

# Council

Date: **Monday 15 February 2010**

Time: **10.00am**

Venue: **Council Chamber, County Hall, Norwich**

**Persons attending the meeting are requested to turn off mobile phones.**

## Prayers

## To Call the Roll

## AGENDA

### 1. Minutes

To confirm the minutes of the meeting of the Council held on 18 January 2010 (Page )

### 2. To receive any announcements from the Chairman

### 3. Members to Declare any Interests

Please indicate whether the interest is a personal one only or one which is prejudicial. A declaration of a personal interest should indicate the nature of the interest and the agenda item to which it relates. In the case of a personal interest, the Member may speak and vote on the matter. Please note that if you are exempt from declaring a personal interest because it arises solely from your position on a body to which you were nominated by the County Council or a body exercising functions of a public nature (e.g another local authority), you need only declare your interest if and when you intend to speak on a matter.

If a prejudicial interest is declared, the member should withdraw from the room whilst the matter is discussed unless members of the public are allowed to make representations, give evidence or answer questions about the matter, in which case you may attend the meeting for that purpose. You must immediately leave the room when you have finished or the meeting decides you have finished, if earlier.

4      **Recommendations from Cabinet meeting held on 25  
January 2010:-**

- Budget Proposals 2010/11 (Page      )
- Annual Investment and Treasury Strategy 2010/11 (Page      )
- Organisational Review (Page      )
- Local Area Agreement Refresh (Page      )

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# Norfolk County Council

at your service

## Norfolk County Council

### Minutes of the Meeting Held on 18 January 2010

**Present:** Mrs S C Gurney in the Chair

Mr A D Adams	Mr J M Joyce
Mr R Bearman	Mr M A Kiddle-Morris
Mr S Bett	Mr M C Langwade
Mr W P Borrett	Mr S R Little
Dr A P Boswell	Mr B W C Long
Mr J S Bremner	Mr I J Mackie
Mr M P Brindle	Mr I A C Monson
Mr A J Byrne	Mr J Mooney
Mr D R Callaby	Mr P D Morse
Mr J A Carswell	Mr D Murphy
Mr M R H Carttiss	Mrs J A Murphy
Miss C L Casimir	Mr G Nobbs
Mrs J R M Chamberlin	Mr W J Nunn
Baron M Chenery of Horsbrugh	Mr R E Parkinson-Hare
Mr S M Clancy	Mr J H Perry-Warnes
Mrs D M Clarke	Mr G R Plant
Mr B J E Collins	Mr A J Proctor
Mr P G Cook	Mr P K Rice
Mr D Cox	Mr R C Rockcliffe
Mr N Dixon	Mr J D Rogers
Mr S Dorrington	Mr M J Scutter
Mr P Duigan	Mr N C Shaw
Mr S Dunn	Mr J R Shrimplin
Mr T East	Mr R A Smith
Mr R A Edwards	Mr B H A Spratt
Mr T S C Garrod	Mrs A Steward
Mr A J Gunson	Dr M Strong
Mr R C Hanton	Mrs H Thompson
Mr D G Harrison	Mr A D Tomkinson
Mr D Harwood	Ms J S Toms
Mr M Hemsley	Mrs C M Walker
Mr J R Herbert	Mr J M Ward
Mr H A S Humphrey	Mr M J Wilby
Mrs D Irving	Mr A T Williams
Mr G R Jones	Mr A J Wright
Mr C Jordan	Mr R J Wright

**Total present: 73**

**Also Present:** - Mr S Revell, Standards Committee Chairman

## **Apologies:**

Apologies for absence were received from Mrs M Chapman-Allen, Mr A J Dobson, Mr B J Hannah, Mr P A Hardy, Mrs S E L Hutson, Mr B J M Iles, Mrs J Mickleburgh, Mrs A M Thomas, Mr P A G Wells, Mr A M White and Dr F C Williamson.

### **1. Minutes of the previous meeting**

The minutes of the meeting held on 23 November were confirmed as a correct record and signed by the Chairman, subject to the following amendments:

Paragraph 3, delete the following declaration of interest: "Mr Shrimplin, as a member of the Police Authority".

### **2. Chairman's Announcements**

#### **Mr Ronald Brooks**

The Chairman announced that Mr Ronald Brooks had sadly passed away. Mr Brooks was first elected County Councillor for the Norwich (Lakenham) Division on 12 April 1973 and was re-elected in 1977. Mr Brooks resigned on 12 March 1979.

#### **Mr Hereward Cooke**

The Chairman also announced the sad passing of Mr Hereward Cooke on 15 December. Mr Cooke was a former deputy Leader of Norwich City Council and a much-loved priest in Norwich. He was the brother of Mrs Rosalie Monbiot, a former Norfolk County Councillor.

Council stood in silence in honour of their memory.

#### **Change of Council meeting date**

The Chairman advised Members that the 4 May Council meeting had been moved to Tuesday 11 May 2010 at 2pm.

#### **Independent Members of the Standards Committee**

The Chairman reminded Members that the last Council meeting had appointed the Independent Members of the Standards Committee and the newly appointed Independent Members would be attending a briefing session immediately after the Council meeting. The Chairman welcomed the new Chairman, Stephen Revell, Joss Goodey and Paul Bland who were present to observe this Council meeting and advised that other members would arrive later in the morning.

#### **Chairman's engagements**

The Chairman had attended the following events:

- A thanksgiving service for Operation Herrick at Norwich Cathedral. The Cathedral was filled with troops from the Light Dragoons who had just returned from Afghanistan, together with their families and the families of some of those who fell during the tour of duty. The service was followed by a reception at the Robertson Barracks in Swanton Morley.

- The Light Dragoons Welcome Home Parade in Dereham which had been superbly organized by Breckland Council, followed by a poignant church service.
- The Christmas Seaside Special at Cromer Pavilion Theatre hosted by Councillor Simon Partridge, Chairman of North Norfolk District Council.
- A 'schools showing' of the Christmas Spectacular at Great Yarmouth Hippodrome, which included a VIP backstage tour.
- Carole Services at County Hall, Norwich Cathedral (where she gave a reading) and St Peter Mancroft.
- The opening of the Parliamentary History Exhibition at the Archive Centre, where, together with the Lord Speaker Baroness Hayman, she opened the exhibition.

