

# Norwich City Council

## SCRUTINY COMMITTEE

### REPORT for meeting to be held on 12 February 2009

#### Budget recommendations for 2009/10

**Summary:**

The following reports:

- Budget General Fund 2009/10 (*Attached*)
- Council Rents and Other Housing Charges 2009/10 (*Attached*)
- Housing Revenue Account 2009/10 (*To follow*)
- Capital Strategy (*Attached*)
- Capital Programme 2009/10 (*To follow*)

will be considered by the Executive on 18<sup>th</sup> February 2009 and they will then make recommendations on setting the 2009/10 budget to Council on 24<sup>th</sup> February 2009.

**Conclusions:**

The annual budget is presented for approval each year. This report presents the budget for 2009/10. Service plans currently do not fully reflect the budget proposals, and these will be finalised after the budget has been set.

**Recommendation:**

Scrutiny Committee are asked to consider the budget in the context of the Councils Corporate Plan 2008/10, Delivering for Norwich and draft Service Plans for 2009/10.

**Contact Officer:**

**Deputy Chief Executive – 01603 212066**

[bridgetbuttinger@norwich.gov.uk](mailto:bridgetbuttinger@norwich.gov.uk)

## **Report for Resolution**

**Report to** Executive  
18<sup>th</sup> February 2009  
**Report of** Head of Finance  
**Subject** Budget 2009/10 General Fund

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### **Purpose**

To set a budgetary requirement and level of Council Tax for the financial year 2008/09

### **Recommendations**

- (1) that the Executive recommends to Council a level of Council Tax to Council
- (2) the Council's Budgetary requirement to be set at £24,764,600
- (3) authorises the Chief Executive Officer to transfer from the General Fund during the 2009/10 financial year an amount up to £1,200,000 to meet the costs of preparation for unitary status (£1,000,000) and the General Fund element of the re-provision of the CityCare contract
- (4) that the prudent level of reserves for the Council be set £4,541,800 in accordance with the recommendation of the Head of Finance
- (5) authorise the Head of Finance in consultation with Portfolio Holder for Resources and Governance to transfer such sums as deemed necessary from the element of the General Fund Reserve identified as contingency in annex 5.

### **Corporate Objective/Service Plan Priority**

The report helps to achieve the corporate priority for aiming for excellence.

### **Contact Officers**

Barry Marshall, Head of Finance	01603 212556
Bridget Buttinger, Deputy Chief Executive and Strategic Director - Corporate Resources	01603 212066

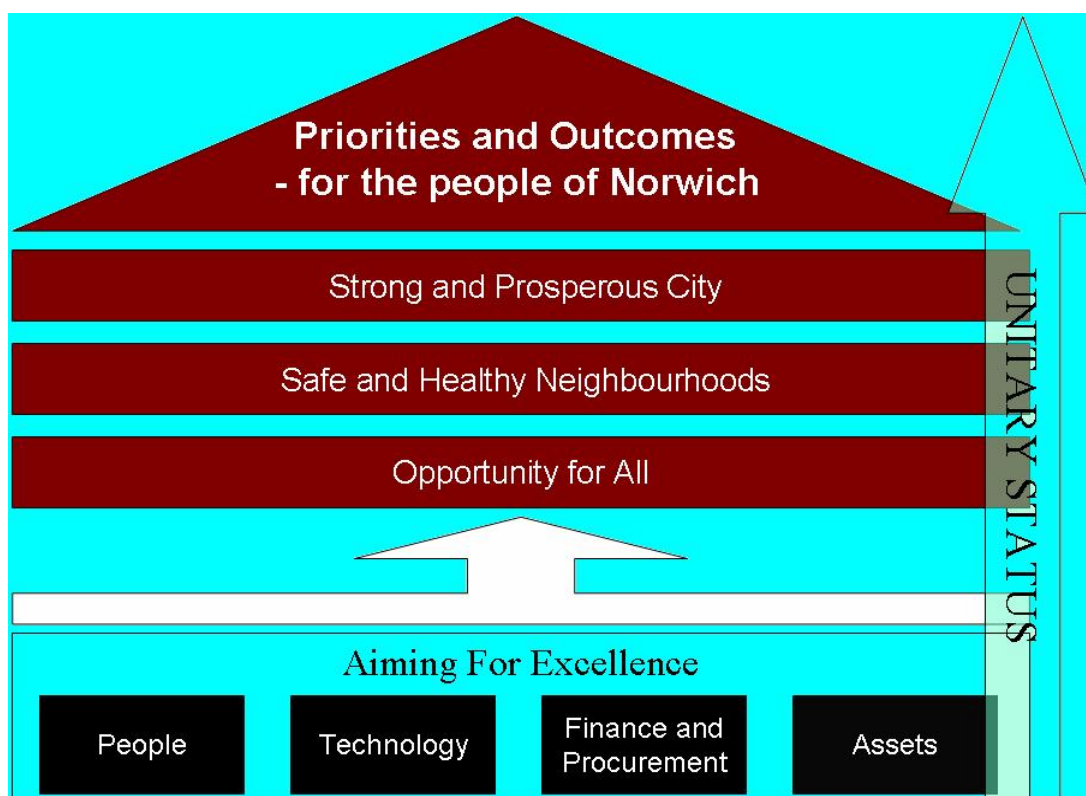
## REPORT

### Introduction

1. The Executive will recommend a budget for 2009/10 to Council to support the Council's strategic priorities:-

- Strong and Prosperous City
- Safe and Healthy Neighbourhoods
- Opportunities for all
- Aiming for Excellence
- Unitary Status

These are set out in the Council's Corporate Plan 2008/10.



The budget is set in the context of the Council's Medium Term Financial Strategy. This identifies the financial constraints the Council will face over the next four years, the level of reserves needed to mitigate the financial risks to the Council and the Council's plans to address the financial pressures of the next four years.

### Economic Environment

The current recession has had a serious impact on the Council's financial position. Although the Council did not have any investments in Icelandic Banks, it has seen its investment income significantly reduced as a result of the drop in interest rates, together with falls in planning

application fees and land charges. This situation is not restricted to Council's revenue activities, its non Housing capital programme which is largely funded by capital receipts has seen a falling away of property sales resulting in very limited resources being available for the programme.

The impact of the recession on our citizens has resulted in increased levels of housing and Council tax benefit, pressure on housing services to deal with repossession issues, and greater pressure on the Customer Contact Team.

## **Process and Budget Strategy**

### **General Fund Budget Strategy**

The recession has resulted in a significant increase in the Councils operating budget for 2009/10. This is caused by a drop in interest on the Council's investments, projected declines in the Councils main income streams, and a change in policy for charging for the national concessionary fares scheme where Norwich as a popular point of destination stands to have increased costs in the order of £1.5 million during 2009/10.

To balance the budget for 2009/10 it will be necessary to find savings in the order of £8.3 million. The Council is of the view that to make these reductions in one year may cause fundamental damage to Council's ability to deliver services, particularly at a time when businesses and citizens will need support. Also should the economy recover the pressures will reduce and the Council may have cut services unnecessarily.

The proposed General Fund budget recognises the need to make some reductions in 2009/10. It is proposed to make savings of £3,900,000 in 2009/10 (£1,800,000 to meet the normal inflationary pressures that face Council , £2,100,000 towards addressing the immediate budget shortfall) the balance of the shortfall being met by a £4,300,000 contribution from reserves. In 2010/11 financial year further reductions will be required to address the normal inflationary increases, Council Tax gearing pressures and addressing the budget gap of some £5.5 million if the economy does not recover. This means total reductions in the order of £7.5 to £8.5 million.

Planning for the 2010/11 budget will commence almost immediately after the 2009/10 budget is set. This will give the Council time to plan and develop larger organisational changes to reduce expenditure rather than cutting into services. Below is a summary from the MTFS showing the projected General Fund position for the next four years.

# **Medium Term Financial Projections 2008-09 to 2012-13**

Assuming budget gap bridged

**£,000,s**

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
Net Revenue Expenditure	24,719.1	28,701.6	24,582.1	24,654.6	25,293.7
Investment Income	-2,388.0	-1,552.0	-716.0	-716.0	-716.0
Interest Paid and MRP	1,865.7	1,865.7	1,865.7	1,865.7	1,865.7
Operating Budget	24,196.7	29,015.2	25,731.8	25,804.2	26,443.3
Use of reserves	0.0	-4,250.6	-549.0	0.0	0.0
<b>Budgetary Requirement</b>	<b>24,196.7</b>	<b>24,764.6</b>	<b>25,182.8</b>	<b>25,804.2</b>	<b>26,443.3</b>
RSG & NNR	-15,523.7	-15,741.0	-15,914.2	-16,073.3	-16,234.1
Collection Fund	-234.5	-187.0			
<b>Council Tax Requirement</b>	<b>8,438.5</b>	<b>8,836.6</b>	<b>9,268.6</b>	<b>9,730.9</b>	<b>10,209.3</b>
Band D equivalent properties	39,672.0	39,997.0	40,397.0	40,800.9	41,208.9
<b>Council Tax Band D</b>	<b>212.71</b>	<b>220.93</b>	<b>229.44</b>	<b>238.50</b>	<b>247.74</b>
<b>% increase in Council Tax</b>	<b>3.7%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>3.9%</b>
<b>Level of Reserves</b>	<b>8,800.0</b>	<b>4,549.4</b>	<b>4,000.4</b>	<b>4,000.4</b>	<b>4,000.4</b>
<b>Budget gap to be addressed over and above the £2.0 to £3.0 million savings needed to address inflationary increases and Council tax gearing</b>		-2,000	-5,552	-1,422	-920

## **Budget setting process**

2. The Council's revenue and capital budgets are linked into the service planning process, thus supporting the Council's strategic objectives and strategies. The use of service planning to drive the budgetary process has been further developed during this budget round and will be subject to regular review to ensure continuing improvements to enhance the directing of the Council's resources to its priorities.
3. The Council has used a 'star chamber' approach to jointly review service plans, current budgets and budget proposals, subjecting them to rigorous internal challenge. This process identified savings of £1,800,000 which were incorporated into the base budget. With the further deterioration of the economic position it became apparent that considerably more savings would be needed and a further review was undertaken which identified a range of cost reductions totalling £2,100,000. These additional costs reductions will have an impact on service delivery and also include proposals to freeze a range of vacant posts and make up to 8 posts redundant, and this is not yet reflected in service plans. Once the budget is finalised draft service plans will be revised to show this impact.
4. The officer proposals for cost reductions and growth have been subject to discussion with members and will have been reviewed by the Council's Scrutiny Committee, on 12<sup>th</sup> February 2009. Consultation with Unison regarding the proposed redundancies has already started.

## **Communication and Consultation**

5. The Council arranged consultation days on 28 January, 29 January 30 January and 6 February 2009 to enable members of the public, interested community groups, local businesses, voluntary organisations, partners and other stakeholders to express their views on the Council's expenditure issues, its priorities and the delivery of its services. Comments on theses will be reported to your meeting.

## **Council Tax Levels**

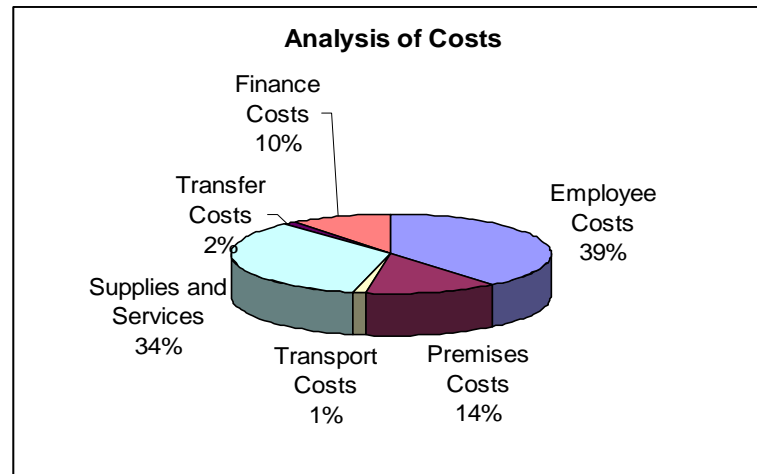
6. Levels of inflationary increases continue to be a pressure on the Council's financial resources

The key inflationary factors impacting on the Councils costs are

Employee cost inflation made up as follows:	4.0% pa
Annual pay award	2.5%
Increase in employers pension contribution	0.5%
Increments and wages drift	1.0%
General inflation is estimated at	3.0%

7. The breakdown of the Council's General Fund cost structure is shown in Fig (2)

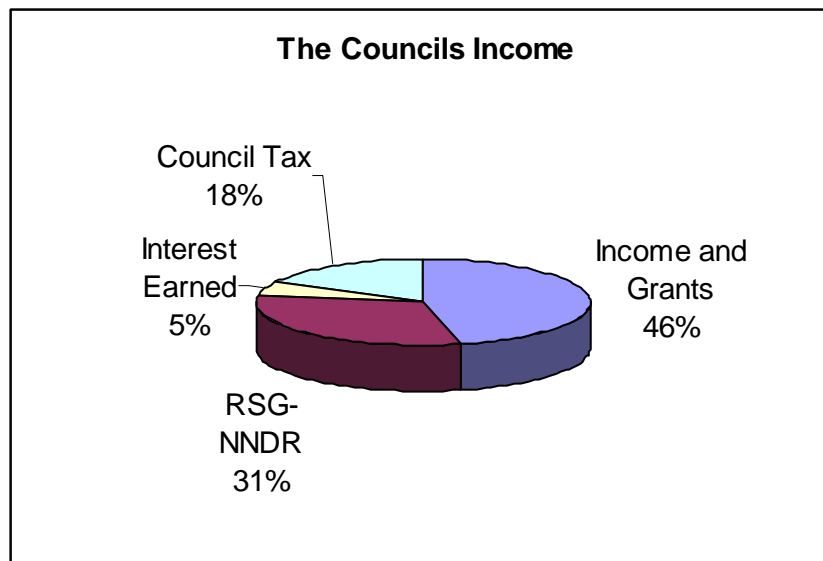
Fig (2)



8. As Council Tax represents only a minority part of the Council's income (see fig (2) below) which shows that for every £5.5 of what the Council spends only £1 comes from Council Tax. This means that if annual increases in central government grant and fees and charges are less than the inflationary increases in the Council's costs then this increase will fall directly on the Council Tax element of income and result in a fivefold percentage increase in Council Tax for every % point difference between the inflationary increases income and costs. For 2009/10 this difference is 1.0%.

Multiplying this by 5.5 gives a figure of 5.5%, this is the percentage increase required in Council Tax to maintain a no change position in services .

Fig(2)



Any increase in Council Tax below this figure will have to be addressed by adding to use of reserves or requiring further cost reductions, or increases in income or a combination of all three to balance the budget. It should be noted that a 1% reduction in Council Tax will require a budgetary reduction of approximately £85,000 to support it

9. Fees and charges have been reviewed and where required statutory increases have been applied. For non-statutory items where appropriate inflationary increases have been applied.

### **Government Settlement**

10. Despite the economic downturn, the government maintained its CSR2007 national funding figure for 2009/10 at £73.5 billion, an increase of 4.4% although there are some doubts about the 2010/11 figure.
11. The total formula grant the Council will receive from central government is £15,741,047. The increase like for like increase being 1.4%. This is disappointing given the demands the city faces from being a regional centre, being the most deprived district in the Eastern region (8 of its 13 wards being in the 20% most deprived wards nationally) and having high levels of homelessness.



Adjusted 2008-09 Formula Grant (£)	15,523,489
2009-10 Revenue Support Grant (£)	2,951,900
2009-10 Redistributed Business Rates (£)	12,789,147
2009-10 Principal Formula Police Grant (£)	N/A

2009-10 Formula Grant (£)	<hr/> 15,741,047
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Which is made up as follows:

2009-10 Relative Needs Amount (£)	8,287, 981
2009-10 Relative Resource Amount (£)	1,547,782
2009-10 Central Allocation (£)	9,233,503
2009-10 Principal Formula Police Grant (£)	N/A
2009-10 Floor Damping (£)	232,655

2009-10 Formula Grant (£)	<hr/> 15,741,047
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The increase in formula grant on a like-for-like basis for 2009-10 is therefore £217,558 or 1.40%.

12. The Minister for Local Government stated, in a letter to all authorities dated 26 November 2008 that:-

The Government expects the average council tax increase in England to be substantially below 5% in 2009-10 and we will not hesitate to use our capping powers as necessary to protect council taxpayers from excessive increases, including requiring authorities to rebill if that proves necessary. This message applies to all classes of authority – including police and fire authorities

## Revenue Expenditure (General Fund)

13. The estimate for the recommended level budgetary requirement is shown in the table below (the key movements are identified in annex 6)

Budget 2008-09	£24,207,072	
General Inflation	£ 815,197	
Unavoidable Growth	£ 4,578,291	See annex 4
Payroll Inflation	£ 838,457	
Income decreases	£ 3,303,398	See annex 3
Income increases	(£ 1,042,258)	See annex 2
Growth	£ 250,000	Financial Inclusion (offset by NRF & LEGI)
Savings and other cost reductions	(£ 3,881,045)	See annex 1
Adjustments	(£ 54,050)	
Budget 2008-09	£ 29,014,792	

Annexes 1-4 show

The overall movement in the 2009/10 budget, unavoidable growth, loss of income, increased income and savings. There are some cross references between the schedules, for example unavoidable growth and increased income through grants.

## Council Tax Options

14. The table below shows the available funding to meet the proposed budgetary requirement the breakeven position is shown at a rate of Council Tax increase of 3.9% and any Council Tax rise below this would require a reduction in growth items or drawing on reserves

### Available Budget

Council Tax Band D based % increase		2008-09		2008-09		2008-09
		2.90%		3.90%		4.90%
RSG - NNDR		15,741,047		15,741,047		15,741,047
Collection Fund		187,000		187,000		187,000
Council Tax Band D	218.83		220.93		223.08	
Council Tax base	39,997		39,997		39,997	
Council Tax		8,752,544		8,836,537		8,922,531
<b>Available Budget</b>		<b>24,680,591</b>		<b>24,764,584</b>		<b>24,850,578</b>
Current Budget Requirement estimates		24,764,600		24,764,600		24,764,600
<b>Gap</b>		<b>-84,009</b>		<b>-16</b>		<b>85,978</b>

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

15. Section 25 of the Local Government Act 2003 requires that the Chief Financial Officer of the Council (which in the case of Norwich City Council is the Head Finance) reports to members on the robustness of the budget estimates and the adequacy of Council's reserves.
16. The Head of Finance 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**

17. 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 with the use of a 'star chamber' undertaken by senior Council managers. As with all future estimates there is a level of uncertainty and this has been taken into when assessing the levels of reserves.
18. Allowing for the above comment on uncertainty it is the opinion of the Head of Finance that in the budgetary process all reasonable steps have been taken to ensure the robustness of the budget.

