NORWICH
City Council

Cabinet

Date: **Wednesday, 07 February 2018**
Time: **17:30**
Venue: **Mancroft room, City Hall, St Peters Street, Norwich, NR2 1NH**

Committee members:

Councillors:

Waters (chair)
Harris (vice chair)
Davis
Herries
Kendrick
Maguire
Packer
Stonard

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EXEMPT ITEMS:

(During consideration of these items the meeting is not likely to be open to the press and the public.)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part 1 of Schedule 12 A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, members are asked to decide whether, in all circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information) as in para 3 of Schedule 12A to the Local Government Act 1972.

Date of publication**: Tuesday, 30 January 2018**

NORWICH City Council

MINUTES

CABINET

17:30 to 18:10 **17 January 2018**

Present: Councillors Waters (chair), Harris (vice chair), Davis, Herries, Kendrick, Maguire, Packer and Stonard

Also present: Councillor Schmierer

1. Declarations of interest

No declarations of interest were received.

2. Public questions/petitions

No public questions or petitions were received.

3. Minutes

RESOLVED to agree the accuracy of the minutes of the meeting held on 13 December 2017.

4. Fire safety in the council's hi-rise tower blocks

(The chair referred to the supplementary agenda which had been circulated to members and published on the website).

Councillor Harris, deputy leader and cabinet member for social housing, presented the report.

The review of tower blocks had been commissioned in response to the Grenfell tragedy. She emphasised that the recommendations within the report were evidence based and a significant amount of resources had been dedicated to producing it. The report found that the blocks continued to perform with fire safety and that compartmentalisation overall was intact.

She highlighted that as a consequence of the surveys, programmes of work had been accelerated and the compartmentalisation of the blocks enhanced. These were going beyond what was required in terms of minimum fire safety levels. A programme to replace all front doors was already underway. Recommendation eight within the report concentrated on the need for ongoing education of residents.

Garry Collins head of fire prevention and protection at Norfolk Fire and Rescue Service thanked everyone for the approach taken to completing the report he said no stone was left unturned and a very detailed piece of work had been produced. He emphasised that the report incorporated maintenance, management and systems monitoring and provided ongoing sustainability.

In response to a question from Councillor Schmierer, Garry Collins from Norfolk Fire and Rescue Service explained the concept of the stay put policy advocated in recommendation nine. The compartmentalisation features in the design provided two hours fire protection which meant that no one in a flat no matter what floor they were on would be any more at risk than if they were in a bungalow.

The cabinet member for social housing emphasised that communication with tenants attempted to take account of any extra needs such as English as a second or other language. Leaflets in communal areas had illustrations, letters sent to tenants had photographs and all but eight tenants had been spoken with; therefore any issues had been identified.

The chair said that the council would advise government of the cost of the works. In the early days after Grenfell there had been a promise to support councils with the cost of remedial works. The chair thanked council officers, NPS, the Norfolk Fire and Rescue Service and Councillor Harris for their hard work.

RESOLVED to:

(1) approve the proposed programme of works following a review of the council's eight hi-rise tower blocks; and

(2) delegate to the director of neighbourhoods in consultation with the deputy leader and cabinet member for social housing, the award of contracts to deliver the works outlined in the report.

5. Equality information report

Councillor Davis, cabinet member for social inclusion, presented the report.

She said that the report demonstrated how the council had regard to the equality duties incumbent upon it. She referred to the government having adopted the International Holocaust Remembrance Alliance working definition of anti-Semitism and suggested an amendment to the Equality Information report to adopt this as the city council's definition of anti-Semitism.

Antisemitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities.

To guide IHRA in its work, the following examples may serve as illustrations:

Anti-Semitic acts are criminal when they are so defined by law (for example, denial of the Holocaust or distribution of anti-Semitic materials in some countries).

Criminal acts are anti-Semitic when the targets of attacks, whether they are people or property – such as buildings, schools, places of worship and cemeteries – are selected because they are, or are perceived to be, Jewish or linked to Jews.

Anti-Semitic discrimination is the denial to Jews of opportunities or services available to others and is illegal in many countries.

- Manifestations might include the targeting of the state of Israel, conceived as a Jewish collectively. However, criticism of Israel similar to that levelled against any other country cannot be regarded anti-Semitic. Anti-Semitism frequently charges Jews with conspiring to harm humanity, and it is often used to blame Jews for "why things go wrong." It is expressed in speech, writing, visual forms and action, and employs sinister stereotypes and negative character traits.

- Contemporary examples of anti-Semitism in public life, the media, schools, the workplace, and in the religious sphere could, taking into account the overall context, include, but are not limited to:

- Calling for, aiding, or justifying the killing or harming of Jews in the name of a radical ideology or an extremist view of religion.
- Making mendacious, dehumanising, demonising, or stereotypical allegations about Jews as such or the power of Jews as collective — such as, especially but not exclusively, the myth about a world Jewish conspiracy or of Jews controlling the media, economy, government or other societal institutions.

- Accusing Jews as a people of being responsible for real or imagined wrongdoing committed by a single Jewish person or group, or even for acts committed by non-Jews.

- Denying the fact, scope, mechanisms (e.g. gas chambers) or intentionality of the genocide of the Jewish people at the hands of National Socialist Germany and its supporters and accomplices during World War II (the Holocaust).

- Accusing the Jews as a people, or Israel as a state, of inventing or exaggerating the Holocaust.

- Accusing Jewish citizens of being more loyal to Israel, or to the alleged priorities of Jews worldwide, than to the interests of their own nations.

- Denying the Jewish people their right to self-determination, e.g., by claiming that the existence of a State of Israel is a racist endeavour.

- Applying double standards by requiring of it behaviour not expected or demanded of any other democratic nation.

- Using the symbols and images associated with classic antisemitism (e.g., claims of Jews killing Jesus or blood libel) to characterise Israel or Israelis.

- Drawing comparisons of contemporary Israeli policy to that of the Nazis.

- Holding Jews collectively responsible for actions of the state of Israel.

The strategy manager said the report incorporated a new gender pay reporting duty.

RESOLVED to approve publication of the amended annual equality information report.

6. Corporate risk register and policy report

Councillor Kendrick, cabinet member for resources, presented the report. He explained how risk was assessed and that any score above 15 on an item was brought to cabinet for approval.

In response to a question from Councillor Schmierer, the chief executive said that there were two scores, the first a raw score and the second the score after mitigation had been applied to the risk. A score remained high were there was a risk which could not be mitigated any further and this was why it would be highlighted for consideration at cabinet.

Councillor Davis, cabinet member for social inclusion commented that the highest risk scores related to items where there was uncertainty about public sector funding.

The chair said it was the organisational culture to be aware of risk and the strategy and that risk was everyone's responsibility including members.

RESOLVED to approve the proposed amendments to the corporate risk register and risk management policy.

7. Revenue and capital budget monitoring 2017/18 – Period 8

Councillor Kendrick, cabinet member for resources, presented the report and noted the new improved format.

RESOLVED to:

(1) note the financial position as at 30 November 2017 and the forecast outturn 2017/18;

(2) note the HRA virement as detailed in paragraph 4; and

(3) approve the addition of capital grant income to the non-housing capital programme as detailed in paragraph 10.

8. Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2017/18

Councillor Kendrick, cabinet member for resources, presented the report.

RESOLVED to:

(1) note the report and the treasury activity.

(2) recommend to council:

a) approval of the revised authorised limit and operational boundary prudential indicators for the current financial year 2017/18.

b) approval of the revised MRP policy to take effect this financial year onwards.

CHAIR

Report to	Cabinet	**Item**
	07 February 2018	5
Report of	Head of strategy and transformation	
Subject	Corporate Plan updates	

Purpose

To consider updates to the corporate plan 2015-20 for the year 2018-19.

Recommendation

To recommend updates to the corporate plan 2015-20 for the year 2018-19 to council for approval.

Corporate and service priorities

The report helps to meet all the corporate priorities.

Financial implications

The costs of taking forward the corporate plan are built into the draft budget for 2018-19.

Ward/s: All Wards

Cabinet member: Councillor Waters - leader

Contact officers

Helen Chamberlin, head of strategy and transformation 01603 212356

Background documents

None

1. The council's current corporate plan was adopted at a meeting of full council on 17 February 2015. It covers the period 2015-2020. This was developed through a number of methods including:

   a) Analysing information on levels of need in the city such as looking at demographics, strengths, opportunities, inequalities and challenges.

   b) Assessing the current environment the council operates in, including the national and local economic climate and policy and legislation for local government.

   c) Looking at the potential future factors that may impact on Norwich and the council e.g. economic, social, environmental etc.

   d) Discussions with councillors including an all councillor workshop.

   e) Specific discussions with partner organisations

   f) Assessing the future resourcing likely to be available to deliver a new corporate plan.

   g) Formal review by scrutiny and cabinet.

2. The vision and mission are as follows, and these stay the same for 2018-19:

   a) Vision: to make Norwich a fine city for all

   b) Mission: to always put the city and its people first

3. The five corporate priorities are:

   a) A safe, clean and low carbon city

   b) A prosperous and vibrant city

   c) A fair city

   d) A healthy city with good housing

   e) Value for money services

4. As part of this process, 45 corporate performance measures were established to measure how well the council was progressing against these priorities, with targets established for the first three years of the plan. In line with good practice in corporate performance measurement, we have reviewed these performance measurements and the targets over the last few months.

5. The individual measures and performance data have been looked at by the relevant service areas with support from the corporate performance team in order to ensure that the measures are effective and whether targets are still appropriate for the year 2018-19. Relevant portfolio holders have then been consulted on these. Revisions were considered by the scrutiny committee at their meeting on 14 December 2017. These revisions include mid-year changes

to certain corporate performance measures as agreed by cabinet on 8 November 2017.

6. It is proposed that the majority of the measures stay the same for 2018-19 in order to be able to compare performance with previous years. However, there are some individual measures that require some amendment; these involve:

   a) Amending the mathematical basis for the calculation or using different data collection methods to ensure robustness or enhance statistical accuracy

   b) Amending the target in light of previous performance and to reflect our new survey methodology

   c) Deleting the measure

   d) Adding a measure

7. The full list of changes to measures and targets for 2018-19 can be found in Appendix B with the full text of the proposed corporate plan in Appendix A. The key changes are as follows:

   a) SCL3, SCL11, SCL12, VFM8. Amend the targets for the measures to reflect the new text based local area survey methodology, which provides a more robust and detailed overview of resident experience by targeting a more representative range of residents. This has had a marked impact on reported levels of satisfaction and perceptions of safety and it is proposed to revise the targets in line with this. Customers can choose to opt out of the survey if they wish. Where targets are still to be confirmed, these will be established once we have sufficient data from the use of the new methodology at the end of 2017-18.

   b) SCL5, SCL6, SCL8, HCH4, HCH8. Increase the targets in line with previous performance.

   c) VFM2, VFM7. Replacing these with a single composite measure (VFM10) that shows whether the council's financial performance is on track to achieve a balanced budget, reflecting both income generated and planned savings achieved.

   d) VFM9. Deletion of measure as this measures activity not performance.

8. Although the existing corporate plan 2015-20 is still in force, to contextualise the changes to the key performance measures and to summarise the opportunities and challenges that exist in delivering the corporate plan, it is proposed that we 'refresh' elements of the supporting material that are published with the corporate plan. The document containing these 'refreshed' elements can be found in Appendix A.

9. The revised content consists of:

   a) A new foreword from the leader of the council

   b) New commentary on the 5 corporate priorities

10. The further proposal is that the current corporate plan remains in place until the end of 2018-19. After this point, the engagement work with residents and other stakeholders that is currently being undertaken alongside the wider transformation programme will allow the establishment of new corporate priorities and performance framework and a new corporate plan for the period 2019 – 2022.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	07 February 2018
Director / Head of service	Head of Strategy & Transformation
Report subject:	Corporate Plan updates
Date assessed:	25 January 2018

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☒	☐	☐	Individual measures have been developed by heads of service alongside service and budget planning processes to ensure targets are aligned to resource
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues
The corporate plan is the context sets the priorities under which all council activity is undertaken. Identification of risks, impact and mitigation of all of this is therefore out of the scope of a single impact assessment and best dealt with through individual team, service and project plans within corporate guidelines.

Norwich City Council Corporate Plan 2015-20

Refresh: 2018-19

This document supplements the 2015-20 corporate plan published in 2015.

For background on key statistics about Norwich you can read 'The State of Norwich'.

Leader's foreword

A strong, well-resourced city council has never been more important, one that can help shape and deliver a new vision for our city. A vison which celebrates what makes Norwich the great place it is today and addresses the difficult challenges that face us in the future.

We live in difficult times. At the national level the outcome of the Brexit negotiations remains unclear and adds to the uncertainty faced by many EU citizens who have made their lives in Norwich. British EU citizens living in other EU countries will be feeling the same way.

Uncertainty also extends to the public services which we all value and depend upon. Local government has been particularly hard hit by austerity. In the case of Norwich, we have a central Government financial settlement that sees our General Fund budget cut by 15.9%. This is the fourth highest reduction across the country. In cash terms that means a further net reduction of over £9m between now and 2020/21, on top of the £40 million taken out of our budgets since 2008 - a 40% cut in ten years. Norwich City Council has and continues to work hard to try and plug some of the gaps in government funding. We have been raising income from investing in commercial property alongside becoming as efficient as we can. We do this so we can continue to serve the people of Norwich and protect services

We are conscious that levels of poverty are set to rise over the next few years. With benefit changes (including for people in work); uncapped rents and insecurity of tenure in the private rented sector and, at the end of 2018, the introduction of Universal Credit, things are tough. Work for many Norwich residents, has long since ceased to be a guaranteed route out of poverty. Many people are in a precarious situation and experiencing irregular and low paid work. We have seen a rapid increase in rough sleeping on our streets and rising levels of child poverty.

Our priority is always to do the best for all the residents of Norwich. Our Corporate Plan is underpinned by the belief that we will use our resources and through partnership deliver local investment in jobs, homes, new businesses and a good quality of life including investment in cultural and leisure activities and the continued drive towards making Norwich a low carbon city.

We have major council housing developments underway in Goldsmith Street and at Bowthorpe. Brownfield sites are being redeveloped. And some of the major privately owned stalled sites are starting to progress.

We are also driving investment for Norwich through key partnerships, among which are the Greater Norwich Growth Board; the New Anglia LEP and the Arts Council. We are part of a network of English cities making the case to Government that cities, as the engines of their local and regional economies, need a greater share of national resources and crucially greater local freedoms to drive sustainable growth which benefits everyone. We advocate and work with our partners to spread the ideas of 'inclusive growth'. That means in Norwich, we must redouble our efforts to tackle inequality, poverty, job insecurity and low wages.

The ambition of these plans requires a council organised to maximise the positive impact we can have on the city and the wider area. That is a major challenge against a background of continued severe funding cuts from central government. But we have been very successful in reducing costs and redesigning services – thanks in large part to the commitment and flexibility of our workforce. However, delivering the necessary cost reductions and continuing to provide key services is becoming increasingly challenging. The scale of the savings we need to achieve means we have to fundamentally change how we operate but also be responsive and proactive by taking account of future trends in society.

Last year I wrote that the council needed to use its civic leadership role to lead the discussion on how Norwich needs to position itself over the next 20 years. This is a collective citywide endeavour involving residents and a broad range of stakeholders. That work started with the 2040 Norwich Vision Conference held in November 2017 and it will shape the direction we take in this and future Corporate Plans as our contribution to the evolving broader vision for the city.

Councillor Alan Waters, Leader, Norwich City Council.

Strategic direction of the council
This sets out our overall vision, priorities and values. It guides everything we will do as an organisation and how we will go about it. The strategic direction is shown in the following diagram and covers the below elements:

Our vision: overall this is what as a council we aim to achieve for the city and its citizens.

Our mission: this is the fundamental purpose of the council – so basically what we are here for.

Our priorities: these are the key things we aim to focus on achieving for the city and its residents to realise our vision over the next five years.

Our core values: these drive how we will all work and act as teams and employees of the council.

Our vision: to make Norwich a fine city for all.

Our mission: to always put the city and its people first.

Our core values

Everything we ever do as an organisation, whether in teams or as individuals, will be done with our core values in mind. These are:

P Pride. We will take pride in what we do and demonstrate integrity in how we do it.

A Accountability. We will take responsibility, do what we say we will do and see things through.

C Collaboration. We will work with others and help others to succeed.

E Excellence. We will strive to do things well and look for ways to innovate and improve.

Council priorities

- A safe, clean and low carbon city
- A prosperous and vibrant city
- A fair city
- A healthy city with good housing
- Value for money services

Our priorities

A safe, clean and low carbon city
We want to ensure that Norwich is safe and clean for all citizens and visitors to enjoy and that we create a sustainable city where the needs of today can be met without compromising the ability of future citizens to meet their own needs.

What's working well?
The council is at the forefront of building new homes to the highest of environmental standards, known as Passivhaus. Our Goldsmiths Street development of 105 social houses is one of the largest collections of Passivhaus currently under construction in the UK. In 2017 we have achieved a 54.1% reduction in carbon emissions against our target of 40% by 2019. Fuel poverty levels in Norwich have fallen so that they are in line with national averages. We will keep to our commitment to support people through our successful affordable warmth initiatives such as Cosy City and Big Switch & Save. Our residents continue to express high levels of satisfaction with the quality of our parks.

What are the challenges?
Residents' perception of how safe they feel is declining. Norwich is still a safe city, with relatively low crime. So it may be that increased visibility around a number of targeted police operations has increased visibility around drug related crime.

Although overall Norwich residents produce low levels of household waste, recycling levels are lower than they should be and contamination rates are high. There have been some changes to environmental policy nationally, such as a reduction in feed-in-tariffs, which reduce any incentives around solar and photovoltaic energy. Air quality continues to be an issue, as it is for many cities, reflecting national issues around diesel emissions.

What will we focus on?
Over £14 million of grants have been, or will be invested in cycling in Norwich. Since 2013 cycling has gone up 40%. We will continue with the programme of creating cycling routes in the city with the creation of the yellow and blue pedalways.

We will work hard to increase our understanding of what influences how safe people feel through better data collection. This will inform how we work with partners including health and the police. A new three year multi-agency programme to reduce the risk of domestic abuse will also be developed.

We will focus on increasing general recycling and food waste. This will not only bring environmental benefits but also increases revenue from recycling credits.

The creation of a new 'White label' energy company will help lower energy prices for residents, and help us to step up our focus on helping people at risk of fuel poverty.

A prosperous and vibrant city
We want Norwich to be a prosperous and vibrant city in which businesses want to invest and where everyone has access to economic, leisure and cultural opportunities.

What's working well?
The council is working with partners to support the development of major infrastructure which will help to support the growth of the city. This includes the Northern Distributor Road, now part opened and due for completion in 2018, and the development of the Airport Industrial estate to retain existing businesses and attract new ones.

Following a successful ballot of businesses, the Norwich Business Improvement District now has a remit to invest in the vitality of the whole of the city centre. We continue to build on the positive partnerships which support our programme of free events and work well with the creative sector to help the city's unique cultural offer to thrive.

A number of city centre development sites continue to progress, including St Anne's quarter.

What are the challenges?
Brexit continues to cause economic uncertainty and businesses are faced with a difficult trading environment, particularly in the knowledge economy which is critical to the city. Longer term, EU funds provided through the Local Enterprise Partnership (LEP) are also at risk, threatening the inclusive nature of future growth. In particular SMEs are finding the economic environment challenging.

We need to ensure that we investment in our culture so that it continues to provide social and economic benefit as well as attracting visors to Norwich.

What will we focus on?
The council will engage strategically locally and regionally to influence the growth agenda so that it meets the needs of Norwich residents. A new local plan is being developed in partnership with other local authorities and will be out to consultation during 2018. We will partner with the LEP to shape the investment and skills agenda. We will continue working with other key organisations and employers, including Aviva and the UEA, around living wage and inclusive growth.

We will work alongside key partners such as the Norwich Business Improvement District (BID), Historic England and the Arts Council and key cultural organisations with a view to securing additional resources. We will aim to ensure public access to a range of free cultural and sporting events, either through delivering them ourselves or working in partnership with others to do so.

A priority for us this year will be to accelerate residential and commercial developments on stalled sites. We will do this both through working with landowners and by promoting our own sites for development.

A fair city
We want Norwich to be a fair city where people are not socially, financially or digitally excluded and inequalities are reduced as much as possible.

What's working well?
We have adopted a new social value framework for procurement of goods and services, which builds on Living Wage and other social & environmental benefits.

The number of Living Wage employers in the city is increasing and we have continued to demonstrate our commitment to the Living Wage, by paying all our staff and the staff of our contractors who provide services in Norwich the "real" Living wage.

Our approach to working in neighbourhoods and cross agency includes locality working in Lakenham to join up local services and build capacity to identify and address local issues of inequality. The next phase of this project will be to develop social prescribing, the access to non-clinical services for those with multiple needs visiting their GP, often provided by the voluntary and community sector. Our targeted support for tenants and residents to help them navigate the challenges of Universal Credit has been well received.

What are the challenges?
The full roll out of Universal Credit will be challenging for some residents. Having to navigate digital claims, budgeting cycles and change of payment method may prove problematic.

Low wage levels in the city continue to be a concern and social mobility in the city remains amongst the lowest in the country. Child poverty is already worse than the England average and is set to increase.

What will we focus on?
Our prime focus will be on maintaining funding for social welfare advice for residents to help to mitigate the impact of Universal Credit. We will work to support the new Norfolk approach to hate crime reporting.

We will extend our locality and partnership approach to reducing inequalities through supporting initiatives like Active Norfolk and county social prescribing programmes

We will also continue to work alongside county council colleagues to improve city centre accessibility.

Healthy city with good housing
We want to ensure that people in Norwich are healthy and have access to appropriate and good quality housing.

What's working well?
Norwich City Council will build new homes through the council owned company, Norwich Regeneration Company. The new development at Bowthorpe will see 1,000 new homes being built during the first phase. This will be a mixture of social rented housing and properties for sale.

We will endeavour to contribute to the health of residents by working in partnership with our colleagues in the Healthy Norwich Partnership, for example developing the 'Daily Mile' which encourages activity in primary school children

What are the challenges?
The city, like many others, faces a challenging housing market with limited supply and many people struggling to afford appropriate housing. This is reflected in rises in both visible and hidden homelessness. This situation has been exacerbated through continued erosion of council stock. The council has lost 500 homes over the last 3 years through Right-to-Buy, without this generating sufficient income to replace one home for every one lost.

The rising demand, cost and availability of temporary accommodation remains a concern compounded by the reduction in housing-related support provision due to county council cuts.

The health of residents still varies widely in the city between least and most deprived, partly driven by socio-economic factors.

What will we focus on?
A top priority for the city council is continuing to prevent homelessness. We will do this both within the context of the new homelessness reduction act and through our rough sleeping strategy, delivered in partnership.

As always, we aim to support vulnerable people of all ages to live independently in their own homes for as long as possible

We will continue to build as many council houses as we can and work with other to build social and affordable housing. Alongside this we will seek to enhance the quality of all existing housing stock, using whatever levers we have, in the private rental sector. We will undertake a number of repairs and upgrades to the council's high rise residential tower blocks following detailed surveys undertaken with the Norfolk fire and rescue service in the aftermath of the Grenfell Tower tragedy of 2017. These are recommended to help prevent fires occurring and to contain the spread of a fire should one occur.

The council will continue to seek to address health inequalities in a holistic way through partnership with health colleagues and playing our role in addressing the socio-economic drivers of poor health.

Value for money services
The council is committed to ensuring the provision of efficient, effective and quality public services to residents and visitors. While we will continue to face challenging savings targets over the next five years, we will continue to protect and improve those services our citizens value most as much as we possibly can.

What is working well?
Important to the financial sustainability of the council is the ability to generate income to replace government cuts in funding. We continued to develop our commercial assets portfolio, to divest ourselves of those with minimal returns and acquire new

ones that will optimise income to try to offset our need to make savings in council services. New revenue streams, including the award-winning Rose Lane Car Park mean we have been hitting our income generation targets.

We have improved our finance and performance reporting so that it supports good decision making and strategy.

The council has committed to putting services online where possible, to allow people to transact with us 24/7, whilst importantly continuing to supporting those who face digital exclusion.

We have also sought to improve the social value of the things we buy through the adoption of a new social value framework

What are the challenges?
In order to deliver 21st century public services we must address the context of a legacy of historic buildings and IT systems that have evolved incrementally. We must try to ensure that the council's digital infrastructure is fit for purpose now whilst being sufficiently agile and flexible to meet changing demands in the future.

Resources continue to dwindle and demand for quality council services increases. Coupled with wider budget cuts and austerity this presents a difficult challenge for the local authority in its role in providing services to residents, businesses and visitors, with less resource to meet demand.

What will we focus on?
We will need to focus on a number of issues to meet the challenges of the future. We must ensure that we design services to be as efficient as possible whilst delivering on our vision and mission and being true to our values.

Increasing our commercial investment portfolio will be a key priority to replace funds lost through government cuts.

We must also make sure that we improve how we collect monies that are owed, for example business rates, council tax and rents. We must also plan well in order to protect council income in the light of the challenges posed by Universal Credit and stressed household budgets.

We will increase the range of online services available helping those who can self-serve do so more easily and when it is convenient for them. The redesign of our customer centre to support residents in a more modern, friendly environment will help shape our future service.

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

What we aim to achieve (our priorities)	SAFE, CLEAN AND LOW CARBON CITY		PROSPEROUS AND VIBRANT CITY		FAIR CITY		HEALTHY CITY WITH GOOD HOUSING		VALUE FOR MONEY SERVICES	
What we will do to achieve our priorities working with our partners and residents (key actions)	To maintain street and area cleanliness		To support the development of the local economy and bring in inward investment through economic development and regeneration activities		To reduce financial and social inequalities		To deliver our annual Healthy Norwich action plan with our key partners to improve health and wellbeing		To engage and work effectively with customers, communities and partner organisations' using data and intelligence as well as a collaborative and preventative approaches to improve community outcomes.	
	To provide efficient and effective waste collection services and reduce the amount of waste sent to landfill		To advocate for an effective digital infrastructure for the city		To advocate for a Living Wage and inclusive growth		To support the provision of an appropriate housing stock in the city including bringing long term empty homes back into use and building new affordable homes		To continue to reshape the way the council works to realise our savings target and improving council performance wherever possible.	
	To work effectively with the police to reduce antisocial behaviour, crime and the fear of crime		To maintain the historic character of the city through effective planning and conservation management		To encourage digital inclusion so local people can take advantage of digital opportunities		To prevent people in the city from becoming homeless by providing advice and alternative housing options		To improve the efficiency of the council's customer access channels	
	To protect residents and visitors by maintaining the standards of food safety		To provide effective cultural and leisure opportunities for people in the city and encourage visitors and tourists		To reduce fuel poverty through a programme of affordable warmth activities		To improve the council's housing stock through a programme of upgrades and maintenance and provide a good service to tenants		To maximise council income through effective asset management, trading and collection activities	
	To maintain a safe and effective highway network in the city and continue to work towards 20mph zones in residential areas						To improve the standard of private housing in the city through advice, grants and enforcement and supporting people's ability to live independently in their own homes by providing a home improvement agency			
	To mitigate and reduce the impact of climate change wherever possible and protect and enhance the local environment									
	To reduce the council's own carbon emissions through a carbon management programme									
How we measure what we are achieving (key measures and projects)	% of streets found clean on inspection	% of people satisfied with waste collection	Number of new jobs created/ supported though council funded activity	Delivery of the council's capital programme (encompassing all key regeneration projects)	Delivery of the reducing inequalities action plan	% of people who felt their wellbeing had been improved after receiving advice	Delivery of the Healthy Norwich action plan	Relet times for council housing	% of residents satisfied with the service they received from the council	Council on track to remain within agreed general fund budget
	% of people feeling safe	Residual household waste per household (Kg)	Planning quality measure	Amount of funding secured by the council for regeneration activity	% of commissioned organisations who pay their staff the Living Wage for services delivered on behalf of the city council	Delivery of the digital inclusion action plan	Number of long term empty homes brought back into use	Number of new council or other affordable homes completed on council land or which the council has financially contributed to	Channel shift measure	Avoidable contact level
	% of food businesses achieving safety compliance	% of residential homes on a 20mph street	Number of priority buildings on the 'at risk register' that have been saved	Amount of visitors at council run events	Number of private sector homes where council activity improved	Timely processing of benefits	Number of people prevented from becoming homeless	Number of people who feel that the work of the home improvement agency	% of customers satisfied with the opportunities to engage with the	

			from decay and dereliction through the intervention of the city council		energy efficiency			has enabled them to maintain independent living	council	
	Number of accident casualties on Norwich roads	% of adults cycling at least 3x a week for utility purposes		% of people satisfied with leisure and cultural facilities			% of council properties meeting Norwich Standard	% of people satisfied with the housing service		
	Reduction in CO_2 emissions for the Norwich area	Reduction in CO_2 emissions from local authority operations					Number of private sector homes made safe			
	% of people satisfied with parks and open spaces	% change in the number of cyclists counted at automatic count sites								
	% of people satisfied with their local environment									
Key services contributing	City wide services	Neighbourhoods service	City development service	Neighbourhoods service	Strategy & transformation	Neighbourhoods service	Strategy & transformation	City development service	All services	All services
	City development services	Customer contact service	Planning service	Strategy & transformation	Customer contact service	Business relationship management service	Housing service	Customer contact service		
	Strategy & transformation	Environmental strategy	Business relationship management service	Culture and communications service	Environmental strategy		Planning service			
	Planning service		Customer contact service							

Corporate performance measures 2018-19

The council sets targets for each key performance measure. These are set out in detail in service plans and as part of the quarterly performance reports. Specific measures and targets beyond 2018-19 will be developed as part of the review of the corporate plan in 2018-19. Some targets remain to be set based on 2017-18 data using revised methodologies.

Key performance measure	Prefix	2018-19 Target
Council priority: safe, clean and low carbon		
% of streets found clean on inspection	SCL1	94%
% of people satisfied with waste collection	SCL2	85%
% of people feeling safe	SCL3	tbc
Residual household waste per household (kg)	SCL4	375
% of food businesses achieving safety compliance	SCL5	94%
% of residential homes on a 20mph street	SCL6	50%
Number of accident casualties on Norwich roads	SCL7	<400
% of adults cycling at least 3x a week for utility purposes	SCL8	16%
% change in the number of cyclists counted at automatic count sites	SCL13	5% increase
Reduction in CO2 emissions for the local area	SCL9	2.4%
Reduction in CO2 emissions from local authority operations	SCL10	2.2%
% of people satisfied with parks and open spaces	SCL11	tbc
% of people satisfied with their local environment	SCL12	tbc
Council priority: prosperous and vibrant city		
Number of new jobs created/ supported by council funded activity	PVC1	300
Delivery of the council's capital programme	PVC2	80%
Amount of funding secured by the council for regeneration activity (4 year rolling average)	PVC3	£2m p/a
Planning service quality measure	PVC6	tbc
Number of priority buildings on the 'at risk register' that have been saved from decay and dereliction through the intervention of the city council.	PVC7	1 p/a
% of people satisfied with leisure and cultural facilities	PVC8	95%
Amount of visitors at council ran events	PVC9	85,200 p/a

Key performance measure	Prefix	2018-19 Target
Council priority: fair city		
Delivery of the reducing inequalities action plan	FAC1	100% on target p/a
% of people who felt their wellbeing had been improved following receiving advice	FAC2	86%
Delivery of the digital inclusion action plan	FAC3	100%
Timely processing of benefits	FAC4	100%
No of private sector homes where council activity improved energy efficiency	FAC5	165
% of commissioned organisations who pay their staff the living wage for services delivered on behalf of Norwich City Council	FAC6	100%
Council priority: healthy city with good housing		
Delivery of the Healthy Norwich action plan	HCH1	100% on target p/a
Relet times for council housing	HCH2	16 days
Number of long-term empty homes brought back into use	HCH3	20
Number of new council or other affordable homes completed on council land or which the council has financially contributed to	HCH4	350
Preventing homelessness	HCH5	60%
Percentage of people who feel that the work of the home improvement agency has enabled them to maintain independent living	HCH6	90%
% of council properties meeting Norwich Standard	HCH7	97%
% of people satisfied with the housing service	HCH8	84%
No of private sector homes made safe	HCH9	100
Council priority: value for money services		
% of residents satisfied with the service they received from the council	VFM1	75%
Avoidable contact	VFM4	35%
Channel shift	VFM5	25%
% of customers satisfied with the opportunities to engage with the council	VFM8	54%
Council on track to remain within agreed general fund budget	VFM10	<£250k

Prefix	Measure	17/18	18/19	Any Changes?
Council priority: safe, clean and low carbon				
SCL1	% of streets found clean on inspection	88%	NC	No Change
SCL2	% of people satisfied with waste collection	85%	NC	No Change
SCL3	% of people feeling safe	78%	tbc	New methodology requires new target based on 2017-18 data
SCL4	Residual household waste per household (kg)	375	NC	No Change
SCL5	% of food businesses achieving safety compliance	90%	94%	Scrutiny Comm. Suggested a rise to 94%
SCL6	% of residential homes on a 20mph street	45%	50%	Increases to 50%
SCL7	Number of accident casualties on Norwich roads	>400	NC	No Change
SCL8	% of adults cycling at least 3x a week for utility purposes	14%		Increase to 16%
SCL13	% change in the number of cyclists counted at automatic count sites	5% increase	NC	No Change
SCL9	CO2 emissions for the local area	2.4%	NC	No Change
SCL10	CO2 emissions from local authority operations	2.2%	NC	No Change
SCL11	% of people satisfied with parks and open spaces	85%	tbc	New methodology requires new target based on 2017-18 data
SCL12	% of people satisfied with their local environment	80%	tbc	New methodology requires new target based on 2017-18 data
Council priority: prosperous and vibrant city				
PVC1	Number of new jobs created/ supported by council funded activity	300	NC	No Change
PVC2	Delivery of the Councils capital programme	80%	NC	No Change
PVC3	Amount of funding secured by the council for regeneration activity (4 year rolling average)	£2m p/a	NC	No Change
PVC6	Planning service quality measure	tbc	tbc	Still awaiting national framework to establish target

PVC7	Number of priority buildings on the 'at risk register' that have been saved from decay and dereliction through the intervention of the city council.	1 p/a	NC	No Change
PVC8	% of people satisfied with leisure and cultural facilities	95%	NC	No Change
PVC9	Amount of visitors at council ran events	85,200 p/a	NC	No Change
Council priority: fair city				
FAC1	Delivery of the reducing inequalities action plan	100% on target p/a	NC	No Change
FAC2	% of people who felt their wellbeing had been improved following receiving advice	86%	NC	No Change
FAC3	Delivery of the digital inclusion action plan	100%	NC	Current action plan ends – new action plan being evolved
FAC4	Timely processing of benefits	100%	NC	No Change
FAC5	No of private sector homes where council activity improved energy efficiency	165	NC	No Change
FAC6	% of commissioned organisations who pay their staff the living wage for services delivered on behalf of NCC	100%	NC	No Change
Council priority: healthy city with good housing				
HCH1	Delivery of the Healthy Norwich action plan	100% on target p/a	NC	No Change
HCH2	Re-let times for council housing	16 days	NC	No Change
HCH3	Number of empty homes brought back into use	20	NC	No Change
HCH4	Number of new council or other affordable homes completed on council land or which the council has financially contributed to	200 (15-18)	350	Increased target of 350
HCH5	Preventing homelessness	60%	NC	No Change
HCH6	Percentage of people who feel that the work of	90%	NC	No Change
Council priority: value for money services				
VFM1	% of residents satisfied with the service they received from the council	75%	75%	No Change
VFM2	Council achieves savings target	<£0 (underspe	Deleted	Indicator replaced by single composite

		n d)		balanced budget measure
VFM4	Avoidable Contact	35	NC	No Change
VFM5	Channel Shift	25%	NC	No Change
VFM6	% of income owed to the council collected	95%	NC	No Change
VFM7	% of income generated by the council compared to expenditure	45.2%	Deleted	Indicator replaced by single composite balanced budget measure
VFM8	% of customers satisfied with the opportunities to engage with the council	54%	tbc	New methodology requires new target based on 2017-18 data
VFM9	Delivery of local democracy engagement plan	Yes on target	Delete	Delete as not a measure of performance

Report to	Cabinet	**Item**
	07 February 2018	
Report of	Chief finance officer (Section 151 Officer)	6
Subject	2018-19 Budget, Medium Term Financial Strategy (MTFS) and HRA Business Plan	

Purpose

To recommend to council the 2018-19 budget and the MTFS for the general fund, housing revenue account and capital programme.

