

## Report for Resolution

**Report to** Cabinet  
13 February 2013  
**Report of** Chief finance officer  
**Subject** General fund revenue budget and capital programme  
2013/14

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Item  
**8**

### Purpose

To set a budgetary requirement, Council Tax Requirement and level of Council Tax and to approve the non-housing capital programme, both for the financial year 2013/14.

### Recommendations

That cabinet recommends to council for the 2013/14 financial year:

- a) that the council's Budgetary Requirement be set to £20,616,854 and that the budgets set out in paragraph 6.3 are approved, taking into account the savings, income and other budget movements set out in the report.;
- b) that the prudent level of reserves for the council is set at £4.35 million in accordance with the recommendation of the Chief Finance Officer;
- c) that the council's Council Tax Requirement is set at £7,561,645 (para 7.1);
- d) that Council Tax should be set at £230.27 for Band D, which is an increase of 1.95%;
- e) that the precept of the collection fund for 2012/13 is calculated in accordance with Sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 as per the statutory determination at Appendix 3;
- f) that the non-housing capital plan 2013/14 to 2017/18 as set out in paragraph 9.6, and the non-housing capital programme 2013/14 as set out in paragraph 10.3 of the report, should be approved

and

- g) That cabinet delegates to the Deputy Chief Executive (Operations), in consultation with the deputy leader and resource portfolio holder, the authority to agree the asset maintenance programme and the final scheme details, including any adjustment to the financial allocations of the section 106 works, provided that this investment is contained within the total budgetary provision shown in Table 10.3;

### Corporate and service priorities

The report helps to meet all the corporate priorities.

**Financial implications**

This report sets the general fund budgetary requirement, the council tax requirement and non-housing capital programme for 2013/14.

**Ward/s:** All wards

**Cabinet member:** Councillor Waters – Deputy leader and resources

**Contact officers**

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**Background documents**

None

# Report

## 1. Contents of report

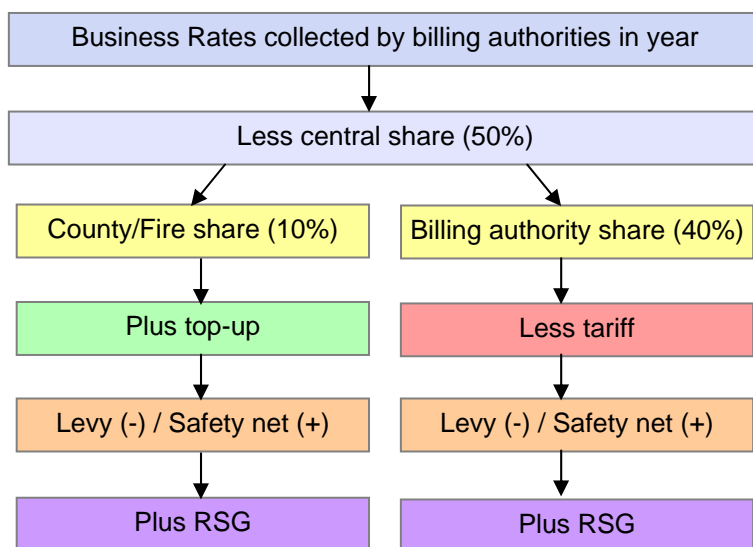
- 1.1 The contents of this report are set out as follows:
  2. Budgetary context
  3. Medium Term Financial Strategy (MTFS)
  4. Preparation of the 2013/14 budget
  5. Budgetary resources
  6. Budgetary requirement – income and expenditure
  7. Council Tax precept
  8. Report by the Chief Finance Officer on the robustness of estimates, reserves and balances
  9. Capital resources and Capital Plan 2013/14 to 2017/18
  10. Proposed capital programme 2013/14
  11. Capital programme risk management
  12. Progress in reducing the Council's carbon footprint

## 2. Budgetary context

- 2.1 The general condition of the UK remains fragile with prospects for growth in the short term unlikely. The Government embarked on a programme of austerity in May 2010 with a mix of spending cuts and tax increases, albeit to a lesser extent. Public Sector spending cuts were immediate through an emergency budget followed up with a sustained programme through the four year Spending Review (SR10) announced in the autumn. This review sought to protect spending on health and schools and to reduce local government spending by 28% across the period with the brunt felt in early years. The detail was made available for 2013-14 and 2014-15 in the Local Government Finance Settlement in December 2010.
- 2.2 Given the continued economic uncertainty and the move back into recession it is reasonable to assume that the deficit reduction strategy will be progressed. This was confirmed in the Chancellor's 2012 Autumn Statement delivered on 5 December 2012. This signalled an unchanged position for 2013-14 but a greater burden for 2014-15 with a 2% reduction over and above the 2010 Spending Review figures. The Statement also signalled a Spending Review later in the year but it is likely to cover 2015-16 only, this being the final year of the current Parliament.
- 2.3 As well as contending with the spending pressures, 2013-14 sees a radical overhaul of the local government finance framework with a move to a business rates model. This new model sees business rate growth being returned to local authorities but in a form somewhat diluted from the original objectives set out in the Local Government Resource Review. The introduction of the new arrangements has required complex changes to be made and consequently HM Treasury and the Department for Communities & Local Government (DCLG) were only able to release the provisional Local Government Finance Settlement on 19 December 2012.

- 2.4 Unfortunately there were errors in the data which required the detailed settlement to be withdrawn and not subsequently reissued until January 2013. However, close attention to interim announcements, policy statements and consultations has enabled financial planning to progress despite the long wait for the provisional settlement. The final settlement is expected in late January.
- 2.5 The **Business Rates Retention Scheme** is a replacement for the Formula Grant system from 2013-14. The scheme takes the business rates collected in a geographical area during the year and applies various splits, additions and/or reductions to calculate an authority's final allocation. Part of the Government's rationale in setting up the new scheme is to allow local authorities to retain part of the future growth in their business rates.
- 2.6 The diagram below illustrates how the scheme calculates funding for local authorities. Central government has decided that billing authorities such as Norwich City Council will receive 40% of the business rates collected in their area.

**Diagram 2.1: Business rates retention scheme**



- 2.7 The business rates collected during the year by billing authorities will be split 50:50 between central government and local government. Central government's share will be used to fund Revenue Support Grant (RSG) and other grants to local government.
- 2.8 Each authority then pays/receives a tariff/top-up, calculated in Year 1 as the difference between the business rates baseline and funding baseline. The business rates baseline is an authority's share of the government's business rates forecast for 2013-14. The funding baseline is an authority's fair share of the local share of business rates as determined by government via the 'Four Block Model' previously used to allocate Formula Grant. In future years the tariff/top-up will be updated by the previous September's RPI inflation figure. The top-up/tariff system is intended to be self-funding.
- 2.9 An authority may then, potentially, be subject to a levy/safety net payment or receipt. The levy, to apply where business rates are growing, will operate on a 'proportionate' basis, with an upper limit of 50p in the pound. This means that after the central share has been deducted, the Council will keep 25p of every additional pound collected. The safety net will support local authorities whose income drops by more than 7.5% below their baseline funding. As a result, the most that the

Council can lose as a result of a decline in business rates collected will be £356,000.

- 2.10 Therefore, there is for the first time, a specific need for billing authorities to accurately forecast future business rates. The Council has committed resources to this task but is hampered by the number of appeals on properties on our ratings list. There is, at the current time, a significant backlog at the Valuation Office which presents a significant risk to forecasts.
- 2.11 The government collects forecast non-domestic rating income through the NNDR 1 form. The levels of business rates retention payments are set based on this return. Due to its increased importance, the Council approved the calculation of non-domestic rating income for the NNDR1 return on 29<sup>th</sup> January 2013.
- 2.12 In the years where the fixed local share is less than local government spending totals, the difference will be returned to local government via RSG. RSG is allocated pro rata to local authorities' funding baseline.
- 2.13 Previously, the government reimbursed billing authorities for the total of Council Tax benefit allowed. Under **localisation of Council Tax support** the Council will set the criteria for Council Tax support and will be allocated a grant of approximately 90% of Council Tax benefit allowed in previous years. However the Council's Council Tax Reduction Scheme will maintain the level of support to claimants. The shortfall will be partially covered by changes in Council Tax discounts, exemptions and premiums, and for the first year only by a transition grant from government. As a result the council is predicting a shortfall of about £42,000 in 2013/14 and £93,000 in 2014/15. Additionally, the Council will now be exposed to the risks of any increases in the number of claimants and levels of claim.

### **3. Medium Term Financial Strategy (MTFS)**

- 3.1 The council's budget is underpinned by the MTFS. The financial projections underlying the MTFS have been revised to reflect changes in assumptions, the provisional Local Government Finance Settlement and the changing risk environment in which the council operates. Other budget pressures including inflation and demographic and other unavoidable growth requirements have also been factored in to produce a projection of the Council's medium term financial position.
- 3.2 Net savings for 2013/14 of £2.5m have now been included within budget lines. The MTFS shows a need to make further savings of £8.3 million over the next 4 years.
- 3.3 In assessing the longer term financial stability of the council, consideration has been given balancing external factors, such as global and macro-economic risks that may cause the government to increase its austerity measures, with the need to maintain services to the residents of Norwich. To a certain degree, the strong culture of forward planning and prudent financial management that exists within the Council mitigates these external risks and allows minimum reserve levels to be set at or about current reserve levels.
- 3.4 Payroll-related inflation has been estimated at 3%, to include estimates for an annual pay settlement, payroll drift and increases in pension contributions. Inflation has been allowed for on premises costs, supplies and services and transport at 5%, reducing in future years to reflect expected improvements in procurement and contracting arrangements.

