

### **Scrutiny committee**

**Date:** Thursday, 28 January 2016

**Time:** 16:30

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

All group pre-meeting – 16:00 Mancroft Room

This is for members only and is not part of the formal scrutiny meeting which will follow at 16:30

The pre-meeting is an opportunity for the committee to make final preparations before the start of the scrutiny committee meeting. The public will not be given access to the committee room

#### **Committee members:**

##### **Councillors:**

Wright (chair)  
Maxwell (vice chair)  
Bogelein  
Coleshill  
Grahame  
Haynes  
Manning  
Packer  
Peek  
Raby  
Ryan  
Sands (S)  
Schmierer

##### **For further information please contact:**

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## AGENDA

### 1 Apologies

To receive apologies for absence

### 2 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)

### 3 Public questions/petitions

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

### 4 Minutes

5 - 8

To approve the accuracy of the minutes of the meeting held on 17 December 2015

### 5 Scrutiny committee work programme 2015 - 2016

9 - 20

**Purpose** - To note the scrutiny committee work programme and agree any potential topic (s) that may be tested against the TOPIC analysis for future inclusion onto the programme. For the assistance of members, the cabinet forward agenda is also included.

### 6 Pre – scrutiny of the Environmental Strategy 2015-18

21 - 50

**Purpose** - To determine any recommendations to cabinet on the delivery of the council's Environmental strategy 2015-2018

### 7 Pre-scrutiny of the proposed budget for 2016 - 17

51 - 100

**Purpose** - to determine any recommendations to cabinet on the proposed budget for 2016 - 17

### 8 Exclusion of the public

**Purpose** - Consideration of exclusion of the public.

### **EXEMPT ITEMS:**

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

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

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

#### **\*9 Pre - scrutiny of the proposed budget for 2016 - 17 Appendix 5**

- This report is not for publication because it would disclose information relating to any individual as in para 1 of Schedule 12A to the Local Government Act 1972.

Date of publication: **Wednesday, 20 January 2016**

**SCRUTINY COMMITTEE****16:35 to 18:15****17 December 2015**

Present: Councillors Wright (chair), Maxwell (vice chair), Bogelein, Coleshill, Grahame, Haynes, Herries (substitute for Sands) Manning, Peek, Packer, Raby, Ryan, and Schmierer

Apologies: Councillor Sands (S)

**1. Declarations of interest**

There were no declarations of interest.

**2. Minutes**

**RESOLVED** to agree the accuracy of the minutes of the meeting held on 12 November 2015.

**3. Scrutiny committee work programme 2015 -2016**

The chair proposed that a piece of work be undertaken on the Push the Pedalways scheme due to the expenditure and interest from residents of Norwich. He suggested that it would be a good learning exercise as the council went forward with the next phase of the scheme.

It was agreed that this item would be considered at the meeting on the 17 March 2016, replacing the academies item. The chair suggested that the possibility of joint scrutiny with Norfolk County Council members could be considered for the academies item and that an extra meeting could be arranged if this were to go ahead.

**RESOLVED** to:-

- a) add scrutiny of the Push the Pedalways scheme to the scrutiny committee work programme on 17 March 2016 replacing the academies item;
- b) ask the strategy manager to contact scrutiny committee members in mid-January 2016 asking for input on the scope of the Push the Pedalways item,

- c) ask the chair to make a request to Norfolk County Council to explore the option of joint scrutiny around the academies topic and how this impacts residents in the Norwich City Council area; and
- d) Subject to resolution c) resulting in a joint meeting, to arrange an additional meeting of the scrutiny committee to accommodate the academies topic.

#### **4. Update of the representative for the Norfolk County health overview and scrutiny committee**

The substitute representative on the Norfolk Health Overview and Scrutiny Committee (NHOSC) gave members a verbal update on the last meeting. She said that the NHOSC had discussed that the provision of stroke services could be much better in rural areas as the first hour in stroke cases was vital. A recruitment crisis meant that there had been a loss of stability and expertise in this area. The strategy manager said that he was in regular contact with colleagues in public health services and would circulate information to members on the work being undertaken to raise awareness of serious illnesses.

Members discussed mental health services for children and that a lack of access to mental health support and treatment led to children being excluded from school.

The representative on the NHOSC said that they had the option to concentrate on more specific subjects at the February meeting. She asked that members forward any suggestions for future topics of discussion to her prior to the meeting of the NHOSC on 25 February 2016.

#### **RESOLVED to:**

- a) ask Councillor Bogelein to raise the topic of the midwife recruitment crisis and parking permits for midwives at the February meeting of the NHOSC; and
- b) ask scrutiny committee members to send ideas for further topics for consideration at the NHOSC to Councillor Bogelein prior to the meeting on 25 February 2016.

#### **5. Quarterly performance report**

The strategy manager presented the report. He said that the questions received in advance of the meeting from the scrutiny committee members would be added to the scrutiny tracker.

In response to a member's question, the strategy manager said that he would liaise with the relevant portfolio holder and head of service to investigate whether an alternative measure for HCH3 (the number of empty homes brought back into use) could be introduced that the council had more active control over.

**RESOLVED** to ask the strategy manager to investigate the possibility of amending the measure around HCH3 (the number of empty homes brought back into use) to one which the council has more active control over, in conjunction with the relevant portfolio holder and head of service.

## **6. Draft equality information report**

The strategy manager presented the report. Discussion ensued and in response to a members question, the executive head of strategy, people and neighbourhoods said that customer satisfaction figures were already published online as part of the quarterly performance reports but could be included in the draft equality information report in graphical format.

**RESOLVED** to ask the strategy manager to compile to customer satisfaction figures to be put into a graph format to show trends and provide context for inclusion in the draft equality information report to cabinet.

## **7. Exclusion of the public**

**RESOLVED** to exclude the public from the meeting during consideration of item \*8 (below) on the grounds contained in the relevant paragraphs of Schedule12A of the Local Government Act 1972 (as amended).

## **\*8. Transformation update**

The head of neighbourhood housing and the chief finance officer presented the report and answered member's questions.

**RESOLVED** to:

- a) thank officers for a clear explanation of a complicated subject,
- b) thank Russell O'Keefe for his work over the years with the scrutiny committee;  
and
- c) ask the head of neighbourhood housing to discuss with the communications team publicising the changes to the Housing and Planning Bill in the most appropriate way.

CHAIR





DATE OF MEETING	TOPIC FOR SCRUTINY	RESPONSIBLE OFFICER, CABINET PORTFOLIO COUNCILLOR or ORGANISATION	SCOPE - REASON FOR TOPIC REQUEST AND OUTCOME SOUGHT
6 July 2015	<b>Quarter 4 performance monitoring (14/15)</b>	Cllr Alan Waters, Russell O'Keefe and Phil Shreeve	Identification of any causes for concern and note successes arising from this 6 monthly review of performance monitoring data
6 July 2015	<b>Establishing a local housing company</b>	Cllr Bert Bremner and David Moorcroft	Pre-scrutiny of the report going to cabinet that outlines arrangements for the council towards establishing a local housing company to allow the council to take forward housing development in Norwich.
6 July 2015	<b>Update from May meeting of the Norfolk county health overview and scrutiny committee</b>	Steve Goddard	For the committee to note the work of NHOSC and comment on any implications for Norwich residents for the rep to take back to the next NHOSC meeting.
16 July 2015	<b>Update of the rep for the Norfolk county health overview and scrutiny committee</b>	Cllr Sandra Bogelein	A brief Oral update of the meeting of NHOSC that was held earlier in the day at county hall.  (A written update will be available at the September meeting along with the September update)
16 July 2015	<b>Overview of DWP sanctions</b>	Phil Shreeve	To look at how the council can work with partners to help those who may be affected with a particular focus on young people and the homeless.

DATE OF MEETING	TOPIC FOR SCRUTINY	RESPONSIBLE ORGANISATION OFFICER CABINET PORTFOLIO COUNCILLOR	SCOPE - REASON FOR TOPIC REQUEST AND OUTCOME SOUGHT
16 July 2015	<b>Benefits processing times</b>	Anton Bull, LGSS and Cllr Alan Waters	To address the performance levels towards improving the average processing time for new housing benefit and council tax reduction scheme claims.
17 September 2015	<b>Update of the rep for the Norfolk county health overview and scrutiny committee (July &amp; Sept report)</b>	Cllr rep and Steve Goddard	For the committee to note the work of NHOSC and comment on any implications for Norwich residents for the rep to take back to the next meeting of NHOSC
17 September 2015	<b>Looking at the co-operative agenda in local government</b>	Cllr Alan Waters, Russell O'Keefe and Phil Shreeve	Looking at co-operative innovations and solutions and suggestions for how Norwich might benefit. (Subject to final agreement over scope)
15 October 2015	<b>Assessment of the corporate plan against the programme of the new government</b>	Cllr Alan Waters, Russell O'Keefe and Phil Shreeve	To gain an overview of the new governments programme and any implications this may have for the council's corporate plan
15 October 2015	<b>Transformation programme for the Council</b>	Cllr Alan Waters and Russell O'Keefe	For the scrutiny committee to comment on and make suggestions towards the development of the council's programme for transformation

DATE OF MEETING	TOPIC FOR SCRUTINY	RESPONSIBLE ORGANISATION OFFICER CABINET PORTFOLIO COUNCILLOR	SCOPE - REASON FOR TOPIC REQUEST AND OUTCOME SOUGHT
12 November 2015	<b>Quarter 2 performance monitoring (15/16)</b>	Cllr Alan waters, Russell O'Keefe and Phil Shreeve	Identification of any causes for concern and note successes arising from this 6 monthly review of performance monitoring data
12 November 2015	<b>Review of community space - update on progress</b>	Cllr Keith Driver, Russell O'Keefe and Bob Cronk	A report back to the scrutiny committee on how work has progressed since the task and finish group.
12 November 2015	<b>Update of the rep for the Norfolk county health overview and scrutiny committee (Oct report)</b>	Councillor rep and Steve Goddard	For the committee to note the work of the HOSC and comment on any implications for Norwich residents for the residents for the rep to take back to NHOSC
12 November 2015	<b>Update on the delivery of the work plan for the building social inclusion and capital in Norwich project</b>	Cllr Keith Driver and Russell O'Keefe	For the committee to receive and note a briefing paper as an update on progress at this early stage in the work.
17 December 2015	<b>Transformation programme for the Council</b>	Cllr Alan Waters and Russell O'Keefe	Ongoing scrutiny to consider the development of the transformation programme.
17 December 2015	<b>Annual equality information report</b>	Cllr Vaughan Thomas and Phil Shreeve	Pre scrutiny of the report before it goes to cabinet

<b>DATE OF MEETING</b>	<b>TOPIC FOR SCRUTINY</b>	<b>RESPONSIBLE ORGANISATION OFFICER CABINET PORTFOLIO COUNCILLOR</b>	<b>SCOPE - REASON FOR TOPIC REQUEST AND OUTCOME SOUGHT</b>
17 December 2015	<b>Update of the rep for the Norfolk county health overview and scrutiny committee (Dec report)</b>	Councillor rep and Steve Goddard	For the committee to note the work of the NHOSC and comment on any implications for Norwich residents for the rep to take back to NHOSC
28 January 2016	<b>Pre-scrutiny of the proposed policy and budget frame work</b>	Cllr Alan Waters, Russell O'Keefe and Justine Hartley	To make suggestions to cabinet regarding the proposed budget's ability to deliver the council's overarching policy and look into how tenants can use communal areas
28 January 2016	<b>(Environmental strategy) Yearly update on the progress statement</b>	Cllr Bert Bremner, Richard Willson and David Moorcroft	Identification of any issues to consider and note successes and progress reported in the progress statement
25 February 2016	<b>Verge and pavement issues</b>	Cllr Bert Bremner, David Moorcroft and Andy Ellis	Pre- scrutiny of the cabinet report on a review of verge and pavement issues
25 February 2016	<b>Update of the rep for the Norfolk county health overview and scrutiny committee</b>	Councillor rep	For the committee to note the work of the NHOSC and comment on any implications for Norwich residents for the rep to take back to NHOSC

17 March 2016	<b>Annual review of scrutiny</b>	Cllr James Wright and Steve Goddard	To agree the annual review of the scrutiny committee's work 2015 to 2016 and recommend it for adoption of the council
17 March 2016	<b>Push the Pedalways</b>	Andy Watt	
TBC	<b>Academies</b>		(Subject to final agreement over scope)

# FORWARD AGENDA: CABINET, COUNCIL, SCRUTINY AND COMMITTEES and MEMBER BRIEFINGS 2015 – 2016



**NORWICH**  
City Council

ALLOCATED ITEMS							
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Cabinet or portfolio holder briefing?	Exempt?
<b>COUNCIL 26 JAN 2016</b>	Council tax reduction scheme for 2016-17	To consider a council tax reduction scheme for 2016-17 and to consider discounts and exemptions	Cllr Vaughan Thomas Anton Bull Executive head of business relationship management and democracy EXT 2326 Tracy Woods Business relationship and procurement manager EXT 2140		Anton Bull	PH	NO
<b>SCRUTINY 28 JAN 2016</b>	Pre-scrutiny of the proposed policy and budget frame work	To make suggestions to cabinet regarding the proposed budget's ability to deliver the council's overarching policy	Cllr Alan Waters, Justine Hartley chief finance officer EXT 2440		Russell O'Keefe		
<b>SCRUTINY 28 JAN 2016</b>	(Environmental strategy) Yearly update on the progress statement	Identification of any issues to consider and note successes and progress reported in the progress statement	Cllr Bert Bremner, Richard Willson		David Moorcroft		

ALLOCATED ITEMS							
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Cabinet or portfolio holder briefing?	Exempt?
<b>CABINET 3 FEB 2016</b>	Revenue budget monitoring 2015/16 period 9	To provide an update on the current financial position, the forecast outturn for the year 2015-16, and the consequent forecast of the general fund and housing revenue account balances.	Cllr Stonard Justine Hartley chief finance officer EXT 2440 Hannah Simpson Group accountant EXT 2561		Justine Hartley	PH	NO
<b>CABINET 3 FEB 2016</b>	Capital budget monitoring 2015/16 quarter 3	To update cabinet on the financial position of the capital programmes	Cllr Stonard Justine Hartley chief finance officer EXT 2440 Shaun Flaxman group accountant EXT 2805		Justine Hartley	PH	NO
<b>CABINET 3 FEB 2016</b>	General Fund revenue budget 2016-17 and capital programme 2016-17 to 2020-21	To set a budgetary requirement, council tax requirement and level of council tax for the financial year 2016-17 and to approve the capital programme 2016-17 to 2020-21.	Cllr Stonard Justine Hartley chief finance officer EXT 2440		Justine Hartley	PH	NO
<b>CABINET 3 FEB 2016</b>	Housing rents and budgets 2016-17	To consider the housing revenue account budget for 2016-17, council housing rents for 2016-17, the prudent minimum level of HRA reserves 2016-17, the housing capital plan 2016-17 to 2020-21; and the housing capital programme 2016-17.	Cllr Stonard Justine Hartley chief finance officer EXT 2440 Shaun Flaxman group accountant EXT 2805		Justine Hartley	PH	NO

ALLOCATED ITEMS							
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Cabinet or portfolio holder briefing?	Exempt?
<b>CABINET 3 FEB 2016</b>	Treasury Management Strategy 2016-17	To consider the council's prudential indicators for 2016-17 through to 2018-19 and set out the expected treasury operations for this period.	Cllr Stonard Justine Hartley chief finance officer EXT 2440 Philippa Dransfield chief accountant EXT 2562		Justine Hartley	PH	NO
<b>CABINET 3 FEB 2016</b>	Mountergate West phase 2 – <b>KEY DECISION</b>	To approve the entering into collaboration agreement with the Great Hospital to take forwards the development of housing on the Mountergate West site.	Cllr Harris Andy Watt Head of city development services EXT 2691 Gwyn Jones City growth and development manager EXT 2364		Dave Moorcroft	PH	YES (Paragraph 3)
<b>CABINET 3 FEB 2016</b>	Managing Assets - <b>KEY DECISION</b>	To consider the disposal of individual property assets currently held by the council.	Cllr Stonard Andy Watt Head of city development services EXT 2691 David Rogers Client property and parking manager		Dave Moorcroft	PH	YES



ALLOCATED ITEMS							
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Cabinet or portfolio holder briefing?	Exempt?
<b>CABINET 3 FEB 2016</b>	CIL neighbourhood funding – <b>KEY DECISION</b>	To seek approval for the projects to be funded from CIL neighbourhood pot in 2016-7	EXT 2463 Cllr Waters Andy Watt Head of city development services EXT 2691 Gwyn Jones, City growth and development manager, EXT: 2364.		Dave Moorcroft		
<b>CABINET 3 FEB 2016</b>	Security guarding at NCC's three multi storey car parks – <b>KEY DECISION</b>	To agree to award the relevant contract.	Cllr David Rogers Joanne Day				
<b>CABINET 3 FEB 2016</b>	Review of the Minimum Revenue Provision – <b>KEY DECISION</b>	To consider options for the Minimum Revenue provision for 2015-16	Justine Hartley chief finance officer EXT 2440		Anton Bull		NO
<b>COUNCIL 23 FEB 2016</b>	General Fund revenue budget 2016/17 and capital programme 2016/17 to 2020/21	To propose for approval the budget and budgetary requirement, council tax requirement, level of council tax, and non-housing capital programme, for the financial year 2016-17 and the non-housing capital plan 2016-17 to 2020-21	Cllr Stonard Justine Hartley chief finance officer EXT 2440		Justine Hartley	PH	NO
<b>COUNCIL 23 FEB</b>	Housing rents and budgets 2016-17	To propose for approval the Housing Revenue Account (HRA) budget for	Cllr Stonard Justine Hartley		Justine Hartley	PH	NO