### **Reserves**

19. A risk assessment has been undertaken to determine the level of general reserves required by the Council. In making a recommendation for the level of reserves the Head of Finance has followed guidance in the CIPFA LAAP Bulletin 77 – Guidance notes on Local Authorities Reserves and Balances.
20. 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.
21. Earmarked reserves remain legally part of the General Fund although they are accounted for separately.
22. There are also a range of safeguards in place that help to prevent local authorities over-committing themselves financially. These include:
  - the balanced budget requirement (England, Scotland and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992)
  - 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))
  - the requirements of the Prudential Code
  - auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.

23. Whilst it is primarily the responsibility of the local authority and its chief financial 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**

24. 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.

25. The risk analysis shows that an adequate level of reserves for the Council will be in the order of £4,541,800 see appendix 5.



## Savings

## Annex 1

Service	Subjective Description	Budget (£)	Variation
Asset Management	Wages Other	(700)	General establishment changes
	Salaries Full Time	(96,016)	General establishment changes
	Street Ltng Mtce Bulk Work	(26,520)	City Care contract savings
	Rechge from GMO main contract	(5,605)	City Care contract savings
	Schedule of Rates/Dayworks	(1,040)	City Care contract savings
	Rents General	(13,095)	Rents reductions
	Contract Cleaning	(2,000)	City Care contract savings
	Adjudication Service	(12,000)	Budget Reduction
	Performing Rights Society Levy	(6,500)	
	Cleansing Contracts	(18,310)	City Care contract savings
	Capital Charge Depreciation	(8,900)	Non-cash budget reduction
	Savings Proposals	(300,000)	Reduction in R&M, Income from Blue Badge other than in designated parting area and savings from deleted posts
		<b>(490,686)</b>	
Service	Subjective Description	Budget (£)	Variation
Chief Executive	Agency Staff	(13,700)	
		<b>(13,700)</b>	

## Savings

## Annex 1

Service	Subjective Description	Budget (£)	Variation
Citizen Services	Salaries Full Time	(73,133)	General establishment changes
	Litter Bins	(300)	Saving achievable on litter bins
	Schedule of Rates/Dayworks	(4,956)	City Care contract savings
	Rechargeable S+S Accy Use Only	(100)	
	Centralised Print Recharges	(4,600)	Reduced costs for printing
	Op.Lease Rentals (Comp.Equip.)	(250)	Saving on Computer lease rentals
	Refreshments	(100)	Saving on refreshments
	Promotions & Publicity	(100,030)	Savings on promotions & publicity
	Other Contractual Services	(147,700)	Reduced costs on contractual services
	Capital Chge Notional Interest	(7,570)	Non-cash budget reduction
	Savings Proposals	(200,500)	General savings proposals
		<b>(539,239)</b>	
Service	Subjective Description	Budget (£)	Variation
Communications & Culture	Salaries Full Time	(117,581)	General establishment changes
	Car and Cycle Allowances	(300)	Budget reduction as not used
	Office Equip/Machines Reps/Mtc	(500)	Costs transferred to Steria
	Postages General	(1,000)	Decreasing postal charges
	Other Contractual Services	(10,000)	Savings on Riverside contract
	Savings Proposals	(220,600)	General savings proposals
		<b>(349,981)</b>	



## Savings

## Annex 1

Service	Subjective Description	Budget (£)	Variation
Community Services	Salaries Full Time	(8,398)	General establishment changes
	Schedule of Rates/Dayworks	(17,122)	City Care contract savings
	Rents General	(5,000)	Rent reductions
	Op Lease Rentals Contract Hire	(4,000)	Lease cost reductions
	Taxi Contract	(300)	Budget saving
	Grants Discret Rate Relief	(39,000)	Grant received, so budget received
	Savings Proposals	(487,360)	General savings proposals
		<b>(561,180)</b>	
Service	Subjective Description	Budget (£)	Variation
Customer Contact	Salaries Full Time	(8,420)	General establishment changes
	Savings Proposals	(77,000)	General savings proposals
		<b>(85,420)</b>	
Service	Subjective Description	Budget (£)	Variation
Director of Regeneration & Development	Other Contractual Services	(4,000)	Savings on contractors
		<b>(4,000)</b>	

## Savings

## Annex 1

Service	Subjective Description	Budget (£)	Variation
Economic Development	Salaries Full Time	(754)	General establishment changes
	Grounds General Mtce & Upkeep	(360)	Savings n General Maintenance
	Savings Proposals	(45,466)	General savings proposals
		<b>(46,580)</b>	
Service	Subjective Description	Budget (£)	Variation
Finance	Salaries Full Time	(47,180)	General establishment changes
	Staff Travelling Expenses	(1,250)	Savings on Travel Expenses
	Car and Cycle Allowances	(2,100)	Savings on Allowances
	Taxi Contract	(100)	Budget not required
	Office Equip/Machines Reps/Mtc	(100)	Budget not required
	Rechargeable S+S Accy Use Only	(13,400)	Reduction in budget
	Newspapers and Periodicals	(300)	Budget not required
	Postages General	(1,800)	Budget not required
	Mobile Phone Rentals & Calls	(400)	Reduction in budget
	Schedule of proposed savings	(30,000)	Reduction in budget
	Staff Subsistence	(100)	Reduction in budget
	Refreshments	(200)	Budget not required
		<b>(96,930)</b>	

## Savings

## Annex 1

Service	Subjective Description	Budget (£)	Variation
HR & Learning	Salaries Full Time	(39,893)	General establishment changes
	NCC Employees Nursery	(6,000)	Saving on NCC Employees Nursery costs
	Other Contractual Services	(26,300)	Saving on payroll contract
	Savings Proposals	(70,000)	General savings proposals
		<b>(142,193)</b>	
Service	Subjective Description	Budget (£)	Variation
Legal & Democratic Services	Wages - Permanent 1055	(40,000)	General establishment changes
	Salaries Full Time	(34,769)	General establishment changes
	Rechge from GMO main contract	(8,503)	City Care contract savings
	Schedule of Rates/Dayworks	(2,112)	City Care contract savings
	Rents General	(6,000)	Rents reduction
	Contract Cleaning	(3,500)	City Care contract savings
	Legal Expenses	(14,913)	Savings on external advice
	Postages General	(24,000)	One-off saving because no election 09/10
	Internet Connection/Installation	(5,000)	Savings on internet connection.
	Other Contractual Services	(14,392)	One-off saving because no election 09/10
	Savings Proposals	(147,557)	General savings proposals
		<b>(300,746)</b>	

## Savings

## Annex 1

Service	Subjective Description	Budget (£)	Variation
Planning	Salaries Full Time	(109,317)	General establishment changes
	Specialist Supplies	(40)	Savings on specialist supplies
	Staff Subsistence	(600)	Savings on subsistence
	Insurances Other	(946)	Savings on insurance
		(200)	
	Professional Advice / Fees	(200)	Budget not required
	Savings Proposals	(320,000)	General savings proposals
	Day to Day Reps (ES/Prop Grp)	(10,000)	General savings proposals
		<b>(441,103)</b>	
Service	Subjective Description	Budget (£)	Variation
Procurement & Service Improvement	Salaries Full Time	(21,541)	General establishment changes
	Insurance Premium Plant/Vehic	(17,900)	Savings on insurance
	Staff Travelling Expenses	(350)	Savings on travel
	Car and Cycle Allowances	(450)	Savings on allowances
	Newspapers and Periodicals	(400)	Savings on periodicals
	Postages General	(550)	Savings on postage
	Telephones General	(13,000)	Savings from new BT agreement
	Savings Proposals	(85,000)	General savings proposals
		<b>(139,191)</b>	

## Savings

## Annex 1

Service	Subjective Description	Budget (£)	Variation
Strategic Housing	Salaries Full Time	(145,270)	General establishment changes
	General Repairs & Maintenance	(13,800)	Savings due to risk of no Home Office grant support
	Interior Decorations	(4,400)	Savings due to risk of no Home Office grant support
	Rents General	(134,140)	Rent reductions
	Car and Cycle Allowances	(100)	Savings on allowances
	Legal Expenses	(1,950)	Saving due to lower legal costs
	Fees Doctors/Consultants	(750)	Reduced budget
	Staff Subsistence	(500)	Reduced budget
	HAMA Bond	(2,000)	Decreased provision for HAMA bond payments
	Professional Advice / Fees	(29,000)	Reduced budget
	Savings Proposals	(20,000)	General savings proposals
		<b>(351,910)</b>	
Service	Subjective Description	Budget (£)	Variation
Transformation	Salaries Full Time	(87,486)	General establishment changes
		<b>(87,486)</b>	

## Savings

## Annex 1

Service	Subjective Description	Budget (£)	Variation
Transportation & Landscape	Salaries Full Time	(14,302)	General establishment changes
	Street Furniture Maintenance	(950)	Cost efficiency - better utilisation of contractors
	Rechge from GMO main contract	(600)	City Care contract savings
	Schedule of Rates/Dayworks	(40)	City Care contract savings
	Hired Plant / Transport	(1,000)	Reduced budget
	Op Lease Rentals Contract Hire	(2,400)	Reduced budget
	Car and Cycle Allowances	(100)	Savings on allowances
	Taxi Contract	(450)	Savings on taxi contract
	Pool Car Expenditure	(200)	Reduced budget
	Office Equip/Machines Reps/Mtc	(500)	Reduced budget
	Equipment - Purchase	(1,900)	Improved working approaches
	Rechargeable S+S Accy Use Only	(2,100)	Reduced budget
	Mobile Phone Rentals & Calls	(500)	Reduced budget
	Payments to Bus Operators	(40,751)	Reduced budget
	Rail Permits	(3,284)	Reduced budget
	Other Contractual Services	(3,623)	Reduced budget
	Savings Proposals	(158,000)	General savings proposals
		<b>(230,700)</b>	

<b>TOTAL FOR SAVINGS</b>	<b>(3,881,045)</b>
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## Increased Income

## Annex 2

Service	Subjective Description	Budget (£)	Variation
Asset Management	Other Costs Recovered	(1,500)	Call out systems
	General Serv Costs Recovered	(19,700)	Additional service charge income
	Performing Rights Society Fees	(6,500)	Additional PR income
	On Street Fees	(57,734)	Additional on street fees
	Car Parks Season Ticket	(80,000)	Additional income from season tickets
	Fees & Charges Misc Other	(130,000)	Additional service charge income
	Admin Charge	(2,000)	Additional admin charge
	Residents Only Parking Schemes	(80,000)	Additional ROPS
	Contract Parking Income	(64,300)	Additional contract parking income
	Farmers Market	(2,500)	Additional farmers market income
	Rents Shops,Garages,Commercial	(36,659)	Additional rents
	Other Rents	(850)	Additional rents
		<b>(481,743)</b>	
Service	Subjective Description	Budget (£)	Variation
Citizen Services	Other Grants,Reimbs & Contribs	(24,180)	Internal income recharges
	Fees & Charges Misc Other	(41,000)	Additional fees and charges
	Flea Infestation Treatment	(1,000)	Additional fees and charges
		<b>(66,180)</b>	

## Increased Income

## Annex 2

Service	Subjective Description	Budget (£)	Variation
Communications & Culture	Admission Fees	(10,000)	Additional admission fees
	Advertising Income	(3,600)	Additional advertising income
	Guided Tours	(1,000)	Additional usage and fee income
	Lettings	(10,000)	Additional lettings income
	Fees & Charges Misc Other	(3,300)	Additional fees and charges income
	Publications General	(25,000)	Additional income from sale of stock
	National Express Tickets	(2,000)	Additional income from better foot fall
		<b>(54,900)</b>	
Service	Subjective Description	Budget (£)	Variation
Community Services	Departmental Contributions	(5,950)	Contribution from HRA
	Pitch And Putt	(10,000)	Additional fees and charges income
	Intra Directorate Recharges 999	(504)	Internal income recharges
		<b>(16,454)</b>	
Service	Subjective Description	Budget (£)	Variation
Finance	Other Grants	2,000	Increase in hereditaments
	Grant/Sponsorship - Outside Bodies	(22,500)	Additional grant income
	Audit Fee Recharges	(23,020)	Additional HRA contribution
		<b>(43,520)</b>	



## Increased Income

## Annex 2

Service	Subjective Description	Budget (£)	Variation
Legal & Democratic Services	Other Grants,Reimbs & Contribs	(1,700)	Increased contribution from Norfolk CC
	Licences - Taxi	(5,700)	Additional licences income
	Sale of Graves	(1,100)	Additional fees and charges
		<b>(8,500)</b>	
Service	Subjective Description	Budget (£)	Variation
Neighbourhood Housing	General Serv Costs Recovered	(680)	Additional service charges
		<b>(680)</b>	
Service	Subjective Description	Budget (£)	Variation
Planning	Salaries Full Time	(9,524)	Additional grant income to fund post
	Intra Serv Recharges-Devel't	(228)	Internal income recharges
	Other Grants,Reimbs & Contribs	1,980	Additional grant income to fund project
	Fees & Charges Misc Other	(32,620)	Additional fees and charges
	Inter Directorate Recharges 999	(3,344)	Internal income recharges
		<b>(43,736)</b>	

## Increased Income

## Annex 2

Service	Subjective Description	Budget (£)	Variation
Strategic Housing	Other Grants	(114,020)	Additional income from contributors
	Other Grants,Reimbs & Contribs	(22,920)	Additional income from contributors
	Other Costs Recovered	(63,220)	Additional client charges
	Fees & Charges Misc Other	(34,400)	Additional management fee income
	Other Licences & Fees	(2,900)	Additional HMO licence income
		<b>(237,460)</b>	
Service	Subjective Description	Budget (£)	Variation
Transformation	Other Grants,Reimbs & Contribs	(16,500)	Additional grant income
		<b>(16,500)</b>	
Service	Subjective Description	Budget (£)	Variation
Transportation & Landscape	Other Grants	(13,430)	Additional grant income and S.106 contribution
	Admin Fee	(16,023)	Additional management fee income
	Supervision Fee	(43,402)	Increased contribution from Norfolk CC
		<b>(72,855)</b>	
<b>TOTAL FOR INCREASED INCOME</b>		<b>(1,042,528)</b>	

## Decreased income

## Annex 3

Service	Subjective Description	Budget (£)	Variation
Asset Management	Membership Fees	13,000	Coding adjustment
	PCN Offences Decrim	149,385	Reduction in PCN income
	Car Parks Fees	352,168	Reduction in Off-Street Income
	Fees & Charges Misc Other	6,900	Budget reduction
	External Bodies Staff Parking	48,600	Loss of contract parking income
	Contract Parking Income	18,500	Loss of contract parking income
	Catering Concessions	620	Budget reduction
	Sale of Scrap Metal/Materials	3,000	
	Rents Shops,Garages,Commercial	312,019	Reduction in income from investment properties
	Rents Other Commerc Land/Bldgs	14,000	Building sold, therefore income stream lost
	Car Parks Rents	3,155	Budget reduction
	Inter Directorate Recharges 999	(14,500)	Internal cost recharge
		<b>906,847</b>	
Service	Subjective Description	Budget (£)	Variation
Citizen Services	Other Grants,Reimbs & Contribs	75,160	Budget reduction
	Fees & Charges Misc Other	510,000	Budget reduction
	Wasp Nests Removals	2,000	Budget reflecting part performance
	Sale of Scrap Metal/Materials	(216,900)	Increase in recycling credits
	Waste Paper	29,200	Budget reflecting part performance
	Garden waste income	(281,050)	Additional garden waste income
		<b>118,410</b>	

## Decreased income

## Annex 3

Service	Subjective Description	Budget (£)	Variation
Communications & Culture	Other Grants,Reimbs & Contribs	22,200	Grant funding discontinued
	Charity Collections	6,000	Charity collections now stopped
	Other Costs Recovered	20,500	End of FT retail agreement
	Locker Hire	800	Lockers no longer operational
	Fees & Charges Misc Other	12,200	Grant funding discontinued
	Printing	34,500	Reduction in internal recharge income
		<b>96,200</b>	
Service	Subjective Description	Budget (£)	Variation
Community Services	Home Office Contributions	39,000	Grant funding discontinued
		<b>39,000</b>	
Service	Subjective Description	Budget (£)	Variation
Finance	Other Grants	88,500	Grant funding discontinued
	Fees & Charges Misc Other	196,900	Grant funding discontinued
	Interest Earned,Invested Funds	1,188,000	Reduced investment interest
	Interest Recharge to HRA	(188,250)	Reduced investment interest
		<b>1,285,150</b>	

## Decreased income

## Annex 3

Service	Subjective Description	Budget (£)	Variation
Legal & Democratic Services	Search Fees	140,000	Reduced income flow
		<b>140,000</b>	
Service	Subjective Description	Budget (£)	Variation
Neighbourhood Housing	Mortgages Building Insurances	300	Reduced insurance contribution
	Rents Dwelling	34,900	Reduced rent income
	Int HAA Vari Mortgages Post'80	50	Reduced interest
		<b>35,250</b>	
Service	Subjective Description	Budget (£)	Variation
Planning	Copy Document Charge	1,500	Income stream ceased, change in activity
	Publications General	1,500	Income stream ceased, change in activity
	Other Costs Recovered	20,000	Income stream ceased, change in activity
	Other Grants,Reimbs & Contribs	18,140	Contributions ceased
	Planning Application Fees	359,660	Reduction in fee income
		<b>400,800</b>	

## Decreased income

## Annex 3

Service	Subjective Description	Budget (£)	Variation
Strategic Housing	Other Grants	112,510	Grants discontinued
	Home Office Contributions	30,800	Grants discontinued
	Fees & Charges Misc Other	13,100	Management Fee income ceased
	Rents Dwelling	121,540	Rents decreased because less properties in scheme
	Interest, Hsg Assoc Advances	75	Mortgages paid by Hassoc decreased.
		<b>278,025</b>	
Service	Subjective Description	Budget (£)	Variation
Transportation & Landscape	Concessionary Rail Permits	3,716	Reduced permit income
		<b>3,716</b>	
<b>TOTAL FOR DECREASED INCOME</b>		<b>3,303,398</b>	

## Unavoidable Growth

## Annex 4

Service	Subjective Description	Budget (£)	Variation
Asset Management	Salaries Full Time	125,933	General establishment changes
	Agency Staff	5,031	Additional agency support
	General Repairs & Maintenance	33,100	General buildings maintenance
	Security Systems	750	Call out system
	Electricity	86,375	Electricity price rises
	Gas	1,900	Gas price rises
	RatesGeneral	86,720	Rates cost increases
	EmptyRating	4,040	Empty Rating cost increases
	WaterCharges Metered	800	Water charge increases
	FixedFurniture/Fittings	600	Price increases for Tyco BT
	Toilet Rolls/Towels/Requisites	5,200	Roller Towels
	Contract Cleaning	15,210	Contract cleaning cost increases
	Repairs & Maintenance	2,100	R&M costs for new vans
	Skips(Mtce)/Provision of Signs	300	New van additional costs
	Car and Cycle Allowances	500	New operational users
	LooseFurniture & Fittings 32	5,000	Equipment
	SiteSecurity	750	Security for Waterloo Pavillion
	Security/Cash in Transit	10,872	Cash Security cost increase
	Telephone Equip/Line Rental	356	Telephone links price increase
	Licences	367	Steria charge increases by 5.2% pa
	Miscellaneous Other	10,000	EPC - cost of compliance
	Fees	40,000	Cost of property sales
		<b>435,904</b>	

