

Report to Council
21 February 2017
Report of Chief finance officer
Subject General fund revenue budget 2017-18 and non-housing capital programme 2017-18 to 2021-22

Item
6

Purpose

To propose for approval the budget and budgetary requirement, council tax requirement, level of council tax for 2017-18, the transformation plan for 2018-19 and the non-housing capital programme for 2017-18 to 2021-22.

Recommendations

To approve:

1. cabinet's recommendations of 8 February for the 2017-18 financial year:
 - a) that the council's budgetary requirement for the 2017-18 financial year be set to £16.152m (para 6.1 in annex A);
 - b) that the proposed general fund budgets for 2017-18 and transformation plan for 2018-19 be approved, taking into account the savings, income and other budget movements set out in appendices 2, and 5 of Annex A and the transformations movements set out in appendix 3 of Annex A as amended by cabinet (see para 2);
 - c) that the council's council tax requirement for 2017-18 be set at £9.029m and that council tax be set at £249.01 for Band D, which is an increase of 2.05% (para 5.5 in annex A), the impact of the increase for all bands is shown in table 7.2 of annex A;
 - d) that the Norwich City Council precept on the council tax collection fund for 2017-18 be set at £8.732m calculated in accordance with Sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 (as shown in para 7.1 of annex A);
 - e) that the prudent level of reserves for the council be set at £4.161m in accordance with the recommendation of the Chief finance officer (as shown in para 8.11 of annex A); and
 - f) that the proposed non-housing capital programme 2017-18 to 2021-22 (as shown in table 10.3 of annex A) be approved.
2. that the total of all the precepts of the collection fund is calculated in accordance with Sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 (as shown in annex B) taking into account precepts notified by Norfolk County Council and the Office of the Police & Crime Commissioner for Norfolk.

Corporate and service priorities

The report helps to meet all the corporate priorities.

Financial implications

This report sets the general fund budgetary requirement and the council tax requirement for 2017-18 and the non-housing capital programme for 2017-18 to 2021-22.

Ward/s: All wards

Cabinet member: Councillor Stonard – resources and business liaison

Contact officers

Justine Hartley, chief finance officer
Hannah Simpson, group accountant

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Background documents

None

Report

1. Cabinet considered the General Fund budget report (annex A) at its meeting of 8 February, and approved the recommendations to council subject to one amendment.
2. As set out in para 9.1 of Annex A, the council adopted an asset management strategy in 2011 that established a framework for the maintenance and improvement of assets that meet the needs of the organisation. The strategy specified that underperforming assets, particularly those retained for investment purposes, will be released to provide a receipt for future investment in the capital programme. Transformation programme line 21 as reviewed by cabinet (Appendix 3 of Annex A), proposed savings of £75k in 2017-18 and £150k in 2018-19 from “investment property income growth”. Cabinet recommended that this be changed to more accurately reflect the work being undertaken in line with the strategy to “rationalisation of the property portfolio and investment in new assets to increase returns”.

Changes subsequent to the preparation of the cabinet papers

3. The distribution of business rates income for 2017-18 has now been confirmed. This has indicated a small shift between business rates expected income for the year and the transfer to be made from the section 31 grant reserve to account for business rate reliefs. However, the total business rates resources for 2017-18, including the contribution from the grant reserve, remains unchanged. 2017-18 budgetary resources set out in table 6.1 of Annex A are now as follows:

Table 6.1: Budgetary resources 2017-18

| | £000s |
|---|---------------|
| = Formula funding 2017-18 | 1,671 |
| = Business rates 2017-18 | 5,137 |
| = Business rates S31 grant reserve transfer | 315 |
| = Council tax 2017-18 | 9,029 |
| = Budgetary resources 2017-18 | 16,152 |

4. The parliamentary debate on the local government finance settlement will take place on Wednesday 22 February. As a result the figures for government funding in the budget papers are those included in the provisional settlement issued in December 2016. It is anticipated that any changes to provisional figures will be able to be addressed through reserve movements in 2017-18.
5. The statutory determination at Annex B reflects the final Council Tax base as confirmed by the chief finance officer under delegated powers. It also reflects the following confirmed and proposed increases in Council tax:

| Preceptor | % increase |
|---|------------|
| Norwich City Council (as proposed in this report) | 2.05 |
| Norfolk County Council (to be confirmed 20 February 2017) | 4.80 |
| Office of the Police and Crime Commissioner for Norfolk (confirmed) | 1.99 |

6. The precept for the Office of the Police and Crime Commissioner was confirmed at its meeting on 2nd February. The precept for the County Council is anticipated to be confirmed at its meeting on 20th February. Any changes to the proposed precept will be reported to Council in an updated report.

Report to Cabinet
8 February 2017

Report of Chief finance officer

Subject General fund revenue budget and non-housing capital programme 2017-18 to 2021-22

Purpose

To propose for approval the budget and budgetary requirement, council tax requirement, and level of council tax for the financial year 2017-18, the transformation plan for 2018-19 and the non-housing capital programme for 2017-18 to 2021-22.

Recommendations

That cabinet recommends to council:

- g) that the council's budgetary requirement for the 2017-18 financial year be set to £16.152m ([para 6.1](#));
- h) that the proposed general fund budgets for 2017-18 and transformation plan for 2018-19 be approved, taking into account the savings, income and other budget movements set out in the report. ([para 6.3 and Appendix 3](#));
- i) that the council's council tax requirement for 2017-18 be set at £9.029m and that council tax be set at £249.01 for Band D, which is an increase of £5 (2.05%) ([para 7.1](#)), the impact of the increase for all bands is shown in [table 7.2](#);
- j) that the precept on the council tax collection fund for 2017-18 be set at £8.732m calculated in accordance with Sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 ([para 7.1](#));
- k) that the prudent level of reserves for the council be set at £4.161m in accordance with the recommendation of the Chief finance officer ([para 8.11](#));
- l) that the proposed non-housing capital programme 2017-18 to 2021-22 ([para 10.3](#)) be approved; and
- m) that cabinet delegates to the Director of regeneration and development and the Chief finance officer, in consultation with the Portfolio holder for resources and business liaison, 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 2017-18 of £16.152m and the means by which this is to be financed, including through a proposed council tax of £249.01 per Band D property.

It also sets out the proposed capital programme for 2017-18 to 2021-22 illustrating how anticipated capital expenditure needs can be financed over the medium term.

Ward/s: All wards

Cabinet member: Councillor Stonard – Resources and business liaison

Contact officers

Justine Hartley, Chief finance officer 01603 212440

Hannah Simpson, Group accountant 01603 212561

Background documents

None

Report

1. Contents of report

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

2. [Budgetary context](#)
3. [Medium Term Financial Strategy \(MTFS\)](#)
4. [Preparation of the 2017-18 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 2017-18 to 2021-22](#)
10. [Capital programme 2017-18 to 2021-22](#)
11. [Progress in reducing the council's carbon footprint](#)

Appendix 1 [Budget consultation results](#)

Appendix 2 [Movements in budgets 2017-18 by type](#)

Appendix 3 [Two year transformation plan](#)

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

2. Budgetary context

Provisional local government finance settlement

- 2.1 The provisional local government finance settlement for 2017-18 was presented to Parliament on 15th December 2016. As part of the provisional settlement the DCLG has issued its estimates of the reduction in core spending power for each local authority. For Norwich City Council the reduction in spending power from 2016-17 to 2017-18 is 9%, this is the 12th highest reduction in spending power of all local authorities in England. Across the spending review period from 2015/16 to 2019/20 the core spending power reduction is estimated to be 15.9%, the 4th highest reduction across the country.
- 2.2 These reductions in spending power are largely as a result of the cuts to: revenue support grant which has reduced by 39% from 2016-17 to 2018-19 and is expected to have ended completely for the council by 2020-21; and New Homes Bonus which has reduced in the provisional settlement by 40% from 2016-17 to 2017-18 and for which future years receipts are expected to be significantly reduced from a peak of £2,756k in 2016-17 to around £350k per annum by 2020-21.