ALLOCATED ITEMS							
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Cabinet or portfolio holder briefing?	Exempt?
<b>2016</b>		2016-17, council housing rents for 2016-17, the prudent minimum level of HRA reserves 2016-17, the housing capital plan 2016-17 to 2020-21; and the capital programme 2016-17	chief finance officer EXT 2440				
<b>CABINET 3 FEB 2016</b>	Review of the Minimum Revenue Provision – <b>KEY DECISION</b>	To consider options for the Minimum Revenue provision for 2015-16	Justine Hartley chief finance officer EXT 2440		Anton Bull		NO
<b>COUNCIL 23 FEB 2016</b>	Treasury Management Strategy 2016-17	To outline the council's prudential indicators for 2016-17 through to 2018-19 and set out the expected treasury operations for this period.	Cllr Stonard Justine Hartley chief finance officer EXT 2440 Philippa Dransfield chief accountant EXT 2562		Justine Hartley	PH	NO
<b>SCRUTINY 25 FEB 2016</b>	Verge and pavement issues	Pre- scrutiny of the cabinet report on a review of verge and pavement issues	Cllr Bert Bremner, and Andy Ellis		David Moorcroft		
<b>SCRUTINY 25 FEB 2016</b>	Update of the rep for the Norfolk county health overview and scrutiny committee	For the committee to note the work of the NHOSC and comment on any implications for Norwich residents for the rep to take back to NHOSC	Councillor rep and Phil Shreeve				
<b>CABINET</b>	Revenue budget	To provide an update on the current	Cllr Stonard		Justine	PH	NO

ALLOCATED ITEMS							
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Cabinet or portfolio holder briefing?	Exempt?
<b>9 MAR 2016</b>	monitoring 2015-16 period 10	financial position, the forecast outturn for the year 2015-16, and the consequent forecast of the general fund and housing revenue account balances.	Justine Hartley chief finance officer EXT 2440 Hannah Simpson Group accountant EXT 2561		Hartley		
<b>CABINET 9 MAR 2016</b>	Proposed write off of bad debt	To provide an update regarding the write off of non- recoverable debt.	Cllr Stonard Justine Hartley chief finance officer EXT 2440 Carole Jowett revenues and benefits operations manager EXT 2684		Justine Hartley	PH	NO
<b>CABINET 9 MAR 2016</b>	Managing Assets - <b>KEY DECISION</b>	To consider the disposal of individual property assets currently held by the council.	Cllr Stonard Andy Watt Head of city development services EXT 2691 David Rogers Client property and parking manager EXT 2463		Dave Moorcroft	PH	YES

ALLOCATED ITEMS							
Meeting	Report	Purpose	Portfolio holder + Senior Officer + Report author	Date report signed off by	Management clearance	Cabinet or portfolio holder briefing?	Exempt?
<b>CABINET 9 MAR 2016</b>	Local Development Scheme	To agree the content of the revised Local Development Scheme (LDS).	Cllr Bert Bremner Mike Burrell planning policy team leader				NO
<b>CABINET 9 MAR 2016</b>	Future direction of and governance arrangements for the Greater Norwich Growth Board – <b>KEY DECISION</b>	To consider the Future direction of and governance arrangements for the Greater Norwich Growth Board	Councillor Waters Graham Nelson Head of Planning Services EXT 2530		Dave Moorcroft		NO
<b>SCRUTINY 17 MAR 2016</b>	Annual review of scrutiny	To agree the annual review of the scrutiny committee's work 2015 to 2016 and recommend it for adoption by the council	Cllr James Wright and Phil Shreeve				
<b>SCRUTINY 17 MAR 2016</b>	Push the Pedalways		Andy Watt				
<b>COUNCIL 22 MAR 2016</b>							

**Norwich City Council**  
**SCRUTINY COMMITTEE**

**ITEM 6**

REPORT for meeting to be held on 28 January 2016

**Pre – scrutiny of the Environmental Strategy 2015-18**

**Summary:**

The scrutiny committee meeting of 28 January will carry out pre-scrutiny of the council's Environmental Strategy.

The purpose of the session is to comment on the progress made against the objectives contained within the council's *Environmental Strategy 2015-2018* and make suggestions to cabinet regarding the council's ability to deliver the objectives within the Environmental Strategy action plan.

**Conclusions:**

The principles of scrutiny are provided in this report. Members are reminded that the programme of works and delivery timescales are contained within the Environmental Strategy 2015-2018.

**Recommendation:** To determine any recommendations to cabinet on the delivery of the council's *Environmental Strategy 2015-18*.

**Contact Officer**

Dave Moorcroft – Executive head of regeneration and development. **01603 212226**

Richard Willson – Environmental strategy manager  
**01603 212312**

**Related documents: Environmental Strategy 2015-2018**

[www.norwich.gov.uk/Environment/EcolIssues/Documents/EnvironmentalStrategy.pdf](http://www.norwich.gov.uk/Environment/EcolIssues/Documents/EnvironmentalStrategy.pdf)

## Report

1. The councils Environmental Statement is submitted for review and comment to the scrutiny committee. The Environmental Statement covers 2 years of progress which covers the transition from the previous strategy that ended in 2014 and the strategy agreed by cabinet which started on January 2015.
2. This report considers the progress made towards the objectives within the councils Environmental Strategy as part of the council's scrutiny and sustainable development panel processes.
3. The Environmental Statement for the period 2013-15 forms the basis of the information available for scrutiny to review progress; however the Climate Local commitment update has also been included to help inform members of the scrutiny committee.
4. The update provides an overview of progress using the Red/Amber/Green (RAG) status method. Further details of progress can be found within the environmental statement as both reports follow the same format with service areas being divided up identically across both reports for ease of accessibility and to avoid duplication of report writing.

## **Appendix A – Draft Environmental Statement 2013-15**

### **1. Introduction:**

- a) Welcome to our fifth environmental statement which covers the period from 1 April 2013 to 31 March 2015. The purpose of the statement is to provide an insight into what Norwich City Council is doing to reduce the environmental impacts of our city and the services we provide.
- b) Since the last environmental statement we have embarked on the second phase of our carbon management plan and begun delivery of the actions within our ambitious new environmental strategy. The production of these two key documents has given us a chance to take stock and consider where we can use our resources to best effect.
- c) There is a greater focus, in the new environmental strategy, on working with the wider community towards raising awareness of sustainable living choices and the part we can all play. To this end, in March 2015 we delivered the first One Planet Norwich – sustainable living festival in, which attracted over 6,500 visitors. The second festival will go ahead on 12 and 13 March 2016 at The Forum.
- d) The new strategy also sees an increase in the target to reduce the council's carbon emissions to a 40% reduction by 2019 (on a 2007 baseline). To date we have made a 30.6% reduction in carbon emissions, with new energy reduction projects coming online and assisting to reduce our carbon footprint and meet our target.
- e) As landlords we continue to upgrade our housing stock implementing a range of energy saving measures across thousands of city homes. The result has been an impressive average SAP rating of over 70, well above the national average of 59.
- f) Across the city we continue to work hard to manage new developments, maintain a free flow of traffic and deliver services such as recycling and waste collection in a way that balances the needs of those living, working and shopping in the city, with the need to preserve its historic character.
- g) Both national and local government continue to face significant financial challenges. But by using less natural resources, emitting less CO<sub>2</sub> and recycling where we can, we can maximise the opportunities to make financial savings as well as protect our environment, and it is more important than ever that we exploit these efficiencies to their full potential.
- h) As we continue to improve our environmental performance we can become a more resilient city that is better prepared for the challenges of decreased budgets, changing demographics, the effects of climate change and increasing fuel costs. Each section of the document gives a flavour of our future plans to achieve these aims.

**Councillor Bremner: Cabinet Member for Environment and Sustainable Development**

## 2. Priority 1a) Energy consumption – council owned buildings

- a) **Why is this so important?** Reducing environmental and financial cost to the authority is important to provide a resource efficient and effective service. The authority has, therefore, taken significant steps to reduce emissions from its facilities and services. In order to achieve this, the authority enlisted the support of the Carbon Trust, SALIX and the Energy Saving Trust. Work is well underway to review services, buildings and our actions to ensure that energy and resources are being used efficiently.
- b) **Action:** Take practical steps to improve the energy efficiency of the administrative buildings and other large buildings owned and leased by the council.
- c) **Output:** Annual measurable decrease in carbon emissions from council's buildings.
- d) **Results**
  - i) Continued annual reporting on CO<sub>2</sub> emissions.
  - ii) 30.6% reduction of energy consumption (from a 2007 baseline) against at 40% target. (This following adjustments to the DEFRA conversion factor in 2014 which negatively impacted previous calculations)
  - iii) City Hall achieved 'C' Display Energy Certificate for the first time
  - iv) Successful One Small Steps staff behaviour change campaigns
  - v) Upgrading Millar Hall community asset at the Norman centre
  - vi) Introduction of 'travel to work' plans for staff.
- e) **What are we going to do next?**
  - i) Upgrade lighting at Riverside Leisure centre to energy efficient LED lighting
  - ii) Investigate lighting upgrade in city churchyards to more energy efficient lighting
  - iii) Investigate energy efficient lighting in city surface car parks
  - iv) Upgrade lighting at City Hall to LED lighting
  - v) Improve heating pipework insulation at various sheltered housing schemes
  - vi) Fleet review and refresh for council pool vehicles
  - vii) LED lighting on the historic market



### 3. **Priority 1b) Energy consumption – housing and other buildings in the city**

- a) **Why is this important?** Norwich City Council recognises that it should show leadership in regard to our own estate and enable others to follow our actions.
- b) **Action:** Devise and implement a programme to deliver energy efficiency measures in housing and commercial assets.
- c) **Results:**
  - i) Installed twenty eight thermodynamic hot water systems in the first contract of its kind through the joint venture with NPS Norwich Ltd.
  - ii) Increased budget allocations to the loft and cavity wall insulation streams of work, recognising that these material whilst being identified as the 'low hanging fruit' of the insulation arena, play probably the single most important role in the package of insulation to the housing stock.
  - iii) Developing a programme of internal wall insulation delivery at Suffolk Square.
  - iv) Completed target of ensuring the housing stock has uPVC windows by 2014/2015.
  - v) Contributed to the production of the Home Energy Conservation Act (HECA) report.
  - vi) Successfully delivered the Cosy City project which, supported by DECC funding, has seen the installation of Solid Wall Insulation in 66 city homes, cavity wall insulation in 43 homes, loft insulation in 59 homes and new boilers in 32 homes.
- d) **What are we going to do next?**
  - i) Maintain and improve delivery of ECO – retrofit programmes of works across the housing stock.
  - ii) Continue to be involved in promoting home energy awareness and other campaigns for residents of Norwich.
  - iii) Promote Government energy-saving subsidies when available for Norwich a whole, a working group has been set-up with representatives from across the council.
  - iv) Liaising with the 'big-six' to utilise ECO funding opportunities.
  - v) Working alongside Anglia Water identifying and promoting the use of water meters within the housing stock where appropriate.
  - vi) Maintain and improve delivery of ECO – retrofit programmes of works across the commercial stock.
  - vii) Adapted the external wall insulation specification to completely remove cold-spots during the application of this material.
  - viii) We are continuing to monitor flue gas recovery units fitted to combination and are preparing a report for a detailed cost/benefit analysis.
  - ix) We have now included weather compensation devices as part of our specification when installing new combination boilers to domestic stock.

- x) Continue to investigate new and innovative technologies suitable for both housing and commercial stock including;
- Thermodynamic Hot Water Systems
  - Rainwater harvesting
  - Biomass boilers
  - Photo-voltaic systems
  - UPS backup generators in disaster recovery situation(s)

#### 4. Priority 1c – Energy Consumption - Transport:

- a) **Why is this important?** Motor vehicles are a very significant contributor to the national carbon footprint. Our transport policies and plans aim to manage growth in motor vehicle traffic to help reduce congestion and reduce energy consumption. Within the urban area this means an emphasis on providing high quality alternatives to the private car.
- b) **Action:**
- i) Maximise the performance of the city's highway network to support the city's economy and further growth and the delivery of additional homes and jobs.
  - ii) Provide high quality routes for cyclists and improved facilities for pedestrians
  - iii) Improve the performance of bus services in the city through delivery of the bus rapid transport network.
  - iv) Maintain traffic flow on the highway network.
  - v) Manage air quality and reduce carbon emissions associated with transport.
- c) **Results:**
- i) On-going implementation of the pink pedalway
  - ii) Successfully bid for government funding to enable construction of the yellow and pink pedalway
  - iii) Completion of a major bus corridor linking the Dereham Road, Earlham Road and Unthank Road routes with the city centre including a new bus lane on Grapes Hill and bus priority on Chapelfield North and Theatre Street
  - iv) Improved provision for buses in St Stephens Street through the removal of private motor vehicle traffic
  - v) Successful roll-out of Walk Norwich programme and successful bid for additional government funding
- d) **What are we going to do next?** Transport for Norwich has been successful so far in managing traffic flows crossing the city. However, congestion is an

increasing problem, creating longer journey times, leading to 'rat running' through residential areas, and causing delays to buses. Improving transport systems in a historic city like Norwich is not easy and we need to look at a comprehensive range of measures, both within the city and on the important link roads, to enable people to access work, shops and leisure activities; and in a way that successfully delivers low carbon sustainable economic growth.

Our plans aim to provide high-quality alternatives to the car including public transport, cycling and walking and to reduce carbon emissions and the impact of transport on the environment and our communities.

## 5. Priority 2) Making procurement greener

- a) **Why is this important?** Procurement is central to delivering the Norwich City Council's priorities of 'Value for Money Services' and 'Prosperous City'.

Procurement is a critical function to identify the right Goods, Services, Contractors and Partnerships to support the delivery of the Environmental Action Plan, which in turn supports the Environmental Strategy.

Efficient and effective procurement results in:

- ethical and sustainable purchasing;
- optimises our use of resources;
- provides value for money; and
- a contribution to the provision of good quality services for the citizens of Norwich.

b) **Action:**

- i) To ensure the goods, works and services we procure balance quality, value for money and environmental considerations.

c) **Results:**

- i) 100 per cent of the authority's electricity continues to be sourced from a green supply.
- ii) International Green Apple Award for the Raspberry Pi project which saw old unused IT equipment recycled to help children develop ICT skills.
- iii) Silver award in the transformation in waste and environment category of the iESE (Improvement and Efficiency Social Enterprise) Awards
- iv) Water for council committee rooms continues to be sourced locally.
- v) Greener and more fuel efficient vehicles including 4 electric only pool cars as part of the vehicle leasing contract refresh.

d) **What are we going to do next?**

- i) Continue to implement the Business relationship and contract management strategy and toolkit to high value/low criticality and core contracts to ensure that all contractor's environmental management system (EMS) and carbon emissions are monitored appropriately.
- ii) Arranging for ethical and environmental disposal of redundant ICT equipment, including over 500 mobile phones. This will ensure that the majority of the equipment is refurbished, sold and re-used again to perform an ICT function with any remaining items being recycled.

## 6. Priority 3) Reduce and recycle

- a) **Why is this important?** Everyone produces waste, and while it cannot be eliminated, we can reduce its environmental impact by following the mantra - reduce, reuse and recycle.

The council has a duty to collect waste from its citizens and ensure that every property has the opportunity to access appropriate recycling services.

b) **Action:**

- i) To deliver a recyclables and residual waste collection service for Norwich that is high performing and recognised by the residents of and visitors to the city as being both efficient and effective
- ii) To tackle the amount of household waste produced, breaking the link between economic growth and increased waste.

c) **Results:**

- i) Delivered a joint venture project with all the other Norfolk district and borough councils, the county council and Norse Environmental Waste Services to provide a new recycling service
- ii) Expanded the range of materials collected via the kerbside service to include - plastic food pots, tubs and trays; food and drinks cartons (Tetra Pak); shredded paper; aluminium foil and aluminium food trays
- iii) Delivered materials to a Materials Recovery Facility (MRF) that underwent an £8million refurbishment during 2013/14
- iv) Increased recovery rates and higher quality of recovered materials from the MRF
- v) Optical sorting technology for glass – even small fragments of glass can be colour segregated and all glass can be recycled to make more glass
- vi) *In the first three months of the new service, Norwich residents recycled 170 tonnes more than in the last three months of the old service and over 180 tonnes more than the corresponding period in 2013*
- vii) Continuing to promote waste prevention and achieving a good dry recycling performance for an entirely urban local authority
- viii) Improving and extending recycling facilities to social housing and hard-to-reach areas
- ix) Improving and extending recycling facilities, particularly food waste recycling, to all of the council's own housing stock (by summer 2015)
- x) Introducing bring bank sites for used cooking oil recycling

- xi) Hosting regular WEEE recycling events – the 2014 events recycled 4.5 tonnes of electrical goods and raised over £7k for the British Heart Foundation
- xii) Introduced dual-purpose street litter bins allowing for recycling ‘on-the-go’ in parts of the city centre

d) **What are we going to do next?**

Norwich has an overarching framework of strategic objectives for waste and recycling supported by a clear action plan to cover the years from 2014 to 2020. The long-term objectives include:

- i) To reduce the level of residual household waste per household to 80% of the 2013 level by 2020
- ii) To promote waste prevention and recycling through public engagement campaigns
- iii) To develop and improve the quality and range of recycling services available to Norwich residents
- iv) To seek to achieve a recycling rate of 60% by 2020
- v) To improve participation, set-out rates and collected tonnages for the recycling services
- vi) To seek to increase landfill diversion rates and reduce landfill tonnage to 80% of the 2013 level by 2020

Norwich is a member of the Norfolk Waste Partnership (NWP) which will continue to design and deliver waste and recycling projects over the coming years. These include:

- i) Assessment and development of waste reduction and re-use initiatives
- ii) Food waste recycling initiatives
- iii) Maximising profits from the joint venture
- iv) Understanding the composition of the waste stream
- v) Complying with local, national and European statutory obligations

## 7. Priority 4) Built environment and planning:

- a) **Why is this important?** The way in which developments are regulated, planned and built, and the way in which resources are used will have a significant impact on their sustainability. By planning how we build things we can save emissions, reduce waste and use resources more efficiently and effectively. By planning where we build things we can ensure that housing, employment and services are

located to minimise the need to travel and to promote public transport use. Planning also ensures that we build for the future while preserving the heritage of our beautiful city.

