

# **Norwich City Council**

## **SCRUTINY COMMITTEE**

### **Item 5**

#### **BRIEFING PAPER for meeting to be held on 7 February 2013**

##### **Proposed policy and budget framework for 2013/14**

The cabinet will be presented with a suite of reports on the proposed policy and budget framework for 2013/14 at its meeting on 13 February 2013.

Scrutiny Committee is invited to consider if:-

- 1) it has any recommendations/comments on the proposed overarching policy framework (corporate plan) including the suggested amendments, or the proposed budget for 2013/14 to cabinet
- 2) the proposed budget for 2013/14 will deliver the council's proposed overarching policy framework (the corporate plan) taking into account the amendments proposed.

The following reports are attached:-

- a) Corporate plan 2012-2015
- b) General fund revenue budget and capital programme
- c) Housing rents and budgets 2013 - 14

**Report to** Cabinet  
13 February 2013  
**Report of** Executive head of strategy, people and democracy  
**Subject** Corporate Plan 2012 -2015

**Item**

**5(a)**

**Purpose**

To consider the proposed amendments to the Corporate Plan 2012-2015.

**Recommendation**

- 1) To consider the recommendations of Scrutiny Committee on the Corporate Plan 2012-2015
- 2) To agree the proposed amendments to the Corporate Plan 2012-2015, as set out in the report, and that the Corporate Plan, as amended, is recommended to Council as the overarching policy framework for 2013-14.

**Corporate and service priorities**

The report helps to meet all the corporate priorities.

**Financial implications**

There are no direct financial consequences of this report.

**Ward/s:** All wards

**Cabinet member:** Councillor Arthur – Leader of the council

**Contact officers**

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

Phil Shreeve, Policy and performance manager 01603 212356

**Background documents**

None

# Report

## Background

1. The Corporate Plan 2012-2015 (Annex A) sets out the overall strategic direction of the council including its vision, priorities and values. This will guide everything the council will do for the city and its residents and visitors for the period. As such, the plan acts as the overarching policy framework for the council.
2. The plan was developed during 2011 and early 2012 through a number of methods including:
  - a) Analysing information on levels of need in the city including drawing on the joint strategic needs assessment, indices of multiple deprivation and our own economic barometer.
  - b) Listening to our residents and customers on what are the key issues and priorities for city residents, including the results of our 12-week public consultation (your services, your say) on the future priorities and shape of the council.
  - c) Reviewing the current environment the council operates in, including the national and local economic climate and changing policy and legislation for local government.
  - d) Consideration of the council's need to continue to significantly reduce its resources in line with its medium-term financial strategy and the reductions required of other public sector organisations.
  - e) Discussions with key partners and stakeholders over their priorities for the city.
  - f) Workshops with councillors and staff to consider the key role of the council in the current climate.
  - g) Formal reviews by scrutiny committee, cabinet and council.
3. The corporate plan was drawn up in line with the Medium Term Financial Strategy and in parallel to the development of the budget for the 2012/13 to ensure the necessary resources were in place for its delivery.

## Review of the corporate plan

4. The corporate plan has been reviewed in parallel to the development of the city council budget for 2013/14 to ensure that there will be adequate resources to continue the effective delivery of the key corporate priorities. The plan has also been reviewed in light of the changing national and local context that the council operates in.
5. The corporate plan was always intended to last until 2015 and despite the fact some of the national and local context has changed the overall vision,

priorities and values remain current and appropriate for the council. It is, therefore, not proposed to make significant changes to the corporate plan at this point in time.

6. However, the foreword to the plan will be amended to reflect recent changes and the current context and it is proposed to revise the following three corporate performance targets for the reasons set out in the table below:

Performance measure	Current target	Proposed revised target	Reason for proposed revision
No. of private households where council activity helped to improve the energy efficiency of their homes	<ul style="list-style-type: none"> <li>• 2013/14 – 50</li> <li>• 2014/15 - 50</li> </ul>	<ul style="list-style-type: none"> <li>• 2013/14 – 75</li> <li>• 2014/15 - 150</li> </ul>	<p>The council has been very successful in its work to improve the energy efficiency of private households having already helped 217 households improve their homes in the first two quarters of 2012/13 through accessing government grants to improve insulation etc. This means the original target of 50 per year for the three years of corporate plan has already been exceeded in the first 6 months. However, the national funding used for this has now ended and will be replaced by the Green Deal in 2013/14 and it is still quite early to determine how popular this approach will be with households. It is, therefore proposed to raise the target to 75 for 2013/14 and 150 for 2014/15. Depending on the success of the Green Deal there may be an opportunity to increase these targets further in the future.</p>
% of domestic waste sent for re-use, recycling or composting	<ul style="list-style-type: none"> <li>• 2013/14 – 52.5</li> <li>• 2014/15 - 55</li> </ul>	<ul style="list-style-type: none"> <li>• 2013/14 – 43</li> <li>• 2014/15 - 50</li> </ul>	<p>The target to reach a recycling rate of 50% by the end of 2012/13 will unfortunately be missed by a significant margin. A combination of things needs to be considered when understanding why. The council has looked at other authorities with similar services who are achieving higher recycling rates and there were two big differences: -</p> <p>A. They provide caddy liners for the food waste  B. They co-mingle all their recycling into one container and have a wider range of materials.</p> <p>In regards to point A the council made a bid for government funding to support this approach which was unfortunately unsuccessful. We are now investigating other options to see how this could be implemented in the future.</p>

			<p>Point B should be addressed when the MRF contract is awarded next year. This will require the refuse service to be reconfigured but should mean that all materials will be collected and they will go in one container.</p> <p>There are a number of other factors that influence the recycling rate:</p> <ul style="list-style-type: none"> <li>• Manufacturers are actively light weighting products, especially packaging and since the recycling rate is calculated by weight this will reduce the percentage that is recycled.</li> <li>• There is a general reduction of 2% per year in the amount of newspaper that is produced – again a relatively heavy material which forms the largest part of the recycling weight.</li> <li>• The residual amount of waste has gone up this year thereby making the denominator larger when working out the percentage rate</li> <li>• The county will not pay recycling credits for street sweepings at present meaning we have sent them to landfill. This has reduced our recycling rate by approx 2 to 3% - County are working with a local (to Norfolk) business to develop a system for recycling street sweepings - indications are this should be in place for next year.</li> <li>• General economic out turn means people are hanging onto things rather than throwing them out and buying new. It also means they are using less packaging which forms a large part of the recycling material</li> </ul> <p>For the reasons set out above it is proposed to reduce the targets as described.</p>
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No. of new affordable homes delivered on council owned land	<ul style="list-style-type: none"> <li>• 2013/14 – 100</li> <li>• 2014/15 - 100</li> </ul>	<ul style="list-style-type: none"> <li>• 2013/14 – 31</li> <li>• 2014/15 - 78</li> </ul>	<p>It was originally envisaged that a large site of approximately 100 affordable dwellings would complete within 2013/14. However due to the registered provider delaying starting on this project this is unlikely to be delivered until 2015/16. The first site for new build council housing should deliver 7 dwellings in this year along with a further 24 units through a registered provider. The wider economic situation is generally affecting the delivery of housing developments.</p> <p>In regards to 2014/15 the council had consulted on 20 sites proposed for development of affordable housing. However, due to responding to the local requirements identified in the consultation only 6 of these have been approved to be taken forward at this time delivering approximately 20 affordable dwellings. It is anticipated that the first phase of Threescore will provide approximately 25 dwellings in this financial year. In addition a further site has been approved for 3 new-build council dwellings and a further 2 sites are currently being worked up by registered providers that will deliver 30 dwellings making a total of 78 for this year.</p> <p>Overall while the number of units delivered in 2013/14 and 2014/15 is reduced when taking into account the extra 100 units that are now expected to be delivered in 2015/16 the totals will be similar but within a different timescale.</p>

7. On the 10 January Scrutiny Committee carried out an initial review of the Corporate Plan and the proposed amendments. They made the following recommendations to Cabinet:
  - a) That the wording of the corporate plan is amended to state that the council seeks to achieve 20 mph zones across the city;
  - b) that a reference to the healthy city programme is included in the corporate plan and ask officers to look at how to do that; and
  - c) that officers add context to the corporate plan on how the wider economic position is impacting on new house building
8. Scrutiny Committee are due to review the proposed Corporate Plan and amendments alongside the draft budget on the 7 February. Any further recommendations will be reported to Cabinet.

### **Delivery of the corporate plan**

9. The plan is underpinned by a range of service and operational plans, which set out in more detail how our vision and priorities will be delivered. These plans contain more specific targets, which are allocated to teams, contractors and employees to deliver.
10. Progress against targets is monitored and reviewed regularly through the council's performance management framework. This includes monthly performance reports to portfolio holders.
11. Overall progress on delivering the corporate plan is then formally reported quarterly to the council's cabinet and scrutiny committee. The council also publishes an annual performance review as part of its statement of the accounts.
12. The Corporate Plan 2012-15 also links closely to the council's risk management strategy and corporate risk register. The council has a comprehensive approach to risk management which ensures that all strategic risks are appropriately identified, managed and mitigated against.
13. It is recommended that the Cabinet agree to recommend to council that the amendments to the Corporate Plan 2012-2015, as set out in the report, are approved and that the Corporate Plan, as amended, is then agreed as the Council's overarching policy framework for 2013/14.



## Integrated impact assessment



**NORWICH**  
City Council

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	13 February 2012
<b>Head of service:</b>	Russell O'Keefe
<b>Report subject:</b>	Policy framework 2013/14
<b>Date assessed:</b>	21 December 2012
<b>Description:</b>	To consider the amendments to the Corporate Plan 2012-2015, as set out in the report, and that the Corporate Plan, as amended, is then agreed as the Council's overarching policy framework for 2013/14.

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<p>By increasing the number of private households where council activity helped to improve the energy efficiency of their homes will also help to reduce fuel poverty.</p> <p>However, the reduction in the targets for the numbers of affordable homes built on council owned land will affect the potential supply of affordable accommodation in the City.</p>
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	For the reasons set out in the report the council expects to achieve a lower recycling rate in 2013/14 and 2014/15 then originally envisaged when the corporate plan was first approved in February 2012.
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 increase in number of private households where council activity helped to improve the energy efficiency of their homes

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

Recommendations from impact assessment	
Positive	
Negative	
Neutral	
Issues	
To approve the proposed changes to performance measures within the Corporate Plan 2012 – 2015 for the reasons set out in the report.	



**NORWICH**  
City Council



**Norwich City Council** Corporate plan 2012-15

# Norwich City Corporate Council plan 2012-15

## List of contents

<b>1. Foreword by the leader of the council</b>	page 3
<b>2. The council and the city</b>	page 4
<b>3. Strategic direction of the council</b>	page 7
<b>4. Council priorities and key actions</b>	page 9
<b>5. Performance measures and targets</b>	page 11
<b>6. Delivering the plan</b>	page 14

## 1. Foreword by the leader of the council

As leader of Norwich City Council, I want our peers and other organisations across the county to regard us as a leading authority, a trusted partner and an organisation that is outward looking and good to work with.

I strongly believe the council has, and should continue to hold, a civic leadership role. Elected councillors have a mandate to represent and work with their communities. While having the civic leadership role, we all know that in the current climate a local authority can no longer deliver the range of services it used to. However, I believe we have a responsibility to protect the delivery of public sector services. This means we have to work with others to ensure the services which people tell us are important remain.

This may be through our new commissioning framework, through shared services and partnerships, by giving grants or by working with local groups and organisations to develop skills and capacity. We have to take a collaborative approach to enhancing the quality of life of people living in our communities.

The administration's record on developing sound financial systems and making significant efficiencies, cost reductions and improvements over the past five years has put us in a better position than many authorities to face the challenges presented to us by significant cuts to public sector funding. Our prudent management gives us time to consider just how we spend our income and use it to deliver against a revised corporate plan.

This work, together with our successful joint working through the Greater Norwich Development Partnership (GNDP), our work on economic development and with the business sector together with our emerging closer working with health, social care and the police, has put us in a strong position to engage and collaborate even more effectively with our external partners.

We all know the significant financial challenges we face. However, in developing new ways of working we will still cleave to our values of equality, protecting the delivery of public services, and supporting the

most vulnerable. We are also committed to ensuring we continue to enable the provision of decent homes and working to maintain a buoyant economy.

Norwich City Council has achieved a great deal in just a few years and while, we may not be able to meet everyone's expectations because of the funding cuts we face, we will continue to fight strenuously for a better quality of life for the people of Norwich.



**Brenda Arthur**  
Leader of Norwich City Council  
Labour Councillor for University Ward



## 2. The council and the city

Norwich City Council provides services to the city of Norwich along with Broadland District Council, South Norfolk Council and Norfolk County Council.

The city council is responsible for approximately 60 per cent of the urban area of the city, including the historic city centre, covering a population of approximately 143,000 people.

Norwich is an innovative, creative city with big ambition for both the place and the people who live here. The fastest-growing population in the east of England, it is home to the headquarters of many global companies, in the top nine shopping destinations in the country and is the regional cultural capital. Its economic, social, cultural and environmental influence is out of all proportion to its size, and extends far beyond its boundary.

But Norwich is also a tale of two cities. While the city has many positive aspects, it also has many of the tough challenges that urban centres can experience. Many city residents experience deprivation, poor educational attainment and poor health.

Our position as a regional centre means there are high levels of inward travel into the city for work, shopping, cultural and leisure activities. This means many of the services the city council provides are used by people who live outside of Norwich, placing additional pressures on our resourcing.

Norwich is also a growing city (the fourth-fastest growing in the UK), which will put additional demands on the council's services and resources in the future.

The information on the next page provides more detail on the economic, social, health, cultural and environmental picture of the city.

The city council has approximately 740 full time equivalent members of staff who provide a range of different services for residents and visitors including:

- street cleaning, waste collection and recycling services
- planning services
- public protection services, including licensing and environmental health
- housing services including, providing and maintaining approximately 16,000 council homes in the UK making us one of the largest local authority landlords
- regeneration and economic development
- parks and open spaces
- cultural, tourism and leisure services
- housing and council tax benefits
- electoral services.



### Summary of the social picture

**Levels of socio-economic deprivation are the third highest in the region and 70th (out of 326) in England.**

Above average rates of homelessness.

**25 per cent of housing is council rented, compared to only 5.5 per cent in Norfolk.**

75 per cent of school leavers staying on to further education, compared with 84 per cent across Norfolk.

**6.7 per cent of the working age population is claiming incapacity benefit/employment support allowance.**

Overall crime reduced by four per cent in 2010-11 compared with previous year.

