Bowthorpe Threescore Phase two in reference to the report presented at item 10, above.

CHAIR

Report to	Cabinet	Item
	4 February 2015	
Report of	Executive head of strategy, people and neighbourhoods	5
Subject	Draft Corporate Plan 2015-2020	

Purpose

To consider the draft corporate plan 2015-2020.

Recommendations

To recommend the draft corporate plan 2015-2020 to Council for approval

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. At Annex B is a copy of the full new draft corporate plan 2015-2020 which has been developed from the framework (with the supporting text now included). Scrutiny will be considering this final draft on the 29 January alongside the draft budget for 2015/16 and any recommendations made to cabinet will be provided in time for the meeting.

Annex A – 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%

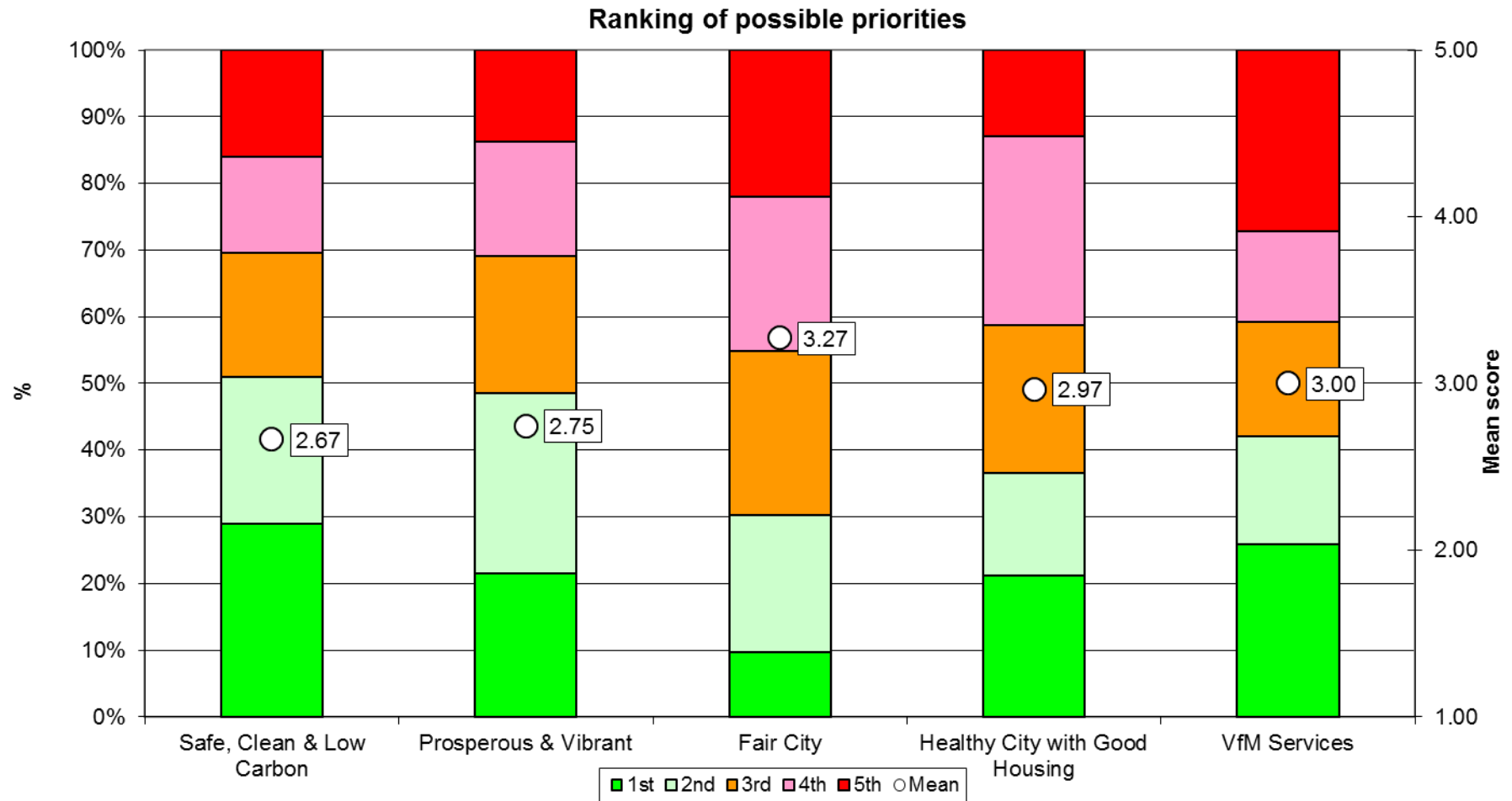
Broadly these fit within the draft priorities and actions within the draft corporate plan 2015-2020. Further detailed work will be undertaken moving forward to go through all the responses and assess them against, for example, services we deliver and approaches we use.

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
<i>answered question</i>		188
<i>skipped question</i>		51

Net approval:	25.53%
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Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	4 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)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	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

DRAFT CORPORATE PLAN 2015-2020

Contents

No	Section	Page No
1	Foreword by the leader of the council	
2	The council and the city	
3	Strategic direction of the council	
4	Council priorities and key actions	
5	Performance measures and targets	
6	Delivering the plan	

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 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.

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 26%. (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 14th 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).
- Low levels of malignant melanoma and diabetes. Fewer obese adults. (Source: Health Profiles 2013, Public Health England)
- Lower than average children's population, and higher young people's population (16 to 24). (Source: 2012 mid-year population estimates, ONS)
- Lower than average road deaths and injuries. (Source: Health Profiles 2013, 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:

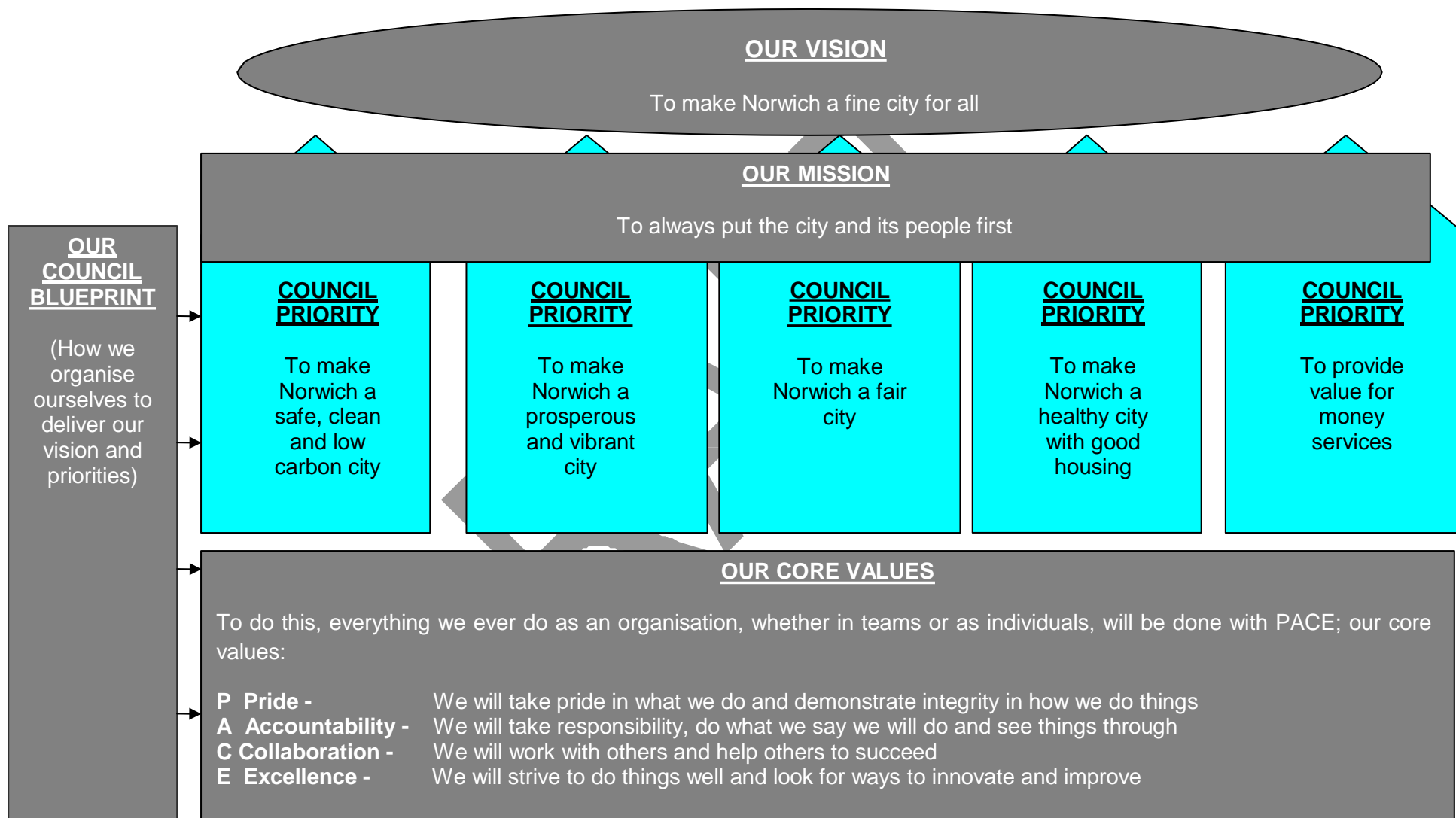
- **Our vision** - overall this is what as a council we aim to achieve for the city and its citizens
- **Our mission** – this is the fundamental purpose of the council – so basically what we are here for
- **Our priorities** – these are the key things we aim to focus on achieving for the city and its 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.



4.1 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 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.

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.

DRAFT

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 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 through council funded activity	Amount of funding secured by the council for regeneration activity	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	Provision of free wi-fi in City Centre	% increase in the number of contractors, providers and partner organisations paying their employees a	Delivery of the digital inclusion action plan	Number of 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	% of people satisfied with leisure and cultural facilities	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	Number of visitors to the City				% 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 CO2 emissions for the Norwich area	Reduction in CO2 emissions from local authority operations					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					
			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
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.		
% 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 empty homes brought back into use	20	20	20
Number of new affordable homes developed on council land or purchased	80	180	320

from developers			
Number of people prevented from becoming homeless	450 Please note these targets are being 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	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	As per MTFS	As per MTFS	As per MTFS
% 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.

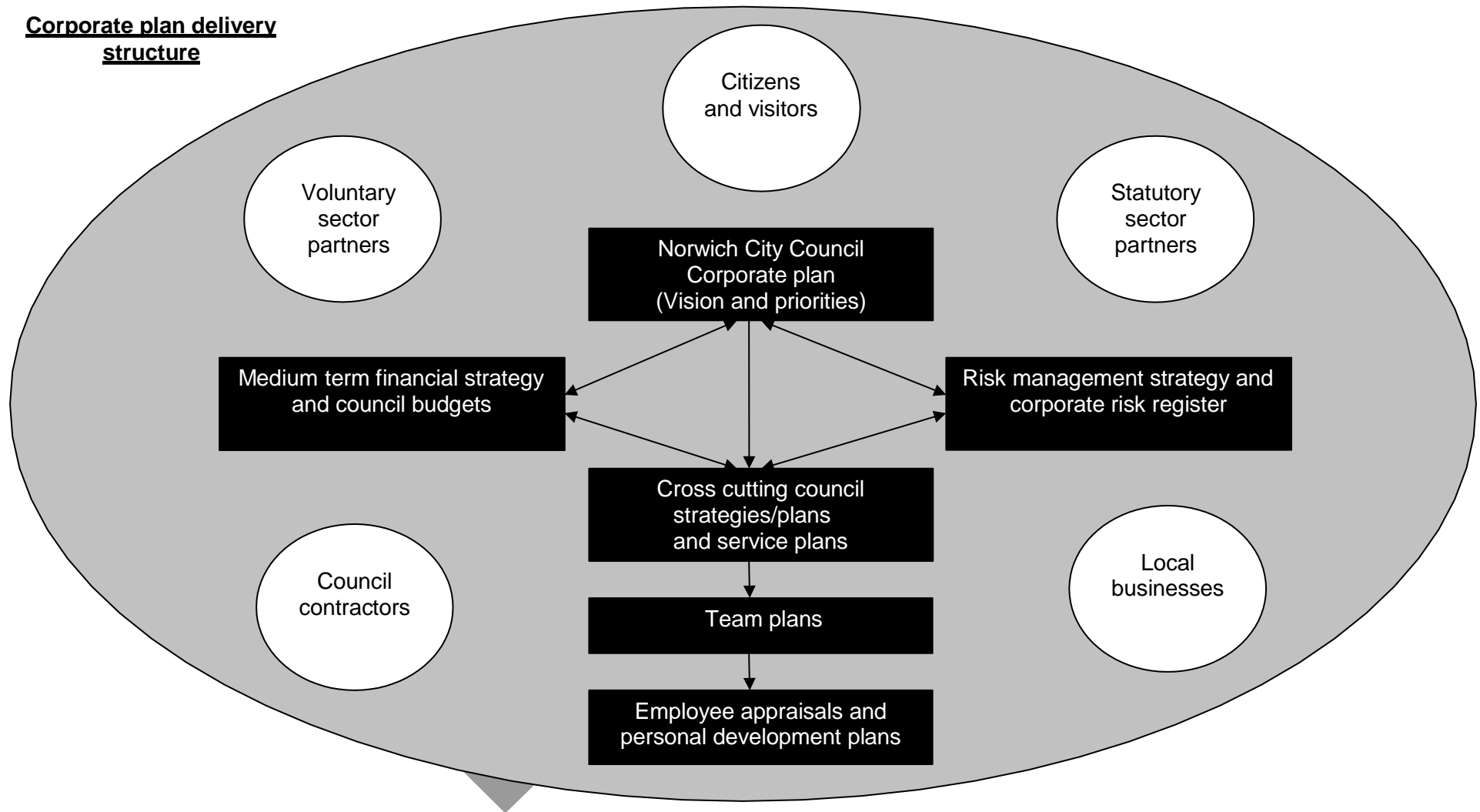
Overall progress on delivering the corporate plan is then formally reported quarterly to the council's cabinet and scrutiny committee. The council also publishes an annual performance review as part of its statement of the accounts. This can be found on the council's website at www.norwich.gov.uk.

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

Item

6

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](#)
3. [Medium Term Financial Strategy \(MTFS\)](#)
4. [Preparation of the 2015/16 budget](#)
5. [Budgetary resources](#)
6. [Budgetary requirement – income and expenditure](#)
7. [Council tax precept](#)
8. [Report by the Chief finance officer on the robustness of estimates, reserves and balances](#)
9. [Capital resources and capital plan 2015/16 to 2019/20](#)
10. [Proposed capital programme 2015/16](#)
11. [Progress in reducing the council's carbon footprint](#)

Appendix 1 [Budget consultation results](#)

Appendix 2 [Movements in budgets 2015/16 by type](#)

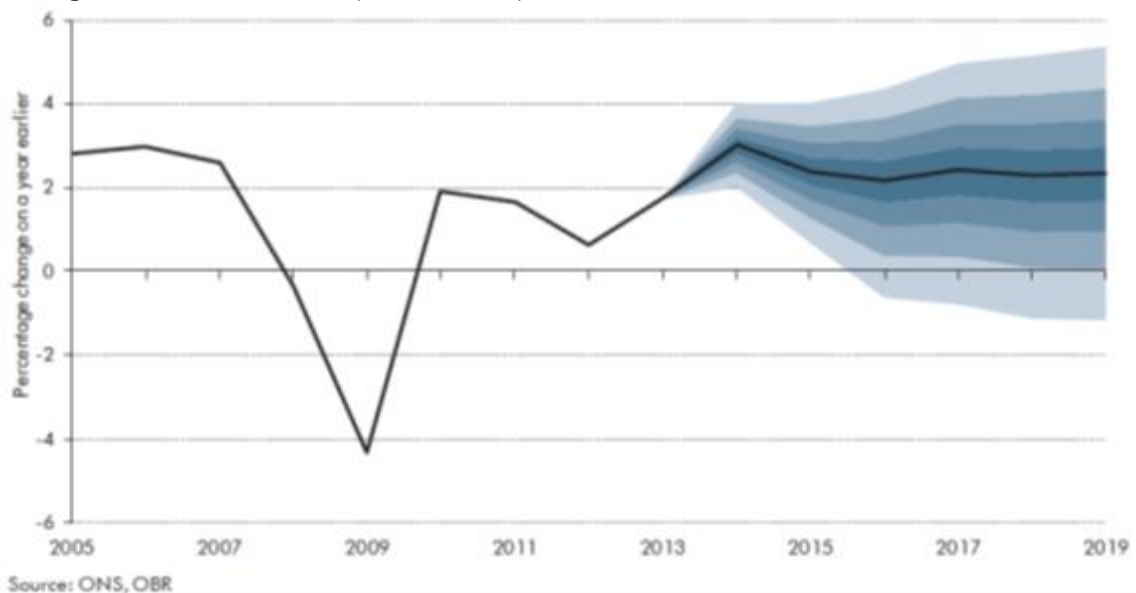
Appendix 3 [Key savings, income and growth from the transformation programme](#)

Appendix 4 [Calculation of prudent minimum balance](#)

2. Budgetary context

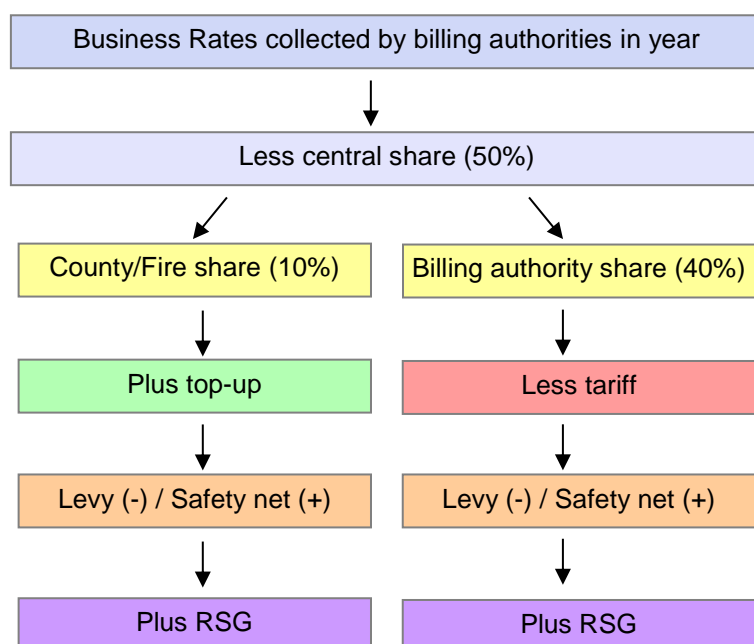
- 2.1 The strength of the UK economy in 2014 has meant that the Office for Budget Responsibility (OBR) has consistently revised up its forecasts for growth. The recovery continues to be driven primarily by consumer expenditure as opposed to business investment, despite wage growth lagging behind inflation 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
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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
<i>Relative to controllable spend</i>	<i>17%</i>	<i>17%</i>	<i>14%</i>	<i>12%</i>	<i>10%</i>	<i>10%</i>

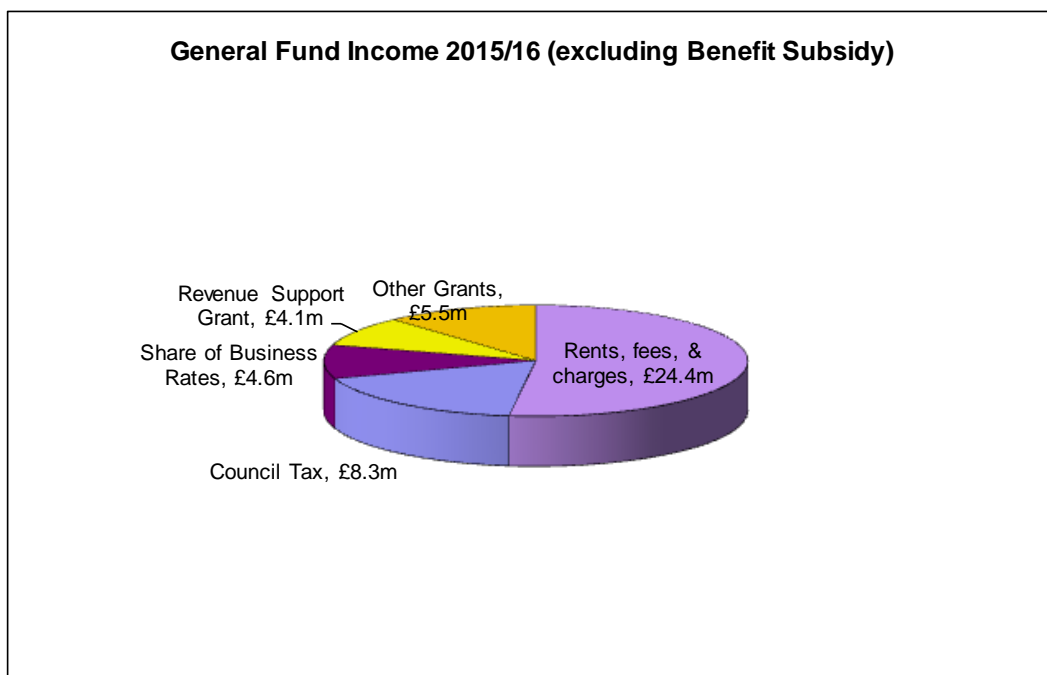
4. Preparation of the 2015/16 budget

- 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/Ecolssues/Pages/CarbonFootprintReport.aspx

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:	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)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The proposed capital plan and programme will provide for improvements to the council's assets and the surrounding environment
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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				

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
<i>answered question</i>		204
<i>skipped question</i>		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 airport 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

Appendix 3

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 recovery 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				Page 1/2
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

Page
2/2

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

Report to Cabinet
4 February 2015
Report of Chief finance officer
Subject Housing Rents and Budgets 2015-16

Item

7

Purpose

To consider the Housing Revenue Account 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 housing capital programme 2015/16.

Recommendation

- 1) To recommend council, for the 2015/16 financial year, to approve:
 - a) the proposed council housing rent increase of 2.2% ([para 6.7](#))
 - b) the proposed Housing Revenue Account budgets ([para 3.1](#)).
 - c) the prudent minimum level of housing reserves ([para 7.11](#)).
 - d) the housing capital plan 2015/16-2019/20 ([para 8.6](#)), and the housing capital programme 2015/16 ([para 9.1](#)).
- 2) To note that service charges will be determined under delegated powers in compliance with the constitution ([para 6.14](#)).

Corporate and service priorities

The report helps to meet the corporate priorities “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 212805

Background documents

None.

Report

1. Contents of report

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

2. [Budgetary context](#)
3. [Summary HRA Budget 2014/15 into 2015/16](#)
4. [HRA Balances](#)
5. [Background to financial Planning for the HRA](#)
6. [Council Housing Rents](#)
7. [Report by the Chief Financial Officer on the robustness of estimates, reserves and balances](#)
8. [Housing Capital Plan 2015/16-2019/20](#)
9. [Recommended Housing Capital Programme 2015/16](#)

Appendix 1 [Budget analysis by movement](#)

Appendix 2 [Calculation of Prudent Minimum Balance](#)

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%.

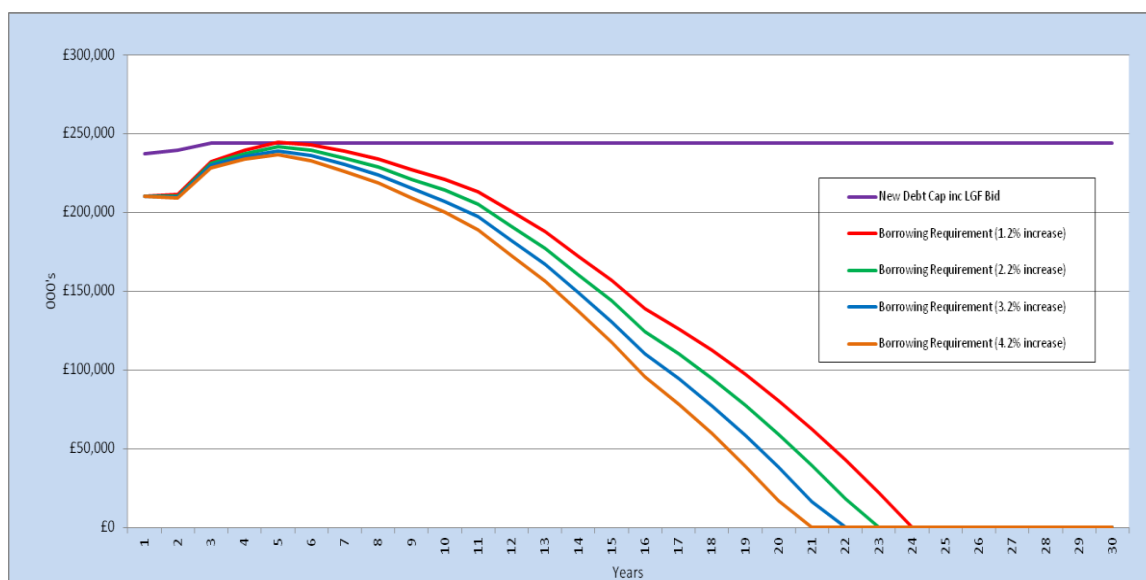
Item	Average £ per week	Maximum £ per week	Minimum £ per week
Rent 2014/15	77.32	139.45	55.64
CPI (@1.2%)	0.93	1.67	0.67
Additional 1%	0.77	1.39	0.56
Rent 2015/16	79.02	142.52	56.86
Increase	£1.70	£3.07	£1.22

- 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)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The proposed housing capital plan and programme will provide for improvements to tenanted properties and the surrounding environment
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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			Page 1/2
<u>Description</u>	<u>Level of risk</u>	<u>Amount at risk</u>	<u>Risk</u>
Employee Costs	<i>High</i>	6,473,459	32,367
Supplies and Services	<i>High</i>	2,482,133	6,205
Premises Costs	<i>High</i>	8,207,695	20,519
Transport Costs	<i>High</i>	147,281	368
Contracted Services	<i>Medium</i>	16,058,460	120,438
Fees and Charges	<i>Medium</i>	2,801,350	42,020
Investment Income	<i>Medium</i>	150,500	4,515
Rents & Service Charges	<i>Low</i>	70,611,454	176,529
Financing Items	<i>Medium</i>	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

Page
2/2

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

Report to	Cabinet	Item
	4 February 2015	
Report of	Chief Finance Officer	8
Subject	Treasury Management Strategy 2015-16	

Purpose

To consider the council's prudential indicators for 2015/16 through to 2017/18 and set out the expected treasury operations for this period.

Recommendation

To recommend council to approve:

- 1) the Capital Prudential Indicators and Limits for 2015/16 through to 2017/18 (paragraphs 10 - 15 of the report)
- 2) the Borrowing Strategy 2015/16 through to 2017/18 (paragraphs 24 – 28)
- 3) the Treasury Prudential Indicators (paragraphs 29 - 32), including the Authorised Limit (paragraph 30)
- 4) the Minimum Revenue Provision (MRP) policy statement (paragraph 16)
- 5) the Investment Strategy 2015/16 (paragraphs 33 – 57) and the detailed criteria (Appendix 3)

Corporate and service priorities

The report helps to meet the corporate priority “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
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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 policies, 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 need for the year	(1,888)	-	14,997	48,570	17,761	-

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)	-	13,896	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 strengthening 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	20%	20%	20%
• Investments only	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	66,289	60,000	73,449	64,341	57,900	57,900

investments						
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*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 Capital 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 diversification 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)	<input type="checkbox"/>	X	<input type="checkbox"/>	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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

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 PW IB 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 PW IB 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 PW IB 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 PW IB 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 PW IB 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 PW IB 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 PW IB 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 PW IB 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

Appendix 2

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-Capital Asset Services (formerly Sectoral 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.	<p>Supranational bonds greater than 1 year to maturity</p> <p>(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.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO})</p> <p>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.</p>	<p>£15m</p> <p>£15m</p>
b.	<p>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.</p>	£15m
c.	<p>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.</p>	£5m
d.	<p>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</p>	£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.	Certificates 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.

Report to	Cabinet	Item
	4 February 2015	
Report of	Executive head of strategy, people and neighbourhoods	9
Subject	Draft environmental strategy 2015-2019	

Purpose

To consider the draft environmental strategy 2015-2019.

Recommendation

To approve the draft environmental strategy 2015-2019

Corporate and service priorities

This report helps to meet all the corporate priorities.

Financial implications

The direct financial implications are an additional £36,000 per annum to the general fund and this has been included within the council's draft budget for 2015/16.

Funding for specific project proposals e.g a PV scheme would be subject to a separate approval process at the appropriate time.