- b) **Action:** To deliver sustainable communities and shape the places which are used by Norwich's current and future residents, workers and visitors.

c) **Results:**

The Norwich Local Plan provides the strategy, sites and policies to ensure new development in the city is sustainable. It is now complete and consists of:

- The Joint Core Strategy for Broadland, Norwich and South Norfolk (JCS) which was adopted in March 2011, with amendments adopted January 2014. It is the strategic planning framework within which the area will develop to 2026.
  - The Development management policies plan which was adopted in December 2014. It provides the detailed policies to against which planning applications will be considered. It covers social, economic and environmental issues. Key environmental issues covered include flood risk, environmental hazards such as pollution, the natural environment, the historic environment and ensuring development is designed to be sustainable.
  - The Site allocations and site specific policies plan, which was also adopted in December 2014, identifies sites for different uses such as housing, employment and open space. It plans for higher density, usually mixed use, development in locations accessible by public transport, such as the city centre, to promote modal shift and reduce the need to travel.
- i) Norwich has played a key role in ensuring that the Norfolk local authorities co-operate on cross border strategic planning issues in plan making such as housing, economic development, transport and green infrastructure whilst taking full account of environmental constraints and enhancement opportunities. Work on producing a Norfolk Strategic Framework to cover these issues has recently commenced and is expected to be complete within 18 months.
- ii) There has been continued promotion of brownfield sites for development. The council has worked actively with developers to bring forward sites such as St. Anne's Wharf on which development had stalled due to the recession.
- iii) There has also been continued improvement of procedures for managing funding from development and winning grant funding for infrastructure improvements. This includes significant investment in measures to promote walking and cycling throughout the city and to promote public transport use, particularly in St Stephens area of the city centre. It also includes varied neighbourhood projects and

strategic green infrastructure projects such as enhancements to sustainable access and biodiversity in the Yare and Wensum valleys and Mousehold Heath.

d) **What are we going to do next?**

- i) We will participate fully in the Greater Norwich Growth Board to ensure the sustainable delivery of the agreed growth strategy set out in the JCS to 2026.
- ii) Participate fully in joint working with our partner authorities in the county and other bodies to ensure that our plans meet the objectively identified needs of the area to 2036.
- iii) Continue to work with the county council to deliver the Transport for Norwich funded work programme to see further improvements to cycling infrastructure over the coming years and implement additional measures to promote the bus rapid transit and walking networks.
- iv) Work with Norfolk County Council as lead flood authority to ensure the successful implementation of flood risk policy, including the promotion of sustainable urban drainage.

## 8. Priority 5) Natural environment

- a) **Why is this important?** The city of Norwich has a high proportion of green space, much of which is important for wildlife as well as offering places where people can relax and unwind. High quality green spaces are also good for the local economy, especially as they help to attract new inward investment. The city council either directly manages, or influences policy for these areas. Good management of the natural environment enables Norwich to remain rich in biodiversity, while providing our citizens with quality spaces for recreational enjoyment.

b) **Action:**

- i) To maintain and enhance the environment of Norwich, promoting its community, recreational, health and wellbeing and ecological benefits
- ii) Maintain and enhance green spaces for people and wildlife

c) **Results:**

**Volunteers:** Volunteers contributed a recorded 10,386 hours to environmental projects and conservation work in the city's natural areas, parks, open spaces and allotments during 2014. New friends groups were set up for the West Earham Woods and Ketts Heights.

**Biodiversity:** The following are a selection of initiatives and projects we have been involved with over the reporting period:

**County Wildlife Sites:** All the County Wildlife Sites (CWS) owned by Norwich City Council are projected to be in positive conservation management (pcm) by 2016. Most privately-owned CWS in Norwich are also now in positive conservation management.



**Higher Level Stewardship:** In 2013, ten natural areas were entered into Higher Level Stewardship (HLS). This is a government-funded scheme that provides capital grants and annual payments for land managed in ways that benefits biodiversity. The funding, which lasts for ten years, will pay for work to maintain and improve the value of the sites for wildlife. In 2014/15, HLS funded conservation works have been undertaken at: Marston Marshes, Eaton Common, Bowthorpe Marsh, Bowthorpe Southern Park, the Heronry and Violet Grove, Cringleford Meadow, Marriott's Way, Marlpit Paddocks, Whitlingham Marsh and Earlham Park. Works undertaken under the HLS programme have included: woodland coppicing, willow pollarding, pond creation, dyke restoration and maintenance, scrub removal and grassland management. Livestock grazing is an important tool for managing many conservation sites. In 2014/15, conservation grazing (using cattle) was introduced to Whitlingham Marsh and Marlpit Paddocks in addition to our currently grazed sites Marston Marshes, Eaton Common and Earlham Marsh.

**Invasive Weeds Control:** Arrangements for the monitoring and control of non-native invasive weeds in Norwich were greatly improved during 2014/15. All known invasive weed areas within Norwich are now recorded on the council's GIS database, and two operatives have been specifically trained in Japanese knotweed control techniques. Japanese knotweed is a particularly destructive invasive weed, as it out-competes native plants and it can cause damage to properties and reduce land values. During summer 2015, most known Japanese knotweed colonies on city council land were treated with herbicide by our trained operatives. It can take several years to completely eliminate Japanese knotweed colonies, so treatment will be continued annually until eradication is achieved

**Marston Marshes:** A new practical volunteer group, consisting of local residents, was established and now carries out regular work at this site managed by the Norwich Fringe Project. Access and further conservation improvements were funded under the CIL (Community Infrastructure Levy) programme.

**Mousehold Heath:** Further former heathland areas were brought back into positive management under the Higher Level Stewardship agreement. This has brought about increase in insects that depend on this habitat, such as the Green Hairstreak butterfly and the Green Tiger beetle. There has also been an increase in the number of public events and volunteer work parties at the site.

**Danby Wood and Earlham Millennium Green:** The main path through the woodland was re-constructed and woodland management undertaken. The first phase of a refurbishment programme for Earlham Millennium Green was completed. Both projects were funded by the CIL (Community Infrastructure Levy) programme.

**Earlham Cemetery:** A conservation management plan for this site was completed.

**Norwich Urban Fringe Countryside Management Project:** The Norwich Fringe Project has successfully managed conservation sites for people and wildlife in and around Norwich since 1990. The Fringe Project is managed by Norwich City Council, in partnership with Broadland and South Norfolk district councils. During

2014/15, the Fringe Project was re-launched with a new strategy, business plan and branding.

**Planning:** The natural areas officer provided advice to planning colleagues on biodiversity mitigation and enhancement measures throughout 2014/15.

**Trees:** The overall net loss of canopy cover through the loss of street trees, parks trees and other amenity space trees continues, with the demand for replacement planting greater than funds allow. However, we are now able, through the introduction of our Tree Prioritisation programme, to replace lost trees in locations other than just Conservation Areas. This resident-led initiative, which augments, and is separate to, our own tree planting budget, will see approximately 100 replacement street trees planted throughout the city during the 2015/16 planting season.

The recent launch of the tree sponsorship scheme, Trees for Norwich, has been met with a low-key response so far, primarily dealing with requests for memorial trees. Invasive pest and disease continue to threaten our trees, Ash die back has been recorded in a number of our woodlands and we continue to monitor the spread of the Oak Processionary moth from the London boroughs where it was first recorded.

The capture of the trees on our data base and mapping system has recorded 354 different species of trees growing in Norwich making our tree stock one of the most diverse in the UK.

**d) What are we going to do next?**

- i) Continue to manage our sites funded by the Higher Level Stewardship Scheme to maintain and enhance their biodiversity value.
- ii) Complete refurbishment project at Earlham Millennium Green
- iii) Working with a new friends group, prepare proposals for the refurbishment of Kett's Heights natural area and seek new funding opportunities
- iv) Explore potential management measures to encourage more bees and other pollinators in Norwich
- v) Update biodiversity related information on Norwich City Council website
- vi) Continue our programme to control or eradicate harmful invasive weeds, especially Japanese Knotweed, in Norwich
- vii) Investigate potential for a project to improve the management of Norwich City Council owned woodlands
- viii) Continue to develop the Norwich Fringe Project
- ix) Support existing friends groups and encourage the formation of new ones
- x) Complete Open Spaces Strategy
- xi) Complete the Tree strategy review

## **9. Priority 6) Reduce Pollution – 2013/15 update:**

### **a) Why is this important?**

- i) Poor air quality has a direct impact on human health.
- ii) All pollution lowers environmental quality and affects our health and quality of life.

### **b) Action:**

- i) To improve air quality within the 'City Centre Air Quality Management Area' to meet limit values or better for nitrogen dioxide.
- ii) To maintain the street scene and all public spaces so that danger, pollution and noise are minimised.

### **c) Results:**

- i) Reductions in pollution levels in parts of the air quality management area such as Grapes Hill and St Augustine's Street.
- ii) Infrastructure changes to address traffic congestion areas.
- iii) Removal of extraneous city centre traffic as part of Transport for Norwich
- iv) Continued the successful remediation of many contaminated sites through the planning regime.
- v) Achieving compliance with PPC permit conditions

### **d) What are we going to do next?**

- i) An air quality action plan is currently being drafted to set out measures to reduce nitrogen dioxide (NO<sub>2</sub>) levels in the central air quality management area. The aim is to work towards achieving the air quality objectives by managing traffic flows as well as promoting cycling, walking and bus use. Many of the proposed actions are to be addressed through infrastructure changes as part of the Planning regime and the Local Transport Plan. A key element is the improvement of vehicle emission levels.
- ii) Ensure that risks to the users of land from land contamination are minimised, together with those to controlled waters, property and ecological systems, and to ensure that development can be carried out safely without unacceptable risks to workers, neighbours and other offsite receptors.

- iii) Work with local businesses to drive down emissions to atmosphere under the Pollution Prevention & Control (PPC) regime and ensure compliance with permit conditions. We will ensure that all newly identified businesses are permitted in accordance with regulations where required.

## **10. Priority 7) Leadership**

### **a) Why is this important?**

The council can make a real difference through working on service promotion to business and the public or by the provision of information.

### **b) Action:**

- i) To both lead by example, and work in partnership, to lessen our carbon footprint and deliver services in a more sustainable way.
- ii) To raise the profile of environmental issues and opportunities across the city and encourage residents and businesses to reduce their environmental impact.

### **c) Results:**

- i) Carbon management plan phase 2 published
- ii) Environmental Strategy 2105-2019 published
- iii) Completion of the council's second Home Energy Conservation Act (HECA) report to central government. At a regional level Norwich City Council's HECA document has been recognised as a 'best practice' document.
- iv) Delivered the first One Planet Norwich sustainable living festival, attracting over 6,000 visitors over one weekend
- v) Leading authority in the UK's first collective purchase solar auction- Solar Together with switching partner iChoosr
- vi) Attracted over £400,000 of DECC funding for the Cosy City scheme and completed energy savings installations in over 130 city homes including: solid wall insulation, loft and cavity wall insulation and boiler upgrades
- vii) Eco awards for business, schools and communities

### **d) What are we going to do next?**

- i) Begin to deliver the priorities outlined in the 2015-19 Environmental Strategy
- ii) Continue to deliver phase 2 of the carbon management plan
- iii) Continue to investigate funding opportunities to help residents to subsidise the cost of energy saving measures on their properties.
- iv) Develop partnerships with other councils and environmental groups
- v) Look to make the next One Planet Norwich event larger and more far-reaching
- vi) Expand the Eco Awards to accept countywide applications and increase the number of categories.
- vii) Investigate opportunities for increasing the take up of renewable technologies

Appendix B - Norwich City Council – Climate Local Commitments:

<b>Number</b>	<b>Commitment to:</b>
1	<b>Reduce energy consumption on the council's estate</b>
2	<b>Reduce energy consumption in housing stock and private sector housing</b>
3	<b>Maximise the performance of the city's highway network through balancing the need to encourage economic growth with sustainable travel options</b>
4	<b>Make procurement more sustainable</b>
5	<b>Reduce and recycle</b>
6	<b>Ensure future developments are planned and built in a way which is sustainable and uses resources effectively and efficiently</b>
7	<b>To maintain and enhance the natural environment of Norwich</b>
8	<b>Reduce pollution</b>
9	<b>Provide leadership</b>

<b>Commitment 1 - Reduce energy consumption on the council's estate</b>		<b>Status - RAG (red/amber/green)</b>
	We will deliver this commitment by:	
A	Regularly reviewing the estate's potential for energy efficiency improvements	<b>Green</b> – continual review is undertaken, plus projects are suggested to us by staff
B	Continuing to deliver our Carbon Management plan - we aim to reduce our carbon emissions by 40% by 2018 (from a 2007/2008 baseline).	<b>Green</b>
C	Measuring and publishing the council's carbon footprint annually on our website	<b>Green</b> – we achieved a further 4.2% reduction in our carbon footprint this year, bringing us to 30.8% reduction in total.
D	Developing a tri- annual Environmental Strategy	<b>Green.</b> The new strategy was launched this year and runs to 2018/19.
E	Producing an annual Environmental Statement which details progress made against objectives set in the Environmental Strategy.	<b>Green</b>

<b>Commitment 2 - Reduce energy consumption on housing stock and private sector housing</b>		<b>Status – RAG (red/amber/green)</b>
	We will deliver this commitment by:	
A	Implementing a programme to deliver energy efficiency measures in our housing stock and commercial stock	<b>Green</b>
B	Working with our Green Deal partner to promote and deliver Green Deal and ECO energy efficiency measures across tenure under the council's Cosy City scheme.	<b>Amber</b> – the Green Deal has been stopped by central government and we await news of future national schemes. In the meantime we continue implement Cosy City projects subsidised via the remaining DECC Greener Communities funding and seek further funding opportunities as they arise.



<b>Commitment 3 - Maximise the performance of the city's highway network through balancing the need to encourage economic growth with sustainable travel options</b>		<b>Status – RAG (red/amber/green)</b>
	We will deliver this commitment by:	Progress against the commitment:
A	Providing high quality routes for cyclists and improved facilities for pedestrians	<b>Green</b>
B	Improving the performance of bus services through the delivery of the bus rapid transport (BTR) network	<b>Green</b>
C	Maintaining traffic flow on the highway network	<b>Green</b>
D	Managing air quality and reducing carbon emissions associated with transport	<b>Green</b>
E	Managing the council's fleet to make it fit for purpose – (this has already included a Fleet Review, the introduction of telemetry into all cars, the introduction of 4 electric cars into the fleet, tighter monitoring of fuel use)	<b>Green</b> – the fleet is currently under review again
F	Encouraging cycling amongst staff – (introduction of pool bikes for staff meetings, introduction of a Cycle to Work scheme, staff shower facilities, upgrades to the council's secure 24/7 cycle shed already completed)	<b>Green</b> – most recently staff have been offered the opportunity to take up personal travel plans which encourage them to travel more sustainably, including increasing cycling rates.

<b>Commitment 4 – Making procurement more sustainable</b>		<b>Status – RAG (red/amber/green)</b>
	We will deliver this commitment by:	Progress against the commitment:
A	Buying goods and services in an ethical and sustainable way which optimises resources, providing value for money and quality goods and services	<b>Green.</b>
B	100% of the council's electricity continues to be sourced via a renewable energy tariff	<b>Green.</b> We are currently investigating 'green tariffs' and how the carbon savings can be captured and reported via our annual carbon footprint.
C	Expanding the sustainability pre-tender checklist into the pre-qualification questionnaire (PQQ) and the business quality questionnaire (BQQ) to include a greater number of social, economic and environmental factors	<b>Amber</b> - Ongoing - PQQ's cannot now be used in sub-threshold procurements. Sustainability to be considered and applied in respect to each procurement.  BQQ needs review to incorporate greater social, economic and environmental factors.
D	Procuring locally sourced water for committee rooms	<b>Green</b>
E	Ensuring that redundant ICT equipment is disposed of in a way that seeks to refurbish and resell the majority of the equipment, via the circular economy 'Raspberry Pi' project, and recycle any remainder	<b>Green</b>
F	Implementing the business relationship and contract management strategy and toolkit for high value and critical contracts and including the requirement to monitor contractor's environmental management system (EMS) and carbon emissions. Seeking to expand the use of strategy and toolkit into high value/ low criticality core contracts in the future	<b>Green</b> – Contract management plans are in place and ongoing. All suppliers tied into Platinum. Gold, Silver Bronze and managed accordingly.  Regular reporting on EMS and carbon emission included in monitoring process.