**For the 12 months for the year ending March 2011 there were 16,437 reports to police of anti-social behaviour in Norwich, which was a year-on-year reduction of nine per cent and 12,196 reports of anti-social behaviour to Norwich City Council, a year-on-year reduction of six per cent.**

31.8 per cent of children affected by income deprivation in Norwich which is the 30th highest percentage nationally. It is the highest percentage of any district council and the highest percentage in the eastern region.

### Summary of the environmental picture

**Norwich has the highest decrease in CO<sup>2</sup> emissions per capita in the south and east of the UK as well as being one of the highest nationally, whilst at the same time having one of the highest population growths.**

Since the start of our Carbon Management Programme, Norwich City Council has reduced its carbon emissions by more than 16 per cent.

**University of East Anglia and Norwich Research Park are internationally recognised for excellence in environmental, health and life sciences.**

Norwich City Council has increased household recycling and composting to over 40 per cent and reduced residual waste per household.

### Summary of the economic picture

**Around 127,000 people work in the Norwich urban area and 50,000 workers commute to the city each day.**

40 per cent of jobs in the county are based in the Norwich urban area.

**The ninth ranked shopping venue in the UK.**

39.1 per cent of Norwich's working age population is qualified to degree level and above, higher than the national and regional averages.

## Summary of the cultural picture

### Highest level of culture per capita in the UK.

Prime examples of architecture including Norwich 12, the UK's finest collection of heritage buildings in a medieval cityscape.

### Bid shortlisted for UK City of Culture 2013.

Major sporting facilities including football, athletics, olympic swimming pool etc.

### Three regional media businesses (BBC, Anglia and Archant).

High-profile arts calendar including the Norfolk and Norwich Festival, the largest festival in the country.

### Writers' Centre Norwich delivering world-class literary events.

Bidding to become England's first UNESCO City of Literature.

### Highly regarded arts institutions including Norwich Castle Museum and Art Gallery, Norwich University College of the Arts and the Sainsbury Centre for Visual Arts.

Five theatres, including the Theatre Royal – the most successful regional theatre in the UK.

### 75 formal play areas and 17 all weather games areas.

## Summary of the health picture

### The health picture overall for Norwich is mixed, with life expectancy overall similar to the national average.

But this masks huge differences within the city, for example a difference of eight years between people in the healthiest and least healthy wards.

### Many key health measures are significantly worse in Norwich than in the rest of the county.

Significant health issues with high levels of teenage pregnancy, mental health problems and drug and alcohol misuse.

### High levels of adult smoking, physical inactivity and adult obesity.

Low levels of childhood obesity and diabetes.

### Lower than average children's population, and higher young people's population (16 to 24).

Lower than average road deaths and injuries.

[Click here for sources of data.](#)

### 3. Strategic direction of the council

This corporate plan sets out the overall strategic direction of the council including our vision, priorities and values. This will guide everything the council will do for the city and its residents and visitors for the next three years.

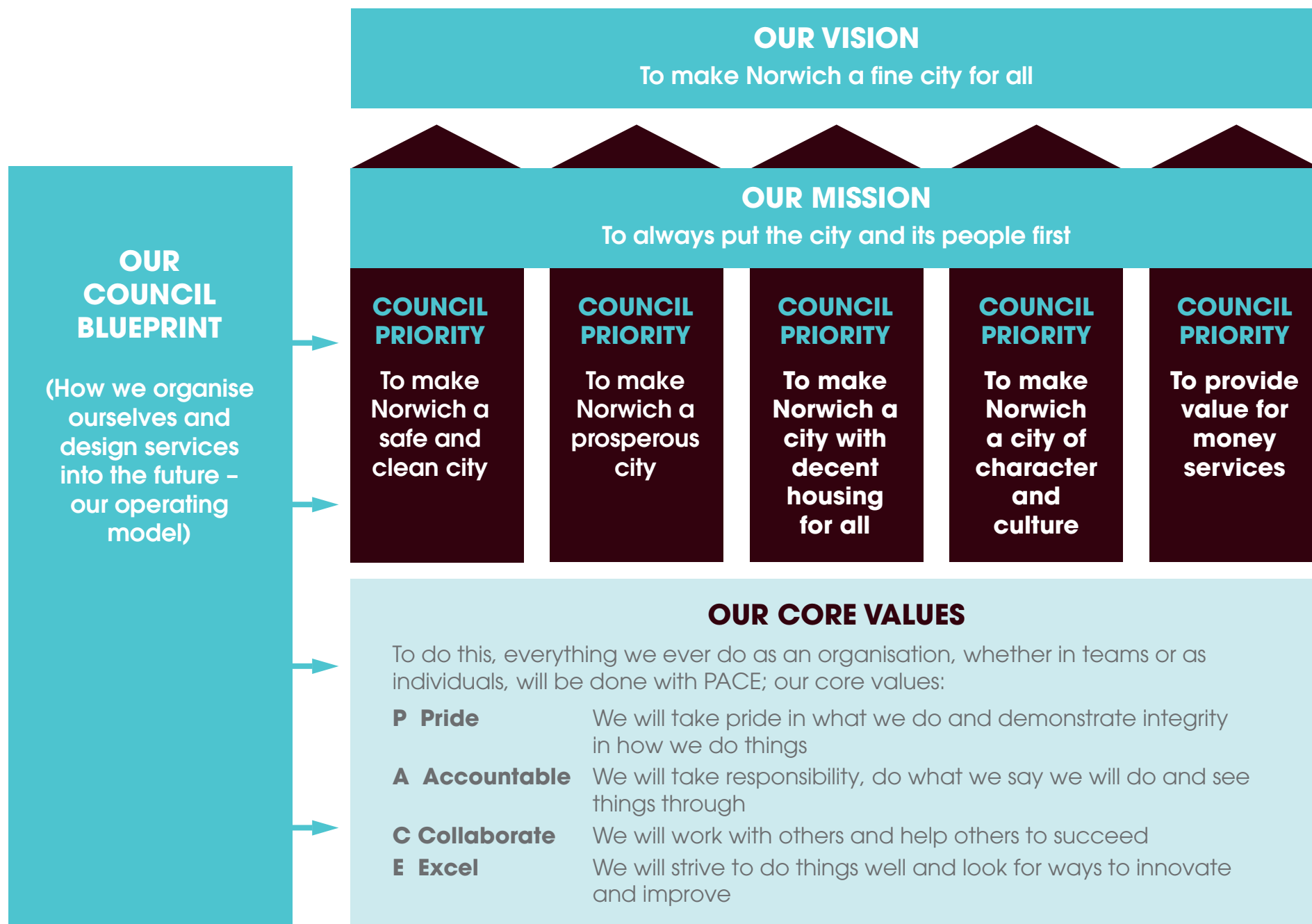
Our strategic direction is shown in the diagram on the next page and covers the following elements:

- **Our vision** – overall this is what as a council we aim to achieve for the city and its residents
  - **Our mission** – this is the fundamental purpose of the council – what we are here for
  - **Our priorities** – these are the key things we aim to focus on achieving for the city and its residents to realise our vision over the next three years
  - **Our core values** – these drive how we will all work and act as teams and employees of the council.
- Taken together, these summarise what we promise to do and be as a council for the city and its residents and visitors.
- This direction has been developed through a number of methods including:
- analysing information on levels of need in the city including the joint strategic needs assessment, indices of multiple deprivation and our own economic barometer
  - listening to our residents and customers on what are their key issues and priorities, including the results of our 12-week public consultation (your services, your say) on the future priorities and shape of the council
  - reviewing the current environment the council operates in, including the national and local economic climate and changing policy and legislation for local government
  - consideration of the council's need to continue to significantly reduce its resources in line with its medium-term financial strategy and the reductions required of other public sector organisations

- discussions with key partners and stakeholders over their priorities for the city
- workshops with councillors and staff to consider the key role of the council in the current climate.

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





## 4. Council priorities and key actions

### Council priority – Safe and clean city

We want to make sure Norwich is safe and clean for all residents and visitors to enjoy. We also want to increase recycling and environmental sustainability in the city. This was the priority ranked most important by residents in our public consultation on the future priorities and shape of the council.

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

- maintain street and area cleanliness
- provide efficient and effective waste services and increase the amount of recycling
- work effectively with the police to reduce antisocial behaviour, crime and the fear of crime
- protect residents and visitors by maintaining the standards of food safety
- maintain a safe highway network and reduce road casualties including advocating for the introduction of 20mph zones in residential areas.

### Council priority – Prosperous city

We want Norwich to be a prosperous city which businesses want to invest in and where everyone has access to opportunities and a reasonable standard of living. Currently, we have areas of considerable deprivation and the changing economic and policy climate may worsen the impact on certain disadvantaged groups. This priority was ranked third most important by residents in our public consultation on the future priorities and shape of the council.

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

- support the development of the local economy and attract inward investment through economic development and regeneration activities
- encourage visitors and tourists to Norwich through effective promotion of the city
- support people on low incomes through advocacy and financial inclusion activities
- reduce fuel poverty through affordable-warmth activities.

### Council priority – Decent housing for all

We want to make sure people in Norwich have access to appropriate and good quality housing. Currently, the demand for affordable housing considerably outstrips supply in Norwich. This priority was ranked fourth most important by residents in our public consultation on the future priorities and shape of the council.

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

- improve the letting of council homes so we make the best use of existing affordable housing resources
- improve the council's housing stock through a programme of upgrades and maintenance including new kitchens, windows and doors
- develop new affordable housing
- prevent people from becoming homeless through providing effective advice and alternative housing options
- bring empty homes back into use and improve the standard of private sector housing through advice, grants and enforcement.

### **Council priority – City of character and culture**

We want Norwich to maintain its historic character and continue to be a vibrant cultural city with lots for residents and visitors to do. This priority was ranked fifth most important by residents in our public consultation on the future priorities and shape of the council.

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

- manage the development of the city through effective planning and conservation management
- provide a range of cultural and leisure opportunities and events for people
- provide well-maintained parks and open spaces
- maximise the opportunities provided by the 2012 Olympics
- become the first UNESCO City of Literature.

### **Council priority – Value for money services**

The council is committed to providing efficient, effective and quality public services to residents and visitors. While we face considerable savings targets over the next three years, we will continue to protect and improve those services our residents value most as much as we possibly can. This priority was ranked second most important by residents in our public consultation on the future priorities and shape of the council.

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

- continue to reshape the way the council works to realise our savings targets, protecting and improving services wherever possible and working effectively with partners, through a transformation programme
- improve the efficiency of the council's customer engagement and access channels

- maximise council income through effective asset management, trading and collection activities.
- reach the achieving level of the equalities framework
- reduce the council's carbon emissions through a carbon management programme.





5. Key performance measures and targets

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

[Click here for an A3 version](#)

PRIORITIES, ACTIONS AND PERFORMANCE MEASURES FOR 2012-2015										
WHAT WE AIM TO ACHIEVE (OUR PRIORITIES)	SAFE AND CLEAN CITY		PROSPEROUS CITY		DECENT HOUSING FOR ALL		CITY OF CHARACTER AND CULTURE		VALUE FOR MONEY SERVICES	
WHAT WE WILL DO TO ACHIEVE OUR PRIORITIES WORKING WITH OUR PARTNERS AND RESIDENTS (KEY ACTIONS)	To maintain street and area cleanliness		To support the development of the local economy and bring in inward investment through economic development and regeneration activities		To improve the letting of council homes so we make the best use of existing affordable housing resources		To manage the development of the city through effective planning and conservation management		To continue to reshape the way the council works to realise our savings targets, protecting and improving services wherever possible and working effectively with partners, through a transformation programme	
	To provide efficient and effective waste services and increase the amount of recycling		To encourage visitors and tourists to Norwich through effective promotion of the city		To improve the council's housing stock through a programme of upgrades and maintenance including new kitchens, windows and doors		To provide a range of cultural and leisure opportunities and events for people		To improve the efficiency of the council's customer engagement and access channels	
	To work effectively with the police to reduce antisocial behaviour, crime and the fear of crime		To support people on low incomes through advocacy and financial inclusion activities		To develop new affordable housing		To provide well-maintained parks and open spaces		To maximise council income through effective asset management, trading and collection activities	
	To protect residents and visitors by maintaining the standards of food safety		To reduce fuel poverty through affordable-warmth activities		To prevent people from becoming homeless through providing advice and alternative housing options		To maximise the opportunities provided by the 2012 Olympics		To reach the achieving-level of the equalities framework	
	To maintain a safe highway network and reduce road casualties including advocating for the introduction of 20mph zones in residential areas.				To bring empty homes back into use and improve the standard of private sector housing through advice, grants and enforcement		To become England's first UNESCO City of Literature		To reduce the council's carbon emissions through a carbon management programme	
HOW WE MEASURE WHAT WE ARE ACHIEVING (KEY PERFORMANCE MEASURES)	% of streets found clean on inspection	% of compliant food safety inspections	No. of new jobs created though council activity	% of people saying that debt issues had become manageable following face to face advice	Relet times for council housing	No. of people prevented from becoming homeless	% of major planning applications completed within target	% of people satisfied with leisure and cultural facilities	Council achieves savings targets	Avoidable contact levels
	% of domestic waste sent for reuse, recycling or composting	No. of killed and seriously injured road casualties	Amount of funding secured by the council for regeneration activity	Average processing time for housing and council tax benefits	No. of council properties meeting the Norwich Standard	No. of empty homes brought back into use	% of minor and other planning applications completed within target	No. of people attending free or low-cost events provided through the council	% of residents satisfied with the service they received from the council	% of income owed to the council collected
	% of people satisfied with waste services		No. of new homes built	No. of private households where council activity helped to improve the energy efficiency at their homes	% of tenants satisfied with the housing service	No. of privately owned homes made safe		No. of visitors and residents engaged with Olympic torch relay activities	% of all council outcome performance measures on or above target	Reaching 'achieving' level of equalities framework
	% of people feeling safe		No. of people accessing information through the TIC		No. of new affordable homes delivered on council owned land		% of people satisfied with parks and open spaces	City becomes first UNESCO City of Literature	% of council partners satisfied with the opportunities to engage with the council	% reduction in CO <sup>2</sup> emissions from local authority operations
KEY SERVICES CONTRIBUTING	Customer contact service	Local neighbourhoods service	Customer contact service	Communications and culture service	Customer contact service	Housing service	Customer contact service	Communications and culture service	All services	All services
	Citywide services	Housing service	Strategy and programme management	City development services	City development service	Property service	Planning service	Citywide services		
	City development services			Planning service						

For each of the key performance measures the council sets targets it aims to achieve. These are set out in the table below:

