

Report for Resolution

Report to Executive
8 April 2009

Report of Director of Transformation

Subject Medium Term Financial Strategy, and Corporate
Improvement and Efficiency Framework 2009-2011

6

Purpose

To seek approval to update and expand the City Council's Aiming for Excellence drive to respond to the economic downturn, and resulting emerging budget gap.

Recommendations

The Executive is asked to:

- Approve the Medium Term Financial Strategy which sets out the financial context for the transformation programme (Annex A)
- Agree to refresh the Aiming for Excellence programme to take full account of the emerging financial climate, and the need to prepare for potential unitary status (Annex B)
- Agree to establish a Corporate Improvement and Efficiency Board (CIEB) to oversee and drive the corporate transformation programme
- Agree proposals for a Housing Improvement Board to oversee and drive specific improvements in the housing service (Annex C)

Financial Consequences

The direct financial consequences of this report are none, as the work will be undertaken within existing resources. However, the scale of the budget gap is very significant, and the transformation programme will need to be radical, and is likely to have a quick and major impact on the City Council's resources and expenditure. The financial impact of all proposals will therefore need to be closely examined as part of the planning of all transformation initiatives.

Risk Assessment

The transformation programme will be significant, and will need to impact on all City Council services. There will inevitably be risks within the programme, and these will need to be assessed within a dedicated risk profile. In particular, the risk assessment will need to ensure that any proposed service changes do not impact disproportionately on particular groups within the local community.

Strategic Priority and Outcome/Service Priorities

The report is particularly relevant to the "Aiming for Excellence" strategic objective, but the transformation programme will inevitably impact on all of the strategic objectives, and everything that the City Council does.

Executive Member:

Councillor Waters - Corporate Resources and Governance

Ward: All wards

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Background Documents

None

Report

The City Council's Improvement Journey

1. Executive will be aware that over the last 3 years the City Council has been on an improvement journey. The "Aiming for Excellence" programme was designed to move the Council forward from its "Fair" CPA rating, and particularly to address significant weaknesses in key areas such as financial management, performance management and people management.
2. The programme has had a number of notable successes including:
 - Significant service improvements such as vastly improved recycling rates, high numbers of affordable homes, improved customer response times and expanded wardens services
 - A positive peer review report in 2008 which concluded "*In summary the peer review team congratulate NCC on the improvement since 2003 and believe that by further harnessing the motivation, drive and determination that exists in the council it will be able to continue to succeed*"
 - Relaunch of the City of Norwich Partnership (CoNP), and publication of the city's first "Sustainable Community Strategy"
 - Publication of a new corporate plan, including a new vision, strategic priorities, and complete revamp of our performance management and reporting arrangements
 - Development of a people strategy, and a range of supporting organisational development initiatives such as increased training and development, an annual staff survey, and a leadership development programme
 - Additional management capacity in key priority areas such as procurement, neighbourhood development, growth and regeneration, and transformation
 - Development of new customer care standards across the organisation, and improvements to customer care performance
 - Achievement of Level 2 of the Equalities Standard
 - Focussed work on improving financial management, which has resulted in:
 - Achieving Level 2 on the Use of Resources assessment
 - Successful closure of the accounts
 - Building up of significant levels of reserves
 - Major improvements to financial management and monitoring.

3. Despite these significant success areas, there remain a number of areas where improvement has been slower, and where new issues have arisen. For example, performance as measured against national indicators remains modest, and service inspections have revealed specific issues in key service areas such as housing and planning.
4. Overall the Council's progress can be summarised by the recent Audit Commission Annual Audit Letter for 2007/08 which concludes:
 - Through good working with neighbouring local authorities, partners and stakeholders, the Council is improving outcomes for some local communities
 - There has been limited progress in improving service performance, and the rate of improvement as measured by the national indicators, remains slower than in other district councils
 - The Council has been slow to progress its approach to diversity and equality, but it should achieve level 2 of the equality standard by the end of March 2009 *(NB this has now been done)*
 - The approach to performance management is strengthening, but more work is needed to embed this as a part of everyday Council business. Capacity in key corporate areas is improving and external support has been sought to enhance leadership capacity
 - The future of local government in Norfolk is currently subject to a review by the Boundary Committee, and this is inevitably drawing on the capacity of officers, councillors and partners
 - The value for money conclusion was qualified due to ongoing weaknesses in internal control and financial management arrangements
 - The Council achieved a level 2 in our use of resources judgement which represents an adequate level of performance and an improvement on last year's assessment
 - We issued a qualified audit opinion on the Council's 2007-08 financial statements. The qualification related to comparative information disclosed in respect of the previous year's accounts. Despite notable improvements, considerable issues remain with the quality of data underpinning the financial statements and with the Council's ability to deal with technical accounting matters and changes. Both processes and the knowledge base need to be strengthened in order to maintain progress in this area.

The changing financial landscape

5. The recent economic downturn has had a dramatic effect on the City Council's financial position. In September 2008, the City Council was in a strong position, having built up reserves of over £10m through prudent planning, and having identified over £2m of efficiency savings. We also had no money invested in

any Icelandic Banks.

6. However, in the subsequent 6 month period the global economic situation has particularly impacted on our income levels, with the following negative effects on the funding available for service delivery :
 - A loss of £1.4m per year in income from interest from investments
 - A loss of £300,000 per year in income from commercial rents
 - A loss of £500,000 per year in income from planning fees, land charges etc
 - A loss of £300,000 per year in income from parking
7. This loss of income has been compounded by national changes to the concessionary fares scheme, which has seen Norwich City Council's costs rise by approximately £1.9m per year, whilst costs for most other councils in Norfolk have decreased. We are continuing to lobby Government in this issue.
8. Furthermore, the recession has seen a dramatic increase in demand for certain City Council services such as housing benefits, homelessness and family support. In order to support local people and businesses, the City Council has also commenced a range of new initiatives around economic development and financial inclusion. This is putting additional demands on City Council services at the same time that resources are being squeezed.
9. Overall, this means that despite our prudent financial planning over the last three years, due to circumstances beyond our control we are now facing the need to make savings of £7.9m from April 2010 onwards.
10. This represents a large proportion of our base budget, and is so significant that it cannot be met by simple efficiency savings, or trimming of costs. We believe that it will necessitate a fundamental review of the City Council's services and structures in order to identify "bottom up" what services local people want us to provide, to what standard they want them provided, and the most efficient ways to deliver them.

Medium Term Financial Strategy

11. In the light of these major changes to the financial climate, the City Council has reviewed its Medium Term Financial Strategy (MTFS).
12. The purpose of the Council's Medium Term Financial Strategy is to support the Council's corporate planning process and to indicate the resource issues and principles which will be used to shape the Council's annual budget development and medium term financial plans.
13. A revised MTFS is attached as Annex A, and sets out the current and projected financial forecasts over a three-year planning timeline to March 2013. Council approved its Revenue and Capital Budgets for 2009/10 on 24 February 2009 and it is these that will form the baseline for the development of projections for annual budgets for 2010/11 and future years. However, the financial picture is

constantly changing, and therefore we may need to review this.

14. The proposed MTFS provides a framework against which the Council will plan and manage its resources to enable the effective delivery of its key plans and strategies aimed at delivering excellent and value for money services to its wide range of stakeholders. In the current difficult economic climate, the MTFS must set a very clear context for the development of a range of underpinning delivery strategies eg:
 - The Corporate Plan – setting out overall priorities
 - A Transformation Plan – to deliver required efficiencies and improvements
 - The Workforce Strategy – to identify staffing implications and support
 - Service Plans and Team Plans – to set out specific action plans and performance management arrangements
 - Staff appraisals and supervision – to ensure that performance is monitored and reported on.
15. Executive is asked to approve the Medium Term Financial Strategy (Annex A) which sets out the financial context for the transformation programme. Due to the constantly changing economic climate (eg current regular changes to interest rates) this strategy will need to be kept under regular review, and any necessary changes will be brought back to members for consideration.

Reviewing our approach to transformation

16. The new financial context means that the current “Aiming for Excellence” programme needs to be radically reviewed and expanded in order to respond to the new economic landscape. In particular it will need to focus much more on delivering significant efficiency savings from April 2010 onwards, and on driving performance improvements in key service areas.
17. Members will be aware that there is a very real prospect that there may be a new greater Norwich unitary council, probably with effect from 1 April 2011. The transition to a new unitary council will inevitably involve significant change, and a thorough review of how all services might be delivered in a unitary context. There is therefore an opportunity to align the transformation programme with the unitary transition process to ensure that the new unitary council will be more efficient and effective, and financially robust to better withstand the economic downturn if it continues to apply.
18. Officers have already carried out an initial review of the “Aiming for Excellence” programme, and an expanded proposed approach to transformation is summarised at Annex B.
19. This will need to be a radical and significant transformation programme, and it will be important that we secure both internal and external expertise to drive it forward at pace. We are therefore proposing that the programme is overseen and managed by a Corporate Improvement and Efficiency Board (CIEB). The CIEB would have no executive powers, but would have an advisory and challenge role, and would report to both the Corporate Management Team and the Executive.
20. We propose that the CIEB will be chaired by the Leader of the City Council, but

- Councillor Morrey, Deputy Leader, and Sustainable City Development Portfolio Holder
- Councillor Waters, Corporate Resources and Governance Portfolio Holder
- The City Council Chief Executive
- An external “peer” Chief Executive (provided through the Regional Improvement and Efficiency Programme – RIEP)
- A representative from the Improvement and Development Agency (IDeA)
- A representative from GO East A representative from the Audit Commission
- A private sector improvement/transformation specialist (such as Deloitte or PWC or other).

21. Essentially, we are proposing that over the next 3/4 months the CIEB will lead a fundamental review of:

- The vision, priorities and organisational principles of the City Council – to ensure that we understand what local people want in a recession, and are fully geared up to deliver on their priorities
- What services we will deliver, and what we will not – including a rigorous look at the statutory requirements that we must meet, and the discretionary services that local people want
- How we deliver those services – including exploring opportunities for shared services and partnering
- Opportunities for efficiencies – in order to close the budget gap by April 2010
- Opportunities for service improvement – especially in performance in key service areas such as housing and planning
- Performance management – so that there is a real drive to achieve required improvements and efficiencies, and a focus on positive outcomes for local people.

22. We anticipate that this review will culminate in the publication of a range of new strategic documents and plans by the end of July 2009, which will comprise:

- A Medium Term Financial Plan - setting out the financial context and strategy for the 2009-2011 period (see Annex A)
- A new Corporate Plan – setting out our vision and priorities for the 2009-2011 period
- A Transformation Strategy – setting out a range of efficiency and

improvement projects and plans

- A Workforce Strategy – to review our existing personnel policies and procedures, and how we will support staff to deliver the transformation programme.
23. We anticipate that the CIEB will then stay in place to oversee the transformation programme, and will receive monthly reports on progress.
24. The transformation programme will be co-ordinated by the existing City Council transformation team, which has been leading our unitary preparation work. However, this may need to be augmented by some private sector support to ensure external challenge and rigour.
25. Executive is asked to :
- Agree to expand the Aiming for Excellence programme to take full account of the emerging financial climate, and the need to prepare for potential unitary status (See Transformation Programme Overview at Annex B)
 - Agree to establish a Corporate Improvement and Efficiency Board to oversee and drive the corporate transformation programme.

Housing Improvement

26. Executive will be aware that in February 2009 the Audit Commission carried out an inspection of the City Council's Housing Landlord Services.
27. The outcome of the inspection is not due until end April 2009. However, the City Council had previously commissioned a review by the Housing Quality Network (HQN) which had identified a number of areas for improvement.
28. We have therefore been planning ahead to ensure that arrangements are in place early to address the findings of the inspection. Annex C sets out proposals for a Housing Improvement Board, made up of a mixture of internal and external housing experts, who we envisage will drive the improvement programme. Because of the importance of the Housing service to local people, we envisage that the Housing Improvement Board will be a specific and focussed improvement initiative which will sit under the auspices of the Corporate Improvement and Efficiency Board (CIEB) covered earlier in this report.
29. Executive is asked to agree proposals for a Housing Improvement Board to oversee and drive specific improvements in the housing service (Annex C).

NORWICH CITY COUNCIL

MEDIUM TERM FINANCIAL STRATEGY 200/10 - 2013/14

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1 Purpose of the MTFS

The Medium Term Financial Strategy (MTFS) provides the foundation against which the City Council will strive to deliver the best possible value for money in the provision of efficient and cost effective services across the city.

Through the effective management of the Council's financial and other resource strategies it seeks to build upon past achievements as well as provide clear direction to the attainment of the Council's longer-term goals.

The purpose of the Council's Medium Term Financial Strategy is to support the Council's corporate planning process and to indicate the resource issues and principles, which will be used to shape the Council's annual budget development and medium term financial plans. It provides a framework against which the Council will plan and manage its resources to enable the effective delivery of its key plans and strategies aimed at delivering excellent and value for money services to its wide range of stakeholders.

This document sets out the current and projected financial forecasts over a three-year planning timeline to March 2013. Council approved its Revenue and Capital Budgets for 2009/10 on 24 February 2009 and it is these that will form the baseline for the development of projections for annual budgets for 2010/11 and future years.

2 MTFS objectives

The MTFS has one overarching objective, and seven supporting objectives.

