

### **Scrutiny committee**

**Date:** Thursday, 25 January 2018

**Time:** 16:30

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

#### **All group pre-meeting briefing – 16:00 Mancroft Room**

This is for members only and is not part of the formal scrutiny committee meeting which will follow at 16:30. The pre-meeting is an opportunity for the committee to make final preparations before the start of the formal meeting. The public will not be given access to the Mancroft room before 16:30.

#### **Committee members:**

##### **Councillors:**

Wright (chair)  
Brociek-Coulton (vice chair)  
Bogelein  
Bradford  
Bremner  
Coleshill  
Grahame  
Haynes  
Jones (B)  
Manning  
Malik  
Ryan  
Thomas (Va)

#### **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

### Page nos

#### 1 Apologies

To receive apologies for absence

#### 2 Public questions/petitions

To receive questions / petitions from the public

Please note that all questions must be received by the committee officer detailed on the front of the agenda by **10am on Monday 22 January 2018**

Petitions must be received must be received by the committee officer detailed on the front of the agenda by **10am on Wednesday 24 January 2018**

For guidance on submitting public questions or petitions please see appendix 1 of the council's constitution.

#### 3 Declarations of interest

(Please note that it is the responsibility of individual members to declare an interest prior to the item if they arrive late for the meeting)

#### 4 Minutes

7 - 12

To agree the accuracy of the minutes of the meeting held on 14 December 2017.

#### 5 Update of the representative on the Norfolk Health Overview and Scrutiny Committee (verbal update)

**Purpose** - To note the work of the NHOSC and comment on any implications for Norwich residents for the representative to take to the next NHOSC meeting.

#### 6 Scrutiny committee work programme 2017-18

13 - 30

**Purpose** - To note the scrutiny committee work programme 2017-18 and to provide a scope for outstanding items.

#### 7 Environmental strategy progress update

31 - 56

**Purpose** - To determine any recommendations to cabinet on the delivery of the council's Environmental Strategy 2015-18

- 8 Access to justice - recommendations**  
**Purpose** - For members to consider the evidence around access to justice heard at the meeting of the scrutiny committee on 23 November 2017 and to formulate any recommendations.
- 9 Pre-scrutiny of the proposed budget 2018-19** **57 - 116**  
**Purpose** - To determine any recommendations to cabinet on the proposed budgets for 2018-19
- 10 Exclusion of the public**  
Consideration of exclusion of the public.
- \*11 Pre-scrutiny of the proposed budget 2018-19 - Exempt appendix**
- 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: **Wednesday, 17 January 2018**

- T** is this, the right **TIME** to review the issue and is there sufficient officer time and resource available?
- O** what would be the **OBJECTIVE** of the scrutiny?
- P** can **PERFORMANCE** in this area be improved by scrutiny input?
- I** what would be the public **INTEREST** in placing this topic onto the work programme?
- C** will any scrutiny activity on this matter contribute to the council's activities as agreed to in the **CORPORATE PLAN**?

Once the TOPIC analysis has been undertaken, a joint decision should then be reached as to whether a report to the scrutiny committee is required. If it is decided that a report is not required, the issue will not be pursued any further. However, if there are outstanding issues, these could be picked up by agreeing that a briefing email to members be sent, or other appropriate action by the relevant officer.

If it is agreed that the scrutiny request topic should be explored further by the scrutiny committee a short report should be written for a future meeting of the scrutiny committee, to be taken under the standing work programme item, so that members are able to consider if they should place the item on to the work programme. This report should outline a suggested approach if the committee was minded to take on the topic and outline the purpose using the outcome of the consideration of the topic via the TOPIC analysis. Also the report should provide an overview of the current position with regard to the topic under consideration.

By using the flowchart, it is hoped that members and officers will be aided when giving consideration to whether or not the item should be added to the scrutiny committee work programme. This should help to ensure that the scope and purpose will be covered by any future report. The outcome of this should further assist the committee and the officers working with the committee to be able to produce informed outcomes that are credible, influential with SMART recommendations.

**Specific, Measurable, Attainable, Relevant and Time-bound**

## Scrutiny committee and a protocol for those attending meetings of the scrutiny committee

- All scrutiny committee meetings will be carried out in a spirit of mutual trust and respect
- Members of the scrutiny committee will not be subject to whipping arrangements by party groups
- Scrutiny committee members will work together and will attempt to achieve evidence based consensus and recommendations
- Members of the committee will take the lead in the selection of topics for scrutiny
- The scrutiny committee operates as a critical friend and offers constructive challenge to decision makers to support improved outcomes
- Invited attendees will be advised of the time, date and location of the meeting to which they are invited to give evidence
- The invited attendee will be made aware of the reasons for the invitation and of any documents and information that the committee wish them to provide
- Reasonable notice will be given to the invited attendee of **all** of the committees requirements so that these can be provided for in full at the earliest opportunity (there should be no nasty surprises at committee)
- Whenever possible it is expected that members of the scrutiny committee will share and plan questioning with the rest of the committee in advance of the meeting
- The invited attendee will be provided with copies of **all relevant** reports, papers and background information
- Practical arrangements, such as facilities for presentations will be in place. The layout of the meeting room will be appropriate
- The chair of the committee will introduce themselves to the invited attendee before evidence is given and; all those attending will be treated with courtesy and respect. The chair of the committee will make sure that all questions put to the witness are made in a clear and orderly manner





**SCRUTINY COMMITTEE**

**16:30 to 17:40**

**14 December 2017**

Present: Councillors Wright (chair), Brociek-Coulton (vice chair), Bremner, Coleshill, Grahame, Haynes, Jones (B), Malik, Manning and Ryan.

Apologies: Councillors Bradford, Bogelein and Thomas (Va).

**1. Public questions/petitions**

No public questions or petitions were received.

**2. Declarations of interest**

There were no declarations of interest.

**3. Minutes**

**RESOLVED** to approve the accuracy of the minutes of the meeting held on 23 November 2017.

**4. Update of the representative on the Norfolk Health Overview and Scrutiny committee (NHOSC)**

The representative summarised the outcomes and actions from the NHOSC meeting of 7 December 2017 and said she would circulate this report to the committee along with the forward plan.

In response to a question from a member the NHOSC representative agreed to circulate the figures listing what each Clinical Commissioning Group spent on mental health services.

**RESOLVED** to note the update from the NHOSC representative.

## **5. Scrutiny committee work programme 2017-18**

The chair provided an update on a scrutiny conference he had attended at the Centre for Public Scrutiny in London.

The leader and chief executive of Rotherham Council spoke at the conference and said that lack of appropriate scrutiny contributed to the child sexual exploitation issues that they had experienced.

Clive Betts MP, who sat on the communities and local government scrutiny select committee, suggested that when councils were agreeing contracts with external providers, they could negotiate that officers from these suppliers be available to attend scrutiny committee if requested.

The chair reflected that the committee was doing well in terms of looking at bigger issues and had good representation from senior offices attending. He noted an area for development was to balance the focus on external areas of scrutiny with internal areas.

The chair presented the report on the work programme.

The Private Rented Sector (PRS) was on the programme for February and the chair asked for suggestions on the scope.

A member suggested that as a large number of occupants in the PRS were students or former students, the committee could hear from the University of East Anglia's (UEA) student union to understand the work they are undertaking within the sector.

The director of customers and culture said in response to a question that the building regulations update on cladding in terms of safety and had not been published. There was an update on work on these blocks and she would circulate this.

Members noted that it would be interesting to follow up on the progress of the recently introduced landlord accreditation scheme. It would be useful to hear from the UEA student union and also suggested a representative from a landlord association such as the Eastern Landlords Association be invited. A member suggested looking at student blocks, plans for those being built or those already built especially in the city centre.

The chair commented that Universal Credit would be pivotal especially how landlords interacted with existing and new tenants who were claiming it.

A member suggested asking St. Martin's Housing Trust for an update on how easily people were able to access the PRS.

The strategy manager said that to look at an achievable scope which was meaningful in the context of one meeting, the committee could consider looking at the landlord accreditation scheme and use this as starting point for looking at the PRS. This could include an update on how the scheme was progressing and at the issues that it was attempting to address.



The strategy manager provided an update on the scrutiny committee's recommendation to cabinet on the city access charter. This would now go to officers to consider and return to cabinet for consideration and would be brought back to scrutiny.

A member asked if officers would work with the Norwich Access group. The director of customers and culture said that the charter was in development but needed to be pulled into a draft document and then consulted on. In response to a question from a member, the director of customers and culture said the council could consult widely and that specific timings were not in place yet but she anticipated this would take place before the end of the civic year.

**RESOLVED to:**

- (1) note the work programme 2017-18; and
- (2) to agree the scope for the Private Rented Sector would be to look at the landlord accreditation scheme, including an update on how the scheme was progressing and the issues that it was attempting to address.

## **6. Draft corporate performance measures**

The strategy manager presented the report. He stated that the majority of measures were recommended to stay the same in order that a comparison with previous year's data could be made.

The new local area survey methodology had changed; previously it was a phone based survey at the end of a customer's contact with the council's customer contact centre. It was now a text based survey sent to a wider pool of residents. The targets based on the old methodology were no longer appropriate and new targets were proposed that reflected the change in methodology.

In response to a question from a member the strategy manager advised that telephone numbers used to text residents were provided via the CIVICA system which recorded contacts with the council across different services. The former system was disproportionately disposed to council tenants as it was they who were contacting the council and the new text based service got to a broader representation of residents.

In response to a member's question the strategy manager advised that whilst the target VFM9 (Delivery of local democracy engagement plan) was being deleted, this was a target which referred to activities which took place during local democracy week. These events would still take place but would not form part of the corporate plan.

**RESOLVED to:**

- (1) note the report; and

(2) to recommend the draft corporate measures 2018-19 to council for approval.

## **7. Draft Equality Information Report**

The strategy manager presented the report. The equality information report was to be published by the end of January 2018 which was a statutory requirement to comply with the council's duties under the Public Sector Equality Act.

Most of the data had not shifted much from last year. However, there was a widening gender gap in the median income of residents, with male wage levels being higher than females. Norwich residents median income levels were behind both those for the region and nationally.

Norfolk Constabulary provided the figures on hate crime. They had changed how these are recorded and therefore comparison with last year were not straightforward. The committee noted that there was a spike in incidents recorded during the Brexit referendum.

In response to a question from a member the director of customers and culture said that the council's HR department were trying a number of methods to increase representation from Black and Minority Ethnic (BAME) community on the workforce. She noted that it might be that the nature of the jobs available at the council did not match the communities' skillset. BAME's were well represented in highly skilled roles with the NHS for example.

In response to a question from a member the strategy manager advised the report did not cover figures for staff who were carers as this was not a protected characteristic within the equalities act.

It was noted that it was a Police Community Support Officer's (PCSO) role to report on hate crime issues and complete work in this area, the committee questioned how this work would be completed with the removal of PCSOs in Norfolk and asked officers to provide an update on this.

In response to a question the strategy manager confirmed that race and nationality were protected characteristics within the Equality Act and therefore when a crime was reported if the individual felt nationality played a role in the crime it would be recorded as a hate crime.

**RESOLVED** to note the draft equality information report.

## **8. Access to justice**

Due the leader member for this item sending apologies for the meeting, members agreed to take this item at the January meeting.

**RESOLVED** to defer consideration of 'Access to justice – recommendations' to the scrutiny committee meeting on 25 January 2018.

## **9. Emerging position on the 2018-19 Budget and Medium Term Financial Strategy (MTFS) and HRA Business Plan**

The chief finance officer presented the report.

She emphasised that this was the emerging budget position rather than a draft and was subject to change. The figures for local government settlement were not yet available. The draft budget report would be available in January by which time there would be an additional two months data and figures would therefore change. In particular, years three, four and five were very provisional as confirmation was awaited on business rates, local government review and fairer funding. The report currently assumed the status quo.

She reminded members that the report should be read in conjunction with the chief executive's report 'Fit for The Future' which was considered by cabinet on 13 December 2017.

**RESOLVED** to note the Emerging position on the 2018-19 Budget and Medium Term Financial Strategy (MTFS) and HRA Business Plan.

## **10. Exclusion of the public.**

**RESOLVED** to exclude the public from the meeting during consideration of item \*10 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

### **\*10. Emerging position on the 2018-19 Budget and Medium Term Financial (MTFS) and HRA Business Plan (Paragraph 3)**

The committee discussed the service efficiencies relating to the budget which had been tabled at the meeting.

In response to a question the director of customers and culture said that the information could be presented differently to members. The chair reminded the committee that the information was presented in a short timeframe and that the budget report was a work in progress.

**RESOLVED** to note the Emerging position on the 2018-19 Budget and Medium Term Financial Strategy (MTFS) and HRA Business Plan.

CHAIR



**Norwich City Council**  
**SCRUTINY COMMITTEE**

## **Item No 6**

**REPORT for meeting to be held on 25 January 2018**

### **Work Programme for 2017-18**

**Summary:** The purpose of this report is to provide an update to members on the items on the scrutiny work programme for the remainder of 2017-18 to support them in agreeing scopes for these.

**Conclusions:** The work programme is appended to this report. It is proposed that any discussion is a whole committee discussion based on this documentation, to assist members in providing a clear scope for the items on future agendas to facilitate robust scrutiny.

**Recommendation:** To agree items and how these will be scoped and prepared for the remaining meetings of 2017-18.

**Contact Officers:** Adam Clark, Strategy manager,  
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Lucy Palmer  
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[lucypalmer@norwich.gov.uk](mailto:lucypalmer@norwich.gov.uk)

## **Items for 2017-18**

1. The attached appendix A shows the work programme as it currently stands, with items that have been assigned to future meetings. Members are encouraged to discuss the scope for the following item so that officers can undertake appropriate background work:

**Review of the council's enforcement service:** This is currently scheduled for 22 March 2018, members are invited to comment and establish what background information they require, and which officers they would like to attend for the item.

## Scrutiny committee work programme 2017 – 2018

<b>DATE OF MEETING</b>	<b>TOPIC FOR SCRUTINY</b>	<b>RESPONSIBLE OFFICER, CABINET, PORTFOLIO HOLDER, COUNCILLOR,</b>	<b>SCOPE – REASON FOR TOPIC REQUEST and OUTCOME SOUGHT</b>
13 July 2017	<b>Setting of the work programme</b>	Beth Clark (Scrutiny liaison officer), Cllr Wright	To assist committee members in setting the work programme for 2017/18
13 July 2017	<b>Quarterly performance report</b>	Adam Clark (Strategy manager)	To consider if there are any measures within report to consider for future analysis and how the committee would like to scrutinise corporate performance in the future
21 September 2017	<b>Update from 20th July and 7th September meetings of the Norfolk Health and Overview Scrutiny Committee</b>	Cllr Brociek-Coulton	For the committee to note the work of NHOSC and comment on any implications for Norwich residents for the rep to take back to the next NHOSC meeting.
21 September 2017	<b>Pre-scrutiny of the proposed budget consultation</b>	Nikki Rotsos (Director of communications and culture)	To look at the proposed approach to engaging residents and other stakeholders in the development of the council's vision and strategy for 2019-2022 as well as the 2018-19 budget and transformation programme.
21 September 2017	<b>The cooperative agenda in local government</b>	Cllr Herries	To agree areas for further review and to consider identifying a suitable time for an all members briefing/workshop about co-operatives.

## Scrutiny committee work programme 2017 – 2018

<b>DATE OF MEETING</b>	<b>TOPIC FOR SCRUTINY</b>	<b>RESPONSIBLE OFFICER, CABINET, PORTFOLIO HOLDER, COUNCILLOR,</b>	<b>SCOPE – REASON FOR TOPIC REQUEST and OUTCOME SOUGHT</b>
19 October 2017	<b>Health inequality in Norwich</b>	Adam Clark (Strategy manager)	Review of health inequality in Norwich and the role of the city council
23 November 2017	<b>Access to justice</b>	Cllr Thomas	The impact of legal aid cuts, changes to tribunal fees, debt, impact of cuts to probation/prisons/courts. The city council commissions advice services which provide elements of legal advice and how these work in Norwich
23 November 2017	<b>Update from 26th October meeting of the Norfolk Health and Overview Scrutiny Committee</b>	Cllr Brociek-Coulton	For the committee to note the work of NHOSC and comment on any implications for Norwich residents for the rep to take back to the next NHOSC meeting.
14 December 2017	<b>Update from 7<sup>th</sup> December meeting of the Norfolk Health and Overview Scrutiny Committee</b>	Cllr Brociek-Coulton	For the committee to note the work of NHOSC and comment on any implications for Norwich residents for the rep to take back to the next NHOSC meeting.
14 December 2017	<b>Corporate plan and performance framework</b>	Adam Clark (Strategy manager)	Members to submit questions in advance by Monday 11 December. To consider amendments to corporate performance KPIs



## Scrutiny committee work programme 2017 – 2018

<b>DATE OF MEETING</b>	<b>TOPIC FOR SCRUTINY</b>	<b>RESPONSIBLE OFFICER, CABINET, PORTFOLIO HOLDER, COUNCILLOR,</b>	<b>SCOPE – REASON FOR TOPIC REQUEST and OUTCOME SOUGHT</b>
14 December 2017	<b>Equality information report</b>	Adam Clark (Strategy manager)	Members to submit questions in advance by Monday 11 December. Pre scrutiny of the report before it goes to cabinet.
14 December 2017	<b>Emerging position on the 2018/19 budget and MTFS</b>	Karen Watling (Chief finance officer)	Members to submit questions in advance by Monday 11 December. To note latest financial forecasts, savings options and capital plans which will inform budget setting for 2018/19.
14 December 2017	<b>Access to justice: recommendations</b>	Cllr Vaughan Thomas	To agree recommendations following the evidence given at the November meeting
25 January 2018	<b>Update from 11th January meeting of the Norfolk Health and Overview Scrutiny Committee</b>	Cllr Brociek-Coulton	For the committee to note the work of NHOSC and comment on any implications for Norwich residents for the rep to take back to the next NHOSC meeting.
25 January 2018 <b>BELOW THE LINE</b>	<b>Scrutiny of the proposed budget, MTFS, and transformation programme</b>	Karen Watling (Chief finance officer), Helen Chamberlin (Head of strategy and transformation)	To make suggestions to cabinet regarding the proposed budget's ability to deliver the council's overarching policy.  This report is not for publication because it

## Scrutiny committee work programme 2017 – 2018

DATE OF MEETING	TOPIC FOR SCRUTINY	RESPONSIBLE OFFICER, CABINET, PORTFOLIO HOLDER, COUNCILLOR,	SCOPE – REASON FOR TOPIC REQUEST and OUTCOME SOUGHT
			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.
25 January 2018	<b>Environmental strategy (yearly update)</b>	Richard Willson (Environmental strategy manager)	Identification of any issues to consider and note successes and progress reported in the progress statement. Members to submit questions in advance by Friday 19 January.
22 February 2018	<b>Update from 22 February meeting of the Norfolk Health and Overview Scrutiny Committee</b>	Cllr Brociek-Coulton	For the committee to note the work of NHOSC and comment on any implications for Norwich residents for the rep to take back to the next NHOSC meeting.
22 February 2018	<b>The private rented sector</b>	Paul Swanborough	To be agreed
22 March 2018	<b>Review of the council's enforcement service</b>	Bob Cronk, Adrian Akester	To be agreed
22 March 2018	<b>Annual review of the scrutiny committee</b>	Adam Clark	To agree the annual review of the scrutiny committee's work 2017 to 2018 and recommend it for adoption of the council

# FORWARD AGENDA: CABINET and COUNCIL MEETINGS 2017 - 2018

ALLOCATED ITEMS						
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Exempt?
<b>CABINET 17 JAN 2018</b>	Fire safety in the council's hi-rise tower blocks	To report to cabinet the recommendations from the fire safety checks undertaken in the council's hi-rise tower blocks	Cllr Harris Bob Cronk Dave Shaw		Bob Cronk	NO
<b>CABINET 17 JAN 2018</b>	Review of the corporate risk register and policy	To update members on the results of the key risks facing the council and the associated mitigating actions, recorded in the council's corporate risk register	Cllr Kendrick Karen Watling		Karen Watling	NO
<b>CABINET 17 JAN 2018</b>	Budget monitoring 2017/18 period 8	To update Cabinet on the provisional financial position as at 30 November 2017, for the General Fund revenue budget, the Housing Revenue Account and the capital programme	Cllr Kendrick Karen Watling		Karen Watling	NO
<b>CABINET 17 JAN 2018</b>	Treasury management mid-year review 2017/18	To update members on the Treasury Management performance for the financial year to 30 September 2017	Cllr Kendrick Karen Watling		Karen Watling	NO
<b>CABINET 17 JAN 2018</b>	Equality Information Report	To consider the annual equality information report	Cllr Davis Adam Clark		Adam Clark	NO
<b>CABINET 17 JAN 2018</b>	Managing assets (housing) – <b>KEY DECISION</b>	To seek approval for the disposal of the council owned assets described in the report	Cllr Harris Andy Watt		Bob Cronk	YES (Para 3)
<b>CABINET</b>	Managing assets (non	To seek approval for disposal of the	Cllr Kendrick		Dave	YES

ALLOCATED ITEMS						
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Exempt?
17 JAN 2018	housing) – <b>KEY DECISION</b>	council owned assets described in the report.	Andy Watt		Moorcroft	(Para 3)
COUNCIL JAN 23 2018	Treasury management mid-year review 2017/18	To update members on the Treasury Management performance for the financial year to 30 September 2017 and seek approval for changes to the policy.	Cllr Kendrick Karen Watling		Karen Watling	NO
CABINET FEB 07 2018	Report of the chair of the scrutiny committee	To consider the recommendations from the scrutiny committee	Cllr Kendrick Adam Clark Cllr Wright		Adam Clark	NO
CABINET FEB 07 2018	Corporate plan and performance	To consider amendments to corporate performance KPIs	Cllr Waters Adam Clark		Laura McGillivray	NO
CABINET FEB 07 2018	Greater Norwich Infrastructure Investment Plan	To approve the Greater Norwich 5 year Infrastructure investment plan 2018/19.	Cllr Waters Gwyn Jones		Dave Moorcroft	NO
CABINET FEB 07 2018	Council tax reduction scheme 2018-19	To consider and recommend to council a council tax reduction scheme for 2018- 19	Cllr Karen Davis – social inclusion  Anton Bull – Director of business services		Anton Bull	No
CABINET FEB 07 2018	2018/19 budget report and Medium Term Financial Strategy (MTFS).	To recommend to council the 2018/19 budget and the MTFS for the general fund, housing revenue account and capital programme.	Cllr Kendrick Karen Watling		Karen Watling	
CABINET FEB 07 2018	Treasury management strategy 2018/19	To recommend to council the capital prudential indicators and limits, the borrowing strategy, the treasury prudential indicators, the minimum	Cllr Kendrick Karen Watling		Karen Watling	