Ward/s: All wards

Cabinet member: Councillor Stonard

Contact officers

Russell O'Keefe – Executive head of strategy, people and neighbourhoods 01603 212908

Richard Willson – Environmental strategy manager
01603 212312

Report

1. Within the framework of the council's corporate plan, the environmental strategy sets out in more detail the council's environmental vision and priorities for the City and how they will be achieved. It, therefore, guides all the environmental work carried out by council during the period.
2. The council's existing environmental strategy ended in December 2014. As such, a range of work has been carried out to develop a new environmental strategy for the next four years. This includes:
 - Analysis and assessment of baseline information on the current environmental position in Norwich.
 - Review of the wider policy and legal context.
 - Workshops and input from expert stakeholders including the Tyndall Centre for Climate Change Research and the 3S Research Group at the University of East Anglia.
 - Review of existing activities and future opportunities across services and contractors.
 - Discussions and input from elected members including the cabinet and an all member workshop.
 - Looking at good practice from other areas.
 - Assessment of the likely resources the council will have in the future to carry out environmental work.
3. A consultation process was carried out on the draft strategy from the 5 December to 12 January. This included:
 - The draft strategy being published on the council's website for comment supported by a short questionnaire.
 - The draft strategy being sent to relevant organisations and local councillors asking for their feedback.
 - A workshop with the Tyndall Centre for Climate Change Research and the 3S Research Group at the University of East Anglia to allow them to jointly feedback their views.
4. At Annex A is a summary of the consultation responses and the changes that have been made to the draft strategy based on these.
5. At Annex B is a copy of the updated draft strategy following consultation for consideration.
6. The draft strategy is being considered by Sustainable Development Panel on the 28 January and Scrutiny Committee on the 29 January. Any recommendations made will be reported to cabinet.

Annex A – Consultation responses on the draft environmental strategy

A. Questionnaire on the council's website

In total there were 23 questionnaires completed. The vast majority were from individuals. The answers to each of the questions are set out below, followed by a response in relation to the draft strategy.

Question 1 - Do you have any comments or suggestions to make about our draft environmental vision as outlined above?

The majority of the comments set out support for the draft vision. Other comments were about the strategy itself:

“We need to preserve what we have, and use and develop resources sustainably and responsibly. The natural beauty of the green environment is as important for an individual's well-being as the quality of the built environment.”

‘It would be good to see more on cycling, reducing city centre traffic and safe bike storage (as in Cambridge). What about bees? More roof top bee keeping as in London”

“Improve control of pollution from bonfires - consider total ban on garden/other waste fires”

“Parents are not teaching any good values to their children to create a better environment for the future”

“Free Park and Ride use prior to 8am in the morning Monday to Saturday”

“First Group, using Castle stop as a change over causing other busses to stop away from their stop with engines running much longer, also leaving busses their on a Sunday”.

Response

The draft strategy already includes a range of work on sustainable transport and behaviour change initiatives to encourage sustainable living which will include opportunities provided by bees. The action programme has been adjusted

to show the work carried out by the council to manage issues that can sometimes be caused by bonfires. Although, there are no powers or plans to ban them. Comments on specific issues will be looked at by relevant services.

Question 2 - What do you think should be the city council's main environmental priority or priorities for Norwich?

15 comments were received. They were as follows:

"Reducing carbon emissions themselves and helping residents to reduce their own emissions. Ensuring that air quality is good throughout the city"

"Reducing cars in the whole county. Reducing food waste"

"Improving cycle ways. Helping existing buildings become more energy efficient"

"To ensure that development, including transport infrastructure puts into practice the sentiments expressed in the strategy"

"To reduce use and wastage of resources, to increase recycling (by individuals AND businesses), to preserve and increase the green environment (for humans and wildlife), to be a flagship Council – an example for others to follow".

"Maintaining and improving existing green spaces and preserving the city's trees. Also funding local volunteer groups to plant up/ maintain green spaces."

"Reduction of environmental impact in all spheres, both by itself and encouraging others"

"To reduce carbon emissions by insulating all buildings (not just council homes), ensuring that only renewable energy is used and that the city becomes a car free zone (except for those with mobility difficulties)"

"Reduce carbon emissions. Recycle. Green the city."

"Avoiding waste and pollution of air and water. Reduce, recycle, re-use!"

“Reduce carbon emissions and air pollution”

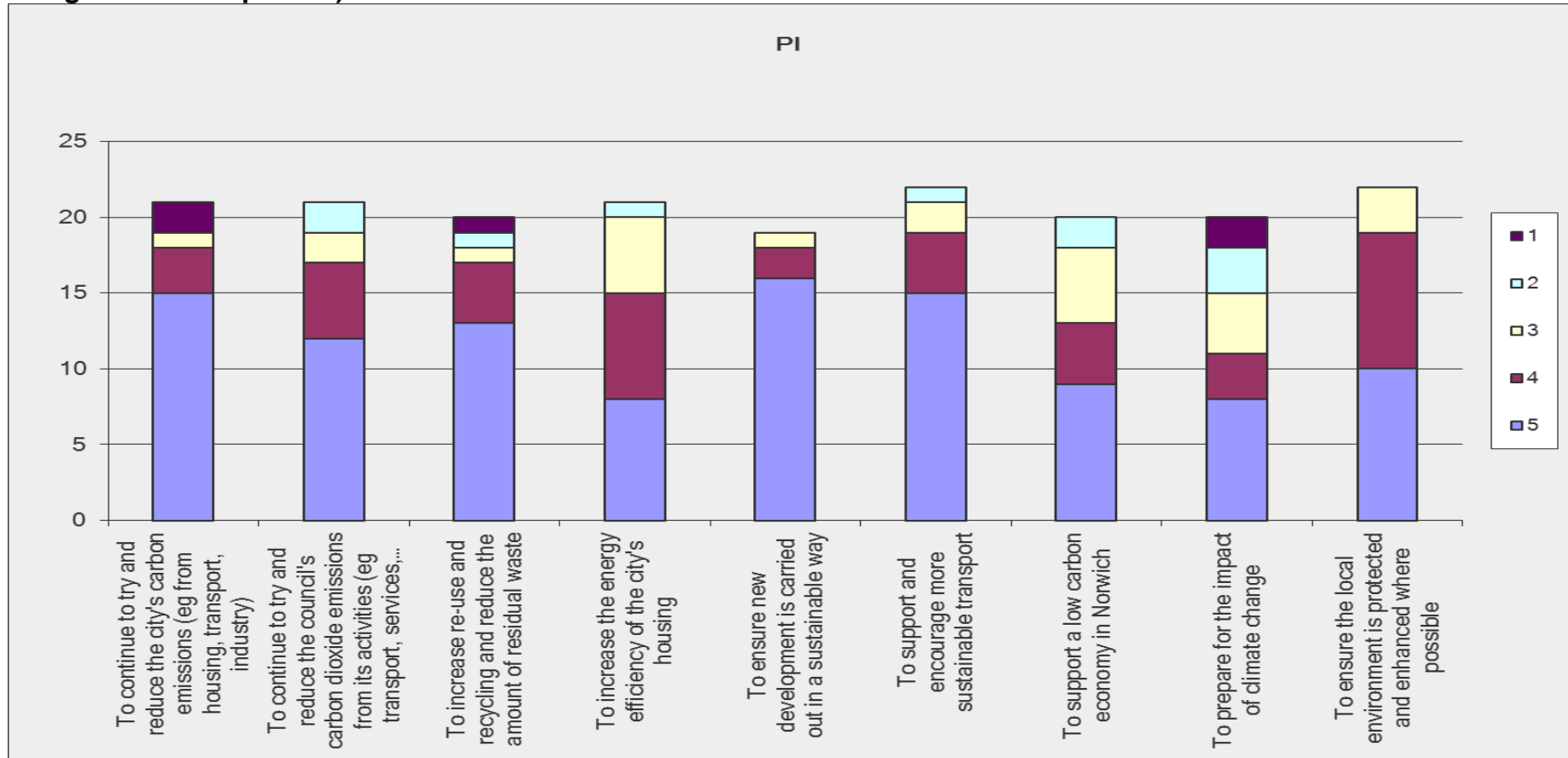
“Litter. Respect their neighbourhood and people living in it. No drinking on the streets”

“No cars in Red Lion street, and pedestrian way for Westlegate, close the car park in Theatre St by the crossing, I use it often on foot, seen many near misses. Put a fountain in this area.”

“Reduction of car use/pollution and encouragement of pedestrians/cyclists/buses”

“Walking/pedestrian routes defined and maintained. Sensible times on bus routes used instead of blanket 24 hours. Traffic lights on roundabouts only used in rush hours (vehicles more fuel efficient when moving). ECO6 engine vehicles allowed within city”

Question 3 - Please indicate how important you feel each of the following proposed priorities is by ranking them 1-5. (5 being the most important)



Question 4 - Do you have any further comments or suggestions to make about the draft priorities?

The following comments were received:

“Allow bikes on trains into the city for those living in the wider county”

“I am not convinced of how much influence can be exerted for the actions listed under Theme 1. For example, while allotments are an important community resource worth preserving, it is unrealistic to suggest it is a hub activity for local food production. Also, given the parlous state of public sector funding, what grants are likely to be available to support community energy schemes?”

“To keep the public informed, and understanding, and therefore willing to agree or participate, is very important – and the practice of sticking informative flyers on individual bins (as you have done) is a very direct and effective communication method. Keep aiming high, and Good Luck!”

“These should all be without saying. Norwich is an ideal town to experiment with these types of things. Especially development and transport”

“I feel that there are too many. The main priorities for me are centered around maintaining a clean city (bins etc), maintaining existing green spaces and providing affordable housing. The idealistic values associated with climate change and carbon dioxide reduction may have to be ignored simply in order to maintain existing services. The available budget not being so great.”

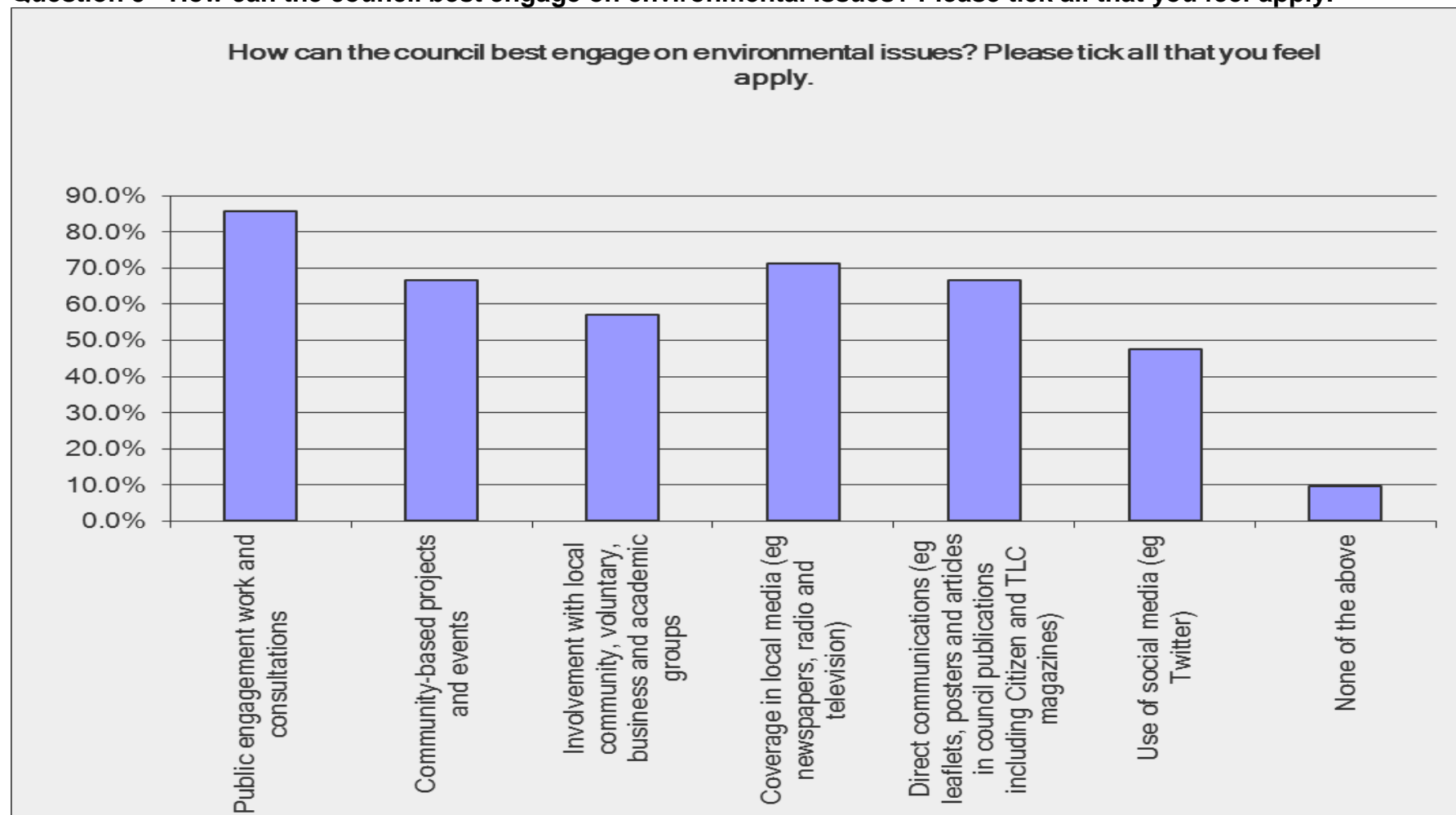
“Agree with draft priorities. Pleased that priorities include 2.21 & 2.22. Street trees are very important and wildlife sites such as Earlham Cemetery need to be managed more sympathetically for wildlife.”

“The junction at Prince of Wales/Railway Station, not enough room for pedestrians, busses now turning right cause blocking for buses going straight on or turning left, not enough time for pedestrians to from station to Compleat Angler side. Causing more blockage on a narrow footpath.”

Response to questions 2, 3 and 4

Based on the responses received no changes are planned to the overall draft priorities included within the strategy. A large number of the comments support the priorities and activities already encompassed within the draft strategy. Comments on specific issues will be looked at by relevant services,

Question 5 - How can the council best engage on environmental issues? Please tick all that you feel apply.



Question 6 - What would be most likely to make you engage with environmental issues? Please type any ideas you have in the box provided.

“Community involvement”

“Use social media. Leaflets are counter productive!”

“Need to be able to see local/personal impacts and benefits”

“I am already engaged.”

“More people engaging, leads to more - the snowball effect. I am very pro-environment (member of groups, join online petitions etc) - but almost none of my friends or family are! Initiatives need to be promoted boldly and widely, to make them mainstream.”

“Community & public based projects - preferably ones which occur outside of normal working hours so that those who are affected can be included. Normally these things happen between 9 and 5, Monday to Friday restricting them to the retired or unemployed.”

“Create a way to participate in the implementation of the Action Programme. E.g. I have tried to start a community renewable energy companies (point 1.6 in section 9 of the draft strategy (the first point 1.6, because the numbering is off and there are two)), but couldn't get enough of a critical mass behind it, and the City Council could help by bringing citizens together to implement parts of the strategy. Please contact me if you appreciate help on implementing a renewable energy co-op. Also, Norwich Farmshare is actively engaged in point 1.13, the Garden Organic Master Gardener program is actively engaged in 2.2 and 2.3. It would be good as part of 1.24, 1.10 to make clear where links exist and what actions are jointly undertaken, so that it's clear where the Council is aware of existing initiatives or where engagement can be strengthened. If the Council implements point 1.4 I'd like to be told, and it would be good as part of the above strategy to be able to subscribe to news on particular action points.”

“Traffic reduction and improved public transport in the central area”

“Already do”

"I'd like to feel confident that the council is taking the environment and climate change seriously. It would help if the council stopped wasting money on new roads and consultations for new roads."

"Magazine newspaper article. Local events."

"I already do engage with environmental issues through Friends of Eaton Park, Grow-Our-Own scheme, and campaigning for cycling."

"Belief that it would be worth my while"

"Financial cost in not doing so. Seeing council initiatives that are NOT being hyped or trumpeted"

"If the council members and our local councillors walked around to see for themselves, I walk down Yarmouth Rd, there are bushes overgrown where only one person can get by on the pavement."

"Cheaper more available public transport inc 'oyster' card"

"Not being dictated to, Norwich is different to Cambridge, York"

Response to question 5 and 6

The information will be used to inform the development of the council's engagement and communication plan for the new environmental strategy. Specific issues and opportunities will be followed up by the relevant services.

Question 7 - Do you have any further comments or suggestions to make about the draft strategy? If so, please type them in the box provided.

The following comments were received:

“Transport issues are important in controlling air quality and the council should try to minimise these in prime areas of the city where there are the most people.”

“Really think about trees Green spaces and above all bees.”

“There is a need to make sure this strategy has the profile it deserves. There is a danger that residents and visitors will not see the evidence of things happening on the ground to match the rhetoric. I am thinking of some of the city centre transport routing initiatives. We still haven't learnt from our European cousins when it comes to sorting out vehicle access around city centres. You are not helped by boxing yourselves in by having too many inner city car parking sites. Any revisions seem more about servicing access to them than doing anything meaningful on the ground. You only need to look at Theatre Street to see that.”

“Environmental initiatives tend to be put to the bottom of the pile, especially when budgets are tight. But actually, they are essential to a healthy economy, lifestyle and planet. So please, keep up the good work.”

“There should be an ongoing programme to replace street trees. Unfortunately Norwich City Council's actions will be undone if NDR is built, along with further development and growth of traffic to north of Norwich. Norwich City Council need to oppose this uncontrolled expansion and road building.”

“NDR”

“Not at the moment.”

“Having most council activities apparently centred round diesel-powered transport (often large inappropriately parked transit vans) is demoralising. Let's see imaginative and appropriate use of pedal power, including Norse equipping themselves with a fleet of

cargo bikes for carrying out small repair/maintenance jobs. That would set a great example and inspire many local people to think positively about reducing carbon emissions and air pollution.”

“There was car accident in Exchange St, as blue badges were aloud to park, the fire engine could not get to it.”

“More covered cycle parks, so that cyclist can leave there bikes and walk instead of bullying there way around pedestrian zones”

Response

A number of these comments fit well with the priorities and activities already included within the draft strategy and so no further changes are planned. Specific issues will be followed up by the relevant services.

B. Written responses to the consultation

Response from the Environment Agency

“We have considered the Draft Strategy and overall we support the aims and actions of the documents. However, we have concerns regarding Action 1.3 which states that:

‘To explore with partner organisations the potential for a district heating scheme for the City powered by the natural heat from Norwich’s rivers and other options for the development of renewable energy for the future.’

Whilst we have no objection to a district heating scheme itself, we are concerned that it is proposed to use Norwich’s rivers to power the scheme. A district heating scheme would be of a significant scale and as such there is potential for a significant detrimental impact on the rivers in terms of water quality and biodiversity. This could result in significant harm to the water environment which would be unacceptable and contrary to the aims of this document.

As such we consider that the reference to Norwich’s rivers in this action should be deleted and the action made more generic as follows:

‘To explore with partner organisations the potential for a district heating scheme for the City and other options for the development of renewable energy for the future.’

Work should be carried out to consider all the options and the suitability of each option; before any specific option for powering the scheme is detailed. We would be happy to discuss this further if it would be helpful.”

Response

We are keen to discuss the potential for a feasibility study of a district heating scheme powered by heat from rivers with the Environment Agency. However, we recognise that there are a number of potential powers sources that could be explored and so the action has been made more generic.

Response from a scientist

We also received a response from a scientist:

“The current draft seems to be disconnected with the plans/aspirations in various public planning documents which show a continuity of thinking going back to 2004 for the Utilities Site – for energy generation from biomass, low carbon mixed-use activities, etc. For example, I refer to:

- the City of Norwich Local Plan 2004
- the report commissioned from Buro Happold by EEDA in conjunction with the city council in 2007 (which involved public consultations)
- the Revised East Norwich Guidance Note of August 2010 (presented by Norwich City Council, The Broads Authority, SNDC and Norfolk CC). This report included as an appendix a summary of reports on the location funded by DCLG, and indicated that development proposals for this site “should minimize contributions to climate change”, make “good use of opportunities for decentralized and renewable or low carbon energy”, and be an “exemplar sustainable development scheme”.
- the Norwich Local Plan 2013 (appendix 17) refers to power generation and the future power station

Such developments would clearly be an important element of an environmental strategy.

As I have commented in other fora, the site would also be a very good location for extraction of heat from the river.”

Response:

The draft environmental strategy would not specify planning designations for particular sites as this is set out in planning framework documents.

Collective response from the Green Group to the consultation on the draft environmental strategy

1. General response and suggestions:

We welcome the draft environmental strategy as an ambitious strategy and would like to congratulate the officers for their great work on it. We are very happy to see that so many of our contributions over the years and during the process of drafting the strategy have (finally) found their way into the document. We feel a big part of this strategy as we had essential input into forming this first draft: the cross Party workshop on the environmental strategy saw a large majority presence of Green Party councillors and the only additional recommendations after this workshop were sent in or suggested to officers by Green Party councillors. We are also pleased to find the report on communicating environmental behaviour and climate change (written by Green Party councillor Sandra Bogelein and based on best practices identified in environmental psychology) as part of the draft strategy (under section How will we engage and communicate?).

This report includes a simple and cost effective recommendation that we would like to see adopted as an action in the environmental strategy: a work shop organised by a representative of COIN (Climate Outreach and Information Network) for all members, officers involved in the environmental performance and especially the comms team. COIN offers a highly cost-effective and scientifically based workshop to review past communication and adopt a best practice, value based approach to any communication in the fields of pro-environmental behaviour and climate change.

Response

If the council chooses to bring in external specialist advice to take this work forward then it would go through a commissioning process to test the market and ensure it was getting good value for money.

We are especially delighted that the city council agreed on the offer to collaborate with the Tyndall Centre, a climate change research group. We sincerely hope that this collaboration, started by Green Party councillor Sandra Bogelein, will continue in the future. Several researchers have offered outside scrutiny of our environmental performances and we trust that the council will take up on this offer. Unfortunately, counter to the researchers' advice, this draft environmental strategy again lacks the ambition to assess the status quo of Norwich emissions in a comprehensive way as a starting point for an informed strategy. The scientists have provided us with numerous examples of cities where such an approach was highly successful.

Response

A base-lining exercise was carried out to inform the strategy looking at current environmental performance. The data that is used on emissions is provided by the Department of Energy and Climate Change.

Further the request to focus more on absolute cutting edge technologies and be a city of bravery, innovation and true leadership in these technologies has not found its way fully into this strategy.

Response

This seems quite a subjective statement, without examples of what is perceived to be missing and so it is difficult to actually respond to. However, the action programme has a range of innovative approaches when compared against that of similar cities.

We are further very happy that with the 3S group scientists with an expertise on citizen engagement have been consulted. Unfortunately a lot of the recommendations from this group have not been taken up: The social scientists recommended involving environmental groups such as Transition Norwich in drafting this strategy to make it a document owned by the people of Norwich. This has not happened.

Response

Environmental groups such as Transition Norwich were specifically contacted and asked to provide feedback to inform the development of the strategy.

A range of further engagement will be carried out as part of taking all the different elements of the strategy forward, both with citizens and organisations. For example, work to take forward a bid to be the UK green capital would include significant work with citizens and organisations to build ownership of the environment including the concept of environmental citizenship.

Another request was to include public engagement with the environmental strategy and Norwich City Council's actions based on this strategy as a measure in the strategy itself. The scientists emphasised that making this document a shared and publically owned document is just as important as an ambitious strategy. Again, this recommendation has not been taken up in the draft strategy.

Response

In this context the engagement is one of a number of very important mechanisms that will help to deliver the overall priority outcomes of the strategy e.g. reduced carbon emissions. As such, engagement has not been put into the strategy document itself as an overall performance measure. However, the performance of the engagement activities that are delivered will, of course, be measured and reviewed and the learning used to inform future engagement activities. It will also be published as part of the annual review of strategy through the environmental statement.

Further it was recommended to establish a comprehensive communication and engagement strategy for the coming years. This strategy would clearly identify where communicating our common pro-environmental aims can be integrated in other council activities (e.g. activities with schools or businesses) and communication. It is important that the environmental strategy does not separate, but is integrated in all council decisions and activities. We hope that the next draft will include these essential recommendations.

Response

The draft strategy makes it clear that a comprehensive engagement and communications plan will be developed to support its delivery.

Another point to make is that an in-depth discussion about changing diets as an important mitigation measure evolved in the cross party workshop (e.g. reducing red meat, swapping butter for margarine, buying local, unprocessed food etc). This theme appears nowhere in the environmental strategy. We share concerns around the sensitivity of the subject, but it bears a huge potential for emission reductions (please request papers on this topic from the Green Group if required) and will have to enter the public and political arena. The council could commit to raising awareness of the environmental (and health) benefits of certain diets or support campaigns such as meat free Monday

Response

The sustainable living initiatives included within the action programme will include work on a number of these items. We believe they are better taken forward in a holistic way alongside other potential lifestyle changes rather than as specific campaign. As such, there are no plans to run a specific 'meat free Monday' type campaign.

Apart from the recommendations above there are several other additions that we feel would be important to make this environmental strategy truly ambitious and a first step for Norwich as a fine city for generations to come.

- We recommend incorporating considerations of potential measures for mitigation and adaptation as an integrated part of the planning process. That could mean to include them in planning requirements or to view them as a positive aspect of a planning application. We should take every future opportunity to strengthen planning policy on energy efficiency/micro generation and ensure it is given sufficient priority by planners.

Response

A range of mitigation and adaptation measures are already included within the planning framework. However, the action programme has been updated to make specific reference that this will be further explored in the future.

Risks associated with Climate Change should receive a specific section on the risk register. Risks associated with Climate Change can have negative effects in a number of areas prioritised in the Corporate Plan. We need to acknowledge these risks and take them into account in our decisions. Taking risks associated with climate change into the risk register is the way to ensure we make

sensible long term decisions in the light of the growing threat of a changing climate: “As well as acting to mitigate climate change, a truly green Council would also include carbon risk on its risk register. Few do and it’s part of the reason for inaction at a strategic level” (Jacob Wallace, from Sustainability Consultants, Best Foot Forward from Guardian website, 12.11.11).

Response

The council’s risk register directly relates to the delivery of the council’s corporate plan. Once the new corporate plan has been approved by Council in February the risk register will be updated accordingly.

- A related recommendation is to ensure that the environment appears as a separate audit category for Norwich and the greater Norwich area. This will again ensure that we take environmental issues and concerns into account when we make long reaching and big decisions that can potentially be (and some certainly are) detrimental to our environment and our aim to mitigate climate change.

Response

Further information is needed to understand this suggestion.

The planned 2% annual reductions may be roughly in line with the EU target of 40% reductions, but we have to question whether this is sufficient. An 80% reduction by 2050, which will likely be more difficult to achieve than the 2030 target, will still result in a dangerously high 2 degree rise in temperature. There is a 20% chance that this will result in unstoppable “runaway” warming. In this context we would like to invite members and officers to rethink and consider that the council should show leadership and commit to a more ambitious target.

Response

The targets have now been adjusted following the workshop with UEA set out in section C of this annex.

2. Comments on 4. The journey so far

We think there are considerable issues with how this part is presented and the conclusions drawn from the presented data. We keep the comments on this part separate from the priorities and actions in the draft strategy to ensure our comments on the descriptive in 4. don't compromise our overall appreciation of the environmental strategy. This is a public document though and we should accurately present the current situation and make sure we convey a meaningful message with this document.

- When presented to social scientists specialising on public engagement, they questioned the meaning and usefulness of this section. To the public, this may be a longwinded introduction and a distraction from the essential core, the priorities and action program of the environmental strategy. Further the meaningfulness of the presented data was questioned.
- Graphs at 4.3, 4.4, 4.5 & 4.7 come to a concerning conclusion. As the emissions bottom out in 2011 and show a rise in 2012, it would be interesting to know how much of the reduction up to 2011 is attributable to the economic downturn rather than carbon reduction initiatives. This is partly acknowledged in 4.9, but only after the strategy has prominently included the reduction among its achievements. Particularly until we have the 2013 figures, we would be cautious about adopting the optimistic tone of 4.1 (1st bullet).
- The fact that (see 4.2) Norwich has one of the lowest rates of carbon emissions across Norfolk's authorities is not surprising as it is an urban area. It would be a mistake to over-emphasise this as vindication for the level of action at City Council level. The factor of an urban area should be acknowledged in the text.
- The comparator groups shown in 4.4-4.7 are far more relevant and Norwich is shown to be about average. The fact that there is considerable room for improvement should be acknowledged more in the text.
- It is worth noting that, although Norwich's emissions from transport have apparently fallen (4.6) it is still the 2nd highest in the comparator group. This situation will of course not be helped with the construction of the NDR and the additional shoppers' car park planned for Rose Lane, and the encouragement of car usage that this will represent. It needs to be acknowledged in the strategy that City Council action would have to be particularly strong to effectively counter this.
- It would be preferable to test the conclusions made from the descriptive data against chance. For example is the difference between Norwich and Cambridge in the comparison family group significant? Without such a test, we cannot make strong claims or draw robust conclusions.
- It is confusing to have data points in some of the graphs (e.g. 4.2) that do not appear in the legend.
- In some of the graphs the line for Norwich cannot be seen.

Response

The majority of this section has been removed from the draft strategy as it does seem to potentially hinder the flow of the document, which is ultimately meant to be forward looking. This information will continue to be updated and held separately. The remaining part of this section has been adjusted to recognise the economic downturn.

3. Questions and clarifications

- Priority 9: Number of natural and semi natural green spaces and woodlands in positive management: How can the target (100%) be achievable when there is little or no budget for replanting trees? How does this measure reflect the loss of trees, which cannot be viewed as positive management?

Response

The trees budget does not directly relate to the positive management assessment. However, there are proposals within the budget for 2015/16 to increase the tree planting budget.