The Chairman hosted an event at the Gorleston Pavilion Theatre pantomime on for a group of approximately 70 young carers plus accompanying adults from King's Lynn, Fakenham, Dereham, North Walsham and Norwich. The Chairman thanked Peter Taylor Funerals and Helen McDermott for their support in making this event such a success.

On Christmas Day the Chairman visited residents and staff at Redmayne View.

### **3. Declarations of Interest**

The following Members declared personal interests in the Report of the Cabinet meeting held on 7 December 2009:

- Dr Boswell, paragraph 5, 'ICT Plan 2010/11', as he has worked in the IT industry for 25 years.
- Mr Shaw, paragraph 5, 'ICT Plan 2010/11', as he works in the IT industry.
- Mr Rockcliffe, paragraph 6 'Proposed New Governance for the Registration Service' as his family has a barn licensed for civil ceremonies.

The following Members declared personal interests the Report of the Cabinet meeting held on 4 January 2010, paragraph 1.1 concerning the flood sirens:

- Dr Strong, as an unpaid volunteer flood warden for Wells and an unpaid volunteer representing North Norfolk senior flood wardens on the Norfolk Resilience Forum (Voluntary Sector).
- Mr Rice, as he lives in the flood risk area.
- Mr Hanton, as a member of the Norfolk Constabulary.
- Mr Perry-Warnes, as a member of the Police Authority.
- Mr Byrne, as a member of the Police Authority.
- Mr Betts, as a member of the Police Authority.
- Mr Tomkinson, as a member of the Police Authority.
- Mr Rockcliffe, as a family member owns property at North Beach, Heacham.

- Mr S Dorrington, personal interest as he owns a caravan in a flood risk area

#### **4. Cabinet Recommendation – Meeting held on 7 December 2009**

##### **Norfolk Minerals and Waste Development Framework: Core Strategy and Development Control Policies Development Plan Document: Publication of Pre-Submission Document**

Mr Cox moved the recommendations from the Cabinet.

##### **RESOLVED:**

- 1) To approve the publication of the Core Strategy and Development Control Policies Pre-Submission document for representations to be made by statutory bodies and members of the public, over an 8-week period, in accordance with Regulation 27 of the Town and Country Planning (Local Development) (England) Regulations 2004 (as amended).
- 2) To authorise officers, in consultation with the Cabinet Member for Planning and Transportation, to make minor corrections (such as typographical or grammatical) that are identified, prior to the publication of the Core Strategy in February 2010.
- 3) To authorise officers, in consultation with the Cabinet Member for Planning and Transportation and the Minerals and Waste LDF Member Reference Group, to review the pre-submission representations made following the close of the representations period. If no fundamental weaknesses are identified, the Core Strategy should be formally submitted in late Spring 2010. If any significant weaknesses are identified, appropriate remedial measures, involving further work and a delay in formal submission will be identified.

#### **5. Report of the Cabinet Meeting held on 7 December 2009**

In moving the report, Mr Cox drew Members' attention to key items and invited questions.

##### **Public Questions, Paragraph 1.1**

Mr Rogers confirmed that no political group meetings were held prior to the meeting of the Planning (Regulatory) Committee.

##### **Public Questions, Paragraph 1.2**

Mr Brindle asked how the Chief Executive's salary would be set and what bonuses would be payable if the this post were to fall vacant.

Mr Cox said that currently there was no vacancy for a Chief Executive but would be dependent upon market conditions as and when a vacancy arose.

##### **ICT Plan 2010/11, Paragraph 5**

Dr Boswell asked whether the County Council would undertake a full evaluation concerning the possible installation of energy saving IT equipment and open source software which he said would save the County Council a quarter of a tonne of CO<sub>2</sub>. Further, he said that a link should be made between the Council's and schools' IT equipment.

Mr Shaw advised that the 'Windows' programme, used by the County Council, already included this energy saving facility.

In response to Dr Boswell's questions, Mr Borrett, Cabinet Member for Corporate Affairs & Efficiency, said that the Council would undertake a full evaluation concerning the possible installation of energy saving IT equipment and open source software and the authority already advised schools concerning IT equipment, but that it was for schools to have such decisions.

### **School Organisation Issues: 3-Year Junior Clusters and Academy Strategy, Paragraph 9**

Mr Scutter asked, given the critical report received concerning the Open Academy, what would the Cabinet be doing about this problem.

In response, Mr Cox said that we continue to work with academies and that the approach to supporting the Open Academy would be similar in assisting with issues raised in the report.

### **Great Yarmouth Third River Crossing Preferred Route, Paragraph 16**

Mr Garrod thanked the Cabinet for making a swift decision at the December Cabinet meeting and he asked whether the Cabinet Member would lobby the government to ensure that the funding was made available for this and other capital projects which are essential for Norfolk.

Mr Plant also thanked the Cabinet to taking this decision and he also wished to thank the residents for the unselfish, visionary way that they had accepted the decision taken. He asked what the timescale was for the delivery of the project.

Mr Shrimplin, Mr Cook and Mrs Walker also thanked the Cabinet for the decision taken.

Mr Gunson, Cabinet Member for Planning and Transportation said that this scheme was very important to Great Yarmouth and he appreciated the thanks received from the Great Yarmouth Members. £1.125m of funding had already been received to develop the scheme, which excluded the costs of developing the transport model. As far as future funding was concerned, regeneration must receive regional support. Other methods of achieving funding would have to be considered and whilst toll charges had proved unpopular with the public there were also public funding initiatives and other private finance initiatives that would be investigated. With reference to timescales, the next step would be to undertake further study work into funding/procurement options.

**RESOLVED:** to note the report.

## **6. Report of the Cabinet Meeting held on 4 January 2010**

The Chairman advised that the proposed changes to the use of some of the revenue from council tax on second homes was featured in paragraphs 1.2 and 9 of this report. However, this item had now been called in and would be considered at the Cabinet Scrutiny Committee meeting to be held on Tuesday 19 January. Consequently, this item was not for discussion at this Council meeting. The proposal for the establishment of an Infrastructure Fund would, in any case, need to be incorporated in the budgetary proposals

to be considered by the Cabinet on 25 January and then by full Council on 15 February so there would be an opportunity for it to be debated by Council.

