

Cabinet

Date: Wednesday, 08 July 2015

Time: 17:30

Venue: Mancroft room, City Hall, St Peters Street, Norwich, NR2 1NH

Committee members:

Councillors:

Waters (chair)
Harris (vice chair)
Bremner
Driver
Kendrick
Stonard
Thomas (Va)

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Information for members of the public

Members of the public and the media have the right to attend meetings of full council, the cabinet and committees except where confidential information or exempt information is likely to be disclosed, and the meeting is therefore held in private.

For information about attending or speaking at meetings, please contact the committee officer above or refer to the council's website

AGENDA

1 **Apologies**

To receive apologies for absence.

2 **Public questions/petitions**

To receive questions / petitions from the public (notice to be given to committee officer in advance of the meeting in accordance with appendix 1 of the council's constitution)

3 **Declarations of interest**

(Please note that it is the responsibility of individual members to declare an interest prior to the item if they arrive late for the meeting)

4 **Minutes**

To agree the accuracy of the minutes of the meeting held on 10 June 2015.

5 **Norwich and Homes and Communities Agency (HCA) Strategic Partnership business plan 2015-16** 5 - 34

Purpose - To consider the business plan for the Norwich and Homes and Communities Agency (HCA) Strategic Partnership for 2015-16

6 **Community Infrastructure Levy- Norwich Business Plan 2016-17** 35 - 56

Purpose - To consider the Community Infrastructure Levy (CIL), draft annual business plan for Norwich for 2016-17.

7 **Review of the corporate risk register** 57 - 78

Purpose - To update members on the results of the review of key risks facing the council and the associated mitigating actions

8 **Revenue budget monitoring 2014-15 – year end 2014-15** 79 - 94

Purpose - To update cabinet on the revenue outturn for the year 2014-15, and the consequent general fund and housing revenue account balances.

9 **Revenue budget monitoring 2015-16 – Period 2** 95 - 110

Purpose - To provide an update on the provisional financial position as at 31 May 2015, the forecast outturn for the year 2015-16, and the

consequent forecast of the general fund and housing revenue account balances.

10 Capital budget monitoring 2014-15 – Final outturn 111 - 126

Purpose - To update cabinet on the final outturn position of the 2014-15 capital programmes and the estimated carry-forwards to 2015-16.

11 Establishment of a local housing development company 127 - 140

Purpose - To seek approval to establish a local housing development company to build residential properties for sale and rent.

12 Exclusion of the public

Purpose - Consideration of exclusion of the public.

EXEMPT ITEMS:

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

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

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

***13 Establishment of local housing development company**
APPENDICES

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

***14 Managing assets**

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

***15 Compulsory purchase order**

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

Date of publication: **Tuesday, 30 June 2015**

| | | |
|------------------|---|-------------|
| Report to | Cabinet 8 July 2015 | Item |
| Report of | Executive head regeneration and development | 5 |
| Subject | Norwich and Homes and Communities Agency (HCA) Strategic Partnership business plan 2015-16 | |

KEY DECISION

Purpose

To consider the business plan for the Norwich and Homes and Communities Agency (HCA) Strategic Partnership for 2015-16

Recommendation

To approve the Business Plan for the Norwich and Homes and Communities Agency (HCA) Strategic Partnership 2015-16

Corporate and service priorities

The report helps to meet the corporate priorities of a prosperous city and decent housing for all.

Financial implications

The business plan allocates the majority of the balance (£1,494,522 of £1,542,022) of partnership funds in 2015-16.

Ward/s: All wards

Cabinet member: Leader- Cllr Waters

Contact officers

Gwyn Jones

01603 212364

Background documents

None

Report

Background

1. The Norwich and Homes and Communities Agency Strategic Partnership was formed in September 2009 following signing of a Collaboration and Investment Agreement (CIA) between Norwich City Council and the Homes and Communities Agency (HCA). The partnership is based on over £8M investment from HCA and city council assets and was originally intended to create a self perpetuating finance arrangement through the reinvestment of the proceeds from development in future projects which meet the partnership objectives. The objectives are:
 - a) To accelerate the delivery of affordable homes
 - b) To increase the supply of private homes
 - c) To improve the quality of existing homes
 - d) To maximise the opportunities for local employment
 - e) To deliver early outputs
 - f) To create sustainable communities
 - g) To deliver strategic regeneration projects within Norwich such as eco- retrofit programme or estate renewal.
2. A major part of the HCA investment was set aside to pay for infrastructure to kick-start the development of the Three Score site at Bowthorpe.
3. Since the partnership was established some considerable achievements have been made:
 - a) Memorial gardens project;
 - b) 108 new affordable homes on small sites owned by the council;
 - c) The 'eco-retrofit' of over 800 council homes;
 - d) New skate park at Eaton Park;
 - e) Grants for the Open 24/7 Youth venue and the Narthex projects;
 - f) Establishment of the 'Building Futures in Norwich' project to help ensure that local people can take up job and training opportunities created through construction projects;
 - g) Completion of a *Vision and investment plan* for the South City Centre.
 - h) Ground investigation work on Mountergate West to enable this site to be brought forward as a mixed development involving housing, offices and car parking

- i) Securing outline planning permission for the Threescore site at Bowthorpe for 1000 homes, including a care home, open space and other community facilities;
 - j) Commencement of the construction of the road/ infrastructure to serve the whole development
 - k) Securing an agreement with UK Power Networks to secure the undergrounding of high voltage lines crossing the Three Score site by 2016 at no cost to the Council.
 - l) Transferring council land to Norsecare and supporting a further successful funding bid to HCA for the development of a new Housing with Care and Dementia Care facility at Threescore, (Phase 1) which is now under construction;
 - m) Securing reserved matters planning permission for 172 dwellings (Phase 2) at Three Score. 112 of these units will be built to passivhaus standards. This will make it the largest scheme of its kind anywhere in the UK
4. The CIA requires that an annual business plan is approved for the Partnership and the draft Business Plan (attached as Appendix 1) was approved by the Norwich and HCA Partnership Strategic Board at its meeting in March 2015. (Some of the figures may be subject to minor change once the 2014-5 financial out-turn is known.)

Priorities for the Business Plan for 2015-16

- 5. The main priorities for the partnership relate to the development of the Three Score site. This year, £1,433,391 of partnership funding will be used to complete the construction of the road and infrastructure to serve the whole of the Three Score development. The council has agreed to fund the remaining cost of the infrastructure and a loan for this is available as part of the City Deal through the Local Infrastructure Fund. The construction of the road/ infrastructure is on track to be completed by autumn 2015 although the infrastructure may take slightly longer due to coordination with the undergrounding of the overhead lines crossing the site. A fee of £47,500 is retained to be paid in 2016-17 to fund the consultant costs associated with negotiating the removal of the overhead lines.
- 6. The council has commenced procurement of a 'Fabric First' framework of contractors so that a contractor for Three Score (and other council developments) can be appointed. The intention is to appoint a design and build contractor for Phase 2 (the 172 dwellings) by September 2015. Following further detailed design phase, work is likely to start in early 2016. Phase 2 will take 2-3 years to build out.
- 7. Work on construction of the housing with care and dementia care scheme will continue and this is due to be completed by March 2016, with occupation likely by summer 2016.
- 8. During the course of the year, consideration will be given to future phases of development at Three Score.
- 9. Development of the Three Score site will be underpinned by the 'Building Futures in Norwich' project which guarantees employment and training opportunities for local people as part of the construction contracts.

10. In addition, £2,119 remaining from the Memorial gardens project has been allocated to kick-start a fund raising effort to secure the restoration and relocation of the Lutyens Roll of Honour.
11. The business plan proposes that a sum of £59,012 be allocated for programme management of the partnership. The majority of these funds will be fees related to the Three Score development with a small element of funding to manage the Partnership as a whole. This is the remaining element of these partnership funds. This formed part of an original £500K budget originally earmarked for early partnership projects completed by March 2011 but through careful management it has supported programme management for a longer period.
12. The nature of the partnership has changed slightly as phase 2 of Three Score will be developed by the council to generate an income stream for the council's general fund.

Conclusion.

13. During 2015-16, the original aims of the partnership will come to fruition. Partnership funding for infrastructure has helped to kick-start the development of the Three Score site and development of the site will ensure early delivery to high design and environmental standards.

Integrated impact assessment



NORWICH
City Council

Report author to complete

| | | | | |
|---|--|-------------------------------------|--------------------------|-----------------|
| Committee: | Cabinet | | | |
| Committee date: | 8 July 2015 | | | |
| Head of service: | Andy Watt | | | |
| Report subject: | Norwich and HCA Strategic Partnership Business Plan 2015-16 | | | |
| Date assessed: | 11 June 2015 | | | |
| Description: | To seek approval for the Norwich and HCA Strategic Partnership business Plan for 2015-16 | | | |
| Economic (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Finance (value for money) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| Other departments and services e.g. office facilities, customer contact | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| ICT services | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Economic development | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| Financial inclusion | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| Social (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Safeguarding children and adults | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

| | | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|---|
| S17 crime and disorder act 1998 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Human Rights Act 1998 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Health and well being | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| Equality and diversity (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Relations between groups (cohesion) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| Eliminating discrimination & harassment | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| Advancing equality of opportunity | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| Environmental (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Transportation | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| Natural and built environment | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| Waste minimisation & resource use | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The development of the Threescore site will involve development and therefore use of resources. New residents will generate waste- however the planning permission requires homes to be delivered to at least Code 4 (code 6 for water) with the majority to passivhaus standards and will aim to ensure sustainable construction and waste minimisation. |
| Pollution | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Inevitably new development will result in some pollution |
| Sustainable procurement | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Energy and climate change | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Development will impact on energy use however the majority of housing will be passivhaus with the remainder to Code 4 (code 6 for water) and sustainable construction techniques will be used |

| (Please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
|---|-------------------------------------|--------------------------|--------------------------|----------|
| Risk management | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Recommendations from impact assessment | | | | |
| Positive | | | | |
| The Three Score development will deliver 1000 new homes and new jobs for local people. It will provide for new open space, and new community facilities as well as a housing with care facility | | | | |
| Negative | | | | |
| Inevitably new development will have some negative consequences however these matters have already been taken into account through the planning process and design process, with statutory environmental standards being exceeded.t | | | | |
| Neutral | | | | |
| | | | | |
| Issues | | | | |
| | | | | |

APPENDIX 1

Business plan for the Norwich City Council and Homes and Communities Agency strategic partnership

April 2015 to March 2016

Foreword – NCC and HCA

Table of Contents

1. Overview

In September 2009, Norwich City Council (NCC) and the Homes and Communities Agency (HCA) entered into a collaboration and investment agreement (CIA), which established the Norwich and HCA strategic partnership (NAHCASP). The CIA sets out the formal legal basis for the partnership and the objectives that would be achieved over its 10 year life. The original business plan forms part of the CIA and sets out the short-term outputs and outcomes that were to be achieved. The CIA requires the business plan to be updated at least annually and that any variation to the business plan requires the prior consent of NAHCASP strategic board.

This business plan covers the financial year 2015-6.

The NAHCASP is based on the combination of assets from NCC and investment from the HCA. It was intended to create a self-supporting finance arrangement, through the reinvestment of the income from development in future projects, which meet agreed objectives.

This business plan commits expenditure for 2015-6 and sets out how this investment will be monitored and controlled, to ensure outcomes are achieved; how projects for future investment will be developed; and decisions on future funding allocations will be made. The initial £8M investment from HCA is now fully committed so there is a need to consider the approach of the Partnership in future.

2. Partnership vision

The partnership's vision and over-arching objective is to deliver and strengthen sustainable communities through innovative approaches to joint working.

The partnership will develop the assets (including those identified initially and any others ring-fenced for partnership investment in the future) in order to

satisfy the objectives listed below and ultimately deliver the outcomes agreed by the NAHCASP strategic board.

3. Strategic objectives

The strategic objectives for the partnership are to:

- accelerate the delivery of affordable homes
- increase the supply of private homes
- improve the quality of existing homes
- maximise the opportunities for local employment
- deliver early outputs
- create sustainable communities
- deliver strategic regeneration projects within Norwich such as eco retrofit programme or estate renewal.

4. Quality standards

All affordable housing developments will be delivered to the HCA design standards (currently under review) as a minimum requirement, or other such standards as agreed by the strategic board. In respect of Three Score, which will be developed in phases, the partnership will ensure the development is constructed to the standards agreed by the strategic board.

5. Performance management

The performance of projects is managed at a number of levels.

- Project briefs, which set out the outputs and outcomes to be achieved at a project level, are approved by the strategic board.
- All projects are managed in accordance with the city council's agreed project management framework.
- Monthly highlight reports are considered in detail by the implementation board in order to monitor progress against agreed project milestones.
- Performance is monitored on a quarterly basis by the strategic board.

6. Risk management

Individual project risk and issues registers are maintained by the individual project managers. An overall partnership risk register and issues log is maintained. Risks are reported to the implementation board and strategic board on a regular basis so that appropriate steps can be taken to manage and mitigate these.

Key strategic risks at this stage relate to the development of the Three Score site.

- The timing of providing infrastructure and undergrounding, upgrading and diverting services and utilities to serve the whole development, linked to the delivery of the first phase of development and the housing with care facility.
- The timing of phase 2 in order to secure a financial return following investment in infrastructure.

7. Partnership governance

The partnership governance structure is established through the CIA and is shown in appendix one. The strategic board and implementation board are now well established and effectively managing and overseeing the progress of the partnership and its activities.

8. Cost control and reporting

Any expenditure on projects will require approval from the strategic board. The strategic board has agreed expenditure delegation levels for the implementation board.

In order to secure agreement to any expenditure, a proposal will be prepared and submitted for approval. This will include the reason for the expenditure, the amount, value for money together with a recommendation for the board.

The following are the only ways in which expenditure can be committed on an agreed project.

i) Implementation Board

The implementation board will be responsible for agreeing all expenditure by the partnership provided it is within the limitations of the delegation levels agreed by the strategic board.

ii) Project team/s

The project team/s will not be allowed to agree to any expenses unless permission has been delegated by the implementation board. If this occurs, then the strategic board shall be notified of the level of delegation prior to the commitment being made. In any event, the implementation board may only delegate permission to a project team to the extent it is consistent with the permission delegated to it by the strategic board.

9. Procurement of goods, works, services or equipment

The procurement of any goods, works, services or equipment by NCC in relation to joint venture activities shall be in accordance with clause 7 of the CIA.

It should be noted that a public procurement threshold exists and if it is exceeded then the full Official Journal of the European Union (OJEU) process must be followed. The head of procurement at NCC or HCA should advise on this process. Use of the HCA panels may be made by the partnership in order to simplify the procurement process through use of mini tenders.

Delivery in 2014-5

10. Budget and expenditure in 2014-5

The following table shows the total allocation of funds for 2014-5 along with the actual year-end expenditure.

| | | Anticipated Remaining NAHCASP funding | 2013-4 Adjustment | Final Remaining NAHCASP funding | Allocations for 2014-5 | Forecast Expenditure 2014-5 | Variance to Allocation | Anticipated Remaining NAHCASP funding |
|-------------------------|------------|--|----------------------|--|---------------------------|-----------------------------------|---------------------------|--|
| Strategic Funding | Priorities | 2,126,180 | 8,715 | 2,134,895 | 2,126,180 | 651,885 | (1,474,295) | (1,483,010) |
| Programme Management | | 133,705 | (14,412) | 119,293 | 67,250 | 60,281 | (6,969) | (59,012) |
| Total | | 2,259,885 | (5,697) | 2,254,188 | 2,193,430 | 712,166 | (942,316) | (1,003,074) |

The following table shows a breakdown of allocations from the programme management budget together with year- end expenditure.

| Programme Management Budget 2014-15 | Funding 2014-5 | Forecast Expenditure 2014-5 | Variance |
|---|-------------------|-----------------------------------|-----------------|
| Project Director * | 18,750 | 8,884 | (9,866) |
| Project Director Contingency * | 3,000 | 239 | (2,762) |
| Bowthorpe overall programme management | 37,500 | 42,769 | 5,269 |
| Bowthorpe Transportation advice | 7,500 | 8,389 | 889 |
| Bowthorpe Community Engagement advice | 500 | 0 | (500) |
| Subtotal | 67,250 | 60,281 | (6,969) |
| Unallocated | 52,043 | | (52,043) |
| Subtotal | 119,293 | 60,281 | (59,012) |

* Revenue funding.

The following table shows a breakdown of allocations from the strategic priorities funding and the year-end expenditure.

| Strategic Priorities Funding for 2014-15 | Funding 2014-5 | Forecast Expenditure 2014-5 | Variance (To Carry Forward) |
|---|-----------------------|------------------------------------|------------------------------------|
| Second Payment for Overhead Lines (held for 2016/17) | 47,500 | 0 | (47,500) |
| Outstanding payment for infrastructure strategy and brief | 700 | 560 | (140) |
| Contingency | 14,330 | 0 | (14,330) |
| Commitment made by SB in Dec 2013 and delegated to IB - carried forward to 2014 -15 | 226,178 | 189,075 | (37,103) |
| Remaining balance for construction of road/ infrastructure | 1,835,353 | 462,250 | (1,373,103) |
| Memorial gardens | 2,119 | 0 | (2,119) |
| Subtotal | 2,126,180 | 651,885 | (1,474,295) |
| Unallocated | 8,715 | | (8,715) |
| TOTAL | 2,134,895 | 651,885 | (1,483,010) |

11. Progress in 2014-5

The NAHCASP has made considerable progress over the last year. The partnership focused its attention on the development of Three Score:

- Infrastructure to serve the whole development
- Housing with care and dementia care facility
- Phase 2 housing

The employment and skills supply side package, “Building Futures in Norwich”, will form an integral part of all these projects.

In addition, the Strategic Board allocated £2,119 from the Memorial gardens project to kick start a fund raising effort to secure the restoration and relocation of the Lutyens Roll of Honour.

a) Infrastructure to serve the whole development

Detailed design work on the road, drainage and associated landscaping was carried out in the early part of the year and reserved matters planning consent

was obtained. The procurement process to appoint a contractor for the road and infrastructure started in July 2014-5. Mott MacDonald were appointed as project manager for this process. The procurement used the Eastern Highways Alliance framework Agreement and LaFarge Tarmac were selected as the contractor. Whilst the procurement process was underway, work continued to discharge pre-commencement planning conditions relating to the road to avoid any delay in starting construction, once the contractor was appointed. Work started on site in December 2014.

In October 2014, the deed of grant between the Council and UK Power Networks was completed. This requires UK Power to complete the undergrounding of the 132kv line and the 11kv lines crossing the site by the end of December 2016

The partnership has committed the balance of Strategic Priorities funding to deliver the road and infrastructure. The Council has agreed to fund the balance of the costs (up to a total of £4M) with the partnership funding being used to cover any interest charges. A final fixed price will be agreed once design work has been completed.

An application for funding from the Local Infrastructure Fund (through the greater Norwich city deal) was made to secure a low interest loan for the Council to cover the additional infrastructure costs.

b) Housing with care and dementia care facility

The land transfer documents were completed in September 2014, providing for the land for the 172 unit housing with care and dementia care facility to Norsecare at nil value. Saffron housing association was appointed as the registered provider to manage the housing with care facility. RG Carters were appointed as the contractor for the scheme and work on site started in August 2014. The target completion date for the scheme is March 2016 with residents likely to move into the scheme in the summer of 2016.

There is ongoing collaboration around the delivery of this scheme alongside the construction of the road/ infrastructure and the development of phase 2.

c) Phase 2 housing

The Council has agreed to take forward phase 2 acting as direct developer. The blocks of housing to be included in this phase are shown on Plan 1. During the course of the year NPS Norwich were appointed to project manage the design and procurement and delivery of the phase. Detailed designs for the development were drawn up and public consultation took place in the autumn 2014. There was generally positive feedback about the proposals. The design evolved to take account of issues raised during the public consultation relating to landscaping and parking. In January 2015, the Strategic Board and the Council agreed to submit a reserved matters planning application for phase 2. This was submitted in February 2015 and approval was granted on 14 May 2015. The scheme consists of 172 dwellings, of which 112 are to be to Passivhaus standards. This makes it the largest development of its kind anywhere in the UK. 33% affordable housing will be provided.

The Council and the Partnership agreed to procure a contractor for phase 2 following a full OJEU process. It was decided that a framework of contractors should be established to allow the Council to use this for other sites that the Council intends to develop.

The strategic board and the Council also considered options for management of the open space within the development. It was agreed that a management fee should be charged and that further consideration should be given to the Council or a trust/ local company taking on the management responsibility

d) The employment and skills supply side package, Building Futures in Norwich.

There is a requirement as part of the road/infrastructure contract and housing with care contract to use the Building futures in Norwich project. This will ensure that local people gain opportunities for local jobs and training as part of the construction contracts. It will also be a contractual requirement for phase 2.

e) Memorial Gardens Project.

A fund raising strategy has been developed and funding applications have been made to various local and national trusts. Once funding is secured a more detailed programme will be developed. It is likely that this funding will be needed in 2015-6.

12. Priorities for April 2015 to March 2016

The main priorities for the coming year relate to the continuing development of the Three Score site:

- a) Infrastructure to serve the whole development
- b) Housing with care and dementia care facility
- c) Phase 2 housing

The employment and skills supply side package, “Building Futures in Norwich”, will continue to form an integral part of all these projects.

Fund raising will continue for the Roll of Honour as the final element of the Memorial gardens project.

a) Infrastructure to serve the whole development

The contract will continue in 2015-6 with a target completion of Autumn 2015. The main constraint is to ensure that the permanent access arrangements and drainage are available for the housing with care facility.

During the course of the year, therefore the remaining balance of Strategic Priorities Partnership funding will be spent (aside from the remaining payment to the consultant who negotiated the removal of the overhead lines). The Council will cover the balance of the costs of completing the road/ infrastructure. The strategic priorities funding budget for 2015-6 is allocated as follows:

| Strategic Priorities Funding (Carried Forward from 2014-5) | 2015-16 | 2016-7 |
|---|------------------|---------------|
| Second Payment for Overhead Lines (held for 2016-7) | | 47,500 |
| Remaining balance for construction of road/ infrastructure | 1,433,391 | |
| Memorial gardens | 2,119 | |
| TOTAL | 1,435,510 | 47,500 |

b) Housing with care and dementia care facility

The partnership will continue to work with NPS, Norse Care and Norfolk County Council to deliver the dementia care and housing with care facility. There will be ongoing collaboration with the construction of the road/ infrastructure and the development of phase2. This will require careful coordination especially as work starts on site for phase 2.

c) Phase 2 housing

- d) Assuming reserved matters planning consent is granted early in 2015-6, the Council will be able to mobilise to start the construction of phase 2 in 2015-6. It is likely that a contractor for phase 2 will be appointed by September 2015 and so that work can start on site at the start of the new year. A 2-3 year construction programme is envisaged. The Partnership has agreed that for phase 2 a cost neutral scheme will be progressed. This means that the surplus from the sale of private units will be used to allow the construction of private rented units. The Three Score site is considered to be in a good location where there is strong demand for private rented properties given the proximity to the Norfolk and Norwich Hospital, University of East Anglia and the Research Park. 57 affordable units (85% social rent and 15% shared ownership) will be provided alongside private houses for sale and rent. This will provide a good mix of tenure and type of housing to create a balanced community. It will also generate an income stream for the council. The proposed mix for phase 2 is as follows:

36 x 1 bedroom flats

14 x 2 bedroom flats

46 x 2 bedroom houses

39 x 3 bedroom houses

32 x 4 bedroom houses

5 x 5 bedroom houses

d) The employment and skills supply side package, Building Futures in Norwich. This project will be contractually linked with all construction contracts taken forward by the partnership. The project should be able to sustain itself without any further funding from the partnership.

e) Future phases of development at Three score.

During the course of 2015-6, the Partnership will start to progress work on future phases of development, in particular to decide which area should be taken forward as phase 3 and the timescale and programming of preliminary work. In addition the Partnership will need to determine whether it wishes to sell all private dwellings and generate a capital receipt for investment into future Partnership projects or continue with a mixed tenure approach including private rent. The aim will be that planning permission and a contractor is in place so that work on phase 3 can start as soon as phase 2 is complete. It will be important to apply the lessons learned from phase 2 to any work on the next phase.

f) Memorial gardens

The fund raising programme will continue and a timetable for implementing the restoration and relocation of the roll of honour will be worked up in detail once funding is secure. It is envisaged that the total project costs will be around £40K and the remaining HCA funding will be spent in 2015-6.

13. Other resources for delivery

Programme management

The £500,000 programme management budget, which was established in the original business plan in 2009 to cover the costs of project management relating to the original regeneration projects to be delivered by March 2011, has been drawn down very sparingly. The fund has a balance of £57,147.58 at the start of 2015-6.

Norwich City Council will continue to provide the project director role to March 2016 at a maximum cost to the Partnership of £15,000 (including support from the HCA project assistant and LGSS finance) with the Council bearing the remainder of the costs. This will be the only revenue funding from the partnership funds and represents around 1% of the total partnership budget for the year.

The following staff time for City Council fee based staff, will also be funded from Programme management budget. (All other staff resources will be covered by the Council). These are capital costs as they are fees directly related to the development of the Three Score site

- £35,000 to provide overall programme management for the Bowthorpe project - coordinating the different work streams - including infrastructure, housing with care and phase 2, plus looking ahead to future phases
- £5,000 is allocated to provide transportation advice at Bowthorpe.
- £500 is allocated for community engagement advice.

14. Budget for 2015-16

The tables below summarise the proposed budget for 2015/16.

| | |
|--|---------------|
| Proposed Programme Management Budget 2015-6 | 59,012 |
| Project Director * | 17,000 |
| Project Director Contingency * | 1,512 |

| | |
|--|---------------|
| Bowthorpe overall programme management | 35,000 |
| Bowthorpe Transportation advice | 5,000 |
| Bowthorpe Community Engagement advice | 500 |
| Total Committed | 59,012 |
| Unallocated | 0 |

** Revenue funding.*

| | NAHCASP Budget | Allocations for 2015-6 |
|------------------------------|---------------------------|-----------------------------------|
| Strategic Priorities Funding | 1,483,010 | 1,435,510 |
| Programme Management | 59,012 | 59,012 |
| Total | 1,542,022 | 1,494,522 |

Delegation of budgets and responsibilities

1. To expedite project delivery, the following delegation levels are proposed:

Strategic Board responsibilities:

- Strategic management of contracts for the road/ infrastructure and Phase 2, specifically approving any contract variations including changes to budget or programme. Detailed management will be dealt with by the Implementation Board and project team.
- Recommending to the Council the agreed final fixed contract price with LaFarge Tarmac for the road/ infrastructure.
- Recommending to the Council the appointment of contractor for the construction of phase 2 at Three score.
- Agreeing the future housing outcomes and the Three Score project plan.

The Strategic Board delegates to the Implementation Board:

- The delivery of the Three Score project plan for 2014-5 (appendix 1) including:
- management of the contract with Mott MacDonald and LaFarge Tarmac for the road/ infrastructure:
- Managing the contract with NPS for Phase 2
- securing planning permission for phase 2 and discharge of pre-commencement conditions
- the procurement of a contractor for phase 2 establishing the detailed mechanisms for managing the public open space at Three score.

The Implementation Board delegates to the Three Score project team:

- Delivery of the project work streams including procurement of any individual contracts up to the value of £10K.
- Day- to- day management of consultants and contractors working on the project.

Advice will be procured in line with the Council's procurement standing orders and target operating model, which includes working with partners NPS Norwich, NPLaw and LGSS. All projects will be managed in line with the Council's approved project management procedures.

15. Communications plan and activities

The CIA requires a communications plan to be developed for the partnership. This was approved initially by the strategic board in November 2009. The document is a living document and is updated regularly to respond to changing circumstances and specific communications activities. The strategic board will approve any budgets for any future communications activity as required.

A communications protocol has also been agreed which ensures that there is an agreed process (between HCA and NCC) for agreeing press releases and handling media enquiries.

Community engagement will continue to be a vital part of the partnership work especially in relation to Three Score as delivery progresses.