- Could you please comment on whether there will be considerable difficulties implementing the action program in the context of cuts. E.g. How will increase in the use of buses (Priority 6) be achieved in the context of significant cuts at County level, e.g. to Park & Ride, and pressure on CIL funding being diverted to the NDR. If there are any concerns how can we ensure we stick to this action program?

Response

If other organisations were to make cuts in the future, that we are currently unaware of, then clearly it could affect the delivery of the strategy. Similarly, other changes in the socio-economic environment in the future could affect delivery of different elements of the strategy. This is why the strategy will be subject to regular review and changes made as necessary.

- Re: 5.3, Priority 4. Is it definitely right as a strategy just to propose helping a few (150) houses per year? Would this still mean that more ambitious initiatives, such as an Energy Services Company mentioned in 1.6 which could help far more, would get serious consideration?

Response

This target relates to energy efficiency improvements to private homes e.g. cavity wall insulation. Based on the work carried out this is considered to be an appropriate target. This will not affect other actions within the action programme.

- Do we know how Exeter achieved a 28% drop in industry emissions in one year (4.4)?

Response

We have contacted Exeter to find out more about this reduction.

- Table 4.11: Where are the figures for Council Housing stock? Also, could there be an explanation for the “EHS” acronym? And the white line on the Owner Occupier row needs to move down to underneath the percentages.

Response

The majority of this section has been removed from the draft strategy as it does seem to potentially hinder the flow of the document, which is ultimately meant to be forward looking.

C. Workshop with the Tyndall Centre for Climate Change Research and the 3S Research Group at the University of East Anglia during the consultation process

Generally the draft strategy was very well received (“impressive and really encouraging”) and the fact it was considered a vast improvement to the last environmental strategy was emphasised.

There were a number of questions asked about how the strategy would be resourced and how its delivery would be managed that were responded to as part of the workshop.

A number of specific suggestions for additions / changes were also made:

- To include the UEA, the research park and possibly the hospital more in the draft strategy. The institutions employ and are in contact with a large part of the Norwich population. Further they are big energy consumers.

Response

Work with the UEA was already included within the action programme but adjustments have been made to emphasise engagement with other key organisations.

- To look at a radical rethink with regards to transport. Another more visionary approach would have been to introduce electric charging points for cars to support a new generation of cars.

Response

The strategy does already include a range of work in regards to sustainable transport options. However, the action programme has now been updated to specifically include work to explore a model for electric charging points in the City.

- To review the 2 per cent annual target to see if it should be 2.4 per cent in line with a recent report on national carbon budgets.

Response

The targets have been reviewed and while the City would more than achieve the overall 33% national target (based on the 1990 baseline) by 2020 with the 2% target, the target has been adjusted to 2.4% to fit with national carbon budgets and reflect the ambitious approach that is being taken. However, it should be recognised that there will be very significant elements relating to achievement of this target that will be outside of the council's control.

-To develop a more long term vision (beyond the 4 years strategy) with central future projects that could be included there (a road map) including exploring options like trams etc. A long term visionary tool could be used to do so.

Response

The development of a long term vision and roadmap has now been added into the strategy as part of the development of a bid for UK green capital as this would be a good mechanism to engage the City in the process.

-To carry out awareness raising and training for the construction industry e.g. on the green deal, fitting energy saving measures and environmental motivation etc.

Response

This is already part of the council's Cosy City green deal service work and other activities but the action programme has been updated to show this.

- To look at ways to encourage the energy market to incentivise reduced consumption through tariffs etc.

Response

This has now been included within the action programme alongside exploring other opportunities to positively influence the energy supply market

-To look at whether improvement targets can be set for air pollution

Response

The current targets are based on a realistic assessment using the current government methodology. However, the methodology will soon be reviewed at which point the targets will be re-assessed.

-Ensuring future collaboration between the council and the university and how this could be strengthened. It was agreed as part of discussion that the Tyndall Centre and 3S would be invited to be part of the annual review process of the environmental strategy. Further it was suggested that the council could highlight to the Tyndall Centre and 3S if suitable contracts are going out for tender so researchers could potentially bid.

Response

This will be undertaken as part of taking the strategy forward.

There were also a number of minor suggestions to changes in wording and use of updated information that have been included in the strategy. It was also agreed that a technical annex including a glossary will be added to the strategy before the final designed version is published.

Draft Strategy 2015 - 2019

Contents:

- 1. Foreword – by portfolio holder**
- 2. Context and purpose**
- 3. Development of this strategy**
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- 6. How will we get there?**
- 7. How will we know and review?**
- 8. How will we engage and communicate?**
- 9. Action programme**

Annex A: Norwich City Council's published Environmental Policy

Foreword by the portfolio holder

- 1.1 This document forms Norwich City Council's 3rd environmental strategy and details the council's environmental vision and priorities for the City over the next 4 years, taking us through to 2019.
- 1.2 Norwich is a city steeped in beautiful history and architecture; however, it is not our intention to make the city a museum piece. We need to ensure that Norwich continues to be a living, breathing city that continues to develop in character in order to support the needs of residents, visitors and organisations alike. However, it is vital that this is sustainable development which, "meets the needs of the present without compromising the ability of future generations to meet their own needs" and, as such, it needs to be sensitively managed.
- 1.3 Our first environmental strategy was launched in 2008 and since then the council has gone from strength to strength in terms of its environmental achievements. The per capita carbon dioxide emissions for the City have fallen by 14% which is the largest fall in the East of England. (Source: Department of Energy and Climate Change). Whereas, the council's own carbon dioxide emissions have dropped by nearly 27%.
- 1.4 During this period our authority also received a number of national and international environmental awards in recognition of its environmental achievements.
- 1.5 There is clear evidence to show that climate change is happening. Global measurements show that the average temperature at the earth's surface has risen by about 0.8°C over the last century. Ten of the hottest years ever measured took place in the last 12 years and in the last 30 years each decade has been hotter than any previous one on record.
- 1.6 The average temperature in Britain is now 1°C higher than it was 100 years ago and 0.5°C higher than it was in the 1970s. Although it is clear that the climate is warming in the long-term, temperatures aren't expected to rise every single year. Natural fluctuations will still cause unusually cold years and seasons.
- 1.7 The European Union has reached a historic deal to cut greenhouse gasses by at least 40% domestically by 2030. The target is part of a package of measures to make Europe's energy system more secure, sustainable and competitive.
- 1.8 The agreement is a major win for the UK, which has been leading efforts in Europe for an ambitious but flexible deal that cuts carbon emissions whilst giving the UK and other member states the flexibility to decide how they will decarbonise.

- 1.9 As a low lying coastal county, with a growing population, Norfolk is particularly vulnerable to climate change. Higher sea levels, heat-waves, droughts and storms are more likely to take place as average global temperatures rise. Recent flooding events in Norfolk have highlighted how real this issue is.
- 1.10 Given that the climate change impacts are derived from our use of resources; likely solutions will involve a combination of:
- Better energy efficiency
 - Use of new technologies
 - Developing renewable energy sources
 - Social and political changes
 - Engaging with citizens, communities and organisations
 - Personal and behavioural changes
 - Development of a 'low carbon economy'
 - Adapting to the changing climate.
- 1.11 We aim to enable sustainable solutions working with citizens and organisations to help them to meet their needs but also to contribute to creating a low carbon economy and support thriving, vibrant communities.
- 1.12 I am pleased our council is a signatory to the Local Government Association's climate local programme. I believe that we are at a cross roads. Food, fuel, poverty, financial and climate issues have led to a "perfect storm" to which we can respond in one of two ways.
- 1.13 One is the route of "business as usual" which won't achieve the change that is needed. The other route is one that truly engages with the changes the world needs, where government, businesses and civil society all work together to make the far-reaching decisions that are required to ensure that we keep the planet safe for future generations.
- 1.14 At a local level this new environmental strategy aims to deliver a sustainable environment which improves or maintains the quality of life for all of us. By making sure we use our natural resources wisely, emitting less CO2 and reusing and recycling as much as possible, we can take advantage of the fantastic opportunities to create a more sustainable City that we, our children and grandchildren can all enjoy for the future.
- 1.15 Much good work has already taken place and this ambitious new strategy will set out how we intend to build upon these actions and enable further improvements, working collaboratively with citizens, businesses, academic institutions such as the University of East Anglia and a range of other organisations.

Cllr Stonard
Cabinet Member for Environment, Development and Transport

2. Context and purpose

Context

- 2.1 In 2008 the council's Environmental Strategy team was established. Following a base lining exercise, the council's first Environmental Strategy was produced which ran from 2008 to 2011, and the second one from 2011 to 2014. This document forms the third Environmental Strategy and it will run for the next 4 years.
- 2.2 In addition to the environmental strategy in March 2013 the council's first Home Energy Conservation Act (HECA) report was produced. This details the energy conservation measures that the authority considers practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in Norwich. In March 2015 the second HECA report will be completed and will also report on progress made against the targets in the 2013 report and detail actions for the future. As such, these two documents will be closely aligned.

Purpose

- 2.3 The current draft corporate plan 2015-20, which is the council's overarching strategy and guides all the work of the council in the City, includes the overall vision to **"To make Norwich a fine city for all"** and the following overall priorities:

To make Norwich a:

- **Safe, Clean and Low Carbon City**
- **Prosperous City**
- **Fair City**
- **Healthy City with Good Housing**

With a council who provides:

- **Value for Money Services**

- 2.4 Within this framework, the purpose of this environmental strategy is to set out in more detail the council's environmental vision and priorities for the City for the next four years and how they will be achieved.
- 2.5 It guides all the environmental work carried out by council in the period. This work is set out in more detail in service plans and other council plans and those of partners and contractors. This is summarised in the diagram below:

Diagram A: Framework for Environmental Strategy

*Council's overall
vision and
priorities for the
City*

Corporate Plan
2015-20

*Environmental
vision and
priorities for the
City*

Environmental
Strategy
2015-2019

Delivery

Environmental
Action
Programme

Supporting Plans /
Strategies e.g.
waste strategy,
housing strategy,
carbon
management
programme
etc.

Service, Contractor
and Partner Plans

3. Development of this strategy

3.1 The environmental strategy has been developed through the following methods:

- Analysis and assessment of baseline information on the current environmental position in Norwich.
- Review of the wider policy and legal context.
- Workshops and input from expert stakeholders including the Tyndall Centre for Climate Change Research and the 3S Research Group at the University of East Anglia.
- Review of existing activities and future opportunities across services and contractors.
- Discussions and input from elected members including the cabinet and an all member workshop.
- Looking at good practice from other areas.
- Assessment of the likely resources the council will have in the future to carry out environmental work.

3.2 In 2009 the council sought the views of Norwich citizens and organisations on the impact of climate change through the Norwich Independent Climate Change Commission which was established by leaders from a number of stakeholder groups. The results of this consultation helped to inform the last environmental strategy.

3.3 Building upon this work the council is once again seeking to engage with Norwich citizens and organisations on this draft strategy. The results will be used to further inform the strategy prior to its formal adoption by the council.

4. The journey so far

Summary of achievements

4.1 Norwich City Council's environmental work over the last few years has led to a number of achievements and national recognition. For example:

- The per capita carbon dioxide emissions for the City have fallen by 14% which is the largest fall in the East of England. (Source: Department of Energy and Climate Change). Whilst some of this reduction would have coincided with the wider economic downturn it is still an encouraging reduction. Whereas, the council's own carbon dioxide emissions have dropped by nearly 27% over the last five years through our successful ongoing carbon management programme.
- Residual waste levels in the City have fallen faster than in the rest of Norfolk and recycling has increased significantly.
- We have improved the energy efficiency of the council's own housing stock of over 15,000 homes through a major programme of improvement and worked hard to promote energy efficiency measures to private homes through grants and incentives.
- In 2010 the council received recognition at the United Nations Environment Programme (UNEP) LivCom Awards as being regarded as a gold standard in the management of our environment.
- In 2014 the council also won an International Green Apple Award for best in category for its Raspberry Pi project that is recycling old ICT equipment for use in schools to help children develop ICT skills. We also won a silver award in the Transformation in Waste & Environment category of the iESE (Improvement and Efficiency Social Enterprise) Awards for this project.
- In 2014 the council's Environmental Strategy Manager was named 'Energy Manager of the Year' at the national Energy Services and Technology Association (ESTA) awards.

5. Where do we want to be?

5.1 The council's environmental vision is:

'A sustainable city with a good local environment that people value'

(A sustainable city is one where the needs of today's citizens can be met without compromising the ability of future citizens to meet their own needs).

5.2 The council's environmental mission is:

'To always strive for ways to achieve environmental excellence wherever possible'

5.3 The council's key environmental priorities (and the outcomes they contribute to), performance measures and targets are set out in the table below:

Outcome	Priority	Key performance measure(s)	Target 15/16	Target 16/17	Target 17/18	Target 18/19
Impact of climate change is mitigated and reduced.	Priority 1: To reduce the city's carbon dioxide emissions	Reduction in carbon dioxide emissions for the local area	2%	2%	2%	2%
	Priority 2: To reduce the council's carbon dioxide emissions	Reduction in carbon dioxide emissions from local authority operations	2.2%	2.2%	2.2%	2.2%
	Priority 3: To increase reuse and recycling in the City and reduce the amount of residual waste	Reduction in residual waste produced in the City (based on 2013/14 baseline)	3.33%	3.33%	3.33%	3.33%
	Priority 4: To increase the energy efficiency of the housing stock in the City	Number of private households where council activity helped to improve the energy efficiency of their homes.	150	150	150	150

Outcome	Priority	Key performance measure(s)	Target 15/16	Target 16/17	Target 17/18	Target 18/19
		Average SAP rating of council homes	71.5	72	72.5	73
	Priority 5: To ensure that new development is carried out in a sustainable way	% of homes built by the council to Sustainable Homes Code 4 or Passivhaus	100%	100%	100%	100%
		% of new development scoring no reds in the building for life audit	100%	(Audit every 2 years)	100%	(Audit every 2 years)
	Priority 6: To support and encourage more sustainable transport solutions	Increased use of buses	<i>Exact measure and targets to be determined through ongoing engagement with Norfolk County Council</i>			
		% of adults living in the area who cycle at least once per week	23%	25%	27%	29%
	Priority 7: To support a low carbon economy in Norwich	Reduction in carbon dioxide emissions for industry for the local area	<i>Exact measure and targets to be determined through ongoing engagement</i>			
Good local environment that people value	Priority 8: To prepare for the impacts of climate change	Planning to adapt to climate change assessment	Level 3	Level 4	Level 4	Level 4
	Priority 9: To work with local communities to ensure our local environment is protected and enhanced where possible.	Improvement in air quality – compliance with national air quality standards	86%	86%	86%	86%

Outcome	Priority	Key performance measure(s)	Target 15/16	Target 16/17	Target 17/18	Target 18/19
		Number of natural and semi natural green spaces and woodlands in positive management	100%	100%	100%	100%
		Percentage of people satisfied with parks and open spaces	75%	75%	75%	75%
		Percentage of people broadly satisfied with allotments	75%	75%	75%	75%
		Percentage of areas found to be clean	94%	94%	94%	94%

6. How will we get there?

6.1 The council will achieve its environmental priorities through delivery of a comprehensive environmental action programme. This action programme sets out the key projects, actions and activities the council will progress within the following areas of its responsibility:

- **As community leaders** – through providing leadership to the city including championing and advocating, listening, engaging and communicating and building and maintaining strong partnerships.
- **As service providers** – through providing a range of services including planning, housing, transport, waste collection and recycling and environmental management and protection.
- **As purchasers of goods and services** – through purchasing a range of goods and services including ensuring procurement processes support sustainability.
- **As estate managers** – through better management of transport and buildings the council can cut emissions and save money and manage the estate so that it can be better adapted to the changing climate.

6.2 The council's environmental action programme can be found at section 9.

6.3 Responsibility for the overall delivery of the environmental action programme rests with the corporate leadership team and is co-ordinated and managed by the environmental strategy team. Specific projects, actions and activities within the programme will be the responsibility of services, contractors and partner organisations.

7. How will we know and review?

- 7.1 Delivery of the environmental strategy and action programme will be closely monitored through the council's performance management framework. This includes regular performance review and challenge by officers and formal performance reporting and review by councillors through:
- Cabinet (quarterly through the council's performance report).
 - Scrutiny (every six months through their review of performance).
 - Sustainable development panel (regularly on specific projects, services and activities).
- 7.3 We will also publish an annual environmental statement that sets out overall performance against the priorities within the strategy.
- 7.4 The environmental strategy will be subject to a review at the end of each year looking at:
- Overall performance and progress.
 - Changes in the national or local landscape.
 - Success of engagement and communication activities.
 - New opportunities identified e.g. through partnership work or engagement work.
 - Learning from pilot projects and approaches that have been tested.
 - Resourcing levels.
- 7.5 This process will determine any changes to be made to the strategy.

8. How will we engage and communicate?

- 8.1 The council will carry out a range of work to engage and communicate with residents, voluntary and community organisations, businesses, academic institutions and other statutory bodies on the progression of this environmental strategy.
- 8.2 Engagement and communication activities will draw on the latest research and approaches in community engagement and environmental psychology (a discipline concerned with effective communication and behaviour change with regards to environmental issues) and utilise concepts and principles such as:
- Making sustainability meaningful for citizens (focusing on factors such as the wider environment and community and the use of value based communications).
 - Habit discontinuity (taking advantage of existing lifestyle opportunities to encourage behaviour change e.g. promoting energy efficiency when people move homes).
 - Utilising social networks and norms (utilising what other people do and/or is the expected behaviour e.g. most people in this area now recycle).
 - Two way participatory engagement/ communications (engaging others in discussions and work on the issues and the solutions to deliver the environmental priorities for the City e.g. the development of community energy projects through the use of grants).
 - Utilising existing engagement and communication activities wherever possible (to ensure a holistic approach, maximise the use of resources and prevent engagement/ communication overload).
 - Pre-testing and evaluating different engagement and communications (to ensure that they are as well designed as possible and that learning is utilised for future activities).
- 8.3 A detailed supporting engagement and communication plan will be developed as part of the action programme.

9. Action Programme

Ref	Action	Environmental priorities they contribute to delivering	Lead Service	Delivery timescale
Theme 1 – The Council as community leaders				
1.1	To promote a low carbon economy and investment in green jobs through the council's economic development work	1, 5 & 7	City development	2015/16 and then ongoing
1.2	To work with expert partner organisations in the City e.g. University of East Anglia to provide external advice and challenge and to utilise, share and promote environmental research and learning and develop joint bids and solutions to environmental issues	All	Environmental Strategy	Ongoing
1.3	To liaise with large energy users in the City e.g the Norwich Research Park, Norfolk County Council, the hospital, large businesses etc to share learning and experience and look for joint opportunities on energy efficiency and other environmental improvements.	All	Environmental Strategy	Ongoing

1.4	To explore with partner organisations the potential for a district heating scheme for the City and other options for the development of renewable energy for the future	1, 2, 4, 5, & 7	Environmental Strategy	2015/16
1.5	To explore running a major collective auction in the City for solar PV so that private households and landlords can purchase and install PV at a lower cost	1, 4 & 7	Environmental Strategy	2015/16
1.6	To provide grants and advice for local communities to develop community energy projects	1, 4 & 7	Environmental Strategy	2015/16 and ongoing
1.7	To monitor, review and potentially take forward development and opportunities in the local energy supply markets including exploring community energy companies and energy services companies and ways to incentivise reduced consumption	1 & 7	Environmental Strategy	Ongoing
1.8	To develop a supporting engagement and communications plan drawing on the latest research and best practice encompassing actions 1.7 to 1.25 below.	All	Environmental Strategy	Early 2015

1.9	To work with residents and organisations across the City to jointly develop a bid to be the UK Green Capital 2019 which would include developing a longer term vision (10 years plus) and roadmap and looking at options like Norwich environmental citizenship	All	Environmental Strategy	2018/19
1.10	To develop sustainable living and 'love where you live' type campaigns to promote simple measures to residents and organisations including adaptation approaches and encourage people to take part in local activities like litter picking	All	Environmental Strategy	2015/16 and then ongoing
1.11	To promote energy efficiency and sustainable lifestyle changes when people move home through the use of tenancy packs etc.	All	Environmental Strategy	2015/16 and then ongoing
1.12	To create a Norwich Sustainable Consumer Guide and web pages - collating information of locally designed, reused, sourced, up-cycled, sourced, rentable, recycled products and repair services	All	Environmental Strategy	2016/17 and then ongoing

1.13	To promote key existing environmental campaigns and opportunities in Norwich e.g. Earth Hour, Close the Door, Lift Share and the Norfolk Car Club.	All	Environmental Strategy	2015/16 and then ongoing
1.14	To promote an online reuse portal "Give it for good" to facilitate and increase reuse options in the city	3	Environmental Strategy	2016/17 and then ongoing
1.15	To promote local food production through the council's allotments service and communication activities	9	Citywide services	Ongoing
1.16	To develop an open-homes online network to enable residents to learn from one another on how to improve their home's energy efficiency	1 & 4	Environmental Strategy	2015/16 and then ongoing

1.17	To continue to promote waste prevention and recycling through public engagement	4	Citywide services	Ongoing
1.18	To run an annual eco living event for residents and organisations	All	Environmental Strategy	2015/16 and then ongoing
1.19	To run an annual eco awards scheme in the City to promote environmental excellence to residents and organisations including encouraging carbon reduction and use of renewable energy by businesses	All	Environmental Strategy	Annual
1.20	To raise awareness and encourage skills development in the local construction industry in the green deal and the installation energy savings measures through the council's Cosy City service and other activities	1,4,5 & 7	Environmental Strategy	Ongoing

1.21	To implement initiatives to raise awareness and create action at a local neighbourhood level about energy efficiency, managing energy use and the benefits of installing renewable energy by providing information, advice and education	1 & 4	Environmental Strategy	Ongoing
1.22	To ensure the council's private landlord accreditation scheme promotes energy efficiency	1 & 4	City development	2015/16
1.23	To continue to lobby OFGEM for a standard for renewable energy tariffs so that this can be included within the council's switch and save scheme.	1 & 7	Environmental Strategy	2015/16
1.24	To carry out and publish an annual review of our climate local commitments	All	Environmental Strategy	Annual

1.25	To develop and publish an annual environmental statement	All	Environmental Strategy	Annual
1.26	To produce and publish the Home Energy Conservation Act report	1 & 4	Environmental Strategy	2015/16
1.26	To promote and share best practice on environmental work with other organisations	All	Environmental Strategy	Ongoing
1.27	To continue to run a staff awareness campaign to reduce the amount of carbon emissions from business operations at Norwich City Council	2	Environmental Strategy	Ongoing
Theme 2 – The Council as service providers				

2.1	To increase landfill diversion rates and reduce landfill tonnage	1 & 3	Citywide services	Ongoing
2.2	To identify ways to reduce and treat food waste	1 & 3	Citywide services	Ongoing
2.3	To identify ways to reduce and treat garden waste	1 & 3	Citywide services	Ongoing
2.4	To develop and improve the quality and range of recycling services available to Norwich residents	1 & 3	Citywide services	Ongoing

2.5	To improve participation, set-out rates and collected tonnages for recycling services, particularly the weekly food service	1 & 3	Citywide services	Ongoing
2.6	To continue to work with the other local authorities in Norfolk to achieve the objectives set-out in the joint waste strategy	1 & 3	Citywide services	Ongoing
2.7	To deliver programmes and projects to improve energy efficiency measures in privately owned housing e.g the Cosy City Green deal service.	1, 4, 7, 8	Environmental Strategy	Ongoing
2.8	To implement the Greater Norwich Joint Core Strategy by 2026	5,6,7 & 8	Planning service	Ongoing

2.9	To explore the potential use of Passivhaus or Sustainable Homes level 4 for all new build	1, 4, 5, & 7	Planning service	2016/17
2.10	To develop new homes for the City Council that conform to Sustainable Homes Level 4 or Passivhaus	1, 4, 5, & 7	City development	Ongoing
2.11	To ensure that new developments include sustainable travel options from the start	1 & 6	Planning service	Ongoing
2.12	To support parties wishing to undertake voluntary remediation of land		Citywide services	Ongoing

2.13	To ensure the infrastructure at Threescore will provide attractive landscaped areas around the drainage lagoons for local people to use and to provide important habitats for wildlife	9	Planning service	2015/16 onwards
2.14	To ensure the Threescore phase 2 development is planned to provide 75% dwellings to Passivhaus standards	1, 4, 5, & 7	Planning service	2016
2.15	To ensure enhanced open space provision as part of the Goldsmith development	9	City development	2016
2.16	To increase the number of 20mph zones in the city to make cycling and walking safer	1 & 6	City development	Ongoing

2.17	To explore the feasibility of electric bike hire from the Tourist Information Centre	1, 6 & 7	Environmental Strategy	2015/16
2.18	To continue the implementation of bus rapid transit, city centre improvements and walking and cycling investment	1 & 6	City development	Ongoing
2.19	To explore with partner organisations the potential for establishing electric charging points in the City.	1, 6 & 7	Environmental Strategy	2017/18
2.20	To continue to monitor air quality and meet EU standards and to take action where necessary to address nuisance issues where they occur e.g from bonfires etc.	9	Citywide services	Ongoing

2.21	To work with local businesses to drive down emissions to atmosphere under the Pollution Prevention & Control (PPC) regime	9	Citywide services	Ongoing
2.22	To review the objectives of the tree strategy for Norwich which will consider carbon storage, biodiversity, air quality and climate change adaptation.	8 & 9	Citywide services	2015/16
2.23	To deliver a new open spaces strategy in Norwich including ensuring all Norwich City Council Wildlife Sites (CWS) are in positive management	9	Citywide services	2015/16
2.24	To utilise external funding sources to undertake a programme of improvements at key city council owned natural areas to improve the biodiversity, increase their resilience to extreme weather and enhance access for visitors on foot. To initially include Marston Marshes, Earlham Millennium Green, the Heronry and Danby Wood.	8 & 9	Citywide services	September 2015 for first sites
2.25	To investigate the potential for improving other natural areas using external funding	9	Citywide services	Ongoing

2.26	To investigate the potential for managing some intensively-managed grass areas under 'conservation cuts', involving fewer cuts per year	9	Citywide services	2015/16
2.27	To replace water-intensive planting with wildflowers and herbaceous shrubs, to encourage wildlife and become more resistant to drought in parks and green spaces in the city	8 & 9	Citywide services	2015/16 and then ongoing
2.28	To continue to involve local communities in the management of their local parks, natural areas and open spaces	9	Citywide services	Ongoing
2.29	To plant trees and vegetation that prevent rapid run-off and protect areas from flooding	8 & 9	Citywide services	2015/16 and then ongoing
2.30	To carry out the climate adaptation tool review of services	8	Environmental strategy	Annual
2.31	To carry out flood mitigation modelling and develop a future investment plan	8	Planning service	2015/16 and ongoing
2.32	To explore other mitigation and adaptation measures that could be included in the planning framework in the future	8	Planning service	2017/18 and ongoing
2.33	To ensure all emergency plans for major weather events are kept up to date	8	Citywide services	Ongoing

2.34	To keep accurate records of the effects of weather events on council services	8	Environmental strategy	Ongoing
2.35	To ensure effective maintenance of highway drainage systems and partnership working with Norfolk County Council and Anglian Water	8 & 9	City development	Ongoing
2.36	To ensure gullies are emptied effectively across the City	8 & 9	Citywide services	Ongoing
2.37	To continue to deliver an affordable warmth strategy and programme to reduce fuel poverty and increase wellbeing	4	Environmental strategy	Ongoing
2.38	To deliver a preventable seasonal excess deaths action plan with key partner organisations e.g health	8	Environmental strategy	Annual
Theme 3 – The Council as a purchaser of goods and services				
3.1	To implement a sustainable procurement strategy and contract management framework	1, 2 & 7	Procurement	Ongoing
3.2	To continue to ensure 100% of the councils energy is sourced from a "green" tariff	1 & 2	Procurement	Ongoing
3.3	To work with our contractors to reduce waste and ensure the delivery of high environmental standards	1 , 2 & 3	Procurement	2017/18
3.4	To adopt an ethical investment policy, with commitment to divestment from fossil fuels	1	Finance	Ongoing

Theme 4 – The council as an estate manager

4.1	To deliver an ongoing investment programme of energy efficiency improvements in council housing across the City	1, 4, 7,	Housing	Ongoing
4.2	To explore the development and delivery of a large scale PV scheme on council housing across the City in consultation with tenants and review other opportunities for micro- generation	1, 2 ,4 & 7	Housing	Ongoing
4.3	To deliver the council's carbon management programme for the next four years to realise a 40% reduction (from a 2007 baseline) from local authority operations	1, 2 & 7	Environmental Strategy	Ongoing
4.4	To carry out a review of the council's asset portfolio informed by energy performance surveys to guide opportunities for energy efficiency improvement and rationalisation	1,2 &7	City development	Ongoing
4.5	To deliver large scale solar PV schemes on a minimum of 2 commercial or operational sites in the city	1, 2 & 7	City development	2015/16 and 2016/17
4.6	To explore the development of a programme of LED and more efficient landlord lighting working closely with residents	1,2 & 7	Housing	Ongoing

4.7	To refresh and re-launch the council's employee travel plan including looking to reduce single occupancy car journeys by 20% by 2016 and the continuation of the cycle to work scheme, pool bike scheme and encouragement of walking	1,2,6 &7	Human Resources	2015/16
4.8	To rationalise and reduce the number of fleet vehicles run by the council by 2.5%	1,2 & 7	City development	2016/17
4.9	To produce and deliver a council water reduction action plan	1 & 2	Environmental Strategy	2016/17

Annex A: Norwich City Council's published Environmental Policy

DRAFT

Report to Cabinet

Item

Report of Chief finance officer

Subject Revenue budget monitoring 2014/15 – Period 09

10

Purpose

To update Cabinet on the financial position as at 31 December 2014, the forecast outturn for the year 2014/15, and the consequent forecast of the General Fund and Housing Revenue Account balances.

