

Cabinet

Date: Wednesday, 17 January 2018

Time: 17:30

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

Committee members:

Councillors:

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

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Agenda

Page nos

1 Apologies

To receive apologies for absence

2 Public questions/petitions

To receive questions / petitions from the public.

Please note that all questions must be received by the committee officer detailed on the front of the agenda by **10am on Friday 12 January 2018**.

Petitions must be received by the committee officer detailed on the front of the agenda by **10am on 16 January 2018**.

For guidance on submitting public questions or petitions please see 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

5 - 12

Purpose: To approve the accuracy of the minutes of the meeting held on 13 December 2017.

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

Purpose: To report the recommendations from the fire safety checks undertaken in the council's hi-rise tower blocks.

(Please note this item will follow on a supplementary agenda in due course)

6 Equality information report 2018

13 - 46

7 Corporate risk register and policy report

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8 Budget monitoring 2017-18 P08

75 - 92

9 Treasury management mid-year report 2017-18

93 - 108

10 Exclusion of the public
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.

Page nos

Date of publication: **Tuesday, 09 January 2018**



CABINET

17:30 to 19:45

13 December 2017

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

Also present: Councillors Schmierer and Wright

1. Declarations of interest

Councillor Stonard declared an 'other' interest in items 11 and *13, (below), 'Norwich Regeneration Ltd (NRL) business plans 2017-18', as he was the chair of Norwich Regeneration Company Ltd.

Councillor Kendrick declared an 'other' interest in item 11 and *13, (below), 'Norwich Regeneration Ltd (NRL) business plans 2017-18', as he was a director of Norwich Regeneration Company Ltd.

2. Public questions/petitions

No petitions were received. There were two public questions on the rough sleeping strategy item which had been received after the constitutional deadline by the director of business services. The chair assured those members of the public who were attending the meeting for that item that whilst the questions would not be read out responses to them were incorporated within the portfolio holder's introduction to the item.

3. Minutes

RESOLVED to agree the accuracy of the minutes of the meeting held on 8 November 2017.

4. Norwich Rough Sleeping Strategy

The chair moved the item forward on the agenda as members of the public were attending particularly for this item.

Councillor Maguire, cabinet member for safe city environment, presented the report.

He emphasised that rough sleeping was a complex issue and required a partnership response which the strategy recognised.

The figure used in the report for the numbers sleeping rough in Norwich was from one night in the year when a count took place. The count itself was a good example of partnership working with a cross section of organisations taking part including St. Martin's housing trust, the Salvation Army and three city council cabinet members. Thirty seemed a low number but this was because those seen on the streets were not necessarily rough sleeping. It also included the lonely and socially isolated who came into the city for food and company.

Most rough sleepers accessed accommodation via the hostel system, where support packages were put in place and there was a move on agreement with the council's housing options team. However, the demands on the hostel system were growing. Cuts to supported housing beds and supporting lodgings affected provision and cuts to floating support made it more challenging to move individuals on to permanent accommodation.

There were increases in people leaving prison with no accommodation and people travelling in to the city to beg. This aggregation of circumstances all compounded the issue. The strategy was developed with these issues in mind. It included a consultation with current and former rough sleepers, partners and was open to all stakeholders.

Councillor Harris as deputy leader and cabinet member for social housing addressed the introduction of the Homelessness Reduction Act which would be implemented in 2018. She emphasised that the council's home options team already met many of the requirements of the act. There were new legal duties required from councils within the act; everyone regardless of their priority need was to be provided with meaningful help if homeless. The definition of a homeless household was to be amended which would certainly lead to an increase in numbers asking for help from the council and numbers requiring temporary accommodation. The options for temporary accommodation were being worked on.

The council recognised that it could not work in isolation and that partnership working was valuable. However, there were factors outside the council's control such as the systematic reduction in funding by the current government.

The chair advised that he would invite Derek Player, General Manager, St. Martin's Housing Trust and Superintendent Dave Marshall of Norfolk Police to address the meeting. He invited members of the public who attended for this item to nominate a representative to make comment on the strategy.

In response to a question from Councillor Schmierer, the housing strategy officer said that the main direct access hostel in the city accommodated 220 people a year. He said the system in terms of emergency accommodation was at peak demand. During the Severe Weather Emergency Protocol (SWEP) period the council made extra efforts to speak to individuals who were rough sleeping to ensure they would be housed during those periods of severe weather.

Councillor Wright commented that the strategy was a step forward given the constraints on the council. He recognised that the introduction of the Homeless Reduction legislation would be challenging but consider it would be of benefit. In his role as chair of scrutiny he thanked St. Martin's for their support when they looked at

a rough sleeping item previously and suggested it was possible the strategy could return to scrutiny committee in the future.

Derek Player, General Manager of St. Martin's Housing Trust, thanked officers for listening and considering the views of hostel providers and said the strategy showed no lack of ambition or commitment and provided a framework for the future. He said it was a very tough time for single homeless people. Last year at Bishopbridge House they increased their provision to provide an extra seven bed spaces. They accommodated 37 individuals on any one night and were the largest direct access hostel in Eastern England.

He said the key was to keep pathways open, there had to be through put from supported temporary accommodation into permanent and as such they were reliant on other providers. They didn't want to see people back around and to prevent this appropriate support had to be available. Otherwise there were no beds for those that were newly homeless.

The head of neighbourhoods said much work had been completed in the last few months to understand the rough sleeping community. The council had worked with other statutory partners to try and ensure services were available.

Superintendent Dave Marshall said homelessness itself was not a policing issue; it was not an offence to be homeless. He recognised homelessness was an increasing issue and said the figures in the report reassembled the reality of the situation. He said the strategy hoped to address issues of homelessness which were multi-faceted. He welcomed the framework from a policing perspective and the tangible outcomes it hoped to deliver.

The chair asked if a member of the public would like to come forward as a voice for those who had attended for the item. Jan McLachlan, Norwich People's Assembly spoke, she said that there was a tendency to diminish the contribution of those working with the homeless such as those feeding people on the Haymarket. She said they should have been included in the consultation. She noted that Liverpool council had that day provided an empty building for homeless people to use and suggested the council could do the same. She said the figures in the strategy were inaccurate, and that there had been a huge uplift in homelessness across the country. The two points which she wished to highlight were that the groups which feed people should be consulted as they worked directly with the homeless and that emergency accommodation in the form of an empty building should be provided.

The chair suspended the meeting due to disruption from the public gallery.

After a ten minute break the meeting resumed.

The chair said it was for cabinet to vote on whether to approve the strategy and he thanked all partners and those who had been consulted including homeless people themselves for their contributions. He stated if approved the strategy would be monitored carefully to ensure effective implementation.

RESOLVED to approve the Norwich Rough Sleeper Strategy 2017- 22: breaking the cycle of homelessness, and its action plan.

5. Fit for the Future Update

Councillor Waters, leader, presented the report. He said that whilst local authorities faced significant financial challenges the developing strategy sought to look forward rather than be on the defensive.

The chief executive said the report had to be read in conjunction with the item on the budget and Medium Term Financial Strategy (MTFS). This report set the context for the financial challenges ahead.

In response to a question from Councillor Schmierer, the leader confirmed that four elected member consultation groups would be held in the new year to consider all councillor views on the future of Norwich.

RESOLVED to:

- (1) continue with the approach previously agreed to balance future budgets within the MTFS; and
- (2) endorse the progress made to date on developing a new vision, corporate plan and Blueprint.

6. Emerging 2018/19 Budget, Medium Term Financial Strategy (MTFS) and HRA Business Plan

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

The chief finance officer, emphasised that the figures for years 3, 4, and 5 of the MTFS were preliminary as the council was awaiting confirmation on government funding.

In response to a question from Councillor Schmierer, the chief finance officer highlighted the figures for setting a balanced budget.

RESOLVED to:

- (1) approve the direction of travel currently being taken to establish robust and balanced budget proposals for the General Fund revenue budget and the MTFS including endorsing:
 - a) The principle that any general fund underspends from 2017/18 are considered for transfer to the earmarked spend to save reserve to support the delivery of the ongoing transformation programme.
 - b) The principle of creating earmarked reserves in relation to commercial property, loan interest income from Norwich Regeneration Limited, and one-off business rates growth income.
 - c) An increased drawdown of £107k from general fund reserves to balance the 2018/19 budget (subject to final budget estimates).
- (2) approve the proposed approach to extend the HRA Business Plan to 60 rather than the current 30 years.

- (3) approve the proposed approach to the setting of the General Fund capital programme, namely:
 - a) Establishing a capital programme that is affordable (looking over the 5 year MTFS planning horizon and the resources available) and achievable (i.e. better able to be physically delivered at the year-end).
 - b) That any new capital project of significant size, not included in the capital programme proposed to council in February 2018 for approval, is subject to a full business case review and subsequent approval by council within the relevant financial year.

7. Greater Norwich Local Plan

Councillor Stonard, cabinet member for sustainable and inclusive growth, presented the report.

In response to a question from Councillor Schmierer, the cabinet member for sustainable and inclusive growth stated that Norwich had distinct needs and that this needed to be maintained and recognised in the plan. Norwich was an economic dynamo for wider area and a strong city economy made rural communities viable.

RESOLVED to:

- (1) approve the 'Greater Norwich Local Plan Regulation 18 Growth Options' document (attached as appendix 1) for public consultation; and
- (2) delegate authority to the director of regeneration and development, in consultation with the Portfolio Holder for sustainable and inclusive growth to sign off the Site Proposals and other supporting documents for publication in advance of public consultation.

8. Quarter 2 performance report

Councillor Waters, leader, presented the report. He referred to a reduction in some performance figures and explained that these were due to changing methodology. The strategy manager added that new methodology contacted a broader resident base and therefore gave a more accurate picture.

In response to questions from Councillor Schmierer, the strategy manager said that target VFM8 was set based on old methodology and future data would be needed to set the target. On target SCL13% there was a data collection issue and more work was to be undertaken on understanding what the barriers to cycling were. There was evidence to show where investment had been made, as with the pedal ways, cycling had increased.

RESOLVED to:

- (1) consider progress against the corporate plan priorities; and,
- (2) suggest future actions and / or reports to address any areas of concern.

9. Scrutiny Committee Recommendations

Councillor Kendrick, cabinet member for resources, introduced the report and handed over to Councillor Wright as chair of scrutiny to present it.

Councillor Wright said he was pleased the report had come to cabinet and highlighted the varied work programme the scrutiny committee had covered. He emphasised one particular recommendation on city accessibility and the introduction of a city charter.

Councillor Stonard, cabinet member for sustainable and inclusive growth, said officers would need to look at work around a city charter and come back with a recommendation for cabinet.

RESOLVED to ask officers to consider a city access charter and work with the portfolio holder for sustainable and inclusive growth to come back to cabinet with an appropriate recommendation.

10. Procurement of a housing structural repairs contract – Key decision

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

RESOLVED to delegate authority to the director of neighbourhoods, in consultation with the deputy leader and social housing portfolio holder, to award a contract to the best value supplier for structural repairs once a detailed evaluation is completed.

11. Norwich Regeneration Ltd and HCA - business plans 2017-18

(Councillor Stonard and Councillor Kendrick had declared an 'other' interest in this item.)

Councillor Harris, cabinet member for social housing presented the report. It was noted the reported required a correction on page 323 as Councillor Kendrick and not Councillor Bremner sat on the strategic board.

RESOLVED to:

- (1) Approve the Norwich Regeneration Ltd business plan including the new developments at 10-14 Ber Street, Three Score phase 3 and Hurricane Way.
- (2) Approve the business plan for 2017-18 for the Norwich and Homes and Communities Agency (HCA) strategic partnership.
- (3) Agree to dispose of the 10-14 Ber Street site and the land for Three Score phase 3 to NRL in exchange for an equity investment in NRL - as set out in paragraph 2 of the confidential appendix to this report.

- (4) Recommend to council the approval of the inclusion of the amounts to be lent to NRL in the council's capital programme - as set out in the report.
- (5) Recommend to council the approval of the inclusion of the costs of the HRA buying the social housing at 10-14 Ber Street and Three Score Phase 3 in the council's capital programme - as set out in the report.

12. Exclusion of the public.

RESOLVED to exclude the public from the meeting during consideration of items *13 to *16 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

***13. Norwich Regeneration Ltd and HCA - business plans 2017-18**

(Councillor Stonard and Councillor Kendrick had declared an 'other' interest in this item.)

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

RESOLVED to approve the recommendations as detailed in the report.

***14. Managing assets (housing) – Key decision (Paragraph 3)**

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

RESOLVED to approve the:

- (1) disposal of the freehold interest in the asset on the open market; and
- (2) capital receipt from the disposal to be reinvested in the housing capital program for improving, repairing and maintaining our housing stock or for enabling new affordable housing.

***15. Managing assets (general fund) – Key decision (Paragraph 3)**

Councillor Kendrick, cabinet member for resources presented the report.

RESOLVED to approve the disposal of the assets from the General Fund as described in this report.

(The chair referred to the supplementary agenda which had been circulated to members and published on the website, containing an urgent item).

***16. Award of a contract for housing repairs – Key decision (Paragraph 3)**

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

RESOLVED to approve the award of the contract as described in the report.

CHAIR

Report to Cabinet
17 January 2018
Report of Strategy manager
Subject Equality information Report

Item

6

Purpose

To consider the annual equality information report.

Recommendation

To approve publication of the annual equality information report.

Corporate and service priorities

The report helps to meet the corporate priority a fair city

Financial implications

None

Ward/s: All wards

Cabinet member: Councillor Davis - social inclusion

Contact officers

Adam Clark, strategy manager

01603 212273

Background documents

None

Report

1. The annual equality report is submitted for review and approval.
2. There is a statutory requirement for the document to be published annually. To meet this requirement, we must publish this by the 31 January 2018. This also covers our statutory duty to publish information on the difference between employee pay based on gender as per The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. These data can be found on page 14 of the report.
3. The report was discussed at the scrutiny committee meeting held on 14 December 2017. There were no recommendations about the content of the report.
4. There are no significant changes in most of the data since last year, although a new system for reporting hate crimes and hate incidents by the police makes it difficult to compare directly. Although there have been some overall increases in local median wage rates, this is mostly amongst male residents, resulting in a widening gender gap for residents. Norwich resident wages are still behind those for people working in Norwich as well as regional and national levels, but again with a marked difference between genders.
5. There may still be minor changes to be made to the report before publication including data on age of new staff which is not available currently.

Integrated impact assessment



NORWICH
City Council

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

Report author to complete

Committee:	Cabinet
Committee date:	17 January 2018
Director / Head of service	Strategy Manager
Report subject:	Equality Information Report
Date assessed:	3 January 2018

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report provides information about how the council discharges its duties under the Equality Act, which allows for identification of areas for improvement
Eliminating discrimination & harassment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As above
Advancing equality of opportunity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As above
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

	Impact			
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Allows identification of risks around liabilities under the Public Sector Equality Duty

Recommendations from impact assessment
Positive
Senior managers should consider the evidence in the report to identify ways in which the council can enhance its activities as a provider of services and as an employer
Negative
Neutral
Issues



Equality information report

January 2018

1. Introduction

This report provides information about the people who live in Norwich, who work at the council and who use its services. It allows all those who design services for the city's population to do so with the latest information to hand. Publishing information in this way is a specific public sector duty as laid out in the Equality Act (2010) Specific Duties Regulations (2011), which requires that public bodies publish equalities data annually.

This report demonstrates how we show due regard to the three general equality duties across our functions:

- Advancing equality of opportunity between people who share a protected characteristic and those who do not
- Eliminating discrimination, harassment, and victimisation and other conduct prohibited by the act
- Promoting good relations between people who share a protected characteristic and those who do not.

The council has four equality objectives, which are aligned with the revised 2015-2020 corporate priorities:

Equality objective	corporate priority
Tackling hate incidents and crimes	Safe, clean and low carbon city
Access to quality information, advice, and advocacy including financial capability	Prosperous and vibrant city
Treating people with dignity and respect	Core values
Accessible and safe housing	A healthy city with good housing

The council's corporate priorities were updated in 2015 and the current equality objectives remain aligned to these. Any future changes to the corporate priorities will necessitate a review of the equality objectives.

Each service area has equality actions as part of its annual service plans. Reporting is undertaken through our performance management system, on a quarterly basis. In addition, Integrated Impact Assessments are undertaken for each report submitted to cabinet, and Equality Impact Assessments accompany major decisions made at the council. These are all published with committee reports or in the equality section of the website.

A councillor from cabinet is the portfolio holder for equalities, and receives regular updates from officers. This is currently Councillor Karen Davis.