Case studies and awards

The HCA has developed a case study about the partnership for its website and its skills and knowledge directorate has developed a case study on the learning aspects of the partnership's activity. There is a general presumption that the partnership welcomes showcasing activity where there is no cost to the partnership.

The partnership will continue to promote its achievements through future awards.

16. Further development of the partnership

The CIA allows for further sites to be brought into the partnership. It does not preclude further investment by the HCA, although none is specifically committed. It is important that the partnership has a process for bringing forward new sites and project ideas for consideration and develops emerging priorities to take advantage of future funding which will come through the partnership or direct from the HCA or other sources. This could include opportunities for shared expertise as well as spend on capital projects. The partnership will use the HCA "enabling" support to provide expertise where appropriate. The following approach is proposed.

- The implementation board considers any new sites or project ideas on a quarterly basis.
- The implementation board makes an assessment of how the project idea meets the partnership objectives.
- Any project ideas that have merit are reported to the strategic board as part of the project director's report.

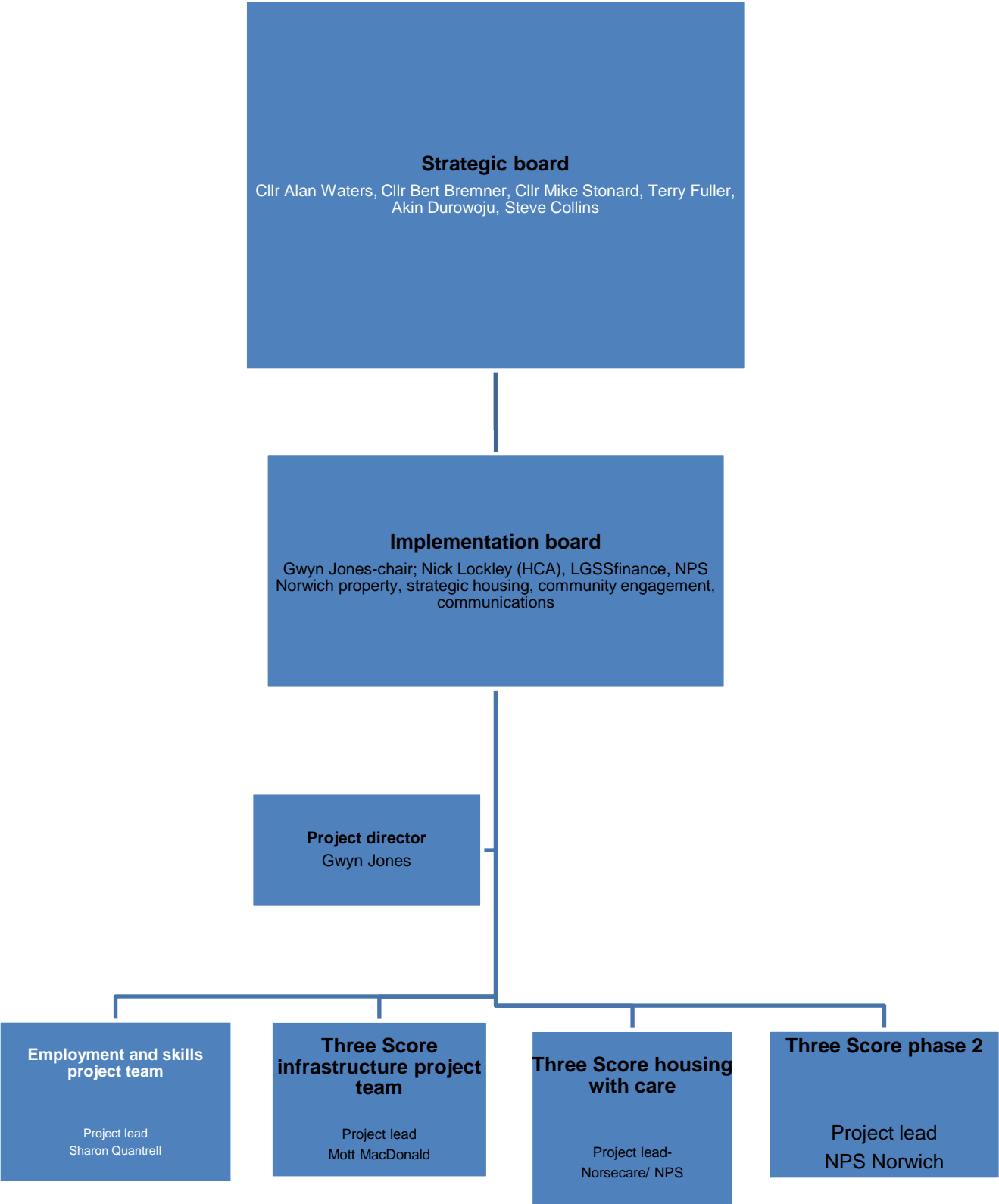
- Any proposed amendments to the business plan to be reported for approval by the respective partners.

17. Further funding

The partnership will continue to look for opportunities for further external funding and pursue relevant bids or agreements.

The Greater Norwich City Deal (signed December 2013) may provide further opportunities for funding for the partnership e.g. for infrastructure.

Appendix 1- Governance structure – June 2015



Appendix 2 - Project outputs, outcomes, milestones etc.

| Project | Outputs/ Outcomes | Key milestones 2015-6 |
|-------------|---|-----------------------|
| Three Score | Completion of construction of road/ infrastructure to serve whole development | Autumn 2015 |
| | Completion of link from spine road to estate road | Autumn 2015 |
| | Completion of ped/ cycle link/ temp operational access for HWC | March 2016 |
| | Completion of construction for HWC/ Dementia care facility | March 2016 |
| | Secure reserved matters planning consent for Phase 2 | May 2015 |
| | Appoint contractor for phase 2 | Autumn 2015 |
| | Start construction of phase 2 | Early 2016 |
| | Commence assessment for phase 3 | Summer 2015 |

Report to Cabinet
8 July 2015
Report of Executive head of regeneration and development
Subject Community Infrastructure Levy- Norwich Business Plan
2016-17

Item

6

KEY DECISION

Purpose

To consider the Community Infrastructure Levy (CIL), draft annual business plan for Norwich for 2016-17.

Recommendations

To:

1. recommend to council to approve the draft Norwich annual business plan for 2016-17;
2. present the business plan for 2016-17 to the greater Norwich growth board (GNGB) to form the Norwich element of the greater Norwich annual growth programme; and,
3. agree the proposed changes to the process for engaging communities about the neighbourhood element of CIL.

Corporate and service priorities

The report helps to meet the corporate priority prosperous city.

Financial implications

The council agreed in March 2014 to pool CIL income (not including the neighbourhood funding and administrative funding elements (i.e. excluding 20% or 30% depending on whether there is a neighbourhood plan). £191,000 for 2014-15 and £841K for 2015-16 from the pooled fund was allocated for projects in Norwich.

The total pooled amount for Greater Norwich (amount pooled from Broadland, South Norfolk and the city councils) is currently projected to be as follows:

- Collected in 2013-4- £55,699
- Collected in 2014-15- £850,818
- Predicted in 2015-16- £1,962,367
- Predicted in 2016-17- £5,657,184

Taking account of existing commitments, £6,534,068 pooled CIL funding will be available in

2016-17 across greater Norwich.

The report seeks £1.490M for 2016-17 from the pooled funding for projects in Norwich.

Ward/s: All

Cabinet member: Councillor Alan Waters, leader of the council.

Contact officers

Gwyn Jones, city growth and development manager

01603 212364

Background documents:

None

Background

1. In February 2014, council approved the Greater Norwich Growth Board (GNGB) agreement and constitution. Council also agreed to pool its CIL income (not including the neighbourhood element or the proportion retained to cover its administrative costs) across greater Norwich to pay for strategic infrastructure. Delivery of the strategic programme is vital to keep planned housing and jobs growth on track.
2. The Council has now approved annual business plans for 2014-15 and 2015-16 (setting out strategic infrastructure projects for Norwich to be funded from the pooled CIL pot) and these have been included in the greater Norwich growth programme.

Draft Norwich business plan for 2016-17

3. The draft Norwich business plan for 2016-17 is included in Appendix 1. This has been prepared to set out the infrastructure priorities for Norwich in 2016-17 and to recommend projects to be delivered from pooled CIL funding. The projects have been derived from the Greater Norwich Infrastructure Programme (GNIP) which is the strategic plan for all infrastructure needed to deliver growth in greater Norwich to 2025-6. This document can be viewed: http://www.greaternorwichgrowth.org.uk/document-search/SearchForm?Subject=&hidden-Subject=&action_doSubjectSearch=Search&Title=greater+norwich+infrastructure+plan
4. The GNGB will consider the business plans from the 3 districts at its meeting in September 2015. The GNGB will need to consider whether there is sufficient funding to allow all projects proposed by the 3 districts to be included in the greater Norwich growth programme for 2016-17. Other sources of funding may need to be considered and at this stage there may need to be some prioritisation of projects across greater Norwich. The greater Norwich growth programme will be reported to Cabinet and Council for approval in the Autumn and approved projects will subsequently be incorporated in the Council's capital programme for 2016-17.
5. The draft Norwich business plan promotes schemes to receive funding £1,490,000 from pooled CIL contributions for delivery in 2016-17. The projects identified for delivery are:
 - a) River Wensum Parkway- £100K (enhancement of the strategic green link along the wooded ridge between the river Wensum and Ber Street)
 - b) Carrow bridge to Deal Ground riverside path- £100K (short stretch which provides a "missing link", vital to the development of the Deal ground and utilities site. CIL funding to supplement £250K existing Sustrans funding).
 - c) Colney River crossing (providing a footpath link between Norwich Research park and Three Score- £150K)
 - d) Yare and Wensum Valleys link- £65K (specific enhancements to the green infrastructure corridor at Marlpit Wood and the linear green space between West Earlham and Bowthorpe to supplement £59K s.106 funding for Bunker's Hill Wood received from the Three Score development)

- e) Marriotts Way- phase - £275K (surfacing and lighting improvements to the route from Anderson's Meadow to Sloughbottom Park, to complete work carried out 2014-15 and committed for 2015-16).
 - f) Castle Gardens improvements- £150K (improving the important City centre open space as a complementary measure to improvements planned to the Castle)
 - g) Golden Ball St contingency - £500K (to complete the pedestrianisation of Westlegate to a high quality)
 - h) Heathgate- pink pedalway- £150K (to complete the footpath/ cycle link at Heathgate to connect to Gurney Road)
6. All of these projects are capable of being taken forward in 2016-17 and have no significant constraints. A description and the rationale for selecting these projects are included as Appendix 2.
 7. In addition £150K funding for scheme development work is required in 2016-17 for Prince of Wales Road/ Rose Lane transportation project in the strategic programme to prepare for delivery in subsequent years.
 8. The cost of this development work is recommended to be met by Norfolk county council.
 9. The GNIP sets out the key infrastructure projects that are required to support growth. The programme includes green infrastructure, education, community facilities and Norwich Area Transportation Strategy (NATS) schemes. For NATS, the programme identifies the future investment in the six BRT corridors to link major growth locations, measures in the city centre and measures to aid public transport, walking and cycling, as well as the NDR.
 10. At the 17 March 2011 Greater Norwich Development Partnership Policy Group Meeting it was agreed to use a significant proportion of future CIL revenues to establish a shared investment fund to support delivery of priority 1 key infrastructure projects and this includes up to £40m of local investment for the delivery of the NDR and related measures.
 11. In March 2014, council approved the Greater Norwich Growth Board (GNGB) agreement and constitution. Council also agreed to pool its CIL income (not including the neighbourhood element or the proportion retained to cover its administrative costs) across greater Norwich to pay for strategic infrastructure.
 12. The NDR has a significant funding contribution from Central Government and the Long Stratton bypass will have significant developer contributions but both schemes will need additional funding. It is likely that the other NATS projects will be primarily funded from other sources (for instance £11m LGF funding has already been secured for NATS through the Growth Deal and in excess of £12m secured for cycle improvements to 2020) although funding sources for longer term projects are yet to be secured.
 13. Approval has now been granted by the Secretary of State and construction of the NDR is programmed to commence in 2015. As the planned scale and distribution of

growth is dependent on the NDR, it is important that this scheme is included in this Business Plan to minimise delay. The NDR will have no call on the pooled fund in 2016-17; however there will be a requirement for future years. Work will continue to determine the order, timing and detail of other NATS priorities and to secure funding from mainstream sources and through bidding opportunities that may arise.

14. Agreement in principle to use pooled CIL funding in future years to ensure the delivery of NATS measures, including particularly the NDR and Long Stratton bypass, is needed in the 16-17 Business Plan to provide certainty.

Other business of the greater Norwich growth board

15. In line with the GNGB constitution, it is the role of individual councils to scrutinise the work of the board. At its meetings on 8 October 2014 and 24 March 2015, the items discussed included:

- a) Updates on the Growth Deal
- b) City Deals
- c) Update on the Greater Norwich Growth Programme
- d) Greater Norwich Local Infrastructure Fund
- e) A communications protocol

16. A copy of the GNGB papers is available on the GNGB web site via this link: <http://www.greaternorwichgrowth.org.uk/growth-board/papers/>

CIL Neighbourhood funding

17. The CIL 2013 amendment regulations require that 15% of CIL revenue received by the charging authority (or 25% where there is a neighbourhood plan) be passed to parish and town councils where development has taken place (up to a limit of £100 per council tax dwelling in any year). This is to help communities to accommodate the impact of new development and encourage local people to support development by providing direct financial incentives to be spent on local priorities. In February 2015, Cabinet approved the following projects for delivery using CIL neighbourhood funding in 2015-16:

- Community Noticeboards £10K
- Britannia Road traffic issues £20K
- Bignold Road/ Drayton Road junction £3K
- Natural area/ boundaries improvements George Fox Way and Augustus Hare Drive £10K
- Lakenham Way stage 1 £7K
- SUB TOTAL- £50K

- Subject to further funding being received during the course of the year, the following projects are also recommended to be taken forward in 2015-16
- City trees £50K
- Netherwood Green £48K

Projects using CIL neighbourhood funding in 2016-17 will be considered later in the year.

18. In areas without parish councils, communities will still benefit from this incentive. In these cases the charging authority will retain the CIL receipts but should engage with the communities where development has taken place and agree with them how best to spend the neighbourhood funding. The regulations require charging authorities to clearly and transparently set out their approach to engaging with neighbourhoods and suggest that councils should use their regular communication tools e.g. website, newsletters, etc. The regulations do not therefore prescribe the process but they set out that charging authorities are expected to use existing community consultation and engagement processes in deciding how the neighbourhood funding element will be spent.
19. The regulations require that CIL income is spent on infrastructure as defined by the Town and country planning act 2008 (as amended). 'Infrastructure' includes:
 - a) Roads and other transport facilities,
 - b) Flood defences,
 - c) Schools and other educational facilities,
 - d) Medical facilities,
 - e) Sporting and recreational facilities,
 - f) Open spaces.
20. The neighbourhood funding element however can be spent on wider range of things. It can be spent on supporting the development of the area by funding:
 - The provision, improvement, replacement, operation or maintenance of infrastructure; or
 - Anything else that is concerned with addressing the demands that development places on an area.
21. The regulations require that consultation should be at the neighbourhood level and be proportionate to the level of levy receipts and the scale of the proposed development to which the neighbourhood funding relates.
22. In February 2014, Cabinet approved a process for engaging with local communities about how the neighbourhood element of CIL is spent. This is attached as Appendix 3. Cabinet also agreed that the process would be subject to review in the light of experience in operating it.
23. The process has been followed for 1 year and a review has been carried out which recommends the following actions:
 - Ensure that best use of existing engagement methods is made based on the council's neighbourhood model including walkabouts and roadshows. In particular full use should be made of engagement with ward councillors as part of this process. These engagement methods will not need to explicitly refer to CIL funding

but will rather consider local priorities and the range of funding (including CIL) which might be available to address them;

- Maintain an evidence base of suggested priorities and link this to the scoring process for prioritisation of projects;
- As part of the prioritisation process and within the scope of the CIL regulations, priority should be given to projects which can contribute to increased community reliance or capacity.
- Ensure timing of delivery of projects is taken into consideration before the allocation of funds are endorsed by cabinet;
- Maintain a cautious approach to committing funds before they are received;
- Consider how CIL funds can be combined with other investment funds in localities to achieve a bigger impact.
- Report the proposed changes to sustainable development panel to promote a better understanding of the process;
- Following approval by Cabinet, include details of the amended process in e-councillor.

Integrated impact assessment



NORWICH
City Council

Report author to complete

| | |
|-------------------------|---|
| Committee: | Cabinet |
| Committee date: | 8 July 2015 |
| Head of service: | Andy Watt |
| Report subject: | Norwich Annual Business Plan 2016-17 |
| Date assessed: | 11 June 2015 |
| Description: | To approve the draft Norwich Annual business plan for 2016-17. . |

| Economic (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
|--|-------------------------------------|-------------------------------------|--------------------------|--|
| Finance (value for money) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | CIL income will allow delivery of projects in Norwich |
| Other departments and services e.g. office facilities, customer contact | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| ICT services | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Economic development | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | CIL projects eg transportation and public realm make Norwich more attractive for investors |

| | | | | |
|--|-------------------------------------|-------------------------------------|--------------------------|--|
| Financial inclusion | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Proposes support for transportation projects which include priority for non- car modes |
| Social (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Safeguarding children and adults | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| S17 crime and disorder act 1998 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Human Rights Act 1998 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Health and well being | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Projects promote active lifestyles |
| Equality and diversity (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Relations between groups (cohesion) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Eliminating discrimination & harassment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Advancing equality of opportunity | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Environmental (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Transportation | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Projects will improve transportation in Norwich |
| Natural and built environment | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Projects provide for improvements to strategic open space |
| Waste minimisation & resource use | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Pollution | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Sustainable transport projects will provide potential to reduce pollution through reduced car use. |
| Sustainable procurement | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

| | | | | |
|--|-------------------------------------|-------------------------------------|--------------------------|---|
| Energy and climate change | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Sustainable transport projects will provide potential to reduce energy consumption through reduced car use. |
| (Please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Risk management | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Recommendations from impact assessment | | | | |
| Positive | | | | |
| The projects proposed will improve the quality of the environment and provide benefits for local people. | | | | |
| Negative | | | | |
| | | | | |
| Neutral | | | | |
| | | | | |
| Issues | | | | |
| | | | | |

NORWICH CITY COUNCIL

Annual Business Plan 2016-7

DRAFT

Introduction

This Business Plan sets out Norwich city council's priorities for infrastructure investment required in 2016-7 to support the delivery of planned growth for which pooled funding support is sought through the Greater Norwich Growth Board (GNGB).

The infrastructure investment is essential to delivery of the Joint Core Strategy (JCS), adopted in January 2014. The Joint Core Strategy includes in Appendix 7 tables of infrastructure required to support the planned growth. Infrastructure planning and delivery continues to progress and the latest position is reported in the Greater Norwich Infrastructure Plan (July 2014).

Context

This year's business plan identifies schemes that are considered by Norwich city council to be a priority for delivery to assist achieving our economic and growth targets set out in the greater Norwich City Deal. The 16-7 Business Plan incorporates the updated position on infrastructure delivery since the preparation of the 2015-6 growth programme which was agreed in January 2015. Since then changes include progress on delivery, the outcome of the Local Growth Fund settlement, revised Community Infrastructure Levy projections, work on infrastructure development and programming, an update of the Greater Norwich Infrastructure Plan (GNIP) and decisions made on the allocation of pooled funding in the 2014/5 annual growth programme.

This 2016-7 business plan, along with those of Broadland and South Norfolk will be put together into the annual growth programme for 2016-7 by the Greater Norwich Growth Board (GNGB) in September 2015.

Greater Norwich Growth Board

At the first meeting of GNGB, the governance arrangements for preparation of the annual growth programme (AGP) were agreed. The Board also approved the 2014-15 AGP that sets the context for the future business plans. The 2015-6 AGP was approved by the GNGB in October 2014. The programmes were subsequently approved by the Council.

The Growth Deal

New Anglia Growth Deal 15/6 award and provisional award for 16/7 onwards were announced in July 2014. This reconfirmed the Government funding for the Northern Distributor Road (NDR) and the Local Transport Body allocation of £7m to 2019 for the Norwich Area Transportation Strategy (NATS).

Greater Norwich Infrastructure Plan

The Greater Norwich Infrastructure Plan (GNIP) is constantly being updated to reflect progress on infrastructure delivery and timing of projects to support the planned growth. The GNIP provides base information for preparation of this Business Plan and identifies an infrastructure programme to 2026.

Progress on projects funded through the strategic CIL pool to-date

Golden Ball Street/ Westlegate (£500K CIL funding in 15-6)

- Consultation is due to be undertaken in July
- The detailed design work will then be undertaken ahead of pricing in October
- Anticipated start on site in January 2016

Riverside Walk Improvements (total of £51K CIL funding in 2014-5 plus £19K s.106)

- Clearance and fencing works have been completed along with the refurbishment of the existing platform on site.
- A topographical survey has been undertaken and detailed design work will begin shortly on the refurbishment of the whole site.
- A contract to be let by September 2015 with work to begin on site in October.
- All work will be completed by the end of the current financial year and there will be no financial carry over.

Earlham Millennium Green (total of £81K CIL (£15K) in 2014-5 and 2015-6 (£66K))

- In Autumn 2014 the site was prepared ready for the contract work. Some large willow trees were taken out by the contractor in preparation for starting the contract element of the work. However the contract element of the work did not commence due to poor weather.
- In autumn 2015 Phase one will be started and completed. This will involve removing the old wooden boardwalk, which has come to the end of its life. Material sourced from the site will be used to create a raised path,

Danby Wood £35K in 2014-5

All work completed:

- 50 trees thinned - creating an age structure and admitting more light to the woodland floor
- Main access track, cleaned and resurfaced
- Boundary hedgerow cleaned out and replanted with native trees 25 Bird and bat boxes installed by volunteers

Marriott's Way £60K in 2014-5

Section from Barn Road to the Dragon Crossing Bridge:

- Ducting for street lighting installed
- Street lighting design completed
- Bat report produced
- Tree and vegetation management works carried out
- Surfacing improvements
- Habitat improvement carried out by community volunteers
- Dragon Crossing Bridge inspection

A public consultation exercise and user surveys were undertaken to help produce a Marriott's Way Delivery & Implementation Plan.

Actual expenditure: £ 64,204 (overspend to be taken from 2015-16 CIL)

£250K CIL in 2015-6:

Projects based on the Delivery & Implementation Plan. These include:

- Installing street lighting between Barn Road and Dragon Crossing Bridge
- Improvements to access points and barriers mainly in the Mile Cross area
- Providing sealed path surfacing in the Gunton Lane/Red Bridge area
- Wayfinding and signage; Barn Rd – Thorpe Marriott
- Dragon Crossing Bridge - repairs to enable adoption
- Biodiversity work e.g. treatment of invasive plants, statutory species surveys

Anticipated completion date for all the above: 31-03-2016

Marston Marsh- footpath £30K in 2014-5

All work completed:

- Two existing muddy wet paths, much used by visitors, have been improved. The work involved digging out an existing and new ditch, the excavated material was used to create a new raised path.
- Three new culvert access points on the Marsh have also been created to allow easier access for management work and for grazing cattle.

Eaton interchange- £25K in 2015-6 to supplement LGF

The Eaton interchange is a small part of the wider project for cycling and BRT improvements in the centre of Eaton. A brief for this project is due to be drafted by 30 June for submission to the NATS Co-ordination Group for approval. Expenditure in 2015-6 will be on feasibility, design and consultation. (Note- £75K CIL has already been allocated for this project for 2016-7.)

List of projects for delivery from pooled CIL in 16-7

- River Wensum Parkway- £100K
- Pedestrian/cycle link- Carrow bridge to Deal Ground riverside path- £100K
- Colney River crossing (Norwich Research park to Threescore - £150K
- Yare and Wensum Valleys link- £65K
- Marriotts Way- phase - £275K

- Castle Gardens improvements- £150K
- Golden Ball St contingency - £500K
- Heathgate- pink pedalway- £150K

Details of these projects are set out in Appendix 2.

Future Programme

In addition, the Rose Lane/ Prince of Wales Road transportation project has been identified for development this year to meet delivery dates over the next few years. This scheme is not seeking pooled funding support but it is a request that the delivery body commits £150K to develop the scheme this year to meet the overall infrastructure programme.

City Deal

The four local authorities continue to work with Government on delivery of the outcomes from City Deals, one of which is the delivery of a programme of infrastructure facilitated by pooled funding arrangements between the Authorities. Progress on the City Deal is reported quarterly to Government.

Pooled Funding

The pooled funding position is based on forecasts of CIL income. The table below give the current projections and commitments to schemes from the previous AGP.

| | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---|----------------|-----------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Existing commitment | | £196,000 | £1,066,000 | £730,000 | £105,000 | £1,605,000 | £415,000 |
| Annual pooled funding income projection | £55,699 | £850,818 | £1,962,367 | £5,657,184 | £7,708,249 | £7,993,066 | £8,207,978 |
| Surplus/deficit | £55,699 | £654,818 | £896,367 | £4,927,184 | £7,603,249 | £6,388,066 | £7,792,978 |
| Cumulative position | £55,699 | £710,517 | £1,606,884 | £6,534,068 | £14,137,317 | £20,525,383 | £28,318,361 |

Annual Proposal

For the year 2016-7 Norwich City Council has identified 8 schemes totalling £1,490,000 as priorities to receive pooled funding support. In addition to scheme delivery preparatory work is requested on a further x schemes as these are at this time considered to be priorities for delivery in 2017-8

This Business Plan is to be presented to the GNGB as the Priorities for Norwich City Council to be included in the 2016-17 AGP.

NATS including the NDR and Long Stratton Bypass

The Greater Norwich Infrastructure Plan sets out the key infrastructure projects that are required to support growth. The programme includes green infrastructure, education, community facilities and Norwich Area Transportation Strategy (NATS) schemes. For NATS, the programme identifies the future investment in the six BRT corridors to link major growth locations, measures in the city centre and measures to aid public transport, walking and cycling, as well as the NDR.

At the 17 March 2011 Greater Norwich Development Partnership Policy Group Meeting it was agreed to use a significant proportion of future CIL revenues to establish a shared investment fund to support delivery of priority 1 key infrastructure projects and this includes up to £40m of local investment for the delivery of the NDR and related measures.

In March 2014, council approved the Greater Norwich Growth Board (GNGB) agreement and constitution. Council also agreed to pool its CIL income (not including the neighbourhood element or the proportion retained to cover its administrative costs) across greater Norwich to pay for strategic infrastructure.

The NDR has a significant funding contribution from Central Government and the Long Stratton bypass will have significant developer contributions but both schemes will need additional funding. It is likely that the other NATS projects will be primarily funded from other sources (for instance £11m LGF funding has already been secured for NATS through the Growth Deal and in excess of £12m secured for cycle improvements to 2020) although funding sources for longer term projects are yet to be secured.

Approval has now been granted by the Secretary of State and construction of the NDR is programmed to commence in 2015. As the planned scale and distribution of growth is dependent on the NDR, it is important that this scheme is included in this Business Plan to minimise delay. The NDR will have no call on the pooled fund in 2016-17; however there will be a requirement for future years. Work will continue to determine the order, timing and detail of other NATS priorities and to secure funding from mainstream sources and through bidding opportunities that may arise.

Agreement in principle to use pooled CIL funding in future years to ensure the delivery of NATS measures, including particularly the NDR and Long Stratton bypass, is needed in the 16-17 Business Plan to provide certainty.

Neighbourhood funded projects

The following projects were approved for funding in 2015-6:

- Community Noticeboards £10K
- Britannia Road traffic issues £20K
- Bignold Road/ Drayton Road junction £3K
- Natural area/ boundaries improvements George Fox Way and Augustus Hare Drive £10K
- Lakenham Way stage 1 £7K

SUB TOTAL- £50K

- Subject to further funding being received during the course of the year, the following projects are also recommended to be taken forward in 2015-6
- City trees £50K
- Netherwood Green £48K

Projects using CIL neighbourhood funding in 2016-7 will be considered later in the year.