In moving the report, Mr Cox drew Members' attention to key items and invited questions.

### **Local Member Questions, paragraph 1.1**

Dr Strong said that Mr Humphrey, the Cabinet Member for Fire and Community Protection had advised that the authority would direct funding towards training flood wardens and she asked when and how this training would be facilitated.

In response Mr Humphrey said that training was ongoing and four flood exercises had been held in the County. The training referred to by Dr Strong however was additional training which could not be made available until the flood sirens issue had been finalised.

Dr Strong said that she had received enquiries from Parish Councils concerning the request by the Cabinet Member for parishes to submit a 'business case' if they wished to retain their siren. Dr Strong asked whether the Cabinet Member would agree to provide each parish which has a siren with a pro-forma to indicate what information was required from them. Parishes had stated that they were experiencing difficulties finding out about the insurance situation and she asked, since the authority has access to legal support far beyond that of the parishes, would the Cabinet Member provide information as to the insurance situation.

In response Mr Humphrey said that very few parishes had responded to the letter sent to them in August which set out what they needed to do to take over the ownership of their siren and subsequently a meeting had been held with those parishes who wished to take over ownership. A pro-forma could not be provided because the County Council had decided it could not support the flood sirens but the Association of Town and Parish Councils could provide guidance. Those Parish Councils who provide a business case must accept the risks, costs and agree that the sirens would only be used as part of agreed flood plans.

### **Local Member Questions, paragraph 1.3**

Mr Morse said that he had previously asked a question about the Cabinet portfolios and the response from the Leader had been that he needed additional focus to enable him to drive through efficiencies. Mr Morse had been surprised by this response because the financial context was well known. He asked what the real reason had been for the Cabinet reshuffle.

In response, Mr Cox said that the decision to change the Cabinet had been taken because of the continued deepening of the financial crisis that had occurred over the last nine months and that Cabinet portfolios had to reflect the context and the focus for this Council.

### **Overview and Scrutiny Panel Issues, paragraph 2**

Mr Bremner asked whether issues discussed by the Overview and Scrutiny Panels, such as street lighting and the Field Study Centre could be discussed under this item.



The Chairman said that there was such an opportunity if it was relevant to the Cabinet debates.

### **2009-10 Finance Monitoring Report, paragraph 3**

With reference to the Icelandic Banks, Mr Morse said that whilst he accepted that recovery levels had changed, compared to the previous report received by Cabinet, the authority was now expecting to receive £6.3m less than anticipated and he asked Mr Mackie to confirm that the latest estimated loss was £8.9m which ignored any interest payment expected (with interest this would equate to £11m).

In response, Mr Mackie, Cabinet Member for Finance and Performance, said that the amounts shown were estimates and the procedures for the recovery of these funds would be a long process – currently this was being challenged in the Courts. Mr Mackie said that the figures could not be confirmed.

Mrs Clarke asked how the administration would deal with the loss of this money and the loss of interest.

In response, Mr Mackie said that information would be included in the Cabinet report which would be considered at the 25 January Cabinet meeting.

Mr Ward asked how the Audit Commission had assessed the authority's handling of the Icelandic Banks issue and whether there was anything the authority could have done to limit this.

In response, Mr Mackie said that the Audit Commission had also invested in the Icelandic Banks which confirmed that no one knew about this financial meltdown. Further, all councillors had approved this investment. New processes were now being put in place and the authority now only invests in UK banks.

### **Annual Audit Letter and Norfolk County Council's Organisational Assessment, paragraph 4**

Mr Morse asked about the costs charged by Butlers to the County Council and what work Butlers were paid to undertake.

In response, Mr Mackie said that the cost was £25k and the work undertaken by Butlers had been outlined in the Cabinet report.

Mr Scutter said that some errors, including one material error and one non-trivial error, had been identified by the auditors and he asked what actions the administration had taken to reduce errors.

In response, Mr Mackie said that the auditors annual letter set out an assurance that this Council has proper arrangements in place and was performing well.

Mr Morse said that under the previous inspection regime the County Council had achieved four stars. However, he noted that under the new regime the criteria was different and the Council had achieved a grade three which equated to 'performing well'. He suggested that this meant the Council was going backwards and there were negative parts of the report, including results from education and teenage pregnancy. Mr Morse asked how the administration intended to improve these results.

In response to the above questions, Mr Cox said that the Audit Commission had highlighted in their Organisational Assessment that the authority was a 'learning council' and the authority had been rated high for its services, with the different systems of CPA and CAA incomparable.

Mr Joyce noted a letter from the Leader in today's EDP concerning the authority's new grading and he said that the Audit Commission report had stated that the number of people in Norfolk who believed that they got on well together was the lowest for all the counties. He asked how the Leader intended to encourage people from different communities in Norfolk to work well together.

In response, Mr Cox said that the authority would be aiming to achieve the top grade. Mr Cox stated that the Council is supporting local communities through programs such as Investing in Communities and is this year sponsoring a Pride in Norfolk award.

Mr Jones asked when the County Council would remove the four-star rating from its letterheads.

In response, Mr Cox said that the four-star rating would be removed from letterheads as stocks are used up.

#### **Ombudsman Report 2008/09, paragraph 7**

Mr Scutter referred to the complaints relating to education and whether the eleven complaints were focussed on a particular area of education and what was being done to deal with these complaints.

In response, Mr Cox said that education complaints are typically dealt with by schools but that he would send a letter to Mr Scutter detailing these complaints.

Mr Brindle asked why the target response time for dealing with complaints in 2008-09 had not been met and what would be done to ensure that the target was met in 2009-10.

In response, Mr Borrett, Cabinet Member for Corporate Affairs and Efficiency said that the authority was now currently within target.

#### **Residual Waste Treatment Project, paragraph 8**

With reference to the loss of Contract A, Dr Boswell said that for the last six months he had asked what was being done to progress alternative waste options. Dr Boswell asked what the Environment and Waste Department response was to the new Government Feed In Tariff scheme that would become active on 1 April which could pay 9p per electricity unit for power consumed by the County Council and an additional 5p per unit on energy sold back to the National Grid. Dr Boswell said there was an opportunity for the Council to make money and he was concerned that no progress had been made.