Glossary of terms

Protected characteristic	This is a phrase used in equalities legislation to identify groups at risk of discrimination. These are: age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, and pregnancy and maternity.
BAME	Black and minority ethnic
Scrutiny committee	This is a group of non-executive councillors which helps to develop policy and improve performance, and holds the council's cabinet to account for their decisions.

The data in this report is taken largely from the 2011 Census, the council's own statistics, and labour market statistics from the Office for National Statistics. The age of data from these sources vary but this report uses the most up-to-date statistics available at the time of publication. The report also looks back over the previous completed financial year so will again be dated in parts.

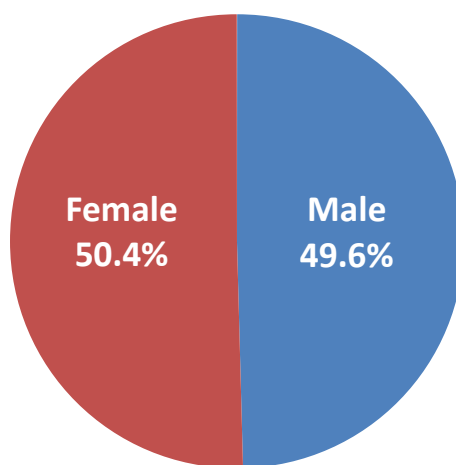
2. What do we know?

2.1 Demographics

Population

The mid-2016 population estimates indicate that **141,000** people live in Norwich, showing that Norwich continues to grow (1.5% annually). All demographic figures are from the Office of National Statistics unless otherwise stated.

Norwich residents by gender - mid-2016 estimates



Ethnicity

Percentage of population – Ethnicity 2011 National Census statistics		
	Norwich	England
Total White	90.8	86
White non-British	6.1	5.5
Total Black, Asian or minority ethnic group	9.2	14
Asian/Asian British	4.4	7.5
Black/African/Caribbean/Black British	1.6	3.3
Mixed heritage	2.3	2.2
Other ethnic group	0.8	1.0

The National Census of 2011 gives us the most accurate figures to date regarding the ethnicity of residents of Norwich. It shows that the city is less diverse than the rest of the country on average, although it has a slightly higher proportion of white non-British residents than is the case nationally. It must be noted that census data is now over 6 years old, so recent changes may well have occurred since publication.

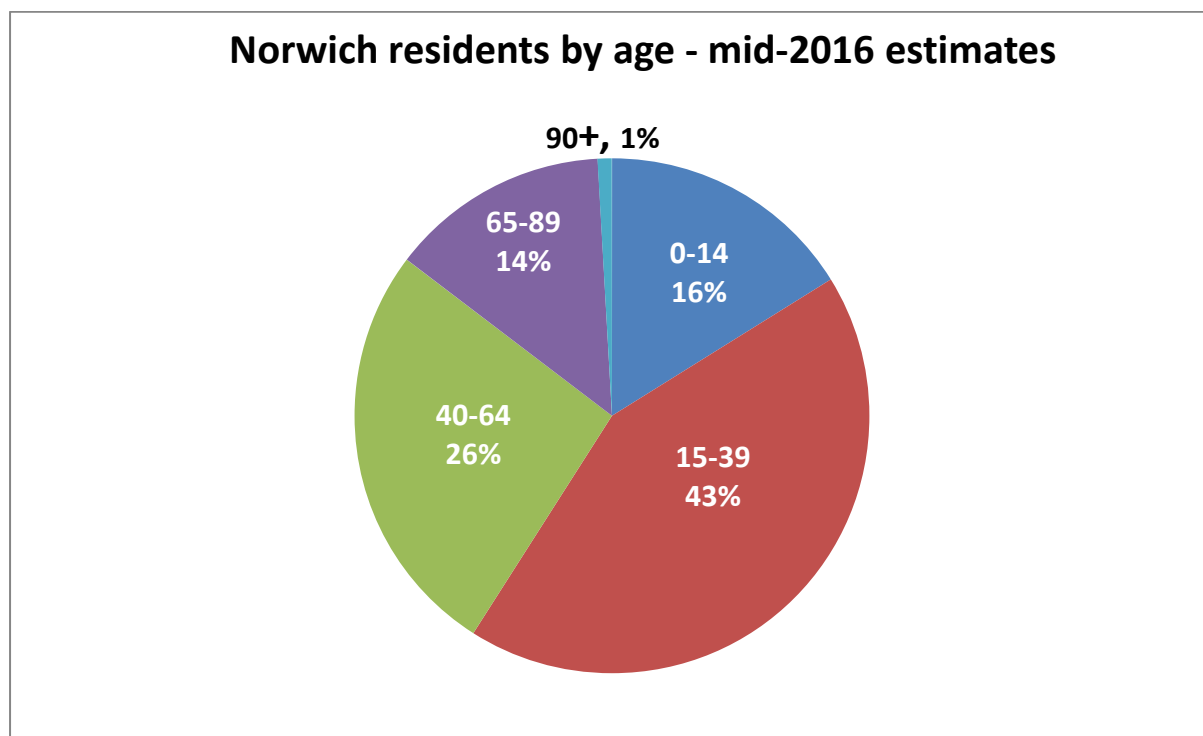
Disability

The table below provides responses 'limited a lot' and 'limited a little' to the question: 'Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?'

Disability 2011 National Census statistics by percentage			
	A little	A lot	Total
Norwich	9.8	8.6	18.4
England	9.3	8.3	17.6

The number of disabled people in Norwich has remained relatively consistent with the figures from a decade ago. These are the only reliable statistics giving a comprehensive picture of disability in Norwich.

Age



Population by broad age group in 2016 in England and Wales

Age group	0-14	15-39	40-64	65-89	90+
Percentage	18	32	32	17	1

Mid-2016 estimates (rounded figures provided)

Norwich has a youthful demographic in comparison to Norfolk and the rest of the country, with 43 per cent of residents in the 15 to 39 age group, as opposed to 32 per cent nationally. This has an impact on a range of issues such as: working age population on benefits, young people not in employment, education, and training.

2.2 Employment in Norwich

Percentage of Norwich population economically inactive compared with that of the region and England as a whole June 2017			
Year to June 2017	Norwich	East of England	England
Economically inactive - aged 16-64	21.1	19.8	21.7
Economically inactive - aged 16-24	31.4	34.5	38.7
Economically inactive - aged 50+	53.8	56.9	57.1
Economically inactive - aged 65+	86.4	88.4	89.4
Economically inactive - aged 16-64 - Male	23.8	14.5	16.3
Economically inactive - aged 16-64 - Female	18.5	25.0	27.1
Economically inactive - aged 16-64 - White	18.2	19.1	20.1

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Levels of the population economically inactive across the city have converged over the previous 12 months to align with regional and national averages. In the past 12 months there has generally been an increase in the proportion of residents economically inactive, although it has decreased slightly amongst those aged 65+ as well as among female residents. It should be noted that the figures above at a district level come with larger margins of error; this is particularly true of those aged 16-24 with a margin of error $\pm 14\%$. This means that some of the in-year changes are not statistically significant.

The table below suggests that a greater than average number of residents need to claim some form of benefit to support their income. This is reflected across a whole range of different benefit types and personal circumstances.

Percentage of working age population claiming benefits (all) Nov 2017			
	Norwich	East of England	England
People of working age on benefits (working age client group)	12.3	9.0	10.7
All disabled/illness related benefits	8.0	5.3	6.3
All disabled/illness related benefits as percentage of working age client group	65	58.8	58.8
Claimant count rate (unemployed and seeking work)	1.6	1.3	1.9
ESA/Incapacity benefits (employee support allowance paid to people with disabilities)	7.4	4.6	5.5

£ Median hourly pay – resident in Norwich 2017			
	Norwich	East of England	Great Britain
Full-time workers	12.41	14.51	14.00
Male full-time workers	13.36	15.24	14.56
Female full-time workers	10.81	13.45	13.18

Median full-time hourly pay for male residents in Norwich (excluding overtime) has increased since the last equality information report. The rate for females has not changed enough to be statistically significant. This means that the pay gap between men and women in Norwich has risen from £1.30 to £2.55. Pay for a full time male resident has increased at a higher rate (10.8%) than regionally (1.6%) and nationally (2.2 %). This effect is more severe for full time females, with a pay decrease of 0.8% compared to pay increases of 2.5% regionally and 2.6% nationally.

£ Median hourly pay – working in Norwich 2017

	Norwich
Full-time workers	12.68
Male full-time workers	13.80
Female full-time workers	12.05

Another key gap is between the pay of Norwich residents and those working in Norwich, which includes those residing outside the city council's boundary. Figures from November 2017 show that median hourly earnings for people working full-time in Norwich (£12.68 per hour) are higher than those for Norwich residents (£12.41 per hour). There is a marked difference in median earnings for male full-time workers: men working in Norwich (£13.80); men resident in Norwich (£13.36) although this gap has significantly decreased over the last 12 months. The same is evident for women full time workers: female working in Norwich (£12.05); female resident in Norwich (£10.81). This shows that higher paid men and women working in Norwich are more likely than average to live outside of the city council area and commute in. Females working in Norwich full time have seen an annual increases in pay of 4.9%, compared to a 1.3% decrease for males. A caveat to the above district level data is that due to a smaller sample size, some of the results contain a reasonably large margin of error, in particular, full time female workers in Norwich, with a margin of error of +/-10%.

3. Norwich City Council as an employer

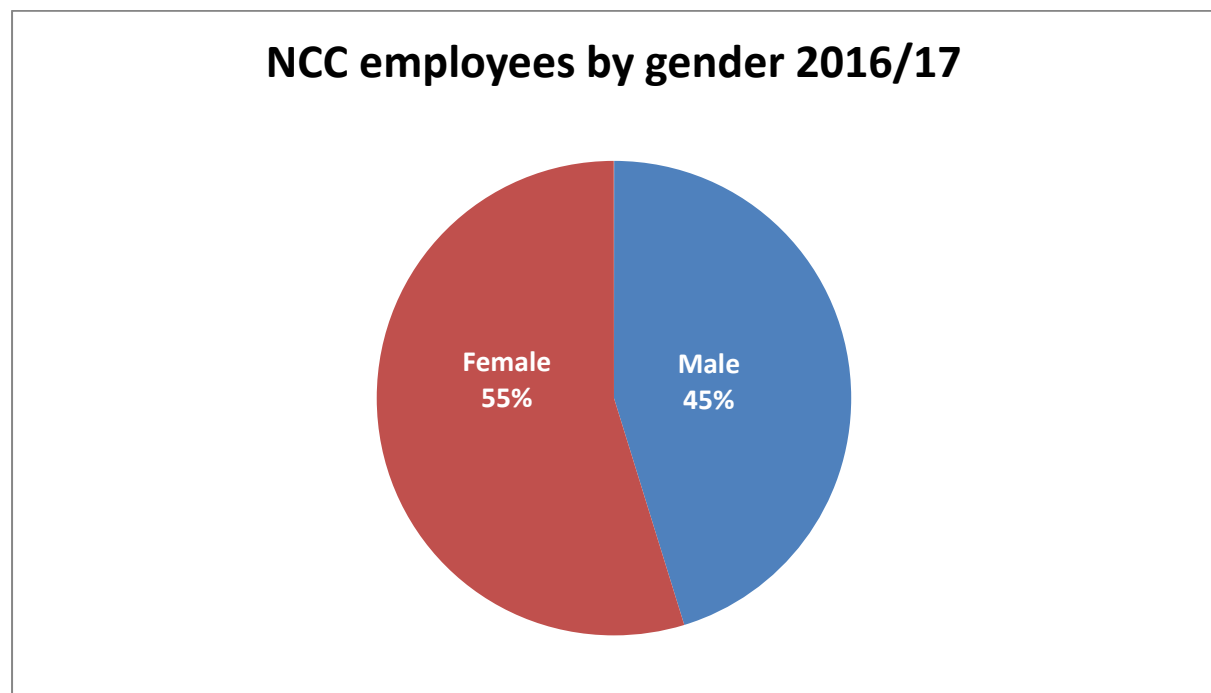
3.1 Who works here?

Statistics below are for the period from April 2016-March 2017 unless otherwise stated and are taken from internal records which employees update.

On 31 March 2017 there were **595** employees at the council, a decrease from the previous year (-6%).

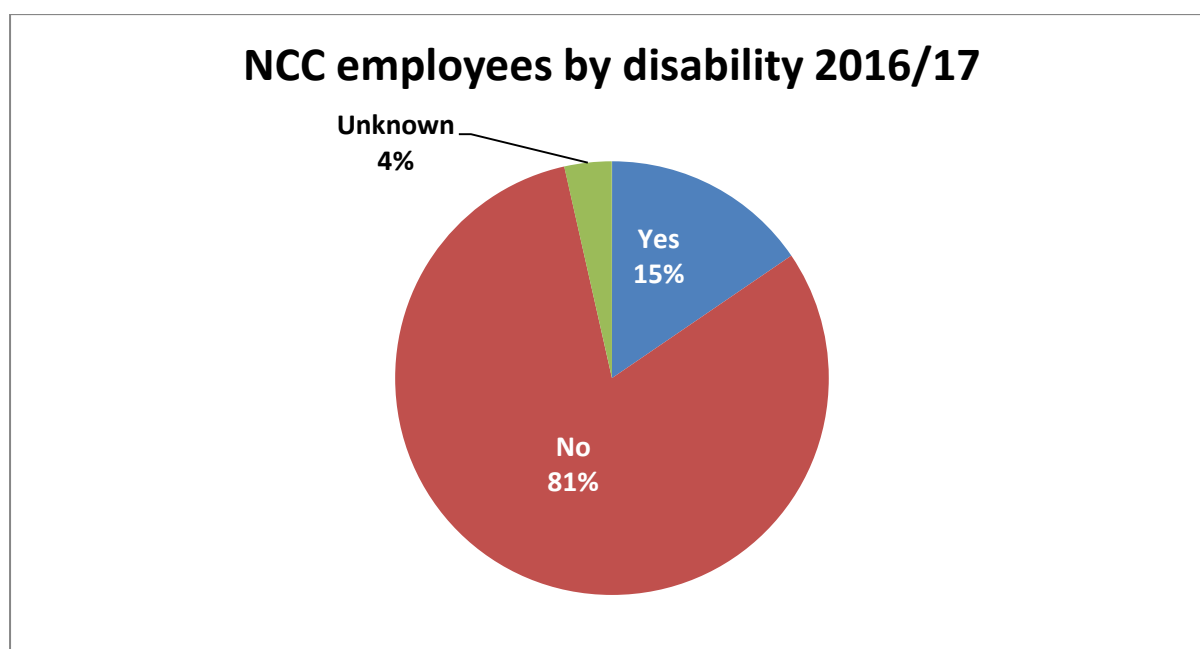
Norwich City Council's aim is for the workforce to reflect the percentage of the local community who are economically active, from an ethnic minority, have a disability and match the gender balance.

Gender of employees



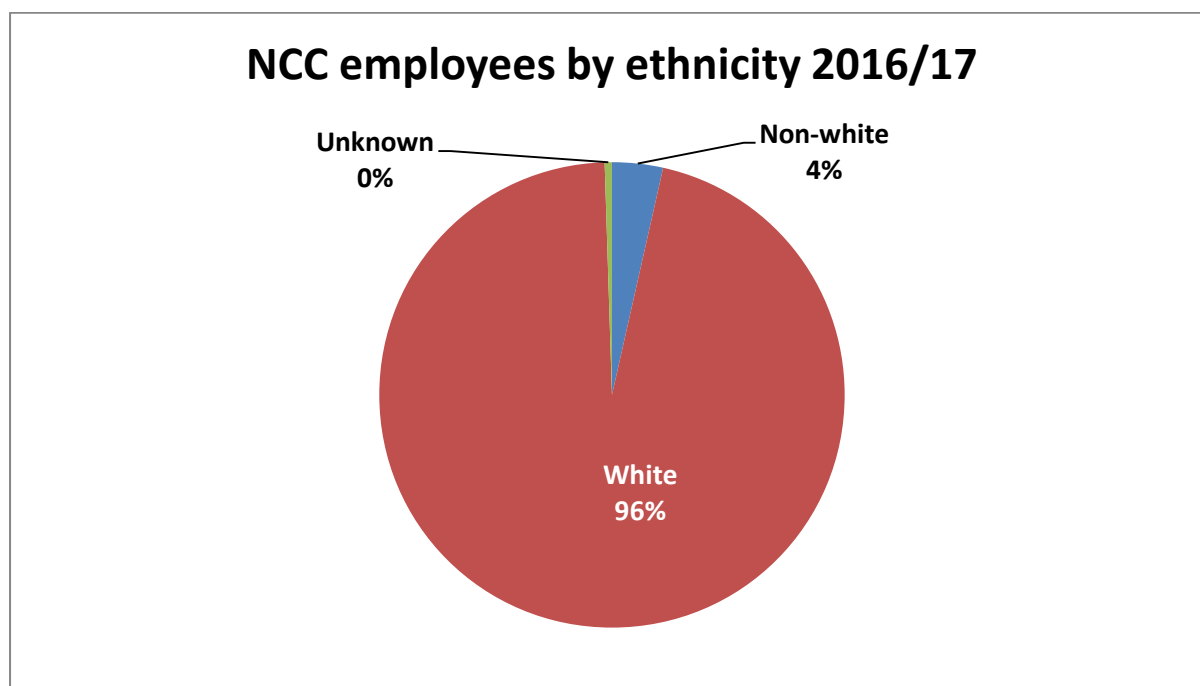
Women make up 70 per cent of part-time employees and 44 per cent of full-time employees. Therefore, very broadly, women are more likely than men to work in part-time posts and overall the gender split of total people employed by the council is broadly representative of the city as a whole. Of those on maternity leave, 50 per cent returned in the time stated and the, 42.85 per cent were either still on maternity leave or had not yet notified us of their intentions. 7.1% have resigned. The number of women taking maternity leave during the period was low.