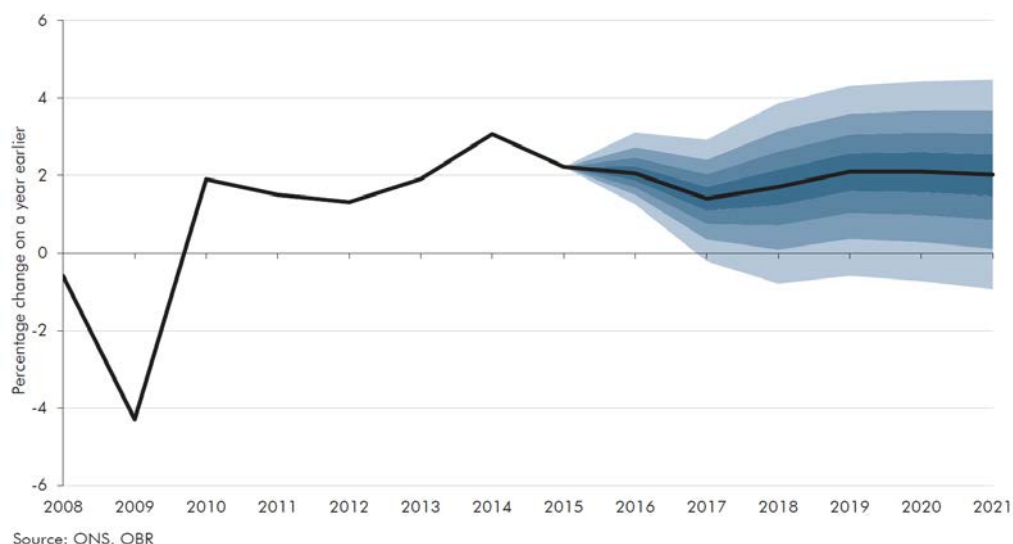
Wider economic context

- 2.3 The Office of Budgetary Responsibility (OBR) central forecasts now expect the economy will grow more slowly than previously expected, with Gross Domestic product (GDP) growth in 2017 revised down from 2.2 to 1.4 per cent and cumulative growth over the whole forecast revised down

by 1.4 percentage points. A weaker outlook for investment and therefore productivity growth is the main cause.

- 2.4 Consumer Price Index (CPI) inflation is forecast to rise to above 2 per cent in early 2017 as the weaker pound pushes up import prices and therefore consumer prices. It is then expected to rise further before peaking at 2.6 per cent in mid- 2018, with the OBR assuming that it will return slowly to the Bank of England's 2% target over the following two years.
- 2.5 The Government is no longer on course to balance the budget during the current Parliament. Public sector net borrowing (PSNB) is now expected to fall more slowly than previously forecast, primarily reflecting weak tax receipts in 2016 and a more subdued outlook for economic growth as the UK negotiates a new relationship with the European Union. The OBR now forecasts a budget deficit of £21.9 billion in 2019-20.

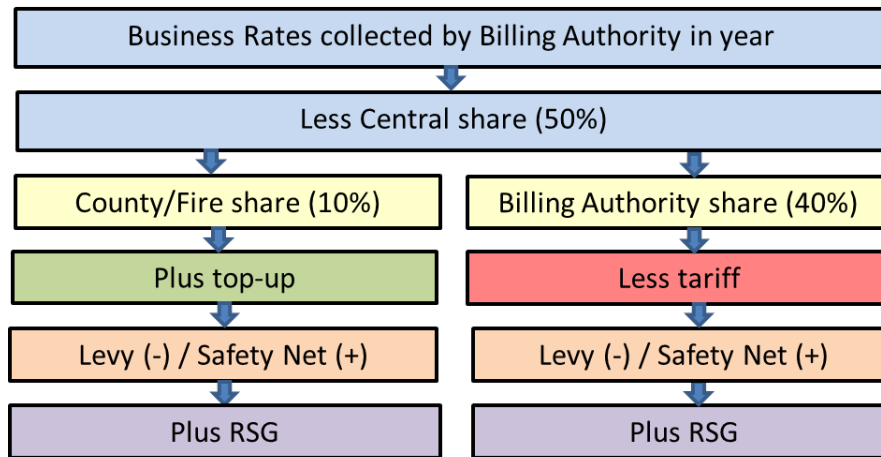
Figure 2.1: Real GDP growth fan chart November 2016 (Source: OBR)



Business rates retention system

- 2.6 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 scheme was to allow local authorities to retain part of the future growth in their business rates.
- 2.7 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



- 2.8 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.
- 2.9 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 updated by September 2013 RPI. However, this increase has been capped to 2%.
- 2.10 A national revaluation of business rates will take effect on 1 April 2017. This will result in increases and decreases across the country in the amounts businesses pay. To try to ensure no local authority is better or worse off as a result of the revaluation top ups and tariffs have been adjusted for local authorities for 2017-18.
- 2.11 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.
- 2.12 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.
- 2.13 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.
- 2.14 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 transformation budget reduction for 2017-18 of £2.3m has been included within the budget in accordance with the MTFS. The MTFS has been reviewed and updated and the forward savings targets recalculated based on the latest projections of income and expenditure. As a result the MTFS now shows a need to make further net savings of £9.6m over the next 5 years, which following the "smoothed" approach equates to £1.9m each year to 2022-23. This is a reduction on the £2.3m set out in the 2016-17 budget papers as a result of:
- Council tax revenues now being forecast £520k higher than previously estimated for 2017-18 due to a higher than anticipated increase in the number of properties included in the calculations;
 - Business rates revenues now being forecast £348k higher than previously estimated.
 - New Homes Bonus grant payments being £512k higher than anticipated in 2017-18 as a result of transitional arrangements applied to the reduction in grant and a new allocation of £85k of grant for 2017-18. The MTFS also now includes assumptions of future allocations of the grant in line with the new allocation for 2017-18; and
 - the inclusion in the MTFS of an assumed annual increase of £160k in Council Tax beyond that recommended in this report for 2017-18. The increase in Band D rate has been included at the higher of £5 or 2% for each of the five years
- 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 2% to allow for an annual pay settlement, payroll drift and the impact of the Living Wage. Additional estimates have been included for expected increases to pension deficit contributions, although these will be subject to the outcome of future triennial valuations of the pension scheme. Inflation has been allowed for on premises costs, supplies and services and transport in line with the OBR forecast changes in CPI (November 2016 Economic and fiscal outlook).