Recommendations

To note:

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

To recommend to council to approve:

General Fund

1. The council's net revenue budget requirement as £15.696m for the financial year 2018/19 (Table3) including the budget allocations to services shown in appendix 2 and the growth and savings proposals set out in appendix 1;

2. An increase to Norwich City Council's element of the council tax of 2.99%, meaning that that the Band D council tax will be set at £256.46 (para 83), with the impact of the increase for all bands shown in table 6;

3. The planned use of £1.504m of General Fund reserves to finance the budget requirement in 2018/19 (shown in table 9);

4. The prudent minimum level of reserves for the council as £4.232m para 155);

5. The general fund capital programme 2018/19 to 2022/23 (para 118):

6. The creation of earmarked reserves in relation to commercial property, and income received from on-lending to Norwich Regeneration Limited, and the transfer of additional income generated from these sources above the MTFS savings targets to the relevant earmarked reserve (para 15).

Housing Revenue Account

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

Corporate and service priorities

The report helps to meet all the corporate priorities.

Financial implications

This report presents the proposed budget requirement for 2018/19 for the General Fund revenue budget and the HRA Business Plan and the means by which these are to be financed. It also sets out the proposed capital programme for 2017/18 to 2021/22 illustrating how anticipated capital expenditure needs can be financed over the medium term.

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

Ward/s: All Wards

Cabinet member: Councillor Kendrick - resources

Contact officers

Karen Watling, chief finance officer	01603 212440
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Background documents

None

Report

INTRODUCTION

1. This report presents the proposed revenue and capital budgets for the General Fund and Housing Revenue Account. It contains proposals for budget savings, capital investment, Council Tax and HRA rental levels. The views of citizens, HRA tenants, and local businesses have been sought on these proposals, via the public budget consultation exercise.

2. The report updates the position reported in the Emerging Budget Paper considered at Cabinet in December 2017, including the outcomes from the Provisional Finance Settlement 2018-19.

3. This report needs to be read alongside the Chief Executive's report entitled "Fit for the Future" that was on cabinet's agenda on 13th December 2017. The Chief Executive's report contains important context and strategy that has shaped the budget proposals contained within this report.

REPORT CONTENTS

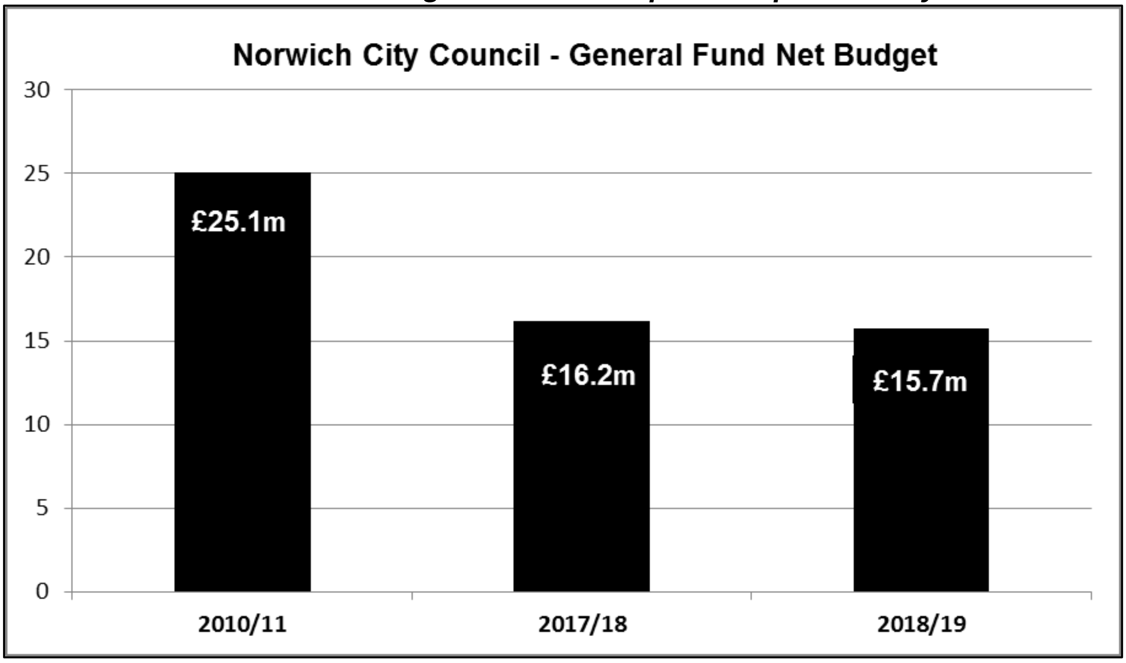
4. The contents of this report are set out as follows:

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

OVERALL SUMMARY

General Fund revenue budget

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



5. The proposed general fund net revenue budget for 2018/19 is £15.696m (compared to £16.152m for the current financial year). The gross revenue budget is £54m.

6. The proposed budget reflects the continuing reduction in central government funding to local government, which commenced in 2011/12 after the May 2010 general election brought the previous coalition government into power. Chart 1 above shows the scale of budget reductions undertaken from the last budget year before public sector austerity commenced, namely the 2010/11 budget, to the present day.

7. In order to set a balanced budget against this backdrop of funding reductions, net savings are proposed of £1.5m in 2018/19 along with a 2.99% rise in the band D council tax rate and the use of £1.5m of general fund reserves.

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

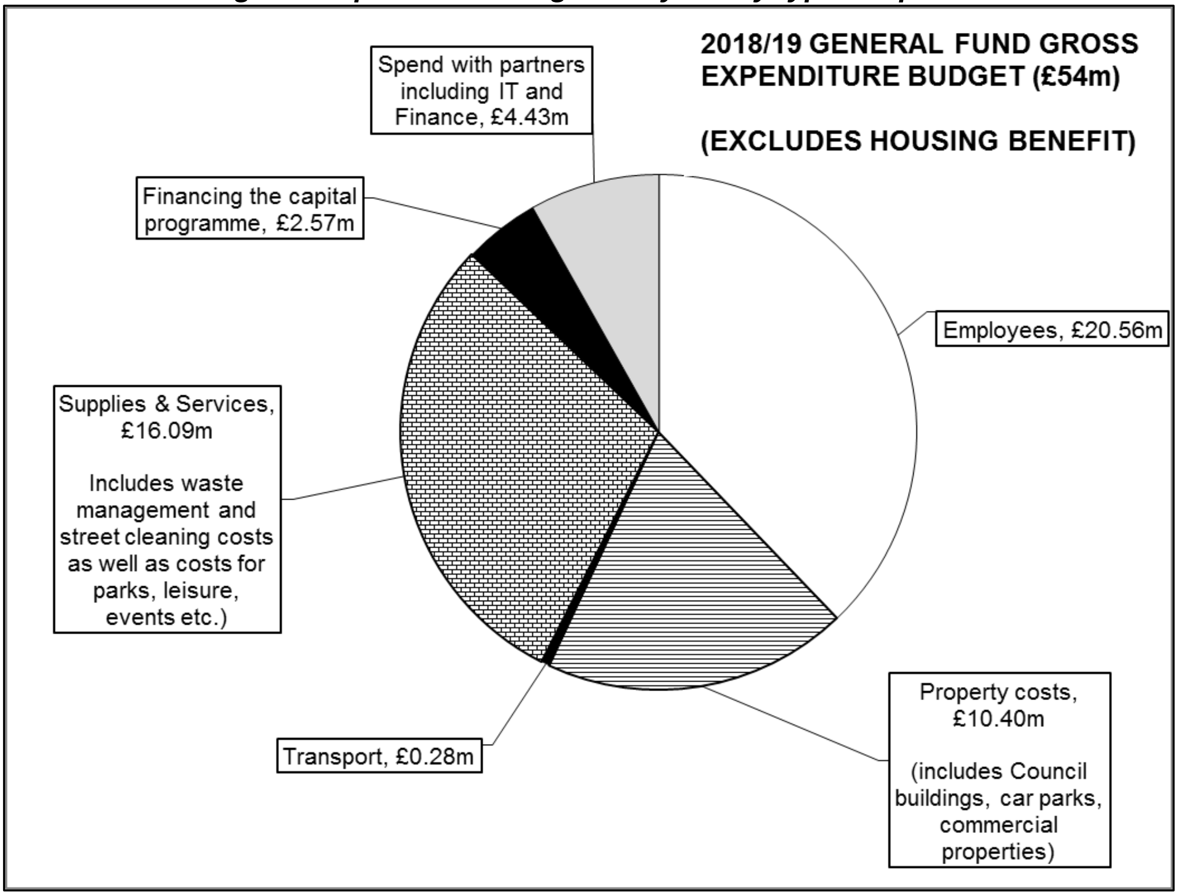
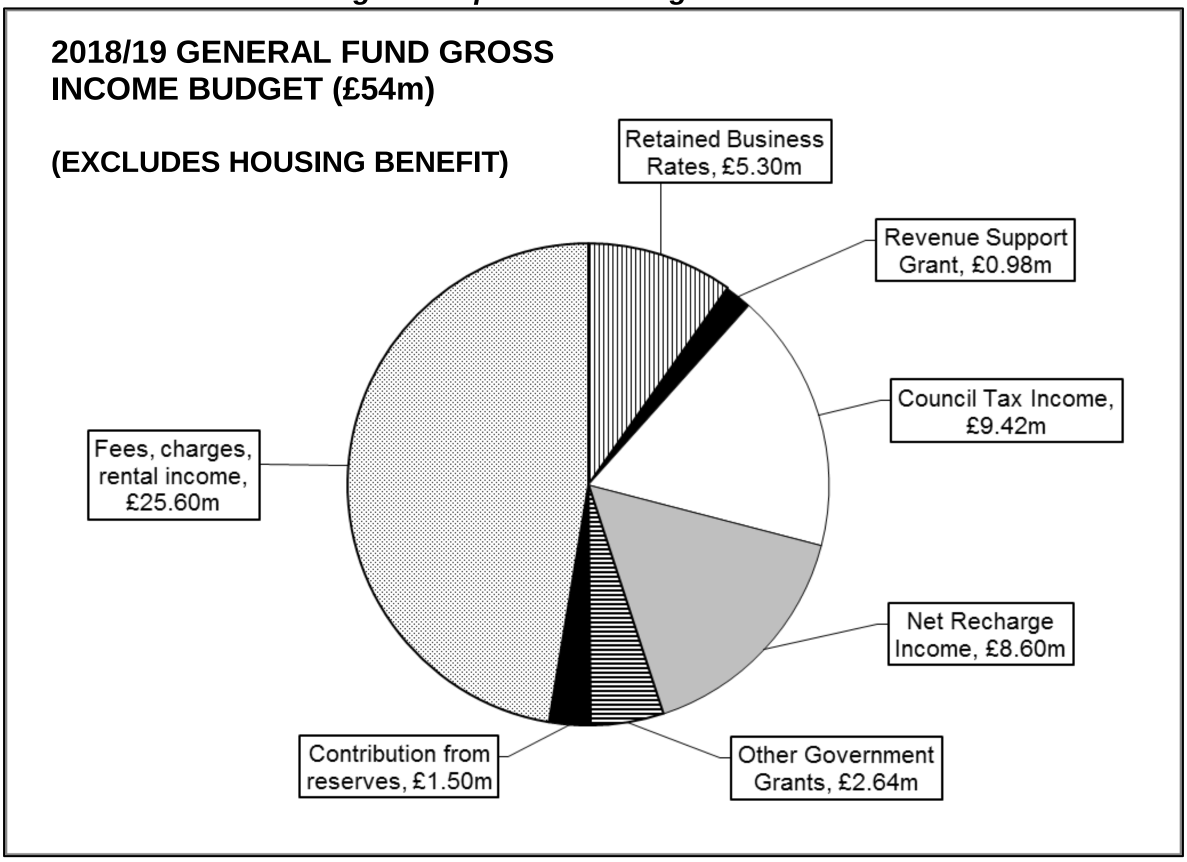


Chart 3: how the 2018/19 gross expenditure budget is financed



8. The net savings proposed for 2018/19 of £1.5m are below the £1.9m target set in the MTFS strategy agreed by Council in February 2017. This reflects the increasing difficulty of finding further efficiencies and income generation opportunities to balance the budget as a preferred budget strategy rather than making budget savings by reducing front line services.

9. However, other budget estimates have been updated since last February and, along with the announcements contained within the provisional Local Government Finance Settlement (published on 19 December 2017), the overall budget position has marginally improved over a number of budget items, including a higher council tax surplus distribution relating to 2017/18. This means that, despite not meeting the £1.9m savings target, the Council is able to draw down £445k less from reserves in 2018/19 from that forecast in the February 2017 MTFS position.

10. No potential savings have been included in these proposals arising from the work currently underway, and not finalised, on reviewing the council's operating model, as described in the Chief Executive's report to December 2017 cabinet entitled "Fit for the Future". However, it is proposed that forecast underspends in the current year in the General Fund and HRA are transferred at year end to the spend-to-save reserves in order to provide funding sources for any implementation costs that may be needed to implement the changes required.

11. A significant amount of the proposed savings is to be generated from maximising income generation and returns from assets, as agreed by Council on 27 September 2016 as part of the four year financial sustainability plan submitted to DCLG. Such income generation does increase the Council's risk profile hence the proposal for a set aside, in an earmarked reserve, of some of the new income generated to reduce risks and protect future income streams (see paragraph 15 below).

12. There is a continuation of the approach to utilise council reserves over the next 5 years to support the revenue budget and enable a strategic approach to cost reduction over the medium term. On this basis the reserves will come down to the prudent minimum levels by the end of 2022/23. After this year budget savings will still need to be made if any inflationary or demand-led increases in costs are not able to be offset by increased income from council tax and business rates. These savings however will need to be made without relying on reserve contributions to balance the budget.

13. The MTFS position shows that £7.0m of net savings (£10m gross) will be required over the four year period 2019/20 to 2022/23. This equates to a "smoothed" annual savings target of £1.8m.

14. Apart from the statutory need to balance the budget in the short and medium term, four other key principles underpin the figures presented in this report namely:

- A strategic planned approach to cost reduction over the medium term as outlined in the Chief Executive's "Fit for the Future" report to Cabinet on 13 December 2017.

- Some set aside of new net income generated by the Council's commercial activities to both safeguard the future income stream and to reduce the council's potential commercial risks.

- The use of one-off income to fund one off expenditure (either revenue or capital) rather than the on-going costs of delivering services.

- The strategic need to fund capital maintenance in the Council's varied and numerous assets so as to avoid health and safety issues and/or the need to spend larger sums on unplanned remedial works.

15. This report therefore contains the following specific proposals:

    - Underspends from the current financial year, 2017/18, will be transferred to the spend-to-save earmarked reserve to support the delivery of savings and efficiencies through the transformation programme, including the implementation of a new operating model for the Council if agreed: the underspend is currently forecast to be some £0.94m.

    - Any new net income generated above the MTFS savings target from commercial property acquisitions will be set aside in an ear-marked reserve. This would be used to provide funding for any future void and rent free periods as well as any repairs/upgrades required to the property to help safeguard the future value of the investment and the rental income stream, thereby minimising the risk of holding these assets and of fluctuations in the income return. The amounts so set aside in the reserve would be agreed by Members at the end of each financial year as well as in future budget reports.

    - The fluctuations in net income received by the Council from the on-lending to its company, Norwich Regeneration Limited, will be smoothed and managed by the establishment of an earmarked reserve. This will also provide a buffer in case the income is lower than anticipated due to the company not borrowing as much or as quickly from the council as planned (caused for example by delays in construction etc.)

    - The continuation of the policy, agreed last February in the MTFS, of increasing the revenue contribution to capital by £0.25m each year up to £1.5m. This will give the council some ability to maintain and upgrade its numerous and very diverse General Fund assets given that capital receipt income, the major source of funding for capital maintenance work on these assets, is forecast to fall in the future.

Housing Revenue Account (HRA)

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

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

17. The proposed gross expenditure budget for the HRA in 2018/19 is £70.80m with the income budget being £68.25m – this creates a budget deficit position of £2.55m. However, this budget includes a planned significant use of reserves to fund the HRA capital programme and minimise borrowing costs.

18. The HRA continues to balance the ongoing requirements of maintaining and upgrading homes, within the four year mandatory 1% rent reduction.

19. Uncertainty still exists around a possible significant determination being levied against Housing Revenue Accounts to compensate Registered Providers, following the extension of Right-to-Buy legislation.

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

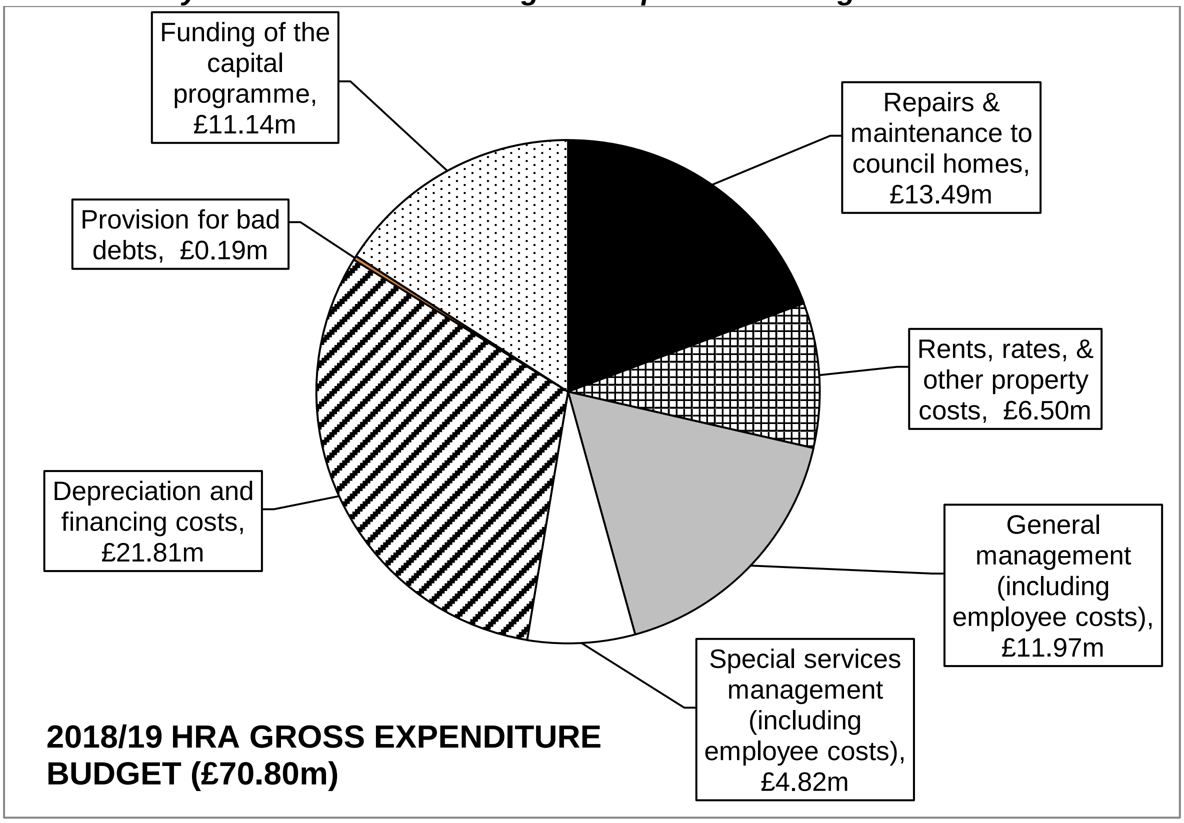
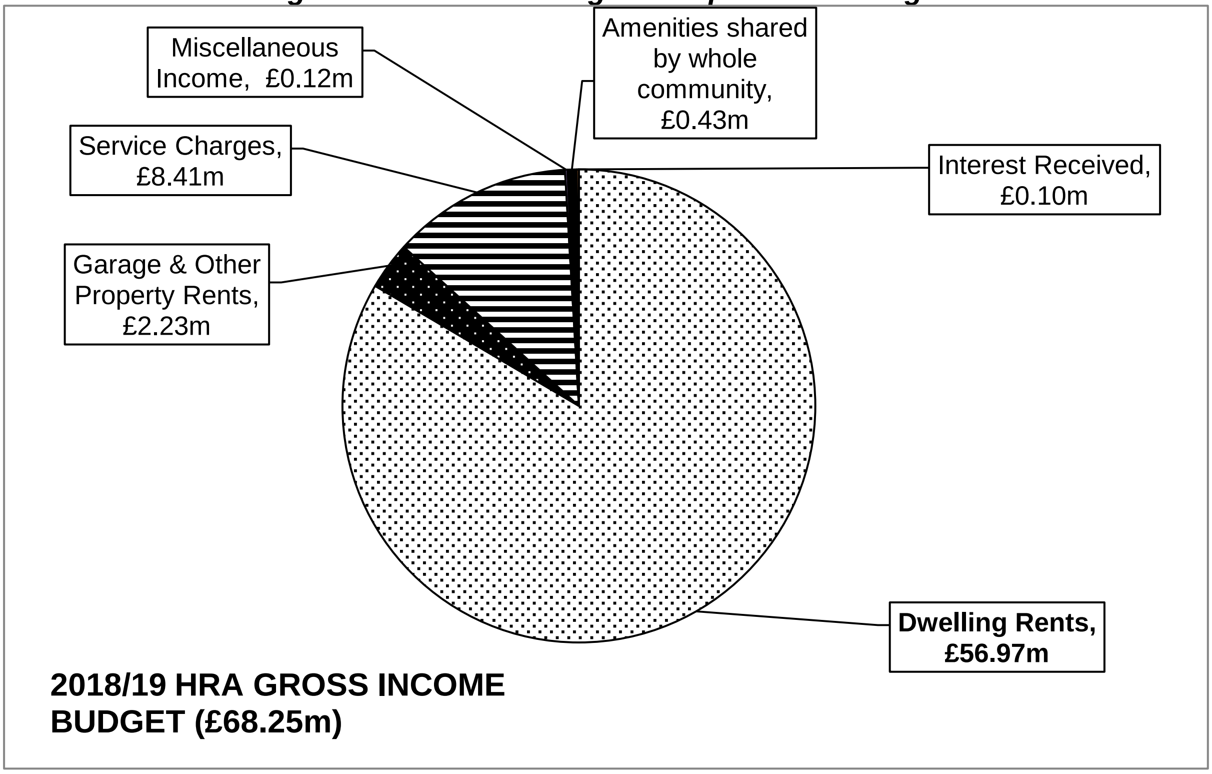


Chart 5: the financing of the 2018/19 HRA gross expenditure budget



20. The HRA business plan demonstrates that it should still be possible for HRA borrowing to be repaid with 21 years whilst providing 200 new council homes by 2021. This is in addition to 241 social housing homes being delivered in partnership with Registered Providers and a further 285 homes planned to be constructed by the Council's wholly owned company, Norwich Regeneration Ltd.

21. It is proposed to utilise £0.5m of the forecast 2017/18 underspend to establish an spend-to-save earmarked reserve within the HRA to support the delivery of savings and efficiencies through the transformation programme.

Capital programme

22. The proposed 2018/19 capital programme for the General Fund is £42.792m and for the HRA £31.572m.

23. Whilst the proposed General Fund and HRA capital programmes will deliver the highest capital priorities for the Council, the overall programme has been set at a reduced level from previous years that is affordable, provides financial resources for a five year period, includes robust estimates and is achievable in terms of actual delivery.

24. The General Fund capital programme currently does not therefore include significant large schemes, largely related to the regeneration of the City, that may proceed during 2018/19 or later years. These will be considered by Cabinet and approved by Council during the year based on robust Business Case analysis.

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

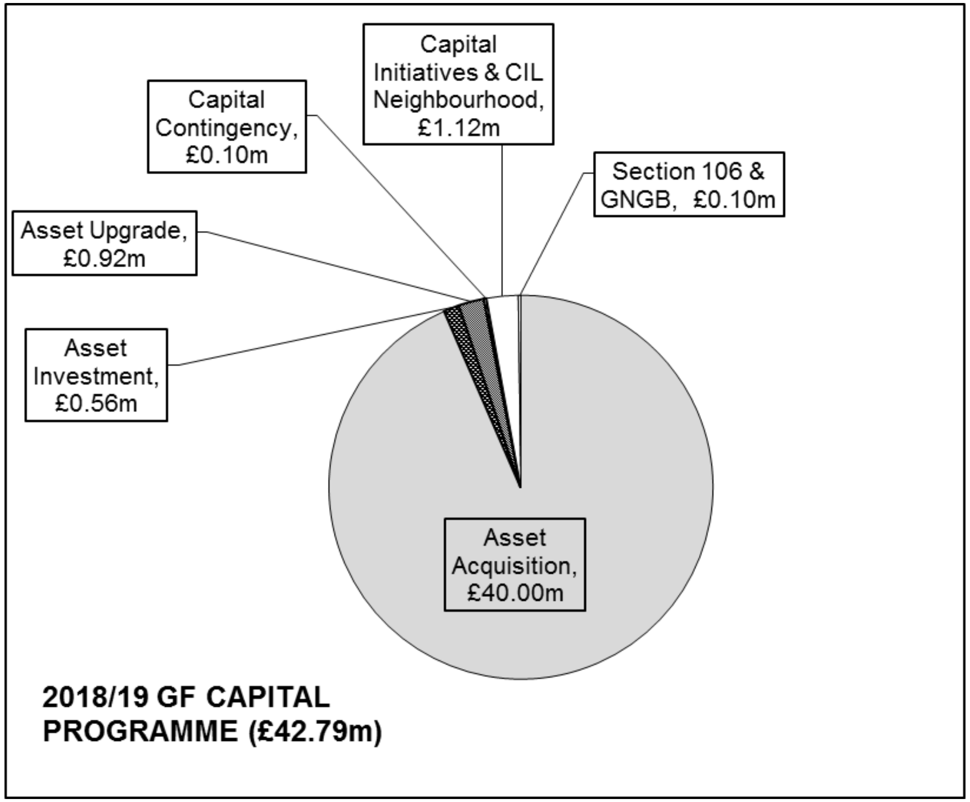


Chart 7: funding of the 2018/19 General Fund capital programme

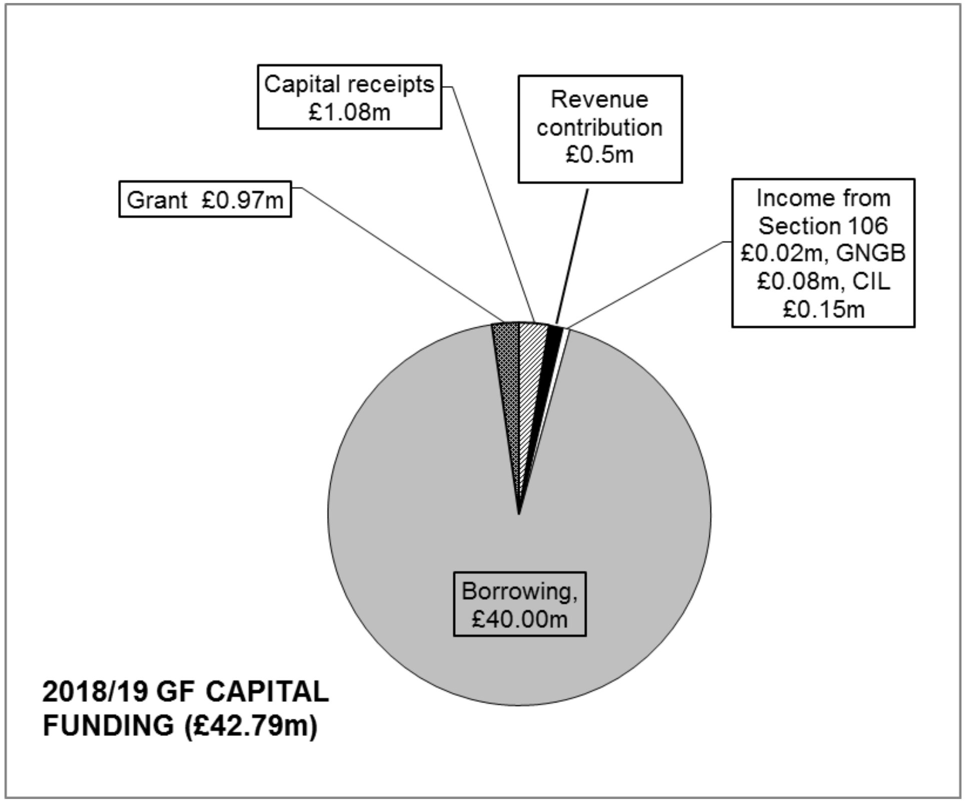


Chart 8; analysis of the 2018/19 HRA capital programme

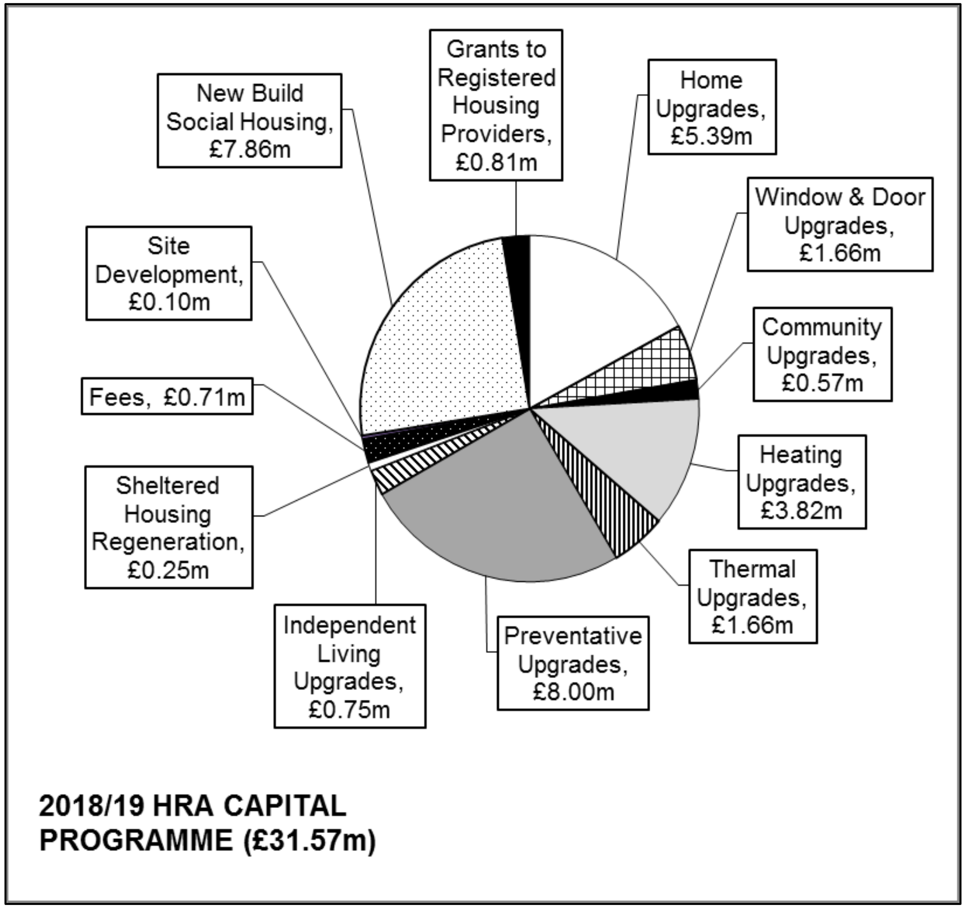
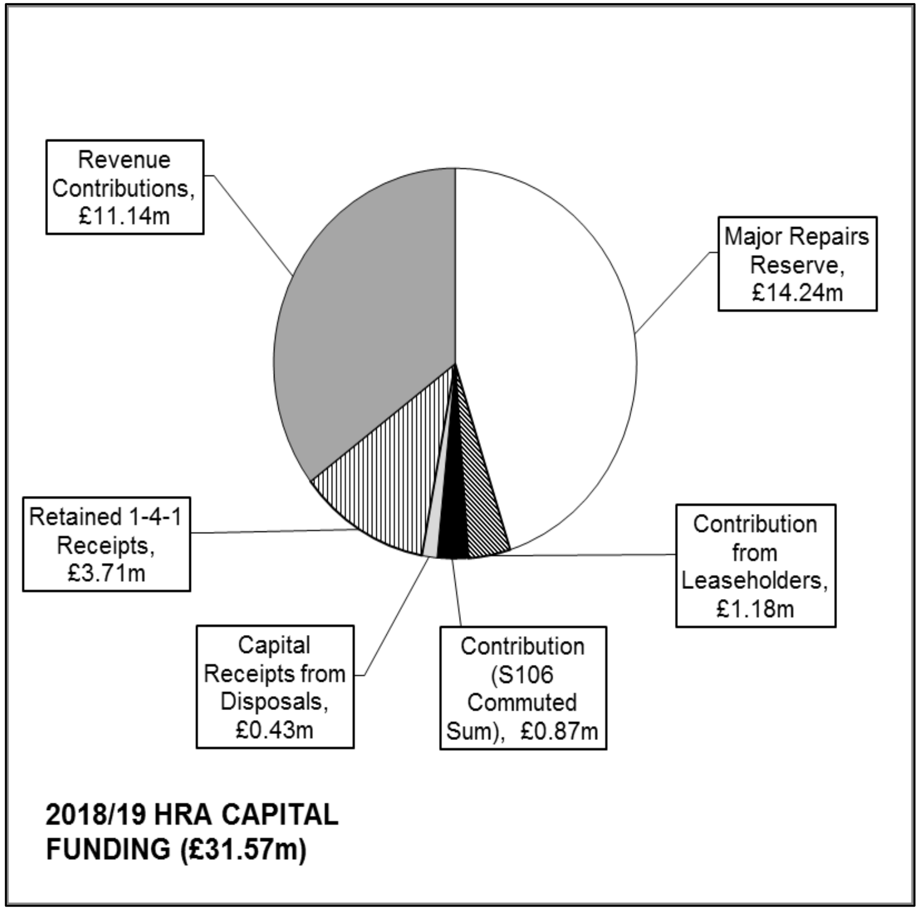


Chart 9; funding of the 2018/19 HRA capital programme



LOCAL GOVERNMENT FINANCE – ECONOMIC AND STATUTORY CONTEXT

Public Finances and the national economic context:

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

Bank Interest Rate: In November 2017 the Bank of England's Monetary Policy Committee (MPC) voted by a majority of 7–2 to increase the Bank Rate by 0.25% to 0.5%, the first increase since July 2007. As things stand, the MPC is expecting two further quarter-point increases in interest rates by the turn of the decade, which would then leave the rate at 1%. *Source: Bank of England*
Inflation: The headline inflation figure, CPI (Consumer Price Index), rose to a five and a half year high of 3% in September and currently remains at that level. Food and transport costs in particular have increased the CPI. National Treasury's target rate is 2%. The Bank of England predicts a gradual fall in the inflation rate which may reach 2% in 2020. *Source: Bank of England*
GDP Growth: The Office for Budget Responsibility (OBR) now expects to see slower GDP growth over the forecast period, mainly caused by the under-performance of productivity in the UK economy. It has revised down its forecast for GDP growth by 0.5 percentage points to 1.5% in 2017, with growth slowing in 2018 and 2019, before rising to 1.6% in 2022. The economic impact of the UK's departure from the European Union however remains uncertain. *Source: Autumn Budget 2017 and Office for Budget Responsibility*
Unemployment Rate and Average Earnings: The UK unemployment rate remains at 4.3% (1.42m individuals) in November 2017 its lowest rate since 1975 - and down from 4.8% a year earlier. Average earnings, excluding bonuses, rose 2.2% in the three months to September 2017, compared with a year ago, but this is a decrease of 0.5% in real terms when accounting for inflation. *Source: Office for National Statistics*

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

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

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

Source: Office for Budget Responsibility and CIPFA

Provisional Local Government Finance Settlement

26. The provisional Local Government Finance Settlement 2018-19 was published on 19 December 2017. The key points impacting on the budget are summarised below.

27. **Revenue Support Grant:** The Provisional Finance Settlement allocation was in line with the multi-year settlements that were announced in 2016-17.

28. **New Homes Bonus:** The Finance Settlement confirmed there would be no change to the way that New Homes Bonus is calculated. The threshold implemented last year remains unchanged, so that payments are only made on increases in the council tax base above 0.4%. The provisional finance settlement includes a 2018/19 new homes bonus allocation of £32,480 which will be received for the next four years.

29. **Council Tax:** The Government has increased the general council tax referendum limit for shire district councils from 1.99% to 2.99% per cent for 2018/19 only. It has been assumed that Councillors would want to increase the council tax to the new limit.

30. **Capital Receipts:** It was announced the flexibility previously granted to use capital receipts to help meet the revenue costs of transformation programmes will continue for a further three years.

31. **Planning Fees:** Confirmation was received that local authorities will be able to increase planning fees by 20% where they commit to spending the additional income on their planning services.

32. **Business Rates:** the changes announced were:

- Bringing forward to 1 April 2018 the planned switch in indexation from RPI to the main measure of inflation (currently CPI).
- Increasing the frequency with which the VOA (Valuation Office Agency) revalues non-domestic properties by moving to revaluations every three years following the next revaluation, currently due in 2022.
- The Settlement documentation states that local government will be fully compensated for the loss of income as a result of these measures.