ALLOCATED ITEMS						
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Exempt?
		revenue provision.				
<b>CABINET FEB 07 2018</b>	Norfolk Strategic Framework	To report back on public consultation and seek adoption of the Norfolk Strategic Framework	Cllr Stonard Dave Moorcroft Graham Nelson		Dave Moorcroft	NO
<b>CABINET FEB 07 2018</b>	Procurement of various housing upgrades and maintenance contracts – <b>KEY DECISION</b>	To consider the procurement of various housing upgrades and to seek approval to place the orders	Cllr Harris Bob Cronk Carol Marney		Bob Cronk	NO
<b>CABINET FEB 07 2018</b>	Enforcement of stationary engine idling offences – <b>KEY DECISION</b>	To seek approval to apply to become a designated local authority for the purpose of issuing fixed penalties notices (FPNs) for stationary engine idling offences.	Cllr Stonard Dave Moorcroft Andy Watt		Dave Moorcroft	NO
<b>CABINET FEB 07 2018</b>	Renewal of the highways agency agreement with Norfolk County Council – <b>KEY DECISION</b>	To agree to amend the current highways agency agreement between Norfolk county council and Norwich city council and to extend it for one year until 1 April 2020. Also to ask officers to negotiate a new highways agency agreement starting no later than 1 April 2020	Cllr Stonard Dave Moorcroft Andy Watt		Dave Moorcroft	NO
<b>CABINET FEB 07 2018</b>	Managing assets (housing) – <b>KEY DECISION</b>	To seek approval for the disposal of the council owned assets described in the report.	Cllr Harris Andy Watt		Bob Cronk	YES (Para 3)
<b>CABINET FEB 07 2018</b>	Managing assets (non housing) – <b>KEY DECISION</b>	To seek approval for disposal of the council owned assets described in the report.	Cllr Kendrick Andy Watt		Dave Moorcroft	YES (Para 3)

ALLOCATED ITEMS						
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Exempt?
<b>COUNCIL 20/27 FEB 2018</b>	2018/19 budget report and Medium Term Financial Strategy (MTFS).	To recommend to council the 2018/19 budget and the MTFS for the general fund, housing revenue account and capital programme.	Cllr Kendrick Karen Watling		Karen Watling	
<b>COUNCIL 20/27 FEB 2018</b>	Treasury management strategy 2018/19 (Corporate Plan update should also go if not taken earlier)	To recommend to council the capital prudential indicators and limits, the borrowing strategy, the treasury prudential indicators, the minimum revenue provision.	Cllr Kendrick Karen Watling		Karen Watling	
<b>COUNCIL 20/27 FEB 2018</b>	Council tax reduction scheme 2018-19	To consider the council tax reduction scheme for 2018-19	Cllr Karen Davis – social inclusion  Anton Bull – Director of business services		Anton Bull	No
<b>COUNCIL 20/27 FEB 2018</b>	Corporate plan and performance	To consider amendments to corporate performance KPIs	Cllr Waters Adam Clark		Laura McGillivray	NO
<b>CABINET MARCH 14 2018</b>	Report of the chair of the scrutiny committee	To consider the recommendations from the scrutiny committee	Cllr Kendrick Adam Clark Cllr Wright		Adam Clark	NO
<b>CABINET MARCH 14 2018</b>	Bethel Hospital Repairs Notice	To consider the possible service of a Repairs Notice or Notices under Section 48 of the Listed Buildings Act 1990 specifying those works considered reasonably necessary for the proper preservation of the Bethel Hospital complex of buildings	Cllrs Stonard and Herries Graham Nelson		Dave Moorcroft	NO

ALLOCATED ITEMS						
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Exempt?
<b>CABINET MARCH 14 2018</b>	Budget monitoring 2017/18 period 10	To update Cabinet on the provisional financial position as at 31 January 2018, the forecast outturn for the year 2017-18, the General Fund revenue budget, the Housing Revenue Account and the capital programme.	Cllr Kendrick Karen Watling		Karen Watling	NO
<b>CABINET MARCH 14 2018</b>	Proposed right off of bad debt (KEY DECISION)	The proposed write of debt deemed to be non recoverable.	Cllr Kendrick Karen Watling		Karen Watling	
<b>CABINET MARCH 14 2018</b>	Quarter 3 2017/18 quarterly performance report	To report progress against the delivery of the corporate plan priorities and key performance measures for quarter 3 of 2017/18	Councillor Waters Ben Foster		Adam Clark	NO
<b>CABINET MARCH 14 2018</b>	Energy White Label	To seek approval to award a contract for the provision of an Energy White Label.	Richard Willson		Dave Moorcroft	NO
<b>CABINET MARCH 14 2018</b>	The award of contract for agency workers – <b>KEY DECISION</b>	To consider delegating authority to award a contract to establish an agency workers framework	Paul Kendrick Anton Bull Dawn Bradshaw		Anton Bull	NO
<b>CABINET MARCH 14 2018</b>	Managing assets (housing) – <b>KEY DECISION</b>	To seek approval for the disposal of the council owned assets described in the report.	Cllr Harris Andy Watt		Bob Cronk	YES (Para 3)
<b>CABINET MARCH 14 2018</b>	Managing assets (non housing) – <b>KEY DECISION</b>	To seek approval for disposal of the council owned assets described in the report.	Cllr Kendrick Andy Watt		Dave Moorcroft	YES (Para 3)
<b>COUNCIL 20 MARCH</b>						

ALLOCATED ITEMS						
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Exempt?
2018						
<b>CABINET JUNE 13 2018</b>	Norwich Airport Industrial estate - procurement of a developer partner	To approve the brief for procurement of a developer partner	Cllr Stonard Andy Watt Gwyn Jones		Andy Watt	NO



## The scrutiny committee tracker 2017 – 2018

Completed  
Ongoing  
Not started

DATE OF MEETING	TOPIC FOR SCRUTINY	RESPONSIBLE OFFICER/LEAD MEMBER	SCRUTINY REQUEST	OUTCOMES OR CURRENT POSITION
6 April 2017	<b>Food poverty in Norwich</b>	Adam Clark, Cllr Maguire	Ask cabinet to consider;- (1) trying to access charitable trust funding to resource projects such as social supermarkets (2) developing a food poverty strategy to act as an umbrella document for existing actions (3) increasing awareness and availability of financial advice and early intervention (4) developing community led food literacy projects (5) increasing awareness of the Go4less cards which entitle residents to reduced allotment fees; and (6) linking older and socially isolated people with good food literacy skills with younger generations in need of such skills	A report was taken to cabinet on 13 September. Link to the agenda here: <a href="https://cmis.norwich.gov.uk/live/Meetingscalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/392/Committee/1/Default.aspx">https://cmis.norwich.gov.uk/live/Meetingscalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/392/Committee/1/Default.aspx</a>
22 June 2017	<b>City accessibility</b>	Bruce Bentley	Ask cabinet to formulate a city access charter and to extend consultations on such a charter to groups representing all disabilities including those with hidden disabilities.	This recommendation is part of a scrutiny report which is going to the cabinet meeting on 13 December.

## The scrutiny committee tracker 2017 – 2018

**Completed**  
**Ongoing**  
**Not started**

DATE OF MEETING	TOPIC FOR SCRUTINY	RESPONSIBLE OFFICER/LEAD MEMBER	SCRUTINY REQUEST	OUTCOMES OR CURRENT POSITION
13 July 2017	<b>Quarterly performance report</b>	Adam Clark	Ask the financial inclusion manager for some anecdotal evidence around timely access to debt advice,	The advice services in the FI consortium report that waiting times are variable and depend on a complex range of factors, including how urgent a case is e.g. if there are court dates or statutory time limits then these will be prioritised. However, overall, capacity is stretched within the social welfare advice sector; one proxy for this is that only around 50% of calls to the CAB advice line are currently answered, although this is improving.
13 July 2017			Ask the strategy manager to investigate why the performance target for measure FAC5 was so high; and	Response from Environmental Strategy Manager is that the 2016/17 performance above target was due to additional funding being available in 2016/17. Cosy City is fully dependent on government grants and/or funding from 3rd sector organisations. We are unlikely to see the same level of external grants and funding this year so we should not amend the target.

## The scrutiny committee tracker 2017 – 2018

Completed  
Ongoing  
Not started

DATE OF MEETING	TOPIC FOR SCRUTINY	RESPONSIBLE OFFICER/LEAD MEMBER	SCRUTINY REQUEST	OUTCOMES OR CURRENT POSITION
13 July 2017	<b>Quarterly performance report</b>		Ask the head of neighbourhood services to circulate any commentary captured around why residents felt unsafe.	Circulated to all scrutiny members by the scrutiny liaison officer.
13 July 2017			SCL05 – exceed target by 6% - what is the anomalous reason for over performance? Otherwise, should the target be raised to 96%? The committee also required why didn't expect of 100% of businesses to achieve safety compliance?	The Environmental Health Manager (Food & Safety) suggested that the target be raised to 94% to show how food businesses in Norwich compare to the National picture.
21 September 2017	<b>Pre-scrutiny of the proposed budget consultation</b>	Nikki Rotsos	Consider how best to involve members in shaping the budget consultation with an update brought back to scrutiny at appropriate time to allow changes to be considered	The members will receive a verbal update from the director of customers and culture at the 23 November meeting on the budget consultation.
21 September 2017			Include an 'easy-read' sheet to sit alongside the budget consultation	This recommendation is part of a scrutiny report which is going to the cabinet meeting on 13 December.
21 September 2017	<b>Cooperatives</b>	Bethany Clark	To ask the democratic and elections manager to arrange an all members briefing on co-operatives to include examples of how co-operatives have worked with other local authorities and what services were available to Norwich City Council.	An all members briefing will take place on Monday 19 February 2018.

## The scrutiny committee tracker 2017 – 2018

Completed  
Ongoing  
Not started

DATE OF MEETING	TOPIC FOR SCRUTINY	RESPONSIBLE OFFICER/LEAD MEMBER	SCRUTINY REQUEST	OUTCOMES OR CURRENT POSITION
21 September 2017	<b>Call-in of cabinet delegated decision</b>	Anton Bull	Ask the director of business services to liaise with the head of customer services to discuss the Councillor enquiry system	Councillor enquiry system discussed with the head of customer services. Overall enquiries are being answered within an average of 5 days. There are some outside of this. The head of customer services has this on the agenda to discuss at business management group (corporate leadership team and heads of service) to review performance.
21 September 2017			To note the work being undertaken on publishing delegated decisions and progress on motions to council	Delegated decision and motions tracker are in the process of being finalised and will be published shortly and at regular intervals thereafter.
19 October 2017	<b>Health inequality</b>	Cllr Wright	To ask the chair of scrutiny to liaise with the leader of the council around progressing accessibility charter and to acknowledge all recommendations from June scrutiny committee meeting on city access	This recommendation is part of a scrutiny report which is going to the cabinet meeting on 13 December.
		Adam Clark	To ensure provision of web information linked across organisations	This is an ongoing activity rather than a single event. As new platforms (such as the Get Involved site) are developed, we will continue to explore how they can link into existing sources of information.

## The scrutiny committee tracker 2017 – 2018

Completed  
Ongoing  
Not started

DATE OF MEETING	TOPIC FOR SCRUTINY	RESPONSIBLE OFFICER/LEAD MEMBER	SCRUTINY REQUEST	OUTCOMES OR CURRENT POSITION
19 October 2017	<b>Health inequality</b>	Adrian Akester	To ensure health and wellbeing is taken into consideration when the review of parks and open spaces takes place	This recommendation has been forwarded to the head of citywide services.
		Cllr Wright	To scrutinise the river Wensum strategy to ensure health inequality actions are considered	This has been noted to be carried forward to the scrutiny committee's work programme 2018/19
		Cllr Wright	To scrutinise the social value and procurement framework as part of next year's work programme	This has been noted to be carried forward to the scrutiny committee's work programme 2018/19
		Adam Clark	For the strategy manager to feedback to members regarding the significantly negative outliers for Norwich from the Public Health Outcomes Framework	With the strategy manager
23 November 2017	<b>Work programme</b>	Nikki Rotsos	The director of customers and culture to circulate to all scrutiny committee members the questions to be included in the proposed budget consultation	With the strategy manager
	<b>NHOSC</b>	Cllr Bogelein, Cllr Brociek-Coulton	To ask the NHOSC representative to raise with the CCG the effects of the Sheltered Housing consultation on health service if that service is not provided anymore, and to ask CCG if that would fall under their	

## The scrutiny committee tracker 2017 – 2018

Completed  
Ongoing  
Not started

DATE OF MEETING	TOPIC FOR SCRUTINY	RESPONSIBLE OFFICER/LEAD MEMBER	SCRUTINY REQUEST	OUTCOMES OR CURRENT POSITION
			commission in future	
	Access to justice	Cllr Jones	Information around specific areas with an increased need of law advice and this specific demographic	

**Norwich City Council**  
**SCRUTINY COMMITTEE**

## **Item No 7**

**REPORT for meeting to be held on 25 January 2018**

### **Environmental Strategy – progress update**

**Summary:**

This report provides an update on progress against the Environmental strategy 2015-18 and the current Environmental Action plan ahead of publication of the next Environmental Statement in January 2018

**Purpose:**

To determine any recommendations to cabinet on the delivery of the council's Environmental Strategy 2015-18

**Contact Officer**

Dave Moorcroft – Director of regeneration and development.  
**01603 212226**

Richard Willson – Environmental Strategy Manager  
**01603 212312**

## Summary

Norwich City Council has made excellent progress in delivering the objectives contained within the Environmental Strategy since the last scrutiny of the Environmental Strategy on the 26 January 2017. This has been summarised in the Environmental Statement which will be published in January and has recently been noted by the Sustainable Development Panel.

The council continues to deliver activities which provide leadership to the communities we serve as well as maintaining high quality environments and services which aid to maintain quality places to live in and to work.

These improvements have been delivered during a time where government funding has diminished for such areas as renewable energy and energy efficiency projects and programmes. Regrettably 2018 will be another barren year for domestic energy efficiency if action is not taken to replace the energy efficiency programmes removed by central government.

The consequence of this policy switch will result in less funding for low carbon investments such as insulation or renewables programmes going forward. To date there is little information of what, if anything, will replace it.

Amid this changing funding landscape for local authorities, Norwich City Council has continued to perform to the targets set in section 5 of the Environmental Strategy. More information is provided in the following report. Some highlights include:

- The authority has achieved a 54.1% reduction in carbon emissions since a 2007 baseline. Between 2005 and 2015 (the most up to data dataset)
- Per capita emissions in Norwich reduced from 7 tonnes of CO<sub>2</sub> per person in 2005 to 4.3 tonnes per person 2015. Or to put it more clearly carbon emissions in Norwich reduced by 38% over the decade. All electricity use by Norwich City Council comes from certified renewable sources.
- Our housing stock has a SAP Standard Assessment Procedure rating of 66.6 and we continue to embrace new technologies to retrofit our estate, drive energy efficiency and deliver new ways of working when delivering our services.
- The largest Passivhaus house development Europe. Rayne Park is one of Norwich's most exciting and ambitious developments of recent years, bringing 172 brand new state-of-the-art properties to the area all of which will be built to the highest possible specifications.
- This is in addition to the work being done via a project called Cosy City that works in the private housing sector. So while fuel poverty levels are increasing nationally, we have bucked the trend in Norwich for the fourth consecutive



year. Fuel poverty is now 1% less than 4 years ago even though fuel prices have risen year on year.

- Our recycling services continue to develop new ways in which citizens can “make a difference” every day. Making everyday choices like recycling more the social norm.
- Our city is taking more sustainable travel choices by using the new and improved pedal ways and rapid bus routes around the city.
- Citizens are being regularly engaged with to make pro environmental choices more often or more easy. For example the One Planet Norwich festival is the most successful sustainable living festival in the region with well over 10,000 visitors attending over the weekend.

## **Background**

In 2008 the council's environmental strategy team was established.

The council's first environmental strategy was produced for 2008-11. The second strategy was produced for 2011-14 and current edition runs from 2015- 2018.

- The current edition of the environmental strategy was developed through the following methods:
- Analysis and assessment of targets 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 UEA.
- 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.
- Members workshop and good practice from other areas.
- Assessment of the likely resources the council will have in the future to carry out environmental work.

Once the strategy was drafted the authority asked for additional comments from other stakeholders such as the Broads Authority, Environment Agency, Norfolk County Council and other third sector groups.

The Environmental Strategy should not be looked at in isolation. The measurable outcomes are closely aligned to a number of other policy documents. Such as;

- Carbon Management Programme
- Home Energy Conservation Act Report (HECA)
- Integrated Waste Management Strategy
- Procurement Strategy
- Affordable Warmth Strategy
- Housing Strategy and planning policy

**Reporting on progress**

The progress of the Environmental Strategy is monitored via the bi-annual Environmental Statement and via regular reports to the Sustainable Development Panel. The next statement is due January 2018.

Norwich City is also a Climate Local member and reports progress bi-annually via the Environmental Statement.

Norwich City Council also reports and publishes its Carbon emissions annually

Finally a wide range of reports are taken to members via the Sustainable Development Panel. These often report progress of specific projects and or progress against strategic delivery.

Examples include:

13/12/2017

Environmental Statement 2015-17

13/09/2017

Carbon Footprint Report

19/07/2017

Feedback from the One Planet Festival

29/03/2017

Norwich City Council Home Energy Conservation Report

**Progress to date:**

The most up to date report against progress is contained within the Environmental Statement which was noted by the Sustainable Development Panel on the 13<sup>th</sup> December 2017.

**Attached - Environmental Strategy Actions Update**

The update provides an overview of progress using the Red/Amber/Green (RAG) status method. Further details of progress can be found within the environmental statement published here:

<https://cmis.norwich.gov.uk/live/Meetingscalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/443/Committee/9/SelectedTab/Documents/Default.aspx>

Outcome/ priority	Key Actions	Environment priorities they contribute to delivering	Lead Service	Delivery timescale	Progress to date at November 2017 (RAG)
<b>Theme 1 - the council as community leaders</b>	1.1 to promote a low carbon economy and investment in green jobs through the council's economic development tool.	1,5 & 7	City Development	2015/16 then ongoing	Economic Development Service continues to promote the availability of business advice and grants which can be used to support businesses in reducing their carbon footprint (BEE Anglia), increasing efficiency and entering new markets. There is now much greater awareness of the potential financial benefits of adopting carbon reduction policies in businesses from all sectors and installing more energy-efficient equipment is now much more affordable for businesses of all sizes.
	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	NCC works with a range of organisations including, but not limited to: UEA, Wild Anglia, County council, local NGO's on a variety of projects including: OPN festivals, development of a city tree trail, Eco Awards, Pumpkin rescue. We actively seek funding opportunities and are happy to work collaboratively.
	1.3 - To liaise with large energy users in the city e.g. the Norwich Research Park, Norfolk County Council, NNUH, large businesses etc to share learning and experience and look for joint opportunities on energy efficiency and other environmental improvements	All	Environmental Strategy	Ongoing	Scoped potential for heat from rivers in the city after writing a successful bid for funding from HNDU for scoping the potential for heat from rivers in the city. We are in contact with the Pixie energy project, county council and Norfolk community solar. Working with UEA on SALIX projects. Successful bid for Highways England Rapid Charger funding.

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	Investigated viability of district heating system for Norwich
1.5 - To explore running a major collective auction in the city for solar panels so that private households and landlords can purchase and install them at a lower cost	1,4 & 7	Environmental Strategy	2015/16	Completed Aug-Dec 2015. Following this the FIT was slashed in January 2016. Mayor of London now using this model as part of their Solar Action Plan. NCC keep in regular contact with iChoosr and are ready to work together again should the market conditions change.
1.6 - To provide grants and advice for local communities to develop community energy projects	1, 4 & 7	Environmental Strategy	2015/16 and ongoing	Initial discussions with Norwich Community Solar about their plans. Promotion on social media of the Silver road community centre PV panel funding bid. New crowd funding available. New SALIX grant for solar.
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	Out for Procurement (Jan) for a White Label energy company for the council.
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	Completed. Com's plan was taken to SDP.

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	The UK's letter declaring Article 50 makes clear that UK will be a member of neither the EU nor the EEA from March 30, 2019. This leads to the inescapable conclusion that the UK cannot be European Green Capital. The long-term vision work will still proceed via the refresh of the Environmental Strategy in 2018
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	We support a variety of schemes and organisations through our events including: FoodCycle, FoodHub, Missing Kind, Walking for Norfolk, Master Composters, Farmshare, waste team, allotments, Plan Eat Save etc. The purpose of the events is to celebrate environmental best practice (Eco Awards) and promote small steps residents can take to live more sustainably (OPN festival, Pumpkin rescue). We also support Close the Door campaign for local businesses. Our network of contacts grows each year.
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	Working with estate agents to promote Cosy City
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	It is not possible to fund, host and maintain an online site 'one stop shop' separate from the council's own web-pages. Better to promote existing peer to peer lending sites and/or existing selling/ repair services.