- 3.6 Specific grant figures have been confirmed by the Department for Communities & Local Government and the Department of Work & Pensions for 2017-18. Grants for future years have been estimated at 2017-18 levels, with the exception of Housing Benefit and Local Council Tax Support Administration Grants which have been assumed to decrease by 5% per year.
- 3.7 The provisional Finance Settlement confirmed that the number of years for which New Homes Bonus payments are made will reduce from 6 years to 5 years in 2017-18, and to 4 years from 2018-19. In addition, from 2017-18 a national baseline for housing growth will be introduced at 0.4%, below which no New Homes Bonus will be paid. Other potential changes to the scheme to encourage more effective local planning will be consulted in due course. The MTFs includes the 2017-18 new allocation of New Homes Bonus grant and assumes a similar level of new grant in future years.
- 3.8 The table below shows the proposed budget for 2017-18 and the medium term financial projections for the 5 years to 2022-23.

Table 3.1: Budget 2017-18 and medium term financial projections for 5 years to 2022-23

| | 2017-18 Year 1 £000s | 2018-19 Year 2 £000s | 2019/20 Year 3 £000s | 2020-21 Year 4 £000s | 2021-22 Year 5 £000s | 2022-23 Year 6 £000s |
|-----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Employees | £20,189 | £20,935 | £21,706 | £22,508 | £23,332 | £24,184 |
| Premises | £10,681 | £11,032 | £11,405 | £11,734 | £12,073 | £12,422 |
| Transport | £278 | £286 | £294 | £302 | £309 | £317 |
| Supplies & Services | £16,421 | £16,755 | £17,301 | £17,779 | £18,271 | £18,776 |
| Capital Charges | £1,803 | £1,841 | £1,879 | £1,918 | £1,957 | £1,997 |
| Housing Benefit Expenditure | £62,284 | £62,284 | £62,284 | £62,284 | £62,284 | £62,284 |
| Third Party Payments | £4,994 | £5,125 | £5,265 | £5,382 | £5,502 | £5,625 |
| Recharge Expenditure | £16,795 | £16,895 | £16,996 | £17,097 | £17,200 | £17,304 |
| Recharge Income | -£26,139 | -£26,239 | -£26,341 | -£26,444 | -£26,548 | -£26,653 |
| Rev Contribution to Capital | £550 | £800 | £1,050 | £1,300 | £1,300 | £1,300 |
| Receipts | -£25,180 | -£25,781 | -£26,397 | -£27,028 | -£27,674 | -£28,335 |
| <i>Government Grants:</i> | | | | | | |
| New Homes Bonus | -£1,654 | -£889 | -£657 | -£342 | -£340 | -£340 |
| Benefit Subsidy | -£62,444 | -£62,444 | -£62,444 | -£62,444 | -£62,444 | -£62,444 |
| Benefit/CTS Admin Grant | -£1,028 | -£976 | -£928 | -£881 | -£837 | -£795 |
| Other Government Grants | -£710 | -£465 | -£442 | -£420 | -£399 | -£379 |
| Subtotal budgets | £16,840 | £19,159 | £20,971 | £22,745 | £23,986 | £25,263 |
| Savings | | -£1,920 | -£3,840 | -£5,760 | -£7,680 | -£9,600 |
| Contribution to/(from) bals | -£688 | -£1,949 | -£2,280 | -£2,007 | -£982 | £16 |
| Budget requirement | £16,152 | £15,290 | £14,851 | £14,978 | £15,324 | £15,679 |
| Share of NNDR (Baseline) | -£5,452 | -£5,306 | -£5,412 | -£5,521 | -£5,631 | -£5,744 |
| Formula Funding | -£1,671 | -£982 | -£213 | £0 | £0 | £0 |
| Council Tax Requirement | -£9,029 | -£9,002 | -£9,226 | -£9,457 | -£9,693 | -£9,935 |
| Total funding | -£16,152 | -£15,290 | -£14,851 | -£14,978 | -£15,324 | -£15,679 |

| | | | | | | |
|-------------------------------|--|---------------|---------------|---------------|---------------|---------------|
| New savings (smoothed) | | £1,920 | £1,920 | £1,920 | £1,920 | £1,920 |
|-------------------------------|--|---------------|---------------|---------------|---------------|---------------|

| | 2017-18 Year 1 £000s | 2018-19 Year 2 £000s | 2019/20 Year 3 £000s | 2020-21 Year 4 £000s | 2021-22 Year 5 £000s | 2022-23 Year 6 £000s |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Reserve balance brought forward | -£12,949 | -£12,261 | -£10,312 | -£8,032 | -£6,025 | -£5,043 |

| | | | | | | |
|--|-----------------|-----------------|----------------|----------------|----------------|----------------|
| Contributions to/(from) I&E | £688 | £1,949 | £2,280 | £2,007 | £982 | -£16 |
| Reserve balance carried forward | -£12,261 | -£10,312 | -£8,032 | -£6,025 | -£5,043 | -£5,059 |
| <i>Relative to controllable spend</i> | <i>26%</i> | <i>22%</i> | <i>16%</i> | <i>12%</i> | <i>10%</i> | <i>9%</i> |