- 3.5 The MTFs has been developed to model fundamental changes in the system of local government finance – Business Rates retention and the localisation of Council Tax support, as described in Section 2 of this report.
- 3.6 Specific grant figures have been confirmed by the Department for Communities & Local Government for 2013/14. Grants for future years have been estimated at 2013/14 levels, except for New Homes Bonus, which has been projected on the basis of a prudent 0.5% increase in tax base. The MTFs assumes no increases in Council Tax beyond that recommended in this report for 2013/14.

**Table 3.1: Medium term financial projections – 5 years to 2017/18**

General Fund	2013/14 Year 1 £000s	2014/15 Year 2 £000s	2015/16 Year 3 £000s	2016/17 Year 4 £000s	2017/18 Year 5 £000s
Employees	15,900	16,774	17,378	17,799	18,233
Premises	9,004	9,430	9,783	10,148	10,528
Transport	305	318	329	340	352
Supplies & Services	14,581	14,166	14,692	15,236	15,801
Capital Charges	1,699	1,722	1,746	1,770	1,794
Transfer Payments (Benefits)	70,823	70,823	70,823	70,823	70,823
Third Party Payments	8,125	8,128	8,131	8,134	8,137
Centrally Managed	1,552	1,622	1,680	1,740	1,801
Recharge Expenditure	18,394	18,472	18,550	18,628	18,708
Recharge Income	-24,181	-24,221	-24,262	-24,303	-24,344
In-Year Savings	0	0	0	0	0
Receipts	-22,278	-23,304	-24,378	-25,502	-26,678
<i>Government Grants:</i>					
New Homes Bonus	-1,613	-1,800	-1,988	-2,177	-1,504
PFI Grant	-1,429	-1,429	-1,429	-1,429	0
Benefit Subsidy	-69,995	-69,995	-69,995	-69,995	-69,995
Benefit Admin Grant	-1,294	-1,294	-1,294	-1,294	-1,294
Other Government Grants	-548	-524	-524	-523	-533
<b>Subtotal Budgets</b>	<b>19,045</b>	<b>18,888</b>	<b>19,242</b>	<b>19,395</b>	<b>21,829</b>
Unavoidable Growth	0	500	1,000	1,500	2,000
One-Off Demands	0	500	500	500	500
Contribution to/from (+/-) Reserves	1,572	-330	-330	-330	-330
Savings Requirement	0	-653	-2,792	-4,770	-8,127
<b>Budget Requirement</b>	<b>20,617</b>	<b>18,905</b>	<b>17,620</b>	<b>16,295</b>	<b>15,694</b>
Share of NNDR (Baseline)	-5,194	-5,354	-5,488	-5,625	-5,766
Council Tax Freeze Grants	0	0	0	0	0
Formula Funding	-7,861	-6,036	-4,580	-3,080	-2,300
<b>Council Tax Requirement</b>	<b>7,562</b>	<b>7,515</b>	<b>7,552</b>	<b>7,590</b>	<b>7,628</b>
Council Tax	-7,562	-7,515	-7,552	-7,590	-7,628
<b>Total Annual Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Balance Brought Forward	-5,370	-6,942	-6,612	-6,282	-5,952
Contributions to/from I&E	-1,572	330	330	330	330
<b>Balance Carried Forward</b>	<b>-6,942</b>	<b>-6,612</b>	<b>-6,282</b>	<b>-5,952</b>	<b>-5,622</b>
<i>Relative to Budget Req't</i>	<i>34%</i>	<i>35%</i>	<i>36%</i>	<i>37%</i>	<i>36%</i>
<b>New Savings Requirements</b>		<b>-653</b>	<b>-2,139</b>	<b>-1,978</b>	<b>-3,357</b>
<b>New Savings (Smoothed)</b>		<b>-1,995</b>	<b>-1,995</b>	<b>-1,995</b>	<b>-1,995</b>
<i>Balances (Smoothed)</i>		<i>-7,954</i>	<i>-7,480</i>	<i>-7,167</i>	<i>-5,475</i>

#### 4. Preparation of the 2013/14 budget

- 4.1 Guided by the Council's corporate plan 2012-2015 and its 'changing pace blueprint' (operating model) a range of work has been carried out across the council through the transformation programme, to develop options for savings and additional income in order to meet the target within the MTFs and ensure a balanced budget. This work has been informed by a cross party working group and encompasses a range of approaches including:
- developing options for further savings and improvements through shared service arrangements
  - utilising 'lean six sigma', a process improvement methodology, to streamline business processes and identify efficiencies
  - utilising ideas from workshops with frontline staff and councillors and examples of innovation from elsewhere
  - progressing our accommodation and work styles review to enable future savings and income from office accommodation
  - reviewing opportunities for income generation
  - budget review sessions with heads of service to review their service activities and the different opportunities and impacts from carrying out activities differently, reducing them or stopping them.
- 4.2 In September Cabinet considered an initial list of savings/ income options and agreed for further work to be carried out on. At that stage, the medium term financial projections showed the need to save £1.6m in 2013/14.
- 4.3 In line with the approach used in previous years Cabinet agreed to consult the public on the proposed approach to meeting the savings target for 2013/14. It was also agreed to consult the public on the potential for a Council Tax rise.
- 4.4 The consultation ran from the 13 September – 6 December. An analysis of the results of the consultation can be found at [Appendix 1](#). The overall results showed that of the people who completed the consultation and answered the question:
- 74.4% supported the council's proposed approach for meeting its savings target
  - 57.4% supported a proposed council tax increase
  - The most popular use of the income from a Council Tax increase was to protect key council services for the future
- 4.5 Comments and ideas were also received on other things the Council could do differently to save money or generate income. A number of these relate to approaches the Council is already progressing. However, the comments will be used to inform the Council's ongoing development of savings and income opportunities.
- 4.6 Following the provisional local government finance settlement in December, the medium term financial projections were updated. Savings of at least £0.6m were required to balance the budget in 2013/14, with a smoothed savings requirement of £2.3m per year for five years. This reflects the government's policy of temporarily protecting local government from further cuts in order to provide time for future reductions in expenditure to be planned and delivered. The draft budget has been prepared on the basis of implementing the smoothed savings requirement. Provision has been made in the contingency to cover the risk of delayed or underachieved savings.
- 4.7 All proposed savings and income movements for 2013/14 are included at [Appendix 2](#). This also includes a number of downward budget movements which

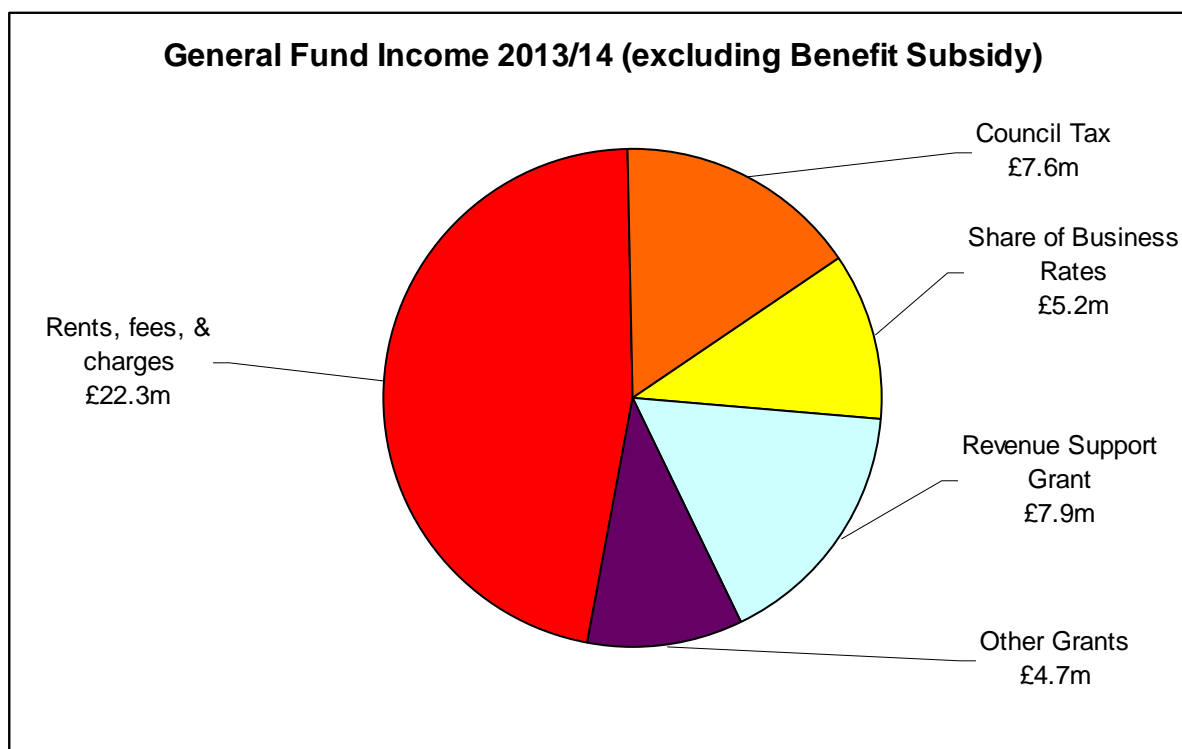
are accounting adjustments that have been included as part of the budget setting process.