Key performance measures	Targets		
	2012-13	2013-14	2014-15
<b>Corporate priority – Safe and clean city</b>			
% of streets found clean on inspection	92%	93%	94%
% of domestic waste sent for re-use, recycling or composting	50%	52.5%	55%
% of people satisfied with waste collection services	65%	70%	75%
% of people feeling safe	68%	70%	72%
% of compliant food safety inspections	93%	95%	97%
No. of killed and seriously injured road casualties	< 46	< 45	< 43
<b>Corporate priority – Prosperous city</b>			
No. of new jobs created through council activity	300	300	300
Amount of funding secured by the council for regeneration activity	£0.25m	£0.25m	£0.25m
No. of new homes built	499	513	521
No. of people accessing information through the Tourist Information Centre	370,000	365,000	363,000
% of people saying that debt issues had become manageable following face to face advice	50%	53%	56%
Average processing time for housing and council tax benefits	21 days	21 days	21 days
No. of private households where council activity helped to improve the energy efficiency of their homes	50	50	50
<b>Corporate priority – Decent housing for all</b>			
Relet times for council housing	16 days	16 days	16 days
No. of council properties meeting the 'Norwich Standard'	2,337	2,860	3,488
% of tenants satisfied with the housing service	85%	85%	87%
No. of new affordable homes delivered on council owned land	85	100	100
No. of people prevented from becoming homeless	300	300	300
No. of empty homes brought back into use	20	20	20
No. of privately owned homes made safe	100	100	100



Key performance measures	Targets		
	2012-13	2013-14	2014/15
<b>Corporate priority - City of character and culture</b>			
% of major planning applications completed within target	80%	80%	80%
% of minor and other planning applications completed within target	85%	85%	85%
% of people satisfied with parks and open spaces	65%	70%	75%
% of people satisfied with council leisure and cultural facilities	65%	70%	75%
No. of people attending free or low-cost events provided through the council	130,000	100,000	100,000
No. of visitors and residents engaged with Olympic torch relay activities	30,000	N/A	N/A
City becomes England's first UNESCO City of Literature	Yes	N/A	N/A
<b>Corporate priority - Value for money services</b>			
Council achieves savings targets	£4.6m	£2.7m	£1.8m
% of residents satisfied with the service they received from the council	93%	93%	93%
% of all council outcome performance measures on or above target	80%	85%	90%
% of council partners satisfied with the opportunities to engage with the council	75%	80%	85%
Avoidable contact levels	24%	24%	24%
% of income owed to the council collected	96%	96%	96%
Reaching 'achieving' level of equalities framework	Yes	Yes	Yes
% reduction in CO <sup>2</sup> emissions from local authority operations	6%	4%	4%

## 6. Delivering the plan

This plan is underpinned by a range of strategic and operational plans, which set out in more detail how our vision and priorities will be delivered. These plans contain more specific targets, which are allocated to teams, contractors and employees to deliver.

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

Overall progress on delivering the corporate plan is then formally reported quarterly to the council's cabinet and scrutiny committee. The council also publishes an annual performance review as part of its statement of the accounts. To find this statement [click here](#).

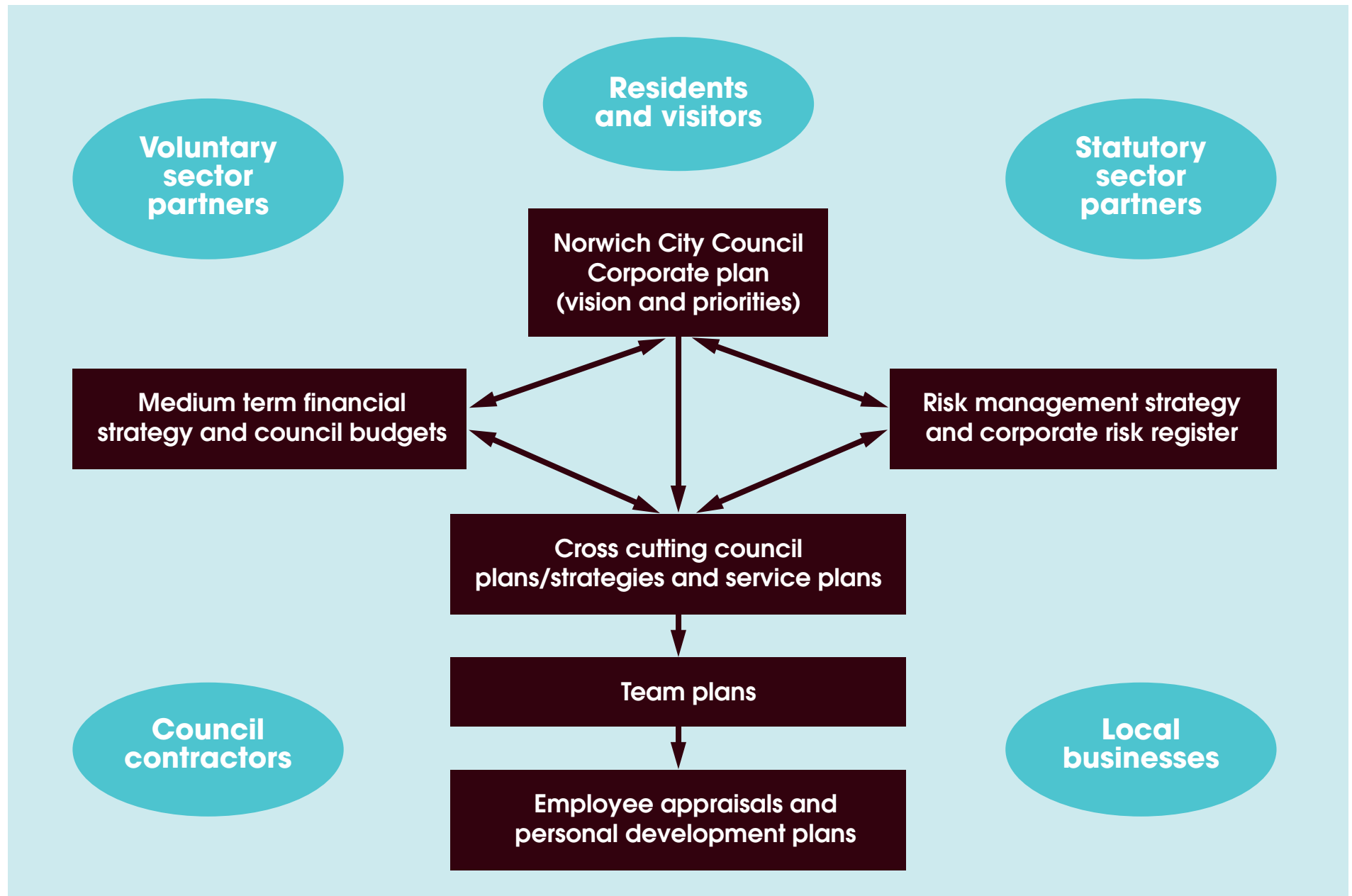
This corporate plan 2012-15 sits alongside the council's budgets and Medium Term Financial Strategy 2012-15. These documents ensure resources are available for the delivery of the corporate plan.

The corporate plan 2012-15 also links closely to the council's risk management strategy and corporate risk register. The council has a comprehensive approach to risk management which ensures all strategic risks are appropriately identified, managed and mitigated against.

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



## Corporate plan delivery structure





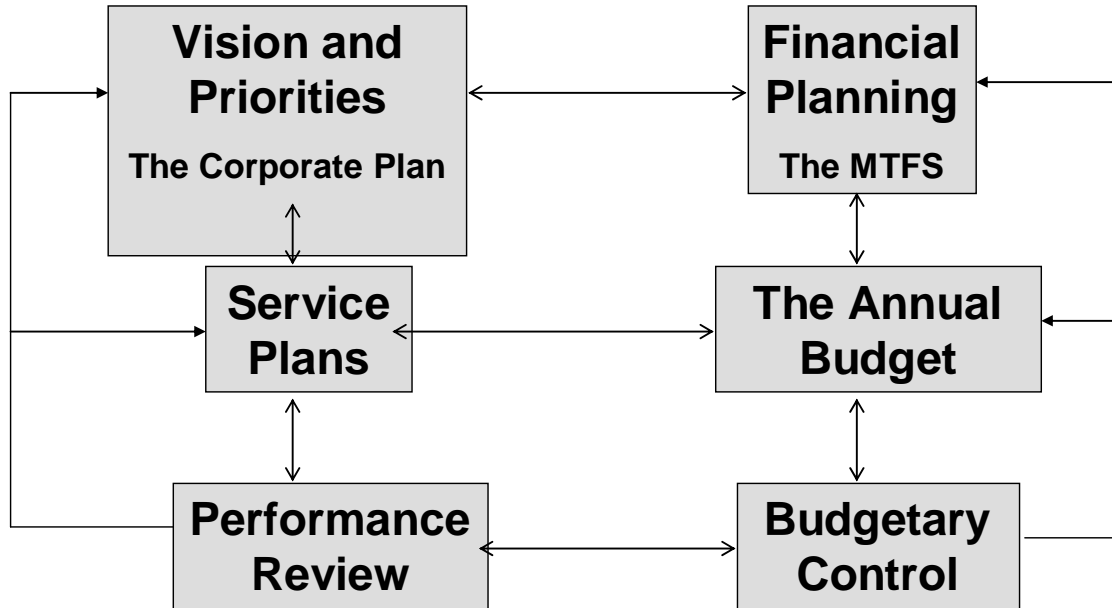
# Overview of the policy and budget framework

28 January 2013

# Elements to cover

- Welcome and introduction
- Policy and budget framework - how they fit together
- Policy framework - Corporate Plan
- Reminder of financial framework
- Financial context
- Medium term financial strategy
- Budget changes for 13/14
- Next steps - budget timetable
- Interactive session - opportunity to discuss with heads of service, service plans and budgets

# The policy and budget framework



# Corporate plan

- The corporate plan sets out the overall strategic direction of the council including its vision, priorities and values.
- This will guide everything the council will do for the City and its residents and visitors for the next three years.
- The plan acts as the overarching policy framework for the council.
- The plan is underpinned by a range of strategic and operational plans, which set out in more detail how our vision and priorities will be delivered.
- These plans contain more specific targets, which are allocated to teams, contractors and employees to deliver

# Corporate plan

- Progress against targets is monitored and reviewed regularly through the council's performance management framework.
- Overall progress on delivering the corporate plan is then formally reported quarterly to the council's cabinet and scrutiny committee.
- The corporate plan is drawn up in line with councils medium term financial strategy (MTFS) and is carried out in parallel to the budget setting process to ensure the necessary resources are in place to deliver the corporate plan.
- The corporate plan also links closely to the council's risk management strategy and corporate risk register.

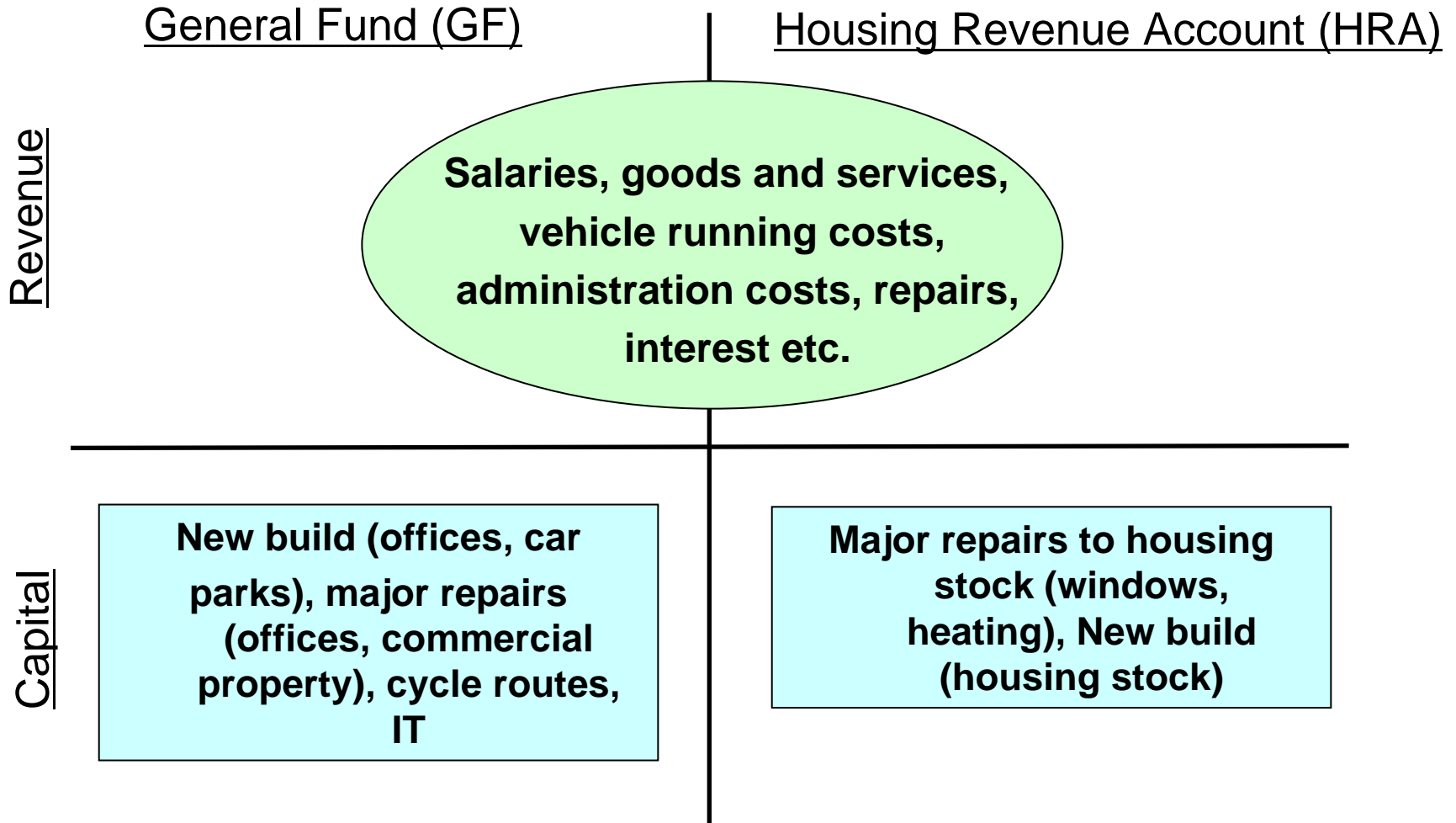


# Changes to the Corporate plan

- The corporate plan has been reviewed in parallel to the development of the city council budget for 2013/14 to ensure that there will be adequate resources to continue the effective delivery of the key corporate priorities.
- The plan has also been reviewed in light of the changing national and local context that the council operates in.
- The corporate plan was always intended to last until 2015 and despite the fact some of the national and local context has changed the overall vision, priorities and values remain current and appropriate for the council.
- It is, therefore, not proposed to make significant changes to the corporate plan at this point in time.
- However, it is proposed to amend three corporate performance targets (see handout).