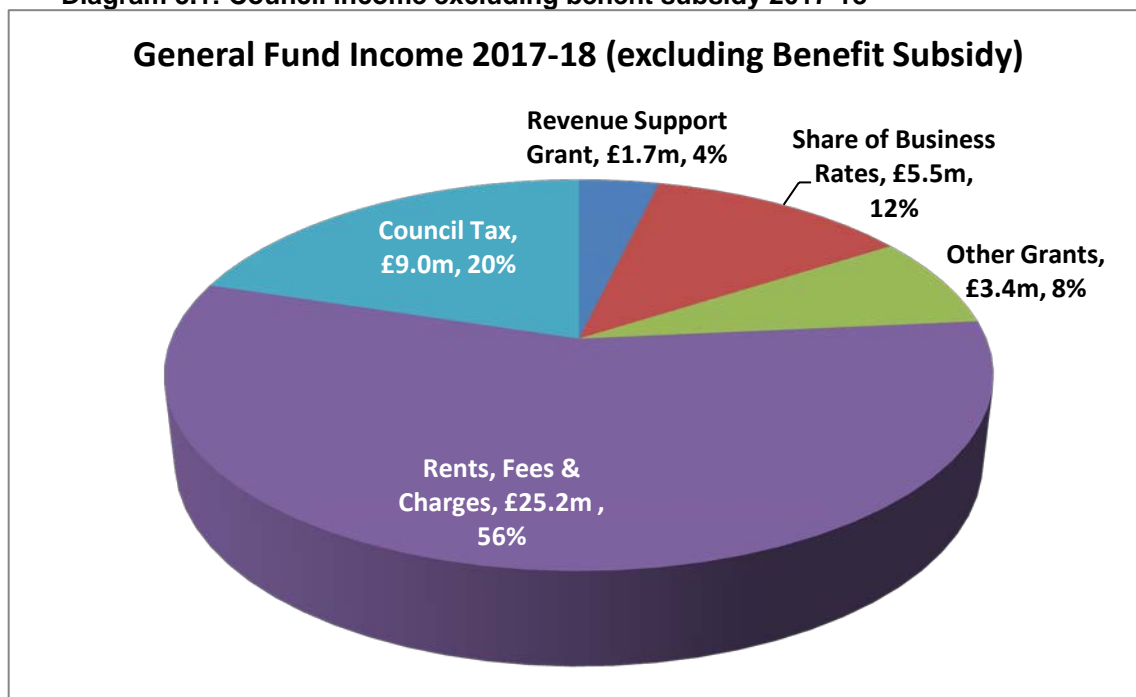
4. Preparation of the 2017-18 budget

- 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.
- 4.2 During the course of 2016-17 cabinet have considered income and savings options for the next two years and agreed for further work to be carried out to progress these. The proposed items forming the next two years of the transformation programme are set out in Appendix 3. More detailed savings proposals for the subsequent years will continue to be developed and presented to the Council for agreement on an annual basis.
- 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 2017-18. It was also agreed to consult the public on the potential for a council tax rise.
- 4.4 The consultation closed on 8 January 2017. An analysis of the results of the consultation can be found at Appendix 1. The results showed that of the people who completed the consultation and answered the questions 56% 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 2017-18 as set out at Appendix 3. They amount to just under £3.3m.
- 4.7 The changes resulting from the savings will further reduce the council's overall capacity. However, they should not significantly impact the services that the public receive from the council for 2017-18. 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 £30m of recurring revenue savings over the last six years.

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 2017-18



- 5.2 The total of £39.7m raised locally (through business rates, council tax and rents, fees and charges) amounts to 89% of this income, whilst the £5.1m of central government funding (RSG and other grants) amounts to 11%.

Table 5.3 Budgeted formula and other grants 2016-17 and 2017-18

| | 2016-17 £000s | 2017-18 £000s | % change |
|--|------------------|------------------|-------------|
| Revenue Support Grant (RSG) | 2,756 | 1,671 | -39% |
| Business Rates retained income (excludes Section 31 grant (see paragraph 5.3)) | 4,870 | 5,452 | 12% |
| Formula funding | 7,626 | 7,123 | -7% |
| New Homes Bonus | 2,756 | 1,654 | -40% |
| Local Council Tax Support / Housing Benefit Administration Grant | 1,071 | 1,028 | 4% |
| Private Finance Initiative (PFI) Grant | 1,429 | 0 | -100% |
| Other grants | 671 | 710 | 6% |
| Total grant funding | 13,553 | 10,515 | -22% |

- 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 2017-18 a 2% or £5 limit on increases (whichever higher) was announced as part of the provisional settlement.
- 5.5 The draft budget proposals are based on an increase of 2.05% (£5), and a rate of £249.01 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. Table 6.1 below shows the available budgetary resources for 2017-18 and the changes from 2016-17.

Table 6.1: Budgetary resources 2017-18

| | £000s |
|---|---------------|
| Formula funding 2016-17 | 2,756 |
| Business rates 2016-17 | 4,870 |
| Council tax 2016-17 | 8,494 |
| Budgetary resources 2016-17 | 16,120 |
| - Decrease in formula funding | (1,085) |
| - Increase in business rates | 582 |
| + Increase in council tax | 535 |
| + Movement 2016-17 to 2017-18 | 32 |
| = Formula funding 2017-18 | 1,671 |
| = Business rates 2017-18 | 5,202 |
| = Business rates S31 grant reserve transfer | 250 |
| = Council tax 2017-18 | 9,029 |
| = Budgetary resources 2017-18 | 16,152 |

- 6.2 Table 6.2 shows the budget movements proposed by Service Area to maintain spend within available resources. These changes include those arising due to inflationary increases as well as savings, income increases and growth changes proposed through the council's transformation programme, and all other changes to the budgets. Movements in budget for each type are detailed in [Appendix 2](#).

Table 6.2: Movement in budget requirement 2016-17 to 2017-18 by Service Area

| | Base* | Adjust to Base | Inflation | Grants | Transf'n Savings /Income | Transf'n Growth | Transfers | Other | Total |
|---------------------------------------|---------------|----------------|--------------|--------------|--------------------------|-----------------|--------------|-------------|---------------|
| Chief Executive | (0) | 39 | (6) | | (33) | | 0 | 0 | 0 |
| Strategy & Programme Mgt | 0 | 3 | 12 | | | | (15) | 0 | 0 |
| Chief Executive | 0 | 42 | 6 | 0 | (33) | 0 | (15) | 0 | 0 |
| Business Relationship Mgt | 1,663 | (710) | 324 | 1,146 | (320) | 15 | 1,375 | (12) | 3,164 |
| Finance | (2,463) | 550 | | | (253) | 486 | (1,315) | 0 | (3,133) |
| Procurement & Service Improvement | (0) | (1,074) | 86 | 1,429 | (550) | | 111 | 0 | 2 |
| Democratic Services | 375 | 23 | 5 | | (41) | | (79) | (3) | 292 |
| Human Resources | 0 | (94) | 28 | | (20) | 90 | (4) | 0 | 0 |
| Business Services | (425) | (1,305) | 443 | 2,575 | (1,184) | 591 | 88 | (15) | 325 |
| Communications & Culture | 2,209 | (124) | 123 | | 13 | 14 | (13) | 0 | 2,143 |
| Customer Contact | (61) | 10 | 151 | | (225) | | 64 | (2) | (3) |
| Communications & Culture | 2,148 | (114) | 274 | 0 | (212) | 14 | 51 | (2) | 2,140 |
| Neighbourhood Housing | 2,284 | 58 | 9 | | (1) | | (13) | (17) | 1,729 |
| Neighbourhood Services | 2,155 | (243) | 11 | | (150) | | (27) | (1) | 1,233 |
| Citywide Services | 9,790 | (14) | 217 | | (807) | 60 | (160) | (1) | 10,006 |
| Neighbourhoods | 14,229 | (199) | 237 | 0 | (958) | 60 | (200) | (19) | 12,968 |
| Regeneration & Development | | (2) | 4 | | | | | | 2 |
| City Development | (1,417) | (223) | 161 | | (693) | 420 | 184 | (29) | (1,000) |
| Planning | 1,327 | 78 | 31 | | (22) | 50 | (9) | 0 | 1,500 |
| Property Services | 259 | 211 | 14 | | (165) | | (99) | (4) | 217 |
| Environmental Strategy | 0 | 16 | 4 | | (20) | | 0 | 0 | 0 |
| Regeneration & Development | 168 | 80 | 214 | 0 | (900) | 470 | 76 | (33) | 718 |
| Total | 16,120 | (1,496) | 1,174 | 2,575 | (3,287) | 1,135 | 0 | (69) | 16,152 |

*Base budgets reflect any 16/17 budget virements processed and the revised organisational structure.

6.3 The following table shows the proposed budget for 2017-18 analysed by type of expenditure or income (subjective group) compared to 2016-17.