- **Overarching** - To enable sustainable funding for the delivery for the Council's strategic vision, its corporate priorities and objectives, while ensuring that the Council offers the citizens of Norwich and the Council's tenant's value for money in the services it delivers. As such the MTFS underpins the Council's Corporate Plan

This overarching objective is supported by the delivery of seven subsidiary objectives - these are:

- **Objective 1** - To produce, balanced and sustainable budgets over the period of the MTFS while ensuring the level of Council Tax increase is kept below 4.0% per annum and the level of housing rents meets the requirements of the national rents restructuring programme
- **Objective 2** - To ensure a continual and sustainable level of reserves and balances which have been risk have been risk assessed and will underwrite the Council's financial standing
- **Objective 3** - To support a level of capital investment required to meet the Council's strategic requirements

- **Objective 4** - By effective management of financial risk ensure that spending is kept within affordable net expenditure levels
- **Objective 5** -To provide effective management of the Council's balance sheet
- **Objective 6** - To proactively seek to reduce costs while maintaining the level of service provided by the Council
- **Objective 7** - To seek to maximise the Council's income flows, by maximising revenue generation from the Council's commercial and quasi-commercial activities, by ensuring the Council optimises its opportunities in gaining external grants and actively seeks to increase the amounts of money (both in financial and % increase terms) it receives from the national governments annual settlement.

3 Corporate context

The Council's strategic vision, its corporate priorities and objectives are set out in the Council's Corporate Plan.

The MTFS is a fundamental building block which underpins the delivery of all the Council's priorities. Diagram 1 below identifies the finance interfaces with the Council's strategic drivers, the key resource strategies and the service planning and budget setting processes. The MTFS has a two way interaction with the Corporate Plan, both being informed by it and also feeding back into the corporate planning process as financial scenarios change.

The MTFS itself drives the key resource strategies and is underpinned by a number service delivery strategies eg waste management. Service plans also link directly to the MTFS and provide the initial basis for the financial estimates used to produce the annual budget. The MTFS sets the financial parameters for the annual budget and also acts as a conduit for how external financial influences impact on the Council.

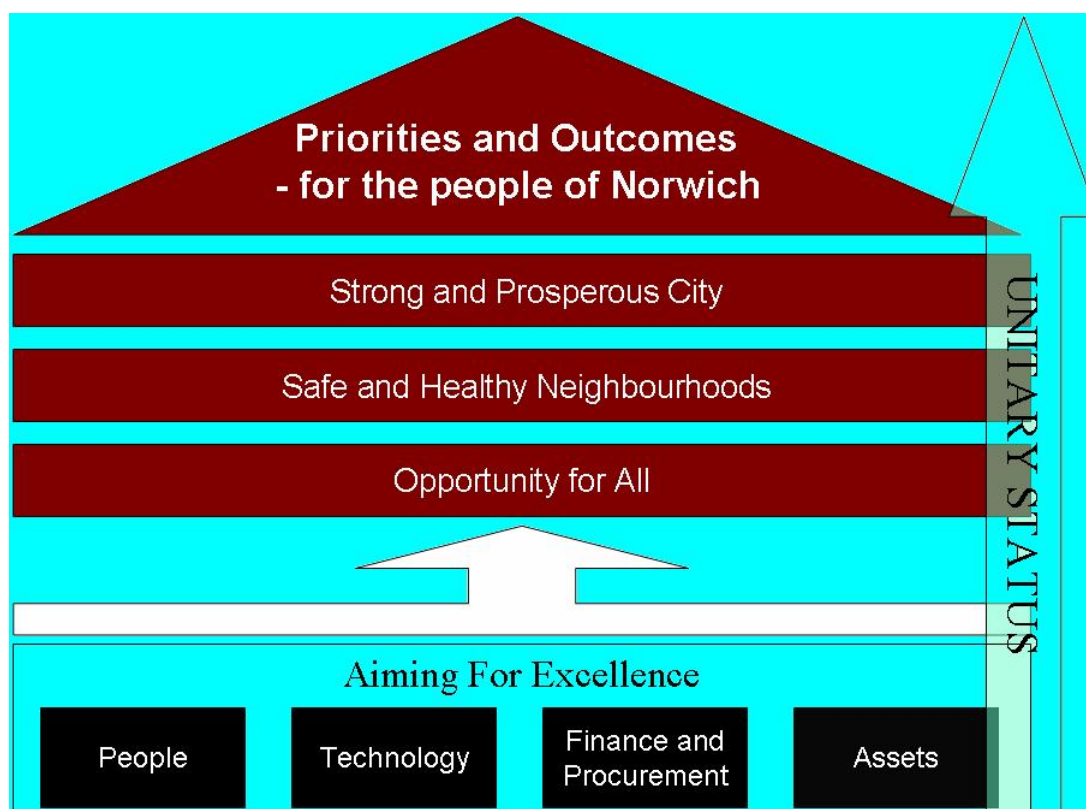


Diagram 1 Norwich City Council Strategic Objectives 2009/2011

4 Key messages/Executive summary

The City Council is facing a very serious financial situation:

- (1) The current economic environment is expected to have a serious impact on the Council's general fund resources over the period of the current strategy. On the assumption that Council tax increases will be at a level of 3.9% the Council will be required to make savings of £7.9 million over the period up to 2013/14. If the Council is to avoid a general fund deficit the majority of these savings will have to be made in the first two years of the strategy.
- (2) It will be necessary to develop a robust delivery plan to achieve the savings targets as any shortfall in the savings target will have a detrimental effect on the Council's reserves position. Our scenario planning shows that a shortfall of £500,000 in 2009/10 plus a further £1,000,000 in 2010/11 will bring the Council close to a general fund deficit.
- (3) An improvement in the national economic position (interest rates coming back to the September 2008 level by 2013/14 and the concessionary fares issue being addressed by 2010/11) will still require significant savings ie £3.520 million in 2010/11 instead of £4.9 million.

- (4) The magnitude of these savings are shown in the two tables below, which show the those costs which the Council can directly influence.

| Expense type | Amount £millions |
|--------------------------|---------------------|
| Employee costs | £25.6 |
| Premises | £11.0 |
| Supplies and Services | £25.2 |
| Transport | £ .4 |
| Total Cost | £62.2 |

The total required savings as a % of total cost above is 12.7%

The income associated with those costs is £25.1 million

- (5) Housing Revenue Account projections up to 2013 based on the 2009/10 budget and the revenue contributions to capital from the housing capital programme, indicate that Housing Revenue Account balance will fall below the statutory officers the S151 officer's recommended level of prudent reserves during 2010/11 financial year and move into deficit in the 2011/12 financial year. This position can be corrected by re-schedule £3.7 million of the revenue contributions to capital
- (6) The recession has clearly affected the non housing capital resources available. A number of capital receipts anticipated in 2008/09 to fund the programme have not materialised. This will continue, and even if offers are made they are often so low they do not give value for money.
- (7) The housing capital programme can be funded over the next five years subject to general fund resources been transferred to the programme.
- (8) The Council's cash and near cash position is projected to show a decline from £28 million at 1 April 2009 to £16.5 million
- (9) During the period covered by this strategy the net worth of the Council will increase by £18 million (this excludes any revaluation of property)

The financial situation will require radical actions to reduce our expenditure. As a first step the City Council has agreed a budget for 2009/10 which identifies £4m of savings and efficiencies, and uses another £4m from reserves to balance the budget.

We recognise that this is a not a sustainable approach, as reserves have now reached levels approaching a prudent base level. We therefore need to take radical steps during 2009/10 to plan major changes to the City Council's services which will need to take effect from 1 April 2010 onwards. Work is already underway to develop an efficiency and transformation programme to bridge the funding gap.

The impact of the economic climate on Norwich City Council

The current recession has had a serious impact on the Council's financial position. Although the Council did not have any investments in Icelandic Banks, it has seen its investment income significantly.

Key areas of negative impact are as follows:

- Loss of £1.5 million arising from the drop in interest rates
- Loss of £300,000 arising from falls in planning application fees and land charges
- Reduced land values mean that the market value of a range of potential development sites around the city has been depressed, leading to less land sale income coming into the Council to support the capital programme
- This situation is not restricted to Council's revenue activities - its non Housing capital programme which is largely funded by capital receipts has seen a falling away of property sales resulting in very limited resources being available for the programme.

In parallel with reduced income levels for the Council, the economic downturn has had a dramatic impact on our citizens. This has translated into greater demand for City Council services such as increased numbers of housing and Council tax benefit payments, pressure on housing services to deal with repossession issues, and greater pressure on the Customer Contact Team.

Other financial impacts

The economic downturn is not the only recent negative impact on the City Council's financial situation. In particular, significant national changes to the concessionary fares policy has meant an additional £1.5m annual cost to the City Council, whilst other councils in Norfolk have largely benefited from the change. We are continuing to lobby Government hard to redress the adverse and unexpected impact of this policy change.

Comprehensive Spending Review 2009

There is a level of uncertainty surrounding the governments intentions regarding CSR 2009. Recent press reports suggest that a normal spending review is unlikely and an annual review maybe re-introduced. Whatever the final position taken by the government the outlook is not very positive. A number of economic commentators are saying the very best that could be expected is a freeze on expenditure in real terms.

Potential budget scenarios 2009-2012

In the light of these changes, we are carefully planning ahead to project our future income levels, and to develop prudent proposals for what services and initiatives we can reasonably afford.

Annex C sets out some potential scenarios for the City Council's revenue budgets over the next few years. Four scenarios are outlined:

- 1) The strategy based on the latest best estimates of future trends which has been used to underpin the 2009/10 budget
- 2) Slippage on savings targets
- 3) Economic improvement
- 4) The impact on savings targets of different levels of Council Tax

It is clear that whilst each of these scenarios reflects differing economic climates, each one remains a difficult prospect for the City Council's budgets.

6 Key supporting resource strategies

The MTFS is an overarching strategy document that sets the high level financial prognosis for the City Council over the next few years. Diagram 2 below shows how the MTFS supports the delivery of the corporate plan objectives, and informs the development of a range of supporting strategies.

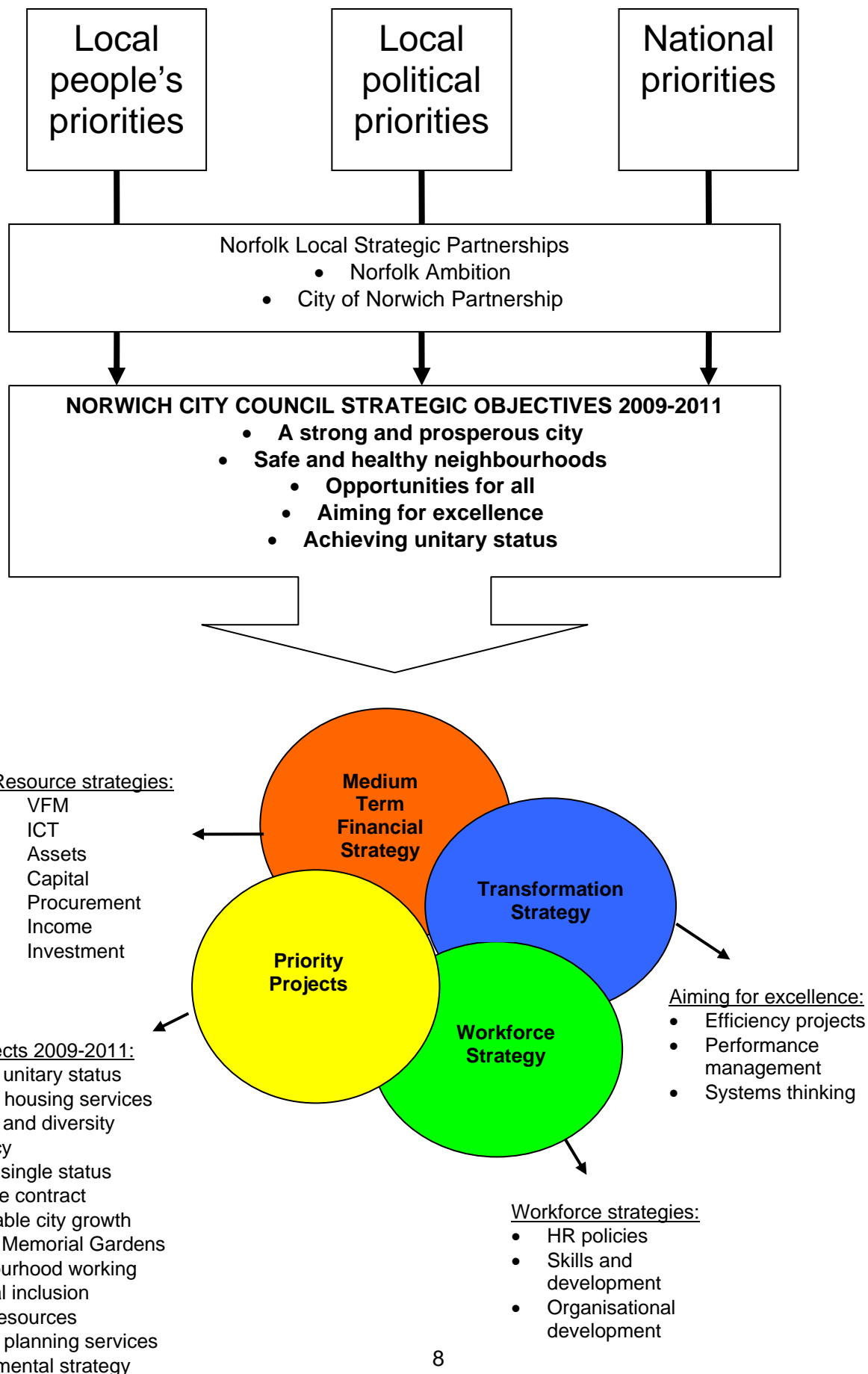


Diagram 2 Key strategies underpinning the corporate plan

Directly underpinning the MTFS is a range of more specific resource strategies that set out more precise details of our approach in key resource areas:

- Value for money strategy
- Council Tax strategy
- Capital strategy
- Asset Management strategy
- Workforce and people strategy
- ICT strategy
- Income maximisation

More details of each of these supporting strategies can be found in Annex B.