Disability



The proportion of employees with a disability has remained the same at 15%. 2011 Census data indicates that 18.4 per cent of the population classifies themselves as having some limitation in day-to-day activity. However, the proportion of those who are economically active with a disability is closer to this employment pattern. The employee survey results in 2016 were broadly similar with 11 per cent of respondents declaring a disability and 6 per cent who didn't state whether or not they had a disability. The council operates a guaranteed interview scheme in recruitment and makes reasonable adjustments for new and existing employees to support them at work.

Ethnicity



There is still an under-representation of black and minority ethnic (BAME) employees, as the working age population stands at approximately ten per cent but only four per cent of employees are from a BAME background. This figure has remained static since the previous year. Only 3.4 per cent of the top five per cent of earners are from an ethnic minority.

Percentage of employees by age

16-29	30-44	45-59	60-64	65+
6.7	36.3	48.9	6.7	1.3

The majority of employees are between 30 and 59 years old, which largely reflects the demographics of the working age population city. There remains an under-representation of younger employees, only 6.7% of the workforce are aged 16-29 compared to 27.2% of Norwich residents, though a large student population in the city explains this.

Other protected characteristics

Of the 422 respondents to the 2016 employee survey, we know that 49 per cent have no religion, whilst 36 per cent identify as Christian. Numbers for other religions are too small to report. This is somewhat consistent with National Census data of 2011 which states that 42.5 per cent of residents have no religion, and 44.9 per cent identify as Christian.

There is no national evidence of numbers regarding sexual orientation; we understand that about seven per cent of the population may identify as gay, lesbian, or bisexual. Seven percent of respondents to the employee survey identified as gay, lesbian, or bisexual. This is an encouraging figure as it means that employees are confident in responding to a survey with such personal details.

Although we have collected data regarding the gender assignment of employees, numbers are too small to report. However, we have successfully supported the transition of employees in the workplace, with positive feedback from transgender awareness advocates.

3.2 Training

Number of Training courses attended			Percentages
Gender	Male	659	39.5
	Female	1010	60.5
Disability	Yes	270	16.2
	No	1340	80.3
	Unknown	59	3.5
Ethnicity	Non-white	48	2.9
	White	1645	96.8
	Unknown	6	0.4
Age	16-29	172	10.3
	30-44	640	38.4
	45-59	755	45.2
	60-64	91	5.5
	65+	11	0.6
Totals		1669	100

Numbers may not add to 100 due to rounding

This chart captures corporate training only. It largely reflects the general make up of employees and as such does not identify any significant issues regarding the proportion of employees who receive training.

3.3 Equal pay

Under The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 we are required to publish specific information on the difference in pay of employees based on their gender. The following data is based on the statutory 'snapshot' date of 31st March 2017 using the calculations specified in the statutory guidance:

Difference in mean hourly rate of pay	Woman's hourly rate is 0.9% lower
Difference in median hourly rate of pay	Woman's hourly rate is 0% lower
Difference in mean bonus pay	Woman's bonus pay is 100% lower
Difference in median bonus pay	Woman's bonus pay is 100% lower

There is only one instance of bonus payment during the relevant period, which was related to a relocation allowance. This equates to 0.4% of male employees and 0% of female employees receiving bonuses, although the scheme criteria applies equally to male and female employees.

The proportion of employees by gender within each pay quartile as of March 31st 2017 is as follows:

Pay quartile	% of male workers	% of female workers
Top quartile	43.8%	56.2%
Upper middle quartile	43.2%	56.8%
Lower middle quartile	45.9%	54.1%
Lower quartile	48.3%	51.7%

3.4 Recruitment

Recruitment by disability and ethnicity for 1 April 2016 to 31 March 2017

Applicants	Ethnicity			Disabled		
	White	Non-white	Unspecified	Yes	No	Unspecified
Applicants	378	34	19	46	301	84
Shortlisted	149	4	9	17	109	36
Offered	46	0	1	2	37	8

Recruitment by gender and age for 1 April 2016 to 31 March 2017

Applicants	Gender			Age (<i>to be supplied</i>)					
	Male	Female	Unspecified	16-29	30-44	45-59	60-64	65+	Unspecified
Applicants	212	205	14						
Shortlisted	82	80	0						
Offered	21	26	0						

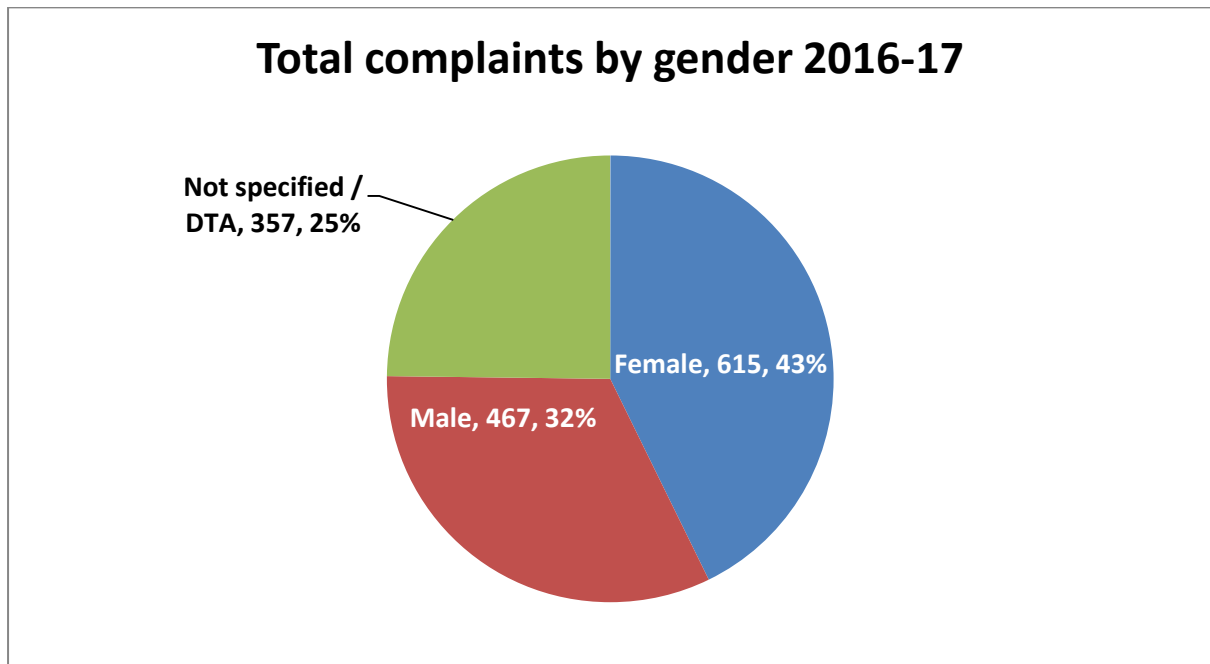
3.5 Disciplinary/Grievances

The data available regarding disciplinary, grievance, leavers, and promotions for April 2016-17 is not appropriate to publish as some data sets are fewer than ten employees at a time which may suggest trends that do not exist. Low numbers also pose a threat to the confidentiality of employees.

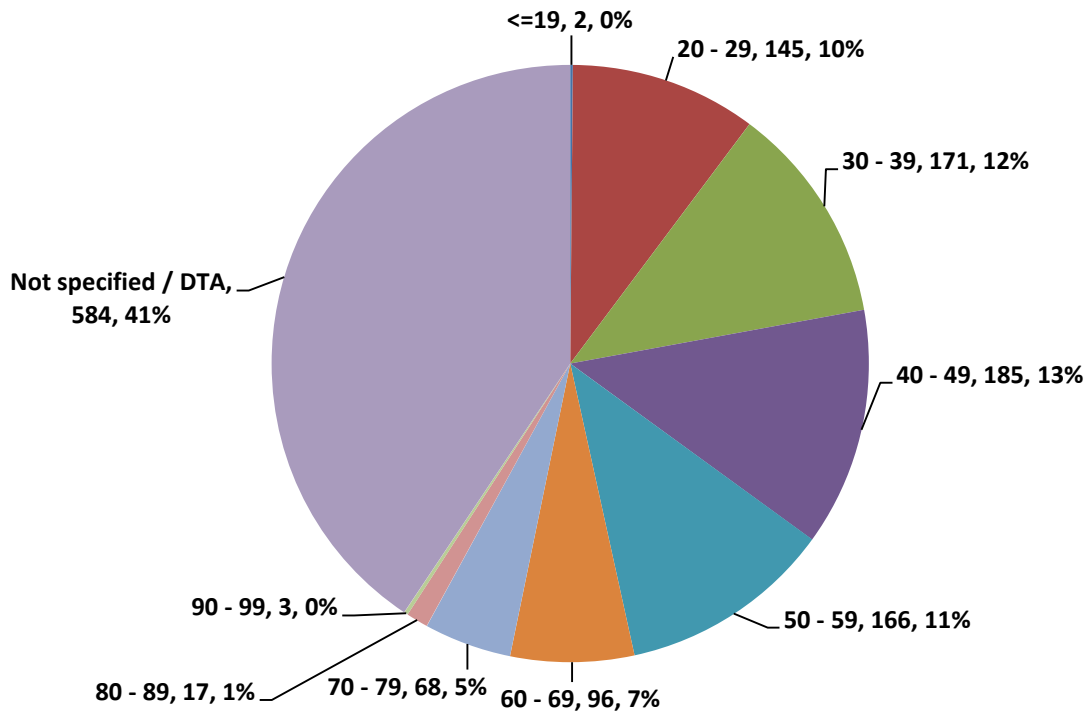
4. Customer complaints and satisfaction rates

4.1 Complaints

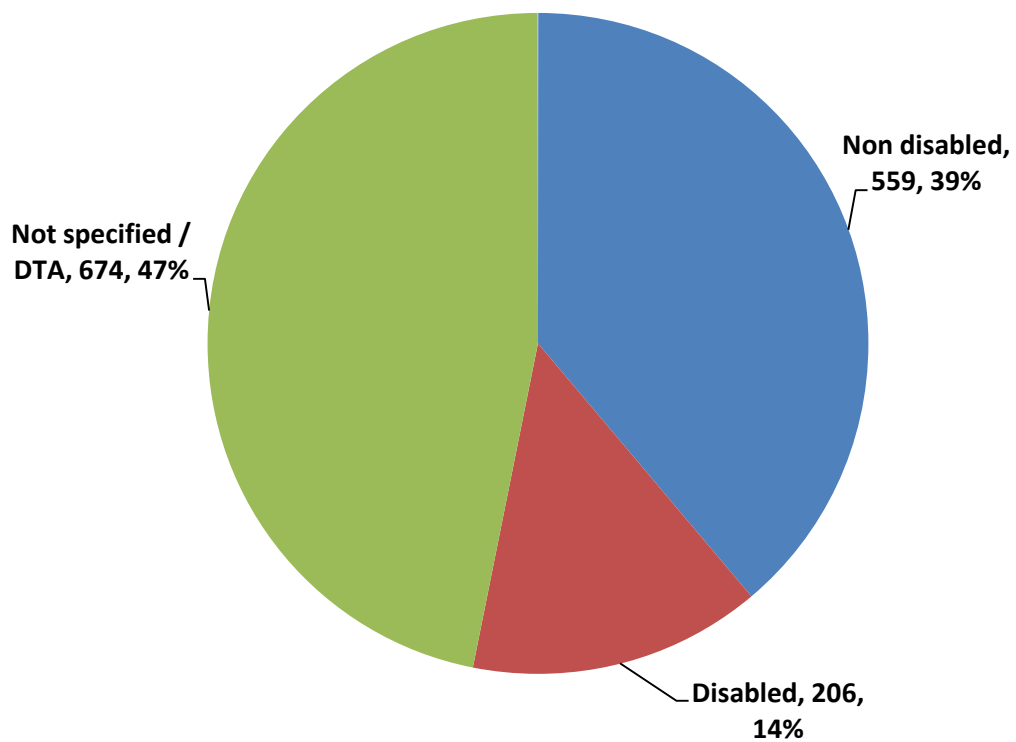
There were **1,439** complaints from April 2016 to March 2017, which is a slight decrease from the previous year.



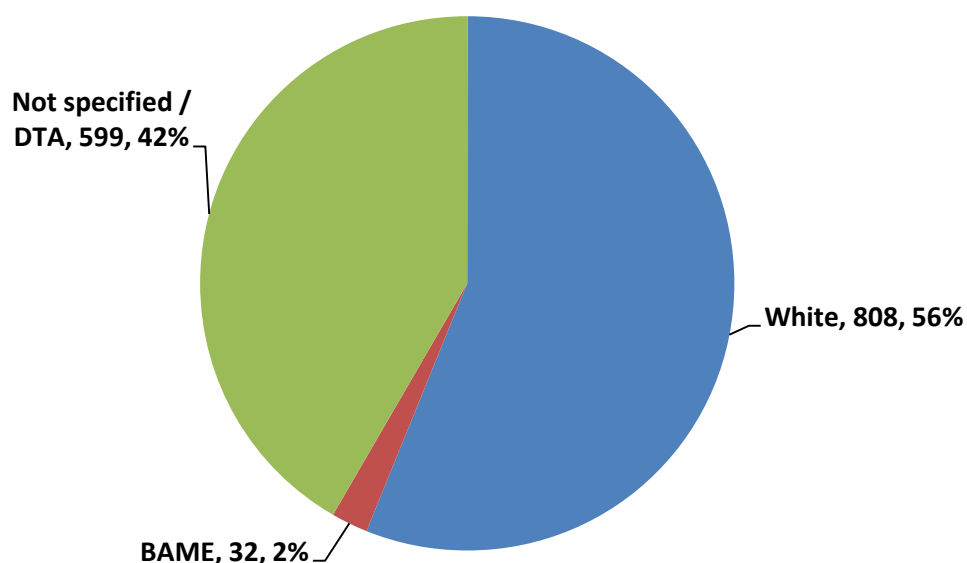
Total Complaints by age 2016-17



Total complaints by disability 2016-17



Total complaints by ethnicity 2016-17



4.2 Customer satisfaction

Once a quarter the customer contact team asked questions relating to customer satisfaction. This survey is an aggregate of the four quarterly surveys carried out in 2016-17.

Please note that in some cases, numbers of responses are dependent on a combination of questions being answered. Total responses to a given question will therefore not always add up to the total number of customers surveyed.

A total of 3,888 surveys were completed.

The table below indicates respondent's satisfaction levels by ethnicity:

Ethnic Group	Ethnic composition - population of Norwich (%)	Ethnic composition of survey	Good %	Satisfactory %	Poor %	Overall satisfaction %
Black Asian Minority Ethnic group	9.2	6.0	82	17	1	99.56

White (including non British groups)	90.8	94.0	8489	10	1	99.43
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Numbers may not add to 100 due to rounding. Not all respondents stated their ethnic group – this is based only on those who did.

Gender: The table below indicates satisfaction levels by gender.

Gender	Number of survey responses	Good %	Satisfactory %	Poor %	Overall Satisfaction %	Overall satisfaction % (15/16)
Female	2340	89	11	0	99.57	97.29
Male	1498	89	10	1	99.27	96.70

Numbers may not add to 100 due to rounding. Not all respondents stated their gender – this is based only on those who did.

Age: The table below indicates satisfaction levels by age.