33. **Business Rates retention pilots:** The new areas that will pilot 100% business rates retention in 2018/19 are: London, Berkshire, Derbyshire, Devon, Gloucestershire, Kent & Medway, Leeds, Lincolnshire, Solent, Suffolk and Surrey. Unfortunately the Norfolk application for becoming a pilot was not successful.

34. **HRA**: Government will lift Housing Revenue Account borrowing caps for councils in areas of high affordability pressure, so they can build more council homes. Local authorities will be invited to bid for increases in their borrowing ability from 2019-20, up to a total of £1 billion by the end of 2021-22. The government will monitor how authorities respond to this opportunity, and consider whether any further action is needed.

Local government finance after 2020/21:

35. **100% retention of Business rates;** In October 2015 the Government stated its intention that local government should retain 100% of taxes raised locally (above baseline funding) from 2019/20 onwards. However, this policy was not mentioned in the Queen's Speech earlier this year and it has now been acknowledged by government that, whilst it remains committed to the policy, the timetable has slipped with its introduction currently unknown.

36. Instead the Government announced its intention to introduce 75% business rates retention for all councils in 2020/21.

37. **Fairer Funding Review:** Alongside the local government finance settlement, the Government confirmed that it is looking to implement the Fair Funding Review in April 2020 and published an initial consultation "*Fair funding review: a review of relative needs and resources*". This consultation focuses on potential approaches that have been identified to measure the relative needs of local authorities, including the formulae that may be adopted, statistical techniques that could be used to construct relative needs, and the identification of common cost drivers. The consultation will close on 12 March 2018. It will be important that Norwich City Council engages with the consultation as being a bounded city district it has spending needs and cost drivers that may not be typical of the majority of district councils who are largely rural in nature.

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

38. CIPFA issued a revised Prudential Code and Treasury Management Code on 21 December 2017. The first code governs local authority borrowing (except HRA borrowing) and the latter code governs local authority investment, cash flow and risk decisions. Both of the revised codes are in response to developments arising from the Localism Act 2011, namely the fact that many councils are using the general power of competence to engage in increased commercial activity.

39. The key changes are the requirement to produce a capital strategy with the intent of the remaining changes being a strengthened and greater transparency required over non-treasury related investments such as commercial property acquisition and on-lending to third parties.

40. **Introduction of a capital strategy:** each local authority is now required to produce a capital strategy for approval by full council. The capital strategy will also need to cover expenditure on commercial activities and investments. The latitude for local authorities to set the scope and size of their capital plans remain unrestricted but councils will need to address the key areas CIPFA requires to be in the capital strategy including:
    - An overview of the governance process for approval and monitoring of capital expenditure.
    - A long term view of capital expenditure plans; where long term is defined by the financing strategy of, and risks faced by, the authority with reference to the life of projects/assets.
    - An overview of asset management planning including the opportunity cost of past borrowing, maintenance requirements and planned disposals.
    - The authority's approach to investments and commercial activities including processes, due diligence and defining the authorities risk appetite in respect of these including proportionality in respect of overall resources.
    - A projection of external debt and internal borrowing levels, including MRP/Loans Fund Repayments, over the life of the underlying debt.
    - A summary of the knowledge and skills available to the authority and confirmation that these are commensurate with the authority's investment risk appetite.

41. Both of these codes will be effective for the 2018/19 financial year. However CIPFA recognises that the requirement to produce a Capital Strategy may need a longer lead-in period. Therefore whilst CIPFA recommends that the requirements of both codes are implemented as soon as possible it recognises that they may not be able to be implemented until the 2019/20 financial year. It is proposed that the capital strategy along with the other minor changes within the Treasury Management Strategy for Norwich City Council will be developed for approval by Council as part of the 2019/20 budget cycle.

42. The Department for Communities and Local Government (DCLG) closed a consultation on proposed changes to the Local Authorities Investment Code and MRP (Minimum Revenue Provision) Guidance on 22 December 2017. It is not known when DCLG will issue the new code or how they will respond to the comments they have received from the consultation. There are

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

43. The key thrust of DCLG’s proposals is to bring investment in property into the requirements of the Code. Local authorities will need to disclose (in their capital strategy):

- Reasons for borrowing to invest in property and policies for managing risk.
- How the council asses the market it competes in.
- The contribution investment property returns make towards the cost of core services.
- The level of dependency on achieving expected yields and contingency plans for liquidating assets.
- A demonstration that any risky loans to third parties are proportionate and are made in awareness of expected losses.

44. DCLG are also proposing to specify the maximum useful economic lives for assets over which Minimum Revenue Provision (MRP) costs should be charged — 50 years for land and 40 years for any other class of assets. The limitation on useful economic lives will clearly be contradicted by those councils, like Norwich, who own medieval and other historic property and would have the real potential to make some new construction and infrastructure projects unaffordable if applied.

45. There seems to be a conflict in interpretation between CIPFA and DCLG on whether borrowing purely to achieve a financial return is “borrowing in advance of need” which local authorities would not be allowed to do. Professional opinion on this matter is divided although the balance of opinion is that the both codes will not hinder commercial activities but make the decision-making more transparent. Local government will need to wait on the publication of DCLG’s revised code before there is clarity on this matter.

Conclusion

46. In conclusion, the national economic and statutory context surrounding and influencing local government finance is currently very unpredictable and potentially volatile. The MTFS presented in this report, especially from 2020/21, is based largely on the current *status quo* continuing and does not take into account what could be fundamentally different economic and statutory conditions after the UK leaves the European Union (in 2019) and when the current four year financial settlement from government comes to an end in March 2020.

47. The current level of price inflation necessitates cost increases to some of the Council’s budgets such as utilities and contract costs.

48. An increasing bank interest rate does have some impact on the amount of net income the Council can generate through purchasing commercial property and by on-lending to its company, Norwich Regeneration Limited, and potentially to other Joint Venture partnerships that maybe established for regeneration purposes. However, whilst the financial modelling for these show the returns are sensitive to interest rate increases, the expected

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

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

GENERAL FUND REVENUE BUDGET AND MTFS

Forecast 2017/18 Outturn

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

Proposed 2018/19 Revenue Budget

51. The proposed 2018/19 budget has been established following discussions between LGSS Finance and budget managers to determine achievable service budgets. All savings and growth items have been reviewed by the Corporate Quality Assurance Group led by the Chief Finance Officer and Head of Strategy and Transformation.

52. In line with the approach used in previous years, cabinet agreed to consult the public on the proposed approach to meeting the savings target for 2018/19. It was also agreed to consult the public on the potential for a council tax rise. The consultation closed on 17 January 2018. An analysis of the results is given in Appendix 6.

53. The key changes to the budget position as reported in the Emerging Budget Paper considered at Cabinet in December 2017 mostly arise from the announcements made in the Local Government Finance Settlement received on 19 December 2017 and are as set out in Table 1:

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

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

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

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

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

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

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

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

56. The net savings include £0.9m of budget growth (i.e. increases to the budget). The growth includes reductions in property rental income associated with the approved asset review and disposal programme, as well as removing any savings that are not currently achievable or are now to be addressed through the wider organisational review set out in the Chief Executive's report entitled "Fit for the Future"(Cabinet 13 December 2017).

57. A summary of the proposed budget savings and growth is shown in Appendix 1, with items categorised as either revenue generation, service efficiencies, or accounting changes.

58. The following table shows the proposed budget for 2018/19 analysed by type of expenditure or income (subjective group) compared to 2017/18.

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

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

Medium Term Financial Strategy (MTFS)

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

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

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

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

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

- A significant forecast increase in the Council's payroll cost (assuming current levels and numbers of staff employed). See paragraphs 62-64 for an explanation.

- The assumed loss of Formula Funding (RSG) and New Homes Bonus (NHB) during the five year period (paragraphs 68 and 69).

- The planned use of reserves over the next five years to help balance the budget (Table 9).

- The amount of net savings needed to be delivered over the MTFS planning horizon (paragraph 89).

- The proposal that Council Tax should rise at 2.99% in 2018/19 and then by 2% or an additional £5 per annum, whichever is the higher, over the life of the medium term planning horizon (paragraph 82).

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

Pay and Price Assumptions

62. Payroll-related inflation has been included at 2% in 18/19 to allow for the impact of the agreed annual pay settlement, payroll drift and the impact of the Living Wage.

63. The 2016-18 pay agreement included a commitment to a future restructure of pay spines to meet the national living wage future challenge. In future years the expected payroll costs have been increased in anticipation the impact of these changes, although the exact financial implications are uncertain.

64. Additional estimates have been included for expected increases to pension deficit contributions; although these will be subject to the outcome of future triennial valuations of the pension scheme (the next one will take effect in 2020/21). The pension deficit costs from joint ventures are forecast at current levels and will be revised in line with the triennial valuations.

65. Inflation based on advice from the Office for Budget Responsibility (OBR) has been included on premises costs, supplies and services, and transport throughout the MTFS planning timeline. Inflation on income however is prudentially set at 1.5% to run approximately 0.5% below expenditure inflation.

66. A 1% growth driver, based on dwelling and population, has historically been applied to the Neighbourhoods, Citywide and City Development service areas. As growth has been restricted to a minimum with service areas expected to find compensating savings, this blanket growth assumption has been removed.

Contributions to capital

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

Government Grants

68. The Council agreed to accept the 4-year settlement deal offered in the 2016-17 Local Government Finance Settlement. The 2018-19 budget reflects the third year of the deal. The provisional finance settlement received on 19 December 2017 was in line with the 4 year settlement.

69. The provisional finance settlement includes a 2018/19 new homes bonus allocation of £32,480 which will be received for the next four years. No additional New Homes Bonus is included in the MTFS from 2019/20 onwards in light of uncertainty over future grant levels.

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

Business rates

71. The business rates collected during the year by billing authorities are split between central government and local government. Billing authorities such as Norwich City Council initially retain 40% of the business rates collected in their area, with then either a tariff or top-up applied to redistribute business rates more evenly across authorities.

72. A baseline funding level is set by central government and a ‘safety net’ system operates to ensure that no authority’s income drops by more than 7.5% below their baseline funding level.

73. Norwich City Council is within the Norfolk Business Rates Pool and therefore rather than pay a 50% levy on growth above the baseline funding level, any saved levy is paid into the Norfolk pool to supplement economic development activity throughout the county.

74. The retained business rates forecasts are based on actual amounts collectable at December 2017 which are then adjusted for local knowledge (i.e. appeals, charitable relief) and the uplifted by an inflationary increase to allow for the increase in the business rates multiplier.

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

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

75. The 2018-19 retained business rates have been budgeted at £5.298m. These forecasts may change ahead of the final NNDR1 submission at the end of January 2018.

76. The Chancellor announced in his Budget Statement that, as from April 2018, the multiplier inflation applied will switch from RPI to CPI, with local government being fully compensated for the loss of income from this measure.

77. In the 2016 Budget Statement, the Chancellor announced that from 1 April 2017, the doubling of small business rates relief (SBRR) would be made permanent and that the thresholds at which relief is available would be increased. DCLG are currently consulting on proposed changes to the

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

78. The 2017/18 business rates forecast deficit reflects the estimated outturn for the current year and could still be adversely impacted by appeals and reliefs. Whilst part of this deficit is offset by additional S31 grant receipts, business rates income can decrease through reductions in the gross rateable values (in part reflecting the conversion from offices to housing) and increases in mandatory reliefs.

79. There remains a significant financial risk on business rates income from the impact of valuation appeals, in particular over the 2017 valuation list. Currently there is little information available regarding the level or impact of potential appeals.

80. The forecasts for retained Business Rates income from 2019/20 assume current baseline amounts and do not take into account, as they are currently unknown, of the potentially significant changes in funding arising from increased Business Rates Retention and the Fairer Funding Review. The MTFS also assumes an annual inflationary rise in NNDR (capped at 2%) plus an allowance of £300k per annum for any deficits arising on the Collection Fund each year.

Council Tax

81. Any increase in the level of council tax is limited by referendum principles. As part of the provisional finance settlement announced on 19 December 2017, the Government has increased the general council tax referendum limit for shire district councils from 1.99% to 2.99% per cent for 2018/19.

82. This report includes the proposal to increase the Norwich City Council element of the Council Tax by 2.99% in 2018/19 resulting in additional income of £264k which would then be incorporated into the future years' tax base. The public budget consultation was launched before the Government confirmed the changes to the referendum limit and therefore sought views on a proposed maximum increase of £5 (2.01%) to the Band D rate. Applying the additional rise results in a further £87k in council tax income.

83. The proposed 2018/19 Band D rate for 2018/19 is therefore £256.46. Table 6 below shows the impact of the proposed increase for each council tax band. This only shows the Norwich City Council share of total council tax and does not include the amounts required from preceptors - Norfolk County Council and the Office of the Police and Crime Commissioner for Norfolk.

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

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

84. The figures shown will be reduced, for qualifying council tax payers, by the council's discount scheme (Council Tax Reduction Scheme) which is the subject of a separate report on this committee's agenda. Currently the total cost of the CTR scheme is £13.7m, of which the Norwich share is £2.0m.

85. The following table shows the calculation of the total amount of income to be collected from council tax in 2018/19 with the recommended increase of 2.99%.

Table 7: Council tax calculation 2018-19

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

86. There is no confirmation yet about the future referendum principles. The MTFS continues to assume from 2019/10 onwards that the rise in rates for a district council is set at a maximum of 2% or £5 each year. An increase in the council tax base of 0.5% is assumed for each year of the MTFS arising from estimated growth in the number of dwellings in the Council's area.

87. An allowance of 2.5% for non-collectible debt has been built into the Council Tax figures used in the MTFS. Historically this allowance has been sufficient to cover any non-recovery of Council Tax amounts.

88. A collection fund surplus receipt of £315k for 2018/19 and £75k each year thereafter has been built into the MTFS based on the current surplus level and past history. This will continue to be reviewed each year and distributions made to the precepting authorities.

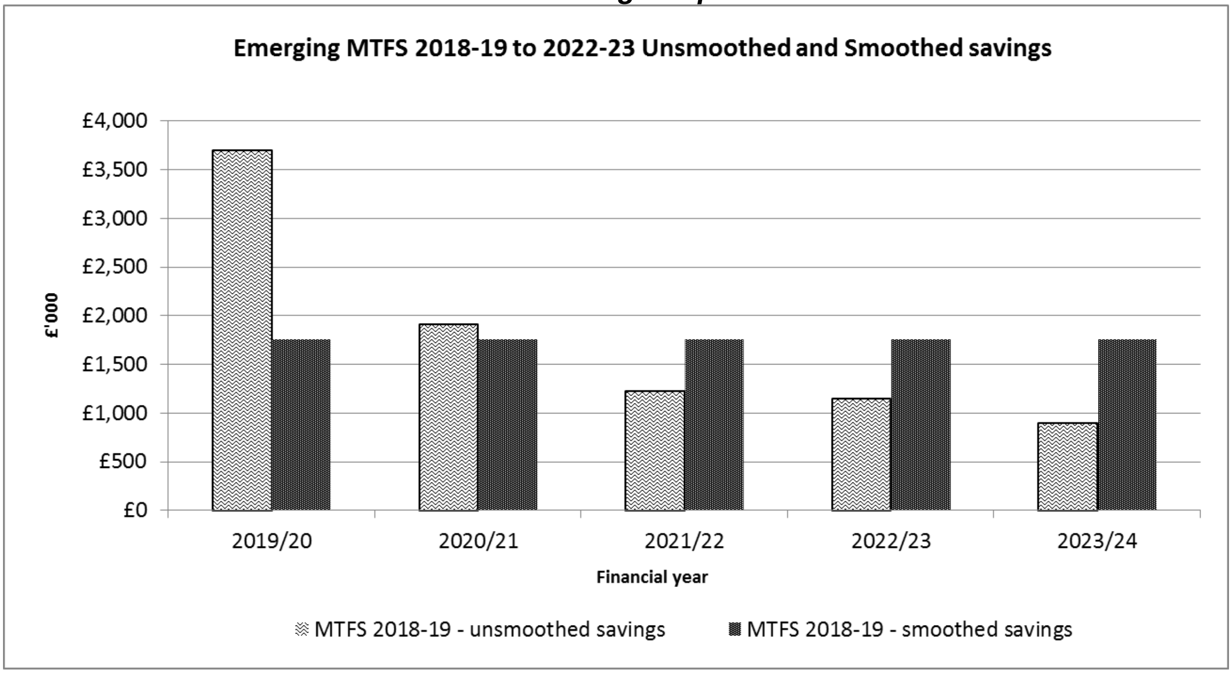
Budget savings required over the life of the MTFS

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

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

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

Chart 10: Unsmoothed and smoothed savings requirements



General Fund Reserves Position

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

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

90. The prudent minimum balance (PMB) for the general fund reserve has been set at £4.232m. The smoothed MTFS brings the forecast reserves down to the PMB plus 20% by the end of 2022/23.

91. After 2023 savings will still need to be made as inflationary and demand-led increases in costs are not forecast to be able to be offset by rises in council tax and business rates. These savings will need to be made without relying on reserve contributions to balance the budget.

HOUSING REVENUE ACCOUNT (HRA) & BUSINESS PLAN

Forecast 2017/18 Outturn

92. The HRA, as at period 8, is forecast to underspend by £1.71m. This underspend has been factored into the updated HRA business plan.

93. It is proposed to utilise £0.5m of this underspend to establish an spend-to-save earmarked reserve to fund the HRA's share of costs of delivering relevant parts of the transformation programme.

Proposed 2018/19 Revenue Budget

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

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

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

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

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

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

Council Housing Rents

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

99. The mandatory 1% rent reduction continues for 2018/19, which means that for HRA tenants, the average weekly rent will be £77.27 equating to an average reduction of £0.78.

100. It is proposed that garage rents are increased by 4%. This is in line with the government formula for dwelling rents prior to the implementation of the mandatory rent reduction, based on CPI as at the preceding September (3%) plus 1%.

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

HRA Business Plan

102. Financial planning for the HRA is based upon a business plan, which forecasts planned capital and revenue expenditure and income against the ability to repay borrowing.

103. Historically, the business plan has forecast the repayment of borrowing over a 30 year period, however the model has recently been updated to extend projections over 60 years, which will enable further investment opportunities to be explored, such as additional new build schemes and the consideration of renewing rather than upgrading some housing stock.

104. The business plan relies upon a combination of known and assumed economic factors and government announcements to generate a financial forecast.

105. The Housing and Planning Act 2016 made provision for a determination to be imposed on Housing Revenue Accounts in order to compensate Registered Providers for financial losses incurred as a result of extended Right-to- Buy legislation. It has been indicated that the sum may represent a significant additional capital cost, but the government has still not provided any indication as to how this will be calculated or when this may become due. It is therefore not currently possible to estimate the cost to the council or draw up detailed plans to address this, and it has therefore been omitted from the HRA business plan at this stage. It is however understood that this compensation is unlikely to be needed in 2018/19.

106. The government has confirmed its intention to implement a new rent policy which will end the four year mandatory rent reduction and enable social housing rents to increase by CPI plus 1% from 2020/21. This has been included within the HRA business plan.

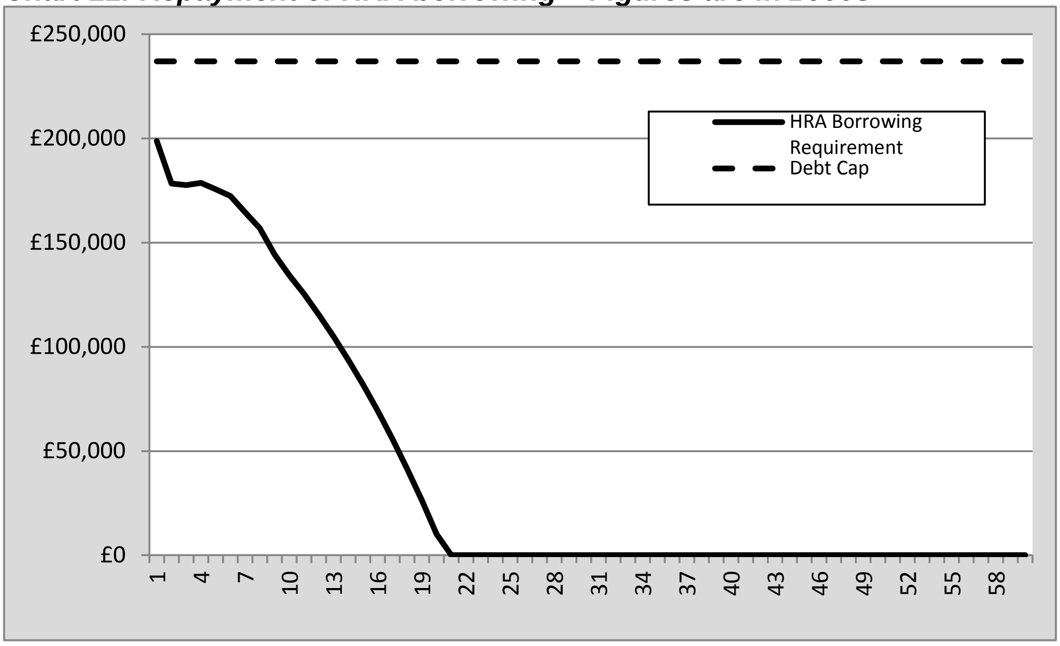
107. The roll out of Universal Credit is expected to impact on rent collection and associated bad debt which has been reflected in the business plan with an increased bad debt provision in future years.

108. The chart below illustrates the impact on the HRA business plan and HRA borrowing requirement of the proposed 2018/19 revenue budget and capital

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

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

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



HRA Reserves Position

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

Table 11: HRA reserves

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

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

111. The prudent minimum level set for the HRA reserve has been calculated at £5.844m.

112. Based on the use of balances in 2017/18 remaining as forecast, a substantial resource still remains to fund capital expenditure in 2018/19. This will continue to reduce resources towards the recommended minimum balance and reduce the requirement for the HRA to borrow externally.

CAPITAL PROGRAMME

113. The council owns and maintains an extensive range of assets including commercial property, housing, a market, heritage assets, walkways/paths and lighting columns. Major investment in these and new assets is funded from the capital programme, which in turn is resourced from the disposal of surplus assets, revenue contributions, grants and borrowing.

114. Currently, capital budgets are included within either the non-housing or housing capital programme, but it is proposed to amend the designations from 2018/19, to the General Fund and HRA capital programmes.

115. Historically, for many larger schemes, the capital programme has included the full budget requirement in the first year of the project rather than the spend required being profiled over the expected implementation timetable. Other schemes have been included in advance of a business case being finally approved or the cost or resource requirements being fully established. This has resulted in the capital programme total being largely “aspirational” and significantly underspent when projects do not proceed within the financial year.

116. All budget proposals included in the proposed capital programme have been assessed and prioritised by the Corporate Quality Assurance Group, after discussion with NPS and/or the Budget Manager, in an attempt to ensure that all schemes have a robust business case, and are achievable in the financial year. The CFO recommends this approach to be able to better forecast the Council’s cash flow position, a requirement needed in light of the Council’s need to borrow over the life of the medium term planning horizon.

General Fund Capital Programme

117. The latest position of the 2017/18 non-housing capital programme, as at period 8, shows that it is forecast to underspend by £10.54m. It is anticipated that a substantial element of this will be the subject of a request to carry-forward underspent budgets into 2018/19, but as the value of these are not yet known, they are not included in the proposed budgets contained within this report.

118. The proposed General Fund capital programme for 2018/19 to 2022/23 is set out below in table 12 and provided in full detail in appendix 3.

119. In addition to the schemes proposed in the programme there are a number of other significant potential schemes currently at an early planning stage not yet included in the proposals. These will require detailed business cases, which once approved will be submitted to cabinet for recommendation to council for inclusion within the capital programme during the year. Such potential schemes include the redevelopment of the former Mile Cross depot site, the regeneration of the airport industrial estate with the County Council

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

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

Funding Method	GF Programme	2018/19	2019/20	2020/21	2021/22	2022/23
Borrowing	Asset Acquisition	40,000	-	-	-	-
Borrowing	Capital Loans	-	11,510	12,040	440	-
Capital Receipts/ RCCO	Asset Investment	560	170	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	917	1,230	1,400	1,400	1,400
Capital Receipts/ RCCO	Capital Contingency	100	100	100	100	100
Grants	Capital Initiatives	970	970	970	970	970
CIL Neighbourhood	CIL Neighbourhood	150	-	-	-	-
Section 106	Section 106	20	-	-	-	-
GNGB	GNGB	77	-	-	-	-
Total GF Capital Programme		**42,793**	**13,980**	**14,510**	**2,910**	**2,470**

Schemes funded by external borrowing

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

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

121. The council's extensive and diverse asset portfolio represents a significant maintenance and upgrade liability, requiring continual investment. As many of these assets do not generate an income, it is not possible to fund the investment from borrowing and provision must be made to cover the costs from capital receipts or a revenue contribution instead.

122. Currently, the maintenance and upgrade requirements are identified by NPS as the need for work arises and are submitted to form part of the capital

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

123. In addition, and as part of the changes required under CIPFA’s Prudential Code, the council is required to publish a capital strategy, which must set out the long term context in which capital expenditure and investment decisions are made in line with the council’s service objectives.

124. In order to address this, NPS have been asked to update a stock condition survey of all General Fund property assets. This will identify upcoming investment requirements and enable the council to prioritise these for inclusion in a five year rolling programme to be agreed up-front by Council as part of the 2019/20 budget cycle.

125. The level of capital receipts generated from the sale of the council’s property assets has fluctuated widely over the last five years. However, these are a finite resource and will not continue to generate similar levels of income in the future.

126. To mitigate against the anticipated reduction in future capital receipts, the council introduced a revenue contribution to capital outlay (RCCO) into the MTFS. For 2017/18 this was set at £0.25m and it is proposed to increase this annually by £0.m until it reaches £1.5m. Although this presents an additional strain on the General Fund revenue budget, it is considered essential that it is preserved if the Council’s extensive range of assets are to be maintained in the future.

127. In line with the planned future available funding and the intention to only include schemes that are achievable within the financial year, it is proposed to limit the more “routine” capital maintenance/upgrade schemes to be funded from capital receipts and revenue contributions within a capital “envelope” total of £1.5m per annum. Bigger, one-off, projects may be included in addition to this, subject to Council approval, depending on the Business Case, the need for the scheme, and the availability of capital receipts.

128. On occasion, as projects progress it may be necessary for expenditure to slightly exceed the allocated budget. This can cause project delays as surplus funds are identified from alternative budgets or approval sought from Council to increase the capital programme. For 2018/19, a capital contingency budget of £100k is proposed, which can be utilised to move small additional amounts to increase budgets as required, subject to the approval procedures set out in the Financial Procedures.

Grants, Section 106 and CIL Neighbourhood

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

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

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

HRA Capital Programme

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

132. The proposed HRA capital programme for 2018/19 to 2022/23 is set out below and provided in additional detail in appendix 4.

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

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

133. The proposed council house upgrade programme continues to maintain the Norwich Standard of improvement and the structural integrity of tenants' homes.

134. Following the Grenfell tower fire in London, the council commissioned NPS Norwich to undertake detailed surveys of each of the council's eight tower blocks to highlight any repairs and upgrades required to mitigate the potential of risk of fire. Whilst overall the surveys found that the eight tower blocks were well maintained and continue to perform well with regard to fire safety as designed, a number of repairs and upgrades are recommended, including some existing programmes of work which will be accelerated, to mitigate any possible risk of fire, to prevent fires occurring, and contain the spread of a fire should one occur

135. The findings were reported to cabinet in January, with the cost of the works estimated at £2m. Some of the works are proposed for 2017/18, which are being met from existing budgets and the remainder during 2018/19 for which budgetary provision is proposed as part of the council house upgrade programme.

136. Building and fire regulations are currently being reviewed following the Grenfell Tower tragedy by the Independent Review of Building Regulations and Fire Safety. The review is expected to report in the spring and the

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

137. The New Build Social Housing budget includes the development of 105 new homes at Goldsmith Street by the HRA and the purchase of 76 homes from Norwich Regeneration Ltd (48 at Three Score in phase 2, 21 in phase 3 and 7 at Ber Street).

138. Grants to Registered Housing Providers are funded from retained one-for-one Right to Buy receipts in accordance with the principles agreed by cabinet on 7 October 2015.

139. All proposed HRA capital and revenue budgets are incorporated into the HRA Business Plan projections, which indicates that the planned expenditure remains affordable whilst maintaining the ability to repay borrowing within 30 years.

CHIEF FINANCE OFFICER'S STATEMENT

140. Section 25 of the Local Government Act 2003 places specific responsibilities on the Chief Finance Officer to report on the robustness of the budget and the adequacy of proposed financial reserves when the council is considering its budget requirement. The council is required to have regard to this statement when it sets the budget.

141. The Chief Finance Officer is required to provide professional advice to the council on the two above matters and is expected to address issues of risk and uncertainty.

142. In fulfilling this responsibility the Chief Finance Officer has set out below what she sees as the key risks associated with the proposed budget, so that members are clear on these risks and proposed mitigation factors when making their budget decision.

143. **Risk 1 – Longer term uncertainty**: Given the uncertainties over the national economic environment and the lack of clarity on future local government funding post March 2020 (the end of the 4 year funding agreement given by government), it has not been possible to undertake meaningful and robust medium term financial planning for the financial year 2020/21 and onwards. This uncertainty over the future places greater importance on the need to maintain a prudent minimum balance of reserves to manage any unexpected changes in the economic and statutory environment within which councils operate.

144. **Risk 2 – Scale of budget savings required over the medium term**: The proposals show a need, based on current financial planning assumptions, for the council to achieve gross savings totalling £10m over the 4 year period 2019/20 to 2022/23 at a rate of £2.5m per annum under the "smoothed" approach proposed in the MTFS. At the end of this period the general fund

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

145. Cabinet has agreed to take a holistic and strategic approach to the identification of these savings including a review of the Council's Corporate Plan, identifying how the Council can contribute to the City's new emerging vison, and the Council's future operating model (both outlined in the Chief Executive's report entitled "Fit for the Future" presented to cabinet on 13 December 2017).

146. The quantum of savings required and the timescale for implementation mean that difficult decisions and choices will need to be discussed in preparation for next year's budget cycle. Some of those choices will involve decisions about service levels as it is unlikely that the identification of further efficiencies and new income generation possibilities can fully fund the future gap between the Council's current expenditure levels and its forecast future level of resources.

147. The Chief Finance Officer takes comfort in the fact that Norwich City Council has had a successful track record in setting a balanced budget and achieving the required budget savings in the last six financial years since public sector austerity commenced in 2011/12. The Council in addition has funding available in the spend-to-save earmarked reserve to implement the further transformational changes that will be needed.

148. **Risk 3 – Business Rates income:** This is a highly volatile source of revenue and various factors, including business closures, successful appeals against rateable values, changes in property usage from office/industrial to residential, and changes to the health of the local and national economy can cause reductions in business rate revenue. Norwich City Council currently collects some £75m of business rates income (net of reliefs and provisions), most of which is returned to central government for distribution to local government elsewhere. Officers from Revenues & Benefits and LGSS Finance regularly meet to monitor the income being collected during the year and this is reported to cabinet every other month via the budget monitoring report.

149. The risk of the Council not achieving the business rates income level it is allowed by government to keep to fund its services (termed the "baseline" level) is mitigated by there being a "safety net" in place. The maximum risk Norwich City Council is therefore exposed to in 2018/19 is approximately £0.5m.

150. **Risk 4 – Achieving the 2018/19 budget savings:** £2.4m of gross savings/increased income will need to be delivered during 2018/19 in order to achieve a balanced General Fund budget at year end (see Appendix 1). Any risk of failing to deliver the savings target, or slippage in terms of delivery timescales, will increase the amount of budget savings needing to be made in future years. Progress on achieving the 2018/19 savings will be reported on a regular basis to Corporate Leadership Team and to Cabinet every other month via the budget monitoring report.

151. **Risk 5 – Increasing reliance on commercial income:** The council's General Fund revenue budget contains some £26m of fees, charges, and rental income used to finance the services provided by the council. This income funds 47% of the General Fund revenue budget and includes £1.2m of additional income generation proposed as part of the 2018/19 budget savings (Appendix 1). Such income (from commercial property rentals, car park charges, planning fees, on-lending to Norwich Regeneration Limited) is partly dependent on the state of health of the local and national economy.

152. This budget proposes that two earmarked reserves are established to set aside additional net income achieved above the savings targets to mitigate against the risks of not achieving rental income from the commercial property portfolio and from on-lending to the Council's housing company, Norwich Regeneration Limited. The amount of income being generated in-year is subject to formal regular monitoring by Heads of Service and LGSS Finance and reported to cabinet every other month in the budget monitoring report. LGSS Finance will shortly work with City Services and other officers to establish enhanced financial modelling and forecasting of income being generated from the commercial property portfolio.

153. A key mitigation for the risks mentioned above is the Chief Finance Officer's estimate of a prudent level of reserves. The requirement for financial reserves is acknowledged in statute. Section 32 of the Local Government Finance Act 1992 requires billing authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

154. There has been no change in the methodology for calculating the prudent minimum balance of reserves for both the general fund and the housing revenue account. In both cases, an assessment of three years cover for operational risks has been made covering the main areas of expenditure and income. In addition, amounts have been included for unforeseen events and specific risks such as business rates retention and the potential high value voids determination.

155. The risk analysis shows that a prudent minimum level of reserves for 2018/19 will be of the order of £4.232m for the General Fund and £5.844m for the Housing Revenue Account. Further detail of the calculations is available on request. Further comfort is taken from the record of the council in managing and delivering to budget in year.

156. The budget information used in preparing this budget resolution has undergone extensive scrutiny by:
    - LGSS Finance
    - Corporate Leadership Team
    - Heads of Service and their staff
    - Corporate Quality Assurance Group (established for this year's budget cycle to review capital, savings and growth proposals)

157. Allowing for the above comments on uncertainty and risks, it is the opinion of the Chief Finance Officer that the budget has been prepared on realistic

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

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

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

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)		x		The budget proposals will secure continuing value for money in the provision of services to council tax payers and other residents of the city, as well as the provision of works and services to council tenants.
Other departments and services e.g. office facilities, customer contact	x			
ICT services	x			
Economic development	x			
Financial inclusion	x			
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	x			
S17 crime and disorder act 1998	x			
Human Rights Act 1998	x			
Health and well being	x			

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	The emerging budget and savings within this paper covers a wide range of council activity and spend. As a result it is not possible to provide a detailed assessment of, for example, the impact on residents and others with protected characteristics under The Equality Act at this level. Existing council processes for equality impact assessments should continue to be carried out at an appropriate time for the individual projects, activities and policies that constitute this budget and transformation programme.
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	

	Impact			
Natural and built environment	☐	☒	☐	The proposed capital programme will provide for improvements to the council's assets and the surrounding environment. The proposed housing capital programme will provide for the Norwich Standard for properties to be completed.
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☐	☒	☐	The proposed capital programme will provide for improvements in thermal and carbon efficiency.
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☐	☐	☒	The risk profile of the Council has increased as the budget contains proposals to generate additional income from commercial activity and such income can be volatile and dependent on the health of the national and local economy.

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

Summary of General Fund Net Savings

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

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

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

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

Service reviews and efficiencies				
21	Reduced inflationary uplift on joint venture contract	Savings on the contractual inflatory uplift on the Norwich Norse Environment contract.	Total contract cost of £5.2m	(120)

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

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

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

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

Total budget reduction from financing and reserves transfers	**(434)**

GROSS SAVINGS	**(2,402)**

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

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

NET SAVINGS	**(1,491)**

General Fund Budget by Service

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

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

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

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

Proposed General Fund Capital Programme

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

Capital Receipts/ RCCO	Asset Upgrade	Hewett Yard refurbishment - surfacing	25	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Non Trafficked Pedestrian Bridges/Boardwalks	55	33	33	33	-
Capital Receipts/ RCCO	Asset Upgrade	Strangers Hall Stores Roof	28	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Riverside Footpath District Lighting Upgrade.	21	21	21	-	-
Capital Receipts/ RCCO	Asset Upgrade	City Hall Heating System	17	10	158	-	-
Capital Receipts/ RCCO	Asset Upgrade	Castle Museum Windows	33	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Hewett Yard refurbishment - roofing	15	-	-	-	-
Capital Receipts/ RCCO	Asset Upgrade	Pulls Ferry quay heading	17	-	-	-	-
Capital Receipts/ RCCO	Capital Contingency	Capital Contingency	100	100	100	100	100
Capital Receipts/ RCCO	Asset Upgrade	Additional Asset Upgrade Schemes to be identified in future years	-	1,088	1,110	1,289	1,355
Grants	Capital Initiatives	Home Improvement Agency Works	970	970	970	970	970
CIL Neighbrhd	CIL Neighbrhd	CIL Neighbourhood Projects 2018/19	150	-	-	-	-
GNGB	GNGB	Bowthorpe River Crossing	21	-	-	-	-
GNGB	GNGB	UEA to Eaton Boardwalk extension	30	-	-	-	-
GNGB	GNGB	Earlham Millennium Green Phase 3	25	-	-	-	-
Section 106	Section 106	Castle Gardens Improvements	14	-	-	-	-
Section 106	Section 106	Play Sector 3 & 4 Improvements	6	-	-	-	-
Total			**42,792**	**13,980**	**14,510**	**2,910**	**2,470**

Proposed Housing Capital Programme

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

Consultation responses on the proposed budget for 2018/19

This appendix will be tabled at the meeting.