CIL Business Plan 2016-7.

Description of proposed projects.

River Wensum Parkway- £100K

Enhancements to the strategic green link network between the River Wensum and Ber Street will include improvements to the wooded ridge path between Thorn Lane and Carrow Hill and measures to improve river access for pedestrians from King Street. Also included is enhancement of the setting of the Boom Towers and City Walls between the river and Ber Street, including repairs and tree work. This will help strengthen the strategic green link network which is identified in the Joint Core Strategy, and encourage greater use of this link from the river up to Ber Street and along the wooded ridge into the heart of the city centre. This is needed to serve development currently underway in the King street and riverside areas.

Pedestrian/cycle link- Carrow bridge to Deal Ground riverside path- £100K

Delivery of a short section of cycle / footway on north bank of the River Wensum will provide a key 'missing link' in the route between Norwich city centre / rail station and Whitlingham Country Park. The project is part of overarching vision to improve links between Norwich City centre and Whitlingham Country Park, alongside a new bridge across the River Wensum, to be delivered through development of Deal / Utilities site. It forms part of the vital connection to allow the development of the Deal Ground and utilities site. The CIL funding is to supplement £250K existing Sustrans money.

Colney River crossing (Norwich Research Park to Threescore) - £150K

Improvements to the existing right of way, including a new footbridge across the river Yare and improvements to the existing footpaths would provide a direct link between housing in Bowthorpe, the Bowthorpe Southern Park and the major employment locations at the NRP and the Norfolk and Norwich University Hospital.

The project would enable this direct route to be used for journeys to work on foot (large numbers of Bowthorpe residents work at the research park/hospital), would improve access to Bowthorpe Southern Park for workers at the research park and would enable the existing riverside path along the river Yare to be accessed more easily, enabling attractive circular walks to be developed in the area. The route would also link with significant improvements to green infrastructure being made both through the new development at Three Score.

Yare and Wensum Valleys link- £65K

The River Wensum and Yare run fairly close together in the west of the city between Marriott's Way and the Three Score development site. The link between the two river valleys is a recognised green infrastructure corridor and the route of the purple pedalway.

The link is currently fragmented in character, in part because it runs along the border between Norwich City Council and South Norfolk Council. It needs a strategic GNGP project to weld the disparate parts together - this project includes a suite of improvements to paths and landscaping within Norwich City Council's boundary, specifically path improvements to Marlpit wood, cycle and landscape improvements in the linear green space between West Earham and Bowthorpe. The CIL funding will supplement £59K funding for Bunker's Hill Wood secured as part of the development of Three score.

Marriotts Way- phase 3- £275K

Marriott's Way provides a traffic-free connection allowing residents of Drayton, Taverham, Thorpe Marriott and Mile Cross / Wensum wards good access to the city centre and to the Broadland countryside. The path is narrow and poorly surfaced in parts and some access points are obstructed.

Work to make the section of Marriott's Way within the Norwich urban area more usable and attractive for commuter and leisure cycling and walking through a suite of access and

surfacing improvements. Specifically the CIL funding will fund surface and lighting improvements from the stretch of route between Anderson's Meadow and Sloughbottom park, to complete the improvements carried out in 2014-5 and 2015-6, improving the route from Mile Cross to the City centre.

Castle Gardens improvements- £150K

A comprehensive restoration of Castle Gardens and Castle Green is proposed in order to complement the planned revamp of the interior exhibition spaces within the Castle, for which c£850k of HLF funding is being sought. It is clear that in order to attract HLF support the project will need to achieve ambitious design changes to the gardens and green. The garden and its association with the castle is steeped in history and this should be reflected in a design for the whole area enhancing the existing infrastructure.

The Gardens are in a shabby state and although they are not at present specifically visited by many people, they are a well-used thoroughfare for those passing through the city and also visiting the castle. They are a precious area of green space within the city centre, and should be well used and complement the experience of visiting the Castle and Norwich.

Golden Ball St - £500K

NATS provides a long term plan to reduce traffic in the city centre and promote cycling, walking and public transport in order to boost the city centre retail and visitor economy, improve the setting of heritage assets, and increase cycling and walking.

Key to this is a £3m scheme to remove through traffic from All Saints Green and Westlegate, making Golden Ball Street and Farmers Avenue two way in order to allow public realm enhancements. Additional funding is being sought from the private sector to ensure that the quality of public realm in Westlegate and All Saints Green is as good as it can be. This funding may be needed to supplement any shortfall in funding obtained.

Heathgate- pink pedalway- £150K

The construction of a 3m wide lit cycling and walking path between Heathgate and Gurney Road at the junction with Britannia Road. This provides a missing link between Heathgate and Gurney Road in order to provide a more direct route on the pink pedalway (NE Growth Triangle / Heartsease to Norwich Research Park)

While this remains incomplete, the value of cycling / walking projects elsewhere in the east of the city is undermined because they do not form part of the strategic route. The CIL funding is to supplement funding already allocated for this project.

Extract from Cabinet report February 2014.**CIL Neighbourhood Funding- Proposed process for engaging with neighbourhoods**

1. The process proposed is based on an annual rolling programme linked with the development of the business plan for Greater Norwich for the delivery of strategic infrastructure and the council's annual budget setting cycle.
2. The council will set up an officer CIL working group which in addition to coordinating the council's input to the Greater Norwich infrastructure business plan, developing and delivering projects arising from this, will coordinate the process of community engagement over the neighbourhood element of CIL. Draft terms of reference for the CIL working group are shown in appendix 2.
3. The working group will meet in the summer to consider:
 - a) The Greater Norwich business plan for strategic infrastructure
 - b) Details of CIL neighbourhood income already received (i.e. 15% (or 25% where there is a neighbourhood plan) or forecast to be received over the next 2-3 years for each neighbourhood.
 - c) Other funding which may be available which could be used alongside CIL
 - d) Details of emerging ideas for neighbourhood projects arising from strategic or local needs
4. All this information will be made available to the communities and neighbourhood managers so that they can commence the engagement process with the neighbourhoods.
5. Engagement will take place in the early autumn. Given the make up of the city it is proposed that the council makes use of existing community engagement mechanisms to inform the spending of the neighbourhood element of CIL. The neighbourhood manager will decide which engagement mechanisms are appropriate depending on the level of funding and their knowledge of the issues affecting their neighbourhoods. Through the council's neighbourhood teams, a number of different engagement mechanisms have been developed. It is proposed that existing mechanisms that allow residents to inform and shape council services are used and adapted where necessary to inform this expenditure.
6. These include:
 - a) Walkabouts – these are carried out on a monthly basis in each neighbourhood and might include; a physical walkabout; a roadshow or door knocking exercise
 - b) Neighbourhood events – this might include attendance at a local event e.g. the Mile Cross Festival
 - c) Network lunches & meetings – where partners share best practice, information and intelligence

- d) Ward councillor meetings – which provides an opportunity to capture information that ward councillors have gathered or received in their post bags from residents about local issues
 - e) One off surveys e.g. on- line surveys
 - f) Neighbourhood profiles
 - g) Engagement with local resident groups
 - h) Capturing of comments and observations from residents
7. Given that the mechanism will need to be proportionate to the level of CIL funding available, as the funding comes on stream, the mechanism and complexity of engagement can be planned. The engagement will be appropriately publicised.
8. It will be for local communities to suggest:
- a) Whether they wish the neighbourhood funding element to be used to contribute to any of the planned strategic infrastructure priorities in the Greater Norwich infrastructure plan;
 - b) The relative priority given to ideas emerging from the CIL working group;
 - c) Other new project ideas;
 - d) Whether they prefer to see funds from one year retained for use in future years, when larger amounts of money may accrue; and
 - e) Any other available funding that may be used alongside CIL
9. Following the engagement the CIL working group will meet again to discuss the outcome of the engagement process and agree the recommendations to cabinet/ council to be agreed as part of the council's capital programme. A clear set of criteria will be set out on which decisions will be based and these will be publicised. These will consider:
- Impact (the outcomes that will be achieved from the proposed project);
 - Deliverability (are there any constraints to implementing the project in the proposed timescale); and
 - Funding (availability of other funds, appropriateness of use of CIL).
10. This group may also be able to consider if there are opportunities to pool the funds with other council funding streams to achieve a bigger impact e.g. open space, play, highways and environmental improvements.
11. Communities will be informed of the recommendations to cabinet / council and will be provided with full feedback about the basis on which decisions have been made.
12. Local ward members will be involved in the engagement process but will also be kept fully briefed so that they can help to communicate with local people.

Report to Cabinet
8 July 2015
Report of Chief finance officer
Subject Review of the corporate risk register

Item
7

Purpose

To update members on the results of the review of key risks facing the council and the associated mitigating actions

Recommendations

1. To note the updated corporate risks and the key controls in place and further actions planned to mitigate risks.
2. To approve the risk score of 20 for risk B1 public sector funding which exceeds the threshold for the council's appetite for risk.

Corporate and service priorities

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

Financial implications

None

Ward/s: All wards

Cabinet member: Councillor Stonard- Resources and income generation

Contact officers

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Background documents

None

Report

Background

1. Risk management is a fundamental aspect of the council's business practices. Cabinet has an executive role in the management of risks across the council as a key element in ensuring the delivery of the council's priorities.
2. Audit committee provides independent assurance of the adequacy of the council's risk management framework and the associated control environment.
3. In line with the risk management strategy, the template for risk registers includes scoring for inherent risks (before any mitigating controls are considered) and residual risk (after taking account of key controls, which are listed). Any further planned actions to mitigate risks are also shown.
4. The current corporate risk register was previously reported to cabinet on 10 December 2014.

Review of corporate risks

5. In line with the risk management strategy, on 10 June the corporate leadership team carried out its quarterly review of the key risks to achieving the council's priorities and updated the register.
6. The risk register was reported to audit committee on 23 June 2015.
7. The updated register is attached at appendix 1.

Changes to the corporate risk register

8. There is one major change to the register following the latest review. In view of the current economic outlook for the public sector the residual impact score for risk B1, public sector funding, has been increased from 3 (medium) to 4 (high). The result is that the overall residual risk score is 20, i.e. it exceeds the council's risk appetite. The risk management policy states that "in exceptional circumstances cabinet can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16."
9. The *Medium term financial strategy* (MTFS) takes the latest intelligence around likely future finances to predict the level of savings that will need to be made in future years to balance the budget. The transformation programme then looks at options to deliver savings or to generate higher levels of income to fund council services. The current targets for reducing the council's net costs, as set out in the budget approved at council on 17 February 2015, are £2.315m per year for the next five years.
10. With recent announcements from the new government about continuing austerity, and with an emergency budget planned for 8 July, it is anticipated that the future funding picture for the council could become even more challenging. If further reductions in government funding impacting the council are announced in the emergency budget, or in the autumn statement, which exceed those already assumed in the MTFS then savings targets will need to increase further.

11. In regard to other risks, the risk relating to community right to challenge (previously A7) has been removed from the customer perspective section of the register. Evidence nationally shows that the likelihood of a challenge is extremely unlikely, and therefore no longer justifies being a corporate risk. The only other significant change since cabinet last reviewed the risk register is that more detail has been added to risk A4, safeguarding children and vulnerable adults, to demonstrate how the council is actively involved and is complying with its duties and responsibilities
12. Other changes mainly relate to the updating of some causes and effects in columns three and four and additional/expanded key controls in column ten. New actions to mitigate risks have been added to risks A4, safeguarding children and vulnerable adults; B1, public sector funding; and C5, fraud and corruption.

Summary of residual risk scores

13. As with the previous register, a summary is included at appendix 2 which shows the residual risk level for each of the risks. This demonstrates where each risk sits in relation to the council's risk appetite, i.e. there should be no risks with a residual score greater than 15, unless specifically approved by cabinet.
14. As mentioned above, the residual risk score for B1, public sector funding has increased to 20 (red).
15. All other residual risk scores are amber.

Conclusion

16. Risk management processes are well embedded within the council, and members can be assured that the corporate risk register is up to date following review by the corporate leadership team group of the key risks to achieving the council's objectives.
17. Each risk shows the owner and the key controls in place or planned to minimise any impact on the council and its provision of services to stakeholders.
18. The risk management strategy requires managers to keep all risks under review, and the corporate risk register will be regularly updated accordingly.

Recommendations

19. Cabinet is recommended to:
 - a) note the updated corporate risks and the key controls in place and further actions planned to mitigate risks; and,
 - b) approve the risk score of 20 for risk B1 public sector funding which exceeds the threshold for the council's appetite for risk.

Integrated impact assessment



NORWICH
City Council

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

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

Report author to complete

| | |
|-------------------------|--|
| Committee: | Cabinet |
| Committee date: | 10 december 2014 |
| Head of service: | Chief finance officer |
| Report subject: | Risk management report |
| Date assessed: | 24 November 2014 |
| Description: | This report presents an update to the council's corporate risk register and risk management policy |

| | Impact | | | |
|--|-------------------------------------|-------------------------------------|--------------------------|---|
| Economic (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Finance (value for money) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Effective risk identification and management across all aspects of the council's business (eg policy setting; projects; partnerships) helps to minimise extra costs that may arise from unexpected events |
| Other departments and services e.g. office facilities, customer contact | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| ICT services | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Economic development | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Financial inclusion | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Social (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Safeguarding children and adults | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Specifically referred to in the corporate risk register |
| <u>S17 crime and disorder act 1998</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Human Rights Act 1998 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Health and well being | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Equality and diversity (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Relations between groups (cohesion) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

| | | | | |
|---|-------------------------------------|-------------------------------------|--------------------------|---|
| | Impact | | | |
| Eliminating discrimination & harassment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Advancing equality of opportunity | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Environmental (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Transportation | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Natural and built environment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Waste minimisation & resource use | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Pollution | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Sustainable procurement | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Energy and climate change | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| (Please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Risk management | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <p>The report provides assurance that the current corporate risk register and risk management policy are up to date and based on best practice.</p> <p>In practice, risk management has a positive impact on many of the above categories by contributing to the identification and mitigation of risks and the meeting of objectives</p> |

Recommendations from impact assessment

Positive

The application of effective risk management, in line with the updated policy, will contribute to the achievement of corporate and service objectives

Negative

Neutral

Issues

CORPORATE RISK REGISTER

Version Date: June 2015

| Details of Risk | | | | | | Inherent Risk | | | Key Controls | Residual Risk | | | Actions | | | | |
|-----------------------------|--|---|--|---------|----------------------|---------------|--------|---------------|---|---------------|--------|---------------|---|---------------------------|-------------|---------------------|-------------------|
| Risk No. | Risk Description | Caused by | Effect | Owner | Corporate Priorities | Likelihood | Impact | Score and RAG | | Likelihood | Impact | Score and RAG | Actions | Owner | Target Date | Revised Target Date | Action Status RAG |
| CUSTOMER PERSPECTIVE | | | | | | | | | | | | | | | | | |
| A1 | Customer demand | 1. Customer demand exceeds our capacity to deliver services as they are currently configured 2. Transfer of demand arising from service delivery changes or budget cuts by other public agencies 3. Excessive customer demand in key areas, particularly in relation to the need to cut services, or changes to policies eg council tax reduction scheme; universal credit | 1. Unable to cope with demand 2. Complaints 3. Reputation damage 4. Increased homelessness risk to housing | EH-CC&C | All | 4 | 4 | 16 (R) | 1. Proactive research on customer profile, forward planning, eg anticipating future events that will generate higher demand and use of data held to map and channel shift. 2. Data capture, consultation, survey and service planning. 3. Being robust about the role and responsibilities of Norwich City Council | 3 | 2 | 6 (A) | Customer service improvement plan for F2F service - Phase 1 | Head of customer services | Ongoing | Mar-16 | G |
| A2 | Delivery of the corporate plan and key supporting policies and strategies within the council's strategic framework | Corporate priorities are not on target to be delivered. The council has a clear set of corporate priorities within its corporate plan. Within the council's wider strategic framework, there are a number of key corporate strategies and policies which must be delivered across the organisation to realise the council's priorities e.g. environmental strategy, housing strategy etc Policy from the new government will be further changing the framework for local government and put new requirements on the council that must be met in a number of different areas. When this is combined with the very significant savings the council will need to make to meet the government funding reductions, there is a risk that these changes will reduce the capacity of the council to deliver on its key corporate priorities. | 1. Key priorities for the city are not delivered 2. Adverse public opinion 3. Projects / work completed to a lower quality 4. Negative impact on outcomes for citizens 5. Negative performance ratings for the council 6. Continual over-stretching of capacity | EH-SP&N | All | 4 | 4 | 16 (R) | 1. Regular review of corporate plan, medium term financial strategy and other key policies and strategies. 2. Effective performance and programme management 3. Corporate planning and service planning aligned with budget setting to ensure resources are in place to deliver priorities. 4. Effective preparation for changes in government policy. 5. Effective transformation programme to ensure savings are delivered. | 2 | 4 | 8 (A) | | | | | |

| Details of Risk | | | | | | Inherent Risk | | | Key Controls | Residual Risk | | | Actions | | | | |
|-----------------|--|---|---|----------|----------------------|---------------|--------|---------------|--|---------------|--------|---------------|---------|-------|-------------|---------------------|-------------------|
| Risk No. | Risk Description | Caused by | Effect | Owner | Corporate Priorities | Likelihood | Impact | Score and RAG | | Likelihood | Impact | Score and RAG | Actions | Owner | Target Date | Revised Target Date | Action Status RAG |
| A3 | <p>Relationship management with key service delivery partners and the management of contracts.</p> <p>The council has a number of key partnerships with LGSS, NPS Norwich, and NP Law. There is also a highways agency agreement with Norfolk County Council. This approach to service delivery requires a different managerial approach by the city council. The council also has a number of key contracts – eg with NORSE, BIFFA, and Anglia Windows Ltd, – which require strong, consistent procurement and client management.</p> | <p>1. Partnerships not managed effectively and key service outcomes not achieved.</p> <p>2. Contracts not managed effectively, and key service outcomes not achieved.</p> | <p>1. The council doesn't get value for money</p> <p>2. Benefits of partner and contract arrangements not realised</p> <p>3. Constant negotiation around the service delivery agreement</p> <p>4. Specification not adhered to</p> <p>5. Services not provided at an acceptable level</p> <p>6. Customer and staff complaints</p> | EH-BRM&D | 5 | 3 | 4 | 12 (A) | <p>1. Governance structure is in place to manage the individual partnership agreements (eg NPS Norwich Board, LGSS liaison group, NP Law Board, all major contracts have strategic and operational governance arrangements with officer and member representation.</p> <p>2. In response to the council operating model training requirements have been reviewed and staffing structures refreshed to reflect this change.</p> <p>3. A contract and business relationship management toolkit has been deployed. This aims to create consistency of management of both financial and performance objectives and monitoring and management of all economic, social and environmental issues associated with the service.</p> <p>4. Internal audit has reviewed arrangements to ensure that robust governance by client managers is in place for LGSS, nplaw, NPS Norwich, Norwich Norse (Environmental) and Norse Envoronmental Waste Service. Reported to CLT in April 2015 - result was 'substantial' assurance opinion.</p> | 2 | 4 | 8 (A) | | | | | |

| Details of Risk | | | | | | Inherent Risk | | | Key Controls | Residual Risk | | | Actions | | | | |
|-----------------|--|--|--|---------|----------------------|---------------|--------|---------------|---|---------------|--------|---------------|---|--------------------------------------|-------------|---------------------|-------------------|
| Risk No. | Risk Description | Caused by | Effect | Owner | Corporate Priorities | Likelihood | Impact | Score and RAG | | Likelihood | Impact | Score and RAG | Actions | Owner | Target Date | Revised Target Date | Action Status RAG |
| A4 | Safeguarding children, vulnerable adults and equalities duties | <p>1. Safeguarding and equalities duties and responsibilities not embedded throughout the council and its contractors/ commissioned services/ partners.</p> <p>2. Continued change in council service delivery model with an increase in the number of partnership arrangements is likely to require new arrangements for the delivery of safeguarding and equalities duties.</p> <p>3. Impact of cuts on care services and benefit funding.</p> <p>4. Critical incident</p> <p>5. Change in contractor/ commissioned service/partner</p> <p>6. Reduced service provision</p> <p>7. Not being able to attract staff with diverse abilities and backgrounds</p> <p>8. Reviews of safeguarding at Norfolk County Council found a number of significant issues, which increases the risks for partner organisations</p> | <p>1. Vulnerable adults and children at greater risk of exclusion or harm</p> <p>2. Individuals from a community of identity dealt with inappropriately and at risk of exclusion</p> <p>3. Risk of judicial review on accessibility of services</p> <p>4. Risk of damage to reputation if an employee discrimination claim is made based on equalities legislation</p> <p>5. NCC's reliance on systems at Norfolk and impact on Norwich City Council if these are inadequate</p> | EH-SP&N | All | 3 | 4 | 12 (A) | <p>1. Safeguarding children policy and procedures in place and reviewed annually through safeguarding group.</p> <p>2. Safeguarding adult policy and procedures in place and reviewed annually.</p> <p>3. Safeguarding duties included in new contracts to ensure duties are embedded with new contractors. Where appropriate, joint training/ awareness sessions are held.</p> <p>4. Equalities duties overseen by BMG</p> <p>5. A contract and business relationship management toolkit has been deployed. This aims to create consistency of management of both financial and performance objectives and monitoring and management of all economic, social and environmental issues associated with the service and particularly in relation to safeguarding</p> <p>6. Equality training undertaken for all staff and managers</p> <p>7. Managing mental health training for managers</p> <p>8. Safeguarding training provided to all staff.</p> <p>9. Safeguarding guidance provided to all councillors</p> <p>10. External reviews of the council's approach</p> <p>11. Annual self-assessments against Sec.11 of Children Act 2014, then challenge session with chair of Norfolk Safeguarding Children Board (NSCB). Confirmed that NCC is playing its part in the NSCB and is alert to its duties and responsibilities.</p> <p>12. NCC plays full part in Norfolk Public Protection Forum</p> <p>13. NCC chief executive chairs Community Safety Partnership linking to domestic abuse across the county</p> | 2 | 4 | 8 (A) | <p>Work is progressing with contract managers to ensure monitoring and annual reporting of cross cutting themes including safeguarding and equalities is undertaken consistently with contractors. Training for all staff being reviewed to ensure it is relevant to job roles and reflects emerging safeguarding issues and priorities.</p> <p>Action plan developed to ensure continual improvement against Sec 11 of the Children Act 2014 - progress will be reported to a future cabinet</p> | Head of local neighbourhood services | Jul-14 | Sep-15 | G |
| | | | | | | | | | | | | | | Head of local neighbourhood services | Jan-16 | | G |

| Details of Risk | | | | | | Inherent Risk | | | Key Controls | Residual Risk | | | Actions | | | | |
|-----------------------|--|--|---|---------|----------------------|---------------|--------|---------------|--|---------------|--------|---------------|---------|-------|-------------|---------------------|-------------------|
| Risk No. | Risk Description | Caused by | Effect | Owner | Corporate Priorities | Likelihood | Impact | Score and RAG | | Likelihood | Impact | Score and RAG | Actions | Owner | Target Date | Revised Target Date | Action Status RAG |
| A6 | Delivery of Joint Core Strategy (JCS). The council, through the Greater Norwich Growth Board, is seeking to promote delivery of the JCS. If delivered, JCS will see more than 30,000 homes built in the greater Norwich area, and 35,000+ jobs created over next 15 years | Delivery of the JCS may be jeopardised by: 1. One or more district councils failing to identify sufficient sites or bring forward detailed development plans to deliver the JCS in the next five years. 2. Markets failing to deliver on preferred development sites identified for housing 3. The government changing allowed approaches to calculating housing land supply to require all the backlog in housing supply that has arisen since 2008 to be met in the next five-year period rather than over the remainder of the plan period of the JCS (ie up to 2026). 4. Failure to deliver the infrastructure required to support development 5. The council increasingly relies on income from NNDR (business rates). This may be at risk if other councils allow commercial developments on the edge of the city but outside the boundary. | 1. Reputation damage 2. Significant likelihood that the overall development strategy for the Greater Norwich area will not be delivered | EH-R&D | 2 & 4 | 3 | 4 | 12 (A) | 1. Ensuring that strategies being prepared with GNGB colleagues are as robust as possible and firmly grounded in reliable evidence. 2. Inter-authority working based on consensus decision-making ensures all parties are in agreement with the proposed policy framework. 3. All policy work is supported by comprehensive evidence in accordance with government guidelines. 4. Greater Norwich Growth Board responsible for ensuring funding is available for investment in infrastructure to support growth. | 2 | 3 | 6 (A) | | | | | |
| A8 | Housing Investment Strategy As part of the reform of the HRA the council has taken on a substantial debt to replace the former negative housing subsidy system. This debt will be repaid over a period not exceeding 30 years. In addition to debt repayments the council has adopted a new standard for investment in the housing stock and a commitment to fund a new build programme | 1. Should the cost of works increase and/or the level of income reduce, then it may be necessary to review the housing investment strategy. 2. In addition, below inflation/rpi increases in rents will impact on income. 3. Reduction in rental income (arising from a high level of council house sales, increasing debt or other factors). 4. Significant increase in the cost of delivering improvement works 5. Failure to deliver by contractors | 1. Failure to deliver the Norwich Standard within the expected timescale 2. Lack of resources to support a new build programme. 3. Reduced tenant satisfaction 4. Reduced new build programme. | EH-SP&N | 4 | 3 | 3 | 9 (A) | 1. Regular review of HRA business plan and housing investment plan to reflect financial position of the HRA. 2. The main control will be the timescale for delivering the Norwich Standard to all properties together with the delivery of any agreed new build programme. 3. Regular review of key projects. 4. Effective contract management 5. Work with Registered Providers to maximise use of retained Right to Buy receipts for the development of new social housing where spend by the Council is not possible. | 2 | 3 | 6 (A) | | | | | |
| FINANCE AND RESOURCES | | | | | | | | | | | | | | | | | |

| Details of Risk | | | | | | Inherent Risk | | | Key Controls | Residual Risk | | | Actions | | | | |
|-----------------|-----------------------|--|---|-------|----------------------|---------------|--------|---------------|--|---------------|--------|---------------|--|-----------------------|-------------|---------------------|-------------------|
| Risk No. | Risk Description | Caused by | Effect | Owner | Corporate Priorities | Likelihood | Impact | Score and RAG | | Likelihood | Impact | Score and RAG | Actions | Owner | Target Date | Revised Target Date | Action Status RAG |
| B1 | Public sector funding | 1. Further economic decline. 2. Change in national government policy as a result of the economic position 3. New policies and regulations place a major financial burden on the council 4. Effects of funding cuts on major partners despite increased referrals, eg health and social care, may result in increased costs for the council | 1. Major reduction in public sector funding, including consequences of changes in funding arrangements for other bodies. 2. Impact on balancing the budget – significant change and financial savings required. 3. Unable to make saving within the required timescales 4. Erosion of reserves 5. Major financial problems 6. Reputation damage 7. Possible industrial action 8. Changes become “knee jerk” 9. Govt intervention 10. Council loses critical mass in key areas 11. Service failures 12. Potential disproportionate impact on the poorest and most vulnerable members of society | CFO | All | 5 | 5 | 25 (R) | 1. Comprehensive 5-year transformation programme based on minimum resource allocation and robust benefit realisation. 2. Medium Term Financial Strategy incl. reserves policy, financial reporting to BMG & cabinet, transformation projects regularly monitored, MTFS is regularly reviewed and updated. 3. HRA business plan. 4. Weekly review by CLT of government announcements to assess implications and response required. 5. Keep service design under review 6. Continual review of financial position by the council and major partners | 5 | 4 | 20 (R) | Report to cabinet for approval in line with risk management policy | Chief finance officer | | | |
| B2 | Income generation | 1. Further economic decline. 2. Under-utilisation of assets 3. CIL (community infrastructure levy) income is below expectations. 4. Collapse in world markets leading to loss of income 5. Low economic growth or recession reduces income 6. Other triggers: a) Bethel St Police Station – market value payment b) Triennial pensions review. c) VAT partial exemption. d) Variable energy prices. e) Increasing voids due to market and economy factors. f) Loss of major tenant. g) GNGP board decision or cabinet decision on CIL investment arrangements. h) The council increasingly relies on income from NNDR (business rates). This is a volatile income stream and may be at risk from changes to Government policy around planning and if other councils allow commercial developments on the edge of the city but outside the boundary. i) Lack of experience in some services for generating income | 1. Inability to raise capital receipts 2. Impact on balancing the budget – significant change and financial savings required. 3. Decline in income streams (eg rents from investment properties) – insufficient funds to maintain current service levels 4. Unable to make saving within the required timescales 5. Erosion of reserves 6. Major financial problems 7. Reputation damage 8. Govt intervention 9. Council loses critical mass in key areas 10. Service failures 11. Potential disproportionate impact on the poorest and most vulnerable members of society 12. Damage/costs across void portfolio 13. Essential infrastructure to deliver growth in the GNGP area is delayed. | CFO | All | 5 | 4 | 20 (R) | 1. Comprehensive 5-year transformation programme based on minimum resource allocation, maximisation of income generation and robust benefit realisation. 2. Medium Term Financial Strategy incl. reserves policy, capital and revenue financial reporting to BMG & cabinet, transformation projects regularly monitored, MTFS is regularly reviewed and updated. 3. HRA business plan. 4. GNGP have an agreed investment plan for the Greater Norwich area and have appointed consultants to advise on the use of CIL to help deliver this programme. 5. Clear strategy for investment 6. Commercial skills training provided to all Heads of Service 7.Element of CIL programme controlled by Norwich prioritised and caution taken to ensure spend not incurred until monies certain to be received. | 4 | 3 | 12 (A) | | | | | |