- 4.8 The changes resulting from the savings would further reduce the Council's overall capacity. However, they should not significantly impact the services that the public receive from the Council for 2013/14. This further demonstrates the success of the Council's ongoing approach to developing savings and income, particularly given that fact that the council has already delivered approximately £20million of savings over the last four years.
- 4.9 The overall package of proposed savings and income alongside the other budget movements and proposals within this report would result in net savings of £2.5million in 2013/14.

## 5. Budgetary resources

- 5.1 Expenditure in the General Fund is financed from both income within the budgetary requirement and from government grant and Council Tax within budgetary resources.

**Diagram 5.1: Council income excluding benefit subsidy 2013/14**



- 5.2 The total of £35m raised locally (through Business Rates, Council Tax and rents, fees and charges) amounts to 73% of this income, whilst the £12.6m of central government funding (Revenue Support Grant and other grants) amounts to 27%.
- 5.3 The government announced the provisional local government finance settlement on 19 December 2012. The final settlement is due to be confirmed in early February. Due to the changes to Council Tax benefit and the movement of grants in and out of formula grant, a comparison of funding between 2013/14 and the current year is complex.



**Table 5.3 Formula Grant 2012/13 and 2013/14**

	<b>2012/13 £000s</b>	<b>2013/14 £000s</b>
Revenue Support Grant (RSG)	218	7,861
Business Rates funding baseline	-	5,194
Redistributed non-domestic rates	11,245	
<b>Formula grant</b>	<b>11,463</b>	<b>13,055</b>

- 5.4 The 2013/14 formula grant includes £1.899m Council Tax support funding and £0.336m Homelessness prevention funding. The latter was paid as a separate grant in 2012/13. The Council Tax support funding is intended to make up 90% of the cost of Council Tax support, the full costs of which fall on the Council for the first time in 2013/14. Adjusting for these amounts, a comparable funding total for 2013/14 is £10,856k, a reduction of 5.3%.
- 5.5 In addition to the formula grant, the budgetary requirement is funded by Council Tax collected by the Council. The government has announced a third Council Tax Freeze Grant for 2013/14. The value of the grant equates to a 1% increase in Council Tax and would be paid in 2013/14 and 2014/15. The value of the grant offered is much less than the previous two freeze grants and therefore the resulting shortfall will add considerably to already significant budgetary pressures. Therefore, based on recommendations in this report, the Council would reject the freeze grant.
- 5.6 The draft budget proposals are based on an increase of 1.95%, and a rate of £230.27 per Band D property. The calculation of the recommended Council Tax Requirement and derivation of the Council Tax precept are shown in Section 7.

## **6. Budgetary requirement – income and expenditure**

- 6.1 To achieve a balanced budget, the total movements in the budgets must equal the movements in budgetary resources as shown in the MTFs.

**Table 6.1a: Movement in budgetary resources 2012/13 to 2013/14**

	<b>£000s</b>
Formula Grant 2012/13	(11,463)
Council Tax 2012/13	(9,282)
<b>Budgetary resources 2012/13</b>	<b>(20,745)</b>
+ Increase in Formula Grant	(1,592)
+ Reductions in Council Tax	1,720
<b>+ Movement 2012/13 to 2013/14</b>	<b>128</b>
= Formula Grant 2012/13	(13,055)
= Council Tax 2012/13	(7,562)
<b>= Budgetary resources 2012/13</b>	<b>(20,617)</b>

**Table 6.1b: Movement in budget requirement 2012/13 to 2013/14**

	<b>£000s</b>
<b>Budgetary requirement 2012/13</b>	<b>20,745</b>
Base budget adjustment	(29)
Unavoidable growth	4,072
Recommended growth	2,306
Increased income	(1,470)
Decreased income	929
Savings	(5,936)
<b>Budgetary requirement 2013/14</b>	<b>20,617</b>

- 6.2 Further detail on these movements is given [Appendix 2](#).
- 6.3 The following tables show the proposed budget, analysed firstly by type of expenditure or income (subjective group), and secondly by service group:

**Table 6.3a: Proposed budget analysis 2013/14**

<b>Subjective group</b>	<b>Budget 2012/13 £000s</b>	<b>Budget 2013/14 £000s</b>	<b>Change £000s</b>
Employees	20,016	15,900	(4,116)
Premises	9,073	10,556	1,483
Transport	302	305	3
Supplies & Services	19,186	14,581	(4,605)
Savings Proposals	67	-	(67)
Third Party Payments (shared services)	564	8,125	7,562
Transfer Payments	67,219	70,823	3,604
Capital Financing	3,695	3,271	(424)
Recharge Expenditure	21,604	18,394	(3,210)
<b>Subtotal EXPENDITURE</b>	<b>141,726</b>	<b>141,955</b>	<b>230</b>
Government grants	(80,917)	(74,880)	6,037
Receipts	(12,234)	(22,278)	(10,044)
Recharge income	(27,830)	(24,181)	3,649
<b>Subtotal INCOME</b>	<b>(120,980)</b>	<b>(121,338)</b>	<b>(358)</b>
<b>Total General Fund budgetary requirement</b>	<b>20,745</b>	<b>20,617</b>	<b>(129)</b>

**Table 6.3b: Proposed budget analysis 2013/14**

<b>Service Group</b>	<b>Budget 2012/13 £000s</b>	<b>Budget 2013/14 £000s</b>	<b>Change £000s</b>
Business Relationship Management	1,305	(686)	(1,991)
Chief Executive	(486)	2,391	2,877
Customers, Comms & Culture	2,442	2,383	(59)
Deputy Chief Exec (Operations)	17,028	16,124	(904)
Strategy, People & Democracy	455	404	(52)
<b>Total General Fund budgetary requirement</b>	<b>20,745</b>	<b>20,617</b>	<b>(129)</b>

6.4 Movements in the **Business Management Relationships** service group are included in [Appendix 2](#), and can be summarised as:

**Table 6.4: Budget movements – Business Management Relationships**

<b>Business Relationship Management</b>	<b>£000s</b>
Base Budget	771
Unavoidable Growth	1,724
Recommended Growth	60
Increased Income	(29)
Savings	(4,222)
Transfers	1,010
<b>Total Business Relationship Management</b>	<b>(686)</b>

Significant movements include:

- Unavoidable growth of £1,044k in shared services budgets to make up the full-year costs from the part-year costs in the initial year of the arrangement
- Unavoidable growth of £224k in Housing Benefit administration budget due to reduced HB administration grant
- Savings of £2,245k in treasury management costs as a result of reductions in debt outstanding
- Savings of £1,089k in budget earmarked for repayment of borrowing to end the previous ICT arrangements,, not needed since paid out of internal resources
- Savings of £280k in budgets for shared services
- Savings of £552k achieved through a range of key savings projects

6.5 Movements in the **Chief Executive** service group are included in [Appendix 2](#), and can be summarised as:

**Table 6.5: Budget movements – Chief Executive**

<b>Chief Executive</b>	<b>£000s</b>
Base Budget	709
Unavoidable Growth	881
Recommended Growth	1,844
Decreased Income	337
Increased Income	(646)
Savings	(429)
Transfers	(306)
<b>Total Chief Executive</b>	<b>2,391</b>

Significant movements include:

- Unavoidable growth of £517k in overhead costs no longer recoverable, largely as a result of reduced directly-employed staff and headcount reductions
- Unavoidable growth of £300k in eliminating last year's use of balances to support the revenue budget
- Recommended growth of £1,399 in contribution to balances, representing the 2013/14 surplus achieved through "smoothed" savings to support future years' revenue budgets
- Recommended growth of £200k to fund work on option appraisals to identify revenue and capital investment opportunities with costs & benefits
- Loss of £337k in Homeless Grant income, now included in Revenue Support Grant.
- Increased income of £547k in New Homes Bonus and New Burdens grant for costs of the Council tax Support scheme.
- Savings of £520k achieved through a range of key savings and income projects

6.6 Movements in the **Customers, Communications and Culture** service group are included in [Appendix 2](#), and can be summarised as:

**Table 6.6: Budget movements – Customers, Communications and Culture**

<b>Customers, Communications and Culture</b>	<b>£000s</b>
Base Budget	2,067
Unavoidable Growth	67
Recommended Growth	47
Decreased Income	107
Increased Income	(49)
Savings	(402)
Transfers	547
<b>Total Customers, Communications and Culture</b>	<b>2,383</b>

Significant movements include:

- Savings of £337k achieved through a range of key savings projects and

staffing budget reductions

6.7 Movements in the **Operations** service group are included in [Appendix 2](#), and can be summarised as:

**Table 6.7: Budget movements - Operations**

<b>Operations</b>	<b>£000s</b>
Base Budget	16,550
Unavoidable Growth	1,281
Recommended Growth	294
Decreased Income	485
Increased Income	(691)
Savings	(616)
Transfers	(1,179)
<b>Total Operations</b>	<b>16,124</b>

Significant movements include:

- Unavoidable growth of £404k in inflationary increases in costs
- Unavoidable growth of £196k in payroll costs
- Unavoidable growth of £124k in DPD costs
- Increased income and savings of £629k achieved through a range of key savings projects
- Increased income of £115k from advertising properties to let
- Savings of £140k in staffing budget reductions

6.8 Movements in the **Strategy, People and Democracy** service group are included in [Appendix 2](#), and can be summarised as:

**Table 6.8: Budget movements – Strategy People and Democracy**

<b>Strategy, People and Democracy</b>	<b>£000s</b>
Base Budget	619
Unavoidable Growth	119
Recommended Growth	60
Increased Income	(55)
Savings	(267)
Transfers	(72)
<b>Total Strategy, People and Democracy</b>	<b>404</b>

Significant movements include:

- Unavoidable increases of £90k in payroll & pension costs
- Savings of £241k achieved through a range of key savings projects

## 7. Council Tax precept

- 7.1 The following table shows the calculation of the level of Council Tax with the recommended increase of 1.95% and is the basis of the statutory resolution set out in [Appendix 3](#).