Report to	Cabinet	**Item**
	07 February 2018	**7**
Report of	Chief finance officer (Section 151 Officer)	
Subject	Treasury Management Strategy 2018-19	

Purpose

To recommend to council the capital prudential indicators and limits, the borrowing strategy, the treasury prudential indicators, the minimum revenue provision

Recommendation

To recommend to council for approval:

(1) The Capital Prudential Indicators and Limits for 2018/19 through to 2020/21 contained within paragraphs 16 - 43 of this report and Appendix 1.

(2) The Borrowing Strategy 2018/19 through to 2020/21 (paragraphs 26 – 30).

(3) The Treasury Prudential Indicators (paragraphs 31 - 38), including the Authorised Limit (paragraph 36).

(4) The Minimum Revenue Provision (MRP) policy statement contained in paragraphs 60 - 65 and Appendix 1.

(5) The Investment Strategy 2018/19 (paragraphs 66 - 90) and the detailed criteria included in paragraph 74.

Corporate and service priorities

The report helps to meet the corporate priority value for money services.

Financial implications

The report has no direct financial consequences however it does set the guidelines for how the council manages its borrowing and investment resources.

It outlines the council's prudential indicators for 2018/19 through to 2020/21 and sets out the expected treasury operations for this period. It fulfils three key elements required by the Local Government Act 2003:

- The reporting of the prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The Minimum Revenue Provision (MRP) Policy, as required by Regulation under the Local Government and Public Involvement in Health Act 2007 (Appendix A); and
- The treasury management strategy in accordance with the CIPFA Code of Practice on Treasury Management.

The investment strategy is in accordance with the Department of Communities and Local Government investment guidance.

Ward/s: All wards

Cabinet member: Councillor Kendrick - resources

Contact officers

Karen Watling, chief finance officer	01603 212440
Tina Stankley, senior technical accountant interim	01603 212562

Background documents

None

Report

Background

1. The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus monies are either used as a temporary source of funding for capital expenditure or are invested in low risk counterparties or instruments commensurate with the council's low risk appetite, providing adequate liquidity but also to generate an investment return.
2. The second main function of the treasury management service is the funding of the council's capital programme and any resulting borrowing need of the council. The management of longer term cash may involve arranging long or short term loans, or using longer term cashflow surpluses. On occasion any existing debt may be restructured to meet council risk or cost objectives.
3. CIPFA defines treasury management as:

   "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Changes to CIPFA's Prudential Code and DCLG's Investment Code

4. CIPFA issued a revised Prudential Code and Treasury Management Code on 21 December 2017. The first code governs local authority borrowing (except HRA borrowing) and the latter code governs local authority investment, cash flow and risk decisions. Both of the revised codes are in response to developments arising from the Localism Act 2011, namely the fact that many councils are using the general power of competence to engage in increased commercial activity.
5. The key changes are the requirement to produce a capital strategy with the intent of the remaining changes being a strengthened and greater transparency required over non-treasury related investments such as commercial property acquisition and on-lending to third parties.
6. Both of the above codes will be effective for the 2018/19 financial year. However CIPFA recognises that the requirement to produce a Capital Strategy may need a longer lead-in period. Therefore whilst CIPFA recommends that the requirements of both codes are implemented as soon as possible it recognises that they may not be able to be implemented until the 2019/20 financial year. It is proposed that the capital strategy along with the other minor changes within the Treasury Management Strategy for Norwich City Council will be developed for approval by Council as part of the 2019/20 budget cycle.
7. Alongside this, the Department for Communities and Local Government (DCLG) closed a consultation on proposed changes to the Local Authorities Investment Code and MRP (Minimum Revenue Provision) Guidance on 22 December 2017. It is unknown when DCLG will issue the new code or what their response will be to the comments they have received from the

consultation. There are overlapping and some possibly conflicting issues between CLG's and CIPFA's codes.

8. As there is no conclusion as yet for this consultation, none of the proposals have been incorporated into the Treasury Management Strategy and MRP Policy. Again as with the CIPFA's revised code any required changes will be implemented as part of the 2019/20 budget cycle.

Reporting requirements

9. The council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.
    - **Prudential and treasury indicators and treasury strategy (this report) - This first and most important report covers:**
        - the capital programme (including prudential indicators);
        - the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators;
        - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time); and
        - an investment strategy (the parameters on how to manage investments).
    - **A mid-year treasury management report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.
    - **An annual treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Treasury Management Strategy for 2018/19

10. This strategy for 2018/19 covers two main areas:
    - **Capital issues**
        - the capital programme and the prudential indicators (paragraphs 16-23);
        - the minimum revenue provision (MRP) policy (paragraphs 59-64, Appendix 1).
    - **Treasury management issues**
        - the current treasury position (paragraphs 26-29);
        - treasury indicators which limit the treasury risk and activities of the council (paragraphs 30-45);
        - prospects for interest rates (Appendix 3);
        - the borrowing strategy (paragraphs 48-51) ;
        - policy on borrowing in advance of need (paragraphs 52-54) ;
        - debt rescheduling (paragraphs 55-57);
        - the annual investment strategy (paragraphs 65-69);
        - creditworthiness policy (paragraphs 70-73); and
        - the policy on use of external service providers (paragraphs 93-94).

11. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

Training

12. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. The chief finance officer will review what training has been undertaken in the recent past and develop a training plan.

Treasury management consultants

13. The council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

14. The council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

15. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

The Capital Prudential Indicators 2018/19 – 2020/21

16. The council's capital expenditure plans are the key driver of treasury management activity. The output of these plans is reflected in the prudential indicators, which are designed to assist members to overview and confirm capital expenditure plans.

17. It should be noted that the figures included in tables below are based on several assumptions. These are:
    - The 2017/18 budget is the current approved capital programme and it's funding for 2017/18.
    - There is currently an anticipated underspend on the capital programme for 2017/18. The actual outturn figures 2017/18 will be presented in the 'Treasury Management Full Year Review' report to Cabinet later in the year. The full year review will compare the outturn to the budget and will show the variation from the figures in this Treasury Management Strategy.
    - The 2018/19-2020/21 estimates are the proposed estimates in the Cabinet report '2018/19 Budget, Medium Term Financial Strategy (MTFS) and HRA Business Plan' which is being presented at this meeting
    - The capital programme, funding, borrowing and CFR figures do not include any capital schemes that are currently in the planning stage and will require a business case and subsequent approval.

Capital expenditure

18. This prudential indicator is a summary of the council's capital programme, both that agreed previously, and the budget included in the budget report to Council. See table 1 below.

Table 1- Summary of the council's capital Programme (Prudential Indicator 1)

Capital expenditure £'000	2016/17 Actual	2017/18 Budget	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
General Fund	6,600	75,182	42,792	13,980	14,510
HRA	27,135	59,345	31,572	26,355	29,252
Total	**33,735**	**134,527**	**74,365**	**40,335**	**43,762**

19. The table below shows how the capital expenditure is to be financed immediately i.e. through the use of capital receipts, capital grants, capital reserves (recycled depreciation through the Major Repairs Reserve) and revenue; and also the amount to be financed through borrowing.

Table 2 – Summary of the capital programme funding (Prudential Indicator 2)

Financing of capital expenditure £'000	2016/17 Actual	2017/18 Budget	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Capital receipts	3,692	27,070	5,221	7,216	7,546
Capital grants	5,441	10,554	3,265	1,220	1,220
Capital reserves	13,553	14,925	14,238	14,111	14,012
Revenue	11,049	20,836	11,641	6,278	8,944
Total of immediate funding	**33,735**	**73,385**	**34,365**	**28,825**	**31,722**
Net financing need for the year	**0**	**61,142**	**40,000**	**11,510**	**12,040**
Total	**33,735**	**134,527**	**74,365**	**40,335**	**43,762**

20. The above financing need excludes other long term liabilities, i.e. finance leases which include an amount in the lease charge to repay borrowing.

The council's borrowing need (the Capital Financing Requirement)

21. The second prudential indicator is the council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the council's indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

22. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used to the Council's General Fund revenue budget.

23. The CFR includes any other long-term liabilities (e.g. PFI schemes and finance leases). Whilst these increase the CFR, and therefore the council's borrowing requirement, these types of scheme include a borrowing facility by the finance lease provider and so the council is not required to separately borrow for these schemes. The council has a finance lease and the outstanding balance at the end of 2017/18 will be £1.099m which is included within the HRA CFR total.

24. The CFR projections are shown below in table 3:

Table 3 – CFR projections (Prudential Indicator 3)

£'000	2016/17 Actual	2017/18 Budget	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Capital Financing Requirement at year end					
CFR – General fund	33,085	93,900	133,555	144,701	156,358
CFR – Housing	194,788	187,698	185,602	185,501	185,393
Total CFR	**227,873**	**281,597**	**319,157**	**330,202**	**341,751**
Movement in CFR	**(12,034)**	**53,725**	**37,559**	**11,045**	**11,549**

Table 4 Analysis of the movement in CFR (Prudential Indicator 4)

£'000	2016/17 Actual	2017/18 Budget	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Movement in CFR represented by					
Loan repayments	(10,750)	(7,000)	(2,000)	-	-
Net financing need for the year (above)	-	61,142	40,000	11,510	12,040
Less MRP/VRP and other financing movements	(1,284)	(417)	(441)	(465)	(491)
Movement in CFR	**(12,034)**	**53,725**	**37,559**	**11,045**	**11,549**

Note: The CFR will include the balance of finance leases and the MRP will include finance lease annual principal payment.

Core funds and expected investment balances

25. The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Table 5 – Summary of the council's resources

Year End Resources £'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Fund balances / reserves	53,303	43,364	36,985	21,703	19,486
Capital receipts	26,554	15,897	16,023	16,313	14,756
Provisions	2,553	2,553	2,553	2,553	2,553
Other	771	-	-	-	-
Total core funds	**83,181**	**61,814**	**55,561**	**40,569**	**36,795**
Working capital*	19,898	17,000	17,000	17,000	17,000
Total funds	103,079	78,814	72,561	57,569	53,795
Amount funding (under)/over borrowing**	(17,779)	(17,451)	(17,107)	(16,742)	(16,359)
Available for investment	**(85,300)**	**(61,363)**	**(55,454)**	**(40,827)**	**(37,436)**

Borrowing

26. The capital expenditure plans set out in Table 1 paragraph 17 provide details of the service activity of the council. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Current portfolio position

27. The council's treasury portfolio position at 31 March 2017, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the CFR), highlighting any over or under borrowing.

Table 6 – Estimates of the council's external debt, CFR and under borrowing position (Prudential Indicator 5)

£'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
External Debt					
Debt at 1 April	219,655	208,905	263,047	301,047	312,557
Expected change in Debt	(10,750)	54,142	38,000	11,510	12,040
Other long-term liabilities (OLTL)	1,274	1,189	1,099	1,003	902
Expected change in OLTL	(85)	(90)	(96)	(101)	(107)
Actual gross debt at 31 March	**210,094**	**264,146**	**302,050**	**313,459**	**325,392**
Capital Financing Requirement	**227,873**	**281,597**	**319,157**	**330,202**	**341,751**
Under / (over) borrowing	**17,779**	**17,451**	**17,107**	**16,742**	**16,359**

* Other long-term liabilities are any liabilities that are outstanding under credit arrangements and are outstanding for periods in excess of 12 months e.g. finance leases and PFI schemes.

28. The table above shows that both the debt and the CFR increase significantly between 2017/18 and 2020/21. This is due to the proposed borrowing that will be taken to on-lend to the council's company NRL (Norwich Regeneration Limited) and the financing of commercial property acquisitions.

29. Within the prudential indicators there are a number of key indicators to ensure that the council operates its activities within well-defined limits. One of these is that the council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

30. The chief finance officer reports that the council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

Treasury Indicators: limits to borrowing activity

31. Within the prudential indicators there are a number of key indicators to ensure the council operates its activities within well-defined limits.

32. For the first of these the council needs to ensure that its total gross borrowing does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and next two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes.

Table 7 – Estimates of the council's total gross borrowing does not exceed the CFR (Prudential Indicator 6)

£'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Gross Borrowing	210,094	264,146	302,050	313,459	325,392
Capital Financing Requirement	227,873	281,597	319,157	330,202	341,751
Gross borrowing is below CFR	**(17,779)**	**(17,451)**	**(17,107)**	**(16,742)**	**(16,359)**

33. The chief finance officer reports that the council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

34. A further two key prudential indicators control or anticipate the overall level of borrowing, these are:

35. **The operational boundary -** this is the limit beyond which external debt is not normally expected to exceed. The limit may be exceeded but if it is being exceeded on a regular basis then it would act as a trigger to review what is happening with the borrowing. In most cases, the operational boundary would be a similar figure to the CFR, but may be lower or higher depending on the

levels of actual debt and the ability to fund under-borrowing by other cash resources.

Table 8 – Operational boundary (Prudential Indicator 7)

Operational boundary £'000	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**
Operational Boundary upper limit for debt	280,000	315,000	325,000	335,000
Other long term liabilities	1,576	1,600	1,600	1,600
Total	**281,576**	**316,600**	**326,600**	**336,600**

36. **The authorised limit for external debt.** - A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the council. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. The proposed authorised limit is shown in table x below:

Table 9 – Authorised Limit (Prudential Indicator 8)

Authorised Limit £'000	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**
Authorised limit upper limit for debt	290,000	335,000	345,000	360,000
Other long term liabilities	1,576	1,600	1,600	1,600
Total	**291,576**	**336,600**	**346,600**	**361,600**

37. The authorised limit has been set at a level that allows for borrowing that council are being asked to approve as part of the capital programme, but it also incorporates anticipated borrowing that may be required for potential schemes that still require a business case to be drawn up and then approved. Examples include the redevelopment of the airport industrial estate and the development of various sites within Norwich.

38. Separately, the Council is also limited to a maximum HRA CFR (which equals the HRA Debt Cap) through the HRA self-financing regime. This actual limit is currently under the HRA Debt Cap is shown below in table 10:

Table 10 – Housing Revenue Account Debt Cap and Headroom

HRA Debt Limit £'000	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**
HRA Debt Cap	236,989	236,989	236,989	236,989
HRA CFR	182,689	180,593	180,491	180,384
HRA headroom	54,300	56,396	56,498	56,605

Affordability Prudential Indicators

39. The 8 statutory indicators above cover the overall capital and control of borrowing, but in addition, within this framework, there are further indicators that assess the affordability of the capital investment plans. These indicators provide an indication of the impact of the capital investment plans on the council's overall finances and these are shown below:

40. Actual and Estimates of the Ratio of Financing Costs to Net Revenue Stream (Indicators 9 & 10) - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget.

Table 11– Ratio of Financing Costs to Net Revenue Stream (Prudential Indicators 9 & 10)

	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	Actual	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Financing costs as a percentage of net revenue stream *					
General fund	1.57%	5.11%	0.59%	(1.12%)	(2.57%)
HRA	37.01%	37.03%	37.92%	38.78%	38.47%

* Where the figure appears as a negative percentage this is the contribution that the capital investments are making to the General Fund as a percentage of the net revenue stream

41. The General Fund financing costs increase in 2017/18 but then reduce in the years going forward. This is due to the anticipated increase in borrowing required to fund the commercial property acquisition and the on-lending to NRL. The table shows that in 2019/20 and 2020/21 the rental returns and investment income from the commercial acquisitions and on-lending to NRL are making a contribution to the General Fund which exceeds the financing costs.

42. The HRA financing costs vary marginally year on year. This reflects minor variations year on year in the amounts used in the calculations e.g. reductions in the HRA balances which decrease year on year, fluctuations in the rental income. As there is currently no planned borrowing to fund the capital programme this has no impact on the financing costs over the four year period.

43. Estimates of the incremental impact of capital investment decisions on the Council Tax and Housing Rent Levels (Indicators 11 & 12) – These indicators identify the revenue costs associated with proposed changes to the three year capital programme recommended in the budget report compared to the council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of government support, which are not published over a three year period.

Table 12 Estimates of the incremental impact of capital investment decisions on the Council Tax and Housing Rent Levels (Prudential Indicators 11 & 12)

Estimates of incremental impact of capital investment decisions on council tax & housing rents	**2018/19**	**2019/20**	**2020/21**
	Estimate	**Estimate**	**Estimate**
General fund (Prudential Indicator 11) - Impact per property p.a.	£1.19	(£13.61)	(£26.06)
HRA (Prudential Indicator 12) - Impact on rent per week	£0.18	£0.13	£0.15

44. In table 12 above the General Fund indicator shows the impact on Council Tax of varying the capital programme from the previous year's approved programme, if everything else remained constant. The 2018/19 indicator shows £1.19 more of the Band D Council Tax will be used to fund the new programme in 2018/19. In subsequent years the additional income generated from on-lending to NRL and new rental income from commercial property acquisitions exceeds the additional cost of borrowing. This results in £13.61 and £26.06 less of the Band D Council Tax being used to fund the new programme in 2019/20 and 2020/21 respectively.
45. Estimates of the incremental impact of capital investment decisions on Housing Rent Levels are shown in the table 12 above. This indicator is similar to the Council Tax calculation. It shows the trend in the cost of proposed changes in the three year housing capital programme recommended in the MTFS 2018-23 compared to the council's existing commitments and current plans, expressed as a change in weekly rent levels.
46. This Indicator shows that the revenue impact of the change in proposed housing investment programme has a marginal impact as the capital investment programme remains fairly static year on year. These changes will already be contained within the budgeted rent increases in the HRA Business Plan.

Public Finances and the national economic context

47. A summary of the key influencing economic factors, as at the time of writing this report (January 2018), is given below:

Bank Interest Rate: In November 2017 the Bank of England's Monetary Policy Committee (MPC) voted by a majority of 7–2 to increase the Bank Rate by 0.25% to 0.5%, the first increase since July 2007. As things stand, the MPC is expecting two further quarter-point increases in interest rates by the turn of the decade, which would then leave the rate at 1%. *Source: Bank of England*
Inflation: The headline inflation figure, CPI (Consumer Price Index), rose to a five and a half year high of 3% in September and remains at this level. Food and transport costs in particular have increased the CPI. National Treasury's target rate is 2%. The Bank of England predicts a gradual fall in the inflation rate which may reach 2% in 2020.

Source: Bank of England
GDP Growth: The Office for Budget Responsibility (OBR) now expects to see slower GDP growth over the forecast period, mainly caused by the under-performance of productivity in the UK economy. It has revised down its forecast for GDP growth by 0.5 percentage points to 1.5% in 2017, with growth slowing in 2018 and 2019, before rising to 1.6% in 2022. The economic impact of the UK's departure from the European Union however remains uncertain. *Source: Autumn Budget 2017 and Office for Budget Responsibility*
Unemployment Rate and Average Earnings: The UK unemployment rate remains at 4.3% (1.42m individuals) in November 2017 its lowest rate since 1975 - and down from 4.8% a year earlier. Average earnings, excluding bonuses, rose 2.2% in the three months to September 2017, compared with a year ago, but this is a decrease of 0.5% in real terms when accounting for inflation. *Source: Office for National Statistics*
Public Sector Finances: The reductions in future GDP growth have knock-on effects for both public sector net borrowing and for future public sector expenditure as lessened economic growth equates to a reduced tax take. Public sector net borrowing is now forecast to fall over the next four years to some £30bn in 2021/22, instead of the £20bn forecast in the Spring 2017 Budget Statement (and contrasted with the £10bn surplus forecast for 2019/20 in the Chancellor's 2016 Budget Statement). The government's policy had been that after the four year funding settlement finishes in 2020/21, public sector funding would increase in line with inflation during the period of the next spending review (i.e. at about 2%). Lower GDP growth is likely to result in lower increases in public spending. Whilst revised targets are not published yet, and possibly are not likely to be until there is more formal planning for the next spending review, CIPFA warns that the overall increase in public sector funding post 2020/21 could be 1.5% rather than 2%. ***Source: Office for Budget Responsibility and CIPFA***

48. The council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the council to formulate a view on interest rates. Appendix 3 gives their long term view on UK interest rates and the economic forecast.

Borrowing strategy

49. The council is currently maintaining an under-borrowed position. This means that the capital borrowing need (CFR), has not been fully funded with loan debt as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

50. Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 treasury operations. In accordance with the Financial Regulations, paragraph 38 which delegates all executive decisions on borrowing, investment or financing to the chief finance officer, (who is required to act in accordance with CIPFA's code of practice for treasury management in the public services) the chief finance officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

    - If it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
    - If it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the UK and USA, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
    - Any decisions will be reported to Cabinet at the next available opportunity.

Treasury indicators for Debt

51. There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

    - **Upper limits on fixed interest rate exposure (Indicator 13)**. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
    - **Upper limits on variable interest rate exposure (Indicator 14)**. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
    - **Maturity structure of borrowing (Indicator 15)**. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits

52. Table 10 below shows what the upper limits are for fixed rate and variable rate interest rate borrowing and investments along with the maturity structure for borrowing.

Table 10 – Upper limits on fixed interest rate exposure (Prudential Indicator 13), upper limits on variable interest rate exposure (Prudential Indicator 14) and maturity structure of borrowing (Prudential Indicator 15)

£m		2018/19	2019/20	2020/21
Interest rate exposures				
		Upper	**Upper**	**Upper**
Limits on fixed interest rates: Debt only Investments only		 100% 100%	 100% 100%	 100% 100%
Limits on variable interest rates: Debt only Investments only		 20% 20%	 20% 20%	 20% 20%
Maturity structure of fixed interest rate borrowing 2018/19				
			Lower	**Upper**
Under 12 months			0%	10%
12 months to 2 years			0%	10%
2 years to 5 years			0%	30%
5 years to 10 years			0%	50%
10 years and above			0%	95%

Policy on borrowing in advance of need

53. The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds.

54. The Council has some flexibility to borrow funds this year for use in future years. The chief finance officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the chief finance officer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Borrowing in advance will be made within the constraints that:
    - It will be limited to no more than 75% of the expected increase in borrowing need (CFR) over the three year planning period; and
    - Would not look to borrow more than 36 months in advance of need

55. Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or annual reporting mechanism.

Debt rescheduling

56. As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

57. Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

58. All rescheduling will be reported to the Cabinet at the earliest meeting following its action. However it is extremely unlikely that any debt rescheduling will take place in the near future as the difference between the interest rates on existing loans and the current low levels of interest rates is too large and would result in a premium being due which would be too costly.

UK Municipal Bond Agency (MBA)

59. It is possible that the MBA will be offering loans to local authorities in the future. The MBA hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). The council may make use of this new source of borrowing as and when appropriate. On 11 October 2017 Cabinet agreed that the council could enter into borrowing framework agreement to allow them to borrow from the UK MBA.

MINIMUM REVENUE PROVISION POLICY STATEMENT

60. The council is required to pay off an element of the accumulated General Fund borrowing each year through a revenue charge (the MRP), and is also allowed to undertake additional voluntary payments (VRP).
61. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).
62. Repayments included in annual PFI or finance leases are applied as MRP.
63. CLG Regulations have been issued which require full council to approve an MRP Statement in advance of each year. A variety of options are provided so long as there is a prudent provision.
64. At the meeting on 17 January 2017 Cabinet approved a revised MRP policy to take effect in the financial year 2017/18 and onwards. The changes to the Minimum Revenue Provision (MRP) policy have resulted in an overpayment of £7.4m having been made in MRP costs dating back from 2007/08 to date. This amount will be used to reduce existing MRP budgets for the financial year 2017/18 onwards over a period of 40 years. Having looked at several

methodologies for crediting this overpayment back to the General Fund revenue budget the methodology to be used is credit the £7.4m back to the General Fund over 40 years in equal instalments of approximately £184,000 per annum. This is an appropriate method as it provides certainty as to the amount that will be credited each year and it spreads the credit evenly over the lifetime of the MRP that it relates to.

65. Council is recommended to approve the MRP Policy Statement as detailed in Appendix 1. This is the same statement that was approved by Cabinet as part of the mid-year treasury management review report on 17 January 2018

ANNUAL INVESTMENT STRATEGY

Investment policy

66. The council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The council's investment priorities will be security first, liquidity second, and then return.

67. In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the council applies minimum acceptable credit criteria to generate a list of highly creditworthy counterparties which also enables diversification and thus minimises concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

68. Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this, the council will engage with its advisors to watch the market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

69. Other information sources used will include the financial press, share price and other such information relating to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

70. Investment instruments identified for use in the financial year are listed in Appendix 2 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the council's treasury management practices – schedules.

Creditworthiness policy

71. The primary principle governing the council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the council will ensure that:

    - It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
    - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the council's prudential indicators covering the maximum principal sums invested.

72. The chief finance officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the council may use, rather than defining what types of investment instruments are to be used.

73. The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the council's criteria, the other does not, the institution will fall outside the lending criteria. Credit rating information is supplied by Capita Asset Services, the council's treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum council criteria will be suspended from use, with all others being reviewed in light of market conditions.

74. The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:

    - Banks 1 - good credit quality **–** the council will only use banks which:
        - are UK banks; and/or
        - are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAA
        - and have, as a minimum, the following Fitch, Moody's and Standard Poors credit ratings (where rated):
    - Short term - F1, P1, A1
    - Long term – A, A2, A
    - Viability / financial strength – bbb+ (Fitch / Moody's only)
    - Support – 5(Fitch only)

- Banks 2 – Part nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- Banks 3 – The council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Bank subsidiary and treasury operation - The council will use these only where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building societies The council will *use* all societies which:
    - meet the ratings for banks outlined above
    - have assets in excess of £2bn
    - or meet both criteria.
- Money market funds – *AAA*
- UK Government (including gilts and the DMADF)
- Local authorities, parish councils etc.
- Supranational institutions

Ethical Investment

75. The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's mission and values. This would include, inter alia, avoiding direct investment in institutions with material links to:
    - human rights abuse (e.g. child labour, political oppression)
    - environmentally harmful activities (e.g. pollution, destruction of habitat, fossil fuels)
    - socially harmful activities (e.g. tobacco, gambling)

76. This applies to direct investment only. The Council's normal money market activity would usually be with financial institutions which may have unknown indirect links with companies which the Council will be unable to monitor. However, where known links are publicly available the Council will not knowingly invest.

Use of additional information other than credit ratings

77. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments

78. The time and monetary limits for institutions on the Council's counterparty list are shown in table 10 below (these will cover both specified and non-specified investments):

Table 10 - Time and monetary limits applying to the council's investments

	Fitch Long term Rating (or equivalent)	Money Limit	Time Limit
Banks 1 higher quality	AA	£15m	364 days
Banks 1 lower quality	AA	£5m	364 days
Banks 2 – part nationalised	N/A	£15m	3 years
Limit 3 category – council's banker (if doesn't meet Banks 1 criteria)	A-	£5m	3 months
Building Societies	Asset worth at least £2bn	£10m	364 days
DMADF	AAA	Unlimited	6 months
Local authorities (LA)	N/A	£10m per LA	5 years
Money Market Funds	AAA	£5m per fund £25m overall limit	Liquid
CCLA Local Authorities' Property Fund		£10m	Minimum of 5 years

Country limits

79. Due care will be taken to consider the country, group and sector exposure of the council's investments. In part, the country selection will be chosen by the credit rating of the sovereign state in Banks 1 above. In addition:
    - no more than 30% will be placed with any non-UK country at any time and would always be sterling investments
    - limits in place above will apply to a group of companies
    - sector limits will be monitored regularly for appropriateness

Strategy for investment of funds

80. The council does not use external fund managers to manage any funds. All funds are invested by the in-house treasury management team. Investments are made with reference to the core balances and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations

81. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are for:

Table 11 – Forecast interest rates provided by Link Asset Services

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Later years
0.40%	0.60%	0.90%	1.25%	1.50%	1.75%	2.00%	2.75%

82. The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

Investment treasury indicator and limit

83. These indicators specify the limit for the total principal funds invested for greater than 365 days. These limits are set with regard to the council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

84. The proposed treasury indicator and limit is set out in table 13 below

Table 12 – Time and value limits for principal sums invested (Prudential Indicator 16)

Maximum principal sums invested > 364 days	2018/19	2019/20	2020/21
Principal sums invested > 364 days	£5m	£5m	£5m

85. For its cashflow generated balances, the council will use its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

Investment risk benchmarking

86. These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.
87. **Security** - The council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is 0.041% historic risk of default when compared to the whole portfolio.

88. **Liquidity** – in respect of this area the Council seeks to maintain:
    - Bank overdraft – zero balance
    - Liquid short term deposits of at least £1m available with a week's notice.
    - Weighted average life benchmark is expected to be 0.22 years, with a maximum of 1.00 year.

89. **Yield** - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID rate

90. End of year investment report - At the end of the financial year, the council will report on its investment activity as part of its Annual Treasury Report.

Treasury Management Practices

91. The Council adopted the CIPFA Code of Practice on Treasury Management (revised 2011) on 2nd March 2010. At this time the Treasury Management Policy Statement was also adopted. The Treasury Management Policy and Practices (TMP's) are updated annually to reflect the Treasury Management Strategy approved by council and to reflect any changes in staffing structures or working practices of the treasury function.

92. A copy of the Treasury Management Practices are available from Financial Services should members require further information. TMP 1 – Credit and counterparty Risk Management has been included as Appendix 3 and gives details of investment instruments identified for use in the financial year.

Adoption of the CIPFA Treasury Management in the Public Services: Code of Practice Cross Sectoral Guidance Notes (Indicator 17).

93. Norwich City Council has adopted the Code has been adopted and is applied in managing Treasury Management activities.

Treasury Management Advisers

94. The Council uses Link Asset Services as its treasury management consultants. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt rescheduling advice surrounding the existing portfolio;
- Credit ratings/market information service comprising the three main credit rating agencies.

95. Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Council. This service is subject to regular review.

# Integrated impact assessment	NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	14 February 2018
Director / Head of service	Chief finance officer
Report subject:	Treasury /Management Strategy 2018/19
Date assessed:	January 2018
Description:	The report outlines the council's prudential indicators for 2018/19 through to 2020/21 and sets out the expected treasury operations for this period.

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	This report has no direct financial consequences however it does set the guidelines for how the council manages its borrowing and investment resources.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

	Impact			
Equality and diversity (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Minimum Revenue Provision (MRP) Policy

1. The council is required to pay off an element of the accumulated General Fund borrowing each year through a revenue charge (the MRP), and is also allowed to undertake additional voluntary payments (VRP).
2. CLG Regulations have been issued which require full council to approve an MRP Statement in advance of each year. A variety of options are provided so long as there is a prudent provision.
3. Council is recommended to approve the following MRP Statement:

For capital expenditure incurred:

(A) Before 1st April 2008 or which in the future will be Supported Capital Expenditure including the Adjustment A, the MRP policy will be to charge MRP on a 2% annuity basis so that there is provision for the full repayment of debt over 50 years;

(B) From 1st April 2008 for all unsupported borrowing (excluding finance leases) the MRP policy will be to charge MRP on a 2% annuity basis so that there is provision for the full repayment of debt over 50 years; Asset life is deemed to begin once the asset becomes operational. MRP will commence from the financial year following the one in which the asset becomes operational.

(C) MRP in respect of unsupported borrowing taken to meet expenditure, which is treated as capital expenditure by virtue of either a capitalisation direction or regulations, will be determined in accordance with the asset life method as recommended by the statutory guidance.

(D) Expenditure in respect of the Local Authority Mortgage Scheme will not be subject to a minimum revenue provision as this is a temporary arrangement and the funds will be returned in full.

(E) Expenditure in respect of loans made to the council's wholly owned companies will not be subject to a minimum revenue provision as the council will have undertaken sufficient due diligence to expect these loans will be repaid in full to the council by a capital receipt either during the loan agreement term or at the end of the agreement. Therefore the council considers that it can take a prudent view that the debt will be repaid in full at the end of the loan agreement (or during if it is an instalment loan), so MRP in addition to the loan debt repayments is not necessary.

This is subject to the following details:

- An average asset life for each project will normally be used. There will not be separate MRP schedules for the components of a building (e.g. plant, roof etc.). Asset life will be determined by the Chief Finance Officer. A standard schedule of asset lives will generally be used (as stated in the Statement of Accounts accounting policies).
- MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for single assets

when expenditure is being financed from borrowing the MRP will be deferred until the year after the asset becomes operational.

- Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case, at the discretion of the Chief Finance Officer.
- There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made. Transitional arrangements with respect to depreciation, revaluation and impairments; put in place at 1 April 2012 were due to expire on 31 March 2017. However the Item 8 determination released on 24 January 2017 has extended indefinitely the ability to charge depreciation, revaluations and impairments to the HRA but reverse in the Movement in Reserves Statement.
- Repayments included in annual finance leases are excluded from MRP as they are deemed to be a proxy for MRP.

TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This council adopted the Code on 2 March 2010 and will apply its principles to all investment activity. In accordance with the Code, the chief finance officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the council will use. These are high security (i.e. high credit rating, although this is defined by the council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1) The UK Government (such as the Debt Management Account Deposit Facility, UK treasury bills or a gilt with less than one year to maturity).
2) Supranational bonds of less than one year's duration.
3) A local authority, parish council or community council.
4) Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this

covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's and / or Fitch rating agencies.

5) A body that is considered of a high credit quality (such as a bank or building society For category 5 this covers bodies with a minimum Short Term rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies .

To be defined as a Specified Investment the above instruments will have these features common to all:

- Be denominated in Sterling,
- Of not more than 1 year maturity,
- Of longer than 1 year maturity but the Council has the right to be repaid within 12 months,
- For instruments numbered 5 to 7 these must be with institutions of high credit quality.

Non-specified investments –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with the following:

	Non Specified Investment Category	Limit (£ or %)
a.	**Supranational bonds greater than 1 year to maturity** **(a) Multilateral development bank bonds** - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.). **(b) A financial institution that is guaranteed by the United Kingdom Government** (e.g. National Rail, the Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	 £15m £15m
b.	**Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	£15m
c.	**The Council's own banker** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	£5m
d.	**Building societies not meeting the basic security requirements under the specified investments**. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The council may use such building societies which have a minimum asset size of £2bn, but will restrict these type of investments to 364 days.	£10m or 1% of assets

e.	Any **bank or building society** that has a minimum long term credit rating of A+/A, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	Maximum limit of 100% so long as no more than 25% of investments have maturities of one year or more.
f.	Any **non-rated subsidiary** of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to having a minimum asset size of £250m and a restriction on the investment amount of 1% of its assets size.	£10m for a period of no longer than 3 months
g.	**Certificates of Deposits or corporate bonds** with banks or building societies.	£5m
h.	**Money Market Funds**	£5m
i.	**Pooled Property Funds** The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. The exception to this is an investment in the CCLA Local Authorities Property Fund.	CCLA £5m

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the chief finance officer, and if required new counterparties which meet the criteria will be added to the list.

Prospects for interest rates and the economic outlook

1. This appendix provides further detailed information in addition to the information that can be found at paragraph 34 which covers the public finances and the national economic context. The information below has been provided by Link Asset Services.

Table 1 – Forecast interest rates provided by Link Asset Services

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

2. As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November 2017. This removed the emergency cut in August 2016 after the EU referendum. The MPC also indicated that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast above includes these Bank Rate increases in in November 2018, November 2019 and August 2020.

3. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long-term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Federal Bank has taken the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.

4. Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. The Federal bank has started raising interest rates and this trend is expected to continue during 2018 and 2019. These increases will make holding US bonds much less attractive and cause their prices to fall, and thus bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

5. From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and

emerging market developments. Such volatility could occur at any time during the forecast period.

6. Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

7. The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

8. Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

    - Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
    - Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
    - A resurgence of the Eurozone sovereign debt crisis, possibly in Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
    - Weak capitalisation of some European banks.
    - The result of the October 2017 Austrian general election is likely to result in a strongly anti-immigrant coalition government. The new Czech prime minister, Andrej Babis is strongly against EU migrant quotas and refugee policies. This combination could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
    - Rising protectionism under President Trump
    - A sharp Chinese downturn and its impact on emerging market countries

9. The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

    - The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
    - UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
    - The Fed. causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in

the US, which could then spill over into impacting bond yields around the world.

Investment and borrowing rates

10. Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.

11. Borrowing interest rates increased sharply after the general election result in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Since then, borrowing rates have eased back again somewhat. Apart from that, there has been little general trend in rates during this financial year. The policy of avoiding new borrowing by using spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;

12. There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

Report to	Cabinet	**Item**
	07 February 2018	8
Report of	Director of business services	
Subject	Council tax reduction scheme 2018-19	

Purpose

To consider and recommend to council a council tax reduction scheme for 2018-19.