## Unavoidable Growth

## Annex 4

Service	Subjective Description	Budget (£)	Variation
Chief Executive	Salaries Full Time	40,237	General establishment changes
	Subscriptions CPU Use Only	18,000	LGA, East of England
		<b>58,237</b>	
Service	Subjective Description	Budget (£)	Variation
Citizen Services	Bedding Sponsorship	25,000	Sponsorship Planting, to be offset by income
	Cleansing Contracts	403,689	Increase in Citycare contracts
	Variations to Database	5,590	Citycare Contract C Street cleaning variations
	InterDirectorate Recharges 5	16,087	Cross recharging to services for Parking Services
		<b>450,366</b>	
Service	Subjective Description	Budget (£)	Variation
City Growth & Dev't	Salaries Full Time	0	General establishment changes
		<b>0</b>	
Service	Subjective Description	Budget (£)	Variation
Communications & Culture	Salaries Full Time	33,605	General establishment changes
	Newspapers and Periodicals	70	Cost increase
	Council Newspaper	44,000	Citizen mag moved to 10 editions
	InterDirectorate Recharges 99	(1,587)	Cross recharging to services for Parking Services
		<b>76,088</b>	



## Unavoidable Growth

## Annex 4

Service	Subjective Description	Budget (£)	Variation
Community Services	Salaries Full Time	50,745	Community Engagement
	Health & Safety	6,500	Play area inspections
	Fuel/Petrol	1,000	Fuel cost
	HRA Recharges 5046	(132,047)	Cross recharging to services for Parking Services
		<b>(73,802)</b>	
Service	Subjective Description	Budget (£)	Variation
Customer Contact	Salaries Full Time	249,246	General establishment changes
	Centralised Print Recharges 35	1,000	Corporate leaflet printing
	Advertising General	2,500	BT phone advert
		<b>252,746</b>	
Service	Subjective Description	Budget (£)	Variation
Director of Regeneration & Development	Salaries Full Time	183,893	General establishment changes
		<b>183,893</b>	

## Unavoidable Growth

## Annex 4

Service	Subjective Description	Budget (£)	Variation
Economic Development	Salaries Full Time	182,202	General establishment changes - grant funded
	Staff Travelling Expenses	600	Grant funded project, costs off set by the grant income
	Taxi Contract	1,550	Grant funded project, costs off set by the grant income
	Pool Car Expenditure	450	Grant funded project, costs off set by the grant income
	Other Grants	(184,202)	Grant funding to off set additional costs
		<b>600</b>	
Service	Subjective Description	Budget (£)	Variation
Finance	Salaries Full Time	31,840	General establishment changes
	Pension Deficit	200,000	Provision for CityCare pension deficit funding
	Grants Discret Rate Relief	2,810	Continuation of additional relief granted in 2008/09.
	AuditFee	70,000	Anticipated intensive audit.
	OtherContractual Services	50,000	IFRS Implementation costs
	Bailiffs Fees 4104	139,200	Additional costs due to legislative changes
	RentAllowances New System	7,686,645	Additional Rent Allowances Costs
	Council Tax Benefits	(11,774)	Additional Council Tax Costs
	RentAllowance Subsidy Certif	(7,566,480)	Additional Subsidy to meet cost of Rent Allowance
		<b>602,241</b>	
Service	Subjective Description	Budget (£)	Variation
HR & Learning	Salaries Full Time	84,516	General establishment changes
		<b>84,516</b>	

## Unavoidable Growth

## Annex 4

Service	Subjective Description	Budget (£)	Variation
Legal & Democratic Services	Salaries Full Time	230,335	General establishment changes
		<b>230,335</b>	
Service	Subjective Description	Budget (£)	Variation
Neighbourhood Housing	Gas Cent Heating Repairs C Wks	200	Responsive gas repairs
	Electricity	17,470	Electricity system repairs
	RatesGeneral	310	Rates cost increase
	WaterCharges Unmetered	20	Water cost increase
		<b>18,000</b>	
Service	Subjective Description	Budget (£)	Variation
Planning	Salaries Full Time	89,761	General establishment changes
	Miscellaneous Other	51,550	Public Examination on NCCAAP
	OtherContractual Services	17,616	Additional costs for contract
		<b>158,927</b>	

## Unavoidable Growth

## Annex 4

Service	Subjective Description	Budget (£)	Variation
Strategic Housing	Salaries Full Time	73,260	General establishment changes
	Pool Car Expenditure	750	Increased inspections
	Office Equip/Machines Purchase	4,900	Inflation increase & CBL public access PC
	Funding paid to ext agencies	3,380	Increase in funding to external agencies
	Grants - Partnership Agree	1,420	Increase in payments to Partners
	Contrib to SQA with RSL's	2,100	Increase in RSL payments
	Intra Serv Recharges-Hsg&Rev	125,300	Management Charge for running scheme
		<b>211,110</b>	
Service	Subjective Description	Budget (£)	Variation
Transportation & Landscape		30,642	General establishment changes
		450	Increased software maintenance charges
		746072	Increase in works costs
		14,800	Cost of issuing bus passes
		1,403,791	Cost of administering the Concessionary Fares Scheme
		17,000	Cycling initiatives
		<b>1,466,683</b>	
<b>TOTAL FOR UNAVOIDABLE GROWTH</b>		<b>4,578,291</b>	

**Scrutiny Committee 12 February 2009**  
**Item 7 - Budget Reports**  
**General Fund 2009/2010 Annex 5 amended**  
**Annex 5**

**Prudent level of Reserves**

	2009/10	2010/11	2011/12	2012/13
Description				
Employee costs	24,116,000	25,321,800	26,587,890	27,917,285
risk %	0.5%	0.5%	0.5%	0.5%
risk amount	120,580	126,609	132,939	139,586
Supplies and Services	24,047,000	25,249,350	26,511,818	27,837,408
risk %	0.5%	0.5%	0.5%	0.5%
risk amount	120,235	126,247	132,559	139,187
Premises costs	8,179,000	8,587,950	9,017,348	9,468,215
risk %	0.5%	0.5%	0.5%	0.5%
risk amount	40,895	42,940	45,087	47,341
Transport costs	730,000	766,500	804,825	845,066
risk %	0.5%	0.5%	0.5%	0.5%
risk amount	3,650	3,833	4,024	4,225
Fees and Charges	12,000,000	12,600,000	13,230,000	13,891,500
risk %	2.0%	2.0%	2.0%	2.0%
risk amount	240,000	252,000	264,600	277,830
Investment income	1,200,000	1,260,000	1,323,000	1,389,150
risk %	0.3%	0.3%	0.3%	0.3%
risk amount	3,000	3,150	3,308	3,473
<b>Annual risk</b>	<b>528,360</b>	<b>554,778</b>	<b>582,517</b>	<b>611,643</b>
<b>allow five years to cover operational risk</b>	<b>2,641,800</b>	<b>2,773,890</b>	<b>2,912,585</b>	<b>3,058,214</b>
Balance Sheet risks	400000	250000	250000	250000
Contingency	500000	500000	500000	500000
Reserves required for 2010/11	600000			
Risks of failing to meet savings targets	400000	400000	300000	150000
<b>Prudential level of reserves</b>	<b>4,541,800</b>	<b>3,923,890</b>	<b>3,962,585</b>	<b>3,958,214</b>

## Risk estimates

Employee costs			
overspend %	1.0%	2.0%	5.0%
Probabilty %	50.0%	25.0%	10.0%
risk level %	0.5%	0.5%	0.5%
Supplies and Services			
overspend %	1.0%	2.5%	5.0%
Probabilty %	50.0%	20.0%	10.0%
risk level %	0.5%	0.5%	0.5%
Premises costs			
overspend %	1.0%	2.5%	5.0%
Probabilty %	50.0%	20.0%	10.0%
risk level %	0.5%	0.5%	0.5%
Transport costs			
overspend %	1.0%	2.5%	5.0%
Probabilty %	50.0%	20.0%	10.0%
risk level %	0.5%	0.5%	0.5%
Fees and Charges			
drop in income %	5.0%	10.0%	15.0%
Probabilty %	25.0%	20.0%	10.0%
risk level %	1.3%	2.0%	1.5%
Investment income			
drop in income %	5.0%	10.0%	15.0%
Probabilty %	5.0%	1.0%	0.5%
risk level %	0.3%	0.1%	0.1%

## **Report for Resolution**

**Report to** Executive  
18 February 2009

**Report of** Director of Regeneration & Development and Chief Financial Officer

**Subject** Council Rents and Other Housing Charges for 2009/10

### **Purpose**

This report sets out recommendations for the changes to rents and other charges for the Council's housing and garage stock for the coming financial year.

### **Recommendations**

That Council agree:

- (1) to implement an average rent increase of 6.41%, being £3.75 per week for Housing Revenue Account (HRA) dwellings, and a corresponding average rent increase of £4.34 for General Fund dwellings;
- (2) to set service charges for district heating, premises management, sheltered housing and good neighbour services, at levels designed to recover costs;
- (3) that the setting of the exact charges be delegated to the Director of Regeneration & Development, in conjunction with the Portfolio holder, when the budgets are finalised and consultation concluded;
- (4) to implement an increase of 6.41% in respect of garage and parking bay rents in line with that recommended for dwelling rents

### **Financial Consequences**

The level of rent increase is set by the Government and any variation from this guideline will adversely affect the Housing Revenue Account (HRA). If the level of increase applied is lower than that set by the Government, the authority will receive a reduced income. An increase that exceeds the level set by the Government will result in a loss of subsidy. Increases in other charges are required to recover costs. Failure to do this would again adversely affect the HRA. The report indicates the extent of the adverse affect of the options put forward.

### **Strategic Objective**

The report helps to achieve the corporate objective to strive for sufficient, good-quality, affordable housing, providing choice and accessibility.

**Executive Member:** Councillor Brenda Arthur

**Ward:**

**Contact Officers**

Jerry Massey, Director of Regeneration & Development	01603 212225
Mark Smith, Financial Control Manager	01603 212561
Shaun Flaxman, Business Planning & Delivery Manager	01603 212805

**Background Papers**

Report "Council Rents and Other Charges for 2009/10" to Executive on 18 February 2009  
Report "Housing Revenue Account Budget 2009/10" to Executive on 18 February 2009  
Briefing & Consultative papers to CityWide Board, Sheltered Tenants Federation, et al.



## **Report**

### **Introduction**

1. The Housing Revenue Account (HRA) has to be drawn up in a manner prescribed by the Government. Income for the HRA comes from:-
  - Rents and other charges
  - Housing Revenue Account subsidy, including the Major Repairs Allowance (MRA) which is Government support for expenditure on repairs.
2. This report informs members of the proposed changes to charges for 2009/10. Further information on the HRA out-turn for 2008/09 and projected budgets for 2009/10 are presented in a separate report.

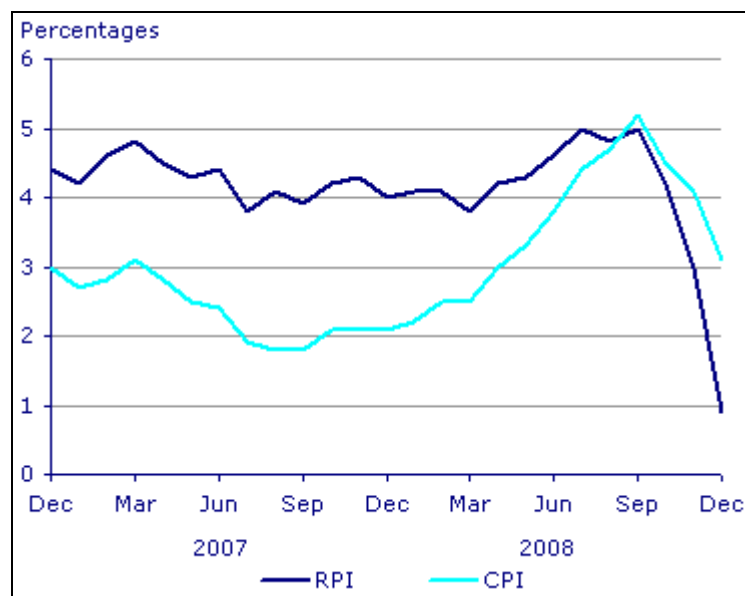
### **Government Rent Guidelines and HRA Subsidy**

3. 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. This means that the amount of increase in rent can vary for properties depending on the how near they are to the target rent as calculated by the Rent Restructuring Formula.
4. The rents charged by an authority are effectively controlled as each year the Government sets a guideline rent. Setting a rent increase above the government's expected level results in a loss of subsidy and setting a rent increase below the government's expected level results in a loss of income to the authority. Neither variation provides a proportionate financial advantage to the Council or tenants.
5. In 2005/06 the Government reviewed the rent restructuring policy. In April 2006 the formulae was revised and a new 5% cap introduced, for two years, on average rent increases. Where the average increase across the stock, under the revised formulae, was more than 5% the Government compensated authorities for the income they would have had were it not for the 5% cap by providing a Rental Constraint Allowance.
6. For 2008/09 the Government withdrew the 5% cap and the associated Rental Constraint Allowance. This allowed the average rent increase to exceed the 5% that has been applied in the past two years. However, in order to maintain rent affordability for tenants, for the purposes of calculating 2008/09 rents only, the Government allowed convergence to be extended to April 2016. It indicated that this convergence date will again be reviewed in future years. In order to compensate authorities for loss of income resulting from the caps and limits on rent increases in 2008/09, the Government is making an adjustment to the HRA Subsidy calculation in 2009/10.
7. The impact for Norwich tenants in 2008/09 was that the rent restructuring policy required an increase of 6.14%. This council, after considering the financial implications and consulting tenants, determined that the average increase should be limited to 5.5%, with the loss of income being recouped through the future application of rent convergence from the lower base.
8. For 2009/10, the government has set a national average rent increase of 6.2%, based on September RPI of 5% (see para 9) and convergence in 2024. Caps and limits will again apply to individual rents, with allowance made in 2010/11 guideline rent. The

government has also announced that its intention is that the 2010/11 national average rent increase will be 6.1%.

### National and local context

9. The national rent increase of 6.2% is based on September 2008 RPI of 5%. This was the month in which RPI peaked, having since declined to 0.9% in December, as illustrated in the diagram below, and being forecast to move towards or below zero in the year ahead. This would have called for a national average rent increase of about 9%, which the government mitigated by extension of the convergence date to 2024.



10. Council rents in Norwich are lower than the national average, and the application of the national average increase of 6.2% through the rent restructuring formula on our rents (a base further lowered by the effect of last year's reduced increase – see para 7) would require an increase of 6.46%.
11. Rent income is a critical factor in the Housing Revenue Account Business Plan, which has recently been updated. This update has confirmed the finding of the 2005 Stock Option Appraisal that although the Council is able to finance reaching the Decent Homes Standard, in the medium and long term there are inadequate resources to maintain service and investment standards.
12. If rent income (net of the guideline rent clawback) is less than the level anticipated in the Business Plan, the funding gap will grow and therefore the length of time that the stock can be properly maintained will shorten. Conversely, rent income in excess of Business Plan expectations will extend the period over which the necessary investment in stock can be maintained.
13. Because of the impact of the factors set out above, rent increases of a similar size are being considered by both stock-retaining and ALMO authorities across the country. Many are considering to what extent their financial position allows them to mitigate the increases, with varying degrees of success.
14. 59% of tenants are in receipt of Housing Benefit, which will increase to cover the increased rent under all of the options 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.

## Income for 2009/10

15. Rental income from dwellings before the rent increase is predicted to reduce only very marginally, as the rate of disposals and RTB sales has slumped owing to the “credit crunch” and the consequent fall in property values and the availability of credit.
16. In 2008/09 the HRA paid £5.98 million to the Government in what is called negative subsidy. It is calculated that the subsidy payment in respect of 2009/10 rents will increase by £2.93 million, incorporating the government’s assumption of a 6.2% rent increase.

## Rent Increase Considerations

17. For 2009/10 a number of options have been considered for the increase of dwelling rent charges:

Option	Increase %	Increase £	Description	Income £000s
1	6.09%	£3.56	Matches net loss of Housing Subsidy	£2,786k
2	6.37%	£3.72 + 16p	Matches gross loss of Housing Subsidy	£2,913k + £127k
3	6.41%	£3.75 + 19p	Matches Business Plan assumptions	£2,932k + £18k
4	6.46%	£3.78 + 22p	Strict application of Rent Formula	£2,958k + £26k

18. Tenants have been briefed on several occasions, giving the background to the options and analysis of the impact of options, both generally and the above specifically. The outcome of the discussions has been that tenants have expressed dissatisfaction at the magnitude of the increases, but recognition that the council is obliged to raise sufficient income to pay for investment and services.
19. The system of caps and limits means that the maximum increase any individual tenant would receive is 5.5% plus £2.00. The 59% of tenants in receipt of housing benefit will have the increases covered by increased benefit.

## Relationship with Investment Strategy & Housing Revenue Account budgets

20. The relationship of rents with the Investment Strategy and the HRA revenue budgets is incorporated in detail within the HRA Business Plan.
21. The impact of the level of rent increases on the Investment Strategy, in general, is in the long term. Low rent income reduces the resources available for investment, so that non-essential works will need to be curtailed earlier, while high rent income would postpone the need for curtailing non-essential works.
22. The impact of the rent increase on the HRA revenue budgets will be in the Rent Income budget (reflecting the gross amount chargeable) and the Provision for Bad Debt budgets (reflecting the amounts collected and the arrears considered to be collectable).

## Recommended Rent Increase

23. The following table sets out the range of increases tenants would receive in April 2008 if the recommendations of this report are agreed.

**Table 2 – Range of rent increases (excluding Caring Agency leased properties)**

Increase from £	Increase to £	Number tenants receiving increase in each range	% of tenants receiving increase in each range
1.00	1.49	1	Less than 1%
1.50	1.99	0	None
2.00	2.49	0	None
2.50	2.99	78	Less than 1%
3.00	3.49	4155	26.26%
3.50	3.99	7012	44.32%
4.00	4.49	4360	27.55%
4.50	4.99	190	1.20%
5.00	5.49	13	Less than 1%
5.50	5.99	11	Less than 1%

## Future Rent Levels

24. As set out in para 8, the government anticipates a national average increase of 6.1% in 2010/11. The impact in Norwich is again likely to be slightly higher, owing to the low base rent.
25. The government's rent policy for 2011/12 and thereafter is likely to remain based on rent restructuring. However, the implementation of this policy and its effects on annual rent increases will not be clear for some time. The financial consequences are likely to be incorporated into the government's next Comprehensive Spending Review covering the period from 2011, and this should give some certainty around future trends in rents.

## Service Charges Increases

26. Members are asked to agree the following increase of garage and parking bay rents in line with the recommendation for dwelling rents set out above:

Increase:	6.41%
Additional Income to be Generated	£69,880

27. The increase to Premises Manager and Window Cleaning service charges should be set to recover the cost of the services. Costs and charges are currently under review, and consultation will follow. Members are asked that the approval of the exact charges be delegated to the Director of Regeneration & Development in line with the principle of recovering costs.