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	Supported and ongoing. Earth Hour is supported annually through the switching off of key iconic city buildings during Earth Hour. Close the Door has been promoted with local shop-owners placing stickers. Norfolk Car Club have been promoted and hosted at OPN 3 year's running and on social media. We have met with Liftshare to discuss promotional opportunities in the city. They are the current Eco Hero and Eco small/business category winners at the Eco Awards.
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	Not possible to fund, host and maintain an online site 'one stop shop' separate from the council's own web-pages. Better to promote existing peer to peer lending sites and/or existing selling/ repair services.
1.15 - To promote local food production through the council's allotments service and communication activities	9	Citywide Services	Ongoing	The Allotments team have promoted the benefits of local food production at three One Planet Norwich festival and two Science week Pumpkin Rescue events. Encourage uptake of community plots through citizen with 6 new groups allocated growing space in 2017. Council supports Norwich Farmshare.
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	Open Homes events were held in 2015 to support local residents in finding out more about energy efficiency home improvements. This was possible through one-off funding from the Centre for Sustainable Energy (CSE).

1.17- To continue to promote waste prevention and recycling through public engagement	4	Citywide Services	Ongoing	Citizen, website, twitter and collection calendars are the main channels that we promote recycling and waste minimisation messages. We are working with Catton Grove Primary School and the local area to reduce contamination in the recycling bins and promote food waste collections via the Star Bins project. We are also supporting the Norfolk Waste Partnership countywide campaign 'Love Your Recycling' with the clean, dry loose messageing (targeted tv ads, leaflet to household, billboards etc.).
1.18 - To run an annual eco living event for residents and organisations	All	Environmental Strategy	2015/16 and then ongoing	One Planet Norwich festivals have been run in 2015, 2016 and 2017. There were upwards of 6,000 visitors over the two days in 2015, that increased to 8,000 in 2016 and increased again in 2017 to 10,000 visitors. The next OPN festival is planned for 9th and 10th June 2018. Each year we work with around 40 organisations.
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	The Eco Awards are now in their 10th year. We have partnered with County Council to expand the awards out to organisations countywide in 2015/16, plus two additional categories of Eco Food Producer and Eco Home have been added. Each category is now sponsored which helps to alleviate the cost to both councils of running the scheme.
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	Central Government funding for the Cosy City project has largely ceased. During 2015 the scheme funded 15 NVQ apprenticeships in the local construction industry. We continue to work with local contractors to access ECO2 funding. If and when more funding becomes available we are poised to reactivate our work with the local construction industry.



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	The One Planet Norwich festival has sought to engage with residents over 3 years to date on a range of sustainability issues, including energy use and energy efficiency. We have also been engaging with Norwich residents about energy tariffs since 2012, in 2015 we ran Solar Together which sought to bring affordable solar panels to homeowners. Most recently we have also been engaging with householders regarding Smart Meters and how they can better manage their energy use. We are currently out to procurement for a White Label energy company (December 2017) and will launch that in early 2018 to promote a fairer energy tariff and the benefits energy reduction.
1.22 - To ensure the council's private landlord accreditation scheme promotes energy efficiency	1&4	City Development	2015/16	The council's private sector property registration scheme requires members to address energy efficiency. In particular, landlords are required to consider all appropriate and necessary requests from their tenants regarding energy efficiency improvements.
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	This is not possible due to the differences between "Green/ Eco" tariffs. The White Lable will hopefully have an "Green/ Eco" tariff to offer to citizens
1.24 - To carry out and publish an annual review of our climate local commitments	All	Environmental Strategy	Annual	Via the Environmental Statement (Now every 2 years)
1.25 - To develop and publish an annual environmental statement	All	Environmental Strategy	Annual	Reporting has moved to a biennial cycle due to additional commitments on the team.

	1.26 - To produce and publish the Home Energy Conservation Act report	1&4	Environmental Strategy	2015/16 and bi-annually	Completed - 2013, 2015, 2017. The most recent HECA report can be found at: <a href="https://tinyurl.com/Norwich2017HECArpt">https://tinyurl.com/Norwich2017HECArpt</a> Norwich City Council's HECA reporting has been presented regionally as an example of best practice reporting and is more detailed and robust than many other local authorities.
	1.27 - To promote and share best practice on environmental work with other organisations	All	Environmental Strategy	Ongoing	We are working with more partners than ever before including but not limited to: FoodCycle, Anglian Water, UEA, Wild Anglia, Norfolk County Council, iChoosr, Hubbub, Norwich in Bloom, Norfolk Waste Partnership, FoodHub, Farmshare amongst many others.
	1.28 - 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	One Small Steps Staff awareness campaigns continue to be run including: Staff Swish, Unwanted Present Swap Shop, Christmas Card recycling. We also work with Office Facilities to promote messages around energy saving, open windows, freestanding additional room heaters.

Outcome/ priority	Key Actions	Environment priorities they contribute to delivering	Lead Service	Delivery timescale	Progress to date at November 2017 (RAG)
<b>Theme 2 - the council as service providers</b>	2.1 - To increase landfill diversion rates and reduce landfill tonnage	1&3	Citywide Services	Ongoing	Working with WRAP (Waste and Resources Action Programme) and the county council on a project to provide specific doorstep 'interventions' to encourage recycling and reduce waste during Spring 2018.
	2.2 - To identify ways to reduce and treat food waste	1&3	Citywide Services	Ongoing	The interventions outlined above will include specific actions on food waste.

2.3 - To identify ways to reduce and treat garden waste	1&3	Citywide Services	Ongoing	Garden waste disposal contract recently re-let to a local facility.
2.4 - To develop and improve the quality and range of recycling services available to Norwich residents	1&3	Citywide Services	Ongoing	Over 50,000 residents now able to recycle small WEEE (electronic/electrical items) and textiles as part of their weekly kerbside collection service.
2.5 - To improve participation, set-out rates and collected tonnages for recycling services, particularly the weekly food waste service	1&3	Citywide Services	Ongoing	Addressed as part of the WRAP project noted at 2.1. Also recruiting (Nov 2017) to a new recycling officer post employed jointly by the council and the collection contractor, Biffa.
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	Continuing to work closely with the county council to identify new waves of improving services and reducing costs. Similar work ongoing with the Norfolk Waste Partnership - the next steps 'futures Workshop' is in November 2017.
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	The Green Deal has ceased to be. However, we regularly work contractors to access ECO funding streams for some of our most vulnerable residents. We will continue to seek and bid for any additional funding as and when it becomes available and have been successful at gaining a small amount of funding to promote the uptake of Smart Meters to residents ahead of the national rollout.

	2.8 - To implement the Greater Norwich Joint Core strategy by 2026	5,6,7&8	Planning Service	Ongoing	The Greater Norwich local authorities are continuing to implement the JCS . Performance against a range of monitoring indicators is set out in the latest Annual Monitoring Report 2015-16, and shows that implementation against many indicators is on target or improving although there are some indicators for improvement (which have been affected by wider economic issues for example).
	2.9 - To explore the potential use of Passivhaus or Sustainable Homes Level 4 for all new builds	1,4,5&7	Planning Service	Ongoing	The Code for Sustainable Homes was abolished by the government in 2015. The council seeks to explore use of Passivhaus on all new builds where appropriate, through the planning application process.
	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	The council completed its first 10 Passivhaus homes at Hansard Close in spring 2017. The council is presently constructing 105 new homes at Goldsmith Street to Passivhaus standard and Norwich Regeneration Ltd (wholly owned by the council) is constructing 172 homes at Threescore of which 112 are to Passivhaus standard making it the largest mixed tenure Passivhaus scheme in the country

2.11 - To ensure that new developments include sustainable travel options from the start	1&6	Planning Service	Ongoing	Sustainable travel is encouraged through the planning application process and the policy framework. Policy DM28 in the Development Management Policies Plan encourages sustainable travel for all new development. This includes encouraging cycle / pedestrian links within development sites, maximising accessibility to and permeability within sites, and inclusion of a car club space / vehicle where appropriate. In addition £1.06m of CIL funding was committed in the 2015-16 monitoring for expenditure on sustainable transport schemes for greater Norwich area through the Greater Norwich Infrastructure Delivery Board, most of this within Norwich.
2.12 - To support parties wishing to undertake voluntary remediation of land		Citywide Services	Ongoing	Where a contaminated land site is being remediated, the remediation strategy and proposed works will be reviewed by the council and we will work with the developer to ensure the appropriate works and post remediation sampling are completed.
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	Planning consent has been granted for details of the lagoons at Three Score (14/00874/RM). The broad landscape strategy for both lagoons is to seek to re-establish the existing scrub and grassland habitat in order to seek to re-provide habitat for invertebrates that use the site, as well as providing habitat for nesting birds and reptiles.
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	Phase 2 consists of 172 units of housing, approximately 65% of which are Passivhaus standard. The first element of phase 2 is currently under construction.

2.15 - To ensure enhanced open space provision as part of the Goldsmith development	9	City Development	2016	Goldsmith Street redevelopment including enhanced open space is presently under construction for completion in 2018
2.16 - To increase the number of 20 mph zones in the city to make cycling and walking safer	1&6	City Development	Ongoing	Further areas with 20 mph speed limits are being rolled out as part of the Push the Pedalway Programme. The most recent area was on streets near St Clements Hill and the council is presently implementing 20 mph in the Magdalen Road/Waterloo Road area.
2.17 - To explore the feasibility of electric bike hire from the Tourist Information Centre	1,6&7	Environmental Strategy	2015/16	This has been scoped and was found not to be viable. However, since this action was created Ofo bikes have been launched in the city. We continue to promote these on social media. Now OFO provide cycle hire so need is unlikely.
2.18 - To continue the implementation of bus rapid transit, city centre improvements and walking and cycling investment	1&6	City Development	Ongoing	The Westlegate pedestrian/cycle scheme was completed in spring 2017 whilst implementation of the blue and yellow pedalways is on-going. Work has commenced at the Sweetbriar Road roundabout to reduce delays for buses as well as traffic more generally.
2.19 - To explore with partner organisations the potential for establishing electric charging points in the city	1,6&7	Environmental Strategy	2017/18	The council has recently worked with Norfolk Car Club to install a series of induction charging points for car club cars in the city. We are also in discussion with UEA re: charge point funding.

	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	The Council operates a continuous monitoring station which measures NO <sub>2</sub> & particulate levels. It is also responsible for 29 NO <sub>2</sub> diffusion tubes across it's district. It reports the results to Defra every year in the form of an Annual Status Report which is also available on the Council website for public scrutiny. The Council works with Highways, County Council, bus and taxi companies to try and reduce pollution levels where they exceed the EU objectives. The Council considers the affect of air pollution when considering planning applications. All complaints of air pollution are investigated and where found to be in breach of legislation, enforcement action is taken to stop the pollution from occurring and then from being allowed to reoccur.
	2.21 - To work with local businesses to drive down emissions to atmosphere under the Pollution Prevention & Control (PPC) regime	9	Citywide Services	Ongoing	The Council permits all businesses which fall under the PPC regime. Businesses are regularly inspected and risk assessed. If businesses breach their permit conditions the council works closely with the permitted installation to rectify the problem but where necessary takes enforcement action. The council also works closely with businesses to reduce their pollution levels so that they fall within the "low" Defra risk category. This translates as a lower annual subsistence fee under the "polluter pays" policy.
	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	Tree strategy objectives have been reviewed but not published. A full revision of the tree strategy is in progress to reflect changes in team structure and council objectives.

2.23 - To deliver a new open spaces strategy in Norwich including ensuring all Norwich City Council Wildlife Sites (SWS) are in positive management	9	Citywide Services	2015/16	The council will be commissioning a report outlining the options available to the council for the future governance of all its open spaces including natural areas with the aim of ensuring long term sustainability
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	Higher Level Stewardship funding has been utilised for funding at various key natural areas. At Marston Marshes, Earlham Millenium Green and The Heronry this money has been used to coppice scrub to create mosaic of habitat. Volunteers and contractors have been replacing worn out stock fencing to keep grazing livestock within the site. The main aim of this work is to improve the habitat for wildflowers and visitor access. At Danby Wood CIL funding has been used alongside volunteer groups on coppicing, glade clearance and understorey planting to again increase the biodiversity of the site and improve access.
2.25 - To investigate the potential for improving other natural areas using external funding	9	Citywide Services	Ongoing	Bids have been put forward for stage 3 of Earlham Millenium Green for the provision of fishing platforms. There is also ongoing investigations into woodland management to sell timber to create funding to maintain the spaces.
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	All grass verges are now cut a maximum of 5 times a year. The council now has some 19% of its grassed areas under some kind of conservation management whereby the grass is cut to encourage biodiversity.



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	Any new planting and landscaping schemes in our open spaces always now have a provision of drought resistant planting. Recent schemes that we have completed are Woodrow Pilling Park which has bulb and wildflower planting, Midland Street which has additional bulb planting and The Oasis which has been planted with herbaceous plants.
2.28 - To continue to involve local communities in the management of their local parks, natural areas and open spaces	9	Citywide Services	Ongoing	We have a number of friends groups across our parks, open spaces and natural areas. These groups are continuing to develop to get the local community involved in their local spaces. New groups are also being formed with the most recent being the Friends of Jubilee Park.
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	We are using the mapped areas of critical catchment to target tree planting in these areas to increase in canopy cover.
2.30 - To carry out the climate adaptation tool review of services	8	Environmental Strategy	Annual	Last Review Completed 2010 using UKCIP09 data <a href="http://www.ukclimateprojections.metoffice.gov.uk">www.ukclimateprojections.metoffice.gov.uk</a>
2.31 - To carry out flood mitigation modelling and develop a future investment plan	8	Planning Service	2015/16 and ongoing	The Strategic Flood Risk Assessment (SFRA - levels 1 and 2) which forms part of the evidence base for the JCS and local plan was carried out in 2008 / 10. The Level 1 SFRA study is currently being reviewed for the Greater Norwich area (including Norwich City, Broadland, South Norfolk councils and parts of the Broads Authority) and will update modelling information and identify areas at risk of flooding in Greater Norwich.

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 then ongoing	The new Level 1 SFRA and any future Level 2 SFRA will help inform mitigation / adaptation measures that may be included in the emerging Greater Norwich Local Plan and other future local planning documents.
2.33 - To ensure all emergency plans for major weather events are kept up to date	8	Citywide Services	Ongoing	Emergency plans are reviewed and tested regually.
2.34 - To keep accurate records of the effects of weather events on council services	8	Environmental Strategy	Ongoing	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	Works being undertaken to better manage surface water run-off in accordance with the Norwich Urban Area Surface Water Management Plan
2.36 - To ensure gullies are emptied effectively across the City	8&9	Citywide Development	Ongoing	Sub-contracts recently reviewed to improve performance
2.37 - To continue to deliver an affordable warmth strategy and programme to reduce fuel poverty and increase wellbeing	4	Environmental Strategy	Ongoing	We work continuously to support those in Fuel Poverty. A new Affordable Warmth strategy was published in 2016. We hold annual Warm and Well events for stakeholders working in the sector, we deliver warm and well packs, hold regular events in communities to promote our affordable warmth work. The rate of Fuel Poor Households in Norwich has fallen from 12.5% in 2012 to 9.9% in 2017. This is bucking both the countywide and national trend of increasing fuel poverty levels.

	2.38 - To deliver a preventable seasonal excess deaths action plan with key partner organisations e.g health	8	Environmental Strategy	Annual	We work closely with a range of organisations including: CCG, NHS, County Council, Age UK and various council services. The team organises an annual Winter Wellbeing conference and training for stakeholders to help recognise signs of cold and the practical steps that can be taken by front line staff.
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Outcome/ priority	Key Actions	Environment priorities they contribute to delivering	Lead Service	Delivery timescale	Progress to date at November 2017 (RAG)
<b>Theme 3 - the council as a purchaser of goods and services</b>	3.1 - To implement a sustainable procurement strategy and contract management framework	1,2&7	Procurement	Ongoing	A revised Procurement Strategy was approved by cabinet and published in September 2016. This includes a key objective of 'Work ethically and incorporate sustainability priorities including, local economic development, environmental, equality and diversity and other social value objectives throughout procurement activities.' An action plan is in place to progress the deliverables of the strategy.
	3.2 - To continue to ensure 100% of the councils energy is sourced from a "green" tariff	1&2	Procurement	Ongoing	Electricity contract continues to be 100% 'green' tariff. The cost of 'green' gas is currently prohibitively expensive.

	3.3 - To work with our contractors to reduce waste and ensure the delivery of high environmental standards.	1,2&3	Procurement	2017/18	The procurement team are responsible for supporting the service areas' contract managers, guidance is provided in the Business relationship and contract management strategy and guide. Contract managers are responsible for using the contract performance review checklist to ensure that suppliers can demonstrate compliance with the terms and conditions of the contract on a range of themes one of which is 'environment'. Key areas are to ensure a written environmental management policy is in place and is up to date, appropriate training has been undertaken by all employees, regular reports on Carbon emissions are submitted to the authority.
	3.4 - To adopt an ethical investment policy, with commitment to divestment from fossil fuels	1	Finance	Ongoing	The Treasury Management Strategy for each year is approved by full Council in February for the forthcoming year. This includes an Ethical Investment section whereby the Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's mission and values. This includes environmentally harmful activities e.g. fossil fuels. All of the organisations that the council has invested funds with this year have comprehensive environmental policy statements that align with the Council's Ethical Investment policy. Where the Council plans to make an investment in an organisation that it has not invested in before it will carry out a check to ensure that it has an environmental policy that is aligned to the Council's ethical investment policy.

Outcome/ priority	Key Actions	Environment priorities they contribute to delivering	Lead Service	Delivery timescale	Progress to date at November 2017 (RAG)
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<b>Theme 4 - the council as an estate manager</b>	4.1 - To deliver an ongoing investment programme of energy efficiency improvements in council housing across the city	1,4&7	Housing	Ongoing	Norwich City Council, in conjunction with its partner NPS Norwich Ltd continue to recognise the need for its social housing stock to benefit from energy efficiency improvement measures ranging from simple loft and cavity wall insulation, through to thermodynamic hot water systems. These eco-retrofit technologies no matter how basic or advanced, all serve to enhance the value of each home they are applied to. The cost saving opportunities they present are reflected directly within any occupiers pockets. This socio-economic benefit serves to remove tenants from fuel poverty and offer a more inclusive financial state. Most recently, Norwich City Council and NPS Norwich reflect their wish to enhance the housing stock through the delivery of a 30 year capital and revenue investment model with specifically identifies increases in both these streams of work.
	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	NPS Norwich are aware of the current unwillingness by the industry to invest in this tested technology. Previous large-scale schemes have been introduced due to their payback potential first, and benefit to occupant second. Norwich City Council housing stock does have PV on 143 homes with this technology implemented, and all without issue. Stumbling blocks for any such scheme are Right to Buy scheme and roofing replacements. Both issues are widely overcome as many registered providers and stock retaining authorities have wide-spread PV installations. NPS Norwich remain keen to investigate the delivery of this technology post BREXIT, as the procurement market is opened up to wider purchasing avenues and in some cases, better technology.

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	54.1% carbon emissions reduction achieved in 2016/17 against the 2007 baseline. As target exceeded it is proposed to review and re-set the target to 70% by 2020.
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	In April 2017 cabinet agreed a strategy for streamlining its investment portfolio. This will result in the disposal of some properties and the purchase of new properties. The former includes properties with the poorest EPC ratings. Appraisal of acquisitions includes taking into account environmental performance.
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	FIT removal has stopped this programme. Only managed to review potential sites (Hall Rd Landfill and our housing stock) Potential to use SALIX and/or Norwich Community Solar in 2018/19
4.6 - To explore the development of a programme of LED lighting and more efficient landlord lighting working closely with residents	1,2&7	Housing	Ongoing	Ongoing, we are working with our contractors, NPS, to explore this opportunity and the possibility of using SALIX funding to part fund the works.
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	Completed
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	Completed

	4.9 - To produce and deliver a council water reduction action plan	1&2	Environmental Strategy	2016/17	Completed
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**Norwich City Council**  
**SCRUTINY COMMITTEE**  
**ITEM 9**

REPORT for meeting to be held on 25 January 2018

**Pre – scrutiny of the proposed budget for 2018/19**

**Summary:**

The scrutiny committee meeting of 25 January will carry out pre-scrutiny of the council's proposed budgets for 2018/19.

The purpose of the meeting is to comment on the proposed 2018/19 Budget, Medium Term Financial Strategy (MTFS) and HRA Business Plan; and make recommendations to cabinet regarding the proposed budgets' ability to deliver the council's overarching policy framework (the corporate plan 2015-2020).

Council will be meeting to set the budgets for the financial year 2018/19 at its meeting on 20 February 2018.

**Conclusions:**

The principles of budget scrutiny are provided in this report. Committee members are reminded of the link between the corporate plan 2015-2020 and the need to set a budget capable of delivering this.

**Recommendation:**

To determine any recommendations to cabinet on the proposed budgets for 2018/19

**Contact Officer**

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Hannah Simpson, Strategic Finance Business Partner	01603 212561
Shaun Flaxman, Senior Finance Business Partner	01603 212805

## **1. The legal framework for financial scrutiny**

- 1.1 Local Government Act 2000 – “it is the responsibility of the full council, on the recommendations of the executive (cabinet), to approve the budget and council tax demand. The role of scrutiny in the financial process is to hold the executive (cabinet) to account and to ensure that decisions are in the best interests of the community. Some scrutiny of budget setting and other financial planning processes is therefore essential”.
- 1.2 All members of the council need to have an understanding of how council spending matches against the priorities of the organisation set out in the corporate plan. As elected councillors, members need to ensure that budget will enable the council to deliver them effectively.
- 1.3 The council's current corporate plan was adopted at a meeting of full council on 17 February 2015. It covers the period 2015-2020. The vision, mission and priorities remain in place for the period covered by this budget. Any changes to performance measures to evidence progress against these priorities were considered at the Scrutiny Committee meeting on 14 December 2017. These changes will be included with commentary and an overview of how the corporate priorities will be delivered during 2018-19 in a report to cabinet on 7 February 2018, and will accompany the budget papers presented full council in February 2018; this does not represent a change to the council's overarching corporate plan for the period, which remains as agreed.

## **2. The role of budget pre-scrutiny**

- 2.1 The scrutiny committee should seek to test, check, and evaluate the proposed budget through challenge. This may, if necessary, lead to advice and recommendations to the cabinet. The cabinet can use this as part of the testing of their proposed budget.