**Table 7.1: Council Tax calculation 2013/14**

		£
<b>Budgetary requirement</b>		<b>20,616,854</b>
- Formula grant		-13,055,209
<b>= Council Tax requirement</b>		<b>7,561,645</b>
- Surplus on Collection Fund		£84,151
<b>= Council Tax precept</b>		<b>7,477,494</b>
Band D Equivalent properties	32,473	
<b>Council Tax (Band D)</b>	<b>£230.27</b>	

- 7.2 The following table shows the impact of the proposed increase for each Council Tax band. The figures shown will be reduced, for qualifying council tax payers, by the discount scheme which is replacing the council tax benefit system.

**Table 7.2: Council Tax increases 2012/13 to 2013/14, Bands A to H**

Band	A	B	C	D	E	F	G	H
2012/13	£150.58	£175.68	£200.77	£225.87	£276.06	£326.26	£376.45	£451.74
Increase	£2.93	£3.42	£3.91	£4.40	£5.38	£6.36	£7.33	£8.80
2013/14	£153.51	£179.10	£204.68	£230.27	£281.44	£332.61	£383.78	£460.54

## 8. Report by the Chief Finance Officer on the robustness of estimates, reserves and balances

- 8.1 Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer of the council reports to members on the robustness of the budget estimates and the adequacy of council's reserves. The Chief Finance Officer is required to provide professional advice to the council on the two above matters and is expected to address issues of risk and uncertainty.
- 8.2 The main driver in the current budget round has been the council's transformation programme. This has been subject to rigorous review by both members and officers and is directly linked to the service planning process ensuring a strong link between the council's priorities and the financial resources available to deliver them. As with all future estimates there is a level of uncertainty and this has been taken into when assessing the levels of reserves.
- 8.3 There are still risks around the level of unavoidable expenditure and income loss from 2014/15 onwards. Historically this has been in excess of £1 million per annum, but it is expected that rigour applied in the budgeting process and the impact of council's new established transformation programme, should keep this at the levels used in the projections. The unavoidable one-off costs refer mainly to

redundancy costs resulting from the savings programme; these are subject to a level of uncertainty as there can be significant differences in levels of redundancy costs as these are dependant on age and length of service.

- 8.4 Allowing for the above comment on uncertainty it is the opinion of the Chief Finance Officer that in the budgetary process all reasonable steps have been taken to ensure the robustness of the budget.
- 8.5 The key mitigation for expenditure/income risks is the Chief Finance Officer's estimate of a prudent level of reserves. An amount has been built into the prudent level of reserves to cover estimated levels of risk, as set out in [Appendix 4](#).
- 8.6 The requirement for financial reserves is acknowledged in statute. Section 32 of the Local Government Finance Act 1992 requires billing authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 8.7 It is the responsibility of the Chief Finance Officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.
- 8.8 The Council holds two types of General Fund reserves:
- The General Fund is a working balance to cushion the impact of uneven cash flows. The reserve also acts as a contingency that can be used in year if there are unexpected emergencies, unforeseen spending or uncertain developments and pressures where the exact timing and value is not yet known and/or in the Council's control. The reserve also provides coverage for grant and income risk.
  - The Earmarked General Fund is set aside for specific and designated purposes or to meet known or predicted liabilities e.g. insurance claims.
- 8.9 Earmarked reserves remain legally part of the General Fund although they are accounted for separately.
- 8.10 A risk assessment has been undertaken to determine the level of non-earmarked general reserves required by the council. In making a recommendation for the level of reserves the Chief Finance Officer has followed guidance in the CIPFA LAAP Bulletin 77 – Guidance notes on Local Authorities Reserves and Balances. The risk analysis shows that an adequate level of reserves for 2013/14 will be of the order of £4.39 million as shown in [Appendix 4](#).

**Table 8.10: Estimated General Fund balance through the MTFS period**

<b>Year Ending</b>	<b>£000s</b>
31 March 2013	5,370
31 March 2014	6,942
31 March 2015	7,954
31 March 2016	7,480
31 March 2017	7,167
31 March 2018	5,475

## 9. Capital resources and Capital Plan 2013/14 – 2017/18

- 9.1 The council owns and maintains a range of assets. Major investment in these assets is funded from the capital programme. In turn the capital programme is resourced, in part, by the income received from the disposal of surplus assets.
- 9.2 In June 2011 the council adopted an asset management strategy that established a framework for the maintenance and improvement of assets that meet the needs of the organisation. Underperforming assets, particularly those retained for investment purposes, will be released to provide a receipt for future investment in the capital programme. The key requirements of the strategy are to optimise the existing portfolio (by establishing a rigorous process for review); to prioritise investment in the portfolio to support income generation and cost reduction; to rationalise office accommodation and to work in partnership with others to attract third party funding to bring forward development on council owned sites (e.g. the use of section 106 funding or the HCA development partnership).
- 9.3 The following table shows the total non-housing capital resources anticipated over the duration of the capital plan.

**Table 9.3: Capital resources 2013/14 – 2017/18**

<b>Non-housing capital resources</b>	<b>2013/14 £000s</b>	<b>2014/15 £000s</b>	<b>2015/16 £000s</b>	<b>2016/17 £000s</b>	<b>2017/18 £000s</b>
S106 Balances b/f	(498)	(357)	(209)	(336)	(324)
S106 Forecast resources arising	(160)	(125)	(325)	(250)	-
S106 Forecast resources utilised	301	273	199	262	256
<b>Total S106 Resources</b>	<b>(357)</b>	<b>(209)</b>	<b>(336)</b>	<b>(324)</b>	<b>(68)</b>
Balances b/f	(6,459)	(1,318)	(143)	(243)	(343)
Forecast resources arising	(1,725)	(1,000)	(1,000)	(1,000)	(1,000)
Forecast resources utilised	6,866	2,175	900	900	900
<b>Total other capital resources</b>	<b>(1,318)</b>	<b>(143)</b>	<b>(243)</b>	<b>(343)</b>	<b>(443)</b>
<b>Total non-housing capital resources</b>	<b>(1,675)</b>	<b>(353)</b>	<b>(579)</b>	<b>(667)</b>	<b>(511)</b>

- 9.4 For the following reasons considerable caution needs to be attached to the forecast of the level of resources that may be forthcoming from asset disposals and section 106 payments:
- The rolling programme of asset reviews will bring forward buildings and land for disposal and the projected income of £1m each year from 2014/15 to 2017/18 is considered to be a challenging but at the same time realistic estimate.
  - The development industry is facing a very difficult outlook and this will impact on S106 income and the total level of receipts is expected to be fairly constrained. In future years the Council will start to accrue income from the community infrastructure levy and this will replace most of the current 106 funding.
- 9.5 In view of the market constraints the S106 programme for 2013/14 does not commit the entire unallocated section 106 fund currently available. The balance, together with contributions accrued during 2013/14, will help to provide some continuity of investment over a two year period.
- 9.6 The following table shows the proposed capital plan, based on capital expenditure supporting the Asset Management Plan and forecast non-housing capital resources.



**Table 9.6: Capital plan 2013/14 – 2017/18**

<b>Non-housing capital plan</b>	<b>2013/14 £000s</b>	<b>2014/15 £000s</b>	<b>2015/16 £000s</b>	<b>2016/17 £000s</b>	<b>2017/18 £000s</b>
Asset maintenance	1,550	1,750	500	500	500
Asset improvement	2,144	-	-	-	-
Asset investment	-	-	-	-	-
Initiative funds	425	425	400	400	400
Regeneration and growth	2,747	-	-	-	-
Section 106 schemes	301	273	199	262	256
<b>Total expenditure</b>	<b>7,167</b>	<b>2,448</b>	<b>1,099</b>	<b>1,162</b>	<b>1,156</b>
S106	(301)	(273)	(199)	(262)	(256)
Other capital resources	(6,866)	(2,175)	(900)	(900)	(900)
<b>Total resources applied</b>	<b>(7,167)</b>	<b>(2,448)</b>	<b>(1,099)</b>	<b>(1,162)</b>	<b>(1,156)</b>
<b>Total non-housing capital plan</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
S106 Balances carried forward	(357)	(209)	(336)	(324)	(68)
Other capital resources carried forward	(1,318)	(143)	(243)	(343)	(443)
<b>Total capital resources carried forward</b>	<b>(1,675)</b>	<b>(353)</b>	<b>(579)</b>	<b>(667)</b>	<b>(511)</b>
<i>Change in capital resources carried forward</i>		1,323	(226)	(88)	156

## 10. Capital programme 2013/14

10.1 The proposed capital programme for 2013/14 continues to focus on the five core themes of the Asset Management Plan:

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

10.2 Additionally, the proposed capital programme incorporates Initiative Funds, including provision for IT investment which relieves pressure on General Fund revenue resources.