28. The increase to Sheltered Housing and Good Neighbour service charges should be set to recover the cost of the service. Increases are also linked to Supporting People funding, determined by the County Council. Costs and charges are currently under review, and consultation will follow. Members are asked that the approval of the exact charges be delegated to the Director of Regeneration & Development in line with the principle of recovering costs.
29. The increase to District Heating charges should be set to recover the cost of the service. However, charges paid by district heating scheme users currently vary, in part depending on when the schemes were built and the fuel used. A percentage increase would widen the difference paid for basically the same service. It is therefore proposed that a review of both the amount and distribution of costs is undertaken, together with a review of the bases of charge, and consultation will follow. Members are asked that the approval of the exact charges be delegated to the Director of Regeneration & Development in line principle of recovering costs.

### **General Fund Dwellings**

30. General Fund dwellings are rented to tenants on the same basis as HRA properties but as values are significantly higher (average value is £63,245 as opposed to £35,547 for HRA properties at January 1999 values), formula rents are correspondingly higher (£84.77 per week as opposed to £70.38 for HRA properties). Therefore, when applying the Government's guidelines for the calculation of HRA dwelling rents, moderated to the same extent as HRA rents, the percentage by which the resulting rents increase is higher for General Fund dwellings (6.55%) than HRA dwellings (6.41%).
31. In line with the recommendation for HRA dwelling and garage and parking bay rent, the recommended increase in General Fund dwelling rents, is as detailed in the table below.

Increase:	6.55%
Weekly Rent Increase	£4.34
Additional Income to be Generated	£27,966

### **Consultation with Tenants and Leaseholders**

32. Tenant and Leaseholder representatives have been briefed on the proposed rent and other charge increases on 29 January 2009, following discussion at CityWide Board and the Sheltered Tenants Federation in December 2008. Comments are to be reported to the Executive at the meeting.

## Report for Resolution

**Report to** Executive  
18 February 2009

**Report of** Director of Regeneration & Development and Chief Financial Officer

**Subject** Housing Revenue Account Budget 2009/10

13

### Purpose

The purpose of this report is to present the Housing Revenue Account (HRA) budgets for 2009/10 for the approval of the Executive and recommendation to Council.

### Recommendations

1. That the Executive recommend to Council the Housing Revenue Account budgets for 2009/10, as shown in Appendices 1 and 2, or as amended;
2. That the Executive recommend to Council the minimum level of HRA Balances as £2.5m as advised by the Chief Financial Officer and as shown in Appendix 3;
3. That the Executive notes the closure of the Repairs Holding Account and the transfer of the balance on the Repairs Holding Account into the Housing Revenue Account Balance.

### Financial Consequences

This report sets the budget for the Housing Revenue Account for 2009/10 financial year.

### Risk Assessment

This is set out in Appendix 3 and informs the Chief Financial Officer's advice.

### Executive Members

Councillor Arthur, Housing and Adult Services  
Councillor Waters, Corporate Governance & Resources

### Corporate Objective/Service Plan Priority

Strive for sufficient, good quality, affordable housing, providing choice and accessibility.

### Contact Officers

Jerry Massey, Director of Regeneration & Development	01603 212225
Barry Marshall, Chief Financial Officer	01603 212556
Mark Smith, Financial Control Manager	01603 212561

## **Report**

### **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.
2. The HRA is a complex account, the format of which is prescribed by Government. For ease of understanding the financial information in this report is provided in an analysis format focusing on service expenditure. The full statutory HRA is supplied in Appendix 1.
3. The proposed budgets have been drawn up within the framework of the Corporate Plan, Corporate Medium Term Financial Strategy, the Neighbourhood & Strategic Housing Service’s Service Plan, the HRA Business Plan, and the Housing Asset Management Plan.

### **Financial Planning for the HRA**

4. The HRA element of the Medium Term Financial Strategy anticipated that the budgeted surplus in 2008/09 of £1.14m would become a deficit of £1.49m in 2009/10, based on an increase of £2.76m in the Revenue Contribution to Capital Outlay (to fund the Additional Windows Programme) and an assumption of relative stability in rents, subsidy and capital charges.
5. The budget proposals for 2009/10 include the same Revenue Contribution to Capital, plus a supplementary Revenue Contribution to Capital, but there have been significant changes to the rent restructuring, Housing Subsidy, and the treatment of Depreciation.
6. The proposed budget is now a deficit of £4.47m, an increase of £2.98m over the planned deficit. Details of proposed budget movements are set out in following paragraphs, but significant net changes between the anticipated and now proposed deficits include:
  - Supplementary Revenue Contribution to Capital (£1.6m)
  - Impact of the recession (loss of interest £0.2m, reduced commercial rents £0.2m, reduced RTB sales £0.1m);
  - Increased costs of Repairs (Void refurbishment £1.1m, Asbestos Testing/Fire Assessment £0.2m, Contract variations £0.2m)
7. To offset these and other proposed increases, savings proposals are also included in the proposed budget movements detailed in this report.

## Summary HRA Budget 2008/09 into 2009/10

8. The following table shows the proposed budget in summarised statutory form. The full statutory account is shown in Appendix 1.

<b>Best Value Division of Service</b>	<b>2008/09 Original Budget</b>	<b>2009/10 Draft Budget</b>
Repairs & Maintenance	12,600,00	14,067,534
Rents, Rates, & Other Property Costs	54,100	90,240
General Management	9,078,620	9,929,132
Special Services	5,799,320	6,323,830
Depreciation & Impairment	16,027,400	10,192,600
Provision for Bad Debts	150,000	150,000
Dwelling Rents	(45,948,300)	(48,879,800)
Garage & Other Property Rents	(2,380,599)	(2,235,930)
Housing Subsidy	5,983,000	8,768,600
Service Charges – General	(2,968,510)	(2,708,018)
Service Charges - District Heating	(20,200)	(29,150)
Miscellaneous Income	(95,066)	(95,066)
Adjustments & Financing Items	1,798,200	9,929,400
Amenities shared by whole community	(836,200)	(836,200)
Interest Received	(385,000)	(192,850)
<b>Total HRA (Surplus)/Deficit</b>	<b>(1,143,235)</b>	<b>4,474,322</b>

9. In broad terms, the movement from £1.14m surplus to £4.47m deficit can be analysed as follows:

<b>Subjective Group</b>	<b>Budget Movement</b>
Base Budget 2008/09	(1,143,235)
Decreased Income	929,029
Increased Income	(3,092,738)
General Inflation	243,154
Payroll Inflation	183,960
Unavoidable Growth	8,225,947
Discretionary Growth	381,140
Savings	(1,321,805)
Budget Transfer	68,870
<b>BUDGET 2009/10</b>	<b>4,474,322</b>

10. For management purposes, the HRA is divided into four divisions of service. Appendix 2 shows the proposed budget movements within each division of service. The following paragraphs and tables set out the reasons for significant movements, which make up the movements summarised above. These tables list significant variances only and therefore will not exactly equal the summary totals.



## General Management

11. General Management covers services and other operational costs provided to all tenants as a whole.
12. It is proposed to include a £300,000 Contingency budget to finance service improvements, including those arising from the outcome of the recent Inspection, which would be allocated in support of a Housing Improvement Plan subject to the approval of the Executive.
13. Increased Income

<b>Increased Income</b> Subjective Description	Budget Movement £	Reason for Budget Movement
Commission (Anglian Water)	(13,660)	Based on 06/07 & 07/08 actuals

## 14. Decreased Income

<b>Decreased Income</b> Subjective Description	Budget Movement £	Reason for Budget Movement
Other Grants, Reimbursements & Contributions	8,000	Income from CLG re: Tenant survey every 2yrs (corresponding spend reduced)
Insurance Commission	12,970	Based on 08/09 actuals & 25% reduction in premiums price
Other Grants	24,490	Specialist funding ceased (corresponding saving)
Admin Costs RTB Receipts	104,700	Assume 20 RTB sales at £2,541 + 2 years' RPI

## 15. Savings

<b>Savings</b> Subjective Description	Budget Movement £	Reason for Budget Movement
Miscellaneous Other	(135,850)	Incorrect budget set on Families Unit 08/09
Salaries Full Time	(80,540)	Head of Housing Management position disestablished & position now held within GF with proposed recharge back to HRA (75%)
Salaries Full Time	(59,200)	AD Neighbourhoods now held in GF. Est'd 50% saving, 50% recharge from GF transferred to 710110 5030.
Pool Car Expenditure	(45,480)	Procurement & utilisation efficiencies
Staff Conference & Courses	(30,000)	No longer responsible for activity
Funding paid to ext agencies	(25,680)	Specialist funding ceased
Salaries Full Time	(20,700)	Post duplicated in 2008/09 budget
Professional Advice / Fees	(20,200)	Less usage
Advertising Staff Recruitment	(17,700)	Expected credit from HR iro advertising costs
Salaries Full Time	(13,090)	Savings made on new starters
Salaries Full Time	(12,340)	Arrears Assistant post HLASA7 to be disestablished

<b>Savings</b> Subjective Description	Budget Movement £	Reason for Budget Movement
Professional Advice / Fees	(11,950)	Mediation service as per contract price
Salaries Full Time	(11,050)	New starter in manager post
Miscellaneous Other	(10,000)	No budget set for enquiry fee income in 2008/09
Taxi Contract	(9,930)	Efficiency saving based on 2008/09 actual expenditure
Pool Car Expenditure	(9,380)	Based on 08/09 actuals
Salaries Full Time	(9,230)	Adjustment re grading of post
Postages General	(8,340)	Overall saving on postage costs redistributed through GM
Legal Expenses	(8,000)	Reduction in cases (6 @ £4,000 per case)
Loose Furniture & Fittings	(8,000)	Reduced as per Head of N&S Housing
Pool Car Expenditure	(6,200)	Reduction in contract costs
Stationery	(6,040)	Cut based on 07/08 actuals
Professional Advice / Fees	(6,000)	Holden McAllister review not required in 09/10
Pool Car Expenditure	(5,780)	Procurement & utilisation efficiency
Professional Advice / Fees	(5,000)	£190k provision required for recharge from HELM for contract relet, less £5,000 original budget saving
Other Distribution Services	(4,570)	Cut - based on 3x Tenant Talk @ £38.83ea + 1000 x 4 mailings for consultation/focus groups 2nd class (0.193)

#### 16. Unavoidable Growth

<b>Unavoidable Growth</b> Subjective Description	Budget Movement £	Reason for Budget Movement
Salaries Full Time	8,640	Adjust Head of Landlord Services post to Head of Neighbourhood & Strategic Housing
Professional Advice / Fees	20,630	Audit fee 2009/10
Salaries Full Time	106,130	Allowance for increment changes & pension inflation
Salaries Full Time	32,780	Customer Liaison post approved in establishment 2008/09 added into budget
Salaries Full Time	48,980	Neighbourhood Services post agreed in 08/09 added into budget
HRA Recharges	56,000	Community Engagement support to Tenant Participation
Salaries Full Time	72,230	HPS posts established 2008/09 added into budget
HRA Recharges	76,047	2 x Community Engagement Officers recharged to HRA
Norwich Connect Recharge	87,850	Contractual adjustments re change notices etc
Salaries Full Time	95,640	Neighbourhood Services posts approved in establishment added into budget
Recharges from Contracts	190,000	Recharge Reprovisioning costs 2/3 to HRA pro rata to contract values

## 17. Discretionary Growth

<b>Discretionary Growth</b> Subjective Description	Budget Movement £	Reason for Budget Movement
Advertising Staff Recruitment	18,700	Advertising costs for vacancies
Miscellaneous Other	300,000	Funding for actions arising from Housing Improvement Plan

## Special Services

18. 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.

## 19. Decreased Income

Subjective Description	Budget Movement £	Reason for Budget Movement
Fees & Charges Misc Other	34,370	Premises Manager income budgeted for in 08/09 not yet achieved

## 20. Savings

Subjective Description	Budget Movement £	Reason for Budget Movement
Salaries Full Time	(58,660)	Overtime provision decreased
Rent Emoluments Housing Staff	(31,340)	Winchester Tower no longer occupied by a Premises Manager
Electricity Landlords Lighting	(11,870)	Based on 07/08 actuals
Electricity	(6,000)	Based on 07/08 actuals

## 21. Unavoidable Growth

Subjective Description	Budget Movement £	Reason for Budget Movement
Salaries (Premises Manager)	36,170	PM Increase in overtime paid to meet EU Working Time Directive
Cleaning Equipment Repairs/Maintenance	5,400	City Care Contract J price indices uplift
Fuel Oil	17,510	Oil prices based on 07/08 actuals
Salaries Full Time	20,290	Post in establishment added into budget
Landlords Lighting Programmed Maintenance	20,360	Based on 07/08 actuals
Gas	52,940	Winchester Tower conversion to gas from oil
Gas	324,300	Based on 07/08 actuals (average per dwelling basis)

## 22. Discretionary Growth

Subjective Description	Budget Movement £	Reason for Budget Movement
Fixed Furniture/Fittings (Premises Managers)	10,000	Refurbishment of mess rooms
Fixed Furniture/Fittings (Sheltered Housing)	40,000	New carpets required in 3 Sheltered schemes (not replaced for 20yrs)

## Repairs & Maintenance

23. Repairs & Maintenance covers responsive repairs and some planned maintenance of the housing stock.
24. In previous years, Repairs & Maintenance have been accounted for within a Repairs Holding Account, to which expenditure was charged and contributions made from the HRA, in order to smooth the levels of costs across financial years and thereby reduce volatility in rent increases. To operate such an account is no longer regarded as a proper accounting practice, and Repairs & Maintenance is therefore now accounted for directly in the HRA. The balance on the Repairs Holding Account will be consolidated into the HRA Balance in the current financial year.
25. A large increase in the Voids budget is proposed. In the last couple of years, costs have exceeded budget by £1m+, owing to increases in void numbers, increases in the amount of refurbishment work required, and the improvement in void turnaround times. The voids budget originally separated out from the Responsive Repairs budget is not sufficient to cover these costs. In the current year, these additional costs have been covered by savings in other budgets. Some of these savings will not be repeated in 2009/10, and some are now shown separately under "Savings", so that the required growth is shown gross below.

## 26. Contractual Inflation

Subjective Description	Budget Movement £	Reason for Budget Movement
Gas Cent Heating Repairs	23,580	Citycare Contract K price indices uplift
Void Repairs	59,600	Citycare Contract F price indices uplift on extra Voids
Void Repairs	145,404	Citycare Contract F price indices uplift on base

## 27. Savings

Subjective Description	Budget Movement £	Reason for Budget Movement
Exterior Painting	(464,540)	Saving on Citycare Contract H1
General Repairs	(70,040)	Saving on Citycare Contract F

Subjective Description	Budget Movement £	Reason for Budget Movement
Promotions & Publicity	(7,000)	Saving on Leave it Clean Scheme - 150 cases @ £100
Contribution to PACT Scheme	(5,000)	Saving based on previous years actuals

## 28. Unavoidable Growth

Subjective Description	Budget Movement £	Reason for Budget Movement
Professional Advice / Fees	30,000	Relet of new contract legal fees
Intra-Service Recharges	35,550	Out of Hours Dockets unbudgeted 2008/09 (5020pa @ 7.08)
Void Repairs	41,880	Void Costs unbudgeted in error in 2008/09
Professional Advice / Fees	50,000	Contract Relet Costs
Professional Advice / Fees	80,000	Energy Performance Certificates required under new legislation
Asbestos Register Survey	100,000	Accelerated Testing Programme
Professional Advice / Fees	100,000	Fire Assessment required under new legislation
Gas Cent Heating Repairs	120,000	Citycare Direct Costs unbudgeted in error in 2008/09 - £20k responsive & £100k additional properties
Intra Directorate Recharges	224,320	Former contribution from Repairs Holding Account funded directly in HRA
Void Repairs	1,000,000	Increase Voids budget to meet demand

## HRA Financing Items

29. HRA Financing Items covers all other transactions in the HRA, including income, capital charges, and Housing Subsidy.
30. Movements in Dwelling Rent and Garage Rent budgets are based upon the rates of increase set out in the Rent Income report elsewhere on this agenda. Other than the movements set out below and linked to other movements proposed in this report, service charge income budgets have not been adjusted to take account of the ongoing reviews and consultation exercises.
31. There are large technical accounting movements proposed in budgets for Housing Subsidy, Depreciation, and other financing items as a result of the outcome of the Housing Subsidy Determination, changes in the basis of the calculation of depreciation.
32. The proposed £2.757m increase in the Revenue Contribution to Capital Outlay is as has been planned to accelerate the Additional Windows Programme, in order to finance the Housing Capital Programme which is the subject of a separate report on this agenda.

### 33. Increased Income

Subjective Description	Budget Movement £	Reason for Budget Movement
Rents Dwelling	(2,931,500)	Increase in Dwelling Rent as per proposed 6.41% increase
Rents Garages	(69,880)	Increase in Garage Rents as per Dwelling Rents
Service Charges General (Tenants)	(59,290)	Service Charges – General
District Heating Cost - Other Local Authorities	(8,950)	District Heating - Other Authorities
Service Charges Gas (Tenants)	(7,240)	Service Charges - District Heating

### 34. Decreased Income

Subjective Description	Budget Movement £	Reason for Budget Movement
Loans Pool Interest	188,250	Reduction in Interest expected to HRA contra 511020 9438
Rents Garages	214,549	Shops & Land now separated but lower income (£189k shops, £25k garages)
Service Charges PM/SH/GN	325,020	Reduction in Premises Manager income since increased charges not implemented in 2008/09

### 35. Unavoidable Growth

Subjective Description	Budget Movement £	Reason for Budget Movement
Revenue Contribution to Cap Outlay (planned)	2,757,000	Increase in RCCO as per Capital Plan to fund Decent Homes & Additional Windows
Revenue Contribution to Cap Outlay (supplementary)	1,557,000	Increase in RCCO to cover Capital Financing shortfall in 2009/10
Capital Charges & Depreciation	(2,017,600)	Adjustments to budgets for Capital Charges and Depreciation & Impairment to meet proper accounting requirements and reflect Housing Subsidy determination
Housing Subsidy	2,785,600	Increase in negative Housing Subsidy as per Determination and Capital Charges offset by income from rent increase.
Rents General	13,730	Based on 12m @ 335.83 (32 The Lathes) + 13095 (Bacon Hse, Colegate).
Council Tax	14,460	Council Tax on Void Properties

## HRA Balances

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

<i>Item</i>	<i>£000</i>
Brought Forward from 2007/08	(8,745)
Forecast Outturn 2008/09	170
Transfer from Repairs Holding Account	(846)
Carried Forward to 2009/10	(9,421)
Original Budget 2009/10	4,474
Carried Forward to 2010/11	(4,947)

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

37. Section 25 of the Local Government Act 2003 requires that the Chief Financial Officer of the Council (which in the case of Norwich City Council is the Head of Finance) reports to members on the robustness of the budget estimates and the adequacy of Council's reserves.
38. The Head of Finance 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

39. 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 with the use of a 'star chamber' undertaken by senior Council managers. As with all future estimates there is a level of uncertainty and this has been taken into when assessing the levels of reserves.
40. Allowing for the above comment on uncertainty it is the opinion of the Head of Finance that in the budgetary process all reasonable steps have been taken to ensure the robustness of the budget.