<b>Commitment 5 – Reduce and Recycle</b>		<b>Status – RAG (red/amber/green)</b>
	We will deliver this commitment by:	Progress against the commitment:
A	Delivering a high performing recyclables and residual waste collection service for Norwich	<b>Green.</b>
B	Continually achieving a good recycling performance – (the best-performing authority in Norfolk for mixed dry recycling)	<b>Amber.</b>
C	Continually achieving a good performance on waste minimisation – (the best-performing authority in Norfolk for the amount of waste produced per household)	<b>Amber.</b>
D	Expanding the weekly waste food collection service to include collections from communal food waste facilities in many hard to reach areas	<b>Green</b>
E	Providing food waste recycling to 19 Norwich schools	<b>Green</b>
F	Introducing an energy efficient waste fleet operating on energy efficient zonal collection rounds	<b>Green</b>
G	Using GIS and In-Cab monitoring to be able to map the most efficient and economical routes	<b>Green</b>
H	Continuing to run media campaigns on waste reduction and recycling	<b>Green</b>
I	Implementing the objectives in the waste management action plan 2013-2020	<b>Green</b>
J	Ensuring every property has access to mixed dry recycling collections or is signposted to their nearest mixed dry recycling bring bank	<b>Green</b>
K	Implementing recycling of WEEE, bulky items and cooking oil	<b>Green.</b>

L	Continuing to implement waste reduction initiatives	Green
M	Continuing to develop student-specific waste and recycling campaigns	Green

<b>Commitment 6 – Ensure future developments are planned and built in a way which is sustainable and uses resources effectively and efficiently</b>		<b>Status – RAG (red/amber/green)</b>
	We will deliver this commitment by:	Progress against the commitment:
A	Planning for sustainable development which ensures we can build for the future whilst preserving the heritage of our beautiful city	<b>Green.</b> Ongoing activity
B	Developing detailed local plan environmental policies to protect and enhance biodiversity and green infrastructure	<b>Green.</b> Policy incorporated into plans adopted in Dec 2014
C	Adopting the Norwich Development Management Policies document (scheduled for adoption in September 2014)	<b>Green.</b> Adopted Dec 2014
D	Adopting the Norwich Site Allocations document (scheduled for adoption in September 2014)	<b>Green.</b> Adopted Dec 2014
E	Identifying areas at risk of flooding from heavy rainfall and potential mitigation measures	<b>Green.</b> Critical drainage areas have now been identified
F	Implementing the Joint Core Strategy - the strategic planning framework for the Greater Norwich area for the next 15 years	<b>Green.</b> Implementation ongoing
G	Implementing the 'Making room' project to promote walking, cycling and public transport in the city centre	<b>Green.</b> Measures ongoing through NATS implementation. St Stephens phase 1 already implement. Golden Ball Street and Westlegate implementation schedule for 2016.
H	Implementing the City Cycle Ambition grant funded work to improve cycling infrastructure across the city	<b>Green.</b> A number of CCAG1 (pink pedalway) measures have been built or are underway. CCAG2 measures on yellow and blue pedalways undergoing consultation.

<b>Commitment 7 – To maintain and enhance the natural environment of Norwich</b>		<b>Status – RAG (red/amber/green)</b>
	We will deliver this commitment by:	Progress against the commitment:
A	Maintaining and enhancing the environment of Norwich to promote its community, health, wellbeing and ecological benefits	<b>Green</b>
B	Working with local and national groups to enhance green spaces in the city through support, bringing areas back into management, removal of invasive plant species, planting of new trees and shrubs, species surveys, conservation work, tree-mapping	<b>Green</b>
C	Implementing capital and annual management works funded by the Higher Level Stewardship scheme to improve the biodiversity value the sites concerned	<b>Green</b>
D	Introducing conservation grazing where appropriate	<b>Green.</b>
E	Updating biodiversity information on the council's website	<b>Amber.</b>
F	Investigating the viability of a project to improve the management of council owned woodlands	<b>Amber.</b>
G	Working with volunteer groups to identify new funding sources	<b>Green.</b>
H	Completing the Open Spaces strategy	<b>Amber</b>
I	Completing the Tree Strategy review	<b>Amber</b>

<b>Commitment 8 – Reduce pollution</b>		<b>Status – RAG (red/amber/green)</b>
	We will deliver this commitment by:	Progress against the commitment:
A	Maintaining the street scene and all public spaces so that danger, pollution and noise are minimised	<b>Green.</b>
B	Redefining the boundaries of the air quality management areas into one larger area which allows for a more holistic approach to action planning	<b>Green.</b>
C	Identifying and implementing infrastructure changes to address traffic congestion areas	<b>Green.</b>
D	Drafting an action plan to set out measures to reduce Nitrogen Dioxide (NO <sub>2</sub> ) levels through focussing on traffic issues as well as promoting cycling, walking and bus use	<b>Green</b> – ongoing.
E	Ensuring that risks to land users from land contamination are minimised, together with those to controlled waters, property and ecological systems	<b>Green</b> – ongoing.

<b>Commitment 9 – Provide leadership</b>		<b>Status – RAG (red/amber/green)</b>
	We will deliver this commitment by:	Progress against the commitment:
A	Leading by example and raising the profile of environmental issues and opportunities across the city to encourage residents and businesses to reduce their environmental impact	<b>Green.</b> Cosy City project, One Planet Norwich festival, Close the Door campaign.
B	Completion of the council's Home Energy Conservation Act (HECA) report – updated biannually, next due March 2015	<b>Green.</b> Second HECA completed and submitted on time.
C	Implementing the objectives in the councils Affordable Warmth strategy	<b>Green.</b>
D	Raising awareness and celebrating environmental school, business and community group eco- projects at the councils annual Eco Awards	<b>Green.</b> In 2016 we are running a trial to expand the Eco Awards countywide, working in partnership with County Council to promote the scheme.
E	Running a behaviour change campaign with council staff – One Small Step	<b>Amber.</b>
F	Becoming the country's first city to run a collective switching scheme and consistently achieving the highest switching rates nationwide	<b>Green.</b> In addition we have also implemented the UK's first collective purchase solar panel scheme, Norfolk Solar Together, although due to large cuts in the Feed in Tariff the future of this scheme is in jeopardy.
G	Demonstrating our commitment to climate change by signing up to Climate Local	<b>Green</b>
H	Working with households to promote greater energy efficiency and to alleviate fuel poverty through both the 'Cosy City' and 'Switch and Save' projects	<b>Green</b>
I	Working with partners to deliver the ECO and Green Deal to residents through the council's Cosy City project	<b>Green.</b> The Green Deal has been stopped by central government. However, we continue to work with partners to access ECO funding for



		energy saving projects wherever possible.
J	Implementing phase 2 of the council Carbon Management plan (working to reduce the councils carbon emissions by a further 11% or 40% total since the 2007/08 baseline)	<b>Green</b> We are currently working with a range of council assets to reduce energy consumption, including; Sheltered Housing, Riverside Leisure centre, St Andrews hall
K	Investigating funding opportunities to help residents to subsidise the cost of energy saving measures on their properties - most recently DECC Greener Communities funding	<b>Amber</b> - funding from central government has all but stopped, however, we continue to look and apply for alternative sources of funding.
L	Developing partnerships with other councils and groups	<b>Green</b> - most recently the UEA, Deanery, Slow Food Norwich, Norfolk County Council, iChoosr.
M	Working with contractors to align their carbon emissions reduction targets to the council's targets. We monitor our contractors carbon emissions on an annual basis.	<b>Green</b>
N	Signposting residents to information regarding action they can take to mitigate the impact of extreme weather events/increase climate change resilience	<b>Red.</b> This has not been put on the council's web-pages yet, but we could potentially look to include it on the web-site refresh.



**Norwich City Council**  
**SCRUTINY COMMITTEE**  
**ITEM 7**

REPORT for meeting to be held on 28 January 2016

**Pre – scrutiny of the proposed budget for 2016/17**

**Summary:**

The scrutiny committee meeting of 28 January will carry out pre-scrutiny of the council's proposed budget for 2016/17.

The purpose of the session is to comment on the proposed budget and make suggestions to cabinet regarding the proposed budget's ability to deliver the council's overarching policy framework (the corporate plan 2015-2020).

Council will be meeting to set the budget for the financial year 2015/16 at its meeting of 23 February 2016.

**Conclusions:**

The principles of budget scrutiny are provided in this report. Committee members are reminded of the link between the draft corporate plan 2015-2020 and the need to set a budget capable of delivering this.

**Recommendation:**

To determine any recommendations to Cabinet on the proposed budget for 2016/17.

**Contact Officer**

Justine Hartley, Chief Finance Officer

01603 212440

## **1. The legal framework for financial scrutiny**

- 1.1 Local Government Act 2000 – “it is the responsibility of the full council, on the recommendations of the executive (cabinet), to approve the budget and council tax demand. The role of scrutiny in the financial process is to hold the executive (cabinet) to account and to ensure that decisions are in the best interests of the community. Some scrutiny of budget setting and other financial planning processes is therefore essential”.
- 1.2 All members of the council need to have an understanding of how council spending matches against the priorities of the organisation set out in the corporate plan. As elected councillors, members need to ensure that budget will enable the council to deliver them effectively.

## **2. The role of budget pre-scrutiny**

- 2.1 The scrutiny committee should seek to test, check, and evaluate the proposed budget through challenge. This may, if necessary, lead to advice and recommendations to the cabinet. The cabinet can use this as part of the testing of their proposed budget.

## **3. Key question**

- 3.1 Will the budget as presented deliver the council's corporate plan 2015-2020? By the process of overview, the scrutiny committee will need to check that the budget plans are robust and realistic.
- 3.2 Over the course of the year scrutiny committee members monitor certain aspects of service delivery and performance against funding and at times review certain specific services. The main way in which this is achieved is through the scrutiny of the performance monitoring reports.

## **4. Effective pre budget scrutiny**

- 4.1 Effective pre-budget scrutiny involves:
  - (a) checking that financial planning and the draft budget is sufficient to deliver the council's draft corporate plan;
  - (b) reviewing the draft budget to ensure that it is consistent with the council's commitments and spending plans;
  - (c) reviewing proposals within the draft budget relating to savings or growth in line with the financial plan.

**Report to** Cabinet  
3 February 2016  
**Report of** Chief finance officer  
**Subject** General fund revenue budget and non-housing capital  
programme 2016/17

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Item  
**7(a)**

## **Purpose**

To propose for approval the budget and budgetary requirement, council tax requirement, and level of council tax for the financial year 2016-17 and non-housing capital programme for 2016/17 to 2020/21.

## **Recommendations**

That cabinet recommends to council:

- a) that the council's budgetary requirement for the 2016/17 financial year be set to £16.442m ([para 6.1](#));
- b) that the proposed general fund budgets for 2016/17 be approved, taking into account the savings, income and other budget movements set out in the report. ([para 6.3](#));
- c) that the council's council tax requirement for 2016/17 be set at £8.469m and that council tax be set at £244.01 for Band D, which is an increase of 1.95% ([para 7.1](#)), the impact of the increase for all bands is shown in [table 7.2](#);
- d) that the precept on the council tax collection fund for 2016/17 be set at £8.375m calculated in accordance with Sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 ([para 7.1](#));
- e) that the prudent level of reserves for the council be set at £4.273m in accordance with the recommendation of the Chief finance officer ([para 8.11](#));
- f) that the proposed non-housing capital programme 2016/17 to 2020/21 ([para 10.3](#)) be approved; and
- g) that cabinet delegates to the Executive head of regeneration and development and the Chief finance officer, in consultation with the Portfolio holder for resources and income generation, the authority to agree the asset maintenance programme and the final scheme details, including any adjustment to the financial allocations of the section 106 works, provided that this investment is contained within the total budgetary provision shown in Table 10.3.

## **Corporate and service priorities**

The report helps to meet all the corporate priorities.

## **Financial implications**

This report sets out the proposed budget requirement for 2016/17 of £16.442m and the means by which this is to be financed, including through a proposed council tax of £244.01 per Band D property.

It also sets out the proposed capital programme for 2016/17 to 2020/21 illustrating how anticipated capital expenditure needs can be financed over the medium term.

**Ward/s:** All wards

**Cabinet member:** Councillor Stonard – Portfolio holder for resources and income generation

## **Contact officers**

Justine Hartley, Chief finance officer	01603 212440
Hannah Simpson, Group accountant	01603 212561

## **Background documents**

None

# Report

## 1. Contents of report

1.1 The contents of this report are set out as follows:

2. [Budgetary context](#)
3. [Medium Term Financial Strategy \(MTFS\)](#)
4. [Preparation of the 2016/17 budget](#)
5. [Budgetary resources](#)
6. [Budgetary requirement – income and expenditure](#)
7. [Council tax precept](#)
8. [Report by the Chief finance officer on the robustness of estimates, reserves and balances](#)
9. [Capital resources 2016/17 to 2020/21](#)
10. [Capital programme 2016/17 to 2020/21](#)
11. [Progress in reducing the council's carbon footprint](#)

Appendix 1 [Budget consultation results](#)

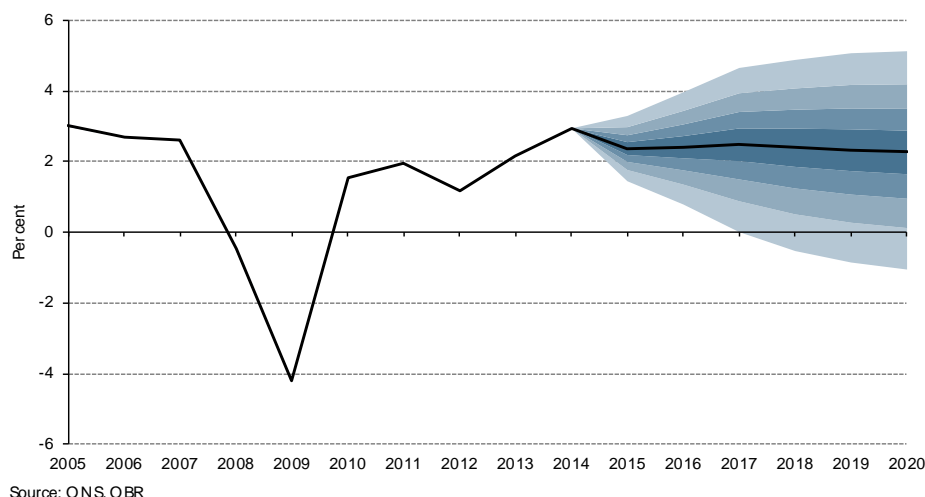
Appendix 2 [Movements in budgets 2016/17 by type](#)

Appendix 3 [Calculation of prudent minimum balance](#)

## 2. Budgetary context

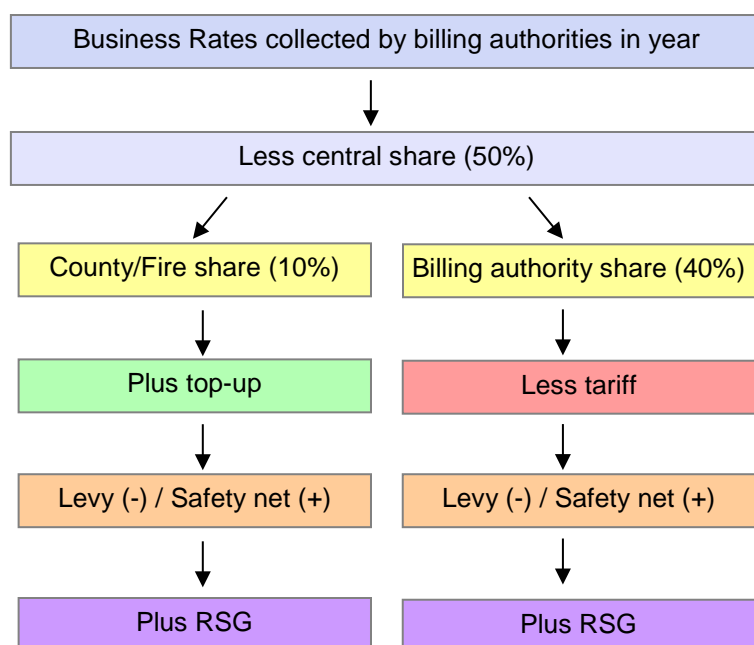
- 2.1 The OBR's GDP growth forecast remains unchanged in 2015 at 2.4 per cent. Growth in 2016 and 2017 has been revised up by 0.1 percentage points in each year. In 2016, that mainly reflects the Government's decision to ease the pace of fiscal tightening. OBR have also revised GDP growth down in 2020 because of the effect of population ageing on the employment rate. The return of inflation to near the Bank of England's 2 per cent target is expected to be a little faster than expected in July, with inflation forecast to reach 1.8 per cent by the second half of 2017.

**Figure 2.1: Real GDP growth fan chart November 2015** (Source: OBR)



- 2.2 The OBR currently expects the Public Sector Net Borrowing (PSNB) deficit to continue falling, and the budget to move into surplus in 2019-20.
- 2.3 The **Business Rates Retention Scheme** replaced the Formula Grant system from 2013/14. The scheme takes the business rates collected in a geographical area during the year and applies various splits, additions and/or reductions to calculate an authority's final allocation. Part of the government's rationale in setting up the scheme was to allow local authorities to retain part of the future growth in their business rates.
- 2.4 The diagram below illustrates how the scheme calculates funding for local authorities. Central government has decided that billing authorities such as Norwich City Council will receive 40% of the business rates collected in their area.

**Diagram 2.2: Business rates retention scheme**



- 2.5 The business rates collected during the year by billing authorities are split 50:50 between central government and local government. Central government's share will be used to fund Revenue Support Grant (RSG) and other grants to local government.
- 2.6 Each authority then pays a tariff or receives a top-up to redistribute business rates more evenly across authorities. The tariffs and top-ups were set in 2013/14 based on the previous 'Four Block Model' distribution and were due to be uprated by September 2013 RPI. However, this increase has been capped to 2%.
- 2.7 A levy and 'safety net' system also operates to ensure that a 1% increase in business rates is limited to a 1% increase in retained income, with the surplus funding any authority whose income drops by more than 7.5% below their baseline funding.
- 2.8 In the years where the 50% local share is less than local government spending totals, the difference is returned to local government via RSG. This is allocated pro-rata to local authorities' funding baseline.



- 2.9 Therefore, there is a specific need for billing authorities to accurately forecast future business rates. The Council has committed resources to this task but is hampered by the number of appeals on properties on our ratings list.
- 2.10 The Government reimburses authorities for the impact of tax changes for small business and other additional business rate reliefs announced in the Autumn Statement each year by means of a Section 31 grant payment. The grant amount is based on actual costs as captured at year end via local authority returns. The grant is received in the year to which the business rates relate but is required to offset impacts on the general fund revenue account in the following two years.