10.3 The following table sets out the elements making up the proposed capital plan and programme.

**Table 10.3: Capital Programme 2013/14**

<b>Scheme</b>	<b>£000s</b>
St Andrews MSCP repair (contingency)	550
Property liabilities and investment	250
Major repairs programme	500
<b>Asset maintenance total</b>	<b>1,300</b>
City Hall works Phase II	250
<b>Asset improvement total</b>	<b>250</b>
Asbestos removal	50
Premises dilapidations	575
Off-street Pay & Display machines	0
Yacht station repairs	60
Sports & Leisure equipment	284
Asset investment for income (Mile Cross business centre)	100
Asset investment for income (Other than Mile Cross)	900
Leasehold surrender	100
Replacement of handheld assistance units	75
<b>Asset investment total</b>	<b>1,175</b>
Vacant Sites Regeneration	190
HCA Strategic Partnership development fund	2,557
<b>Regeneration and growth total</b>	<b>2,747</b>
S106 Goals - Pedestrian refuge	16
S106 Cycle route (Yellow Pedal Way)	19
S106 Chapelfield N & Westlegate traffic management	29
S106 BRT & cycle routes Thorpe Rd	7
S106 Sarah Williman Play Area refurbishment	43
S106 Castle Green Play Area refurbishment	81
S106 Mile Cross Gardens improvements	0
S106 The Runnell Play Area refurbishment	59
S106 Eagle Walk Open Space and Play Area improvements	17
S106 Wensum View Play Area refurbishment	13
S106 Community Sports Foundation Facility - Kerrison Road	8
S106 Castle Gardens improvements	9
<b>Section 106 total</b>	<b>301</b>
Community capital grant funding	25
IT Investment Fund	400
<b>Initiative Funds total</b>	<b>425</b>
<b>Total non-housing capital programme 2013/14</b>	<b>7,167</b>

10.4 The Capital Budget Monitoring report on this cabinet agenda shows the position on the capital programme 2012/13, and a forecast of expenditure and resources for which approval will be sought to be carried forward, adding to the 2013/14 programme.

## 11. Capital programme risk management

The risks to the non-housing capital programme have been assessed and the main risks and mitigation are shown in the following table.

Risk	Likelihood	Impact	Score	Mitigation
Capital receipts not received or delayed	Possible (3)	Major (5)	(15)	Forecast includes only actual disposals. Should income not be forthcoming then planned level of investment for future years will be reduced
Business case for asset improvement programme not sustainable	Unlikely (2)	Major (5)	(10)	Revise programme to match assets that can be delivered
Cost overruns	Possible (3)	Moderate (3)	(6)	The potential for cost over-runs exists in the asset maintenance allocation and asset improvement programme. However, in these areas there is some scope to re-programme work to subsequent years or omit future investments if necessary.
Contractor failure prevents/delays capital works being carried out	Unlikely (2)	Moderate (3)	(6)	Robust financial checks during procurement process and awareness of early signs of financial difficulties
Transition to Joint Venture prevents effective management and/or delivery of capital works	Unlikely (2)	Major (5)	(10)	Risk management arrangements in transition plan and effective joint venture governance arrangements

## 12. Progress in reducing the council's carbon footprint

12.1 Previously information on progress in reducing the council's carbon footprint has been included in the budget report. However, this information is now reported through a range of different mechanisms and is also published at all times on the council's website at

[www.norwich.gov.uk/Environment/EcolIssues/Pages/CarbonFootprintReport.aspx](http://www.norwich.gov.uk/Environment/EcolIssues/Pages/CarbonFootprintReport.aspx)

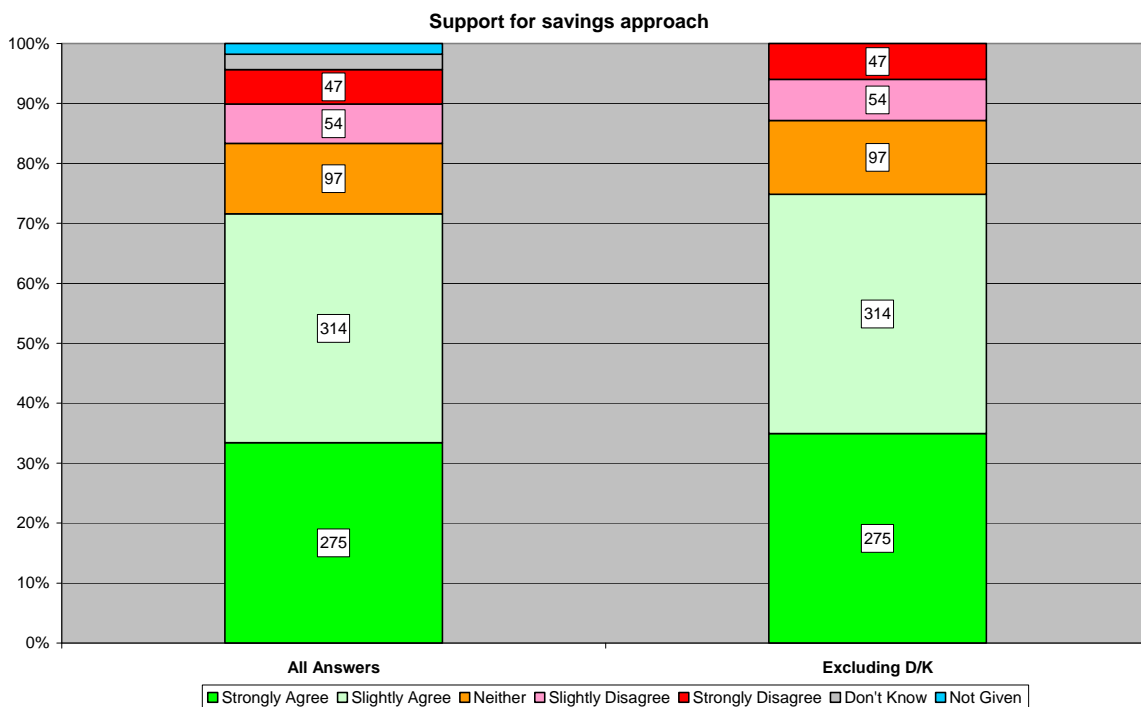
**Budget consultation results**

A total of just over 820 responses were received to the consultation on the budget and the council tax reduction scheme. The results of the latter have been reported to Scrutiny on 20<sup>th</sup> December 2012 and Cabinet on 14<sup>th</sup> January 2013 prior to approval of the scheme by Council on 29<sup>th</sup> January.

As in 2011 a mixture of methods was used to encourage a range of responses from different parts of the community. The data below have been weighted by the research company primarily to reflect responses by age, where some groups have been under or over represented

**Approach to making savings**

The first question explained how money had been taken out of budgets in previous years to avoid impacting front line services. Examples were given such as sharing services, better use of City Hall, generating income. The question was the asked “Do you agree with the council’s approach of continuing to change the way it works to save money and generate income?”:



Agree with approach to making savings								
	Strongly Agree	Slightly Agree	Neither	Slightly Disagree	Strongly Disagree	Don't Know	Not Given	
<b>All Answers</b>	275	314	97	54	47	21	15	
All	33.41%	38.15%	11.79%	6.56%	5.71%	2.55%	1.82%	
Excluding D/K	34.94%	39.90%	12.33%	6.86%	5.97%			

This shows approximately three in four responses supporting this approach to a greater or lesser degree. About one in eight disagree.

The research company has also looked to see if there are any statistically significant variations between groups of respondents. These are not always the largest differences between numbers or variance from the “average” but, taking account of the numbers and the variation, deemed to be potentially significant and that therefore one group is more or less likely to answer when compared to another. Generally these variations are of the type which suggests, for example, “when compared to women, men are more likely to answer...”

- Men are more likely than women to strongly rather than slightly support this approach
- The same is true for those aged over 44 compared to those aged between 25 and 44
- Owner occupiers are more likely to strongly support this compared to council tenants and private tenants more likely to slightly support than council tenants (council tenants more generally are less supportive than other groups, although there is still a majority in favour of the approach)

### **Other suggestions**

Respondents were also given the opportunity to make suggestions about other ways in which we could save money or generate income. Just over 300 respondents made comments which have been summarised very generally below, with the broad number of overall responses along those lines in brackets:

- I think there should be fewer staff at the council (12)
- I think there should be fewer managers at the council (4)
- I think staff at the council should be paid less (11)
- I don't think money should be spent refurbishing City Hall (11)
- City Hall should / should not be used by other bodies (9) – there were opposing views on this
- I don't think the council should spend money on events such as firework displays / Lord Mayor's weekend (14)
- More sponsorship opportunities should be used for events (5)
- I think there should be fewer written communications / newsletters from the council (3)
- More should be done to collect outstanding debts (12)
- There should be a local lottery (5)
- More services should be provided electronically / there should be fewer offices (17)
- More services could be shared or contracted out (15)
- Services should be brought back in house (10)

This only represents some of the responses, some of which are not easily categorised or are mentioned by only one or two people. Other comments of note, however, include:

- Using City Hall as a wedding venue / hiring committee rooms
- Allowing the Post Office to provide services from the customer contact centre
- Increasing charges or fines for some things but reducing others to support business investment