### Reserves

41. A risk assessment has been undertaken to determine the level of general reserves required by the Council, attached as Appendix 3.
42. In making a recommendation for the level of reserves the Head of Finance has followed guidance in the CIPFA LAAP Bulletin 77 – Guidance notes on Local Authorities Reserves and Balances.

43. 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.
44. Earmarked reserves remain legally part of the General Fund although they are accounted for separately.
45. There are also a range of safeguards in place that help to prevent local authorities over-committing themselves financially. These include:
- the balanced budget requirement (England, Scotland and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992)
  - 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))
  - the requirements of the Prudential Code
  - auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.
46. Whilst it is primarily the responsibility of the local authority and its chief financial 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**

47. 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.
48. The risk analysis attached as Appendix 3 shows that an adequate level of reserves for the Council will be in the order of £2.5 million.



<b>Housing Revenue Account</b>	<b>2008/09 £000s</b>	<b>2009/10 £000s</b>	<b>Change +/(–)</b>
Repairs & Maintenance	12,600	14,068	1,468
Rents, Rates, & Other Charges	54	90	36
General Management	9,072	9,929	857
Special Management	5,806	6,324	518
Depreciation	15,949	10,120	(5,829)
Debt Management Expenses	79	73	(6)
Provision for Bad Debts	150	150	0
<b>Subtotal Expenditure</b>	<b>43,709</b>	<b>40,753</b>	<b>(2,956)</b>
Rent - Dwellings	(45,948)	(48,880)	(2,932)
Rent - Garages, Shops, and Land	(2,381)	(2,236)	145
Housing Revenue Account Subsidy	5,983	8,769	2,786
Service Charges	(2,969)	(2,708)	260
District Heating - Other Authorities	(20)	(29)	(9)
Miscellaneous	(95)	(95)	(0)
<b>Subtotal Income</b>	<b>(45,430)</b>	<b>(45,179)</b>	<b>250</b>
<b>Net Cost of Services</b>	<b>(1,720)</b>	<b>(4,426)</b>	<b>(2,706)</b>
Debt Charges	4,219	1,924	(2,295)
Amenities shared by whole community	(836)	(836)	0
Premium for early repayment of debt	795	646	(149)
Interest	(385)	(193)	192
<b>Net Operating Expenses</b>	<b>2,073</b>	<b>(2,885)</b>	<b>(4,958)</b>
Item 8 Credit	(6,501)	(240)	6,261
Revenue Contributions to Capital	3,245	7,559	4,314
Contribution to MRP (HRA set-aside)	41	41	0
<b>DEFICIT/(SURPLUS) FOR YEAR</b>	<b>(1,143)</b>	<b>4,474</b>	<b>5,618</b>
Transfer to/(from) Working Balance	1,143	(4,474)	
<b>DEFICIT/(SURPLUS)</b>	<b>(0)</b>	<b>0</b>	

### Housing Revenue Account - Statutory Format

Subjective Group	Base Budget	Decreased Income	Increased Income	General Inflation	Payroll Inflation	Unavoidable Growth	Discretionary Growth	Savings	Budget Transfer	BUDGET 2009/10
Repairs & Maintenance	0	2,150	0	229,594	0	1,784,260	0	(548,470)	12,600,000	<b>14,067,534</b>
Rents, Rates, & Other Property Costs	54,100	0	0	0	0	36,140	0	0	0	<b>90,240</b>
General Management	9,078,620	150,160	(13,660)	8,420	105,230	826,947	321,850	(610,505)	62,070	<b>9,929,132</b>
Special Services	5,799,320	40,780	0	5,140	78,730	496,600	59,290	(162,830)	6,800	<b>6,323,830</b>
Depreciation & Impairment	28,627,400	0	0	0	0	(5,834,800)	0	0	(12,600,000)	<b>10,192,600</b>
Provision for Bad Debts	150,000	0	0	0	0	0	0	0	0	<b>150,000</b>
Dwelling Rents	(45,948,300)	0	(2,931,500)	0	0	0	0	0	0	<b>(48,879,800)</b>
Garage & Other Property Rents	(2,380,599)	214,549	(69,880)	0	0	0	0	0	0	<b>(2,235,930)</b>
Housing Subsidy	5,983,000	0	0	0	0	2,785,600	0	0	0	<b>8,768,600</b>
Service Charges - General	(2,968,510)	329,240	(68,748)	0	0	0	0	0	0	<b>(2,708,018)</b>
Service Charges - District Heating	(20,200)	0	(8,950)	0	0	0	0	0	0	<b>(29,150)</b>
Miscellaneous Income	(95,066)	0	0	0	0	0	0	0	0	<b>(95,066)</b>
Adjustments & Financing Items	1,798,200	0	0	0	0	8,131,200	0	0	0	<b>9,929,400</b>
Amenities shared by whole community	(836,200)	0	0	0	0	0	0	0	0	<b>(836,200)</b>
Interest Received	(385,000)	192,150	0	0	0	0	0	0	0	<b>(192,850)</b>
<b>TOTAL HOUSING REVENUE ACCOUNT</b>	<b>(1,143,235)</b>	<b>929,029</b>	<b>(3,092,738)</b>	<b>243,154</b>	<b>183,960</b>	<b>8,225,947</b>	<b>381,140</b>	<b>(1,321,805)</b>	<b>68,870</b>	<b>4,474,322</b>

### HRA General Management

Subjective Group	Base Budget	Decreased Income	Increased Income	General Inflation	Payroll Inflation	Unavoidable Growth	Discretionary Growth	Savings	Budget Transfer	BUDGET 2009/10
Employees	4,603,490	0	0	0	105,230	370,680	17,430	(228,480)	(102,000)	<b>4,766,350</b>
Premises	294,495	0	0	8,415	0	11,390	0	(4,690)	0	<b>309,610</b>
Transport	220,660	0	0	0	0	6,580	4,630	(78,960)	(13,030)	<b>139,880</b>
Supplies & Services	956,815	0	0	5	0	28,400	299,790	(303,745)	91,010	<b>1,072,275</b>
Recharge Expenditure	5,090,070	0	0	0	0	409,897	0	0	86,090	<b>5,586,057</b>
Receipts	(520,510)	125,670	(13,660)	0	0	0	0	5,370	0	<b>(403,130)</b>
Government Grants	(233,300)	24,490	0	0	0	0	0	0	0	<b>(208,810)</b>
Recharge Income	(1,333,100)	0	0	0	0	0	0	0	0	<b>(1,333,100)</b>
<b>TOTAL DIVISION OF SERVICE</b>	<b>9,078,620</b>	<b>150,160</b>	<b>(13,660)</b>	<b>8,420</b>	<b>105,230</b>	<b>826,947</b>	<b>321,850</b>	<b>(610,505)</b>	<b>62,070</b>	<b>9,929,132</b>

### HRA Special Services

Subjective	Base Budget	Decreased Income	Increased Income	General Inflation	Payroll Inflation	Unavoidable Growth	Discretionary Growth	Savings	Budget Transfer	BUDGET 2009/10
Employees	1,729,970	0	0	0	78,730	56,460	0	(98,670)	0	<b>1,766,490</b>
Premises	3,235,210	1,460	0	3,340	0	430,990	50,910	(55,840)	6,800	<b>3,672,870</b>
Transport	62,500	0	0	1,120	0	250	1,330	(4,670)	0	<b>60,530</b>
Supplies & Services	627,340	0	0	680	0	8,900	7,050	(3,650)	0	<b>640,320</b>
Recharge Expenditure	656,840	0	0	0	0	0	0	0	0	<b>656,840</b>
Receipts	(512,540)	39,320	0	0	0	0	0	0	0	<b>(473,220)</b>
<b>TOTAL DIVISION OF SERVICE</b>	<b>5,799,320</b>	<b>40,780</b>	<b>0</b>	<b>5,140</b>	<b>78,730</b>	<b>496,600</b>	<b>59,290</b>	<b>(162,830)</b>	<b>6,800</b>	<b>6,323,830</b>

### HRA Repairs

Subjective	Base Budget	Decreased Income	Increased Income	General Inflation	Payroll Inflation	Unavoidable Growth	Discretionary Growth	Savings	Budget Transfer	BUDGET 2009/10
Premises	10,621,270	0	0	229,594	0	1,264,390	0	(541,470)	0	<b>11,573,784</b>
Supplies & Services	52,000	0	0	0	0	260,000	0	(7,000)	0	<b>305,000</b>
Recharge Expenditure	2,383,400	0	0	0	0	35,550	0	0	0	<b>2,418,950</b>
Receipts	(232,350)	2,150	0	0	0	0	0	0	0	<b>(230,200)</b>
Recharge Income	(12,824,320)	0	0	0	0	224,320	0	0	12,600,000	<b>0</b>
<b>TOTAL DIVISION OF SERVICE</b>	<b>0</b>	<b>2,150</b>	<b>0</b>	<b>229,594</b>	<b>0</b>	<b>1,784,260</b>	<b>0</b>	<b>(548,470)</b>	<b>12,600,000</b>	<b>14,067,534</b>

### HRA Financing Items

Subjective	Base Budget	Decreased Income	Increased Income	General Inflation	Payroll Inflation	Unavoidable Growth	Discretionary Growth	Savings	Budget Transfer	BUDGET 2009/10
Premises	54,100	0	0	0	0	36,140	0	0	0	<b>90,240</b>
Supplies & Services	150,000	0	0	0	0	0	0	0	0	<b>150,000</b>
Recharge Expenditure	13,395,000	0	0	0	0	(149,400)	0	0	(12,600,000)	<b>645,600</b>
Capital Charges	20,286,900	0	0	0	0	(8,369,500)	0	0	0	<b>11,917,400</b>
Receipts	(51,797,675)	735,939	(3,079,078)	0	0	0	0	0	0	<b>(54,140,814)</b>
Government Grants	5,983,000	0	0	0	0	2,785,600	0	0	0	<b>8,768,600</b>
Recharge Income	(7,337,500)	0	0	0	0	6,501,300	0	0	0	<b>(836,200)</b>
Rev Contribs to Capital	3,245,000	0	0	0	0	4,314,000	0	0	0	<b>7,559,000</b>
<b>TOTAL DIVISION OF SERVICE</b>	<b>(16,021,175)</b>	<b>735,939</b>	<b>(3,079,078)</b>	<b>0</b>	<b>0</b>	<b>5,118,140</b>	<b>0</b>	<b>0</b>	<b>(12,600,000)</b>	<b>(25,846,174)</b>

**Estimate of prudent level of HRA reserves 2009/10**

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<u>Description</u>	<u>Level of risk</u>	<u>Amount at risk</u>	<u>Risk</u>
Employee Costs	<i>High</i>	6,532,840	32,664
Supplies and Services	<i>High</i>	2,167,595	5,419
Premises Costs	<i>High</i>	4,072,720	10,182
Transport Costs	<i>High</i>	200,410	501
Contracted Services	<i>Medium</i>	11,573,784	86,803
Fees and Charges	<i>Medium</i>	1,315,360	19,730
Investment Income	<i>Medium</i>	192,500	5,775
Rents & Service Charges	<i>Low</i>	54,140,814	135,352
Subsidy & Finance Items	<i>Medium</i>	20,686,000	41,372
Total One Year Operational Risk			337,799
<b>Allowing three years cover on operational risk</b>			<b>1,013,396</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>2,513,396</b>

## Operational cost risk profiles

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		<i>Low Risk</i>	<i>Med Risk</i>	<i>High Risk</i>
Employee Costs	overspend	1.00%	2.50%	5.00%
	probability	25.0%	15.0%	10.0%
	amount at risk	16,332	24,498	32,664
Supplies and Services	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	2,168	4,064	5,419
Premises Costs	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	4,073	7,636	10,182
Transport Costs	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	200	376	501
Contracted Services	overspend	5.00%	10.00%	15.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	57,869	86,803	86,803
Fees and Charges	Shortfall	5.00%	10.00%	15.00%
	probability	25.0%	15.0%	10.0%
	amount at risk	16,442	19,730	19,730
Investment Income	Shortfall	10.00%	20.00%	30.00%
	probability	20.0%	15.0%	10.0%
	amount at risk	3,850	5,775	5,775
Rents & Service Charges	Shortfall	1.00%	1.50%	2.00%
	probability	25.0%	15.0%	5.0%
	amount at risk	135,352	121,817	54,141
Subsidy & Finance Items	Shortfall	1.00%	2.00%	3.00%
	probability	15.0%	10.0%	5.0%
	amount at risk	31,029	41,372	31,029

## **Report for Resolution**

**Report to** Executive  
18 February 2009  
**Report of** Head of Finance  
**Subject** Capital Strategy

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### **Purpose**

To enable the Executive to recommend an updated Capital Strategy to Council.

### **Recommendations**

The Executive recommends that the Council adopts this Capital Strategy.

### **Financial Consequences**

There are no direct financial consequences of this report. These will be covered by subsequent reports regarding the Annual Capital Programme and the Capital Plan.

### **Risk Assessment**

A detailed risk assessment is included in the body of the report. The key risks associated with the Capital Strategy relate to the generation of funding to enable the investment required to deliver the Council's objectives. The risk of reducing capital receipts due to the economic downturn has manifested itself, and is reflected in this strategy.

### **Strategic Priority and Outcome/Service Priorities**

The report helps to meet the strategic priority "Aiming for excellence – ensuring the Council is efficient in its use of resources, is effective in delivering its plans, is a good employer and communicates effectively with its customers, staff and partners" and the service plan priority ?

**Executive Member:** Councillor Waters - Corporate Resources and Governance

**Ward:** Crome

### **Contact Officers**

Barry Marshall, Head of Finance	01603 212556
Martin Harwood, Capital Programme Manager	01603 212175

### **Background Documents**

None

## **Report**

### **Background**

1. The Council's Capital Strategy plays a key part in delivering the overall vision, objectives and priorities of the Council.
2. The Council's vision, objective and priorities are set out in 'Delivering for Norwich, Corporate Plan 2008/10, and this revised Capital Strategy sets out how the Council might manage its limited Capital resources in the period up to the Unitary decision.
3. Also, over the last three years there has been a significant development of Council strategies and plans, and there are much clearer links between these. The Capital Strategy should allow the Council to deliver its vision, objectives and priorities,
4. A number of processes have also been put in place to strengthen the links between the Council's Capital Plan and Programmes and the Council vision, objectives and priorities. In particular, a Capital Programme Board now meets regularly to review the progress of the Capital Programme and the Capital Plan and its relevance to Council priorities.
5. Since the start of 2008 the recession has been having an increasing impact on the Council's capital resources. The Capital Strategy and consequently the Capital Programmes and Capital Plans, have been reviewed in the light of this.

### **Capital Strategy 2009**

#### **Introduction**

6. As a growing city, Norwich faces many challenges, many of which require capital investment in order to build a successful economic future and secure sustainable growth. With limited assets and limited sources of funding, the challenge of meeting requirements for capital investment becomes more difficult, and the Council must always be seeking opportunities to increase the resources available by constantly reviewing options for its assets, and exploring new sources of funding, especially those available from external sources.
7. Limited funding will always mean that investment options are also limited. The impact of the recession on both investment and funding has been significant. The lack of confidence has restricted or stopped potential sales and receipts. Falling land and property values have reduced the levels of funding anticipated. Restrictions on borrowing have limited the number of sales of Council houses. Falling interest rates have reduced the level of income from funds in hand.
8. With sharply declining expectations for new receipts, the emphasis on gaining external funding has increased. In this respect the Council has been successful in obtaining funding from the Greater Norwich Development Partnership, EEDA, the LEGL programme, and the National Lottery's Big Lottery programme. In addition the Council is still receiving S106 contributions which will form a significant part of the 2009/10 Capital Programme.
9. The Council will be faced with increasingly complex decisions around investment.

Limited resources mean that objectives will need to be prioritised and at times this will mean that difficult decisions have to be made regarding investment options and their timing. It is important therefore, that the Council has robust Strategies, Plans and processes in place to aid and support this decision making.

10. Council Strategies will determine the areas where investment is desirable and are even more important now, in times of limited funding, to prioritise expenditure. Whilst plans, such as the Capital Plan and Asset Management Plans, should determine when these investments are made, The continuing outfall from the recession has meant that these have been severely curtailed.
11. Management processes are in place to ensure that investment and disposal opportunities are prioritised, properly appraised, approved and where possible implemented in the appropriate manner, with the appropriate control and monitoring.
12. The Unitary decision will impact the Capital Strategy in the coming year, and no firm plans can be made until the decision is known. Once the decision is known, work will need to be done to review likely resources and prioritise requirements.

### **Strategic requirements**

13. Any capital investment must be aimed at meeting one or more of the Council's declared strategic requirements. These are currently expressed in the Corporate Plan 2008/10. Although they may change from time to time, to allow the Council to adapt to circumstances it finds itself in, the process supporting the appraisal and evaluation of any capital investment must take into account the declared priorities and outcomes at the time of consideration
14. The current priorities and outcomes are:-
  - To provide a strong and prosperous city
  - To build safe and healthy neighbourhoods
  - To provide opportunities for all
  - To achieve unitary Status for Norwich
15. These objectives are defined in more detail within the Corporate Plan 2008/10 with detailed specific outcomes highlighted under each heading...However the funding available is very limited and this may mean that not all of the outcomes which rely on capital funding will be achievable.

### **Corporate context**

16. The Council's Strategic Framework illustrates how the various Strategies and Plans fit together to enable strategic requirements to be delivered.
17. The Medium Term Financial Strategy sets the overall financial context within which the Capital Strategy fits.
18. The Corporate Property and Housing Asset Management Plans, updates of which



were recently approved by Executive are key to the Capital Strategy as they are the main tools for delivering resources to fund investment, and also will determine much of the investment needs.

19. Their main aims are to:

Develop an asset portfolio which supports the present and the future

Provide for investment and new purchases as well as disposal of assets

Invest in the Heritage portfolio

Maintain a viable Housing stock

20. The Housing Strategy determines the Council's approach to the provision of social housing and in July 2005 the Council resolved to retain its stock of houses.

21. Service Plans are the main tool for delivering the individual investment plans, once they are appraised and approved via the appropriate process.

### **Anticipated resources**

22. Resources available to the Council are currently divided into two funds which match the division of the Council's finances, namely Housing Capital and Non Housing Capital. Both these are now under severe pressure in the current financial climate.

### **Housing Capital resources**

23. There are various sources of capital funding available to the Housing Capital Plan and Programme.

24. Major Repairs Allowance – represents the subsidy from central government towards the cost of maintaining the Councils existing Council Housing Stock, and is based upon the stock levels and condition.

25. Supported Capital Expenditure – is a revenue grant to cover the cost of borrowing, up to the amount specified, to fund the Decent Homes programme. Borrowing levels will be maintained until 2010, when this facility will be withdrawn.

2008/09	2009/10	2010/11	2011/12	2012/13
£2.3m	£2.3m	£1.6m	£0m	£0m

26. Specified Capital Grants are provided by GO East towards the cost of improvements for disabled adaptations. It is assumed for forecasting purposes that the current level of grant will be maintained.