In response, Mr Monson, Cabinet Member for Environment and Waste said that the authority would continue to pursue all opportunities to carry it through to the start of Contract B.

### **Wash Shoreline Management Plan, paragraph 10**

Dr Boswell said that the Environment Agency had based their plan on research undertaken in 2003 and that this would be reviewed on a five year cycle. He asked how the authority would keep in touch with this process to enable it to consider the potential impact.

In response, Mr Monson confirmed that the authority would continue to keep abreast of developments.

### **Amendment to Park and Ride Contract Award, paragraph 11**

Mr East asked what the reason was for changing the preferred bidder with regard to the Park and Ride Contract.

In response, Mr Gunson advised that the Cabinet had accepted a quote from CT Plus but because the company had been required to become part of the Norfolk Pension Fund, and had not included this as part of their original quote; their costs had risen by £120k which meant that their final quote was higher than that received from Norse. Therefore the contract had been offered to Norse.

### **Appointments to Committees, Panels, Boards and Working Groups, paragraph 12.1**

Mr Scutter noted the political membership of the Council's committees and he requested that school governors continue to be appointed because of their suitability and not because of their political allegiance.

In response, Mr Cox said that the procedures for the appointment of school governors would remain as at present.

### **Appointments to Committees, Panels, Boards and Working Groups, paragraph 12.2**

Mr Nobbs asked how long ago the recommendation had been made to establish a County Farms Tenants' Advisory Board and why this decision had been delayed.

In response, Mr Borrett said that the Cabinet had worked hard to put this in place as quickly as possible.

At this point in the proceedings the Chairman said that she would not accept any follow-up questions and that any Member who had follow-up questions should put these direct to the relevant Cabinet Member following the meeting.

As a point of order, Mr Jones said that members should be able to insist on an appropriate response to their questions during this meeting.

The Chairman said that Members had ample opportunity to raise issues during Council meetings and also during Overview and Scrutiny Panel meetings and that her decision not to accept further questions would stand.

**RESOLVED:** to note the report.

**7. Report of the Cabinet Scrutiny Committee Meeting held on 24 November 2009**

**Residual Waste Treatment Project, paragraph 1**

Mr Bearman urged the Cabinet Scrutiny Committee to follow up the residual waste treatment project as a matter of urgency.

**Forward Work Programme, paragraph 3**

Mr Little offered his congratulations to the staff in Adult Social Services for their good performance rating. With reference to tackling dementia, Mr Little asked whether the authority was storing up greater costs for the future as even greater resources would be required if the authority moved away from in-house services.

In response Mr Morse said that dementia and services to older people would be considered by the Cabinet Scrutiny Committee on Tuesday 19 January.

**RESOLVED:** to note the report.

**8. Report of the Cabinet Scrutiny Committee Meeting held on 27 November 2009**

**Meeting with Members of the European Parliament (MEPs), paragraph 1**

Mr Jordan said that he had received responses from Mr Van Orden and Mr Howett concerning the question "What do MEPs do?".

**RESOLVED:** to note the report.

**9. Report of the Cabinet Scrutiny Committee Meeting held on 22 December 2009**

**RESOLVED:** to note the report.

**10. Report of the Personnel Committee Meeting held on 7 December 2009**

**RESOLVED:** to note the report.

**11. Report of the Norfolk Health Overview and Scrutiny Committee held on 26 November 2009**

**RESOLVED:** to note the report.

**12. Report of the Planning (Regulatory) Committee Meeting held on 20 November 2009**

**RESOLVED:** to note the report.

**13. Report of the Planning (Regulatory) Committee Meeting held on 18 December 2009**

**RESOLVED:** to note the report.

**14. Report of the Norwich Highways Agency Joint Committee meeting held on 26 November 2009**

**Public Questions, paragraph 2.4**

Mr Bearman said that advice from the Department of Transport on the use of 20 mph speed limits in residential areas had now been received and he requested that this information be considered at a future meeting of the Joint Committee.

In response, Mr Adams confirmed that the Joint Committee would consider this additional information at a future meeting.

**RESOLVED:** to note the report.

**15. Report of the Joint Museums Committee meeting held on 13 November 2009**

**RESOLVED:** to note the report.

**16. Report of the Records Committee meeting held on 13 November 2009**

**RESOLVED:** to note the report.

**17. Appointments to Committees**

Mr Cox moved the report and noted the following appointments made by the Chief Executive under delegated powers:

- Mrs J Chamberlin to replace Mrs A Thomas on the Children's Services Overview and Scrutiny Panel and the Norfolk Health Overview and Scrutiny Committee
- Mrs J Chamberlin to replace Mrs A Steward on the Fire and Community Protection Overview and Scrutiny Panel
- Mr T Williams to replace Mr J Carswell on the Corporate Affairs Overview and Scrutiny Panel
- Mr B Iles to replace Mrs A Steward and Mrs J Murphy respectively on the Planning, Transportation, Waste and Environment Overview and Scrutiny Panel and the Planning (Regulatory) Committee
- Mr B Borrett to replace Mr T Williams on the Personnel Committee and on the Eastern Shires Purchasing Organisation

The meeting concluded at 11.35am.

**CHAIRMAN**

**RECOMMENDATIONS FROM THE CABINET MEETING HELD ON  
25 JANUARY 2010**

- **BUDGET PROPOSALS 2010/11**
- **ANNUAL INVESTMENT AND TREASURY STRATEGY 2010/11**
- **ORGANISATIONAL REVIEW**
- **LOCAL AREA AGREEMENT REFRESH**

**1. Budget Proposals 2010/11**

The Leader put the following recommendations to the Cabinet and these were endorsed:

**1.1 RESOLVED TO RECOMMEND TO COUNCIL -**

1. An overall County Council Revenue Budget of £579.240m for 2010-11, including additional costs of £45.030m and budget savings of £25.621m as set out below. **Detailed proposed changes are attached at Annex 1 (page     ).**