| Details of Risk | | | | | | Inherent Risk | | | Key Controls | Residual Risk | | | Actions | | | | |
|-----------------------|---|--|--|----------|----------------------|---------------|--------|---------------|--|---------------|--------|---------------|---------|-------|-------------|---------------------|-------------------|
| Risk No. | Risk Description | Caused by | Effect | Owner | Corporate Priorities | Likelihood | Impact | Score and RAG | | Likelihood | Impact | Score and RAG | Actions | Owner | Target Date | Revised Target Date | Action Status RAG |
| B3 | Level of reserves The council has a legal duty to ensure it has a prudent level of reserves to conduct its business | 1. Government policy. 2. Economic climate 3. Reserves fall below acceptable levels | 1. Inadequate levels of reserves publicly reported by external auditors 2. Government intervention 3. Impact on reputation of the council | CFO | All | 3 | 4 | 12 (A) | 1. Medium term financial strategy (MTFS). 2. Development of the 5-year corporate plan and transformation programme in conjunction with the MTFS. 3. HRA Business Plan. 4. Planning and delivery of transformation (savings and income generation) programme. 5. Contract and business relationship management to identify and respond to business delivery risks. 6. Budget development, in-year monitoring and control | 2 | 3 | 6 (A) | | | | | |
| B4 | Capital developments | 1. Housing / other developments may take longer to proceed than planned. 2. Housing / other developments may cost more than planned . 3. Interest rates on debt may rise beyond projections. 4. Developments may not generate planned levels of income. | 1. Delay in income streams may put pressure on revenue budgets. 2. Reduced net revenue contribution from developments. 3. May put pressure on revenue budgets / reserves to service debts 4. Pressure on revenue budgets | CFO | All | 5 | 4 | 20 (R) | 1. Medium Term Financial Strategy incl. reserves policy, capital and revenue financial reporting to BMG & cabinet, transformation projects regularly monitored, MTFS is regularly reviewed and updated. 2. HRA business plan. 3. Capital Management Group set up and Capital Board ToR being developed 4. Continual review of investments 5. Balanced risk profile | 3 | 4 | 12(A) | | | | | |
| PROCESSES AND SYSTEMS | | | | | | | | | | | | | | | | | |
| C1 | Emergency planning and business continuity (The council delivers a range of complex services to vulnerable elements of the community. Organisations generally are experiencing significant continuity events once every five years on average) | Occurrence of a significant event: • Loss of City Hall • ICT failure • Contractor collapse • Severe weather events – storms, heatwaves, strong winds • Flooding • Sea level rise • Fuel shortages • Communications failure • Pandemic • Loss of power The council, businesses and members of the public in the city will also be at risk from the local effects of climate change in the medium to long term. | 1. Service disruption and inability to deliver services 2. Disruption of the delivery of goods and services to the council 3. Increased requests for council resources and services 4. Health and safety impact on staff and vulnerable residents 5. Damage to council property and impact on tenants 6. Reputation damage 7. Years to recover | EH-BRM&D | All | 4 | 4 | 16 (R) | 1. The council is a member of the Norfolk Resilience Forum, which has produced a Norfolk Community Risk Register 2. Business continuity team with access to resources; action plans have been used to deal with actual total City Hall IT failure; alternative site for customer contact team; disaster recovery plan and the use of Blackberries for communications. 3. The council has a major emergency management strategy and emergency planning room established at City Hall. Approach has also been used to test business continuity in the event of the main works contractor changing. 4. Flu pandemic plan. 5. Adaptations to protect the council from the local effects of climate change and address the causes are covered by corporate strategies such as the environmental strategy, together with service plans. 6. A new business continuity management policy and framework was approved by cabinet 25 June 2014. 7. A business impact analysis for each service is reviewed and assessed by CLT once complete. | 4 | 3 | 12 (A) | | | | | |

| Details of Risk | | | | | | Inherent Risk | | | Key Controls | Residual Risk | | | Actions | | | | |
|-----------------|--|--|--|----------|----------------------|---------------|--------|---------------|---|---------------|--------|---------------|--------------------------------|-----------------------------|----------------|---------------------|-------------------|
| Risk No. | Risk Description | Caused by | Effect | Owner | Corporate Priorities | Likelihood | Impact | Score and RAG | | Likelihood | Impact | Score and RAG | Actions | Owner | Target Date | Revised Target Date | Action Status RAG |
| C2 | ICT strategy. The council has transferred its ICT service to LGSS. The ICT Programme Board works alongside LGSS to keep up to date the ICT strategy for the council | ICT strategy fails to support the organisation moving forward and the blueprint for a new council | 1. Incoherent approach to ICT systems 2. Systems not customer friendly 3. Systems are not integrated with one another 4. Drain on resources as staff work around the systems 5. Lack of accuracy in key data 6. Data are unreliable 7. Key information not trusted 8. Hinders management and service improvements 9. Failure to deliver council priorities | EH-BRM&D | All | 3 | 4 | 12 (A) | 1. NCC has developed an ICT strategic direction document detailing the key areas where ICT is required to support business objectives and change. 2. Management of the LGSS relationship will seek to ensure that NCC requirements are delivered. 3. The council has introduced a new ICT Programme Board, attended by LGSS IT. | 2 | 4 | 8 (A) | | | | | |
| C3 | Information security | 1. Sensitive and/or personal data is sent to the incorrect recipient or not kept securely, or is lost 2. Data is emailed to insecure email addresses. 3. Lap top or memory stick containing data is lost or stolen. 4. Information is sent to incorrect addresses. 5. External malicious attack (hacking) 6. Hard copy data is lost or stolen | 1. Fine up to £0.5 million 2. Reputational risk | EH-BRM&D | 5 | 5 | 4 | 20 (R) | 1. Regularly remind all managers, employees and members of their responsibilities for the use of and security of data. 2. Prohibit using mobile devices to store or process sensitive or personal data unless device is encrypted. 3. Encrypt lap tops and data sticks when they are used to store or process sensitive or personal data. 4. Proper disposal of confidential waste. 5. Updated IT User Security policy issued June 2013 to all staff and other people who access the councils systems (e.g. partners, contractors etc.) 6. The council has achieved public sector network (PSN) & payment card industry (PCI) compliance 7. The council has introduced an ICT programme board, attended by LGSS IT. | 3 | 4 | 12 (A) | Review IT user security policy | Systems support team leader | September 2014 | April 2015 | G |

| Details of Risk | | | | | | Inherent Risk | | | Key Controls | Residual Risk | | | Actions | | | | |
|---------------------|---|---|--|----------|----------------------|---------------|--------|---------------|---|---------------|--------|---------------|--|-----------------------|-------------|---------------------|-------------------|
| Risk No. | Risk Description | Caused by | Effect | Owner | Corporate Priorities | Likelihood | Impact | Score and RAG | | Likelihood | Impact | Score and RAG | Actions | Owner | Target Date | Revised Target Date | Action Status RAG |
| C4 | Failure of major contractor or legal challenge following an unsuccessful tender bid | 1. The council has a number of key contractors who may be vulnerable to market and economy factors. 2. In addition the number of legal challenges (and therefore injunctions preventing a contract award) is increasing due to the financial pressures and reducing workload 3. Key contractor goes into administration or an injunction is issued preventing the award of a new contract | 1. Customer and staff complaints 2. Services not delivered 3. Contingency plans have to be invoked 4. Cost and time to retender contract 5. Cost and time to defend legal challenge 6. Additional unforeseen costs impact delivery of balanced outturn and reserve levels | EH-BRM&D | 5 | 4 | 3 | 12 (A) | 1. Monitor major contractors for warning signs and make any necessary contingency plans. Recently put into practice and contingency plans tested. 2. Ensure a robust procurement process is followed in accordance with the appropriate procurement regulations, NCC processes and best practice. 3. NPS JV extended to include works division. This arrangement enables the JV to carry out work that was previously contracted to private sector. This approach is in line with the Councils operating model. This provides enhanced security over the supplier and increased direct control by the council. 4. Contingency budget and allowance for failures within the calculation of prudent minimum balance of reserves 5. More use of shared services reduces size and scope of contracts with private sector providers (eg ICT) 6. Increased use of framework contracts increases resilience against contractor failure. | 3 | 3 | 9 (A) | | | | | |
| C5 | Fraud and corruption | 1. Poor internal controls lead to fraudulent acts against the council, resulting in losses. 2. Bribery Act 2010 came into force 1 July 2011 – lack of guidance or policies - council fails to prevent bribery 3. Failure in internal control. 4. Discovery of fraudulent acts. 5. Allegations received. 6. Member of staff or councillor breaks the law. | 1. Loss of income or assets 2. Adverse public opinion 3. Effect on use of resources 4. Increased costs of external audit 5. Cost of investigation and rectifying weaknesses 6. Prison | CFO | 5 | 3 | 3 | 9 (A) | 1. Internal audit 2. Anti-fraud and corruption policy, 3. Payment Card Industry security assessment to protect card payments, 4. National Fraud Initiative, 5. Whistleblowing policy 6. Review and update as necessary policies and procedures. 7. Assess risk of bribery, train staff and monitor and review procedures. 8. Robust procurement procedures, e-tendering portal and governance by the procurement team 9. Delegation procedures | 2 | 3 | 6 (A) | Review needed of anti-fraud, whistleblowing and anti-bribery policies, | Chief finance officer | Sep-15 | | G |
| LEARNING AND GROWTH | | | | | | | | | | | | | | | | | |

| Details of Risk | | | | | | Inherent Risk | | | Key Controls | Residual Risk | | | Actions | | | | |
|-----------------|-------------------|---|---|---------|----------------------|---------------|--------|---------------|---|---------------|--------|---------------|---------|-------|-------------|---------------------|-------------------|
| Risk No. | Risk Description | Caused by | Effect | Owner | Corporate Priorities | Likelihood | Impact | Score and RAG | | Likelihood | Impact | Score and RAG | Actions | Owner | Target Date | Revised Target Date | Action Status RAG |
| D1 | Industrial action | 1. Changes to pension regulations and pay restraint and changes to terms and conditions could lead to industrial action by employees 2. National negotiating framework - failure to agree. 3. Ballot of union members. 4. Implementation of changes to the LGPS. 5. Implementation of government interventions on pay | 1. Loss of key services 2. Public safety 3. Loss of income 4. Reputation | EH-SP&N | All | 3 | 4 | 12 (A) | 2 stages – managing the threat of industrial action and responding to industrial action 1. Identify and agree with UNISON exemptions from strike action 2. Identify and implement business continuity/contingency plans to maintain essential services and ensure statutory duties are met 3. CLT agree and implement strategy for response to strike action ie assessing the scale of the action, communications, response depending on nature of the action, wider industrial relations implications, deductions from pay etc 4. National and regional guidance 5. Statutory immunities – Trade Union Labour Relations (Consolidation) Act | 2 | 3 | 6 (A) | | | | | |

Council Priorities 2015-2020:

1. To make Norwich a safe, clean and low-carbon city
2. To make Norwich a prosperous and vibrant city
3. To make Norwich a fair city
4. To make Norwich a healthy city with good housing
5. To provide value for money services

Key to risk owners (above):

| | |
|----------|--|
| EH-SP&N | Executive head of strategy, people & neighbourhoods |
| EH-BRM&D | Executive head of business relationship management & democracy |
| EH-CC&C | Executive head of customers, communications & culture |
| EH-R&D | Executive head of regeneration & development |
| CFO | Chief finance officer (s151) |

RISK SCORING MATRIX

| | | | | | |
|----------------------|-----------|----------|----------|--------|-------------|
| VERY HIGH (V) | 5 | 10 | 15 | 20 | 25 |
| HIGH (H) | 4 | 8 | 12 | 16 | 20 |
| MEDIUM (M) | 3 | 6 | 9 | 12 | 15 |
| LOW (L) | 2 | 4 | 6 | 8 | 10 |
| NEGLECTIBLE | 1 | 2 | 3 | 4 | 5 |
| IMPACT LIKELIHOOD | VERY RARE | UNLIKELY | POSSIBLE | LIKELY | VERY LIKELY |

Red scores – in excess of the council's risk appetite (risk score 16 to 25) – action needed to redress, quarterly monitoring.

In exceptional circumstances cabinet can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to CLT and cabinet (see section 3.8 of the strategy).

Amber scores – likely to cause the council some difficulties (risk score over 5 to 15) – quarterly monitoring

Green scores (risk score 1 to 4) – monitor as necessary

Descriptors to assist in the scoring of risk impact are on the following page

Likelihood scoring is left to the discretion of managers as it is very subjective, but should be based on their experience of the risk

As a guide, the following may be useful:

Very rare - highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will

Unlikely - not expected, but there's a slight possibility it may occur at some time

Possible - the event might occur at some time as there is a history of occasional occurrence at the council

Likely - there is a strong possibility the event will occur as there is a history of frequent occurrence at the council

Very likely - the event is expected to occur in most circumstances as there is a history of regular occurrence at the council

IMPACT DESCRIPTORS

The following descriptors are designed to assist the scoring of the impact of a risk:

| | Negligible (1) | Low (2) | Medium (3) | High (4) | Very High (5) |
|-----------------------------|--|------------------------------|--|---|--|
| Legal and Regulatory | Minor civil litigation or regulatory criticism | Minor regulatory enforcement | Major civil litigation and/or local public enquiry | Major civil litigation setting precedent and/or national public enquiry | Section 151 or government intervention or criminal charges |
| Financial | <£25k | <£50k | <£100k | <£500k | >£500k |
| | Insignificant | Minor | Moderate direct | Major disruption | Critical long term |

| Service provision | disruption to service delivery | disruption to service delivery | effect on service delivery | to service delivery | disruption to service delivery |
|------------------------------------|--|--|---|---|---|
| People and Safeguarding | Slight injury or illness | Low level of minor injuries | Significant level of minor injuries of employees and/or instances of mistreatment or abuse of individuals for whom the council has a responsibility | Serious injury of an employee and/or serious mistreatment or abuse of an individual for whom the council has a responsibility | Death of an employee or individual for whom the council has a responsibility or serious mistreatment or abuse resulting in criminal charges |
| Reputation | No reputational impact | Minimal negative local media reporting | Significant negative front page reports/ editorial comment in the local media | Sustained negative coverage in local media or negative reporting in the national media | Significant and sustained local opposition to the council's policies and/or sustained negative media reporting in national media |
| Project | Minimal effect on budget or overrun | Project overruns or over budget | Project overruns or over budget affecting service delivery | Project significantly overruns or over budget | Project failure |
| Sustainability/ Environment | Minimal or no impact on the city's environment or sustainability targets | Minor impact on the city's environment or sustainability targets | Moderate impact on the city's environment or sustainability targets | Serious impact on the city's environment or sustainability targets | Very serious impact on the city's environment or sustainability targets |

APPENDIX 2

Norwich City Council

Summary of Residual Scores for Corporate Risks (one red, 16 amber)

| | | | | | | | |
|--------|------------|---|------------|------------------------|----------|--------|-------------|
| Impact | Very High | 5 | | | | | |
| | High | 4 | | A2, A3, A4, C2 | B4, C3 | | B1 |
| | Medium | 3 | | A5, A6, A8, B3, C5, D1 | C4 | B2, C1 | |
| | Low | 2 | | | A1 | | |
| | Negligible | 1 | | | | | |
| | | | 1 | 2 | 3 | 4 | 5 |
| | | | Very rare | Unlikely | Possible | Likely | Very Likely |
| | | | Likelihood | | | | |

Red scores – in excess of the council's risk appetite (risk score 16 to 25) – action needed to redress, quarterly monitoring. In exceptional circumstances cabinet can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to CLT and cabinet.

Amber scores – likely to cause the council some difficulties (risk score 5 to 15) – quarterly monitoring

Green scores (risk score 1 to 4) – monitor as necessary

Report to Cabinet

Item

Report of Chief finance officer

8

Subject Revenue budget monitoring 2014-15 – year end 2014-15

Purpose

To update cabinet on the revenue outturn for the year 2014-15, and the consequent general fund and housing revenue account balances

Recommendation

To note the revenue outturn 2014-15.

Corporate and service priorities

The report helps to meet the corporate priority value for money services and the service plan priority to provide accurate, relevant and timely financial information.

Financial implications

The net revenue outturn for the general fund for the year 2014-15 is a surplus of £1.301m. This represents underspends of £2.286m against budget and the planned contribution to reserves of £0.541m, offset by transfers to the s31 business rate relief reserve of £1.525m.

The revenue outturn for the housing revenue account for the year 2014-15 is a deficit of £4.950m which after the planned use of reserves of £7.707m, represents an underspend of £2.757m.

The balances on both funds remain above the prudent minima.

The revenue outturn for the collection fund for the year 2014-15 is a deficit of £0.822m. The council's share of this is £0.655m of which £0.865m relates to a deficit on business rates which will be offset by transfers from the s31 business rates relief earmarked reserve in 2015-16. The council's share of the council tax surplus is approximately £0.200m.

Ward/s: All wards

Cabinet member: Councillor Stonard – resources and income generation

Contact officers

Justine Hartley, chief finance officer
Neil Wright, service accountant

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Background documents

None

Report

1. Council approved budgets for the 2014-15 financial year on 18 February 2014.
2. The attached appendices show the provisional forecast outturn for the general fund and the housing revenue account:
 - [Appendix 1](#) shows the general fund by corporate leadership team responsibilities, and by subjective group
 - [Appendix 2](#) shows the housing revenue account in (near) statutory format, and by subjective group
 - [Appendix 3](#) shows budget and expenditure for the year to date in graphical format

General Fund

3. Budgets reported include the resources financing the council's net budget requirement (which includes a contribution of £0.541m to balances as allowed for in the *Medium term financial strategy*) so that the net budget totals zero:

| <i>Item</i> | <i>Approved budget £000s</i> |
|----------------------------------|----------------------------------|
| Net budget requirement | 18,407 |
| Non-domestic rates | (4,651) |
| Revenue support grant | (5,980) |
| Council tax precept | (7,776) |
| Total general fund budget | 0 |

4. The main reasons for the general fund surplus of £1.301m are detailed below:-

| <i>General fund service</i> | <i>Outturn variance £000s</i> | <i>Commentary</i> |
|----------------------------------|-----------------------------------|---|
| Business relationship management | (446) | This underspend relates to an underspend on the contingency budget of £356k and to grant income being higher than budgeted. The contingency budget has been reduced for 2015-16. |
| Finance | 796 | The main items contributing to this overspend are: i) the transfer of £1.06m of grant received in 2014-15 to the s31 earmarked reserve in relation to business rate reliefs which will affect the council's finances in 2015-16 and 2016/17; and ii) an overspend on Housing Benefit of £290k. These are offset by the underspend of £541k as a result of the planned contribution to reserves for 2014-15. |

| <i>General Fund Service</i> | <i>Outturn variance £000s</i> | <i>Commentary</i> |
|-----------------------------|---------------------------------------|---|
| City development | (428) | This underspend is as a result of parking income being £372k up on budget and multi storey car park depreciation £292k lower than budgeted. |
| Planning | (355) | The underspend is as a result of employee savings (£252k), more income than budgeted from Planning fees (£43k) and extra capital income (£65k). |
| Citywide services | (323) | The variance is due to an unmatched accrual from 2013-14 (£283k) on the waste management. |
| Neighbourhood housing | (449) | Homelessness underspend £132k, Private Sector Leasing underspend £120k. Depreciation £205k lower than budgeted. |

Housing revenue account

5. The budgets reported include a £7.7m use of HRA balances, so that the net budget totals zero:

| <i>Item</i> | <i>Approved budget £000s</i> |
|-------------------------------|--------------------------------------|
| Gross HRA expenditure | 80,827 |
| Gross HRA income | (73,120) |
| Contribution from HRA balance | (7,707) |
| Total net HRA budget | 0 |

6. The main reasons for the housing revenue account deficit of £4.950m are detailed below:-

| <i>HRA division of service</i> | <i>Outturn variance £000s</i> | <i>Commentary</i> |
|---------------------------------------|---------------------------------------|--|
| Repairs and maintenance | (609) | The repairs budget of £15.9m has underspent by £609k. The main areas of underspend against budgets are landlord lighting £140k, security improvements £145k, water mains renewal £142k and balcony repair £158k. |
| Rents, rates and other property costs | 390 | This overspend is mainly due to: unbudgeted insurance costs of £218k offset by £209k insurance underspend against HRA general management below; and unbudgeted NPS recharges of £94k also offset by £96k underspend within general management below. |

| <i>HRA Division of Service</i> | <i>Outturn variance £000s</i> | <i>Commentary</i> |
|---------------------------------|---------------------------------------|--|
| General management | (1,192) | Mainly due to: 1) £587k underspend relating to NPS property management; unrequired recharge budgets due to staff no longer working for NCC (£289k), unrequired professional fees budget (£179k) and lower than budgeted Customer Contact recharge (£124k). 2) £209k underspend on RTB insurance, offset by £218k overspend against rents, rates and other property costs above. 3) NPS recharges (£96k) offset by £94k overspend against rents, rates and other property costs above. |
| Special services | (606) | 1) £308k underspend on sheltered housing heating and district heating schemes, 2) £189k sheltered housing underspend - salaries, gritting, furniture etc. 3) £83k NCAS call maintenance / group alarms underspend |
| Provision for bad debts | (823) | Provision increased in anticipation of the effects of full implementation of 'under-occupancy' benefit changes and universal credit. Delayed implementation of universal credit and better than anticipated rent collection performance have delivered a lesser call on this provision. |
| Garage and other property rents | (274) | Lower than anticipated garage voids rate. |
| Service charges - general | 618 | Lower income than budgeted for (tenants), partially offset by underspend in Special Services (district heating). Also lower leasehold income than budgeted for. |
| Adjustments and financing items | 7,552 | This reflects the planned contribution to the HRA budget of £7.707m from HRA reserves in 2014-15. |

Financial planning

7. Overall levels of overspend and underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements.
8. Net overspends and underspends will be consolidated into the general fund and housing revenue account balances carried forward to 2015-16. These are reflected in periodic updates to the *Medium term financial strategy* and *Housing revenue account business plan*.

Impact on balances

9. The prudent minimum level of general fund reserves has been assessed as £4.496m. The outturn's impact on the 2013-14 balance brought forward, is as follows:

| <i>Item</i> | <i>£000s</i> |
|--|--------------|
| Balance at 1 April 2014 | (8,313) |
| Planned contribution to reserves 2014-15 | (541) |
| Outturn underspend 2014-15 | (2,286) |
| Transfer to earmarked reserve of unapplied section 31 business rates relief grant of which £1.06m is from grant received in 2014-15 and the remainder from the general fund reserve brought forward. | 1,525 |
| = Balance at 31 March 2015 | (9,615) |

10. The general fund balance therefore continues to exceed the prudent minimum.
11. The prudent minimum level of HRA reserves has been assessed as £3.067m. The outturn's impact on the 2013-14 balance brought forward, is as follows:

| <i>Item</i> | <i>£000s</i> |
|------------------------------------|--------------|
| Balance at 1 April 2014 | (25,129) |
| Planned contribution from reserves | 7,707 |
| Outturn underspend 2014-15 | (2,758) |
| = Balance at 31 March 2015 | (20,180) |

12. The housing revenue account balance therefore continues to exceed the prudent minimum.

Collection fund

13. The collection fund is made up of three accounts – council tax, the business improvement district (BID) account, and national non-domestic rates (NNDR).
- Council tax is shared between the city, the county, and the police and crime commissioner based on an estimated tax base and the council tax rates agreed by each of the preceptors. Any surplus or deficit is shared in the following financial year.
 - The BID account is operated on behalf of the BID company, to collect their income from the BID levy. Any surplus or deficit is passed on to the BID company.
 - NNDR income is shared between the city, the county, and central government. Since 'localisation', any surplus or deficit is also shared, rather than as formerly being borne wholly by the government.
14. There are particular risks attached to NNDR, which are:
- Appeals – the impact of any appeals will fall on the collection fund, and therefore in part on the city. The Valuation Office has cleared a large number

of appeals which has adversely affected the council's business rates income levels. However, a backlog of appeals remains and significant new appeals were submitted in the period up to 31 March 2015. The outcome value of the appeals is not known, nor the likelihood of success, nor the timing of the appeal being determined.

- NNDR billable – changes in the NNDR billable, e.g. demolition or construction of new billable premises, will impact on the amount billable. Assumptions of growth may also be affected by changes in the wider economic environment.
- NNDR collectable – arrears and write-offs (e.g. where a business goes into administration) will also impact on the collection fund.

15. These risks are monitored and mitigated through normal revenues operations.

16. A summary of the collection fund is provided below:

| <i>Approved budget £000s</i> | <i>Final budget £000s</i> | Collection fund summary | <i>Actual £000s</i> | <i>Variance £000s</i> |
|--------------------------------------|-----------------------------------|--------------------------------------|-------------------------|---------------------------|
| | | | | |
| | | Council tax | | |
| 53,797 | 53,797 | Expenditure | 53,120 | (677) |
| (53,797) | (53,797) | Income | (54,570) | (773) |
| | | Business improvement district | | |
| 656 | 656 | Expenditure | 755 | 99 |
| (656) | (656) | Income | (646) | 10 |
| | | National non-domestic rate | | |
| 77,698 | 77,698 | Expenditure | 78,061 | 363 |
| (77,698) | (77,698) | Income | (75,898) | 1,800 |
| 0 | 0 | Total collection fund | 822 | 822 |

17. The council tax year-end surplus is £1.45m which will be taken into account in considering distribution of balances between the preceptors (city, county, and police) in the future. The council's share of this is approximately £200k (14%).

18. On the BID account a £109k deficit is shown. The council operates the BID account on behalf of the BID company, so no surplus or deficit will fall on the council's accounts – this figure appears only because the BID year differs from the council's financial year.

19. On the NNDR account, a £2.164m deficit has been incurred in 2014-15 which will roll forward and be distributed in the 2015-16 budget cycle. The council's share of this deficit is £865k. This sum will be offset in 2015-16 by s31 grant held in the earmarked reserve for this purpose.