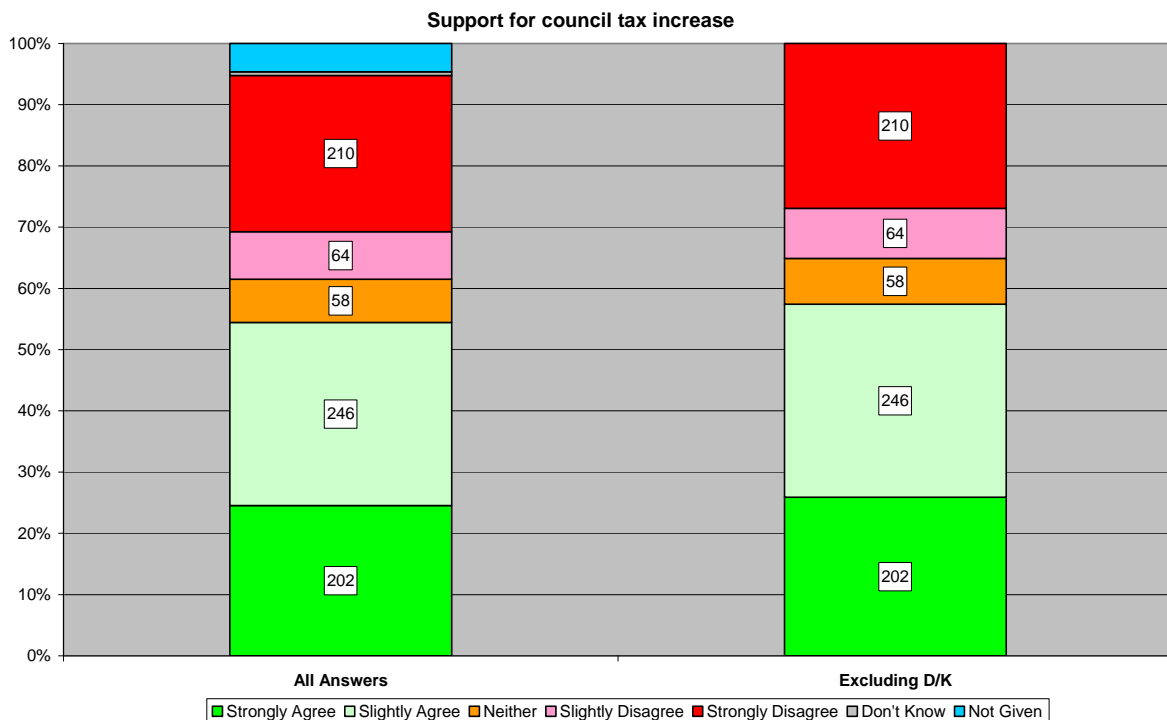
- Investigate ability to sell services to other organisations
- Use of volunteers to provide services
- Different use of assets including sale of housing or other buildings
- Deliver services from other local facilities such as libraries

All the comments will be gone through individually by officers looking at ongoing savings to see if there are other ideas which could be considered.

### **Council tax increase**

Respondents were asked to what extent they agreed with increasing the city council's share of council tax by 2.5% for 2013 / 14 to generate an estimated £250,000 in extra income.

At the time 2.5% was the maximum increase that had been allowed by the Secretary of State in 2012 / 13 without recourse to a referendum under the terms of the Localism Act 2011. Since the start of the consultation this has been reduced to 2% for 2013 / 14



<b>Support a 2.5% council tax increase</b>								
	Strongly Agree	Slightly Agree	Neither	Slightly Disagree	Strongly Disagree	Don't Know	Not Given	
<b>All Answers</b>	202	246	58	64	210	5	38	
All	24.54%	29.89%	7.05%	7.78%	25.52%	0.61%	4.62%	
Excluding D/K	25.90%	31.54%	7.44%	8.21%	26.92%			

These figures show that whilst there is generally support for an increase with nearly six in ten who answered agreeing, there is a polarisation of opinion with around one in three against. The number strongly agreeing and strongly disagreeing are fairly well matched, both at around one in four. The majority being

generally in favour is dependent upon those who slightly agree with the proposition.

There are relatively few variations between population groups which are assessed as being statistically significant. The few which are include:

- Women are more likely to slightly disagree than men (and overall women are slightly less supportive of an increase)
- Strong support for an increase is much more evident amongst the 45 to 64 age group (35% strongly agree) compared to the 25 to 44 and over 64 groups
- Owner occupiers are more likely to agree generally with an increase than council tenants
- Those in receipt of council tax benefit are more likely to take a “neither” position than those not in receipt of benefits. Consequently they are slightly less likely to agree or disagree than those not in receipt

### **Use of additional council tax revenue**

The final question asked respondents to rank where they thought additional income from a council tax increase should go. Given the polarisation of views generally about an increase and that the single largest group agreed “slightly” it is suggested that support for an increase will be closely tied to use of that extra revenue.

The five suggested uses which were offered were:

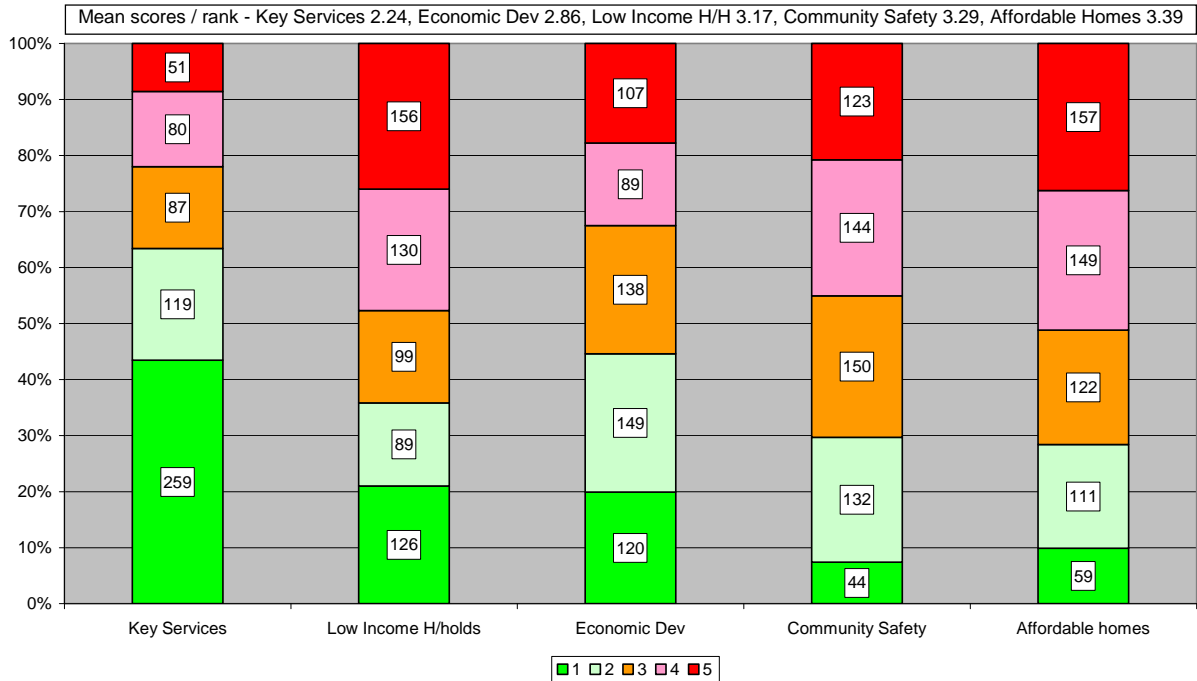
- Protect key council services within the City such as parks, waste collection and street cleaning for future years beyond 2013/14
- Put more resources into our council priority to make Norwich a prosperous city by supporting low income households
- Put more resources into our council priority to make Norwich a prosperous city by carrying out additional economic development work for 2013/14 to try and increase the number of new businesses and jobs created in Norwich
- Put more resources into our council priority to make Norwich a safe and clean city through funding community safety activities to reduce crime and anti social behaviour
- Put more resources into our council priority to make Norwich a city with decent housing for all through funding additional work to develop affordable homes in the City for 2013/14

The figures below show the spread of responses between first and fifth preference for each of the options. The mean score illustrates the overall average ranking, with the lower the score the more popular the option. This enables options to be considered against each other, but the distribution of scores will also show any polarisation of views.

For example whilst support for low income households has the middle ranking mean score, it also has the second highest number of fifth preferences, behind affordable housing by just one. Similarly support for economic development has the second lowest mean score but slightly fewer first preference choices than support for low income households.

**Use of additional council tax income**

NB - approximately 220 non-responses to this question



What is apparent from these varied responses is that support for key services is clearly the most favoured option for using any additional council tax revenue. Of the approximately 600 people responding to these questions nearly two thirds ranked it as their first or second preference. Over four in ten ranked it as their number one preference. Given the polarisation of views on an increase (and the importance of those “slightly agreeing” with the proposal) it seems sensible to presume that overall majority support would be in part dependent upon a direct link between the increase and protecting key services.