Recommendations

To note the financial position as at 30 December 2014 and the forecast outturn for 2014/15.

Corporate and service priorities

The report helps to meet the corporate priority value for money services and the service plan priority to provide accurate, relevant and timely financial information.

Financial implications

The General Fund budget is forecast to achieve an underspend of £0.838m. The Housing Revenue Account budget is forecast to achieve an underspend of £1.177m.

Monitoring of key budgets does not indicate any unusual cause for concern; however the position will need to be continually monitored in order to deliver to the forecast outturn

The Collection Fund is forecasting a deficit on business rates for 2014/15. The impact of the Norwich share of this deficit will be felt in the revenue accounts in future years. The Government provides a business rates relief grant to authorities to reimburse them for shortfalls arising in business rates income as a result of reliefs granted which lead to these deficits. It is proposed in the budget papers that cabinet will review on this agenda that all such grant received be transferred to an earmarked reserve to be offset against deficits in the years that they impact on the revenue accounts.

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact officers

Justine Hartley, Chief finance officer
Neil Wright, Service accountant

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Background documents

Budget Reports (Council 18 February 2014)

Report

1. Council approved budgets for the 2014/15 financial year on 18 February 2014.
2. The attached appendices show the forecast outturn and year-to-date positions for the General Fund and the Housing Revenue Account:
 - [Appendix 1](#) shows the General Fund by Corporate Leadership Team responsibilities, and by Subjective Group
 - [Appendix 2](#) shows the Housing Revenue Account in (near) statutory format, and by Subjective Group
 - [Appendix 3](#) shows budget and expenditure for the year to date in graphical format

General Fund

3. Budgets reported include the resources financing the Council's net budget requirement (which includes a contribution of £0.541m to balances as allowed for in the Medium Term Financial Strategy) so that the net budget totals zero:

<i>Item</i>	<i>Approved Budget £000s</i>
Net Budget Requirement	18,407
Non-Domestic Rates	(4,651)
Revenue Support Grant	(5,980)
Council Tax precept	(7,776)
Total General Fund budget	0

4. The General Fund has been forecast to underspend by **£0.838m** at year end. This compares to a forecast underspend of **£0.869m** at the end of November. Significant forecast overspends and underspends are explained below:

<i>Previous forecast over/(under) spend £000s</i>	<i>General Fund Service</i>	<i>Current forecast over/(under) spend £000s</i>	<i>Commentary</i>
182	Finance	528	Following adjustments to payments made by the DWP, and following finalisation of the audit of the 2013/14 Revenues amounts, the previously reported overspend on Benefits subsidy will continue. In addition, £174k spend above budget is reported on the Movement in Reserves budget related to the sale of properties. This is offset by underspends on City Development budgets.
30	Procurement & Service Improvement	(293)	£250k savings on IT development.
(262)	Corporate Management	(191)	The corporate contingency budget is expected to underspend by £250k in 2014/15. Going forward this saving is reflected in the transformation programme for future years.

<i>Previous forecast over/(under) spend £000s</i>	<i>General Fund Service</i>	<i>Forecast Outturn P09 £000s</i>	<i>Commentary</i>
(220)	City Development:	(327)	Forecast underspend is due to higher than budgeted parking income and the sale of assets.
(136)	Planning:	(127)	Forecast underspend is due to staff charges to capital, CIL management fees and higher income from pre application charging.
(127)	Democratic Services	(92)	This relates to an underspend on salaries within the Committee secretariat which has been taken forward as savings within the transformation programme; and to Government grant received for Individual Electoral Registration.

5. For the year to date an underspend against budget of **£3,940m** is being reported. This underspend is made up of many debit and credit figures where various income and expenditure lines are ahead of or behind budget profile. Significant variances are explained below. These lines will be monitored closely as the year progresses to identify any potential impact on forecast outturn figures.

<i>General Fund Service</i>	<i>Variance To Date P09</i>	<i>Commentary</i>
Finance	(637)	The net underspend against profile on finance is due to timing differences in respect of payments made / income received / depreciation charged
Procurement & Service Improvement	(480)	Development budget spend behind profile.
City Development:	(1,363)	The current underspend against profile relates to parking recharges to be re distributed, which will take into account County income; works recharges to be distributed; pension recharges still to be processed; and the sale of three assets.
Citywide Services:	(635)	The underspend against profile is as a result of higher than budgeted highways income; integrated waste management contractual payments running behind schedule; garden waste income being higher than profiled budget and pension recharges not yet applied.
Neighbourhood Housing:	(667)	Largely due to delays in payment of homelessness invoices compared to budget.
Human Resources	1,712	Pension added years and deficit recovery costs yet to be allocated across all service areas.
Strategy & Programme Management	(559)	This relates to funding received from DECC for the Greener Communities (Cosy City) project, and second homes money received being greater than budgeted.

Housing Revenue Account

6. The budgets reported include a £7.7m use of HRA balances, so that the net budget totals zero:

<i>Item</i>	<i>Approved Budget £000s</i>
Gross HRA Expenditure	80,827
Gross HRA Income	(73,120)
Contribution from HRA Balance	(7,707)
Total net HRA budget	0

7. The Housing Revenue Account has been forecast to underspend by **£1.177m**. This compares to a forecast underspend of **£0.834m** at the end of November. Significant forecast overspends and underspends are explained below:-

<i>Previous forecast over/(under) spend £000s</i>	<i>HRA Division of Service</i>	<i>Current forecast over/(under) spend £000s</i>	<i>Commentary</i>
127	Rents, Rates, & Other Property Costs	347	Due to unbudgeted costs for NPS.
(643)	General Management	(656)	The majority of the projected underspend is due to: Contingency fund (£97k); audit fee not required as included in LGSS recharge (£105k); budget for software interface may no longer be required (£50k); lower NPS fees at this stage than budgeted for (£74k); and professional advice / fees budget not required (£190k).
(342)	Special Services	(323)	Mainly due to projected underspend on district heating fuel and Community Alarm Service
-	Depreciation & Impairment	(1,348)	£856k relating to profit / loss on sale of assets, offset by corresponding debit against "Adjustments & Financing items". £459k reduction in anticipated depreciation costs
(607)	Provision for Bad Debts	(701)	Provision increased in anticipation of the effects of full implementation of bedroom tax and universal credit. Delayed implementation of universal credit and better than anticipated rent collection performance have delivered a lesser call on this provision.
144	Dwelling Rents	197	Write-offs included within this figure, partially offsetting the underspend on the bad debt code.
(153)	Garage & Other Property Rents	(153)	Lower than anticipated garage voids rate
634	Service Charges - General	634	Lower income than budgeted for (tenants), partially offset by underspend in Special Services (district heating). Also lower leasehold income than budgeted for.

<i>Previous forecast over/(under) spend £000s</i>	<i>HRA Division of Service</i>	<i>Current forecast over/(under) spend £000s</i>	<i>Commentary</i>
(18)	Adjustments & Financing Items	840	£856k relating to profit / loss on sale of assets, offset by corresponding credit against 'Depreciation & Impairment'

8. For the year to date an underspend of **£4.306m** is being reported. This underspend is made up of many debit and credit figures, where various income and expenditure lines are ahead of or behind budget profile. Significant underspends and overspends to date are explained below. These lines will be monitored closely as the year progresses to identify any potential impact on forecast outturn figures.

<i>HRA Division of Service</i>	<i>Variance To Date P09</i>	<i>Commentary</i>
Repairs & Maintenance	(3,267)	There are 2 main reasons for this variance: i) The valuation and invoice process creates an artificial delay between the work being completed on site and the final stage of the invoice amount being posted to the ledger; and ii) Due to the responsive nature of some budget lines within this group it is extremely difficult to accurately profile a years work in advance and some budget line spend is behind profile due to work not being required as predicted.
Rents, Rates, & Other Property Costs	1,644	Water rates accounted for as one annual amount (although actually paid in 10 instalments) – budget profile assumes 10 instalments
General Management	(1,669)	Overall underspend projected, as per comments on previous table. Also pension recharges are yet to be distributed across service areas
Special Services	(1,003)	Mainly district heating spend not matching anticipated spending profile – profiles to be updated for period 9
Depreciation & Impairment	(933)	No budget for profit / loss on sale of assets
Provision for Bad Debts	(706)	Overall spend to be lower than budget, so also high variance to date.
Service Charges - General	688	Overall income to be lower than budget, so also high variance to date.
Adjustments & Financing Items	897	No budget for profit / loss on sale of assets

Risks

9. A risk-based review based on the size and volatility of budgets has identified a “Top 10” of key budgets where inadequacy of monitoring and control systems could pose a significant threat to the council’s overall financial position. These are shown in the following table.

Key Risk Budgets	Budget £000s	Forecast Variance	Forecast Var %	Forecast RAG
Housing Benefit Payments - Council tenants	36,254	-165	0%	GREEN
Housing Benefit Subsidy - Council tenants	-35,514	1,047	-3%	GREEN
Housing Benefit Payments - Other tenants	32,280	-2,119	-7%	RED
Housing Benefit Subsidy - Other tenants	-32,923	1,895	-6%	RED
HRA Repairs - Tenanted Properties	12,408	112	1%	GREEN
HRA Repairs - Void Properties	2,630	0	0%	GREEN
Multi-Storey Car Parks	1,797	-17	-1%	GREEN
HRA Rents - Estate Properties	-58,916	198	0%	GREEN
Corporate Management including Contingency	1,269	-175	-14%	RED
Private Sector Leasing Costs	2,570	-137	-5%	RED

10. The red/amber status of items in the “Forecast RAG” column is explained below.

Key Risk Budgets	Comment
Housing Benefit Payments and Subsidy - Other tenants:	Reduced value of payments than planned for. This is partially offset by reduced subsidy to fund these payments but see also comments in the table at para 4 about the reported overspend on benefits subsidy..
Corporate Management including contingency	Contingency budget not anticipated to be needed. Remaining balance will be transferred to reserves at year end.
Private Sector Leasing Costs:	PSL rental costs currently lower than anticipated

11. The 2014/15 budgets approved by Council were drawn up in the expectation of reduced resources as announced by the coalition government. There are risks to the current and medium term financial position from:

- Reductions in government grant – the localisation of Business Rates and of Council Tax reductions has increased the risks to the council’s financial position arising from economic conditions and policy decisions.
- Changes in policy – if further “empowerment” of local authorities is not matched by devolved resources
- Delivery of savings – the budget incorporates both savings measures already in place, and those planned for implementation during the year. If these savings are not achievable in full, overspends will result. With

appropriate approvals these may be mitigated through provision made in the corporate contingency, up to the level of that contingency

- Identification of further savings – work is continuing on developing proposals for additional savings to bridge the medium-term budget gap. If these proposals fall short, or are not implemented fully and in a timely manner, further budget shortfalls will result.

12. Forecast outturns are estimates based on management assessments, formulae, and extrapolation. They may not adequately take account of variables such as:

- Bad Debts – budget reports show gross debt, i.e. invoices raised. While allowance has been made in the budget for non-collections, the current economic climate may have an adverse influence on our ability to collect money owed. This may be reflected in higher provisions for bad debt, as may the impact of welfare reforms such as the so-called “Bedroom Tax”.
- Seasonal Factors – if adverse weather conditions or a worsening economic climate depress levels of trade and leisure activities in the city, there may be a negative impact on parking and other income.
- Housing Repairs & Improvements – the rate of spend on void properties, though closely managed, is heavily influenced by void turnaround, since transfers can create a chain of voids involving significant repair costs.

Financial Planning

13. Overall levels of overspend and underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements.

14. Net overspends and underspends will be consolidated into the General Fund and Housing Revenue Account balances carried forward to 2015/16. These are reflected in periodic updates to the Medium Term Financial Strategy and Housing Revenue Account Business Plan.

Impact on Balances

15. The prudent minimum level of General Fund reserves has been assessed as £4.496m. The budgeted and forecast outturn’s impact on the 2013/14 balance brought forward, is as follows:

<i>Item</i>	<i>£000s</i>
Balance at 1 April 2014	(8,313)
Budgeted contribution to balances 2014/15	(541)
Forecast outturn 2014/15	(838)
Recommended transfer to earmarked reserve of unapplied section 31 business rates relief grant (Grant received £1.694m less deficit affecting 2014/15 revenue £152k – see para 25)	1,542
= Forecast balance at 31 March 2015	(8,150)

16. The General Fund balance is therefore expected to continue to exceed the prudent minimum.
17. The prudent minimum level of HRA reserves has been assessed as £3.067m. The budgeted and forecast outturn's impact on the 2013/14 balance brought forward, is as follows:

<i>Item</i>	<i>£000s</i>
Balance at 1 April 2014	(25,129)
Budgeted use of balances 2014/15	7,707
Forecast outturn 2014/15	(1,177)
= Forecast balance at 31 March 2015	(18,599)

18. The Housing Revenue Account balance is therefore expected to continue to exceed the prudent minimum.

Collection Fund

19. The Collection Fund is made up of three accounts – Council Tax, the Business Improvement District (BID) account, and National Non-Domestic Rates (NNDR).

- Council Tax is shared between the city, the county, and the police and crime commissioner based on an estimated tax base and the council tax rates agreed by each of the preceptors. Any surplus or deficit is shared in the following financial year.
- The BID account is operated on behalf of the BID company, to collect their income from the BID levy. Any surplus or deficit is passed on the BID company.
- NNDR income is shared between the city, the county, and central government. Since “localisation”, any surplus or deficit is also shared, rather than as formerly being borne wholly by the government.

20. There are particular risks attached to NNDR, which are:

- Appeals – the impact of any appeals will fall on the Collection Fund, and therefore in part on the city. The Valuation Office has cleared a large number of appeals which has adversely affected the council's business rates income levels. However, a backlog of appeals remains and the value of the appeals is not known, nor the likelihood of success, nor the timing of the appeal being determined.
- NNDR billable – changes in the NNDR billable, e.g. demolition or construction of new billable premises, will impact on the amount billable. Assumptions of growth may also be affected by changes in the larger economic environment.
- NNDR collectable – arrears and write-offs (e.g. where a business goes into administration) will also impact on the Collection Fund.

21. These risks are monitored and mitigated through normal Revenues operations.

22. A summary of the Collection Fund is provided below:

<i>Approved Budget £000s</i>	<i>Current Budget £000s</i>	Collection Fund Summary	<i>Actual To Date £000s</i>	<i>Forecast Outturn £000s</i>	<i>Forecast Variance £000s</i>
		Council tax			
53,797	53,797	Expenditure	42,705	53,797	0
(53,797)	(53,797)	Income	0	(53,797)	0
		Business Improvement District			
656	656	Expenditure	492	665	9
(656)	(656)	Income	(356)	(655)	1
		National Non-Domestic Rate			
77,698	77,698	Expenditure	71,281	79,850	2,152
(77,698)	(77,698)	Income	(78,221)	(77,618)	80
0	0	Total Collection Fund	35,901	2,232	2,232

23. On Council Tax, actual income is not posted from the council tax system into the finance system until year-end. The actual year-end surplus or deficit will be taken into account in considering distribution of balances between the preceptors (city, county, and police).

24. The council operates the BID account on behalf of the BID company, so no surplus or deficit will fall on the council's accounts.

25. The deficit reported on the NNDR account will roll forward and be distributed in the 2015/16 budget cycle. The forecast impact on the council in 2014/15 of deficits arising in 2013/14 is £152k. The forecast impact in 2015/16 of deficits arising in 2013/14 and 2014/15 is £1.249m.

26. Additional (section 31) grant has been received in the General Fund to offset all or part of any shortfall in business rate income due to additional reliefs granted by government. It is proposed in the budget papers that cabinet will review on this agenda, that an earmarked reserve be created for this section 31 business rate relief grant, and that all grant monies received since 2013/14, and going forwards, be transferred to this earmarked reserve to be offset against deficits in the years that they impact on the revenue accounts. The associated transfer from general to the earmarked reserve for monies received, but not applied against deficits to date, is £1.542m and is assumed in the reserve forecasts set out at para 15 above.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	
Head of service:	Chief Finance Officer
Report subject:	Revenue Budget Monitoring 2014/15
Date assessed:	22/01/15
Description:	This is the integrated impact assessment for the Revenue Budget Monitoring 2014/15 report to cabinet

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report shows that the council monitors its budgets, considers risks to achieving its budget objectives, reviews its balances position, and is therefore able to maintain its financial standing
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report demonstrates that the council is aware of and monitors risks to the achievement of its financial strategy.

Recommendations from impact assessment
Positive
None
Negative
None
Neutral
None
Issues
The council should continue to monitor its budget performance in the context of the financial risk environment within which it operates.

Budget Monitoring Summary

Year: 2014/15

Period: 09 (December)

GENERAL FUND SERVICE SUMMARY

Approved Budget	Current Budget		Budget To Date	Actual To Date	Variance To Date	Forecast Outturn	Forecast Variance
Business Relationship Management							
2,717,718	2,687,743	Business Relationship Management	1,496,643	1,455,536	(41,107)	2,744,573	56,830
(20,186,020)	(20,170,990)	Finance	(8,725,555)	(9,362,907)	(637,352)	(19,642,779)	528,211
33,733	(294,218)	Procurement & Service Improvement	1,727,147	1,246,704	(480,443)	(586,855)	(292,637)
(17,434,569)	(17,777,465)	Total Business Relationship Management	(5,501,765)	(6,660,666)	(1,158,902)	(17,485,061)	292,404
Chief Executive & Corporate							
0	0	Chief Executive	183,964	96,284	(87,680)	(61,060)	(61,060)
(1,079,432)	(744,537)	Corporate Management	(2,582,449)	(2,659,594)	(77,145)	(935,211)	(190,674)
(1,079,432)	(744,537)	Total Chief Executive & Corporate	(2,398,485)	(2,563,311)	(164,826)	(996,271)	(251,734)
Customers, Comms & Culture							
2,525,619	2,325,357	Communications & Culture	1,492,635	1,229,096	(263,539)	2,230,927	(94,430)
(116,196)	(168,617)	Customer Contact	1,801,007	1,560,521	(240,486)	(201,851)	(33,234)
2,409,423	2,156,740	Total Customers, Comms & Culture	3,293,642	2,789,617	(504,025)	2,029,075	(127,665)
Operations							
(965,936)	(954,804)	City Development	(3,009,132)	(4,372,169)	(1,363,037)	(1,281,758)	(326,954)
9,978,887	10,006,606	Citywide Services	5,918,500	5,283,242	(635,258)	10,015,874	9,268
0	0	Deputy Chief Executive	117,843	64,819	(53,024)	862	862
2,654,201	2,661,895	Neighbourhood Housing	1,463,034	796,135	(666,899)	2,570,022	(91,873)
2,229,016	2,332,505	Neighbourhood Services	1,275,310	1,259,822	(15,488)	2,328,342	(4,163)
1,743,316	1,743,036	Planning	829,642	487,429	(342,213)	1,615,997	(127,039)
125,419	252,319	Property Services	1,202,977	964,476	(238,501)	190,736	(61,583)
15,764,903	16,041,557	Total Operations	7,798,174	4,483,754	(3,314,420)	15,440,075	(601,482)
Strategy, People & Democracy							
303,787	229,444	Democratic Services	713,423	761,764	48,341	137,288	(92,156)
(4)	(5,100)	Human Resources	906,803	2,619,119	1,712,316	(1,832)	3,268
35,892	97,315	Strategy & Programme Management	426,153	(132,550)	(558,703)	36,426	(60,889)
339,675	321,659	Total Strategy, People & Democracy	2,046,379	3,248,333	1,201,954	171,881	(149,778)
0	(2,046)	Total General Fund	5,237,945	1,297,727	(3,940,218)	(840,300)	(838,254)

GENERAL FUND SUBJECTIVE SUMMARY

Forecast	Approved Budget		Current Budget	Budget To Date	Actual To Date	Variance To Outturn	Forecast Variance
0	0		0	(313)	(313)	(417)	(417)
17,366,808	17,429,262	Employees	13,192,573	13,525,291	332,718	17,205,026	(224,236)
8,577,187	8,522,187	Premises	6,773,320	6,999,415	226,095	8,435,075	(87,112)
314,000	313,998	Transport	200,673	161,215	(39,458)	267,804	(46,194)
15,884,736	15,935,884	Supplies & Services	11,465,171	9,914,418	(1,550,753)	15,664,169	(271,715)
7,784,578	7,497,232	Third Party Payments	3,715,436	3,327,806	(387,630)	7,522,119	24,887
94,462,444	94,462,444	Transfer Payments	75,297,127	73,192,761	(2,104,366)	91,980,747	(2,481,697)
3,685,062	3,685,062	Capital Financing	6,876,579	6,603,433	(273,146)	3,416,985	(268,077)
0	15,030	Rev Contribs to Capital	0	0	0	0	(15,030)
(55,000)	0	Savings Proposals	0	0	0	0	0
(23,185,762)	(22,831,002)	Receipts	(17,144,266)	(17,685,957)	(541,691)	(23,393,609)	(562,607)
(118,033,744)	(118,117,443)	Government Grants	(93,812,551)	(92,575,191)	1,237,360	(115,631,454)	2,485,989
1,304,093	1,304,093	Centrally Managed	979,112	96,324	(882,788)	1,403,392	99,299
17,496,584	17,552,192	Recharge Expenditure	2,407,288	1,424,403	(982,885)	17,443,348	(108,844)
(25,600,986)	(25,770,985)	Recharge Income	(4,712,517)	(3,685,877)	1,026,640	(25,153,484)	617,501
0	(2,046)	Total General Fund	5,237,945	1,297,727	(3,940,218)	(840,300)	(838,254)

Budget Monitoring Report

Year: 2014/15

Period: 09 (December)

HOUSING REVENUE ACCOUNT STATUTORY SUMMARY

<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
15,923,170	15,923,170	Repairs & Maintenance	11,894,845	8,628,097	(3,266,748)	15,986,848	63,678
6,178,443	6,178,443	Rents, Rates, & Other Property Costs	4,548,267	6,192,676	1,644,409	6,525,075	346,632
11,382,720	11,372,054	General Management	5,687,339	4,018,163	(1,669,176)	10,716,321	(655,733)
5,628,948	5,718,660	Special Services	3,738,842	2,735,517	(1,003,325)	5,395,809	(322,851)
21,924,793	21,924,793	Depreciation & Impairment	76,878	(855,869)	(932,747)	20,576,967	(1,347,826)
941,000	941,000	Provision for Bad Debts	705,750	0	(705,750)	240,000	(701,000)
(58,915,983)	(58,915,983)	Dwelling Rents	(43,597,831)	(43,441,375)	156,456	(58,718,773)	197,210
(1,951,186)	(1,951,186)	Garage & Other Property Rents	(1,468,403)	(1,636,798)	(168,395)	(2,104,332)	(153,146)
(9,643,814)	(9,643,814)	Service Charges - General	(7,559,537)	(6,871,836)	687,701	(9,009,539)	634,275
0	0	Miscellaneous Income	0	(58,273)	(58,273)	(77,697)	(77,697)
9,382,073	9,305,073	Adjustments & Financing Items	(147,000)	749,884	896,884	10,145,033	839,960
(700,164)	(700,164)	Amenities shared by whole community	0	0	0	(700,164)	0
(150,000)	(150,000)	Interest Received	(112,500)	0	112,500	(150,000)	0
0	2,046	Total Housing Revenue Account	(26,233,350)	(30,539,813)	(4,306,463)	(1,174,451)	(1,176,497)

HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY

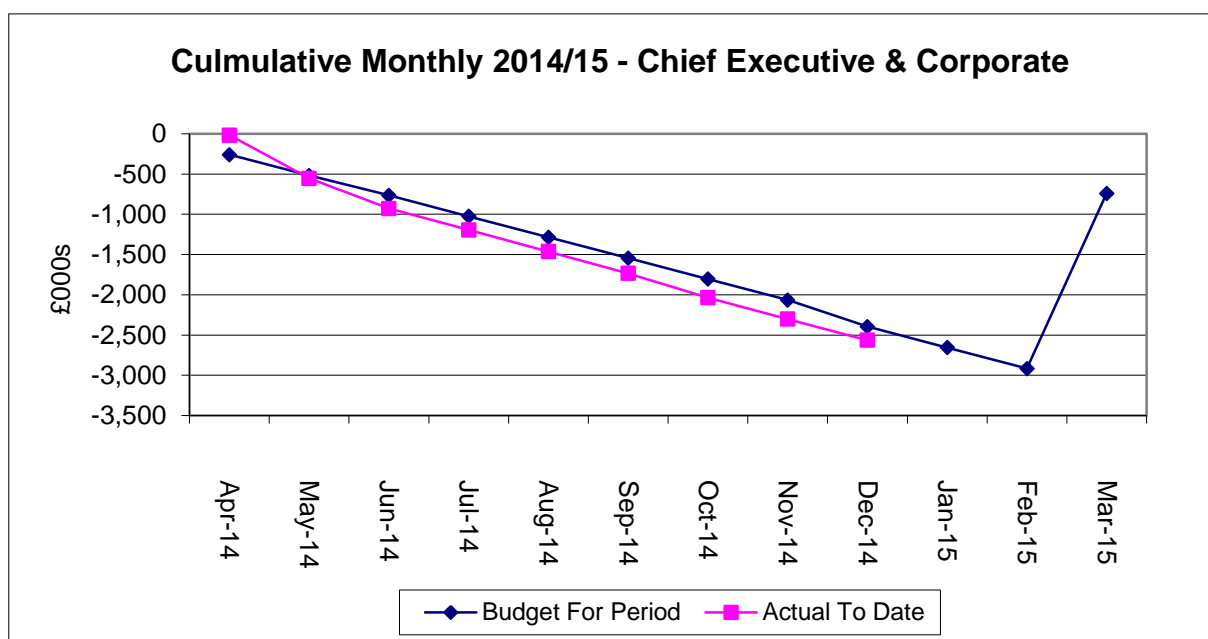
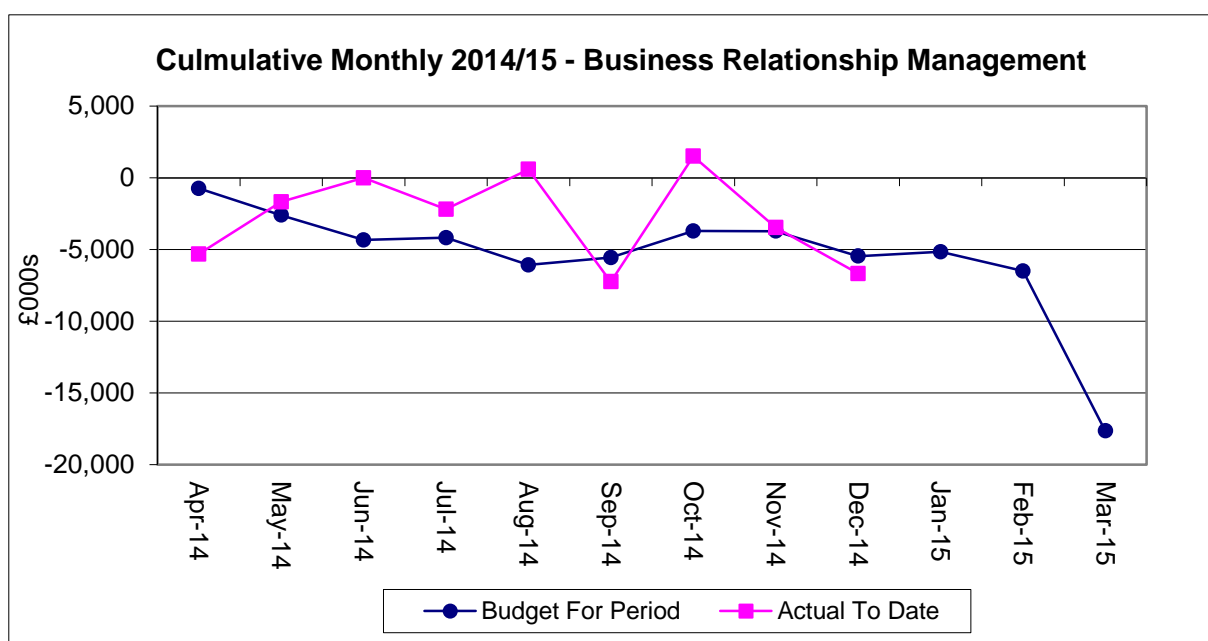
<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
0	0						0
6,467,099	6,472,099	Employees	4,910,954	4,163,521	(747,433)	6,087,295	(384,804)
25,086,833	25,163,833	Premises	18,457,223	16,080,728	(2,376,495)	25,026,343	(137,490)
122,263	122,263	Transport	91,710	108,299	16,589	130,789	8,526
3,997,007	3,925,114	Supplies & Services	2,449,860	1,139,090	(1,310,770)	3,110,530	(814,584)
348,001	350,047	Third Party Payments	55,726	55,795	69	350,132	85
5,847,385	5,914,278	Recharge Expenditure	1,765,170	1,058,418	(706,752)	5,957,584	43,306
1,167,846	1,167,846	Capital Financing	76,878	0	(76,878)	1,135,346	(32,500)
(71,877,097)	(71,877,097)	Receipts	(53,649,965)	(52,995,150)	654,815	(71,376,399)	500,698
(221,256)	(221,256)	Government Grants	(353,439)	(150,500)	202,939	(150,500)	70,756
(1,021,221)	(1,021,221)	Recharge Income	(37,467)	0	37,467	(992,242)	28,979
17,035,000	16,958,000	Rev Contribs to Capital	0	0	0	16,958,000	0
13,048,140	13,048,140	Capital Financing	0	(13)	(13)	12,588,670	(459,470)
0	2,046	Total Housing Revenue Account	(26,233,350)	(30,539,813)	(4,306,463)	(1,174,451)	(1,176,497)

Budget & Expenditure – Monthly by Service Graphs

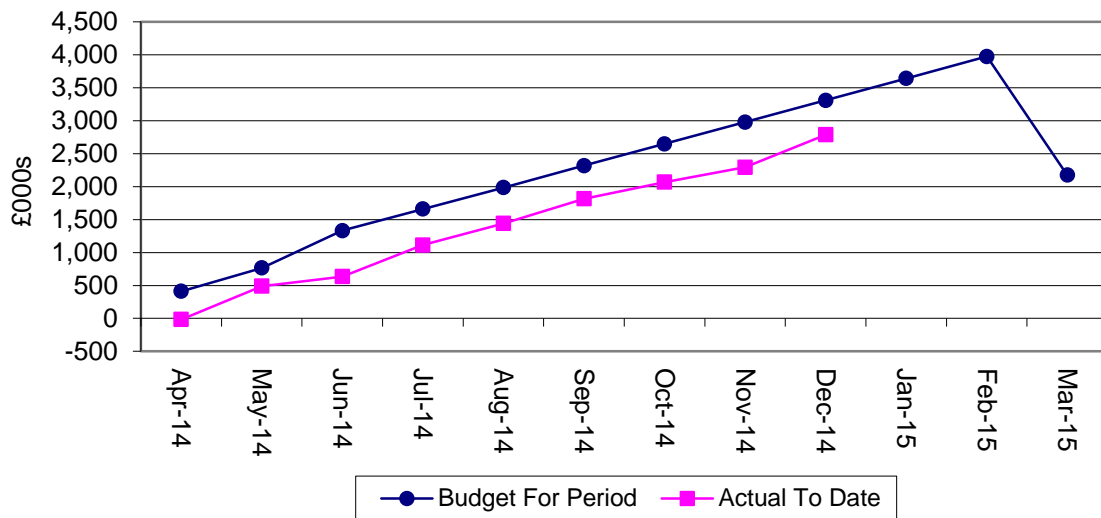
The following graphs show the monthly budget profile and income/expenditure to date for each service (both General Fund and Housing Revenue Account) for the financial year.