Recommendation

To recommend council to make the following changes to the council tax reduction scheme (CTRS) for 2018-19 by continuing with the 2017-18 scheme with the following modifications:

(1) increase the applicable amounts of CTRS 2018-19 should have reference to the composite rate of council tax increase, excluding social care.

(2) increase the non-dependant deduction income brackets and level of non-dependant deductions by the composite rate of council tax increase, excluding social care; and that this should be based on level of income rather than the hours worked.

(3) include Universal Credit applicants where it has been awarded without earned income as a non-dependant status in the group where no deduction is made.

(4) the level of income brackets used to decide entitlement to 'second adult reduction' should be increased by the 2018-2019 composite rate of council tax, excluding social care.

(5) align treatment of Bereavement Support Payments (BSP) with housing benefits and fully disregard BSP payments for working-age applicants.

(6) amend the CTRS to mirror minor regulation changes to the new Employment and Support Allowance (ESA) for working-age applicants placed in work-related activity groups resulting in positive outcomes for working-age applicants in receipt of CTR or housing benefit.

(7) allow automatic notification by the Department of Work and Pensions to the city council of UC awards, therefore removing the requirement for the customer to make a separate CTRS application.

Corporate and service priorities

The report helps to meet the corporate priority a fair city.

Financial implications

As detailed in Appendix 1.

Ward/s: All wards

Cabinet member: Councillor Davis - social inclusion

Councillor Kendrick - resources

Contact officers

Anton Bull – director of business services 01603 212326

Background documents

None

Report

1. Since 1 April 2013 the council has operated a council tax reduction scheme (CTRS), which replaced council tax benefit.

2. On 1 December 2017 there were 14,979 recipients of CTR. Total caseload can be broken down to:

   - Pensioners = 5,359
   - Working-age employed = 2,188
   - Working-age 'other' income = 7,432

3. As pensioners have been protected by the government any changes to CTRS will only impact working age claimants. Therefore the council can only control the cost of CTRS in relation to working age claims.

4. The council adopted the government's default CTRS in 2013, having made various changes since then but maintaining the principle of a full support (100% discount) scheme. The government has been reducing its financial support to local authorities for the cost of the scheme therefore changes to the council tax discounts and exemptions have been made to try and address any shortfall.

5. There will be no revenue support grant to help cover the cost of the scheme from 2020-21. The reduction in the funding has already been incorporated into the MTFS.

6. The council tax reduction scheme cross party working group met on 11 September 2017 to review in detail options. A copy of the papers considered at that meeting is attached as Appendix 1.

7. The options reviewed were:

   - Retain or not a 100% support scheme
   - The increase or not of applicable amounts
   - Restrict or not the CTR personal allowance for dependent children to two children only to mirror changes to housing benefit.
   - The increase or not of the non-dependant deduction income brackets and level of non-dependant deductions
   - To include or not Universal Credit applicants where it has been awarded without earned income as a non-dependant status in the group where no deduction is made.
   - To increase or not the level of income brackets used to decide entitlement to 'second adult reduction'
   - To align or not treatment of Bereavement Support Payments (BSP) with housing benefits and fully disregard BSP payments for working-age applicants.

- To amend or not the CTRS to mirror minor regulation changes to the new Employment and Support Allowance (ESA) for working-age applicants placed in work-related activity groups resulting in positive outcomes for working-age applicants in receipt of CTR or housing benefit.

- To retain or not the maximum period for backdating working-age CTR application for a period of two months.

- To allow or not automatic notification by the Department of Work and Pensions to the city council of UC awards, therefore removing the requirement for the customer to make a separate CTR application

8. The council tax reduction scheme cross party working group resolved, unanimously, to recommend the Council Tax Reduction Scheme 2018-2019 to cabinet for consideration for public consultation and adoption by council based on the following principles. Each principle also has a comment next to it to indicate if this requires consultation or it is status quo and therefore no change requiring consultation.

(1) The scheme should remain as a 100 per cent of a working-age applicant's council tax liability (status quo).

(2) The increase the applicable amounts of CTRS 2018-19 should have reference to the composite rate of council tax increase, excluding social care (consultation) .

(3) The CTRS should not restrict the CTR personal allowance for dependent children to two children only to mirror changes to housing benefit (status quo).

(4) Increase the non-dependant deduction income brackets and level of non-dependant deductions by the composite rate of council tax increase, excluding social care; and that this should be based on level of income rather than the hours worked (consultation).

(5) Include Universal Credit applicants where it has been awarded without earned income as a non-dependant status in the group where no deduction is made (consultation).

(6) The level of income brackets used to decide entitlement to 'second adult reduction' should be increased by the 2018-2019 composite rate of council tax, excluding social care (consultation).

(7) To align treatment of Bereavement Support Payments (BSP) with housing benefits and fully disregard BSP payments for working-age applicants (consultation).

(8) To amend the CTRS to mirror minor regulation changes to the new Employment and Support Allowance (ESA) for working-age applicants placed in work-related activity groups resulting in positive outcomes for working-age applicants in receipt of CTR or housing benefit (consultation).

(9) That the maximum period for backdating working-age CTR application is for a period of two months (status quo).

(10) Automatic notification by the Department of Work and Pensions to the city council of UC awards, therefore removing the requirement for the customer to make a separate CTR application (consultation).

Consultation

9. Consultation on the above elements has been included in the Norwich vision and 2018-19 budget consultation.

10. A copy of the consultation questions is included as Appendix 2.

11. As preceptors Norfolk County Council and the Office of the Police and Crime commissioner have also been consulted on these proposed changes.

12. No comments have been received from the Office of the Police and Crime commissioner

13. The response from Norfolk County Council is included as Appendix 3. Norfolk County Council has responded positively to the consultation questions supporting the recommended changes to our scheme. In addition Norfolk County Council has asked the council to give consideration to exploring the following proposals:

    A. To limit Council Tax Support where claimant has savings to a lower level than the current £16,000 (Kings Lynn and West Norfolk use £6,000).

    B. To limit Council Tax Support discount to occupants of properties no higher than Band D Council Tax.

    C. To work with district colleagues across the County to establish the cap for the Council Tax Support discount for working age claimants at a uniform amount in Norfolk, suggested at 75% of the maximum Council Tax charge. The range is currently from 75% - 100%, with only the City Council offering 100% in the County.

14. The response to the Norwich vision and 2018-19 budget consultation has again been very positive. The results of the survey are included as Appendix 4.

# Integrated impact assessment	NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	17/1/2018
Director / Head of service	Anton Bull
Report subject:	Council Tax Reduction Scheme 2018-19
Date assessed:	18/12/2017

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☒	☐	☐	There is a negative impact in that continued protection of the 100% CTRS will not be fully funded by the reducing revenues support grant placing pressure on the council's budget. However a positive impact of maintaining the scheme is that the council won't be chasing a large number of small debts that would be difficult to recover. The overall impact is therefore assessed at neutral
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☐	☒	☐	The CTRS is aimed at protecting those who are financially vulnerable.
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

	Impact			
Risk management	☒	☐	☐	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

APPENDIX 1

Report to	Cross party working group – council tax reduction scheme 11 September 2017	**Item**
Report of	Director of business services	4
Subject	Council tax reduction scheme (CTRS) 2018-19	

Purpose

To inform and allow discussion on:

(a) Possible changes to the CTRS for Norwich City Council (NoCC).

Recommendations

To consider the options set out in the report and makes recommendations to cabinet for consideration to inform the public consultation, before referring to council for adoption in January, in relation to changes to the council tax reduction scheme.

Financial implications

As detailed in the report

Ward/s: All

Cabinet member:

Cllr Karen Davis – social inclusion

Cllr Paul Kendrick - resources

Contact officers

Anton Bull - Director of business services x2326

Julie Gowling – LGSS revenues and benefits operations manager x2645

Carole Jowett – LGSS revenues and benefits operations manager x2684

Background documents

None

Report

Background

1. Since 1 April 2013 the council has operated a council tax reduction scheme (CTRS), which replaced council tax benefit.

2. As pensioners have been protected by the government any changes to CTRS will only impact working age claimants. Therefore the council can only control the cost of CTRS in relation to working age claims.

3. The council adopted the government's default CTRS in 2013, having made only minor technical changes since then. The government has been reducing its financial support to Local Authorities for the cost of the scheme therefore changes to the council tax discounts and exemptions have been made to try and address any shortfall.

4. Each year the council has to review and approve its scheme, after consultation.

5. In previous years the scheme has remained as a "full scheme" meaning that those in most need are still entitled to a 100% reduction in their council tax liability.

6. In previous years the scheme has also developed to mirror changes to housing benefit to ensure consistency for claimants as well as consistency of processing for the council. The significant exception to this has been the uprating of allowances or applicable amounts.

Considerations for changes for the working-age Council Tax Reduction Scheme 2018/19

7. There are a number of potential changes to the council tax reduction scheme for 2018/19. These are put forward for discussion by the council tax working group to consider which changes are recommended to cabinet to consult on.

8. The council also has a statutory duty to consult with other preceptors i.e. Norfolk County Council and the Office of the Police and Crime Commissioner.

9. The major significant change that could be made is to reduce the maximum entitlement to below 100% for everyone. This would be a significant change from previous policy.

10. The main consideration will be premiums and allowances. These are usually linked to some sort of index.

11. There are then a series of potential changes which are aimed at maintaining consistency with housing benefit.

1. For working-age applicants reduce the current maximum 100% Council Tax Reduction Scheme to a lower maximum percentage

12. The Council Tax Reduction Scheme (CTRS) is an income related scheme. Subject to an applicant's household income their CTR award may result in up to 100% of their council tax liability being reduced by CTRS.

13. Considerations are:

    (a) Should the maximum outcome for the Norwich CTRS be reduced to by 8.5% i.e. a maximum CTR award of 91.5%?

    or…

    (b) Should the maximum outcome for the Norwich CTRS be reduced to by 15% i.e. a maximum CTR award of 85%?

    or…

    (c) Should the maximum outcome for the Norwich CTRS be reduced to by another agreed percentage%?

    or…

    (d) should the scheme remain as a 100% scheme?

14. Further information:

    (e) Potential financial implications are illustrated in the tables at the end of this report.

    (f) Many local authorities have CTR schemes which award less than 100%.

    (g) 8.5% was used by many local authorities in year one of the CTRS. This followed a drive by Department for Communities and Local Government (DCLG) to reduce scheme costs. DCLG awarded transitional grants for those that did not reduce CTR outcomes to applicants by more than 8.5%.

    (h) It is reported of the 326 new CTR schemes introduced in England in 2013, 82% of councils reduced the level of support, while 18% made no change. Three quarters of the councils who reduced the level of support introduced a minimum council tax payment of 8.5%.*

    (i) In year two of CTR many local authorities reduced their maximum awards by 15% following the removal of DCLG CTRS grants.*

    (j) There are of course considerations of recovery of council tax for customers who have small elements of council tax to pay and fail to make payment. Recovery costs may outweigh savings made in the CTRS reduction.

*For source information please see: Wilson, W. Murphy, C. (8 August 2016), Government Briefing Paper Number 06672, *Council Tax Reduction Schemes*
http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06672
[Accessed 28.07.2017]

2. Working-age applicable amount – premiums and allowances

15. In the previous two financial years 2016/2017 & 2017/2018 applicable amounts for CTRS have been increased with reference to the composite rate of council tax increase (2016/17 [3.42%] including adult social care, 2017/18 [1.86%] excluding adult social care).

16. Note. Employment & support allowance elements are maintained at Department for Work and Pensions (DWP) levels due to the need to align with these awards. The family premium was retained with the amount frozen at the 2016 level.

17. Considerations are:

    (a) As in previous years increase the working-age applicable amount by the 2018/19 composite rate of council tax (excluding adult social care).

    or…

    (b) Freeze the applicable amount for working-age applicants to 2017/2018 figures (i.e. current rates).

    or…

    (c) Increase the working-age applicable amounts by another factor such as Consumer Price Index (CPI) level at a given month.

18. Further information:

    (a) Increase the working-age CTR applicable amount by composite rate of council tax increase (excluding adult social care).

    i. The cost of the working-age CTRS would only increase to reflect any council tax increase and therefore council tax liability. The cost to Norwich would then be equal to the relevant percentage split for 2018/19.

    ii. As Council tax increases and thus the CTR applicable amount the number of working-age applicants who do not already receive maximum CTR may increase as more applicants (whose other incomes remain frozen) come within the scope of CTR entitlement.

    iii. There are approx. 10k of all claimants receiving full CTRS (being 64% of the 16,647 claims based on full HB entitlement).

    iv. Best estimate for total increased cost to working age CTR is £366k. Norwich share being approx. £55k (15%)

    v. Assumptions made are cost of working age CTR for 2018-19 as £9.2m – 2017-18 CTR estimated cost £9m (increased by assumed council tax rise of 2% and 2% applied to applicable amount)

(b) Freeze CTRS figures for working-age applicants to 2017/2018 figures

i. No cost implication to the CTR scheme, but should council tax liability increase there may be an indirect cost associated with recovery work. Some (e.g. working) applicants who were previously receiving maximum or high levels of CTR entitlement may see their entitlement reducing due to a higher council tax liability. Therefore for those customers unable to pay the remaining council tax recovery processes would result. This has a recovery cost implication and potential write-off cost. It is usual practice to write-off any amounts less than £5.00 which are not paid. This is due to insufficient debt to warrant enforcement action.

ii. DWP held Housing Benefit (and many other social security benefits) figures at 2015/2016 levels for a four year period from April 2016.

(c) Increase the working-age CTR applicable amounts by another factor such as Consumer Price Index (CPI) level captured at a given month.

i. The CPI including owner occupiers' housing costs twelve-month inflation rate was 2.7% in May 2017, up from 2.6% in April*

ii. The rate has been steadily increasing following a period of relatively low inflation in 2015 and is at its highest since April 2012.*

* Source: https://www.ons.gov.uk [accessed 14.07.2017]

iii. CPI is used by the government in many other social security benefits for uprating.

iv. It would be necessary to decide a specific date to capture the CPI figure.

v. CPI percentage has been less than the rate of council tax increase in recent years. NB. If CPI is nil or minus this is equivalent to 'freezing'

vi. Best estimate for total increased cost to working age CTR is £430k. Norwich share being approx. £65k (15%).

vii. Assumptions made are cost of working age CTR for 2018-19 as £9.2m – 2017-18 CTR estimated cost £9m (increased by assumed council tax rise of 2% and CPI of 2.7% applied to applicable amounts)

Worked examples are available at the end of this report (for illustrative purposes only). Examples A-D illustrate impact of items 1 & 2.

3. Restrict CTR personal allowance for dependent children to two children only

19. On 6 April 2017 Housing Benefit (HB) was restricted through the allowances applicable to dependent children being limited to a maximum of two dependent children. The HB change was to align with similar changes to Universal Credit and Child Tax Credit (CTC).

20. Transitional change protections were applied to existing HB customers who were entitled to HB including more than two allowances for children on 5th April 2017 prior to the restriction. HB is also protected via protections applied to a CTC award.

21. Consideration:

Should working-age CTR allowances be restricted to two dependent children to mirror changes in the HB scheme (Including relevant protections as applied within HB)?

22. Further information:

i. Decreased cost to Norwich for CTRS for new working-age applicants (but see bullet point three).

ii. Consistency in treatment and administration of CTRS with other benefits.

iii. Between April 2017 and July 2017 many HB customers have been protected from this change through prior & continuing entitlement to HB or protections applied through CTC. Therefore the restrictions currently affect few customers.

iv. Note. Norwich working-age CTRS has maintained a family premium within the applicable amount which many HB customers no longer receive as it was removed in HB from May 2016. May wish to also consider whether the family premium is continued should personal allowances for dependent children be restricted to two dependents only.

v. If the dependent allowance is restricted to two children a transitional protection will be required for existing CTR applicants who are entitled to CTR with more than two children on 31 March 2018.

Worked examples are available at the end of this report (for illustrative purposes only). Page two of examples illustrate restriction to allowances to two children only.

4A. Income brackets used to decide non-dependant deductions and level of non-dependant deductions

23. Where a non-dependant resides in a CTR household and is eighteen years of age or more regulations require a non-dependant deduction is taken from the council tax liability when calculating CTR. Due to applicant and non-dependant circumstances some cases will be exempt from a deduction being taken. Where a deduction is to be taken a standard deduction figure is given in regulations. For non-dependants working sixteen hours or more an incremental deduction is taken subject to the level of a non-dependant's income.

24. Consideration:

As with the applicable amount consideration, should non-dependant deduction income brackets and level of non-dependant deductions be…

(a) Increased by the 2018/2019 composite rate of council tax,

or…

(b) Retained at current level (i.e. 2015/2016 frozen rates).

or…

(c) Increase by another factor such as Consumer Price Index level at a given month.

25. Further information:

i. The non-dependant deduction figures and income brackets for pension-age CTR applicants are set by the Department for Communities and Local Government. These figures have been increased each year at the same level as HB figures.

ii. Non-dependant deduction figures and income brackets for working-age CTR applicants have been frozen within the Norwich CTRS at 2015/2016 levels. This has the effect of reducing the level of deductions, but if a non-dependant's income has increased over the past two years the figure deducted may have increased due to income falling within a higher bracket.

iii. Current figures for working-age non-dependant deductions are:

In receipt of Pension Credit			Nil
In receipt of IS or JSA(IB), ESA(IR)			Nil
Not within remunerative work			3.74
Remunerative work - Less than £189			3.74
£189	-	£327.99	7.52
£328	-	£407.99	9.49
£408		or more	11.36

iv. Current figures for **pension-age non-dependant deductions** are:

In receipt of Pension Credit			Nil
In receipt of IS or JSA(IB), ESA(IR), UC			Nil
Not within remunerative work			3.80
Remunerative work - Less than £196.95			3.80
£196.95	-	£341.39	7.65
£341.40	-	£424.19	9.65
£424.20		or more	11.55

4B. Deciding a non-dependant deduction for a non-dependant in receipt of Universal Credit

26. Where a non-dependant resides in a CTR household and is of eighteen years of age or more regulations require a non-dependant deduction is taken from the council tax liability when calculating CTR. Due to applicant and non-dependant circumstances some cases will be exempt from a deduction taken. Where non-dependant is in receipt of income support (IS), income-based jobseeker's allowance (JSA(IB)), income-related employment and support allowance (ESA(IR)) no non-dependant deduction is made. DCLG have also added to the pensioner CTRS universal credit (UC) – where UC is paid without earned income included – to the group where no non-dependant deduction is taken.

27. Consideration:

Full-service UC will be introduced in June 2018. Should the Norwich CTRS for working-age applicants include UC (where a UC is awarded without earned income) as a non-dependant status that results in no non-dependant deduction being taken?

28. Further information:

i. The non-dependant deduction regulations for pension-age CTR applicants are set by the Department for Communities and Local Government.

ii. HB regulations for pension-aged customers have the same UC clause for when no non-dependant deduction figure is taken. HB working-age regulations do <u>not</u> contain a UC clause [presumably as a majority of HB customers will eventually be transferred to UC administration?].

iii. Current figures for working-age non-dependant deductions are as detailed above in item 4A.

iv. Regulatory consideration would be necessary to administer current non-dependants in receipt of UC prior to 1st April 2018. These cases currently have a weekly deduction of £3.74 being taken.

5. Income brackets used to decide entitlement to 'second adult reduction'

29. A second adult reduction (2AR) award is available to customers who have a sole council tax liability and another non-dependant adult living with them. The 2AR is calculated on the second adult's (i.e. non-dependant) income. Any resulting 2AR award is applied as a percentage decrease against council tax liability. For non-dependants working sixteen hours or more regulations state brackets of income in which a non-dependants income must fall in order to attract a 2AR award.

30. Consideration:

As with the income brackets for non-dependant deductions, should the level of income brackets be…

(a) Increased by the 2018/2019 composite rate of council tax,

or…

(b) Retained at current level (i.e. 2015/2016 frozen rates).

or…

(c) Increase by another factor such as Consumer Price Index level at a given month.

31. Further information:

i. The *income brackets* for pension-age CTR applicants who apply for 2AR are set by the Department for Communities and Local Government. These figures have been increased at the same level as HB figures. Note the percentage of 2AR award is not changed only the level of income within the income brackets.

ii. The *income brackets* for working-age CTR applicants applying for 2AR have been frozen within the Norwich CTRS at 2015/2016 levels. This has the potential effect of reducing the percentage outcome where a non-dependant's income has increased over the past two years due to income falling within a higher bracket.

iii. Current 2AR levels are:

Working-age second adult reduction:

Second adult in receipt of income support; income-related employment & support allowance; state pension credit or income-based jobseeker's allowance	25% 2AR
One or more second adults whose gross income is less than £187.00 per week	**15% 2AR**
One or more second adults whose gross income is: £187.00 to £243.00 per week	**7.50% 2AR**
Where second adult in receipt of income support; income-related employment & support allowance; state pension credit or income-based jobseeker's allowance and dwelling would usually be occupied by one or more students	100% 2AR

Pension-age second adult reduction:

Second adult in receipt of income support; income-related employment & support allowance; state pension credit or income-based jobseeker's allowance	25% 2AR
One or more second adults whose gross income is less than £194.95 per week	**15% 2AR**
One or more second adults whose gross income is: £194.95 to £252.50 per week	**7.50% 2AR**
Where second adult in receipt of income support; income-related employment & support allowance; state pension credit or income-based jobseeker's allowance and dwelling would usually be occupied by one or more students	100% 2AR

iv. In 2017 (at the 17 August 2017) there were nine second adult reduction awards. Note some CTR applicants receive second adult reduction through a comparison calculation with standard CTR and it has not been possible to give numbers of these awards as the figure is contained as part of overall standard CTR caseload.

6. Bereavement Support Payments

32. Bereavement Support Payments are a government allowance available to some customers. These were introduced in April 2017 and replace the former Bereavement Allowance and will replace Widow's Benefits. In HB the Bereavement Support lump sum payment and twelve monthly payments are fully disregarded.

33. Consideration:

(a) From 2018 align treatment of Bereavement Support Payments (BSP) with HB – fully disregard BSP payments and lump sum for working-age applicants.

Or…

(b) Make no changes to CTR and continue to include these payments as income / capital within the working-age CTR calculation.

34. Further information:

i. Between April 2017 and 11 August 2017 no HB / CTR customers received BSP.

ii. Maintains a consistent approach in the treatment of these payments for HB & CTR.

iii. Department for Communities and Local Government has already introduced from April 2017 a disregard for BSP for pensioner CTR applicants.

iv. Bereavement *allowance* payments were *in*cluded as an income within the CTRS.

7. Employment & Support Allowance – work-related activity group payment

35. In April 2017 DWP removed the financial element for new Employment & Support Allowance (ESA) customers placed in a 'work-related activity' group. Minor changes have been made to HB regulations and pension-age CTRS to ensure various connected allowances and disregards are maintained within the HB / CTR award. These have a positive outcome to awards.

36. Consideration:

Should the working-age CTRS mirror regulation changes to result in same positive outcomes?

37. Further information:

i. ESA is an award to assist working-age customers who are unable to seek employment due to health issues. ESA is medically assessed and customers are placed in either a 'support group' or a 'work-related activity group'. ESA pays a standard rate in line with Jobseeker's Allowance. The placement in the relevant assessment group allows an additional financial component to be awarded. Changes to ESA in April 2017 only applied to customers placed in the 'work-related activity group'. The additional financial component of £29.05 previously paid to customers is no longer paid to new customers placed in the work-related activity group.

ii. The HB and CTR award 'balances' the additional component income to ensure customers are not penalised through their HB / CTR due to receipt of these additional payments. For CTR this change therefore had a neutral cost impact – if the component element was not being received no CTR 'balance' was required. However DWP have since amended HB regulations to ensure previously received additional income disregards and allowances attracted by a customer being placed in the ESA work-related activity group are maintained.

iii. Making the relevant amendments to the CTR for working-age customers in the above group would ensure consistency with treatment with those customers also receiving HB and position of awards prior to April 2017.

8. Reduce maximum CTR backdate period

38. Currently working-age CTR can be backdated for a maximum period of two months. Housing Benefit can only be backdated for a maximum period of one month.

39. Consideration:

Reduce maximum backdated working-age CTR award period to one month to align with Housing Benefit.

40. Further information:

i. Decreased cost to Norwich for CTRS

ii. Consistency in treatment and administration of CTRS with Housing Benefit.

iii. 414 backdate requests were received between 01.04.2017 to 31.07.2017 of which 160 were successful. A backdate award can (in 2017) be a minimum of one day to a maximum of two months. Note. It has not been possible to filter backdate data to confirm all 160 backdate awards were exclusive to CTR (HB was also included) nor the period of CTR backdated award.*

*data obtained from Civica at 14.08.2017

9. Introduce a linked application route between Universal Credit claims made with the Department for Work and Pensions and Norwich CTRS

41. Norwich will be within a Universal Credit (UC) ‘full-service’ area from June 2018. This will result in an increase in UC customers applying for CTR. Currently UC customers need to complete a Norwich City Council (NCC) application for CTR, which usually follows automatic notification of a UC award between DWP and NCC.

42. Consideration:

Should automatic (DWP to NCC) notification of a UC award remove the requirement to make a separate CTR application?

Continued…

43. Further information:

i. NCC downloads DWP UC notifications on a daily basis.

ii. The requirement to complete a CTR application results in additional administration for the council, printing and postal costs. Also additional form completion for customers.

iii. Customers not claiming UC who wish to apply for CTR will be in a similar position to existing customers and be required to apply directly to NCC. A CTR form is currently available online or via postal application.

CTR examples 1 - working-age case and result of considerations

Family Unit: 2 adults + 3 dependants		Example **A**		Example **B**		Example **C**		Example **D**
		2017		**2018**		**2018**		**2018**
			1% increase in earning, other benefits frozen					
Household income	**Annual**	**Weekly**	**Annual**	**Weekly**		**Weekly**		**Weekly**
Earnings (gross £14,430 pa less tax, NI)	12112.60	232.93	12233.73	235.26	12233.73	235.26	12233.73	235.26
CTC	8891.48	170.99	8891.48	170.99	8891.48	170.99	8891.48	170.99
WTC	1477.84	28.42	1477.84	28.42	1477.84	28.42	1477.84	28.42
CB	2501.20	48.10	2501.20	48.10	2501.20	48.10	2501.20	48.10
	24983.12	**480.44**	**25104.25**	**482.77**	**25104.25**	**482.77**	**25104.25**	**482.77**
Income *less* CTR disregards: CB full disregard, less earnings disregard £10, less additional income disregard £17.10 [total = 3,910.40 pa]	21072.72	**405.24**	21193.85	**407.57**	21193.85	**407.57**	21193.85	**407.57**
			Freeze		**Ctax composite**		**CPI**	
Increase		**2017**	0.00%	**2018**	2.00%	**2018**	2.70%	**2018**
Applicable Amount	**Annual**	**Weekly**	**Annual**	**Weekly**		**Weekly**		**Weekly**
Couple		120.99		120.99		123.41		124.26
Dependant		70.48		70.48		71.89		72.38
Dependant		70.48		70.48		71.89		72.38
Dependant		70.48		70.48		71.89		72.38
Family Premium		17.45		17.45		17.45		17.45
		349.88		349.88		356.53		358.85
Excess income (Household income less applicable amount)		55.36		57.69		51.04		48.72
20% of excess income		11.07		11.54		10.21		9.74
			*assumed 3.42% incr		*assumed 3.42% incr		*assumed 3.42% incr	
Ctax liability (band D)	1714.12	32.87	*1772.74	34.00	*1772.74	34.00	*1772.74	34.00
less 20% excess income		11.07		11.54		10.21		9.74
CTR award (100%)	1136.90	**21.80**	1171.13	**22.46**	1240.48	**23.79**	1264.99	**24.26**
CTR award reduced by 8.5%		*19.95*		*20.55*		*21.77*		*22.20*
CTR award reduced by 15%		*18.53*		*19.09*		*20.22*		*20.62*

CTR examples 2 - working-age case – 2 child allowance restriction applied - and result of considerations

Family Unit: 2 adults + 3 dependants		*As previous examples but restricted to two dependant allowances*									
Restricted dep allowance to two		**2017**			**2018**			**2018**			**2018**
				1% increase in earning, other benefits frozen							
Household income	**Annual**	**Weekly**		**Annual**	**Weekly**			**Weekly**			**Weekly**
Earnings (gross £14,430 pa less tax, NI)	12112.60	232.93		12233.73	235.26		12233.73	235.26		12233.73	235.26
CTC (also restricted to 2 deps)	5562.70	106.98		5562.70	106.98		5562.70	106.98		5562.70	106.98
WTC	1477.84	28.42		1477.84	28.42		1477.84	28.42		1477.84	28.42
CB	2501.20	48.10		2501.20	48.10		2501.20	48.10		2501.20	48.10
	21654.34	**416.43**		**21775.47**	**418.76**		**21775.47**	**418.76**		**21775.47**	**418.76**
Income *less* CTR disregards: CB full disregard, less earnings disregard £10, less additional income disregard £17.10 [total = 3,910.40 pa]	17743.94	**341.23**		17865.07	**343.56**		17865.07	**343.56**		17865.07	**343.56**
				Freeze			**Ctax composite**			**CPI**	
Increase		**2017**		0.00%	**2018**		2.00%	**2018**		2.70%	**2018**
Applicable Amount				**Annual**	**Weekly**			**Weekly**			**Weekly**
Couple		120.99			120.99			123.41			124.26
Dependant		70.48			70.48			71.89			72.38
Dependant		70.48			70.48			71.89			72.38
Dependant		0.00			0.00			0.00			0.00
Family Premium		17.45			17.45			17.45			17.45
		279.40			**279.40**			**284.64**			**286.47**
Excess income (Household income less applicable amount)		61.83			64.16			58.92			57.09
20% of excess income		12.37			12.83			11.78			11.42
				*assumed 3.42% incr			*assumed 3.42% incr			*assumed 3.42% incr	
Ctax liability (band D)	1714.12	32.87		*1772.74	34.00		*1772.74	34.00		*1772.74	34.00
less 20% excess income		12.37			12.83			11.78			11.42
CTR award (100%)	1068.93	**20.50**		1103.86	**21.17**		1158.61	**22.22**		1177.39	**22.58**
CTR award reduced by 8.5%		*18.76*			*19.37*			*20.33*			*20.66*
CTR award reduced by 15%		*17.43*			*17.99*			*18.89*			*19.19*

CURRENT FULL COST SCHEME

(No cost passed on to non-pensioner claimants)

CTR estimated forecast		2017/18	2018/19	2019/20	2020/21	
		Estimated				
Pensioner CTR - **PROTECTED**		£4,874,377.30	£4,971,864.85	£5,071,302.14	£5,172,728.19	
Working age CTR - EMPLOYED		£1,750,000.00				
Working age CTR - OTHER		£7,250,000.00				
Non-pensioner CTR		**£9,000,000.00**	**£9,180,000.00**	**£9,363,600.00**	**£9,550,872.00**	**Can only pass on cost to non-pensioners**
Estimated overall CTR discount		**£13,874,377.30**	**£14,151,864.85**	**£14,434,902.14**	**£14,723,600.19**	
Cost passed to non-pensioner claimants		**£0.00**	**£0.00**	**£0.00**	**£0.00**	
Cost to Collection Fund		**£13,874,377.30**	**£14,151,864.85**	**£14,434,902.14**	**£14,723,600.19**	

Preceptor split ;-						
Norwich	**14.53%**	**£2,015,947.02**	**£2,056,265.96**	**£2,097,391.28**	**£2,139,339.11**	**Cost to Norwich CC**
Norfolk	72.80%	£10,100,546.67	£10,302,557.61	£10,508,608.76	£10,718,780.94	
Police	12.67%	£1,757,883.60	£1,793,041.28	£1,828,902.10	£1,865,480.14	
		£13,874,377.30	**£14,151,864.85**	**£14,434,902.14**	**£14,723,600.19**	

Assumptions made:-

CTR discount increasing annually by 2% re Ctax rise

CTR caseload remains the same

Percentage reduction will apply to ALL non-pensioner claimants

No increase in applicable amount

Percentage split for 2017/18 used for all years

2018-19 SCHEME OPTIONS

(No cost passed on to non-pensioner claimants)

CTR estimated forecast		Full cost Scheme 2017/18 Estimated	Option 1 Full Cost Scheme 2018/19	Option 2 8.5% Scheme 2018/19	Option 3 15% Scheme 2018/19	
Pensioner CTR - **PROTECTED**		£4,874,377.30	£4,971,864.85	£4,971,864.85	£4,971,864.85	
Working age CTR - EMPLOYED		£1,750,000.00				
Working age CTR - OTHER		£7,250,000.00				
Non-pensioner CTR		**£9,000,000.00**	**£9,180,000.00**	**£9,180,000.00**	**£9,180,000.00**	**Can only pass on cost to non-pensioners**
Estimated overall CTR discount		**£13,874,377.30**	**£14,151,864.85**	**£14,151,864.85**	**£14,151,864.85**	
SCHEME PERCENTAGE		**0%**	**0%**	**8.5%**	**15%**	
Cost passed to non-pensioner claimants		**£0.00**	**£0.00**	**£1,202,908.51**	**£1,377,000.00**	
Cost to Collection Fund		**£13,874,377.30**	**£14,151,864.85**	**£12,948,956.33**	**£12,774,864.85**	

Preceptor split ;-						
Norwich	**14.53%**	**£2,015,947.02**	**£2,056,265.96**	**£1,881,483.36**	**£1,856,187.86**	**Cost to Norwich CC**
Norfolk	72.80%	£10,100,546.67	£10,302,557.61	£9,426,840.21	£9,300,101.61	
Police	12.67%	£1,757,883.60	£1,793,041.28	£1,640,632.77	£1,618,575.38	
		£13,874,377.30	**£14,151,864.85**	**£12,948,956.33**	**£12,774,864.85**	**Cost to Collection Fund assuming 100 % Collection Rate**
				£1,202,908.51	**£1,377,000.00**	**POTENTIAL SAVING - 100% collection rate**

Cost to Collection Fund		**£13,874,377.30**	**£14,151,864.85**	**£13,309,828.89**	**£13,187,964.85**	**Cost to Collection Fund assuming 70 % Collection Rate**
				£842,035.96	**£963,900.00**	**POTENTIAL SAVING - 70% collection rate**

Preceptor split :- **70% Collection Rate**						
Norwich	**14.53%**	**£2,015,947.02**	**£2,056,265.96**	**£1,933,918.14**	**£1,916,211.29**	**Cost to Norwich CC**
Reduction in cost compared to no scheme				**-£122,347.82**	**-£140,054.67**	**NORWICH SAVING WITH 70% Collection Rate**
Norfolk	72.80%	£10,100,546.67	£10,302,557.61	£9,689,555.43	£9,600,838.41	
				-£613,002.18	**-£701,719.20**	**Norfolk saving**
Police	12.67%	£1,757,883.60	£1,793,041.28	£1,686,355.32	£1,670,915.15	
				-£106,685.96	**-£122,126.13**	**Police saving**
		£13,874,377.30	**£14,151,864.85**	**£13,309,828.89**	**£13,187,964.85**	

Assumptions made:-

CTR discount increased by 2% re estimated Ctax rise

CTR caseload remains the same

Percentage reduction will apply to ALL non-pensioner claimants

No increase in applicable amount

Percentage split for 2017/18 used for all years

B: Our council tax reduction scheme

The council runs its own Council Tax Reduction (CTR) scheme to prevent hardship for people on low incomes. This scheme provides people on low incomes with a reduction so they either pay less or no Council Tax. This is means-tested, so takes into account a person's income and that of their partner, along with savings and capital. Everyone has a maximum amount of income they can receive before their income starts to affect their council tax reduction level – this is known as an 'applicable amount', which is calculated every year.

If a person's income is the same or less than the 'applicable amount', they will get a full reduction and if it is more, they may get a partial reduction that will be calculated taking into account their household income, and includes that of other adults, known as 'non-dependents'.

We believe the effect of the proposed increase in council tax should be taken into account when calculating council tax reductions to protect those on low incomes.

Do you agree that the following amounts should be increased?

4. The applicable amounts of the council tax reduction scheme to reflect any increase in Council Tax

- Yes
- No
- Don't know

5. The amounts used to calculate non-dependant deductions

- Yes
- No
- Don't know

6. The amounts used to decide entitlement to 'second adult reduction'

- Yes
- No
- Don't know

Currently, a higher deduction is only applied for non-dependants (another adult living in the household) where that adult works an average of 16 hours or more a week. So, rather than taking into account the amount of money that is earned, it considers number of hours.

7. Do you agree that all non-dependants who work should have a higher non-dependant deduction regardless of the number of hours worked and based on level of income ie that this deduction should be calculated based on income rather than hours worked?