<b>Table 2 – 2010-11 Revenue Budget</b>	<b>2010-11 Base Budget £m</b>	<b>Additional Costs £m</b>	<b>Savings £m</b>	<b>Base Adjustments £m</b>	<b>Cost Neutral Changes £m</b>	<b>2010-11 Recommended Budget £m</b>
Children's Services	166.447	14.693	-10.877	-0.105	2.441	172.599
Adult Social Services	212.750	15.945	-10.056		16.406	235.045
Planning and Transportation	67.325	2.468	-1.544		3.029	71.278
Environment and Waste Management	34.322	2.397	-0.291		0.035	36.463
Economic Development	1.720	0.014	-0.008		0.475	2.201
Fire Service	31.618	0.486	-0.291		-0.265	31.548
Trading Standards	3.349	0.031	-0.031		-0.005	3.344
Other Consumer Services	1.047	0.001	-0.006		-0.498	0.544
Libraries and Information	12.934	0.216	-0.111		0.035	13.074
Recreation and Grants	0.733	0.015	-0.002		-0.052	0.694
Norfolk Joint Museums	4.253	0.166	-0.150		0.328	4.597

Norfolk Records Service	1.533	0.018	-0.010		0.179	1.720
Adult Education	0.270	0.039	-0.035		0.080	0.354
Norfolk Guidance Service	0.000					0.000
Chief Executive	34.252	0.581	-0.625		1.062	35.270
Property Services	2.926	0.032				2.958
Office Accommodation	0.027	-0.002			-0.021	0.004
County Farms	0.137	0.693			-0.089	0.741
Property Management	0.332	0.008			0.061	0.401
Finance General	-16.039	7.229	-1.584		-23.201	-33.595
<b>TOTAL</b>	<b>£559.936m</b>	<b>£45.030m</b>	<b>-£25.621m</b>	<b>-£0.105m</b>	<b>£0.000m</b>	<b>£579.240m</b>

2. An increase in Band "D" Council Tax for 2010-11 of 1.90%, which means a Band "D" Council Tax of £1,145.07.
3. An initial Capital Programme for 2010-11 of £204.969m, subject to subsequent adjustment if additional external funds for capital purposes become available. **This is attached at Annex 2 (page       ).**
4. The recommendation of the Head of Finance of a minimum level of General Balances of £14m be held in 2010-11.
5. The transfer of the balance on the Redundancy and Pension Reserve into the Organisational Change Reserve to meet the estimated costs arising from the Organisational Review.
6. The Capital Strategy set out in Appendix E of the Cabinet report by the Director of Corporate Resources and the Head of Finance and the Minimum Revenue Provision Statement set out in Appendix E, paragraph 3.4.11. **These are attached at Annex 3 (page       ).**

The Prudential Indicators set out in Appendix H of the Cabinet report by the Director of Corporate Resources and the Head of Finance. **These are attached at Annex 4 (page       ).**

The approach on Council Tax Discount on Second Homes set out in paragraph 11.2 of the Cabinet report by the Director of Corporate Resources and the Head of Finance. **This is attached at Annex 5 (page       ).**

The Council Tax calculations set out in Appendix I of the Cabinet report by the Director of Corporate Resources and the Head of Finance and the precept to be collected from the District Councils. **These are attached at Annex 6 (page       ).**

7. That the Head of Finance be authorised to transfer from the County Fund to the Salaries and General Accounts all sums

necessary in respect of revenue and capital expenditure provided in the 2010-11 Budget, to make payments, to raise and repay loans and to invest funds.

### **Note by the Head of Democratic Services**

**An extract of the 25 January Cabinet minutes relating to Public and Member questions is attached at Annex 7 (page       ). This only includes questions relating to the Budget Proposals 2010/11 and the Organisational Review.**

## **2. Annual Investment and Treasury Strategy 2010-11**

- 2.1 The Cabinet has received a report setting out changes to the framework in which treasury management operated and presented the Council's investment and borrowing strategies for 2010-11, including the criteria for choosing investment counterparties.
- 2.2 The Cabinet Member for Finance and Performance reported that while discussion by the Treasury Management Panel had been wide ranging, there were few proposals put forward which directly impacted on the content of the Draft Strategy. The cross-party Panel had been set up in part as a response to the global financial climate and included three Cabinet Members. He reported that the Treasury Management Panel had made the following comments:
- Paragraph 2.4 – In relation to services provided by our external treasury consultants Butlers, the paragraph should comment upon how service levels are monitored. Suggested addition: 'Service review meetings between officers and Butlers are held during the year and reported upon in the Annual Report at year end.'
  - Section 3 – Economic Overview 2010-11, the report should state that the commentary and forecasts set out in this section were those of our external treasury consultants, Butlers. Suggested alteration to title: 'Butlers Economic Overview 2010-11'
  - Para 3.4 – Delete first Sentence – 'With inflation set to remain subdued in the next few years.'
  - Para 4.2 – State that the 3 investment considerations; Security, Liquidity and Yield are ranked in that order by Communities and Local Government. Suggested alteration to second sentence: 'CLG's Investment Guidance rank these in the following order of importance:'
  - Para 5.1 – in relation to investment restrictions put in place by the Head of Finance, it was suggested that the word 'normal' be replaced by 'stable' and that the following sentence should be added at the end of the paragraph: 'The County Council's external treasury consultants will provide guidance to the Head of Finance as to the stability of banking and financial markets'.



- Appendix B – a date was added to the List of Approved Counterparties.

## 2.3 **RESOLVED TO RECOMMEND TO COUNCIL -**

- 1) The adoption of the four specific clauses contained within CIPFA's Code of Practice for Treasury Management in the public Sector, together with the proposed Treasury Management Policy Statement.
- 2) The Annual Investment and Treasury Management Strategy for 2010-11, including the treasury management Prudential Indicators set out in section 9 of the Cabinet report, with the amendments suggested by the Cabinet Member for Finance and Performance (above).

### **Note by the Head of Democratic Services**

**The four specific clauses contained within CIPFA's Code of Practice for Treasury Management in the public Sector and the proposed Treasury Management Policy Statement are attached at Annex 8 (page ).**

**A copy of the amended Annual Investment and Treasury Management Strategy for 2010-11 is attached at Annex 9 (page ).**

**The List of Approved Counterparties is attached at Annex 10 (page ).**

## **3. Organisational Review**

3.1 The Cabinet has received a report setting out the proposed operation model for the County Council following a review of senior management arrangements at Norfolk County Council by management consultants PwC.