27. Section 106 agreements are negotiated as part of the granting of planning permission and as such will relate to specific allocations for specific areas or schemes. There is no regular income that can be assumed from this source, and the reduction in the level of development, caused by the recession, is likely to reduce funds available in

the medium term.

28. Contributions from Leaseholders arise from contributions made for specific capital works carried out on leasehold properties and represents leaseholders share of the cost of capital works. This can generally be assumed to be a given percentage of the cost of the works carried out, based upon the percentage of leasehold properties across the portfolio of former Council Homes.
29. Capital Receipts are derived from various sources, the main ones being "Right To Buy" receipts (arising from the sale of Council Homes and ring fenced for works to Public Sector Housing), and land sales (arising from the sale of former Housing Land and ring fenced for grants to Registered State Landlords for the purposes of contributing towards the construction of new Social Housing).
30. With a declining Council House asset base, the opportunity to realise receipts from sales will diminish as the stock falls. The recession has had a dramatic adverse impact on the receipts in 2008/09. With mortgages difficult to obtain and house prices falling, the capital receipts from this source are dramatically decreased from previous levels. The forecast is that next year will be at an even lower level, thus reducing the total capital available for Housing schemes.
31. Receipts from land sales are the major resource for funding grants to Registered State Landlords (Housing Associations) towards the construction of new social housing, and the Councils participation in the Greater Norwich Housing Partnership sets a policy that all of these receipts are recycled into grants. There is an agreed programme and there is no expectation that this policy will change. In July 2008 Executive agreed to amend the price formula used to determine land receipts and capital grants as part of this programme. The net affect of the transactions is still no impact on total receipts, but the adjustment of the price formula is aimed at maintaining the development programme.
32. Revenue contributions are allowed towards capital expenditure and can be used if the revenue account has sufficient funds. Currently the Housing Business Plan forecasts that there will be surplus revenue available to supplement the Housing Capital Plan, which is essential if the Council is to meet the government target for achieving Decent Homes standards by the end of 2010/11, and continue to have appropriate funds for a programme of upgrades.
33. Table 1 shows the anticipated level of funding available for the next 4 years (2008/09 to 2012/13).

**Table 1 Anticipated Housing Capital Funding (draft tbc)**

Resource	2009/10	2010/11	2011/12	2012/13
Major repairs Allowance	9982	9886	10117	10343
Loans (SCE)	2,300	1,610	0	0
Specified Capital Grant	147	147	147	147
S106 agreements	0	0	0	0

<b>Contributions from Leaseholders</b>	250	250	250	250
<b>Capital Receipts</b>	0	0	0	0
<b>Revenue Contributions</b>	?0	?0	?0	?0
<b>Total forecast resources</b>	<b>12,679</b>	<b>11,893</b>	<b>10,514</b>	<b>10,740</b>
NB for drafting info only:  Totals proposed Public Sector programme from Housing Asset Management Strategy/Business Plan	20,876	22,492	14,089	9,968
Shortfall required from revenue	(8197)	(10599)	(3575)	772

34. It should be noted that the Decent Homes programme is scheduled to end in 2010/11, when the funding reduces. Should the same level of investment be required, significant contributions from revenue will be required to match that programme.

### **Non Housing Capital Resources**

35. There are various sources of capital funding available to the Non Housing Capital Plan and Programme.

36. External grants are usually available based upon a bidding process and are project or programme specific. Most grants require “matched funding” (funding from other sources) which may include a required contribution from the Council. Any bids for capital grants are approved by the Capital Programmes Board, to ensure that the limited capital resources available to the Council are used for Corporate Plan priorities, and that the programme is not distorted by the availability of external funding. Sources for external grants may be European Funding, Lottery funding or Central Government.

37. Section 106 agreements are negotiated as part of the granting of planning permission and as such will relate to specific allocations for specific areas or schemes. The time that elapses between the granting of permission and the S106 payment being due means that a prediction of likely income from this source can be made some years in advance, although the timing of receipts is dependant upon developments starting or reaching a particular stage. Again the affects of the recession are being felt as the amount of development, both planned and on site in Norwich decreases, which will mean the funding available in a few years time is likely to decrease.

38. The Local Transport Plan (Norfolk County Council Highways programme) is an annual programme agreed by the Norwich Joint Highways Agency Committee and covers specific approved projects. No assumptions can be made about future funding but specific projects may be approved, based upon a bidding procedure.

39. Capital Receipts are raised from sales of assets, which are mainly land sales. A detailed programme exists which is derived from the Asset Management Plan. Timing of sales is difficult to predict and depends upon a variety of factors. The recession has

already had an impact on this programme, reflecting in aborted sales and reduced receipts.

40. Prudential borrowing is an option available to the Council, should it decide to borrow funds from the market. Rules are in place to ensure that schemes match criteria laid down by central government, and before embarking on this course of funding, a Business Case must be prepared that ensures that any scheme will be self financing. A process is in place to ensure that any scheme is properly evaluated and approved by Council.

41. Table 2 shows the anticipated level of funding available for the next 3 years (2009/10 to 2011/12).

**Table 2 Anticipated Non Housing Capital funding**

Resource	2009/10	2010/11	2011/12
External Grants	735	0	0
Lottery funding	100	0	0
S106 agreements <sup>1</sup>	2915	250	0
Local Transport Plan	0	0	0
Revenue contributions	100	0	0
Other external funding	36	0	0
Capital Receipts	828	408	58
Prudential borrowing	0	0	0
<b>Total forecast resources</b>	<b>4,714</b>	<b>658</b>	<b>58</b>

Note <sup>1</sup>. The figures for S106 show the discretionary expenditure approved. Planning obligations have been signed which, if the developments were completed, would make a further £2.646m available.

42. The current level of forecast receipts is dramatically lower than this time last year, as a direct result in the decline of the housing market and the impact on land sales.

## Investment Plans

43. Investment plans are very much dependant upon resources becoming available and the current financial climate makes it difficult to predict any significant increase in the level of resources in the next financial year. The complexity of the individual resource streams and the risks attached to each (see risk assessment below) mean that constant monitoring is necessary to ensure that programmes are identified which match the resources available. The Council previously agreed a process managed by the Capital Programmes Board that controls the release of schemes when funding is available, and this will continue.

44. The investment plans have been separated into the two funds in order to match the resources available.

## Housing Investment

### Public Sector Housing

45. The Housing Asset Management Strategy, recently approved by Executive identified an increase in the level of investment over the next two financial years.
46. The focus will be on achieving the required Decent Homes target by 2010. Additional provision will continue to be made for planned preventative maintenance, window replacement and structural improvements.

**Table 3 – Public Sector Housing Investment programme (from Housing Asset Management Strategy)**

Investment	2009/10	2010/11	2011/12	2012/13	2013/14
Catch up repairs	5515	5643	2559	900	
Planned maintenance	10577	12485	8250	5706	
Improvements	3094	3173	3280	3362	
Other	1690	1191	0	0	
Totals	20,876	22,492	14,089	9,968	144

### Private Sector Housing

47. The Greater Norwich Housing Development Programme will continue to identify sites for redevelopment and enable the construction of new social housing by reinvesting the receipts from land sales in the form of grants to Registered State Landlords.
48. In addition funds will need to be made available in advance of the receipts, for site formation and demolitions in respect of these land sales.
49. The authority has been notified of a small increase in the level of grant to the private sector for disabled adaptations in 2009/10, and it is anticipated that future levels of grant will be approximately at a similar level.
50. Provision of renovation grants for the private sector will also continue at the current levels.

## Non Housing Investment

### Investment in Asset Management

51. The Asset Management Plan, approved in September 2007, identified several investment requirements that are necessary to protect the Council's Asset Portfolio, and the income stream derived from it, as well as to meet other strategic requirements for development.

## Repairs, Maintenance and Upgrading

52. Investment is needed in the existing portfolio in order to maintain income levels which contribute significantly to the Councils available resources. However, due to the shortfall in funding anticipated an increase in this investment has not been possible. Changes to the accounting rules for capital expenditure have also resulted in an increased provision being needed from revenue, to maintain the previous levels of expenditure. The Corporate Property Asset Management Plan, recently approved by Executive plans a review of the portfolio to maximise asset use and recommend a managed affordable plan for repair and disposal. Next year repair schemes will continue to be prioritised based upon nationally recognised criteria, to establish a programme to reflect the anticipated funding levels.

53. Repairs and improvements necessary on Health and Safety grounds will take priority.

## Portfolio development

54. Lack of funding has also meant that anticipated development of the investment portfolio has not been possible, and is unlikely to become available. This will severely restrict the Council's ability to maximise investment income and enable regeneration and development of some areas of the City in the short term. It will also impact the level of receipts available for investment in the Capital Plan. The review referred to above will assist the medium to long term strategy.

## Heritage Portfolio

55. The Heritage portfolio is a vital part of making Norwich an attractive city for visitors, and many of the buildings within the various portfolios class as heritage buildings. The Council recognises the importance of these buildings, and the Asset Management Plan recently approved by Executive recommended a review of this portfolio next year to produce a plan for disposals and investment. External funding for this portfolio is more likely to be provided to external bodies, but the funding generally relies upon some form of funding being provided by the Council. There are no funds available to support this approach and this will severely restrict possibilities for upgrading the Heritage portfolio.

## Carbon Management

56. Reducing the environmental impact of Council buildings is a Corporate priority and capital funds will be made available from reserves to enable interest free loans to be taken up to improve the carbon footprint of Council buildings. Repayment of the funding will be achieved by energy cost savings.

## **Investment in the City and its Neighbourhoods**

57. The Council's Neighbourhood Strategy aims to improve the use of its "Community Assets", e.g. parks and community centres, and several exercises are underway, as part of the Asset Management Plan, to identify the best use for these facilities.

58. Programmes of investment have had to be reduced to reflect the shortfall of funding.

## Community Development

59. There has been limited success in unlocking access to additional funding, to facilitate

the changes and improvements, and here again some form of matched funding is usually required.

60. The boom in development over the previous few years has left the Council with considerable S106 balances, and many of the Council play areas have been upgraded using these funds. These include the full range of provision, including toddler, junior and teenage facilities. These funds will enable a programme of development for new provision, improvement and replacement to be provided, where the legal conditions of the S106 agreements allow.
61. External funding from LEGI has enabled a review of Neighbourhood shops within Council ownership, which has identified options for improvements or changes. A programme of grants from the LEGI funding has been established which have provided for small revenue funded improvements.
62. Funding for minor neighbourhood improvements, such as those being provided by The Community Participation Fund, established in 2007/08, will continue until the original provision has been used.

### **Investment in Regeneration and Growth**

63. Regeneration and growth are one of the Council's strategic objectives and the Joint Core Strategy has been successful in obtaining Growth Point status for the area. This will provide the potential for £m's to be invested in Greater Norwich.
64. The Council recognises that matching funding will assist in maximising the potential for additional funding but currently has no additional capital funds to provide this.
65. The process outlined for approving major schemes and supporting bids for external funding requires that preparatory work, such as feasibility studies, will be necessary before a decision to recommend for approval can be made. Funding for these preparatory works will be necessary from sources other than capital otherwise major schemes would not be progressed.
66. The LEGI board has agreed to provide capital funding towards the development of the Genome Analysis Centre at Norwich Research Park, in order to support business growth and make Norwich a strong and prosperous city.

### **Transportation**

67. Transportation is a vital part of the growth agenda, and will be crucial to ensuring that growth is sustainable. The Norwich Joint Highways Agency Committee manages the programme of transportation improvements, using Local Transport Plan funding.
68. Funding from specific Section 106 agreements will contribute to transportation schemes where the legal agreement allows.

### **Processes**

69. Over the past two to three years the Council has been developing processes to manage and control its Capital Programmes. A procedure was first introduced to the Executive in 2005. This procedure has been refined through practice and is now established. It controls the process from inception to completion and post project review. Initiatives are documented using standard templates so that they can be

evaluated and reviewed by a board of senior management, and be brought forward to the Executive and Council for approval. The evaluation and appraisal process clearly identifies the need to link all initiatives to strategic requirements, to ensure that schemes can be prioritised and the limited funding available put to best use. This management control is then followed through into the delivery of schemes to ensure that objectives are met and delivered on time, within budget and to the required quality. Monitoring is carried out monthly by the Capital Programmes Board.

70. This Strategy outlines the problems encountered by the Council in raising funds to meet its priorities and outcomes. The economic downturn has had a serious impact on the level of funding becoming available. Limited funds make it increasingly important that priorities are agreed, and expenditure is controlled, ensuring that no commitments are made without the funding being available. The sudden changes have meant that programmes have had to be adjusted to ensure that expenditure stays within the available funding. The coming year is unlikely to see new funds becoming available, so the opportunity to provide additional funding before the anticipated transition to Unitary, in whichever form, is very limited.

### **Risk Management**

71. Individual schemes have their own risk register as appropriate, as part of the management process. However the Capital Strategy and subsequent Capital Plans carry their own higher level risks. These will be included in corporate risk registers as appropriate.

72. Key risks identified within this Strategy are:

<b>Risk</b>	<b>Likelihood<sup>1</sup></b>	<b>Impact<sup>2</sup></b>	<b>Score</b>
<p>Failure to secure capital receipts forming main resource for Non Housing Capital Plan.</p> <p>Mitigation - reduce spending plans, explore other options to achieve receipt</p>	5	7	35
<p>Delays in securing capital receipts forming main resource to Non Housing Capital Plan.</p> <p>Mitigation - Use pooled capital balances until receipts secured</p>	4	3	12
<p>Impact of continuing long term asset sales on the ability to realise capital receipts for both Capital Plans.</p> <p>Mitigation - Implement Asset Management Strategy and set up investment fund, when funding available</p>	5	4	20



Impact of continuing economic downturn on land values, programme of asset sales (in the short to medium term), and investment income.  Mitigation - Reduce spending plans, reprioritise spending to ensure income is protected and future potential is maximised	5	5	25
Reduction in grant funding for Housing Capital Plan.  Mitigation - Make representations to Govt. bodies	3	5	15
Reduction in Right To Buy receipts for Housing Capital Plan.  Mitigation - Accept and plan for reduction in income	5	3	15
Increased construction costs impacting on repair, maintenance and redevelopment programme.  Mitigation - Ensure processes ensure best value for money	2	2	4
Changing priorities beyond the Council's control.  Mitigation - Ensure planning process identifies as early as possible	3	3	9
Unitary Status changing resources available and priorities.  Mitigation - Ensure plans are in place to review Capital Plan as soon as decision is known	5	5	25

<sup>1</sup> Likelihood 1-5, 5 = very likely

<sup>2</sup> Impact 1-7, 7 = catastrophic

## Unitary Status

73. Announcements regarding Unitary Status are expected in February and March 2009. changes to a Unitary structure will have a major impact on the Council's Capital

Strategy and Plans.

**Period for review**

74. The Capital Strategy might normally be expected to be reviewed every three years. However, given the above timetable for Unitary Status, this Strategy will need to be reviewed in advance of a new Unitary Council to ensure that it is fit to meet the requirements of a new Council.

## Report for Resolution

**Report to** Executive  
18 February 2009  
**Report of** Head of Finance  
**Subject** Non Housing Capital Programme 2009/10

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11

### Purpose

To review the Non Housing Capital Programme for 2008/09, recommend the Non Housing Capital Programmes for 2009/10

### Recommendations

1. to note the forecast position on the Non Housing Capital Programme for 2008/09 as Appendix 1
2. to approve the following increase in expenditure
  - a. Norwich Airport Health and Safety Works (demolition of H Block) £4k
3. to note the resources and investment plans for the Non Housing Capital Plan, as detailed in this report.
4. to approve the following discretionary S106 expenditure provisions, and to delegate to the Capital Programmes Board the approval of detailed proposals in the form of Project Mandates when requirements have been fully worked up in conjunction with Members and other stakeholders.

#### Play and Open Space provisions

- a. Bowers Avenue play area: increase in costs of new footpath £10,000
- b. St James Hollow Skate park; improvements to access and Natural area £4061
- c. Stylman Road Play Area: natural play area £40,000
- d. The Runnell: upgrade equipment £30,000
- e. Thurlby Road Play Area; refurbishment £20,000
- f. Jay Gardens: refurbishment £15,000
- g. Waldegrave/Clover Hill: new toddler area(s) £48,233
- h. Ranworth Road play area: reallocation of £30,000 previously approved for Gypsy Close to rebuild part of play area in partnership with Future projects
- i. Wensum View and St Bartholomew's play areas: reallocation of £35,000 previously approved for West End park and Sector 9 for junior play
- j. Wensum Community Centre/Sector 9 Improvements: new play and recreation area, in partnership with Lovell £45,000, plus work to improve other sites in locality.

- k. Belvoir Street: multi use games area and toddler improvements £60,000
- l. King Street/Castle Gardens: teenage open space/piazza £68,000
- m. Argyle Street: improvements to boundary £10,000
- n. Marion Road: rebuild play area £70,000
- o. Hamlet centre: new supervised high dependency disabled children's play area in partnership with the Hamlet Centre, subject to appropriate safeguards regarding access and financial risk being in place £40,000

#### Transportation provision

- p. Hurricane Way: installation of Bus Lane £50,000
- q. Thorpe Road Harvey Lane junction: improvements to pedestrian routes £1,057
- r. Bowers Avenue junction with Lefroy Road: installation of new bus shelter £2,805
- s. Maidstone Road/Greyfriars Road: highway improvements £20,988
- t. Whitefriars development: improved pedestrian access £32,000

### Financial Consequences

The financial consequences of this report are as set out in this report

### Risk Assessment

A detailed risk assessment is included in the body of the report. The key risk associated with the Non Housing Capital Programme is the lack of further funding being made available to complete the programme.

### Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority "Aiming for excellence – ensuring the Council is efficient in its use of resources, is effective in delivering its plans, is a good employer and communicates effectively with its customers, staff and partners" and the service plan priority "Continue to develop the budget monitoring processes to ensure that areas of potential overspend or underspent are identified at the earliest opportunity to enable effective remedial action to be undertaken."

**Executive Member:** Councillor Waters - Corporate Resources and Governance  
Councillor Sands – Children and Young People

**Ward:** All

### Contact Officers

Martin Harwood  
Paul Nicholson

01603 212175  
01603 212374

### Background Documents

None

## Report

### Non Housing Capital Programme Review 2008/09, Non Housing Capital Programme 2009/10, Non Housing Capital Plan for future years

#### Introduction

1. The Non Housing Capital Programme for 2008/09 was approved by Council on 19<sup>th</sup> February 2008. This report reviews the forecast end of year position and recommends the anticipated Non Housing Capital Programme for 2009/10, and the Non Housing Capital Plan for future years
2. The Non Housing Capital Plan is based upon estimated resources. Current priorities remain, as endorsed by Council in February 2008, and no additional items that rely on capital receipts have been added to the plan this year as resources are limited by the ability to raise capital receipts. Additional items funded by Section 106 monies and EEDA grant have been added
3. The Risks in the programme and plan are also discussed in detail.
4. The Non Housing Capital Plan has been developed within the context of the Medium Term Financial Strategy.