## **3. Key question**

- 3.1 Will the budget as presented deliver the council's corporate plan 2015-2020. By the process of overview, the scrutiny committee will need to check that the budget plans are robust and realistic.
- 3.2 Over the course of the year scrutiny committee members monitor certain aspects of service delivery and performance against funding and at times

review certain specific services. The main way in which this is achieved is through the scrutiny of the performance monitoring reports.

#### **4. Effective pre budget scrutiny**

##### **4.1 Effective pre-budget scrutiny involves:**

- (a) checking that financial planning and the draft budget is sufficient to deliver the council's draft corporate plan;
- (b) reviewing the draft budget to ensure that it is consistent with the council's commitments and spending plans;
- (c) reviewing proposals within the draft budget and transformation programme relating to savings or growth in line with the financial plan.

##### **4.2 The relevant draft cabinet papers are appended to this report. There is a further appendix which will be considered as confidential matters as it contains exempt information.**

<b>Report to</b>	Cabinet	<b>Item</b>
	07 February 2018	
<b>Report of</b>	Chief finance officer (Section 151 Officer)	
<b>Subject</b>	2018/19 Budget, Medium Term Financial Strategy (MTFS) and HRA Business Plan	

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## Purpose

This report and its appendices set out Norwich City Council's proposed General Fund revenue budget for the financial year 2018/19 along with indicative plans for the next four years (MTFS). It also contains proposals for the HRA Business Plan and the Council's capital programme.

## Recommendations

Cabinet is asked to note:

- The budget consultation process that was followed and the feedback gained as outlined in [appendix 6](#).
- The section on the robustness of the budget estimates and adequacy of reserves as set out in paragraphs [140](#) to [157](#).
- That the Council Tax resolution for 2018/19, prepared in accordance with Sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011, will be calculated and presented to Council for approval once Norfolk County Council and the Office of the Police and Crime Commissioner for Norfolk have agreed the precepts for the next financial year.

Cabinet is asked to recommend to Council to approve:

## General Fund

1. The council's net revenue budget requirement as £15.696m for the financial year 2018/19 ([Table3](#)) including the budget allocations to services shown in [appendix 2](#) and the growth and savings proposals set out in [appendix 1](#);
2. An increase to Norwich City Council's element of the council tax of 2.99%, meaning that the Band D council tax will be set at £256.46 ([para 83](#)), with the impact of the increase for all bands shown in [table 6](#);
3. The planned use of £1.504m of General Fund reserves to finance the budget requirement in 2018/19 (shown in [table 9](#));
4. The prudent minimum level of reserves for the council as £4.232m [para 155](#));
5. The general fund capital programme 2018/19 to 2022/23 ([para 118](#)):
6. The creation of earmarked reserves in relation to commercial property, and income received from on-lending to Norwich Regeneration Limited, and the

transfer of additional income generated from these sources above the MTFS savings targets to the relevant earmarked reserve ([para 15](#)).

### **Housing Revenue Account**

7. The implementation of the minimum 1% rent reduction in accordance with legislation set down in the Welfare Reform and Work Act 2016. ([para 98](#)).
8. The proposed Housing Revenue Account budgets ([para 95](#)).
9. The prudent minimum level of housing reserves as £5.844m ([para 110](#)).
10. The proposed housing capital programme 2017/18 to 2021/22 ([para 132](#)).
11. A 4% increase in garage rents ([para 100](#)).
12. The creation of an HRA spend-to-save earmarked reserve to fund the HRA's share of costs required to deliver relevant savings and efficiencies through the transformation programme ([para 93](#)).
13. The transfer of £500k of underspend forecast to be achieved in 2017/18 to the HRA's spend-to-save earmarked reserve ([para 93](#)).

### **Corporate and service priorities**

The report helps to meet all the corporate priorities.

### **Financial implications**

This report presents the proposed budget requirement for 2018/19 for the General Fund revenue budget and the HRA Business Plan and the means by which these are to be financed. 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.

Other financial implications are set out in the body of the report.

**Ward/s:** All Wards

**Cabinet member:** Councillor Kendrick - Resources

### **Contact officers**

Karen Watling, Chief Finance Officer	01603 212440
Hannah Simpson, Strategic Finance Business Partner	01603 212561
Shaun Flaxman, Senior Finance Business Partner	01603 212805

### **Background documents**

None

# Report

## INTRODUCTION

1. This report presents the proposed revenue and capital budgets for the General Fund and Housing Revenue Account. It contains proposals for budget savings, capital investment, Council Tax and HRA rental levels. The views of citizens, HRA tenants, and local businesses have been sought on these proposals, via the public budget consultation exercise.
2. The report updates the position reported in the Emerging Budget Paper considered at Cabinet in December 2017, including the outcomes from the Provisional Finance Settlement 2018-19.
3. This report needs to be read alongside the Chief Executive's report entitled "Fit for the Future" that was on cabinet's agenda on 13<sup>th</sup> December 2017. The Chief Executive's report contains important context and strategy that has shaped the budget proposals contained within this report.

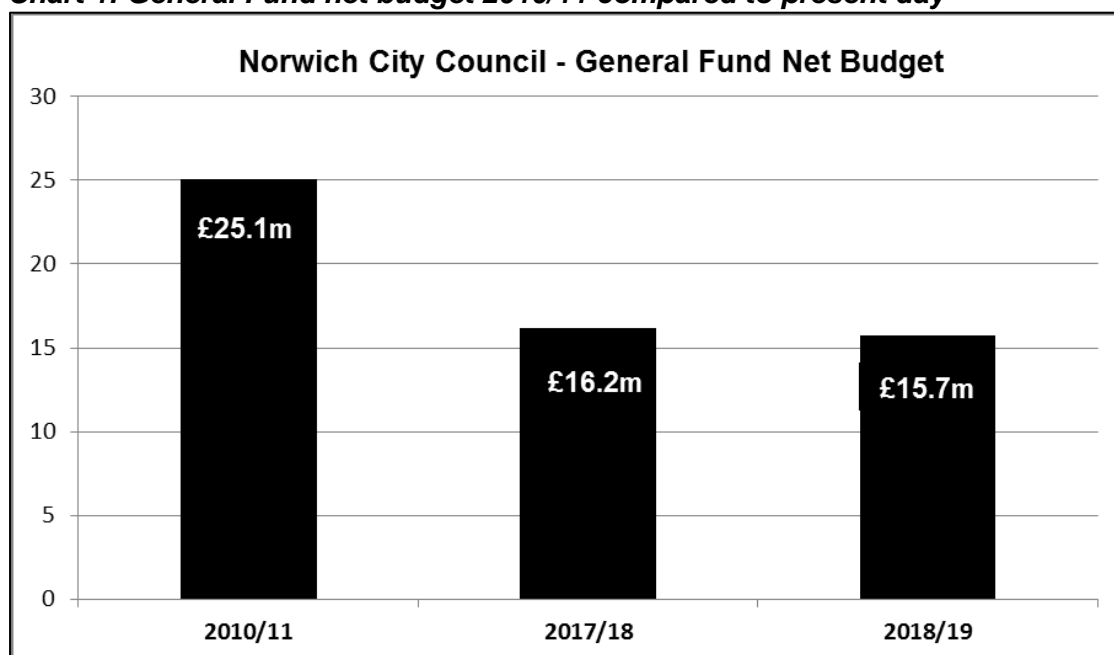
## REPORT CONTENTS

4. The contents of this report are set out as follows:
  - a) Overall Summary
  - b) Local Government Finance – Economic and Statutory Context
  - c) General Fund Revenue Budget & Medium Term Financial Strategy (MTFS)
  - d) Housing Revenue Account and Business Plan
  - e) Capital Programme
  - f) Chief finance officer's statement
  - g) Appendix 1: Summary of General Fund Net Savings
  - h) Appendix 2: General Fund Budget by Service
  - i) Appendix 3: Housing Revenue Account Budgets 2018/19 - movements by type
  - j) Appendix 4: Proposed General Fund Capital Programme
  - k) Appendix 5: Proposed Housing Capital Programme
  - l) Appendix 6: Consultation responses on the proposed budget for 2018/19

## OVERALL SUMMARY

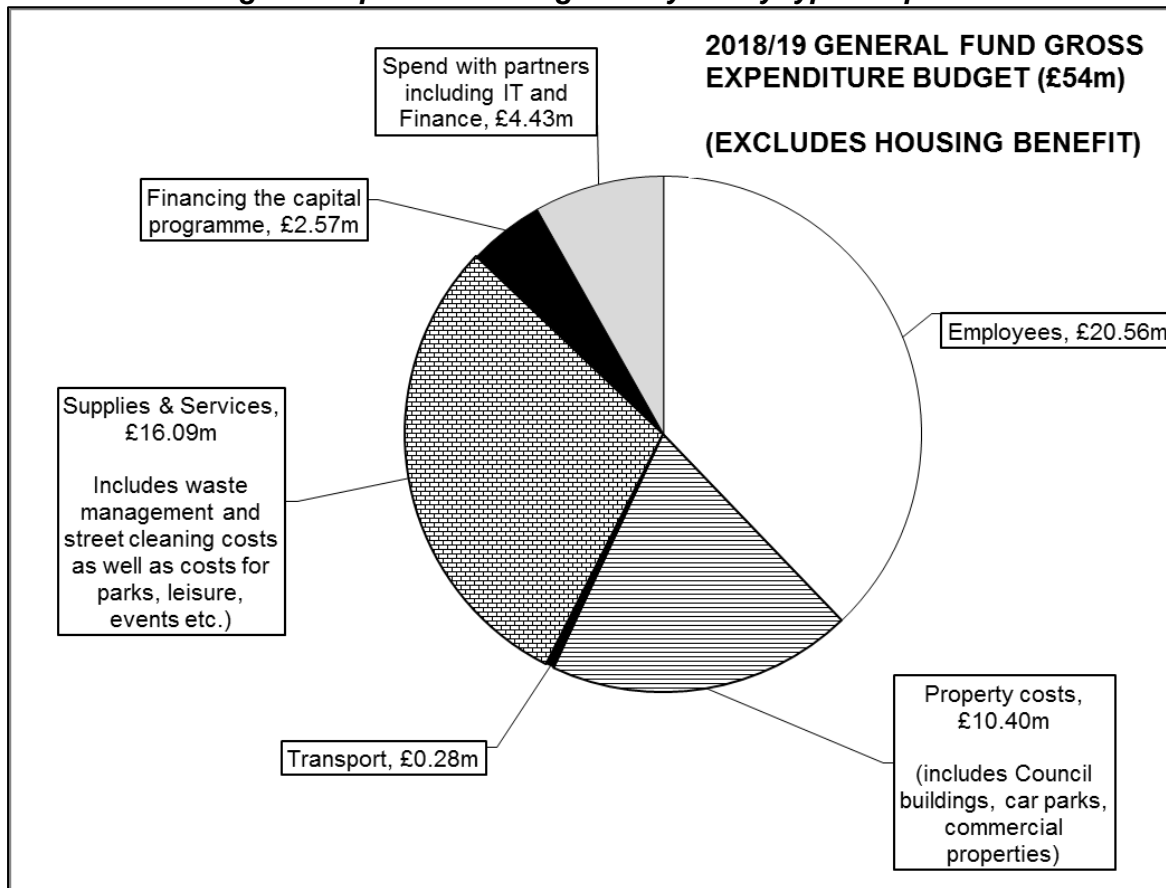
## General Fund revenue budget

**Chart 1: General Fund net budget 2010/11 compared to present day**

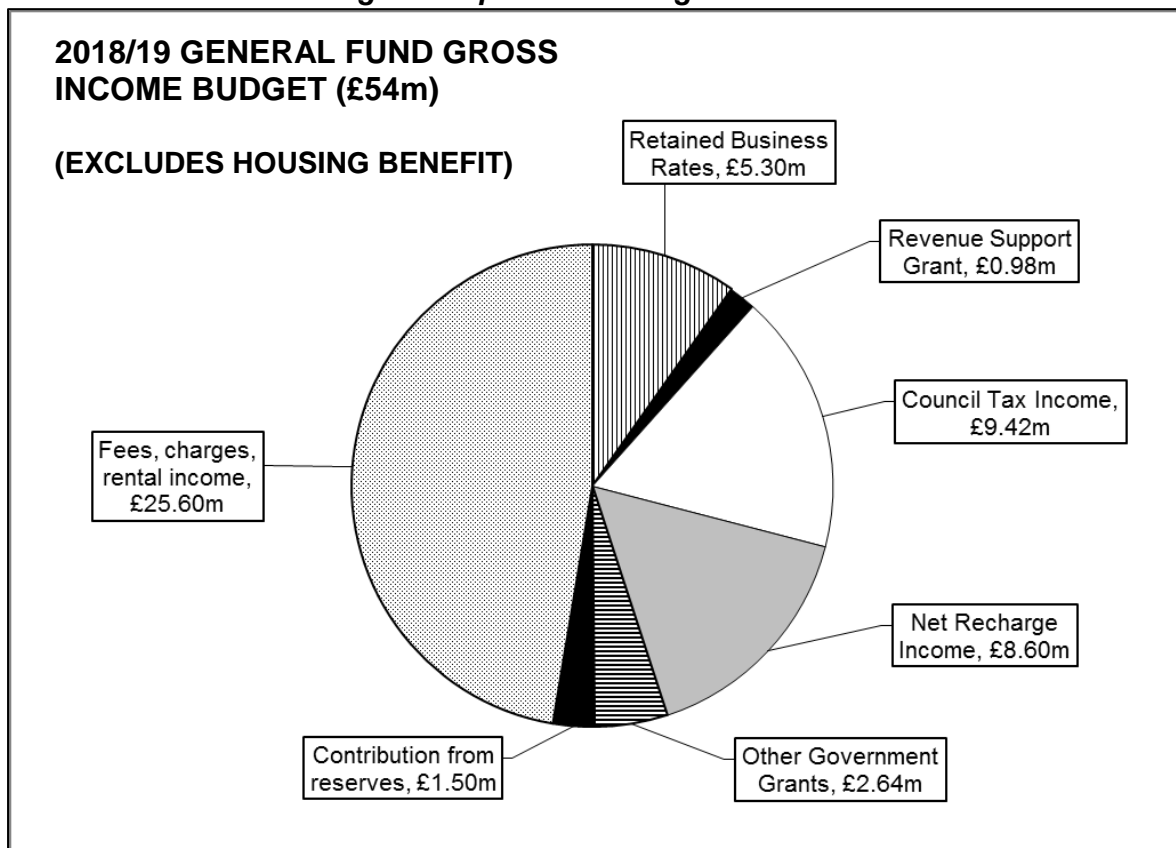


5. The proposed general fund net revenue budget for 2018/19 is £15.696m (compared to £16.152m for the current financial year). The gross revenue budget is £54m.
6. The proposed budget reflects the continuing reduction in central government funding to local government, which commenced in 2011/12 after the May 2010 general election brought the previous coalition government into power. Chart 1 above shows the scale of budget reductions undertaken from the last budget year before public sector austerity commenced, namely the 2010/11 budget, to the present day.
7. In order to set a balanced budget against this backdrop of funding reductions, net savings are proposed of £1.5m in 2018/19 along with a 2.99% rise in the band D council tax rate and the use of £1.5m of general fund reserves.

**Chart 2: 2018/19 gross expenditure budget analysed by type of spend**



**Chart 3: how the 2018/19 gross expenditure budget is financed**





8. The net savings proposed for 2018/19 of £1.5m are below the £1.9m target set in the MTFS strategy agreed by Council in February 2017. This reflects the increasing difficulty of finding further efficiencies and income generation opportunities to balance the budget as a preferred budget strategy rather than making budget savings by reducing front line services.
9. However, other budget estimates have been updated since last February and, along with the announcements contained within the provisional Local Government Finance Settlement (published on 19 December 2017), the overall budget position has marginally improved over a number of budget items, including a higher council tax surplus distribution relating to 2017/18. This means that, despite not meeting the £1.9m savings target, the Council is able to draw down £445k less from reserves in 2018/19 from that forecast in the February 2017 MTFS position.
10. No potential savings have been included in these proposals arising from the work currently underway, and not finalised, on reviewing the council's operating model, as described in the Chief Executive's report to December 2017 cabinet entitled "Fit for the Future". However, it is proposed that forecast underspends in the current year in the General Fund and HRA are transferred at year end to the spend-to-save reserves in order to provide funding sources for any implementation costs that may be needed to implement the changes required.
11. A significant amount of the proposed savings is to be generated from maximising income generation and returns from assets, as agreed by Council on 27 September 2016 as part of the four year financial sustainability plan submitted to DCLG. Such income generation does increase the Council's risk profile hence the proposal for a set aside, in an earmarked reserve, of some of the new income generated to reduce risks and protect future income streams (see paragraph 15 below).
12. There is a continuation of the approach to utilise council reserves over the next 5 years to support the revenue budget and enable a strategic approach to cost reduction over the medium term. On this basis the reserves will come down to the prudent minimum levels by the end of 2022/23. After this year budget savings will still need to be made if any inflationary or demand-led increases in costs are not able to be offset by increased income from council tax and business rates. These savings however will need to be made without relying on reserve contributions to balance the budget.
13. The MTFS position shows that £7.0m of net savings (£10m gross) will be required over the four year period 2019/20 to 2022/23. This equates to a "smoothed" annual savings target of £1.8m.
14. Apart from the statutory need to balance the budget in the short and medium term, four other key principles underpin the figures presented in this report namely:
  - A strategic planned approach to cost reduction over the medium term as outlined in the Chief Executive's "Fit for the Future" report to Cabinet on 13 December 2017.

- Some set aside of new net income generated by the Council's commercial activities to both safeguard the future income stream and to reduce the council's potential commercial risks.
- The use of one-off income to fund one off expenditure (either revenue or capital) rather than the on-going costs of delivering services.
- The strategic need to fund capital maintenance in the Council's varied and numerous assets so as to avoid health and safety issues and/or the need to spend larger sums on unplanned remedial works.

15. This report therefore contains the following specific proposals:

- Underspends from the current financial year, 2017/18, will be transferred to the spend-to-save earmarked reserve to support the delivery of savings and efficiencies through the transformation programme, including the implementation of a new operating model for the Council if agreed: the underspend is currently forecast to be some £0.94m.
- Any new net income generated above the MTFS savings target from commercial property acquisitions will be set aside in an ear-marked reserve. This would be used to provide funding for any future void and rent free periods as well as any repairs/upgrades required to the property to help safeguard the future value of the investment and the rental income stream, thereby minimising the risk of holding these assets and of fluctuations in the income return. The amounts so set aside in the reserve would be agreed by Members at the end of each financial year as well as in future budget reports.
- The fluctuations in net income received by the Council from the on-lending to its company, Norwich Regeneration Limited, will be smoothed and managed by the establishment of an earmarked reserve. This will also provide a buffer in case the income is lower than anticipated due to the company not borrowing as much or as quickly from the council as planned (caused for example by delays in construction etc.)
- The continuation of the policy, agreed last February in the MTFS, of increasing the revenue contribution to capital by £0.25m each year up to £1.5m. This will give the council some ability to maintain and upgrade its numerous and very diverse General Fund assets given that capital receipt income, the major source of funding for capital maintenance work on these assets, is forecast to fall in the future.

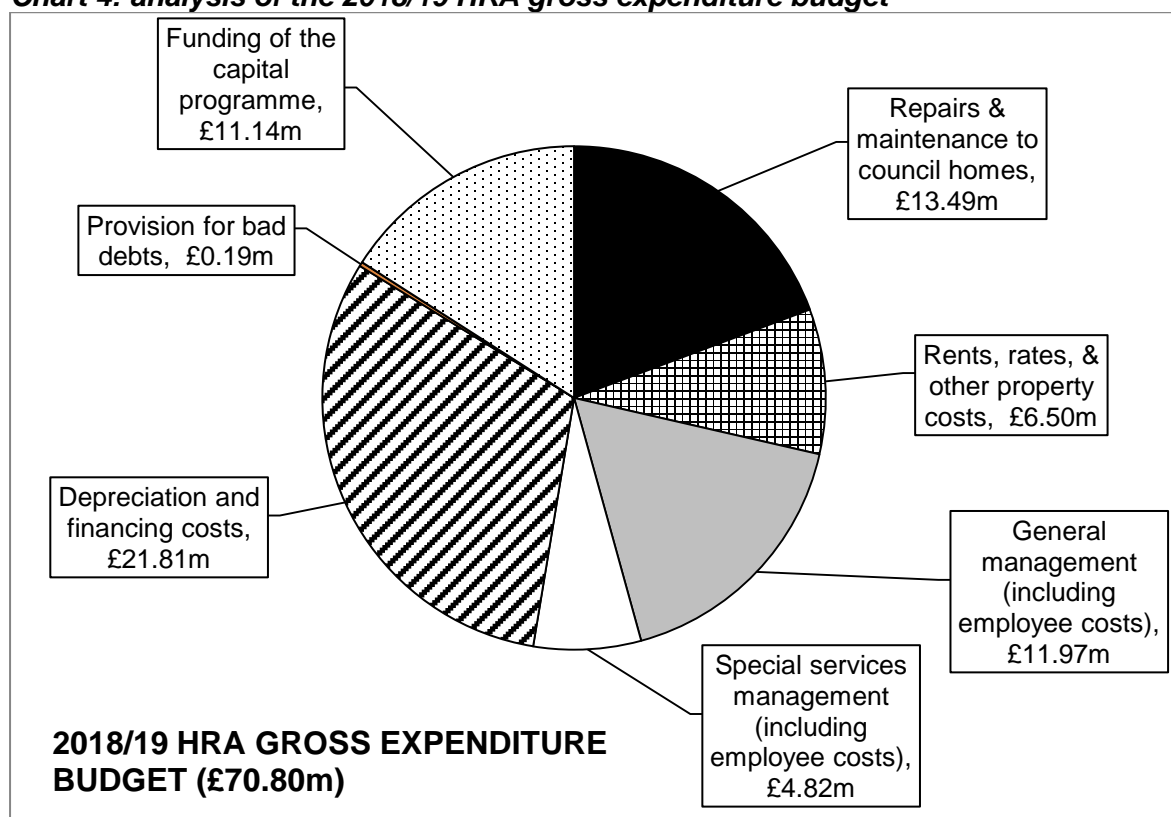
### **Housing Revenue Account (HRA)**

16. The number of council homes in Norwich dropped below 15,000 for the first time in early 2017. This is a result of continuing high levels of properties sold

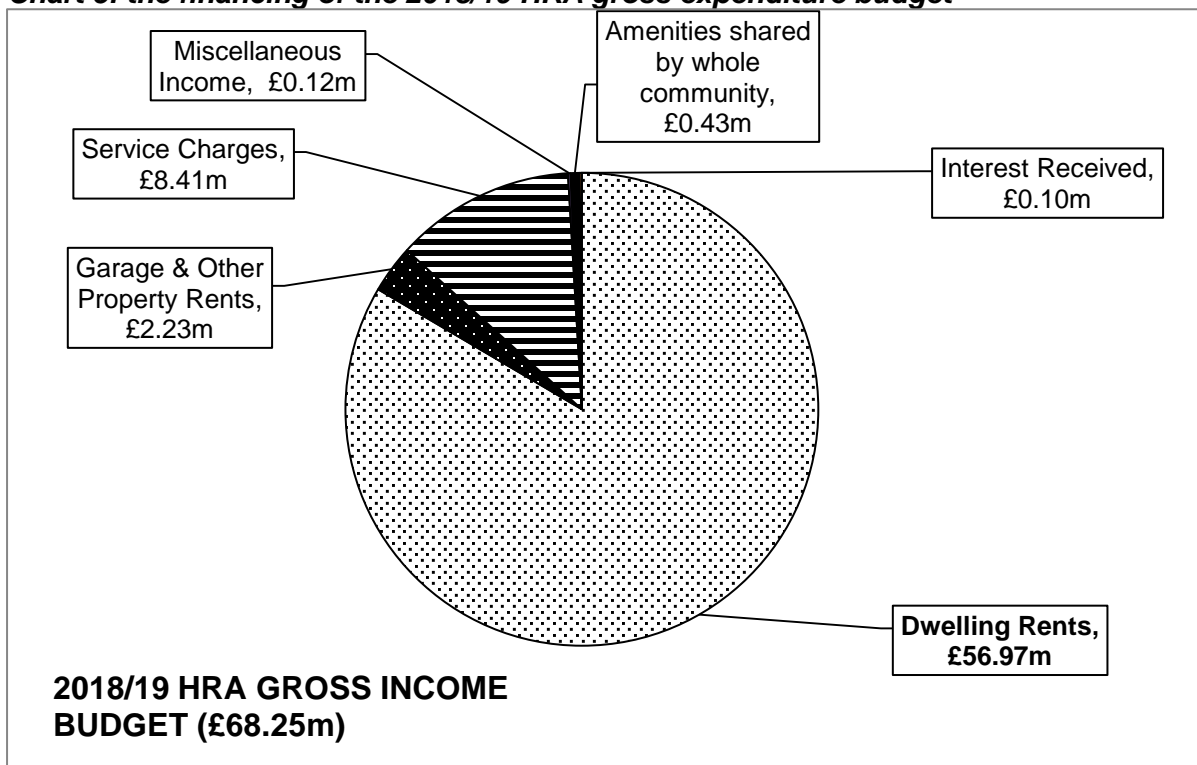
under the Right-to-Buy legislation, with 163 dwellings being lost during the last financial year.