Age Group	Number of survey responses	Good %	Satisfactory %	Poor %	Overall satisfaction %	Overall satisfaction % (15/16)
<=19	44	84	11	5	95.45	100
20-29	751	91	9	0	99.87	98.98
30-39	786	90	10	0	99.36	98.04
40-49	731	88	12	1	99.32	96.26
50-59	557	89	11	1	99.10	96.97
60-69	503	90	10	0	99.80	96.02
70-79	286	91	9	0	99.65	93.03
80-89	137	82	17	1	99.27	95.45

Numbers may not add to 100 due to rounding. Not all respondents stated their age – this is based only on those who did.

The table below indicates satisfaction levels by disability:

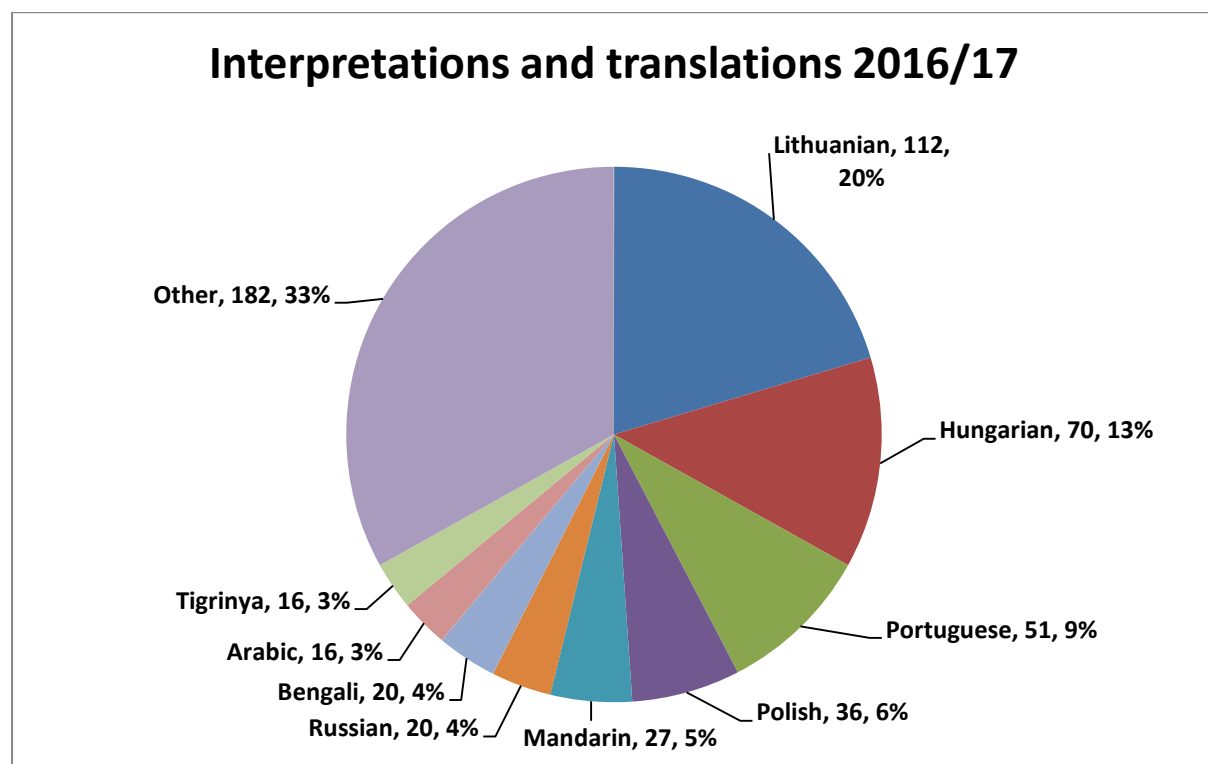
Disability	Number of survey responses	Good %	Satisfactory %	Poor %	Overall satisfaction %	Overall satisfaction % (15/16)
Non-disabled	3047	89	10	1	99.54	97.28
Disabled	755	88	11	1	99.07	95.96

Numbers may not add to 100 due to rounding. Not all respondents stated whether or not they had a disability – this is based only on those who did.

It should be noted that our survey methodology has recently changed, therefore future figures will not be comparable with this year's, or previous years' figures.

4.3 Interpretation and translations

We are part of INTRAN, which is a multi-agency partnership providing language services throughout the Eastern Region. INTRAN interpretation and translation requests for Norwich City Council 2016-2017 were:



This chart shows the numbers of interpreters and translators used by the council for the top most commonly requested languages during the period. The category 'other' includes all languages not otherwise listed.

The numbers of requests are always quite low so any conclusions about patterns are tentative. The main languages represented are broadly the same as in the previous report.

We ensure that we promote the use of professional translation services and issue reminders for employees to use them as needed.

5 ■ How we demonstrate we carry out our equality duties

5.1 Tackling hate incidents and crimes

We are members of the Hate Free Norfolk network, a Norfolk wide response to hate crimes and incidents where partner agencies work together to improve reporting and responses to incidents and crimes. As part of this partnership, we have participated in and promoted the 'Hate Free Norfolk' campaign, attempting to ensure that people understand what a hate crime or incident is and how they can report it. We are organisational signatories to the Hate Free Norfolk pledge.

Hate incidents and hate crimes in Norwich and Norfolk

A hate incident is any incident which is perceived by the person, or any other person as being motivated by prejudice or hatred. It may or may not be a crime. A hate crime is a crime committed against someone because of their disability, gender-identity, race, religion or belief, or sexual orientation.

The system for gathering data by Norfolk Constabulary on hate crimes and incidents has changed since the last Equalities Information Report. This makes it difficult to compare directly with previous data. Due to the reporting changes at Norfolk Constabulary, the time period for which the data below was collected partially overlaps with last years' report. This explains why both last year and this year would include any effects from the EU referendum.

01/04/2016 - 31/03/2017		
Hate incidents	Norwich	Norfolk
Race	114	240
Homophobic/Transphobic	43	89
Religion	18	30
Disabled	16	43
Total hate incident indicators	190	396
Hate crimes	Norwich	Norfolk
Race	224	515
Homophobic/Transphobic	67	162
Religion	24	49
Disabled	59	336
Total hate crime indicators	372	1064

Norfolk Constabulary

As noted in previous equality information reports, it is likely that the majority of hate crimes or incidents are not reported; therefore higher figures don't always represent more crime, but possibly more reported crime, which could reflect more awareness or confidence in reporting. The data does not prove that there was an increase in hate crimes or incidents due to the EU referendum in Norwich, although July 2016 saw the marginally highest number of both hate crimes and incidents in this period in Norfolk. This also coincides with the council's own hate case and community tension

data. The data cannot prove or disprove causality, and owing to the change in reporting discussed above, cannot be compared directly with previous years.

For the period April 2016-March 2017, the highest category of hate incidents reported to the council related to ethnicity with 65 per cent of reports.

Since the last report, we note the adoption by the UK of the International Holocaust Remembrance Alliance working definition of anti-Semitism:

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

Further information can be found at

https://www.holocaustremembrance.com/sites/default/files/press_release_document_antisemitism.pdf

5.2 Domestic abuse

The council is an active partner in the Domestic Abuse Sexual Violence Board (DASVB); which as a sub group of the Norfolk Community Safety Partnership, co-ordinates partners' approaches to domestic abuse and sexual violence and ensures lessons are learned from domestic homicide reviews locally.

Employees have, as a result of this partnership, the opportunity to undertake free training on domestic abuse awareness, the domestic abuse, stalking and harassment risk assessment process, so called 'honour' based abuse, female genital mutilation (FGM), online abuse, 'sexting' and grooming.

DASVB co-ordinates partners' activity on campaigning to raise awareness of domestic abuse and sexual violence, promoting healthy relationships and the support services available. Annual campaigning takes place on or close to White Ribbon Day on 25 November; the International Day for the Elimination of Violence Towards Women. As a council awarded White Ribbon status for work in support of this agenda, Norwich City Council leads on a range of campaigning activities across Norwich and has this year targeted campaigning with the business community.

Norwich City Council has provided managers and team leaders with full guidance to enable them to support employees and colleagues experiencing domestic abuse. The council recognises the significant impact domestic abuse can have on an individual and seeks to protect and support them to be safe.

Norwich City Council was last year successful in achieving DCLG funding for a two year project to establish a new Safe House in Norwich, along with targeted support for domestic abuse victims that subsequently have additional challenges of mental ill health and / or substance misuse. The Safe House has dedicated space for

domestic abuse victims that have no recourse to public funds, so are especially vulnerable.

Norwich City Council is one of six local funders that is match funding with [SafeLives](#), an innovative £1.7million programme to bring new domestic abuse support services to Norwich for four years. The programme, called Connect, takes a holistic approach to tackling domestic abuse; supporting perpetrators to change behaviour and victims and witnesses to rebuild healthy, flourishing lives and stay safe. The programme was developed with support services across the UK and with people with lived experience of abuse – as victim and abuser. Connect has been designed to align with local provision, to address current gaps in service as well as embed new, more effective ways of working in current support services. Connect launches in July 2018.

Norwich City Council has 27 White Ribbon Ambassadors and Advocates, including council members, MPs and the County Chief Constable, all working to address the stigma associated with domestic abuse to better safeguard people. In addition, the council now has 16 fully trained Domestic abuse champions amongst its employees and members, all supporting colleagues to be better informed about domestic abuse, to feel more confident in asking those difficult questions of individuals they suspect are being abused and fully knowledgeable on which support services to refer them to.

5.3 Training undergone by Norwich City Council employees

- Leading equality and diversity (mandatory for managers)
- Equality and diversity training (mandatory for all employees)
- Equalities and diversity e-learning package (mandatory for all new employees)
- Equality and diversity training for councillors
- Customer Service Excellence face-to-face training (including a human rights element - mandatory)
- Recruitment and selection training for managers (mandatory)
- Hate crime e-learning package
- Management training programme
- Safeguarding
- Tackling hate crime **e-learning**
- Welfare reform act **e-learning**
- Warm and welcome in Norfolk **e-learning**
- Dementia awareness training

The following are part of our portfolio of training but no events were held in the period:

- Mental health awareness for managers
- Raising mental health awareness (for employees)
- Child sexual exploitation awareness
- Bullying and harassment
- INTRAN training
- Tackling drug and alcohol abuse
- Deaf awareness training
- Visual impairment awareness training

5.4 Working with communities

We support a range of voluntary and community sector activities either through funding, support, advice or signposting, as well as undertaking some activities ourselves:

- We have held the launch of the annual Refugee Week here at City Hall for the past six years (launch attended by the Lord Mayor of Norwich or the Sheriff of Norwich and councillors).
- We have worked in partnership with the Women's Institute to showcase across Norfolk the giant white ribbon created last year to bring attention to domestic abuse week, specifically engaging with communities of interest to help them interact with the project.
- The 2017 White Ribbon project centred on "White Ribbon Windows" in partnership with local artists and businesses. Multiple businesses will be displaying painted ribbons and these will be toured around the city and county after the initial period. They will then be auctioned for Leeway in 2018. The

project aims to raise awareness in men and encourage people to learn more and talk about domestic abuse.

- We have funded numerous community groups from minority communities, often applying for any funding for the first time, for activities in the city through small grants.
- We have provided grants for Norwich Mind Festival of Cultures to be held in the city centre celebrating cultural diversity in Norwich.
- Norwich Asylum Seekers and Refugees Forum (Nasref) hold regular meetings in our meeting rooms and are supported by our officers.
- We are members of the Norfolk Community Relations and Equality Board (CREB), a new county-wide network which replaces the former county cohesion network.
- We send out regular community bulletins which enable those who might not otherwise get a chance for a wider audience, to be aware of opportunities available to them including training opportunities, shared activities and events, and success stories.
- Multiple projects under the Get Involved programme are investing in community developed infrastructure to help communities meet and collaborate more such as a digital sharing platform and neighbourhood based workshops for VCSE groups co-delivered with local organisations.
- We run regular City Hall tours for communities to meet employees and councillors and gain an understanding of how the council and the democratic process works.
- LGBT History Month – we have hosted events at City Hall for four years running and support groups working on related activities.
- Norwich Access Group regularly receives a grant. They are a local pressure group of disabled people who are actively involved in trying to improve access for disabled people to all aspects of life in the city of Norwich and its surrounding area. This group liaises with the council's food safety team on the Business Merit scheme, which recognises firms which provide added benefits for the health and wellbeing of their customers.
- Officers have supported a partnership of organisations who work around disability issues to collaborate in planning "Ability Pride" which is being led by Equal Lives. This event aims to explore and celebrate disabilities.
- When updating and developing our websites we used the feedback from disabled volunteers with visual impairments and learning disabilities. Our digital sharing platform has an external steering group and is aiming to achieve a AA rating for accessibility.
- We support the Women's Institute, which runs annual International Women's Day events.
- We provide financial and in-kind support to the Norwich Older People's Forum, including giving a small grant (£500) in 2017 and additional support with this in training the group in evaluating their practices.
- We have held the launch of annual Black History Month here at City Hall for the last six years (launch attended by the Lord Mayor or Sheriff and councillors) and supported groups working on events for this week. In 2016 this has included the Norwich Chinese community centre running a cultural exchange for Black History month which was a unique opportunity.

- Norwich Door-to-Door receive a grant to fund core costs delivering subsidised on demand ('dial a ride' type) accessible bus transport, for disabled and mobility-impaired residents.
- Age UK Norwich received a grant via a consortium that Norwich City council help fund to provide social welfare advice, casework and representation services in order to reduce financial and social exclusion and inequalities
- We organise regular networking sessions for individuals, groups, organisations, agencies, and councillors from or serving communities of interest city-wide and those active in neighbourhoods
- We organise workshops and one-to-one work focusing on capacity building of community groups from communities of interest to strengthen community leadership and to support community groups from communities of interest to take action themselves.
- We organise workshops on applying for funding and improving funding applications, as well as workshops on specific funds and meeting those funders.
- On-going community engagement at a neighbourhood level and specifically for communities of interest working across the city, supporting them to feel part of the city and its wider VCSE community.
- Ensuring communities of interest are represented in the co-design and development of new projects and are aware of opportunities available to engage with the council.
- We have recently received a grant for £150,000 from Sport England to develop a project which aims to understand and mitigate the barriers marginalised groups find when volunteering in local activities which promote physical activity.

If you would like further information about the contents of this report please contact the council by calling 01603 212273 or via email at strategy@norwich.gov.uk

Report to	Cabinet 17 January 2018	Item
Report of	Chief finance officer (Section 151 Officer) & Chief internal auditor, LGSS	7
Subject	Risk management report	

Purpose

To provide an update on the review of key risks facing the council, and the associated mitigating actions, and the council's Risk management policy.

Recommendation

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

Corporate and service priorities

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

Financial implications

None

Ward/s: All wards

Cabinet member: Councillor Kendrick - resources

Contact officers

Karen Watling, chief finance officer	01603 212440
Duncan Wilkinson, chief internal auditor, LGSS	01908 252089
Anton Bull, director of business services	01603 212326

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 in its role of 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. The Corporate Risk Register was previously reported to cabinet on 18 January 2017.

Review of corporate risks

4. As required by the Risk Management Strategy, on 3 November 2017, the Corporate Risk Register was circulated to the corporate leadership team (CLT) to carry out its regular review of the key risks to achieving the council's priorities.
5. The updated risk register was reported to audit committee on 14 November 2017, where it was resolved to endorse and recommend to cabinet that it approves the proposed amendments to the corporate risk register and risk management policy.

Corporate risk register

6. The updated risk register is attached at **appendix 1**. A summary of changes to the register, since it was last present to cabinet, are summarised below for information.
7. 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 planned actions to further mitigate risks are also shown.
8. The council has a risk appetite which illustrates the level of risk it is willing to take. In exceptional circumstances it may not be possible, or proportionate, to implement controls that reduce the residual risk score within this appetite. In this instance the risk would be managed, and the aim would be to reduce this below the risk appetite. The maximum risk appetite score is set at 15, as a multiple of residual likelihood and residual impact. 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 residual risk score for risk B1, public sector funding, is 20 and remains above the council's risk appetite. This was approved by cabinet on 8 July 2015, and given the uncertainties around future grant and business rates income it is the corporate leadership team's (CLT's) view that this should remain as a 'red' risk. Further details of these risks were included in the reports presented to the budget meeting of the council on 21 February 2017.