Table 6.3: Proposed budget analysis 2017-18 by subjective group

| Subjective group | Budget 2016-17 £000s | Budget 2017-18 £000s | Change £000s |
|--|----------------------|----------------------|--------------|
| Employees | 17,832 | 20,189 | 2,357 |
| Premises | 9,573 | 10,681 | 1,108 |
| Transport | 273 | 278 | 5 |
| Supplies & services | 15,710 | 16,421 | 711 |
| Third party payments (shared services) | 7,081 | 4,994 | (2,087) |
| Housing benefit payments | 63,724 | 62,284 | (1,440) |
| Capital financing | 3,372 | 1,665 | (1,707) |
| Recharge expenditure | 16,649 | 16,795 | 146 |
| Subtotal expenditure | 134,214 | 133,307 | (907) |
| Government grants | (69,682) | (65,836) | 3,846 |

| | | | |
|------------------------------------|------------------|------------------|------------|
| Receipts | (24,384) | (25,180) | (796) |
| Recharge income | (24,028) | (26,139) | (2,111) |
| Subtotal income | (118,094) | (117,155) | 939 |
| Total Budgetary Requirement | 16,120 | 16,152 | 32 |

7. Council tax & precept

7.1 The following table shows the calculation of the level of council tax with the recommended increase of £5 (2.05%).

Table 7.1: Council Tax calculation 2017-18

| | No. | £ |
|----------------------------------|--------|-------------------|
| Budgetary requirement | | 16,152,240 |
| - Formula grant | | (1,670,854) |
| - NNDR Distribution | | (5,452,260) |
| = Council tax requirement | | 9,029,126 |
| - Surplus on collection fund | | (297,092) |
| = Council tax precept | | 8,732,034 |
| Band D Equivalent properties | 35,067 | |
| Council tax (Band D) | | 249.01 |

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 2017-18. The figures shown will be reduced, for qualifying council tax payers, by the council's discount scheme which replaced the council tax benefit system.

Table 7.2: Council tax increases 2016-17 to 2017-18, Bands A to H

| Band | A | B | C | D | E | F | G | H |
|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2016-17 | £162.67 | £189.79 | £216.90 | £244.01 | £298.23 | £352.46 | £406.68 | £488.02 |
| Increase | £3.33 | £3.89 | £4.44 | £5.00 | £6.11 | £7.22 | £8.33 | £10.00 |
| 2017-18 | £166.01 | £193.67 | £221.34 | £249.01 | £304.35 | £359.68 | £415.02 | £498.02 |

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 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.

- 8.3 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.
- 8.4 There are also risks around future grant and business rates incomes. In particular, there is significant uncertainty around the future levels of the New Homes Bonus grant. From 2017-18 a national baseline for housing growth will be introduced at 0.4%, below which no New Homes Bonus will be paid. Other potential changes to the scheme to encourage more effective local planning will be consulted in due course. There is also uncertainty over business rates income going forward with the move to 100% retention of business rates by Local Government by 2020. This will bring with it risks and uncertainties particularly those associated with changes in the economic climate and uncertainties from the appeals system for business rates.
- 8.5 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.
- 8.6 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 3](#).
- 8.7 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.
- 8.8 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.
- 8.9 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.

- 8.10 Earmarked reserves remain legally part of the general fund although they are accounted for separately.
- 8.11 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 2017-18 will be of the order of £4.161m as shown in [Appendix 4](#).
- 8.12 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 8.1: Estimated general fund balance through the MTFS period

| Year ending | £000s |
|--------------------|--------------|
| 31 March 2017 | 12,949 |
| 31 March 2018 | 12,261 |
| 31 March 2019 | 10,312 |
| 31 March 2020 | 8,032 |
| 31 March 2021 | 6,025 |
| 31 March 2022 | 5,043 |
| 31 March 2023 | 5,059 |

9. Capital resources 2017-18 – 2021-22

- 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).
- 9.3 The following table shows the total non-housing capital resources and their application anticipated over the duration of the capital programme:

Table 9.3: Capital resources 2017-18 – 2021-22

| Non-housing capital resources | 2017-18 £000s | 2018-19 £000s | 2019/20 £000s | 2020-21 £000s | 2021-22 £000s |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| S106 Balances b/f | (1,060) | (559) | (681) | (635) | (487) |
| S106 Forecast resources arising | (141) | (414) | (227) | (60) | (60) |

| | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| S106 Forecast resources utilised (ongoing works) | 233 | 0 | 0 | 0 | 0 |
| S106 Forecast resources utilised (proposed to proceed) | 394 | 0 | 0 | 0 | 0 |
| S106 Forecast resources utilised (requires CLT approval) | 15 | 292 | 272 | 209 | 164 |
| Total S106 Resources | (559) | (681) | (635) | (487) | (383) |
| CIL Balances b/f | (201) | (291) | (504) | (528) | (610) |
| CIL Forecast resources arising | (1,521) | (2,399) | (1,948) | (3,095) | (3,072) |
| CIL Forecast resources utilised (contribution to pool) | 1,281 | 1,970 | 1,640 | 2,606 | 2,587 |
| CIL Forecast resources utilised (ongoing neighbourhood schemes) | 50 | 0 | 0 | 0 | 0 |
| CIL Forecast resources utilised (neighbourhood schemes requires CLT approval) | 100 | 216 | 284 | 407 | 493 |
| Total CIL Resources | (291) | (504) | (528) | (610) | (602) |
| GNGP Balances b/f | 0 | 0 | 0 | 0 | 0 |
| GNGP Forecast resources arising | (929) | (180) | 0 | 0 | 0 |
| GNGP Forecast resources utilised (ongoing works) | 109 | 0 | 0 | 0 | 0 |
| GNGP Forecast resources utilised (proposed) | 100 | 0 | 0 | 0 | 0 |
| GNGP Forecast resources utilised (requires CLT approval) | 720 | 180 | 0 | 0 | 0 |
| Total GNGP Resources | 0 | 0 | 0 | 0 | 0 |
| CCAG2 Balances b/f | (2,071) | 0 | 0 | 0 | 0 |
| CCAG2 Forecast resources arising | (3,581) | 0 | 0 | 0 | 0 |
| CCAG2 Forecast resources utilised (ongoing works) | 2,022 | 0 | 0 | 0 | 0 |
| CCAG2 Forecast resources utilised (proposed) | 3,630 | 0 | 0 | 0 | 0 |
| Total CCAG2 Resources | 0 | 0 | 0 | 0 | 0 |
| Anticipated balance b/f | (1,066) | 0 | 0 | 0 | 0 |
| Forecast resources arising - borrowing | (22,791) | (12,536) | (15,332) | (19,532) | (10,000) |
| Forecast resources arising - grants & contributions | (1,362) | 0 | 0 | 0 | 0 |
| Forecast resources arising - receipts | (1,746) | (561) | (170) | (110) | (60) |
| Forecast resources utilised (ongoing works) | 6,344 | 0 | 0 | 0 | 0 |
| Forecast resources utilised (proposed) | 3,878 | 723 | 4,590 | 9,532 | 0 |
| Forecast resources less works proposed to proceed | (16,744) | (12,374) | (10,912) | (10,110) | (10,060) |

| Non-housing capital resources | 2017-18 £000s | 2018-19 £000s | 2019/20 £000s | 2020-21 £000s | 2021-22 £000s |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Forecast resources utilised (ongoing works but requires CLT approval) | 724 | 0 | 0 | 0 | 0 |
| Forecast resources utilised (requires CLT approval) | 16,199 | 12,374 | 10,912 | 10,110 | 10,060 |
| Additional resources required to fund all works requiring CLT approval | (179) | 0 | 0 | 0 | 0 |

| | | | | | |
|--|-------|---------|---------|---------|-------|
| Total other capital resources | 0 | 0 | 0 | (0) | 0 |
| Total non-housing capital resources | (851) | (1,185) | (1,163) | (1,097) | (985) |

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, Norwich Airport Industrial Estate regeneration, St Giles multi story car park refurbishment and other asset for investment schemes expected to generate revenue income in excess of the borrowing costs. Individual business cases will be required for each of these schemes to demonstrate that income streams will cover capital and borrowing costs before the schemes go ahead.