The actual income/expenditure reported is influenced by accrual provisions brought forward from the previous financial year, and by any delays in invoicing and/or payment.

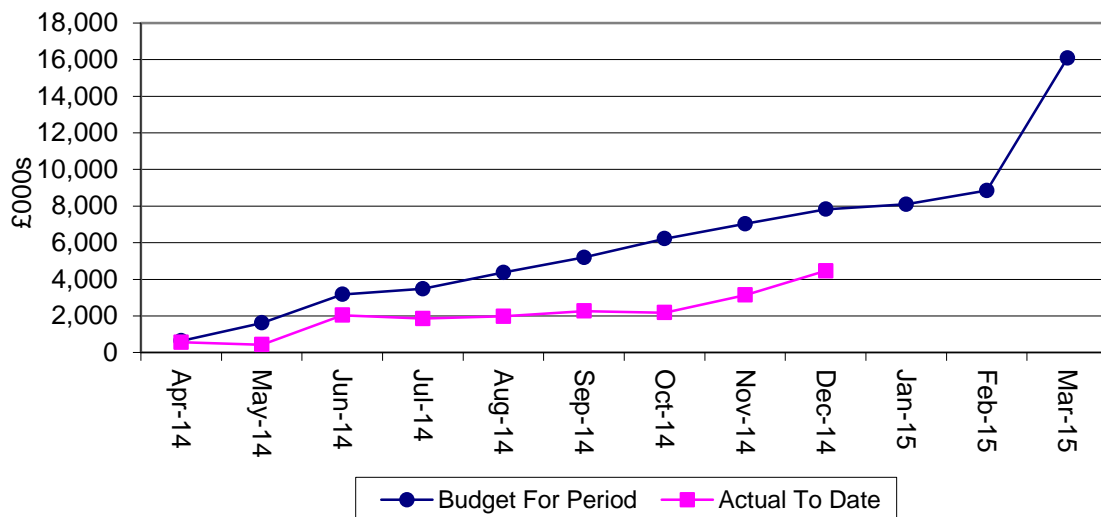
Budgets are profiled to show the expected pattern of income & expenditure, and will be refined and improved during the course of the financial year.



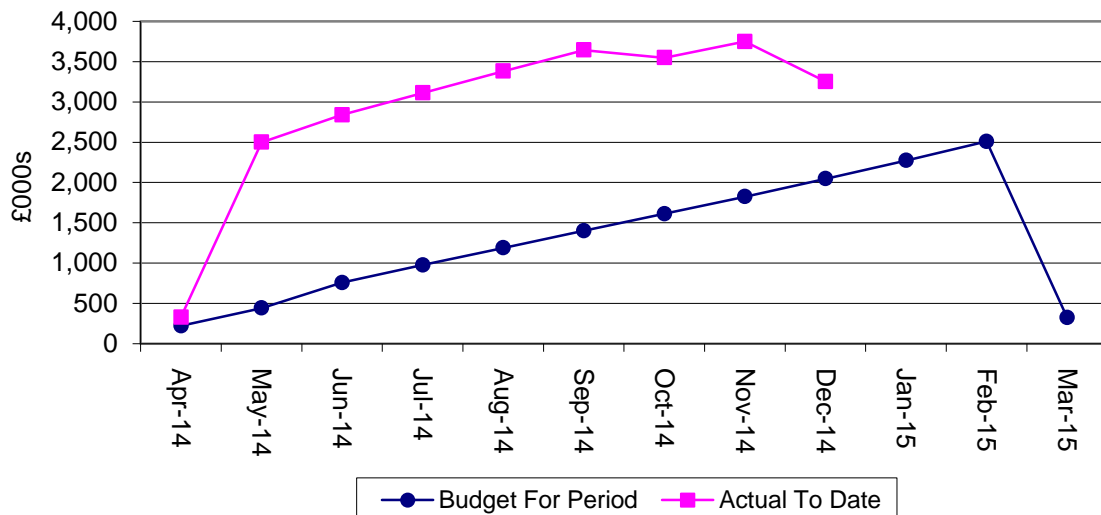
Culmulative Monthly 2014/15 - Customer, Comms & Culture



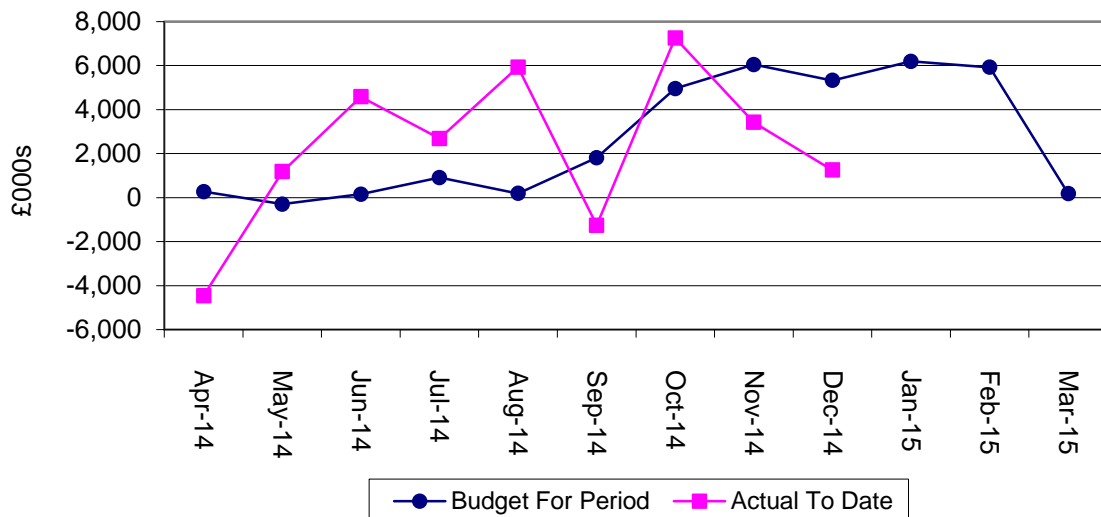
Culmulative Monthly 2014/15 - Operations



Culmulative Monthly 2014/15 - Strategy, People & Democracy



Culmulative Monthly 2014/15 Norwich City Council (Revenue)



Report to Cabinet
4 February 2015
Report of Chief finance officer
Subject Capital budget monitoring 2014/15 – Quarter 3

Item

11

Purpose

To update Cabinet on the financial position of the capital programmes as at 31 December 2014.

Recommendations

Cabinet are asked to note the position of the housing and non-housing capital programmes as at 31 December 2014.

Corporate and service priorities

The report helps to meet the corporate priorities “Value for money services” and “Decent housing for all”.

Financial implications

The financial implications are set out in the body of the report

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact officers

Justine Hartley, chief finance officer 01603 212440

Shaun Flaxman, housing finance manager 01603 212805

Background documents

Budget Reports (Council 18 February 2014)

Report

1. The housing and non-housing capital programmes for 2014/15 were approved by Cabinet and Council on 5 and 18 February 2014 respectively.
2. The carry-forward of unspent 2013/14 capital budgets to the 2014/15 capital programme was approved following delegation to the Deputy Chief Executive (Operations) and Chief Finance Officer, in consultation with the portfolio holder for resources, by Cabinet on 25 June 2014.

Non-housing capital programme

3. The financial position of the non-housing capital programme is set out in detail in Appendix 1 and summarised with commentary in the following paragraphs.

Forecast outturn

4. The following table shows expenditure to date and the forecast outturn for expenditure against the approved capital budgets.

Programme Group	Original Budget £000's	Current Budget £000's	Actual to Date £000's	Forecast Outturn £000's	Forecast Variance £000's
Asset Improvement	360	716	136	328	(388)
Asset Investment	10,735	10,969	117	522	(10,447)
Asset Maintenance	1,290	2,054	81	837	(1,217)
Push the Pedalways (CCA)	3,726	4,802	569	2,942	(1,903)
Initiatives Funding	50	1,165	106	1,430	265
Regeneration	10,519	10,943	262	4,874	(6,069)
Section 106	157	840	46	280	(560)
CIL	0	0	89	253	253
Total Non-Housing	26,837	31,490	1,406	11,466	(20,067)

5. As at 31 December 2014, the non-housing forecast outturn is £11.47m, which would result in an underspend of £20.07m. The significant variance is largely due to the re-profiling of planned expenditure against specific significant schemes: Strategic Asset Investment (£9.7m), Rose Lane MSCP construction (£4.9m), St Andrews MSCP repairs (£1.1m), Push the Pedalways (CCA) (£1.9m) and Section 106 schemes (£0.6m). It is anticipated that a request will be made to carry forward some of these budgets to fund expenditure in 2015/16.
6. Due to the nature of the programmes and the basis of valuations there is a delay between works being completed and receipt of valuations from contractors which can result in significant variances between actuals to date and forecast outturns for the year end.
7. The non-housing capital programme will continue to be monitored throughout the financial year to ensure that programmes deliver to budget within revised project timescales.

Non Housing Capital resources

8. The following table shows the approved sources and application of non-housing capital resources, and receipts.

	Original Approved £000s	Approved Brought Forward £000s	Approved Adjustme nts £000s	Total Approved Budget £000s	Year to date £000s	Balance to date £000s	Forecast Outturn £000s
Non-housing capital plan							
CIL Balances b/f	0	(71)		(71)		(71)	(71)
CIL resources arising				0	(87)	(87)	(286)
Subtotal CIL resources	0	(71)	0	(71)	(87)	(157)	(357)
CIL resources utilised				0	89	89	253
Subtotal CIL balance				0	3	(68)	(104)
S106 Balances b/f	(1,138)	(1,429)		(1,429)		(1,429)	(1,429)
S106 resources arising			(40)	(164)	(215)	(215)	(243)
Subtotal S106 resources	(1,138)	(1,429)	(40)	(1,593)	(215)	(1,644)	(1,672)
S106 resources utilised				840	46	46	280
Subtotal S106 balance				(753)	(169)	(1,598)	(1,392)
Other non-housing balances b/f	(5,250)	(7,114)		(7,114)		(7,114)	(7,114)
Other non-housing resources arising			(746)	(23,716)	(3,438)	(3,438)	(7,533)
Subtotal other non-housing resources	(5,250)	(7,114)	(746)	(30,830)	(3,438)	(10,552)	(14,648)
Other non-housing resources utilised				30,650	1,270	1,270	10,933
Subtotal other non-housing balance				(180)	(2,168)	(9,282)	(3,715)
Total non-housing capital resources	(6,388)	(8,614)	(786)	(32,494)	(3,739)	(12,354)	(16,677)
Total non-housing capital resources utilised				31,490	1,406	1,406	11,466
Total non-housing capital plan balance				(1,004)	(2,334)	(10,948)	(5,210)

Housing capital programme

9. The financial position of the housing capital programme is set out in detail in Appendix 2 and summarised with commentary in the following paragraphs.

Forecast outturn

10. The following table shows expenditure to date and the forecast outturn for expenditure against the approved capital budgets.

Programme Group	Original Budget £000's	Current Budget £000's	Actual to Date £000's	Forecast Outturn £000's	Forecast Variance £000's
Housing Investment	10,911	12,036	1,082	2,312	(9,724)
Neighbourhood Housing	30,070	36,223	19,848	31,901	(4,322)
Strategic Housing	1,570	1,964	555	1,596	(368)
Total Housing	42,551	50,223	21,486	35,809	(14,414)

11. The current forecast as at 31 December 2014, shows that the forecast outturn is £35.8m which would result in an underspend of £14.4m. The variance is largely due to projected delays in the redevelopment of a sheltered housing scheme (£3.7m), completion of structural projects (£2.1m) and new build social housing (£5.6m), and lower than anticipated demand for private sector grants (£0.4m). It is anticipated that a request will be made to carry forward some of these budgets to fund expenditure in 2015/16.

12. Due to the nature of the programmes and the basis of valuations there is a delay between works being completed and receipt of valuations from contractors which can result in significant variances between actuals to date and forecast outturns for the year end.
13. The housing capital programme will continue to be monitored throughout the financial year to ensure that programmes deliver to budget within revised project timescales.

Housing Capital resources

14. The following table shows the approved sources and application of housing capital resources, and receipts.

Housing capital plan	Approved £000s	Brought Forward £000s	Approved Adjs £000s	Total Approved Budget £000s	Year to date £000s	Balance to date £000s	Forecast Outturn £000s
Housing resources brought forward	0	(17,845)		(17,845)		(17,845)	(17,845)
Housing capital grants	(408)			(408)	(467)	(467)	(467)
HRA Major Repairs Reserve	(16,611)			(16,611)	0	0	(16,611)
HRA Revenue Contribution to Capital	(19,885)			(19,885)	0	0	(19,885)
HRA Leaseholders contributions to major works	(250)			(250)	0	0	(250)
Capital receipts arising from RTB sales	(2,583)			(2,583)	(3,063)	(3,063)	(2,758)
Retained "one for one" RTB Receipts	(2,013)			(2,013)	(1,384)	(1,384)	(2,482)
Capital receipts arising from non-RTB sales	(802)			(802)	(1,257)	(1,257)	(850)
Gross housing resources	(42,551)	(17,845)	0	(60,396)	(6,171)	(24,016)	(61,148)
Forecast resources utilised	42,551	7,672		50,223	21,486		35,809
Total housing capital plan	0	(10,173)	0	(10,173)	15,315	5,142	(25,339)

15. The excess of balances brought forward, includes the approved carried forward budgets from 2013/14.

Capital programme risk management

16. The following table sets out a risk assessment of factors affecting the planned delivery of the 2014/15 capital programmes.

Risk	Likelihood	Impact	Rating	Mitigation
General Fund Capital Receipts not received or delayed	Possible (3)	Major (5)	(15)	Expenditure incurred only as receipts secured
Norwich HCA partnership strategic priority schemes delayed or frustrated	Possible (3)	Major (5)	(15)	Oversight by Norwich HCA partnership Strategic Board
Detailed schemes not brought forward to utilise agreed capital funding	Possible (3)	Moderate (3)	(9)	Active pursuit of investment opportunities; budget provisions unspent could be carried forward if necessary

Risk	Likelihood	Impact	Rating	Mitigation
Cost overruns	Possible (3)	Moderate (3)	(9)	Robust contract management and constraints
Business case for asset improvement programme not sustainable	Unlikely (2)	Moderate (3)	(6)	Advice taken from expert property specialists
Contractor failure or capacity shortfall(s) prevents/delays capital works being carried out	Unlikely (2)	Moderate (3)	(6)	Robust financial checks during procurement process and awareness of early signs of financial difficulties
Housing Capital Receipts not received from RTB sales	Very unlikely (1)	Major (5)	(5)	Relatively low levels of RTB receipts have been forecast; in-year monitoring
Housing Capital Receipts not received from sale of houses beyond economic repair	Possible (3)	Minor (1)	(3)	No plans to use funding until it has been received
Level of Housing contributions from leaseholders does not match forecast	Unlikely (2)	Minor (1)	(2)	Robust charging procedures within contract to ensure amounts due are recovered

Integrated impact assessment



NORWICH
City Council

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

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	
Head of service:	Justine Hartley, Chief Finance Officer
Report subject:	Capital Programme Monitoring 2014/15 Q3
Date assessed:	
Description:	To report the current financial position and seek approval for capital budget virements.

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Report demonstrates efficient, effective, and economic delivery of capital works
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Report demonstrates awareness of risks to delivery of planned capital works and mitigating actions

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

Approved Budget	Current Budget		Actual To Date	Forecast Outturn	Forecast Variance
0	0	5921 Earlham Millenium Green	640	640	640
0	0	5923 Marriotts Way GNPD	7,855	7,855	7,855
0	10,000	5926 Eaton Park Changing Rooms	0	10,000	0
0	5,000	5927 Eaton Park Path	0	5,000	0
0	7,000	5928 Eaton Park Fish Pond	6,914	7,000	0
0	30,000	5929 Harford Park MUGA	19,140	19,140	(10,860)
0	45,000	5930 Lea Bridges MUGA	0	0	(45,000)
0	0	5279 St Annes Wharf Bridge	113	151	151
0	47,736	5294 Eaton Park Tennis Development	1,961	1,961	(45,775)
0	180,483	5299 City Hall Refurbishment Phase 1	2,475	30,000	(150,483)
250,000	250,000	5324 City Hall 2nd Floor	48,610	90,000	(160,000)
110,000	110,000	5326 Earlham Park access imp	2,404	110,000	0
0	31,180	5331 St Andrews Hall Lighting	45,605	46,180	15,000
360,000	716,399	Subtotal Asset Improvement	135,717	327,927	(388,472)
0	0	5296 Housing Communal Bins	0	0	0
0	43,700	5310 22 Hurricane way - asbestos	45,310	50,500	6,800
0	0	5311 Townsend House	(17,705)	0	0
0	60,000	5312 Yacht Station Repairs	0	30,000	(30,000)
0	70,000	5925 Replacement of P&D Payment	0	61,171	(8,829)
900,000	960,000	5315 Asset investment for income (other	59,832	300,000	(660,000)
9,750,000	9,750,000	5330 Strategic Investment (NAL)	19,000	80,000	(9,670,000)
30,000	30,000	8807 New Build - Airport	10,130	0	(30,000)
30,000	30,000	8808 New Build - Cambridge Street	0	0	(30,000)
25,100	25,100	8812 New Build - 10-14 Ber Street	0	0	(25,100)
10,735,100	10,968,800	Subtotal Asset Investment	116,567	521,671	(10,447,129)
0	132,390	5006 Major Repairs Programme	0	132,390	0
0	0	5245 Memorial Gardens temporary works	50	50	50
0	156,554	5293 Millar Hall - Norman Centre	57,786	220,257	63,703
550,000	1,095,413	5308 St Andrews MSCP repair	17,996	20,000	(1,075,413)
36,000	36,000	5900 Bedford St 19/21 fire alarm	2,050	27,000	(9,000)
25,000	25,000	5901 Castle Museum 12/12A roof	1,321	40,000	15,000
25,000	25,000	5902 Castle Museum 18A roof	0	0	(25,000)
30,000	30,000	5903 City Cemetery asphalt works	0	31,370	1,370
15,000	15,000	5904 Rosary Cemetery Chapel works	0	15,000	0
80,000	80,000	5905 Norman Centre gym refurbishment	0	80,000	0
75,000	75,000	5906 Hurricane Way 6-12 enabling works	944	1,000	(74,000)
60,000	60,000	5907 Meteor Close 21 void refurbishment	0	60,000	0
10,000	10,000	5908 Halls - fire alarm upgrade	0	0	(10,000)
15,000	15,000	5909 Halls - floor works	0	0	(15,000)
15,000	15,000	5910 Halls - WC works	0	15,000	0
5,000	5,000	5911 St Barts Church flint & brick works	0	5,400	400
4,000	4,000	5912 St Edmunds churchyard works	0	0	(4,000)
100,000	100,000	5913 Swanton Rd - Astra TC works	598	100,000	0
25,000	25,000	5914 Guildhall stone & flint works	0	0	(25,000)
50,000	50,000	5915 District Lighting upgrade	0	50,000	0
60,000	60,000	5916 Waterloo Pavilion prom roof	0	0	(60,000)
40,000	40,000	5917 Riverside Leisure Centre works	0	40,000	0
70,000	0	5918 St Andrews MSCP CCTV	0	0	0
1,290,000	2,054,357	Subtotal Asset Maintenance	80,745	837,467	(1,216,890)

Approved Budget	Current Budget		Actual To Date	Forecast Outturn	Forecast Variance
0	42,373	5101 Norfolk and Norwich Hospital hub	0	42,000	(373)
0	13,477	5102 North Park Avenue - UEA zebra	11,013	13,000	(477)
0	19,800	5103 UEA Hub	0	20,000	200
585,000	808,537	5104 The Avenues	58,170	139,000	(648,537)
423,000	0	5105 Earlham Road (Gypsy Lane -	(79)	0	0
0	12,608	5106 Adelaide Street health centre link	2,871	13,000	392
0	0	5107 Alexandra Road - Park Lane (via	39	(14,000)	(14,000)
90,000	148,963	5108 Park Lane - Vauxhall Street	9,777	59,000	(89,963)
739,899	872,917	5109 Vauxhall Street - Bethel Street	16,261	873,000	83
0	30,832	5110 Market hub	5,941	31,000	168
218,637	226,681	5111 Magdalen Street and Cowgate	12,041	227,000	319
0	9,160	5112 St Andrew's Plain hub	(2,339)	9,000	(160)
291,390	794,723	5113 Tombland & Palace Street	38,661	175,000	(619,723)
0	36,000	5114 Gilders Way - Cannell Green	9,571	36,000	0
459,000	546,751	5115 Heathgate - Valley Drive	29,720	547,000	249
0	109,244	5116 Laundry Lane - St Williams Way	7,941	15,000	(94,244)
0	95,302	5117 Munnings Road - Greenborough	15,456	76,000	(302)
165,000	162,915	5118 Salhouse Road (Hammond Way -	9,089	23,000	(139,915)
276,772	432,987	5119 20 mph areas	38,806	212,000	(197,987)
50,000	0	5120 Simplify cycling and loading in	2,962	2,962	2,962
59,928	252,165	5121 Directional signage and clutter	51,343	150,000	(102,165)
0	27,000	5122 Automatic cycle counters	3,509	27,000	0
367,000	265,860	5123 Cycle City Ambition Project	248,402	266,000	140
3,725,626	4,802,295	Subtotal Cycle City Ambition	569,155	2,941,962	(1,903,333)
0	31,000	5328 Citizen Gateway Permits	0	31,000	0
50,000	154,337	5305 Eco-Investment Fund	10,233	121,500	(32,837)
0	23,246	5306 Community Capital Fund	6,313	6,113	(17,133)
0	520,236	5317 IT Investment Fund	0	723,400	203,164
0	0	5587 GPF Airport Development	69,144	92,192	92,192
0	0	6049 Municipal Bonds Agency	20,000	20,000	20,000
0	436,017	0000 Green Deal	0	436,017	0
50,000	1,164,836	Subtotal Initiatives Funding	105,690	1,430,222	265,386
0	0	5300 Norwich Connect 2	(6,287)	0	0
0	181,700	5318 Vacant Sites Regeneration	0	0	(181,700)
158,500	158,500	5325 Mountergate Phase 2	0	1,000	(157,500)
265,000	168,000	5327 Park Depots demolition	0	40,000	(128,000)
0	0	5504 NaHCASP Strategic Priorities	6,554	0	0
2,385,165	2,322,855	5512 NaHCASP Threescore	1,264	2,124,014	(198,841)
300,000	348,000	8805 New Build - Threescore 2	206,096	370,185	22,185
260,000	520,000	5322 Riverside Walk	1,571	6,670	(513,330)
150,000	244,142	5314 Ass Inv - Mile Cross Depot	6,536	194,000	(50,142)
7,000,000	7,000,000	5320 Rose Lane MSCP Construction	46,639	2,138,000	(4,862,000)
10,518,665	10,943,197	Subtotal Regeneration	262,373	4,873,869	(6,069,328)

Approved Budget	Current Budget		Actual To Date	Forecast Outturn	Forecast Variance
6,164	6,164	4176 S106 Fire Station Bethel St cycle	0	0	(6,164)
0	6,019	5701 s106 Chapelfield Gardens Play	(298)	6,000	(19)
0	0	5703 s106 Jenny Lind/Eagle Walk	12,597	0	0
0	89,000	5705 s106 The Runnel Play Provision	0	0	(89,000)
22,194	0	5708 s106 Waldergrave/Clover Hill Play	0	0	0
0	22,000	5717 s106 Wensum Comm Centre Play	1,193	11,000	(11,000)
0	0	5719 NCCAAP Play Projects	722	963	963
0	22,194	5723 Pointers Field Playbuilder Capital	2,725	22,000	(194)
3,753	16,668	5725 S106 Pilling Park Improvements	15,923	17,000	332
60,194	88,194	5728 S106 Mile Cross Gardens Play	0	0	(88,194)
0	7,000	5730 S106 Midland Street Open Space	0	7,000	0
0	13,260	5731 s106 Wooded Ridge project	0	13,000	(260)
0	13,000	5732 s106 Wensum View Play	84	13,000	0
0	42,838	5733 s106 Sarah Williman Close	118	43,000	162
0	81,000	5735 s106 Castle Green Play	0	0	(81,000)
0	9,000	5736 s106 Castle Gardens Play	0	0	(9,000)
40,367	40,367	5737 S106 Heartsease Play Area	0	20,000	(20,367)
24,775	24,775	5738 S106 Mousehold Heath environs	0	25,000	225
0	35,000	5739 Lakenham Rec Bowls Green Fencing	0	35,000	0
0	50,000	5801 s106 Hurricane Way Bus Link	0	0	(50,000)
0	22,000	5806 Threescore, Bowthorpe - sustainable	0	0	(22,000)
0	0	5812 S106 Flood Alleviation project	0	0	0
0	29,929	5813 S106 Green Infrastructure Imps	0	0	(29,929)
0	0	5815 S106 St James Churchyard	0	0	0
0	119,000	5821 S106 Livestock Mkt Cycle/Walkway	0	40,000	(79,000)
0	87,000	5823 BRT & Cycle Route Measures	0	15,000	(72,000)
0	0	5825 Sustainable Transport Car Club	339	62	62
0	10,807	5826 Goals Soccer Centre Ped Refuse	7,548	7,000	(3,807)
0	5,000	5828 s106 Plumstead Road	5,000	5,000	0
157,447	840,215	Subtotal Section 106	45,951	280,025	(560,190)
0	0	5580 CIL Contribution Strategic	89,325	253,000	253,000
0	0	Subtotal CIL	89,325	253,000	253,000
26,836,838	31,490,099	Total Non-Housing Capital Programme	1,405,523	11,466,143	(20,066,956)