17. The proposed gross expenditure budget for the HRA in 2018/19 is £70.80m with the income budget being £68.25m – this creates a budget deficit position of £2.55m. However, this budget includes a planned significant use of reserves to fund the HRA capital programme and minimise borrowing costs.
18. The HRA continues to balance the ongoing requirements of maintaining and upgrading homes, within the four year mandatory 1% rent reduction.
19. Uncertainty still exists around a possible significant determination being levied against Housing Revenue Accounts to compensate Registered Providers, following the extension of Right-to-Buy legislation.

**Chart 4: analysis of the 2018/19 HRA gross expenditure budget**



**Chart 5: the financing of the 2018/19 HRA gross expenditure budget**



20. The HRA business plan demonstrates that it should still be possible for HRA borrowing to be repaid with 21 years whilst providing 200 new council homes by 2021. This is in addition to 241 social housing homes being delivered in partnership with Registered Providers and a further 285 homes planned to be constructed by the Council's wholly owned company, Norwich Regeneration Ltd.
21. It is proposed to utilise £0.5m of the forecast 2017/18 underspend to establish an spend-to-save earmarked reserve within the HRA to support the delivery of savings and efficiencies through the transformation programme.

### **Capital programme**

22. The proposed 2018/19 capital programme for the General Fund is £42.737m and for the HRA £31.572m.
23. Whilst the proposed General Fund and HRA capital programmes will deliver the highest capital priorities for the Council, the overall programme has been set at a reduced level from previous years that is affordable, provides financial resources for a five year period, includes robust estimates and is achievable in terms of actual delivery.
24. The General Fund capital programme currently does not therefore include significant large schemes, largely related to the regeneration of the City, that may proceed during 2018/19 or later years. These will be considered by Cabinet and approved by Council during the year based on robust Business Case analysis.

Chart 6: analysis of the 2018/19 General Fund capital programme

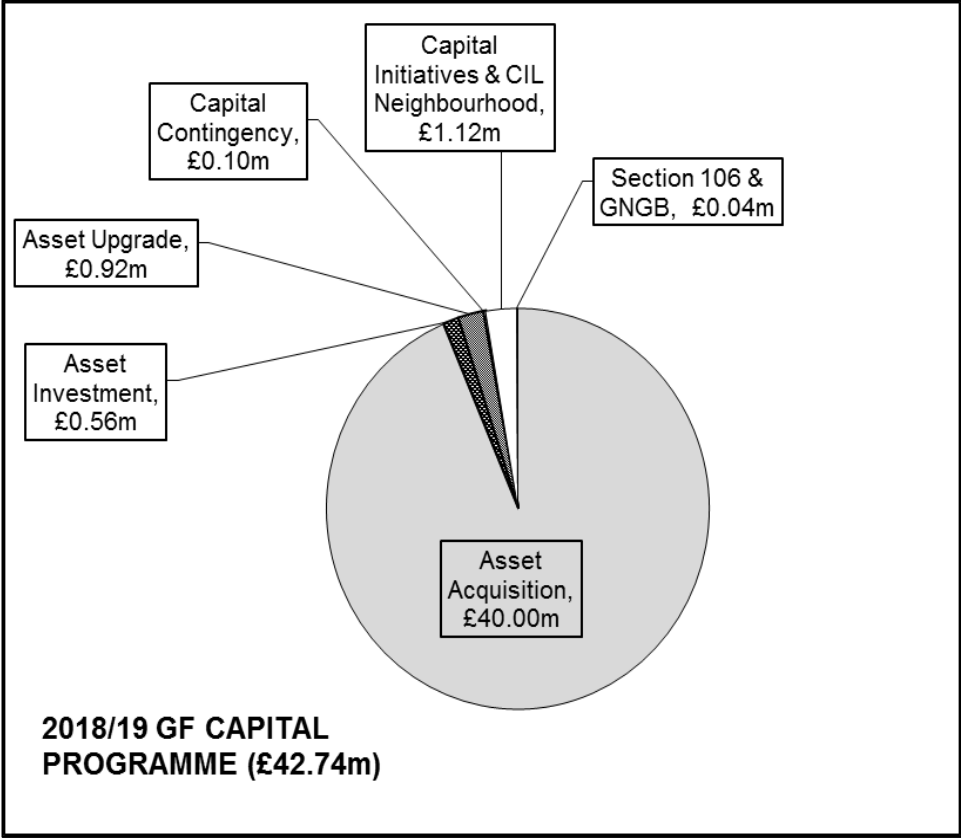
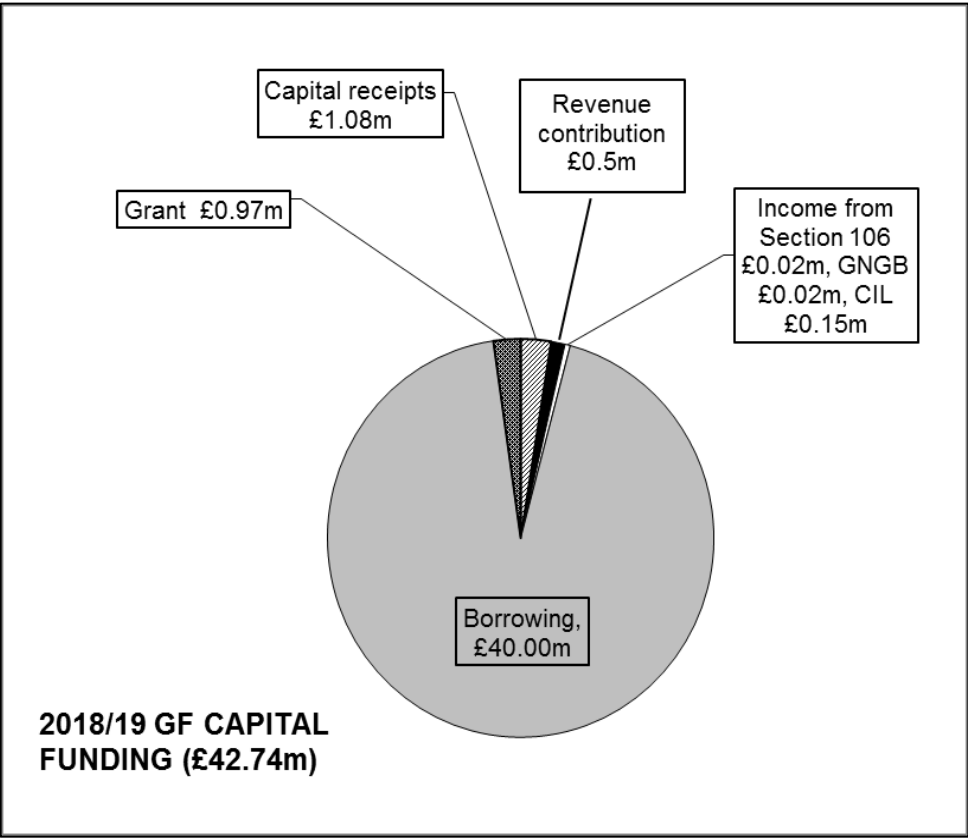
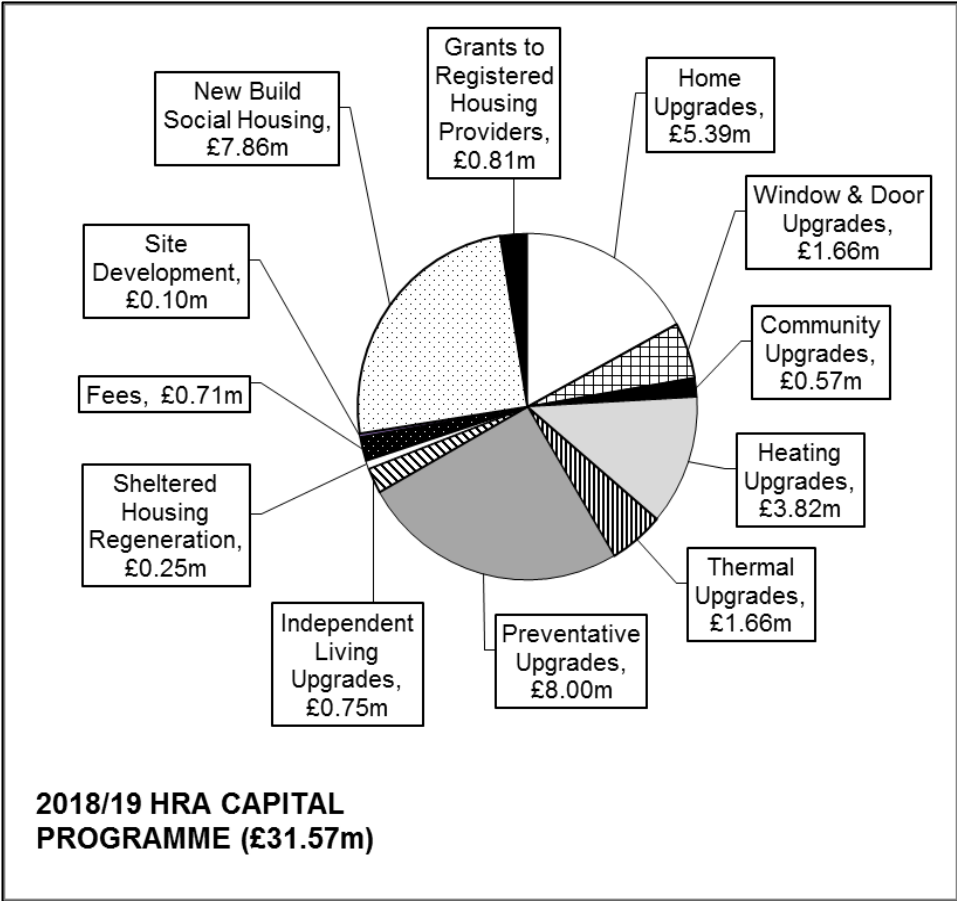


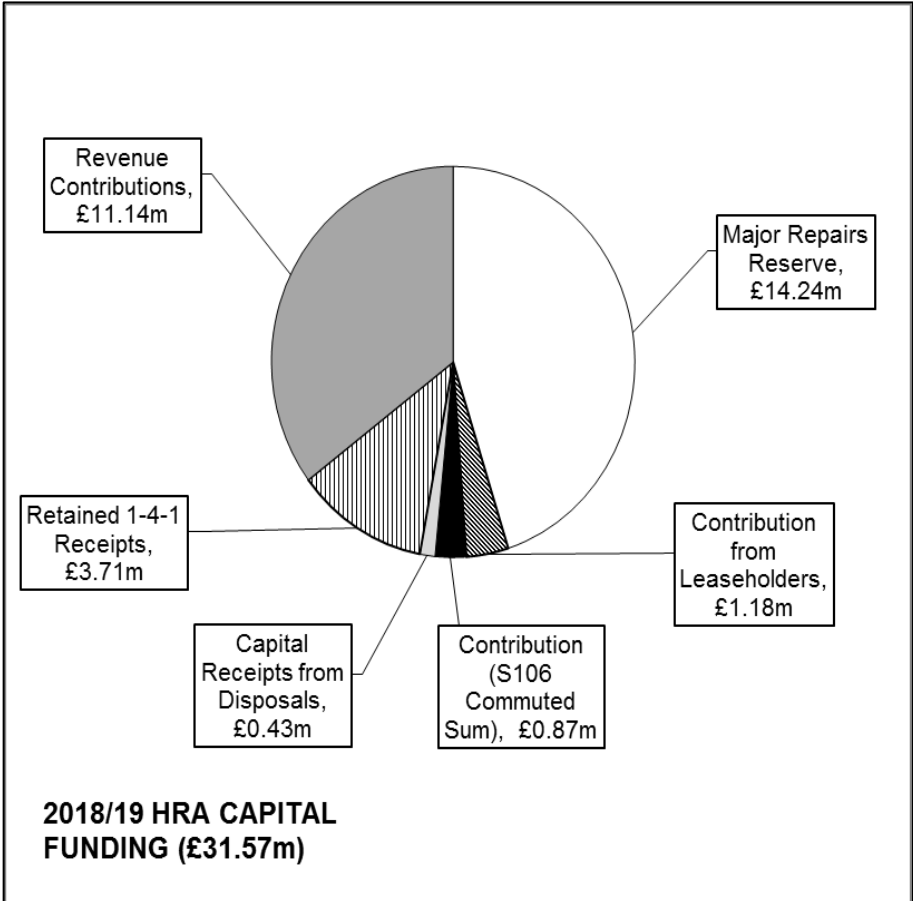
Chart 7: funding of the 2018/19 General Fund capital programme



**Chart 8; analysis of the 2018/19 HRA capital programme**



**Chart 9; funding of the 2018/19 HRA capital programme**



# LOCAL GOVERNMENT FINANCE – ECONOMIC AND STATUTORY CONTEXT

## Public Finances and the national economic context:

25. A summary of the key economic indicators, as at the time of writing this report (January 2018), is given below.

**Bank Interest Rate:** In November 2017 the Bank of England's Monetary Policy Committee (MPC) voted by a majority of 7–2 to increase the Bank Rate by 0.25% to 0.5%, the first increase since July 2007. As things stand, the MPC is expecting two further quarter-point increases in interest rates by the turn of the decade, which would then leave the rate at 1%.

*Source: Bank of England*

**Inflation:** The headline inflation figure, CPI (Consumer Price Index), rose to a five and a half year high of 3% in September and is currently at 3.1%. Food and transport costs in particular have increased the CPI. National Treasury's target rate is 2%.

The Bank of England predicts a gradual fall in the inflation rate which may reach 2% in 2020.

*Source: Bank of England*

**GDP Growth:** The Office for Budget Responsibility (OBR) now expects to see slower GDP growth over the forecast period, mainly caused by the under-performance of productivity in the UK economy. It has revised down its forecast for GDP growth by 0.5 percentage points to 1.5% in 2017, with growth slowing in 2018 and 2019, before rising to 1.6% in 2022. The economic impact of the UK's departure from the European Union however remains uncertain.

*Source: Autumn Budget 2017 and Office for Budget Responsibility*

**Unemployment Rate and Average Earnings:** The UK unemployment rate remains at 4.3% (1.42m individuals) in November 2017 its lowest rate since 1975 - and down from 4.8% a year earlier. Average earnings, excluding bonuses, rose 2.2% in the three months to September 2017, compared with a year ago, but this is a decrease of 0.5% in real terms when accounting for inflation.

*Source: Office for National Statistics*

**Public Sector Finances:** The reductions in future GDP growth have knock-on effects for both public sector net borrowing and for future public sector expenditure as lessened economic growth equates to a reduced tax take.

Public sector net borrowing is now forecast to fall over the next four years to some £30bn in 2021/22, instead of the £20bn forecast in the Spring 2017 Budget Statement (and contrasted with the £10bn surplus forecast for 2019/20 in the Chancellor's 2016 Budget Statement).

The government's policy had been that after the four year funding settlement finishes in 2020/21, public sector funding would increase in line with inflation during the period of the next spending review (i.e. at about 2%). Lower GDP growth is likely to result in lower increases in public spending. Whilst revised targets are not published yet, and possibly are not likely to be until there is more formal planning for the next spending review, CIPFA warns that the overall increase in public sector funding post 2020/21 could be 1.5% rather than 2%.

*Source: Office for Budget Responsibility and CIPFA*

## **Provisional Local Government Finance Settlement**

26. The provisional Local Government Finance Settlement 2018-19 was published on 19 December 2017. The key points impacting on the budget are summarised below.
27. **Revenue Support Grant:** The Provisional Finance Settlement allocation was in line with the multi-year settlements that were announced in 2016-17.
28. **New Homes Bonus:** The Finance Settlement confirmed there would be no change to the way that New Homes Bonus is calculated. The threshold implemented last year remains unchanged, so that payments are only made on increases in the council tax base above 0.4%. The provisional finance settlement includes a 2018/19 new homes bonus allocation of £32,480 which will be received for the next four years.
29. **Council Tax:** The Government has increased the general council tax referendum limit for shire district councils from 1.99% to 2.99% per cent for 2018/19 only. It has been assumed that Councillors would want to increase the council tax to the new limit.
30. **Capital Receipts:** It was announced the flexibility previously granted to use capital receipts to help meet the revenue costs of transformation programmes will continue for a further three years.
31. **Planning Fees:** Confirmation was received that local authorities will be able to increase planning fees by 20% where they commit to spending the additional income on their planning services.
32. **Business Rates:** the changes announced were:



- Bringing forward to 1 April 2018 the planned switch in indexation from RPI to the main measure of inflation (currently CPI).
  - Increasing the frequency with which the VOA (Valuation Office Agency) revalues non-domestic properties by moving to revaluations every three years following the next revaluation, currently due in 2022.
  - The Settlement documentation states that local government will be fully compensated for the loss of income as a result of these measures.
33. **Business Rates retention pilots:** The new areas that will pilot 100% business rates retention in 2018/19 are: London, Berkshire, Derbyshire, Devon, Gloucestershire, Kent & Medway, Leeds, Lincolnshire, Solent, Suffolk and Surrey. Unfortunately the Norfolk application for becoming a pilot was not successful.
34. **HRA:** Government will lift Housing Revenue Account borrowing caps for councils in areas of high affordability pressure, so they can build more council homes. Local authorities will be invited to bid for increases in their borrowing ability from 2019-20, up to a total of £1 billion by the end of 2021-22. The government will monitor how authorities respond to this opportunity, and consider whether any further action is needed.

#### **Local government finance after 2020/21:**

35. **100% retention of Business rates:** In October 2015 the Government stated its intention that local government should retain 100% of taxes raised locally (above baseline funding) from 2019/20 onwards. However, this policy was not mentioned in the Queen's Speech earlier this year and it has now been acknowledged by government that, whilst it remains committed to the policy, the timetable has slipped with its introduction currently unknown.
36. Instead the Government announced its intention to introduce 75% business rates retention for all councils in 2020/21.
37. **Fairer Funding Review:** Alongside the local government finance settlement, the Government confirmed that it is looking to implement the Fair Funding Review in April 2020 and published an initial consultation "*Fair funding review: a review of relative needs and resources*". This consultation focuses on potential approaches that have been identified to measure the relative needs of local authorities, including the formulae that may be adopted, statistical techniques that could be used to construct relative needs, and the identification of common cost drivers. The consultation will close on 12 March 2018. It will be important that Norwich City Council engages with the consultation as being a bounded city district it has spending needs and cost drivers that may not be typical of the majority of district councils who are largely rural in nature.