### **3. Medium Term Financial Strategy (MTFS)**

- 3.1 The council's budget is underpinned by the MTFS. The financial projections underlying the MTFS have been revised to reflect changes in assumptions, the provisional Local Government Finance Settlement and the changing risk environment in which the council operates. Other budget pressures including inflation and demographic requirements have also been factored in to produce a projection of the council's medium term financial position.
- 3.2 The presentation of savings in the MTFS shows the net savings required to deliver a balanced budget. Items such as growth and decreases in income are now incorporated within the transformation programme and net off against the savings to be delivered.
- 3.3 A net reduction for 2016/17 of £0.614m has now been included within the budget. The MTFS shows a need to make further net savings of £10.3m over the next 5 years, which following the "smoothed" approach equates to £2.3m each year to 2020/21 with saving reduced to £1.1m in 2021/22. This is consistent with the £2.3m of savings set out in the 2015/16 budget papers.
- 3.4 In assessing the longer term financial stability of the council, consideration has been given balancing external factors, such as global and macro-economic risks that may cause the government to increase and/or extend its austerity measures, with the need to maintain services to the residents of Norwich. To a certain degree, the strong culture of forward planning and prudent financial management that exists within the Council mitigates these external risks and allows minimum reserve levels to be set below current reserve levels.
- 3.5 Payroll-related inflation has been estimated at 3.2%, to include estimates for an annual pay settlement, payroll drift, the impact of the Living Wage and increases in pension contributions. Additional estimates have been included for expected increases to pension deficit contributions. Inflation has been allowed for on premises costs, supplies and services and transport at 2.0%, to reflect forecast changes in CPI.
- 3.6 Specific grant figures have been confirmed by the Department for Communities & Local Government for 2016/17. Grants for future years have been estimated at 2016/17 levels, except for New Homes Bonus and Housing Benefit / CTS Administration Grants. There is a significant level of uncertainty around the future of the New Homes Bonus grant which is subject to consultation at the current time. Whilst current allocations of the grant have been left in, they have been reduced to 4

years duration as proposed in the consultation and no new allocations of New Homes Bonus grant have been anticipated at this time until the outcome of the consultation is known. In addition, Housing Benefit and Local Council Tax Support Administration Grants, have been assumed to decrease by 5% per year. The MTFs assumes no increases in Council Tax beyond that recommended in this report for 2016/17.

3.7 The table below shows the proposed budget for 2016/17 and the medium term financial projections for the 5 years to 2021/22.

**Table 3.1: Budget 2016/17 and medium term financial projections for 5 years to 2021/22**

	<b>2016/17 Year 1 £000s</b>	<b>2017/18 Year 2 £000s</b>	<b>2018/19 Year 3 £000s</b>	<b>2019/20 Year 4 £000s</b>	<b>2020/21 Year 5 £000s</b>	<b>2021/22 Year 6 £000s</b>
Employees	£17,832	£18,186	£19,487	£20,690	£21,243	£21,813
Premises	£9,573	£9,848	£10,131	£10,421	£10,721	£11,029
Transport	£273	£280	£287	£294	£302	£309
Supplies & Services	£15,824	£16,001	£16,169	£16,616	£17,076	£17,549
Capital Charges	£2,007	£2,034	£2,062	£2,090	£2,119	£2,147
Transfer Payments	£63,724	£63,724	£63,724	£63,724	£63,724	£63,724
Third Party Payments	£7,081	£7,086	£7,090	£7,095	£7,099	£7,104
Centrally Managed	£1,122	£1,152	£1,183	£1,215	£1,248	£1,282
Recharge Expenditure	£16,649	£16,751	£16,854	£16,958	£17,064	£17,170
Recharge Income	-£24,028	-£24,121	-£24,216	-£24,312	-£24,409	-£24,507
In-Year Savings	£0	£0	£0	£0	£0	£0
Receipts	-£24,384	-£24,964	-£25,559	-£26,167	-£26,791	-£27,429
<i>Government Grants:</i>	-£69,682	-£66,303	-£65,807	-£65,423	-£64,960	-£64,899
New Homes Bonus	-£2,756	-£1,142	-£717	-£400	£0	£0
PFI Grant	-£1,429	£0	£0	£0	£0	£0
Benefit Subsidy	-£63,755	-£63,755	-£63,755	-£63,755	-£63,755	-£63,755
Benefit/CTS Admin Grant	-£1,071	-£1,018	-£967	-£919	-£873	-£829
Other Government Grants	-£671	-£388	-£368	-£350	-£332	-£316
<b>Subtotal budgets</b>	<b>£15,991</b>	<b>£19,674</b>	<b>£21,405</b>	<b>£23,200</b>	<b>£24,436</b>	<b>£25,291</b>
<b>Savings</b>	<b>0</b>	<b>-£2,321</b>	<b>-£4,642</b>	<b>-£6,963</b>	<b>-£9,284</b>	<b>-£10,334</b>
Contribution to/(from) bals	£451	-£1,786	-£1,623	-£1,598	-£451	£26
<b>Budget requirement</b>	<b>£16,442</b>	<b>£15,567</b>	<b>£15,140</b>	<b>£14,639</b>	<b>£14,701</b>	<b>£14,983</b>
Share of NNDR (Baseline)	-£5,217	-£5,437	-£5,615	-£5,797	-£5,986	-£6,181
Council Tax Freeze Grants	£0	£0	£0	£0	£0	£0
Formula Funding	-£2,756	-£1,671	-£982	-£213	£0	£0
Council Tax Requirement	-£8,469	-£8,459	-£8,543	-£8,629	-£8,715	-£8,802
<b>Total funding</b>	<b>-£16,442</b>	<b>-£15,567</b>	<b>-£15,140</b>	<b>-£14,639</b>	<b>-£14,701</b>	<b>-£14,983</b>

<b>New savings (smoothed)</b>		<b>£2,321</b>	<b>£2,321</b>	<b>£2,321</b>	<b>£2,321</b>	<b>£1,050</b>
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<b>Balance brought forward</b>	<b>-£10,133</b>	<b>-£10,584</b>	<b>-£8,798</b>	<b>-£7,175</b>	<b>-£5,577</b>	<b>-£5,126</b>
Contributions (to)/from I&E	-£451	£1,786	£1,623	£1,598	£451	-£26
<b>Balance carried forward</b>	<b>-£10,584</b>	<b>-£8,798</b>	<b>-£7,175</b>	<b>-£5,577</b>	<b>-£5,126</b>	<b>-£5,152</b>
<i>Relative to controllable spend</i>	23%	19%	15%	11%	10%	10%

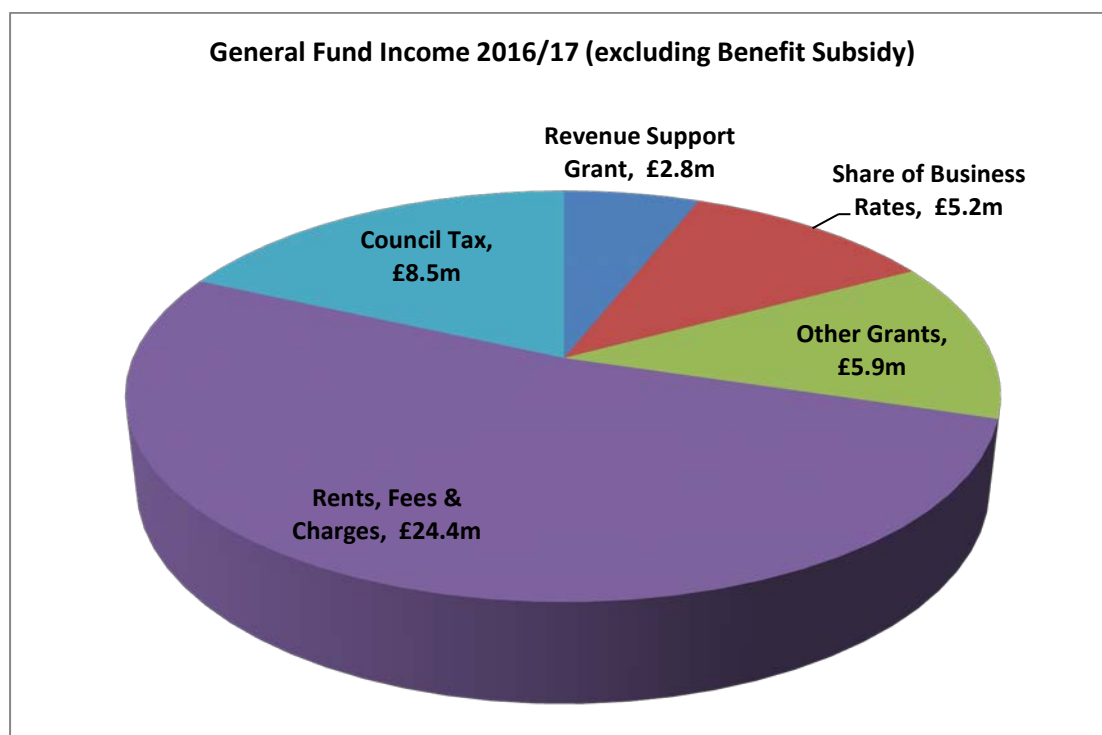
#### **4. Preparation of the 2016/17 budget**

- 4.1 Guided by the council's corporate plan and its 'changing pace blueprint' (operating model) a range of work has been carried out across the council through the transformation programme, to develop options for additional income and savings in order to meet the target within the MTFS and ensure a balanced budget. This work has been informed by a cross party working group.
- 4.2 In October cabinet considered an initial list of income and savings options and agreed for further work to be carried out to progress these.
- 4.3 In line with the approach used in previous years, cabinet agreed to consult the public on the proposed approach to meeting the savings target for 2016/17. It was also agreed to consult the public on the potential for a council tax rise.
- 4.4 The consultation closed on 8 January 2016. An analysis of the results of the consultation can be found at Appendix 1. The results showed that of the people who completed the consultation and answered the questions 68% supported a proposed council tax increase.
- 4.5 Comments and ideas were also received on other things the council could do differently to generate income or save money in the future. A large number of these relate to approaches the council is already progressing. However, as with previous years the comments will be used to inform the council's ongoing development of income and savings opportunities as part of the transformation programme.
- 4.6 A final list of the key income and savings projects that have been developed through the transformation programme and are now included in the proposed budget for 2016/17 as set out at Appendix 2. They amount to just over £3.5m.
- 4.7 The changes resulting from the savings would further reduce the council's overall capacity. However, they should not significantly impact the services that the public receive from the council for 2016/17. This further demonstrates the success of the council's ongoing approach to developing savings and income, particularly given that fact that the council has already delivered approximately £27m of recurring revenue savings over the last six years.
- 4.8 The overall package of proposed income and savings alongside all the other upward and downward budget movements and proposals within this report would result in a net reduction of £2.973m in 2016/17.

#### **5. Budgetary resources**

- 5.1 Expenditure in the General Fund is financed from both income within the budgetary requirement and from government grant and council tax within budgetary resources.

**Diagram 5.1: Council income excluding benefit subsidy 2016/17**



- 5.2 The total of £38.1m raised locally (through business rates, council tax and rents, fees and charges) amounts to 81% of this income, whilst the £8.7m of central government funding (RSG and other grants) amounts to 19%.

**Table 5.3 Formula and other grants 2015/16 and 2016/17**

	2015/16 £000s	2016/17 £000s	% change
Revenue Support Grant (RSG)	4,096	2,756	-33%
Business Rates	4,645	5,218	12%
<b>Formula funding</b>	<b>8,741</b>	<b>7,974</b>	<b>-9%</b>
New Homes Bonus	2,356	2,756	17%
Local Council Tax Support / Housing Benefit Administration Grant	1,227	1,071	-13%
Private Finance Initiative (PFI) Grant	1,429	1,429	0%
Other grants	503	671	33%
<b>Total grant funding</b>	<b>14,256</b>	<b>13,901</b>	<b>-3%</b>

- 5.3 Section 31 Business Rate Relief grant is given to offset reliefs which reduce the business rates income to the Council so is not included as a separate grant.
- 5.4 In addition to the formula grant, the budgetary requirement is funded by council tax collected by the council. Any increase in the level of council tax is limited by referendum principles. For 2016/17 a 2% limit on increases was announced as part of the provisional settlement.

- 5.5 The draft budget proposals are based on an increase of 1.95%, and a rate of £244.01 per Band D property. The calculation of the recommended Council Tax Requirement and derivation of the Council Tax Precept are shown in Section 7.

## 6. Budgetary requirement – income and expenditure

- 6.1 To achieve a balanced budget, the total movements in the budgets must equal the movements in budgetary resources as shown in the MTFS. The following tables show the available budgetary resources for 2016/17 and the movements in budgets by Service Area proposed to maintain spend within available resources.

**Table 6.1a: Budgetary resources 2016/17**

	<b>£000s</b>
Formula funding 2015/16	(4,096)
Business rates 2015/16	(4,645)
Council tax 2015/16	(8,315)
<b>Budgetary resources 2015/16</b>	<b>(17,056)</b>
- Decrease in formula funding	1,340
+ Increase in business rates	(573)
+ Increase in council tax	(153)
<b>+ Movement 2015/16 to 2016/17</b>	<b>613</b>
= Formula funding 2016/17	(2,756)
= Business rates 2016/17	(5,218)
= Council tax 2016/17	(8,468)
<b>= Budgetary resources 2016/17</b>	<b>(16,442)</b>

**Table 6.1b: Movement in budget requirement 2015/16 to 2016/17 by Service Area**

	Base	Adj to Base	Inflation	Grants	Trans Savings /Income	Trans Growth	Transfers	Other	Total
Chief Executive	-	5	5	-	-	-	-	0	0
<b>Chief Executive</b>	-	5	5	-	-	-	-	0	0
Business Relationship Management	1,524	1,421	82	330	266	-	656	0	1,775
Finance	2,095	210	-	132	969	161	463	155	2,253
Procurement & Service Improvement	0	266	61	-	658	100	232	0	0
Democratic Services	292	14	16	-	22	103	-	0	375
<b>Business Relationship Management</b>	278	1,883	159	198	1,915	363	38	156	103
Communications & Culture	2,139	43	79	-	80	-	29	1	2,209
Customer Contact	93	22	70	-	93	-	77	0	61
<b>Customers, Communication &amp; Culture</b>	2,046	21	149	-	173	-	106	1	2,148
Neighbourhood Housing	2,315	10	76	-	-	-	97	0	2,284
Neighbourhood Services	2,423	18	46	-	251	36	70	11	2,155
Citywide Services	10,056	74	228	-	346	63	128	9	9,790
Human Resources	1	12	8	-	15	20	-	0	0
Strategy & Programme Management	0	58	17	-	-	-	41	0	0
<b>Strategy, People &amp; Neighbourhoods</b>	14,793	171	375	-	612	118	253	21	14,229
Regeneration & Development	-	8	8	-	-	-	-	0	0
City Development	1,214	254	260	-	791	617	38	3	1,417
Planning	1,448	11	113	-	195	45	36	37	1,327
Property Services	262	196	6	-	-	4	183	-	259
Environmental Strategy	-	20	5	-	25	-	-	0	0
<b>Regeneration &amp; Development</b>	496	448	391	-	1,011	666	109	35	168
<b>Total</b>	<b>17,056</b>	<b>1,280</b>	<b>1,079</b>	<b>198</b>	<b>3,711</b>	<b>1,148</b>	<b>0</b>	<b>212</b>	<b>16,442</b>

6.2 Movements in budget for each type are detailed in [Appendix 2](#).

6.3 The following table shows the proposed budget for 2016/17 analysed by type of expenditure or income (subjective group) compared to 2015/16.

**Table 6.3: Proposed budget analysis 2016/17 by subjective group**

Subjective group	Budget 2015/16 £000s	Budget 2016/17 £000s	Change £000s
Employees	17,381	17,832	451
Premises	9,209	9,573	364
Transport	272	273	1
Supplies & services	15,313	15,824	511
Savings proposals	0	-	0
Third party payments (shared services)	7,531	7,081	(450)
Transfer payments	68,534	63,724	(4,810)
Capital financing	3,526	2,458	(1,068)
Recharge expenditure	18,178	17,771	(407)
<b>Subtotal expenditure</b>	<b>139,944</b>	<b>134,536</b>	<b>(5,408)</b>
Government grants	(73,277)	(69,682)	3,595
Receipts	(24,454)	(24,384)	70
Recharge income	(25,157)	(24,028)	1,129
<b>Subtotal income</b>	<b>(122,888)</b>	<b>(118,094)</b>	<b>4,794</b>
<b>Total Budgetary Requirement</b>	<b>17,056</b>	<b>16,442</b>	<b>(614)</b>

## 7. Council tax & precept

- 7.1 The following table shows the calculation of the level of council tax with the recommended increase of 1.95%

**Table 7.1: Council Tax calculation 2016/17**

	No.	£
<b>Budgetary requirement</b>		<b>16,442,621</b>
- Formula grant		-2,756,000
- NNDR Distribution		-5,218,000
<b>= Council tax requirement</b>		<b>8,468,621</b>
- Surplus on collection fund		-93,977
<b>= Council tax precept</b>		<b>8,374,644</b>
Band D Equivalent properties	34,322	
<b>Council tax (Band D)</b>		<b>244.01</b>

- 7.2 The following table shows the impact of the proposed increase for each council tax band on the Norwich City Council share of total council tax. The full proposed new council tax will be set once we have confirmation from Norfolk County Council and the Office of the Police and Crime Commissioner for Norfolk on any increases they may apply for 2016/17. The figures shown will be reduced, for qualifying council tax payers, by the council's discount scheme which replaced the council tax benefit system.