# Reminder of financial framework - Spending





# Revenue income

## **GENERAL FUND**

**Council Tax** - Set by the council

**National Non-Domestic Rates** – new system of business rates retention

**Revenue Support Grant** - Government grant calculated using the relative needs formula

**Fees and charges** - Income generated by the council e.g. car park income

**Government Grants** - Specific grants e.g. Benefits administration grant

**Investment Income** - Interest from investments and day-to-day cash flow management.

## **HOUSING REVENUE ACCOUNT**

**Rents and service charges** – set by the council in consultation with tenants



# Capital funding

**Borrowing** - Councils can borrow what they can afford to service.

**Capital receipts** - Sales of council property and assets, some restriction on council house sales.

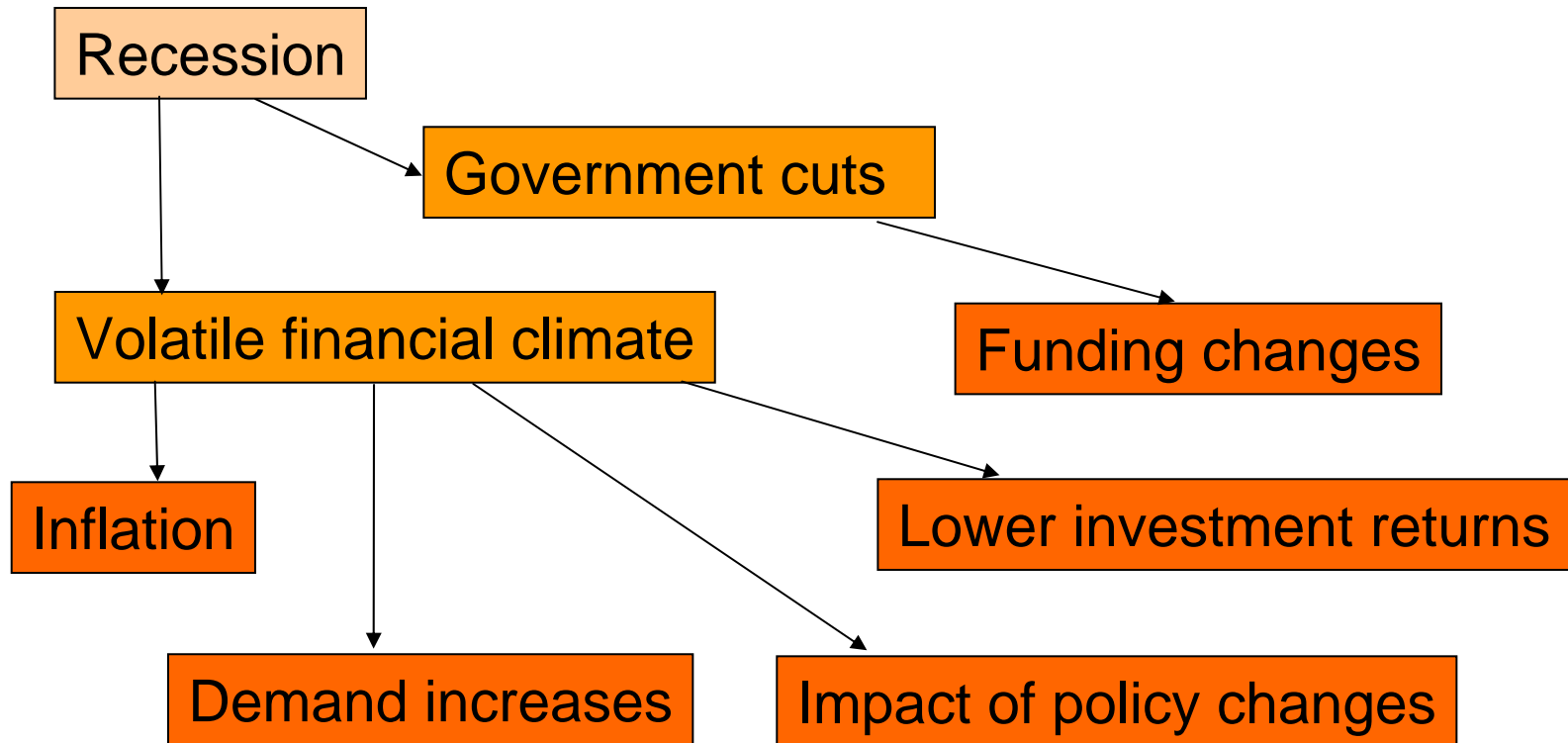
**Reserves** - Revenue monies generated in previous years and put aside.

**Revenue** - Capital expenditure made directly from revenue.

**Grants external funding** - Specific grants from government or other public agencies.

**Planning contributions S106 Agreements** - Agreements made with developers as part of approving planning applications.

# Financial context



## **GF savings - £20m over last 4 years:**

Reduce headcount, change ways of working, share services, rationalise and share office accommodation

# Medium term financial strategy

- High level financial plan for next 5 years
- Uses assumptions of future funding streams, levels of service delivery inflation, and contingency and reserve requirements to assess the levels of savings required to balance incomes and spending
- Currently shows savings requirements of £2.3m each year for the next 5 years



# Budget changes for 2013/14 (DRAFT)

	General Fund			HRA		
	Expenditure	Income	Total	Expenditure	Income	Total
	£000	£000	£000	£000	£000	£000
<b>Revised Base Budget</b>	<b>158,872</b>	<b>-138,156</b>	<b>20,716</b>	<b>66,954</b>	<b>-67,578</b>	<b>-625</b>
Decreased Income	0	929	929	0	823	823
Increased Income	-19	-1,263	-1,282	425	-3,810	-3,385
Recommended Growth	719	1,399	2,118	14,310	210	14,520
Savings	-6,238	302	-5,936	-1,828	-828	-2,656
Transfers	-3,579	3,579	0	118	-118	0
Unavoidable Growth	-11,412	15,485	4,072	1,145	856	2,001
<b>Total Budget movement</b>	<b>-20,530</b>	<b>20,431</b>	<b>-99</b>	<b>14,171</b>	<b>-2,867</b>	<b>11,304</b>
<b>Draft Budget</b>	<b>138,342</b>	<b>-117,725</b>	<b>20,617</b>	<b>81,124</b>	<b>-70,445</b>	<b>10,679</b>

# Budget timetable

- Scrutiny 10 January 2013 – overview of the corporate plan
- All member briefing 28 January 2013
- Scrutiny 7 February 2013 - will the budget deliver the policy framework?
- Cabinet 13 February 2013 - make recommendations to council on the budget
- Council 19 February 2013 - asked to approve the budget, set the council tax and set the housing rent.



## Report for Resolution

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

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Item  
**5(b)**

### 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:

- (1) 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.;
- (2) 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;
- (3) that the Council's Council Tax Requirement is set at £7,561,645 (para 7.1);
- (4) that Council Tax should be set at £230.27 for Band D, which is an increase of 1.95%;
- (5) 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;
- (6) that the Non-Housing Capital Plan 2013 - 14 to 2017/18 as set out in paragraph 9.6 is approved.

and

- (7) that the non-housing capital programme 2013 - 14 should be approved [or recommended to Council for approval] as set out in paragraph 10.3 of the report
- (8) 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**

Caroline Ryba, Chief Finance Officer

07920 500618

**Background documents**

None

# Report

## 1. Contents of report

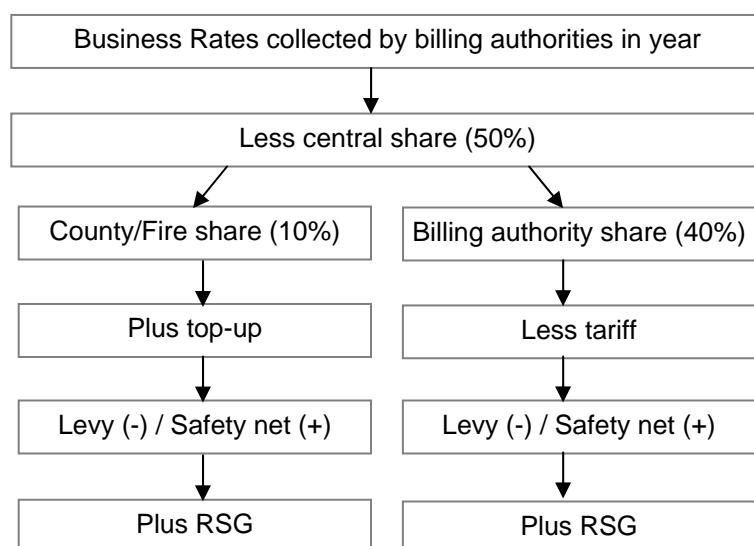
- 1.1 The contents of this report are set out as follows:
  - 1.2 Budgetary context
  - 1.3 Medium Term Financial Strategy (MTFS)
  - 1.4 Preparation of the 2013 - 14 budget
  - 1.5 Budgetary resources
  - 1.6 Budgetary requirement – income and expenditure
  - 1.7 Council Tax precept
  - 1.8 Report by the Chief Finance Officer on the robustness of estimates, reserves and balances
  - 1.9 Capital resources and Capital Plan 2013 - 14 to 2017/18
  - 1.10 Proposed capital programme 2013 - 14
  - 1.11. Capital programme risk management
  - 1.12 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 uprated 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 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	-1,425	-1,612	-1,800	-1,988	-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	-534	-534	-533	-533
<b>Subtotal Budgets</b>	<b>19,233</b>	<b>19,066</b>	<b>19,420</b>	<b>19,574</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	1,384	-300	-300	-300	-300
Savings Requirement	0	-861	-3,000	-4,979	-8,335
<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	-5,397	-6,781	-6,481	-6,181	-5,881
Contributions to/from I&E	-1,384	300	300	300	300
<b>Balance Carried Forward</b>	<b>-6,781</b>	<b>-6,481</b>	<b>-6,181</b>	<b>-5,881</b>	<b>-5,581</b>
<i>Relative to Budget Req't</i>	33%	34%	35%	36%	36%
<b>New Savings Requirements</b>		<b>-861</b>	<b>-2,139</b>	<b>-1,979</b>	<b>-3,356</b>
<b>New Savings (Smoothed)</b>		<b>-2,037</b>	<b>-2,037</b>	<b>-2,037</b>	<b>-2,037</b>
<i>Balances (Smoothed)</i>		<b>-7,656</b>	<b>-7,254</b>	<b>-7,012</b>	<b>-5,392</b>

#### **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

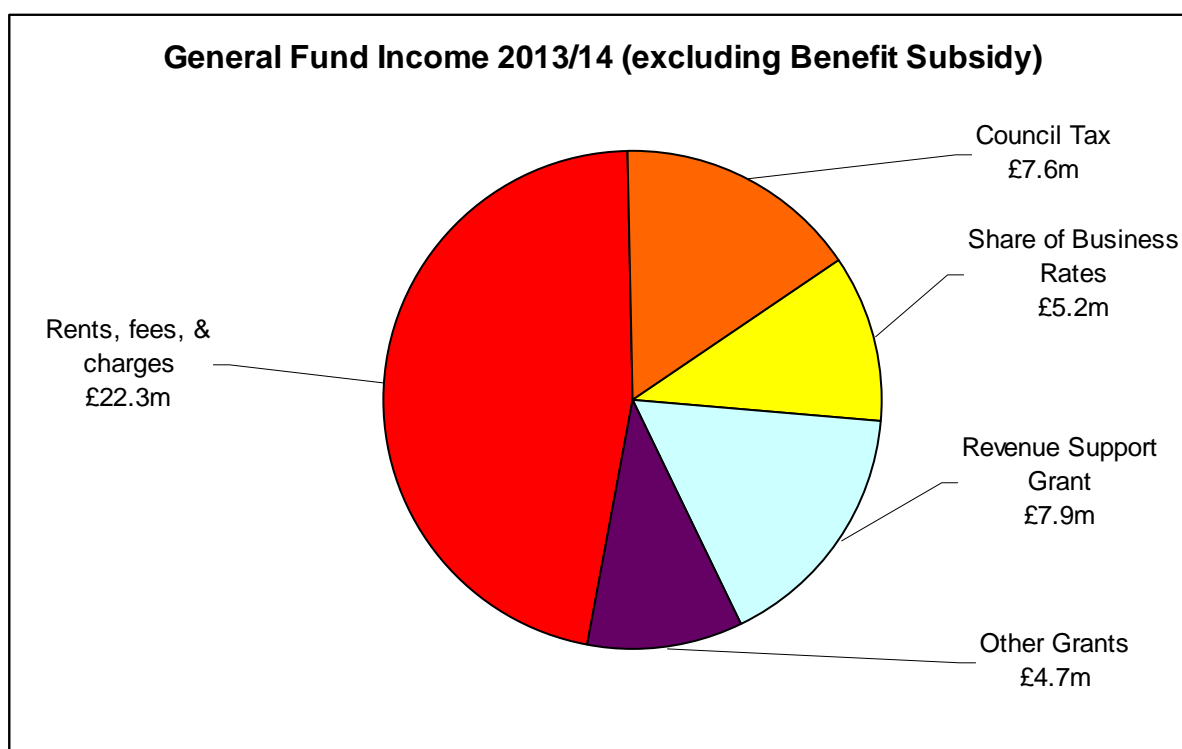
are accounting adjustments that have been included as part of the budget setting process.