#### **Changes to CIPFA's Prudential Code and DCLG's Investment Code:**

38. CIPFA issued a revised Prudential Code and Treasury Management Code on 21 December 2017. The first code governs local authority borrowing (except HRA borrowing) and the latter code governs local authority investment, cash flow and risk decisions. Both of the revised codes are in response to developments arising from the Localism Act 2011, namely the fact that many councils are using the general power of competence to engage in increased commercial activity.
39. The key changes are the requirement to produce a capital strategy with the intent of the remaining changes being a strengthened and greater transparency required over non-treasury related investments such as commercial property acquisition and on-lending to third parties.
40. **Introduction of a capital strategy:** each local authority is now required to produce a capital strategy for approval by full council. The capital strategy will also need to cover expenditure on commercial activities and investments. The latitude for local authorities to set the scope and size of their capital plans remain unrestricted but councils will need to address the key areas CIPFA requires to be in the capital strategy including:
- An overview of the governance process for approval and monitoring of capital expenditure.
  - A long term view of capital expenditure plans; where long term is defined by the financing strategy of, and risks faced by, the authority with reference to the life of projects/assets.
  - An overview of asset management planning including the opportunity cost of past borrowing, maintenance requirements and planned disposals.
  - The authority's approach to investments and commercial activities including processes, due diligence and defining the authorities risk appetite in respect of these including proportionality in respect of overall resources.
  - A projection of external debt and internal borrowing levels, including MRP/Loans Fund Repayments, over the life of the underlying debt.
  - A summary of the knowledge and skills available to the authority and confirmation that these are commensurate with the authority's investment risk appetite.
41. Both of these codes will be effective for the 2018/19 financial year. However CIPFA recognises that the requirement to produce a Capital Strategy may need a longer lead-in period. Therefore whilst CIPFA recommends that the requirements of both codes are implemented as soon as possible it recognises that they may not be able to be implemented until the 2019/20 financial year. It is proposed that the capital strategy along with the other minor changes within the Treasury Management Strategy for Norwich City Council will be developed for approval by Council as part of the 2019/20 budget cycle.
42. The Department for Communities and Local Government (DCLG) closed a consultation on proposed changes to the Local Authorities Investment Code and MRP (Minimum Revenue Provision) Guidance on 22 December 2017. It is not known when DCLG will issue the new code or how they will respond to the comments they have received from the consultation. There are

overlapping and some possibly conflicting issues between DCLG's and CIPFA's codes.

43. The key thrust of DCLG's proposals is to bring investment in property into the requirements of the Code. Local authorities will need to disclose (in their capital strategy):
- Reasons for borrowing to invest in property and policies for managing risk.
  - How the council assesses the market it competes in.
  - The contribution investment property returns make towards the cost of core services.
  - The level of dependency on achieving expected yields and contingency plans for liquidating assets.
  - A demonstration that any risky loans to third parties are proportionate and are made in awareness of expected losses.
44. DCLG are also proposing to specify the maximum useful economic lives for assets over which Minimum Revenue Provision (MRP) costs should be charged — 50 years for land and 40 years for any other class of assets. The limitation on useful economic lives will clearly be contradicted by those councils, like Norwich, who own medieval and other historic property and would have the real potential to make some new construction and infrastructure projects unaffordable if applied.
45. There seems to be a conflict in interpretation between CIPFA and DCLG on whether borrowing purely to achieve a financial return is "borrowing in advance of need" which local authorities would not be allowed to do. Professional opinion on this matter is divided although the balance of opinion is that the both codes will not hinder commercial activities but make the decision-making more transparent. Local government will need to wait on the publication of DCLG's revised code before there is clarity on this matter.

## Conclusion

46. In conclusion, the national economic and statutory context surrounding and influencing local government finance is currently very unpredictable and potentially volatile. The MTFS presented in this report, especially from 2020/21, is based largely on the current *status quo* continuing and does not take into account what could be fundamentally different economic and statutory conditions after the UK leaves the European Union (in 2019) and when the current four year financial settlement from government comes to an end in March 2020.
47. The current level of price inflation necessitates cost increases to some of the Council's budgets such as utilities and contract costs.
48. An increasing bank interest rate does have some impact on the amount of net income the Council can generate through purchasing commercial property and by on-lending to its company, Norwich Regeneration Limited, and potentially to other Joint Venture partnerships that maybe established for regeneration purposes. However, whilst the financial modelling for these show the returns are sensitive to interest rate increases, the expected

increases in interest rate over the next two years are marginal and are unlikely to impact on the overall financial viability of these projects.

49. The current uncertainty as to whether borrowing to fund the acquisition of commercial property undertaken purely to generate a financial return is “borrowing in advance of need” and therefore allowable needs to be clarified by the publication of the DCLG’s revised Investment Code. Meanwhile, however, it seems reasonable to assume that the Council’s commercial property acquisition programme can proceed if Council agrees to this proposal.

## **GENERAL FUND REVENUE BUDGET AND MTFS**

### **Forecast 2017/18 Outturn**

50. The latest position on the General Fund, as at period 8, shows that it is forecast to underspend by £0.938m. This expected underspend has not been factored into the MTFS reserves level. Instead it is proposed to transfer any 2017/18 underspend to the earmarked invest-to-save reserve. This reserve will be used to support the delivery of savings and efficiencies through the transformation programme.

### **Proposed 2018/19 Revenue Budget**

51. The proposed 2018/19 budget has been established following discussions between LGSS Finance and budget managers to determine achievable service budgets. All savings and growth items have been reviewed by the Corporate Quality Assurance Group led by the Chief Finance Officer and Head of Strategy and Transformation.
52. 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 2018/19. It was also agreed to consult the public on the potential for a council tax rise. The consultation closed on 17 January 2018. An analysis of the results is given in Appendix 6.
53. The key changes to the budget position as reported in the Emerging Budget Paper considered at Cabinet in December 2017 mostly arise from the announcements made in the Local Government Finance Settlement received on 19 December 2017 and are as set out in Table 1:

***Table 1: Movements from the Emerging Budget position – Figures are in £000s***

<b>Changes to the budget requirement</b>	
Savings arising from past overpayments in MRP costs (as reported to cabinet and Council in January 2018)	(152)
An increase in planning fees chargeable	(67)

Reduction in profit share from Norwich Norse Buildings	85
Increase in LGSS finance contract costs	25
Increases in grant income above that forecast including New Homes Bonus and Housing Benefits Admin Grant.	(59)
Other minor movements	(14)
<b>Changes to Council Tax income</b>	
A proposed increase of 2.99% in Council Tax	(87)
Improved 17/18 forecast surplus to be recognised in 2018/19	(12)
Small increase in Council Tax base	(9)
<b>Changes to Business Rates income</b>	
Update of the 2018/19 Business Rates forecast	(84)
Improvement in the forecast 2017/18 deficit (to be accounted for in 2018/19)	(59)
Compensation from government for the change in calculating inflationary increases in Business Rate bills	(119)
<b>TOTAL MOVEMENT</b>	<b>(552)</b>

54. Table 2 below summaries the movements in the base budget (i.e. the current year's approved budget) to arrive at the proposed 2018/19 budget:

**Table 2: Movements from the base 2017/18 budget – Figures are in £000s**

<b>2017/18 Budget Requirement</b>	<b>16,152</b>
Budget movements:	
Inflation	1,249
Savings and additional income	(2,402)
Growth	911
Movement in recharges	(183)
Other movements: Increase in Revenue contribution to capital (per MTFS)	250
Other movements: Reduction in joint venture pension deficit contributions	(375)
Net reduction in grants including New Homes Bonus	910
Increase in contribution from reserves	(816)
<b>2018/19 Budget Requirement</b>	<b>15,696</b>

<b>2017/18 Budget Resources</b>	<b>16,152</b>
Budget movements:	
Reduction in revenue support grant	689
Decrease in retained business rates	154
Increase in council tax income	(387)
<b>2018/19 Budget Resources</b>	<b>15,696</b>

55. The MTFS approved by Council in February 2017 set out a net savings target for 2018/19, based on a 5-year smoothing savings strategy, of £1.920m. £1.491m of net savings are proposed in this report. However other budget estimates have been updated since last February and there has been an improvement in the financial position such that the required use of reserves is £0.4m lower than that expected in last February's budget paper.

56. The net savings include £0.9m of budget growth (i.e. increases to the budget). The growth includes reductions in property rental income associated with the approved asset review and disposal programme, as well as removing any savings that are not currently achievable or are now to be addressed through the wider organisational review set out in the Chief Executive's report entitled "Fit for the Future"(Cabinet 13 December 2017).
57. A summary of the proposed budget savings and growth is shown in Appendix 1, with items categorised as either revenue generation, service efficiencies, or accounting changes.
58. The following table shows the proposed budget for 2018/19 analysed by type of expenditure or income (subjective group) compared to 2017/18.

**Table 3: Proposed budget by subjective group – Figures are in £000s**

Subjective group	Budget 2017/18 £000s	Budget 2018/19 £000s	Change £000s
Employees	20,189	20,557	368
Premises	10,681	10,398	(283)
Transport	278	283	5
Supplies & services	16,421	16,091	(330)
Third party payments (shared services)	4,994	4,434	(560)
Housing benefit payments	62,284	56,580	(5,704)
Capital financing	2,353	£2,573	220
Recharge expenditure	16,795	17,489	694
<b>Gross expenditure</b>	<b>133,995</b>	<b>128,488</b>	<b>(5,590)</b>
Government grants	(65,836)	(59,517)	6,319
Fees, charges & rental income	(25,180)	(25,596)	(416)
Recharge income	(26,139)	(26,092)	47
<b>Gross income</b>	<b>(117,155)</b>	<b>(111,205)</b>	<b>5,950</b>
Contribution to from reserves	(688)	(1,504)	(816)
<b>Total Budgetary Requirement</b>	<b>16,152</b>	<b>15,696</b>	<b>(456)</b>

### Medium Term Financial Strategy (MTFS)

59. Table 4 below shows the proposed budget for 2018/19 and the medium term financial projections for the next 4 years to 2022/23.

**Table 4: Medium Term Financial Strategy 2018/19 to 2022/23 – Figures are in £000s**

	2018/19	2019/20	2020/21	2021/22	2022/23
Employees	20,557	21,512	22,321	23,151	24,007

Premises	10,398	10,627	10,861	11,100	11,344
Transport	283	289	295	302	309
Supplies & Services	16,091	16,293	16,641	16,996	17,359
Capital Charges	1,773	1,791	1,810	1,829	1,849
Housing Benefit Payments	56,580	56,580	56,580	56,580	56,580
Third Party Payments	4,434	4,532	4,632	4,734	4,838
Recharge Expenditure	17,489	17,489	17,489	17,489	17,489
Recharge Income	(26,092)	(26,092)	(26,092)	(26,092)	(26,092)
Contribution to Capital	800	1,050	1,300	1,550	1,800
Fee, charges, rental income	(25,596)	(26,245)	(26,603)	(26,967)	(27,361)
<i>Government Grants:</i>	(59,517)	(56,580)	(56,580)	(56,580)	(56,580)
New Homes Bonus	(837)	(520)	(119)	(32)	0
Benefit Subsidy	(56,876)	(56,877)	(56,877)	(56,877)	(56,877)
Benefit/CTS Admin grant	(961)	(881)	(840)	(801)	(764)
Other Grants	(843)	(465)	(448)	(448)	(448)
<b>Subtotal budgets</b>	<b>17,200</b>	<b>19,083</b>	<b>20,950</b>	<b>22,514</b>	<b>24,033</b>
Net Savings cumulative	0	(1,760)	(3,520)	(5,280)	(7,040)
Use of reserves	(1,504)	(1,940)	(2,088)	(1,557)	(947)
<b>Budget requirement</b>	<b>15,696</b>	<b>15,383</b>	<b>15,342</b>	<b>15,677</b>	<b>16,046</b>
Business Rates	(5,298)	(5,767)	(5,704)	(5,824)	(5,947)
Formula Funding (RSG)	(982)	(213)	0	0	0
Council Tax	(9,416)	(9,404)	(9,638)	(9,853)	(10,099)
<b>Total funding</b>	<b>(15,696)</b>	<b>(15,383)</b>	<b>(15,342)</b>	<b>(15,677)</b>	<b>(16,046)</b>

60. The key issues to highlight in the MTFS are:

- A significant forecast increase in the Council's payroll cost (assuming current levels and numbers of staff employed). See [paragraphs 62-64](#) for an explanation.
- The assumed loss of Formula Funding (RSG) and New Homes Bonus (NHB) during the five year period ([paragraphs 68](#) and [69](#)).
- The planned use of reserves over the next five years to help balance the budget ([Table 9](#)).
- The amount of net savings needed to be delivered over the MTFS planning horizon ([paragraph 89](#)).
- The proposal that Council Tax should rise at 2.99% in 2018/19 and then by 2% or an additional £5 per annum, whichever is the higher, over the life of the medium term planning horizon ([paragraph 82](#)).

61. The next part of this report gives some detail about the key figures in the 2018/19 budget and MTFS and the assumptions made.

## Pay and Price Assumptions

62. Payroll-related inflation has been included at 2% in 18/19 to allow for the impact of the agreed annual pay settlement, payroll drift and the impact of the Living Wage.
63. The 2016-18 pay agreement included a commitment to a future restructure of pay spines to meet the national living wage future challenge. In future years the expected payroll costs have been increased in anticipation the impact of these changes, although the exact financial implications are uncertain.
64. 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 (the next one will take effect in 2020/21). The pension deficit costs from joint ventures are forecast at current levels and will be revised in line with the triennial valuations.
65. Inflation based on advice from the Office for Budget Responsibility (OBR) has been included on premises costs, supplies and services, and transport throughout the MTFS planning timeline. Inflation on income however is prudentially set at 1.5% to run approximately 0.5% below expenditure inflation.
66. A 1% growth driver, based on dwelling and population, has historically been applied to the Neighbourhoods, Citywide and City Development service areas. As growth has been restricted to a minimum with service areas expected to find compensating savings, this blanket growth assumption has been removed.

### **Contributions to capital**

67. In line with the 2017/18 MTFS, an additional £250k has been included in the budgeted revenue contribution to capital in 2018/19. The updated MTFS continues to increase the budget over the life of the MTFS, by £250k per annum, so that by 2022/23 £1.5m is provided as a funding source to the capital programme along with a £300k contribution to cover the costs of the Homes Improvements Agency team.

### **Government Grants**

68. The Council agreed to accept the 4-year settlement deal offered in the 2016-17 Local Government Finance Settlement. The 2018-19 budget reflects the third year of the deal. The provisional finance settlement received on 19 December 2017 was in line with the 4 year settlement.
69. The provisional finance settlement includes a 2018/19 new homes bonus allocation of £32,480 which will be received for the next four years. No additional New Homes Bonus is included in the MTFS from 2019/20 onwards in light of uncertainty over future grant levels.



70. Grants for future years have been estimated at current levels, with the exception of Housing Benefit, Universal Credit, and Local Council Tax Support Administration Grants. These grants have been estimated based on the experience of the Head of Service for Revenues and Benefits in line with trends for other authorities moving to full universal credit service.

## Business rates

71. The business rates collected during the year by billing authorities are split between central government and local government. Billing authorities such as Norwich City Council initially retain 40% of the business rates collected in their area, with then either a tariff or top-up applied to redistribute business rates more evenly across authorities.
72. A baseline funding level is set by central government and a 'safety net' system operates to ensure that no authority's income drops by more than 7.5% below their baseline funding level.
73. Norwich City Council is within the Norfolk Business Rates Pool and therefore rather than pay a 50% levy on growth above the baseline funding level, any saved levy is paid into the Norfolk pool to supplement economic development activity throughout the county.
74. The retained business rates forecasts are based on actual amounts collectable at December 2017 which are then adjusted for local knowledge (i.e. appeals, charitable relief) and the uplifted by an inflationary increase to allow for the increase in the business rates multiplier.

**Table 5: 2018/19 Business Rates Retained Income – Figures are in £000s**

Baseline Funding (Provisional Finance Settlement)	(£5,759)
Norwich Share of Retained Income (40%)	(£30,152)
Less: Norwich Tariff (Provisional Finance Settlement)	£25,506
Plus: Budgeted Section 31 grant for SBBR and discretionary reliefs	(£1,284)
Plus: Budgeted Section 31 grant indexation switch	(£119)
Less: Budgeted levy to the Norfolk Business Rates Pool	£86
Less: Norwich Business Rates 2017/18 deficit distribution	£998
Plus: Section 31 grant earmarked reserve transfer against deficit	(£332)
<b>Total Business Rates Income 2018/19</b>	<b>(£5,298)</b>

75. The 2018-19 retained business rates have been budgeted at £5.298m. These forecasts may change ahead of the final NNDR1 submission at the end of January 2018.
76. The Chancellor announced in his Budget Statement that, as from April 2018, the multiplier inflation applied will switch from RPI to CPI, with local government being fully compensated for the loss of income from this measure.
77. In the 2016 Budget Statement, the Chancellor announced that from 1 April 2017, the doubling of small business rates relief (SBRR) would be made permanent and that the thresholds at which relief is available would be increased. DCLG are currently consulting on proposed changes to the

methodology for calculating the correct amount of compensation due to each authority for 2017-18 and future years. The outcome of the consultation may result in increases to the section 31 grant receivable by the Council.

78. The 2017/18 business rates forecast deficit reflects the estimated outturn for the current year and could still be adversely impacted by appeals and reliefs. Whilst part of this deficit is offset by additional S31 grant receipts, business rates income can decrease through reductions in the gross rateable values (in part reflecting the conversion from offices to housing) and increases in mandatory reliefs.
79. There remains a significant financial risk on business rates income from the impact of valuation appeals, in particular over the 2017 valuation list. Currently there is little information available regarding the level or impact of potential appeals.
80. The forecasts for retained Business Rates income from 2019/20 assume current baseline amounts and do not take into account, as they are currently unknown, of the potentially significant changes in funding arising from increased Business Rates Retention and the Fairer Funding Review. The MTFS also assumes an annual inflationary rise in NNDR (capped at 2%) plus an allowance of £300k per annum for any deficits arising on the Collection Fund each year.

## Council Tax

81. Any increase in the level of council tax is limited by referendum principles. As part of the provisional finance settlement announced on 19 December 2017, the Government has increased the general council tax referendum limit for shire district councils from 1.99% to 2.99% per cent for 2018/19.
82. This report includes the proposal to increase the Norwich City Council element of the Council Tax by 2.99% in 2018/19 resulting in additional income of £264k which would then be incorporated into the future years' tax base. The public budget consultation was launched before the Government confirmed the changes to the referendum limit and therefore sought views on a proposed maximum increase of £5 (2.01%) to the Band D rate. Applying the additional rise results in a further £87k in council tax income.
83. The proposed 2018/19 Band D rate for 2018/19 is therefore £256.46. Table 6 below shows the impact of the proposed increase for each council tax band. This only shows the Norwich City Council share of total council tax and does not include the amounts required from preceptors - Norfolk County Council and the Office of the Police and Crime Commissioner for Norfolk.

**Table 6: Council tax increases 2017/18 to 2018/19, Bands A to H**

Band	A	B	C	D	E	F	G	H
<b>2017/18</b>	£166.01	£193.67	£221.34	£249.01	£304.35	£359.68	£415.02	£498.02
Increase	£4.97	£5.79	£6.62	£7.45	£9.11	£10.76	£12.42	£14.90
<b>2018/19</b>	£170.97	£199.47	£227.96	£256.46	£313.45	£370.44	£427.43	£512.92

84. The figures shown will be reduced, for qualifying council tax payers, by the council's discount scheme (Council Tax Reduction Scheme) which is the subject of a separate report on this committee's agenda. Currently the total cost of the CTR scheme is £13.7m, of which the Norwich share is £2.0m.
85. The following table shows the calculation of the total amount of income to be collected from council tax in 2018/19 with the recommended increase of 2.99%.

**Table 7: Council tax calculation 2018-19**

	No.	£
<b>Budgetary requirement</b>		<b>15,696,034</b>
- Revenue Support Grant		(982,018)
- NNDR Distribution		(5,298,124)
<b>= Council tax requirement</b>		<b>9,415,892</b>
- Surplus on collection fund		(315,408)
<b>=Total Council tax income</b>		<b>9,100,484</b>
Band D Equivalent properties	35,485	
<b>Council tax (Band D)</b>		<b>256.46</b>

86. There is no confirmation yet about the future referendum principles. The MTFS continues to assume from 2019/10 onwards that the rise in rates for a district council is set at a maximum of 2% or £5 each year. An increase in the council tax base of 0.5% is assumed for each year of the MTFS arising from estimated growth in the number of dwellings in the Council's area.
87. An allowance of 2.5% for non-collectible debt has been built into the Council Tax figures used in the MTFS. Historically this allowance has been sufficient to cover any non-recovery of Council Tax amounts.
88. A collection fund surplus receipt of £315k for 2018/19 and £75k each year thereafter has been built into the MTFS based on the current surplus level and past history. This will continue to be reviewed each year and distributions made to the precepting authorities.

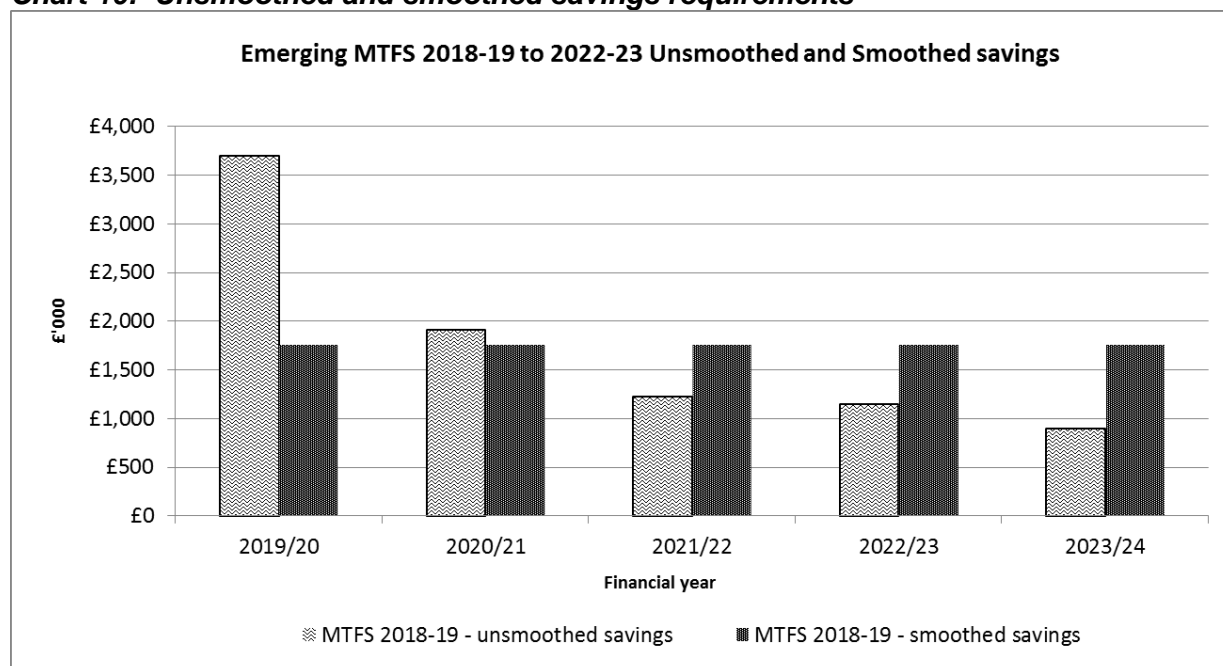
### **Budget savings required over the life of the MTFS**

**Table 8: Smoothed net savings required 2019/20 to 2022/23 - Figures are in £000s**

	2019/20	2020/21	2021/22	2022/23
Assumed annual budget growth	750	750	750	750
Gross saving requirement	(2,510)	(2,510)	(2,510)	(2,510)
<b>Net annual saving requirement</b>	<b>(1,760)</b>	<b>(1,760)</b>	<b>(1,760)</b>	<b>(1,760)</b>

89. The MTFS shows a need to make further net savings of £7.0m, assuming demand-led growth of £0.75m per annum, over the next 4 years, which following the "smoothed" approach equates to £1.760m each year to 2022/23. The graph below shows the savings that would need to be made in 2019/20 if the smoothing strategy were not to be undertaken.