- Yes
- No
- Don't know

The lowest non-dependant deduction is taken for non-dependants receiving certain benefits paid by the Department for Work and Pensions. Council Tax Reduction does not currently include Universal Credit.

8. Do you agree that non-dependant deduction should be taken where non-dependants, who do not have an earned income, are in receipt of Universal Credit?

- Yes
- No
- Don't know

Bereavement Support Payments are a government allowance available to some customers. This is currently counted as income and may reduce the amount of reduction a customer is entitled to. In contrast, in the case of Housing Benefit, this is excluded as an income.

9. Do you agree that Bereavement Support Payments should be excluded as income (bringing our Council Tax Reduction Scheme in line with Housing Benefit)?

- Yes
- No
- Don't know

Housing Benefit regulation changes do not automatically update our Council Tax Reduction Scheme. In the case of Housing Benefit, changes to levels received reflect any changes to Employment and Support Allowance (ESA), so a customer is not worse off.

10. Do you agree that the council tax reduction scheme should be amended (as it is in the case of Housing Benefit) for ESA applicants placed in work-related activity groups?

- Yes
- No
- Don't know

Customers who make a claim to the Department for Work and Pensions (DWP) for Universal Credit currently have to make a separate claim to the council for Council Tax Reduction. The council could accept data transferred from DWP to start a claim for CTR, so the customer wouldn't need to make a separate application to the council.

11. Do you agree that the council can start an application for CTR using the automatic notification from DWP?

- Yes
- No
- Don't know

Norfolk County Council

Executive Director of Finance
and Commercial Services
County Hall
Martineau Lane
Norwich
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Fao Laura McGillivray
laura.mcgillivray@norwich.gov.uk

Our Ref: SIG/JEP

Please ask for: Simon George
Direct Dialling Number: 01603 222400
Email: simon.george@norfolk.gov.uk

29 January 2018

Dear Laura,

Many thanks for your email of the 18th December to Wendy Thomson giving us the opportunity to respond to your consultation on the Council Tax support scheme. Please see below our responses to your questions as well as a few further thoughts we would ask that your members consider when reviewing your scheme, both this year and in future years.

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

* QC2: Do you agree the council should continue to increase the amounts used to calculate non-dependent deduction?
Yes

* QC3: Do you agree we should increase the amounts used to decide entitlement to 'second adult reduction'?
Yes

* QC4. Do you agree that all non-dependants who work should have a higher non-dependant deduction regardless of the number of hours worked and based on level of income i.e. that this deductions should be based on income rather than hours worked?
Yes

* QC5. Do you agree that non-dependant deduction should be taken where non-dependants, who do not have an earned income, are in receipt of Universal Credit?
Yes

* QC6. Do you agree that Bereavement Support Payments should be excluded as income (bringing your Council Tax Reduction Scheme in line with Housing Benefit)?
Yes

* QC7. Do you agree that the council tax reduction scheme should be amended (as it is in the case of Housing Benefit) for ESA applicants placed in work-related activity groups?
Yes

INVESTORS IN PEOPLE

* QC8. Do you agree that the council can start an application for CTR using the automatic notification from DWP?
Yes

In addition we would ask that the City Council give consideration to exploring the following proposals:

1. To limit Council Tax Support where claimant has savings to a lower level than the current £16,000 (Kings Lynn and West Norfolk use £6,000).

2. To limit Council Tax Support discount to occupants of properties no higher than Band D Council Tax.

3. To work with district colleagues across the County to establish the cap for the Council Tax Support discount for working age claimants at a uniform amount in Norfolk, suggested at 75% of the maximum Council Tax charge. The range is currently from 75% - 100%, with only the City Council offering 100% in the County.

Many thanks for the opportunity to respond to the consultation and we would welcome the opportunity to discuss the scheme further on an on-going basis.

Kind regards,

Simon George
Executive Director of Finance & Commercial Services

Update on consultation responses on the council tax reduction scheme for 2018-19

This paper gives members the results of the online survey on the questions that relate to the council tax reduction scheme.

Across the whole consultation a total of 1680 responses were received. This is the highest number of participants we have ever had. The data represents the results from those 1680 responses. No data has been weighted.

Council Tax reduction Scheme

Do you agree that following amounts should be increased?

Q4: The applicable amounts of the council tax reduction scheme to reflect any increase in Council Tax

Yes	56.46%
No	23.04%
Don't know	20.50%

Q 5: The amounts used to calculate non-dependant deductions

Yes	43.13%
No	24.17%
Don't know	32.70%

Q 6:The amounts used to decide entitlement to ‘second adult reduction’

Yes	41.72%
No	25.81%
Don’t know	32.47%

Q.7: Do you agree that all non-dependants who work should have a higher non-dependant deduction regardless of the number of hours worked and based on level of income that this deduction should be calculated based on income rather than hours worked?

Yes	61.58%
No	20.14%
Don't know	18.28%

Q 8: **Do you agree that non-dependant deduction should be taken where**
Non-dependants, who do not have an earned income, are in receipt of
Universal Credit

Yes	42.55%
No	24.43%
Don’t know	33.02%

Q9: Do you agree that Bereavement Support Payments should be excluded as income (bringing our Council Tax Reduction Scheme in line with Housing Benefit)?

Yes	67.48%
No	19.21%
Don’t know	13.31%

Q10 Do you agree that the council tax reduction scheme should be amended (as it is in the case of Housing Benefit) for ESA applicants placed in work-related activity?

Yes	51.65%
No	16.52%
Don’t know	31.83%

Q11 Do you agree that the council can start an application for council tax reduction scheme using the automatic notification from Department of work and pensions?

Yes	75.70 %
No	9.42 %
Don’t know	14.88%

Report to	Cabinet	**Item**
	07 February 2018	9
Report of	Director of regeneration and development	
Subject	Greater Norwich Infrastructure Investment Plan 2018-19 to 2022-23	

Purpose

To consider the Greater Norwich Infrastructure Investment Plan 2018-19 to 2022-23.

Recommendations

1. To approve the projects in Norwich to be included in the Greater Norwich Infrastructure Investment Plan 2018-19 to 2022-23 with the first year forming the Annual Growth Programme for 2018-19.

2. To recommend the draft of the Greater Norwich Infrastructure Investment Plan 2018-19 to 2022-23 to the Greater Norwich Growth Board (GNGB) for approval.

Corporate and service priorities

The report helps to meet the corporate priority a prosperous and vibrant city.

Financial implications

The total pooled CIL income for greater Norwich (from Broadland, South Norfolk and the city council) is currently projected to be as follows:

INCOME	To date £	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Balance brought forward	3,396,917							
Actual CIL receipts		3,214,589						
Forecast CIL receipts			4,719,530	7,271,195	9,586,646	10,956,189	10,179,162	8,853,709
Cumulative income	**3,396,917**	**6,611,506**	**11,331,035**	**18,602,230**	**28,188,876**	**39,145,265**	**49,324,427**	**58,178,136**

The report seeks £1,005,000 from pooled CIL for projects commencing in 2018-19 in Norwich. £55,000 is included in the council's 5 year capital programme commencing in 2018-19 for the projects to be taken forward by the city council. The remaining projects will be delivered by the county council and will be included in its capital programme.

Ward/s: All wards

Cabinet member: Councillor Waters - leader

Contact officers

Gwyn Jones, city growth and development manager	01603 212364

Report

Background

1. In 2014, the council, together with Broadland and South Norfolk councils agreed to pool CIL income (not including the neighbourhood and administrative funding elements) to create an Infrastructure Investment Fund (IIF) to pay for strategic infrastructure as part of the GNGB Joint Working Agreement. Key pieces of infrastructure are required to support the planned level and distribution of growth set out in the Joint Core Strategy (JCS), such as new or expanded schools, road junction improvements and green infrastructure improvements, with some of the funding coming from the pooled CIL pot. Delivery of the strategic programme of infrastructure is vital to keep the planned housing and jobs growth on track. The programme supports the key aims of the Greater Norwich City Deal, which has Infrastructure as one of its three strands.

2. The Greater Norwich Infrastructure Plan (GNIP), which is updated regularly sets out and describes the infrastructure listed in the JCS to 2026. The most recent iteration was approved in April 2017 and published in July 2017. See: http://www.greaternorwichgrowth.org.uk/delivery/greater-norwich-infrastructure-plan/

3. Since 2017-18, a single Infrastructure Investment Plan (IIP) covering the whole of the three Greater Norwich districts has been prepared, for which pooled funding support from the Infrastructure Investment Fund (IIF) is sought. This Greater Norwich Five Year Infrastructure Investment Plan (January 2018, Appendix 1 to this report) therefore sets out the priorities for infrastructure spending for 2018-19 and the subsequent four years.

Proposals

4. The draft Greater Norwich Five-Year IIP Appendix 1) promotes 15 schemes across Greater Norwich to receive a total of £2,423,000 funding from the IIF for delivery starting in 2018-19. Appendix A of the Draft Five-Year IIP includes details of the projects proposed as the 2018-19 AGP.

5. Within Norwich for 2018-19 there are 7 projects, supported by £1,005,000 CIL funding from the IIF. These are:

   - Green Pedalway – Earlham Road section – £560,000 over two years
   - UEA to Eaton Boardwalk extension – £30,000
   - Earlham Millennium Green Phase 3 – £25,000
   - Yare and Wensum Valleys Link – £170,000 (for 2019-20 onwards)
   - Earlham and Mile Cross Library self-access improvements – £35,000 each

Access for All – a five-year pot of £150,000 to allow various smaller-scale improvements to trails across Greater Norwich to be made (such as surfacing and gate/fence improvements). These will be considered and prioritised by the Green Infrastructure Programme Team before being approved by the Delivery Officers Group.

6. A description and the rationale for selecting these projects are included as Appendix A to the Greater Norwich Five Year IIP (Appendix 1 to this report).

7. In the 2017-18 IIP, a cash reserve of roughly £2.6m was proposed to be built up over three years, equal to one annual repayment of the £50m which has been borrowed, or committed to, to support the delivery of the Northern Distributor Road and the Long Stratton bypass. A total of £860,323 is proposed to be set aside to this end in 2018-19.

8. In addition to those projects detailed in Appendix A, the Draft IIP also proposes an allocation of £2m to be held in the IIF for 2018-19 for the purposes of delivering the Children's Services' capital programme.

Updates on previous CIL funded projects

9. Updates on all previously CIL funded projects (funding/borrowing) are detailed in Appendix D of the IIP, which is Appendix 1 to this report.

Greater Norwich Growth Board

Joint Five Year Infrastructure Investment Plan

January 2018

Introduction

This Infrastructure Investment Plan sets out the projects for which pooled funding support from the Infrastructure Investment Fund (IIF) is sought through the Greater Norwich Growth Board (GNGB) during 2018/19 to support the delivery of planned growth. It also projects the infrastructure funding priorities for the subsequent four years to 2022/23. The schemes it identifies are those currently considered to be a priority for delivery to assist in achieving the economic growth targets as set out in the Joint Core Strategy and the Greater Norwich City Deal; one of the key strands of the City Deal was the delivery of an infrastructure programme facilitated by a pooled funding arrangement between the Authorities.

This Infrastructure Investment Plan incorporates the updated position on infrastructure delivery since the preparation of the 2017/18 Annual Growth Programme (AGP) which was agreed by District Councils in April and May 2017 and by Norfolk County Council, as the Accountable Body, in July 2017. Also included are revised Community Infrastructure Levy income projections, updates on infrastructure development and programming from previous AGPs and planned preparatory work for infrastructure schemes in future years.

Development of the Infrastructure Investment Plan

As part of developing the 2018/19 AGP the Greater Norwich Infrastructure Plan (GNIP) has been updated[1]. The GNIP identifies infrastructure projects to 2026 and is used as the basis for identifying schemes for delivery in 2018/19 and projecting future infrastructure priorities over the subsequent period to 2022/23. The updated GNIP reflects progress made on infrastructure delivery and current knowledge of the timing of planned development schemes.

The first year of this Infrastructure Investment Plan should be considered as the proposed AGP for 2018/19. Thus approval of this plan will commit IIF funding to those projects identified for delivery in 2018/19. Projects in subsequent years will be confirmed through annual updates to the Infrastructure Investment Plan.

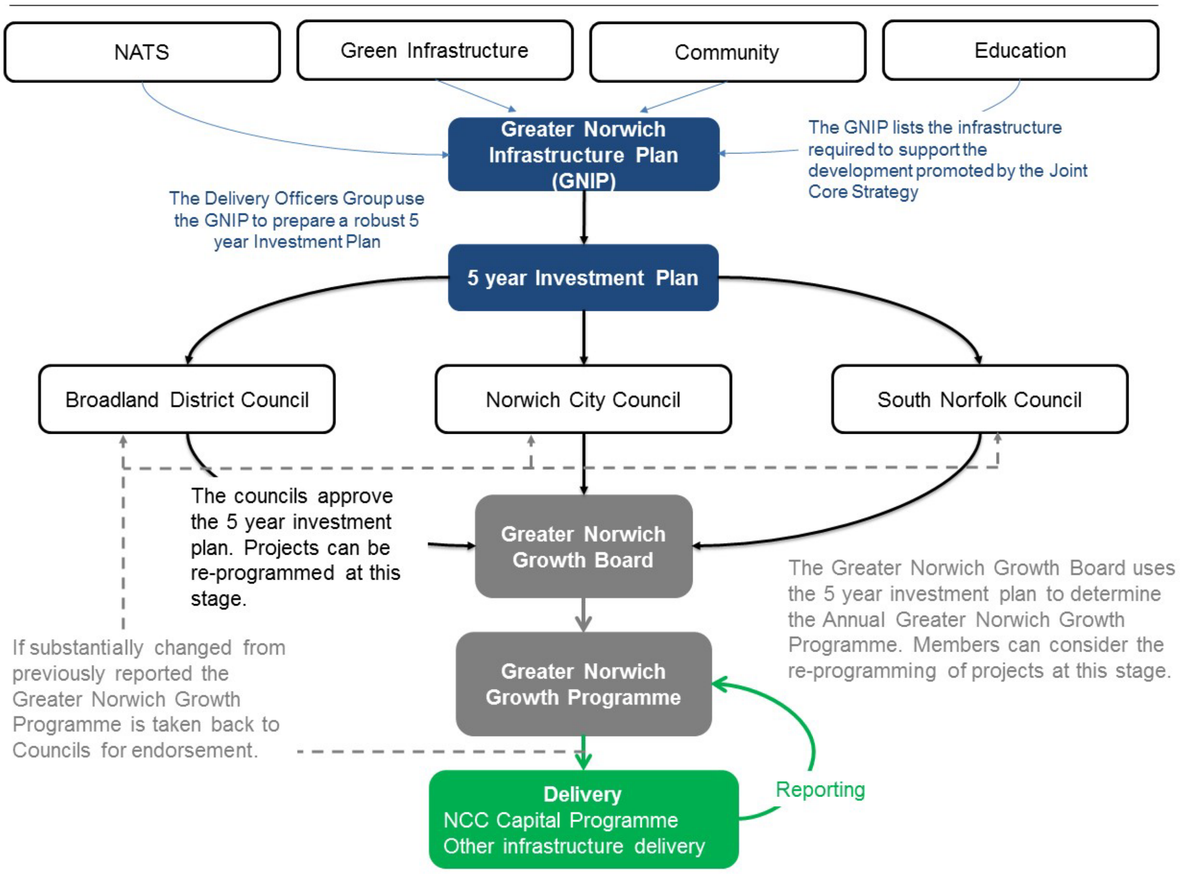
District Councils will consider the Infrastructure Investment Plan in February 2018. The GNGB will consider the Infrastructure Investment Plan at its meeting in March 2018.

As the Accountable Body for the GNGB, Norfolk County Council will also receive a report on the 2018/19 AGP in early 2018.

[1] http://www.greaternorwichgrowth.org.uk/delivery/greater-norwich-infrastructure-plan/

The Infrastructure Investment Plan process is illustrated in Figure 1, below.

Fig. 1 – Infrastructure Investment Plan Development Process



Project Updates

Updates for projects already approved for delivery through the AGP process are included at Appendix D.

Proposed 2018/19 Annual Growth Programme (AGP)

For the year 2018/19 Greater Norwich partners have identified 15 schemes totalling £2,423,000 as priorities to receive IIF support. In addition to this the proposal includes an allocation of £2m to be held in the IIF for the purposes of delivering the Children's Services' capital programme and £860,323 into its cash reserve. This Plan also seeks a commitment to explore funding opportunities for the new Broadland Growth Triangle High School.

There are a number of projects which have been agreed in previous Growth Programmes that were to be delivered over more than one year. These projects already have funding allocated to them and will continue to be taken forward in 2018/19 and beyond.[2]

[2] Details of the agreed Growth Programmes to date can be found at Appendix C

NATS including the NDR and Long Stratton Bypass and Hempnall crossroads junction

The Norwich Area Transportation Strategy (NATS) programme identifies future investment in the six Bus Rapid Transit (BRT) corridors to link major growth locations, measures in the city centre and measures to aid public transport, walking and cycling, as well as the Norwich Northern Distributor Road (NDR) and the Long Stratton Bypass and Hempnall crossroads junction.

It is likely that NATS projects will be primarily funded from sources other than the Infrastructure Investment Fund (for instance £11m Local Growth Funding has already been secured for NATS through the Growth Deal and in excess of £12m secured for cycle improvements to 2020 through the Cycle City Ambition Grant [CCAG]) although funding sources for projects in the longer term are yet to be secured.

The 2015/16 AGP agreed to the use of IIF funding to top up other funding to help deliver the NATS programme over the period 2015/16 to 2019/20. A total of £3,570,000 was committed from the IIF. It has not been necessary to draw down IIF funding in 2015/16 and 2016/17 because schemes have taken advantage of other funding streams including, in particular Growth Deal and CCAG to deliver projects. Indeed since the original IIF commitment was made Growth Deal committed an additional £4,175,000 to the implementation of NATS. In addition project development has improved our understanding of delivery and costs and as such the Infrastructure Delivery Board have agreed to re-profile the previously agreed top-up allocations as outlined below[3]:

Table 1 – re-profiled NATS programme supported by pooled CIL (£,000s)

	2015/16	2016/17	2017/18	2018/19	2019/20	TOTAL
Original NATS allocation	695	725	100	1,600	450	**3,570**
Additional CIL allocation	-	170	750	415	415	**1,770**
Cumulative sub-total	*695*	*1,590*	*2,420*	*4,475*	*5,340*	***5,340***
New NATS delivery profile incl. additional allocations[4]	-	170	1,40	925	900	**3,405**
Cumulative underspend	***695***	***1,420***	***860***	***1,960***	***1,935***	***1,935***

In addition, the 2016/17 AGP agreed to use IIF funding in future years to ensure the delivery of NATS measures, including the NDR and Long Stratton bypass and Hempnall crossroads junction. Construction of the NDR is now almost complete and £40m of borrowing to support its delivery took place during the 2016/17 financial year. While the Long Stratton Bypass and Hempnall crossroads project has significant developer contributions associated with it, £10m of borrowing to support its delivery is likely to be required in 2018/19 and 2019/20. Borrowing will be repaid by future CIL income.

Work continues to determine the order, timing and detail of other NATS priorities and in securing funding from mainstream sources and other bidding opportunities as they arise.

Growth Deal funding will be sought to help fund the refreshed and updated NATS Implementation Plan. However, it is likely that there will be further requests for funding from the IIF after the currently agreed programme ends in 2019/20. As such a provisional

[3] Further details can be found at Appendix E

[4] Including A140 corridor scheme delivery

allocation of £900,000 per annum is included for the final three years of the Five Year Infrastructure Investment Plan.

Education

The education capital programme is significant over the Plan period with 17 new primary schools planned across the Greater Norwich area and 1 new high school planned in the North of Norwich[5]. In addition 6 schools require extending to support planned growth. Additional details of the requirements of growth on education provision can be found in the GNIP; a list of those projects prioritised for 2017/18 spend was put forward at the GNGB meeting on 13 July 2017.

Work will continue to determine the order, timing and detail of education priorities. This work will be overseen by Norfolk County Council's Children's Services' Capital Priorities Group. The Group will also keep under review funding availability. The current view of the Group is that Government allocations of Basic Need for school projects will be insufficient to cover delivery costs of the schools capital growth programme over the next ten years and that all options for covering this affordability gap will need to be examined. The Group's view is that an annual allocation of funding from the IIF would reduce uncertainty and allow the affordability gap in the Greater Norwich area to be better understood. Based on the current projected CIL income figures the Infrastructure Investment Plan gives a commitment to an annual £2m allocation to support the delivery of the Children's Services' capital programme. As part of the annual review of the Infrastructure Investment Plan, these forecasts will be updated and if CIL income varies significantly from projected figures, the allocation will need to be reviewed by all parties concerned.

The largest scheme within the education infrastructure programme is the new high school in the Broadland Growth Triangle. This Plan seeks a commitment to explore funding opportunities for this strategic project in order to mitigate any financial risk/uncertainty around its delivery to support growth. A progress report on the development of the new High School project is expected in early 2018.

[5] Projects in the early development stages are not yet included.

Green infrastructure

A programme of strategic projects is proposed by the Green Infrastructure Programme Team over the next five years. The total value of projects proposed can be found in Table 2. Details of projects seeking IIF support in 2018/19 can be found in Appendix A.

In addition to projects seeking IIF support in 2018/19 a number of key strategic projects have been identified by the Green Infrastructure Programme Team:

Broadland Way
A key element of the North-east Norwich Growth Triangle (NEGT) Area Action Plan is an off-carriageway cycle and pedestrian route between east Norwich at Thorpe St Andrew and the Northern Broads at Wroxham known as Broadland Way. The intention is that Broadland Way will be a multi-functional Green Infrastructure corridor that will provide a safe commuting and leisure cycling and walking route for residents of the new development as well as providing ecological connectivity.

River Yare Crossing
This project is part of the wider East Norwich Gateway project (described below) and is a cycle/pedestrian bridge crossing the River Yare to enable better access to Whitlingham Country Park from the city centre.

Yare Valley
The project aims to develop the unifying concept of a river parkway, a linear country park based on the River Yare river corridor between Bawburgh and Whitlingham Country Park. The parkway would comprise of a linear corridor of linked spaces along banks of the River Yare. This 'umbrella' project was included in the Green Infrastructure Delivery Plan and included a number of smaller projects, some of which have been brought forward in part since the study was published.

North-West Country Park
A new country park in the north-west, potentially a wetland in the Colney/Bawburgh area.

River Wensum
A strategy is being developed to guide regeneration of the River Wensum Corridor in Norwich, extending to Whitlingham in the east, which is expected to be adopted in 2018.
The draft strategy objectives include enhancing connectivity throughout the river corridor, including with the Norfolk Trails network, and enhancing the natural environment and green infrastructure. Key green infrastructure proposals include completion of missing links of the Riverside Walk (projects for which are included in the investment plan), improvements to accessibility of the existing Riverside Walk (an approved project in the AGP) and enhanced links with the Broads network at Whitlingham in the longer term. Potential future GI projects include enhancement of Bishops Bridge to Whitefriars Bridge green space, and enhancement of the Boom Towers and Ber Street wooded ridge area.

The Riverside Walk is identified as a sub-regional green infrastructure corridor supporting growth locations in the Joint Core Strategy. All these projects will help support growth in Greater Norwich, particularly the green infrastructure requirements for anticipated new housing and employment development identified in the city centre and east Norwich.

Work is ongoing to progress developing feasibility work in support of these strategic green infrastructure projects to allow for capital investment to take place in future iterations of this Plan.

Community

A number of strategic community projects are proposed through the Infrastructure Investment Plan. These include library improvements, open space, community facilities, play space and sports facilities identified through the strategic review of sports facilities and playing pitches which reported in 2015 and taken forward by the Sports Strategy Implementation Group. The total value of projects proposed can be found in Table 2. Details of projects seeking IIF support in 2018/19 can be found in Appendix A.

Economic Development and Regeneration

A number of projects promoted in the IIP significantly contribute to the economic growth of the area. These include the public realm improvements promoted in the city centre, including Tombland and St Mary's Works which provide transport, green infrastructure and community benefit. These projects will be included as part of the refreshed and updated NATS Implementation Plan highlighted above.

One notable project is the delivery of significant public realm improvements, infrastructure and transport links at Norwich Airport Industrial Estate. This will enable this key employment location to offer more attractive, modern premises to better serve the needs of the existing SME community and those of emerging high value sectors identified in the New Anglia LEP Strategic Economic Plan and the Greater Norwich City Deal. There is an important synergy between this project and the improved transport connections that will be provided by the agreed St. Faiths Road to Airport project and the NE Norwich Link Road.

Another project of strategic significance is the East Norwich Gateway. This project will provide infrastructure to open up the development of the Utilities Site and Deal Ground (the largest brownfield sites within the Norwich City Council area) and extend cycling and pedestrian access from Norwich City Centre to Whitlingham Country Park in South Norfolk. The proposal would consist of three bridges, one across the River Wensum and two across the River Yare (one of which is the green infrastructure project referred to above) and associated road infrastructure.

The regeneration of brownfield land, particularly in the northern part of Norwich city centre will also be an important consideration for future work.

Cash Reserve

The 2016/17 AGP agreed to borrow £50m at PWLB project rate to support the delivery of both the Northern Distributor Road and the Long Stratton Bypass and Hempnall crossroads junction. The Infrastructure Investment Plan proposes that a cash reserve equal to one annual repayment be built up over 3 years from 2017/18. This Investment Plan looks to set aside £860,323.

Table 2 – Proposed Five Year Infrastructure Investment Plan

	to date	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
INCOME								
Balance brought forward	£3,396,917							
Actual CIL receipts		£3,214,589						
Forecast CIL receipts			£4,719,530	£7,271,195	£9,586,646	£10,956,389	£10,179,162	£8,853,709
Cumulative Income	£3,396,917	£6,611,506	£11,331,035	£18,602,230	£28,188,876	£39,145,265	£49,324,427	£58,178,136
EXPENDITURE								
Programme agreed	£182,827	£466,000	£5,543,323	£1,430,000	£1,065,000	£440,000		
Borrowing agreed		£404,938	£1,997,498	£2,064,776	£2,322,873	£2,580,970	£2,580,970	£2,580,970
Transport				£500,000	£60,000	£900,000	£900,000	£900,000
Green infrastructure				£363,000	£1,349,000	£1,783,000	£1,489,000	£436,000
Community				£1,175,000	£2,346,000	£3,800,000	£3,015,000	£100,000
Education				£2,000,000	£2,000,000	£2,000,000	£2,000,000	£2,000,000
Cash Reserve				£860,323	£860,323	£0	£0	£0
TOTAL	£182,827	£870,938	£7,540,821	£8,393,099	£10,003,196	£11,503,970	£9,984,970	£6,016,970
Cumulative Expenditure	£182,827	£1,053,765	£8,594,586	£16,987,685	£26,990,882	£38,494,852	£48,479,822	£54,496,792
Cumulative Surplus/Deficit	**£3,214,090**	**£5,557,741**	**£2,736,449**	**£1,614,544**	**£1,197,994**	**£650,413**	**£844,605**	**£3,681,344**

Full details of projects included in the Infrastructure Investment Plan can be found at Appendix B.

APPENDIX A – 2018/19 AGP Project Details

Broadland

Marriotts Way: Thorpe Marriott to Costessey – £100,000
To complete the improvement in access to and on the Marriott's way between Thorpe Marriott and Costessey. This will create an improved commuting route from Thorpe Marriott to the city and vice versa.

This is part of a programme of projects being developed through the Marriott's Way Implementation and Delivery plan, which have been informed by public and stakeholder consultation in 2015. It is now identified as the second highest scored project for delivery in the plan (Marriott's Way Improvement and Delivery Plan 2015-2015 – Appendices: p.90-91).

Community sports Hub proposal Horsford Manor site – £1,000,000
Norwich City Community Sports Foundation (CSF) has obtained the Anglia Windows sports site at Horsford Manor within Broadland District to develop a large scale "Community Hub" that will provide inclusive facilities for the growing community.

The vision of the CSF is to: "*Make a difference to people's lives by developing sustainable community facilities based on the needs of the local people*".

The Community Hub will comprise: An indoor sports facility comprising full size 3G football pitch, full size sports hall, indoor gym and associated changing facilities, cafe, learning space, classrooms and office 10 sleeping pods to be used for residential training courses external spectator stand and associated parking, outdoor gym, alterations to access and infrastructure. It will be the only full 11aside indoor football pitch in the region that is open to the public.

A hybrid planning permission was granted for the Community Hub as described above in October 2017 and work has already commenced with pitches being laid out and internal renovations to the club housing being undertaken.

Thorpe Marriott Greenway - £105,000
This project focuses on two tree belts within Thorpe Marriott. The first is the belt that runs north to south on the western edge of Thorpe Marriott. The second is the tree belts to the north and west. The project will provide a strategic link from the Marriott's Way past a large residential area to the main pedestrian / cycle link (the green-bridge) over the NDR, which then gives the opportunity for further links to the north to Horsford and publicly accessible open spaces, and potentially to future links towards Hellesdon.

Marriott's Way: Surfacing Works (Drayton) - £85,000
This is part of a programme of projects being developed through the Marriott's Way Implementation and Delivery plan, which have been informed by public and stakeholder consultation in 2015. This project covers the section of Marriott's Way at the rear of the Tesco supermarket in the Drayton area (between Fakenham Road and Taverham Lane) and involves surface improvements and work to reduce the gradient of access ramps to allow better accessibility. Improvement of this section will fit into the ongoing surface

improvement between Norwich and Thorpe Marriott to improve cycle commuting into the city. The aim is to have the length of Marriott's Way between the City Centre and Thorpe Marriott adopted as highway to better facilitate its use as a cycling and walking commuter route.

Norwich

Green Pedalway – Earlham Road section – £560,000 over two years
The Green Pedalway project sees a comprehensive upgrade and extension to this strategic cycle route. In the west it will connect Easton to the city centre via Longwater, Lodge Farm, Bowthorpe and West Earlham. In the east it will connect Broadland Business Park to the city centre via Thorpe St Andrew and Thorpe Hamlet. It will comprise a set of improvements to cycling infrastructure along the route, complemented by the extension to 20mph areas in adjacent residential neighbourhoods and the installation of new monitoring equipment. This project element relates to improvements along Earlham Road.

UEA to Eaton Boardwalk extension – £30,000
The project is to extend the existing boardwalk which forms part of the Yare Valley Walk between UEA and Eaton/Cringleford. The boardwalk currently only extends half the length of the path from the UEA to Eaton/Cringleford. Planning permission would be required for the boardwalk.

Earlham Millennium Green Phase 3 – £25,000
Earlham Millennium Green (EMG) provides both an attractive area for the local community to enjoy and a variety of wildlife habitats. EMG also forms a valuable link for pedestrian access connecting Bowthorpe, West Earlham, the UEA and the Research Park. With the Three Score developments progressing, this route is likely to increase in importance and there are opportunities for improvements that would encourage more people to walk rather than use their cars. Facilities such as path surfacing and gates etc. will need to be more robust to handle this increased level of use and to ensure that the natural habitats and amenity value of EMG and the adjacent sites are not compromised. EMG and the adjacent areas, which include Earlham Marsh, are already well-loved by many local residents and a higher standard of amenities would increase the site's value to the community. A local scout pack has already expressed interest in using the site for leisure and educational activities.

The main pedestrian route through EMG has already been improved and upgraded under Phase 2 of a CIL funded improvement project. Under an earlier Phase 1, habitat improvements were undertaken including refurbishment and enlargement of the wildlife pond. The current proposals seek to build on this work by:

- Improving links to the main route through the site from Bowthorpe, and from West Earlham via George Fox Way;
- Refurbishing and improving existing but 'tired' entrance features such as estate fencing and gates;
- Provision of a new, high quality interpretative signboard;
- Replacing 3 worn-out timber pond and river dipping platforms with more durable recycled plastic versions; and
- Refurbishing an existing timber footbridge connecting EMG with Earlham Marsh

Yare and Wensum Valleys Link – £170,000 (for 19/20 onwards)
The River Wensum and Yare run close together in the west of the city between Marriott's Way near Gunton Lane and the Three Score development site. The link between the two river valleys is a recognised green infrastructure corridor and the route of the purple pedalway. Project delivery will commence in 18/19 and is programmed over 3 years. There is no CIL funding requirement until 19/20 as the 18/19 element consists of the S106-funded Bunkers Hill project.

Earlham and Mile Cross Library self-access improvements – £35,000 each
This project will introduce self-service technology that enables people to use the library outside the current opening times. The technology allows the library service to automatically control and monitor building access, self-service kiosks, public access computers, lighting, alarms, public announcements and customer safety. Each library will be able to have increased opening hours, making access to the library more convenient for current and new customers without an increase in staff costs. This is a great opportunity for libraries to be accessible and relevant to more people.

Refurbishment of Hewett Academy Swimming Pool
The request for CIL funding for this project is on hold as the Hewett Academy does not have the required resources to take forward this project in the foreseeable future. A further key issue is that the project costs have now doubled and would require a successful bid to Sport England for £150K match funding alongside other funding being identified.

South Norfolk

Wherryman's Way: Yare Valley Cycle Route – £23,000
Improve the Yare Valley Cycle Route, which follows the Wherryman's Way, through creating signage/route improvements. The costs include developing a management plan.

Costessey, Harleston and Loddon Library self-access improvements – £35,000 each
This project will introduce self-service technology that enables people to use the library outside the current opening times. The technology allows the library service to automatically control and monitor building access, self-service kiosks, public access computers, lighting, alarms, public announcements and customer safety. Each library will be able to have increased opening hours, making access to the library more convenient for current and new customers without an increase in staff costs. This is a great opportunity for libraries to be accessible and relevant to more people.

Area-wide

Green Infrastructure: Access for All – £150,000 across the area over five years
A number of trails across the Greater Norwich area have been audited for both power chair use and general accessibility and improvement works necessary to allow such access. To enable access for all users to Green Infrastructure trails across the area this project proposes the establishment of a fund to be used for a range of smaller scale accessibility improvements across a number of projects and areas.

Projects will need to demonstrate the wider benefits of any individual access improvements and will considered and prioritised by the Green Infrastructure Programme Team before being approved by the Delivery Officers Group.