10. The residual risk score for risk A8, housing investment strategy, is 20 and remains above the council's risk appetite. This was approved by cabinet on 14 September 2016, reflecting the potential impact of legislative change and financial challenges, and it is CLT's view that this should remain as a 'red' risk. The risk was considered as part of the overall Housing Revenue Account budget, which was presented and approved by council on 21 February 2017.
11. Regular updates to the risk register are reported to the audit committee. Changes to the risk register, and relevant updates, since it was last reported to cabinet, include:

Risk	Description
A1 Customer demand	The Council recognises the challenge of managing customer demand. The action plan has been updated to reflect that the Council is embedding a 'digital first' approach across services to help deliver change. The risk profile has not changed.
A2 Corporate plan	The Council approved the Corporate Plan 2015-20 in February. This is an interim plan, with a further plan to be developed alongside the city vision. A new Head of Transformation has been appointed to lead this, and the implementation date of the actions has been updated. The risk profile has not changed.
A3 Partnership and management	The Council has a number of key partnerships including LGSS, NPS Norwich, and nplaw. An existing key control includes reviewing the governance arrangements and, as this has recently been completed, the action plan has been updated. The risk profile has not changed.
A4 Safeguarding children, vulnerable adults and equalities duties	<p>CLT committed to revise the safeguarding policy and procedures; deliver refresher workshops to front line staff; and provide guidance for monitoring performance of key contractors. The action plan has been updated.</p> <p>An annual review of safeguarding performance will be undertaken in Autumn / Winter 2017 to inform a review of guidance required for contract managers. This action will be completed in April 2018.</p> <p>The Council has completed refresher workshops on safeguarding, and this will continue to be delivered as the need is identified.</p> <p>The Council has completed a review of safeguarding policy and procedures, plus a new mandatory e-learning module has been distributed to all employees.</p> <p>There are no changes to the risk scores.</p>

Risk	Description
<p>A8</p> <p>Housing Investment Strategy</p>	<p>Regular review of the Housing Revenue Account Business Plan and Housing Investment Plan are completed to reflect the financial position. The Housing Investment Plan was recently reviewed and the action plan has been updated accordingly. The risk profile has not changed.</p>
<p>B2</p> <p>Income generation</p>	<p>Income generation can be volatile due to changes in demand, legislative change, and market pressures.</p> <p>A strategic and tactical review of income generating opportunities was completed in Spring 2017.</p> <p>An Asset Disposal Strategy has also been completed, and options have been built in to the Transformation Programme.</p> <p>Proactive management of income should help the Council to mitigate the chances of the risk occurring. Consequently the likelihood score of the residual risk has reduced from 4 to 3. The impact score remains at 3.</p>
<p>B4</p> <p>Capital developments</p>	<p>The inherent risk recognises that interest rate on debt may rise beyond projections, which consequently may put pressure on budgets for capital developments.</p> <p>The Bank of England is tasked with using interest rates to keep inflation at 2%. Low unemployment figures and stronger inflation made a rise in rates more likely. On the 2 November the Bank of England raised interest rates from 0.25% to 0.5%. The Bank of England governor indicated it is likely to rise twice more over the next three years, but not by a significant amount.</p> <p>The inherent likelihood is already set at the maximum score of 5, and there are already key controls in place including the Medium Term Financial Strategy, plus capital and revenue financial reporting. There are no further changes to the risk scores.</p>
<p>C1</p> <p>Emergency planning</p>	<p>The Council delivers a range of complex services, and a range of unplanned events could disrupt the ability to deliver services at a time of increasing demand. It is good practice to test the robustness of business continuity plans. A planned business continuity exercise was recently completed to review resilience, and the action plan has been updated. The risk profile has not changed.</p>

Risk	Description
C2 ICT Strategy	ICT should be maintained and updated to ensure that it continues to deliver Council services efficiently. The Council is currently refreshing its Human Resource and Finance systems, which will help to maintain resilience of key systems. In addition a new Head of ICT has been appointed through LGSS. The risk profile has not changed.
C5 Fraud and corruption	Poor internal controls can lead to fraudulent acts against the council, resulting in losses. Counter fraud policies have been reviewed, consulted upon, and published since the last risk register review. Up to date policies help to mitigate risks by educating employees and ensuring that the Council follows good practice. The register has been updated and the risk profile has not changed.
C3 Information security C1 Business continuity and emergency planning	<p>There was a large scale cyberattack on the NHS, which delivered ransomware to their IT systems, exploiting vulnerabilities such as out of date software. This had a subsequent impact on delivery of their services, as ICT systems could not be accessed.</p> <p>The Council is prepared for this risk, and it is already recognised in the risk register. There are established procedures, which are tested as part of the Councils business continuity process. In addition the Council has issued cyber security training to employees (and partners), so that they are aware of the risk, which should also help to prevent the occurrence.</p> <p>In light of the recent NHS event, both risks were reviewed, and it was considered that the risk profile continued to be correct.</p>

Corporate residual risk map

12. An updated risk map is included at **appendix 2** which shows the residual risk level for each of the risks. This gives a quick view of 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.
13. The residual risk score for B1 (public sector funding) and A8 (housing investment strategy) are above the council's level for risk appetite, and are red. All other residual risk scores are amber.

Risk management policy

14. The Risk Management Strategy requires cabinet to review the Risk Management Policy on an annual basis.

15. The policy has been reviewed, and presented to the Corporate Leadership Team and the Audit Committee. It continues to provide the council with an effective approach to risk management and does not therefore require any updates. Any further updates will be communicated for awareness.
16. The latest version of the policy is included at **appendix 3**.

Conclusion

17. Risk management review processes are well embedded within the council, and members can be assured that the Corporate Risk Register is up to date following review by CLT of the key risks to achieving the council's objectives.
18. Each risk shows the owner and the key controls, both in place or planned, designed to minimise any impact on the council and its provision of services to stakeholders.
19. The Risk Management Strategy requires managers to keep all risks under review, and the Corporate Risk Register is updated accordingly.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	10/01/18
Director / Head of service	Chief Finance Officer
Report subject:	Risk Management Report
Date assessed:	17/11/18
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"/>	
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

	Impact			
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	
None	
Neutral	
None	

Issues
None



NORWICH

City Council

Corporate Risk Register

Version date: 10-01-18

Inherent Risk									Residual Risk				Actions				
Risk No.	Risk Description	Caused by	Effect	Owner	Council Priorities	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Revised Target Date	Action 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 e.g. council tax reduction scheme; universal credit	1. Unable to cope with demand 2. Complaints 3. Reputation damage 4. Increased homelessness risk to housing	D-CC	All	4	4	16	1. Proactive research on customer profile, forward planning, e.g. 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 4. Customer centre redesign 5. New 'self-serve' website including responsive forms, housing repairs diagnostics, customer portal, and full functionality on mobile devices	3	2	6	Embed 'digital first' approach across services to deliver significant behaviour change.	Head of customer services	Sep-17		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	CEO	All	4	4	16	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. The balance between the corporate plan and resources available is anticipated to shift over the coming years bringing significant challenges for the Council. As a result the Council's Cabinet approved on June 8 2016 the initiation of a process to: a) Work with partners in the public, private, voluntary and community sectors to develop a new city vision b) Develop a revised corporate plan, priorities and performance measures which reflects the council's part in supporting that vision c) Determine a new blue print or operating model to guide how the council works in future which reflects available resources	3	4	12	a) Work with partners in the public, private, voluntary and community sectors to develop a new city vision b) Develop a revised corporate plan, priorities and performance measures which reflects the council's part in supporting that vision c) Determine a new blue print or operating model to guide how the council works in future which reflects available resources	CEO	Dec-17		G

Inherent Risk									Residual Risk				Actions				
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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 and partnerships 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>	D-BS	5	3	4	12	<p>1. Governance structure is in place to manage the individual partnership agreements (e.g. 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 periodically reviews arrangements to ensure that robust governance by client managers is in place for LGSS, nplaw, NPS Norwich, Norwich Norse (Environmental) and Norse Environmental Waste Service.</p> <p>5. Regular reviews of joint ventures.</p>	2	4	8					
A4	<p>Safeguarding children, vulnerable adults and equalities duties</p>	<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>	D-N	All	3	4	12	<p>1. Safeguarding policy & procedures, reviewed annually through safeguarding group.</p> <p>2. Safeguarding duties included in new contracts to ensure duties are embedded with new contractors. Where appropriate, joint training/awareness sessions are held.</p> <p>3. Equalities duties overseen by BMG</p> <p>4. 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>5. Equality training for all staff and managers</p> <p>6. Mental health awareness training for employees</p> <p>7. Safeguarding training provided to all staff.</p> <p>8. Safeguarding guidance provided to all councillors</p> <p>9. External review of the council's approach through the annual self-assessment against Sec.11 of Children Act 2014, then challenge session with chair of Norfolk Safeguarding Children Board (NSCB).</p> <p>10. NCC part of Norfolk Public Protection Forum</p> <p>11. NCC chief executive chairs Community Safety Partnership linking to domestic abuse across the county</p> <p>12. Constantly monitoring outcomes from serious case reviews (children adult and domestic abuse) and ensure any recommendations are actioned.</p>	2	4	8	<p>Guidance will be provided for contract managers to ensure satisfactory performance for safeguarding and equality duties of key contractors, following the annual review of contract compliance. Audit of safeguarding performance of contractors not available to complete this action for 2017. The annual audit is being undertaken autumn-winter 2017 to inform a review of guidance required for contract managers</p> <p>Refresher workshops on safeguarding completed for all front line staff. Completed – on going now as required</p> <p>Safeguarding policy & procedures being revised. Completed with new mandatory e-learning model distributed to all employees</p>	D-N	Apr - 18		G

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A6	<p>Delivery of Joint Core Strategy (JCS).</p> <p>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</p>	<p>Delivery of the JCS may be jeopardised by:</p> <p>1. Markets failing to deliver on preferred development sites identified for housing</p> <p>2. Changing 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 (i.e. up to 2026).</p> <p>3. Failure to deliver the infrastructure required to support development</p> <p>4. 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 or the number of commercial premises in the City reduce.</p> <p>5. Partners across the Greater Norwich area not working effectively together because of conflicting priorities.</p>	<p>1. Reputation damage</p> <p>2. Significant likelihood that the overall development strategy for the Greater Norwich area will not be delivered</p>	Head of planning services	2 & 4	3	4	12	<p>1. Ensuring that strategies being prepared with Greater Norwich Growth Board colleagues are as robust as possible and firmly grounded in reliable evidence.</p> <p>2. Inter-authority working based on consensus decision-making ensures all parties are in agreement with the agreed policy framework.</p> <p>3. All policy work is supported by comprehensive and up-to-date evidence in accordance with government guidelines.</p> <p>4. Greater Norwich Growth Board responsible for ensuring funding is available for investment in infrastructure to support growth.</p>	3	3	9					
A8	<p>Housing Investment Strategy</p> <p>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 is currently planned to be repaid over a period not exceeding 30 years. In addition the council has adopted a new standard for investment in housing stock and a commitment to fund a new build programme. However, recent developments in welfare and housing legislation require rent reductions and the prospect of paying an annual determination which will impact significantly on the levels of funding available for stock investment and improvement.</p>	<p>1. Reduction in rental income arising from:</p> <ul style="list-style-type: none"> compulsory 1% reduction in social housing rent for next four years wef April 2016 higher level of council house sales due to improved incentives increasing debt or other factors <p>2. Impact of determination to fund RTB for Registered Providers</p> <p>3. Significant increase in the cost of delivering improvement works</p> <p>4. Failure to deliver by contractors</p> <p>5. Changes to housing finance within the Housing and Planning Bill</p>	<p>1. Failure to deliver the Norwich Standard within the expected timescale</p> <p>2. Lack of resources to be able to maintain the Norwich Standard.</p> <p>3. Lack of resources to support a new build programme.</p> <p>4. Requirement to sell off stock to fund determination</p> <p>5. Reduced tenant satisfaction</p> <p>6. Need to reprogramme the housing investment plan</p>	D-N	4	5	5	25	<p>1. Regular review of HRA business plan and housing investment plan to reflect financial position of the HRA. In particular we await indicative figures for the annual determination which is likely to require further reworking of the HRA business plan and changes to planned levels of spend.</p> <p>2. The timescale for delivering the Norwich Standard to all properties and the level of spend on the routine maintenance / replacement programme together with the delivery of any agreed new build programme.</p> <p>3. Regular review of key projects.</p> <p>4. Effective contract management</p> <p>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.</p>	5	4	20					

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	FINANCE AND RESOURCES																
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, e.g. health and social care or county budgets, may result in increased costs for the council 5. Uncertainties over central government financing, e.g. new homes bonus; 6. Risks from 100% retention of business rates	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. Requirement to sell off housing stock to fund determination. 5. Erosion of reserves 6. Major financial problems 7. Reputation damage 8. Possible industrial action 9. Changes become “knee jerk” 10. Govt intervention 11. Council loses critical mass in key areas 12. Service failures 13. Potential disproportionate impact on the poorest and most vulnerable members of society	CFO	All	5	5	25	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. Weekly review by CLT of government announcements to assess implications and response required. 4. Keep service design under review 5. Continual review of financial position by the council and major partners	5	4	20					
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 5. Low economic growth or recession 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 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 outside edge of the city boundary. The move to 100% Local Authority retention of business rates by 2020 will also transfer the risk entirely to LAs. 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 (e.g. 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. Government 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	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 kept under review. 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. 8. Independent review of income generation opportunities completed Spring 2016 and options built in to the Transformation programme.	4	3	12					

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B3	<p>Level of reserves</p> <p>The council has a legal duty to ensure it has a prudent level of reserves to conduct its business</p>	<p>1. Government policy.</p> <p>2. Economic climate</p> <p>3. Reserves fall below acceptable levels</p>	<p>1. Inadequate levels of reserves publicly reported by external auditors</p> <p>2. Government intervention</p> <p>3. Impact on reputation of the council</p>	CFO	All	3	4	12	<p>1. Medium term financial strategy (MTFS).</p> <p>2. Development of the 5-year corporate plan and transformation programme in conjunction with the MTFS.</p> <p>3. HRA Business Plan.</p> <p>4. Planning and delivery of transformation (savings and income generation) programme.</p> <p>5. Contract and business relationship management to identify and respond to business delivery risks.</p> <p>6. Budget development, in-year monitoring and control</p>	2	3	6					
B4	<p>Capital developments</p>	<p>1. Housing / other developments may take longer to proceed than planned.</p> <p>2. Housing / other developments may cost more than planned.</p> <p>3. Interest rates on debt may rise beyond projections.</p> <p>4. Developments may not generate planned levels of income.</p> <p>5. Asset sales may not be sufficient to fund major repairs</p>	<p>1. Delay in income streams may put pressure on revenue budgets.</p> <p>2. Reduced net revenue contribution from developments.</p> <p>3. May put pressure on revenue budgets / reserves to service debts</p> <p>4. Pressure on capital budgets</p>	CFO	All	5	4	20	<p>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.</p> <p>2. HRA business plan.</p> <p>3. Capital Management Group set up and reporting quarterly to CLT</p> <p>4. Business cases for individual investments and continual review of investments</p> <p>5. Balanced risk profile</p> <p>6. Business plan for new housing development company approved by cabinet.</p> <p>7. Housing company's own risk register</p> <p>8. Continuing policy to only commit spend once resources are available.</p>	3	4	12					

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	PROCESSES AND SYSTEMS																
C1	<p>Emergency planning and business continuity</p> <p>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.</p>	<p>Occurrence of a significant event:</p> <ul style="list-style-type: none">• 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 <p>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.</p>	<p>1. Service disruption and inability to deliver services</p> <p>2. Disruption of the delivery of goods and services to the council</p> <p>3. Increased requests for council resources and services</p> <p>4. Health and safety impact on staff and vulnerable residents</p> <p>5. Damage to council property and impact on tenants</p> <p>6. Reputation damage</p> <p>7. Years to recover</p>	D-BS	All	4	4	16	<p>1. The council is a member of the Norfolk Resilience Forum, which has produced a Norfolk Community Risk Register</p> <p>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 use of Blackberries for communications.</p> <p>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.</p> <p>4. Flu pandemic plan.</p> <p>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.</p> <p>6. A new business continuity management policy and framework was approved by cabinet 25 June 2014.</p> <p>7. A business impact analysis for each service is signed off by the head of service and executive head of service.</p> <p>8. Business continuity steering group chaired by the D-BS.</p> <p>9. Overall business continuity plan reviewed by CLT.</p> <p>10. Periodic business continuity exercises, and lessons learnt communicated through BMG.</p>	4	3	12					
C2	<p>ICT strategy.</p> <p>The Council has transferred its ICT service to LGSS. The ICT Programme Board works alongside LGSS to keep the ICT strategy up to date.</p>	<p>ICT strategy fails to support the organisation moving forward and the blueprint for a new council</p>	<p>1. Incoherent approach to ICT systems</p> <p>2. Systems not customer friendly</p> <p>3. Systems are not integrated with one another</p> <p>4. Drain on resources as staff work around the systems</p> <p>5. Lack of accuracy in key data</p> <p>6. Data are unreliable</p> <p>7. Key information not trusted</p> <p>8. Hinders management and service improvements</p> <p>9. Failure to deliver council priorities</p>	D-BS	All	3	4	12	<p>1. NCC has developed an ICT strategic direction document detailing the key areas where ICT is required to support business objectives and change.</p> <p>2. Management of the LGSS relationship will seek to ensure that NCC requirements are delivered.</p> <p>3. The council has an ICT Programme Board, attended by LGSS IT.</p>	2	4	8					