**Table 7.2: Council tax increases 2015/16 to 2016/17, Bands A to H**

Band	A	B	C	D	E	F	G	H
2015/16	£159.56	£186.15	£212.75	£239.34	£292.53	£345.71	£398.90	£478.68
Increase	£3.11	£3.63	£4.15	£4.67	£5.71	£6.75	£7.78	£9.34
2016/17	£162.67	£189.79	£216.90	£244.01	£298.23	£352.46	£406.68	£488.02

## 8. Report by the Chief finance officer on the robustness of estimates, reserves and balances

- 8.1 Section 25 of the Local Government Act 2003 requires that the Chief finance officer of the council reports to members on the robustness of the budget estimates and the adequacy of council's reserves. The Chief finance officer is required to provide professional advice to the council on the two above matters and is expected to address issues of risk and uncertainty.
- 8.2 The main driver to achieve savings in the current budget round has been the council's transformation programme. This has been subject to rigorous review by both members and officers and is directly linked to the service planning process ensuring a strong link between the council's priorities and the financial resources available to deliver them. As with all future estimates there is a level of uncertainty and this has been taken into account when assessing the levels of reserves.

- 8.3 There are risks around the level of unavoidable expenditure and income loss. Historically this has been in excess of £1 million per annum. Both the identification and estimation of these amounts has been included within the council's ongoing transformation programme for the next three years. However, it should be noted that the level of uncertainty surrounding estimates increases as they relate to periods further into the future.
- 8.4 There are also risks around future grant and business rates incomes. In particular, there is significant uncertainty around the future of the New Homes Bonus grant which is currently the subject of a consultation on its future. There is also uncertainty over business rates income going forward with the move to 100% retention of business rates by Local Government by 2020. This will bring with it risks and uncertainties particularly those associated with changes in the economic climate and uncertainties from the appeals system for business rates.
- 8.5 Allowing for the above comments on uncertainty it is the opinion of the Chief finance officer that in the budgetary process all reasonable steps have been taken to ensure the robustness of the budget. Further comfort is taken from the record of the council in managing and delivering to budget in year.
- 8.6 A key mitigation for expenditure/income risks is the Chief finance officer's estimate of a prudent level of reserves. An amount has been built into the prudent level of reserves to cover estimated levels of risk, as set out in [Appendix 3](#).
- 8.7 The requirement for financial reserves is acknowledged in statute. Section 32 of the Local Government Finance Act 1992 requires billing authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 8.8 It is the responsibility of the Chief finance officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.
- 8.9 The council holds two types of general fund reserves:
- The general fund is a working balance to cushion the impact of uneven cash flows. The reserve also acts as a contingency that can be used in year if there are unexpected emergencies, unforeseen spending or uncertain developments and pressures where the exact timing and value is not yet known and/or in the Council's control. The reserve also provides cover for grant and income risk.
  - The earmarked general fund is set aside for specific and designated purposes or to meet known or predicted liabilities e.g. insurance claims.
- 8.10 Earmarked reserves remain legally part of the general fund although they are accounted for separately.
- 8.11 A risk assessment has been undertaken to determine the level of non-earmarked general reserves required by the council. In making a recommendation for the level of reserves the Chief finance officer has followed guidance in the CIPFA LAAP Bulletin 77 – Guidance notes on



Local Authorities Reserves and Balances. The risk analysis shows that a prudent minimum level of reserves for 2015/16 will be of the order of £4.273m as shown in [Appendix 3](#).

- 8.12 The following table shows that the anticipated level of balances will remain above this prudent minimum level for the duration of the medium term planning period.

**Table 8.11: Estimated general fund balance through the MTFS period**

<b>Year ending</b>	<b>£000s</b>
31 March 2016	£10,133
31 March 2017	£10,584
31 March 2018	£8,798
31 March 2019	£7,175
31 March 2020	£5,577
31 March 2021	£5,126
31 March 2022	£5,152

## **9. Capital resources 2016/17 – 2020/21**

- 9.1 The council owns and maintains a range of assets. Major investment in these assets is funded from the capital programme. In turn the capital programme is resourced, in part, by the income received from the disposal of surplus assets.
- 9.2 In June 2011 the council adopted an asset management strategy that established a framework for the maintenance and improvement of assets that meet the needs of the organisation. Underperforming assets, particularly those retained for investment purposes, will be released to provide a receipt for future investment in the capital programme. The key requirements of the strategy are to optimise the existing portfolio (by establishing a rigorous process for review); to prioritise investment in the portfolio to support income generation and cost reduction; to rationalise office accommodation and to work in partnership with others to attract third party funding to bring forward development on council owned sites (e.g. the use of section 106 funding or the HCA development partnership).
- 9.3 The following table shows the total non-housing capital resources and their application anticipated over the duration of the capital programme:

**Table 9.3: Capital resources 2016/17 – 2020/21**

<b>Non-housing capital resources</b>	<b>2016/17 £000s</b>	<b>2017/18 £000s</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>	<b>2020/21 £000s</b>
S106 Balances b/f	(1,516)	(910)	(1,480)	(1,650)	(1,825)
S106 Forecast resources arising	(183)	(653)	(170)	(175)	0
S106 Forecast resources utilised (ongoing works)	595	0	0	0	0
S106 Forecast resources utilised (proposed)	193	84	0	0	0
<b>Total S106 Resources</b>	<b>(910)</b>	<b>(1,480)</b>	<b>(1,650)</b>	<b>(1,825)</b>	<b>(1,825)</b>
CIL Balances b/f	(541)	(289)	(488)	(789)	(1,172)
CIL Forecast resources arising	(1,361)	(1,259)	(1,909)	(2,425)	(3,017)
CIL Forecast resources utilised (contribution to pool)	1,513	1,060	1,608	2,042	2,541
CIL Forecast resources utilised (ongoing neighbourhood schemes)	60	0	0	0	0
CIL Forecast resources utilised (proposed neighbourhood schemes)	40	0	0	0	0
<b>Total CIL Resources</b>	<b>(289)</b>	<b>(488)</b>	<b>(789)</b>	<b>(1,172)</b>	<b>(1,648)</b>
GNGP Balances b/f	0	0	0	0	0
GNGP Forecast resources arising	(381)	(615)	0	0	0
GNGP Forecast resources utilised (ongoing works)	81	0	0	0	0
GNGP Forecast resources utilised (proposed)	300	615	0	0	0
<b>Total GNGP Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
CCAG2 Balances b/f	(502)	0	0	0	0
CCAG2 Forecast resources arising	(4,343)	(3,521)	0	0	0
CCAG2 Forecast resources utilised (ongoing works)	357	0	0	0	0
CCAG2 Forecast resources utilised (proposed)	4,488	3,521	0	0	0
<b>Total CCAG2 Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Anticipated balance b/f	(1,248)	0	0	0	0
Forecast resources arising - borrowing	(24,373)	(10,151)	(6,644)	0	0
Forecast resources arising - grants	(122)	(1,185)	(390)	(1,010)	(1,415)
Forecast resources arising - receipts	(1,795)	(1,300)	(515)	(465)	(450)
Forecast resources utilised (ongoing works)	4,102	0	0	0	0
Forecast resources utilised (proposed)	23,435	12,635	7,549	1,475	1,865
<b>Total other capital resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total non-housing capital resources</b>	<b>(1,199)</b>	<b>(1,967)</b>	<b>(2,438)</b>	<b>(2,996)</b>	<b>(3,473)</b>

9.4 The forecast level of resources from asset disposal receipts, Section 106 payments and CIL payments should be regarded with some caution, as they are based upon estimates and are therefore not guaranteed.

- 9.5 Shortfalls against these targets will be managed by continuing the council's policy of not committing spend against forecast resources until the resources materialise, alongside consideration of further use of borrowing where the associated revenue costs are manageable.
- 9.6 Anticipated borrowing covers mainly costs associated with Threescore phase 2, construction of a homelessness hostel, Hurricane Way development and other asset for investment schemes expected to generate revenue income in excess of the borrowing costs. Individual business cases will be required for each of these schemes to demonstrate that income streams will cover capital and borrowing costs before the schemes go ahead.

## 10. Capital programme 2016/17 to 2020/21

- 10.1 The following table summarises the proposed capital programme and resources, based on capital expenditure supporting the Asset Management Plan and the forecast non-housing capital resources.

**Table 10.1: Capital programme 2016/17 – 2020/21**

<b>Non-housing capital programmes</b>	<b>2016/17 £000s</b>	<b>2017/18 £000s</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>	<b>2020/21 £000s</b>
General capital	23,435	12,635	7,549	1,475	1,865
Section 106 schemes	193	1,109	905	-	-
Community Infrastructure Levy	1,553	1,060	1,608	2,042	2,541
GNGP Strategic Pool Schemes	300	615	0	0	0
City Cycle Ambition Group 2	4488	3521	0	0	0
<b>Total expenditure</b>	<b>29,969</b>	<b>18,940</b>	<b>10,062</b>	<b>3,517</b>	<b>4,406</b>
S106	193	1,109	905	0	0
CIL Funding	1,553	1,060	1,608	2,042	2,541
GNGP Funding	300	615	0	0	0
Other capital resources	27,923	16,156	7,549	1,475	1,865
<b>Total resources applied</b>	<b>29,969</b>	<b>18,940</b>	<b>10,062</b>	<b>3,517</b>	<b>4,406</b>
<b>Total non-housing capital programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 10.2 All risks relating to the resourcing and delivery of the capital programme are identified and managed in accordance with the council's risk management strategy
- 10.3 The table below out the elements making up the proposed detailed capital programme 2016/17 to 2020/21, over and above existing programme items rolling forward.

**Table 10.3: Non-Housing Capital Programmes 2016/17 – 2020/21**

<b>Scheme</b>	<b>2016/17 £000s</b>	<b>2017/18 £000s</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>	<b>2020/21 £000s</b>
Asset Investment for income*	5,000	-	-	-	-
CCTV replacement	250	-	-	-	-
Community asset transfer	10	20	-	-	-
Community shop	30	70	-	-	-
Customer centre redesign	70	405	-	-	-
Earlham Cemetery Roadway Improvements	-	60	-	-	-
Energy saving lighting	10	10	10	10	15
Homelessness hostel*	1,000	-	-	-	-
Hurricane Way*	1,098	2,051	-	-	-
Investment for regeneration*	250	-	-	-	-
IT Investment Fund	400	400	400	400	400
Major Repairs 2016-17 Castle	100	30	-	-	-
Major Repairs 2016-17 Community Centres	40	-	-	-	-
Major Repairs 2016-17 Investment Portfolio	130	-	-	-	-
Major Repairs 2016-17 NAIE	40	-	-	-	-
Major Repairs 2016-17 Provision Market Toilets Upgrade	75	100	-	-	-
Major Repairs 2016-17 Rolling Programme Items	75	-	-	-	-
Major Repairs Carry Forward	-	-	-	-	-
Mile Cross promenade	-	25	150	-	-
Mountergate west phase 2 - housing*	-	6,614	6,614	-	-
MUGA Renewal	-	80	75	65	50
New Build - Goldsmith Street (private investment)*	2,717	271	30	-	-
Park depots	25	135	40	-	-
Parking Management System	90	-	-	-	-
Private Rental Pilot*	500	-	-	-	-
Replacement fleet of vehicles*	3,500	-	-	-	-
Riverside Walk adj NCFC	100	-	-	-	-
Sloughbottom Park artificial cricket surface	12	-	-	-	-
St Andrews defect repairs completion	150	-	-	-	-
St Giles MSCP refurbishment*	275	820	-	-	-
The Halls repairs project	260	-	-	-	-
The Halls refurbishment project	-	1,045	-	-	-
Threescore Phase 2*	5,717	-	-	-	-
Threescore infrastructure*	222	-	-	-	-
Threescore phase 3*	500	-	-	-	-
Tombland southern square public realm transformation	-	-	100	1,000	1,400
Traveller Site*	789	394	-	-	-
Wensum riverside walk (Fye Bridge to Whitefriars)	-	20	130	-	-
William Booth Street	-	85	-	-	-
<b>Total General Capital Projects</b>	<b>23,435</b>	<b>12,635</b>	<b>7,549</b>	<b>1,475</b>	<b>1,865</b>

\* Indicates schemes anticipated to be funded by borrowing

<b>Scheme</b>	<b>2016/17 £000s</b>	<b>2017/18 £000s</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>	<b>2020/21 £000s</b>
CCAG2 Blue Cringleford to Sprowston	1,622	1,911	-	-	-
CCAG2 Yellow Lakenham to Airport	2,866	1,610	-	-	-
<b>Total City Cycle Ambition Group 2</b>	<b>4,488</b>	<b>3,521</b>	<b>-</b>	<b>-</b>	<b>-</b>
CIL Contribution Strategic Pool	1,513	1,060	1,608	2,042	2,541
CIL Neighbourhood projects	40	-	-	-	-
<b>Total Community Infrastructure Levy</b>	<b>1,553</b>	<b>1,060</b>	<b>1,608</b>	<b>2,042</b>	<b>2,541</b>
GNGP Bowthorpe Crossing	150	-	-	-	-
GNGP Earham Millenium Green	-	-	-	-	-
GNGP Heathgate Pink Pway	150	-	-	-	-
GNGP Marriotts Way	-	365	-	-	-
GNGP Wensum Strategy Phase 1	-	250	-	-	-
<b>Total Greater Norwich Growth Project</b>	<b>300</b>	<b>615</b>	<b>-</b>	<b>-</b>	<b>-</b>
S106 Bowthorpe Bus Link	-	-	-	-	-
S106 Bowthorpe Southern Park	-	-	-	-	-
S106 BRT & Cycle Thorpe Road	-	-	-	-	-
S106 Castle Green	-	95	905	-	-
S106 Chapelfield Gardens	-	-	-	-	-
S106 Eaton Green Play Area	12	-	-	-	-
S106 Green Infrastructure N City	5	-	-	-	-
S106 Hurricane Way	-	-	-	-	-
S106 Livestock Market cycle & walk	53	-	-	-	-
S106 Midland Street	-	-	-	-	-
S106 Mile Cross Gardens	12	1,000	-	-	-
S106 Taylors Lane Connector	-	14	-	-	-
S106 The Runnel	-	-	-	-	-
S106 UEA CPZ Extension	52	-	-	-	-
S106 Wensum View	6	-	-	-	-
S106 Westlegate Public Realm	52	-	-	-	-
S106 Wooded Ridge	-	-	-	-	-
<b>Total Section 106</b>	<b>193</b>	<b>1,109</b>	<b>905</b>	<b>-</b>	<b>-</b>
<b>Total non-housing capital programme 2016/17</b>	<b>29,969</b>	<b>18,940</b>	<b>10,062</b>	<b>3,517</b>	<b>4,406</b>

## 11. Progress in reducing the council's carbon footprint

- 11.1 Previously information on progress in reducing the council's carbon footprint has been included in the budget report. However, this information is now reported through a range of different mechanisms and is also published at all times on the council's website at [www.norwich.gov.uk/Environment/Ecolssues/Pages/CarbonFootprintReport.aspx](http://www.norwich.gov.uk/Environment/Ecolssues/Pages/CarbonFootprintReport.aspx)

## Integrated impact assessment



**NORWICH**  
City Council

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

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	3 February 2016
<b>Head of service:</b>	Justine Hartley, Chief finance officer
<b>Report subject:</b>	General Fund Budget & Capital Programme 2016/17
<b>Date assessed:</b>	16 January 2016
<b>Description:</b>	This integrated impact assessment covers the proposed general fund budget, capital programme and council tax for 2016/17

	Impact			
<b>Economic</b> (please add an 'x' as appropriate)	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Finance (value for money)</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The recommendations of the report will secure continuing value for money in the provision of services to council tax payers and other residents of the city
<b>Other departments and services</b> e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>ICT services</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Economic development</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Financial inclusion</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Social</b> (please add an 'x' as appropriate)	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Safeguarding children and adults</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b><u>S17 crime and disorder act 1998</u></b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Human Rights Act 1998</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Health and well being</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

<b>Equality and diversity (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Relations between groups (cohesion)</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Eliminating discrimination &amp; harassment</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Advancing equality of opportunity</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Environmental (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Transportation</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Natural and built environment</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The proposed capital programme will provide for improvements to the council's assets and the surrounding environment
<b>Waste minimisation &amp; resource use</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Pollution</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Sustainable procurement</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Energy and climate change</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The proposed capital programme will provide for improvements in thermal and carbon efficiency



(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
<b>Risk management</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The risks underlying the proposed budgets, council tax and capital programme have been assessed and prudent provision made for the financial consequences of those risks both within the budgets and the recommended prudent minimum level of general fund reserves
<b>Recommendations from impact assessment</b>				
<b>Positive</b>				
None				
<b>Negative</b>				
None				
<b>Neutral</b>				
None				
<b>Issues</b>				
None				

### Consultation responses on the proposed budget for 2016/17

Across the whole consultation a total of 250 responses were received from groups or individuals who did not classify themselves as a member of staff. These data represent the results from those 250 responses. No data has been weighted

To what extent do you support the council raising its share of council tax by 1.95 per cent in 2016/17 and using that money to protect key services in the future?		
Answer Options	Response Percent	Response Count
Strongly agree	48.8%	117
Slightly agree	19.2%	46
Neither agree nor disagree	6.7%	16
Slightly disagree	1.7%	4
Strongly disagree	22.5%	54
Don't know	1.3%	3
<i>answered question</i>		<b>240</b>
<i>skipped question</i>		<b>10</b>

Responses were also sought on the proposed approaches to change ways of working and to save money or generate income.

The detailed ideas will be analysed further and used to inform the future development of income and savings options.