APPENDIX B – Investment Plan detail

APPENDIX B – Investment Plan detail

Project/Scheme Description	Total Estimated Scheme Cost (£,000)	Funding secured	Funding need	2018/19	2019/20	2020/21	2021/22	2022/22
East Norwich Gateway (Also included in GI section)	0			0	0	0		
Green Pedalway	9,600			500	60			
		Transport Total		**500**	**60**	**900**	**900**	**900**
Little Plumstead Primary Extension to 315/420	4,500	400	350	400	1,800	1,800		
Hethersett High Extension	5,000	1,754	3,246	500	2,000	2,000		
Hellesdon New 420 Primary	6,400		6,400	500		780	2,560	2,560
New Bowthorpe Primary School					x			
Easton Primary Extension to 420	2,500		2,500		1,250	1,250		
Hingham Primary Mobile Replacement	900		221		450	450		
Cringleford New 420 Primary	6,400		6,400		1,280	2,560	2,560	
Long Stratton New 420 Primary	6,400		6,400		1,280	2,560	2,560	
North Norwich New Secondary and existing schools	26,000		26,000		2,600	2,600	2,600	2,600
Blofield New 420 Primary	6,400					x	x	x
Beeston Park New Free School 420 Primary #1	6,400		0			1,280	2,560	2,560
South of Salhouse Road New 420 Primary	6,400		6,400			1,280	2,560	2,560
Beeston Park New Free School 420 Primary #2	6,400		0					1,280
		Education Total		**2,000**	**2,000**	**2,000**	**2,000**	**2,000**
MW: Thorpe Marriott to Costessey	100	-	100	100				
UEA to Eaton Boardwalk extension	30	-	30	30				
Wherryman's Way : Yare Valley Cycle Route	23	-	23	23				
Earlham Millennium Green Improvement Project: Phase 3	25	-	25	25				
Yare and Wensum Valleys Link (Norwich, Broadland and SNDC)	229	59	170	0	75	95		
Green infrastructure: Access for All				30	30	30	30	30
Thorpe Marriott Greenway	105		105	70	35			
MW: Surfacing Works (Tesco's)	85		85	85				
East Norwich Gateway (Also included in Transport section)	0			0	0	0		
MW: Inner Ring Road crossing	500		500		200	300		
Broadland Way Phase 3	150		150		150			
Hellesdon to Drayton Greenway	105		105		35	35	35	
Drayton to Horsford Greenway	105		105		35	35	35	
MW: Signage to Link Marriott's Way to the Adjacent Communities	20	10	10		20			
Wherryman's Way : Chedgrave Disabled Access Path	75		75		75			
Wherryman's Way: Strategic Link at Reedham	35		35		35			
MW: Biodiversity Management with Community Engagement	160	49	111		45	28	29	29
Kett's Heights	150	10	50		50			
MW: Crossing Points Improvement Project	89	10	79		89			
20 Acre Wood	90	10	80		90			
Yare Valley: Lodge Farm to Bawburgh Lakes connection	210	25	185		85	100		
Riverside Walk Missing Link Duke St to St George's St	300		300		300			
Wymondham - Tuttles Lane enhancements Phase 1	30		30			10	10	10
Burlingham Trails Cycling and Walking Routes	180		180			100	80	
Witton Run	170		170			170		
South Walsham GI Project	150		150			150		
West Brundall GI Project	425		425			75	350	
Boudicca Way cycle route	23		20			20		
Boudicca Way links to development	17		15			15		
MW: Hellesdon Station Area	210		210			105	105	
MW: Aylsham Gateway	30		30			30		
Kett's Country Trail	85		85			85		
Bishops Bridge to Whitefriars	50		50			25	25	
Carrow Bridge to Ber Street Woodland (Previously Boom Towers)	750		750			375	375	
Link from Blofield to Blofield Heath	125		125				125	
MW: Trim Track - Costessey	10		10				10	
MW: Reepham surfacing and biodiversity	100		100				100	
MW: Crossing over Taverham Road in Drayton	100		100				100	
Burlingham Trails Attractions and Facilities Project	240		240				80	80
South East Lingwood GI Connectivity	25		25					25
South Walsham Fen Access	35		35					35
Long Distance Cycle Loop	75		75					75
Marriott's Way & Wensum Riverside Walk Accessible Circular Walk 1; Train Wood	57		57					57
Marriott's Way & Wensum Riverside Walk Accessible Circular Walk 2; Wensum Local Nature Reserves	60		60					60
Local walking circulars with links to pubs, restaurants and cafes	35		35					35
		GI Total		**363**	**1,349**	**1,783**	**1,489**	**436**

APPENDIX B – Investment Plan detail

Project/Scheme Description	Total Estimated Scheme Cost (£,000)	Funding secured	Funding need	2018/19	2019/20	2020/21	2021/22	2022/22
Community Sports Hub - Horsford	14,800	1,500	13,300	1,000				
Brook & Laurel Farm Community Building	500					500		
North Sprowston & Old Catton Community Space including library	2,400						2,400	
Land South of Salhouse Road Community Building	500					500		
Rackheath Community Building	500						500	
Great Plumstead Open Space / Community Orchard	25				25			
Strategic play (including 5 projects)	430				115	100	115	100
Harleston Library self access improvement	35			35				
Costessey Library self access improvement	35			35				
Loddon Library self access improvement	35			35				
Earlham Library self access improvement	35			35				
Mile Cross Library self access improvement	35			35				
Tuckswood self access improvement	43				43			
West Earlham self access improvement	43				43			
Hingham self access improvement	20				20			
New Swimming Pool and Sports Hall in Diss	10,000-12,000				1,600			
Artificial Grass Pitch in Diss	500				500			
New Sports Hall in Thorpe St Andrew	2,700					2,700		
		Community Total		**1,175**	**2,346**	**3,800**	**3,015**	**100**

APPENDIX C – Growth Programme to date with amended NATS profile

GREATER NORWICH GROWTH PROGRAMME

Projects supported by borrowing highlighted in grey

Ref	Expenditure	Original Budget	Revised Budget	Actual spend	Other funding	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Agreed 2014/15 Growth Programme																		
GP1	Harrisons' Wood	(45)						(15)	(16)	(13)	(1)							
	Harrisons' Wood secured funding (S106)	45										45						
GP2	Danby Wood	(35)		(26)				(26)										
GP3	Marston Marsh	(30)		(25)				(24)	(1)									
GP4	Earlham Millennium Green - Phase 1	(15)		(3)				(3)										
GP5	Riverside Walk	(70)		(48)	(19)			(17)	(31)									
GP6	Marriott's Way - Phase 1	(60)		(60)				(60)										
GP7	Norwich Health Walks	(40)		(38)				(38)										
Agreed 2015/16 Growth Programme																		
GP8	Earlham Millennium Green - Phase 2	(66)							(12)	(54)								
GP9	Marriott's Way - Phase 2	(250)		(236)					(236)									
GP10 - 17	NATS Programme 2015/16 - 2019/20	(30,855)		(1,755)	(29,100)					(780)	(500)	(475)						
Agreed 2016/17 Growth Programme																		
GP19	St Faiths to Airport Transport Link	(1,000)							(20)		(150)	(415)	(415)					
GP21	Golden Ball Street public realm additional allocation	(500)								(500)								
GP22	Pink Pedalway - Heathgate	(250)		(150)	(100)				(150)									
GP23	Carrow Bridge to Deal Ground riverside path	(350)			(250)					(100)								
GP24	Colney River Crossing (NRP to Threescore)	(401)	(422)		(251)						(171)							
GP25	NDR	(178,450)			(138,450)				(40,000)									
GP26	Long Stratton Bypass	(20,000)			(10,000)						(5,000)	(5,000)						
Agreed 2017/18 Growth Programme																		
GP27	Lizard and Silfield Nature Reserves	(40)								(40)								
GP28	Costessey Circular Walks	(6)								(6)								
GP29	Barn Road Gateway	(40)								(20)	(20)							
GP30	Sloughbottom Park - Andersons Meadow	(250)								(150)	(100)							
GP31	Riverside Walk accessibility improvements	(200)								(20)	(180)							
GP32	Broadland Way - Green Lane North to Plumstead Road	(150)									(150)							
GP33	Strumpshaw Pit Circular Walk	(60)			(25)							(35)						
GP34	Cringleford N&N strategic connections	(68)			(10)						(58)							
GP35	Riverside Walk: Fye Bridge to Whitefriars	(160)										(160)						
GP36	Castle Gardens	(1,472)			(1,072)					(75)	(75)							
GP37	Long Stratton Sports Hub	(2,545)			(2,045)					(500)								
GP38	Football pitch improvements	(100)								(25)	(25)	(25)	(25)					
GP39	Hales cricket and bowls clubhouse improvements	(160)			(130)					(30)								
GP40	Wymondham: new sports improvements	(800)			(550)					(250)								
GP41	Wroxham Library: self service improvements	(43)																
GP42	Plumstead Road Library: self service improvements	(85)			(33)					(120)								
GP43	Diss library: self service improvements	(25)																
GP44	Education									(2,000)								
	Cash reserve									(860)								
	Borrowing costs								(405)	(1,997)	(2,065)	(2,323)	(2,581)	(2,581)	(2,581)	(2,581)	(2,581)	(2,581)
	TOTAL																	
	Pooled funding requirement of Growth Programmes excluding borrowing			(9,127)				(183)	(466)	(5,543)	(1,430)	(1,065)	(440)	-	-	-	-	-
	Pooled Funding Requirement including borrowing							**(183)**	**(871)**	**(7,541)**	**(3,495)**	**(3,388)**	**(3,021)**	**(2,581)**	**(2,581)**	**(2,581)**	**(2,581)**	**(2,581)**
	Actual CIL Income					56	851	2,490	3,215									
	Pooled CIL Projection									4,720	7,271	9,587	10,956	10,179	8,854	7,660	7,393	5,509
	Yearly Pooled CIL Surplus / (Deficit)					56	851	2,308	2,344	(2,821)	3,776	6,199	7,935	7,598	6,273	5,079	4,812	2,928
	Cumulative Pooled CIL Surplus / (Deficit)					**56**	**907**	**3,214**	**5,558**	**2,736**	**6,513**	**12,712**	**20,647**	**28,245**	**34,518**	**39,597**	**44,409**	**47,337**

APPENDIX D – Project Updates

Broadland

Early Delivery of Public Access to Harrison's Plantation, The Breck and Boar Plantation – Norfolk County Council's Natural Environment Team delivered a completed Woodland Management Plan in June 2015. This woodland management plan focused on Harrison's Plantation and the Breck. Further work relating to Boar Plantation has been deferred. Initial works to ensure that Harrison's Plantation and the Breck were suitable for public access were undertaken between August 2015 and January 2016. With the agreement of the current landowner, Persimmon Homes, the woods, now referred to as Harrison's Wood, were opened to the public in May 2016. At the time of writing, work to complete the formal transfer of land into public ownership is ongoing.

BRT Rackheath to City Centre (Salhouse Road / Gurney Road) including Cycling – A project brief for scheme development has been agreed with Norfolk County Council, initial feasibility design work is being undertaken during 2016/17.

Total scheme costs are currently forecast to be in the region of £5M. An initial £400k of LGF funding for scheme delivery in 2016/17 was identified within the 2015/16 GNGB Growth Programme. This funding will now be redirected to support the delivery of a junction and link road spur on Broadland owned land adjacent Plumstead Road. This will allow the potential for a road link to be completed between Salhouse Road and Plumstead Road. Such a link would reduce potential levels of traffic on Salhouse Road resulting from localised development which will support BRT on Salhouse Road / Gurney Road.

Whilst additional contributions for transport schemes along the Salhouse Road corridor may be secured as site specific mitigation from emerging nearby development proposals, it is likely that additional funds will be needed to fully implement bus and cycling proposals along this route. The need for additional CIL funding will be considered in subsequent investment plans.

Salhouse Road Walk / Cycle Route (including connections to Norwich City Centre via Mousehold Heath) – Project formed part of the larger programme of cycling improvements between the N&N Hospital and Salhouse Road, via Norwich City Centre and Mousehold Heath. The project itself comprised improved crossing facilities of Woodside Road and Salhouse Road for cyclists and pedestrians and a cycle path through Harrison's Plantation providing links to the Racecourse PH and Eastgate Place Development.

The programme was re-prioritised with Harrisons Plantation Woodland Park forming the termination of the cycling improvements. These improvements were completed during 2015/16.

The cycle path scheme through Harrison's Plantation has been deferred to be delivered through the S106 related to the White House Farm development. The current expectation is that this facility will be delivered in 2018.

North-East Norwich Link Road – The north-east Norwich link road between Broadland Business Park and Norwich Airport Industrial Estate will be predominately delivered through the development of permitted or allocated development sites in north-east Norwich.

Phase I of the Wroxham Road to Salhouse Road section of the route is now complete and work has now commenced on Phase II. A detailed scheme for the Broadland Business Park to Plumstead Road section is currently under consideration by Broadland District Council and Norfolk County Council. It is currently forecast that construction of this element will be begun in 2018/19.

Local Infrastructure Fund (LIF) bids have been accepted in principle by the GNGB to support delivery of further elements of the link road between Buxton Road and North Walsham Road and phase I of the link road east of North Walsham Road.

Further detailed proposals for the link road will be considered as part of future planning applications. In order to ensure the timely and well-ordered delivery of the link road it may be necessary to support the delivery of some elements of the road through other funding sources.

St Faiths Rd to Airport Transport Link – In total £1m of CIL funding was allocated to this project, split equally between 2016/17 and 2017/18. This funding has now been re-profiled.

Initial scheme feasibility ruled out the immediate possibility of a direct link between Hurricane Way and St Faiths Road as this would have likely required the relocation of an existing owner occupied business premises. Further scheme development has focused on the Meteor Close to Repton Avenue link, with initial traffic modelling completed by Mouchel in June 2016.

The modelling indicates that the completion of an all traffic link between Meteor Close and Repton Avenue would benefit existing traffic problems at the junction between Hurricane Way and St Faiths Road without significant impact on other road and junctions in Old Catton.

It is expected that consultation will take place in due course on the proposed construction of a link between Meteor Close and Repton Avenue. The completion of this link is not expected to utilise all of the allocated funds. However, it is considered judicious at this point to retain any unused element of the CIL funding allocation in order to ensure, as far as practicable, that a complete link to St Faiths Road, of an appropriate standard, can be delivered.

North Walsham Road Core Bus Route and Blue Pedalway Cycling – This scheme has now been deferred following initial feasibility and scheme development. Further scheme development for North Walsham Road as a sustainable transport corridor will be undertaken in due course and in coordination with the progress of the Beeston Park scheme.

Blue Pedalway - Chartwell Road – St Clements Hill – Spixworth Road Improved Cycle Crossing Facilities and associated works - £120k of CIL funding was transferred to this scheme in the 2016/17 AGP from a previous commitment for a toucan crossing and associated work at School Lane / Chartwell Road / Denton Road. This transferred funding forms part of the match funding associated with the second round of DfT City Cycle Ambition Grant funding for improvements along the Blue Pedalway between Sprowston and Cringleford via Norwich City Centre. The overall cost of this scheme is forecast to be approximately £400k.

The details of the scheme are currently being developed by the Transport for Norwich Team and on-site works are planned to be begun, and completed, in 2018.

Neighbourhood Cycle Enhancements Along Former Route of Blue Pedalway – School Lane / Chartwell Road / Denton Road – Toucan Crossing and associated works – £120k of funding for the implementation of this scheme in 2015/16 was identified in the 2015/16 GNGB Growth Programme. This was reallocated to improve crossing facilities of the outer ring road at St Clements Hill / Chartwell Road / Spixworth Road as part of the delivery of cycling improvements enabled by the second round of DfT Cycle City Ambition Grant funding, see above.

Notwithstanding the above a further grant of £120k was made in the 2016/17 AGP for the School Lane/ Chartwell Road/ Denton Road scheme on the basis that, enhancements for pedestrians and cyclists in this location remain an important local infrastructure priority. Subsequent scheme development work has however identified that an appropriate improvement cannot be delivered within this budget. The scheme has not been deferred indefinitely.

Improved Cycle Crossing of Cannerby Lane / Wroxham Road / Cozens Hardy Road – Scheme development deferred and its rescheduled commencement date is pending.

Broadland Way (Thorpe St Andrew to Wroxham Cycle and Pedestrian facilities) – Feasibility / scheme development was undertaken during 2015/16. Funding was agreed in the 2017/18 AGP for £150k to deliver a section of the scheme between Plumstead Road and Green Lane.

Broadland Business Park Rail Halt – The potential for a station at the Business Park has been investigated as part of a larger study for the Bittern Line. The Study has now completed and has concluded that the business case for improving the Bittern Line is sufficiently strong as to justify further work and research.

Now that an evidence base has been gathered on the needs and feasibility, discussions have begun with partner organisations, including the rail industry, on the merits of a Bittern Line Improvements Project Board. Initial feedback has been positive have discussion are continuing to develop in accordance with Network Rail's Governance for Railway Investment Process (GRIP).

Broadland Growth Triangle Green Infrastructure Delivery Plan – Norfolk County Council's Natural Environment Team delivered the feasibility study as proposed during 2015/16. This study will be used to inform future priorities for green infrastructure investment and as the basis of future negotiations with developers on planning applications.

East Broadland Green Infrastructure Delivery Plan – Norfolk County Council's Natural Environment Team delivered the feasibility study as proposed during 2015/16. This study will be used to inform future priorities for green infrastructure investment and as the basis of future negotiations with developers on planning applications.

North-West Forest and Heath Green Infrastructure Delivery Plan – Norfolk County Council's Natural Environment Team were formerly engaged to produce a feasibility study during 2015/16. This work was initially deferred but is now being developed by the Broadland Planning Policy Team. The Plan is expected to be completed in 2018. Where early project opportunities have been identified, and have been well received by stakeholders, these are already being progressed.

Thorpe Ridge: Protection and Enhancement of Woodlands and Provision of Public Access – Norfolk County Council's Natural Environment Team were formerly engaged to produce a feasibility study during 2015/16. This work has, however, now been deferred and whilst its rescheduled commencement date is pending funds remain in place to commission this work.

Strumpshaw Pit Circular Walk: There is potential to expand the dog walking capabilities of Strumpshaw Pit, which is owned by Norfolk County Council. This could be achieved through additional parking, which would increase the distance that dog walkers travel. In addition, cycle rack provision will provide for other users. The existing site includes a circular walk around a closed landfill site with various wildflowers growing and it is commonly used by dog walkers, but is not fully accessible. Project delivery is linked to the release of associated S106 funds from development and this has been delayed. It is anticipated that the CIL funded element of the project will now commence in 2019/20

Wroxham Library self-access improvements: This project will introduce both public customer toilets and self-service technology that enables people to use the library outside the current opening times. The technology allows the library service to automatically control and monitor building access, self-service kiosks, public access computers, lighting, alarms, public announcements and customer safety. Each library will be able to have increased opening hours, making access to the library more convenient for current and new customers without an increase in staff costs. This is a great opportunity for libraries to be accessible and relevant to more people.

Norwich

Riverside walk between Fye Bridge and Whitefriars: This project aims to complete a key stretch of the riverside walk in the city centre, between Fye Bridge and Whitefriars Bridge on the north side of the river, some of which has already been delivered through new development. The project is not likely to progress until several key issues are resolved, so is proposed to be delayed for at least a couple of years, and to be kept under review:

- there is a need for maintenance/ management of this section of riverside walk to be in place from day one but this currently cannot be funded from CIL and there is no alternative funding; and
- there are some concerns about deliverability of the scheme raised through the River Wensum Strategy consultation. Feasibility investigations are required to

establish more detailed costs and deliverability, including engagement with residents, but there is currently no funding for this work.

Riverside walk accessibility improvements: The project aims to enable the use of the Riverside Walk (between New Mills and Carrow Bridge) by all, including access measures on and adjacent to the walk, and improved signage and waymarking linking the river with the city centre and other key attractors. This project is underway and is broadly on target. Progress to date includes prioritisation of areas requiring improvement and initial survey work.

Earlham Millennium Green: Phases 1 and 2 are now complete.

Marriott's Way: Improvements to Marriott's Way within the urban area to encourage commuting by bicycle and on foot. Phases 1 and 2 completed. A £250,000 project to improve the section between Andersons Meadow and Sloughbottom Park to increase safety, comfort and personal security is being developed for implementation by March 2019. Works include path widening/realigning, providing street lighting, improving an adjacent storm drain, vegetation management, tree planting and drainage improvements. Another project to improve the start of the path at Barn Road is being developed using £40,000 for implementation by July 2018.

Colney River Crossing (NRP to Threescore): Creation of a walking route between Bowthorpe and Norwich Research Park through the construction of a new footbridge and improvement of the connecting footpath from Bowthorpe Southern Park to Bowthorpe Centre and the associated open space at The Runnel. CIL funding was initially awarded in 2016/17 with an additional £21,000 approved in 17/18. The rest of the money is being supplied by the city council through developer funding. The bridge, which straddles the administrative boundaries of South Norfolk and Norwich City, has received planning permission from both councils. A bridge contractor has been selected and the bridge is due to be completed in summer 2018. The improvements to The Runnell open space are under construction with completion due in spring 2018.

Castle Gardens: Refurbishment of Castle Gardens to boost visitor numbers and enjoyment at a capital cost of £220,000, comprising £150,000 CIL and £70,000 S106. This will complement the Castle Keep project. A comprehensive plan of potential improvements has been drafted that will be prioritised against available funding. Initial works to vegetation planned for winter 2018.

Golden Ball Street/Westlegate
Phase 1 works completed
Phase 2 works completed

Eaton Interchange: The Eaton interchange project has received all its' necessary approvals. However in order to ensure that disruption is kept to a minimum during construction the project has been deferred until Summer 2018/ Work are expected to be complete by September 2018

Football Pitch Improvements: Football pitch improvement works at Eaton Park, Sloughbottom Park, Britannia Barracks and Fountain Ground including drainage improvements, improved grass species and improved goal facilities through the provision of new posts, nets and additional ground sockets. This will permit moving the pitches annually to prevent excessive wear, improving the playability of the pitches and increasing capacity.

Plumstead Road Library self-access improvements and car parking: This project will introduce self-service technology that enables people to use the library outside the current opening times. The technology allows the library service to automatically control and monitor building access, self-service kiosks, public access computers, lighting, alarms, public announcements and customer safety. Each library will be able to have increased opening hours, making access to the library more convenient for current and new customers without an increase in staff costs. This is a great opportunity for libraries to be accessible and relevant to more people. The proposal is to also provide car and bike parking (including disabled parking) for customers using Plumstead Road Library although this is a secondary priority.

South Norfolk

The following projects have been identified in previous Growth Programmes to date:

Norfolk & Norwich Hospital Health Wood Walks – a footpath through the tree-belt surrounding the Norfolk and Norwich University Hospital – was completed in autumn 2015, and delivered under budget

Long Stratton Bypass & Hempnall crossroads Junction – the Long Stratton Area Action Plan was adopted in May 2016, confirming the allocation of at least 1,800 homes and a corridor for the bypass. A bid for National Productivity Investment Funding recently secured £3.05m to part fund the delivery of the Hempnall Crossroads improvement. Further pre-application discussions and work with the landowners/developers promoting the delivery of the allocated development and bypass continues, with two planning applications expected to be submitted early in 2018.

A47 improvements (particularly Thickthorn junction improvements and Easton-North Tuddenham dualling) – funded and delivered by Highways England – Highways England consulted on initial options in 2017. Preferred solutions were announced in autumn 2017, with further informal consultation with key stakeholders. The next stage of statutory consultation will be undertaken in 2018 and construction estimated to start in 2021, should the schemes be approved by the Secretary of State.

Longwater junction and Easton strategy improvements (including walking and cycling) – Improvements are required in the Longwater and Easton area to resolve existing transport issues and accommodate traffic arising from planned growth. Various smaller scale measures have been identified in the Longwater and Easton Transport Strategy (May 2014) and a number have been completed in conjunction with development of a new retail store and nearby housing development; these include a new left turn lane from

William Frost Way to Dereham Road and widening of the Dereham Road itself. Further improvements are planned as part of the large-scale housing development at Easton.

Two larger-scale projects, an A1074 (Dereham Road) to Longwater (Ernest Gage Avenue) link road and/or a second bridge over A47, have been identified as necessary to enable the Longwater junction to operate satisfactorily in the future. The preferred solution, which is likely to be cheaper and easier to deliver, is the link road; however, as yet no funding source for this work has been identified.

Marriott's Way improvements – various improvements to Marriott's Way have been agreed in previous AGPs. In South Norfolk, improvements (to the value of approximately £100,000) to the cycle and footpath section between Gunton Lane and Red Bridge Lane were funded by CIL. Re-surfacing was carried out in 2016.

Colney River Crossing (NRP to Threescore) – see above

Other Norwich Area Transportation Scheme Projects – NATS projects within South Norfolk were agreed as part of the 2015/16 Growth Programme (as part of a four-year programme running from 2015-19), with LGF money secured. A planning application has recently been submitted for the Roundhouse Way Bus Interchange and work is ongoing on the Cycle Link Extension Hethersett-Wymondham. Cycle improvement works between the B1172 and B1108 (Watton Road) are to be delivered in phases through developer contributions from development at Hethersett and Norwich Research Park. There has been no further work on bus priority associated with southern approach to the A140/A47 Harford junction.

Protection/enhancement of the Lizard and Silfield Nature Reserve, Wymondham: To protect and enhance the Lizard and Silfield Nature Reserve by the creation of alternative green infrastructure routes (such as new permissive footpaths) for recreational access. The project will identify and agree new routes, which will be developed as appropriate. Necessary infrastructure such as stiles, fencing, signage/way marking, hedgerow planting/restoration and interpretation/localised publicity will be provided to encourage and manage use of the network.

Improved Connectivity - Costessey Circular Walks: The project is part of the Marriotts Way Improvement and Delivery Plan, specifically aimed at improving public access to Marriott's Way from surrounding residential areas in Costessey, through one or two additional (permissive) footpaths, which would allow new signage and promotion of circular walks in Costessey based on Marriott's Way. There is no requirement for surface improvement on the additional permissive path/s, which measure approximately 200m and 180m (and are approximately 3m wide). In order to bring forward the permissive path/s, the landowner would require stock-proof fencing along approximately 180m of his land which borders Marriotts Way. A new gate would be needed at each end of the permissive path/s, and signage to promote their use.

Cringleford N & N Strategic Connections: Green infrastructure projects of various types to link N&N Hospital, Yare Valley Walk in Cringleford, and possibly along the A47 corridor: A) a footpath between N&N hospital walk and application to the west of Newfound Farm (around 365m); B) habitat connections between N&N hospital tree belt and boundary treatment for application to the west of Newfound Farm; C) a footpath through Cringleford Wood (around 600m); D) improvement to CWS in Cringleford (details to be confirmed). This would supplement GI to be delivered by permission 2013/1494 and likely to be delivered by application 2013/1793, shown as a green dashed line on the map.

Long Stratton Sports Hub: The project aims to bring together a number of facility-providing partners (South Norfolk Council, Long Stratton High School and Long Stratton Parish Council) to improve the sport and leisure facility stock in the village in anticipation of significant housing growth. It will create a new sport and leisure 'Hub' across three adjacent sites and provide new and enhanced facilities that are fit for purpose and better suited to the current and future facility needs of local residents. Management will be shared across the three sites, resulting in economies of scale and efficiencies in service delivery. A match funding decision for swimming pool from Sport England was due in Dec 2017.

Hales cricket and bowls clubhouse improvements: There is a need for a replacement pavilion to serve Loddon and Hales Cricket Club and Hales Bowls Club on their shared site on Green Road, just off the A146 to the south-east of Loddon. The latter had been forced to relocate to the current venue as a result of housing development on their previous site off Yarmouth Road in Hales. The proposed new pavilion will give both clubs a permanent home in spaces that meet their respective needs, allowing them to develop and grow participation across a range of ages.

Wymondham: New sports improvements (artificial grass pitch for football/rugby): Ketts Park in Wymondham has been identified as being a location that would be suitable for a sports hub, the provision of which can ensure that there are economies of scale in outdoor sports delivery and that clubs can benefit from shared and jointly managed facilities, so it is proposed to provide a new full-size, floodlit artificial grass pitch (AGP) on the site which would take advantage of existing infrastructure. With tennis also being available on the Ketts Park site the argument for creating one of these hubs is strengthened, and significant gains in sporting participation could be achieved. With the expected growth in demand for pitches in Wymondham due to the forthcoming housing, the carrying capacity of a full-size AGP will help to ensure that the quality of existing natural turf pitches (whose drainage will be improved as part of this project) is not compromised in the future.

Diss Library self-access improvements: This project will introduce self-service technology that enables people to use the library outside the current opening times. The technology allows the library service to automatically control and monitor building access, self-service kiosks, public access computers, lighting, alarms, public announcements and customer safety. Each library will be able to have increased opening hours, making access to the library more convenient for current and new customers without an increase in staff costs. This is a great opportunity for libraries to be accessible and relevant to more people.

APPENDIX E

Table 1 – NATS original

Table 2 – re-profiled NATS

Table 1

APPENDIX E - GREATER NORWICH GROWTH PROGRAMME

Projects supported by borrowing highlighted in grey

Ref	Expenditure	Original Budget	Actual spend	Other funding	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Agreed 2014/15 Growth Programme																	
GP1	Harrisons' Wood	(45)					(15)	(16)	(13)	(1)							
	Harrisons' Wood secured funding (S106)	45									45						
GP2	Danby Wood	(35)	(26)				(26)										
GP3	Marston Marsh	(30)	(25)				(24)	(1)									
GP4	Earlham Millennium Green - Phase 1	(15)	(3)				(3)										
GP5	Riverside Walk	(70)	(48)	(19)			(17)	(31)									
GP6	Marriott's Way - Phase 1	(60)	(60)				(60)										
GP7	Norwich Health Walks	(40)	(38)				(38)										
Agreed 2015/16 Growth Programme																	
GP8	Earlham Millennium Green - Phase 2	(66)						(12)	(54)								
GP9	Marriott's Way - Phase 2	(250)	(236)					(236)									
GP10 - 17	NATS Programme 2015/16 - 2019/20		(1,230)						(730)	(500)	(475)						
Agreed 2016/17 Growth Programme																	
GP19	St Faiths to Airport Transport Link	(1,000)							(150)	(425)	(425)						
GP21	Golden Ball Street public realm additional allocation	(500)							(500)								
GP22	Pink Pedalway - Heathgate	(250)	(150)	(100)				(150)									
GP23	Carrow Bridge to Deal Ground riverside path	(350)		(250)					(100)								
GP24	Colney River Crossing (NRP to Threescore)	(401)		(251)						(150)							
GP25	NDR	(178,450)		(138,450)				(40,000)									
GP26	Long Stratton Bypass	(20,000)		(10,000)						(5,000)	(5,000)						
Agreed 2017/18 Growth Programme																	
GP27	Lizard and Silfield Nature Reserves	(40)							(40)								
GP28	Costessey Circular Walks	(6)							(6)								
GP29	Barn Road Gateway	(40)							(20)	(20)							
GP30	Sloughbottom Park - Andersons Meadow	(250)							(150)	(100)							
GP31	Riverside Walk accessibility improvements	(200)							(20)	(180)							
GP32	Broadland Way - Green Lane North to Plumstead Road	(150)								(150)							
GP33	Strumpshaw Pit Circular Walk	(60)		(25)						(35)							
GP34	Cringleford N&N strategic connections	(68)		(10)						(58)							
GP35	Riverside Walk: Fye Bridge to Whitefriars	(160)									(160)						
GP36	Castle Gardens	(1,472)		(1,072)					(75)	(75)							
GP37	Long Stratton Sports Hub	(2,545)		(2,045)					(500)								
GP38	Football pitch improvements	(100)							(25)	(25)	(25)	(25)					
GP39	Hales cricket and bowls clubhouse improvements	(160)		(130)					(30)								
GP40	Wymondham: new sports improvements	(800)		(550)					(250)								
GP41	Wroxham Library: self service improvements	(43)															
GP42	Plumstead Road Library: self service improvements	(85)		(33)					(120)								
GP43	Diss library: self service improvements	(25)															
	Education								(2,000)								
	Cash reserve								(860)								
	Borrowing costs							(405)	(1,997)	(2,065)	(2,323)	(2,581)	(2,581)	(2,581)	(2,581)	(2,581)	(2,581)
	TOTAL																
	Pooled funding requirement of Growth Programmes excluding borrowing		(9,056)				(183)	(446)	(5,643)	(1,719)	(1,040)	(25)	-	-	-	-	-
	Pooled Funding Requirement including borrowing						**(183)**	**(851)**	**(7,641)**	**(3,784)**	**(3,363)**	**(2,606)**	**(2,581)**	**(2,581)**	**(2,581)**	**(2,581)**	**(2,581)**
	Actual CIL Income				56	851	2,490	3,215									
	Pooled CIL Projection								4,720	7,271	9,587	10,956	10,179	8,854	7,660	7,393	5,509
	Yearly Pooled CIL Surplus / (Deficit)				56	851	2,308	2,364	(2,921)	3,487	6,224	8,350	7,598	6,273	5,079	4,812	2,928
	Cumulative Pooled CIL Surplus / (Deficit)				**56**	**907**	**3,214**	**5,578**	**2,656**	**6,144**	**12,368**	**20,718**	**28,316**	**34,589**	**39,668**	**44,480**	**47,408**

IIF-supported NATS Programme
Re-profiled December 2017

Project	NATS Ref	Total	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Comments
St Faiths Road to Airport Transport Link (formerly Repton Ave)	NEGT2	(1,000)			(20)	(150)	(415)	(415)	Meteor Close and Repton Avenue link to be delivered in 17/18, Further route enhancements to be delivered in future years.
NE Norwich link road		(14,250)				(6,000)	(5,000)	(3,250)	Ongoing aspiration, elements delivered through Plumstead Rd and Repton Ave schemes
NE Norwich link road - developer funding	NEGT7	14,250				6,000	5,000	3,250	Link road to be delivered through development
St Clements Hill Toucan Crossing	NEGT5	(113)				(113)			Delivery progressing
Roundhouse Way Bus Interchange	SW2	(500)				(500)			Delivery in 17/18. Largely LGF funded. £50k CIL funding required
Roundhouse Way Bus Interchange funding package						450			LGF funding
B1172 Bus/Cycle enhancements	SW4	(250)				(250)			phases from 17/18 onwards. No CIL funding sought
B1172 Bus/Cycle enhancements developer funding						250			Developer funding
Eaton interchange	SW6	(768)				(768)			Being delivered in 17/18
Eaton interchange funding package	SW6	674				674			Majority of funding obtained, £94k CIL funding required
Guardian Road Junction improvements	DER2	(1,213)				(1,100)	(113)		New roundabout being constructed 17/18, no CIL funding required
Guardian Road funding package						1,100	113		LGF funding
POW Rd, Rose Lane, Ag Hall Plain	CC2	(5,100)				(1,100)	(2,000)	(2,000)	Project delivery in future years subject to scheme development
PoW Rd, etc Funding package						1,100	2,000	2,000	LGF funding
A140 Corridor scheme delivery	CRO1	(975)					(500)	(475)	Mouchel undertook feasibility work 16/17. Further feasibility works planned in 17/18 to identify schemes for delivery in future years
Golden Ball Street		(3,023)	(27)	(625)	(1,348)	(1,023)			Project Complete
Golden Ball Street Funding package		2,000	27	625	1,348				LGF funding, supported by £1.023m CIL funding to be drawn down in 17/18

CIL Funding Profile	0	0	(20)	(1,430)	(915)	(890)
CIL Drawdown Profile			**(20)**	**(1,430)**	**(915)**	**(890)**

	TOTAL	2015/16	2016/17	2017/18	2018/19	2019/20
Original NATS allocation	3,570	695	725	100	1,600	450
Additional CIL allocation	1,620		20	770	415	415
New NATS delivery profile incl. additional	3,255	0	20	1,430	915	890
Cumulative Underspend		695	1,420	860	1,960	1,935

Table 3 – supporting commentary

The table below provides explanation around those projects which are no longer detailed in the IIF-supported NATS Programme.

Salhouse Road Sustainable Transport Corridor	
Scheme identification work complete and no viable schemes identified. Growth Fund monies reallocated to the Plumstead Road roundabout scheme.	
Salhouse Road Walk/Cycle Route (Pink Pedalway)	Project completed
School Lane/ Chartwell Road/ Denton Road Toucan Crossing and associated works (Blue Pedalway)	Project not progressed. IDB approved reallocation of IIF to North Walsham Road projects.
North Walsham Road Transport Corridor	
Feasibility work was completed and a number of schemes identified. However, elements of the route are likely to be delivered by development and there are no plans to deliver works on this corridor in advance of this.	
Yarmouth Rd Sustainable Transport Corridor	
Some feasibility works were completed 2010/11 and at. There are no plans for delivery on this corridor at present.	
Lower Clarence Road	Feasibility work has been undertaken on a contraflow cycle lane in this location – this work has been incorporated into the Green Pedalway project
Rail Station Cycle Hub	Cycle hire has been introduced at the station by train operator Greater Anglia.
A11 Sustainable Transport Corridor	
BRT / Blue Pedalway:	There has been investment along this corridor in terms of bus stop infrastructure. Cycle improvements funded by LGF are being undertaken in 16/17 and 17/18.
Thickthorn Scheme	This is a Highways England scheme being funding for delivery in 2020.
Dereham Road Sustainable Transport Corridor	
Extension to Longwater/Easton Scheme Identification (BRT/Green Pedalway)	Some preliminary feasibility work has been undertaken
Longwater	Further information being sought
BRT Fakenham Road/Drayton High Road	
Works not undertaken. Feasibility works need to be prioritised against other corridors	
A140 Corridor	
Yellow Pedalway – Lakenham Way Improvements	Not going ahead due to land ownership issues

Report to	Cabinet	**Item**
	07 February 2018	10
Report of	Director of regeneration and development	
Subject	Norfolk Strategic Planning Framework	

Purpose

To consider the Norfolk Strategic Planning Framework (the Framework) which has been amended in the light of consultation responses and other publications and whether to agree it.

Recommendations

To agree to the Norfolk Strategic Planning Framework.

Corporate and service priorities

The report helps to meet the corporate priority a prosperous and vibrant city, and a healthy city with good housing.

Financial implications

The city council's share of costs of undertaking the preparation and review of the NSPF will be from the Local Plan budget.

Ward/s: All wards

Cabinet member: Councillor Stonard - sustainable and inclusive growth

Contact officers

Graham Nelson, head of planning services 01603 212530

Report

Introduction

1. When preparing Local Plans the authority is subject to a number of legal and regulatory requirements. Amongst these the council must discharge a legal duty to co-operate with neighbouring authorities in relation to strategically important land use issues which cross administrative boundaries. The result of such co-operation is expected to be better planning outcomes.

2. The Norfolk Authorities have a strong track record of working together with perhaps the best example being the preparation of a single local plan to cover Norwich, Broadland and South Norfolk planning authority areas. In 2015 a formal county wide Strategic Planning Member forum was established with terms of reference to ensure that the duty to co-operate was effectively discharged. These can be seen at https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/partnerships/norfolk-strategic-planning-member-forum.

3. All authorities in Norfolk including the county council participate in the forum which is supported via an officer team drawn for the councils. The forum sought and gained agreement from each of the partner authorities to prepare a framework document. The city council's cabinet resolved to agree to co-operate on strategic planning matters through the preparation of a shared non-statutory strategic framework in March 2015.