Integrated impact assessment



NORWICH
City Council

Report author to complete

| | |
|-------------------------|--|
| Committee: | Cabinet |
| Committee date: | |
| Head of service: | Chief Finance Officer |
| Report subject: | Revenue Budget Monitoring 2014-15 |
| Date assessed: | 12/06/15 |
| Description: | This is the integrated impact assessment for the Revenue Budget Monitoring 2014-15 report to cabinet |

| | Impact | | | |
|--|-------------------------------------|-------------------------------------|--------------------------|---|
| Economic (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Finance (value for money) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The report shows that the council monitors its budgets, considers risks to achieving its budget objectives, reviews its balances position, and is therefore able to maintain its financial standing |
| Other departments and services e.g. office facilities, customer contact | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| ICT services | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Economic development | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Financial inclusion | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Social (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Safeguarding children and adults | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>S17 crime and disorder act 1998</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Human Rights Act 1998 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Health and well being | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

| | Impact | | | |
|--|-------------------------------------|-------------------------------------|--------------------------|---|
| Equality and diversity (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Relations between groups (cohesion) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Eliminating discrimination & harassment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Advancing equality of opportunity | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Environmental (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Transportation | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Natural and built environment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Waste minimisation & resource use | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Pollution | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Sustainable procurement | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Energy and climate change | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| (Please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Risk management | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The report demonstrates that the council is aware of and monitors risks to the achievement of its financial strategy. |

| Recommendations from impact assessment | |
|--|--|
| Positive | |
| None | |
| Negative | |
| None | |
| Neutral | |
| None | |
| Issues | |
| The council should continue to monitor its budget performance in the context of the financial risk environment within which it operates. | |

Budget Monitoring Summary

Year: 2014-15

Outturn Period: 13 (EOY)

GENERAL FUND SERVICE SUMMARY

| <i>Approved Budget</i> | <i>Final Budget</i> | | <i>Budget</i> | <i>Actual</i> | <i>Removal of Unbudgeted Accounting adjustments*</i> | <i>Revised Actual</i> | <i>Revised Variance</i> |
|---|---------------------|---|---------------------|---------------------|--|-----------------------|-------------------------|
| Business Relationship Management & Democracy | | | | | | | |
| 1,648,349 | 1,793,700 | Business Relationship Management | 1,793,700 | 1,426,376 | (78,183) | 1,348,193 | (445,507) |
| 303,787 | 229,444 | Democratic Services | 229,444 | 269,109 | 9,613 | 278,722 | 49,278 |
| (20,196,083) | (20,181,053) | Finance | (20,181,053) | (17,884,088) | (1,500,789) | (19,384,877) | 796,176 |
| 33,733 | (294,218) | Procurement & Service Improvement | (294,218) | 0 | (260,485) | (260,485) | 33,733 |
| (18,210,214) | (18,452,127) | Total Business Relationship Management & Democracy | (18,452,127) | (16,188,603) | (1,829,844) | (18,018,447) | 433,680 |
| Chief Executive | | | | | | | |
| 0 | 0 | Chief Executive | 0 | (12) | 0 | (12) | (12) |
| 0 | 0 | Total Chief Executive | 0 | (12) | 0 | (12) | (12) |
| Customers, Comms & Culture | | | | | | | |
| 2,525,619 | 2,325,357 | Communications & Culture | 2,325,357 | 2,088,196 | 178,858 | 2,267,054 | (58,303) |
| (116,196) | (168,617) | Customer Contact | (168,617) | (31,304) | (27,446) | (58,750) | 109,867 |
| 2,409,423 | 2,156,740 | Total Customers, Comms & Culture | 2,156,740 | 2,056,892 | 151,412 | 2,208,304 | 51,564 |
| Regeneration & Development | | | | | | | |
| (965,936) | (954,804) | City Development | (954,804) | (2,352,525) | 969,878 | (1,382,647) | (427,843) |
| (3) | (1) | Environmental Strategy | (1) | 0 | 0 | 0 | 1 |
| 0 | 0 | Executive Head of Regeneration & | 0 | (12) | 0 | (12) | (12) |
| 1,743,316 | 1,743,036 | Planning | 1,743,036 | 1,269,939 | 118,291 | 1,388,230 | (354,806) |
| 125,419 | 252,319 | Property Services | 252,319 | 251,949 | 0 | 251,949 | (370) |
| 902,796 | 1,040,550 | Total Regeneration & Development | 1,040,550 | -830,649 | 1,088,169 | 257,520 | (783,030) |
| Strategy, People & Neighbourhoods | | | | | | | |
| 9,978,887 | 10,006,606 | Citywide Services | 10,006,606 | 9,348,582 | 335,155 | 9,683,737 | (322,869) |
| (4) | (5,100) | Human Resources | -5,100 | 0 | 0 | 0 | 5,100 |
| 2,654,201 | 2,661,895 | Neighbourhood Housing | 2,661,895 | 2,116,421 | 96,363 | 2,212,784 | (449,111) |
| 2,229,016 | 2,435,505 | Neighbourhood Services | 2,435,505 | 2,195,834 | 127,500 | 2,323,334 | (112,171) |
| 35,895 | 153,885 | Strategy & Programme Management | 153,885 | 196 | 31246.02 | 31,442 | (122,443) |
| 14,897,995 | 15,252,791 | Total Strategy, People & Neighbourhoods | 15,252,791 | 13,661,033 | 590,264 | 14,251,297 | (1,001,494) |
| 0 | (2,046) | Total General Fund | (2,046) | (1,301,339) | 0 | (1,301,339) | (1,299,293) |

GENERAL FUND SUBJECTIVE SUMMARY

| <i>Approved Budget</i> | <i>Final Budget</i> | | <i>Budget</i> | <i>Actual</i> | <i>Variance</i> |
|------------------------|---------------------------|-------------------------|----------------|--------------------|--------------------|
| 17,366,808 | 17,532,262 | Employees | 17,532,262 | 19,813,341 | 2,281,079 |
| 8,577,187 | 8,522,187 | Premises | 8,522,187 | 10,043,573 | 1,521,386 |
| 314,000 | 313,998 | Transport | 313,998 | 246,391 | (67,607) |
| 15,884,736 | 15,832,884 | Supplies & Services | 15,832,884 | 14,279,442 | (1,553,442) |
| 7,784,578 | 7,497,232 | Third Party Payments | 7,497,232 | 7,280,145 | (217,087) |
| 94,462,444 | 94,462,444 | Transfer Payments | 94,462,444 | 90,627,910 | (3,834,534) |
| 3,685,062 | 3,685,062 | Capital Financing | 3,685,062 | (898,953) | (4,584,015) |
| 0 | 15,030 | Rev Contribs to Capital | 15,030 | 0 | (15,030) |
| (55,000) | 0 | Savings Proposals | 0 | 0 | 0 |
| (23,185,762) | (22,831,002) | Receipts | (22,831,002) | (23,075,881) | (244,879) |
| (118,033,744) | (118,117,443) | Government Grants | (118,117,443) | (113,871,519) | 4,245,924 |
| 1,304,093 | 1,304,093 | Centrally Managed | 1,304,093 | 1,351,485 | 47,392 |
| 17,496,584 | 17,552,192 | Recharge Expenditure | 17,552,192 | 15,867,155 | (1,685,037) |
| (25,600,986) | (25,770,985) | Recharge Income | (25,770,985) | (22,964,428) | 2,806,557 |
| 0(2,046) | Total General Fund | | (2,046) | (1,301,339) | (1,299,293) |

*At year end a number of accounting adjustments are put through as part of preparing the council's annual accounts. A large number of these are not budgeted for and net to zero across the cost centres. Actual outturn figures including year end adjustments are reported above but in addition revised variances, excluding these transactions, are reported to show more clearly under and overspends against budget.

Budget Monitoring Report Year: 2014-15 Outturn Period: 13 (EOY)

HOUSING REVENUE ACCOUNT STATUTORY SUMMARY

| <i>Approved Budget</i> | <i>Final Budget</i> | | <i>Budget</i> | <i>Actual</i> | <i>Removal of Unbudgeted Accounting adjustments*</i> | <i>Revised Actual</i> | <i>Revised Variance</i> |
|------------------------|---------------------|--------------------------------------|---------------|------------------|--|-----------------------|-------------------------|
| 15,923,170 | 15,923,170 | Repairs & Maintenance | 15,923,170 | 15,313,943 | | 15,313,943 | (609,227) |
| 6,178,443 | 6,178,443 | Rents, Rates, & Other Property Costs | 6,178,443 | 6,568,041 | | 6,568,041 | 389,598 |
| 11,382,720 | 11,372,054 | General Management | 11,372,054 | 9,859,978 | 320,399 | 10,180,377 | (1,191,677) |
| 5,628,948 | 5,718,660 | Special Services | 5,718,660 | 4,998,613 | 113,936 | 5,112,549 | (606,111) |
| 21,924,793 | 21,924,793 | Depreciation & Impairment | 21,924,793 | 20,824,991 | 979,163 | 21,804,154 | (120,639) |
| 941,000 | 941,000 | Provision for Bad Debts | 941,000 | 118,197 | | 118,197 | (822,803) |
| (58,915,983) | (58,915,983) | Dwelling Rents | (58,915,983) | (58,766,455) | | (58,766,455) | 149,528 |
| (1,951,186) | (1,951,186) | Garage & Other Property Rents | (1,951,186) | (2,225,169) | | (2,225,169) | (273,983) |
| (9,643,814) | (9,643,814) | Service Charges - General | (9,643,814) | (9,025,552) | | (9,025,552) | 618,262 |
| 0 | 0 | Miscellaneous Income | 0 | (76,878) | | (76,878) | (76,878) |
| 9,382,073 | 9,305,073 | Adjustments & Financing Items | 9,305,073 | 18,270,105 | (1,413,498) | 16,856,607 | 7,551,534 |
| (700,164) | (700,164) | Amenities shared by whole community | (700,164) | (686,597) | | (686,597) | 13,567 |
| (150,000) | (150,000) | Interest Received | (150,000) | (222,951) | | (222,951) | (72,951) |
| 0 | 2,046 | Total Housing Revenue Account | 2,046 | 4,950,266 | 0 | 4,950,266 | 4,948,220 |

HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY

| <i>Approved Budget</i> | <i>Final Budget</i> | | <i>Budget</i> | <i>Actual</i> | <i>Variance</i> |
|------------------------|---------------------|--------------------------------------|---------------|------------------|------------------|
| 6,467,099 | 6,472,099 | Employees | 6,472,099 | 7,182,287 | 710,188 |
| 25,086,833 | 25,163,833 | Premises | 25,163,833 | 24,261,183 | (902,650) |
| 122,263 | 122,263 | Transport | 122,263 | 129,261 | 6,998 |
| 3,997,007 | 3,925,114 | Supplies & Services | 3,925,114 | 2,293,408 | (1,631,706) |
| 348,001 | 350,047 | Third Party Payments | 350,047 | 318,881 | (31,166) |
| 5,847,385 | 5,914,278 | Recharge Expenditure | 5,914,278 | 5,701,019 | (213,259) |
| 1,167,846 | 1,167,846 | Capital Financing | 1,167,846 | 7,835,982 | 6,668,136 |
| (71,877,097) | (71,877,097) | Receipts | (71,877,097) | (71,644,391) | 232,706 |
| (221,256) | (221,256) | Government Grants | (221,256) | (150,500) | 70,756 |
| (1,021,221) | (1,021,221) | Recharge Income | (1,021,221) | (1,001,553) | 19,668 |
| 17,035,000 | 16,958,000 | Rev Contribs to Capital | 16,958,000 | 16,958,000 | 0 |
| 13,048,140 | 13,048,140 | Capital Financing | 13,048,140 | 13,066,689 | 18,549 |
| 0 | 2,046 | Total Housing Revenue Account | 2,046 | 4,950,266 | 4,948,220 |

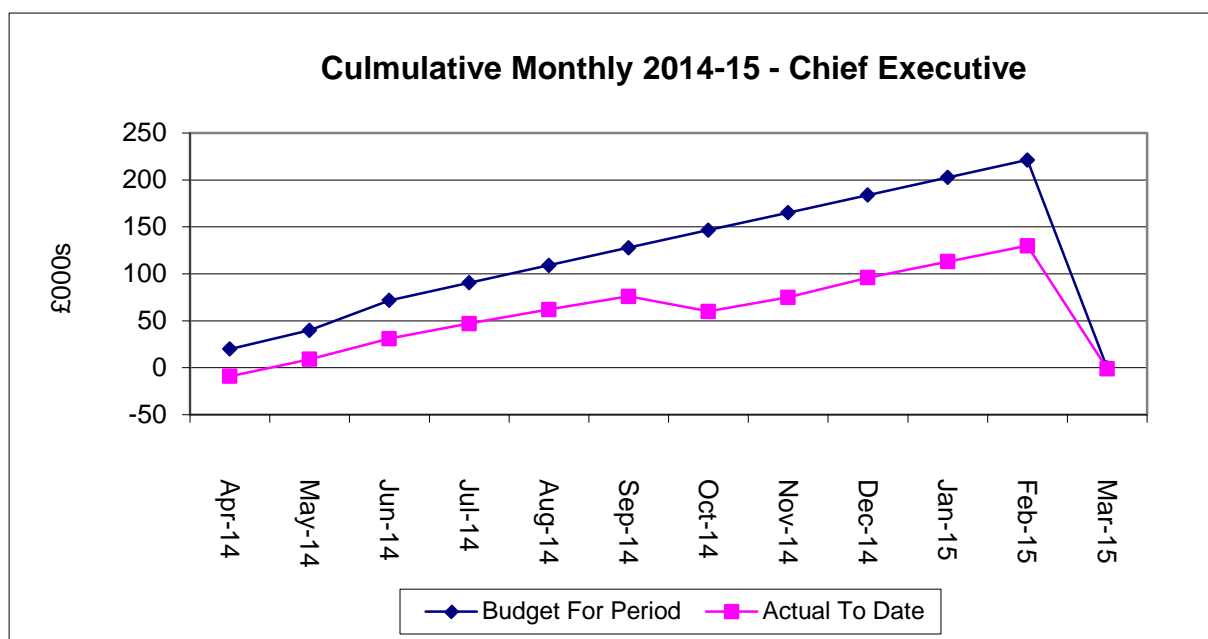
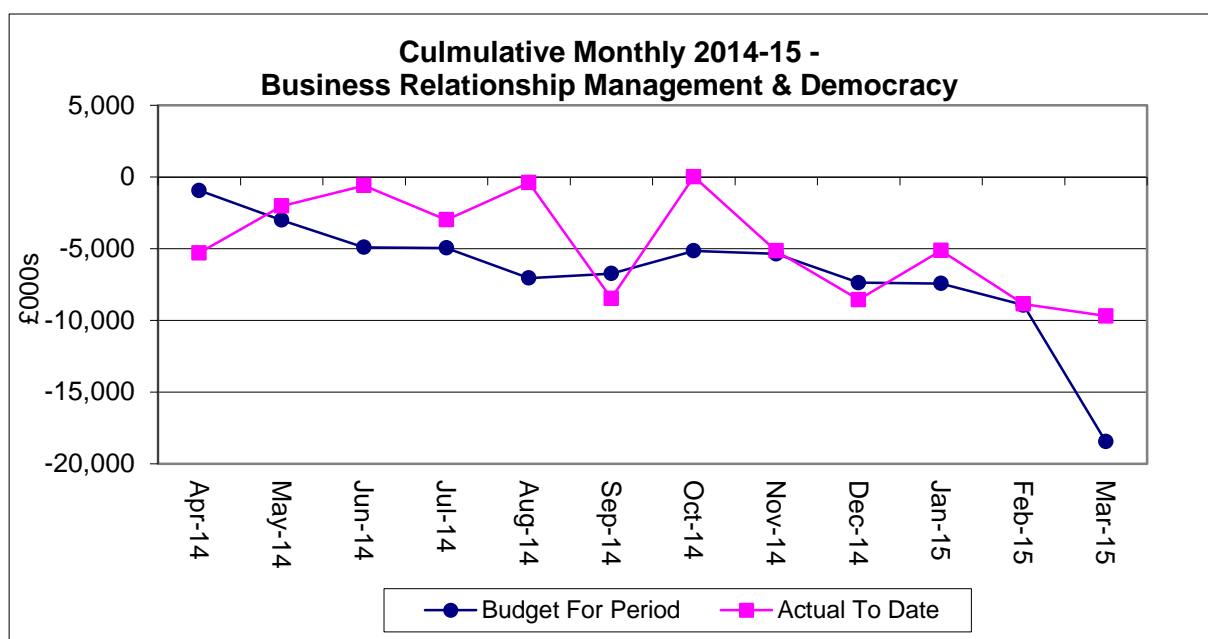
*At year end a number of accounting adjustments are put through as part of preparing the council's annual accounts. A large number of these are not budgeted for and net to zero across the cost centres. Actual outturn figures including year end adjustments are reported above but in addition revised variances, excluding these transactions, are reported to show more clearly under and overspends against budget.

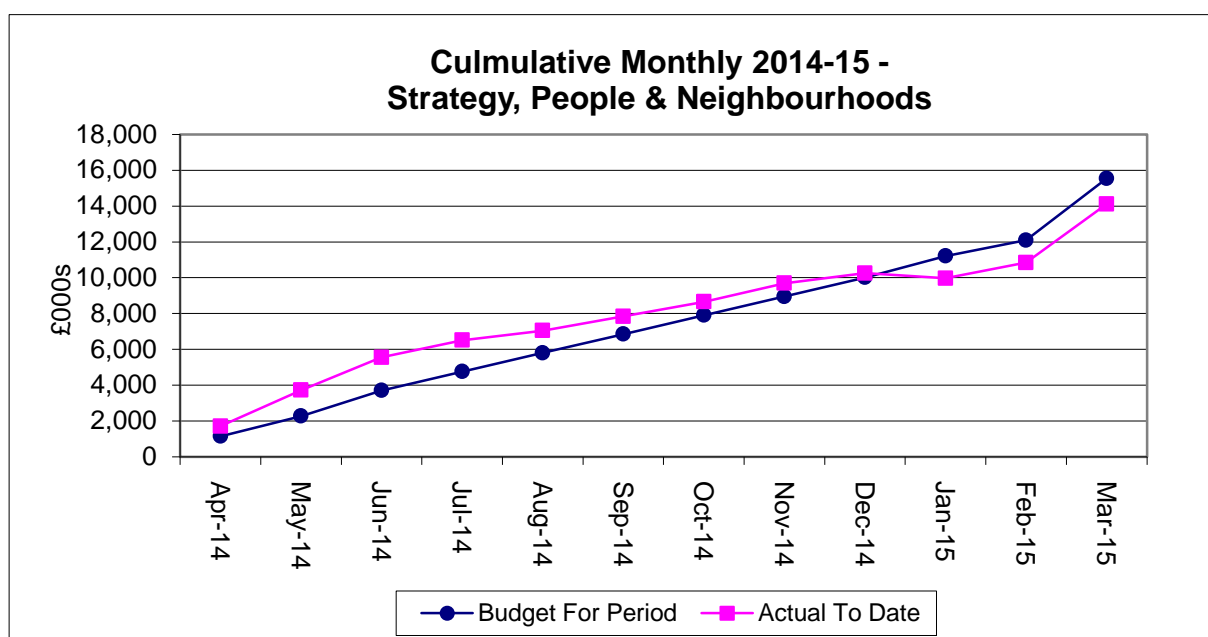
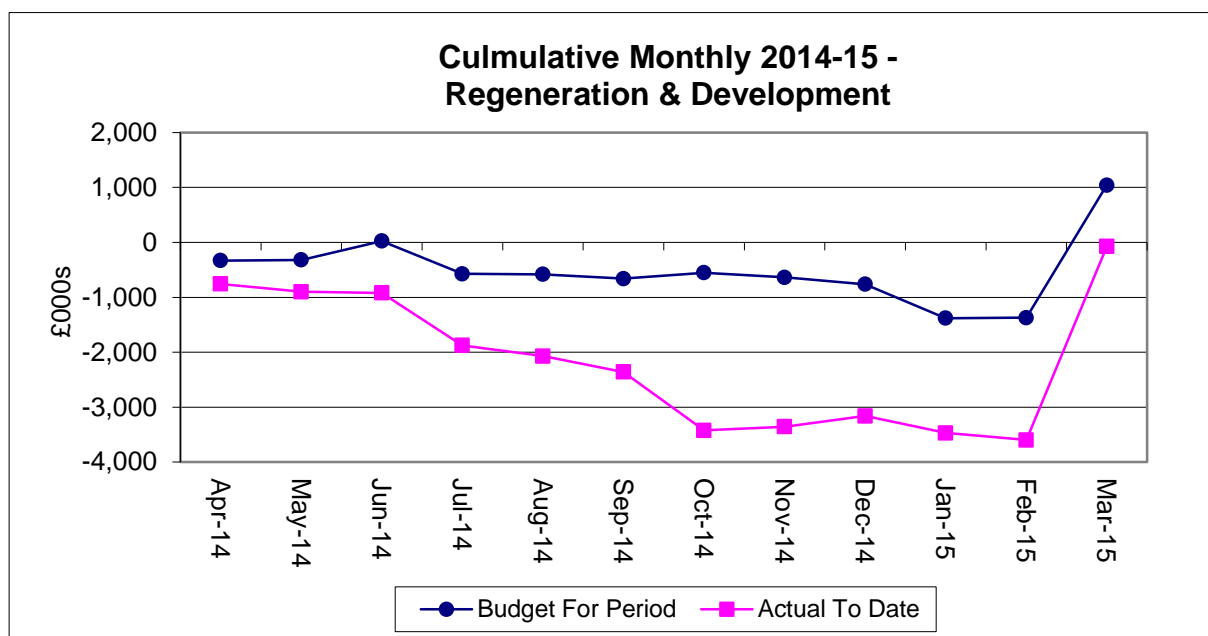
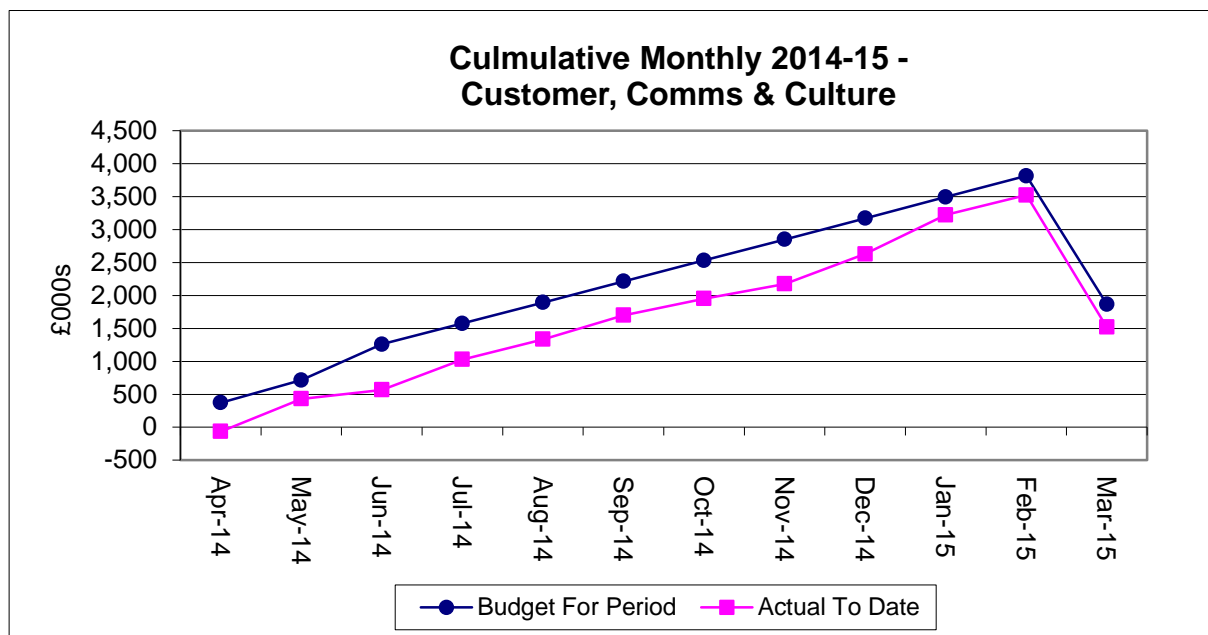
Budget & Expenditure – Monthly by Service Graphs

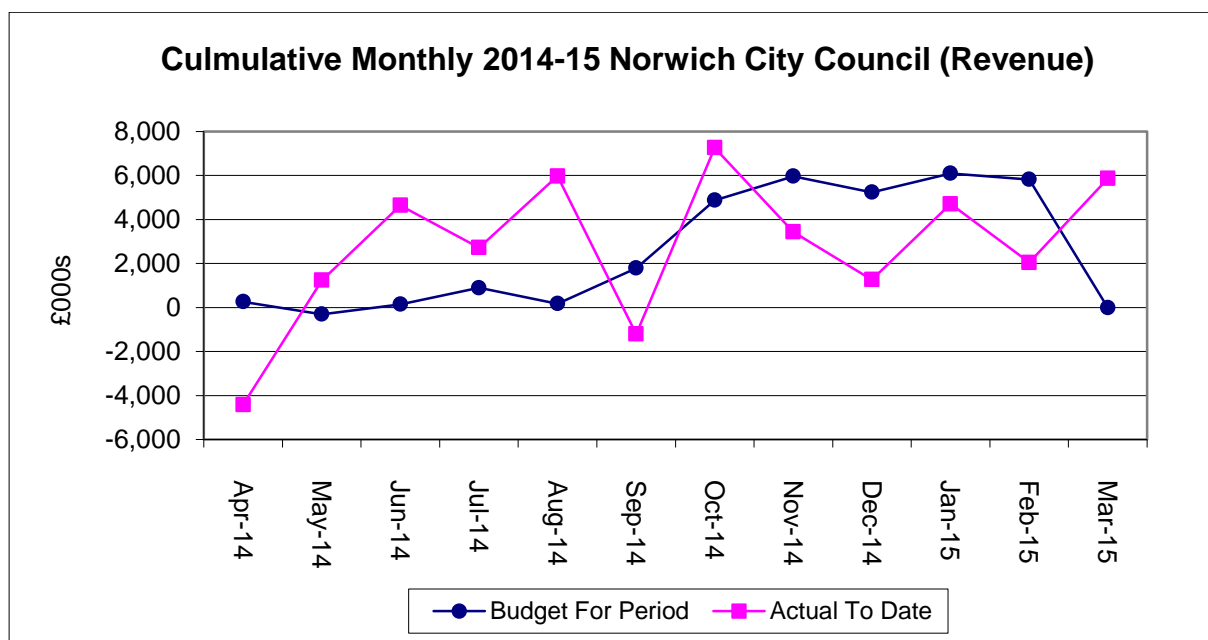
The following graphs show the monthly budget profile and income/expenditure to date for each service (both General Fund and Housing Revenue Account) for the financial year.

The actual income/expenditure reported is influenced by accrual provisions brought forward from the previous financial year, and by any delays in invoicing and/or payment.

Budgets are profiled to show the expected pattern of income & expenditure, and will be refined and improved during the course of the financial year.







| | | |
|------------------|--|-------------|
| Report to | Cabinet | Item |
| | 8 July 2015 | |
| Report of | Chief finance officer | 9 |
| Subject | Revenue budget monitoring 2015-16 – Period 2 | |

Purpose

To provide an update on the provisional financial position as at 31 May 2015, the forecast outturn for the year 2015-16, and the consequent forecast of the general fund and housing revenue account balances.

Recommendations

To note the financial position as at 31 May 2015 and the forecast outturn 2015-16.

Corporate and service priorities

The report helps to meet the corporate priority value for money services and the service plan priority to provide accurate, relevant and timely financial information.

Financial implications

The general fund and housing revenue account budgets are forecast to achieve budget by year end, in the absence at this point of the financial year of any material indication to the contrary.