3.2 The Cabinet has agreed:

- 1) To endorse the organisational design model set out on page 23 of the PwC report (annexed to the Cabinet report) as the organisational design strategy for Norfolk County Council over the coming 3–5 years and the reference point for further organisational change and development.
- 2) To endorse the organisational design principles that underpin the proposed organisational design strategy as described on page 6 of the PwC report (annexed to the Cabinet report) and agree their use in all implementation activities.
- 4) To endorse the proposed management structures to tier 4, as set out in Appendix 2 and subject to paragraph 5.1 of the Cabinet report, and authorise implementation by Chief Officers, subject to the necessary work described in section 5 of the Cabinet report, the

achievement of the savings specified at paragraph 10 and the approval of full council to the extent required under the constitution

- 5) To agree that management cost savings of £1.5m as a result of proposals in this review be made in 2010/2011 - these equate to £1.875m from 2011/12 onwards and were included in the 2010–2011 budget proposals.
- 6) To agree that anticipated implementation and one off costs associated with the Organisational Review of up to £3.2m be met from the Organisational Change Reserve - this was included in the 2010–2011 budget proposals.

### **3.3 RESOLVED TO RECOMMEND TO COUNCIL**

- 1) To endorse the changes to Chief Officer posts outlined in the PwC report (annexed to the Cabinet report), and agree that amendments be made to Articles 6 and 12 and Appendices 6, 7, 15 and 23 of the Constitution in line with these proposals and delegate authority to the Head of Democratic Services and Head of Law to make the necessary amendments and any other consequential changes to the Constitution, the proposals being:-
  - The post of Director of Corporate Resources (formerly designated as Director of Corporate Resources and Cultural Services) will have management responsibility for:-
    - Democratic Services
    - Shared Support Services including Procurement, Human Resources & Organisational Development, Finance, ICT, Legal Services, Programme Management Office, and Planning, Partnership and Performance
    - Business transformation and improvement
  - The post of Director of Environment, Transport and Development will have management responsibility for: -
    - Highways
    - Planning Regulatory and Consumer Protection Services
    - Emergency Planning
    - Environment and Waste
    - Travel Planning Services
    - Economic Development and Strategy
  - The post of Director of Community Services (formerly designated as Director of Adult Social Services) will have responsibility for:-
    - Adult Social Care Services
    - Cultural Services
    - Community Safety

- The post of Director of Children's Services will have responsibility for services for children and young people.
- The post of Chief Fire Officer (formerly designated as Chief Fire Officer and Director of Community Protection) will have responsibility for Fire and Rescue Services.
- The post of Head of Customer Services and Communications will have responsibility for:-
  - Customer Access and customer insight (research and feedback)
  - Citizen engagement and consultation
  - Public affairs and media management
  - Marketing and communications

#### **4. Refresh of the Norfolk Local Area Assessment**

- 4.1 The Cabinet has received a report setting out the key messages from the annual review and refresh of Norfolk's Local Area Agreement (LAA). It highlighted the good progress being made, where there was a need to accelerate progress, and identified four indicators that the County Council was recommending for re-negotiation with Government departments.
- 4.2 The Local Area Agreement Officer highlighted that since the report had been written, negotiations with some of the indicators had progressed. He confirmed the final targets of designated indicators (as set out in the Cabinet report). Those being re-negotiated with Government departments had been agreed in principle. Most of the final targets of local indicators had been re-negotiated with partners, but responses from Districts were needed before the fuel poverty target could be confirmed. Any changes to the figures set out in the Cabinet report would also be reported to Full Council.
- 4.3 **RESOLVED TO RECOMMEND TO COUNCIL –**

Approval of the refreshed Local Area Agreement targets for submission to the Secretary of State.

#### **Note by the Head of Democratic Services**

**Changes to the targets as a result of re-negotiation since the 25 January Cabinet meeting are as follows:**

**The designated targets, negotiated with central government, are as specified in the Cabinet Report, with the exception of the Norfolk target for working age people on out of work benefits (NI 152). The wording of this target has been amended to read "extend the gap with the English average rate to 1 percentage point by March 2011".**

Details of the full discussion on any of the matters above can be found in the minutes for this meeting.

**CHAIRMAN  
DANIEL COX**



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# ANNEX 1

## LEADER'S 2010-11 REVENUE BUDGET RECOMMENDATION

	2010-11	2011-12	2012-13
CHILDREN'S SERVICES	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation - Pay (2010-11 0% (teachers 2.3%); 2011-13 1%)	0.105	0.637	0.652
Basic Inflation – Prices (general 2%, school and social care passenger transport 4%)	2.545	2.620	2.698
Additional 0.7% contribution to pensions (1% for 2011-13)	0.288	0.416	0.420
Additional 1% increase in NI employers contributions in 2011-12		0.548	
No inflationary uplift to the independent and voluntary sectors	-0.593		
14-19 Machinery of Government - transfer of responsibilities and reduction in Learning and Skills Council funding	0.266	0.086	
Developing capacity to manage Building Schools for the Future	1.560	0.500	-1.000
Duty to accommodate homeless 16/17 year olds following House of Lords ruling	0.540		
Looked After Children – increased residential agency and foster care agency	8.411	2.081	2.081
Increased demand for school related early retirement/redundancies	1.500		
Increased cost of use of school premises by subsidised users, based on existing 25% subsidy rate.	0.071		
Sub Total Additional Costs	14.693	6.888	4.851
<b><u>Budget Savings</u></b>			
Reduced Special Educational Needs transport expenditure	-0.320		
Efficiency savings on Home to School transport	-1.395		
Use of Not in Education, Employment or Training (NEET) related Local Public Service Agreement (LPSA) reward grant (two years)		0.200	
Removal of provision for early years revolving loan fund (one-off)	0.100		