Housing Capital Programme

Approved Budget	Current Budget		Actual To Date	Forecast Outturn	Forecast Variance
3,750,000	3,808,498	7460 Sheltered Housing Redevelopment	65,904	127,900	(3,680,598)
500,000	568,400	7930 Capital Buybacks	122,490	122,490	(445,910)
0	390,000	8800 New Build - Riley Close	0	22,590	(367,410)
0	608,485	8801 New Build - Pointers Field	522,317	539,195	(69,290)
1,500,000	1,500,000	8802 New Build - Goldsmith Street	242,188	345,500	(1,154,500)
1,591,250	1,591,250	8803 New Build - Brazengate	0	650,000	(941,250)
765,000	765,000	8804 New Build - Hansard Close	23,408	28,000	(737,000)
200,000	200,000	8805 New Build - Threescore 2	100,661	211,092	11,092
78,000	78,000	8806 New Build - Mountergate	0	0	(78,000)
250,000	250,000	8807 New Build - Airport	4,990	5,000	(245,000)
110,000	110,000	8808 New Build - Cambridge Street	0	0	(110,000)
395,000	395,000	8809 New Build - Hassett Close	0	125,000	(270,000)
480,000	480,000	8810 New Build - Northfields	0	30,000	(450,000)
280,000	280,000	8811 New Build - Rye Avenue	0	105,000	(175,000)
116,600	116,600	8812 New Build - 10-14 Ber Street	0	0	(116,600)
50,000	50,000	8813 New Build - Earlham west	0	0	(50,000)
20,000	20,000	8814 New Build - Bowers Avenue	0	0	(20,000)
300,000	300,000	8815 New Build - Jewson Road	0	0	(300,000)
50,000	50,000	8816 New Build - Fourways	0	0	(50,000)
225,000	225,000	8817 New Build - Palmer Road	0	0	(225,000)
100,000	100,000	8818 New Build - Supple Close	0	0	(100,000)
150,000	150,000	8819 New Build - Wild Road	0	0	(150,000)
10,910,850	12,036,233	Subtotal Housing Investment	1,081,958	2,311,767	(9,724,466)
1,380,000	1,380,000	7010 Electrical - Internal	816,288	1,417,129	37,129
480,000	816,908	7040 Whole House Improvements	420,336	854,932	38,024
8,260,000	8,260,000	7070 Kitchen Upgrades	5,899,390	8,323,098	63,098
3,980,000	4,780,000	7080 Bathroom Upgrades	2,762,000	4,016,000	(764,000)
300,000	1,081,211	7100 Boilers - Communal	143,746	203,501	(877,710)
4,230,000	3,880,000	7110 Boilers - Domestic	2,571,492	3,946,055	66,055
950,000	950,000	7150 Insulation	151,514	976,089	26,089
200,000	200,000	7170 Solar Thermal & Photovoltaic	48,668	165,000	(35,000)
1,100,000	2,311,676	7200 Windows - Programme	1,533,530	2,073,500	(238,176)
1,610,000	1,838,034	7280 Composite Doors	1,099,268	2,108,308	270,274
180,000	360,000	7300 Comm Safe - DES	8,701	18,153	(341,847)
20,000	20,000	7470 Sheltered Housing Comm Facilities	0	20,000	0
250,000	250,000	7480 Sheltered Housing Redevelopment	184,441	350,000	100,000
880,000	1,596,730	7520 Planned Maint - Roofing	560,720	1,228,118	(368,612)
0	500,000	7530 Boundary Walls & Access Gates	368,724	508,173	8,173
4,500,000	5,766,794	7540 Planned Maint - Structural	2,208,473	3,689,743	(2,077,051)
0	9,250	7550 Vehicle Hardstanding	430	11,536	2,286
250,000	70,000	7580 Planned Maint - Lifts	11,790	73,537	3,537
200,000	453,750	7590 Concrete footpaths, rams, etc.	139,270	453,750	0
1,000,000	1,000,000	7600 Dis Ad - Misc	391,182	730,881	(269,119)
200,000	200,000	7630 Dis Ad - Stairlifts	98,194	200,004	4
0	0	7680 Dis Ad - Comms	1,785	4,435	4,435
100,000	498,299	7950 Other - Communal Bin Stores	428,488	529,109	30,810
30,070,000	36,222,652	Subtotal Neighbourhood Housing	19,848,430	31,901,051	(4,321,601)

Approved Budget	Current Budget		Actual To Date	Forecast Outturn	Forecast Variance
0	0	6003 Private Sector - General	60	0	0
1,140,000	440,000	6011 Minor Works Grant	1,368	2,350	(437,650)
0	168,606	6012 Empty Homes Grant	0	0	(168,606)
0	700,000	6018 Disabled Facilities Grant	493,694	800,000	100,000
180,000	180,000	6019 Capital Grants to Housing	3,668	180,000	0
0	0	6029 Small Adaptation Grants	12,174	12,000	12,000
0	0	6030 Home Improvement Loans	2,608	81,500	81,500
0	0	6031 Survey Costs	16,768	16,768	16,768
0	0	6044 Works in Default	16,420	18,500	18,500
0	0	6047 DFG Recovered from Residents	7,127	7,127	7,127
250,000	475,605	7960 Demolition & Site Maintenance	1,285	478,000	2,395
1,570,000	1,964,211	Subtotal Strategic Housing	555,172	1,596,245	(367,966)
42,550,850	50,223,096	Total Housing Capital Programme	21,485,560	35,809,063	(14,414,033)

Report to Cabinet
4 February 2015
Report of Executive Head of Regeneration and Development
Subject Community Infrastructure Levy (CIL) –Community element
of CIL 2015-6.

Item

12

Purpose

To consider the projects to be funded from the neighbourhood element of CIL in 2015-6.

Recommendation:

To agree the projects to be funded from the neighbourhood element of CIL in 2015-2016

Corporate and service priorities:

The report helps to meet the corporate priority “A prosperous city”

Financial Implications:

To date £23K CIL community element funding has been collected and a further of £24K is forecast to be received in the remaining part of 2014-5. In 2015-6, a further £191K community CIL is forecast. This gives a total of £238K which could be available in 2015-6 to spend. It is not possible to predict with any certainty precisely when funds will be received as it is paid when development starts. A cautious approach is recommended and the report proposes allocating initially £50K for projects and then up to £148K in total for projects in 2015-6. Projects will only commence when sufficient funding has been received.

Ward/s: All

Cabinet member: Councillor Arthur- Leader.

Contact officers

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Background documents

None

Report

Background

1. The council agreed in July 2013 to adopt the Community Infrastructure Levy (CIL) for the city. CIL is a means of securing developer contributions to fund essential infrastructure to serve new development and replaces the majority of s.106 contributions.
2. The CIL 2013 amendment regulations require that 15% of CIL revenue received by the charging authority (or 25% where there is a neighbourhood plan) be passed to parish and town councils where development has taken place (up to a limit of £100 per council tax dwelling in any year).
3. In areas without parish councils, communities will still benefit from this incentive. In these cases the charging authority will retain the CIL receipts but should engage with the communities where development has taken place and agree with them how best to spend the neighbourhood funding.
4. In February 2014, Cabinet agreed a process for engaging with communities before determining how this funding should be used.
5. The regulations require that CIL income is spent on infrastructure as defined by the Town and Country Planning act 2008 (as amended). 'Infrastructure' includes:
 - a) Roads and other transport facilities,
 - b) Flood defences,
 - c) Schools and other educational facilities,
 - d) Medical facilities,
 - e) Sporting and recreational facilities,
 - f) Open spaces.
6. The neighbourhood funding element however can be spent on wider range of things. It can be spent on supporting the development of the area by funding:
 - a) The provision, improvement, replacement, operation or maintenance of infrastructure; or
 - b) Anything else that is concerned with addressing the demands that development places on an area. (This does not have to relate to any specific development).

CIL business planning

7. The council has already agreed to pool CIL contributions (excluding the community and administrative elements) across greater Norwich to pay for strategic infrastructure and has agreed the greater Norwich growth programme for 2014-5 and is shortly to consider the 2015-6 programme. These set out the

items of strategic infrastructure to be funded through CIL. The use of any of the community element of CIL in 2015-6 now needs to be considered.

8. A fundamental principle of CIL spending should be to link and coordinate spending decisions so best use is made of all available resources. CIL should not be used where other sources of funding are available and maximum impact will be achieved if CIL income is linked with other funds e.g. the council's capital programme (housing and non housing) residual s.106 funds, external funding. CIL may also be used as match funding for other bids.

Funding available for the community element of CIL in 2015/-6.

9. Table 1 shows the amount of funding received to date and forecast to be received over the next 10 years:

Table 1: Forecast CIL neighbourhood funding for Norwich

Financial Period	Total £'000's
2013/2014 received.	2
2014/2015 received to date.	21
2014/2015 forecast for remainder of year.	24
2015/2016 forecast.	191
2016/2017 forecast.	302
Estimated Community CIL Revenues 2014-2017.	540
Sensitised Community CIL Revenues 2014-2017 (25%)	405
2017/2026.	3157
Estimated Community CIL Revenues 2014-2026.	3696
Sensitised Community CIL Revenues 2014-2026 (25%)	2772

10. It is not possible to predict with any certainty precisely when CIL income will be received as it is paid as development commences. On the basis of the level of CIL income forecast to be available before the start of 2015-6 (£47K), it is recommended that a maximum of £50K is initially allocated for expenditure for 2015-6. However recognising that CIL income will increase in 2015-6 and beyond it is suggested other projects could be identified to be delivered subject to the availability of funding during the course of the year.

Projects proposed for use of community element of CIL in 2015-6

11. The process agreed by Cabinet (in February 2014) for determining the priorities for the use of the community element of CIL funding has been followed based on existing mechanisms for community engagement.
12. A long list of projects was originally produced. Several were discounted as they did not comply with the definition in the regulations. Some of these were small projects on housing land that relate to existing council housing which could be funded through the Council's housing revenue account. Some projects, whilst eligible were too large for the community funding available in 2015-6 and not ready for implementation within the necessary timescales. These projects will

be considered as priorities for future years either from Strategic or Neighbourhood funding (see appendix 1).

13. Following this initial sifting exercise, a short list of projects was produced and assessed against the prioritisation criteria previously agreed by Cabinet (in February 2014) :

- Impact (the outcomes that will be achieved from the proposed project);
- Deliverability (are there any constraints to implementing the project in the proposed timescale); and
- Funding (availability of other funds, appropriateness of use of CIL).

14. Following this, a shortlist was drawn up (Appendix 2), based on the top priorities and taking account of the scale of funding likely to be available and the need to retain funding for larger projects from the long list in future years. Some specific community engagement was carried out around the shortlisted projects and a further prioritisation exercise was undertaken. The scoring for some projects changed during this second exercise as further project information was available.

15. The following projects are therefore recommended to be funded from the community element of CIL in 2015-6 :

Community Noticeboards £10K

Britannia Road traffic issues £20K

Bignold Road/ Drayton Road junction £3K

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

Lakenham Way stage 1 £7K

SUB TOTAL- £50K

Subject to further funding being received during the course of the year, the following projects are also recommended to be taken forward in 2015-6

City trees £50K

Netherwood Green £48K

TOTAL- £148K

It is recommended that further work is carried out on the Electric Gym project with a view to funding this project to be delivered in 2016-7. A further £1-4K should also be allocated to complete work on the Lakenham Way project in 2016-7

Next steps

16. The projects proposed to be delivered during 2015-6 need to be included in the Council's Capital programme. This will be included as part of the budget report.
17. Feedback will be provided to communities and ward members involved with the engagement process following the Cabinet decision.
18. As projects are developed in more detail, any future maintenance costs can be identified in detail so that provision can be made for CIL funding in future years to maintain projects.
19. As this is the first time this process has been followed it will be evaluated and refined before any engagement or prioritisation commences for projects to be funded from the community element of CIL for 2016-7.

Appendix 1.

Brief description of all eligible CIL community projects considered

a) Projects recommended for funding in 2015-6

Bignold Rd / Drayton Rd junction safety

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

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)

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)

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

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

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)

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.

b) Projects not recommended for funding in 2015-6 but which could be considered for future years

Birkbeck Close: potential to develop an ‘island’ in the Close to provide an attractive community feature with outcome of increasing community pride. This project was not progressed to next stage as there was no evidence of how the project would mitigate the impact of development. Further work is needed to ensure deliverability within defined timeframes. Potential to be funded from other sources).

Britannia Road car park

Upgrade car park to encourage additional visitors to access this conservation and wildlife area on the city’s doorstep. Replace current hoggin type surface with a captured shingle to ensure there is a natural visual look to the car park to enhance the area.

The Mousehold Conservators working sub-group discussed this project with an outcome that:

- The current surface fitted the purpose

- A new surface would detract from focussing to keep the car park as natural as possible
- The upgrade could lead to additional disruption to local residents, the undulating surface reduced inappropriate use by young motorists and
- The members felt that the cost of £130,000 to carrying out the work was not reasonable

Therefore the project was withdrawn

Heartsease electric gym

This proposal is to install a state of the art teen recreation area that would promote physical activity. It is called the 'electric gym' as there would be teen centred attractions such as mobile phone chargers, discreet lighting and wi fi connectivity. This would be combined with various pieces of activity equipment. The cost of the project is currently outside the scope of the funding available and therefore this proposed for further development and consideration in future years. Maintenance issues also need to be resolved.

Natural Areas projects, inc Bowthorpe and link from Earlham Millennium Green to Earlham Park

Some of these projects are already included in the Bowthorpe open space strategy. These need to be prioritised. Some funding will become available in future years through the Threescore s.106. Strategic CIL funding is also available. Earlham Millennium Green has already been included in the greater Norwich growth programme for 2014-5 (£15K) and is recommended for further funding (£66K) in 2015-6.

Netherwood Green Parking:

This project aimed to deal with long standing complaints from residents regarding parking on Netherwood Green by staff at county hall as well as footballers parking on match days. This was not progressed to the next stage as did not meet deliverability criteria plus indications suggesting an alternative solution was being considered.

North Earlham street furniture

There are a variety of examples of dilapidated street furniture. However proposals have been put on hold for several reasons. There has not been a consensus of opinion from local consultations to provide an agreed solution to improve some areas of street furniture such as the renewal of key clamp rails. Other areas are privately owned and some private improvement work has been undertaken to improve dilapidated street scene. There is also insufficient funding in 2015-6 for the scale of the work required. The issue of missing trees has been merged with the city wide tree proposal.

Riverside Walk

There is considerable local support for projects to make the riverside walk more continuous. £21K strategic CIL funding has already been approved for 2014-5 and £30K for 2015-6 as part of the 2014-5 greater Norwich growth programme.. Further projects may emerge from the Council's Wensum Strategy which is being undertaken in partnership with Broads Authority, County Council, Greater

Norwich Growth Board, and the River Wensum Parkway Partnership. Work has recently commenced and it is hoped to have a strategy in place late 2015 or early 2016. Projects could be considered in future years.

Suckling Avenue Restoration

To re-model the verges along each side of the road to restore the character of the area. Vehicles using verges to park on have deteriorated the verges leaving large areas of troughs and bare earth, with brick rubble used in some areas by residents to alleviate the lack of parking areas for residents. This project was too large for consideration for funding in 2015-6. A Heritage Lottery Fund bid may be a possibility for which CIL funds could be used as match. This could be considered further funding in future years.

Traffic issues at Waterworks and Hellesdon Roads, Larkman Lane junction with Dereham Road and elsewhere

Some of these are likely to be dealt with through Dereham Rd Bus Rapid Transit project. This is a very large project more suitable for funding from the CIL strategic pot. Need to ensure it is included on future priority lists.

Appendix 2.

a) Initial prioritisation- Projects considered for funding from community element of CIL funding 2015-6 (October 2014)

Project	Est. cost £000s	Scoring				Comments
		Impact (max 3)	Deliver- Ability (max 3)	Financial (max 3)	Total (max 9)	
Citywide						
City trees (citywide)	50	3	3	1	7	Need to check maintenance implications
Noticeboards (citywide)	10	2	3	2	7	Funding could be available from other sources. Impact to be tested through consultation
North						
Britannia Road car park	30	3	1	1	5	Other funding needed. Not immediately deliverable
Britannia Rd traffic issues	10	3	3	3	9	No other funding likely, already strong support locally; deliverable in 15-6.

						More accurate costings following initial design work
Bignold Rd / Drayton Rd junction safety	3	3	3	3	9	Ditto
West						
N Earham street furniture	?	1	1	1	3	Project potentially extensive but insufficiently worked up at this stage and has a like cost higher than available funds
Natural area/ boundaries improvements George Fox Way and Augustus Hare Drive	7	3	3	3	9	No other funding likely, already strong support locally; deliverable in 15-6
South						
Netherwood Green & wooded ridge	48	3	2	2	7	Issues of ownership; funding could be provided by other landowner
Lakenham Way 1 (nature trail)	8-11	3	3	3	9	No other funding likely, already strong support locally; deliverable in 15-6
Lakenham Way 2 (access)			2			insufficiently worked up at this stage
Lakenham Way 3			2			insufficiently worked up at this stage
East						
Heartsease electric gym	65	3	1	2	6	May require other funding; maintenance issues

b) Second prioritisation- Projects considered for funding from community element of CIL funding 2015-6 (January 2015)

Project	Est. cost £000s	Scoring				Comments
		Impact (max 3)	Deliver-Ability (max 3)	Financial (max 3)	Total (max 9)	
Citywide						
City trees (citywide)	50	3	3	3	9	No revenue implications. Planting will take place Autumn 2015
Noticeboards (citywide)	10	3	3	2	8	Strong community support.
North						
Britannia Rd traffic issues	20	3	3	3	9	Draft scheme options worked up
Bignold Rd / Drayton	3	3	3	3	9	Scheme capable of

Rd junction safety						delivery
West						
Natural area/ boundaries improvements George Fox Way and Augustus Hare Drive	10	3	3	3	9	Detailed planning needed if funding agreed.
South						
Netherwood Green & wooded ridge	47,650	3	3	2	7	Could seek funding from other sources. Needs further design/ feasibility work and consideration of maintenance issues. Deliverable and community support
Lakenham Way 1 (nature trail)	8-11	3	3	3	9	Deliverable and community support
Lakenham Way 2 (access)			2			Could be picked up as part of cycle ambition grant
Lakenham Way 3			2			As above
East						
Heartsease electric gym	65	3	1	2	6	Further work needed - consider for future years



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

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	4 February 2015
Head of service:	Andy Watt
Report subject:	Community Infrastructure Levy (CIL) –Community element of CIL 2015-6
Date assessed:	9 January 2015
Description:	

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CIL will provide income for new infrastructure projects
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Admin fee can be covered by CIL income
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CIL will provide income for new infrastructure projects
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CIL will provide income for new infrastructure projects
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	.
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CIL will provide income for new infrastructure projects

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CIL will provide income for new infrastructure projects
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CIL will provide income for new infrastructure projects
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CIL income may benefit transportation provision
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CIL income may provide improvements to the natural and built environment
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

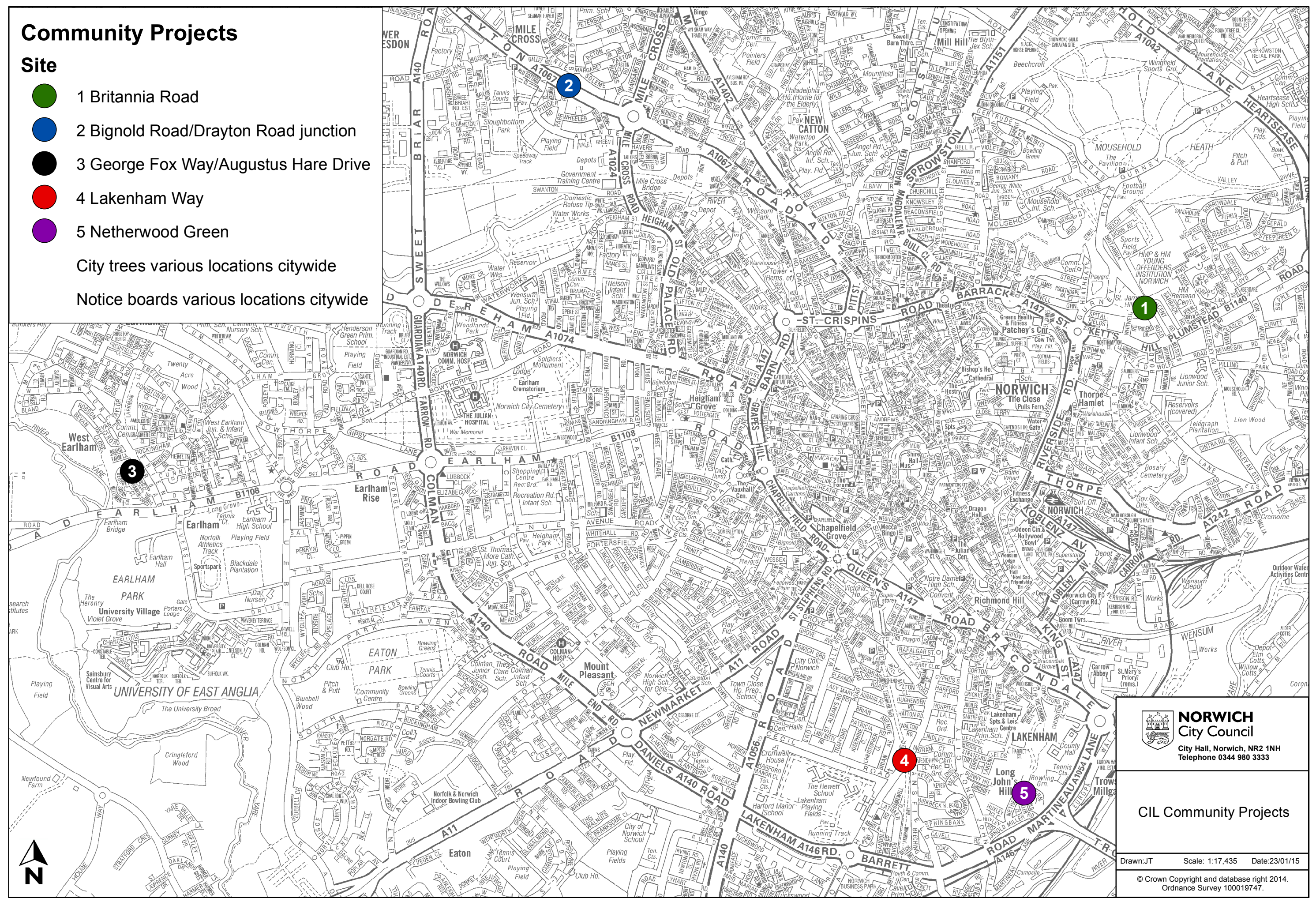
	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment
Positive
CIL income will provide benefits to local communities and help to mitigate the impact of development.
Negative
There is no negative impact
Neutral
Issues

Community Projects

Site

- 1 Britannia Road
 - 2 Bignold Road/Drayton Road junction
 - 3 George Fox Way/Augustus Hare Drive
 - 4 Lakenham Way
 - 5 Netherwood Green
- City trees various locations citywide
- Notice boards various locations citywide



NORWICH
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CIL Community Projects

Drawn:JT Scale: 1:17,435 Date:23/01/15

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Report to Cabinet
4 February 2015
Report of Executive head of regeneration and development
Subject Response to the East Anglia rail franchise consultation

Item

13

Purpose

To consider the council's response to the East Anglia rail franchise consultation

Recommendation

To agree the council's response to the East Anglia rail franchise consultation as set out in this report.

Corporate and service priorities

The report helps to meet the corporate priority "A prosperous city" and the service plan priority New Jobs and Homes.

Financial implications

Ward/s: All wards

Cabinet member: Councillor Stonard – Environment development and transport

Contact officers

Tony Jones

01603 212234

Background documents

Rail Executive East Anglia Rail Franchise Consultation:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/384309/east-anglia-franchise.pdf

Report

Background

1. A reliable, improving rail service between Norwich, London and the rest of the country is vital to the economic well-being of the city and its hinterland. The current East Anglia Rail franchise is held by Abellio (Netherlands Railways) and commenced in 2011 – was extended in 2013 – and will end in 2016. The next franchise period will run from 2016 for at least 12 years and possibly longer. Tenders will be sought later in 2015.
2. Prior to letting the current 'short' franchise, the Great Eastern Mainline (GEML) Vision Group (which includes council representation) met with the Department for Transport and with the three companies invited to tender. This provided an opportunity to discuss aspirations for improving rail services on the GEML and other lines and with a view to assisting potential tenderers to better respond to the needs of service users. All potential tenderers were made aware of work commissioned by the group demonstrating the economic benefits of investment in rail in the eastern region and costing the investment required.
3. The work of the GEML Vision group has been taken up by MPs from Norfolk, Suffolk and Essex (the Great Eastern Mainline Taskforce). This group are lobbying the Treasury for investment to deliver capacity and journey time improvements between Norwich and London.
4. All stakeholders, therefore, now share a common understanding of what is required to improve this service in terms of infrastructure and rolling stock.
5. Over the next franchise period investment in infrastructure and new rolling stock will take place. Ensuring the operator understands the requirements of users is therefore extremely important.
6. The council's suggested response to the consultation document (to be found at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/384309/east-anglia-franchise.pdf) is given below.

Numbers in the left-hand column refer to questions in the DFT consultation document.

1	Please select 3 of the Passenger Focus recommendations set out in paragraph 4.6 which you believe require particular attention in order to improve your end to end journey?
	<p>All answers to this question refer to the Great Eastern Mainline (GEML)</p> <p>1- <i>Providing a punctual and reliable service</i></p> <p>This applies during normal operation and especially during periods when engineering works prevent through running of trains between Norwich and London.</p> <p>Bus substitution makes for an unpleasant (and frequently more crowded) travel experience. This is a major disincentive to travel for many, for example those with travelling with young children and the elderly. At present alternative</p>

	<p>routings via Cambridge are insufficiently well publicised, and cheaper advance tickets are frequently not available. Major improvement is needed here.</p> <p><i>2 - Effective management of disruption, especially through information to passengers</i></p> <p>It is recognised that acute disruption is often outside the control of the train operator. However please refer to answer (1) above.</p> <p><i>3- The comfort and adequacy of accommodation on the train, especially on longer distance journeys</i></p> <p>Despite its age, comfort levels in the current intercity rolling stock are reasonably good in certain respects (such as seating density, arrangement of tables, noise levels). There must be no diminution of the travelling experience in new stock.</p>
2	<p>Are there any examples of outstanding customer service experiences, related or unrelated to passenger rail services, which you believe the new East Anglia rail franchise should aspire to? If so, please provide supporting details or evidence in your answer.</p>
	<p>None identified</p>
3	<p>Are there any changes to the current passenger rail service (i.e. number or trains per hour/day), as set out in paragraph 5.8, which you feel should be considered?</p>
	<p>Service frequency on the GEML between Norwich and London is adequate. Two direct services per hour (especially during peak travel times) between Norwich and Cambridge would do much to improve connectivity between these two major employment centres. Improved connectivity between the two will help balance growth between the centres and help to stimulate investment in Norwich which has the largest economy in East Anglia.</p> <p>The council welcomes the prospect of an additional station at Chesterton / Cambridge Science Park.</p> <p>An additional Norwich-Cambridge service would also deliver improved connectivity to Peterborough. With changes to the East Coast timetable in recent years, the quality of Norwich's connections to Scotland and the Northeast has suffered. An improvement in Norwich-Peterborough connections (via an additional Cambridge service) would do much to mitigate this.</p> <p>The council supports any improvements which may be deliverable on other regional / local services feeding into Norwich such as Sheringham, Yarmouth, and Lowestoft.</p>
4	<p>Results indicate that rail is not the preferred mode of transport when travelling to Stansted Airport. What improvements do you believe should be made to the rail service in order to make this your first choice of travel?</p>
	<p>The extension of some Norwich-Cambridge services to Stansted Airport has previously been suggested. This would do much to improve rail connections between Norwich and the airport and would promote modal shift to rail from both Norwich and intermediate centres such as Thetford and Ely. The council would therefore welcome extension of these services.</p>
5	<p>If you have a view on or would be affected by the proposal set out in paragraph 5.10, please answer the following:</p> <p>Which direct service would you most value? Where possible please explain</p>

	your rationale when responding to this question.
	<p><i>A direct service between Norwich and Liverpool</i></p> <p>Anecdotally, few passengers travel the whole length of this route, especially since journey times on the west coast mainline are now much improved. The slowness of the journey and non-intercity rolling stock certainly make long-distance travel on this route unattractive. Its value lies more in connecting Norwich and Norfolk with the East Midlands and (especially) Peterborough. Therefore, so long as good connectivity to the northwest were maintained, the loss of the direct service to Liverpool may be acceptable.</p> <p>The council would most value the following:</p> <p><i>A direct service between Norwich and Peterborough providing connections to Liverpool</i></p> <p>If the direct Liverpool service were to be withdrawn, it would be essential to ensure that timetabling and platform allocation at Peterborough ensured a seamless transfer to services to Nottingham, Sheffield and the Northwest.</p> <p><i>A direct service between Norwich and Peterborough providing connections to the East Coast Main Line (ECML)</i></p> <p>As discussed in response (3), Norwich has experienced poor connections with Scotland and the northeast since ECML timetable changes in 2011. A direct hourly service to Peterborough is essential, the current twice-hourly connection (one direct East Midlands train; one connection via Ely) is less than ideal since the trains depart 17 minutes apart.</p> <p>Therefore, connectivity to Peterborough would be much improved if a 'clockface' approach were adopted with departures 30 minutes apart with arrival at Peterborough similarly spaced. Norwich-Peterborough services must be considered alongside Norwich-Cambridge services in order to maximise benefits for all destinations.</p>
6	<p>Do you have any proposals to improve Community Rail Partnerships so as to deliver more of the beneficial outcomes for passengers achieved so far? Please provide any evidence in support of your proposal.</p>
	No suggestions
7	<p>Do you wish to submit a proposal for a future third party promoted scheme that would involve a change to the current rail service in the franchise?</p> <p>If so, please include any supporting business case or value for money analysis together with your proposal.</p>
	No suggestions
8	<p>How can the franchise operator help you better during a) planned disruption, such as engineering works and forecasted bad weather, and b) unplanned on-the-day disruption? Please provide separate answers for both cases.</p>
	<p>a) Although the situation has improved somewhat in the last couple of years, the GEML is still subject to regular disruption due to planned works and falls well short of passenger expectations for a seven-day railway. The council supports all actions taken to minimise all-line blocks and would support use of the diversionary route via Ely whenever possible to provide direct trains between Norwich and London.</p> <p>Although Greater Anglia has altered timings and sought to make it easier for passengers to travel via Cambridge during planned works, this option is</p>