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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. Laptop 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. Potential harm to data subjects through loss, release or corruption of personal data 3. Reputational risk	D-BS	5	5	4	20	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 laptops 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 April 2015 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 an ICT programme board, attended by LGSS IT. 8. Corporate information assurance group 9. Annual security report from LGSS IT 10. Information risk policy and risk assessment 11. Business continuity and disaster recovery arrangements 12. Incident response plan and lessons learned 13. Horizon scanning for potential legislative change, such as the EU General Data Protection Regulation (GDPR).	3	4	12	Systems Support is attending training sessions, and will report back to CLT on developments from the GDPR.	D-BS	Mar-18		G
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	D-BS	5	4	3	12	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 Council's 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 (e.g. ICT) 6. Increased use of framework contracts increases resilience against contractor failure.	3	3	9					

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C5	Fraud and corruption	1. Poor internal controls 2. Lack of guidance or policies 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. Negative public reputation 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	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 10. Money laundering policy	2	3	6					

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	LEARNING AND GROWTH																
D1	Industrial action	1. Changes to pension regulations and pay restraint and changes to terms and conditions 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	D-BS	All	3	4	12	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 i.e. 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 6. Well embedded business continuity and industrial action plans	3	2	6					

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):

- CEO Chief executive officer
- D-N Director of neighbourhoods
- D-BS Director of business services
- D-CC Director of customers and culture
- D-R&D Director of regeneration and development
- CFO Chief finance officer (s151)

Norwich City Council

Summary of Residual Scores for Corporate Risks

January 2018

Impact	Very High	5					
	High	4		A3, A4, C2	A2, B4, C3		A8, B1
	Medium	3		B3, C5,	A6, C4	B2, C1	
	Low	2			A1, D1		
	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

Risk Management Policy

1. Introduction by Chief Executive

Norwich City Council seeks to ensure that services, delivered either directly or through others, are of a high quality, provide value for money and meet evidenced need.

We are a complex organisation that works with a wide variety of other organisations in different and varying ways. As a result we need to ensure that the way we act, plan and deliver is carefully thought through both on an individual and a corporate basis.

The council defines what it seeks to achieve in the form of corporate priorities and details how it expects to deliver them through the corporate plan, as well as service and team plans.

There are many factors which might prevent the council achieving its plans, therefore we seek to use a risk management approach in all of our key business processes with the aim of identifying, assessing and managing any key risks we might face. This approach is a fundamental element of the council's code of governance.

This risk management policy is fully supported by members, the chief executive and the corporate leadership team who are accountable for the effective management of risk within the council. On a daily basis all officers of the council have a responsibility to recognise and manage risk in accordance with this policy and the associated risk management strategy. **Risk management is everyone's business.**

The Accounts and Audit Regulations 2015 state:

A relevant authority must ensure that it has a sound system of internal control which

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;*
- (b) ensures that the financial and operational management of the authority is effective; and*
- (c) includes effective arrangements for the management of risk.*

In Norwich City Council risk management is about improving our ability to deliver our strategic objectives by managing our threats, enhancing our opportunities and creating an environment that adds value to ongoing operational activities.

I am committed to the effective management of risk at all levels of this council. This policy, together with the risk management strategy, is an important part of ensuring that effective risk management takes place.

Laura McGillivray

Chief Executive

2. What is risk?

The council's definition of risk is:

“Factors, events or circumstances that may prevent or detract from the achievement of the council's corporate priorities and service plan objectives.”

3. Risk management objective

Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the council's governance framework.

The council will operate an effective system of risk management which will seek to ensure that risks which might prevent the council achieving its plans are identified and managed on a timely basis in a proportionate manner. In practice this means that the council has taken steps to ensure that risks do not prevent the council achieving its corporate priorities or service plan objectives.

4. Risk management principles

The risk management process should be consistent across the council, clear and straightforward and result in timely information that helps informed decision making

Risk management should operate within a culture of transparency and openness where risk identification is encouraged and risks are escalated where necessary to the level of management best placed to manage them effectively

Risk management arrangements should be dynamic, flexible and responsive to changes in the risk environment

The response to risk should be mindful of risk level and the relationship between the cost of risk reduction and the benefit accruing, i.e. the concept of proportionality

Risk management should be embedded in everyday business processes

Officers of the council should be aware of and operate the council's risk management approach where appropriate

Members should be aware of the council's risk management approach and of the need for the decision making process to be informed by robust risk assessment, with cabinet members being involved in the identification of risk on an annual basis.

5. Appetite for risk

As an organisation with limited resources it is inappropriate for the council to seek to mitigate all of the risk it faces. The council therefore aims to manage risk in a manner which is proportionate to the risk faced, based on the experience and expertise of its senior managers.

However, cabinet has defined the maximum level of residual risk which it is prepared to accept as a maximum risk score of 15 in line with the scoring matrix attached at **appendix 1** (for corporate priority and service plan objective risks).

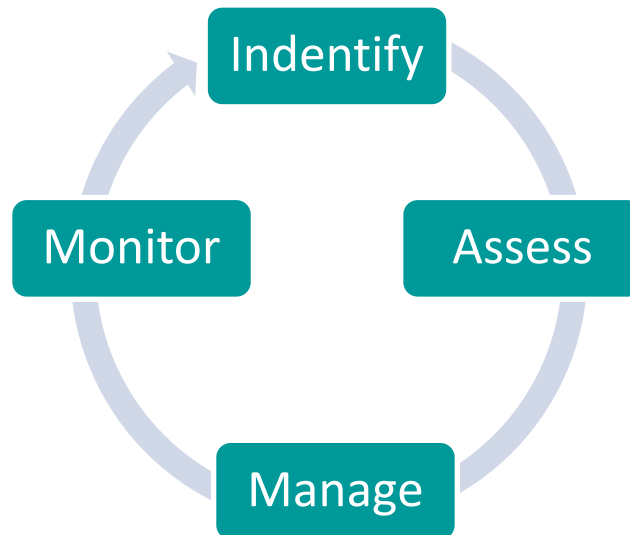
Other areas of risk, such as small projects or health and safety, may have a different risk appetite depending on the circumstances, but only if they do not impact on corporate priorities or service plan objectives.

6. Benefits of risk management

- Alerts members and officers to the key risks which might prevent the achievement of the council's plans, in order that timely mitigation can be developed to either prevent the risks occurring or to manage them effectively if they do occur.
- Risk management at the point of decision making should ensure that members and officers are fully aware of any key risk issues associated with proposals being considered.
- Leads to greater risk awareness and an improved and cost effective control environment, which should mean fewer incidents and other control failures and better service outcomes.
- Provides assurance to members and officers on the adequacy of arrangements for the conduct of business. It demonstrates openness and accountability to various regulatory bodies and stakeholders more widely.
- Allows the council to take informed decisions about exploiting opportunities and innovation, ensuring that we get the right balance between rewards and risks.

7. Risk management approach

The risk management approach adopted by the council is based on identifying, assessing, managing and monitoring risks at all levels across the council:



The detailed stages of the council's risk management approach are recorded in the risk management strategy, which is reviewed by corporate leadership team (CLT) on an annual basis. The strategy provides managers with detailed guidance on the application of the risk management process. The strategy can be located on citynet [\[here\]](#).

Additionally individual business processes, such as decision making, project management will provide guidance on the management of risk within those processes.

8. Awareness and development

The council recognises that the effectiveness of its risk management approach will be dependent upon the degree of knowledge of the approach and its application by officers and members.

The council is committed to ensuring that all members, officers, and partners where appropriate, have sufficient knowledge of the council's risk management approach to fulfil their responsibilities for managing risk. This will be delivered through formal training programmes, risk workshops, briefings, and internal communication channels.

9. Conclusion

The council will face risks to the achievement of its plans. The risk management approach detailed in this policy should ensure that the key risks faced are recognised, and effective measures are taken to manage them in accordance with the defined risk appetite.

Scoring matrix

Impact	Very High	5	5	10	15	20	25
	High	4	4	8	12	16	20
	Medium	3	3	6	9	12	15
	Low	2	2	4	6	8	10
	Negligible	1	1	2	3	4	5
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
			Likelihood				

Red: In excess of the council's risk appetite (risk score 16 to 25) - action needed to redress, quarterly monitoring

Amber: Likely to cause the council some difficulties (risk score 5 to 15) - quarterly monitoring

Green: Monitor as necessary (risk score 1 to 4)

Report to Cabinet

Item

Report of Chief finance officer

8

Subject Revenue and capital budget monitoring 2017/18 – Period 8

Purpose

To update cabinet on the provisional financial position as at 30 November 2017, the forecast outturn for the year 2017/18, and the consequent forecast of the General Fund and Housing Revenue Account balances along with the position of the non-housing and housing capital programmes.

Recommendations

To:

- 1) note the financial position as at 30 November 2017 and the forecast outturn 2017/18;
- 2) note the HRA virement as detailed in paragraph 4; and
- 3) approve the addition of capital grant income to the non-housing capital programme as detailed in paragraph 10.

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 revenue budget is forecast to underspend by £0.938m.
The Housing Revenue Account budget is forecast to underspend by £1.710m.
The Non-Housing Capital Programme is forecast to underspend by £10.543m.
The Housing Capital Programme is forecast to underspend by £19.933m.

Ward/s: All wards

Cabinet member: Councillor Kendrick – resources

Contact officers

Karen Watling, chief finance officer
Adam Drane, finance business partner

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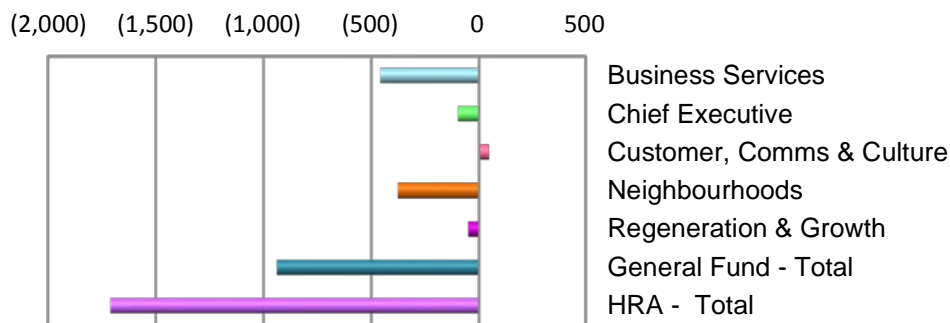
Background documents

None

Financial Position – Period 8 2017/18 Figures in 000s

General Fund	Current budget	Forecast outturn	Forecast variance
Expenditure	157,127	156,647	(480)
Income	(53,720)	(53,307)	413
Grants and subsidies	(103,407)	(104,278)	(871)
Total	0	(938)	(938)

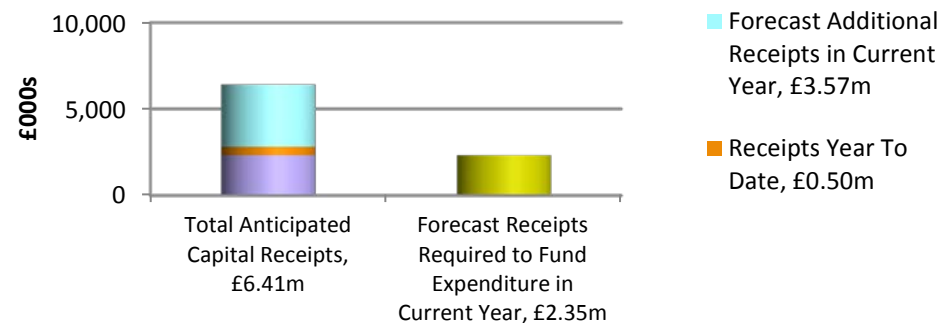
Forecast variances by service area (under) and overspends



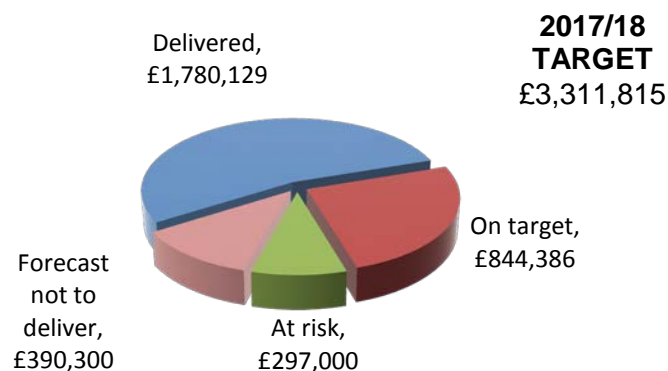
Housing Revenue Account	Current budget	Forecast outturn	Forecast variance
Expenditure	70,764	68,968	(1,795)
Income	(70,764)	(70,678)	85
Total	0	(1,710)	(1,710)

Capital programme	Current budget	Forecast outturn	Forecast variance
Non-Housing Capital	75,182	64,639	(10,543)
Housing Capital	59,246	39,313	(19,933)

Non-Housing Capital Receipts



Transformation savings



- The General Fund revenue budget is forecast to underspend by £0.9m, an increase in forecast underspend since last reported, arising from holding staff vacancies, achieving additional income, and reduced pension fund deficit payments.
- The HRA is forecast to underspend by £1.7m largely due to savings in the HRA dwellings repair budget.
- The non-housing capital programme is forecast to underspend by £10.5m, due to some schemes slipping into the next financial year, the non-delivery as yet of the redevelopment of Norwich Airport Industrial Estate, and the holding back of some schemes until sufficient funding is raised from asset sales to cover the costs.
- The housing capital programme is forecast to underspend by £19.9m mainly due to delays in new build projects, contract savings, and contractor delays within social housing upgrade programme.
- Both the General Fund and HRA reserves are expected to exceed their respective prudent minimum balances.

General Fund Revenue Budget

1. The forecast is for a £0.938m underspend at the year-end. This equates to 0.6% of the gross expenditure budget.

The key forecast budget variances (those with variances of +/- 100k) are set out below:

Table 1

Key General Fund revenue budget variances (NB: figures in brackets represent savings or increased income)

P6 Forecast Variance £000s	General Fund Service	P8 Forecast Variance £000s	Description and commentary
(282)	Human Resources	(352)	<p>The key variances are:</p> <ul style="list-style-type: none"> £306k lower than budgeted pension liability costs for former employees. The payment value was amended following the triennial valuation of the pension scheme. There are also vacant posts within the service area following the recent restructure, some of which will be filled, and some held pending the outcome of the service reviews. £54k forecast underspend on learning and development due to there not being a full programme for the year due to organisational changes during 17-18.
208	Finance	76	Change from P6 forecast largely due to reduction in anticipated interest payments on external loans, which are to be repaid in line with debt schedule.
(403)	Citywide Services	(380)	Lower than budgeted pension liability costs for former employees following triennial pension scheme valuation. In addition, there are vacant posts within the service area following the recent restructure, some of which will be filled, and some held pending the outcome of the service reviews.
(51)	Planning	(102)	Savings arising from changes to the planning establishment, other savings from vacant posts. However, some income from planning fees may be at risk of being delayed into 2018/19.

Further detail is set out in Appendix 1

Transformational Savings

2. The 2017/18 net budget includes £3.312m of transformational savings. The current forecast indicates that £0.687m of these are at risk of not being delivered or will not be delivered. Currently unbudgeted savings, for example reduced pension fund deficit payments, additional income and salary underspends, are offsetting these, hence the overall position of a forecast underspend.

Housing Revenue Account

3. Net expenditure on the HRA is forecast to be £1.710m underspent. The key forecast budget variances are set out below in Table 2.