7 Conclusion

The MTFS is based on an assumption that the recession will last over the period of the strategy. This may seem pessimistic but the scenario testing used in the strategy demonstrates that the greatest impact will be in the years 2009/10 where the general fund budget requires some £4 million in savings and 2010/11 where £4.8 million is needed. An alternative scenario has been which has an improving economic situation from 2010/11 onwards but even in this situation there is a requirement for substantial savings.

The level of savings identified for the general fund for 2010/11 forwards is substantial (£7.9 million) and represents of the budgetary requirement (31.8% of £24.8 million) and 12.7% of the gross expenditure (£62.2 million) savings of this scale will require a fundamental bottom up review in order to reshape the Council to be able to live within its revised resource envelope

Again as demonstrated in scenarios used (ANNEX C) the greatest risk to being unable to deliver the MTFS is slippage in the savings programme. To mitigate this a dedicated transformation programme is being developed which will be managed by a Corporate Improvement and Efficiency Board (CIEB). The CIEB work programme will be designed to deliver efficiencies and improvements across the whole of the Council's services and where appropriate implement new service delivery models.

The housing revenue account is also at risk of its balances falling below the recommended prudent level of reserves. But as the operating expenditure risks are lower for the housing revenue account than the general fund it will be possible to address this issue by re-scheduling the use of revenue to fund capital expenditure

The general fund capital programme is mainly funded by capital receipts. The income from the source has virtually dried up as a consequence of the recession and if the Council wishes to continue its programme even at significantly reduced level it will be necessary to find alternative funding sources.

The cash resources of the Council will fall over the period of the strategy as a consequence of using reserves to support both revenue and capital budgets.

ANNEX A MEDIUM TERM FINANCIAL PLANNING PROCESS

A district council can deal with some 40 to 60 different types of services which can be broken down into twenty to thirty strategic business units each with its own range of key corporate objectives. A significant number of these services can be subject to a range of uncertainties which may happen over a short time scale and can relate to legislation, changes in government policy, government initiatives, losing or gaining external funding as well as the normal range of business risks and as such will impact on the Council's corporate plan.

The approach used by Norwich City Council to its medium term financial strategy is designed to address the above complexities and uncertainties. The strategy is made up of two key elements (1) a high level strategy document which is approved by members and (2) a dynamic model which allows for scenario testing and provides a range of analysis outputs eg financial resource by service, by Council priority and BVACOP structure and subjectively. The base data that is used in the strategy model is current years annual budget, the plan is reviewed annually as part of the service planning and budget setting process and is reassessed and updated throughout the year to reflect significant changes that may impact on Council. This allows for shorter term impacts of unplanned events to be measured and their longer term implications understood, enabling corrective actions to be taken that ensure adequate resourcing of the Council's future plans.

There are a number of parameters that underpin the MTFS which are within the control of the Council. The main ones are :-

- 1) are the level of council tax (although there is a control government imposed upper limit of a 5% increase) (*Objective 1*)
- 2) the level of reserves that the council considers prudent to hold (both on the General Fund and the HRA) (*Objective 2*)
- 3) the level of housing rents (*Objective 1*)
- 4) the councils capital programmes both general fund and housing (*Objective 3*)

External to the council there is a range of factors that will affect the amount of money the council has available to pursue its priorities. These include the general rate of inflation, annual pay settlement, interest rates and new government initiatives. The council may also be effected by internal factors e.g. budget overspend or efficiency savings and its ability to generate external income. (*Objective 1*) (*Objective 6*)(*Objective 7*).

The Council will have to consider its balance sheet position its levels of working capital, needs for short term borrowing, will it be necessary to support the capital strategy with prudential borrowing and its levels of long and short term monetary investments (*Objective 3*), (*Objective 5*)

The council can also be affected by risk that may reduce its spending levels, e.g. risks associated with interest rate movements (*Objective 4*).

By feeding all these factors into the financial model it is possible to identify the key financial drivers for the Council over the medium term. These can expressed in the amount of net savings required to produce a sustainable and balanced budget over a number of years while maintaining a prudent level of reserves. In certain circumstances a surplus may be generated that could result in the strengthening reserves, reducing council tax, investing in services or increased capital expenditure (*Objective 1*) (*Objective 2*).

On determining this position it is then necessary to identify the financial resource requirements needed to deliver the Council priorities, both for revenue and capital. These are input into the model which will then calculate the levels of savings and efficiencies required together with borrowing levels so the Council's priorities and objectives can be resourced (*Objective 1*)(*Objective 3*).

By using an iterative process it is then possible to examine a number of strategies by changing parameters, amending funding requirements or looking for alternative methods of delivery. This will enable the Council to determine the optimum financial strategy for delivering its objectives. The iterative process can be used to test risk scenarios, measure risk impact and develop mitigation procedures (*Objective 1*) (*Objective 2*) (*Objective 5*)(*Objective 7*).

The model can then be used throughout the financial year to understand the impact of any changes to the agreed parameters and provide the base for annual updating of the MTFS. (*Objective 5*)

The model allows for the setting of balance sheet management parameters enabling the Council to set targets for optimum cash management and use of assets. (*Objective 6*).

ANNEX B THEMES, VALUE FOR MONEY STRATEGY, COUNCIL TAX STRATEGY AND SUMMARIES OF RESOURCE STRATEGIES

Themes

Diversity and Equality impacts

Although the strategy itself has no direct impacts actions and policies it underpins will have and when using the strategy to develop specific plans diversity and equality impacts must be considered. A typical example would be the annual budget round, where a full equality is needed for all budgetary changes.

Partnerships

The Council reviews all its partnership arrangements on an annual basis this review is based on a scorecard approach and includes both financial and non-financial risks to the Council. The results of this review are considered as part of the annual budget setting and then where appropriate inform the MTFS

Value for Money (VFM)

The VFM strategy forms parts of the MTFS and is described below:

Value for Money Strategy

This strategy recognises the Council's need to have demonstrated continuous improvement in its delivery of the 3E's (Economy, Efficiency and Effectiveness).

In our service planning we achieve this by:

- 1) Understanding our costs both in total and unit level
- 2) Comparing our costs with others and using this comparison as a challenge to our expenditure levels.
- 3) Understanding the external factors that impact on our costs levels e.g. deprivation and being a regional capital
- 4) Understanding our performance and the drivers that underpin that performance
- 5) Proactively seeking to learn from the results of service inspections

In our strategic planning we achieve this by:

- 6) Having effective linkages between our spending and our priorities
- 7) Undertaking regular consultations with the community and our stakeholders to understand their expectations from the services the Council provides
- 8) Understanding the longer term costs implications of investment programmes and partnership working both in terms of revenue and capital

In our financial management we achieve this by:

- 9) Council's Capital Programme Board effectively planning, funding and managing our capital programme
- 10) Using the Council's annual review and budget challenge process "star chamber" to assess value for money in Council services and challenge managers to improve their efficiency levels
- 11) Setting annual and medium term targets for efficiency gains as part of our service planning process
- 12) Monitoring to achievement of those efficiency gains
- 13) Monitoring expenditure and revenue throughout the year

In our procurement processes we achieve this by:

- 14) Having effective procurement processes that enable value for money to be assessed by:
 - Making savings
 - Using a whole life approach to procurement decisions
 - Effectively using partnerships
 - Understanding supply markets, with consideration to qualitative issues

In our performance management we achieve this by:

- 15) Using ICT to improve the delivery of value for money
- 16) Understanding our performance and the drivers that underpin that performance
- 17) Comparing our performance with others and looking for best practice

Council Tax Strategy

The Council can, within the constraints of national government policy (currently council tax increases must be less than 5%) plan its level of council tax and develop a council tax strategy for a number of years. But any strategy for council tax levels needs to be set in the context of the gearing impact on council tax.

Council Tax represents only a minority part of the Council's general fund income. Fig (2) below shows that for every £6.40 of what the Council receives only £1 comes from Council Tax (100/15.6). This means that if annual increases in central government grant and fees and charges are less than the inflationary increases in the Councils costs then this increase will fall directly on the Council Tax element of income and result in an sevenfold percentage increase in Council Tax for every % point difference between the inflationary increases income and costs.

For 2007/08 this difference is 1.31%, multiplying this by 6.4 gives a figure of 8.4%, this is the percentage increase required in Council Tax to maintain a no change position at current cost levels.

This means that any increase in Council Tax below this figure will either require use of reserves, cost reductions, increases in income or a combination of them to balance the budget.

The Council Tax Strategy is based on setting Council Tax at a sustainable level while meeting the national governments capping constraints. The recommended level of increases is shown below and the impact of alternative levels of increase is shown in the section on financial projections.

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|------------------------------|---------|---------|---------|---------|
| Annual Council Tax increases | +3.9% | +3.9% | +3.9% | 3.9% |

Summaries of resource strategies

Capital Strategy

The Council's Capital Strategy plays a key part in delivering the overall vision, objectives and priorities of the Council.

Capital Strategy provides the framework for both the Council's general fund capital plan and the HRA capital plan. The Council has a capital programme board that has put management arrangements in place to ensure that capital investment opportunities are properly appraised, approved and implemented in the appropriate manner, with the appropriate control and monitoring.

Strategy for investment in Asset Management

The Asset Management Plan, approved in January 2009, identified several investment requirements that are necessary to protect the Council's Asset Portfolio, and the income stream derived from it, as well as to meet other strategic requirements for development.

The budget required to bring the current portfolio at least into the B3 category and maintain it at level was estimated in the table below, however some property will either be improved by others or recommended for disposal which will reduce the requirements. The 2007/08 budget totalled £1.6m, with £900,000 as revenue and £700,000 charges to capital.

| Year | £ to bring to B3+ | £ to maintain at B3+* |
|-----------|-------------------|-----------------------|
| 2008/09 | £8.5m | |
| 2009/10 | | £2.1m |
| 2010/2011 | | £0.5m |
| 2011/2012 | | £0.5m |
| 2012/2013 | | £1m |

Procurement Strategy

When procuring goods, works and services Norwich City Council will seek to ensure Value for Money by evaluating bids based on the Most Economically Advantageous Tender taking in to account the whole life costs of the procurement. All procurements will balance the cost of procurement with the quality of goods, works and services delivered and how these meet the objectives of Norwich City Council.

It is anticipated that this strategy will contribute 50% of the savings required to meet the CSR 2007 requirement for 3% savings of the net revenue budget, which for Norwich is £750,000 pa

Resource impacts of the procurement strategy are expected to be region of

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|---|---------|---------|---------|---------|
| Projected savings from improved procurement processes | 375,000 | 375,000 | 375,000 | 375,000 |

People Strategy

The current People Plan was in an environment which enabled it to focus on the development of staff, managing change and meeting the Council's future work force needs. A basic assumption underpinning this strategy was the economic environment pre September 2008, this position has dramatically changed and the People Plan is now being re-designed to address the Council's human resource planning and requirements in the current recession

ICT Strategy

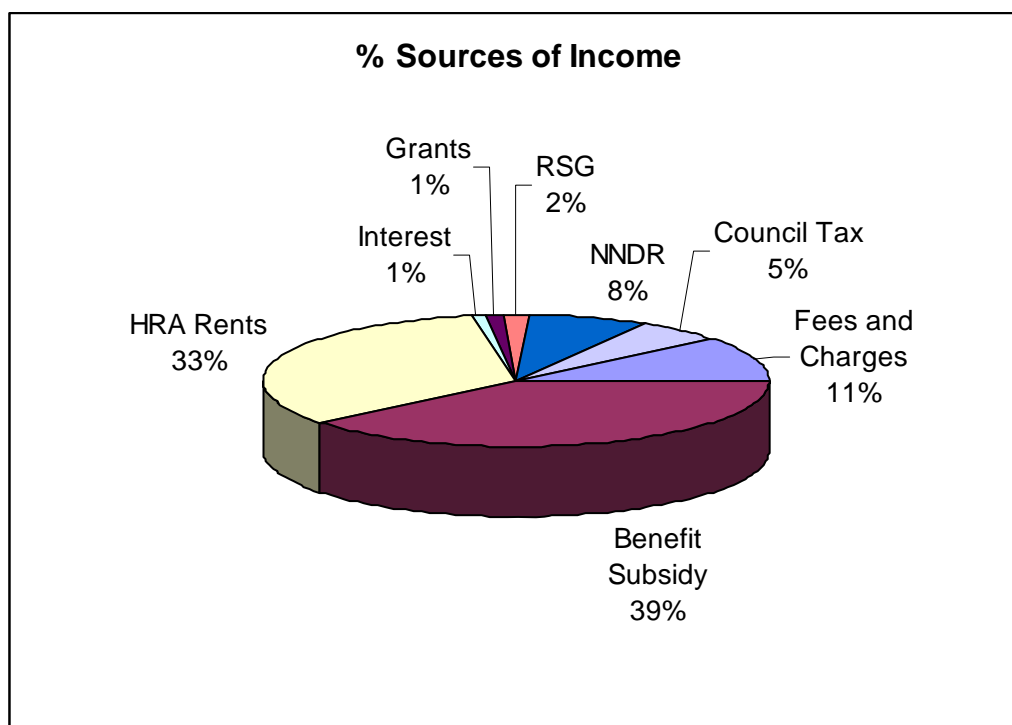
The purpose of the ICT Strategy is summarised below

- to set out those key corporate actions and developments that will enable the City Council to meet its target(s) and realise its vision,
- to exploit the emerging technologies and key developments to achieve Best Value,
- to outline the resources available over the life of the strategy,
- to create a framework that staff and managers can relate to, influence and plan within for local and service area development.