[TO BE UPDATED FOR CABINET WITH FURTHER INITIAL FINDINGS]

## Movements in budget 2016/17 by type

Table A2.1: Adjustments to base budgets

<b>Adjusted Base / Transfers</b>	<b>£000s</b>
Change to the GF contribution to/from reserves (per MTFS)	834
Revenue contribution to capital	210
Increase to contingency	250
Changes to non-central departmental recharge changes	-96
Changes to Central Departmental Support recharges	27
Removal of unrequired credit budget	55
<b>Total Adjusted Base / Transfers</b>	<b>1,280</b>

Table A2.2: Growth and Inflation

<b>Growth &amp; Inflation</b>	<b>£000s</b>
Contract/expenditure inflation	346
Staff salary inflation and increments	409
Pension added years inflationary adjustment and deficit inflationary adjustment	215
Living Wage inflation for contracted staff	109
<b>Total Growth and Inflation</b>	<b>1,079</b>

Table A2.3: Grant Changes

<b>Grant changes</b>	<b>£000s</b>
Increase in New Homes Bonus	-400
Reduction in Housing Benefit Admin Grant (£131k matched by reduction in expenditure relating to transfer of Fraud Team to DWP).	156
Removal of New Burdens grant for Local Council Tax Support	46
<b>Total Grant Changes</b>	<b>-198</b>

Table A2.4: Transformation Savings/Income

<b>Transformation Savings/Income</b>	<b>£000s</b>
Change to Minimum Revenue Provision policy	-769
Review of LGSS approach across all areas	-400
Review of neighbourhood model and approach	-251
Additional income from the replacement of Rose Lane car park with a new multi storey car park	-222
Reduction in ICT development budget	-200

<b>Transformation Savings/Income</b>	<b>£000s</b>
Interest income on loan to Housing Development company - Threescore phase 2	-200
Net impact of increased planning activity, efficiency and income	-175
Additional car park income from existing sites	-175
Reduction in repairs expenditure (one-off) (corresponding growth item)	-116
Amendments to the refuse contract - following award of materials recycling contract savings on separate glass collections	-50
Higher income projection for NPS Norwich Ltd joint ventures	-80
Adjustment to financing budget to reflect current income levels	-80
Capitalised fee income associated with increased capital programme (corresponding growth item)	-75
Review recharging for capital projects: recharge existing staff time in strategic housing and growth and regeneration to programmed capital projects	-70
Increase in cemetery fees	-67
Business process review and implementation of mobile working efficiencies across services	-60
Review of fees and charges for waste and recycling services	-50
Planned completion of memorial testing programme	-49
Review of sports development including the Norman Centre and the Halls	-35
Additional licensing income	-26
Carbon management programme	-25
Full review of fees and charges across the council and creation of central register informed by benchmarking	-24
Review of tourism development and tourist Information centre including on-line selling	-20
Further savings from CNC building control	-20
Review of NP Law spend	-20
Savings on stationery and subscriptions	-20
Redesign of the communications function to meet the needs of the council as we move forward with channel shift	-15
Reduction in learning and development spend in line with reducing organisation	-15
Create single tree function within the council	-15
Improved GF portfolio rental performance	-14
Increase charges for allotments leading to cost recovery over three years	-1
Appendix 5 items	-372
	<b>-3,711</b>

**Table A2.5: Transformation Growth**

<b>Transformation Growth</b>	<b>£000s</b>
Housing Benefits Public Sector rent rebates	123
Increasing cost of GF asset maintenance	116
Business rates on land at Mile Cross - delay in implementation of saving	106
Growth in democracy costs	103
Loss of rental income due to disposals	86
Increase staffing in Design and Landscape and Highways sections to meet increased cycle ambition and NATS LGF funding	75
Loss of profit share from Norse building	70
Decrease in income due to downturn in recycling markets	63
Additional business rates on Rose Lane car park	46
Increase in costs due to reviews of planning policy documents	45
Increase in General Fund share of debt management expenses	38
Salary adjustment to Neighbourhood Services budgets	36
Airport Industrial Estate	36
Increased capacity for economic development	35
Housing Improvement Agency	25
Anticipated loss of Supporting People funding	25
Reduction in miscellaneous Training & Development income	20
Appendix 5 items	100
<b>Total Transformation Growth</b>	<b>1,148</b>

**Table A2.6: Other Savings/Income**

<b>Other Savings/Income</b>	<b>£000s</b>
Transfer of Fraud function to DWP (linked to reduction in Admin Grant)	-131
Additional Income (individually under £10k)	-73
Savings (individually under £10k)	-15
Growth (individually under £10k)	7
<b>Total Other Savings/Income</b>	<b>-212</b>

## Calculation of prudent minimum balance

Estimate of prudent level of General Fund reserves 2016/17				Page 1/2
<u>Description</u>	<u>Level of risk</u>	<u>Amount at risk</u>	<u>Risk</u>	
Employee Costs	Medium	17,832,438	35,665	
Premises Costs	Medium	9,573,451	35,900	
Transport Costs	Medium	272,578	1,533	
Supplies & Services	Medium	15,823,698	237,355	
Third Party Payments	Medium	7,081,183	53,109	
Transfer Payments	Medium	63,724,021	191,172	
Centrally Managed Expenditure	Medium	1,121,913	33,657	
Receipts	Medium	-24,384,384	128,018	
Grants & Contributions	Low	-69,681,518	104,522	
Total One Year Operational Risk			820,933	
<b>Allowing three years cover on operational risk</b>			<b>2,462,798</b>	
<b>Balance Sheet Risks</b>				
Issues arising from Annual Governance Report	0	@ 100%	0	
<b>General &amp; Specific Risks</b>				
Unforeseen events	2,000,000	@ 50%	1,000,000	
Legal action – counsels' fees	100,000	@ 100%	100,000	
Council Tax Reduction	700,000	@ 10%	70,000	
Business Rates retention	500,000	@ 100%	500,000	
Litigation / claims	700,000	@ 20%	140,000	
<b>ESTIMATED REQUIRED LEVEL OF GENERAL FUND RESERVES</b>			<b>4,272,798</b>	

## Operational cost risk profiles

Page  
2/2

		<i>Low Risk</i>	<i>Med Risk</i>	<i>High Risk</i>
Employee Costs	overspend probability amount at risk	1.00% 15.0% 26,749	2.00% 10.0% 35,665	3.00% 5.0% 26,749
Premises Costs	overspend probability amount at risk	2.50% 10.0% 23,934	5.00% 7.5% 35,900	7.50% 5.0% 35,900
Transport Costs	overspend probability amount at risk	5.00% 10.0% 1,363	7.50% 7.5% 1,533	10.00% 5.0% 1,363
Supplies & Services	overspend probability amount at risk	5.00% 20.0% 158,237	10.00% 15.0% 237,355	15.00% 10.0% 237,355
Third Party Payments	overspend probability amount at risk	5.00% 10.0% 35,406	10.00% 7.5% 53,109	15.00% 5.0% 53,109
Transfer Payments	overspend probability amount at risk	1.00% 25.0% 159,310	2.00% 15.0% 191,172	3.00% 10.0% 191,172
Centrally Managed Expenditure	overspend probability amount at risk	10.00% 20.0% 22,438	20.00% 15.0% 33,657	30.00% 10.0% 33,657
Receipts	shortfall probability amount at risk	2.00% 25.0% 121,922	3.50% 15.0% 128,018	5.00% 10.0% 121,922
Grants & Contributions	shortfall probability amount at risk	1.00% 15.0% 104,522	1.50% 10.0% 104,522	2.00% 5.0% 69,682

**Report to** Cabinet  
3 February 2016  
**Report of** Chief finance officer  
**Subject** Housing Rents and Budgets 2016-17

**Item**

7(b)

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## **Purpose**

To consider the Housing Revenue Account budget for 2016/17, council housing rents for 2016/17, the prudent minimum level of HRA reserves 2016/17, and housing capital programme 2016/17 to 2021/22.

## **Recommendation**

- 1) To recommend to council, for the 2016/17 financial year, to:
  - a) implement the minimum 1% rent reduction in accordance with legislation that is anticipated to be approved as part of the Welfare Reform and Work Bill 2015/16. In the event that the legislation is not passed, to approve that rent levels remain unchanged until alternative options are presented cabinet and council ([para 6.8](#)).
  - b) approve the proposed Housing Revenue Account budgets ([para 3.1](#)).
  - c) approve the prudent minimum level of housing reserves ([para 7.6](#)).
  - d) approve the proposed housing capital programme 2016/17 to 2020/21 ([para 9.1](#)).
  - e) approve that garage rents remain unchanged ([para 6.13](#))
- 2) To note that service charges will be determined under delegated powers in compliance with the constitution ([para 6.14](#)).

## **Corporate and service priorities**

The report helps to meet the corporate priorities “Decent housing for all” and “Value For Money services”.

## **Financial implications**

These are set out in the body of the report

**Ward/s:** All wards

**Cabinet members:** Councillor Harris - Deputy leader and housing and wellbeing  
Councillor Stonard – Resources and income generation

**Contact officers:** Justine Hartley, Chief finance officer 01603 212440  
Shaun Flaxman, Group accountant 01603 212805



## **Background documents**

None

# Report

## 1. Contents of report

1.1 The contents of this report are set out as follows:

2. [Budgetary context](#)
3. [Summary HRA Budget 2015/16 into 2016/17](#)
4. [HRA Balances](#)
5. [Background to financial Planning for the HRA](#)
6. [Council Housing Rents](#)
7. [Report by the Chief Financial Officer on the robustness of estimates, reserves and balances](#)
8. [Housing Capital Resources 2016/17-2020/21](#)
9. [Recommended Housing Capital Programme 2016/17 to 2020/21](#)

Appendix 1 [Budget movements by type](#)

Appendix 2 [Calculation of Prudent Minimum Balance](#)

## 2. Budgetary context

- 2.1 The Housing Revenue Account (HRA) is a “ring fenced” account that the authority must maintain in relation to its council housing stock. The HRA must fund all expenditure associated with the management and maintenance of the housing stock. The HRA is a complex account, the format of which is prescribed by government.
- 2.2 The HRA moved from a position of being heavily influenced by central government, through the Housing Subsidy system, to a position under Self-Financing where the council had considerably greater discretion over the use of HRA resources. Rent and other income under Self-Financing, remain within the council’s HRA rather than being subsumed into a national pool. The level of government influence on the HRA has increased again recently with announcements in the summer budget 2015 about reductions in social rent levels, and with the introduction of measures included within the Housing and Planning Bill 2015.
- 2.3 The proposed budgets have been drawn up within the framework of the Corporate Plan, corporate Medium Term Financial Strategy (MTFS), the Neighbourhood & Strategic Housing Services’ Service Plans, the HRA Business Plan, the Housing Asset Management Plan, and the Housing Investment Strategy.

### 3. HRA Budget 2015/16 into 2016/17

- 3.1 The following table shows the proposed budget in summarised statutory form assuming a rent reduction in line with provisions in the Welfare Reform and Work Bill 2015/16 (see para 6.8).

Statutory Division of Service	Original Budget 2015/16 £000s	Draft Budget 2016/17 £000s	Change £000s
Repairs & Maintenance	16,323	15,499	(824)
Rents, Rates, & Other Property Costs	6,183	5,937	(246)
General Management	11,028	11,393	365
Special Services	4,997	5,069	72
Depreciation & Impairment	21,925	22,140	215
Provision for Bad Debts	584	334	-250
<b>Gross HRA Expenditure</b>	<b>61,040</b>	<b>60,372</b>	<b>(668)</b>
Dwelling Rents	(60,144)	(58,973)	1,171
Garage & Other Property Rents	(1,980)	(2,224)	-244
Service Charges – General	(9,145)	(8,343)	802
Adjustments & Financing Items (including revenue contribution to capital)	24,872	26,248	1,376
Miscellaneous Income	0	(75)	-75
Amenities shared by whole community	(560)	(549)	11
Interest Received	(150)	(175)	(25)
<b>Gross HRA Income</b>	<b>(47,107)</b>	<b>(44,091)</b>	<b>3,016</b>
<b>Total Housing Revenue Account</b>	<b>13,933</b>	<b>16,281</b>	<b>2,347</b>

- 3.2 The £2.347m movement from £13.933m to £16.281m use of reserves can be analysed by type of movement and statutory division of service as follows:

Item	General Mgt	Rents & Service Charges	Repairs & Maintenance	Special Services	Other HRA	Total HRA
Adj to Base/Transfers	223	0	30	(134)	989	1,109
Inflation	193	0	0	31	8	233
Growth	152	170	0	101	751	1,174
Income Reduction	0	920	0	0	0	920
Savings	(119)	(216)	(510)	(56)	(42)	(943)
Income Increase	(11)	(34)	0	0	(100)	(145)
Transfers	(61)	637	(90)	41	(526)	0
<b>Draft Budget 2016/17</b>	<b>377</b>	<b>1,479</b>	<b>(570)</b>	<b>(17)</b>	<b>1,080</b>	<b>2,347</b>

Details of budget movements by type are shown in [Appendix 1](#).

#### 4. HRA Balances

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

Item	£000s
Brought Forward from 2014/15	(20,120)
Budgeted use of balances 2015/16	13,933
Forecast use of balances 2015/16	(2,476)
<b>Carried Forward to 2016/17</b>	<b>(22,596)</b>
Draft Budget 2016/17	16,281
<b>Carried Forward to 2017/18</b>	<b>(6,315)</b>

4.2 A forecast slight increase in the HRA reserve balance in 2015/16, will provide a substantial resource that is planned to be utilised to fund capital expenditure in 2016/17. This will bring resources down closer to the recommended minimum balance and reduce the requirement to borrow, which incurs greater costs.

#### 5. Background to financial Planning for the HRA

5.1 Financial planning for the HRA is based upon the 30-year Business Plan (BP). In February 2015, members approved an average rent increase of 2.2% for 2015/16, which at the time, combined with the approved housing capital plan, indicated that it would be possible to repay HRA borrowing by year 22 of the 30 year HRA business plan.

#### 6. Council Housing Rents

##### Rent Policy Context

6.1 In December 2002 the Executive agreed to introduce the Government's Rent Restructuring from April 2003. Under this system a target rent for each property is calculated. Rents for individual properties are set to collect the general increase, and move rent levels towards the target rents. The Government initially intended that Council and Registered Social Landlord rents, for properties of similar sizes and locations, would converge by April 2011, then extended to April 2017. This meant that the amount of increase in rent could vary for properties depending on how near they were to the target rent as calculated by the Rent Restructuring Formula.

6.2 From 2012-13, the housing subsidy system was abolished and councils are now "self financing". The proceeds of rent increases now remain with the council instead of being negated by housing subsidy payments.

6.3 Under the previous subsidy system, the council was able to finance the Decent Homes Standard but was unable to maintain service and investment standards in the medium and long term. The introduction of self financing improved this position, enabling a higher level of investment, which has informed the subsequent capital programmes.

6.4 More significantly for council landlords, the self-financing regime relies on councils raising sufficient money through rents to fund their liabilities and investment needs, assessed through their HRA Business Plans.

- 6.5 For 2014-15, the combination of September 2013 inflation at 3.2% and the movement towards converging rents 2016/17 meant that following rent restructuring formula would have generated an average rent increase of 5.57% for Norwich tenants. However, having considered the financial implications, this council determined that an increase of 1.5% should be applied to all rents, with no additional movement towards convergence with target rents.
- 6.6 For 2015/16, the Government's rent policy changed to state that rent should be increased by CPI (Consumer Price Index) as of September the preceding year, plus 1% and that rent would no longer converge with target rents. This equated to a rent increase of 2.2% for Norwich tenants.
- 6.7 The level of rent tenants pay has historically been a decision for the council, but it was the expectation of ministers and assumption of the HRA business plan that authorities would follow the guidelines.

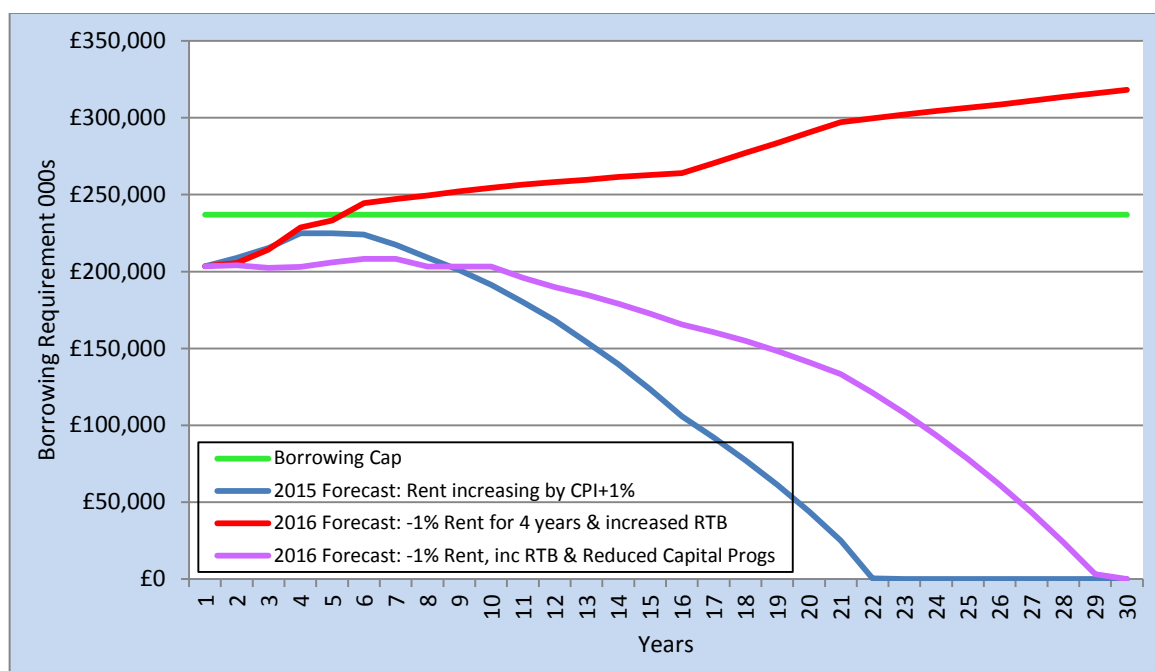
### **2016/17 Rent Adjustment**

- 6.8 In July 2015 following the initial summer budget by the new government, it was announced that councils with retained housing stock and other social rented housing provided by registered providers (RPs) would be subjected to a mandatory minimum 1% reduction in rent. This is anticipated to last for four years from April 2016 to the end of March 2020. The reduction is set out in the Welfare Reform and Work Bill 2015/16 which is currently in passage through parliament. This budget has been built on the assumption that the bill will be passed and therefore a 1% rent reduction is recommended for approval. In the event that the legislation is not passed, it is proposed that the rent levels remain unchanged and further options will be brought to cabinet and council including input from consultation with tenants.
- 6.9 For Norwich tenants, a 1% reduction in rent generates an average weekly rent of £78.44 which equates to a reduction of £0.79.
- 6.10 The 1% rent reduction for four years has a negative impact on the HRA Business Plan and would require HRA borrowing to significantly exceed the borrowing cap. It would not be possible to repay the borrowing and the debt would increase to £318m by the end of the 30 year life of the plan.
- 6.11 In order to mitigate the negative impact of the anticipated statutory 1% rent reduction, it has been necessary to make changes to future proposed capital programmes to ensure that HRA borrowing continues to remain within allowable borrowing limits. As a consequence, the total planned capital spend over the 30 year life of the plan has been reduced by an average of £7.4m per annum.
- 6.12 This Council has invested significantly in improving its housing stock over recent years to its own "Norwich standard". That programme is now nearing completion which will result in reduced spend going forward. In order to meet the required spend reductions, whilst maintaining the Norwich Standard, scheduled work has also been realigned to the full extent of current expected lifecycles for kitchens, bathrooms, roofs etc., and the level of neighbourhood enhancements has been reduced. In addition, significant reductions in cost have been secured as a result of recent contract retendering.
- 6.13 It is proposed that garage rents again remain unchanged from current levels in order to maintain affordability and encourage new tenants thereby reducing the number of void garages.