- 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	2,118
Increased income	(1,282)
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	3,083	(612)
Recharge Expenditure	21,604	18,394	(3,210)
<b>Subtotal EXPENDITURE</b>	<b>141,726</b>	<b>141,767</b>	<b>41</b>
Government grants	(80,917)	(74,691)	6,225
Receipts	(12,234)	(22,278)	(10,044)
Recharge income	(27,830)	(24,181)	3,649
<b>Subtotal INCOME</b>	<b>(120,980)</b>	<b>(121,150)</b>	<b>(170)</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>20,616</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	1,656
Decreased Income	337
Increased Income	(457)
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 £358k 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	5,397
31 March 2014	6,781
31 March 2015	6,481
31 March 2016	6,181
31 March 2017	5,881

31 March 2018	5,581
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## 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	(686)	(545)	(398)	(524)	(512)
S106 Forecast resources arising	(160)	(125)	(325)	(250)	-
S106 Forecast resources utilised	301	273	199	262	256
<b>Total S106 Resources</b>	<b>(545)</b>	<b>(398)</b>	<b>(524)</b>	<b>(512)</b>	<b>(256)</b>
Balances b/f	(6,711)	(1,570)	(395)	(495)	(595)
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>(1,570)</b>	<b>(395)</b>	<b>(495)</b>	<b>(595)</b>	<b>(695)</b>
<b>Total non-housing capital resources</b>	<b>(2,115)</b>	<b>(793)</b>	<b>(1,019)</b>	<b>(1,107)</b>	<b>(951)</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	425	425	400	400	400
Initiative funds	2,747	-	-	-	-
Regeneration and growth	301	273	199	262	256
Section 106 schemes	<b>7,167</b>	<b>2,448</b>	<b>1,099</b>	<b>1,162</b>	<b>1,156</b>
<b>Total expenditure</b>	(301)	(273)	(199)	(262)	(256)
S106	(6,866)	(2,175)	(900)	(900)	(900)
Other capital resources	<b>(7,167)</b>	<b>(2,448)</b>	<b>(1,099)</b>	<b>(1,162)</b>	<b>(1,156)</b>
<b>Total resources applied</b>	1,550	1,750	500	500	500
<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	(545)	(398)	(524)	(512)	(256)
Other capital resources carried forward	(1,570)	(395)	(495)	(595)	(695)
<b>Total capital resources carried forward</b>	<b>(2,115)</b>	<b>(793)</b>	<b>(1,019)</b>	<b>(1,107)</b>	<b>(951)</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/Ecolssues/Pages/CarbonFootprintReport.aspx](http://www.norwich.gov.uk/Environment/Ecolssues/Pages/CarbonFootprintReport.aspx)

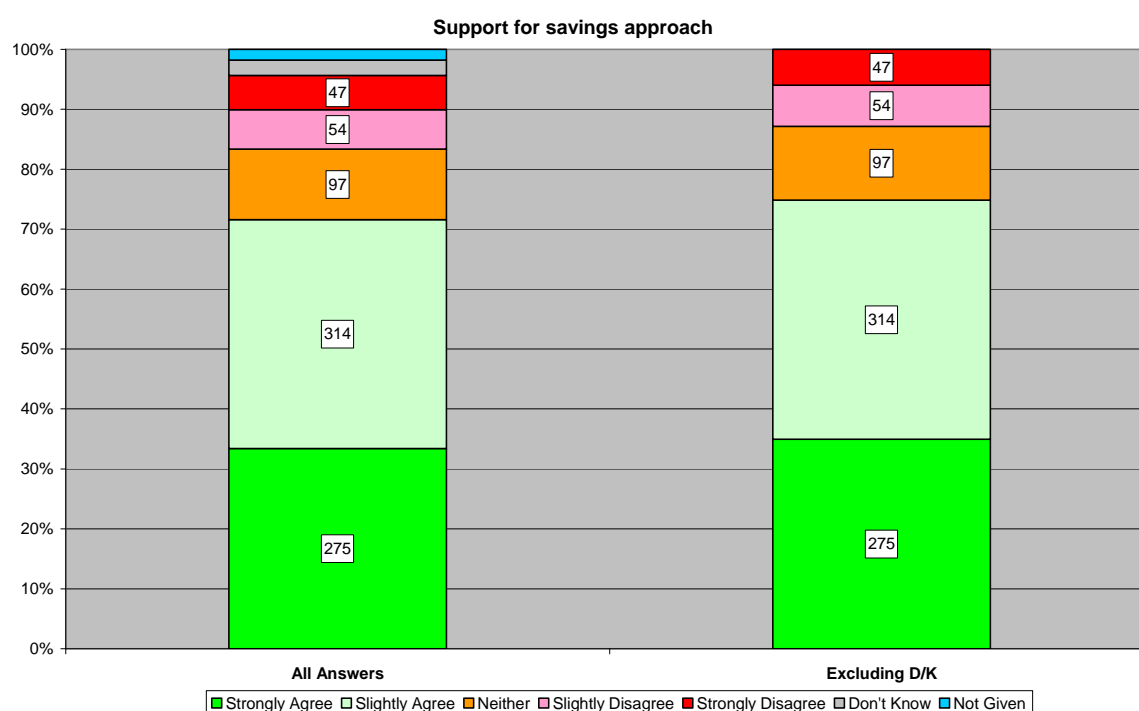
## Budget consultation results

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?”*:



	<b>Agree with approach to making savings</b>					Don't Know	Not Given
	Strongly Agree	Slightly Agree	Neither	Slightly Disagree	Strongly Disagree		
<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

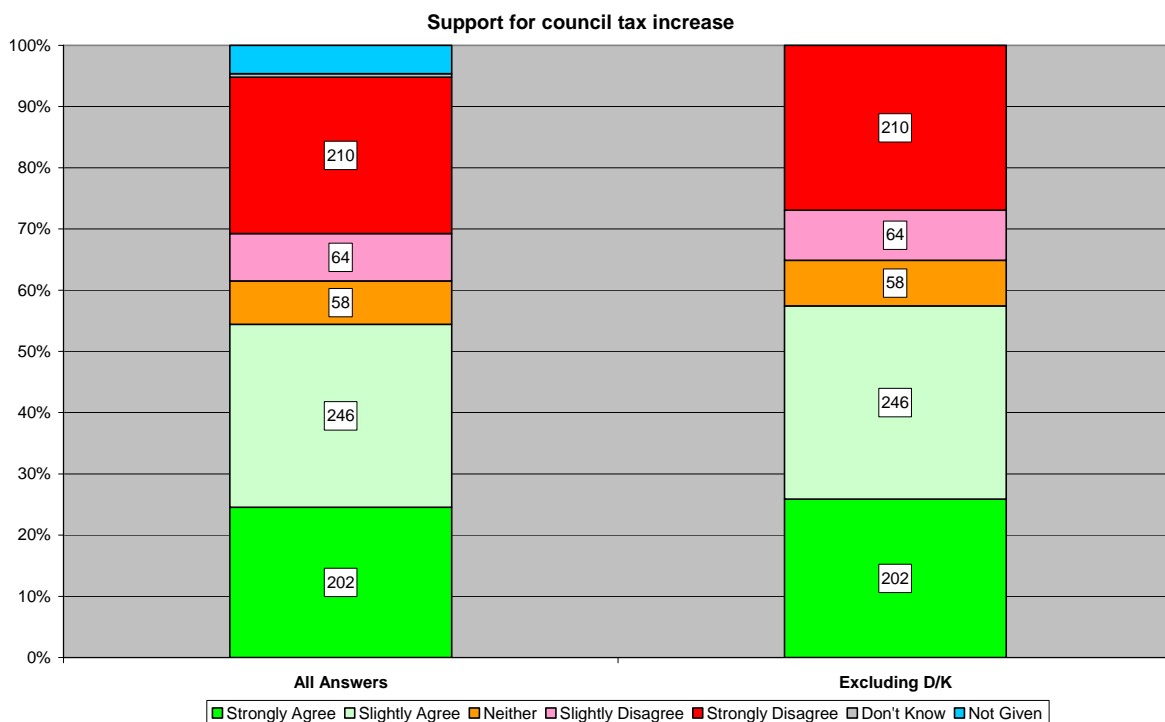
- Increasing charges or fines for some things but reducing others to support business investment
- Investigate ability to sell services to other organisations
- Use of volunteers to provide services
- Different use of assets including sale of housing or other buildings
- Deliver services from other local 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	
<b>All</b>	24.54%	29.89%	7.05%	7.78%	25.52%	0.61%	4.62%	
<b>Excluding D/K</b>	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:

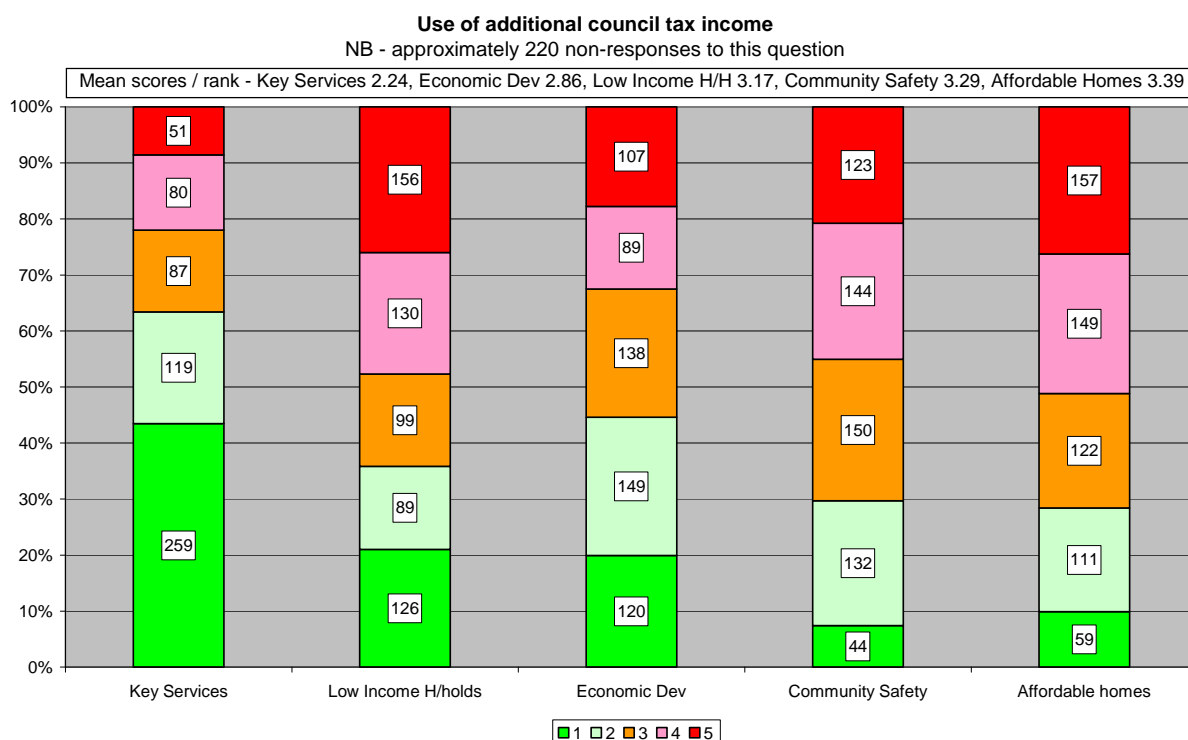
- Protect key council services within the City such as parks, waste collection and street cleaning for future years beyond 2013 - 14
- Put more resources into our council priority to make Norwich a prosperous city by supporting low income households
- Put more resources into our council priority to make 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.



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.

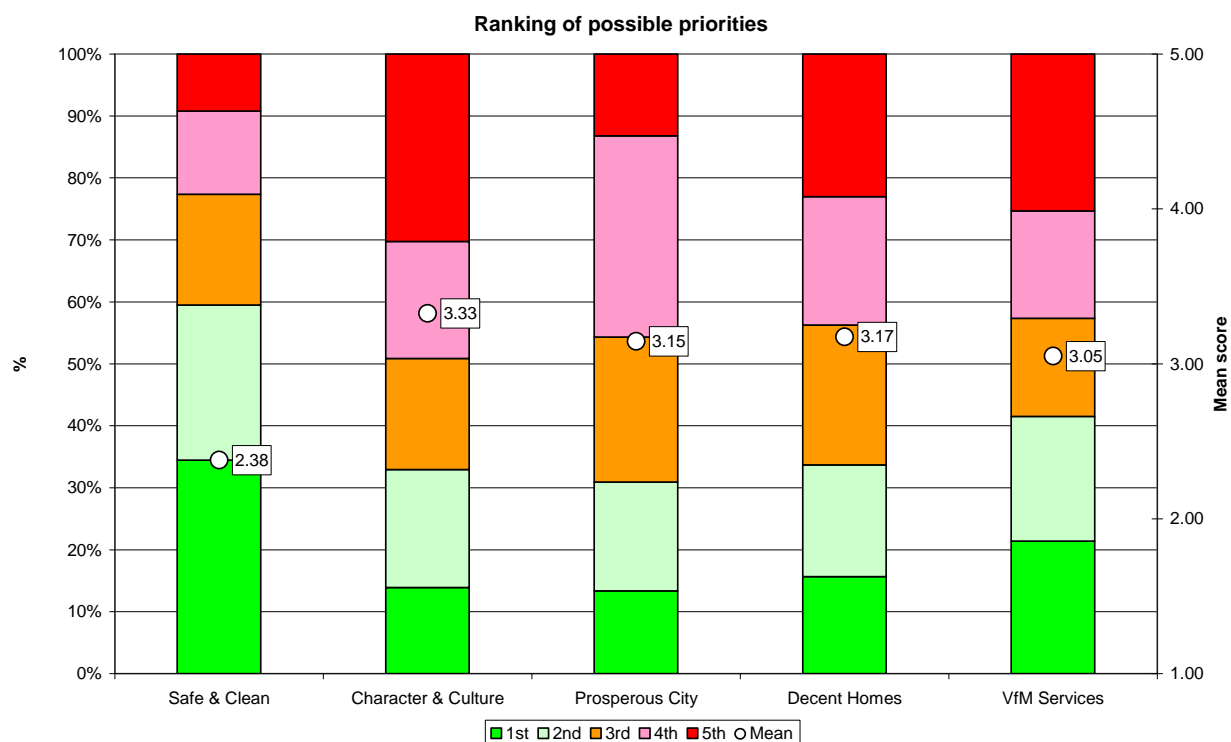
#### Uses of council tax increase

	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

Unavoidable growth	
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**

Recommended growth	
Movement	Reason for movement
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>
1,399,078	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>1,656,084</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>2,117,700</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>
(236,160)	Grant for New Homes Bonus
(122,273)	Grant for Council Tax Support
(99,000)	Income project (included within table A1.7)
<b>(457,433)</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>(1,281,809)</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

Key savings and income projects		
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>

**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								
Police								

- 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								
Police								
<b>Total</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

Estimate of prudent level of General Fund reserves 2013 - 14				Page 1/2
Description	Level of risk	Amount at risk	Risk	
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	
Allowing three years cover on operational risk			2,056,791	
<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

Page  
2/2

		<i>Low Risk</i>	<i>Med Risk</i>	<i>High Risk</i>
Employee Costs	overspend probability amount at risk	1.00% 15.0% 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

**Report to** Cabinet  
13 February 2013  
**Report of** Chief finance officer  
**Subject** Housing rents and budgets 2013 - 14

**Item**

5(c)

## **KEY DECISION**

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### **Purpose**

This report proposes for cabinet's recommendation to council the Housing Revenue Account budget for 2013 - 14, council housing rents for 2013 - 14, the prudent minimum level of HRA reserves 2013 - 14, and the housing capital plan 2013 - 14 to 2017 - 18; and for cabinet's approval the capital programme 2013 - 14.