The Medium Term Financial Strategy provides a financial framework to support the achievement of the Council's strategic objectives. All ICT Strategic decisions must therefore be taken with this financial framework in mind. At present with the decision on the unitary re-organisation being so close it has been decided that all ICT, as with a range of other projects must be self financing within two years, the anticipated date for unitary status. Therefore having a neutral impact on the MTFS

Income maximisation strategy

The sources of income the Council receives including Council Tax are shown below.



Expressed in monetary terms these income sources are

| | |
|--|-----------------------|
| Revenue Support Grant | £ 2.95 million |
| Nation Non Domestic Rate | £12.80 million |
| Council Tax | £ 8.84 million |
| Other grants | £ 1.84 million |
| Interest from investments | £ 1.21 million |
| Fees, charges commercial rents and parking | £ 18.26 million |
| Benefit subsidy | £ 65.62 million |
| HRA Rents | £54.88 million |
| Total income generated | £166.4 million |

In addition to the above the Council runs the Highways Agency for the City which has a throughput of £5.8 million

Of the above sources of income the following will be reviewed in order to determine if there are maximisation opportunities, interest from investments and fees and charges (£19.47 million in total) A 2.5% increase in real terms for these revenue streams would yield an additional £487,000 pa.

Included in the £18.26 million for fees and charges is £4.3 million for car parking and £4.6 million for commercial rents

The HRA rental figure is made up of £48.6 million dwelling rents, £5.3 million other rents and service charges and £1 million other income.

Other grants should be targeted to increase although this most cases will have a neutral effect on net costs it will bring amount a grater added value to Council services.

Setting of general fund fees and charges are, through the Constitution, delegated to Heads of Service, who are required to “review and set fees and charges for services which are their responsibility at least annually”.

The Council’s treasury management team will continue to seek to maximise interest earned from investments in what is a very difficult market, while recognising the need for prudence, the levels of risk in the market and the markets weaknesses

Many of the main income generating services are demand driven eg. parking fees, investment property rents and planning application fees. And are vulnerable to economic downturn. The Council will monitor this position closely to ensure that when opportunities arise to improve income they are taken.

Housing Rents will, subject to Member decisions, be set in line with the government’s rent restructuring policy. This will ensure that rent income (net of guideline rent clawback) is set at fair and affordable levels.

Housing Service Charges to tenants will be set to recover the costs of the services provided, subject to the government’s limit to annual increases of RPI + 0.5%. The levels of costs and charges will be reviewed annually, in consultation with tenants.

Housing Service Charges to leaseholders will be calculated in accordance with the terms of the relevant lease. Section 125 notices and Section 20 consultation will be diligently carried out to ensure that recoverable expenditure is fully identified.

Housing Subsidy entitlement will be maximised by accurately calculating and reclaiming the costs of caps, limits, and/or ceilings on annual rent increases.

We will seek to identify services provided to groups of tenants which could be unpooled from rent, in order to maximise income from tenants and through Housing Subsidy. Similarly, when considering service improvements, we will consider whether a new service charge levied on

tenants benefiting would be fair and appropriate. In both cases we will ensure that Housing Benefit entitlements are maximised and encourage take-up.

ANNEX C GENERAL FUND REVENUE PROJECTIONS

Background

For the Councils budgetary position to be sustainable over a period of years the cost and income structures must be such that there is (a) no need draw on reserves to support council tax and (b) that reserves can be maintained at the level the S151 Officer considers prudent, see objective 3 for an assessment of the prudent level of reserves

It should be noted that there are a number risks, which can have a negative impact on the sustainability of the budgetary position

The most significant of these are

Inflation rates and interest rates

These are outside the control of the Council. An allowance for anticipated rates of inflation and interest rates has been built into the five year projections and the recommended level of prudential reserves allows for the risk of the inflation rates being greater than the projected level. See financial assumptions below for projected inflation rates

Budgetary overspends

This is an operational risk to the Council and it has been built into the prudent level of reserves

Efficiency savings and fees and charges

The decision to make efficiency savings or increase/decrease fees and charges is within the control of the Council and these have been built into the projections, the risk of failing to make the saving or achieving income targets is allowed for within the prudent reserves.

Service growth and reductions

These are decisions of the Council although there maybe a slight risk of delays this is not considered significant enough to include as part of the reserves

Slippage in capital receipts

The funding of the Council's capital programme is dependant on a small number of large capital receipts, any slippage in these may result in a requirement for temporary borrowing, or delay in implementing capital projects, the financial risk being the cost of temporary borrowing or loss of investment interest.

Future borrowing

Should a requirement occur for future long term borrowing, this will be made within the prudential borrowing regime which will require the potential impact on Council Tax to be clearly demonstrated.

It should be noted that at present interest rates the cost of borrowing a £1million for general fund projects over twenty years will cost approximately £90,000 - 4% interest and 5% minimum revenue provision.

General Fund projections

The projections for the general fund are underpinned by the three medium term objectives listed below. Members may choose any particular option but should key assumptions change then an alternative option can be chosen.

Objective 1 - To produce, balanced and sustainable budgets within the Council's policy for reserves and its projected levels of Council Tax

Objective 6 - To proactively seek to reduce costs while maintaining the level of service provided by the Council

Objective 7 - To seek to maximise the Council's income flows, by maximising revenue generation from the Council's commercial and quasi-commercial activities, by ensuring the Council optimises its opportunities in gaining external grants and actively seeks to increase the amounts of money (both in financial and % increase terms) it receives from the national governments annual settlement.

Key assumptions used in general fund projections

- (a) there will be no major change to the basis under which tax is levied over the next four years (should any changes occur the strategy will be modified to reflect them)
- (b) a four year projection forward based current budget levels, annual council tax increases of 3.9%
- (c) inflationary cost pressures are expected to be greater than inflationary increases in grants, fees and charges and other income
- (d) employee cost inflation is allowed for at the rate of 4.3% per annum made as follows annual wage settlement 2.5% p.a., growth in employer pension contributions 1.3% p.a. and wages drift 1% p.a.
- (e) increases in fees and charges are set at an average of 3% p.a.
- (f) other costs at 4% p.a.
- (g) the return on investments has assumed at an average rate of 2%
- (g) Government Grants (RSG and NNDR) to rise by in accordance with the latest settlement 1.1% 2009/10 then at 1.0% per annum
- (h) A minimum of 3.0% cashable efficiency savings will be achieved each year in line.
- (j) The cost structure used in establishing the start point for the medium term financial plan is based on the data used in the 2008/09 budget and is shown in

Three scenarios are outlined below

- (1) The strategy based on the latest best estimates of future trends which has been used to underpin the 2009/10 budget.
- (2) Slippage on savings targets
- (3) Economic improvement
- (4) The impact on savings targets of different levels of Council Tax

**2009-10 Budget Option
Projection**

Scenario 1

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|-----------------------------------|-----------------|----------------|----------------|-----------------|-----------------|
| Revenue Costs | 119,697.3 | 116,735.0 | 117,279.7 | 118,559.1 | 119,826.3 |
| Fees and Charges | -92,153.4 | -92,634.9 | -93,126.0 | -93,626.9 | -94,137.8 |
| Investment Income | -1,200.0 | -1,074.0 | -822.0 | -878.0 | -878.0 |
| Interest Paid and MRP | 2,672.2 | 2,672.2 | 2,672.2 | 2,672.2 | 2,672.2 |
| RSG and NNDR | -15,741.0 | -16,023.4 | -16,273.0 | -16,514.8 | -16,761.7 |
| Funding Requirement | 13,275.1 | 9,675.0 | 9,731.0 | 10,211.7 | 10,721.0 |
| Use of balances + collection fund | -4,437.6 | -400.0 | 0.0 | 0.0 | 0.0 |
| Council Tax requirement | 8,837.5 | 9,275.0 | 9,731.0 | 10,211.7 | 10,721.0 |
| Projected % growth in Council Tax | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| Council Tax precept | 8,837.5 | 9,275.0 | 9,731.0 | 10,211.7 | 10,721.0 |
| Band D equivalent properties | 39,997.0 | 40,397.0 | 40,800.0 | 41,208.0 | 41,620.1 |
| Council Tax Level | 220.95 | 229.60 | 238.50 | 247.81 | 257.59 |
| Revenue balances | 4,415.4 | 4,015.4 | 4,015.4 | 4,015.4 | 4,015.4 |

Target % Council Tax movement

Target Council Tax Band D

Reductions required one off

Reductions required continuous

Adjustments to provisions and balances

| | | | | |
|---------------|---------------|---------------|---------------|---------------|
| 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| 220.95 | 229.57 | 238.52 | 247.83 | 257.49 |
| 0 | | | | |
| 0 | -4855 | -1420 | -760 | -850 |
| 4,250.6 | 400.0 | 0.0 | 0.0 | 0.0 |

Implications of not meeting savings targets

The scenario 2a below assumes a shortfall in finding savings of £500,000 in 2009/10 and £1,000,000 in 2010/11. This will result in the Council falling below its prudential reserve level in 2010/11 and still requiring to deliver £8.4 million savings between 2010/11 and 2013/14 . Scenario 2b is based on maintaining a prudent level of reserves but achieve this the slippage has been limited £500,000 in 2009/10 the overall savings target remains the same.

Five year financial projections General Fund Scenario 2a

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|-----------------------------------|-----------------|-----------------|----------------|-----------------|-----------------|
| Revenue Costs | 120,197.3 | 117,735.0 | 117,279.7 | 118,559.1 | 119,826.3 |
| Fees and Charges | -92,153.4 | -92,634.9 | -93,126.0 | -93,626.9 | -94,137.8 |
| Investment Income | -1,200.0 | -1,074.0 | -822.0 | -878.0 | -878.0 |
| Interest Paid and MRP | 2,672.2 | 2,672.2 | 2,672.2 | 2,672.2 | 2,672.2 |
| RSG and NNDR | -15,741.0 | -16,023.4 | -16,273.0 | -16,514.8 | -16,761.7 |
| Funding Requirement | 13,775.1 | 10,675.0 | 9,731.0 | 10,211.7 | 10,721.0 |
| Use of balances + collection fund | -4,937.6 | -1,400.0 | 0.0 | 0.0 | 0.0 |
| Council Tax requirement | 8,837.5 | 9,275.0 | 9,731.0 | 10,211.7 | 10,721.0 |
| Projected % growth in Council Tax | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| Council Tax precept | 8,837.5 | 9,275.0 | 9,731.0 | 10,211.7 | 10,721.0 |
| Band D equivalent properties | 39,997.0 | 40,397.0 | 40,800.0 | 41,208.0 | 41,620.1 |
| Council Tax Level | 220.95 | 229.60 | 238.50 | 247.81 | 257.59 |
| Revenue balances | 3,915.4 | 2,515.4 | 2,515.4 | 2,515.4 | 2,515.4 |

Target % Council Tax movement

Target Council Tax Band D

Reductions required one off

Reductions required continuous

Adjustments to provisions and
balances

| | | | | |
|---------------|---------------|---------------|---------------|---------------|
| 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| 220.95 | 229.57 | 238.52 | 247.83 | 257.49 |
| 0 | | | | |
| 500 | -4355 | -2420 | -760 | -850 |
| 4,750.6 | 1,400.0 | 0.0 | 0.0 | 0.0 |

Five year financial projections General Fund Scenario 2b

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|-----------------------------------|-----------------|----------------|----------------|-----------------|-----------------|
| Revenue Costs | 120,197.3 | 116,335.0 | 117,279.7 | 118,559.1 | 119,826.3 |
| Fees and Charges | -92,153.4 | -92,634.9 | -93,126.0 | -93,626.9 | -94,137.8 |
| Investment Income | -1,200.0 | -1,074.0 | -822.0 | -878.0 | -878.0 |
| Interest Paid and MRP | 2,672.2 | 2,672.2 | 2,672.2 | 2,672.2 | 2,672.2 |
| RSG and NNDR | -15,741.0 | -16,023.4 | -16,273.0 | -16,514.8 | -16,761.7 |
| Funding Requirement | 13,775.1 | 9,275.0 | 9,731.0 | 10,211.7 | 10,721.0 |
| Use of balances + collection fund | -4,937.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Council Tax requirement | 8,837.5 | 9,275.0 | 9,731.0 | 10,211.7 | 10,721.0 |
| Projected % growth in Council Tax | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| Council Tax precept | 8,837.5 | 9,275.0 | 9,731.0 | 10,211.7 | 10,721.0 |
| Band D equivalent properties | 39,997.0 | 40,397.0 | 40,800.0 | 41,208.0 | 41,620.1 |
| Council Tax Level | 220.95 | 229.60 | 238.50 | 247.81 | 257.59 |
| Revenue balances | 3,915.4 | 3,915.4 | 3,915.4 | 3,915.4 | 3,915.4 |

Target % Council Tax movement

Target Council Tax Band D

Reductions required one off

Reductions required continuous

Adjustments to provisions and
balances

| | | | | |
|---------------|---------------|---------------|---------------|---------------|
| 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| 220.95 | 229.57 | 238.52 | 247.83 | 257.49 |
| 0 | | | | |
| 500 | -5755 | -1020 | -760 | -850 |
| 4,750.6 | 0.0 | 0.0 | 0.0 | 0.0 |

An assumption is made in scenario 3 that interest rates will improve to 6% pa by 2013/14 and that concessionary fares position will be satisfactorily resolved during 2010/11. This position still shows a need achieve savings of £5.5 million over the next 5 years.