#### The Non - Housing Capital Plan and Capital Programme

##### Review of Non Housing Capital Programme 2008/09

5. Table 1 summarises the detail in Appendix 1 and indicates the anticipated outturn figures for the 2008/09 Non Housing Capital Programme.

**Table 1 Non Housing Capital Programme 2008/09**

<b>Non Housing Capital Programme</b>	<b>Approved budget 2008/09 £'000s</b>	<b>Approved budget (inc slippage, schemes bf and adjustments) £'000s</b>	<b>Forecast expenditure 2008/09 £'000s</b>	<b>Forecast Slippage into 2009/10 £'000s</b>
Asset Management Strategy – Portfolio Development	1793	2467	591	0
Asset management Strategy – Repairs, Maintenance and Upgrading	1607	1895	1455	0
Neighbourhood Strategy – Community Development	2621	2090	1069	1141
Neighbourhood Strategy – Waste Management	1723	1657	1657	0
Regeneration and Growth - Growth	100	227	127	0
Transportation – S106	130	1500	1480	35
Transportation	602	771	740	0
<b>Total</b>	<b>8,576</b>	<b>10,607</b>	<b>7,119</b>	<b>1,176</b>

6. During the course of the year expenditure has been closely monitored by the Capital Programmes Board. Additional expenditure on approved schemes has been incurred on the following schemes.
7. The final account for demolition of the H block on Norwich Airport industrial estate has been received and the final cost totals £84k, a further overspend of £4k above the previously approved overspend of £30k (Executive September 17<sup>th</sup> 2008)
8. The review by District Audit of the 2007/08 accounts noted that the accounting for the payments to the Theatre Royal for their refurbishment had been incorrectly accounted for. This has resulted in payments of £750k made in 2008/09 having to be accounted for in 2007/08, with the subsequent funding adjustments also having to be made.
9. Funding to enable the construction of St Annes Wharf Bridge has been obtained from EEDA. The total forecast cost of the scheme is £2.487m, with up to £0.73m available from EEDA, £0.070m from GNDP and the remainder from S106 contributions. Work started on site in January 2009 and completion is anticipated in the autumn.

### **The Non Housing Capital Plan and Capital Programme**

10. Table 2 indicates the anticipated levels of resources available for future years to the Non Housing Capital Programme. The forecast only looks forward until 2011/12 as the programme will be affected by both a decision regarding Unitary Status and any changes in the economic climate.

**Table 2 – Non Housing Capital Resources**

<b>Non Housing Capital Resources</b>	<b>2009/10 £'000s</b>	<b>2010/11 £'000s</b>	<b>2011/12 £'000s</b>
External Funding Govt. grants	735	0	0
Lottery Funding	100	0	0
County Highways programme	0	0	0
Other external funding	36	0	0
Revenue contributions	100	0	0
Prudential borrowing	0	0	0
Capital receipts brought forward from previous year	0	0	0
Capital receipts arising (forecast)	828	408	58
S106 commuted sums	2915	250	0
<b>Forecast funding</b>	<b>4,714</b>	<b>658</b>	<b>58</b>

11. The recession has clearly affected the resources available. A number of Capital Receipts anticipated in 2008/09 to fund the programme have not materialised. This will continue, and even if offers are made they are often so low they do not give value for money.

There are a number of strategic risks identified that might impact the Non Housing Capital Plan, and an assessment of these risks is made later in this report.

## Non Housing Capital Plan 2009/10 to 2011/12

12. Table 3 only indicates the anticipated levels of expenditure until 2011/12 as the situation will change with the Unitary decision.

**Table 3 – Non Housing Capital Plan**

<b>Non Housing Capital Plan</b>	<b>2009/10 £'000s</b>	<b>2010/11 £'000s</b>	<b>2011/12 £'000s</b>
Regeneration and Growth	250	100	100
Asset Management - Repairs Maintenance and Upgrading	1060	1301	864
Asset Management - Portfolio Development	2738	0	0
Neighbourhood Strategy - Community Development	2949	250	0
Neighbourhood Strategy - Waste Management	226	0	0
Transportation	0	0	0
Transportation - S106	1338	0	0
Capital Receipts earmarked for Housing capital Programme		5,915	
<b>Forecast expenditure</b>	<b>8,561</b>	<b>7,566</b>	<b>964</b>
<b>Forecast available resources</b>	<b>4,714</b>	<b>658</b>	<b>58</b>
<b>Shortfall</b>	<b>(3,847)</b>	<b>(6,908)</b>	<b>(906)</b>

13. As in previous years expenditure will not be incurred until the resources are available

## Recommended Non Housing Capital Programme 2009/10

14. Appendix 2 indicates the detail of the recommended Non Housing Capital Programme for 2009/10 for approval.

15. The Capital Programme includes recommendations for the application of discretionary S106 receipts, which are detailed in Appendix 3. These are budget provisions, and it is recommended that approval of the final schemes should be delegated to the Capital Programmes Board, after more detailed consultation with Members and other stakeholders.

16. These proposals use some of the sums previously earmarked for the King St area for more pressing proposals. Site identification and acquisition in the King St area has proved difficult currently. It is anticipated that future S106 provisions in the pipeline will replenish the previously approved sum over the next few years, when better opportunities to identify a site will present themselves.

## Risk Management

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

<b>Risk</b>	<b>Likelihood <sup>1</sup></b>	<b>Impact <sup>2</sup></b>	<b>Score</b>
Capital Receipts not received  Mitigation - Low levels of receipts have been forecast and commitments are on hold awaiting receipts	5	7	35
Capital Receipts delayed  Mitigation – Seek other funding sources.	4	3	12
Unavoidable capital expenditure arises  Mitigation - Use external funding where possible and enforce strict controls on any capital expenditure	2	2	4
Cost overruns  Mitigation - Ensure each scheme has realistic contingencies within approved sum	2	2	4

<sup>1</sup> Likelihood 1-5, 5 = very likely

<sup>2</sup> Impact 1-7, 7 = catastrophic



ref	strategy	programme	SCHEMES	forecast for 2008/09					
				APPROVED		spend	funding		
				approved	slippage	forecast spend (inc slippage)	cap rcpt	other funding	total funding
APPROVED SCHEMES									
9	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	Bowthorpe Three Score Development - Additional Survey costs	93	173	60	60		60
47	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	Livestock Market - enabling works		12	0	0		0
89	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	City Hall rear car park demolition		83	83	83		83
15	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	Norwich Airport Industrial Estate - health and safety works		50	84	84		84
100	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	Former Abattoir site, industrial units		20	20	20		20
46	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	Project Development Costs		87	16	16		16
65	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	Memorial Gardens Improvements	1,700	249	328	328		328
	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	Castle Mall Park						0
	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	Matched funding for SALIX for LACM						0
			TOTAL PORTFOLIO DEVELOPMENT	1,793	674	591	591	0	591
34	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	Capitalisation - Building Surveyors Fees etc	100		64	64		64
33	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	Capitalisation - Major Repairs etc	750		640	640		640
36	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	Car Parks - Refurbishment	159		52	52		52
8	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	Provision Market Redevelopment			19	19		19
32	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	St Andrews MSCP - Rebuilding costs		76	76	76		76
49	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	Yacht Station environs		49	49	49		49
35a	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	City Hall Reception and Waiting Areas (inc other office facilities works)	170	3	197	197		197
95	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	Castle Mound	258	15	35	35		35
96	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	St Johns Church Lakenham	165	95	260	260		260
88	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	St Andrews Hall Clerestory windows	5	50	63	63		63
			TOTAL MAINTENANCE AND UPGRADING	1,607	288	1,455	1,455	0	1,455
11g	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Green Spaces Health & Safety Works - Parks Signage		14	0	0		0
53	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	European Spatial Metro-Audible Signs	0		26		26	26
79	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Theatre Royal	750	(750)	0	0		0
105	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	LEGI CAPITAL			263		263	263
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Community Participation Fund		43	25	25		25
56	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Community Centre refurbishment - works to Heathgate CC	0	9	0	0		0
82	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Roman Catholic Cathedral - Remodelling and Visitor Centre	75		0	0		0
80	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Open 24/7	250		250	250		250

ref	strategy	programme	SCHEMES	forecast for 2008/09					
				APPROVED		spend	funding		
				approved	slippage	forecast spend (inc slippage)	cap rcpt	other funding	total funding
41	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Energy Efficiency funding -reducing Fuel Poverty private sector	148	22	22	22		22
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Wilberforce Rd upgrade of play equipment	13		13		13	13
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Heigham Street improvements to play area		1	1		1	1
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Ketts Cave upgrade equipment and resurfacing	15	15	20		20	20
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Pilling Park improvements to play area		18	18		18	18
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Shorncliffe Avenue improved facilities (Sector 3)	24		23		23	23
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Sloughbottom Park new toddler and teenage play provision (Sector 3)	95		89		89	89
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Mile Cross Gardens improvements to play provision (Sector 3)		25	25		25	25
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	St Clements Park improve facilities (Sector 4)	21		0		0	0
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	George Pope Play area (Sector 4)	20		20		20	20
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	pointers field (sector 4) approved 2004		16	13		13	13
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Astley Road major improvements (Sector 7)		7	7		7	7
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Atkinson Close (sector 7)		5	5		5	5
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Bendish Way improve facilities (Sector 7)		14	14		14	14
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	chapel break play area		6	6		6	6
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Wilberforce Rd improvements to play area (Sector 8)	52		62		62	62
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	West End St improvements (Sector 9)	1		1		1	1
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	gildencroft/wensum park		23	23		23	23
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Clarendon Steps improvements (Sector 13)		2	2		2	2
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	jubilee park segregation of play area		3	3		3	3
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Northern City Centre provision balance (Sector 14)	74		0		0	0
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	King Street Area provision balance (Sector 14)	274		0		0	0
			<b>2008/09 approvals for play</b>						
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Fifers Lane provision balance (Sector 1)	80		0		0	0
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Fiddlewood new junior and toddler paly area (Sector 1)	94	(14)	0		0	0
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Waterloo Park	126		9		9	9
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Woodcock Road	13		0		0	0
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Sewell Park	13		13		13	13
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Gertrude Road	36		36		36	36
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	St Michaels School Chapel break	36		0		0	0
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Fourways	4		4		4	4
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Chapelfield gardens	192		0		0	0
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Rouen Road wooded ridge	31		31		31	31
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	The Dell, earlham Road	12		12		12	12
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Jubilee park	11		13		13	13
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Jenny Lind/Eagle Walk Phase 1 improvements (Sector 13)	161		10		10	10
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	NVS resource centre	0	10	10	10		10
			<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>2,621</b>	<b>(531)</b>	<b>1,069</b>	<b>307</b>	<b>762</b>	<b>1,069</b>
93	NEIGHBOURHOOD STRATEGY	WASTE MANAGEMENT	Waste strategy	1,723	(66)	1,657	1,657	0	1,657
			<b>TOTAL WASTE MANAGEMENT</b>	<b>1,723</b>	<b>(66)</b>	<b>1,657</b>	<b>1,657</b>	<b>0</b>	<b>1,657</b>
42	REGENERATION AND GROWTH	GROWTH	Additional capitalisation	100		0	0		0
	REGENERATION AND GROWTH	GROWTH	GAC (LEGI)						0
	REGENERATION AND GROWTH	GROWTH	Works to Planning area		50	50		50	50
	REGENERATION AND GROWTH	GROWTH	Committee presentation equipment		50	50		50	50
	REGENERATION AND GROWTH	GROWTH	Limehouse software		27	27		27	27
			<b>TOTAL GROWTH</b>	<b>100</b>	<b>127</b>	<b>127</b>	<b>0</b>	<b>127</b>	<b>127</b>
	TRANSPORTATION	S106	Quayside		3	3		3	3
	TRANSPORTATION	S106	Greyfriars Rose lane road improvements	14		14		14	14

ref	strategy	programme	SCHEMES	forecast for 2008/09					
				APPROVED		spend	funding		
				approved	slippage	forecast spend (inc slippage)	cap rcpt	other funding	total funding
	TRANSPORTATION	S106	St Giles House Hotel						0
	TRANSPORTATION	S106	UEA Medical school road improvements	40		40		40	40
	TRANSPORTATION	S106	Co-op store Dereham Rd road improvements		11	11		11	11
	TRANSPORTATION	S106	Brewery Site Kings St road improvements		10	10		10	10
	TRANSPORTATION	S106	Chapelfield St Stephens Churchyard	35		15		15	15
	TRANSPORTATION	S106	Chapelfield cycling		27	27		27	27
	TRANSPORTATION	S106	The Loke Dereham Rd road improvements	11		11		11	11
	TRANSPORTATION	S106	Threescore, Bowthorpe - sustainable transport	25		25		25	25
	TRANSPORTATION	S106	Paine Road (GNHDP)	3		3		3	3
	TRANSPORTATION	S106	Old Grove Court, Catton	2		2		2	2
	TRANSPORTATION	S106	Cavalier Hotel Thorpe Rd road improvements feasibility study		1	1		1	1
85	TRANSPORTATION	S106	St Annes Wharf bridge		1,318	1,318		1,318	1,318
			<b>TOTAL TRANSPORTATION S106</b>	<b>130</b>	<b>1,370</b>	<b>1,480</b>	<b>0</b>	<b>1,480</b>	<b>1,480</b>
66	TRANSPORTATION	TRANSPORTATION	St Peters St/Gaol Hill - European Inter Regional project Liveable Cities		10	10	10		10
16	TRANSPORTATION	TRANSPORTATION	Bowthorpe B1108 - Various Works	29	7	36		36	36
69	TRANSPORTATION	TRANSPORTATION	St Andrews Plain/St Georges St - European Spatial Metro		148	107	44	63	107
99	TRANSPORTATION	TRANSPORTATION	Welcome to Norwich Sign replacement	35		0	0		0
	TRANSPORTATION	TRANSPORTATION	St Andrews/St Georges Phase 2	538	4	587	(50)	637	587
			<b>TOTAL TRANSPORTATION</b>	<b>602</b>	<b>169</b>	<b>740</b>	<b>4</b>	<b>736</b>	<b>740</b>
				<b>8,576</b>	<b>2,031</b>	<b>7,119</b>	<b>4,014</b>	<b>3,105</b>	<b>7,119</b>

ref	strategy	programme	SCHEMES	forecast for 2009/10				
				spend		funding		
				spend	slippage	cap rcpt	other funding	total funding
65	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	Memorial Gardens Improvements	2,238	0	2,238		2,238
	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	Matched funding for SALIX for LACM	100		0	100	100
	ASSET MANAGEMENT	PORTFOLIO DEVELOPMENT	Castle Mall Park	400		400		400
				<b>2,738</b>	<b>0</b>	<b>2,638</b>	<b>100</b>	<b>2,738</b>
34	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	Capitalisation - Building Surveyors Fees etc	80		80		80
33	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	Capitalisation - Major Repairs etc	750		750		750
36	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	Car Parks - Refurbishment	170		170		170
95	ASSET MANAGEMENT	REPAIRS MAINTENANCE AND UPGRADING	Castle Mound	60		60		60
				<b>1,060</b>	<b>0</b>	<b>1,060</b>	<b>0</b>	<b>1,060</b>
79	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Theatre Royal	230		230		230
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Community Participation Fund	18	18	18		18
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	LEGI capital	485			485	485
82	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Roman Catholic Cathedral - Remodelling and Visitor Centre	75	75	75		75
41	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Energy Efficiency funding -reducing Fuel Poverty private sector	148	0	148		148
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Ketts Cave upgrade equipment and resurfacing	10	10		10	10
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	St Clements Park improve facilities (Sector 4)	125	21		125	125
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Jenny Lind/Eagle Walk Phase 1 improvements (Sector 13)	151	151		151	151
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Northern City Centre provision balance (Sector 14)	74	74		74	74
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	King Street Area provision balance (Sector 14)	274	274		274	274
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Fifers Lane provision balance (Sector 1)	80	80		80	80
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Fiddlewood new junior and toddler paly area (Sector 1)	80	80		80	80
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Waterloo Park	117	117		117	117
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Woodcock Road	13	13		13	13
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	St Michaels School Chapel break	72	36		72	72
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Chapelfield gardens	192	192		192	192
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	<b>2009/10 play/open space proposals</b>					
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Bowers Avenue	10			10	10
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	St James hollow slatepark	4			4	4
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Stylman Road	40			40	40
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	The Runnell	30			30	30
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Thuriby Road	20			20	20
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Jay gardens	15			15	15
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Waldegrave	48			48	48
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Ranworth road	30			30	30
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Wensum view/St Bartholomews	35			35	35
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Wensum Community Centre	45			45	45
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Belvoir Street	60			60	60
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Waterfront/King St piazza	68			68	68
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Argyle Street	10			10	10
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Marion Road	70			70	70
	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Hamlet Centre	40			40	40
81	NEIGHBOURHOOD STRATEGY	COMMUNITY DEVELOPMENT	Eaton Park Skatepark	<b>280</b>		280		<b>280</b>

ref	strategy	programme	SCHEMES	forecast for 2009/10				
				spend		funding		
				spend	slippage	cap rcpt	other funding	total funding
				2,949	1,141	751	2,198	2,949
93	NEIGHBOURHOOD STRATEGY	WASTE MANAGEMENT	Waste strategy	226		226		226
				226	0	226	0	226
	REGENERATION AND GROWTH	GROWTH	GAC (LEGI)	250			250	250
				250	0	0	250	250
	TRANSPORTATION	S106	St Giles House hotel	15	15		15	15
	TRANSPORTATION	S106	Heyford Rd Stirling Rd road improvements	14			14	14
	TRANSPORTATION	S106	Chapelfield St Stephens Churchyard	20	20		20	20
	TRANSPORTATION	S106	<b>Transportation 2009/10 proposals</b>					
	TRANSPORTATION	S106	Hurricane Way Bus Link	50			50	50
	TRANSPORTATION	S106	pedestrian routes Thorpe Road Harvey Lane	1			1	1
	TRANSPORTATION	S106	Bowthorpe bus shelter	3			3	3
	TRANSPORTATION	S106	Highways improvements Maidstone/Greyfriars road	21			21	21
	TRANSPORTATION	S106	Improved access Greyfriars (Jarrols development)	32			32	32
85	TRANSPORTATION	S106	St Annes Wharf bridge	1,182			1,182	1,182
				1,338	35	0	1,338	1,338
	TRANSPORTATION	TRANSPORTATION		0			0	0
				0	0	0	0	0
TOTAL CAPITAL PROGRAMME 2009/10				8,561	1,176	4,675	3,886	8,561

## S.106 BUDGET PLAYSPACE PROPOSALS 2009-2010 FOR FEB 2009 EXECUTIVE COMMITTEE MEETING

Play Area	Play Sector	Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Bowers Avenue Play Area	3	10,000	Installation of new footpath. Increased budget requested from Jul 2008 Exec due to revised estimate of project cost.	4109 Bowers Avenue	7,900
				4138 Hellesdon Mill	2,100
Total		<b>10,000</b>			<b>10,000</b>

Play Area	Play Sector	Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
St James Hollow, Skate Park	5	4,061	Improvement to steps access and natural area improvements for St James Hollow	4103 St James Meadow	1,684
				4125 Sprowston Road	2,377
Total		<b>4,061</b>			<b>4,061</b>