### **Recommendation**

1. To recommend to council the Housing Revenue Account budgets set out in paragraph 3 and appendices 1 and 2.
2. To recommend to council the council housing rent increase set out in paragraph 26 and appendix 3.
3. To note that service charges will be determined under delegated powers in compliance with the constitution, as set out in paragraph 41.
4. To recommend to council the prudent minimum level of housing reserves set out in paragraph 63 and appendix 4.
5. To recommend to council the housing capital plan set out in paragraph 69.
6. To approve (or recommend to Council for approval) the housing capital programme set out in paragraph 71.

### **Corporate and service priorities**

The report helps to meet the corporate priorities "Decent housing for all" and "Value For Money services".

### **Financial implications**

These are set out in the body of the report

Ward/s: All wards

Cabinet member: Councillor McDonald – Housing

**Contact officers**

Mark Smith, Finance Control Manager

01603 212561

**Background documents**

Working papers held in Finance.



# Report

## Housing Revenue Account

### Introduction

1. The Housing Revenue Account (HRA) is a “ring fenced” account that the authority must maintain in relation to its Council housing stock. The HRA must fund all expenditure associated with the management and maintenance of the housing stock. The HRA is a complex account, the format of which is prescribed by Government.
2. The proposed budgets have been drawn up within the framework of the Corporate Plan, corporate Medium Term Financial Strategy (MTFS), the Neighbourhood and Strategic Housing Services’ Service Plans, the HRA Business Plan, the Housing Asset Management Plan, and the Housing Investment Strategy.

### Summary HRA Budget 2012/13 into 2013 - 14

3. The following table shows the proposed budget in summarised statutory form. The budget is analysed by service and subjective in Appendix 1.

Statutory Division of Service	Original Budget 2012/13 £000s	Draft Budget 2013 - 14 £000s	Change £000s
Repairs and Maintenance	15,561	15,384	(176)
Rents, Rates, and Other Property Costs	6,144	6,656	511
General Management	10,754	11,286	532
Special Services	5,696	5,536	(160)
Depreciation and Impairment	27,216	27,216	0
Provision for Bad Debts	215	941	726
<b>Gross HRA Expenditure</b>	<b>65,585</b>	<b>67,019</b>	<b>1,434</b>
Dwelling Rents	(55,298)	(58,597)	(3,298)
Garage and Other Property Rents	(2,383)	(2,194)	189
Service Charges - General	(9,785)	(10,026)	(241)
Adjustments and Financing Items	1,808	15,983	14,175
Amenities shared by whole community	(735)	(732)	3
Interest Received	(150)	(150)	0
<b>Gross HRA Income</b>	<b>(66,543)</b>	<b>(55,715)</b>	<b>10,828</b>
<b>Total Housing Revenue Account</b>	<b>(958)</b>	<b>11,304</b>	<b>12,262</b>

4. In broad terms, the £12.3m movement from £0.96m surplus to £11.3m deficit can be analysed as follows:

<b>Budget Movement</b>	<b>£000s</b>
Base Budget	958
Unavoidable Growth	2,001
Recommended Growth	14,520
Increased Income	(3,385)
Decreased Income	823
Savings	(2,656)
<b>Total Budget Movements</b>	<b>12,262</b>

5. The most notable feature of the proposed budget is a revenue contribution to capital of £13,692k to fund the Norwich Standard and the housing investment strategy, representing the application of balances arising from previous revenue surpluses in accordance with the Housing Capital Plan and Capital Programme which are set out in paragraphs 64-74 of this report
6. For management purposes, the HRA is divided into four divisions of service. The following paragraphs and tables set out reasons for significant movements, which make up the movements summarised above and are detailed in Appendix 2.

### **General Management**

7. General Management covers services and other operational costs provided to all tenants as a whole. Budget movements proposed are shown in Appendix 2 and summarised below:

<b>General Management</b>	<b>£000s</b>
Unavoidable Growth	413
Recommended Growth	222
Decreased Income	52
Increased Income	(77)
Savings	(541)
Transfers	463
<b>Total General Management</b>	<b>532</b>

8. Significant budget items within General Management include:
- Unavoidable growth of £100k to cover the cost of advertising vacant properties
  - Recommended Growth of £100k to establish a Tenancy Sustainment fund to provide short-term assistance to tenants to sustain their tenancies.
  - Savings of £290k in corporate overhead costs principally as a result of shared services arrangements

## Special Services

9. Special Services covers services provided to groups of tenants. Many of these services are funded through service charges which are designed to recover the costs of each service from those tenants benefiting. Budget movements proposed are shown in appendix 2 and summarised below:

<b>Special Services</b>	<b>£000s</b>
Unavoidable Growth	213
Recommended Growth	153
Decreased Income	27
Increased Income	(19)
Savings	(446)
Transfers	(88)
<b>Total Special Services</b>	<b>(160)</b>

10. Significant budget items within Special Services include:
- a) Savings of £199k in fuel costs as a result of improved energy efficiency and revised budget calculations
  - b) Recommended growth of £82k for work on Sheltered Housing reconfiguration
  - c) Recommended growth of £65k to cover grounds maintenance on previously untended areas

## Repairs and Maintenance

11. Repairs and Maintenance covers day-to-day responsive repairs and some planned maintenance of the housing stock. Budget movements proposed are shown in appendix 2 and summarised below:

<b>Repairs and Maintenance</b>	<b>£000s</b>
Unavoidable Growth	264
Recommended Growth	453
Decreased Income	96
Increased Income	0
Savings	(984)
Transfers	(5)
<b>Total Repairs and Maintenance</b>	<b>(176)</b>

12. Significant budget items within Repairs and Maintenance include:
- a) Unavoidable growth of £332k to cover the cost of surveying and maintaining ducts and flues in high-rise properties
  - b) Recommended Growth of £291k to cover increased void refurbishment costs as a result of tenants down-sizing because of benefit reform and other increased demands

- c) Savings of £400k from reduced requirement for external painting
- d) Net savings of £199k from reduced contract prices
- e) Savings of £170k on repairs to be funded from capital instead of revenue

## HRA Financing Items

13. HRA Financing Items covers all other transactions in the HRA, including income, capital charges, and Housing Subsidy. Budget movements proposed are shown in Appendix 2 and summarised below:

<b>HRA Financing Items</b>	<b>£000s</b>
Unavoidable Growth	1,112
Recommended Growth	13,692
Decreased Income	649
Increased Income	(3,289)
Savings	(685)
Transfers	(370)
<b>Total Financing Items</b>	<b>11,108</b>

14. Significant budget items within Financing items include:
- a) Unavoidable Growth of £755k to cover the anticipated increase in arrears and bad debts arising from benefit reforms (under-occupancy, non-dependents, and cap)
  - b) Recommended Growth of £13,692k as a contribution to capital to fund the Norwich Standard and the housing investment strategy, being the application of balances arising from previous revenue surpluses in accordance with the Housing Capital Plan which is set out in paragraph 64 of this report
  - c) Decreased income of £217k from tenants' service charges, reflecting savings made on fuel and from restructuring of caretaking and sheltered housing.
  - d) Decreased income of £114k from garage rents reflecting slower than anticipated improvement in garage void levels.
  - e) Increased income of £2,994k as the product of the recommended rent increase (see paragraphs 21-27 below).
  - f) Increased income of £139k from leaseholders' service charges reflecting an increase in management and administration costs recovered.
  - g) Increased income of £121k from recovery of water rates, reflecting Anglian Water's increases.
  - h) Savings of £373k on the costs of historic restructuring of HRA borrowings
  - i) Savings of £308k from improved performance on void turnaround

## HRA Balances

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

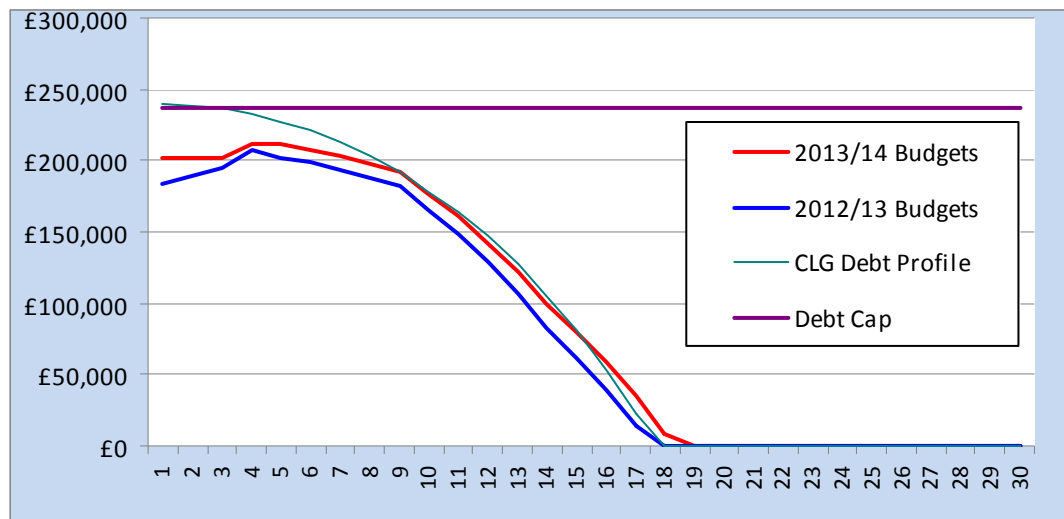
Item	£000s
Brought Forward from 2011/12	(14,725)
Budgeted contribution to balances 2012/13	(958)
Forecast Outturn 2012/13	(4,550)
Carried Forward to 2013 - 14	(20,233)
Draft Budget 2013 - 14	11,304
Carried Forward to 2014/15	(8,929)

16. Potential future uses of the HRA balance are considered in financial planning for the HRA as set out in paragraphs 17-20 of this report..

## Financial Planning for the HRA

17. Financial planning for the HRA is based upon the 30-year Business Plan (BP).

18. The following table shows the debt curve of the Business Plan as impacted by the revenue and capital budget proposals and proposed council housing rent increase.



19. This shows that the proposed revenue budgets, rent increase, and capital plan (incorporating the Norwich Standard and initial elements of the Housing Investment Strategy) can be contained within the Business Plan.

20. Other BP outputs show stable revenue balances, consistent with the objectives behind the BP of financing the housing investment programme while maintaining balances in excess of the minimum prudent balance assessed.

## Council Housing Rents

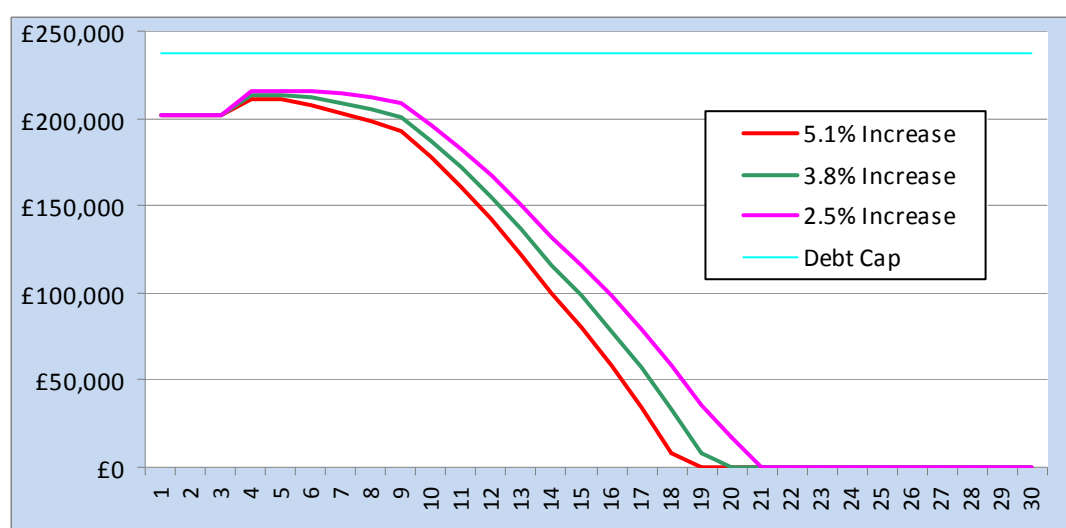
### Rent policy context

21. In December 2002 the Executive agreed to introduce the Government's Rent Restructuring from April 2003. Under this system a target rent for each property is calculated. Rents for individual properties are set to collect the general increase, and move rent levels towards the target rents. The Government initially intended that Council and Registered Social Landlord rents, for properties of similar sizes and locations, would converge by April 2011, now extended to April 2017. This means that the amount of increase in rent can vary for properties depending on how near they are to the target rent as calculated by the Rent Restructuring Formula.
22. From 2012/13, the housing subsidy system has been abolished and councils are now "self financing". The proceeds of rent increases now remain with the council instead of being negated by housing subsidy payments.
23. Under the previous subsidy system, the council was able to finance the Decent Homes Standard but was unable to maintain service and investment standards in the medium and long term. The introduction of self financing improves this position, enabling a higher level of investment, which has informed the capital proposals set out in paragraphs 64-74 of this report.
24. The level of rent tenants pay continues to be a decision for the council, although under the principles of self financing the incentive to follow rent restructuring policy is lessened. However, it remains the expectation of ministers and assumption of the HRA business plan that authorities will continue to follow the existing guidelines.
25. More significantly for council landlords, the self-financing regime relies on councils raising sufficient money through rents to fund their liabilities and investment needs, assessed through their HRA Business Plans.
26. For 2013 - 14, the combination of September 2012 inflation at 2.6% and the intention to converge rents by 2016/17 means that following the rent restructuring formula would generate an average increase of 5.1% (£3.69) for Norwich tenants.
27. The rationale for applying this increase is as follows:
  - a) That it maximises resources for future investment
  - b) That it is consistent with the basis of the HRA Business Plan
  - c) That it reduces the risk of having to refinance borrowing in future at less advantageous terms
  - d) That it provides certainty that the Norwich Standard and Housing Investment Strategy can be delivered within planned timescales
  - e) That it maximises scope for reduced rent increases for 2014/15, when Housing Benefit reforms will add to pressures on affordability and rent collection
  - f) That it preserves consistency of rents with private sector rent increases and other local authority landlords