Five year financial projections General Fund Scenario 3

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|-----------------------------------|-----------------|----------------|----------------|-----------------|-----------------|
| Revenue Costs | 119,697.3 | 116,737.0 | 117,287.6 | 118,986.8 | 120,462.5 |
| Fees and Charges | -92,153.4 | -92,634.9 | -93,126.0 | -93,626.9 | -94,137.8 |
| Investment Income | -1,200.0 | -1,074.0 | -822.0 | -1,298.0 | -1,508.0 |
| Interest Paid and MRP | 2,672.2 | 2,672.2 | 2,672.2 | 2,672.2 | 2,672.2 |
| RSG and NNDR | -15,741.0 | -16,023.4 | -16,273.0 | -16,514.8 | -16,761.7 |
| Funding Requirement | 13,275.1 | 9,677.0 | 9,738.9 | 10,219.4 | 10,727.2 |
| Use of balances + collection fund | -4,437.6 | -400.0 | 0.0 | 0.0 | 0.0 |
| Council Tax requirement | 8,837.5 | 9,277.0 | 9,738.9 | 10,219.4 | 10,727.2 |
| Projected % growth in Council Tax | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| Council Tax precept | 8,837.5 | 9,277.0 | 9,738.9 | 10,219.4 | 10,727.2 |
| Band D equivalent properties | 39,997.0 | 40,397.0 | 40,800.0 | 41,208.0 | 41,620.1 |
| Council Tax Level | 220.95 | 229.65 | 238.70 | 247.99 | 257.74 |
| Revenue balances | 4,415.4 | 4,015.4 | 4,015.4 | 4,015.4 | 4,015.4 |

Target % Council

Tax movement

Target Council Tax Band D

Reductions required one off

Reductions required continuous

Adjustments to provisions and balances

| | | | | |
|---------------|---------------|---------------|---------------|---------------|
| | | | | |
| 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| 220.95 | 229.57 | 238.52 | 247.83 | 257.49 |
| 0 | | | | |
| 0 | -3250 | -1375 | -300 | -600 |
| 4,250.6 | 400.0 | 0.0 | 0.0 | 0.0 |

ANNEX D

| Housing Revenue I & E Account | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---|----------|-----------|----------|----------|----------|
| | - | | - | - | - |
| Dwelling rents | 48575.6 | -49547.1 | 50538.1 | 51548.8 | 52579.8 |
| Garage & Other Property Rents | -2166.1 | -2209.4 | -2253.6 | -2298.6 | -2344.6 |
| Service Charges – General | -3177.2 | -3240.7 | -3305.6 | -3371.7 | -3439.1 |
| Miscellaneous Income | -95.1 | -97.0 | -98.9 | -100.9 | -102.9 |
| Service Charges - District Heating | -29.2 | -29.7 | -30.3 | -30.9 | -31.6 |
| Amenities shared by whole community | -836.2 | -836.2 | -836.2 | -836.2 | -836.2 |
| | - | | - | - | - |
| Total Income | 54,879.3 | -55,960.1 | 57,062.6 | 58,187.1 | 59,334.2 |
| | | | | | |
| Repairs & Maintenance | 14067.1 | 14361.0 | 14662.3 | 14971.2 | 15287.9 |
| General Management | 9936.5 | 10193.2 | 10461.2 | 10740.9 | 11032.8 |
| | | | | | |
| Rents, Rates, & Other Property Costs | 90.2 | 92.5 | 94.8 | 97.2 | 99.6 |
| Special Services | 7009.7 | 7224.1 | 7446.2 | 7676.3 | 7914.8 |
| Housing Subsidy | 6383.2 | 6383.2 | 6383.2 | 6383.2 | 6383.2 |
| Adjustments & Financing Items | 4665.2 | 4665.2 | 4665.2 | 4665.2 | 4665.2 |
| | | | | | |
| Depreciation & Impairment | 10192.6 | 10192.6 | 10192.6 | 10192.6 | 10192.6 |
| Provision for Bad Debts | 150.0 | 154.5 | 159.1 | 163.9 | 168.8 |
| | | | | | |
| Total Expenditure | 52,494.5 | 53,266.3 | 54,064.6 | 54,890.5 | 55,744.9 |
| | | | | | |
| Net cost of HRA Services | -2,384.7 | -2,693.8 | -2,998.0 | -3,296.7 | -3,589.2 |
| | | | | | |
| | | | | | |
| Interest Received | -192.9 | -196.7 | -200.6 | -204.7 | -208.7 |
| | | | | | |
| (Surplus) or deficit for year on HRA services | -2,577.6 | -2,890.6 | -3,198.6 | -3,501.3 | -3,798.0 |

Statement of Movement on HRA Balance

| | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| (surplus) or deficit on the HRA I & E | -2,577.6 | -2,890.6 | -3,198.6 | -3,501.3 | -3,798.0 |
| Depreciation | | | | | |
| Rev Contribs to Capital | 6,002.0 | 6,192.0 | 6,192.0 | 4,192.0 | 4,192.0 |
| Net additional amount required by statute to be debited or (credited) to the HRA balance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (increase) or decrease in the HRA bal | 3,424.4 | 3,301.4 | 2,993.4 | 690.7 | 394.0 |
| HRA Surplus brought forward | 8,745.0 | 5,320.6 | 2,019.1 | -974.2 | -1,664.9 |
| HRA surplus carried forward | 5,320.6 | 2,019.1 | -974.2 | -1,664.9 | -2,059.0 |

ANNEX E RESERVES

Objective 3 - To ensure a continual and sustainable level of reserves and balances which will underwrite the Council's financial standing

The prudent level of reserves for the Council is set at the risk assessed level recommended at by the S151 Officer at the budget setting Council

Risks

In the budget setting process the main risks considered included:

- Payroll inflation
- Failure to hit income targets
- Fall in interest rates
- Unplanned revenue expenditure on capital projects
- Unplanned legal costs
- Property repairs
- Shortfall on the Council's vacancy management target
- General inflation
- Failure to manage revenue budgets

These risks are assessed on an annual basis but, when considered in a five year timescale, may be viewed differently, e.g. interest rates may move down in the short term but when viewed over a five year period the trend would suggest no significant movement. Equally, the probability of a significant adverse event occurring in any one year may be low but when considered over five years the probability of this happening becomes the sum of the annual probabilities.

Sensitivity tables (General Fund only)

Council Tax

The table below shows the savings required for different levels of Council Tax increase over each of the next four years this shows the for each reduction of 1% in the rate of increase in council tax this will increase the required savings needed over the four year period by £350,000 to £400,000 or £90,000 to £100,000 per annum.

Savings required to meet alternative levels of Council Tax increase £'000's

| % increase | 2009/10 | 2010/11 | 2011/12 | 2012/13 | Total |
|------------|---------|---------|---------|---------|-------|
| 4.9% | 1915 | 5452 | 1322 | 800 | 9489 |
| 3.9% | 2000 | 5552 | 1422 | 920 | 9894 |
| 2.9% | 2080 | 5642 | 1525 | 1030 | 10277 |
| 1.9% | 2170 | 5732 | 1620 | 1130 | 10652 |
| 0.0% | 2330 | 5900 | 1800 | 1310 | 11340 |

Impact of % changes in costs and income considered at risk

| Expenditure and income at risk | | % movement | | | | |
|-----------------------------------|----------|------------|-------|-------|-------|---------|
| | | | | | | |
| | £'000's | 1% | 2% | 3% | 4% | 5% |
| | | | | | | |
| Employee Costs | 24,000.0 | 240.0 | 480.0 | 720.0 | 960.0 | 1,200.0 |
| | | | | | | |
| Premises and related expenditure | 8,179.0 | 81.8 | 163.6 | 245.4 | 327.2 | 409.0 |
| | | | | | | |
| Transport and related expenditure | 730.0 | 7.3 | 14.6 | 21.9 | 29.2 | 36.5 |
| | | | | | | |
| Supplies and services | 16,365.0 | 163.6 | 327.3 | 490.9 | 654.6 | 818.2 |
| | | | | | | |
| Income | 12,000.0 | 120.0 | 240.0 | 360.0 | 480.0 | 600.0 |
| | | | | | | |
| Revenue Support Grant | 2951.9 | 29.5 | 59.0 | 88.6 | 118.1 | 147.6 |
| | | | | | | |
| National Non Domestic Rates | 12789.1 | 127.9 | 255.8 | 383.7 | 511.6 | 639.5 |
| | | | | | | |

Risk assessed reserves general fund

Risk estimates

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

Calculation of General Fund prudential reserve estimate

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

Housing Revenue Account Risk Profiles

Because of its ring fenced and rental incomes the housing revenue account is considered less vulnerable to major fluctuations over time and the 2009/10 risk reserves estimate is applied to the next four years

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

Estimate of prudent level of HRA reserves 2009/10

Page 1/2

| <u>Description</u> | <u>Level of risk</u> | <u>Amount at risk</u> | <u>Risk</u> |
|---|----------------------|-----------------------|------------------|
| Employee Costs | <i>High</i> | 6,532,840 | 32,664 |
| Supplies and Services | <i>High</i> | 2,167,595 | 5,419 |
| Premises Costs | <i>High</i> | 4,072,720 | 10,182 |
| Transport Costs | <i>High</i> | 200,410 | 501 |
| Contracted Services | <i>Medium</i> | 11,573,784 | 86,803 |
| Fees and Charges | <i>Medium</i> | 1,315,360 | 19,730 |
| Investment Income | <i>Medium</i> | 192,500 | 5,775 |
| Rents & Service Charges | <i>Low</i> | 54,140,814 | 135,352 |
| Subsidy & Finance Items | <i>Medium</i> | 20,686,000 | 41,372 |
| Total One Year Operational Risk | | | 337,799 |
| Allowing three years cover on operational risk | | | 1,013,396 |
| Balance Sheet risk | | | |
| Issues arising from Annual Governance Report | | | 0 |
| General Risk | | | |
| Unforeseen events | | | 1,500,000 |
| ESTIMATED REQUIRED LEVEL OF HRA RESERVES | | | 2,513,396 |

ANNEX F CAPITAL PROGRAMMES

Objective 4 - To support a level of capital investment required to meet the Council's strategic requirements.

Non-Housing Capital Programme

The Non Housing Capital Plan and Capital Programme

1. The forecast only looks forward until 2011/12 as the programme will be affected by both a decision regarding Unitary Status and any changes in the economic climate.

Table 2 – Non Housing Capital Resources

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

2. The recession has clearly affected the resources available. A number of Capital Receipts anticipated in 2008/09 to fund the programme have not materialised. This will continue, and even if offers are made they are often so low they do not give value for money.
3. There are a number of strategic risks identified that might impact the Non Housing Capital Plan, and an assessment of these risks is made later in this report.

Non Housing Capital Plan 2009/10 to 2011/12

4. The anticipated levels of expenditure until 2011/12 as the situation will change with the Unitary decision.

Non Housing Capital Plan

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

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

Housing capital programme estimated available resources

The Housing Capital Plan and Capital Programme

6. Forecast of the resources likely to be available to the Housing Capital Plan.

Housing Capital Resources

| Housing Capital Resources | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---|----------------|----------------|----------------|----------------|----------------|
| Forecast Sources of funding | £'000s | £'000s | £'000s | £'000s | £'000s |
| Supported Capital Expenditure Allocation | 2,300 | 1,610 | 0 | 0 | 0 |
| Capital Grants | 270 | 270 | 270 | 270 | 270 |
| Major Repairs Allowance (inc sum b/f) | 9,879 | 9,978 | 10,078 | 10,178 | 10,280 |
| Revenue Contribution to Capital | 6,002 | 6,192 | 6,192 | 4,192 | 4,192 |
| Leaseholders | 250 | 250 | 250 | 250 | 250 |
| S106 commuted sums | 0 | 0 | 0 | 0 | 0 |
| Capital Receipts - existing b/f | 0 | 0 | 1,989 | 73 | 0 |
| Capital Receipts – arising from land sales | 5,355 | 150 | 0 | 0 | 0 |
| Capital Receipts – arising from RTB | 600 | 600 | 600 | 600 | 600 |
| Capital repaid from Non Housing Capital Programme | 0 | 5,915 | 0 | 0 | 0 |
| Forecast Resources | 24,656 | 24,965 | 19,378 | 15,564 | 15,592 |

7. Assumptions have been made that Capital Grants for Disabled Facilities and

continue at existing levels, and Major Repairs Allowance will increase at 1% per annum.

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

Housing Capital Plan

14. The anticipated level of expenditure for the Housing Capital Plan for future years, taking into account the level of resources indicated above .