Table 2

Key HRA revenue budget variances (NB: figures in brackets represent savings or increased income)

P6 Forecast Variance £000s	Housing Revenue Account	P8 Forecast Variance £000s	Description and commentary
(1,952)	Repairs & Maintenance	(2,040)	<p>The key variances are:</p> <ul style="list-style-type: none"> • £600k forecast underspend relating to major and minor repairs, as more works funded from the housing capital programme than originally anticipated. • £320k forecast underspend relating to drainage repairs – less works required than originally anticipated. • £100k lower than originally anticipated rechargeable repair write-offs. • £711k variance relating to additional leasehold major works contributions offset by £711k variance against financing code.
(359)	General Management	(508)	<p>The key variances are:</p> <ul style="list-style-type: none"> • £183k saving due to staffing vacancies to date - most vacancies will be recruited to during this financial year. • £60k forecast underspend due to reduced requirement for grant expenditure as a result of delayed implementation of Universal Credit. • £47k projected underspend on professional advice & fees budgets due to the use of fewer external consultants and resources and more projects being carried out in-house. • £34k projected underspend on compensation across the service due to the use of council owned property for emergency decants, rather than hotel accommodation.

P6 Forecast Variance £000s	Housing Revenue Account	P8 Forecast Variance £000s	Description and commentary
15	Special Services	(117)	<ul style="list-style-type: none"> £147k forecast underspend on district heating gas due to mild weather, partially offset by reduced income against service charge budget
(12)	Service Charges	250	<p>The key variances are:</p> <ul style="list-style-type: none"> £337k forecast lower income from district heating charges due to new lower charges being applied from October 1st, partially offset by reduced expenditure against special services £165k forecast higher income from water charges based on current charges £33k lower income from mobile caretakers service charge following new charges being applied in October
711	Adjustments & Financing Items	711	Additional leasehold major works capital contribution offset by £711k variance against repairs & maintenance.

Further detail is set out in Appendix 1.

Housing Revenue Virement

4. The following HRA budget virement was approved by CLT under delegated authority and processed in P8.

Leave it Tidy scheme is no longer in operation. The budget will be used to cover the additional costs of employing agency staff at the community alarm service in order to ensure continuity of service.

Table 3

Scheme	Current Budget	Virement	Revised Budget
Leave it tidy scheme	65,000	(60,000)	5,000
NCAS agency staff	0	60,000	60,000
Total	65,000	0	65,000

Collection Fund

Council Tax

5. The Collection Fund includes all income generated from council tax and business rates that is due in the year from council taxpayers and ratepayers.

The latest forecast shows a projected surplus of £531k, of which £77k is the Norwich share. Any surplus or deficit on council tax income will be distributed in 2018/19.

Table 4

	Budget £000s	Forecast £000s	(Surplus) / deficit £000s
Total Council Tax Collection Fund Income	(60,109)	(60,640)	(531)
Norwich City Council Share (14.53%)	(8,732)	(8,809)	(77)

Business Rates

6. The council's baseline for business rates income is £5,590k. When the budget was set £531k growth was included, of which £265k was the forecast contribution to the Norfolk Business Rates Pool and the other £265k being retained by Norwich City Council.

The latest forecast shows a projected deficit of £551k. This forecast takes into account any levy payment to the Norfolk Business Rates Pool and the impact of s31 grants for reliefs funded by Central Government. Any surplus or deficit on business rates income will be distributed in 2018/19.

Table 5

	Budget £000s	Forecast £000s	(Surplus) / deficit £000s
Norwich City Council Retained Income Share	(5,856)	(5,305)	551

Impact on Balances

7. The prudent minimum level of General Fund reserves has been assessed as £4.161m. The budgeted and forecast outturn's impact on the 2016/17 balance brought forward is as follows:

Table 6

Item	£000s
Balance at 1 April 2017	(14,344)
Budgeted contribution from reserves 2017/18	688
Transfer to earmarked invest to save reserve	500
Forecast outturn 2017/18	(938)
= Forecast balance at 31 March 2018	(14,094)

The General Fund balance is therefore expected to continue to exceed the prudent minimum.

8. The prudent minimum level of HRA reserves has been assessed as £5.885m. The budgeted and forecast outturn's impact on the 2016/17 balance brought forward is as follows:

Table 7

Item	£000s
Balance at 1 April 2017	(30,383)
Budgeted contribution from reserves 2017/18	9,973
Forecast outturn 2017/18	(1,710)
= Forecast balance at 31 March 2018	(22,120)

The Housing Revenue Account balance is therefore expected to continue to exceed the prudent minimum.

Capital Programme

9. The non-housing capital programme is forecast to underspend by £10.417m and the housing capital programme is forecast to underspend by £19.933m in this financial year.

Key capital programme budget variances (NB: figures in brackets represent savings or increased income)

Table 8

P6 Forecast Variance £000s	Capital Programme Group	P8 Forecast Variance £000s	Description and commentary
(4,885)	Non-Housing Regeneration	(5,426)	<ul style="list-style-type: none"> £412k not to be spent this year as regeneration at Hurricane Way currently on hold. £4m NAIE regeneration project not currently taking place. £293k underspend in current financial year to result from delays to Riverside Walk project. £480k underspend in current financial year as a result of the Mountergate development being extended into next financial year. £254k expenditure delayed as Parks Depot demolition will not complete until next financial year.
(575)	Non-housing Asset Upgrade	(629)	<ul style="list-style-type: none"> £276k underspend at Norman Centre as projects held pending availability of resources
(435)	Non-Housing Asset Improvement	(435)	<ul style="list-style-type: none"> £355k underspend as Norwich parks tennis expansion not to be completed in this financial year. £80k underspend as Multi Use Games Areas work on hold pending availability of resources.
(359)	Non-Housing Initiatives	(168)	<ul style="list-style-type: none"> £126k underspend as implementation of new HR & Finance system extended into next financial year.
0	Non-Housing Capital On-lending	(911)	<ul style="list-style-type: none"> £911k to be carried forward to next financial year to cover additional costs relating to Three Score development.
(92)	Non-Housing Community Infrastructure Levy	(220)	<ul style="list-style-type: none"> £105k underspend due to lower contributions towards CIL strategic pool than initially anticipated.
(653)	Non-Housing Greater Norwich Growth Board	(668)	<ul style="list-style-type: none"> Completion of GNGB schemes programmed into next financial year.

P6 Forecast Variance £000s	Capital Programme Group	P8 Forecast Variance £000s	Description and commentary
(477)	Non-Housing Cycle City Ambition Group 2	(1,832)	<ul style="list-style-type: none"> Completion of further CCAG schemes programmed into next financial year.
(181)	Non-Housing Section 106	(241)	<ul style="list-style-type: none"> Completion of further S106 schemes programmed into next financial year.
(1,857)	Housing Investment	(4,691)	<ul style="list-style-type: none"> £500k underspend as no RTB buyback opportunities arisen in this financial year. £4m of expenditure on Goldsmith St development now programmed to take place in next financial year.
(10,241)	Neighbourhood Housing	(13,971)	<ul style="list-style-type: none"> £3.2m underspend on home upgrades including kitchen and bathroom replacements and electrical upgrades due to contract savings. £2m of expenditure on Heating upgrades delayed into next financial year due to contract issues. £243k underspend due to reduced workflow on Windows programme. £440k underspend due to no further work taking place on Sheltered Housing Regeneration this year. £7.3m of expenditure on preventative upgrade projects including structural and roofing works delayed into next financial year due to starting later than planned. £382k underspend as lower demand for Disabled Adaptations. £157k underspend as Sheltered Housing Alarm upgrade not taking place in this financial year.
(81)	Strategic Housing	(1,271)	<ul style="list-style-type: none"> £1.2m of grants to Registered Providers delayed into the next financial year.

Addition to non-housing capital programme

10. Cabinet is asked to approve the addition of £98,912 grant income, in respect of disabled facilities grants (DFG), to the non-housing capital programme. As part of the autumn budget, extra funding was made available to local authorities to be utilised within 2017/18.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	
Head of service:	Chief Finance Officer
Report subject:	Budget Monitoring 2017/18
Date assessed:	20/12//2017
Description:	This is the integrated impact assessment for the Budget Monitoring 2017/18 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"/>	

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.

Revenue Budget Monitoring Summary Year: 2017/18 Period: 8 (November)

General Fund Summary

Approved budget	Current budget		Forecast outturn	Forecast variance
3,096,603	3,140,976	Business Services	3,101,075	(39,901)
291,867	303,380	Democratic Services	237,917	(65,463)
(19,214,059)	(19,300,709)	Finance	(19,225,021)	75,688
0	0	Human Resources	(351,770)	(351,770)
0	0	Procurement & Service Improvement	(76,484)	(76,484)
(15,825,589)	(15,856,353)	Total Business Services	(16,314,283)	(457,930)
0	0	Chief Executive	(6,036)	(6,036)
201,843	201,843	Strategy & Programme Management	109,526	(92,317)
201,843	201,843	Total Chief Executive	103,489	(98,354)
2,143,249	2,191,819	Communications & Culture	2,174,943	(16,876)
(2,760)	(2,760)	Customer Contact	60,176	62,936
2,140,489	2,189,059	Total Customers, Comms & Cultur	2,235,120	46,061
10,229,891	10,234,927	Citywide Services	9,854,672	(380,255)
1,728,634	1,728,634	Neighbourhood Housing	1,801,377	72,743
807,037	881,238	Neighbourhood Services	811,751	(69,487)
12,765,562	12,844,799	Total Neighbourhoods	12,467,800	(376,999)
(1,994,594)	(1,823,316)	City Development	(1,847,063)	(23,747)
0	0	Environmental Strategy	28,404	28,404
0	0	Executive Head of Regeneration &	(10,284)	(10,284)
1,500,637	1,500,637	Planning	1,398,839	(101,798)
1,211,652	943,330	Property Services	1,000,347	57,017
717,695	620,651	Total Regeneration & Growth	570,243	(50,408)
0	(1)	Total General Fund	(937,631)	(937,630)

Housing Revenue Account Summary

Approved budget	Current budget		Forecast outturn	Forecast variance
13,815,288	13,841,786	Repairs & Maintenance	11,801,544	(2,040,242)
5,789,133	5,789,133	Rents, Rates, & Other Property Costs	5,853,401	64,268
12,115,683	12,055,683	General Management	11,547,468	(508,215)
5,090,423	5,123,921	Special Services	5,007,040	(116,881)
21,992,115	21,992,115	Depreciation & Impairment	21,987,115	(5,000)
223,000	223,000	Provision for Bad Debts	223,000	0
(57,692,382)	(57,692,382)	Dwelling Rents	(57,686,409)	5,973
(2,169,466)	(2,169,466)	Garage & Other Property Rents	(2,225,337)	(55,871)
(8,373,746)	(8,373,746)	Service Charges - General	(8,123,809)	249,937
(85,000)	(85,000)	Miscellaneous Income	(100,300)	(15,300)
10,056,112	10,056,112	Adjustments & Financing Items	10,767,519	711,407
(586,160)	(586,160)	Amenities shared by whole community	(586,160)	0
(175,000)	(175,000)	Interest Received	(175,000)	0
0	(4)	Total Housing Revenue Account	(1,709,927)	(1,709,923)

General Fund summary by type

Approved budget	Current budget		Forecast outturn	Forecast variance
20,188,816	20,185,443	Employees	19,080,097	(1,105,346)
9,800,145	9,926,329	Premises	9,944,350	18,021
278,046	278,046	Transport	256,727	(21,319)
16,401,424	16,440,264	Supplies & Services	16,412,487	(27,777)
4,060,353	4,060,353	Third Party Payments	3,881,331	(179,022)
85,507,495	85,507,495	Transfer Payments	86,049,717	542,222
1,114,624	1,114,624	Capital Financing	1,068,012	(46,612)
550,000	550,000	Rev Contribs to Capital	550,000	0
(26,598,010)	(26,759,660)	Receipts	(26,621,776)	137,884
(103,407,120)	(103,407,120)	Government Grants	(104,278,264)	(871,144)
1,153,076	1,153,074	Centrally Managed	1,183,692	30,618
17,911,324	17,911,324	Recharge Expenditure	18,220,828	309,504
(26,960,173)	(26,960,173)	Recharge Income	(26,684,830)	275,343
0	(1)	Total General Fund	(937,631)	(937,630)

Housing Revenue Account summary by type

Approved budget	Current budget		Forecast outturn	Forecast variance
6,312,030	6,154,030	Employees	5,967,733	(186,297)
22,230,815	22,464,128	Premises	21,180,346	(1,283,782)
122,209	122,209	Transport	84,421	(37,788)
2,693,175	2,617,858	Supplies & Services	2,373,946	(243,912)
350,856	350,856	Third Party Payments	349,189	(1,667)
7,344,492	7,344,492	Recharge Expenditure	7,302,649	(41,843)
(1,892,479)	(1,892,479)	Capital Financing	(1,892,479)	0
(69,737,016)	(69,737,016)	Receipts	(69,667,893)	69,123
0	0	Government Grants	0	0
(1,026,499)	(1,026,499)	Recharge Income	(1,010,255)	16,244
19,676,614	19,676,614	Rev Contribs to Capital	19,676,614	0
13,925,803	13,925,803	Capital Financing	13,925,803	0
0	(4)	Total Housing Revenue Account	(1,709,927)	(1,709,923)

**Capital Budget Monitoring Summary Year: 2017/18 Period: 8
(November)**

Appendix 2

Non-Housing Capital Programme	Current Budget	Forecast Outturn	Forecast Variance
CCTV replacement	265,750	265,750	0
Customer centre redesign	196,094	196,094	0
Norwich Parks tennis expansion	415,000	60,262	(354,738)
Car park payment machines upgrade	7,635	5,570	(2,065)
Replacement of multi-use games	80,000	0	(80,000)
Eaton Park Tennis Development	45,775	0	(45,775)
City Hall 2nd Floor	80,850	82,201	1,351
City Hall external lighting	37,330	37,330	0
Parking Management System	72,351	6,526	(65,825)
Energy saving lighting	10,000	0	(10,000)
Eaton Park access improvements	29,686	0	(29,686)
Asset investment for income (other	30,420,280	30,420,280	0
Traveller Site	26,000	26,000	0
The Gym - Kent	2,377,020	2,365,210	(11,810)
16 Gentleman's Walk	7,202,700	7,202,700	0
HR System	193,620	182,895	(10,725)
City Hall heating pumps replacement	28,000	28,200	200
City Hall roof membrane replacement	276,000	227,000	(49,000)
Hewett Yard major repairs	33,000	0	(33,000)
Pedestrian bridges / boardwalks	50,000	0	(50,000)
Norman centre corridor lighting	14,000	15,000	1,000
Norman Centre heating replacement	200,000	0	(200,000)
Norman Centre roof replacement	38,500	0	(38,500)
Riverbank stabilisation	75,000	0	(75,000)
St Andrews - fire system voice alarm	11,000	11,800	800
St Giles MSCP - replace central	1,500	231	(1,269)
Bowthorpe B1108 - Various Works	0	435	435
Memorial Gardens temporary works	0	828	828
St Andrews MSCP repair	0	1,238	1,238
Co-St Giles MSCP Refurb	568,578	568,578	0
The Halls refurbishment project	0	168	168
Major Repairs 2016-17 Community Centres	0	0	0
City Hall finials	214,070	216,860	2,790

Non-Housing Capital Programme (cont)	Current Budget	Forecast Outturn	Forecast Variance
Major Repairs	41,000	41,000	0
Car Park - Westwick Street	0	0	0
St Andrews & Blackfriars Hall WC	0	27	27
Waterloo Park pavillion works	50,000	50,000	0
CC Norman Bowl Lighting	38,500	325	(38,175)
St Giles MSCP - Windows and doors	6,525	6,500	(25)
10-14 Ber Street	280,000	280,214	214
Hurricane Way 16 demolition	30,000	0	(30,000)
Hurricane Way 20 demolition	85,000	0	(85,000)
Hurricane way 25 demolition	57,000	0	(57,000)
Hurricane way 6-14 demolition	240,000	0	(240,000)
NAIE phase 1 regeneration	4,000,000	0	(4,000,000)
Ass Inv - Mile Cross Depot	0	3,581	3,581
Rose Lane MSCP Construction	0	9,125	9,125
Riverside Walk (adj NCFC)	305,189	12,000	(293,189)
Mountergate Phase 2	530,309	50,000	(480,309)
Park Depots demolition	288,475	34,787	(253,688)
Investment for regeneration	270,000	270,000	0
NaHCASP Threescore	0	358,012	358,012
New Build - Threescore 2	12,768,831	11,499,937	(1,268,894)
New Build - Airport	2,909,484	2,909,484	0
Threescore phase 3	482,782	482,890	108
Eco-Investment Fund	37,000	20,000	(17,000)
IT Investment Fund	390,000	347,000	(43,000)
Finance & HR System	416,380	300,918	(115,462)
Norwich Preservation Trust Loan	132,250	150,000	17,750
Community Infrastructure Levy	1,481,530	1,261,530	(220,000)
GNGP	837,407	169,633	(667,774)
Section 106	681,472	440,024	(241,448)
Cycle City Ambition Group 2	5,853,336	4,020,576	(1,832,760)
Cycle City Ambition	0	553	553
Total Non-Housing Capital Programme	75,182,209	64,639,272	(10,542,937)

Housing Capital Programme Group	Current Budget	Forecast Outturn	Forecast Variance
Community Safety & Environment	656,686	584,777	(71,909)
Heating Upgrades	5,325,393	3,276,083	(2,049,310)
Home Upgrades	9,979,783	6,771,099	(3,208,684)
Supported Independent Living	1,379,829	796,031	(583,798)
Preventative Maintenance	12,438,978	5,069,491	(7,369,487)
Sheltered Housing Regeneration	698,222	251,644	(446,578)
Insulation	874,904	876,421	1,517
Window & Door Upgrades	2,214,264	1,971,338	(242,926)
Site Formation	63,980	50,000	(13,980)
CCTV Replacement	144,250	144,250	0
New Build Social Housing	17,475,359	13,284,672	(4,190,687)
RTB Buyback Programme	500,000	0	(500,000)
Capital Grants to Housing Associations	6,226,019	5,030,552	(1,195,467)
Home Improvement Agency Works	1,268,606	1,206,658	(61,948)
Total Housing Capital Programme	59,246,273	39,313,016	(19,933,257)

Report to	Cabinet	Item
	17 January 2018	
Report of	Chief finance officer (Section 151 Officer)	9
Subject	Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2017/18	

Purpose

This report sets out the Treasury Management performance for the first six months of the financial year to 30 September 2017. This is in accordance with the requirements of the Prudential Code. It also contains proposals to change aspects of the 2017/18 Treasury Management Strategy.