**Uses of council tax increase**

	1	2	3	4	5	Mean	Rank	Total
Key Services	259	119	87	80	51	2.24	1	596
Low Income H/holds	126	89	99	130	156	3.17	3	600
Economic Dev	120	149	138	89	107	2.86	2	603
Community Safety	44	132	150	144	123	3.29	4	593
Affordable homes	59	111	122	149	157	3.39	5	598
Incorrect	3	3	3	3	3	3.00		
D/K	212	221	226	230	226	3.03		
	823	824	825	825	823			

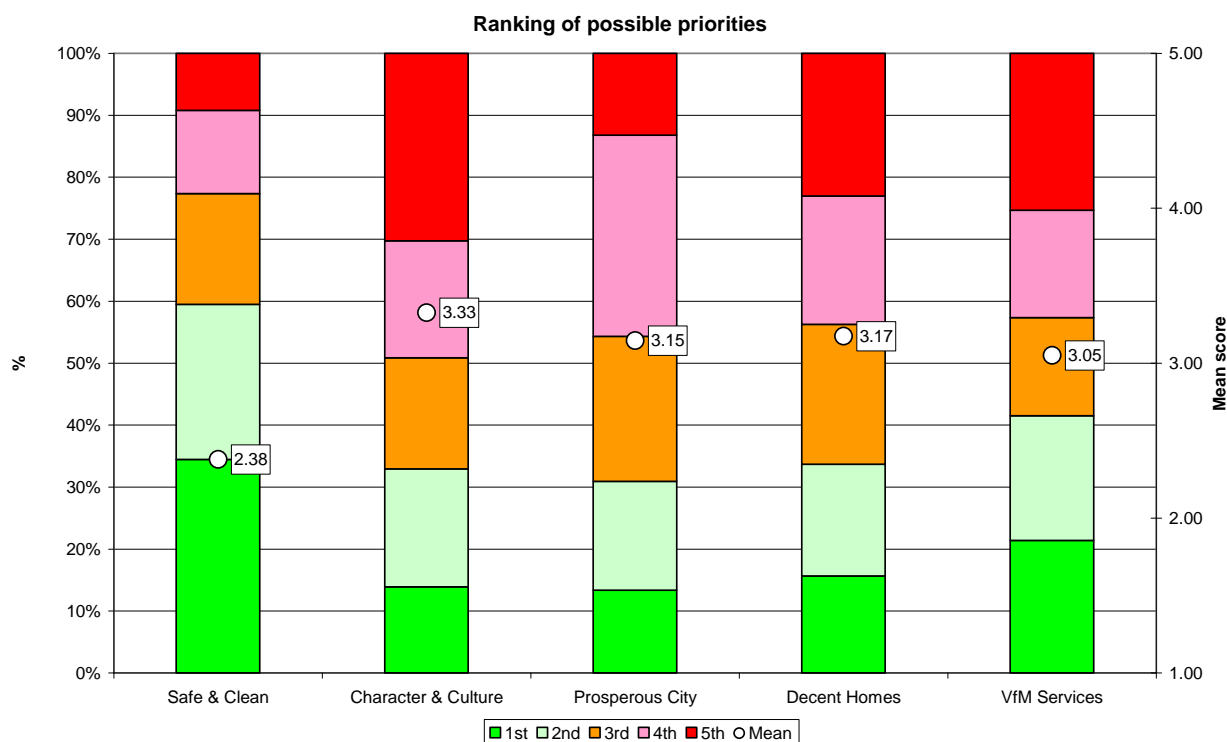
The survey did not seek views specifically on what constituted a “key service”. However the options outlined did refer to services “such as parks, waste collection and street cleaning”. We also know that when asked to rank proposed council priorities as part of **the consultation exercise last year** support for “safe and clean” was the greatest (extract from the cabinet report in late 2011):

**Overall rank 1<sup>st</sup> - 5<sup>th</sup> based on survey responses**



<b>Making Norwich a safe and clean city</b> - such as waste collection and recycling, street cleanliness e.g. reducing graffiti and litter.	1
<b>Making Norwich a city of character and culture</b> - such as effective planning services, heritage and tourism, city events, parks and open spaces.	5
<b>Making Norwich a prosperous city</b> – such as providing the right environment for local business growth, effective debt advice and housing and council tax benefit services.	3
<b>Providing Norwich with decent housing for all</b> – such as helping to prevent homelessness, enabling the building of new affordable homes and providing good services to our housing tenants.	4
<b>Ensuring the council provides value for money services</b> - such as continuing to make our services as efficient and effective as possible.	2

The chart below (from 2011) shows the average (mean) score as well as the distribution of rankings. For example it shows that whilst “prosperous city” and “decent homes” have similar mean scores the variation in rankings between 4<sup>th</sup> and 5<sup>th</sup> choice is markedly different.



There is not an ability to read directly between the two surveys. For example whilst “safe and clean” was very obviously the most favoured priority in 2011, use of additional council tax revenue for community safety projects in the 2012 survey was not very well supported. However it is perhaps safe to assume that certain services around parks, litter, refuse etc are viewed as “key”.

Additionally in 2011 residents were presented with a number of specific budget cuts and asked to rank their preferences. Of the 20 options the five most strongly **opposed** were removing toilets and bins in parks, reduced street cleaning, reductions in the number of litter bins, charging for car parking in parks and reduction in tree planting schemes. In each of these examples the difference between those broadly supporting and those broadly opposing was around 25 percentage points and above.

It is of course possible that residents may also see as “key services” those which we cannot support through a council tax increase. For example it is entirely possible, given what we know about confusion over who delivers what, that schools, libraries, day centres, road maintenance and even certain health facilities may be seen as key in this context.

## Movements in budget 2013/14

Table A1.1: Unavoidable Growth

Unavoidable growth	
Movement	Reason for movement
404,442	Inflationary increases
196,731	Payroll cost increases
124,000	Additional costs arising from development planning documents
92,116	Insurance cost increases
84,195	Pension budget increases
80,319	Staffing budget increases
79,650	Additional work required from NPS joint venture
50,000	Energy Performance Certificate costs
44,193	Additional recharges from HRA
35,000	Additional flytipping & gritting costs
24,000	Additional private sector leasing repairs & maintenance
17,609	Additional Airport Industrial Estate costs
48,765	Other Operations adjustments / changes
<b>1,281,020</b>	<b>Operations</b>
517,424	Overhead costs unrecoverable
60,380	Inflation & disbursements on NPLAW
1,530	Pension budget increases
1,163	Insurance cost increases
300,000	Removal of 2012/13 contribution to balances
193	Other Chief Executive adjustments / changes
<b>880,690</b>	<b>Chief Executive</b>
56,188	Staffing budget increases
22,076	Payroll cost increases
18,043	Insurance cost increases
5,414	Inflationary increases
(42,115)	Pension budget decrease (fewer staff)
7,824	Other Customers, Communications and Culture adjustments / changes
<b>67,430</b>	<b>Customers, Communications and Culture</b>
1,044,413	LGSS shared services inflation & full year effect

<b>Unavoidable growth</b>	
224,320	Decrease in Housing Benefit Admin Grant
159,830	Impact of Council Tax Benefit ending
148,644	Reinstatement of budgets reduced in error
108,223	Additional treasury management costs
19,560	Payroll cost increases
15,150	Pension budget increases
3,796	Insurance cost increases
(10)	Other Business Relationship Management adjustments / changes
<b>1,723,926</b>	<b>Business Relationship Management</b>
65,640	Pension budget increases
24,746	Payroll cost increases
16,000	Increase in members allowances
5,964	Staffing budget increases
3,019	Insurance cost increases
3,810	Other Strategy, People and Democracy adjustments / changes
<b>119,179</b>	<b>Strategy, People and Democracy</b>
<b>4,072,245</b>	<b>Total unavoidable growth</b>

**Table A1.2: Recommended growth**

<b>Recommended growth</b>	
<b>Movement</b>	<b>Reason for movement</b>
79,996	Additional staffing budget for fraud prevention work, site allocations and disabled facilities grant project (offset by income).
65,500	Additional Grounds Maintenance areas
50,000	Provision for City Deals project work
42,000	Removal of Act requiring Livestock Market
22,029	Provision for maternity leave cover
34,353	Other Operations adjustments / changes
<b>293,878</b>	<b>Operations</b>
1,587,274	Contribution of 2013/14 surplus to balances
57,006	Risk-assessed Contingency budget 2013/14
200,000	Funding for option analysis for key invest to save and development projects
<b>1,844,280</b>	<b>Chief Executive</b>

Recommended growth	
47,070	Provision for maternity leave cover
<b>47,070</b>	<b>Customers, Communications and Culture</b>
40,404	Additional staffing budget
20,000	Costs re Insurance contract re-tendering
<b>60,404</b>	<b>Business Relationship Management</b>
32,440	Provision for maternity leave cover
15,000	Additional staffing budget for green deal and fuel poverty reduction work
12,824	Resource to join the National Graduate Development Programme (6 months)
<b>60,264</b>	<b>Strategy, People and Democracy</b>
<b>2,305,896</b>	<b>Total recommended growth</b>

Table A1.3: Decreased income

Decreased income	
Movement	Reason for movement
180,000	Planning fee income budget reduction following change in government's approach to fees
102,084	Reduced cost recovery from Highways
41,640	Reduced Open Spaces income as actuals
40,000	No income from replacement bins
30,000	Reduced profit share expected from NEWS
27,468	Reductions in licensing & authorisation fees
15,750	Reduced garden waste subscriptions
22,648	Savings projects adjustments
25,651	Other Operations adjustments / changes
<b>485,241</b>	<b>Operations</b>
337,000	Homeless Grant income now in RSG
<b>337,000</b>	<b>Chief Executive</b>
106,865	Income projection adjustments for cultural services
<b>106,865</b>	<b>Customers, Communications and Culture</b>
0	
<b>0</b>	<b>Business Relationship Management</b>
0	
<b>0</b>	<b>Strategy, People and Democracy</b>
<b>929,106</b>	<b>Total decreased income</b>

**Table A1.4: Increased Income**

<b>Increased income</b>	
<b>Movement</b>	<b>Reason for movement</b>
(115,000)	Income from choice based lettings
(6,783)	Increased parking income anticipated
(32,422)	Increased recharges to HRA
(65,000)	Increased street cleansing income
(56,755)	Other Operations income
(10,400)	Increased income from burials
(48,175)	Increased recovery of costs
(316,866)	Range of income projects (included within table A1.7)
(22,248)	Increased income from licensing
(17,500)	Increased recycling credits
<b>(691,149)</b>	<b>Operations</b>
(424,356)	Grant for New Homes Bonus
(122,273)	Grant for Council Tax Support
(99,000)	Income project (included within table A1.7)
<b>(645,629)</b>	<b>Chief Executive</b>
(9,000)	Increased income (Halls)
(30,000)	Income project (included within table A1.7)
(10,000)	Increased income from sponsorship
<b>(49,000)</b>	<b>Customers, Communications and Culture</b>
(29,175)	Increased treasury management income
<b>(29,175)</b>	<b>Business Relationship Management</b>
(55,052)	Use of RIEP funding
<b>(55,052)</b>	<b>Strategy, People and Democracy</b>
<b>(1,470,005)</b>	<b>Total increased income</b>