Table 3 – Housing Capital Plan

| Housing Capital Plan | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2012/14 |
|---|----------------|----------------|----------------|----------------|----------------|
| | £'000s | £'000s | £'000s | £'000s | £'000s |
| <i>Public Sector</i> | | | | | |
| Public Sector upgrades etc | 18,514 | 16,500 | 15,890 | 13,890 | 13,891 |
| Extra Window replacements | 1,500 | 1,000 | 0 | 0 | 0 |
| Communal Bin Provision | 500 | 0 | 0 | 0 | 0 |
| NCAS | 0 | 0 | 0 | 0 | 0 |
| Total Public sector | 20,514 | 17,500 | 15,890 | 13,890 | 13,891 |
| <i>Private Sector</i> | | | | | |
| Capital grants to Housing Associations | 3,713 | 1,585 | 1,575 | 0 | 0 |
| Private Sector disabled facilities grants | 490 | 490 | 490 | 490 | 491 |
| Site demolition, maintenance and preparation | 420 | 420 | 100 | 100 | 101 |
| Renovation support in the Private Sector | 1,250 | 1,250 | 1,250 | 1,250 | 1,251 |
| Total Private sector | 5,873 | 3,745 | 3,415 | 1,840 | 1,843 |
| Total Housing Capital Programme | 26,387 | 21,245 | 19,305 | 15,730 | 15,734 |
| Available resources from Table 2 | 24,656 | 24,965 | 19,378 | 15,564 | 15,592 |
| (Surplus)/Shortfall in Capital Funding | 1,731 | (3,720) | (73) | 166 | 142 |

15. The Capital Plan shows a deficit in 2009/10, owing to the impact of the proposed Capital Programme 2009/10 (see following section) and slippage of the repayment of General Fund borrowing. This is remedied in the following year, after which the Plan shows an approximate balance.

ANNEX G TRANSFORMATION PROGRAMME

Objective 5 - To manage spending within affordable net expenditure levels

Summary of Transformation Programme

The recent economic downturn has had a significant effect on the City and its residents. It has also had a major effect on the budget position of the Council. The effects of a drop in income from investment and charges combined with a large increase in the costs of concessionary bus fares, means the council will have to deliver significant savings.

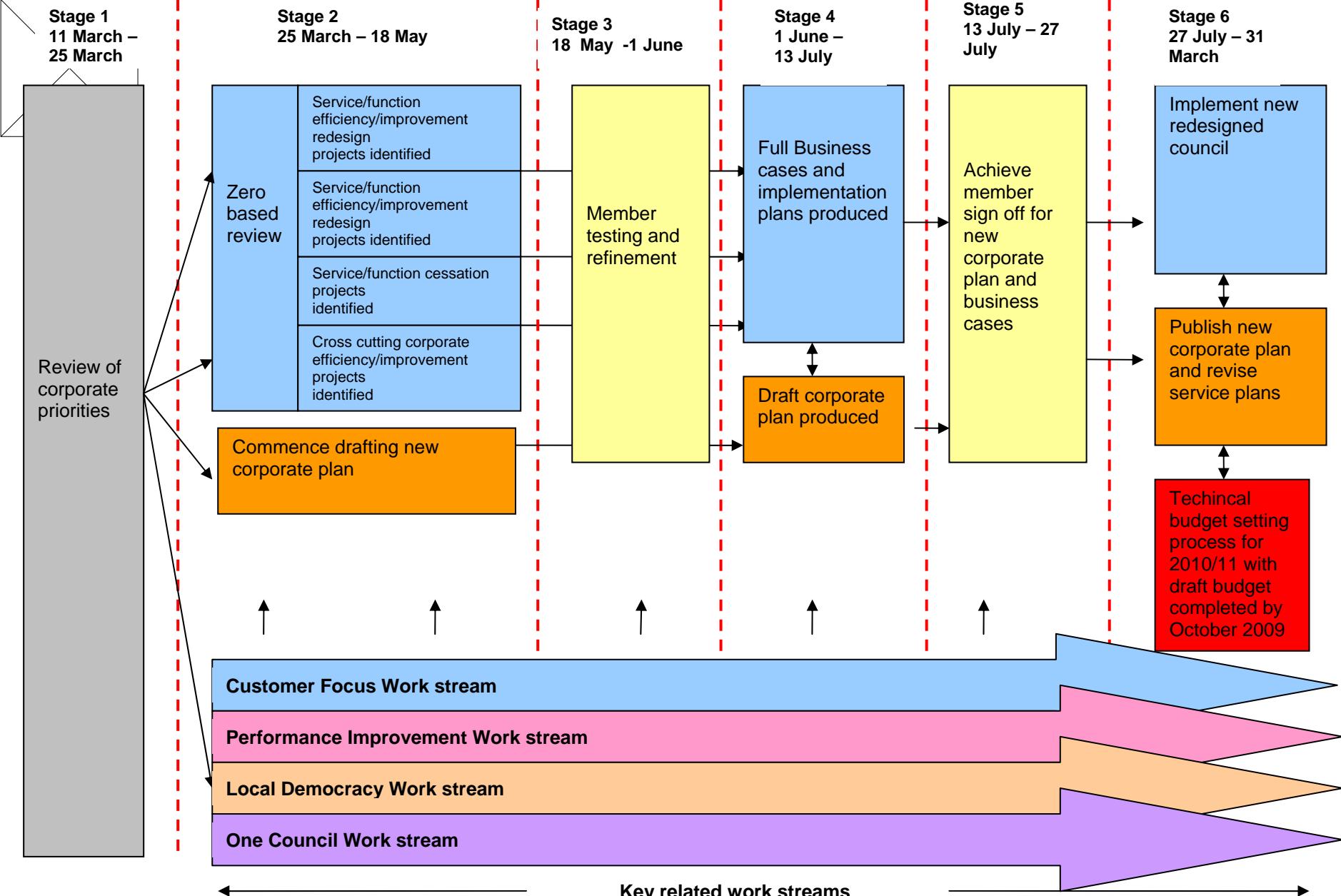
The changed economic climate means the council needs to focus, more than ever, on supporting the City and its residents through the recession and will need to become more efficient to ensure this is delivered.

It is, therefore, necessary to carry out a fundamental review of all the City Council's services and structures in order to identify "bottom up" what services we need to provide to our customers, and the most efficient ways to deliver them.

To achieve this the Council's 'aiming for excellence' programme will move into a new phase of a transformation programme to deliver improved and more efficient services for its customers within the financial envelope set by the council's medium term financial plan.

Within the transformation programme there will be five work streams. The value for money work stream will focus on making the necessary efficiencies and savings to ensure the council makes the most efficient use of its resources. The diagram below shows a summary of the main stages in the value for money work stream and how that will feed the technical budget setting process.

DIAGRAM: SUMMARY OF KEY STAGES IN VALUE FOR MONEY WORKSTREAM



ANNEX H BALANCE SHEET PROJECTIONS

Objective 6 - To provide effective management of the Councils balance sheet

The table below are the balance sheet forecasts for the next five years this is based on scenario 1 above and shows an increase in the net worth over the period of approximately £17.3 million

Balance Sheet

| Year number | Current | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|----------------|---------|---------|---------|---------|---------|---------|
|----------------|---------|---------|---------|---------|---------|---------|

Fixed Assets

Operational Assets

| | | | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| - Other Land and Buildings | 90,232.0 | 90,232.0 | 90,232.0 | 90,232.0 | 90,232.0 | 90,232.0 |
| - Vehicles Plant and Equipment | 1,893.0 | 1,893.0 | 1,893.0 | 1,893.0 | 1,893.0 | 1,893.0 |
| - Infrastructure Assets | 1,919.0 | 1,919.0 | 1,919.0 | 1,919.0 | 1,919.0 | 1,919.0 |
| - Community Assets | 9,046.0 | 9,046.0 | 9,046.0 | 9,046.0 | 9,046.0 | 9,046.0 |
| - Council House Dwellings | 904,846.0 | 912,579.0 | 920,966.0 | 927,158.0 | 931,516.0 | 935,850.0 |

Non Operational Assets

| | | | | | | |
|-------------------------|----------|----------|----------|----------|----------|----------|
| - Investment Properties | 62,546.0 | 62,546.0 | 62,546.0 | 62,546.0 | 62,546.0 | 62,546.0 |
| - Development Land | 56,820.0 | 56,820.0 | 56,820.0 | 56,820.0 | 56,820.0 | 56,820.0 |

1,127,302.0 1,135,035.0 1,143,422.0 1,149,614.0 1,153,972.0 1,158,306.0

| | | | | | | |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| Deferred Liability Prepayment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long Term Investments | 8,169.0 | 8,169.0 | 8,169.0 | 8,169.0 | 8,169.0 | 8,169.0 |
| Long Term Debtors | 6,803.0 | 6,803.0 | 6,803.0 | 6,803.0 | 6,803.0 | 6,803.0 |

Total Long Term Assets 1,142,274.0 1,150,007.0 1,158,394.0 1,164,586.0 1,168,944.0 1,173,278.0

Current Assets

| | | | | | | |
|-------------------|----------|----------|----------|----------|----------|----------|
| Stocks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Works in Progress | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Debtors - general | 23,635.0 | 24,811.6 | 24,811.6 | 24,811.6 | 24,811.6 | 24,811.6 |
| Investments | 28,726.0 | 28,726.0 | 28,726.0 | 28,726.0 | 28,726.0 | 28,726.0 |

| | | | | | | |
|--------------|----------|----------|----------|----------|----------|----------|
| Cash at Bank | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | 52,361.0 | 53,537.6 | 53,537.6 | 53,537.6 | 53,537.6 | 53,537.6 |

| | | | | | | |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total Assets | 1,194,635.0 | 1,203,544.6 | 1,211,931.6 | 1,218,123.6 | 1,222,481.6 | 1,226,815.6 |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

Current Liabilities

| | | | | | | |
|------------------|----------|----------|----------|----------|----------|----------|
| Creditors | 28,101.0 | 31,094.4 | 31,094.4 | 31,094.4 | 31,094.4 | 31,094.4 |
| Short term loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash Overdrawn | 381.0 | 6,922.2 | 11,583.7 | 13,342.0 | 12,963.7 | 12,264.8 |
| | 28,482.0 | 38,016.6 | 42,678.1 | 44,436.5 | 44,058.2 | 43,359.2 |

| | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total Assets less Current Liabilities | 1,166,153.0 | 1,165,528.0 | 1,169,253.5 | 1,173,687.1 | 1,178,423.4 | 1,183,456.4 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

| | | | | | | |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Deferred Liabilities | 10,627.0 | 10,627.0 | 10,627.0 | 10,627.0 | 10,627.0 | 10,627.0 |
| Provisions | 10,109.0 | 10,109.0 | 10,109.0 | 10,109.0 | 10,109.0 | 10,109.0 |
| Pensions Liability | 39,930.0 | 39,930.0 | 39,930.0 | 39,930.0 | 39,930.0 | 39,930.0 |
| Long Term Loans | 91,650.0 | 91,650.0 | 91,650.0 | 91,650.0 | 91,650.0 | 91,650.0 |
| | 152,316.0 | 152,316.0 | 152,316.0 | 152,316.0 | 152,316.0 | 152,316.0 |

Total Assets less liabilities

| | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 1,013,837.0 | 1,013,212.0 | 1,016,937.5 | 1,021,371.1 | 1,026,107.4 | 1,031,140.4 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

| | | | | | | |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fixed Asset restatement reserve | 74,811.0 | 74,811.0 | 74,811.0 | 74,811.0 | 74,811.0 | 74,811.0 |
| Capital Financing Reserve | 965,997.0 | 973,234.0 | 980,661.0 | 988,088.0 | 993,514.9 | 998,941.9 |
| Capital Adjustment Account | 1,040,808.0 | 1,048,045.0 | 1,055,472.0 | 1,062,899.0 | 1,068,325.9 | 1,073,752.9 |
| Usable Capital Receipts | 2,637.0 | 2,637.0 | 2,637.0 | 2,637.0 | 2,637.0 | 2,637.0 |
| Capital Contributions Deferred | -4,350.0 | -4,350.0 | -4,350.0 | -4,350.0 | -4,350.0 | -4,350.0 |
| Pensions Reserve | -45,930.0 | -45,930.0 | -45,930.0 | -45,930.0 | -45,930.0 | -45,930.0 |
| Major Repair Reserve | 1,200.0 | 1,200.0 | 1,200.0 | 1,200.0 | 1,200.0 | 1,200.0 |
| Other Reserves (2) | 1,684.0 | 1,684.0 | 1,684.0 | 1,684.0 | 1,684.0 | 1,684.0 |

Balances

| | | | | | | |
|---------------------------|---------|---------|---------|---------|----------|----------|
| - General Fund | 8,666.0 | 4,415.4 | 4,015.4 | 4,015.4 | 4,015.4 | 4,015.4 |
| - Housing Revenue Account | 8,745.0 | 5,320.6 | 2,019.1 | -974.2 | -1,664.9 | -2,059.0 |
| - Collection Fund | 377.0 | 190.0 | 190.0 | 190.0 | 190.0 | 190.0 |

| | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 1,013,837.0 | 1,013,212.0 | 1,016,937.5 | 1,021,371.1 | 1,026,107.4 | 1,031,140.4 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