10. Capital programme 2017-18 to 2021-22

10.1 The following table summarises the proposed capital programme and resources, based on capital expenditure supporting the Asset Management Plan and the forecast non-housing capital resources.

Table 10.1: Capital programme 2017-18 – 2021-22

| Non-housing capital programmes | 2017-18 £000s | 2018-19 £000s | 2019/20 £000s | 2020-21 £000s | 2021-22 £000s |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| General capital | 20,132 | 13,097 | 15,502 | 19,642 | 10,060 |
| City Cycle Ambition | 3,950 | 0 | 0 | 0 | 0 |
| Community Infrastructure Levy | 1,381 | 2,186 | 1,924 | 3,013 | 3,080 |
| GNGP Strategic Pool Schemes | 735 | 180 | 0 | 0 | 0 |
| Section 106 schemes | 119 | 292 | 272 | 209 | 164 |
| Total expenditure | 26,317 | 15,755 | 17,699 | 22,863 | 13,304 |
| S106 | 409 | 292 | 272 | 209 | 164 |
| CIL Funding | 1,381 | 2,186 | 1,924 | 3,013 | 3,080 |
| GNGP Funding | 820 | 180 | 0 | 0 | 0 |
| Capital Receipts | 2,004 | 561 | 170 | 110 | 60 |
| Grants and Contributions | 4,269 | 0 | 0 | 0 | 0 |
| Proposed Borrowing | 17,434 | 12,536 | 15,332 | 19,532 | 10,000 |
| Total resources applied | 26,317 | 15,755 | 17,699 | 22,863 | 13,304 |

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

10.3 The table below sets out the elements making up the proposed detailed capital programme 2017-18 to 2021-22, over and above existing programme items rolling forward.

10.4 It is recommended that projects marked with an asterisk should proceed immediately, but those without should require a viable business case to

be approved by the corporate leadership team prior to any expenditure being committed.

Table 10.3: Non-Housing Capital Programmes 2017-18 – 2021-22

| Scheme | 2017-18 £000s | 2018-19 £000s | 2019/20 £000s | 2020-21 £000s | 2021-22 £000s |
|---|------------------|------------------|------------------|------------------|------------------|
| 10-14 Ber Street | 280 | 1,898 | 787 | - | - |
| Acquisition of income generating assets | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| City Hall heating pumps replacement * | 21 | - | - | - | - |
| City Hall Roof Membrane Replacement | 283 | - | - | - | - |
| Community Centre Major Repairs * | 69 | - | - | - | - |
| Customer contact centre refurbishment | 135 | 141 | - | - | - |
| Hewett Yard major repairs | 33 | - | - | - | - |
| Hurricane Way 16 Demolition | 30 | - | - | - | - |
| Hurricane Way 20 Demolition | 85 | - | - | - | - |
| Hurricane way 25 Demolition | 57 | - | - | - | - |
| Hurricane way 6-14 Demolition | 240 | - | - | - | - |
| Investment for Regeneration | 50 | - | - | - | - |
| Non trafficked pedestrian bridges / boardwalks | 50 | 30 | 30 | 30 | 30 |
| Norman Centre Bowls Hall Lighting replacement | 39 | - | - | - | - |
| Norman centre corridor lighting replacement * | 11 | - | - | - | - |
| Norman Centre Heating Replacement | 200 | - | - | - | - |
| Norman Centre roof replacement | 39 | - | - | - | - |
| Norwich Airport Industrial Estate phase 1 regeneration | 4,000 | - | - | - | - |
| Norwich Parks Tennis expansion * | 415 | - | - | - | - |
| Parks Depots * | 150 | 85 | 45 | - | - |
| Pay on foot car park payment machines * | 8 | - | - | - | - |
| Provision of a new CCTV system * | 206 | - | - | - | - |
| Replacement of Multi use games areas | 80 | 75 | 65 | 50 | - |
| Replacement of network equipment post BT contract * | 250 | - | - | - | - |
| Riverbank stabilisation (River yare & Wensum) | 75 | 30 | 30 | 30 | 30 |
| St Andrews & Blackfriars Halls - Fire system voice alarm controller * | 11 | - | - | - | - |
| St Giles MSCP Refurbishment * | 475 | - | - | - | - |
| St Giles MSCP - replace central battery system * | 17 | - | - | - | - |
| Threescore Phase 2 * | 2,251 | 638 | 187 | - | - |
| Threescore Phase 3 * | - | - | 4,358 | 9,532 | - |
| Traveller Site | 524 | - | - | - | - |
| Waterloo Park Pavilion Asset Major repairs & improvement * | 50 | - | - | - | - |
| Waterloo Park Pavilion Asset Major repairs & improvement | - | 200 | - | - | - |
| Total General Capital Projects | 20,132 | 13,097 | 15,502 | 19,642 | 10,060 |
| CCAG Programme 2017.18 * | 3,745 | - | - | - | - |
| CCAG2 20MPH Yellow * | 203 | - | - | - | - |
| CCAG2 Magdalen Road * | 2 | - | - | - | - |
| Total City Cycle Ambition | 3,950 | - | - | - | - |
| CIL Neighbourhood Funded Schemes | 100 | 216 | 284 | 407 | 493 |
| CIL Contribution GNGB Infrastructure Investment Fund * | 1,281 | 1,970 | 1,640 | 2,606 | 2,587 |
| Total Community Infrastructure Levy | 1,381 | 2,186 | 1,924 | 3,013 | 3,080 |
| GNGB Castle Gardens | 150 | - | - | - | - |
| GNGB Football Pitch Improvements | 115 | - | - | - | - |
| GNGB Marriotts Way Barn Road Gateway | 40 | - | - | - | - |
| GNGB Riverside Walk Accessibility Improvements | 20 | 180 | - | - | - |

| | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| GNGB IIF Marriotts Way Andersons Meadow to Sloughbottom Park | 250 | - | - | - | - |
| GNGB IIF Riverside Walk Fye Bridge to Whitefriars | 160 | - | - | - | - |
| Total Greater Norwich Growth Project | 735 | 180 | - | - | - |
| S.106 Bowthorpe To Clover Hill Access Improvements * | 27 | - | - | - | - |
| S.106 Mile Cross Gardens Play Scheme * | 76 | - | - | - | - |
| S.106 Riverside Public Transport Improvements * | 16 | - | - | - | - |
| Anticipated S106 Schemes - Future Years | - | 292 | 272 | 209 | 164 |
| Total Section 106 | 119 | 292 | 272 | 209 | 164 |
| Total non-housing capital programme 2016-17 | 26,317 | 15,755 | 17,699 | 22,863 | 13,304 |

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: | Council |
| Committee date: | 21 February 2017 |
| Head of service: | Justine Hartley, Chief finance officer |
| Report subject: | General fund revenue budget and non-housing capital programme 2017-18 |
| Date assessed: | 13 January 2017 |
| Description: | This integrated impact assessment covers the proposed general fund budget, capital programme and council tax for 2017-18 |

| | 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"/> | The proposed budget and transformation programme within this paper covers a wide range of council activity and spend over the next two years. As a result it is not possible to provide a detailed assessment of, for example, the impact on residents and others with protected characteristics under The Equality Act at this level. Existing council processes for equality impact assessments should continue to be carried out at an appropriate time for the individual projects, activities and policies that constitute this budget and transformation programme. |
| 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 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 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 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 2017-18

Across the whole consultation a total of 970 responses were received. The data represents the results from those 970 responses. No data has been weighted

Responses were also sought on the proposed approaches to change ways of working and to save money or generate income. The detailed ideas will be analysed further and used to inform the future development of income and savings options.