Recommendation

To:

- (1) note the report and the treasury activity.
- (2) recommend to council:
 - a) approval of the revised authorised limit and operational boundary prudential indicators for the current financial year 2017/18.
 - b) approval of the revised MRP policy to take effect this financial year onwards.

Corporate and service priorities

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

Financial implications

The proposed changes to the Minimum Revenue Provision (MRP) policy will result in an overpayment of £7.4m having been made in MRP costs dating back from 2007/08 to date. This amount can be used to reduce existing MRP budgets from this financial year onwards over a period of some 20 to 40 years depending on the methodology employed to credit this sum back to the General Fund revenue budget. The resultant re-profiling of the future MRP budget will be brought to council for approval as part of the budget and Treasury Management Strategy (TMS) reports in February 2018.

Ward/s: All wards

Cabinet member: Councillor Kendrick - resources

Contact officers

Karen Watling, chief finance officer

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01603 212562

Background documents

None

Report

Background

1. The prudential system for capital expenditure is now well established. One of the requirements of the Prudential Code is to ensure adequate monitoring of capital expenditure plans and the treasury management response to these plans. This report fulfils that requirement and includes a review of compliance, as at 30 September 2017, with the 2017/18 Treasury and Prudential Limits and the Prudential Indicators approved by Council on 21 February 2017.
2. This council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code. This requires that the prime objective of treasury management activity is the effective management of risk, and that borrowing activities are undertaken on a prudent, affordable and sustainable basis.
3. Following council's decision to increase the 2017/18 capital programme by £26.647m on 28 November 2017, coupled with an internal review of the council's Minimum Revenue Provision (MRP) policy, this report also includes proposals to make changes to the 2017/18 prudential indicators and MRP policy.

Investment Strategy

4. The Treasury Management Strategy Statement (TMSS) for 2017/18 which includes the Annual Investment Strategy was approved by the council on 21 February 2017. It sets out the Council's investment priorities as being:
 - Security of capital;
 - Liquidity; and
 - Yield
5. No policy changes are being proposed to the investment strategy.
6. The council will aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in higher rates in periods up to 12 months, with highly credit rated financial institutions, using Link Asset Services' suggested creditworthiness approach.
7. The council held £78.350m of investments as at 30 September 2017. The following table shows the movement in investments for the first six months of the year.

Investments	Actual 31 March 2017	Investments	Maturities	Actual 30 September 2017
	£'000	£'000	£'000	£'000
Short term				-
Banks	28,000	8,000	(15,000)	21,000
Building Societies	27,400	159,415	(146,965)	39,850
Cash Equivalents				-
Banks	10,660	24,125	(24,785)	10,000
Local Authorities	7,500	9,500	(11,000)	6,000
Money Market Funds	-	1,500		1,500
Total	73,560	202,540	(197,750)	78,350

8. The council's investment return for the first six months of 2017/18 is £271,503. The full year budget is £400,000.
9. During the second half of the year it is anticipated that the level of investments held by the council will decrease. This is because the additional funding for on-lending to Norwich Regeneration Limited (NRL) and for commercial property acquisition (approved at council on 28 November 2017) will both be funded by using internal balances (cash) instead of external borrowing on a temporary basis. Although this will have an adverse impact on the level of investment income that can be generated during the second half of the year, this is more than compensated for by the new net income returns generated from both schemes. For example, the income returns for external financial investments are currently averaging 0.64% whereas the net returns from commercial property acquisitions are averaging 3.8%.
10. The chief financial officer confirms that all investment transactions undertaken during the first six months of 2017/18 were within the approved limits as laid out in the Annual Investment Strategy.

External Borrowing

11. The table below shows the council has actual external borrowing of £209m most of which relates the Housing Revenue Account. There has been no new borrowing to date in this financial year.

Borrowing Long Term	TMSS	Actual 01-Apr-17	Actual 30-Sep-17
	£'000	£'000	£'000
Public Works Loan Board	203,680	203,106	203,106
Money Market	5,000	5,000	5,000
3% Stock (Perpetually irredeemable)	499	499	499
Corporate Bonds and External Mortgages	74	74	74
Finance Leases	1,003	1,189	1,189
Total	210,256	209,868	209,868

Debt Rescheduling

12. No debt rescheduling was undertaken during the first six months of 2017/18. None will be undertaken during the remainder of the financial year.

Prudential Indicators

13. The following sections of this report provide an update on:

- Changes to the council's capital expenditure plans;
- How capital expenditure is being financed;
- The impact of these changes on the prudential indicators and the underlying need to borrow.

Capital Expenditure

14. The table below shows the 2017/18 original and revised capital programme, the latter agreed by council on 28 November.

	2017/18 Original	2017/18 Revised
	£'000	£'000
General Fund	35,075	67,489
HRA	51,281	47,094
Capital Expenditure	86,356	114,583
Financed by:		
Capital receipts	16,246	12,382
Capital grant and contributions	8,897	10,713
Capital reserves	6,925	0
Major Repairs Reserve	0	13,871
Revenue	22,366	19,927
Total Resources	54,434	56,893
Net borrowing need for the year	31,922	57,690

15. On 28 November 2017 council agreed an increase in the 2017/18 General Fund capital programme for on-lending to NRL and for commercial property acquisition.
16. In addition, the Neighbourhood Housing programme within the HRA capital budget has been re-profiled resulting in a reduction in the budget.

Financing of the Capital Programme

17. The table in paragraph 14 above shows how the revised capital programme will be financed and shows that the net borrowing need for the year has

increased from that anticipated in the TMS agreed by council in February 2017. The consequence of this is that it will also increase the council's Capital Financing Requirement (CFR).

18. The principal changes in financing the capital programme are a reduction in the use of capital receipts, a reduction in the use of HRA revenue contributions which are replaced with the use of the Major Repairs reserve, and the increased need to borrow (either externally or internally from cash) to fund the on-lending to NRL and the commercial property acquisitions .

The Capital Financing Requirement

19. The first table below shows the council's Capital Financing Requirement (CFR), which is the council's underlying need to borrow for a capital purpose. The second table compares the original and revised expected actual debt position over the year with the CFR and gives the over/(under) borrowing position.

	2017/18 Original Estimate	2017/18 Revised Estimate as at 30.09.17
	£'000	£'000
General Fund CFR	64,539	89,432
HRA CFR	217,665	205,624
Total CFR	282,204	295,056
Movement in CFR	31,620	57,351
Movement in CFR represented by:		
Borrowing need for the year	31,922	57,690
Less MRP	(302)	(339)
Movement in CFR	31,620	57,351

	2017/18 Original Estimate	2017/18 Revised Estimate as at 30.09.17
	£'000	£'000
Gross borrowing	215,856	266,085
CFR	282,204	295,056
Over/(Under) Borrowing	(66,348)	(28,971)

Prudential Indicators relating to Borrowing Activity

20. Given the revisions to the 2017/18 capital programme and its financing two changes are being proposed, namely:

21. **An increase in the Authorised Limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and agreed by council. It is the maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

	2017/18 Original Estimate	2017/18 Revised Estimate as at 30.09.17
Authorised Limit for external debt	£'000	£'000
Borrowing	253,707	290,000
Other long term liabilities	1,576	1,576
Total	255,283	291,576

22. **An increase in the Operational Boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. CIPFA anticipate that this should act as an indicator to ensure the authorised limit is not breached.

	2017/18 Original Estimate	2017/18 Revised Estimate as at 30.09.17
Operational boundary for external debt	£'000	£'000
Borrowing	253,107	270,000
Other long term liabilities	1,576	1,576
Total	254,683	271,576

Other Prudential Indicators

23. This section of the report gives details on the updated position on the remaining prudential indicators agreed by Council in February 2017.

Borrowing Activity

24. Long-term fixed interest rates are currently low and the Bank of England expects them to rise by a further 0.5% over the three-year treasury management planning period. The Chief Finance Officer, under delegated authority, will undertake the most appropriate form of borrowing depending on the prevailing interest rates at the time and taking into account the associated risks e.g. counterparty risk and risk of interest rate increases.
25. Opportunities for debt restructuring will be continually monitored. Action will be taken when the chief finance officer feels it is most advantageous.

Investment Performance

26. The objectives of the council's investment strategy are firstly the safeguarding of the repayment of the principal and interest of its investments, and secondly ensuring adequate liquidity. The investment return is the third objective. The current investment climate is one of over-riding risk consideration i.e. that of counterparty security risk. As a result of this underlying concern, officers continue to implement an operational investment strategy, which adheres to the controls in place in the approved investment strategy.
27. The council held £78.350m of investments at 30th September 2017 and the investment profile is shown in the table in paragraph 7 above.

Risk Benchmarking

28. The 2017/18 Investment Strategy for financial investments includes the following benchmarks for liquidity and security.
29. Liquidity – The council has no formal overdraft facility and seeks to maintain liquid short-term deposits of at least £1 million available with a week's notice.
30. The weighted average life (WAL) of investments for the year was expected to be 0.45 years (164 days). At 30 September 2017 the Council held liquid short term deposits of £78.350 million and the WAL of the investment portfolio was 0.28 years (103 days). The reduction in the WAL of the investment portfolio is due to most of the investments over 1 year in duration maturing and being replaced with shorter term investments.
31. The chief finance officer can report that liquidity arrangements were adequate during the year to date.
32. Security – The council's maximum security risk benchmark for the portfolio as at 30 September 2017 is 0.066%, which equates to a potential loss of £0.052 million on an investment portfolio of £78.350m.
33. This is slightly higher than the anticipated maximum risk of 0.05% in the Treasury Management Strategy (i.e. a potential loss of £0.039m) but still represents a very low risk investment portfolio. The current investment portfolio carries a very much lower level of risk than Link's model portfolio and other local authorities within our benchmarking group.
34. The target set within the 2017/18 Strategy is that a minimum of 75% of the portfolio must be held in low risk specified investments. At 30th September 2017, 100% of the investment portfolio was held in low risk specified investments.
35. The chief finance officer can report that the investment portfolio was maintained within this overall benchmark during the year to date.

Proposed Changes to the Minimum Revenue Provision (MRP) policy statement

36. The council is required to approve an MRP Policy Statement prior to each financial year. Council approved the current statement as part of the overall Treasury Management Strategy on 21 February 2017. MRP is a charge to the council's General Fund budget, and hence a cost to council tax payers, designed to set aside a prudent sum of money to repay borrowing needed to fund the capital programme. The policy sets out how MRP charges will be calculated.
37. During 2003 the Department of Communities and Local Government issued statutory guidance on the future options available for calculating MRP charges from 2008 onwards (Regulation 28 of the 2003 Regulations). The council must have regard to this guidance. The guidance is not prescriptive and makes it clear that councils can follow an alternative approach, provided they still make a prudent provision. The broad aim of a 'prudent provision' is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits to service delivery.
38. In 2015/16 in light of this guidance, this council, along with many others across the country, undertook a review of its MRP policy to establish whether the existing approach was prudent and fair. Following this review a change in the council's MRP policy was approved by council in February 2016. The new policy was to charge MRP on a 2% annuity basis. This was a change from the method previously applied which was to charge MRP on the 4% reducing balance Regulatory Method.
39. This change was considered to be both more prudent as well as fair as it would:
- Provide a provision to repay borrowing over a 50 year period - rather than the 150+ years it would take using the reducing balance method.
 - Promote intergenerational fairness as the previous MRP policy meant that future tax payers could still be paying for assets that would perhaps no longer be in use in 150 years' time.
 - Deliver savings to the General Fund revenue budget.
40. This changed policy was applied to the CFR balance from 2015/16 onwards.
41. Ahead of undertaking the mid-year review of the 2017/18 treasury management activity, the MRP policy has been reviewed again because it is now considered that the application of the annuity basis provision can be back-dated and applied from its inception, i.e. apply the annuity basis method of calculation from 2007/08 onwards rather than just from 2015/16 onwards.
42. The rationale for backdating the policy agreed by council in February 2016 is the same as for the original review (see paragraph 39 above) plus upon reflection it is a fairer approach to use.
43. A further change is also proposed within the MRP policy, namely that no MRP charges will be made for borrowing undertaken by the council for the purpose of on-lending to its wholly owned companies. Currently the council has one

such company, Norwich Regeneration Limited (NRL). As shareholder the council will only on-lend if the company's financial model shows that the loan interest charged to the company can be serviced through the on-going income generated by the company and that the loan amounts can be repaid in full either during the loan agreement term or at the end of the agreement. Therefore the council considers that it can take a prudent view that the debt will be repaid in full at the end of the loan agreement (or during if it is an instalment loan). So the MRP charge in these instances is not necessary.

44. Both the above changes have been explored with our advisors, Link Asset Services as well as our external auditors (Ernst and Young) who have advised on the approach that is being taken.
45. If the proposal is agreed the revised MRP charges will apply for this current year 2017/18 onwards as well as being included in the 2018/19 Treasury Management Strategy proposed to council in February 2018.
46. Council is recommended to approve the revised MRP Statement, the formal wording for which can be found at Appendix 1.

Integrated impact assessment



NORWICH
City Council

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

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

Report author to complete	
Committee:	Cabinet
Committee date:	13/12/17
Director / Head of service	Karen Watling
Report subject:	Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2017/18
Date assessed:	04/12/2017
Description:	This is a mid-year report to inform council on the performance of the treasury management activity for the first 6 months of the year and it includes revisions to the prudential indicators for the authorised and limit and operation boundary. Also the report includes proposals to update the MRP 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"/>	The prudential indicators show that for the first 6 months of the year treasury management activity has produced positive results e.g. achieving an investment interest rate above the target.
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

	Impact			
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Managing risk is a major part of undertaking the treasury management activity. All the indicators and limits put in place to reduce the level of risk have been adhered to thus reducing the risks to an acceptable level as stated in the Treasury Management Strategy.

Recommendations from impact assessment	
Positive	
Negative	
Neutral	
Issues	

Minimum Revenue Provision (MRP) policy statement

For capital expenditure incurred:

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

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

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

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

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

This is subject to the following details:

An average asset life for each project will normally be used. There will not be separate MRP schedules for the components of a building (e.g. plant, roof etc.). Asset life will be determined by the Chief Finance Officer. A standard schedule of asset lives will generally be used (as stated in the Statement of Accounts accounting policies).

MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for single assets when expenditure is being financed from borrowing the MRP will be deferred until the year after the asset becomes operational.

Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case, at the discretion of the Chief Finance Officer.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made. Transitional

arrangements with respect to depreciation, revaluation and impairments; put in place at 1 April 2012 were due to expire on 31 March 2017. However the Item 8 determination released on 24 January 2017 has extended indefinitely the ability to charge depreciation, revaluations and impairments to the HRA but reverse in the Movement in Reserves Statement.

Repayments included in annual finance leases are excluded from MRP as they are deemed to be a proxy for MRP.