ANNEX I CASH FLOW PROJECTIONS

Based on Scenario 1 the Council's cash resources will decline by £12 million between 31 March 2009 and 31 March 2014

| Cash Flow Statement £'000's | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---|-----------------|------------------|------------------|------------------|------------------|
| Cash Outflows | | | | | |
| Cash paid to and on behalf of employees | 31,607.1 | 33,029.4 | 34,515.7 | 36,068.9 | 37,692.0 |
| Housing and Council Tax Benefits | 63,419.9 | 63,419.9 | 63,419.9 | 63,419.9 | 63,419.9 |
| Other operating cash payments | 71,905.0 | 67,670.1 | 67,549.3 | 68,124.4 | 68,646.5 |
| Cash Inflows | 166,932.0 | 164,119.4 | 165,485.0 | 167,613.3 | 169,758.4 |
| Council Tax receipts | 8,837.5 | 9,275.0 | 9,731.0 | 10,211.7 | 10,721.0 |
| NNDR receipts | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Community charge income | | | | | |
| Receipts from the NNDR pool | 12,789.1 | 12,968.2 | 13,110.8 | 13,242.0 | 13,374.4 |
| Revenue Support Grant | 2,951.9 | 3,055.2 | 3,162.1 | 3,272.8 | 3,387.4 |
| DSS Grants and Benefits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Government Grants | 61,905.6 | 61,905.6 | 61,905.6 | 61,905.6 | 61,905.6 |
| Cash from goods and services | 78,239.3 | 81,004.2 | 82,624.3 | 84,276.8 | 85,962.3 |
| | 164,723.4 | 168,208.2 | 170,533.8 | 172,908.8 | 175,350.6 |
| | | | | | |
| Revenue activities net cash flow | 2,208.6 | -4,088.8 | -5,048.9 | -5,295.6 | -5,592.2 |
| Investment Income and Service of Finance | | | | | |
| Interest paid | 1,437.3 | 1,437.3 | 1,437.3 | 1,437.3 | 1,437.3 |
| Interest received | 1,200.0 | 1,074.0 | 822.0 | 878.0 | 878.0 |
| Capital Activities | | | | | |
| Cash Outflows | | | | | |
| Purchase of fixed assets | 4,095.4 | 8,387.0 | 6,192.0 | 4,358.0 | 4,334.0 |
| | 4,095.4 | 8,387.0 | 6,192.0 | 4,358.0 | 4,334.0 |
| Cash Inflows | | | | | |
| Sale of Council Houses | | | | | |
| Sale of other assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | | |
| net cash (inflow)/outflow before financing | 6,541.2 | 4,661.5 | 1,758.4 | -378.3 | -698.9 |
| | | | | | |
| Bank Balance | -6,922.2 | -11,583.7 | -13,342.0 | -12,963.7 | -12,264.8 |
| Total cash and equivalents | 21,803.8 | 17,142.3 | 15,384.0 | 15,762.3 | 16,461.2 |

A greater Norwich,
a stronger Norfolk

AIMING FOR EXCELLENCE

Next Phase – Transformation Programme

Programme overview



NORWICH
City Council

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A. Introduction

Over the last 3 years Norwich City Council has been on an improvement journey. The “Aiming for Excellence” programme was designed to move the Council forward from its “Fair” CPA rating, and particularly to address significant weaknesses in key areas such as financial management, performance management and people management.

The programme has had a number of notable successes including:

- Significant service improvements such as vastly improved recycling rates, high numbers of affordable homes, improved customer response times and expanded wardens services
- A positive peer review report in 2008 which concluded *“In summary the peer review team congratulate NCC on the improvement since 2003 and believe that by further harnessing the motivation, drive and determination that exists in the council it will be able to continue to succeed”*
- Relaunch of the City of Norwich Partnership (CoNP), and publication of the city’s first “Sustainable Community Strategy”
- Publication of a new corporate plan, including a new vision, strategic priorities, and complete revamp of our performance management and reporting arrangements
- Development of a people strategy, and a range of supporting organisational development initiatives such as increased training and development, an annual staff survey, and a leadership development programme
- Additional management capacity in key priority areas such as procurement, neighbourhood development, growth and regeneration, and transformation
- Development of new customer care standards across the organisation, and improvements to customer care performance
- Achievement of Level 2 of the Equalities Standard
- Focussed work on improving financial management, which has resulted in:
 - Achieving Level 2 on the Use of Resources assessment
 - Successful closure of the accounts
 - Building up of significant levels of reserves
 - Major improvements to financial management and monitoring.

Despite these significant success areas, there remain a number of areas where improvement has been slower, and where new issues have arisen. For example, performance as measured against national indicators remains modest, and service inspections have revealed specific issues in key service areas such as housing and planning.

The recent economic downturn has also had a dramatic effect on the City Council's financial position. In September 2008, the City Council was in a strong position, having built up reserves of over £10m through prudent planning, and having identified over £2m of efficiency savings. We also had no money invested in any Icelandic Banks.

However, in the subsequent 6 month period the global economic situation has particularly impacted on our income levels, with the following negative effects on the funding available for service delivery :

- A loss of £1.4m per year in income from interest from investments
- A loss of £300,000 per year in income from commercial rents
- A loss of £500,000 per year in income from planning fees, land charges etc
- A loss of £300,000 per year in income from parking

This loss of income has been compounded by national changes to the concessionary fares scheme, which has seen Norwich City Council's costs rise by approximately £1.9m per year, whilst costs for most other councils in Norfolk have decreased.

Furthermore, the recession has seen a dramatic increase in demand for certain Council services such as housing benefits, homelessness and family support. In order to support local people and businesses, the City Council has also commenced a range of new initiatives around economic development and financial inclusion. This is putting additional demands on City Council services at the same time that resources are being squeezed.

Overall, this means that despite our prudent financial planning over the last three years, due to circumstances beyond our control we are now facing a significant budget gap from April 2010 onwards. This represents a significant proportion of our base budget, and is so significant that it cannot be met by simple efficiencies, or trimming of costs.

The changed economic climate means the council now needs to focus, more than ever, on supporting the City and its residents through the recession and will need to become more efficient to ensure this is delivered.

It is, therefore, necessary to carry out a fundamental review of all the City Council's services and structures in order to identify "bottom up" what services we need to provide to our customers, and the most efficient ways to deliver them.

To achieve this the Council's 'aiming for excellence' programme will move into a new phase of a transformation programme to deliver improved and more efficient services for its customers within the financial envelope set by the council's medium term financial plan.

In addition, the structure of the local government within Norfolk is currently being reviewed by the Boundary Committee. In March 2009 the Boundary Committee published draft proposals of a greater Norwich unitary and rural Norfolk unitary (the doughnut model which is the council's preferred option) and a single Norfolk unitary. It is expected the secretary of state will make a final decision on any new unitary

councils to be created in September 2009, with implementation orders likely to be approved by parliament in December 2009.

It is, therefore, very important that the transformation programme is fully aligned with the comprehensive unitary planning and implementation work the council has been undertaking, so it leads seamlessly into the start of a new unitary council from 1 April 2011.

To assist with the delivery of the transformation programme the council has decided to embed systems thinking across the organisation through a programme of training, development and peer mentoring.

To ensure the council is fully focused on its key priorities over the next two years, a new corporate plan will be produced and service plans revised accordingly. It will also be necessary to establish robust performance and project management arrangements/controls across the council to ensure that the transformation programme is effectively monitored and delivered, in line with the new CAA framework.

Due to the skills within the team, the delay in overall the unitary process and the importance of alignment of these initiatives, it has been determined that the transformation team is best placed to project manage the transformation programme, in addition to completing the unitary preparation programme.

This document therefore sets out an overview of how the transformation programme will be delivered.

B. Key objectives

We have developed five key objectives for the transformation programme. They are as follows:

- To deliver a re-aligned Norwich City Council for 2010/11 that better meets the needs of its customers, and aligns with the councils unitary vision, within the financial envelope established by the Medium Term Financial Plan
- To deliver performance improvement in each of the key frontline services the council provides to its customers during 2009/10 and 2010/11
- To develop a new Corporate Plan 2009-11 that allows Norwich City Council to focus clearly on its key corporate priorities over the 2 year period
- To embed systems thinking methodology within the Council in 2009/10 to support the delivery of the transformation programme and the new Corporate Plan 2009-11.
- To establish the necessary performance management arrangements in 2009/10, in line with new CAA arrangements, to ensure that the priorities determined in the new Corporate Plan 2009-11 are fully delivered for the good of the council's customers

C. Organisational design principles

The transformation programme will result in a redesigned Norwich City Council. We have, therefore, formulated a set of key principles that will guide the redesign process. They are as follows:

To be added in – will be developed in conjunction with the Corporate Improvement and Efficiency Board.

D. Priority Work Areas

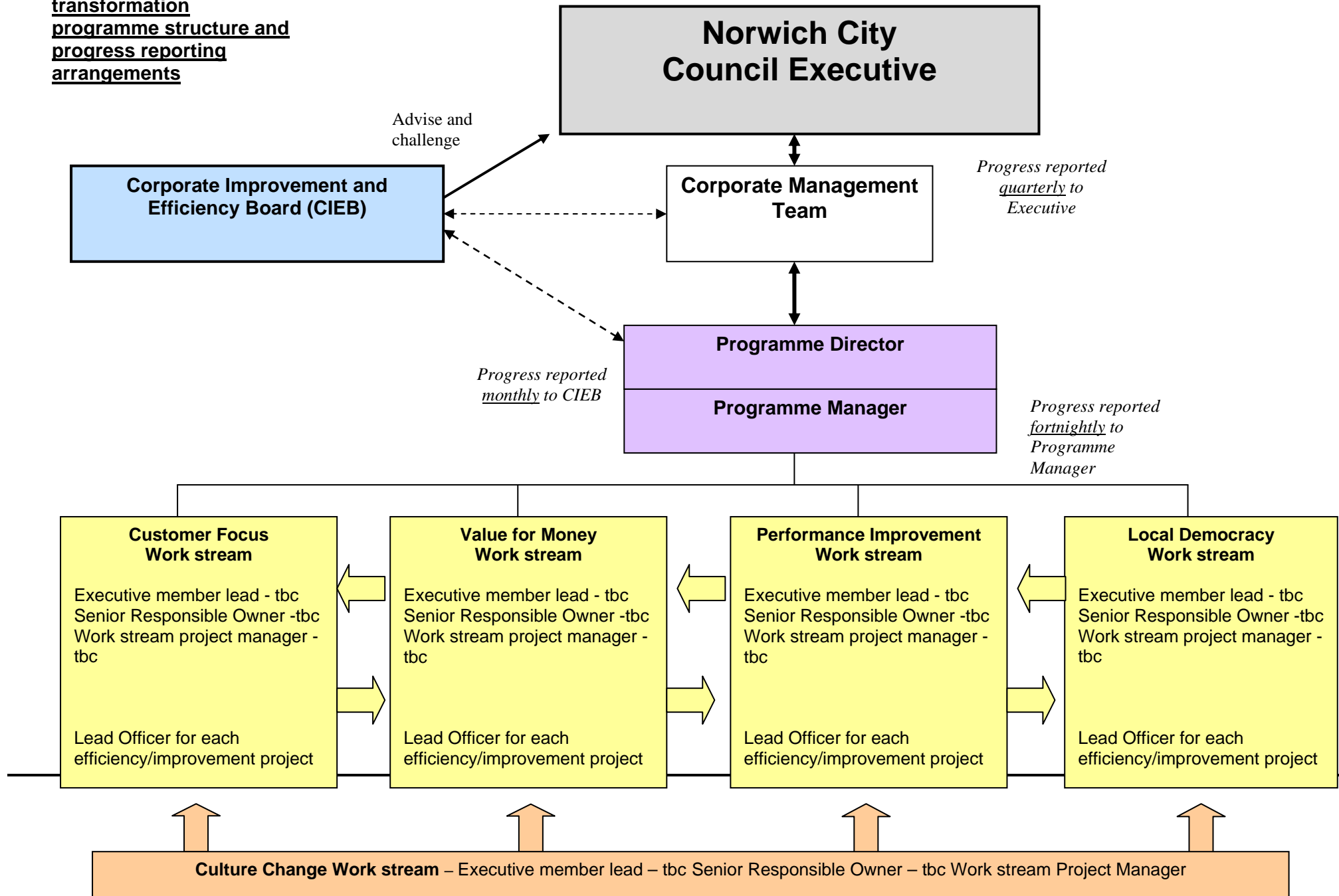
The Council has looked closely at where it needs to improve, given the new financial climate, and has determined five priority work areas that it needs to focus on in order to ensure the most efficient and effective council for its customers. They are as follows:

- **Delivering a clear focus on our customers (customer focus work stream)** - The recession means that more than ever before the council must prioritise and improve the services that are most important to our customers. We must listen and consult effectively to ensure that we provide access for all our customers to high quality services, through a choice of channels, which best meet our customers needs. We must ensure all of our staff put our customers at the forefront of everything they do
- **Delivering value for money for our customers (value for money work stream)** – In this time of financial hardship it is vital the council ensures the most efficient and effective services for all its customers. We must radically and robustly review all the council's current functions, services and structures, by listening to how our customers want things to improve, to determine the optimum ways of working, that deliver improved value for money
- **Delivering improved services for our customers (performance improvement work stream)** – The council must ensure that the services it provides to its customers are of the highest quality. We must make our customers fully aware of the standards of service to expect from us and how to let us know if we fail to meet them. We must set clear improvement targets for all our services which we will monitor robustly and transparently. We must focus clearly on those low performing areas with fast and effective interventions to ensure improvement for our customers are quickly realised
- **Delivering local democracy for our customers (local democracy work stream)** – We must engage our all of customers more so that they can fully influence the management of their local area, scrutinise the council's performance and hold us to account if we make mistakes. We will carry out a community governance review and establish the necessary mechanisms so that all our residents can become fully involved in the decisions that affect their local communities
- **Delivering for our customers through a 'one council' approach (one council work stream)** - To deliver maximum value for our customers the council needs to take a fresh and holistic view of the organisation and not be constrained by our current services, structures and ways of working. We must redesign the council into a more efficient system, driven by the needs and priorities of our customers. We must provide our managers and staff with the skills and support necessary to continuously improve the system to provide ongoing extra value to our customers.