Increase number of in-house foster carers	-1.500		
Reduce level of social care transport costs	-1.000		
Change to processes and procedures for taking children into care	-2.400		
Repeat of 15 of the budget reductions included in the 2009-10 budget monitoring.			
- Reduced former school staff pension costs	-0.020		
- Fewer discretionary awards to students	-0.012		
- Reduced number of boarding pupils supported at Wymondham College	-0.009		
- Savings on swimming pool hire costs for school use	-0.050		
- Redundant school support budgets	-0.104		
- Headteacher recruitment now funded from schools budgets	-0.029		
- Reduction in management training costs for social care	-0.150		
- Savings on vacant school crossing posts	-0.030		
- Alternative use of 16c Harvey Lane residential home and savings on other centres	-0.200		
- Moving to solely electronic delivery of school post	-0.020		
- Delay projects in creative music programmes	-0.015		
- Reduced expenditure on equipment for statemented pupils	-0.017		
- Energybuster project now part of Dedicated Schools Grant	-0.050		
- Reduce support to schools on extended schools start ups	-0.250		
Use of Supporting People project to support costs of accommodating 16/17 year olds	-0.540		
Transfer of funding for school ICT services to existing Government Grant	-1.000		
Recharge of contract monitoring costs to the PFI Scheme	-0.050		
Transfer of Student Support functions to the Student Loans Company	-0.060		
Voluntary organisations – reduce the level of services procured	-1.000		
Reduce subsidy to Wells and Holt study centres	-0.250		
Reduction in subsidy rate for use of school premises from 25% to 15%	-0.071		
Removal of excess pay award provision in 2009-10	-0.435		
Savings to be identified		-7.088	-4.851
Sub Total Budget Savings	-10.877	-6.888	-4.851

<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
*Depreciation charges	-0.795		
*Revenue expenditure funded capital under statute (REFCUS) charges	13.622		
*Grant on REFCUS Charges	-17.412		
Debt management expenses	-0.015		
*Grant and contributions deferred	8.969		
Budget transfer to Chief Executives for PC Desktop Refresh	-0.142		
Budget transfer to Chief Executives for new data/voice contract charges	-0.112		
Transfer of budget to Chief Executives for Employee Service Centre services to schools	-0.325		
Budget transfer regarding Office Accommodation charges	-0.007		
Decrease in Area Based Grant	-1.342		
Sub Total Cost Neutral Changes	2.441		
<b><u>Base Adjustments</u></b>			
Student finance	-0.105		
Sub Total Base Adjustments	-0.105		
<b>Total</b>	<b>6.152</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>ADULT SOCIAL SERVICES</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			

Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.780	0.797
Basic Inflation – Prices (General 2%, school and social care passenger transport 4%)	2.488	2.539	2.591
Additional 0.7% contribution to pensions (1% for 2011-13)	0.556	0.795	0.803
Additional 1% increase in NI employers contributions 2011-12		0.453	
No inflationary uplift to the independent and voluntary sectors	-2.200		
Reduction in preserved rights grant	0.201		
Demographic growth – Older people	2.000	2.300	2.480
Increased cost of packages – Older people	0.756	0.764	0.774
Demographic growth – Physical disability	0.036	0.021	0.011
Increased cost of packages – Physical disability	0.118	0.119	0.120
Demographic growth – Mental health	0.026	0.015	0.008
Increased cost of packages – Mental health			0.087
Learning difficulties recurrent overspend from 2008-09, due to packages of care	3.800		
Learning difficulties – one off savings made in 2009-10 (not recurrent)	0.246		
Transition of people with learning difficulties from children's services to adult social services	2.600	2.600	2.600
Learning difficulties panel decisions – new services less people leaving the service	2.720	2.720	2.720
Full year effect of previous year's Learning Difficulties Panel decisions	2.430	2.430	2.430
Transition of people with physical disabilities from children's services to adult social services – increase between years	0.168	0.168	0.168
Prevention Fund – currently funded from Social Care Reform Grant – ending 2011-12		0.500	
Sub Total Additional Costs	15.945	16.204	15.589
<b><u>Budget Savings</u></b>			
NHS contribution to the Learning Difficulties Pooled Fund in excess of the corporate inflation of 2% - estimated amount	-2.137		
Savings from continued externalisation of home support services	-0.719	-0.627	
Estimating continuing health care for new service users with learning difficulties and people with learning difficulties transitioning from Children's Services	-0.620	-0.620	
Learning Difficulties Service – Priority based budget savings	-3.800		
Match funding from the NHS for the prevention projects	-0.350		



Alternative funding for the Domiciliary Care Apprentice Scheme	-0.057		
Review Service Level Agreements with the Third Sector and cease those that no longer fit with corporate objectives	-0.200		
Use of additional contract negotiation skills available corporately to drive down the cost of high packages – invest to save	-0.500		
Modern Social Care Phase Two (part year implementation of first of three modules)	-0.050		
Cease subsidy for bathing service (non-statutory service)	-0.054		
Charging for day care – part year	-0.250		
Rationalisation of learning difficulties day centres buildings	-0.600		
Removal of excess pay award provision in 2009-10	-0.719		
Savings to be identified		-14.957	-15.589
Sub Total Budget Savings	-10.056	-16.204	-15.589
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
*Depreciation Charges	0.056		
*Revenue expenditure funded capital under statute (REFCUS) charges	0.278		
*Grant on REFCUS charges	-0.278		
Debt Management Expenses	-0.001		
*Grant and contributions deferred	0.125		
Budget transfer regarding Office Accommodation charges	-0.007		
Budget transfer to Chief Executives for PC Desktop Refresh	-0.113		
Budget transfer from Chief Executives in relation to Order to Income transfer of 0.1 FTE re: residents property	0.002		
Budget transfer to Chief Executives for new data/voice contract charges	-0.132		
Budget transfer from Adult Social Services to Chief Executives	-0.010		
Increase in Area Based Grant	16.486		
Sub Total Cost Neutral Changes	16.406		
<b>Total</b>	<b>22.295</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>PLANNING AND TRANSPORTATION</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.152	0.155
Basic Inflation – Prices (General 2%, passenger transport 4%)	0.569	0.580	0.592
Additional 0.7% contribution to pensions (1% for 2011-13)	0.100	0.143	0.144
Additional 1% increase in NI employers contributions 2011-12		0.129	
Additional highways maintenance inflation	0.511	0.352	0.481
Passenger transport inflation		0.075	
Increases in energy costs for street lights		0.200	0.200
Reinvestment to public transport	0.608		
Increase highways assets by adoption	0.050	0.051	0.050
LPSA - Public transport, reduction in income – one off as expected to be offset from savings in 2011-12	0.300	-0.300	
LPSA – Road Safety, reduction in income – used to reduce cost pressures in 2008-09 but was one off income	0.330		
Sub Total Additional Costs	2.468	1.382	1.622
<b><u>Budget Savings</u></b>			
Savings from Park & Ride re-tender	-0.741		
Further enhance initiative project	-0.300		
Gt Yarmouth 3 <sup>rd</sup> river crossing fees	-0.325		
Adjustment to street lighting policy	-0.041		
Removal of excess pay award provision in 2009-10	-0.137		
Savings to be identified		-1.382	-1.622
Sub Total Budget Savings	-1.544	-1.382	-1.622
<b><u>Cost Neutral Changes, i.e. which do not impact on the</u></b>			