Ward/s: All wards

Cabinet member: Councillor Stonard – Resources and income generation

Contact officers

| | |
|--|--------------|
| Justine Hartley, chief finance officer | 01603 212440 |
| Neil Wright, service accountant | 01603 212498 |

Background documents

None

Report

1. Council approved budgets for the 2015-16 financial year on 17 February 2015.
2. The attached appendices show the forecast outturn and year-to-date positions for the general fund and the housing revenue account:
 - [Appendix 1](#) shows the general fund by corporate leadership team responsibilities, and by subjective group
 - [Appendix 2](#) shows the housing revenue account in (near) statutory format, and by subjective group
 - [Appendix 3](#) shows budget and expenditure for the year to date in graphical format

General fund

3. Budgets reported include the resources financing the council's net budget requirement (which includes a contribution of £0.383m from reserve balances as allowed for in the medium term financial strategy) so that the net budget totals zero:

| <i>Item</i> | <i>Approved budget £000s</i> |
|----------------------------------|--------------------------------------|
| Net budget requirement | 17,056 |
| Non-domestic rates | (4,645) |
| Revenue support grant | (4,096) |
| Council tax precept | (8,315) |
| Total general fund budget | 0 |

4. The general fund is forecast to achieve budget by year end in the absence, at this point of the financial year, of any material indication to the contrary.
5. The general fund shows an underspend against budget to date of **£2.343m**. This underspend to date is made up of many debit and credit figures where various income and expenditure lines are ahead of or behind budget profile. This is particularly common at this time of the year because of amounts accrued in relation to spend in the previous financial year where invoices have not yet been received and processed. Significant overspends and underspends to date are:

| <i>General fund service</i> | <i>Variance to date P2 £000s</i> | <i>Commentary</i> |
|-----------------------------------|--------------------------------------|---|
| Customer contact | (452) | The underspend against budget to date relates to accruals for land charges fees refunds not yet paid and to pension charges currently shown on the human resources line which need to be recharged. |
| City development: | (2,429) | The current underspend against profile relates to parking rates not being paid yet for the full year, pension charges not yet recharged and accruals not yet invoiced. |
| Planning: | (275) | The underspend against budget to date relates to pension charges not yet recharged and planning income being higher than budgeted. |
| Property services: | (396) | The underspend against budget to date is as a result of rates bill not yet being paid for the full year ahead. |
| Human resources | 1,918 | Annual pension deficit recovery charge has been made. Cost to be reallocated to other budgets leaving a year end balance of £2.1k. This is offset by underspend on other lines as noted above. |
| Strategy and programme management | (430) | Variance due to grant income received which had not been budgeted for. This has been subsequently moved and the budget amended in period 3 |

Housing revenue account

6. The budgets reported include a £13.9m use of HRA balances, so that the net budget totals zero:

| <i>Item</i> | <i>Approved budget £000s</i> |
|-------------------------------|----------------------------------|
| Gross HRA expenditure | 87,630 |
| Gross HRA income | (73,697) |
| Contribution from HRA balance | (13,933) |
| Total net HRA budget | 0 |

7. The housing revenue account is forecast to achieve budget by year end in the absence, at this point of the financial year, of any material indication to the contrary.
8. The housing revenue account shows an overspend against budget to date of **£1.357m**. This overspend to date is made up of many debit and credit figures where various income and expenditure lines are ahead of or behind budget profile. This is particularly common at this time of the year because of amounts accrued in relation to spend in the previous financial year where invoices have not yet been received and processed. Significant overspends and underspends to date are:

| <i>HRA division of service</i> | <i>Variance to date P2 £000s</i> | <i>Commentary</i> |
|---------------------------------------|--------------------------------------|--|
| Repairs and maintenance | (2,943) | These variances have arisen due to invoice delays at the start of the financial year, which is usual for work of this nature. |
| Rents, rates and other property costs | 5,483 | Anglian Water expenditure expected in period 3, but was committed in period 2, hence large variance to date |
| General management | (911) | Mainly due to pension deficit recovery charges not yet being processed |
| Special services | (458) | Mainly due to district heating gas recharges not yet being posted and invoicing delays relating to community alarm systems maintenance |

Risks

9. A risk-based review based on the size and volatility of budgets has identified a “Top 10” of key budgets where inadequacy of monitoring and control systems could pose a significant threat to the council's overall financial position. These are shown in the following table.

| Key Risk Budgets | Budget £000s | Current Variance | Current Var % | Current RAG | Forecast Variance | Forecast Var % | Forecast RAG |
|--|-----------------|---------------------|------------------|----------------|----------------------|-------------------|-----------------|
| Housing Benefit Payments - Council tenants | 36,254 | -43 | 0% | GREEN | 0 | 0% | GREEN |
| Housing Benefit Subsidy - Council tenants | -35,639 | -185 | 1% | GREEN | 0 | 0% | GREEN |
| Housing Benefit Payments - Other tenants | 32,280 | 941 | 3% | GREEN | 0 | 0% | GREEN |
| Housing Benefit Subsidy - Other tenants | -33,048 | 834 | -3% | GREEN | 0 | 0% | GREEN |
| HRA Repairs - Tenanted Properties | 12,369 | -2,378 | -19% | RED | 0 | 0% | GREEN |
| HRA Repairs - Void Properties | 2,639 | -522 | -20% | RED | 0 | 0% | GREEN |
| Multi-Storey Car Parks | -3,203 | 29 | -1% | GREEN | 0 | 0% | GREEN |
| HRA Rents - Estate Properties | -60,144 | 62 | 0% | GREEN | 0 | 0% | GREEN |
| Corporate Management including Contingency | -3,929 | -270 | 7% | RED | 0 | 0% | GREEN |
| Private Sector Leasing Costs | 2,570 | 10 | 0% | GREEN | 0 | 0% | GREEN |

10. The red/amber status of items in the ‘Forecast RAG’ column is explained below.

| Key risk budgets | Comment |
|---|---|
| HRA repairs - Tenanted properties and void properties | Although both of these areas are currently showing a red RAG status, they are current underspends, so do not pose a risk to delivery within the budget. The variances have arisen due to invoice delays at the start of the financial year, which is usual for work of this nature. |
| Corporate management including contingency | Variance relates to grant income received earlier than anticipated and does not indicate any variance from budget by year end. |

11. The 2015-16 budgets approved by council were drawn up in the expectation of reduced resources as announced by the previous government. There are risks to the current and medium term financial position from:

- Further reductions in government grant – the localisation of business rates and of council tax reductions has increased the risks to the council's financial position arising from economic conditions and policy decisions. In addition, recent government announcements indicate that further reductions in government funding are likely.
 - Changes in policy – if further 'empowerment' of local authorities is not matched by devolved resources
 - Delivery of savings – the budget incorporates both savings measures already in place, and those planned for implementation during the year. If these savings are not achievable in full, overspends will result. With appropriate approvals these may be mitigated through provision made in the corporate contingency, up to the level of that contingency
 - Identification of further savings – work is continuing on developing proposals for additional savings to bridge the medium-term budget gap. If these proposals fall short, or are not implemented fully and in a timely manner, further budget shortfalls will result.
12. Forecast outturns are estimates based on management assessments, formulae, and extrapolation. They may not adequately take account of variables such as:
- Bad debts – budget reports show gross debt, i.e. invoices raised. While allowance has been made in the budget for non-collections, the current economic climate may have an adverse influence on our ability to collect money owed. This may be reflected in higher provisions for bad debt, as may the impact of welfare reforms such as the so-called 'bedroom tax'.
 - Seasonal factors – if adverse weather conditions or a worsening economic climate depress levels of trade and leisure activities in the city, there may be a negative impact on parking and other income.
 - Housing repairs and improvements – the rate of spend on void properties, though closely managed, is heavily influenced by void turnaround, since transfers can create a chain of voids involving significant repair costs.

Financial planning

13. Overall levels of overspend and underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements.
14. Net overspends and underspends will be consolidated into the general fund and housing revenue account balances carried forward to 2016-17. These are reflected in periodic updates to the medium term financial strategy and housing revenue account business plan.

Impact on balances

15. The prudent minimum level of general fund reserves has been assessed as £4.474m. The budgeted and forecast outturn's impact on the 2014-15 balance brought forward, is as follows:

| <i>Item</i> | <i>£000s</i> |
|-------------------------------------|--------------|
| Balance at 1 April 2015 | (9,615) |
| Budgeted use of balances 2015-16 | 383 |
| Forecast outturn 2015-16 | 0 |
| = Forecast balance at 31 March 2016 | (9,232) |

16. The general fund balance is therefore expected to continue to exceed the prudent minimum.
17. The prudent minimum level of HRA reserves has been assessed as £3.111m. The budgeted and forecast outturn's impact on the 2015-16 balance brought forward, is as follows:

| <i>Item</i> | <i>£000s</i> |
|-------------------------------------|--------------|
| Balance at 1 April 2015 | (20,179) |
| Budgeted use of balances 2015-16 | 13,933 |
| Forecast outturn 2015-16 | 0 |
| = Forecast balance at 31 March 2016 | (6,246) |

18. The housing revenue account balance is therefore expected to continue to exceed the prudent minimum.

Collection fund

19. The collection fund is made up of three accounts – council tax, the business improvement district (BID) account, and national non-domestic rates (NNDR).
- Council tax is shared between the city, the county, and the police and crime commissioner based on an estimated tax base and the council tax rates agreed by each of the preceptors. Any surplus or deficit is shared in the following financial year.
 - The BID account is operated on behalf of the BID company, to collect their income from the BID levy. Any surplus or deficit is passed on to the BID company.
 - NNDR income is shared between the city, the county, and central government. Since 'localisation', any surplus or deficit is also shared, rather than as formerly being borne wholly by the government.
20. There are particular risks attached to NNDR, which are:
- Appeals – the impact of any appeals will fall on the collection fund, and therefore in part on the city. The Valuation Office has cleared a large number of appeals which has adversely affected the council's business rates income levels. However, a backlog of appeals remains and the value of the appeals

is not known, nor the likelihood of success, nor the timing of the appeal being determined.

- NNDR billable – changes in the NNDR billable, e.g. demolition or construction of new billable premises, will impact on the amount billable. Assumptions of growth may also be affected by changes in the larger economic environment.
- NNDR collectable – arrears and write-offs (e.g. where a business goes into administration) will also impact on the collection fund.

21. These risks are monitored and mitigated through normal revenues operations.

22. A summary of the collection fund is provided below:

| <i>Approved budget £000s</i> | <i>Current budget £000s</i> | Collection fund summary | <i>Actual to date £000s</i> | <i>Forecast outturn £000s</i> | <i>Forecast variance £000s</i> |
|----------------------------------|---------------------------------|--------------------------------------|---------------------------------|-----------------------------------|------------------------------------|
| | | | | | |
| | | Council tax | | | |
| 53,797 | 53,797 | Expenditure | 8,923 | 53,797 | 0 |
| (53,797) | (53,797) | Income | (8,966) | (53,797) | 0 |
| | | Business improvement district | | | |
| 656 | 656 | Expenditure | 109 | 656 | 0 |
| (656) | (656) | Income | (109) | (656) | 0 |
| | | National non-domestic rate | | | |
| 77,698 | 77,698 | Expenditure | 12,950 | 77,698 | 0 |
| (77,698) | (77,698) | Income | (12,950) | (77,698) | 0 |
| | | | | | |
| 0 | 0 | Total collection fund | (43) | 0 | 0 |

23. On council tax, actual income is not posted from the council tax system into the finance system until year-end. The actual year-end surplus or deficit will be taken into account in considering distribution of balances between the preceptors (city, county, and police).

24. The council operates the BID account on behalf of the BID company, so no surplus or deficit will fall on the council's accounts.

25. Any deficit reported on the NNDR account will roll forward and be distributed in the 2016-17 budget cycle.

26. Additional (section 31) grant is received in the general fund to offset all or part of any shortfall in business rate income due to additional reliefs granted by government. All such grant monies received are transferred to an earmarked reserve and held to be offset against deficits in the years that they impact on the revenue accounts.

Integrated impact assessment



NORWICH
City Council

Report author to complete

| | |
|-------------------------|--|
| Committee: | Cabinet |
| Committee date: | |
| Head of service: | Chief finance officer |
| Report subject: | Revenue Budget Monitoring 2015-16 |
| Date assessed: | 12/06/15 |
| Description: | This is the integrated impact assessment for the Revenue Budget Monitoring 2015-16 report to cabinet |

| | Impact | | | |
|--|-------------------------------------|-------------------------------------|--------------------------|---|
| Economic (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Finance (value for money) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The report shows that the council monitors its budgets, considers risks to achieving its budget objectives, reviews its balances position, and is therefore able to maintain its financial standing |
| Other departments and services e.g. office facilities, customer contact | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| ICT services | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Economic development | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Financial inclusion | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Social (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Safeguarding children and adults | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>S17 crime and disorder act 1998</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Human Rights Act 1998 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Health and well being | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

| | Impact | | | |
|--|-------------------------------------|-------------------------------------|--------------------------|---|
| Equality and diversity (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Relations between groups (cohesion) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Eliminating discrimination & harassment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Advancing equality of opportunity | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Environmental (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Transportation | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Natural and built environment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Waste minimisation & resource use | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Pollution | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Sustainable procurement | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Energy and climate change | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| (Please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Risk management | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The report demonstrates that the council is aware of and monitors risks to the achievement of its financial strategy. |

| Recommendations from impact assessment |
|--|
| Positive |
| None |
| Negative |
| None |
| Neutral |
| None |
| Issues |
| The council should continue to monitor its budget performance in the context of the financial risk environment within which it operates. |

Budget Monitoring Summary

Year: 2015-16

Period: 2 (May)

GENERAL FUND SERVICE SUMMARY

| <i>Approved Budget</i> | <i>Current Budget</i> | | <i>Budget To Date</i> | <i>Actual To Date</i> | <i>Variance To Date</i> | <i>Forecast Outturn</i> | <i>Forecast Variance</i> |
|--|---------------------------|---|---------------------------|-----------------------|-----------------------------|-----------------------------|------------------------------|
| Business Relationship Mgt & Democracy | | | | | | | |
| 1,537,574 | 1,659,558 | Business Relationship Management | 41,045 | (201,436) | (242,481) | 1,659,558 | 0 |
| 292,745 | 292,328 | Democratic Services | 182,868 | 355,266 | 172,398 | 292,328 | 0 |
| (19,263,443) | (19,263,443) | Finance | (3,324,927) | 3,125,840 | 199,087 | (19,263,443) | 0 |
| 0 | (8,543) | Procurement & Service Improvement | 633,573 | 457,344 | (176,229) | (8,543) | 0 |
| (17,433,124) | (17,320,100) | Total Business Relationship Management & Democracy | (2,467,441) | (2,551,666) | (47,225) | (17,320,100) | 0 |
| Chief Executive | | | | | | | |
| 0 | 0 | Chief Executive | 55,365 | 38,183 | (17,182) | 0 | 0 |
| 0 | 0 | Total Chief Executive | 55,365 | 38,183 | (17,182) | 0 | 0 |
| Customers, Comms & Culture | | | | | | | |
| 2,124,719 | 2,135,301 | Communications & Culture | 468,344 | 374,495 | (93,849) | 2,135,301 | 0 |
| (105,756) | (106,136) | Customer Contact | 561,020 | 108,800 | (452,220) | (106,136) | 0 |
| 2,018,963 | 2,029,165 | Total Customers, Comms & Culture | 1,029,364 | 483,295 | (546,069) | 2,029,165 | 0 |
| Regeneration & Growth | | | | | | | |
| (1,101,624) | (1,106,537) | City Development | 97,115 | (2,331,870) | (2,428,985) | (1,106,537) | 0 |
| 0 | 0 | Environmental Strategy | 34,675 | 234,155 | 199,480 | 0 | 0 |
| 0 | 0 | Executive Head of Regeneration & | 29,909 | 17,833 | (12,076) | 0 | 0 |
| 1,447,674 | 1,447,502 | Planning | 325,155 | 49,772 | (275,383) | 1,447,502 | 0 |
| 262,834 | 262,195 | Property Services | 483,162 | 87,409 | (395,753) | 262,195 | 0 |
| 608,884 | 603,160 | Total Regeneration & Growth | 970,016 | (1,942,701) | (2,912,717) | 603,160 | 0 |
| Strategy, People & Neighbourhoods | | | | | | | |
| 10,069,543 | 10,068,593 | Citywide Services | 1,542,914 | 1,375,491 | (167,423) | 10,068,593 | 0 |
| 0 | (1,172) | Human Resources | 236,093 | 2,154,298 | 1,918,205 | (1,172) | 0 |
| 2,315,862 | 2,315,389 | Neighbourhood Housing | 493,703 | 521,662 | 27,959 | 2,315,389 | 0 |
| 2,419,872 | 2,418,932 | Neighbourhood Services | 513,312 | 344,788 | (168,524) | 2,418,932 | 0 |
| 0 | (271) | Strategy & Programme Management | 107,572 | (322,154) | (429,726) | (271) | 0 |
| 14,805,277 | 14,801,471 | Total Strategy, People & Neighbourhoods | 2,893,594 | 4,074,084 | 1,180,490 | 14,801,471 | 0 |
| 0 | 113,696 | Total General Fund | 2,480,898 | 2,238,417 | (2,342,702) | 113,696 | 0 |

Budget Monitoring Report

Year: 2015-16

Period: 2 (May)

HOUSING REVENUE ACCOUNT STATUTORY SUMMARY

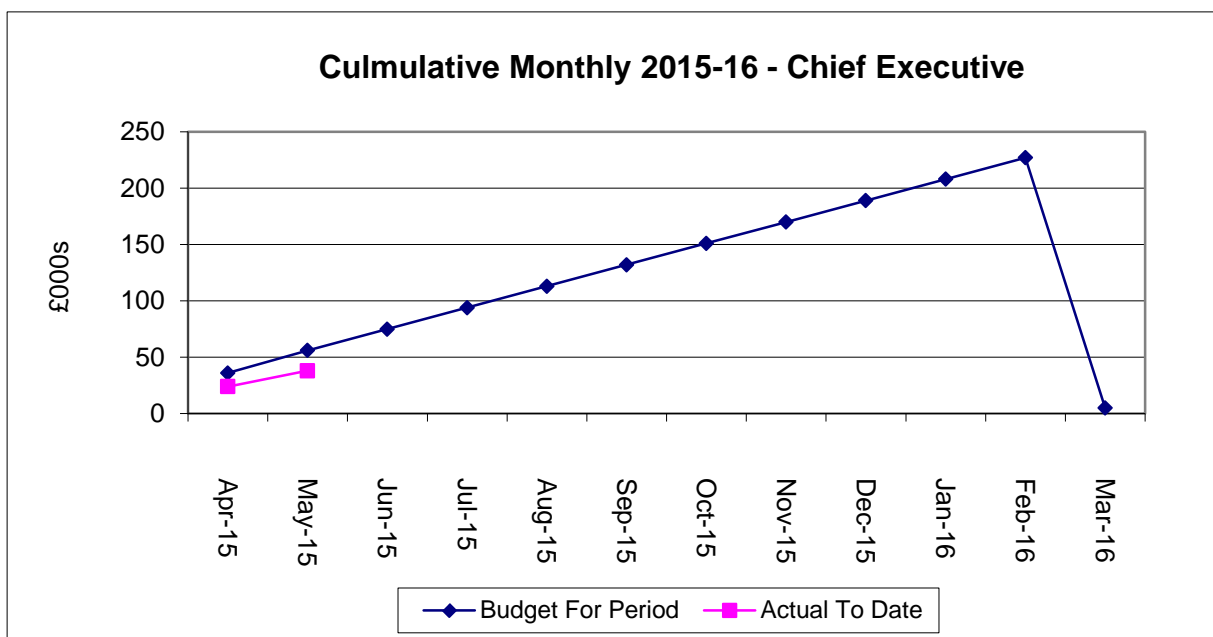
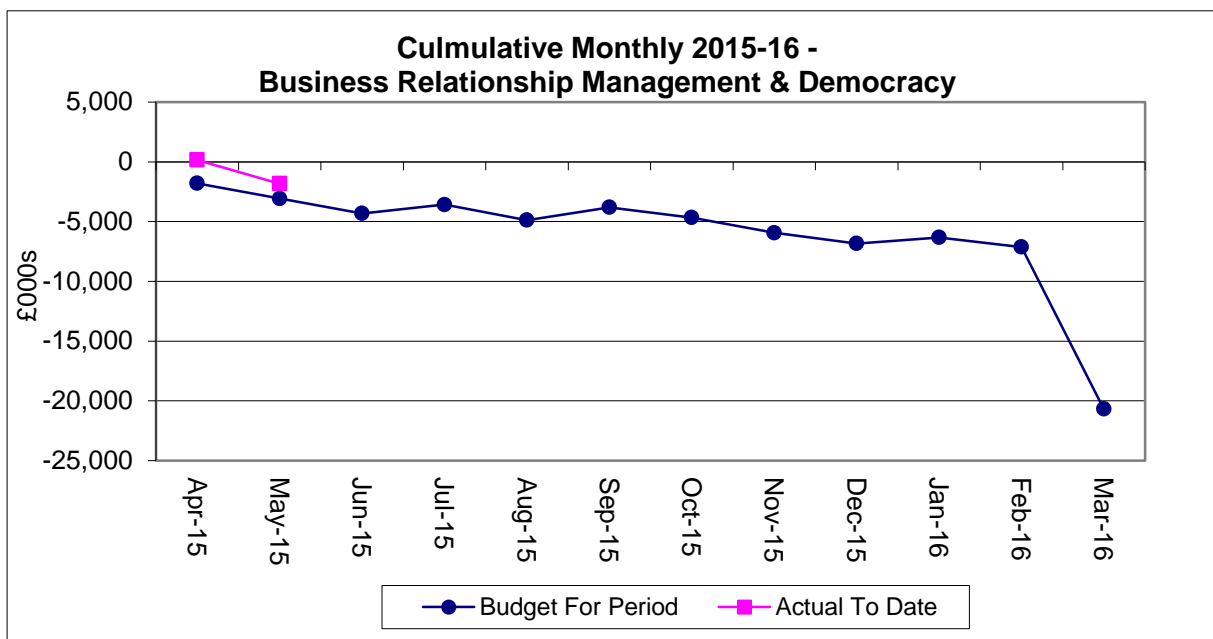
| <i>Approved Budget</i> | <i>Current Budget</i> | | <i>Budget To Date</i> | <i>Actual To Date</i> | <i>Variance To Date</i> | <i>Forecast Outturn</i> | <i>Forecast Variance</i> |
|----------------------------|---------------------------|--------------------------------------|---------------------------|-----------------------|-----------------------------|-----------------------------|------------------------------|
| 16,069,344 | 16,069,344 | Repairs & Maintenance | 2,591,466 | (351,073) | (2,942,539) | 16,069,344 | 0 |
| 6,436,719 | 6,436,719 | Rents, Rates, & Other Property Costs | 146,623 | 5,629,439 | 5,482,816 | 6,436,719 | 0 |
| 11,016,261 | 10,902,564 | General Management | 1,463,254 | 551,982 | (911,274) | 10,902,564 | 0 |
| 5,086,385 | 5,086,393 | Special Services | 830,539 | 372,058 | (458,481) | 5,086,393 | 0 |
| 21,430,943 | 21,430,943 | Depreciation & Impairment | 0 | 0 | 0 | 21,430,943 | 0 |
| 584,000 | 584,000 | Provision for Bad Debts | 0 | 0 | 0 | 584,000 | 0 |
| (60,143,678) | (60,143,678) | Dwelling Rents | (9,622,988) | (9,561,124) | 61,864 | (60,143,678) | 0 |
| (1,980,123) | (1,980,124) | Garage & Other Property Rents | (397,544) | (406,791) | (9,247) | (1,980,124) | 0 |
| (9,144,884) | (9,144,884) | Service Charges - General | (1,356,464) | (1,247,830) | 108,634 | (9,144,884) | 0 |
| 11,355,513 | 11,355,513 | Adjustments & Financing Items | (100) | 0 | 100 | 11,355,513 | 0 |
| (560,480) | (560,480) | Amenities shared by whole community | 0 | 0 | 0 | (560,480) | 0 |
| (150,000) | (150,000) | Interest Received | (25,000) | 0 | 25,000 | (150,000) | 0 |
| 0 | (113,690) | Total Housing Revenue Account | (6,370,214) | (5,013,339) | 1,356,873 | (113,690) | 0 |

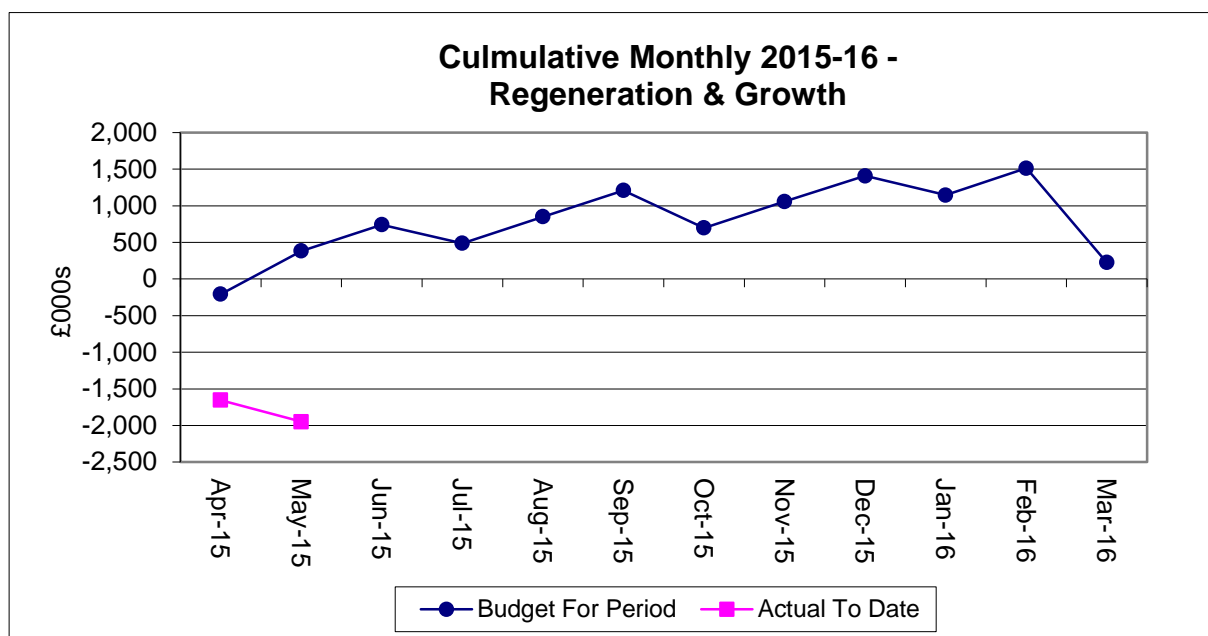
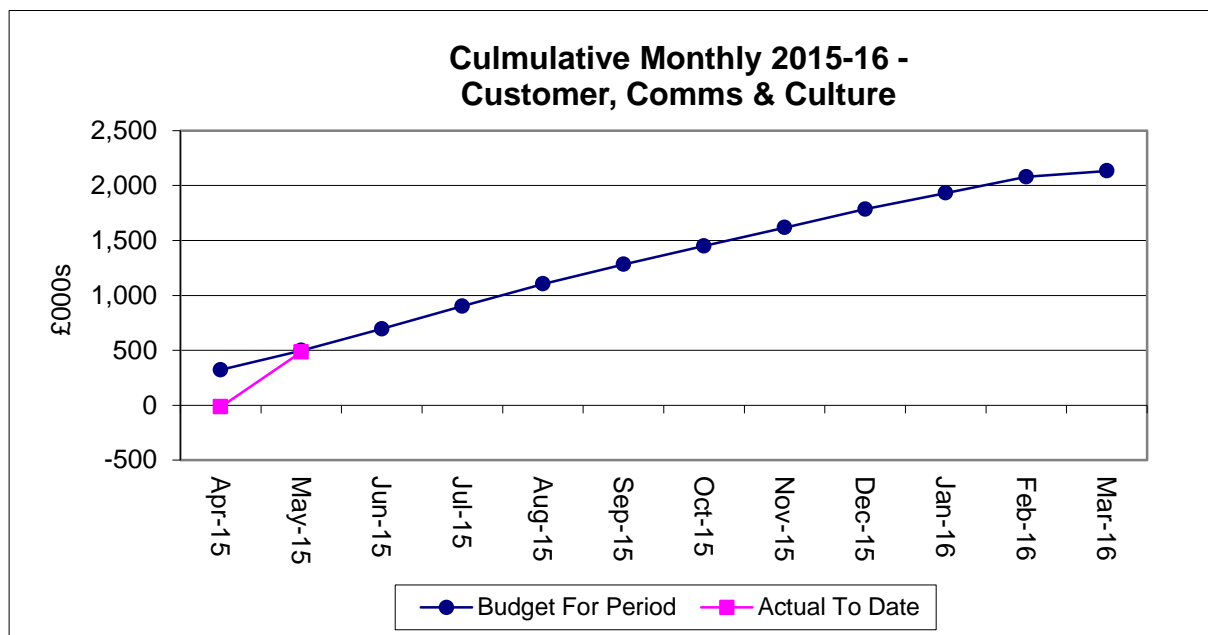
Budget & Expenditure – Monthly by Service Graphs