- g) That the distribution of increases is "fair" in that it incorporates convergence on formula rents
  - h) That tenant feedback to date indicates a level of acceptance
28. The rationale for applying a lower rate of increase is entirely one of affordability for tenants.
29. Alternatives have been modelled for the increase of dwelling rent charges:

Option	Average Increase (%)	Average Increase (£)	Based on RPI	Description
1	5.1%	£3.69	2.6%	RPI at September 2012
2	3.8%	£2.74	1.3%	Half rate of RPI
3	2.5%	£1.79	.0.0%	Zero rate of RPI

30. The system of caps and limits means that the maximum increase any individual tenant would receive is 3.1% plus £2.00.
31. 59% of tenants are in receipt of Housing Benefit, which will in most cases rise to cover the increased rent set out above. The financial impact of the increases will fall hardest on those just above the benefit entitlement threshold, either impacting on their disposable income or forcing them into benefit. For tenants affected by the benefit changes for non-dependants and under-occupation the position will be worsened.
32. The impact of rent increase options will directly affect only the rent income budget and the contribution to HRA balances, since service charge increases have been de-linked from rents, and the responsive repairs and contribution to capital budgets will be reformulated within the draft budget totals.
33. The impact of the alternative rent increase options would be to reduce the "headroom" (capacity to borrow below the debt cap) resources available to support the housing capital plan, and to extend the date at which the council would be able to pay off its housing debt, as illustrated below:



34. The impact of a rent increase of **3.8%** on the 2013 - 14 budget would be a loss of £748,766 and require the following budget amendments:

Budget Impact	£000s
Rent Income	749
Contribution to/from HRA balances 2013 - 14	(749)

35. The impact on HRA balances would be as follows:

Item	£000s
Brought Forward to 2013 - 14 (as para 15)	(20,233)
Draft Budget 2013 - 14 (as para 3)	11,304
Impact of reduced rent increase (as para 34)	749
Carried Forward to 2014/15	(8,180)

36. The impact on the HRA Business Plan would be to reduce income over the planning period by £51,780,455.

37. The impact of a rent increase of **2.5%** on the 2013 - 14 budget would be a loss of £1,497,533 and require the following budget amendments:

Budget Impact	£000s
Rent Income	1,498
Contribution to HRA balances 2013 - 14	(1,498)

38. The impact on HRA balances would be as follows:

Item	£000s
Brought Forward to 2013 - 14 (as para 15)	(20,233)
Draft Budget 2013 - 14 (as para 3)	11,304
Impact of reduced rent increase (as para 37)	1,498
Carried Forward to 2014/15	(7,431)

39. The impact on the HRA Business Plan would be to reduce income over the planning period by £104,583,070.

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

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



## **Relationship with Investment Strategy and Housing Revenue Account budgets**

42. The relationship of rents with the Investment Strategy and the HRA revenue budgets is incorporated in detail within the HRA Business Plan which currently assumes the implementation of 5.1% average rent increase in 2013 - 14.

## **Consultation with tenants**

43. Tenant representatives have been consulted over proposed increases, primarily through a special tenants' forum held in November.
44. A range of responses were received supporting all three proposed options. Many tenants appreciate that rent increases are inevitable if the level of investment is to be maintained. However there are concerns about the effect of higher increases on those struggling in the current financial climate, and the equity of all tenants having the same increase whether or not their homes currently meet the Norwich standard.
45. All those who attended the briefing have been offered the opportunity to make further comment and any differing subsequent feedback will be reported verbally at your meeting

## **Recommended Rent Increase of 5.1%**

46. The following table sets out the range of increases tenants would receive in April 2013 if this option is agreed.

Increase	Number of tenants	Percentage of tenants
-£0.00 to £0.49	1	<1%
£0.50 to £0.99	0	<1%
£1.00 to £1.49	1	<1%
£1.50 to £1.99	81	<1%
£2.00 to £2.49	1271	8%
£2.50 to £2.99	639	4%
£3.00 to £3.49	2616	17%
£3.50 to £3.99	5271	34%
£4.00 to £4.49	5244	33%
£4.50 to £4.99	580	4%
£5.00 to £5.49	16	<1%

## **Alternative Rent Increase of 3.8%**

47. The following table sets out the range of increases tenants would receive in April 2013 if this option is agreed.

Increase	Number of tenants	Percentage of tenants
-£0.99 to -£0.50	1	<1%
-£0.49 to £0.00	0	<1%
-£0.00 to £0.49	1	<1%
£0.50 to £0.99	3	<1%
£1.00 to £1.49	1586	10%
£1.50 to £1.99	248	2%
£2.00 to £2.49	2017	13%
£2.50 to £2.99	5478	35%
£3.00 to £3.49	6254	40%
£3.50 to £3.99	132	<1%

### Alternative Rent Increase of 2.5%

48. The following table sets out the range of increases tenants would receive in April 2013 if this option is agreed.

Increase	Number of tenants	Percentage of tenants
-£1.99 to -£1.50	1	<1%
-£1.49 to -£1.00	0	0%
-£0.99 to -£0.50	1	<1%
-£0.49 to £0.00	1	<1%
-£0.00 to £0.49	1777	11%
£0.50 to £0.99	56	<1%
£1.00 to £1.49	1083	7%
£1.50 to £1.99	6311	40%
£2.00 to £2.49	6479	41%
£2.50 to £2.99	11	<1%

### Future Rent Levels

49. Future rent levels are difficult to predict with any certainty owing to unpredictable inflation rates, but the HRA Business Plan assumes that the government's rent restructuring policy will continue to be followed until formula rents converge in April 2017.
50. Where councils have increased rents at lower rates than following the rent restructuring policy would have resulted in, it is likely that a sizeable number of dwellings will not actually have achieved convergence by that date.

51. It is anticipated that in due course, the Homes and Communities Agency (HCA) may issue guidance regarding the setting of future rents.

### **Report by the Chief Financial Officer on the robustness of estimates, reserves and balances**

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

### **Estimates**

54. In the current budget round the budget process is being integrated with the service planning process thus ensuring a strong link between the Council's priorities and the financial resources available to deliver them. This process has been further enhanced by holding a series of Corporate Management Team budget review meetings. As with all future estimates there is a level of uncertainty and this has been taken into account when assessing the levels of reserves.
55. Allowing for the above comment on uncertainty it is the opinion of the Chief Financial Officer that in the budgetary process all reasonable steps have been taken to ensure the robustness of the budget.

### **Reserves**

56. A risk assessment has been undertaken to determine the level of general reserves required by the Council, attached as appendix 3.
57. 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.
58. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
59. Earmarked reserves remain legally part of the General Fund although they are accounted for separately.
60. There are also a range of safeguards in place that help to prevent local authorities over-committing themselves financially. These include:

- a) the balanced budget requirement (England, Scotland and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992)
  - b) Chief Finance Officers' duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirement (England and Wales))
  - c) the requirements of the Prudential Code
  - d) auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.
61. Whilst it is primarily the responsibility of the local authority and its Chief Finance Officer to maintain a sound financial position, external auditors will, as part of their wider responsibilities, consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

### **Role of the Chief Finance Officer**

62. Within the existing statutory and regulatory framework, it is the responsibility of the Chief Finance Officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.
63. The risk analysis attached as appendix 4 shows that an adequate level of HRA reserves for the Council will be in the order of £3.0 million.

### **The Housing Capital Plan**

64. The abolition of the HRA subsidy system from 1 April 2012 and the inception of "self financing" for council housing has allowed the council, in consultation with its tenants, to develop plans for increased investment in maintaining and improving council housing in Norwich.
65. The additional resources made available by retaining rent income within the city, rather than passing surpluses to the government, have enabled the council to adopt the Norwich Standard for maintenance and improvements of tenants' homes rather than the basic Decent Homes Standard, and to adopt a Housing Investment Strategy (as considered by cabinet on 14 November 2012) to deliver new council housing, reconfiguration of sheltered housing, estate renewal, renewable energy solutions, and support to private sector housing in the city.
66. The following table indicates the anticipated levels of resources available to the Housing Capital Programme in future years.

<b>Housing Capital Resources</b>	<b>2013 - 14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017 - 18</b>
<b>Forecast Sources of funding</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Capital Grants	394	394	394	394	394
Major Repairs Reserve – depreciation charges	17,574	13,690	13,626	13,562	15,446
HRA Borrowing from headroom under debt cap	0	0	4,302	0	0
Revenue Contribution to Capital	15,019	19,132	22,214	10,757	8,874
Leaseholders contributions to major works	250	250	250	250	250
Capital Receipts – properties uneconomic to repair	822	822	822	822	822
Capital Receipts arising from RTB (25%)	806	806	806	806	806
<b>Forecast Resources</b>	<b>34,866</b>	<b>35,095</b>	<b>42,414</b>	<b>26,592</b>	<b>26,592</b>

67. The level of RTB receipts included in the proposed Capital Plan represents the number projected in the Business Plan and included in the calculation of the £149m debt settlement. Additional receipts which may be received and retained as a consequence of the coalition government's enhancement to RTB discounts, though uncertain and therefore not included in the proposed Capital Plan, will be applied as they arise to support the new build programme, subject to meeting the constraints imposed on their use.
68. Proposed housing capital expenditure includes continuing to maintain the structural integrity of tenants' homes, delivering the Norwich Standard of maintenance and improvement, and investment in accordance with the objectives set out in the recently approved Housing Investment Strategy.
69. The following indicates the anticipated levels of expenditure until 2017 - 18 and constitutes the Housing Capital Plan:

<b>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>
Neighbourhood Housing	29,231	28,510	36,101	22,507	22,507
Strategic Housing	1,504	1,144	1,144	1,144	1,144
Housing Investment	4,131	5,441	5,169	2,941	2,941
<b>Total Housing Capital Programme</b>	<b>34,866</b>	<b>35,095</b>	<b>42,414</b>	<b>26,592</b>	<b>26,592</b>
Available Resources	(34,866)	(35,095)	(42,414)	(26,592)	(26,592)
<b>Deficit/(Surplus) of Housing Capital Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative Deficit/(Surplus) Carried Forward</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

### **Recommended Housing Capital Programme 2013 - 14**

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

<b>Scheme</b>	<b>£000s</b>
Home Upgrades	10,665
Heating Upgrades	3,968
Window and Door Upgrades	3,458
Community Safety	250
Sheltered Housing Regeneration	500
Preventative Maintenance	8,500
Supported Independent Living	1,340
Bin Stores	550
<b>Neighbourhood Housing</b>	<b>29,231</b>
New Build Social Housing - Riley Close	390
New Build Social Housing - Pointers Field	800
Bringing Empty Homes back into use	100
Mortgage Rescue/RTB Buyback	250
Additional Home Improvement Agency Works	246
Thermal Comfort (External Wall Insulation)	820
Renewable energy programme	1,325
Estate Improvement programme	200
<b>Housing Investment</b>	<b>4,131</b>
Home Improvement Agency Works	894
Capital Grants To Housing Associations	360
Site Formation Budget	250
<b>Strategic Housing</b>	<b>1,504</b>
<b>Total Housing Capital Programme 2013 - 14</b>	<b>34,866</b>

72. The proposed capital programme reflects the continuing delivery of the Norwich Standard and initial components of the Housing Investment Strategy, and so represents significantly enhanced levels of investment over previous years:

<b>Housing Capital Spend</b>	<b>2011/12 Expenditure £000s</b>	<b>2012/13 Expenditure £000s</b>	<b>Change 2011/12 to 2012/13</b>	<b>2013 - 14 Expenditure £000s</b>	<b>Change 2012/13 to 2013 - 14</b>
Neighbourhood Housing	16,613	27,017	10,404	29,231	2,214
Strategic Housing	3,571	3,258	(313)	1,504	(1,754)
Housing Investment	0	0	0	4,131	4,131
<b>Total</b>	<b>20,184</b>	<b>30,275</b>	<b>10,091</b>	<b>34,866</b>	<b>4,591</b>

*(The reduction in Strategic Housing expenditure is because grants to Housing Associations for new build are being superseded by investment in new build council housing)*

73. The outcomes that will be supported by the increased level expenditure on the council's own stock, compared to last year, will be as follows:

<b>Housing Capital Programme</b>	<b>2011/12 Outcomes</b>	<b>2012/13 Outcomes</b>	<b>Change 2011/12 to 2012/13</b>	<b>2013 - 14 Outcomes</b>	<b>Change 2012/13 to 2013 - 14</b>
New kitchens	750	1,264	+ 564	1,531	+ 267
New bathrooms	357	747	+ 390	655	- 92
Heating systems/boilers	Over 1,200	Over 950	- 250	Over 1,000	+ 50
New composite doors	642	479	- 163	1,309	+ 830
New PVCu windows	2,300	2,400	+ 100	1,320	- 1,080
Whole house imp's	0	20	+ 20	20	0

74. The capital programme proposed above will be supplemented by the resources and commitments brought forward from the 2012/13 capital programme, as identified in the Capital Monitoring report on this cabinet agenda.