**Chart 10: Unsmoothed and smoothed savings requirements**



## General Fund Reserves Position

**Table 9: Estimated Reserves Position 2017/18 to 2018/19 - Figures are in £000s**

	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Balance B/Fwd.</b>	(13,156)	(11,652)	(9,712)	(7,624)	(6,068)
Use of reserves	1,504	1,940	2,088	1,557	947
<b>Balance C/Fwd.</b>	(11,652)	(9,712)	(7,624)	(6,068)	(5,120)
<b>% of controllable spend</b>	25%	21%	16%	12%	10%

90. The prudent minimum balance (PMB) for the general fund reserve has been set at £4.232m. The smoothed MTFS brings the forecast reserves down to the PMB plus 20% by the end of 2022/23.
91. After 2023 savings will still need to be made as inflationary and demand-led increases in costs are not forecast to be able to be offset by rises in council tax and business rates. These savings will need to be made without relying on reserve contributions to balance the budget.

## HOUSING REVENUE ACCOUNT (HRA) & BUSINESS PLAN

### Forecast 2017/18 Outturn

92. The HRA, as at period 8, is forecast to underspend by £1.71m. This underspend has been factored into the updated HRA business plan.
93. It is proposed to utilise £0.5m of this underspend to establish an spend-to-save earmarked reserve to fund the HRA's share of costs of delivering relevant parts of the transformation programme.

## Proposed 2018/19 Revenue Budget

94. The provisional 2018/19 budget has been set following discussions between LGSS Finance and budget managers to determine achievable service budgets.

95. The table below shows the proposed HRA revenue budget for 2018/19:

**Table 10: Movements from the base HRA 2017/18 budget – Figures are in £000s**

Division of Service	Original Budget 2017/18	Proposed Budget 2018/19	Change
Repairs & Maintenance	13,815	13,487	(328)
Rents, Rates, & Other Property Costs	5,789	6,501	712
General Management	12,115	11,965	(150)
Special Services	5,090	4,819	(271)
Depreciation & Impairment	21,992	21,805	(187)
Provision for Bad Debts	223	190	(33)
Adjustments & Financing Items (including revenue contribution to capital)	20,030	12,034	(7,996)
<b>Gross HRA Expenditure</b>	<b>79,054</b>	<b>70,802</b>	<b>(8,252)</b>
Dwelling Rents	(57,692)	(56,968)	724
Garage & Other Property Rents	(2,169)	(2,228)	(59)
Service Charges – General	(8,374)	(8,414)	(40)
Miscellaneous Income	(85)	(115)	(30)
Amenities shared by whole community	(586)	(427)	159
Interest Received	(175)	(100)	75
<b>Gross HRA Income</b>	<b>(69,081)</b>	<b>(68,252)</b>	<b>829</b>
<b>Use of HRA Reserves</b>	<b>9,973</b>	<b>2,550</b>	<b>(7,423)</b>

96. The movement between the 2017/18 and 2018/19 budget positions is analysed in detail in appendix 3.

97. The gross expenditure of £70.80m exceeds the gross income of £68.25m which creates an in-year budget deficit position. However, the proposed expenditure includes a significant revenue contribution of £11.14m to fund expenditure within the proposed HRA capital programme. This continues the planned approach of reducing significant levels of reserves towards the recommended minimum balance, which will reduce the requirement to borrow and the associated costs to the HRA.

## Council Housing Rents

98. Historically, the level at which council housing rents were set was decided by Council in line with guidance set out by the government and information provided by the HRA Business Plan. However, in 2016/17 the government's rent policy was replaced by a mandatory minimum 1% reduction in rent for a four year period until March 2020, as set out in the Welfare Reform and Work Act 2016.

99. The mandatory 1% rent reduction continues for 2018/19, which means that for HRA tenants, the average weekly rent will be £77.27 equating to an average reduction of £0.78.
100. It is proposed that garage rents are increased by 4%. This is in line with the government formula for dwelling rents prior to the implementation of the mandatory rent reduction, based on CPI as at the preceding September (3%) plus 1%.
101. 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.

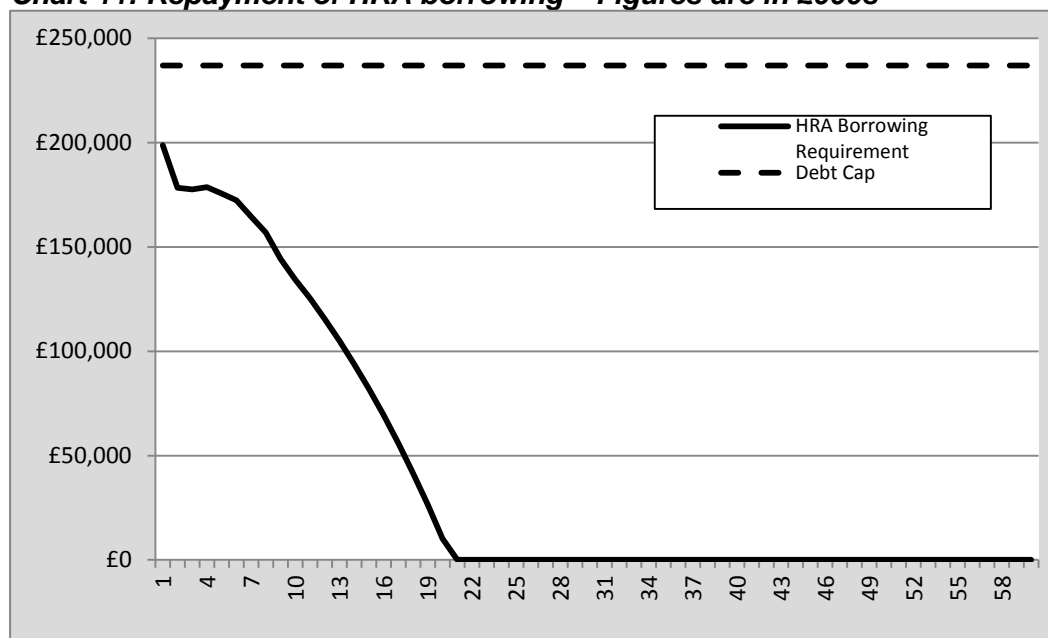
## **HRA Business Plan**

102. Financial planning for the HRA is based upon a business plan, which forecasts planned capital and revenue expenditure and income against the ability to repay borrowing.
103. Historically, the business plan has forecast the repayment of borrowing over a 30 year period, however the model has recently been updated to extend projections over 60 years, which will enable further investment opportunities to be explored, such as additional new build schemes and the consideration of renewing rather than upgrading some housing stock.
104. The business plan relies upon a combination of known and assumed economic factors and government announcements to generate a financial forecast.
105. The Housing and Planning Act 2016 made provision for a determination to be imposed on Housing Revenue Accounts in order to compensate Registered Providers for financial losses incurred as a result of extended Right-to- Buy legislation. It has been indicated that the sum may represent a significant additional capital cost, but the government has still not provided any indication as to how this will be calculated or when this may become due. It is therefore not currently possible to estimate the cost to the council or draw up detailed plans to address this, and it has therefore been omitted from the HRA business plan at this stage. It is however understood that this compensation is unlikely to be needed in 2018/19.
106. The government has confirmed its intention to implement a new rent policy which will end the four year mandatory rent reduction and enable social housing rents to increase by CPI plus 1% from 2020/21. This has been included within the HRA business plan.
107. The roll out of Universal Credit is expected to impact on rent collection and associated bad debt which has been reflected in the business plan with an increased bad debt provision in future years.
108. The chart below illustrates the impact on the HRA business plan and HRA borrowing requirement of the proposed 2018/19 revenue budget and capital

programme, with rent continuing to reduce by 1% for the next 2 years. This demonstrates that the borrowing can currently be repaid with 21 years.

109. It should be noted that the HRA business plan only includes current investment plans at this stage. Further work will take place in the future to develop the business plan over an extended 60 year planning horizon and explore any opportunities this may generate.

**Chart 11: Repayment of HRA borrowing – Figures are in £000s**



## HRA Reserves Position

110. The draft proposed budgets will impact on the HRA balance as follows:

**Table 11: HRA reserves**

Item	£'000
Brought Forward from 2016/17	(30,387)
Budgeted use of balances 2017/18	9,973
Forecast HRA underspend 2017/18	(1,709)
Invest-to-save earmarked reserve	500
<b>Carried Forward to 2018/19</b>	<b>(21,623)</b>
Forecast use of balances in 2018/19	2,550
<b>Carried Forward to 2019/20</b>	<b>(19,073)</b>

*NB This does not include underspend on capital projects funded from HRA balances*

111. The prudent minimum level set for the HRA reserve has been calculated at £5.844m.
112. Based on the use of balances in 2017/18 remaining as forecast, a substantial resource still remains to fund capital expenditure in 2018/19. This will continue to reduce resources towards the recommended minimum balance and reduce the requirement for the HRA to borrow externally.

## **CAPITAL PROGRAMME**

113. The council owns and maintains an extensive range of assets including commercial property, housing, a market, heritage assets, walkways/paths and lighting columns. Major investment in these and new assets is funded from the capital programme, which in turn is resourced from the disposal of surplus assets, revenue contributions, grants and borrowing.
114. Currently, capital budgets are included within either the non-housing or housing capital programme, but it is proposed to amend the designations from 2018/19, to the General Fund and HRA capital programmes.
115. Historically, for many larger schemes, the capital programme has included the full budget requirement in the first year of the project rather than the spend required being profiled over the expected implementation timetable. Other schemes have been included in advance of a business case being finally approved or the cost or resource requirements being fully established. This has resulted in the capital programme total being largely “aspirational” and significantly underspent when projects do not proceed within the financial year.
116. All budget proposals included in the proposed capital programme have been assessed and prioritised by the Corporate Quality Assurance Group, after discussion with NPS and/or the Budget Manager, in an attempt to ensure that all schemes have a robust business case, and are achievable in the financial year. The CFO recommends this approach to be able to better forecast the Council’s cash flow position, a requirement needed in light of the Council’s need to borrow over the life of the medium term planning horizon.

### **General Fund Capital Programme**

117. The latest position of the 2017/18 non-housing capital programme, as at period 8, shows that it is forecast to underspend by £10.54m. It is anticipated that a substantial element of this will be the subject of a request to carry-forward underspent budgets into 2018/19, but as the value of these are not yet known, they are not included in the proposed budgets contained within this report.
118. The proposed General Fund capital programme for 2018/19 to 2022/23 is set out below in table 12 and provided in full detail in appendix 3.
119. In addition to the schemes proposed in the programme there are a number of other significant potential schemes currently at an early planning stage not yet included in the proposals. These will require detailed business cases, which once approved will be submitted to cabinet for recommendation to council for inclusion within the capital programme during the year. Such potential schemes include the redevelopment of the former Mile Cross depot site, the regeneration of the airport industrial estate with the County Council



and a Joint Venture partner, replacing the Council's IT legacy systems, accelerated housing development exemplar, and the construction of purpose built temporary accommodation.

**Table 12: Proposed GF Capital Programme 2018/19 – 2022/23 – Figures are in £000s**

<b>Funding Method</b>	<b>GF Programme</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Borrowing	Asset Acquisition	40,000	-	-	-	-
Borrowing	Capital Loans	-	11,510	12,040	440	-
Capital Receipts/ RCCO	Asset Investment	560	170	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	917	1,230	1,400	1,400	1,400
Capital Receipts/ RCCO	Capital Contingency	100	100	100	100	100
Grants	Capital Initiatives	970	970	970	970	970
CIL Neighbourhood	CIL Neighbourhood	150	-	-	-	-
Section 106	Section 106	20	-	-	-	-
GNGB	GNGB	21	-	-	-	-
<b>Total GF Capital Programme</b>		<b>42,737</b>	<b>13,980</b>	<b>14,510</b>	<b>2,910</b>	<b>2,470</b>

#### Schemes funded by external borrowing

120. Schemes that are proposed to be funded from borrowing include Commercial Property Acquisitions and On-lending (currently the latter programme only includes on-lending to Norwich Regeneration Limited) and they must demonstrate, through robust financial modelling, that they will generate a revenue income in excess of the borrowing costs, and any MRP costs required, before they go ahead.

#### Schemes funded from Capital Receipts and Revenue Contributions to Capital Outlay (RCCO)

121. The council's extensive and diverse asset portfolio represents a significant maintenance and upgrade liability, requiring continual investment. As many of these assets do not generate an income, it is not possible to fund the investment from borrowing and provision must be made to cover the costs from capital receipts or a revenue contribution instead.
122. Currently, the maintenance and upgrade requirements are identified by NPS as the need for work arises and are submitted to form part of the capital

programme on an annual basis. This process does not allow longer term strategic planning and can result in high levels of investment being required at short notice which may exceed the funding available or the capacity available within NPS to manage the work. This short term perspective also has an impact on the maintenance revenue budget leading to increased “patch and mend” expenditure rather than strategic upgrading of the council’s assets in line with a prioritised conditioning survey.

123. In addition, and as part of the changes required under CIPFA’s Prudential Code, the council is required to publish a capital strategy, which must set out the long term context in which capital expenditure and investment decisions are made in line with the council’s service objectives.
124. In order to address this, NPS have been asked to update a stock condition survey of all General Fund property assets. This will identify upcoming investment requirements and enable the council to prioritise these for inclusion in a five year rolling programme to be agreed up-front by Council as part of the 2019/20 budget cycle.
125. The level of capital receipts generated from the sale of the council’s property assets has fluctuated widely over the last five years. However, these are a finite resource and will not continue to generate similar levels of income in the future.
126. To mitigate against the anticipated reduction in future capital receipts, the council introduced a revenue contribution to capital outlay (RCCO) into the MTFS. For 2017/18 this was set at £0.25m and it is proposed to increase this annually by £0.m until it reaches £1.5m. Although this presents an additional strain on the General Fund revenue budget, it is considered essential that it is preserved if the Council’s extensive range of assets are to be maintained in the future.
127. In line with the planned future available funding and the intention to only include schemes that are achievable within the financial year, it is proposed to limit the more “routine” capital maintenance/upgrade schemes to be funded from capital receipts and revenue contributions within a capital “envelope” total of £1.5m per annum. Bigger, one-off, projects may be included in addition to this, subject to Council approval, depending on the Business Case, the need for the scheme, and the availability of capital receipts.
128. On occasion, as projects progress it may be necessary for expenditure to slightly exceed the allocated budget. This can cause project delays as surplus funds are identified from alternative budgets or approval sought from Council to increase the capital programme. For 2018/19, a capital contingency budget of £100k is proposed, which can be utilised to move small additional amounts to increase budgets as required, subject to the approval procedures set out in the Financial Procedures.

#### Grants, Section 106 and CIL Neighbourhood

129. Schemes that are proposed to be funded from grants form part of the work carried out by the Homes Improvement Agency which is funded by the Better

Care Fund (including the Disabled Facilities Grant) received from Norfolk County Council.

130. Section 106 and CIL schemes are funded from existing resources earmarked for specific purposes.

### **HRA Capital Programme**

131. The latest position of the 2017/18 housing capital programme, as at period 8, shows that it is forecast to underspend by £19.93m. It is anticipated that a substantial element of this will be the subject of a request to carry-forward underspent budgets into 2018/19, but as the value of these are not yet known, they are not included in the proposed budgets contained within this report.
132. The proposed HRA capital programme for 2018/19 to 2022/23 is set out below and provided in additional detail in appendix 4.

**Table 13: Proposed HRA Capital Programme 2018/19 – 2022/23 – Figures are in £000s**

<b>HRA Capital Programme</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Council House Upgrade Programme	22,800	21,328	20,460	19,114	19,370
Site Development	100	50	50	50	50
New Build Social Housing	7,864	2,977	6,743	2,349	-
Grants to Registered Housing Providers	808	2,000	2,000	2,000	2,000
<b>Total HRA</b>	<b>31,572</b>	<b>26,355</b>	<b>29,252</b>	<b>23,513</b>	<b>21,420</b>

133. The proposed council house upgrade programme continues to maintain the Norwich Standard of improvement and the structural integrity of tenants' homes.
134. Following the Grenfell tower fire in London, the council commissioned NPS Norwich to undertake detailed surveys of each of the council's eight tower blocks to highlight any repairs and upgrades required to mitigate the potential of risk of fire. Whilst overall the surveys found that the eight tower blocks were well maintained and continue to perform well with regard to fire safety as designed, a number of repairs and upgrades are recommended, including some existing programmes of work which will be accelerated, to mitigate any possible risk of fire, to prevent fires occurring, and contain the spread of a fire should one occur
135. The findings were reported to cabinet in January, with the cost of the works estimated at £2m. Some of the works are proposed for 2017/18, which are being met from existing budgets and the remainder during 2018/19 for which budgetary provision is proposed as part of the council house upgrade programme.
136. Building and fire regulations are currently being reviewed following the Grenfell Tower tragedy by the Independent Review of Building Regulations and Fire Safety. The review is expected to report in the spring and the

findings may mean that further work will be needed to the council's tower blocks. However, we have no way of knowing the implications of this at this moment in time.

137. The New Build Social Housing budget includes the development of 105 new homes at Goldsmith Street by the HRA and the purchase of 76 homes from Norwich Regeneration Ltd (48 at Three Score in phase 2, 21 in phase 3 and 7 at Ber Street).
138. Grants to Registered Housing Providers are funded from retained one-for-one Right to Buy receipts in accordance with the principles agreed by cabinet on 7 October 2015.
139. All proposed HRA capital and revenue budgets are incorporated into the HRA Business Plan projections, which indicates that the planned expenditure remains affordable whilst maintaining the ability to repay borrowing within 30 years.

## CHIEF FINANCE OFFICER'S STATEMENT

140. Section 25 of the Local Government Act 2003 places specific responsibilities on the Chief Finance Officer to report on the robustness of the budget and the adequacy of proposed financial reserves when the council is considering its budget requirement. The council is required to have regard to this statement when it sets the budget.
141. 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.
142. In fulfilling this responsibility the Chief Finance Officer has set out below what she sees as the key risks associated with the proposed budget, so that members are clear on these risks and proposed mitigation factors when making their budget decision.
143. **Risk 1 – Longer term uncertainty:** Given the uncertainties over the national economic environment and the lack of clarity on future local government funding post March 2020 (the end of the 4 year funding agreement given by government), it has not been possible to undertake meaningful and robust medium term financial planning for the financial year 2020/21 and onwards. This uncertainty over the future places greater importance on the need to maintain a prudent minimum balance of reserves to manage any unexpected changes in the economic and statutory environment within which councils operate.
144. **Risk 2 – Scale of budget savings required over the medium term:** The proposals show a need, based on current financial planning assumptions, for the council to achieve gross savings totalling £10m over the 4 year period 2019/20 to 2022/23 at a rate of £2.5m per annum under the "smoothed" approach proposed in the MTFS. At the end of this period the general fund

reserves will drop to the prudent minimum level and the Council will no longer be able to use reserves as it has been doing in a planned way to fund the revenue budget.

145. Cabinet has agreed to take a holistic and strategic approach to the identification of these savings including a review of the Council's Corporate Plan, identifying how the Council can contribute to the City's new emerging vision, and the Council's future operating model (both outlined in the Chief Executive's report entitled "Fit for the Future" presented to cabinet on 13 December 2017).
146. The quantum of savings required and the timescale for implementation mean that difficult decisions and choices will need to be discussed in preparation for next year's budget cycle. Some of those choices will involve decisions about service levels as it is unlikely that the identification of further efficiencies and new income generation possibilities can fully fund the future gap between the Council's current expenditure levels and its forecast future level of resources.
147. The Chief Finance Officer takes comfort in the fact that Norwich City Council has had a successful track record in setting a balanced budget and achieving the required budget savings in the last six financial years since public sector austerity commenced in 2011/12. The Council in addition has funding available in the spend-to-save earmarked reserve to implement the further transformational changes that will be needed.
148. **Risk 3 – Business Rates income:** This is a highly volatile source of revenue and various factors, including business closures, successful appeals against rateable values, changes in property usage from office/industrial to residential, and changes to the health of the local and national economy can cause reductions in business rate revenue. Norwich City Council currently collects some £75m of business rates income (net of reliefs and provisions), most of which is returned to central government for distribution to local government elsewhere. Officers from Revenues & Benefits and LGSS Finance regularly meet to monitor the income being collected during the year and this is reported to cabinet every other month via the budget monitoring report.
149. The risk of the Council not achieving the business rates income level it is allowed by government to keep to fund its services (termed the "baseline" level) is mitigated by there being a "safety net" in place. The maximum risk Norwich City Council is therefore exposed to in 2018/19 is approximately £0.5m.
150. **Risk 4 – Achieving the 2018/19 budget savings:** £2.4m of gross savings/increased income will need to be delivered during 2018/19 in order to achieve a balanced General Fund budget at year end (see Appendix 1). Any risk of failing to deliver the savings target, or slippage in terms of delivery timescales, will increase the amount of budget savings needing to be made in future years. Progress on achieving the 2018/19 savings will be reported on a regular basis to Corporate Leadership Team and to Cabinet every other month via the budget monitoring report.