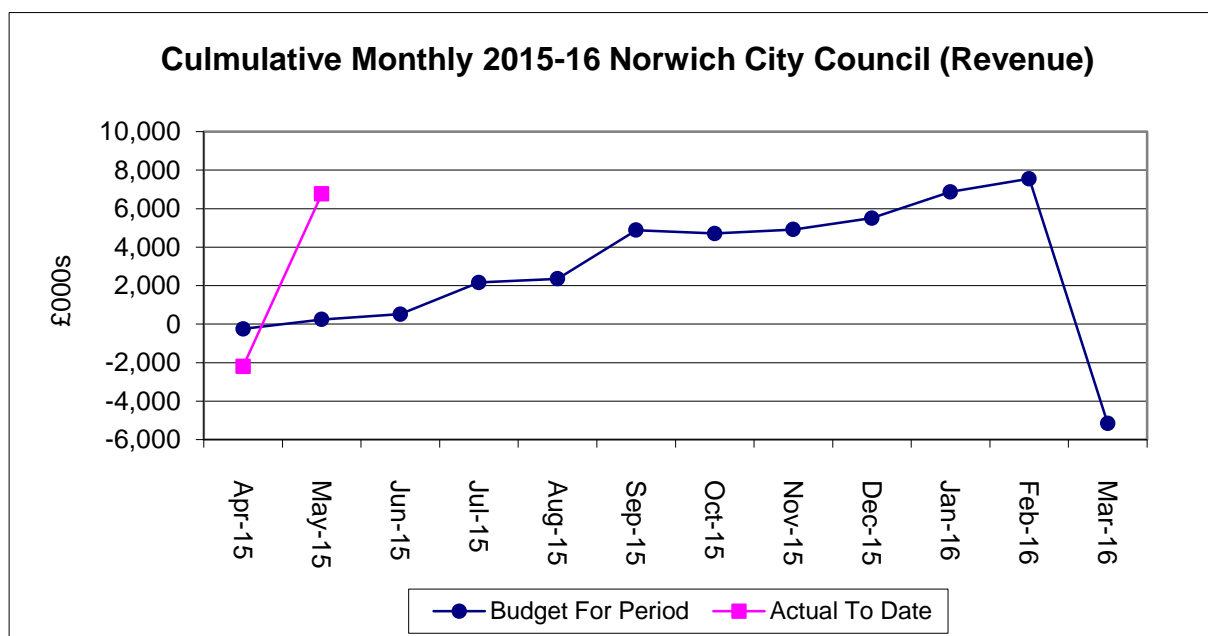
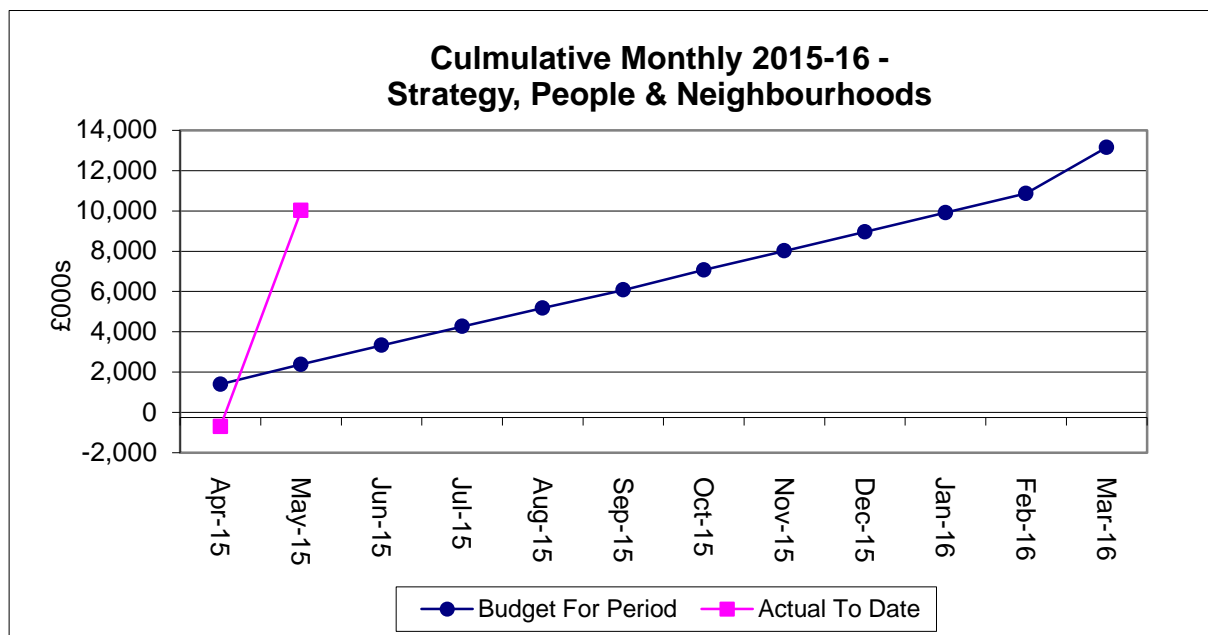
The following graphs show the monthly budget profile and income/expenditure to date for each service (both General Fund and Housing Revenue Account) for the financial year.

The actual income/expenditure reported is influenced by accrual provisions brought forward from the previous financial year, and by any delays in invoicing and/or payment.

Budgets are profiled to show the expected pattern of income & expenditure, and will be refined and improved during the course of the financial year.







Report to Cabinet
8 July 2015
Report of Chief finance officer
Subject Capital budget monitoring 2014-15 – Final outturn

Item

10

Purpose

To update cabinet on the final outturn position of the 2014-15 capital programmes and the estimated carry-forwards to 2015-16.

Recommendations

To note the provisional outturns of the 2014-15 housing and non-housing capital programme budgets and estimated carry-forwards to 2015-16.

Corporate and service priorities

The report helps to meet the corporate priorities to provide value for money services and to make Norwich a healthy city with good housing.

Financial implications

The housing and non-housing capital programmes have been delivered within available resources.

The detailed financial implications of this report are set out in the text.

Ward/s: All wards

Cabinet member: Councillor Stonard – resources and income generation

Contact officers

Justine Hartley, chief finance officer 01603 212440

Shaun Flaxman, group accountant 01603 212805

Background documents

None

Report

1. The housing and non-housing capital programmes for 2014-15 were approved by cabinet and council on 5 and 18 February 2014 respectively.
2. The carry-forward of unspent 2013-14 capital budgets to the 2014-15 capital programme was approved following delegation to the deputy chief executive (operations) and chief finance officer, in consultation with the portfolio holder for resources, by cabinet on 25 June 2014.
3. This report reflects the final outturn position as at the end of March 2015.
4. The estimated carry-forwards within this report will, once confirmed, be additional to the approved 2015-16 programmes.

Non-housing capital programme

5. The financial position of the non-housing capital programme is set out in detail in appendix 1 and summarised with commentary in the following paragraphs.

Final outturn

6. The following table shows expenditure to date, the provisional outturn for expenditure and estimated carry forwards:

| Programme group | Original budget £000's | Current budget £000's | Final outturn £000's | Final variance £000's | Estimated carry forward £000's |
|--------------------------|---------------------------|--------------------------|-------------------------|--------------------------|-----------------------------------|
| Asset improvement | 360 | 716 | 262 | (455) | 179 |
| Asset investment | 10,735 | 10,969 | 274 | (10,695) | 51 |
| Asset maintenance | 1,290 | 2,054 | 403 | (1,651) | 1,358 |
| Push the pedalways (CCA) | 3,726 | 4,802 | 1,836 | (2,966) | 2,545 |
| Initiatives funding | 50 | 1,215 | 426 | (789) | 768 |
| Regeneration | 10,519 | 10,943 | 1,464 | (9,480) | 8,886 |
| Section 106 | 157 | 840 | 111 | (729) | 682 |
| Subtotal GNDP | 0 | 180 | 132 | (48) | 48 |
| CIL | 0 | 0 | 141 | 141 | 0 |
| Total non-housing | 26,837 | 31,720 | 5,049 | (26,671) | 14,516 |

7. The final out-turn as at 31 March 2015 is £5.05m, which results in an underspend of £26.67m. The significant variance is largely due to the re-profiling of planned expenditure against specific significant schemes: Rose Lane MSCP construction (£6.5m), St Andrews MSCP repairs (£1m), Cycle City Ambition (CCA) (£3m), Threescore (£1.7m), Section 106 schemes (£0.7m), Green Deal (£0.4m) and the deferment of the Strategic Asset Investment scheme (£10.7m).
8. Based on the final outturn of £5.05m, budget managers are expected to request a total of £14.5m in carry forwards.

9. Asset improvement covers reconfiguration and major repairs to City Hall as part of the delivery of the office accommodation strategy and investment in existing assets.
10. Asset investment covers the acquisition of new investment property as part of the delivery of the asset management plan. Opportunities are identified and assessed with the support of the council's advisers, NPS Norwich Ltd. The carry-forward shown will allow the continuation of this delivery in 2015-16.
11. Asset maintenance expenditure covers provision for major repairs and upgrades (including works to St Andrews car park) and investment to reduce asset liabilities.
12. Initiative funds cover the community capital fund and the eco-investment fund, as well as the IT investment fund.
13. Regeneration and growth covers the Norwich and Homes and Communities Agency Strategic Partnership (NaHCASP) funded Bowthorpe/Threescore site development and enabling, together with a development fund for vacant buildings and sites. The balance of NaHCASP resources (including approval for additional borrowing by the council) will be carried forward for continued investment.
14. Further detail regarding non-housing capital expenditure is shown in appendix 1

Non housing capital resources

15. The following table shows the approved sources and application of non-housing capital resources, and receipts.

| | Original Approved £000s | Approved Brought Forward £000s | Approved Adjustments £000s | Total Approved Budget £000s | Final Outturn £000s |
|---|-------------------------------|---|----------------------------------|--------------------------------------|---------------------------|
| Non-housing capital plan | | | | | |
| CIL balances | 0 | (75) | | (75) | (75) |
| CIL resources arising | 0 | | 0 | 0 | (219) |
| Subtotal CIL resources | 0 | (75) | 0 | (75) | (294) |
| CIL resources utilised (Strategic Pool) | 0 | 0 | 0 | 0 | 141 |
| CIL resources redirected (Neighbourhood retention) | 0 | 0 | 0 | 0 | 44 |
| CIL resources redirected (Administration costs) | 0 | 0 | 0 | 0 | 15 |
| Subtotal CIL balance | | | | (75) | (94) |
| CIL Neighbourhood balances | 0 | (11) | | (11) | (11) |
| CIL Neighbourhood resources arising | | | (33) | (33) | (33) |
| Subtotal CIL Neighbourhood resources | 0 | (11) | (33) | (44) | (44) |
| CIL Neighbourhood resources utilised | 0 | 0 | 0 | 0 | 0 |
| Subtotal CIL Neighbourhood balance | | | | (44) | (44) |
| GNGP Balances | 0 | 0 | | 0 | 0 |
| GNGP resources arising | | | (161) | (161) | (161) |
| Subtotal GNGP resources | 0 | 0 | (161) | (161) | (161) |
| GNGP resources utilised | 0 | 0 | 161 | 161 | 122 |
| Subtotal GNGP balance | | | | 0 | (39) |
| S106 Balances | (1,138) | (1,429) | | (1,429) | (1,429) |
| S106 resources arising | | | 0 | (164) | (191) |
| Subtotal S106 resources | (1,138) | (1,429) | 0 | (1,593) | (1,620) |
| S106 resources utilised | | | | 859 | 232 |
| Subtotal S106 balance | | | | (734) | (1,387) |
| Other non-housing balances | (5,250) | (7,114) | | (7,114) | (7,114) |
| Other non-housing resources arising | | | (746) | (23,716) | (5,207) |
| Subtotal other non-housing resources | (5,250) | (7,114) | (746) | (30,830) | (12,321) |
| Other non-housing resources utilised | | | | 30,700 | 4,554 |
| Subtotal other non-housing balance | | | | (130) | (7,767) |
| Total non-housing capital resources | (6,388) | (8,629) | (940) | (32,703) | (14,439) |
| Total non-housing capital resources utilised | | | | 31,720 | 5,049 |
| Total non-housing capital plan balance | | | | (983) | (9,332) |

Housing capital programme

16. The financial position of the housing capital programme is set out in detail in appendix 2 and summarised with commentary in the following paragraphs.

Final outturn

17. The following table shows expenditure to date, the final outturn for expenditure and estimated carry forwards:

| Programme Group | Original Budget £000's | Current Budget £000's | Final Outturn £000's | Final Variance £000's | Estimated Carry Forward £000's |
|-----------------------|---------------------------|--------------------------|-------------------------|--------------------------|-----------------------------------|
| Housing Investment | 10,911 | 12,044 | 1,569 | (10,474) | 3,643 |
| Neighbourhood Housing | 30,070 | 36,215 | 30,028 | (6,187) | 2,625 |
| Strategic Housing | 1,570 | 1,964 | 1,084 | (880) | 69 |
| Total Housing | 42,551 | 50,223 | 32,681 | (17,542) | 6,336 |

18. The final out-turn as at 31 March 2015 is £32.68m which results in an underspend of £17.54m. The variance is largely due to delays in the redevelopment of a sheltered housing scheme (£3.6m), completion of structural projects (£2.2m), boiler replacements (£1.5m), the re-profiling of planned expenditure on new build social housing (£6.4m), home upgrades (£1.7m), and lower than anticipated demand for private sector grants (£0.5m).
19. Based on the final outturn of £32.68m, budget managers are expected to request a total of £6.34m in carry forwards.

Housing capital resources

20. The following table shows the approved sources and application of housing capital resources, and receipts.

| Housing capital plan | Approved £000s | Brought Forward £000s | Approved Adjustments £000s | Total Approved Budget £000s | Final Outturn £000s |
|---|-------------------|--------------------------|-------------------------------|--------------------------------|------------------------|
| Housing resources brought forward | 0 | (17,845) | | (17,845) | (17,845) |
| Housing capital grants | (408) | | | (408) | (535) |
| HRA Major Repairs Reserve | (16,611) | | | (16,611) | (12,653) |
| HRA Revenue Contribution to Capital | (19,885) | | | (19,885) | (16,958) |
| HRA Leaseholders & Tenants contributions to major works | (250) | | | (250) | (112) |
| Capital receipts arising from RTB sales | (2,583) | | | (2,583) | (3,033) |
| Retained "one for one" RTB Receipts | (2,013) | | | (2,013) | (3,394) |
| Capital receipts arising from non-RTB sales | (802) | | | (802) | (1,326) |
| Gross housing resources | (42,551) | (17,845) | 0 | (60,396) | (55,856) |
| Resources utilised | 42,551 | 7,672 | | 50,223 | 32,681 |
| Total housing capital plan | 0 | (10,173) | 0 | (10,173) | (23,174) |

21. The excess of balances brought forward, includes the approved carried forward budgets from 2013-14.

Carry forwards

22. The carrying forward of capital budget approvals from one year to the next allows for the continuation of schemes across the year-end without the need to seek re-approval of capital budgets through the new year's capital programme. This facility caters for schemes starting later than planned, schemes where the expenditure

profile is different from that originally envisaged, and packaged schemes of small capital projects.

23. On 10 June 2015, cabinet approved the delegation of approval of carry-forward of unspent 2014-15 capital budgets still required to the 2015-16 capital programme to the executive head of regeneration and development, executive head of strategy, people and neighbourhoods and chief finance officer, in consultation with the portfolio holder for resources and income generation.
24. The tables above summarise, and the appendices detail, where carry-forward requirements have been indicated by capital budget managers. The final approved carry-forwards will be reported to cabinet within the capital budget monitoring report 2015-16 quarter 1, on 9 September 2015.

References

Budget Reports (Council 18 February 2014)

Capital budget monitoring 2014-15 – Provisional outturn (Cabinet 10 June 2015)

Integrated impact assessment



NORWICH
City Council

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

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

Report author to complete

| | |
|-------------------------|--|
| Committee: | Cabinet |
| Committee date: | |
| Head of service: | Justine Hartley, Chief Finance Officer |
| Report subject: | Capital budget monitoring 2014-15 – Final outturn |
| Date assessed: | |
| Description: | To update cabinet on the final outturn position of the 2014-15 capital programmes and the estimated carry-forwards to 2015-16. |

| | Impact | | | |
|--|-------------------------------------|-------------------------------------|--------------------------|--|
| Economic (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Finance (value for money) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Report demonstrates efficient, effective, and economic delivery of capital works |
| Other departments and services e.g. office facilities, customer contact | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| ICT services | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Economic development | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Financial inclusion | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Social (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Safeguarding children and adults | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>S17 crime and disorder act 1998</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Human Rights Act 1998 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Health and well being | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

| | | | | |
|--|-------------------------------------|--------------------------|--------------------------|----------|
| | Impact | | | |
| Equality and diversity (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Relations between groups (cohesion) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Eliminating discrimination and harassment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Advancing equality of opportunity | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Environmental (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Transportation | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Natural and built environment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Waste minimisation and resource use | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Pollution | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Sustainable procurement | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Energy and climate change | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| (Please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |

| | Impact | | | |
|------------------------|--------------------------|-------------------------------------|--------------------------|--|
| Risk management | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Report demonstrates awareness of risks to delivery of planned capital works and mitigating actions |

| Recommendations from impact assessment | |
|--|--|
| Positive | |
| None | |
| Negative | |
| None | |
| Neutral | |
| None | |
| Issues | |
| None | |

Non-Housing Capital Programme

| Approved Budget | Current Budget | | Final Outturn | Final Variance | Estimated Carry Forward |
|-------------------|-------------------|--|----------------|---------------------|-------------------------|
| 0 | 0 | 2987 UCR (Moueshold) Ring fence | 18,001 | 18,001 | 0 |
| 0 | 10,000 | 5926 Eaton Park Changing Rooms | 10,715 | 715 | 0 |
| 0 | 5,000 | 5927 Eaton Park Path | 5,582 | 582 | 0 |
| 0 | 7,000 | 5928 Eaton Park Fish Pond | 7,964 | 964 | 0 |
| 0 | 30,000 | 5929 Harford Park MUGA | 28,648 | (1,352) | 1,352 |
| 0 | 45,000 | 5930 Lea Bridges MUGA | 47,623 | 2,623 | 0 |
| 0 | 0 | 5279 St Annes Wharf Bridge | (569) | (569) | 0 |
| 0 | 47,736 | 5294 Eaton Park Tennis Development | 1,961 | (45,775) | 45,775 |
| 0 | 0 | 5334 Eaton Park Cricket Pitch | 15,000 | 15,000 | 0 |
| 0 | 180,483 | 5299 City Hall Refurbishment Phase 1 | 2,475 | (178,008) | 0 |
| 250,000 | 250,000 | 5324 City Hall 2nd Floor | 66,170 | (183,830) | 35,000 |
| 110,000 | 110,000 | 5326 Earlham Park access imps | 12,711 | (97,289) | 97,289 |
| 0 | 31,180 | 5331 St Andrews Hall Lighting | 45,605 | 14,425 | 0 |
| 360,000 | 716,399 | Subtotal Asset Improvement | 261,886 | (454,513) | 179,416 |
| 0 | 43,700 | 5310 22 Hurricane way - asbestos | 45,564 | 1,864 | 0 |
| 0 | 0 | 5311 Townsend House | (17,205) | (17,205) | 0 |
| 0 | 60,000 | 5312 Yacht Station Repairs | 34,247 | (25,753) | 25,753 |
| 0 | 0 | 5530 IFRS Unapp Cap Grant: SSCF | 51,804 | 51,804 | 0 |
| 0 | 70,000 | 5925 Replacement of P&D Payment | 69,591 | (409) | 0 |
| 0 | 0 | 5957 Cemetery Management system | 7,670 | 7,670 | 0 |
| 0 | 0 | 5958 Person to Person radio | 11,968 | 11,968 | 0 |
| 900,000 | 960,000 | 5315 Asset investment for income (other | 59,832 | (900,168) | 0 |
| 9,750,000 | 9,750,000 | 5330 Strategic Investment (NAL) | 0 | (9,750,000) | 0 |
| 30,000 | 30,000 | 8807 New Build - Airport | 10,130 | (19,870) | 0 |
| 30,000 | 30,000 | 8808 New Build - Cambridge Street | 0 | (30,000) | 0 |
| 25,100 | 25,100 | 8812 New Build - 10-14 Ber Street | 0 | (25,100) | 25,100 |
| 10,735,100 | 10,968,800 | Subtotal Asset Investment | 273,601 | (10,695,199) | 50,853 |
| 0 | 132,390 | 5006 Major Repairs Programme | 27,291 | (105,099) | 0 |
| 0 | 0 | 5245 Memorial Gardens temporary works | 682 | 682 | 0 |
| 0 | 156,554 | 5293 Millar Hall - Norman Centre | 164,506 | 7,952 | 0 |
| 550,000 | 1,095,413 | 5308 St Andrews MSCP repair | 52,659 | (1,042,754) | 1,042,754 |
| 36,000 | 36,000 | 5900 Bedford St 19/21 fire alarm | 26,778 | (9,222) | 0 |
| 25,000 | 25,000 | 5901 Castle Museum 12/12A roof | 53,708 | 28,708 | 0 |
| 25,000 | 25,000 | 5902 Castle Museum 18A roof | 0 | (25,000) | 0 |
| 30,000 | 30,000 | 5903 City Cemetery asphalt works | 31,370 | 1,370 | 0 |
| 15,000 | 15,000 | 5904 Rosary Cemetery Chapel works | 25,862 | 10,862 | 0 |
| 80,000 | 80,000 | 5905 Norman Centre gym refurbishment | 10,613 | (69,387) | 0 |
| 75,000 | 75,000 | 5906 Hurricane Way 6-12 enabling works | 0 | (75,000) | 75,000 |
| 60,000 | 60,000 | 5907 Meteor Close 21 void refurbishment | 0 | (60,000) | 60,000 |
| 10,000 | 10,000 | 5908 Halls - fire alarm upgrade | 0 | (10,000) | 0 |
| 15,000 | 15,000 | 5909 Halls - floor works | 0 | (15,000) | 5,000 |
| 15,000 | 15,000 | 5910 Halls - WC works | 0 | (15,000) | 15,000 |
| 5,000 | 5,000 | 5911 St Barts Church flint & brick works | 5,397 | 397 | 0 |
| 4,000 | 4,000 | 5912 St Edmunds churchyard works | 0 | (4,000) | 0 |
| 100,000 | 100,000 | 5913 Swanton Rd - Astra TC works | 3,333 | (96,667) | 75,000 |
| 25,000 | 25,000 | 5914 Guildhall stone & flint works | 0 | (25,000) | 25,000 |
| 50,000 | 50,000 | 5915 District Lighting upgrade | 899 | (49,101) | 0 |
| 60,000 | 60,000 | 5916 Waterloo Pavilion prom roof | 0 | (60,000) | 60,000 |
| 40,000 | 40,000 | 5917 Riverside Leisure Centre works | 0 | (40,000) | 0 |
| 70,000 | 0 | 5918 St Andrews MSCP CCTV | 0 | 0 | 0 |
| 1,290,000 | 2,054,357 | Subtotal Asset Maintenance | 403,098 | (1,651,259) | 1,357,754 |

| Approved Budget | Current Budget | | Final Outturn | Final Variance | Estimated Carry Forward |
|-------------------|-------------------|---|------------------|--------------------|-------------------------|
| 0 | 42,373 | 5101 Norfolk and Norwich Hospital hub | 34,140 | (8,233) | 0 |
| 0 | 13,477 | 5102 North Park Avenue - UEA zebra | 11,013 | (2,464) | 0 |
| 0 | 19,800 | 5103 UEA Hub | 0 | (19,800) | 0 |
| 585,000 | 787,537 | 5104 The Avenues | 113,261 | (674,276) | 674,276 |
| 423,000 | 0 | 5105 Earlham Road (Gypsy Lane - | (79) | (79) | 0 |
| 0 | 12,608 | 5106 Adelaide Street health centre link | 2,921 | (9,687) | 0 |
| 0 | 0 | 5107 Alexandra Road - Park Lane (via | 1,037 | 1,037 | 0 |
| 90,000 | 148,963 | 5108 Park Lane - Vauxhall Street | 34,243 | (114,720) | 114,720 |
| 739,899 | 888,917 | 5109 Vauxhall Street - Bethel Street | 470,617 | (418,300) | 0 |
| 0 | 30,832 | 5110 Market hub | 16,558 | (14,274) | 0 |
| 218,637 | 226,681 | 5111 Magdalen Street and Cowgate | 225,946 | (735) | 0 |
| 0 | 9,160 | 5112 St Andrew's Plain hub | (2,339) | (11,499) | 0 |
| 291,390 | 794,723 | 5113 Tombland & Palace Street | 78,454 | (716,269) | 716,269 |
| 0 | 36,000 | 5114 Gilders Way - Cannell Green | 16,420 | (19,580) | 0 |
| 459,000 | 546,751 | 5115 Heathgate - Valley Drive | 237,847 | (308,904) | 308,904 |
| 0 | 109,244 | 5116 Laundry Lane - St Williams Way | 9,847 | (99,397) | 99,397 |
| 0 | 76,302 | 5117 Munnings Road - Greenborough | 128,224 | 51,922 | 0 |
| 165,000 | 162,915 | 5118 Salhouse Road (Hammond Way - | 36,530 | (126,385) | 126,385 |
| 276,772 | 409,987 | 5119 20 mph areas | 62,072 | (347,915) | 347,915 |
| 50,000 | 0 | 5120 Simplify cycling and loading in | 2,962 | 2,962 | 0 |
| 59,928 | 209,165 | 5121 Directional signage and clutter | 75,716 | (133,449) | 133,449 |
| 0 | 27,000 | 5122 Automatic cycle counters | 3,509 | (23,491) | 23,491 |
| 367,000 | 249,860 | 5123 Cycle City Ambition Project | 277,264 | 27,404 | 0 |
| 3,725,626 | 4,802,295 | Subtotal Cycle City Ambition | 1,836,163 | (2,966,132) | 2,544,806 |
| 0 | 31,000 | 5328 Citizen Gateway Permits | 10,798 | (20,202) | 20,200 |
| 50,000 | 154,337 | 5305 Eco-Investment Fund | 12,556 | (141,781) | 141,781 |
| 0 | 23,246 | 5306 Community Capital Fund | (113) | (23,359) | 2,373 |
| 0 | 520,236 | 5317 IT Investment Fund | 332,784 | (187,452) | 187,452 |
| 0 | 0 | 5587 CRIA GPF Airport Development | 0 | 0 | 0 |
| 0 | 50,000 | 6049 Investment in UK Management | 50,000 | 0 | 0 |
| 0 | 436,017 | 6054 DECC Green Deal Communities | 20,240 | (415,777) | 415,777 |
| 50,000 | 1,214,836 | Subtotal Initiatives Funding | 426,265 | (788,571) | 767,583 |
| 0 | 0 | 5300 Norwich Connect 2 | (5,602) | (5,602) | 0 |
| 0 | 181,700 | 5318 Vacant Sites Regeneration | 0 | (181,700) | 0 |
| 158,500 | 136,294 | 5325 Mountergate Phase 2 | 0 | (136,294) | 136,294 |
| 265,000 | 168,000 | 5327 Park Depots demolition | 0 | (168,000) | 168,000 |
| 2,385,165 | 2,322,855 | 5512 NaHCASP Threescore | 652,449 | (1,670,406) | 1,670,406 |
| 300,000 | 370,206 | 8805 New Build - Threescore 2 | 303,667 | (66,539) | 0 |
| 260,000 | 520,000 | 5322 Riverside Walk | 0 | (520,000) | 260,000 |
| 150,000 | 244,142 | 5314 Ass Inv - Mile Cross Depot | 12,887 | (231,255) | 151,000 |
| 7,000,000 | 7,000,000 | 5320 Rose Lane MSCP Construction | 500,186 | (6,499,814) | 6,499,814 |
| 10,518,665 | 10,943,197 | Subtotal Regeneration | 1,463,587 | (9,479,610) | 8,885,514 |
| 0 | 35,000 | 5919 Danby Wood GNDP | 25,337 | (9,663) | 9,663 |
| 0 | 30,000 | 5920 Marston Marsh GNGP | 23,805 | (6,195) | 6,195 |
| 0 | 15,000 | 5921 Earlham Millenium Green | 3,160 | (11,840) | 11,840 |
| 0 | 40,000 | 5922 Riverside Walk GNDP | 27,534 | (12,466) | 12,466 |
| 0 | 60,000 | 5923 Marriotts Way GNDP | 52,432 | (7,568) | 7,568 |
| 0 | 180,000 | Subtotal GNGP | 132,268 | (47,732) | 47,732 |