QB1: To what extent do you support the council raising its share of council tax by 2.05 per cent in 2017-18 and using that money to protect key services in the future?

| | |
|----------------------------|--------|
| Strongly agree | 29.66% |
| Agree | 25.05% |
| Neither agree nor disagree | 10.28% |
| Disagree | 9.64% |
| Strongly disagree | 23.66% |
| Don't know | 1.71% |

In total, **55.71%** support this, against 33.30% who were against it.

QC1: Do you agree the council should continue to increase 'applicable amounts' for the scheme to protect those on low incomes?

| | |
|------------|--------|
| Yes | 60.96% |
| No | 25.80% |
| Don't know | 13.24% |

QC2: Do you agree we should allow a Universal Credit claimant to remain eligible for CTRS during a period when they are not receiving Universal Credit?

| | |
|------------|--------|
| Yes | 48.74% |
| No | 31.74% |
| Don't know | 19.52% |

QC3: Do you agree we should reduce the backdating of CTRS from six to two months?

| | |
|------------|--------|
| Yes | 56.65% |
| No | 24.31% |
| Don't know | 19.04% |

QC4. Do you agree we should change CTRS to match recent changes in housing benefit regulations for applicants temporarily living away from Great Britain?

| | |
|------------|--------|
| Yes | 0.89% |
| No | 17.22% |
| Don't know | 21.89% |

APPENDIX 2

Movements in budget 2017-18 by type

Table A2.1: Adjustments to base budgets

| Adjusted Base / Transfers | £000s |
|--|----------------|
| Change to the GF contribution to/from reserves (per MTFS) | (1,140) |
| Revenue contribution to capital for Disabled Facilities Grants | 300 |
| Revenue contribution to capital programme | 250 |
| Planned decrease in contingency | (124) |
| Changes to non-central departmental recharge changes | (256) |
| Changes to Central Departmental Support recharges | (526) |
| Total Adjusted Base / Transfers | (1,496) |

Table A2.2: Growth and Inflation

| Inflation | £000s |
|---|--------------|
| Contract/expenditure inflation | 378 |
| Staff salary inflation and increments | 285 |
| Pension added years inflationary adjustment and deficit inflationary adjustment | 511 |
| Total Growth and Inflation | 1,174 |

Table A2.3: Grant Changes

| Grant changes | £000s |
|--|--------------|
| Reduction in New Homes Bonus | 1,091 |
| Removal of PFI grant | 1,429 |
| Reduction in Housing Benefit Admin grant | 66 |
| Movement in budgeted Local Council Tax Support Grant | -3 |
| DWP New Burdens grant | -8 |
| Total Grant Changes | 2,575 |

Table A2.4: Transformation Savings/Income

| Transformation Savings/Income | £000s |
|--------------------------------------|----------------|
| See Appendix 3 for further detail | (3,287) |
| | (3,287) |

Table A2.5: Transformation Growth

| Growth | £000s |
|---|--------------|
| Reduction in interest income | 300 |
| Impact of business rates revaluation | 363 |
| Contribution to earmarked insurance reserve | 99 |
| Apprenticeship levy | 90 |
| Impact of licensing loss of income (legal ruling) | 60 |
| Increased cost of Local Plan development | 50 |
| Investment for regeneration | 50 |
| Riverside Mgt Fee | 21 |
| Additional internal audit days | 15 |
| Increase in MRP charges | 87 |
| Total Transformation Growth | 1,135 |

Table A2.6: Other Savings/Income

| Other Savings/Income | £000s |
|---|--------------|
| Additional Income (individually under £10k) | (27) |
| Savings (individually under £10k) | (42) |
| Total Other Savings/Income | (69) |

APPENDIX 3

Transformation Plan 2017-18 to 2018-19

| No. | Service Area | Description of key savings / income projects | 2017-18 £'000 | 2018-19 £'000 |
|-----|----------------------------------|--|------------------|------------------|
| 1 | Neighbourhoods | Introduce a collection charge for hazardous waste collections | (4) | |
| 2 | Neighbourhoods | Increase subscription charges for the garden waste collection service | (11) | (11) |
| 3 | Neighbourhoods | Cemeteries service provision | (50) | (50) |
| 4 | Neighbourhoods | Increase charges for bulky waste collections | (2) | (2) |
| 5 | Neighbourhoods | Reduce costs of street cleansing service | (69) | |
| 6 | Neighbourhoods | Remove Geographic Information System post from establishment as work covered by other posts | (8) | |
| 7 | Neighbourhoods | Extending access by replacing grass tennis courts with 4 all-weather courts | | (42) |
| 8 | Neighbourhoods | Introduction of footgolf at Mousehold | (8) | |
| 9 | Neighbourhoods | Review of facilities within parks, open spaces and play areas | | (125) |
| 10 | Neighbourhoods | Review of Citywide recharges between the General Fund and HRA | (50) | |
| 11 | Neighbourhoods | Increasing profit margin from joint venture | (5) | (5) |
| 12 | Neighbourhoods | Increase market rental income | (119) | |
| 13 | Neighbourhoods | Improved self-serve for licensing processes | (34) | |
| 14 | Neighbourhoods | Selling Food Hygiene/Health & Safety courses and new business advice | | (5) |
| 15 | Neighbourhoods | No inflation for joint venture | (120) | (120) |
| 16 | Neighbourhoods | Reduce litter bin budget | (10) | |
| 17 | Neighbourhoods | Charge full cost for pest control treatments | (5) | (5) |
| 18 | Regen & Growth | City growth and development revenue cost reduction | (36) | |
| 19 | Regen & Growth | Mile Cross Business Centre cost reduction | (56) | |
| 20 | Regen & Growth | Economic development unit projects | | (85) |
| 21 | Regen & Growth | Investment property income growth | (75) | (150) |
| 22 | Regen & Growth | Reduce public lighting costs | (40) | |
| 23 | Regen & Growth | Development of Threescore phase 2 for mixture of private sale, private rent and social rent property | (123) | (57) |
| 24 | Regen & Growth | Income from new Rose Lane multi-storey car park | (180) | (184) |
| 25 | Regen & Growth | Increased income from car parks and potential new car parks | | (272) |
| 26 | Regen & Growth | Housing improvement cost recovery | (12) | |
| 27 | Regen & Growth | Energy Performance | (50) | |
| 28 | Customers, Comms & Culture | Norman Centre income | (6) | (6) |
| 29 | Regen & Growth | Increase in planning consultancy income | (22) | |
| 30 | Business Services | Reduce ICT development budget | (100) | |