Play Area	Play Sector	Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Stylman Road Play Area and neighbourhood play facilities at Clover Hill	7	40,000	To rebuild 'natural play' area within a local wooded area currently occupied by dilapidated equipment. Potential improvements to other 'neighbourhood' play facilities.	4010 TS6C & 6E	19,950
The Runnell	7	30,000	Upgrade 'combination goals area and equipment.	4049 V5 Bendish Way	14,234
Thurlby Road Play Area	7	20,000	Refurbishment of existing play area.	4050 S6C Cutler Way	759
Jay Gardens	7	15,000	Refurbishment of existing play area.	4051 S6B Cutler Way	4,286
Waldegrave Play Area and neighbourhood play facilities at Clover Hill	7	48,233	Establish a new toddler play area. Potential improvements to other 'neighbourhood' play facilities.	4064 Toyle Road	14,742
				4076 S6C Cutler Way	5,642
				4080 TS2B, TS3 & TS4	32,858
				4095 Chapel Break	43,826
				4140 Old Barn, Toyle Rd	16,936
Total		<b>153,233</b>			<b>153,233</b>

## S.106 BUDGET PLAYSPACE PROPOSALS 2009-2010 FOR FEB 2009 EXECUTIVE COMMITTEE MEETING

Play Area	Play Sector	Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Ranworth Road	8	30,000	Partnership with Future Projects to rebuild part of Ranworth play area.(Replaces Gypsy Lane play area project)	4105 The Loke	30,000
Total		<b>30,000</b>			<b>30,000</b>

Play Area	Play Sector	Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Wensum View/St Bartholomews Play Areas	9	35,000	New junior play facilities proposed within play sector 9. Funding dependent upon final outcome of public consultation over approved expenditure at West End Gardens.	4028 Woodlands	5,000
				4068 Swan Works	30,000
Total		<b>35,000</b>			<b>35,000</b>

Play Area	Play Sector	Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Wensum Community Ctr, Speke St	9	45,000	Rebuild new play and recreation area on dilapidated site in partnership with Lovells	4156 Nelson Road	13,086
				4098 Reads Flour Mill	31,914
Total		<b>45,000</b>			<b>45,000</b>

Play Area	Play Sector	Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Belvoir Street	10	60,000	Rebuild dilapidated MUGA and play area improvement.	4098 Reads Flour Mill	32,976
				4054 Pulls Ferry	21,457
				4159 Surrey Street	9,470
Total		<b>60,000</b>			<b>63,903</b>

## S.106 BUDGET PLAYSPACE PROPOSALS 2009-2010 FOR FEB 2009 EXECUTIVE COMMITTEE MEETING

Play Area	Play Sector	Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
King Street/Castle Gardens Playspace Improvements	14	68,000	Teenage facilities including related community safety improvements	4090 Brewery, King St	63,741
				4053 Riverside	4,259
Total		<b>68,000</b>			<b>68,000</b>

Play Area	Play Sector	Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Argyle Street Play Area	14	10,000	Install new fencing.	4053 Riverside	10,000
Total		<b>10,000</b>			<b>10,000</b>

Play Area	Play Sector	Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Marion Road, Off Thorpe Road	15	70,000	Rebuild play area. Recycle old equipment to other areas where possible.	4149 Ailwyn Hall	7,687
				4158 Morrison Lodge	6,715
				4053 Riverside	55,598
Total		<b>70,000</b>			<b>70,000</b>

Play Area	Play Sector	Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Hamlet Centre, Ella Road	15	40,000	Build a supervised high dependency disabled childrens play area in partnership with the Hamlet Centre Trust at the charity's Ella Road property.	4053 Riverside	40,000
Total		<b>40,000</b>			<b>40,000</b>

Total Expenditure

**525,294**



## S.106 BUDGET TRANSPORT PROPOSALS 2009-2010 FOR FEB 2009 EXECUTIVE COMMITTEE MEETING

Transportation Project		Proposed S.10 Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Hurricane Way Bus Link		50,000	Contribution towards developing a bus link from Hurricane Way across what is presently private land	4077 Land at Heyford Road	13,808
				4157 Former Anglia Windmill	36,192
Total		<b>50,000</b>			<b>50,000</b>

Transportation Project		Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Improved pedestrian routes jct Thorpe Road & Harvey Lane		1,057	Contribution towards signalled controlled crossing facilities at Thorpe Road junction with Harvey Lane	4089 Former Cavalier Hotel	1,057
Total		<b>1,057</b>			<b>1,057</b>

Transportation Project		Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Move bus shelter to Bowers Avenue nr junction Lefroy Road from Mile Cross		2,805	Contribution towards cost of moving disused shelter from Mile Cross Road to Bowers Avenue	4109 Bowers Avenue	1,039
				4112 Lefroy Road	1,766
Total		<b>2,805</b>			<b>2,805</b>

Transportation Project		Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Highways improvements at Maidstone Road/ Greyfriars Road.		20,988		4108 Greyfriars Road	14,216
				0000 23-26 Rose Lane	6,772
Total		<b>20,988</b>			<b>20,988</b>

Transportation Project		Proposed Budget	Project Outline	Financed by	
				S.106 Contribution	Amount
Improved pedestrian access to the Whitefriars development. (Jarrols)		32,000	Proposed expenditure subject to Jarrols written approval.	4150 Jarrols, Whitefriars	32,000
Total		<b>32,000</b>			<b>32,000</b>

Total Expenditure

106,850

## Report for Resolution

**Report to** Executive  
18 February 2009

**Report of** Director of Regeneration & Development and Chief  
Financial Officer

**Subject** Housing Capital Plan 2009-2013 and Capital Programme  
2009/10

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### Purpose

This report presents the proposed Housing Capital Plan for the years 2009 to 2013, and the Housing Capital Programme for 2009/10 for approval, together with the associated updated Capital Allowances.

### Recommendations

1. That the Executive recommend the Housing Capital Plan 2009-2013 to the Council for approval;
2. That the Executive approve the Housing Capital Programme 2009/10 as set out in the report;
3. That the Executive approve new Capital Allowances of £3.713m and note the extinguishing of £3.991m of Capital Allowances as set out in the report.

### Financial Consequences

These are set out in the body of the report.

### Risk Assessment

This is set out in paragraph 27 of the report.

### Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority "Aiming for excellence – ensuring the Council is efficient in its use of resources, is effective in delivering its plans, is a good employer and communicates effectively with its customers, staff and partners"

### Executive Member

Councillor Arthur, Housing and Adult Services  
Councillor Waters, Corporate Resources and Governance

**Contact Officers**

Mark Smith, Financial Control Manager

01603 212561

Chris Rayner, Head of Housing Property Services

01603 213208

**Background Documents**

HIPS Monitoring Reports

Briefing "Housing Capital Programme"

Capital Allowances report 23 July 2008

# Report

## Introduction

1. The Housing Capital Programme for 2008/09 was approved by Council on 19 February 2008. This report reviews the forecast end of year position and recommends the proposed Housing Capital Programme for 2009/010, and the Housing Capital Plan for future years.
2. The anticipated position for 2009/10 for the Housing Capital Plan is based upon estimated resources, as detailed later in the report.
3. The risks and potential mitigating actions around the Housing Capital Plan are also discussed.
4. The Housing Capital Plan has been developed within the context of the Corporate Plan, the Medium Term Financial Strategy, and the Housing Revenue Account Business Plan.
5. The report also proposes updated Capital Allowances for approval.

## Review of Housing Capital Programme 2008/09

6. Table 1 indicates the anticipated outturn figures for the 2008/09 Housing Capital Programme

Table 1 – Housing Capital Programme 2008/09

<b>Housing Capital Programme</b>	<b>Approved Budget 2008/09 £000s</b>	<b>Forecast Expenditure 2008/09 £000s</b>	<b>Forecast Variance 2008/09 £000s</b>
<b><i>Public Sector</i></b>			
Decent Homes	4,212	4,228	16
Heating	4,460	4,370	(90)
Windows	4,250	4,350	100
Community Safety	625	541	(84)
Regeneration & Renewal	250	161	(89)
Preventative Maintenance	2,471	2,602	131
Supported Independent Living	1,246	1,146	(100)
NCAS and IT enhancements	184	112	(72)
Communal Bin Provision	600	80	(520)
Other	0	206	206
<b>Total Public sector</b>	<b>18,298</b>	<b>17,796</b>	<b>(502)</b>
<b><i>Private Sector</i></b>			
Capital grants to Housing Associations	9,476	7,212	(2,264)
Private Sector disabled facilities grants	490	375	(115)
Site maintenance concrete block properties	120	120	0
Renovation support in the Private Sector	1,250	1,100	(150)
Decommissioning and security	300	300	0
<b>Total Private sector</b>	<b>11,636</b>	<b>9,107</b>	<b>(2,529)</b>
<b>Total Housing Capital Programme</b>	<b>29,934</b>	<b>26,903</b>	<b>(3,031)</b>

7. Approved budgets include carry-forward from 2007/08 of:

- Communal Boilers £300k
  - Re-Roofing £200k
  - Structural works £91k
  - Community Alarms £11k
  - Grants to RSLs £4,321k
8. Slippage on Communal Bin Stores and NCAS will be subject to carry-forward requests once the final year-end position is established.
  9. The capital receipts from which Capital Grants to Housing Associations are funded on a 100% basis suffered severe slippage in last year, and this is expected to continue into 2009/10 and beyond as a result of the recession. Although the receipts and grants balance in total, there are year-on-year impacts of the timing of receipts and grant payments.
  10. The closing of the 2007/08 accounts has required the Council to update its classification of capital and revenue expenditure in order to conform to proper accounting practices. Although the ramifications have not yet been worked through for the 2008/09 and 2009/10 programmes, it is likely that some of the capital expenditure included in the above table will be re-classified as revenue and funded from HRA balances, reducing the call on Capital resources. The impact of this will be reversed out through the 2009/10 Revenue Contribution to Capital Outlay, so that taking the two years together there will be no effect on the bottom line.

### Capital Resources 2009/10 to 2012/13

11. Table 2 indicates a forecast of the resources likely to be available to the Housing Capital Plan.

**Table 2 – Housing Capital Resources**

<b>Housing Capital Resources</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
<b>Forecast Sources of funding</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Supported Capital Expenditure Allocation	2,300	1,610	0	0
Capital Grants	270	270	270	270
Major Repairs Allowance (inc bal. brought forward)	9,879	9,978	10,078	10,178
Revenue Contribution to Capital – planned	6,002	6,192	6,192	4,192
Revenue Contribution to Capital – supplementary (see para 25)	1,557	(1,557)	0	0
Leaseholders	250	250	250	250
S106 commuted sums	0	0	0	0
Capital Receipts - existing b/f	0	0	2,163	247
Capital Receipts – arising from land sales	5,355	150	0	0
Capital Receipts – arising from RTB	600	600	600	600
Capital repaid from Non Housing Capital Programme	0	5,915	0	0
<b>Forecast Resources</b>	<b>26,213</b>	<b>23,408</b>	<b>19,552</b>	<b>15,738</b>

12. Assumptions have been made that Capital Grants for Disabled Facilities and continue at existing levels, and Major Repairs Allowance will increase at 1% per annum.

13. Supported Capital Expenditure for the Decent Homes Programme will decrease in 2010/11 and cease after that year.
14. Receipts from Leaseholders are assumed to continue at current levels.
15. Receipts from RTB sales are based on continuing to sell about 20 properties per year. There is a risk that sales may fall short of even this level, in the present recession.
16. Capital receipts for land sales as part of the Greater Norwich Housing Development Partnership have been assumed at levels consistent with the partnership's draft programme.
17. Revenue Contributions to Capital Outlay are incorporated at the level set out in the Medium Term Financial Strategy, including funding for the accelerated Additional Windows Programme. A supplementary contribution is included as set out in para 25.
18. Capital Receipts repaid from the General Fund assume that there will be no significant receipt to the General Fund, and hence no ability to repay the amount borrowed, until 2010/11.

### **The Housing Capital Plan 2009/10 to 2012/13**

19. Table 3 indicates the anticipated level of expenditure for the Housing Capital Plan for future years, taking into account the level of resources indicated in Table 2 and the proposed Capital Programme for 2009/10 set out in Table 4 following.

**Table 3 – Housing Capital Plan**

<b>Housing Capital Plan</b>	<b>2009/10 £000s</b>	<b>2010/11 £000s</b>	<b>2011/12 £000s</b>	<b>2012/13 £000s</b>
<b><i>Public Sector</i></b>				
Public Sector upgrades etc	16,760	16,500	15,890	13,890
Extra Window replacements	1,500	1,000	0	0
Communal Bin Provision	500	0	0	0
NCAS	126	0	0	0
Structural work to non-traditional properties	1,455			
<b>Total Public sector</b>	<b>20,340</b>	<b>17,500</b>	<b>15,890</b>	<b>13,890</b>
<b><i>Private Sector</i></b>				
Capital grants to Housing Associations	3,713	1,585	1,575	0
Private Sector disabled facilities grants	490	490	490	490
Site demolition, maintenance and preparation	420	420	100	100
Renovation support in the Private Sector	1,250	1,250	1,250	1,250
<b>Total Private sector</b>	<b>5,873</b>	<b>3,745</b>	<b>3,415</b>	<b>1,840</b>
<b>Total Housing Capital Programme</b>	<b>26,213</b>	<b>21,245</b>	<b>19,305</b>	<b>15,730</b>
Available resources from Table 2	26,213	23,408	19,552	15,738
<b>Deficit/(Surplus) of Housing Capital Resources</b>	<b>(0)</b>	<b>(2,163)</b>	<b>(247)</b>	<b>(8)</b>

20. The substantive Capital Plan would show a deficit of £1.557m in 2009/10, owing to the impact of the proposed Capital Programme 2009/10 (see following section) and slippage of repayment of General Fund borrowing. This has been resolved through the proposed use of a supplementary Revenue Contribution to Capital,

as set out in para 25.

## The Housing Capital Programme 2009/10

21. Table 4 shows the proposed Housing Capital Programme for 2009/10

**Table 4 – Housing Capital Programme 2009/10**

<b>Housing Capital Programme</b>	<b>Proposed Programme 2009/10 £000s</b>
<b><i>Public Sector</i></b>	
Decent Homes	4,527
Heating	4,480
Windows	5,425
Community Safety	200
Regeneration & Renewal	500
Preventative Maintenance	1,778
Supported Independent Living	1,150
NCAS and IT enhancements	126
Communal Bin Provision	500
Other	1,655
<b>Total Public sector</b>	<b>20,340</b>
<b><i>Private Sector</i></b>	
Capital grants to Housing Associations	3,713
Private Sector disabled facilities grants	390
Site maintenance concrete block properties	120
Renovation support in the Private Sector	1,250
Decommissioning, security and maintenance	300
<b>Total Private sector</b>	<b>5,773</b>
<b>Total Housing Capital Programme</b>	<b>26,113</b>

22. This programme continues the programme of Decent Homes upgrades to meet the target date of 2010, and the accelerated replacement windows programme.

23. It will deliver, amongst other priorities:

- 700 properties will get new kitchens or bathrooms
- Over 1,000 new heating systems or boilers
- 714 properties rewired or electrically upgraded
- 165 properties re-roofed
- New PVCu windows to 1,600 homes

24. It also includes new investment to deal with structurally-challenged non-traditional properties, which will extend their useful life by up to 10 years:

- £199,000 for Wimpey No-Fines properties (34 council, 39 leaseholder)
- £1,256,000 for Omnia properties (139 council, 161 leaseholder)

25. The proposed Capital Programme would result in a deficit of £1.557m in capital financing. If members wish to maintain progress towards meeting the Decent Homes Standard, fund the accelerated Windows Programme, and extend the

useful life of the non-traditional stock, an additional contribution from HRA balances will be required. This would reduce the HRA balance to about £4.8m, some £2.3m in excess of the adequacy level advised by the Chief Financial Officer. The Capital Plan has been amended to incorporate a supplementary revenue contribution in 2009/10 to cover this shortfall, to be recouped from a reduced contribution in 2010/11. While not ideal, this will enable corporate priorities to be delivered upon, make effective use of resources, and maintain HRA balances at more than “adequate” levels.

26. Work will continue in order to secure the future financing of the housing capital programme, including by seeking to maximise the use of appropriate S.106 resources and by maximising the sustainable use of revenue balances.

## Risk Management

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

**Table 5 – Risk Assessment**

<b>Risk</b>	<b>Probability</b>	<b>Impact</b>	<b>Mitigation/Action</b>
Forecast allowances not at assumed levels	L	M	Make representations to government bodies
Forecast non-RTB Capital Receipts not at assumed levels	H	M	Finance RSL Grants by reallocating receipts and “borrow” HRA balance.
Council house sales lower than expected	M	M	Accept and reduce expenditure or increase use of HRA balances
Cost overruns	L	L	Schemes are released on an annual basis to match budget availability, controlling overall spend
Increased urgent investment needed in non-traditional properties	L	M	Reduce other planned expenditure or increase use of HRA balances
2010 Re-provisioning of works contracts leads to increased prices and/or disrupted programme	L	H	Close involvement of Housing Property Services staff in re-provisioning exercise
General Fund borrowing repayment slips from 2010/11 to 2011/12	M	H	Further supplementary £2m RCCO from HRA balances.

## Capital Allowances

28. The Capital Allowance is the mechanism through which local authorities can recycle non-RTB Capital Receipts, i.e., sales of housing land and buildings



other than to secure tenants, for specified purposes, principally the provision of affordable housing and regeneration projects.

29. The approval by the Council of the Capital Allowance avoids these receipts being “pooled”, or paid over to central government. This is the mechanism which allows receipts from disposals to Housing Associations to be recycled as Capital Grants.
30. The Capital Allowance is increased by amounts resolved by the Council to be spent on the qualifying purposes, and decreased (“extinguished”) by the amount of capital receipts received and applied to fund qualifying expenditure.
31. The Executive approved Capital Allowances for the 2008/09 financial year at its meeting of 23 July 2008.
32. The Capital Allowance for 2009/10 is calculated, based upon amounts that the Council through the approval of the Housing Capital Programme 2008/09 has already resolved to spend on regeneration and affordable housing, as follows:

**Table 6 – Capital Allowances**

<b>Item</b>	<b>£000s</b>	<b>Comment</b>
Brought forward from 2008/09	9,101	As approved 23 July 2008
Amount of Capital Allowance extinguished in 2007/08	-3,991	Non-RTB Housing Capital Receipts 2007/08 as per Statement of Accounts
New Capital Allowance 2009/10	3,713	Anticipated Capital Grants as per Capital Programme 2009/10
<b>Total Capital Allowance 2009/10</b>	<b>8,823</b>	

33. It is currently anticipated that £1.885m of the Capital Allowance will be extinguished (by applying non-RTB Capital Receipts) during the course of the 2008/09 financial year, and £5.355m during 2009/10, leaving a balance of £0.948m.
34. Any shortfalls in receipts during these years will be reflected by carrying forward the un-extinguished Capital Allowance into the next financial year.
35. The Executive is recommended to approve new Capital Allowances of £3.713m and to note the extinguishing of £3.991m as set out in the above table.