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

### Housing and Planning Bill 2015/16

- 6.15 During 2015 the Government introduced their Housing and Planning Bill which included the following two elements that could potentially have significant financial impact on the HRA Business Plan:
- Pay to Stay requirements which mean that social housing tenants (households) earning over £30,000 per annum will have to pay at or near market rents
  - Extension of Right to Buy legislation to Registered Providers, with financial losses resulting from discount to be recovered from the funds generated by the sale of high value void council dwellings.
- 6.16 It is anticipated that as a result of increased rents, the Pay to Stay requirements will generate an increased level of Right to Buy sales following its implementation in 2017. As any additional rental income raised will not be retained by the council but returned to the Government, and the loss of housing stock will reduce future rental income, this has a negative impact on the HRA Business Plan. A forecast increase in Right to Buy sales has therefore been included within the modelling shown below.
- 6.17 The chart below illustrates the impact of the 1% rent reduction and the anticipated higher Right to Buy sales on the updated HRA Business Plan and HRA borrowing requirement. This is shown against the previously anticipated position and an updated forecast incorporating revised future proposed capital programmes.



- 6.18 In addition, in order to compensate Registered Providers for financial losses incurred as a result of the extended Right to Buy legislation, the Housing and Planning Bill makes provision for a determination to be imposed on Housing Revenue Accounts based on the value of their stock, in lieu of being forced to sell high value void dwellings. Although the formula upon which the

determination will be based is as yet unknown, it has been indicated that the sum may represent an additional significant annual capital cost.

6.19 In order to mitigate the impact of a determination and maintain HRA borrowing below the cap with full repayment within 30 years, a number of options exist:

- Further reduction to housing capital investment programme
- Sale of void council dwellings
- Review of HRA expenditure to explore possible future reductions

6.20 As the formula upon which the determination will be calculated is not as yet known, it is not possible to estimate the cost to the council or to draw up any detailed plans to address this. However, for illustrative purposes only, the table below details the level of determination that could be funded from varying levels of annual void sales.

No of sales of void dwellings per annum	Determination that could be funded
15	Could fund a determination of £0.7m per annum for 4 years, reducing to £0.44m for 2 years and £0.25m per annum thereafter
30	Could fund a determination of £2.75m per annum for 4 years, reducing to £1.75m for 2 years and £1m per annum thereafter
50	Could fund a determination of £5.5m per annum for 4 years, reducing to £3.5m for 2 years and £2m per annum thereafter

6.21 Once the exact value of the determination is known, a further report will be provided illustrating the impact on the HRA Business Plan along with detailed options for mitigation.

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

7.1 Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer of the authority reports to members on the robustness of the budget estimates and the adequacy of council's reserves.

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

### **Estimates**

7.3 As with all future estimates there is a level of uncertainty and this has been taken into account when building the Business Plan and assessing the levels of reserves. In particular, the proposals in the Housing and Planning Bill 2015 are causing significant uncertainty for the setting of the 2016/17 budget. Until the level of the anticipated high value voids determination is known detailed actions to address it cannot be built into the HRA business plan. At this stage therefore, this plan accommodates the 1% rent reduction

announced in the summer budget and is also anticipated to accommodate the impact of increased Right to Buy sales from the proposed Pay to Stay policy. The prudent minimum balance for reserves has been increased by £2.75m for 2016/17 because of uncertainties around the anticipated high value voids determination, but no further allowance for the determination has been made because at this stage we have no indication of the level that the determination might be. The government's expectation is that the council will sell properties which become empty to fund the determination.

- 7.4 Further work will be done to accommodate the determination once the level is known.
- 7.5 Allowing for the above comment on uncertainty and the need to adapt the plan once the value of the high value determination is known, it is the opinion of the Chief Finance Officer that in the budgetary process all reasonable steps have been taken to ensure the robustness of the budget.

## **Reserves**

- 7.6 A risk assessment has been undertaken to determine the level of general reserves required by the Council, which has been set at £5.968m as set out in [Appendix 2](#).
- 7.7 In making a recommendation for the level of reserves the Chief Finance Officer has followed guidance in the CIPFA LAAP Bulletin 77 – Guidance notes on Local Authorities Reserves and Balances.
- 7.8 The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 7.9 Earmarked reserves remain legally part of the general fund although they are accounted for separately.
- 7.10 There are also a range of safeguards in place that help to prevent local authorities over-committing themselves financially. These include:
  - a) the balanced budget requirement (England, Scotland and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992)
  - b) Chief Finance Officers' duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirement (England and Wales))
  - c) the requirements of the Prudential Code
  - d) auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.
- 7.11 Whilst it is primarily the responsibility of the local authority and its Chief Finance Officer to maintain a sound financial position, external auditors will, as part of their wider responsibilities, consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.



## Role of the Chief Finance Officer

- 7.12 Within the existing statutory and regulatory framework, it is the responsibility of the Chief Finance Officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose. The risk analysis attached as Appendix 2 shows that an adequate level of HRA reserves for the Council will be in the order of £5.968m.

## 8. Housing Capital Resources 2016/17-2020/21

- 8.1 The abolition of the HRA subsidy system from 1 April 2012 and the inception of “self financing” for council housing allowed the council, in consultation with its tenants, to develop plans for increased investment in maintaining and improving council housing in Norwich.
- 8.2 The additional resources made available by retaining rent income within the city, rather than passing surpluses to the government, enabled the council to adopt the Norwich Standard for maintenance and improvements of tenants’ homes rather than the basic Decent Homes Standard, and to adopt a Housing Investment Strategy (as considered by cabinet on 14 November 2012) to deliver new council housing, reconfiguration of sheltered housing, estate renewal, renewable energy solutions, and support to private sector housing in the city.
- 8.3 The anticipated 1% minimum rent reduction for social housing announced in the summer budget has led to significantly reduced resources for capital being anticipated over the life of the business plan. The following table indicates the anticipated levels of resources available to the Housing Capital Programme in future years.

Housing Capital Resources	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s
Forecast resources brought forward	0	0	0	0	0
Capital grants	(568)	(408)	(408)	(408)	(408)
Major Repairs Reserve - depreciation charges	(2,423)	(6,060)	(10,915)	(12,780)	(12,648)
HRA borrowing from headroom under debt cap	(9,110)	(2,139)	0	0	0
Revenue Contribution to Capital	(26,104)	(10,788)	(6,572)	(4,843)	(4,523)
Contributions to costs	(275)	(275)	(275)	(275)	(275)
Capital receipts - properties uneconomic to repair	(1,225)	(1,225)	(1,225)	(1,225)	(1,225)
Capital receipts arising from RTB (25%)	(2,876)	(3,452)	(3,452)	(3,164)	(2,876)
Retained "one for one" RTB Receipts	(4,759)	(3,346)	(382)	(746)	0
<b>Gross forecast resources</b>	<b>(47,339)</b>	<b>(27,693)</b>	<b>(23,230)</b>	<b>(23,441)</b>	<b>(21,955)</b>
Forecast resources utilised	47,339	27,693	23,230	23,441	21,955
<b>Forecast resources carried forward</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 8.4 The level of RTB receipts included in the proposed capital plan anticipates a further increase in RTB sales because of the government’s increased incentives and the impact of the Housing and Planning Bill’s “Pay to Stay” requirements. The additional “one for one” resources consequently forecast in the capital plan are anticipated to be applied to support the provision of new social housing.
- 8.5 Proposed housing capital expenditure includes continuing to maintain the structural integrity of tenants’ homes, delivering the Norwich Standard of

maintenance and improvement, and investment in accordance with the objectives set out in the Housing Investment Strategy.

- 8.6 All planned capital costs and resources are incorporated into the HRA Business Plan projections.
- 8.7 All risks relating to the resourcing and delivery of the capital plan are identified and managed in accordance with the council's Risk Management Strategy.

## 9. Recommended Housing Capital Programme 2016/17 – 2020/21

- 9.1 The following table details the proposed Housing Capital Programme for approval:

<b>Scheme</b>	<b>2016/17 £000s</b>	<b>2017/18 £000s</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>	<b>2020/21 £000s</b>
<i>Proposed carry-forward from 2015/16</i>	554				
Home Upgrades	12,415	5,835	5,835	5,835	5,835
Heating Upgrades	3,506	2,600	3,900	2,900	3,900
Window & Door Upgrades	2,090	655	555	555	555
Insulation	1,250	400	400	400	400
Community Safety & Environment	450	275	275	275	275
Sheltered Housing Regeneration	450	225	225	225	225
Preventative Maintenance	10,074	8,025	8,025	8,025	8,025
Supported Independent Living	880	500	500	500	500
Site Formation	50	50	50	50	50
Fees	715	715	715	715	715
<b>Neighbourhood Housing</b>	<b>32,434</b>	<b>19,280</b>	<b>20,480</b>	<b>19,480</b>	<b>20,480</b>
<i>Proposed carry-forward from 2015/16</i>	7,527				
New Build Social Housing	4,144	5,138	1,275	2,486	0
RTB Buyback Programme	500	500	500	500	500
Sheltered Housing Regeneration	150	0	0	0	0
<b>Housing Investment</b>	<b>12,321</b>	<b>5,638</b>	<b>1,775</b>	<b>2,986</b>	<b>500</b>
<i>Proposed carry-forward from 2015/16</i>	185				
Capital Grants to Housing Associations	1,200	1,800	0	0	0
Home Improvement Agency Works	1,200	975	975	975	975
<b>Strategic Housing</b>	<b>2,585</b>	<b>2,775</b>	<b>975</b>	<b>975</b>	<b>975</b>
<b>Total Housing Capital Programme</b>	<b>47,339</b>	<b>27,693</b>	<b>23,230</b>	<b>23,441</b>	<b>21,955</b>

- 9.2 The outcomes that will be supported by the planned expenditure on the council's own stock compared to previous years, will be as follows:

<b>Housing Capital Programme</b>	<b>2013/14 Outcomes</b>	<b>2014/15 Outcomes</b>	<b>2015/16 Outcomes</b>	<b>2016/17 Planned</b>	<b>Change 2015/16 to 2016/17</b>
New kitchens	1,531	1,557	1,575	1,144	-431
New bathrooms	655	1,049	1,049	1,559	510
Heating systems/boilers	>1,000	999	984	617	-367
New composite doors	1,309	4,015	2,622	3,436	814
New PVCu windows	1,320	34	68	9	-59
Whole house improvements	20	20	18	20	2

- 9.3 These outcomes reflect the end of the windows programme, and the continued focus on the replacement doors programme.
- 9.4 In addition, future capital programmes anticipate the building of 162 new council homes over the next 5 years.
- 9.5 The capital programme proposed above will be supplemented by resources and commitments brought forward from the 2015/16 capital programme.

## Integrated impact assessment



**NORWICH**  
City Council

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

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	3 February 2016
<b>Head of service:</b>	Justine Hartley, Chief Finance Officer
<b>Report subject:</b>	Housing Budgets and Rents 2016/17
<b>Date assessed:</b>	
<b>Description:</b>	This integrated impact assessment covers the proposed housing budgets and council housing rents for 2016/17.

	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 recommendations of the report will secure continuing value for money in the provision of works and services to council tenants
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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The proposed housing capital programme will provide for the Norwich Standard for properties to be maintained
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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The proposed housing capital programme will provide for the Norwich Standard for properties to be maintained which includes improvements in thermal and carbon efficiency

(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
<b>Risk management</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The risks underlying the budgets, rent increase, and capital plan and programme have been assessed and prudent provision made for the financial consequences of those risks both within the budgets and the recommended prudent minimum level of HRA reserves
<b>Recommendations from impact assessment</b>				
<b>Positive</b>				
None				
<b>Negative</b>				
None				
<b>Neutral</b>				
None				
<b>Issues</b>				
None				

## Draft Housing Revenue Account budgets 2015/16

**Budget movements by type**

<b>Adjustment to Base / Transfers</b>	<b>£000s</b>
Reduction in corporate recharges	(19)
Other recharge changes	151
Removal of unrequired budgets	108
Revenue Contribution to Capital	869
<b>Adjustment to Base / Transfers</b>	<b>1,109</b>

<b>Inflation/Pensions Growth</b>	<b>£000s</b>
Contract/expenditure inflation	(19)
Staff salary inflation and increments	148
Pension added years and pension deficit inflationary adjustments	104
<b>Total Inflation/Pensions Growth</b>	<b>233</b>

<b>Growth</b>	<b>£000s</b>
Increase in estimated depreciation costs	767
Removal of remainder of 2015/16 savings budget not covered by staff restructuring	90
Increase in capital contribution relating to leasehold income	28
Reduction in service charge income based on anticipated charges and void levels	137
Increase in number of right to buy valuations	24
Additional recharges from the GF to HRA as a result of Neighbourhood Model Review	98
Increase in parking permit requirement due to relocation of NHOs	30
<b>Total inflation and Growth</b>	<b>1,174</b>

<b>Income Reduction</b>	<b>£000s</b>
Reduction in rents	920
<b>Income Reduction</b>	<b>920</b>



<b>Savings</b>	<b>£000s</b>
Deletion of sheltered housing project manager post	(45)
Furniture & fittings budget not required for 2016/17 as no further sites to be developed	(30)
Reduction in general estate tidiness budget	(250)
Reduction in balcony repairs budget	(50)
Reduction in external wall insulation budget	(150)
Closed area offices	(40)
Reduction in 'garage repairs' budget	(50)
Savings (individually under £10k)	(74)
Reduction in HRA share of debt management expenses	(38)
Reduction in garage voids	(216)
<b>Total Savings</b>	<b>(943)</b>

<b>Income Increase</b>	<b>£000s</b>
Recovered court costs - previously unbudgeted	(75)
Increase in interest	(25)
Annual recalculation of garage income figures	(25)
Additional Income (individually under £10k)	(20)
<b>Income Increase</b>	<b>(145)</b>

## APPENDIX 2

### Housing Revenue Account – Prudent Minimum Balance

Estimate of prudent level of HRA reserves 2016/17			Page 1/2
<u>Description</u>	<u>Level of risk</u>	<u>Amount at risk</u>	<u>Risk</u>
Employee Costs	<i>High</i>	6,378,712	31,894
Supplies and Services	<i>High</i>	2,373,314	5,933
Premises Costs	<i>High</i>	7,828,784	19,572
Transport Costs	<i>High</i>	172,538	431
Contracted Services	<i>Medium</i>	15,525,472	116,441
Fees and Charges	<i>Medium</i>	1,902,765	28,541
Investment Income	<i>Medium</i>	175,000	5,250
Rents & Service Charges	<i>Low</i>	68,520,778	171,302
Financing Items	<i>Medium</i>	36,673,927	110,022
Total One Year Operational Risk			489,386
<b>Allowing three years cover on operational risk</b>			<b>1,468,159</b>
<b>Balance Sheet risk</b>			
Issues arising from Welfare reform			<b>750,000</b>
Set aside for high value voids determination (for 2016/17 only)			<b>2,750,000</b>
<b>General Risk</b>			
Unforeseen events			<b>1,000,000</b>
<b>ESTIMATED REQUIRED LEVEL OF HRA RESERVES</b>			<b>5,968,159</b>

## Operational cost risk profiles

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		<i>Low Risk</i>	<i>Med Risk</i>	<i>High Risk</i>
Employee Costs	overspend	1.00%	2.50%	5.00%
	probability	25.0%	15.0%	10.0%
	amount at risk	15,947	23,920	31,894
Supplies and Services	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	2,373	4,450	5,933
Premises Costs	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	7,829	14,679	19,572
Transport Costs	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	173	324	431
Contracted Services	overspend	5.00%	10.00%	15.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	77,627	116,441	116,441
Fees and Charges	overspend	5.00%	10.00%	15.00%
	probability	25.0%	15.0%	10.0%
	amount at risk	23785	28541	28541
Investment Income	shortfall	10.00%	20.00%	30.00%
	probability	20.0%	15.0%	10.0%
	amount at risk	3,500	5,250	5,250
Rents & Service Charges	shortfall	1.00%	1.50%	2.00%
	probability	25.0%	15.0%	5.0%
	amount at risk	171,302	154,172	68,521
Financing Items	overspend	1.00%	2.00%	3.00%
	probability	15.0%	10.0%	5.0%
	amount at risk	55,011	110,022	55,011