151. **Risk 5 – Increasing reliance on commercial income:** The council's General Fund revenue budget contains some £26m of fees, charges, and rental income used to finance the services provided by the council. This income funds 47% of the General Fund revenue budget and includes £1.2m of additional income generation proposed as part of the 2018/19 budget savings (Appendix 1). Such income (from commercial property rentals, car park charges, planning fees, on-lending to Norwich Regeneration Limited) is partly dependent on the state of health of the local and national economy.
152. This budget proposes that two earmarked reserves are established to set aside additional net income achieved above the savings targets to mitigate against the risks of not achieving rental income from the commercial property portfolio and from on-lending to the Council's housing company, Norwich Regeneration Limited. The amount of income being generated in-year is subject to formal regular monitoring by Heads of Service and LGSS Finance and reported to cabinet every other month in the budget monitoring report. LGSS Finance will shortly work with City Services and other officers to establish enhanced financial modelling and forecasting of income being generated from the commercial property portfolio.
153. A key mitigation for the risks mentioned above is the Chief Finance Officer's estimate of a prudent level of reserves. 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.
154. There has been no change in the methodology for calculating the prudent minimum balance of reserves for both the general fund and the housing revenue account. In both cases, an assessment of three years cover for operational risks has been made covering the main areas of expenditure and income. In addition, amounts have been included for unforeseen events and specific risks such as business rates retention and the potential high value voids determination.
155. The risk analysis shows that a prudent minimum level of reserves for 2018/19 will be of the order of £4.232m for the General Fund and £5.844m for the Housing Revenue Account. Further detail of the calculations is available on request. Further comfort is taken from the record of the council in managing and delivering to budget in year.
156. The budget information used in preparing this budget resolution has undergone extensive scrutiny by:
- LGSS Finance
  - Corporate Leadership Team
  - Heads of Service and their staff
  - Corporate Quality Assurance Group (established for this year's budget cycle to review capital, savings and growth proposals)
157. Allowing for the above comments on uncertainty and risks, it is the opinion of the Chief Finance Officer that the budget has been prepared on realistic

assumptions and that it represents a robust, albeit challenging, budget which provides for an adequate level of reserves.

## 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 the completion of the assessment can be found [here](#). Delete this row after completion

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	07 February 2017
<b>Director / Head of service</b>	Karen Watling
<b>Report subject:</b>	2018/19 Budget, Medium Term Financial Strategy (MTFS) and HRA Business Plan
<b>Date assessed:</b>	11 January 2018
<b>Description:</b>	This integrated impact assessment covers proposals for the General Fund revenue budget, the HRA Business Plan, and the Council's capital programme.



	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 budget proposals will secure continuing value for money in the provision of services to council tax payers and other residents of the city, as well as 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"/>	The emerging budget and savings within this paper covers a wide range of council activity and spend. 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"/>	

	Impact			
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The proposed capital programme will provide for improvements to the council's assets and the surrounding environment.</p> <p>The proposed housing capital programme will provide for the Norwich Standard for properties to be completed.</p>
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 type="checkbox"/>	<input checked="" type="checkbox"/>	The risk profile of the Council has increased as the budget contains proposals to generate additional income from commercial activity and such income can be volatile and dependent on the health of the national and local economy.

Recommendations from impact assessment	
<b>Positive</b>	
None	
<b>Negative</b>	
<p>The report includes several mitigating actions in terms of risk management, namely:</p> <ul style="list-style-type: none"> <li>• The set-aside of additional income over the MTFS savings targets arising from the commercial property acquisition programme and on-lending to NRL.</li> <li>• The maintenance of a Prudent Minimum Level of General Fund reserve.</li> <li>• Enhanced forecasting and budget monitoring of income particularly that generated from the Council's commercial property portfolio.</li> <li>• The requirement to produce robust Business Cases for large capital projects (many of which will generate commercial returns or savings) before Council approves the project within the capital programme.</li> </ul>	
<b>Neutral</b>	
None	
<b>Issues</b>	
None	

## Summary of General Fund Net Savings

	Project name	Description		£'000
<b>Additional income generation</b>				
1	Commercial property acquisition	<p>Additional net income from the acquisition of commercial property in line with the Council's strategy to generate income and maximise returns from assets as agreed in the four year financial sustainability plan. Existing commercial property rental income of £2.0m will increase by approximately 20% to £2.4m.</p> <p>The budget papers propose that a proportion of the new net income generated is be set aside in an ear-marked reserve. This would be used to provide funding for any future void and rent free periods as well as any repairs/upgrades required to the property to help safeguard the future value of the investment and the rental income stream, thereby minimising the risk of holding these assets and of fluctuations in the income return.</p>	£2m rental income from existing commercial property portfolio	(400)
2	Revenues & Benefits - increased recovery of housing benefit overpayments	Norwich City Council strives to maximise collection rates of housing benefit overpayments. This entails using all methods of recovery action that are available via legislation to secure the debt for the Authority. The majority of debt is secured through recovery actions which include recovery from benefit payments, reminders, payment arrangements attachment of earnings, deduction of benefits and County Court Judgements. The invest-to-save earmarked reserve will be used to fund two temporary members of staff to bring all recovery up to date and thereby reduce the level of bad debt provision required.	Current outstanding HB overpayments of £6.8m	(300)

3	Car park additional income from approved tariff increase	Anticipated growth in income associated with tariff reviews, in line with in increased approved by Cabinet in October 2017.	Existing multi-storey car park income of £3.6m	(95)
4	Rose Lane increased income from higher usage	Anticipated growth in income associated with the new Rose Lane which has seen increasing use since it's opening in May 2016.	Existing multi-storey car park income of £3.6m	(34)
5	Bus shelter advertising income	Increased income share from the digital bus shelter advertisement contract. The income has been increased in line with the current level of receipts, these reflect the fact the advertising market is performing well nationally.	Current income budget of £126k	(85)
6	Planning Fee Increases	Higher planning fee income as a result of Central Government fee rise	Current income budget of £708k	(67)
7	Review garden waste subscription charge	2.5% increase on the current budget, to give total garden waste income of £450k.	Current income budget of £439k	(11)
8	Review allotment subsidy	Increase charges for allotments of £10k leading to cost recovery over three years. This represents a half year impact of the agreed inflationary rise 2% on allotment rents. Total allotment rents of £74k.	Current income budget of £73k	(£1)
9	Recycling credits	Additional recycling credit income based on current levels.	Current income budget of £1,025k	(£9)

10	Charging for food hygiene training and advice	New charge for food hygiene training and advice.	No current budget as new charge	(5)
11	Review Bulky waste charge	4% increase on the current budget, to give total bulky waste income of £48k.	Current income budget of £46k	(2)
12	Revenues and Benefits - Council Tax enforcement income	By investing in an anti-fraud capability, Norwich has the opportunity to investigate eligibility for Council Tax and Business Rates discounts, reliefs and exemptions, Council Tax Support, Housing applications and Tenancy Fraud on behalf of social housing providers under the Prevention of Social Housing Fraud Act 2013. The most significant areas of fraud abuse and opportunity concerns the Single Person Discount and Council Tax Support awarded to Council Tax payers. By using invest-to-save funding and contributions from the County Council to support additional anti-fraud work, additional Council Tax income is assumed.	The figure is based on 5% fraud identification in relation to the amounts the Council currently pays for single person discount and CTRS.	(15)
13	Increase in Riverside management fee income	Contractual increase in the income from the Riverside management fee. Total fee income for 2018/19 of £96k.	Current income budget £36k	(60)
14	Increasing budget to align with current taxi license income levels	Increase in budgeted taxi license income arising from volume increases rather than fee increases. Total budget for 2018/19 £166k.	Current income budget £130k	(36)
15	Additional income from the Halls	Increase in income from The Halls arising from increased usage. Total income budget now £223k.	Current income budget £203k	(20)

16	Norman centre review	Increase in income from the Norman Centre arising from increases in usage. Total income budget for 2018/19 £32k.	Current income budget £26k	(6)
17	Income from early help hub	Additional contribution for office space from the multi-organisation Early Help Hub based in City Hall.	Current income budget £5k	(6)
18	Profit margin of Norwich Norse Environmental	Increasing profit share in line with business plan for Norwich Norse Environmental. Total profit share budget in 2018/19 of £110k.	Current income budget £105k	(5)
19	Loan to Norwich Regeneration Limited	Additional net interest income from the council's on-lending to Norwich Regeneration Ltd (NRL). The company uses the loan to finance the house building at the Threescore site and makes interest payments to the Council.	Current income budget £323k	(5)
20	Other income	Budget income increases (individually below £10k).		(21)
<b>Total Additional income generation</b>				<b>(1,184)</b>

<b>Service reviews and efficiencies</b>				
21	Reduced inflationary uplift on joint venture contract	Savings on the contractual inflationary uplift on the Norwich Norse Environment contract.	Total contract cost of £5.2m	(120,



22	Savings in budgets managed by NPS	Reduction of 6.5% (£196k) in the Norwich Property Services core fee. Approximately a third of the saving is passed on to the General Fund with the remainder being shared with the HRA and capital programme.	Current core fee budget of £3.2m of which 33% (£1m) is allocated to the General Fund.	(67)
23	Reduction in required repairs budget on general fund premises	Centrally managed budget for General Fund council building repairs has been underspent in recent years in part due to capital investment; therefore the budget has been reduced to reflect this. The budget still reflects the planned programmed works as well as amounts to carry out responsive work.	Current budget of £996k	(117)
24	Review of planning service	Savings arising from changes to the planning staffing establishment, including changes to introduce career grades. Implemented without any staff redundancies.	Current staffing budget £1.4m	(53)
25	Enforcement service review additional savings (completed 2017/18)	Neighbourhood model was implemented in June 2017. The saving reflects the full year effect of the structure in 2018/19. £314k saving recognised in 17/18.	£2.6m staffing cost pre neighbourhood model implementation. Total saving of £364k.	(50)
26	Business and Relationship Management & Procurement review	Restructure of team to provide resilience and resource to deliver the procurement needs of the council. Savings as a consequence.	Current staffing budget £237k	(49)

27	Heigham Park grass tennis	Reduction in maintenance costs through the grounds maintenance contract with Norwich Norse Environment.	Total contract cost of £5.2m of which £31k reduction in relation to the tennis court maintenance.	(31)
28	Assets review	Review the approach for the way that repairs are undertaken on council assets to reduce costs.	Current net cost of £196k.	(23)
29	Transfer of post to Housing Revenue Account	Change in post role and funding.	Full cost of post transferred.	(14)
30	Swanton Road office	Reduced costs from the Swanton road office following the relocation of the CCTV team into City Hall. Options to be explored for the future use of the site.	Current cost of £35k	(10)
31	Review TCV Support Grant	<p>This was a core grant to TCV supporting them in their work in the Norwich area. They are looking at diversifying their funding base to spread the risk of funders not making contributions to them.</p> <p>The removal of the grant does not affect the work on Norwich sites. With regard to specific projects on our sites they and others are paid according to the work they do so does not class as a grant but is rather for paid services. This work programme will continue. If TCV decide to withdraw from Norwich there are others who can do the work they do.</p>	Budget to be removed in full.	(10)

32	HR Supplies & service budget reduction	HR professional advice budget reduction.	Budget to be removed in full.	(7)
33	Revised budget - Strategy & Transformation	Removal of unused project budget.	Budget to be removed in full.	(4)
34	Other savings	Budget savings (individually below £10k).		(33)
35	Service Reviews	Details shown in exempt <b>Appendix 7</b> as these include information relating to the financial or business affairs of any particular person.		(197)
<b>Total Service reviews and efficiencies</b>				<b>(784)</b>

<b>Budget reduction from financing and reserves transfers</b>				
36	Reduction in loan interest expense	Reduction in loan interest income costs arising from the planned repayment of external borrowing.	Current GF interest cost of £518k.	(251)
37	Backdating of MRP change	Backdating of MRP change	Current budget of £380k.	(153)
38	Reduction in required contribution to the Insurance earmarked reserve	Insurance Manager has assessed a lower contribution is needed into the insurance earmarked reserve in 2018/19. This is based on an assessment of the likely claims payable in the period.	Current cost of £213k.	(30)

<b>Total budget reduction from financing and reserves transfers</b>	<b>(434)</b>
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<b>GROSS SAVINGS</b>	<b>(2,402)</b>
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	<b>Growth</b>		
39	Property rental	Loss of property rental due to planned disposals of lower income -generating property and vacant properties. This is in line with the approved disposal programme and review of the asset portfolio.	200
40	Customer service model	Partial removal of 17/18 customer contact & service standards model savings.	127
41	Mile Cross business rates	Growth in Mile Cross Business Centre business rates while options for the site are considered	98
42	Election costs	Increase in election costs due to there being only a City Council funded election for 2018/19	76
43	Profit share	Reduction in budgeted joint venture profit shares (Norwich Property Services and Norwich Norse Buildings)	160
44	Cemeteries	Removal of additional cemeteries income as not achievable based on current income usage levels	50
45	Carbon management	Overestimation in planned 2017/18 savings from carbon management programme and night watchman.	45

46	Contaminated waste income	Reduction in contaminated waste shared income	40
47	Legal costs	Increased legal contract costs resulting from higher usage and reduced profit share. Offset in part by higher capitalisation of legal costs associated with asset purchases.	35
48	Finance costs	Increased LGSS finance contract costs	25
49	Tourist Information income	Tourism Information - unachieved 17/18 income target removed	20
50	Housing Benefit	Housing Benefit overpayment reduction reducing subsidy claimable.	17
51	Public Lighting	Reduce public lighting costs - partially unachieved 17/18 budget item due to overestimation of maintenance cost savings.	10
52	Greater Norwich Growth Board	Increased contribution to the Greater Norwich Growth Board.	7
<b>Total Growth</b>			<b>911</b>

<b>NET SAVINGS</b>	<b>(1,491)</b>
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## General Fund Budget by Service

	2017-18	2018-19
Business Services	3,775,916	5,491,851
Democratic Services	291,867	462,163
Corporate budgets	(3,061,819)	(3,651,726)
Human Resources	0	0
Procurement & Service Improvement	0	0
<b>Subtotal Business Relationship</b>	<b>1,005,964</b>	<b>2,302,288</b>
Chief Executive	0	0
Strategy & Programme Management	201,843	204,413
<b>Subtotal Chief Executive</b>	<b>201,843</b>	<b>204,413</b>
Communications & Culture	2,143,249	2,071,777
Customer Contact	(2,760)	(9,537)
<b>Subtotal Customers, Comms &amp; Culture</b>	<b>2,140,489</b>	<b>2,062,240</b>
Citywide Services	10,226,691	10,150,063
Neighbourhood Housing	1,728,634	1,629,981
Neighbourhood Services	819,351	800,281
<b>Subtotal Neighbourhoods</b>	<b>12,774,676</b>	<b>12,580,325</b>
City Development	(1,994,594)	(2,471,703)
Environmental Strategy	0	0
Executive Head of Regeneration & Development	0	0
Planning	1,500,637	1,441,678
Property Services	1,211,652	1,080,798
<b>Subtotal Regeneration &amp; Growth</b>	<b>717,695</b>	<b>50,773</b>
Contribution from Reserves	(688,427)	(1,504,005)
<b>Budget Requirement</b>	<b>16,152,240</b>	<b>15,696,034</b>
Revenue Support Grant	(1,670,854)	(982,018)
Business Rates Retained Income	(5,452,260)	(5,298,124)
Council Tax	(9,029,126)	(9,415,892)
<b>Budget Resources</b>	<b>16,152,240</b>	<b>15,696,034</b>

**Note:** New Homes Bonus and Localised Council Tax Support Admin Subsidy Grants and the contingency fund have been reclassified from Business Services into Corporate Budgets for 2018-19. Corporate budgets also include interest costs, minimum revenue provisions and movements in reserves.

## HRA Budgets 2018/19 - movements by type: figures are in £000s

<b>Adjustment to Base</b>	<b>£'000</b>
Reduction in revenue contribution to capital	<b>(8,319)</b>
Increase in corporate recharges	46
Other recharge changes	(117)
<b>Total Adjustment to Base</b>	<b>(8,390)</b>
<b>Inflation</b>	
Contract/expenditure inflation	62
Staff salary inflation and increments	134
Pension added years and pension deficit inflationary adjustments	124
<b>Total Growth and Inflation</b>	<b>320</b>
<b>Growth</b>	
Increase in corporate debt management costs	40
Increase in repair costs	333
Partial subsidy of sheltered housing support costs	100
Contribution towards domestic abuse programme	40
Additional Specialist Support provided to HRA	14
<b>Total Growth</b>	<b>527</b>
<b>Income Reduction</b>	
Forecast increase in void dwelling rate	24
Reduction in rental income (mandatory 1% rent reduction)	700
Reduction in service charge income	148
Reduced rental income from commercial properties	8
<b>Total Income Reduction</b>	<b>880</b>
<b>Savings</b>	
Reduction in HRA debt management costs	(365)
Service reviews	(139)
Reduction in premises costs	(48)
Reduction in housing rents bad debt provision	(58)
Reduction in insurance reserve	(32)
Other savings (individually under £10k)	(33)
<b>Total Savings</b>	<b>(674)</b>
<b>Income Increase</b>	
Increase in income from garage rents	(51)
Increase in income from commercial property	(16)
Increase in court fees	(11)
Additional income (individually under £10k)	(10)
<b>Increased income - Total</b>	<b>(87)</b>

## Proposed General Fund Capital Programme

Funding	GF Prog	Project	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)
Borrowing	Asset Acquisition	Acquisition of income generating assets	40,000	-	-	-	-
Borrowing	Capital Loans	10-14 Ber Street on-lending	-	4,350	-	-	-
Borrowing	Capital Loans	Three Score phase 3 on-lending	-	5,105	12,040	-	-
Borrowing	Capital Loans	Three Score Phase 2 on-lending	-	2,055	-	440	-
Capital Receipts/ RCCO	Asset Upgrade	Hewett Yard communal toilet refurbishment	7	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Riverbank Stabilisation (River Yare And River Wensum)	83	33	33	33	-
Capital Receipts/ RCCO	Asset Upgrade	Royal Oak Court - Demolition	39	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	City Hall – Fire system Detector Replacements	45	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	City Hall – Fire System – Replace Gas extinguishing system control Panels	17	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	St Giles MSCP Emergency Lighting Battery Replacement	16	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Community Centre replacement fire detection systems	21	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Riverside Leisure Centre – Replacement of end of life plant equipment	12	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Earlham Park Toilet replacement	87	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Eaton park path replacement	45	45	45	45	45
Capital Receipts/ RCCO	Asset Investment	Purchase of grounds maintenance equipment	560	170	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Credit and Debit card upgrade at St Andrews and St Giles MSCP	33	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	CCC Refurbishment Project	304	-	-	-	-



Capital Receipts/ RCCO	Asset Upgrade	Hewett Yard refurbishment - surfacing	25	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Non Trafficked Pedestrian Bridges/Boardwalks	55	33	33	33	-
Capital Receipts/ RCCO	Asset Upgrade	Strangers Hall Stores Roof	28	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Riverside Footpath District Lighting Upgrade.	21	21	21	-	-
Capital Receipts/ RCCO	Asset Upgrade	City Hall Heating System	17	10	158	-	-
Capital Receipts/ RCCO	Asset Upgrade	Castle Museum Windows	33	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Hewett Yard refurbishment - roofing	15	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Pulls Ferry quay heading	17	-	-	-	-
Capital Receipts/ RCCO	Capital Contingency	Capital Contingency	100	100	100	100	100
Capital Receipts/ RCCO	Asset Upgrade	Additional Asset Upgrade Schemes to be identified in future years	-	1,088	1,110	1,289	1,355
Grants	Capital Initiatives	Home Improvement Agency Works	970	970	970	970	970
CIL Neighbrhd	CIL Neighbrhd	CIL Neighbourhood Projects 2018/19	150	-	-	-	-
GNGB	GNGB	Bowthorpe River Crossing	21	-	-	-	-
Section 106	Section 106	Castle Gardens Improvements	14	-	-	-	-
Section 106	Section 106	Play Sector 3 & 4 Improvements	6	-	-	-	-
<b>Total</b>			<b>42,737</b>	<b>13,980</b>	<b>14,510</b>	<b>2,910</b>	<b>2,470</b>

## Appendix 5

### Proposed Housing Capital Programme

<b>Project</b>	<b>2018/19 (£'000)</b>	<b>2019/20 (£'000)</b>	<b>2020/21 (£'000)</b>	<b>2021/22 (£'000)</b>	<b>2022/23 (£'000)</b>
Home Upgrades	5,390	-	-	-	-
Window & Door Upgrades	1,655	-	-	-	-
Community Upgrades	570	-	-	-	-
Heating Upgrades	3,820	-	-	-	-
Thermal Upgrades	1,660	-	-	-	-
Preventative Upgrades	7,995	-	-	-	-
Independent Living Upgrades	750	-	-	-	-
Sheltered Housing Regeneration	250	-	-	-	-
Fees	710	-	-	-	-
Council House Upgrade Programme Future Years	-	21,328	20,460	19,114	19,370
Site Development	100	50	50	50	50
New Build Social Housing	7,864	2,977	6,743	2,349	-
Grants to Registered Housing Providers	808	2,000	2,000	2,000	2,000
<b>Total</b>	<b>31,572</b>	<b>26,355</b>	<b>29,252</b>	<b>23,513</b>	<b>21,420</b>

**Consultation responses on the proposed budget for 2018/19**

The budget consultation finishes on 17 January 2018 after the deadline for the dispatch of the report to Scrutiny Committee. Members of that Committee will therefore receive this Appendix separately after the consultation closure date.