### **Risk Management**

75. Risks to the Housing Capital Plan have been assessed and the main risks and mitigations identified in the table below

<b>Risk</b>	<b>Probability</b>	<b>Impact</b>	<b>Mitigation</b>
Capital Receipts not received from RTB sales	M	M	Relatively low levels of RTB receipts have been forecast
Capital Receipts not received from sale of houses beyond economic repair	M	L	No plans to use funding until it has been received
Capital Receipts delayed	H	M	Use capital balances until funding secured
Level of returns from leaseholders does not match forecast	L	L	Robust charging procedures within contract to ensure amounts due are recovered
Cost overruns	L	L	New contract arrangements ensure maximum cost in standard areas. Quoted works will be managed within available budget. Incentivisation will help keep costs to a minimum
Contractor failure prevents/delays capital works being carried out	L	M	
Contractor capacity insufficient to deliver capital works	L	L	

Risk	Probability	Impact	Mitigation
Transition to Joint Venture prevents effective management and/or delivery of capital works	L	H	Risk management arrangements in the transition plan and effective joint venture governance arrangements



## Integrated impact assessment



**NORWICH**  
City Council

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

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

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	13 February 2013
<b>Head of service:</b>	Caroline Ryba, Chief Finance Officer
<b>Report subject:</b>	Housing Budgets and Rents 2013 - 14
<b>Date assessed:</b>	22 January 2013
<b>Description:</b>	This integrated impact assessment covers the proposed housing budgets and council housing rents for 2013 - 14

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

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

	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The risks underlying the budgets, rent increase, and capital plan and programme have been assessed and prudent provision made for the financial consequences of those risks both within the budgets and the recommended prudent minimum level of HRA reserves

### Recommendations from impact assessment

#### Positive

None

#### Negative

None

#### Neutral

None

#### Issues

None

## Analysis of draft Housing Revenue Account budgets 2013 - 14

### Analysis by Service and Team

Service/Team	Approved Budget 2012/13	Draft Budget 2013 - 14	Change
ABATE	473	497	24
Caretaking	598	520	(78)
Community Alarm Service	712	849	137
Families Unit	274	311	36
Finance Client	166	167	1
Home Ownership	812	880	68
Housing Income Services	(67,160)	(69,768)	(2,607)
Housing Rents	1,703	1,690	(13)
Neighbourhood Housing	37,883	52,696	14,813
Neighbourhood Housing Services	2,759	2,626	(133)
Tenancy Services	483	503	20
Tenancy Support	1,902	1,744	(158)
Tenant Involvement	367	359	(8)
<b>Subtotal Neighbourhood Housing</b>	<b>(19,028)</b>	<b>(6,926)</b>	<b>12,102</b>
Facilities Management	1,767	1,983	217
Housing Asset Management	406	445	39
Housing Property Services	15,897	15,801	(96)
<b>Subtotal Property Services</b>	<b>18,070</b>	<b>18,230</b>	<b>160</b>
<b>Total Housing Revenue Account</b>	<b>(958)</b>	<b>11,304</b>	<b>12,262</b>

## Analysis by Subjective Group

Subjective Group	Approved Budget 2012/13	Draft Budget 2013 - 14	Change
Employees	7,232	5,923	(1,310)
Premises	24,436	26,425	1,989
Transport	169	117	(52)
Supplies and Services	2,479	2,336	(143)
Third Party Payments	23	114	92
Capital Financing	27,729	27,980	252
Rev Contribs to Capital	1,327	15,019	13,692
Recharge Expenditure	6,735	6,744	10
<b>Gross HRA Expenditure</b>	<b>70,130</b>	<b>84,659</b>	<b>14,529</b>
Government Grants	(239)	(239)	-
Receipts	(68,726)	(71,014)	(2,288)
Recharge Income	(2,123)	(2,101)	21
<b>Gross HRA Income</b>	<b>(71,088)</b>	<b>(73,355)</b>	<b>(2,267)</b>
<b>Total Housing Revenue Account</b>	<b>(958)</b>	<b>11,304</b>	<b>12,262</b>

Budget Movements by Statutory Group ✓

<b>HRA General Management</b>	
<b>Movement</b>	<b>Reason for Movement</b>
100,000	Advertising vacant properties
90,544	Salaries increments etc.
72,665	Increased insurance costs
39,000	Increased Wardens recharge from GF
32,410	Pension Fund Contributions
19,000	ASB call budget reinstated
15,480	Price inflation
15,152	Other unavoidable Growth
15,000	Increased income collection costs
13,403	New Build project costs
<b>412,654</b>	<b>Unavoidable Growth</b>
100,000	Tenancy Sustainment fund
79,840	Money advice project
17,500	Postage for TLC
15,000	Mobile ICT for visiting officers
9,000	EPCs on increased RTBs
1,000	Other recommended growth
<b>222,340</b>	<b>Recommended Growth</b>
51,650	Costs not chargeable to Capital
<b>51,650</b>	<b>Decreased Income</b>
(40,200)	Additional water rate commission
(36,701)	Proceeds from Area Office recharges
<b>(76,901)</b>	<b>Increased Income</b>
(289,623)	CDS Overhead Charges
(91,390)	Savings from reduced demand
(83,620)	Savings from Area Office closures
(39,080)	Savings on salaries
(22,270)	Savings on contract prices
(8,170)	LGSS Savings
(6,750)	Other savings
<b>(540,903)</b>	<b>Savings</b>
463,472	Transfers within HRA
<b>463,472</b>	<b>Transfers</b>
<b>532,312</b>	<b>Total HRA General Management</b>

<b>HRA Special Services</b>	
<b>Movement</b>	<b>Reason for Movement</b>
55,869	Salaries increments etc.
49,015	Price increases
48,000	NCAS Call System maintenance
21,060	Pension Fund Contributions
21,027	Increased insurance costs
6,200	Price inflation
11,705	Other unavoidable growth
<b>212,876</b>	<b>Unavoidable Growth</b>
82,400	Sheltered Housing reconfiguration
62,500	Additional Grounds Maint. Areas
8,360	Other recommended growth
<b>153,260</b>	<b>Recommended Growth</b>
27,000	Reduced NCAS income
<b>27,000</b>	<b>Decreased Income</b>
(18,800)	Increased NCAS income
<b>(18,800)</b>	<b>Increased Income</b>
(199,100)	Savings on fuel usage
(78,173)	Sheltered Housing salary savings
(63,618)	Savings on Caretaker salaries
(34,040)	Savings on contract prices
(17,500)	Savings on Call Out system
(15,620)	Reduced liability for SP costs
(37,790)	Other savings
<b>(445,841)</b>	<b>Savings</b>
(88,362)	Transfers within HRA
<b>(88,362)</b>	<b>Transfers</b>
<b>(159,867)</b>	<b>Total HRA Special Services</b>



<b>HRA Repairs and Maintenance</b>	
<b>Movement</b>	<b>Reason for Movement</b>
331,710	Survey and maintenance of tower block ducts
90,250	Increases in contract prices
57,000	Increased provision for Bad Debts
35,000	Increased in demand
(250,000)	Leaseholders' contribution to Capital
<b>263,960</b>	<b>Unavoidable Growth</b>
291,000	Increased in demand
81,850	Costs arising from new contracts
80,000	Increases in contract prices
<b>452,850</b>	<b>Recommended Growth</b>
96,000	Reduced rechargeable repairs
<b>96,000</b>	<b>Decreased Income</b>
(400,000)	Reduced demand for painting
(361,070)	Savings on contract prices
(170,000)	Repairs to be funded from Capital
(50,000)	Reduced demand
(3,000)	Other RandM savings
<b>(984,070)</b>	<b>Savings</b>
(5,040)	Transfers within HRA
<b>(5,040)</b>	<b>Transfers</b>
<b>(176,300)</b>	<b>Total HRA Repairs and Maintenance</b>

<b>HRA Financing Items</b>	
<b>Movement</b>	<b>Reason for Movement</b>
755,000	Increased provision for Bad Debts
250,000	Leaseholders' contribution to Capital
81,180	Increased Empty Property rates
6,197	Price inflation
19,225	Other unavoidable Growth
<b>1,111,602</b>	<b>Unavoidable Growth</b>
13,692,000	Contribution to Capital Expenditure
<b>13,692,000</b>	<b>Recommended Growth</b>
250,000	Leaseholders' contribution to Capital
220,261	Decreases in Tenant Service Charges
113,898	Reduction in garage lettings
64,592	Rent loss on properties not HRA
<b>648,751</b>	<b>Decreased Income</b>
(2,993,890)	Product of rent increase
(138,570)	Increases in Leaseholders Service Charges
(120,890)	Net increase in water rate income
(16,300)	Increases in Non-Dwelling Rents
(3,220)	Increases in Tenant Service Charges
(16,400)	Other increased income
<b>(3,289,270)</b>	<b>Increased Income</b>
(373,197)	Reduced premium costs on debt
(308,460)	Improved void performance
(3,800)	Other savings
<b>(685,457)</b>	<b>Savings</b>
(370,070)	Transfers within HRA
<b>(370,070)</b>	<b>Transfers</b>
<b>11,107,556</b>	<b>Total HRA Financing Items</b>

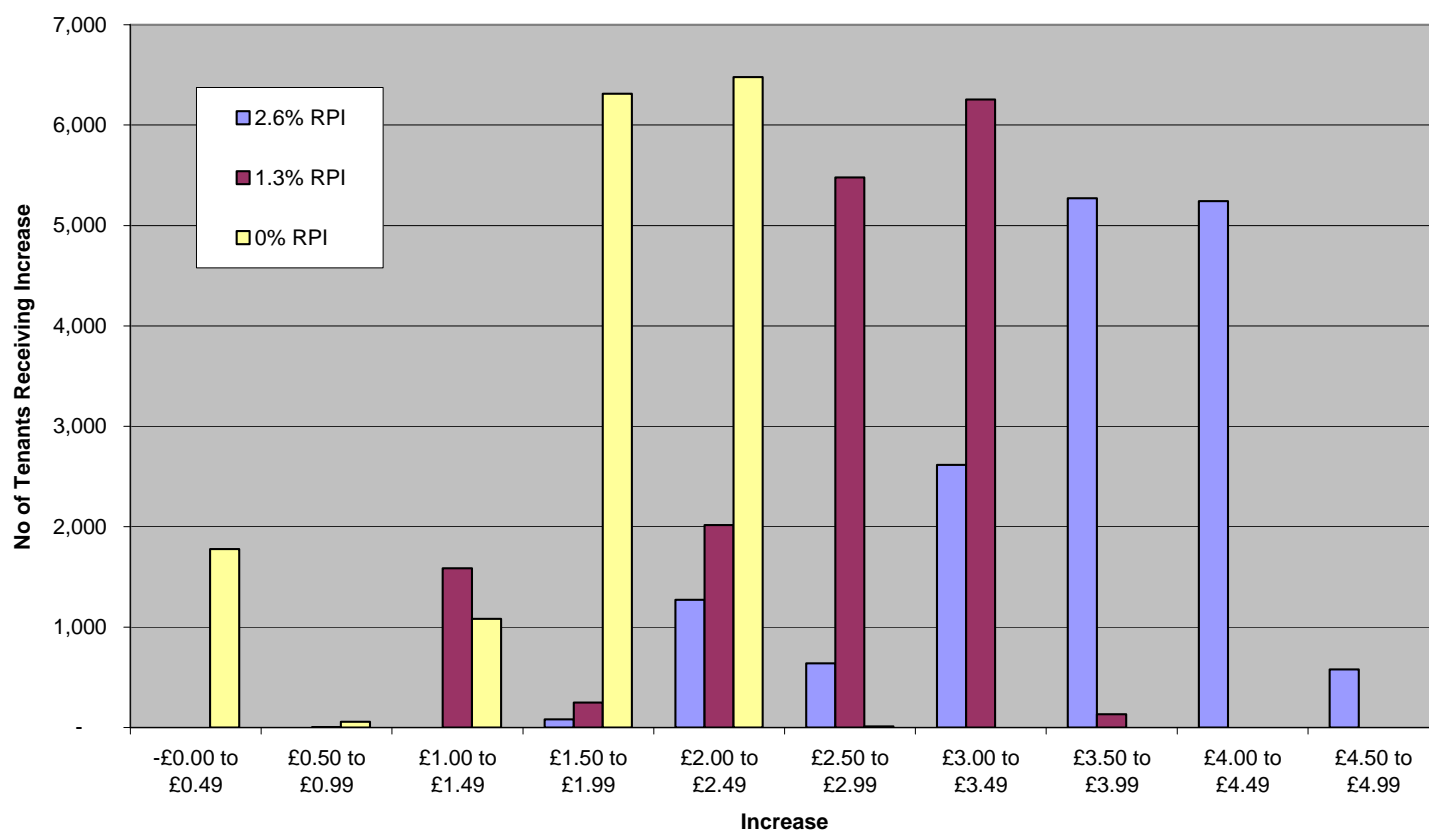
## Council Housing Rent Increase

Details of “rent restructuring” increase calculation.

Item	Average £	Maximum £	Minimum £
Rent 2012/13	71.94	109.24	72.95
<b>RPI (@ 2.6%)</b>	1.87	2.84	1.90
Additional ½%	0.36	0.55	0.36
Convergence	1.45	2.00	-0.94
Rent 2013 - 14	75.62	114.63	74.27
<b>Increase £</b>	<b>3.69</b>	<b>5.39</b>	<b>1.32</b>
<i>Increase %</i>	<i>5.12%</i>	<i>4.93%</i>	<i>1.81%</i>

Distribution of increases (options as set out in paragraph 25.

**Distribution of Rent Increase - Options 2013/14**



## Housing Revenue Account – Prudent Minimum Balance

Estimate of prudent level of HRA reserves 2014/15			Page 1/2
<u>Description</u>	<u>Level of risk</u>	<u>Amount at risk</u>	<u>Risk</u>
Employee Costs	<i>High</i>	5,922,592	29,613
Supplies and Services	<i>High</i>	2,336,004	5,840
Premises Costs	<i>High</i>	11,041,108	27,603
Transport Costs	<i>High</i>	117,214	293
Contracted Services	<i>Medium</i>	19,974,360	149,808
Fees and Charges	<i>Medium</i>	2,925,630	43,884
Investment Income	<i>Medium</i>	150,000	4,500
Rents and Service Charges	<i>Low</i>	68,622,867	171,557
Subsidy and Finance Items	<i>Medium</i>	27,980,182	55,960
Total One Year Operational Risk			489,058
<b>Allowing three years cover on operational risk</b>			<b>1,467,175</b>
<b>Balance Sheet risk</b>			
Issues arising from Annual Governance Report			0
<b>General Risk</b>			
Unforeseen events			1,500,000
<b>ESTIMATED REQUIRED LEVEL OF HRA RESERVES</b>			<b>2,967,175</b>

## Operational cost risk profiles

Page  
2/2

		<i>Low Risk</i>	<i>Med Risk</i>	<i>High Risk</i>
Employee Costs	overspend probability amount at risk	1.00% 25.0% 14,806	2.50% 15.0% 22,210	5.00% 10.0% 29,613
Supplies and Services	overspend probability amount at risk	1.00% 10.0% 2,336	2.50% 7.5% 4,380	5.00% 5.0% 5,840
Premises Costs	overspend probability amount at risk	1.00% 10.0% 11,041	2.50% 7.5% 20,702	5.00% 5.0% 27,603
Transport Costs	overspend probability amount at risk	1.00% 10.0% 117	2.50% 7.5% 220	5.00% 5.0% 293
Contracted Services	overspend probability amount at risk	5.00% 10.0% 99,872	10.00% 7.5% 149,808	15.00% 5.0% 149,808
Fees and Charges	Shortfall probability amount at risk	5.00% 25.0% 36,570	10.00% 15.0% 43,884	15.00% 10.0% 43,884
Investment Income	Shortfall probability amount at risk	10.00% 20.0% 3,000	20.00% 15.0% 4,500	30.00% 10.0% 4,500
Rents and Service Charges	Shortfall probability amount at risk	1.00% 25.0% 171,557	1.50% 15.0% 154,401	2.00% 5.0% 68,623
Subsidy and Finance Items	Shortfall probability amount at risk	1.00% 15.0% 41,970	2.00% 10.0% 55,960	3.00% 5.0% 41,970