**Table A1.5: Savings**

<b>Savings</b>	
<b>Movement</b>	<b>Reason for movement</b>
(336,891)	Key savings projects (included within table A1.7)
(140,382)	Staffing budget savings
(90,069)	Airport Industrial Estate savings
(32,000)	Savings from not running Livestock market
30,000	Streets 2012/13 extra income not achieved
(46,784)	Other Operations savings
<b>(616,126)</b>	<b>Operations</b>
(7,534)	Savings from LGSS Shared Services
(421,000)	Key savings projects (included within table A1.7)
(100)	Other Chief Executive
<b>(428,634)</b>	<b>Chief Executive</b>
(105,322)	Staffing budget savings
(231,501)	Key savings projects (included within table A1.7)
(65,000)	Savings from different approach to events
(480)	Other Customers, Communications and Culture savings
<b>(402,303)</b>	<b>Customers, Communications and Culture</b>
(2,245,010)	Savings from treasury management
(1,088,731)	Savings from no borrowing to end previous ICT arrangements
(280,621)	Savings from LGSS Shared Services
(77,877)	Staffing budget savings
(551,830)	Key savings projects (included within table A1.7)
21,592	Airport savings passed on to County
<b>(4,222,477)</b>	<b>Business Relationship Management</b>
(17,589)	Staffing budget savings
(241,623)	Key savings projects (included within table A1.7)
(7,702)	Other Strategy, People and Democracy savings
<b>(266,914)</b>	<b>Strategy, People and Democracy</b>
<b>(5,936,454)</b>	<b>Total savings</b>

**Table A1.6: Budget transfers**

<b>Transfers</b>	
<b>Movement</b>	<b>Reason for movement</b>
(1,179,265)	Transfers within General Fund
<b>(1,179,265)</b>	<b>Operations</b>
(305,613)	Transfers within General Fund
<b>(305,613)</b>	<b>Chief Executive</b>
546,604	Transfers within General Fund
<b>546,604</b>	<b>Customers, Communications and Culture</b>
1,010,301	Transfers within General Fund
<b>1,010,301</b>	<b>Business Relationship Management</b>
(72,027)	Transfers within General Fund
<b>(72,027)</b>	<b>Strategy, People and Democracy</b>
<b>0</b>	<b>Total Transfers</b>

**Table A1.7: Key savings and income projects**

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

<b>Key savings and income projects</b>		
<b>Ref</b>	<b>Movement</b>	<b>Reason for movement</b>
01	(5,000)	Additional income from letting City Hall to partners
06	(100,000)	Enhanced joint arrangement for property functions with NPS
07	(42,387)	Income from improved approach to maximising our asset portfolio
08	(13,403)	Offset of new build staff costs to capital works.
09	(171,000)	Savings due in year 2 from LGSS arrangement
12	(117,626)	Adjustments to housing benefit income
14	(18,330)	CNC Building control changes resulting in reduced cost of the shared service
17B	(99,000)	Surplus from NP LAW shared service
18A	(175,000)	Reprovision for streets, grounds and trees and moving to shared service approach.
21	(128,377)	Reprovision of leisure service
28	(47,765)	Business Improvement District implementation
34	(241,623)	Review of areas within strategy, people and democracy service grouping resulting in reduced management and support service costs



<b>Key savings and income projects</b>		
37	(103,124)	Completion of customer contact service reshaping following previous redesign work
40A	(42,678)	Completion of lean review of ASB
45	(30,000)	Completion of CBL lean redesign project
52	(24,750)	Income from review of allotment fees in line with previous consultation
55	(46,000)	Income from introduction of natural burials to Earlham Cemetery
57B	(100,000)	Exceeding off street parking income targets
57F	(20,000)	Income from bus shelter advertising
57H	(30,000)	Increased income from Norman Centre
78	(250,000)	Reduction in redundancy provision for 2013/14
80	(400,000)	ICT funding change (capital rather than revenue)
	<b>(2,206,063)</b>	<b>Total key savings and income projects</b>

## APPENDIX 3

### Statutory Council Tax Resolution

The Council is recommended to resolve as follows:

- 1 That it be noted that on 29 January 2013 the Council calculated the Council Tax Base 2012/13 for the whole Council area as 32,473.0 [Item T in the formula in Section 31(B) of the Local Government Finance Act 1992, as amended (the 'Act')] and,
- 2 To calculate that the Council Tax requirement for the Council's own purposes for 2013/14 (excluding Parish precepts) is £7,561,645
- 3 That the following amounts be calculated for the year 2012/13 in accordance with Sections 31 to 36 of the Act:
  - (a) **£113,885,945** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
  - (b) **£104,603,840** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
  - (c) £7,561,645 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31A(4) of the Act).
  - (d) £230.27 being the amount at 3(c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
  - (e) £0 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
  - (f) £230.27 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1 above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
City	£153.51	£179.10	£204.68	£230.27	£281.44	£332.61	£383.78	£460.54

- 4 That it be noted that for the year 2013/14 the Norfolk County Council and the Norfolk Police Authority have issued precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated in the table below.

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
County	£763.38	£890.61	£1,017.84	£1,145.07	£1,399.53	£1,653.99	£1,908.45	£2,290.14
Police	£133.86	£156.17	£178.48	£200.79	£245.41	£290.03	£334.65	£401.58

- 5 That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2013/14 for each part of its area and for each of the categories of dwellings.

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
City	£153.51	£179.10	£204.68	£230.27	£281.44	£332.61	£383.78	£460.54
County	£763.38	£890.61	£1,017.84	£1,145.07	£1,399.53	£1,653.99	£1,908.45	£2,290.14
Police	£133.86	£156.17	£178.48	£200.79	£245.41	£290.03	£334.65	£401.58
<b>Total</b>	<b>£1,050.75</b>	<b>£1,225.88</b>	<b>£1,401.00</b>	<b>£1,576.13</b>	<b>£1,926.38</b>	<b>£2,276.63</b>	<b>£2,626.88</b>	<b>£3,152.26</b>

- 6 To determine in accordance with Section 52ZB Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2013/14 is not excessive in accordance with the principles approved by the Secretary of State under Section 52ZC.

## Calculation of prudent minimum balance

<b>Estimate of prudent level of General Fund reserves 2013/14</b>			Page 1/2
<u>Description</u>	<u>Level of risk</u>	<u>Amount at risk</u>	<u>Risk</u>
Employee Costs	Medium	15,851,874	31,704
Premises Costs	Medium	8,998,263	33,743
Transport Costs	Medium	284,167	1,598
Supplies & Services	Low	7,989,868	79,899
Third Party Payments	Medium	8,125,351	60,940
Transfer Payments	Medium	61,540,403	184,621
Centrally Managed Expenditure	Medium	1,551,696	46,551
Receipts	Medium	22,283,052	116,986
Grants & Contributions	Low	86,369,501	129,554
Total One Year Operational Risk			685,597
<b>Allowing three years cover on operational risk</b>			<b>2,056,791</b>
<b>Balance Sheet Risks</b>			
Issues arising from Annual Governance Report	0	@ 100%	0
<b>General &amp; Specific Risks</b>			
Unforeseen events	1,500,000	@ 50%	750,000
Implementation costs of Community Right To Buy	100,000	@ 20%	20,000
Legal action – counsels' fees	100,000	@ 100%	100,000
St Andrews Car Park – additional income loss	240,000	@ 100%	240,000
VAT Refund - risk of successful appeal	720,000	@ 100%	720,000
Council Tax Support	220,000	@ 50%	110,000
Business Rates retention	356,000	@ 100%	356,000
<b>ESTIMATED REQUIRED LEVEL OF GENERAL FUND RESERVES</b>			<b>4,352,791</b>

## Operational cost risk profiles

		<i>Low Risk</i>	<i>Med Risk</i>	<i>High Risk</i>
Employee Costs	overspend probability amount at risk	1.00% 15.0% 23,778	2.00% 10.0% 31,704	3.00% 5.0% 23,778
Premises Costs	overspend probability amount at risk	2.50% 10.0% 22,496	5.00% 7.5% 33,743	7.50% 5.0% 33,743
Transport Costs	overspend probability amount at risk	5.00% 10.0% 1,421	7.50% 7.5% 1,598	10.00% 5.0% 1,421
Supplies & Services	overspend probability amount at risk	5.00% 20.0% 79,899	10.00% 10.0% 79,899	15.00% 5.0% 59,924
Third Party Payments	overspend probability amount at risk	5.00% 10.0% 40,627	10.00% 7.5% 60,940	15.00% 5.0% 60,940
Transfer Payments	Shortfall probability amount at risk	1.00% 25.0% 153,851	2.00% 15.0% 184,621	3.00% 10.0% 184,621
Centrally Managed Expenditure	Shortfall probability amount at risk	10.00% 20.0% 31,034	20.00% 15.0% 46,551	30.00% 10.0% 46,551
Receipts	Shortfall probability amount at risk	2.00% 25.0% 111,415	3.50% 15.0% 116,986	5.00% 5.0% 55,708
Grants & Contributions	Shortfall probability amount at risk	1.00% 15.0% 129,554	1.50% 10.0% 129,554	2.00% 5.0% 86,370