| No. | Service Area | Description of key savings / income projects | 2017-18 £'000 | 2018-19 £'000 |
|-----|-------------------|---|------------------|------------------|
| 31 | Business Services | Review of partnership costs across all areas | (350) | (150) |
| 32 | Business Services | Increase trading of joint venture | (40) | (20) |
| 33 | Business Services | Webcapture project | (55) | |
| 34 | Business Services | Democratic services and elections re-organisation | (41) | |
| 35 | Business Services | Housing benefit subsidy rebate | (130) | |
| 36 | Business Services | Removal of one-off network cost incurred in 16/17 | (100) | |
| 37 | Business Services | Reduced training budget | (5) | |
| 38 | Business Services | Recruitment | (10) | |
| 39 | Business Services | HR Supplies and services | (5) | (7) |
| 40 | Cross-cutting | Overall review of joint venture working | (81) | (65) |
| 41 | Cross-cutting | Review of fees and charges | | (60) |
| 42 | Cross-cutting | Advertising income | (52) | |
| 43 | Cross-cutting | Organisational review | (33) | |
| 44 | Cross-cutting | Customer contact and service standards model | (250) | (250) |
| 45 | Cross-cutting | Fleet review | (24) | |
| 46 | Cross-cutting | Carbon management programme and night watchman | (35) | (35) |
| 47 | Cross-cutting | Accommodation and work styles | (84) | |
| 48 | Cross-cutting | Vacancy management | (150) | |
| 49 | Cross-cutting | Savings in property and property management costs | | (300) |
| 50 | Cross-cutting | Management savings | | (100) |
| 51 | Cross-cutting | Specialist technical services | | (50) |
| 52 | Cross-cutting | Streamlining of processes | | (300) |
| 53 | Regen & Growth | Increase rental income | (41) | |
| 54 | Regen & Growth | Additional income for highways activity and staff | (38) | |
| 55 | Cross-cutting | Council tax in year collection | | (30) |
| 56 | | Appendix 5 items | (568) | (369) |
| | | Total Savings/Additional Income | (3,287) | (2,855) |

| | | | | |
|--|--|-----------------------|--------------|------------|
| | | Assumed Growth | 1,135 | 750 |
|--|--|-----------------------|--------------|------------|

| | | | | |
|--|--|---|--------------|--|
| | | Council tax increase and improved collection | (184) | |
|--|--|---|--------------|--|

| | | | | |
|--|--|-------------------|----------------|----------------|
| | | Net Saving | (2,336) | (2,105) |
|--|--|-------------------|----------------|----------------|

Calculation of prudent minimum balance

| Estimate of prudent level of General Fund reserves 2016-17 | | | | Page 1/2 |
|---|----------------------|-----------------------|-------------|------------------|
| <u>Description</u> | <u>Level of risk</u> | <u>Amount at risk</u> | <u>Risk</u> | |
| Employee Costs | Medium | 20,188,816 | 40,378 | |
| Premises Costs | Medium | 10,681,096 | 40,054 | |
| Transport Costs | Medium | 278,046 | 1,564 | |
| Supplies & Services | Medium | 16,420,848 | 246,313 | |
| Third Party Payments | Medium | 4,993,739 | 37,453 | |
| Transfer Payments | Medium | 62,283,699 | 186,851 | |
| Receipts | Medium | -25,180,289 | 132,197 | |
| Grants & Contributions | Low | -65,835,243 | 98,753 | |
| Total One Year Operational Risk | | | | 783,562 |
| Allowing three years cover on operational risk | | | | 2,350,686 |
| 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 | | | | 4,160,686 |

Operational cost risk profiles

| | | <i>Low Risk</i> | <i>Med Risk</i> | <i>High Risk</i> |
|------------------------|--|---------------------------|----------------------------|----------------------------|
| Employee Costs | overspend probability amount at risk | 1.00% 15.0% 30,283 | 2.00% 10.0% 40,378 | 3.00% 5.0% 30,283 |
| Premises Costs | overspend probability amount at risk | 2.50% 10.0% 26,703 | 5.00% 7.5% 40,054 | 7.50% 5.0% 40,054 |
| Transport Costs | overspend probability amount at risk | 5.00% 10.0% 1,390 | 7.50% 7.5% 1,564 | 10.00% 5.0% 1,390 |
| Supplies & Services | overspend probability amount at risk | 5.00% 20.0% 164,208 | 10.00% 15.0% 246,313 | 15.00% 10.0% 246,313 |
| Third Party Payments | overspend probability amount at risk | 5.00% 10.0% 24,969 | 10.00% 7.5% 37,453 | 15.00% 5.0% 37,453 |
| Transfer Payments | overspend probability amount at risk | 1.00% 25.0% 155,709 | 2.00% 15.0% 186,851 | 3.00% 10.0% 186,851 |
| Receipts | shortfall probability amount at risk | 2.00% 25.0% 125,901 | 3.50% 15.0% 132,197 | 5.00% 10.0% 125,901 |
| Grants & Contributions | shortfall probability amount at risk | 1.00% 15.0% 98,753 | 1.50% 10.0% 98,753 | 2.00% 5.0% 65,835 |

General fund revenue budget and capital programme 2017-18 – Statutory Council Tax Resolution

The Council is recommended to resolve as follows:

1. That the Chief finance officer has estimated the Council Tax Base 2017-18 for the whole Council area as 35,067 [Item T in the formula in Section 33(1) of the Local Government Finance Act 1992, as amended (the 'Act')] and,
2. To calculate that the Council Tax requirement for the Council's own purposes for 2017-18 (excluding Parish precepts) is £8,732,034
3. That the following amounts be calculated for the year 2017-18 in accordance with Sections 32 to 36 of the Act:
 - (a) £203,418,923 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a)-(e) of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £194,686,889 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a)-(c) of the Act.
 - (c) £8,732,034 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 32(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 33(1) of the Act)
 - (d) £249.01 being the amount at 3(c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - (e) 0 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
 - (f) £249.01 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1 above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
4. That it be noted that for the year 2017-18 the Norfolk County Council and the Police & Crime Commissioner for Norfolk have issued precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated in the table below.

| Band | A | B | C | D | E | F | G | H |
|--------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| County | £831.96 | £970.62 | £1,109.28 | £1,247.94 | £1,525.26 | £1,802.58 | £2,079.90 | £2,495.88 |
| Police | £144.78 | £168.91 | £193.04 | £217.17 | £265.43 | £313.69 | £361.95 | £434.34 |

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2017-18 for each part of its area and for each of the categories of dwellings.

| Band | A | B | C | D | E | F | G | H |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| City | £166.01 | £193.67 | £221.34 | £249.01 | £304.35 | £359.68 | £415.02 | £498.02 |
| County | £831.96 | £970.62 | £1,109.28 | £1,247.94 | £1,525.26 | £1,802.58 | £2,079.90 | £2,495.88 |
| Police | £144.78 | £168.91 | £193.04 | £217.17 | £265.43 | £313.69 | £361.95 | £434.34 |
| Total | £1,142.75 | £1,333.20 | £1,523.66 | £1,714.12 | £2,095.04 | £2,475.95 | £2,856.87 | £3,428.24 |

6. To determine in accordance with Section 50 Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2017-18 is not excessive in accordance with principles approved by the Secretary of State under Section 54.