	<p>insufficiently well publicised and cheaper advance tickets are frequently not available. Much improvement could be made here.</p> <p>Bus substitution must be a last resort on the GEML and regional services. This makes for an unpleasant (and frequently more crowded) travel experience and is a major disincentive to travel for many, for example those with travelling with young children and the elderly. Norwich is a major tourist destination, the council is therefore extremely concerned at the very limited direct weekend service planned between Norwich and London during February-March 2015.</p> <p>b) The 'short' GA franchise saw an improvement in information management with increased use of social media and issuing of smartphones to train staff. Any further improvements to real-time information management would be welcome.</p> <p>More resilient infrastructure would also be beneficial such as greater track capacity for trains to pass or more cross-overs to allow wrong line running. Through its involvement in the GEML Vision group, the council has worked with others to identify infrastructure required to increase capacity and resilience. The train operator's support will be crucial in securing the required investment.</p>
9	<p>To improve the railway's ability to match growth in demand with appropriate levels of capacity, we recognise that an increase of carriages per train, or in the number of services per hour, would help. However, we are confined by limited timetabling and infrastructure constraints and are therefore looking for other innovative ways to resolve the issue. When travelling on a service where capacity is stretched, what opportunities do you see which would improve your on board experience?</p>
	<p>This question appears most relevant to commuter routes into London, while the council's principal concern is with the intercity route between Norwich and London. Any diminution in passenger experience (e.g. reduction in seat pitch, leg space or numbers of tables) on this service would be counter-productive and would be opposed. Crowding on these trains tends to occur as a result of Essex commuters using intercity services in preference to slower or less comfortable alternatives. Therefore, if these alternatives become less attractive due to increased standing or other factors, the result may be further crowding on intercity services as commuters from (say) Manningtree.</p> <p>Ultimately, the only realistic long-term solution is increased capacity – this argument does appear to have been accepted as a result of work by the GEML Vision Group and latterly, the taskforce of MPs from the eastern region.</p> <p>If new rolling stock is procured, the council does not wish to see any diminution in passenger comfort or in luggage storage space. The specification of new stock should be based on the new intercity express trains, not that of class 444s or similar. Any refurbishment of existing Mk 3 stock should look to East Coast trains as example, rather than First Great Western.</p>
10	<p>What are your views on removing first class seating in order to provide more overall seating and reduce standing?</p>
	<p>Again, this question appears most relevant to commuter services into London. Removal of first-class seating on the intercity services would be completely unacceptable.</p>

11	Are there any specific stations or services that you feel could improve on reliability or punctuality? Where possible, please explain your reasoning when responding to this question.
	GEML services in general do appear especially prone to disruption – we assume this is because the line is working close to capacity. Until this is addressed it is hoped that improvements in providing information to passengers will continue when disruption occurs.
12	What sort of improvements would you like to see prioritised at the station(s) you use? Please provide details and reasoning for these as well as the name of the station(s).
	The council welcomes the improvements in cycle provision made at Norwich station and looks forward to the proposed Cycle Hub. The new franchise is an opportunity to maximise rail/cycle integration (see also (15) below).
13	Do you have any proposals to improve security and safety at stations or on trains that you would like us to consider? Please provide any supporting evidence and details of any specific stations and/or rail services which you feel merit consideration for future improvement under these schemes.
	No specific proposals. The council supports maintenance of appropriate levels of lighting and CCTV at less busy stations, and welcomes the presence of police (both British Transport Police and other forces) to assist passengers and deter anti-social behaviour at stations experiencing significant use during weekend evenings at for example Norwich.
14	Are there areas of improvement in customer information and engagement you would like to see before, during and after your journey?
	The operator during the next franchise period is expected to continue to develop existing and new channels of communication to share information with passengers on and off the train.
15	On a scale of 1 to 9, how would you rate the following on board passenger facilities (1 = not important; 9 = very important):
	<p><i>Luggage holds 8</i></p> <p>Sufficient luggage space is extremely important on longer distance services; insufficient space can have a major impact on the travelling experience. Anyone doubting this should attempt to travel on Virgin's Pendolino services on the West Coast mainline at peak time – luggage stacks and racks on these trains are far from adequate. This must be taken account of in specifying new rolling stock or refurbishing existing intercity rolling stock.</p> <p><i>Cycle storage 9</i></p> <p>The council is supports rail/cycle integration. It is investing heavily in improving cycle infrastructure and considers that cycling is a potentially very attractive means of providing connecting travel. To fulfil potential there is a need for adequate cycle storage on both trains and at stations. Any operator should be able to react flexibly to increased demand for either.</p> <p>Cycle storage on Norwich-London intercity services is already adequate but should be maintained in any new rolling stock. Norwich-Cambridge services will only accommodate 3 cycles; this is inadequate at peak times and needs improvement. It is accepted that this could impact on passenger accommodation, but could be achieved through provision of additional folding</p>

	<p>seating (this would also increase wheelchair spaces).</p> <p>Cycle storage on services on the Bittern and Wherry lines (4 spaces per train) is completely inadequate during the summer months and would benefit from being increased when stock is refurbished / renewed.</p> <p><i>Audio Passenger Information 8</i></p> <p>Very important</p> <p><i>Visual Passenger Information 7</i></p> <p>Where this is provided it is of value, especially to those with hearing difficulties.</p> <p><i>Provision of different classes of service 8</i></p> <p>This response refers only to the Norwich-London intercity service, on which a first class service is valued by passengers and is essential. On other services standard class only is acceptable.</p> <p><i>Catering 9</i></p> <p>Maintenance of full buffet facilities on Norwich-London intercity services is considered to be essential.</p> <p><i>Tables 5</i></p> <p>Passengers like tables on longer journeys; they allow for more productive working and allow family and social groups to enjoy travelling together. The travelling experience does appear to diminish when they are removed in order to increase seating densities. First Great Western removed many tables from their mk3 stock during refurbishment to increase density, whereas East Coast retained tables during refurbishment – the passenger experience on the latter is far preferable to the former.</p> <p>Any refurbishment of Norwich-London intercity rolling stock (and to a lesser extent between Norwich and Cambridge) should maintain most carriages with the present proportion of at-table seating.</p> <p><i>Staff presence 6</i></p> <p>Visible staff are particularly important on evening / night services.</p> <p><i>Baby changing facilities 6</i></p> <p>These are of most importance on longer-distance services between Norwich and Cambridge or London. Also less critical these must also be maintained on the rural services feeding into Norwich, all of which are busy mixed-use routes carrying much holiday traffic.</p> <p><i>Plug sockets 7</i></p> <p>These are of importance on intercity services and the council welcomes news that they are to be provided shortly through planned refurbishment. They would also be valuable on services to Cambridge.</p>
16	<p>What areas of customer service within your end-to-end journey would you expect to see monitored and reported on in the new franchise, in order to improve the service quality for passengers?</p>
	<p>Punctuality</p> <p>Numbers of passengers unable to sit</p> <p>Numbers of toilets out of service by end of journey</p>
17	<p>Based on your experience or knowledge of rail passenger services, do you have any observations that may assist us in our commitment to have due regard to the Environment, Equality, Social Value and the Family (as set out in</p>

	paragraphs 6.16 to 6.20) in the development of the specification of passenger services for East Anglia?
	Abellio Greater Anglia's sourcing of refreshments made in Norwich has supported economic and environmental its objectives, the council would like to see this continue.
18	In summary, what three aspects of your current East Anglia rail journey would you like to see improved to enhance your overall travel experience?
	<ul style="list-style-type: none"> – Improved overall reliability of journey – the GEML seems particularly subject to disruption – Improved management of planned engineering works to minimise disruption – Improved cleanliness of trains and toilets, etc.
19	Please indicate if there are any additional areas that you think it is important for us to consider and that have not already been addressed in this consultation.
	No suggestions

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	4 Feb 2015
Head of service:	Andy Watt
Report subject:	Anglia Rail franchise
Date assessed:	20 January 2015
Description:	Norwich City Council's response to consultation on re-letting the East Anglia rail franchise

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment	
Positive	
Negative	
Neutral	
Issues	



Rail Executive

East Anglia Rail Franchise Consultation

December 2014

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Introduction

We are seeking the views of all stakeholders, including passengers, businesses and representative organisations, on the future of rail services in East Anglia.

Rail passenger services in East Anglia are currently provided under the Greater Anglia franchise. This franchise is due to expire on 16 October 2016. The Department for Transport's Rail Executive currently anticipates that this will be replaced by a new East Anglia franchise.

The current rail services in East Anglia have remained unchanged for many years. There is now an opportunity to revisit the services to ensure they meet the needs of passengers and businesses in this important region of the UK which contributes significantly to the UK economy.

We want to know what you think the rail services in East Anglia should look like in the next franchise. It is important that you have your say, as we are seeking your views to inform the specification that is being developed for the East Anglia rail franchise which we anticipate to issue to bidders in summer 2015.

Therefore we hope that passengers, interested members of the public and all stakeholders will take the opportunity to respond to this consultation, which runs from 9 December 2014 to 16 March 2015.

The context, background, timeline and objectives for this franchise are set out in Chapters 1 to 3 of this document.

Respondents are invited to comment on aspects of the proposed approach to the specification set out in Chapters 4, 5 and 6 of this document, and the key questions that are posed.

Following the close of consultation, Rail Executive intends to publish in summer 2015 a report summarising stakeholder views and Rail Executive's conclusions on them. This will form a key reference document for the franchise bidders. Rail Executive will endeavour to acknowledge each consultation response but will not be in a position to respond to each response in detail.

How to respond

The consultation period runs until 16 March 2015. Please ensure that your response reaches us before then. If you would like further copies of this consultation document, it can be found on the DfT website at <https://www.gov.uk/dft#consultations> or you can contact the address below if you need alternative formats (Braille, audio, CD, etc.)

Please submit your views and answers via:

Email to: EAconsultation2014@railexecutive.gsi.gov.uk

[Our online consultation survey](#)

Or in writing to:

East Anglia Franchise Consultation
Rail Executive
Department for Transport
Great Minster House
London SW1P 4DR

Please help us to analyse your responses by providing the following information:

- Name
- Surname
- Postcode (first half only)
- Age Range 18-25; 26-38; 39-45; 46-55; 55-64; 65+
- Reasons for Travel: Leisure/Commute/Business
- Most frequently used route: From/To
- Do you require reduced mobility access when travelling?

If responding on behalf of a larger organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled.

Freedom of Information

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the Freedom of Information Act 2000 (FOIA) or the Environmental Information Regulations 2004.

If you want information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data in accordance with the Data Protection Act (DPA) and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Data protection

It would be very helpful to Rail Executive if, as part of its analysis of responses to this consultation, it was able to take into account certain **sensitive** personal data (for example, information provided in response to Question 12) that you may wish to provide in response to this consultation. In providing your responses to the Department for Transport (DfT) by email or post please indicate whether you consent to the DfT, or third parties contracted to the DfT, processing your sensitive personal data for the purposes of analysing responses to this consultation.

By providing personal data in response to this consultation, you consent to the DfT, or third parties contracted to the DfT, processing your personal data for the purpose of analysing responses to this consultation.

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the Freedom of Information Act 2000 (FOIA) or the Environmental Information Regulations 2004. However, the DfT will at all times process your personal data in accordance with the Data Protection Act (DPA) and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties for other purposes.

1. The Department for Transport and rail franchising

- 1.1 Rail Executive, within the Department of Transport, was formed on 1 April 2014 to optimise effective and efficient delivery of government rail functions. Passenger Services, a new directorate within Rail Executive, brings together all our work on passenger services, including franchise award, management and rolling stock.
- 1.2 The Department for Transport's Rail Franchising Programme supports Rail Executive's ambition of leading a world-class railway that creates opportunity for people and businesses. The Department and Rail Executive will seek to make awards to train operating companies who will support the Department's vision in delivering an improvement in the rail services offered to passengers. We will seek a cost effective, value for money operation of passenger train services from the operator. Details on the programme can be found at: <https://www.gov.uk/government/collections/rail-franchising>
- 1.3 We will be running a competition to procure an operator to run the East Anglia franchise from October 2016. We are now beginning the process of developing what we want for passengers in the new franchise.
- 1.4 Over the coming months we will compile the Invitation to Tender (ITT) for the franchise. The ITT will provide the basis upon which bidders who have passed the pre-qualification process must submit their proposal and will reflect what Rail Executive wishes to procure. It will additionally set out how the proposals will be evaluated.
- 1.5 Your responses to this consultation will help the Department inform what we ask for in the franchise, which in turn will form part of the ITT for bidders to consider when submitting proposals to operate the franchise.
- 1.6 This consultation document contains information about the franchise that will help inform you and allow you to provide responses to our questions.
- 1.7 Rail Executive proposes to engage in a process from March 2015 of short-listing potential bidders for the East Anglia franchise. This pre-qualification process will set out in very

general terms Rail Executive's objectives for the new franchise.

1.8 Anticipated milestones for the East Anglia franchise procurement are:

Anticipated Procurement Milestones	
Target for issue of the Official Journal of the European Union (OJEU) Notice; Pre-Qualification Questionnaire and Prospectus in order to preselect bidders	March 2015
Target release of the Invitation to Tender	August 2015
Target contract signature	June 2016
Current franchise expiry	16 October 2016

2. The current Greater Anglia franchise

Current Routes and Services

- 2.1** The Greater Anglia routes and services are self-contained within the East Anglia region, including the densely populated areas of Essex, regional hubs connecting Cambridgeshire, Hertfordshire, Norfolk and Suffolk, as well as rural communities and coastal routes of East Anglia.

Geographical Area and Markets Served

- 2.2** The geography of the Greater Anglia routes can be divided into the following market segments:

- Intercity services (the "Great Eastern Main Line") between London and Norwich and connecting the regional hubs.
- Great Eastern services into London from Braintree, Colchester, Ipswich and Harwich (for ferry services to Holland), the coastal resorts of Southend, Clacton and Walton-on-the-Naze, and the recently developed Southend Airport.
- West Anglia services through North East London, Cambridgeshire, Essex and Hertfordshire.

- Regional services from Cambridge, Ipswich and Norwich, with connections to the Midlands and North of England as well as connections from Suffolk and Norfolk that link to services into London.
- Stansted Express providing dedicated rail services from the airport to London.

2.3 Passenger journeys in the franchise are dominated by peak journeys to and from London Liverpool Street on the West Anglia and Great Eastern Main Line routes. This market is influenced strongly by employment in central London. The largest passenger flows into London are from Chelmsford, Southend, Shenfield, Billericay, Colchester, Bishops Stortford, Wickford and Witham. Leisure travel includes journey opportunities to travel destinations and coastal resorts in Essex, Suffolk and Norfolk.

2.4 On 31 May 2015 a number of inner suburban services and some stations will be devolved from the Greater Anglia franchise. These will include:

- Liverpool Street to Shenfield stopping services which transfer to MTR Corporation (Crossrail);
- Liverpool Street to Enfield Town, Cheshunt and Chingford which transfers to London Overground; and
- Romford to Upminster which transfers to London Overground.

2.5 Regional stakeholders are clear about their long term aspirations for the franchise to support sustained economic performance in the East Anglia region, and to act as a catalyst for further growth. In particular they are keen to see reductions in journey times. The "Great Eastern Main Line Task Force" has been established to promote faster services between Norwich and London.

3. The new East Anglia franchise

Purpose of this consultation

3.1 The aim of this document is to inform you of the Department's planned approach for securing rail passenger services on the Greater Anglia franchise when the current franchise ends on 16 October 2016. We are seeking your views on the future franchise specification with a focus on the changes you would like to see to services. In particular, the Department would like to:

- provide background information about the services on the current franchise;
- provide information about the impact of planned major projects on the future railway operation;
- advise stakeholders of the Rail Executive's objectives and aspirations for the new franchise; and
- provide potential promoters of schemes that have an impact on the services with the opportunity for meaningful engagement in the re-franchising process.

This consultation document should be considered within the context of the broader transport policy environment.

Stakeholders should be aware of a number of other studies that are considering, or have recently considered, this area of the rail network. These studies, along with your responses, will assist the Department develop the specification for the franchise. A list of the most relevant studies can be found in Appendix D.

3.2 Rail Executive is committed to engaging widely with all interested parties in the development of the franchise specification for passenger services, and this public consultation forms a critical part of the process. Rail Executive will continue to engage with stakeholders, including those that we have identified in Chapter, until proposals are finalised in the summer of 2015.

3.3 The figure in Appendix E depicts the current routes and geography within the existing Greater Anglia franchise.

Franchise objectives

3.4 When potential operators bid for the franchise they will be asked to consider delivering the following objectives for the franchise.

- Help the economy of East Anglia thrive by offering higher quality rail services for passengers to and from the region and across the region with service levels that reflect the specific requirements of the different markets served, while working within the affordability constraints on public funding;
- Realise the benefits from rail investment in East Anglia through a transformation in operations, ensuring journey time, frequency, reliability and connectivity benefits for passengers are delivered;
- Deliver excellence in customer service through an innovative approach to all aspects of the passenger journey. Achieve consistently high standards of performance in the operation of rail services and minimise passenger inconvenience in the case of disruption;
- Secure whole industry efficiencies and help reduce overall industry costs by working in partnership across the rail industry;
- Support local communities to help deliver local transport integration, local regeneration and investment in and around stations; and
- Improve social and environmental sustainability to reduce carbon emissions, use resources effectively, and build skills and capability within the business and supply chain.

Franchise specification

3.5 Rail Executive is committed to developing a specification for the East Anglia franchise that achieves a step change both for passengers and stakeholders in East Anglia. As such, bidders will be invited to come up with an innovative and transformational approach to operations and the customer service proposal.

4. Stakeholders

Local authorities and transport bodies

- 4.1 In addition to Transport for London, local government organisations and Local Enterprise Partnerships take a keen interest in the rail services to be provided under the East Anglia franchise. Rail Executive recognises the importance of rail services to the economy and well-being of the areas the franchise serves.
- 4.2 Rail Executive will continue to work with the authorities and bodies served by the East Anglia franchise as we consider the specification for the new franchise. Should any intend to sponsor increased services, we will consider incorporating these services into the franchise requirements as set out in the Invitation to Tender to be issued to bidders, either as part of the base specification or as priced options. Any proposal for increased services must comply with the conditions set out at paragraph 5.22 and be identified in response to Question 7 of this consultation.

Passenger Focus, London TravelWatch and stakeholder groups

- 4.3 We work with Passenger Focus and London TravelWatch in considering how best to incentivise train operators to deliver improved passenger services - in terms of service quality and passenger information - and link improvements to monitored results.
- 4.4 Passenger Focus provides independent advice to the Secretary of State, based on research and consultation with wider stakeholders on the key issues that the new franchise should consider.
- 4.5 As part of the franchising process, Passenger Focus conduct specific research on customer expectations for the East Anglia franchise, analysing responses from passengers representing the services operated on the franchise area as well as potential users. Findings from this research, together with information from the regular National Rail Passenger Survey (NRPS) and other research into passenger views and priorities, will be used to inform the development of the

specification where possible. Information on the Passenger Focus research and surveys can be found on their website at: <http://www.passengerfocus.org.uk/>

4.6 Research by Passenger Focus in 2014 identified key passenger priorities, including:

- Delivering value for money;
- Providing a punctual and reliable service;
- Provision of sufficient capacity, both in terms of train frequency and the availability of seating on board the train;
- Effective management of disruption, especially through information to passengers;
- The availability of accurate information about trains and platforms;
- The comfort and adequacy of accommodation on the train, especially on longer distance journeys;
- The availability of train and station staff;
- The ease of buying the most appropriate ticket for the journey at a ticket office, online, or via a ticket machine;
- The ease of access to services for passengers with reduced mobility;
- Free wi-fi available on trains.

4.7 The franchise area has the benefit of a number of dedicated and knowledgeable stakeholder groups (see Appendix C for full list), who complement the work of Passenger Focus.

Question 1

Please select 3 of the Passenger Focus recommendations set out in paragraph 4.6 above which you believe require particular attention in order to improve your end to end journey?

If relevant, please identify the rail line to which your answer relates.

Trade Unions

- 4.8 Rail Executive acknowledges that many of the people employed in the delivery, maintenance and operation of the East Anglia franchise are members of trade unions and recognises the value that this perspective can bring. We will seek to positively engage with trade unions to understand insights they may have on the franchise skills base, the development and investment it needs, and any further areas where they feel they can contribute.

Freight

- 4.9 Freight operators are an important stakeholder in the East Anglia region, where train timetabling requires regulating freight and passenger services.
- 4.10 There are significant volumes of different types of traffic to and from Felixstowe, which either use the Great Eastern Main Line as far as Stratford or use the east-west route between Ipswich and Peterborough. The construction of the Bacon Factory Curve allows freight trains direct access from Felixstowe without reversing at Ipswich. There are other freight flows between North Walsham and Harwich and from Middleton Towers near Kings Lynn. Freight services from the North London Line to Tilbury and London Gateway need to cross the Great Eastern Main Line between Stratford and Forest Gate Junction. The electrification of Gospel Oak to Barking should however relieve freight pressure between Barking and Stratford.
- 4.11 In developing the specification for the new East Anglia franchise we will have due regard to the needs of freight.

Other consultee groups

- 4.12 We place high value on the insight and knowledge that all stakeholders can bring to the franchising process, and appreciate the contributions already made. We will continue to engage positively with interested parties

Question 2

Are there any examples of outstanding customer service experiences, related or unrelated to passenger rail services, which you believe the new East Anglia rail franchise should aspire to? If so, please provide supporting details or evidence in your answer.

5. The service specification

- 5.1 This section sets out the proposed approach to the specification of the services that the operator of the East Anglia franchise will be required to deliver from October 2016. It contains details of how the franchise objectives may be addressed through the specification of passenger services, and seeks consultees' views.
- 5.2 Rail Executive will consider how to best incorporate your responses to this consultation into the future franchise specification. This will be developed, and tested with specialist advisors. The overall specification for the new East Anglia franchise will need to be both affordable against Rail Executive's future budget, and deliver value for money for the passenger and the Department.

Rail service specification

- 5.3 The intention is to specify a minimum level of passenger services to be operated in response to stakeholder, passenger and market needs. In developing this specification we wish to provide flexibility for the operator to respond to the growing demographics of the region, market changes, and future commercial opportunities. We also expect that the passenger service specification will enable the operator to deploy rolling stock to optimise fleet and infrastructure. We will consider the value for money and financial impacts of all proposals for the service specification before we proceed with them.

Infrastructure schemes

- 5.4 The rail infrastructure is owned and operated by Network Rail who manage their investment in infrastructure over 5 year control periods. Network Rail's Control Period 5 (CP5) Delivery Plan (2014-19) was published in March 2014 which includes the following schemes planned for the East Anglia area:
- Ely North Junction capacity improvement is planned to be completed by May 2017;

- Great Eastern Main Line capacity improvement (Bow Junction) is planned to be completed by January 2019;
- Gospel Oak to Barking electrification is planned to be completed by June 2017 which will avoid the need for electric traction to cross the Great Eastern Main Line at grade at Forest Gate Junction in order to access the North London Line;
- West Anglia Main Line capacity improvement (three tracking between Tottenham Hale and Angel Road) is planned to be completed by March 2018;
- Power traction supply upgrade in order to accommodate the service increases for West Anglia Main Line & Great Eastern Main Line to be completed by March 2019;
- A new station at Lea Bridge is expected to open in December 2015 and will served by the Stratford to Bishop's Stortford service; and
- A new station at Chesterton, north of Cambridge, close to the Cambridge Science Park, St John's Innovation Centre and Cambridge Business Park is expected to open during CP5.

5.5 Other schemes that are in the early stages of development but are not yet committed projects include:

- the potential creation of a new east-west rail route from Cambridge to Milton Keynes and Oxford (utilising the old varsity line).

5.6 Network Rail are currently undertaking a consultation of schemes to be included in Control Period 6 (2019-24) entitled "Anglia Route Study – Draft for Consultation". The consultation is open until 3 February 2015 and can be found at <http://www.networkrail.co.uk/long-term-planning-process/anglia-route-study/>.

The passenger rail service

5.7 This section contains questions about specific aspects of the passenger service and how it may need to change during the franchise. The actual service specified will take into account your responses to this public consultation with regard to the factors identified in paragraph 5.3. You are encouraged to consider the service components set out below. Comments

on this section will be examined by Rail Executive and will also be provided for bidders to consider. This public consultation will form a critical part of Rail Executive's development of the service specification for the East Anglia franchise and accordingly we would encourage you to consider whether any changes to the current passenger service specification are desirable.

5.8 The December 2014 timetable for weekday off-peak passenger rail services, in each direction, is broadly the following:

InterCity

- . Two trains per hour from Liverpool Street to Norwich

Great Eastern:

- Trains to and from Liverpool Street:
 - . Three trains per hour to Southend Victoria
 - . Hourly to each of Braintree, Colchester Town, Clacton-on-Sea and Ipswich

Great Eastern Branches:

- . Every 40 minutes from Wickford to Southminster
- . Hourly from Marks Tey to Sudbury
- . Hourly from Manningtree to Harwich Town
- . Two trains per hour Colchester to Colchester Town, extending hourly to Walton-on-the Naze

West Anglia and Stansted Express

- Trains to and from Liverpool Street via Tottenham Hale:
 - . Two trains per hour to Hertford East
 - . Two trains per hour to Cambridge
 - . Every 15 minutes to Stansted Airport
- Trains to and from Stratford via Tottenham Hale:
 - . Two trains per hour to Broxbourne
- Hourly Cambridge to Stansted Airport

Regional

- Trains to and from Norwich:
 - . Hourly to Sheringham
 - . Hourly to Great Yarmouth via Acle
 - . Hourly to Lowestoft
 - . Hourly to Cambridge

- Trains to and from Ipswich:
 - . Hourly to Felixstowe
 - . Hourly to Lowestoft
 - . Hourly to Cambridge
 - . Every two hours to Peterborough

5.9 The December 2014 timetable for weekend services is broadly similar to the above on Saturdays with some reductions on Sundays.

Question 3

Are there any changes to the current passenger rail service (i.e. number of trains per hour/day), as set out in paragraph 5.8, which you feel should be considered?

If so, please explain your rationale. For example, please identify specific local factors which might influence the future level of passenger demand which you consider should be reflected in the specification.

Question 4

Results indicate that rail is not the preferred mode of transport when travelling to Stansted Airport. What improvements do you believe should be made to the rail service in order to make this your first choice of travel?

5.10 In order to improve connectivity between Cambridge and the north of England, Rail Executive is currently assessing the case for the diversion of the current Liverpool Lime Street to Norwich East Midlands Trains to Cambridge and a new hourly East Anglia operated service between Norwich and Peterborough providing good connections to the East Coast Mainline services to Yorkshire, North East England and Scotland. The assessment will equally include a sub-option where the current Ipswich to Peterborough service would be limited to Ely and connections would be provided with the new Norwich to Peterborough service. The option to retain the current Norwich through service to Liverpool Lime Street will be included within this assessment.

Question 5

If you have a view on or would be affected by the proposal set out in paragraph 5.10, please answer the following:

Which direct service would you most value? Where possible please explain your rationale when responding to this question.

- a direct service between Norwich and Liverpool
- a direct service between Norwich and Peterborough providing connections to Liverpool
- a direct service between Norwich and Peterborough providing connections to the East Coast Main Line
- a direct service between Ipswich and Peterborough
- a direct service between Ipswich and Ely providing connections to Peterborough
- a direct service between Ipswich and Ely providing improved connections to the East Coast Main Line via Peterborough

Conclusions of the Great Eastern Main Line Taskforce

- 5.11** In November 2013 the Great Eastern Main Line Taskforce was established with the objective of defining how to achieve a faster, better journey time between Essex, Suffolk and Norfolk, and to provide evidence of the economic benefits to be had from investment in the railway.
- 5.12** In November 2014 the Taskforce published its plan for a regular, more reliable rail service between London and Norwich with a headline journey time of 90 minutes and no reduction in current stopping patterns.
- 5.13** The Government supports the key recommendations of the Great Eastern Main Line Taskforce, including upgraded infrastructure and the latest rolling stock. Bidders will be incentivised to submit plans for achieving these recommendations for services to Norwich in 90 minutes and associated benefits along the Great Eastern Main Line.