E. Programme Structure

To ensure the effective delivery of the transformation programme a robust structure has been developed based on MSP and Prince 2 methodology. The diagram below sets out the structure for the transformation programme followed by a description of each element.

DIAGRAM:
Summary of the proposed
transformation
programme structure and
progress reporting
arrangements



Executive

This Executive will have overall democratic responsibility and decision making authority for the transition to an improved Norwich City Council through setting the strategic direction of the transformation programme and taking the key policy decisions.

Corporate Improvement and Efficiency Board

The Corporate Improvement and Efficiency Board (CIEB) would meet monthly. Its primary role is to advise the Executive and Corporate Management team on possible approaches, and to provide real challenge on progress being made.

The CIEB will be chaired by the Leader of the City Council and include both internal and external specialist expertise to ensure the necessary challenge and drive for the programme. The proposed makeup of the board would include:

- Chair – Cllr Steve Morphew (Leader of the Council)
- Deputy Leader and Portfolio Holder for Sustainable City Development – Cllr Morrey
- Portfolio holder for Corporate resources and governance – Cllr Waters
- Programme Sponsor – Laura McGillivray (CEO)
- Go-East Representative – tbc
- Business Efficiency Specialist – tbc
- Regional Improvement Partnership Representative – tbc
- IDEA Representative –tbc
- Audit Commission Relationship Manager – Sue Jewkes
- Programme Director and Programme Manager

Norwich City Council's Chief Executive will act as the programme sponsor and would be responsible to the executive for ensuring the necessary resources are committed to deliver the transformation programme and for line managing the programme director.

The CIEB will report progress on the transformation programme quarterly to the Executive as part of the quarterly performance monitoring reports.

Programme Director/Manager

The programme director and programme manager would report to the CIEB and programme sponsor for the day to day development, management, coordination and delivery of the transformation programme. They will report progress on the transformation programme to each monthly meeting of the CIEB.

Scrutiny

It will be important for there to be effective scrutiny of the work programme and the governance arrangements. These arrangements will need to be worked out with the relevant Scrutiny Committee members.

Work streams

There will be five work streams within the programme based on the five priority work areas identified, with a range of efficiency and/or improvement projects within each.

For each of the work streams within the programme there will be:

- A member lead from the Council's executive who will be responsible at member level for delivery of the work stream.
- A senior responsible owner from the council's corporate management team who will be responsible at senior management level for delivery of the work stream.
- A work stream project manager assigned from the transformation team who will be responsible for project managing the work stream.
- A lead officer for reach efficiency/ improvement (usually the relevant head of service/manager), who will be responsible for the delivery of that efficiency / improvement project
- A work stream PID, project plan and risk matrix formulated by the work stream project manager, SRO and executive member lead and agreed by CIEB
- Project plans for each efficiency/ improvement project within the work streams formulated by the lead officer and agreed by the executive member lead and SRO.

Project support will be provided to the work stream project managers from the transformation and service improvement teams.

Timescales

Detailed timescales will need to be worked out by relevant project managers. However, the overall timetable needs to be brisk in order to ensure that efficiency and improvement ideas are identified quickly, and work starts quickly. Broad overarching milestones might be as follows:

- Medium Term Financial Strategy agreed by end March
- CIEB in place by end April
- Consultation on efficiency and improvement ideas during April
- Project managers identified in May
- Range of projects agreed in June
- New corporate plan, transformation plan, and workforce strategy agreed by end July
- New service plans prepared by end September
- Rebudgeting (if needed) October
- All workstreams underway by October

F. Programme Management Methodology

We have developed a robust programme management methodology to ensure the transformation programme is delivered in a consistent, controlled way that provides clear monitoring of progress and effective management of risk.

It will be the responsibility of each senior responsible officer, together with the relevant work stream project manager to ensure the methodology is followed by the lead officers for each efficiency / improvement project.

Overall compliance with the methodology across the programme will be monitored by the programme manager. The methodology covers the following main areas:

Set Up

For each of the work streams an overall work stream project initiation document (PID), work stream project plan and risk matrix will be completed.

The purpose of the PID is to clearly show the outcomes, objectives and deliverables for that work stream, as well as the linkages and dependencies with the other work streams in the programme. Together with the work stream project plan and risk matrix it will act as a contract between the CIEB and the work stream.

Inevitably changes may be needed to the PID as work develops during the programme. As such, a formal change control process has been developed which is set out later in this document.

Within each of the five work streams there would a dedicated project plan developed for each efficiency / improvement project. These would be signed off by the executive member lead and SRO. They will act as a contract between the executive member lead and SRO and the lead officer for each efficiency / improvement project.

Risk management:

We have developed a robust process, based on best practice, for assessing and managing risks within the programme. The overall management of this will be supported by the work stream project managers, with the management of overall programme risks being a key responsibility for the CIEB.

Each work stream will be responsible for identifying and managing project risks using the risk management matrix template.

Each work stream risk matrix will be considered at each work stream meeting as a standing agenda item and reported fortnightly to the programme manager and monthly to the CIEB through the reporting process set out below.

Stakeholders

In managing the work streams the senior responsible officers and work stream project managers will need to develop an understanding of key stakeholders for the work stream, determine the nature of the relationship required and establish the necessary processes to ensure they are appropriately engaged and consulted with. They will be supported in this by the council's communication team who will help to ensure appropriate consultation and liaison is being carried out in a coordinated way.

Change Control

Inevitably as we go through the transformation programme changes will need to be made to the original outcomes, objectives, deliverables in certain of the work stream PIDs and milestones in certain of the work streams project plans. Although these changes will be kept to the minimum wherever possible.

Most changes can be made through the authorisation of the relevant work stream SRO and executive member lead.

However, in certain cases changes will require formal authorisation from the CIEB and then the Executive. They are as follows:

- Significant changes to overall work stream milestones – e.g. any major alteration to how, when or if a milestone can be delivered or where a more minor alteration to a milestone would have a major impact on the delivery of milestones of other work streams.
- Significant policy/political consideration – any policy changes which normally would require political consideration within a local authority or any other changes that are likely to have significant impact on the political elements of Norwich City Council

It is the responsibility of the senior responsible owner in liaison with the executive member lead to determine where changes meet the requirements for formal authorisation from the CIEB and then the executive.

In these cases the proposed changes should be included in the monthly report of the programme director/manager provided to the CIEB. If the changes are agreed by the CIEB then a formal report will be made to the next meeting of the shadow executive. This report will be presented by the relevant executive member lead and senior responsible owner.

Benefits realisation/outcomes

Responsibility for delivery of outcomes within each work stream will sit with the senior responsible officer supported by the work stream project manager. They will be set out clearly as part of the PID.

Work stream project managers and lead officers for each project will ensure they are mapped against the plans for each efficiency / improvement project.

Progress in benefits realisation will be reported as a core part of the reporting process outlined below.

Progress Reporting

A comprehensive framework has been developed for the reporting of progress across the programme which will provide information to the CIEB, the executive, staff on the programme, staff outside the programme and any external parties who need this information.

The reporting framework is developed around the work stream PIDs, project plans and deliverables established and agreed.

The lead officers for each efficiency/ improvement project will formally report progress to the senior responsible owner and executive member lead through a fortnightly work stream meeting, which will be coordinated by the work stream project manager.

The work stream project manager will use these meetings to formulate a regular checkpoint report on the overall work stream project plan to the programme manager. A template has been produced for this process. This template also incorporates the change control process and an updated risk matrix is required to be submitted with each checkpoint report. The checkpoint report will clearly highlight any projects within the work stream that may be off target in regards to their milestones.

The programme director/manager will report overall progress on the programme to each monthly meeting of the CIEB. This will include progress and risks on each of the work streams. As part of this the programme director/manager will clearly highlight to the CIEB any efficiency / improvement projects that are off track. In such cases, the relevant lead officer (head of service/manager) will be required to attend the CIEB and explain why progress on the efficiency/improvement project is not being delivered.

G. Evaluation criteria for programme

To ensure the objectives of the transformation programme are met, we have developed a set of indicative outcome measures for the programme that will be monitored by CIEB. The CIEB may well want to develop its own measures, but some initial ideas are detailed in the table below:

| Objective | Outcomes |
|---|--|
| To deliver a redesigned Norwich City Council for 2010/11 that best meets the needs of its customers, and aligns with the councils unitary vision, within the financial envelope established by the Medium Term Financial Plan | <p>Balanced budget delivered for 2010/11</p> <p>Improved customer satisfaction with the area</p> <p>Reduction in avoidable customer contact</p> <p>Improved customer satisfaction with council services</p> |
| To deliver sustained performance improvement in each of the frontline services the council provides to its customers during 2009/10 and 2010/11 | <p>Improved customer satisfaction with council services</p> <p>Increase in key service measures achieving upper quartile performance</p> |
| To develop a new Corporate Plan 2009-11 to let Norwich City Council to focus clearly on its key corporate priorities over the 2 year period | <p>Key corporate priorities delivered by April 2011 (see specific outcome measures for each</p> |
| To embed systems thinking methodology within the Council in 2009/10 to assist the delivery of the transformation programme and the other key priorities within the new Corporate Plan 2009-11. | <p>Increased level of service improvement/efficiency projects being proposed from frontline managers and teams</p> <p>Key corporate priorities delivered by April 2011 see specific outcome measures for each)</p> <p>Improved customer satisfaction with the area</p> <p>Reduction in avoidable customer contact</p> <p>Improved customer satisfaction with</p> |

| | |
|--|---|
| | council services Reduced transaction costs in key areas |
| To establish performance management arrangements in 2009/10, in line with CAA arrangements, so that the priorities in the new Corporate Plan 2009-11 are fully delivered | Key corporate priorities delivered by April 2011 (see specific outcome measures for each) |

PROPOSAL FOR A HOUSING IMPROVEMENT BOARD

Background

1. In September 2008 the Housing Quality Network completed a review of the Landlord Services element of the housing function. They identified a traditional housing service that had failed to engage in a comprehensive manner with tenants and leaseholders. Overall their evaluation of the service was that it was poor but in some areas the quality of service being delivered was good, particularly in supported housing. Their advice was that there was an urgent need for improvement across significant parts of the service. They identified a whole range of improvements and made the following key recommendations for immediate action:-
 - Focus on plugging the gaps on the basics
 - Develop a track record of improvements
 - Review and sign off progress against previous reports and inspections (with evidence)
 - Demonstrate the impact the re structure has had – “under new management”
 - Focus on cross cutting areas – access, diversity, involvement and value for money
 - Develop capacity – staff
 - Make IT work
 - Communicate
 - Performance management:
 - SMART plans
 - Robust PIs
 - Outcomes
2. The HQN report provided the basis for an improvement plan that was used to prepare for the Audit Commission inspection of Landlord Housing services in January 2009.
3. The outcome of the Audit Commission inspection of Landlord services will be known over the coming months, although the informal feedback has identified the following areas for improvement:-
 - To improve service information and access to services
 - To increase tenant involvement
 - To improve the approach to diversity
 - To improve the tenancy service
 - To improve income management and VFM
 - To improve performance monitoring and management

The above findings reflect the earlier work undertaken by HQN.
4. In response to the HQN report and the emerging views of the Audit Commission inspection an internal improvement team has been established, and will adopt a formal project management approach. This will ensure that all proposals for improvement are assessed in terms of resource availability, risks

and deliverability. Furthermore to provide external challenge to this work a Housing Improvement Board will be set up. The draft terms of reference for the board are as follows:

- To provide strategic direction and challenge to the improvement programme for housing services
- To monitor and review the Council's response to the Audit Commission Inspection for landlord services
- To challenge the delivery of service improvements covered by the KLOEs
- To receive and review performance information
- To consider and review how the service engages with tenants
- To review how information from tenants is used to improve service provision.

5. The proposed membership of the board is as follows:-

- Chair- Peter Goddard from Birketts Solicitors. Peter has extensive experience in the social housing field.
- Councillor Brian Morrey, Deputy Leader and Portfolio Holder for Sustainable City Growth
- Councillor Brenda Arthur, Portfolio Holder for Housing and Adult services
- Sarah Richards – National Advisor Places and Prosperity IDEA
- Dennis Roberts – Regional Housing Lead – Go East
- Liz Bissett – Director Cambridge City Council.
- Geoff Lowe – Chair of City Wide Board and Tenant representative
- Terry Adkins – Vice Chair of CWB and Tenant representative
- Laura McGillivray – Chief Executive Officer

6. The board has no executive authority but will provide an external overview of where the service needs to improve, supporting the Executive Members and housing management function. It will provide an informed challenge to our improvement plan and will provide a key link to external organisations that can assist with the improvement of the service. Regular reports will be made to informal Executive on the work of the Improvement Board.