| Approved Budget | Current Budget | | Final Outturn | Final Variance | Estimated Carry Forward |
|-------------------|-------------------|--|------------------|---------------------|-------------------------|
| 6,164 | 6,164 | 4176 S106 Fire Station Bethel St cycle | 0 | (6,164) | 0 |
| 0 | 6,019 | 5701 s106 Chapelfield Gardens Play | 0 | (6,019) | 6,019 |
| 0 | 0 | 5703 s106 Jenny Lind/Eagle Walk | 14,478 | 14,478 | 0 |
| 0 | 89,000 | 5705 s106 The Runnel Play Provision | 0 | (89,000) | 89,000 |
| 22,194 | 0 | 5708 s106 Waldergrave/Clover Hill Play | 0 | 0 | 0 |
| 0 | 0 | 5711 S106 schemes | 0 | 0 | 3,511 |
| 0 | 22,000 | 5717 s106 Wensum Comm Centre Play | 0 | (22,000) | 0 |
| 0 | 0 | 5719 NCCAAP Play Projects | 722 | 722 | 0 |
| 0 | 22,194 | 5723 Pointers Field Playbuilder Capital | 3,709 | (18,485) | 18,485 |
| 3,753 | 16,668 | 5725 S106 Pilling Park Improvements | 15,923 | (745) | 745 |
| 60,194 | 88,194 | 5728 S106 Mile Cross Gardens Play | 0 | (88,194) | 88,194 |
| 0 | 7,000 | 5730 S106 Midland Street Open Space | 0 | (7,000) | 7,000 |
| 0 | 13,260 | 5731 s106 Wooded Ridge project | 3,407 | (9,853) | 9,853 |
| 0 | 13,000 | 5732 s106 Wensum View Play | 0 | (13,000) | 13,000 |
| 0 | 42,838 | 5733 s106 Sarah Williman Close | 0 | (42,838) | 42,838 |
| 0 | 81,000 | 5735 s106 Castle Green Play | 0 | (81,000) | 81,000 |
| 0 | 9,000 | 5736 s106 Castle Gardens Play | 0 | (9,000) | 9,000 |
| 40,367 | 40,367 | 5737 S106 Heartsease Play Area | 0 | (40,367) | 20,367 |
| 24,775 | 24,775 | 5738 S106 Mousehold Heath environs | 24,504 | (271) | 0 |
| 0 | 35,000 | 5739 S106 Lakenham Rec. | 35,805 | 805 | 0 |
| 0 | 50,000 | 5801 s106 Hurricane Way Bus Link | 0 | (50,000) | 50,000 |
| 0 | 22,000 | 5806 Threescore, Bowthorpe - sustainable | 0 | (22,000) | 22,000 |
| 0 | 29,929 | 5813 S106 Green Infrastructure Imps | 0 | (29,929) | 29,929 |
| 0 | 119,000 | 5821 S106 Livestock Mkt Cycle/Walkway | 0 | (119,000) | 119,000 |
| 0 | 87,000 | 5823 BRT & Cycle Route Measures | 0 | (87,000) | 72,000 |
| 0 | 0 | 5825 Sustainable Transport Car Club | 0 | 0 | 0 |
| 0 | 10,807 | 5826 Goals Soccer Centre Ped Refuse | 7,548 | (3,259) | 0 |
| 0 | 5,000 | 5828 s106 Plumstead Road | 5,000 | 0 | 0 |
| 157,447 | 840,215 | Subtotal Section 106 | 111,096 | (729,119) | 681,941 |
| 0 | 0 | 5580 CIL Contribution Strategic | 140,782 | 140,782 | 0 |
| 0 | 0 | Subtotal CIL | 140,782 | 140,782 | 0 |
| 26,836,838 | 31,720,099 | Total Non-Housing Capital Programme | 5,048,746 | (26,671,353) | 14,515,599 |

Housing Capital Programme

| Approved Budget | Current Budget | | Final Outturn | Final Variance | Estimated Carry Forward |
|-------------------|-------------------|--|-------------------|---------------------|-------------------------|
| 3,750,000 | 3,815,898 | 7460 Sheltered Housing Redevelopment | 173,271 | (3,642,627) | 3,642,627 |
| 500,000 | 568,400 | 7930 Capital Buybacks | 122,850 | (445,550) | 0 |
| 0 | 390,000 | 8800 New Build - Riley Close | 0 | (390,000) | 0 |
| 0 | 608,485 | 8801 New Build - Pointers Field | 539,195 | (69,290) | 0 |
| 1,500,000 | 1,500,000 | 8802 New Build - Goldsmith Street | 360,282 | (1,139,718) | 0 |
| 1,591,250 | 1,591,250 | 8803 New Build - Brazengate | 190,213 | (1,401,037) | 0 |
| 765,000 | 765,000 | 8804 New Build - Hansard Close | 27,370 | (737,630) | 0 |
| 200,000 | 211,103 | 8805 New Build - Threescore 2 | 150,976 | (60,127) | 0 |
| 78,000 | 66,897 | 8806 New Build - Mountergate | 0 | (66,897) | 0 |
| 250,000 | 250,000 | 8807 New Build - Airport | 4,990 | (245,010) | 0 |
| 110,000 | 110,000 | 8808 New Build - Cambridge Street | 0 | (110,000) | 0 |
| 395,000 | 395,000 | 8809 New Build - Hassett Close | 0 | (395,000) | 0 |
| 480,000 | 480,000 | 8810 New Build - Northfields | 0 | (480,000) | 0 |
| 280,000 | 280,000 | 8811 New Build - Rye Avenue | 0 | (280,000) | 0 |
| 116,600 | 116,600 | 8812 New Build - 10-14 Ber Street | 0 | (116,600) | 0 |
| 50,000 | 50,000 | 8813 New Build - Earlham west | 0 | (50,000) | 0 |
| 20,000 | 20,000 | 8814 New Build - Bowers Avenue | 0 | (20,000) | 0 |
| 300,000 | 300,000 | 8815 New Build - Jewson Road | 0 | (300,000) | 0 |
| 50,000 | 50,000 | 8816 New Build - Fourways | 0 | (50,000) | 0 |
| 225,000 | 225,000 | 8817 New Build - Palmer Road | 0 | (225,000) | 0 |
| 100,000 | 100,000 | 8818 New Build - Supple Close | 0 | (100,000) | 0 |
| 150,000 | 150,000 | 8819 New Build - Wild Road | 0 | (150,000) | 0 |
| 10,910,850 | 12,043,633 | Subtotal Housing Investment | 1,569,147 | (10,474,486) | 3,642,627 |
| 1,380,000 | 1,417,150 | 7010 Electrical - Internal | 1,390,716 | (26,434) | 0 |
| 480,000 | 854,958 | 7040 Whole House Improvements | 636,973 | (217,985) | 66,908 |
| 8,260,000 | 8,323,100 | 7070 Kitchen Upgrades | 8,075,418 | (247,682) | 0 |
| 3,980,000 | 4,816,000 | 7080 Bathroom Upgrades | 3,934,053 | (881,947) | 600,000 |
| 300,000 | 1,084,711 | 7100 Boilers - Communal | 183,801 | (900,910) | 884,711 |
| 4,230,000 | 3,946,100 | 7110 Boilers - Domestic | 3,400,974 | (545,126) | 80,000 |
| 950,000 | 976,100 | 7150 Insulation | 904,319 | (71,781) | 71,781 |
| 200,000 | 200,000 | 7170 Solar Thermal & Photovoltaic | 173,273 | (26,727) | 25,000 |
| 1,100,000 | 2,385,176 | 7200 Windows - Programme | 2,052,213 | (332,963) | 99,710 |
| 1,610,000 | 1,846,334 | 7280 Composite Doors | 2,274,291 | 427,957 | 0 |
| 180,000 | 80,000 | 7300 Comm Safe - DES | 17,130 | (62,870) | 0 |
| 20,000 | 20,000 | 7470 Sheltered Housing Comm Facilities | 0 | (20,000) | 0 |
| 250,000 | 250,000 | 7480 Sheltered Housing Redevelopment | 369,861 | 119,861 | 0 |
| 880,000 | 1,624,880 | 7520 Planned Maint - Roofing | 1,223,225 | (401,655) | 296,730 |
| 0 | 508,200 | 7530 Boundary Walls & Access Gates | 377,583 | (130,617) | 0 |
| 4,500,000 | 5,514,244 | 7540 Planned Maint - Structural | 3,357,095 | (2,157,149) | 500,000 |
| 0 | 11,550 | 7550 Vehicle Hardstanding | 85,819 | 74,269 | 0 |
| 250,000 | 73,550 | 7580 Planned Maint - Lifts | 30,968 | (42,582) | 0 |
| 200,000 | 453,750 | 7590 Concrete footpaths, rams, etc. | 202,991 | (250,759) | 0 |
| 1,000,000 | 1,080,900 | 7600 Dis Ad - Misc | 752,506 | (328,394) | 0 |
| 200,000 | 200,000 | 7630 Dis Ad - Stairlifts | 74,290 | (125,710) | 0 |
| 0 | 4,450 | 7680 Dis Ad - Comms | 0 | (4,450) | 0 |
| 100,000 | 544,099 | 7950 Other - Communal Bin Stores | 510,435 | (33,664) | 0 |
| 30,070,000 | 36,215,252 | Subtotal Neighbourhood Housing | 30,027,934 | (6,187,318) | 2,624,840 |

| Approved Budget | Current Budget | | Final Outturn | Final Variance | Estimated Carry Forward |
|-------------------|-------------------|--|-------------------|---------------------|-------------------------|
| 0 | 0 | 6010 Decent Homes Loan | 0 | 0 | 0 |
| 1,140,000 | 440,000 | 6011 Minor Works Grant | 2,718 | (437,282) | 0 |
| 0 | 168,606 | 6012 Empty Homes Grant | 0 | (168,606) | 68,606 |
| 0 | 700,000 | 6018 Disabled Facilities Grant | 816,190 | 116,190 | 0 |
| 180,000 | 180,000 | 6019 Capital Grants to Housing | 198,668 | 18,668 | 0 |
| 0 | 0 | 6029 Small Adaptation Grants | 17,963 | 17,963 | 0 |
| 0 | 0 | 6031 Survey Costs | 16,776 | 16,776 | 0 |
| 0 | 0 | 6044 Works in Default | 24,899 | 24,899 | 0 |
| 0 | 0 | 6047 DFG Residents Contribution | 7,127 | 7,127 | 0 |
| 250,000 | 475,605 | 7960 Demolition & Site Maintenance | 0 | (475,605) | 0 |
| 1,570,000 | 1,964,211 | Subtotal Strategic Housing | 1,084,341 | (879,870) | 68,606 |
| 42,550,850 | 50,223,096 | Total Housing Capital Programme | 32,681,422 | (17,541,674) | 6,336,073 |

Report to Cabinet
8 July 2015
Report of Executive head of regeneration and development
Subject Establishment of a local housing development company

Item

11

KEY DECISION

Purpose

To seek approval to establish a local housing development company to build residential properties for sale and rent

Recommendations

1. To approve the establishment of a local housing development company to build, sell and manage houses for sale and rent.
2. To delegate the detailed arrangements to allow the establishment of the company to the executive head of regeneration and development in consultation with the portfolio holders for resources and income generation and environment and sustainable development.

Corporate and service priorities

The report helps to meet the corporate priority of a prosperous city.

Financial implications

Under the proposed development model the council will fund the proposed development company through loans and equity investment and the council will receive an income stream for the general fund through dividends and interest on loans.

Ward/s: All

Cabinet member:

Cllr Stonard -resources and income generation portfolio holder

Cllr Bremner -environment and sustainable development portfolio holder..

Contact officers

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Andy Watt, 01603 212691

Background documents

None

Report

Background

1. The council acquired land in Bowthorpe in the 1970s to develop 3 villages- Clover Hill, Chapelbreak and Three Score. Originally the council developed the sites for 50/50 council and private housing, mostly in the 1970s. Three Score is the last village to be developed and a small part of the area was built in the 1990s by a private developer with a housing association providing the affordable housing. In the early 2000s the council intended to sell the remaining area of land at Three Score to a housing developer to generate a capital receipt. Due to the housing market crash, the deal was not concluded.
2. In September 2009, the council entered into an innovative partnership with the Homes and Communities Agency (HCA). A fundamental part of the partnership was to bring forward development of the Three Score site. HCA provided £2.5M investment to construct the road/ infrastructure to serve the whole site. The partnership aim was that the site should form an exemplar development with housing built to high design and environmental standards. The original intention was to sell a first phase to a developer who would build the first phase and also construct the infrastructure to serve the whole development. Whilst a preferred developer was selected following a procurement process, the contract was never entered into.
3. In January 2013, the council agreed to dispose of a first phase of land at nil value to allow Norsecare to develop a 172 unit housing with care and dementia care facility. This is now under construction and is due to be completed in March 2016.
4. In June 2013, the council obtained planning permission for the whole development, of 1000 dwellings a care home, open space and other community facilities.
5. In February 2014, cabinet agreed that the council should develop the second phase of the Three Score site itself rather than sell the site to a private developer. This forms part of the council's ambitious programme of housing development. Whilst the key driver is to generate income for the council's general fund, development will ensure housing is delivered to high environmental standards (maximising passivhaus) and comply with planning policy on affordable housing (33% of which 85% will be social rent and 15% intermediate tenure).
6. In January 2015, cabinet agreed to submit a planning application for this phase (phase 2) - 172 homes (private homes for sale and rent plus 33% affordable). The application was approved in May 2015.
7. In January 2015 the council entered into a contract with La Farge Tarmac to construct the road / infrastructure to serve the whole development. This is now under construction and is due to be completed later this year.
8. The council has also agreed to take forward development on a number of other sites in its ownership including Goldsmith Street.
9. The council has started a OJEU procurement process to establish a 'fabric first' framework of contractors from which a constructor can be selected for Threescore

Phase 2 and Goldsmith Street in the short term and then for other sites in the longer term. In order to achieve a start on site at Three Score as soon as possible, a decision will need to be made on the appointment of a constructor in September.

Requirement for a housing development company

10. Officers have been researching the legal and tax implications of developing private homes for sale and rent and had concluded that it will be necessary to establish a housing development company as a vehicle to do this. . This would be a limited liability company, limited by shares all of which will be owned by the council, so the council would have full control over its activities.

11. The key objectives of the company would be:

- The provision and management of private homes for sale and rent
- The generation of a new alternative source of income to support the council's wider activities

12. This would help the council to achieve its priorities :

- To make Norwich a prosperous and vibrant city
- To make Norwich a healthy city with good housing.

Consultancy advice on establishing a housing development company

13. Specialist legal and tax advice (via Savills and Trowers and Hamlin) was procured to:

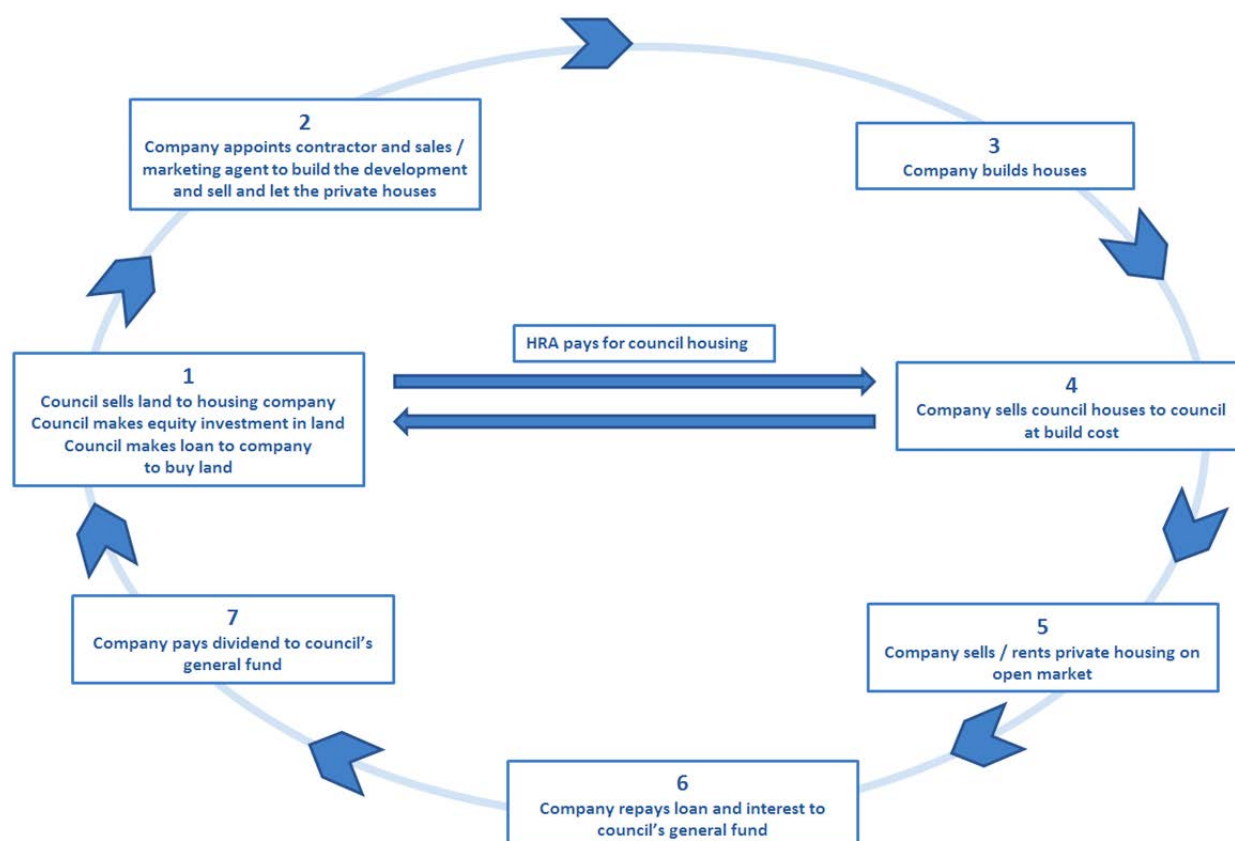
- Provide specific advice on Stamp Duty Land Tax (SDLT), VAT, Corporation Tax, state aid and 'commercial activity', (see Glossary).
- Review the proposed development model, in particular to provide greater clarity on whether the council or the proposed company need to act as client for construction contracts;
- Develop a detailed business case for Three Score phase 2 and Goldsmith Street. explaining how the company will be financed (through loans from the council); and
- Provide an audit of other issues and risks to be considered.

14. Their report has now been received and this is attached as part of confidential Appendix 1 to this report as it contains sensitive financial information.

15. The report confirms that a company is needed to develop the houses – as the council intends the project to have a "commercial purpose" in accordance with Section 4 of the Localism Act 2011 – and recommends that the company should build all the houses, regardless of tenure.

16. The Savills report has considered the option of the council developing housing itself. Section 1 of the Localism Act 2011 gives the council a wide and largely freestanding 'general power of competence' to do anything that an individual may do. This is subject (inter alia) to the requirement that, if what it is doing is for a commercial purpose then, in accordance with Section 4, it must do so through a company.
17. The programme of new build is to be seen as a whole. Advice suggests that separating out the construction of the affordable housing element and 'dividing' the programme, for tax or other reasons, between (say) a preparatory and an implementation stage would not be safe. Consultants advise that the programme has to be seen as a whole so that all parts of the activity should be carried out through a company.
18. The general power of competence, like any other power, must be used reasonably. The availability of another, more obvious, power could mean that the section 1 power was being used improperly. In this case, however, the fact that the affordable housing is being carried out through a company and might in other circumstances be based on the obvious power of Section 9 of the Housing Act 1985 is not material.
19. The report confirms that for commercial flexibility, the company should be a company limited by shares (CLS). In this case then group relief for SDLT purposes should be available. The development model proposed is as follows:
- Land is sold from the council to the company at market value – the funding to be provided by the council as debt or equity.
 - The company enters into construction and related contracts with a third party.
 - The council provides further loan funding to the company during the construction period, under a funding agreement which is state aid compliant.
 - Private sale properties are sold by the company, generating a profit in the company which would be liable to pay corporation tax on that profit.
 - Affordable housing is sold by the company to a registered provider (council or third party).
 - The company retains the private rented properties and renting them to the market – also taking on full responsibility for management, maintenance and life cycle repairs. Though there are options to contract out this responsibility to the council or others.

Diagram 1- Proposed development model



20. The company would be liable to corporation tax. VAT on construction is likely to be zero rated and VAT is not likely to arise from the sale of dwellings. The private rental business will give rise to some irrecoverable VAT on operating costs, such as management and maintenance. Loans from the council will need to be at market rates to avoid breaching state aid regulations.

21. Savills have produced a business case for phase 2 at Three Score which demonstrates that the proposed model is viable and will deliver income to the council's general fund. Details are included in the confidential Appendix 2.

22. The report also demonstrates the business case for the company through the inflationary increase in property values over time and how the static level of debt leads to a gradual build up in property equity in the company. It demonstrates that income gradually increases, compared to a static interest cost, so that over time there are significant profits being generated. Whilst surpluses are relatively small in the early years, these financial forecasts form the basis of a sound and viable financial business plan, which would satisfy the directors, shareholders and funders of the company.

23. Savills also advise that for the purposes of contract procurement, it will be important for the company to be in place before any contract is ready to be let. Provision for this has already been made in the OJEU process for the 'Fabric First' framework which allows for the council or a wholly owned subsidiary to be the client. Following the procurement process, the company will be in a position to appoint a contractor for Three Score phase 2 in September. This means that the company would need to be established in name (and registered at

Companies House) by this time. The timescale for the design and build contract is such that once appointed, the contractor will spend approx. 3 months on design with construction likely to start in January 2016.

Options for governance of the proposed housing development company

24. As part of the research into the establishment of a housing development company, officers have reviewed best practice and case studies from other local authorities. A number of other councils have established housing companies already. The type of company is influenced by the objectives that the council wishes to achieve.
25. There are a number of councils that have set up wholly owned companies limited by shares, including Daventry, South Cambridgeshire, Ealing and Thurrock. The governance and board membership of these companies varies from council to council. Many authorities have kept this very simple (especially when the company is first established) and restricted the decision making to 2 directors. Ealing, Thurrock and South Cambridgeshire have appointed senior officers as their directors (2 to 4 directors, including senior managers and the chief finance officer). The housing company set up by Daventry has a board of 5 directors, including 3 members and 2 officers.
26. It would be up to the council/ company to determine whether to include any external representation on the board. This could be helpful to provide commercial expertise. The majority of companies established by local authorities do not employ staff but buy services from the local authority. It is important to note that the directors will need to act commercially in the best interests of the company. There may be occasions where there could be conflicts of interest for the individual and their role within the council. However as the company would be wholly owned by the council, this is not likely to be a frequent issue. In order to register a company, a minimum of 1 director is needed.
27. Having researched the governance approach adopted by other local authorities who have set up housing companies, it is proposed that there should be a board of 5 directors. This would be made up of 2 members (portfolio holders, who would be appointed through the council's normal process of appointments to outside bodies and who would need to be named individuals for the purposes of the registration of the company) plus 3 officers (senior management team representatives including the s151 officer, again who would need to be named individuals). It is suggested that a quorum of 2 would be required for any decisions (one officer and one member). This is the preferred approach to provide a balance between democratic accountability and operational efficiency. It would be beneficial to allow for external representation on the board if needed in future to provide commercial expertise. Memorandum and articles of association will need to be drawn up.
28. The council would have full control over the proposed company. The company will be wholly owned by the city council so at both general meetings of the company and at board meetings of the directors the city council will have 100% decision making power within the law and within the company's constitution. It will also be possible to establish a shareholders' agreement between the council and the company to add an extra contractual layer of control over the company

to include requirements, for example, that the company's annual business plan needs to be approved by the council.

Next Steps

29. A further report to cabinet will be needed on the sale of land to the company and the funding arrangements between the council and the company. At this stage cabinet is only asked to agree to the establishment of the local housing company.

Glossary:

State aid: State aid is defined as an advantage in any form whatsoever conferred on a selective basis to undertakings by national public authorities. A company which receives government support gains an advantage over its competitors. Therefore, the EU Treaty prohibits State aid unless it is justified by reasons of general economic development. To ensure that this prohibition is respected and exemptions are applied equally across the European Union, the European Commission is in charge of ensuring that State aid complies with EU rules.(source ec.Europa.eu)

Stamp Duty Land Tax (SDLT): You must pay Stamp Duty Land Tax (SDLT) if you buy a property or land over a certain price in England, Wales and Northern Ireland.

The current SDLT threshold is £125,000 for residential properties and £150,000 for non-residential land and properties.

You pay the tax when you:

- buy a freehold property
- buy a new or existing leasehold
- buy a property through a shared ownership scheme
- are transferred land or property in exchange for payment, eg you take on a mortgage or buy a share in a house

(source: gov. uk)

Corporation Tax: Your limited company must pay corporation tax on its taxable profits.

Corporation tax also applies to:

- most unincorporated associations, eg clubs and co-operatives
- foreign companies with a UK branch or office

Your company must keep records for corporation tax.

The current rate is 20%.

(source: gov.uk)

Integrated impact assessment



NORWICH
City Council

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

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

Report author to complete

| | |
|------------------|--------------------------------------|
| Committee: | Cabinet |
| Committee date: | 8 July 2015 |
| Head of service: | Andy Watt |
| Report subject: | Establishing a local housing company |
| Date assessed: | 09/06/15 |
| Description: | |

| | Impact | | | |
|---|-------------------------------------|-------------------------------------|--------------------------|--|
| Economic (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Finance (value for money) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will generate an income stream for the council's general fund |
| Other departments and services e.g. office facilities, customer contact | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The company could purchase services from the council |
| ICT services | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Economic development | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will deliver construction jobs |
| Financial inclusion | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will deliver affordable housing |
| Social (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Safeguarding children and adults | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <u>S17 crime and disorder act 1998</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Human Rights Act 1998 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Health and well being | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will create high quality new housing development which encourages a healthy lifestyle (emphasis on walking and cycling)and provides homes which provide a healthy environment (passivhaus) |

| | Impact | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|---|
| Equality and diversity (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Relations between groups (cohesion) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Eliminating discrimination & harassment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Advancing equality of opportunity | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Delivers new affordable housing |
| Environmental (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Transportation | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Whilst the report results in new development , it will be taken forward in a way that reduces the impact on the environment |
| Natural and built environment | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | As above |
| Waste minimisation & resource use | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | As above |
| Pollution | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | As above |
| Sustainable procurement | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | As above |
| Energy and climate change | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | As above |
| (Please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |

| | Impact | | | |
|------------------------|--------------------------|--------------------------|--------------------------|--|
| Risk management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

| Recommendations from impact assessment | |
|---|--|
| Positive | |
| The report will result in positive economic benefits for the council and the city | |
| Negative | |
| Whilst there are some negative impacts from development, the quality of development will minimise environmental impacts | |
| Neutral | |
| | |
| Issues | |
| | |