The Process of Preparation of the Framework

4. Following the agreement to prepare the shared non-statutory strategic framework the authorities agreed to the appointment of project management resource to co-ordinate joint planning activity. This resource, which is hosted at the city council, commenced work in late 2015 and throughout 2016 co-ordinated the work of four separate task groups which drew together evidence on economy; housing; infrastructure and the environment and delivery matters on which the framework was to be based.

5. This process led to the joint member forum considering first drafts of vision and objectives in October 2016 to guide the subsequent drafting of the document. This led to a draft of the Framework being agreed by the forum for consultation in July 2017.

6. The consultation ran from the 2 August to the 22 September. Just under 100 responses were received with the vast majority being supportive of the idea of producing the Framework and collaborative working between authorities. The responses were from a wide range of interested parties including town/parish councils, residents, community groups, local authorities, public bodies, developers, businesses and agents.

7. An extensive review of the comments received was undertaken following the close of the consultation. All comments received have been individually reviewed, answered and any changes made to the Framework as a result have been logged. The comments made, responses to them and changes resulting from them are available to inspect on the Forum's website.

8. In addition to changes arising from the consultation response significant changes were made to the emerging Framework as a result of other matters. Most notably in the light of the government consultation ‘Planning for the right homes in the right places’, the New Anglia LEP Economic Strategy and Norfolk County Council’s Infrastructure Delivery Plan.

9. Key changes made to the emerging Framework following the close of consultation include:

   (a) The water section includes two proposed new agreements around water efficiency and future collaboration between the water authorities and LPAs;
   (b) A new agreement has been added to the conclusion section highlighting the on-going support for joint working;
   (c) A recognition of the desirability of having a transport agreement in future versions of the Framework;
   (d) Change to the housing section of the Plan to refer to the implications of the government’s proposed standard methodology for calculating objectively assessed need for housing and to change commitments to deliver a buffer above the need identified. However, it should be noted that the housing agreements in the framework only apply insofar as they relate to the local authorities own assessment of housing need and will need to be reconsidered if a new methodology is imposed by government; and
   (e) Retitling of the document so it is referred to as the Norfolk Strategic Planning Framework and is described as an emerging Statement of Common Ground to reflect an anticipated government requirement in the forthcoming review of the National Planning Policy Framework.

10. The Member Forum met of 14 December and agreed to recommend the amended version of the Framework to constituent councils for endorsement. This version can be seen at https://norfolk.citizenspace.com/consultation/norfolk-strategic-framework/results/20171220-norfolk-strategic-framework-final.pdf

Member Scrutiny of the emerging Framework

11. Since endorsement or the preparation of the Framework member scrutiny of the process has been provided by the sustainable development panel and the portfolio holder for sustainable and inclusive growth who represents the City Council on the joint member forum.

12. Sustainable development panel considered the emerging draft Framework at its meeting of 13 September 2017 and again at its meeting of 17 January 2018. At the January meeting the panel resolved to recommend that Cabinet agree to the final Framework.

The Norfolk Strategic Planning Framework

13. The Norfolk Strategic Planning Framework is not a policy document and if the recommendation is agreed it will not comprise part of the development plan. As such it does not include planning policies or proposals, rather it is intended to document areas of agreement that the Norfolk Planning Authorities have reached and which they will be following when they prepare their individual Local Plans. It has been

prepared by an officer team drawn from all of the Norfolk Authorities supported by others from organisations such as the Environment Agency, Anglian Water and the LEPs. The document includes:

(a) A high level vision for the future development of the county over the next 20-30 years.
(b) Four topic based high level objectives covering the economy, housing, the environment, and infrastructure.
(c) 23 separate agreements that each council is being asked to sign up to.

14. In addition the document describes the spatial characteristics of the county drawing on a range of previously published, and specifically prepared, evidence.

15. With regard to the agreements these are intended to ensure that the planning authorities work closely together where it is desirable to do so but not to be so prescriptive that they would limit the local production of development plan documents. In summary the agreements are:

Agreements 1-3 – That the Norfolk planning authorities will plan to a common plan period extending to at least 2036 and in producing Local Plans they will seek to contribute towards the shared vision and objectives as outlined in the Framework.

Agreement 4 - That the Norfolk Authorities agree to prepare and maintain a consistent evidence base in relation to housing needs in three separate housing market areas. This will include the joint commissioning of Strategic Housing Market Assessments when updates are required.

Agreements 5, 6 and 7 – That the Broads Authority and all other planning authorities outside of the greater Norwich Authorities (Norwich City, South Norfolk, and Broadland) will continue to prepare separate local plans unless the evidence suggests that joint Local Plan production is justified. The Greater Norwich Local Plan will be produced by the other three authorities.

Agreement 8 – That the focus for economic investment in the county will be what are called the 'Tier One' Employment sites.

Agreement 9- That Local Plans will be prepared having regard to various cross boundary infrastructure issues.

Agreements 10 -16 – That each local plan will aim to address all housing needs (OAN); that housing need in the Broads will be addressed by the adjacent authorities if the Broads Plan does not meet need; that Norwich, South Norfolk and Broadland will address the housing requirement arising from the City Deal within their areas (this results in the setting of higher housing targets, dealt with via a buffer, to ensure that the aspirational jobs growth targets included in the City Deal are matched with sufficient homes to accommodate workers); each authority will quantify and plan for the delivery of specialist types of accommodation for gypsies, students and the elderly together with the identified need for affordable homes; that housing capacity will be assessed using a common methodology; and finally further measures will be taken to improve delivery rates of new housing development.

Agreements 17-18 – That the Authorities will seek to pursue high water efficiency standards and liaise closely with the water companies.

Agreement 19 – To produce guidance to help the roll out of 5G telecommunications infrastructure.

Agreement 20 – That the Authorities endorse the Planning for Health Protocol which establishes processes for more joined up working between health and planning when preparing plans and determining planning applications.

Agreement 21 – That the Authorities will work closely with the Council to ensure a supply and funding of school places.

Agreement 22 –That the planning authorities will work together to produce a County wide Green Infrastructure (GI) strategy.

Agreement 23 –That the planning authorities and other signatories to the Framework will continue to support and resource joint planning activity.

Comment

16. Whilst in a number of sections the Framework may not be fully developed or as ambitious as the city council would ordinarily seek it should be remembered that it is joint exercise on which consensus must be reached in order for the Framework to be capable of endorsement by a wide range of organisations.

17. It should also be noted that following the housing white paper and the consultation on planning for the right homes in the right places this is an area where government policy is moving quickly and it is expected that the Framework will need to be reviewed over the next year, either in its current or amended form.

18. Nevertheless formal agreement to the Framework represents an important step in demonstrating compliance with the duty to co-operate and preparing the ground for the Council to adopt sound Local Plans in due course.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with completing the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	7 February 2018
Director / Head of service	Graham Nelson
Report subject:	Norfolk Strategic Planning Framework
Date assessed:	22 January 2018
Description:	To seek agreement to the Framework

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The framework sets out a number of agreement between local authorities and other key stakeholders. In formally documenting these early in the plan preparation this reduces the risk of failure of local plans to comply with the duty to co-operate and reduces the likely scale of opposition to emerging plans from key stakeholders.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☐	☒	☐	Reducing risks to Local Plans should reduce uncertainty to the nature of development acceptable in the City thus reducing the risks to development brought forward in accordance with the development plan.
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	

	Impact			
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	Among other matters the Framework contains provision to sign up to a protocol for joint working with health providers in relation to new development
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☐	☒	☐	Among other matters the Framework contains provision for joint working across local authorities on a number of matters including accommodation for Gypsies and Travellers
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☐	☒	☐	The Framework contains a specific agreement in relation to transport.
Natural and built environment	☐	☒	☐	The Framework contains a number of agreements designed to protect the natural and built environment.
Waste minimisation & resource use	☒	☐	☐	

	Impact			
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☐	☒	☐	Addressed in both a number of agreements and the objectives for the Framework.
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☐	☒	☐	Effective cooperation on Local Plan making is required by government. Without such cooperation, the risks of a future Local Plan failing to reach examination are substantial. Such a failure would have significant financial and reputational consequences

Recommendations from impact assessment
Positive
N/A
Negative
N/A
Neutral

N/A
Issues
Agreement to the Framework is likely to aid the process of preparation of Local Plan. In practice because of the stage that has been reached in the preparation of the Framework there is no opportunity to address any omissions at this stage, although as the report notes the Framework will be subject to review in 2018.

Report to	Cabinet	**Item**
	07 February 2018	
Report of	Head of city development services	11
Subject	Renewal of the highways agency agreement with Norfolk county council	

KEY DECISION

Purpose

To consider amending the current highways agency agreement between Norfolk County Council and Norwich City Council and to extend it for one year until 1 April 2020.

Recommendations to:

(1) endorse revisions to the existing highways agency agreement between Norfolk County Council and the council as set out in the report;

(2) agree to extend the existing highways agency agreement by one year until 31 March 2020

Corporate and service priorities

The report helps to meet the corporate priority a safe, clean and low carbon city

Financial implications

The council is paid for the services and functions it provides under the highways agency agreement through a mixture of lump sum and at cost payments; the intention being that neither party is no better or no worse off. Some surplus income is generated (from on-street parking mainly) which is used to support the Transport for Norwich programme.

It is anticipated that any new highways agency agreement will identify financial savings that will benefit both the city and county councils.

Ward/s: All wards

Cabinet member: Councillor Stonard - sustainable and inclusive growth

Contact officers

Andy Watt - head of city development services	01603 212691
Joanne Deverick – transportation & network manager	01603 212461

Background documents

None

Report

Background

1. Norfolk County Council has an agency agreement with the council to carry out various highways, traffic and on-street parking functions within the city. The functions the council carries out include

   - some policy development as part of TfN (Transport for Norwich) - previously known as NATS (Norwich area transportation strategy),
   - highways maintenance, including trees and verges
   - design and construction of traffic management and improvement schemes,
   - the coordination of all works on the city's highway network
   - on-street parking restrictions and enforcement
   - bus gate enforcement

2. The existence of the highways agency agreement enables close links between the city council's planning function and the county council's highway functions to ensure that robust transport infrastructure is provided through development. It also facilitates a focus on neighbourhood and locality working within the city and supports many elements of the corporate vision for the city including road safety, air quality and sustainable development.

3. The Norwich City Highways Agency Agreement has been in place since the 1974 local government reorganisation and has been renewed periodically since that date; originally this was every 4 years but the 2006 agreement was extended for a year to take account of the then pending local government review and the 2011 agreement that was renewed after 3 years in 2014 to coincide with the start of the county councils new strategic partnership for the delivery of highway works within the county. The partnership consists of a main contractor and professional services providers.

Extension to the existing highways agency agreement

4. The current agreement came into effect in 2014 and was for a period of 5 years rather than the usually adopted 4 years.

5. Under the terms of the agreement both parties are obliged to give a minimum of 12 months notice if they wish to terminate the agreement on the expiry date; i.e. on or before 31 March 2019. If no notice has been received by 31 March 2018 the highways agency agreement is deemed to have been renewed for a further 5 year period to 31 March 2024.

6. In recent months, city and county council officers have undertaken a review of the current highways agency agreement with a view to suggesting amendments for a renewed agreement. The review concluded that the existing agreement worked well in most areas; however issues were identified in connectivity of the IT systems and the robustness of the highways design function. It also acknowledged that clarification was required around the responsibility for street trees and for civil parking and bus lane enforcement. Additionally there is a need to ensure that the agency agreement is based on

secure financial arrangements that reflect the current financial positions of both councils.

7. Attached as appendix 1 is a copy of the report that was considered by the Environment, Development and Transport (EDT) committee at Norfolk County Council on 19 January 2018 which details those discussions.

8. The recommendation of that report is that the existing highways agency agreement is extended for a year until 31 March 2020. This will allow both councils the opportunity to scope out the potential financial savings that could be achieved for both parties through efficiencies and better integrated back office systems. The intention is this would be in readiness for a new highways agency agreement to be adopted in April 2020.

9. Notwithstanding the proposed extension to the existing agreement, the officer discussions have concluded that there are 2 elements of the current agreement that should be amended in the short term. These are the future of the council's engineering design function and the council's involvement in the out-of-hours winter maintenance service.

Engineering design

10. The council has an establishment of 4.2 FTE to undertake engineering design. However in the last 18 months two retirements and one resignation have left the team with a project engineer and a 0.6 FTE technical officer (i.e. as reflected in the EDT report).

11. Over the last few years it has proved difficult to recruit engineering staff, and when recruitment has been successful invariably the people involved have come from Norfolk County Council or their strategic partners, a situation that is far from satisfactory. Furthermore even at 4.2 FTE it is difficult to provide a fully effective engineering design function, particularly given the integration between county and their works contractors which the council also has to use.

12. Transferring the highway engineering design function to the county council will improve the resilience of this function and help avoid the recruitment merry-go-round. It will not affect the city's ability to be involved in highways improvements, however, as the majority of these are already delivered by joint city and county multidisciplinary teams.

13. With such a transfer of function it would follow that the existing engineering design staff would transfer under TUPE across to the county council. Details of the TUPE process and timescales will be mutually agreed with the county council.

Out-of-hours winter maintenance

14. Currently city council employees are involved in the winter maintenance service and help inform the decision as to when the network needs to be gritted. The county council would like to remove the out-of-hours element of the service from the existing agreement to realise an immediate saving in 2018-19. City staff will continue to be involved in the day to day management of the winter service, although this function may come under further review as part of the new agreement.

15. EDT committee agreed the recommendations of the report and it is expected that the decision will be ratified by the county council's full council on 12 February 2018.

Alternative options

16. The alternative to extending the existing highways agency agreement for 12 months is for the city council to give notice and for it to end on 31 March 2019. This would see all the functions mentioned in paragraph 1 revert back to the responsibility of Norfolk County Council and all staff engaged in highway agency functions would be TUPE transferred over to Norfolk County Council. Such a move would have a wide ranging impact on a number of city council services including the customer contact team and citizens services and the benefits that the highways agency agreement provides as outlined in paragraph 2 would be lost or significantly diminished. It is therefore not an option that is recommended.

Integrated impact assessment

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	7 February 2018
Director / Head of service	Andy Watt
Report subject:	Renewal of the highways agency agreement with Norfolk county council
Date assessed:	17 January 2018

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☒	☐	☐	The highways agency agreement is designed to be cost neutral for the city council. It is anticipated that any new agreement will identify financial savings for the authority
Other departments and services e.g. office facilities, customer contact	☒	☐	☒	If the highways agency agreement were to be revoked it would impact on other council departments including citizen services and customer contact. The ability for parking services to operate and enforce off street car parks and housing car parks would be affected as the resilience of the team would be affected by the loss of a number of staff through the TUPE process
ICT services	☒	☐	☐	It is anticipated that any new agreement will identify opportunities for shared back office systems
Economic development	☐	☒	☐	The existence of the highways agency agreement allows the city council to influence the transport infrastructure in the city and can help promote regeneration sites. An example of this is the Westlegate scheme that has originally promoted by the city council.
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	

	Impact			
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	It is unlikely that the city council would be able to promote the corporate priority of ensuring that streets in residential areas were subject to a 20mph restriction without the agency agreement being in place. The agency agreement also delivers wider road safety benefits and supports the city council in promoting walking an cycling. Had the agency agreement not be in place it is probable that the city council would not have received the cycle ambition status
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☐	☒	☐	The existence of a highways agency agreement allows the council to greater influence and control on highways matters and transport policy within its' boundaries

	Impact			
Natural and built environment	☐	☒	☐	The existence of a highways agency agreement allows the council, with its' strong design ethos, to influence the design of transport schemes within the city . It also allows the city council to subsidise planting and tree provision and maintenance to ensure a higher standard.
Waste minimisation & resource use	☒	☐	☐	
Pollution	☐	☒	☐	The existence of the highways agency agreement gives the city direct influence over identifying and implementing schemes that will improve air quality
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	The absence of a highways agreement will have significant impact on the city councils ability to influence transport policy in the city and will reduce the opportunity for locality working. It will also impact across a wide range of council services if the work undertaken through the agreement is transferred to Norfolk County Council Conversely there is a risk with the existence of the agreement that the city council may not recover all costs associated with the agreement.

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Environment, Development and Transport Committee

Item No.

Report title:	**Review of Norwich Highways Agency Agreement**
Date of meeting:	**19 January 2018**
Responsible Chief Officer:	**Tom McCabe – Executive Director, Community and Environmental Services**

Strategic impact

Norfolk County Council (NCC) and Norwich City Council have arrangements in place for the discharge of various highway and traffic functions by the City Council on behalf of the County Council. These arrangements are covered by the Highways Agency Agreement. This report outlines a review of the performance of the Highways Agency Agreement.

Executive summary

There are two major elements to the delivery of highways related activities in the City - the Highways Agency Agreement and the delivery of the Transport for Norwich (TfN) programme of transport schemes. The Agency Agreement covers the day-to-day delivery of highway functions and services, whereas the TfN programme is the wider delivery of strategic transport schemes outlined in the NATS Implementation Plan (now called TfN), which was adopted by the County Council in April 2010. A separate review and update of TfN is currently underway.

The current Highways Agency Agreement is dated 19 September 2014, and is due to expire on 31 March 2019. The agreement states that either party must give 12 months notice to terminate the Agreement and if by 1 April 2018 neither party has given notice, the Agreement will automatically be renewed for a period of 5 years from 1 April 2019.

Any decision to terminate the Highways Agency Agreement would need to consider the necessary transfer of staff from the City to the County Council under the TUPE arrangements that are set out in the Agreement.

Recommendations:

Members are recommended to:

1. **Note and comment on the details of the review of the Norwich Highways Agency Agreement, agree not to invoke the termination, but extend the current Agreement for one year to March 2020, to allow the details of the new Agreement to be fully developed;**
2. **Agree that a report comes back to this Committee early in 2019 outlining a proposed new Norwich Highways Agency Agreement that will include details of the scope for financial savings.**

1. Proposal

1.1. Norfolk County Council (NCC) and Norwich City Council have arrangements in place for the discharge of various highway and traffic functions by the City Council on behalf of the County Council. These arrangements are covered by the Highways Agency Agreement.

1.2. Officers have considered the following options:

- **Option A**: Extend the existing Agreement for one year (April 2019 to April 2020) and incorporate changes outlined in this paper to the existing agreement and identify the scope for a new Norwich Highways Agency Agreement from 1 April 2020 that will deliver further financial savings
- **Option B**: Give 12 months notice to terminate the existing agreement so that the County Council delivers the highway and traffic functions that are currently delegated to the City Council from 1 April 2019

2. Evidence

2.1. The Highways Agency Agreement was subjected to reviews in 2010 and 2013. The overall conclusions at that time was that the arrangement should continue but with regular reviews and improvements as appropriate. In light of the 12 month notice period for the current Agreement coming up at the end of March 2018, a further detailed review of the Agreement has been undertaken over the last 6-9 months.

2.2. Staff from both the County and City Councils who work day-to-day on the delivery of the Highways Agency Agreement took part in the review. Emphasis has been placed on the following:

- how effective the working arrangements are between both Councils in terms of delivering the outcomes to residents and stakeholders
- the costs of managing and delivering the Agreement.

2.3. Various workstreams were included in the review (see table below), which cover the full range of activities delivered through the Agreement. Under each of these workstreams, emphasis was placed on reviewing existing strengths, weaknesses, resilience, benefits, costs and risks of any proposed changes and impacts on locality working.

2.4. A high level summary of the findings of the various workstreams is outlined in this paper. The workstreams considered how effective the existing working arrangements are between both Councils in terms of delivering the outcomes to residents and stakeholders.

Workstream	High level summary
Planning and Development	Current arrangements generally work well. No significant changes proposed
Network Management	Fundamentally the broad objectives of the Agreement function well with benefits of being located in the City with close interaction with other City staff assisting the overall coordination of all activities that take place
Highway Maintenance	The maintenance of trees within the city needs to be clarified in terms of costs and responsibilities. See **Section 3** for commentary on winter maintenance.
Highway Design	The design capability at the City Council is limited by having resource of less than 2FTE. See **Section 3** for commentary on these design activities.
CPE and Bus Lane Enforcement	Decision making relating to extension of controlled parking areas needs to be more

	clearly defined. See **Section 3** for commentary on the financial review of this activity
Governance / Committee Reporting	Recommends that there is no change at present to the current arrangements for the agreement of the voting members and the constitution of the Agency Committee. Recommends to retain the existing number of meetings but with the firm commitment to cancel a meeting if there is a small agenda or there are agenda items that can be covered at a future meeting without impacting on the programme
Value for Money / KPIs	The recording and reporting of complaints needs to be more consistent. Annual reporting of Agency KPIs needs to be more focussed.

2.5. Common issues found were that there is no common back office platform in use across both authorities, which would allow a more flexible sharing and allocation of case work between City/County officers and introduce more robust record keeping and monitoring capability. Access to ICT has hampered consistency, uniformity and easy access to performance and financial data that is maintained.

3. Financial Implications

Current arrangements

3.1. The current Highways Agency Agreement consists of payments made to the City Council for works and functions delivered, as well as income generated by these activities. Any surplus income over and above that required to deliver works is payable to the County Council but is used to support the delivery of highways activities in Norwich.

3.2. Payments made to the City Council are summarised in the table below.

Payment	**Amount**
Annual City Agency Fee	£609,340
Streetworks Permit Scheme	£52,852
City Structural Maintenance Fee (revenue)	£108,000
Winter Maintenance	£41,000
TOTAL	**£811,192**

3.3. Payments are subject to annual index linking as calculated by the Executive Director of Finance and Commercial Services at the County Council.

3.4. The Annual City Agency Fee makes up the largest element of cost required to deliver the Highways Agency Agreement and covers a wide range of activities, ranging from highway inspections to network management and handling requests from the public for new highway schemes. To deliver this element of the Agreement, the City Council allocates the equivalent of **14.7** Full Time Equivalent (FTE) staff members. The allocation of this is outlined in the table below.

Role	**FTE**
Highway enquiries and inspections	5.7

Streetworks / network management	4.9
Traffic advice, enquiries and request for service	4.1
TOTAL	**14.7**

3.5. Staff at the County Council work closely with the City Council on many of the activities outlined above but not to the extent that there is any duplication of service delivery. The City Council performs the lead or first contact role in these activities.

3.6. The City structural maintenance fee (revenue), including winter maintenance, is delivered by an FTE of 5.5 staff members. Again, staff across CES at the County Council work with City colleagues on delivery of this activity but avoid duplication of effort.

3.7. The allocation of FTEs and their specific roles in terms of delivering the requirements of the Agency Agreement is provided by the City Council and this has been reviewed by County officers in terms of how this would compare should these activities be conducted by the County Council. Overall, this review has concluded that this allocation is appropriate and comparable to County Council staff numbers carrying out similar activities.

3.8. Income received from the City Council can be broken down into the following categories:

- Permits from items in the highways (such as scaffolding and skips). This is in the region of £10k net income per annum
- Any surplus generated from delivering Civil Parking Enforcement (CPE) activities and the enforcement of bus lanes (see further comments below).

3.9. Income varies year on year, particularly in terms of any funds generated from the CPE activities and bus lane enforcement. For example, the current year (17/18) is predicted to just about cover its costs because there has been a need for investment in new on-street ticketing machines and the requirement to amend hardware/software in the ticket machines to accept the new £1 coins.

3.10. A detailed review of the costs and income associated with the operation of CPE activities and bus lane enforcement has been undertaken by officers from the City and County Councils. This has shown that this process is well managed, with all costs and income being accurately recorded and apportioned appropriately.

Proposed amendments to current arrangements

3.11. There are pressures on budgets across both authorities and potential savings need to be identified wherever possible. The annual City Agency Fee represents the most significant cost element of the Highways Agency Agreement. In order to deliver future cost savings, further work is needed to scope out exactly what changes are needed in terms of service delivery. Where possible these will be incorporated within existing Agreement. As the new Agreement is developed we will look at how financial savings could be delivered. For example, a phased approach to achieving savings in the cost of the annual City Agency Fee could deliver savings of a minimum of circa £90-100k over a three year period.

3.12. We will continue to work with the City Council to look for opportunities to deliver savings within 2018/19.

3.13. Whilst it has been agreed that winter maintenance cover for Norwich for 2017/18 should continue to be delivered via the existing arrangement through the City Council, winter maintenance for Norwich for winter 2018/19 will be delivered by the County Council utilising resources and winter specific maintenance requirements already in place for the wider Norfolk area. This will generate a net saving of at least £5k per annum from 18/19 onwards.

3.14. In terms of bus lane camera enforcement, it is proposed that funding of any additional cameras in the future will come through specific project-related budgets and will not be charged, as currently, against the costs of managing the overall bus lane enforcement. This will enable more funds to be retained to support the wider delivery of highways activity in Norwich.

3.15. The engineering design capability at the City Council is limited by having resource of less than 2FTE based at City Hall performing this function. It is proposed to transfer this function back to the County Council. In terms of possible savings to the City Agency Annual Fee, this is likely to be minimal as much of their time is spent designing schemes that are externally funded and therefore charged from other relevant (mainly capital) budgets. However, transferring these design activities to the County Council will increase the resilience of the engineering design capability of both authorities and will enable this particular service to be delivered more effectively.

3.16. Another issue found was that there is no common back office platform, which would allow a more flexible sharing and allocation of case work between City/County officers and introduce more robust record keeping and monitoring capability. Access to ICT has hampered consistency, uniformity and maintenance of performance and financial data. Resolution of this issue will be further explored with a view to achieving improved service delivery and capturing any associated financial savings from efficiencies.

3.17. As more work is required to identify how financial savings would be delivered, a further report will be brought back to members early 2019 once that work has been completed. This will set out the proposed savings and details of a new Highways Agency Agreement from 1 April 2019.

4. Issues, risks and innovation

4.1. When making any decision related to the future of the Highways Agency Agreement, it is important to note that this Agreement and the delivery of the Transport for Norwich (TfN) programme of transport schemes are separate entities. The Highways Agency Agreement is focused around the day-to-day delivery of highway functions, whereas the TfN programme is the delivery of strategic transport schemes outlined. For example, removal of through traffic from St Stephens Street in Norwich is linked to delivery of the TfN Implementation Plan and is not as a result of having a Highways Agency Agreement in place.

4.2. Whilst the review has shown that operationally the arrangement is generally working well, improvements to back office processes, particularly ICT, are required.

4.3. This latest review of the Agency Agreement has highlighted the opportunity to bring about a more integrated approach to managing the core highway delivery function, including that of the CPE/bus lane enforcement.

5. Background

5.1. The following papers provide background to the Norwich City Agency:

1 March 2010 Cabinet – paper on Norwich City Highways Agency Review

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

Officer name :	**Grahame Bygrave / Jeremy Wiggin**	**Tel No. :**	**01603 638561 / 01603 223117**
Email address :	**Grahame.bygrave@norfolk.gov.uk / Jeremy.wiggin@norfolk.gov.uk**		

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Report to	Cabinet	**Item**
	07 February 2018	12
Report of	Strategy manager	
Subject	Scrutiny Committee Recommendations	

Purpose

To consider the recommendations from the scrutiny committee since December 2017.

Recommendation

To consider the individual recommendations made by the scrutiny committee as outlined in the report, particularly those addressed to cabinet.

Corporate and service priorities

The report helps to meet all the corporate priorities.

Financial implications

None

Ward/s: All wards

Cabinet member: Councillor Kendrick **-** resources

Contact officers

Adam Clark, strategy manager	01603 212273

Background documents

None

Report

Background

1. The council's scrutiny committee is constituted of councillors who do not sit on cabinet. They are expected to review/scrutinise and oversee decisions made by cabinet. They can 'call in', for reconsideration, decisions made by cabinet or an officer which have not yet been implemented. The main functions of scrutiny are to hold cabinet to account by examining their proposals; evaluating policies, performance and progress; ensuring consultations, where necessary, have been carried out; and highlighting areas for improvement.

   The committee makes recommendations for cabinet, the wider council and other stakeholders based on evidence on the issues scrutinised at their meetings.

   The following is a summary of the topics the committee has considered over recent meetings with the recommendations that were made accordingly.

2. 14 December 2017

   The committee considered the following reports:

   - Draft corporate performance measures 2018-19
   - Draft Equality Information report
   - Emerging position on the 2018-19 budget and Medium Term Financial Strategy

   After discussion on each item, these reports were noted by the committee.

3. 25 January 2018

Environmental Strategy progress update

An overview of the report was presented to the committee by the environmental strategy manager. Discussion focussed on the provision of electric charging points, the collection of air quality data and the equipment being used to do this and positive social investments.

It was RESOLVED to ask cabinet to consider:-

(1) working with partners to such as the BID and the UEA to facilitate the delivery of electric vehicle charging points,

(2) working with producers of air quality sensors and researchers to ensure that good quality field data around air quality is produced; and

(3) investigating the possibility of a social value and environmental framework to purchase assets

Pre-scrutiny of the proposed budget 2018-19:

The item was introduced by the Chief Finance Officer who gave a short presentation to members summarising the information in the report. Members discussed the information in the report and asked the Chief Finance Officer questions on ear-marked reserves, carbon emissions, retention of business rates, investments in commercial property and borrowing and return rates.

RESOLVED to note the report on pre-scrutiny of the proposed budget 2018-19.

Access to justice recommendations

The committee considered the information that had been gathered from speakers at its meeting on 23 November 2017 with a view to formulating recommendations.

The speakers were:

Gareth Thomas, Director of UEA Law Clinic and trustee of the Eastern Legal Support Trust

Janka Rodziewicz, Strategy Manager at Norfolk Community Advice Network

Judi Lincoln, advice and volunteer manager, Norwich Community Legal Service

Sue Bailey, President of the Norfolk and Norwich law society

The strategy manager gave a summary of the meeting on 23 November and clarified the work the council was already doing around the ‘Better off Norwich’ digital platform and aligning funding with other partners.

RESOLVED to:-

(1) Consider committing to a longer term for the council’s funding for social welfare advice services in the city
(2) Consider how to reduce burden on funded organisations by standardising application and monitoring process, and to explore this with other funders
(3) Include a link to the Better Off Norwich platform in all relevant communications sent to customers and within their online council accounts to ensure they are accessing their entitlements
(4) Work with digital hubs around Norwich to train volunteers on Universal Credit and the Better off Norwich platform

Integrated impact assessment

NORWICH City Council

Report author to complete	
Committee:	Cabinet
Committee date:	7 February 2018
Director / Head of service	Adam Clark
Report subject:	Scrutiny Committee Recommendations
Date assessed:	29 January 2018
Description:	A summary of scrutiny committee discussions and recommendations from December and January

	Impact			
Economic **(please add an 'x' as appropriate)**	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☒	☐	☐	
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☐	☒	☐	Access to justice item considers impact of council's funding for financial inclusion and social welfare services
Social **(please add an 'x' as appropriate)**	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	Individual item on health inequalities considers council role in improving health and wellbeing of residents

	Impact			
Equality and diversity (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☐	☒	☐	Access to justice item considers impact of council’s funding for social welfare services
Environmental (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☐	☒	☐	Environmental strategy item considers increase to electric vehicle charging points
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☐	☒	☐	Environmental strategy item considers improvements to recording air quality data
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	

	Impact			
(Please add an ‘x’ as appropriate)	Neutral	Positive	Negative	Comments
Risk management	☒	☐	☐	

Recommendations from impact assessment
Positive
Cabinet to give due consideration to recommendations made by the committee
Negative
Neutral
Issues

Report to	Cabinet	**Item**
	07 February 2018	
Report of	Director of neighbourhoods	13
Subject	Procurement of various housing upgrades and maintenance contracts	

KEY DECISION

Purpose

To consider the procurement of various housing upgrades and to seek approval to place the orders.

Recommendation

To:

(1) approve the award of the contracts as described in the report.

(2) delegate authority to the director of neighbourhoods in consultation with the deputy leader and social housing portfolio holder, to award a contract to the best value supplier for the replacement heating installations contract.

(3) approve a one year extension of the housing electrical and mechanical maintenance contract with Alphatrack Systems Ltd.

Corporate and service priorities

The report helps to meet the corporate priority a healthy city with good housing

Financial implications

It is anticipated that the costs arising from this decision will be met from budgetary provision within the HRA capital and revenue programme for 2018-19 which will be approved by council on 20 February 2017.

Ward/s: Multiple Wards

Cabinet member: Councillor Harris - deputy leader and social housing

Contact officers

Lee Robson, head of neighbourhood housing	01603 212939
Carol Marney, associate director NPS Norwich	01603 227904

Background documents

None

Report

Introduction

1. The Council has a programme of housing repairs, servicing and upgrades implemented via a number of term contracts, framework contracts and ad-hoc tenders. The upgrades include replacement heating systems, windows and doors, roofs, re-wires, and various forms of insulation. These works ensure that the Norwich standard for housing is upheld so that tenants can live in well-maintained homes that are fit for purpose and cost-effective to heat.

2. The repairs and servicing relates to all responsive repairs, external redecoration and all the statutory inspections of gas, electricity and water containing systems. This ensures that the homes are safe to live in and that the council's statutory responsibilities as a Landlord are fulfilled.

Eastern Procurement Framework

3. A number of contracts are procured through the frameworks set up by Eastern Procurement Ltd (EPL). As a member of EPL, the council benefits from the lower rates achieved from grouping the work required by all of its members. A framework lasts for up to four years. It is proposed that the contracts outlined in Appendix 1 are awarded to deliver the 2018-19 HRA capital programme.

Replacement Heating Installations

4. EPL are currently tendering a new framework for the installation of new heating systems. It is proposed to direct select from this framework as soon as it is in place which should be early April. Delegated authority to award this contract is sought so that orders can be placed in April to allow completion of the programme by 31 March 2019.

Landlord's Mechanical and Electrical Maintenance

5. This contract relates to the servicing and maintenance of the common areas of flats, and sheltered housing. It is not an EPL framework contract. The contract was procured six years ago and awarded to Alphatrack Systems Ltd on a six year period with the option to extend for up to a further six years. Alphatrack are performing well with respect to the servicing and maintenance, however, at times they have not been able to deliver upgrade work in a timely manner. Whilst the quality of the work is good at times it takes a long time to achieve a start on site. For this reason it is recommended that the contract is extended but limited to one year with the option to review in six months' time. If the upgrade performance has improved, then it may be prudent to extend the contract further. However, if this is not the case then the council will have the option to re-procure the contract.

6. The pricing of the Alphatrack contract has been compared to the pricing within the EPL compliance framework. The current contract with Alphatrack compares favourably showing that it remains good value. The pricing of the Alphatrack contract was compared to the pricing within the EPL compliance framework. The current contract with Alphatrack amounts to £428,776 for repairs and servicing. This compares favourably with the EPL compliance

framework estimated value of £499,420 showing that the Alphatrack contract is still good value. Upgrades are an additional cost which are priced per scheme as and when required.

Integrated impact assessment

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	7 February 2018
Director / Head of service	Lee Robson
Report subject:	Procurement of various housing upgrades and maintenance contracts
Date assessed:	19 January 2018
Description:	Procurement of various housing upgrades and maintenance contracts

	Impact			
Economic **(please add an 'x' as appropriate)**	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The Eastern Procurement Limited Frameworks ensures the council achieves value for money.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social **(please add an 'x' as appropriate)**	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	The improvements carried out from the works proposed will enhance the safety of residents and make the homes easier to heat.

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

	Impact			
Risk management	☐	☒	☐	1. Risk of challenge from unsuccessful suppliers: The tenders and frameworks have followed a restricted process carried out by EPL with input from officers in terms of evaluation etc, with award criteria being based on the most economically advantageous tender, but there is always a risk of challenge from unsuccessful suppliers. 2. Risk of supplier failure: There is a risk that the appointed suppliers could fail during the life of the contract. This is low risk as a number of suppliers have been appointed to the framework providing some cover should a supplier fail. In addition the Council is not investing in the supplier and so the risk is one of service continuity rather than financial, which is further mitigated by the fact that this contract is planned in nature.

Recommendations from impact assessment
Positive
The work proposed will enhance the fire safety status of the council's eight tower blocks
Negative
Neutral
Issues

Procurement of various housing upgrades and maintenance contracts

EPL Framework	2018/19 HRA Programme	Value £	Contractor	Basis of award
Roofing	Re-Roofing	700,000	Aspect Roofing Ltd	Same terms minus 3% discount
Property Improvements	Electrical upgrades, re-wires and inspections	1,150,000	Gasway Ltd	Award for two years on previous mini-competition rates
Heating Installations framework	Replacement gas heating systems	3,400,000		Request delegated authority to award
Replacement Doors and Windows	Replacement composite doors	727,500	Anglian Building Products Ltd	Direct selection
Replacement Doors and Windows	Replacement composite doors	727,500	Ashfords	Direct selection
Replacement Doors and Windows	Replacement windows	100,000	Anglian Building Products Ltd	Direct selection
Replacement Doors and Windows	Replacement roofline	100,000	Anglian Building Products Ltd	Direct selection
Carbon Reduction	External wall Insulation	660,000	Everwarm	Award on previous mini competition rates
		7,565,000		