Regional and rural services, and community rail

- 5.14 For regional and rural services, the main challenge to be addressed is the passenger rail service and in particular the connections to the main lines in East Anglia to London and to the East Coast Main Line to the north and Scotland. There may also be the possibility of improved passenger rail services that make the best use of infrastructure enhancements, such as Ely Junction and electrification to Felixstowe.
- 5.15 We will assess bidders' rolling stock proposals to ensure that sufficient capacity is planned to meet the forecast demand.
- 5.16 We want to see a continuation of the improvements in the financial performance and usefulness of local and rural railway lines delivered through the application of the Community Rail Development Strategy. The strategy (published in November 2004) sets out pragmatic and practical steps that can be taken to increase revenue, reduce costs, and increase community involvement in local and rural railways.

<https://www.gov.uk/government/policies/expanding-and-improving-the-rail-network/supporting-pages/community-rail>

- 5.17 Within the East Anglia franchise area there are Community Rail Partnerships supporting the following community rail lines and services:
- Bittern Line
 - Crouch Valley Line
 - East Suffolk Lines
 - Flitch Line (Witham to Braintree)
 - Gainsborough Line
 - Hereward Line (Ely to Peterborough)
 - Mayflower Line
 - Sunshine Coast Line
 - Wherry Lines



5.18 These partnerships have been highly successful and have played a vital role in promoting railway lines, creating links between the community, businesses and the railway, and improving facilities in stations.

We expect bidders for the East Anglia franchise to provide funding and further investment in these vitally important partnerships, and indicate how they propose to work with communities over the life of the franchise. They will commit to continue working with existing Community Rail Partnerships as well as any new partnerships that develop over time.

Question 6

Do you have any proposals to improve Community Rail Partnerships so as to deliver more of the beneficial outcomes for passengers achieved so far? Please provide any evidence in support of your proposal.

Potential third party promoted schemes

- 5.19 In addition to the base specification for the franchise, we may consider proposals for third party promoted schemes that can be implemented in the franchise. These proposals could involve the provision of additional services or, in certain circumstances, a reduction in the level of service.
- 5.20 The operator will be required to work with the promoters of third party schemes that will be implemented during the franchise period, and also with promoters of schemes that are expected to be implemented beyond the franchise period. Third party promoted schemes include additional stations at Beaulieu Park (Chelmsford), Waterbeach and Soham.
- 5.21 Any proposals for third party promoted schemes must:
- comply with the objectives of the franchise (as set out in section 3);
 - be operationally deliverable;
 - demonstrate value for money for the passenger and the Department; and
 - be funded by promoters for at least an initial three year period (for which the promoter will need to provide evidence of funding).
- 5.22 We welcome proposals for any future third party schemes. For further information, please see "Conditions relating to the funding of new or enhanced services promoted by Local Bodies", which is included at Appendix A. If you are a local authority wishing to submit a proposal, please also consider paragraphs 4.1 and 4.2

Question 7

Do you wish to submit a proposal for a future third party promoted scheme that would involve a change to the current rail service in the franchise?

If so, please include any supporting business case or value for money analysis together with your proposal.

Managing disruption

- 5.23** The future operator of the East Anglia franchise will be expected to work with Network Rail and other operators to develop the 'seven-day railway' initiative which aims to increase the amount of time the network is available for trains to run. The seven-day railway initiative seeks to achieve an optimal trade-off between the efficient use of engineering resources and journey opportunities, taking into account forecast growth in demand for travel, particularly at weekends.
- 5.24** The bidders for the franchise will be expected to demonstrate their approach to the provision of services at times of engineering work, including how they will work with Network Rail to minimise 'all line' blocks and using diversionary routes to reduce the need for replacement road services.
- 5.25** Bidders for the franchise will be required to set out how they will continue to deliver high-quality, accessible and well-managed rail replacement services during periods of disruption.

Question 8

How can the franchise operator help you better during a) planned disruption, such as engineering works and forecasted bad weather, and b) unplanned on-the-day disruption? Please provide separate answers for both cases.

Capacity

- 5.26** Passengers generally expect to be able to get a seat on trains, though there are times where some standing is necessary, particularly on shorter, busier journeys.

- 5.27 Bidders for the East Anglia franchise will be required to include detailed operational plans in their proposal, which should demonstrate the efficient allocation and deployment of available rolling stock to ensure that appropriate capacity is matched to demand, addressing existing and forecast crowding to the maximum extent possible.
- 5.28 Where additional capacity can be provided by the bidders, they may be expected to take steps to meet forecasted demand. However, if public subsidy would be required to support the provision of additional capacity we would need to decide whether this is affordable and delivers value for money before imposing such a requirement on the operator.

Question 9

To improve the railway's ability to match growth in demand with appropriate levels of capacity, we recognise that an increase of carriages per train, or in the number of services per hour, would help. However, we are confined by limited timetabling and infrastructure constraints and are therefore looking for other innovative ways to resolve the issue. When travelling on a service where capacity is stretched, what opportunities do you see which would improve your on board experience?

Question 10

What are your views on removing first class seating in order to provide more overall seating and reduce standing?

Reliability and performance

- 5.29 The operator will be expected to demonstrate how they would deliver improved punctuality, especially for arrivals at stations where timely connections with other transport services are important. When evaluating any proposal, Rail Executive may give additional credit in evaluation for alternative measures that could deliver improved passenger connections and service performance, greater capacity or improved journey times. Where these involve timetable changes, it should be noted that, as with all timetable

changes, the operator will be required to consult fully with interested parties.

- 5.30 It is imperative that the operator works collaboratively with industry partners to improve the performance of the overall railway.
- 5.31 The Government is working towards greater transparency from the rail industry, both in relation to the public money spent on rail services and the outcomes that any subsidy delivers. For example, we believe that by breaking down the performance data by the different types of services the Train Operating Companies (TOCs) operate, this will encourage them to achieve a more consistent delivery across the services they run. This is particularly important for East Anglia due to the diverse markets that the railway serves.

Question 11

Are there any specific stations or services that you feel could improve on reliability or punctuality?

Where possible, please explain your reasoning when responding to this question.

Rail value for money

- 5.32 The Government aims to secure a sustainable and efficient railway. In May 2011, Sir Roy McNulty published the independent Rail Value for Money Study. Rail Executive continues to work with the rail industry in Great Britain to improve its efficiency.
- 5.33 Rail Executive and the rail industry are examining options for better aligning the incentives of those organisations responsible for the management of track and trains. The aim is to encourage closer working relationships between these organisations to drive down the cost to passengers and taxpayers while improving the quality of services. A number of operator and Network Rail 'alliancing' arrangements are now being developed.
- 5.34 The new operator will be expected to work with Rail Executive, Network Rail and the Office of Rail Regulation on initiatives for bringing costs down and improving co-operation

between the management of track and trains. Any work undertaken in this area will need to reflect the diverse use of the infrastructure in the East Anglia franchise area and to take into account the interests of all users, including freight operators.

6. Delivering improvements for passengers

- 6.1 Bidders for the East Anglia franchise will be asked to make proposals aimed at improving the overall quality of service delivered to passengers. They will be encouraged to find innovative ways to increase the level of passenger satisfaction over and above current levels, and will be free to propose alternative approaches to those noted below.

Better railway stations

- 6.2 Stations ought to be attractive gateways to the railway system, as well as being modern, user-friendly interchanges with other forms of transport.
- 6.3 The new operator will be expected to consider and propose appropriate enhancements to be made at stations. They will be expected to have considered how best to enhance the quality of all aspects of station services in their proposals, and are also encouraged to facilitate any proposed enhancements in the most cost-effective way.

Question 12

What sort of improvements would you like to see prioritised at the station(s) you use? Please provide details and reasoning for these as well as the name of the station(s).

Access for All (A4A) and National Stations Improvement Programme (NSIP)

- 6.4 The A4A scheme is a programme to improve access at stations in England, Scotland and Wales through to 2019. Improvements under the A4A scheme are planned over the franchise period for a number of stations within the franchise area, as set out in Appendix F.
- 6.5 The new operator will be expected to co-operate with, and reasonably assist, the implementation of improvements under the A4A scheme. Further information can be found on the Department's website at:

<https://www.gov.uk/government/policies/making-transport-more-accessible-to-all/supporting-pages/accessible-transport-for-all>

- 6.6 The National Stations Improvement Programme (NSIP) provided funding of £150 million to improve approximately 150 medium-sized stations in England and Wales during Control Period 4. A further £100 million has been made available for Control Period 5 (for the period 2014 to 2019) and the operator will be expected to co-operate in the implementation of works at stations designated by the Local Delivery Group (LDG) for improvement under this fund. These schemes will be expected to deliver the objectives established in the 2012 High Level Output Statement, which sets out what the Secretary of State wants the railways to achieve in each five year investment period. In particular LDGs have been asked to develop schemes that are able to attract additional third party funding from appropriate stakeholders and the operator will be expected to continue this initiative. Details about the NSIP programme can be found on Network Rail's website at: <http://www.networkrail.co.uk/nsip/>

Health, safety and security

- 6.7 The new franchise should have a proactive, positive, open and inclusive health and safety culture, so that staff members feel they have an important part to play in achieving the highest levels of health and safety for customers, staff and suppliers.
- 6.8 Research by Passenger Focus has identified that personal security is very important to passengers, and they have produced a publication on this subject entitled Passenger Perceptions of Personal Security on the Railways. The new franchise provides an opportunity for bidders to develop plans to improve passenger perceptions of health and security on trains and at stations. This could include, and may go beyond, security enhancements such as extensions to CCTV coverage, lighting improvements and closer working with the British Transport Police. It could also extend to the appropriate deployment of staff on trains and stations (and elsewhere).

Question 13

Do you have any proposals to improve security and safety at stations or on trains that you would like us to consider? Please provide any supporting evidence and details of any specific stations and/or rail services which you feel merit consideration for future improvement under these schemes.

Passenger information

- 6.9 Research by Passenger Focus has also highlighted that the provision of timely and accurate information is a key priority for passengers, and this is especially true during periods of disruption. In recent years considerable improvements to information provision have been made with the introduction of real-time information at stations, and improved access via mobile phones and the internet. The National Rail Enquiry Service (NRES), which all train operators use as a standard licence requirement, now provides a large amount of high-quality information on all aspects of the rail journey.
- 6.10 We may seek proposals from the new operator that fully utilise existing channels of communication, such as real-time information, both at the station and on the train, to provide accurate and up-to-date information, especially where there is disruption to services.
- 6.11 We may also encourage consideration of new ways in which the operator can communicate with their passengers, and will ask the operator to consider linking information on rail journeys on websites and smart technology to allow end-to-end journey planning.

Question 14

Are there areas of improvement in customer information and engagement you would like to see before, during and after your journey?

Service quality

- 6.12 We are seeking improvements that, above all, are aimed at enhancing the overall quality of the service experienced by

passengers using passenger services in the new East Anglia franchise.

- 6.13 The operator will be required to propose how to improve aspects of the rail journey not covered elsewhere in this consultation document, such as the quality and cleanliness of stations and trains.
- 6.14 Approaches may include the setting of disaggregated annual NRPS targets by the operator, as summarised in Chapter 4 of this document.
- 6.15 We are considering the appropriate approach to monitor improvements in service quality for the new franchise, and believe a combination of NRPS results and periodic review of train operator Key Performance Indicators could provide a good solution.

Question 15

On a scale of 1 to 9, how would you rate the following on board passenger facilities (1 = not important; 9 = very important):

Luggage holds

Cycle storage

Audio Passenger Information

Visual Passenger Information

Provision of different classes of service

Catering

Tables

Staff presence

Baby changing facilities

Plug sockets

Where possible, please explain your reasoning when responding to this question. Please also identify any other on board passenger facilities not listed above that you deem very important.

Question 16

What areas of customer service within your end-to-end journey would you expect to see monitored and reported on in the new franchise, in order to improve the service quality for passengers?

Improving the environmental performance of the railway

6.16 The sustainable development of rail is a key focus for Rail Executive. We strongly support the Rail Industry Sustainable Development Principles and wish to see them embedded in the East Anglia Franchise. In addition to finding ways of helping passengers with their onward journeys, bidders are likely to be asked to set out how they will deal with some or all of the following issues:

- Environmental impact
 - A focus on waste avoidance, waste reduction and increasing the proportion of waste sent for recycling

- . Improved energy and carbon management performance, with respect to both traction energy and non-traction energy
- . Increased focus on reducing water and resource consumption
- . Adoption of sustainable procurement policies and practices
- Socio-economic impact
 - . Demonstrable support for economic growth
 - . Engagement and empowerment of local communities, involving them in decisions which affect their lives
- Workforce development
 - . Supporting equality, diversity, health and wellbeing of the workforce
 - . Developing skills so that rail has the right people with the right skills for the long term

Equality Act 2010

- 6.17** In specifying the new East Anglia franchise, we are considering the views of stakeholders, including those representing disabled passengers' needs, as well as the public sector equality duty under the Equality Act 2010:
- to eliminate unlawful discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act;
 - to advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it; and
 - to foster good relations between people who share a relevant protected characteristic and those who do not share it.

Social Value

- 6.18** In line with the Public Contracts (Social Value) Act 2012, we will be considering:

- how the East Anglia franchise might improve the economic, social and environmental wellbeing of the area it serves; and
- how, in conducting the process of procurement, Rail Executive will act with a view to securing that improvement.

The Family Test

6.19 In August 2014 the Government introduced a Family Test to ensure that all Government policy making takes into account the impact it may have on family relationships.

6.20 In developing the specification of passenger services for the new East Anglia franchise, we will consider how it may impact on families, having regard to the questions posed by the Family Test. Further details and guidance on the application of the Family Test to new Government policies may be found here:

<https://www.gov.uk/government/publications/family-test-assessing-the-impact-of-policies-on-families>

Question 17

Based on your experience or knowledge of rail passenger services, do you have any observations that may assist us in our commitment to have due regard to the Environment, Equality, Social Value and the Family (as set out in paragraphs 6.16 to 6.20) in the development of the specification of passenger services for East Anglia?

Conclusion

Question 18

In summary, what three aspects of your current East Anglia rail journey would you like to see improved to enhance your overall travel experience?

Question 19

Please indicate if there are any additional areas that you think it is important for us to consider and that have not already been addressed in this consultation.

What will happen next?

Following the conclusion of the consultation process, Rail Executive will publish a report which will summarise stakeholder views and Rail Executive's conclusions on them. This will form a key reference document for the franchise bidders, and is expected to be published in summer 2015.

When the franchise competition is completed we will publish a document summarising how the winning bid has addressed the specification and what improvements they will deliver over the franchise term.

Those who respond to this consultation will receive a copy of this document via email when it becomes available. Paper copies will be available on request.

If you have questions about this consultation please contact:

East Anglia Franchise Consultation
Rail Executive
Department for Transport
Great Minster House
London SW1P 4DR

Or by email to: EAconsultation2014@railexecutive.gsi.gov.uk

Consultation Principles

The consultation is being conducted in line with the Government's key consultation principles. Further information is available at <https://www.gov.uk/government/publications/consultation-principles-guidance>

If you have any comments about the consultation principles please contact:

Consultation Co-ordinator
Department for Transport
Zone 1/29 Great Minster House
London SW1P 4DR

Email: consultation@dft.gsi.gov.uk

Appendix A: Conditions relating to the funding of new or enhanced services promoted by Local Bodies

The Department for Transport will consider resourcing the provision of new and enhanced services where:

- The promoter has engaged at an early stage with the Department for Transport, the TOC and Network Rail, and all have indicated that there is merit in the scheme being developed further.
- The promoter demonstrates, and has Network Rail and TOC endorsement, that the enhancement is deliverable in planning, engineering and operational terms, including being consistent with Network Rail's Route Utilisation Strategy.
- The scheme is affordable at the time when funding is being sought.
- The enhancement package (including any service reductions proposed to fund it) must demonstrate a reasonable business case (Benefit to Cost Ratio (BCR) in excess of 1.5) before implementation.
- The promoter accepts the risk on any capital investment required and identifies a funding source.
- The promoter agrees to fund any additional subsidy requirements arising from the provision of the new service for a period of three years (and remains on risk for a Department for Transport decision not to support the scheme) OR identifies decrements elsewhere or new revenue sources (which would need to be agreed with the Department for Transport) on the local network including fares increases above RPI+1% or +3% (where

applicable) which would contribute to a reduced overall subsidy requirement.

- The promoter should provide information to the Department for Transport on usage throughout the three year trial period. After Year 2, the promoter would assess the financial and economic performance of the service based on Year 2's results.
- Should continuing the service demonstrate a BCR in excess of 1.5, subject to affordability within the available budget, the Department for Transport would consider taking on the responsibility of funding its continuation after Year 3 alongside other services within a franchise, OR if funding is not available, invite the promoter to identify decrements to enable the service to continue.
- Should continuing the service demonstrate a BCR of between 1.0 and 1.5, the Department for Transport and the promoter would negotiate but with no presumption of Government funding.
- Should the BCR be less than 1.0, the Department for Transport would not provide any funding.
- The Department for Transport would not propose to take any financial responsibility until October 2016.
- For new stations being served by existing services, although the promoter might have to provide some pump-priming funding until the station becomes established, the Department for Transport would expect that fare income would cover additional operating costs and that no additional subsidy would be required after 3 years.

Appendix B: Full list of consultation questions

Question 1 (Paragraph 4.6)

Please select 3 of the Passenger Focus recommendations set out in paragraph 4.6 which you believe require particular attention in order to improve your end to end journey?

If relevant, please identify the rail line to which your answer relates.

Question 2 (Paragraph 4.12)

Are there any examples of outstanding customer service experiences, related or unrelated to passenger rail services, which you believe the new East Anglia franchise should aspire to? If so, please provide supporting details or evidence in your answer.

Question 3 (Paragraph 5.8)

Are there any changes to the current passenger rail service (i.e. number or trains per hour/day), as set out in paragraph 5.8, which you feel should be considered?

If so, please explain your rationale. For example, please identify specific local factors which might influence the future level of passenger demand which you consider should be reflected in the specification,

Question 4

Results indicate that rail is not the preferred mode of transport when travelling to Stansted Airport. What improvements do you believe should be made to the rail service in order to make this your first choice of travel?

Question 5 (Paragraph 5.10)

If you have a view on or would be affected by the proposal set out in paragraph 5.10, please answer the following:

Which direct service would you most value? Where possible please explain your rationale when responding to this question.

- a direct service between Norwich and Liverpool
- a direct service between Norwich and Peterborough providing connections to Liverpool
- a direct service between Norwich and Peterborough providing connections to the East Coast Main Line
- a direct service between Ipswich and Peterborough
- a direct service between Ipswich and Ely providing connections to Peterborough
- a direct service between Ipswich and Ely providing improved connections to the East Coast Main Line via Peterborough

Question 6 (Paragraph 5.17)

Do you have any proposals to improve Community Rail Partnerships so as to deliver more of the beneficial outcomes for passengers achieved so far? Please provide any evidence in support of your proposal.

Question 7 (Paragraph 5.22)

Do you wish to submit a proposal for a future third party promoted scheme that would involve a change to the current rail service in the franchise?

If so, please include any supporting business case or value for money analysis together with your proposal.

Question 8 (Paragraph 5.24)

How can the franchise operator help you better during a) planned disruption, such as engineering works and forecasted bad weather, and b) unplanned on-the-day disruption? Please provide separate answers for both cases.

Question 9 (Paragraph 5.27)

To improve the railway's ability to match growth in demand with appropriate levels of capacity, we recognise that an increase of carriages per train, or in the number of services per hour, would help. However, we are confined by limited timetabling and infrastructure constraints and are therefore looking for other innovative ways to resolve the issue. When travelling on a service where capacity is stretched, what opportunities do you see which would improve your on board experience?

Question 10

What are your views on removing first class seating in order to provide more overall seating and reduce standing?

Question 11 (Paragraph 5.29)

Are there any specific stations or services that you feel could improve on reliability or punctuality?

Where possible, please explain your reasoning when responding to this question.

Question 12

What sort of improvements would you like to see prioritised at the station(s) you use? Please provide details and reasoning for these as well as the name of the station(s).

Question 13 (Paragraph 6.8)

Do you have any proposals to improve security and safety at stations or on trains that you would like us to consider? Please provide any supporting evidence and details of any specific stations which you feel merit consideration for future improvement under these schemes.

Question 14 (Paragraph 6.11)

Are there areas of improvement in customer information and engagement you would like to see before, during and after your journey?

Question 15

On a scale of 1 to 9, how would you rate the following on board passenger facilities (1 = not important; 9 = very important):

Luggage holds

Cycle storage

Audio Passenger Information

Visual Passenger Information

Provision of different classes of service

Catering

Tables

Staff presence

Baby changing facilities

Plug sockets

Where possible, please explain your reasoning when responding to this question. Please also identify any other on board passenger facilities not listed above that you deem very important.

Question 16 (Paragraph 6.15)

What areas of customer service within your end-to-end journey would you expect to see monitored and reported on in the new franchise, in order to improve the service quality for passengers?

Question 17

Based on your experience or knowledge of rail passenger services, do you have any observations that may assist us in our commitment to have due regard to the Environment, Equality, Social Value and the Family (as set out in paragraphs 6.16 to 6.20) in the development of the specification of passenger services for East Anglia?

Question 18

In summary, what three aspects of your current East Anglia rail journey would you like to see improved to enhance your overall travel experience?

Question 19

Please indicate if there are any additional areas that you think it is important for us to consider and that have not already been addressed in this consultation.

Appendix C: List of Rail User Groups, Local Authorities and Local Enterprise Partnerships

Table AC.1

Local authorities

Cambridgeshire County Council	Ipswich Borough Council
Essex County Council	King's Lynn and West Norfolk Borough Council
Hertfordshire County Council	Maldon District Council
Norfolk County Council	Mid Suffolk District Council
Suffolk County Council	North Hertfordshire District Council
Babergh District Council	North Norfolk District Council
Basildon Borough Council	Norwich City Council
Braintree District Council	Peterborough City Council
Breckland District Council	Southend-on-Sea Borough Council
Brentwood Borough Council	South Norfolk District Council
Broads Authority	St Albans City and District Council
Broadland District Council	St Edmundsbury Borough Council
Broxbourne Borough Council	Stevenage Borough Council
Cambridge City Council	Suffolk Coastal District Council
Chelmsford City Council	Tendring District Council
Colchester Borough Council	Thurrock Council
East Herts Council	Uttlesford District Council
Epping Forest District Council	Waveney District Council
Fenland District Council	Welwyn Hatfield Borough Council
Forest Heath District Council	
Great Yarmouth Borough Council	
Hertsmere Borough Council	

Table AC.2**Rail User Groups**

Great Eastern Rail Taskforce	Hitchin Rail Users
Bishops Stortford Rail Users	Ingatestone Rail Users
Braintree and Witham Rail Users Association	Kelvedon Rail Users
Brentwood Bus and Rail Users Group	Letchworth Garden City Rail Users
Chelmsford Rail Users	Manningtree Rail Users
Chingford Rail Users	Marks Tey Rail Users
East Norfolk Travellers Association	Mid Anglia Rail Passengers
East Suffolk Travellers Association (Lowestoft)	On-track (Clacton Line)
Enfield Rail Users	Peterborough to Norwich Rail Users
Essex Rail Users Federation	Railfuture
ESTA (Felixstowe)	Royston Passenger Action Group
Fen Line Users	Stevenage & Knebworth Rail User Group
Harlow Rail Users	Welham Green Rail User Group
Hatfield Association of Rail Travellers	

Table AC.3**Business and other Groups**

Cambridgeshire Chambers of Commerce
Essex Chambers of Commerce
Haven Gateway Partnership
Hertfordshire Chambers of Commerce
Norfolk Chamber of Commerce
Suffolk Chamber of Commerce

Table AC.4
Local Enterprise Partnerships
New Anglia Hertfordshire South East Greater Cambridge Greater Peterborough

Appendix D: Key relevant studies and documents

- [Network Rail's Network Specification 2014 Anglia published April 2014](#)
- [Network Rail's Route Specification 2014 Anglia published April 2014](#)
- [Network Rail's London and South East Route Utilisation Strategy published in July 2011](#)
- [Network Rail's Great Anglia RUS 2007 published December 2007](#)
- [The Brown Review of the Rail Franchising Programme, published December 2012](#), and the [Government response published July 2013](#)
- [Network Rail's Control Period 5 Delivery Plan published in March 2014](#)
- [The Department for Transport's Rail Fares and Ticketing Review published October 2013](#)
- [Network Rail's London and South-East market study](#) , [Long Distance market study](#), [Regional Urban market study](#) and [Freight market study](#) – all published in October 2013
- [The Government's High Level Output Specification \(HLOS\) 2012 Railways Act 2005 Statement](#), published July 2012
- [The Government's publication Reforming our Railways: Putting the Customer First](#) published March 2012
- [Sir Roy McNulty's independent review, Realising the Potential of GB Rail – Report of the Rail Value for Money Study](#), published in May 2011
- [The Department for Transport's response to the Reforming Rail Franchising consultation document](#) published in January 2011
- [Mayor of London's Transport Strategy](#) published in May 2010

Appendix E: Map depicting current 2014 routes on the Greater Anglia franchise



Appendix F: Table depicting A4A and NSIP station improvement programmes

Station Name	Scheme Type	Brief Description	Status
Audley End	A4A	Footbridge and 2 lifts; alterations to OHLE; platform works.	Completed March 2010
Billericay	A4A	New footbridge and lifts	Due to Complete Feb 2015
Billericay	NSIP	Remove existing station canopy; construct new lightweight extension onto existing station building to create new booking hall; new platform waiting shelter; improved transport interchange.	Completed Feb 2012
Bishop Stortford	NSIP	Cleaning & redecoration; passenger seating; customer information; time, lights & fittings; customer toilets; surfaces including floors & platforms; footbridges/subways; fences; street furniture; drainage & water dispersal.	Ongoing
Brentwood	A4A	3 lifts to existing footbridge and associated works	Completed June 2013

Brentwood	NSIP	Refurbished and enlarged ticket office / booking hall including new station frontage with glazed canopy; new male female and disabled toilet facilities on Platform 4 and 2/3; two new platform waiting rooms; platform cycle parking provision; station way finding signage; extension and enhancements to customer information and CCTV systems	Completed Nov 2011
Cambridge	NSIP	New ticket office; remodelled station entrance; new station square/taxi/bus interchange; new multi storey car park; new communication room; new toilets	Ongoing
Chadwell Heath	A4A	3 lifts and new footbridge; new link to existing station; removal of old bridge; power upgrade and associated platform works	Completed July 2012
Chelmsford	NSIP	NSIP to deliver refresh/reconfiguration of ticket office area and gateline; additional seating; improvements to existing staircases; improved CCTV and CIS; potential platform canopy extension.	Ongoing

Colchester	NSIP	Refurbishment of existing station building including booking hall and ticket office; new platform waiting shelters; toilet refurbishment; new platform canopy; station forecourt external works; installation of new cycle storage; extension and enhancements to customer information and CCTV systems.	Completed Dec 2011
Edmonton Green	A4A	2 lifts from existing station building to platforms	Mid Tier- Completed Sept 2014
Gidea Park	NSIP	New cycle facilities; bridge improvements; ticket office remodelling; car park improvements	Ongoing
Harold Wood	NSIP	New fencing; footbridge works; refresh station entrance; cycle facilities	Ongoing
Ilford	A4A	Funded and delivered by Crossrail	Completed May 2014
Ilford	NSIP	Crossrail - complete station redesign waiting room improvements; additional toilets; CCTV improvements	Ongoing
Ipswich	A4A	2 lifts installed to a new bridge and associated platform work, listed	Completed August 2011
Manningtree	A4A	In development - awaiting specification	CP5 - In Development

Marks Tey	NSIP	Construction of a new station building including booking hall and ticket office; refurbishment of island platform building, including toilets, waiting room and train crew mess facilities; new platform waiting shelters; platform widening works; station way finding signage; improvements to cycle parking; extension and enhancements to customer information and CCTV systems	Completed Feb 2012
Rayleigh	NSIP	CCTV improvements; upgrade/remodel/replace main station building; improved cycle facilities	Ongoing
Romford	NSIP	Crossrail - complete station redesign; waiting room improvements; additional toilets; CCTV improvements	Ongoing
Seven Sisters	A4A	In development - awaiting specification	CP5 - In Development
Seven Sisters	NSIP	Main identified problem is congestion. Separate paper being produced to engage specialist consultants before all scoping works can be completed	Ongoing
Southend Victoria	NSIP	Brick cleaning; external landscaping; brick repairs; toilet refurbishment; new entrance doors	Ongoing
Stratford	A4A	Ramped access between DLR, LUL and NXEA (Crossrail)	Completed Mid Tier - March 2014

Tottenham Hale	A4A	In development - awaiting specification	CP5 - In Development
Tottenham Hale	NSIP	Refurbishment to the customer toilets, by way of renewing sanitary ware and repositioning the existing layout to provide more privacy.	Completed July 2012
Waltham Cross	NSIP	New modular station building; accessibility improvements; additional waiting shelters; additional cycle storage	Ongoing
Wickford	NSIP	Seating; cctv/help point	Ongoing
Witham	NSIP	Investigate transferring the main entrance of the station to the newly created second access point and the removal of redundant buildings and their replacement with new passenger facilities.	Ongoing
Wood Street	NSIP	Seating; new station entrance/ticket office; possible modular building	Ongoing