<b><u>overall Council Tax</u></b>			
*Depreciation charges	1.369		
Debt Management Expenses	-0.006		
*Grant and Contributions deferred	1.711		
Budget transfer regarding Office Accommodation charges	0.004		
Budget transfer from P&T to Economic Development	-0.040		
Budget transfer to Chief Executives for new data/voice contract charges	-0.049		
Budget transfer to Chief Executives for PC Desktop Refresh	-0.057		
Increase in Area Based Grant	0.097		
Sub Total Cost Neutral Changes	3.029		
<b>Total</b>	<b>3.953</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>ENVIRONMENT AND WASTE MANAGEMENT</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.073	0.075
Basic Inflation – Prices (General 2%, passenger transport 4%)	0.597	0.609	0.621
Additional 0.7% contribution to pensions (1% for 2011-13)	0.048	0.069	0.070
Additional 1% increase in NI employers contributions 2011-12		0.018	
Additional inflation	0.042	0.088	0.105
Mitigation measures from ceasing Contract A		0.170	0.720
Landfill tax increase	1.510	1.940	1.890
Increase in waste demand		0.290	
Dereham Household Waste Recycling Centre	0.200	0.200	
Sub Total Additional Costs	2.397	3.457	3.481
<b><u>Budget Savings</u></b>			

Modernisation of household waste recycling centres	-0.225		
Removal of excess pay award provision in 2009-10	-0.066		
Savings to be identified		-3.457	-3.481
Sub Total Budget Savings	-0.291	-3.457	-3.481
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
*Revenue expenditure funded capital under statute (REFCUS) charges	0.195		
*Grant on REFCUS charges	-0.115		
*Depreciation charges	-0.084		
Debt Management Expenses	-0.001		
Increase in Area Based Grant	0.040		
Sub Total Cost Neutral Changes	0.035		
<b>Total</b>	<b>2.141</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>ECONOMIC DEVELOPMENT</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.009	0.010
Basic Inflation – Prices (General 2%, passenger transport 4%)	0.013	0.014	0.014
Additional 0.7% contribution to pensions (1% for 2011-13)	0.001	0.001	0.001
Additional 1% increase in NI employers contributions 2011-12		0.011	
Sub Total Additional Costs	0.014	0.035	0.025
<b><u>Budget Savings</u></b>			
Removal of excess pay award provision in 2009-10	-0.008		

Savings to be identified		-0.035	-0.025
Sub Total Budget Savings	-0.008	-0.035	-0.025
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
*Revenue expenditure funded capital under statute (REFCUS) charges	1.499		
*Grant on REFCUS charges	-1.499		
*Grants and contributions deferred	0.218		
Transfer of Norfolk Rural Community Council village hall grants from Arts to Economic Development	0.152		
Budget transfer from P&T to Economic Development	0.040		
Increase in Area Based Grant	0.065		
Sub Total Cost Neutral Changes	0.475		
<b>Total</b>	<b>0.481</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>FIRE SERVICE</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0% (1.25% Fire Fighters pay to 30 <sup>th</sup> June 2010; 0% for the remainder of 2010-11); 2011-13 1%)	0.049	0.197	0.201
Basic Inflation – Prices (General 2%)	0.179	0.183	0.186
Additional 0.7% contribution to pensions (1% for 2011-13)	0.023	0.035	0.035
Additional 1% increase in NI employers contributions 2011-12		0.150	
Utilities and premises	0.075	0.075	
Duty to maintain safety critical operational training	0.160		
Fire appliance vehicle and ICT leasing (upon exhaustion of current reserve)			0.308

Sub Total Additional Costs	0.486	0.640	0.730
<b><u>Budget Savings</u></b>			
Revised operational mobilising policies	-0.099	-0.101	
Rationalisation of the fleet			-0.250
Removal of excess pay award provision in 2009-10	-0.192		
Savings to be identified		-0.539	-0.480
Sub Total Budget Savings	-0.291	-0.640	-0.730
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
*Depreciation charges	-0.341		
*Revenue expenditure funded from capital under statute (REFCUS) charges	0.455		
*Grant on REFCUS charges	-0.455		
Debt Management Expenses	-0.001		
Finance leases: Budget transfer to Fire Service from Finance General	0.281		
Accountancy post transfer from Fire to Corporate Finance (Chief Executives)	-0.056		
Budget transfer to Finance General re: Fire JCB finance lease	-0.148		
Sub Total Cost Neutral Changes	-0.265		
<b>Total</b>	<b>-0.070</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>TRADING STANDARDS</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.029	0.030
Basic Inflation – Prices (General 2%, passenger transport 4%)	0.010	0.010	0.010
Additional 0.7% contribution to pensions (1% for 2011-13)	0.021	0.031	0.031
Additional 1% increase in NI employers contributions 2011-12		0.018	
Loss of DEFRA grant		0.138	
Sub Total Additional Costs	0.031	0.226	0.071
<b><u>Budget Savings</u></b>			
Vacancy management	-0.004		
Transfer of DEFRA grant to Revenue Support Grant		-0.138	
Removal of excess pay award provision in 2009-10	-0.027		
Savings to be identified		-0.088	-0.071
Sub Total Budget Savings	-0.031	-0.226	-0.071
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
Budget transfer to Chief Executives for PC Desktop Refresh	-0.006		
Budget transfer regarding Office Accommodation charges	0.001		
Sub Total Cost Neutral Changes	-0.005		
<b>Total</b>	<b>-0.005</b>	<b>0.000</b>	<b>0.000</b>

	2010-11	2011-12	2012-13
<b>OTHER CONSUMER SERVICES</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.006	0.006
Basic Inflation – Prices (General 2%, passenger transport 4%)	-0.001	-0.001	-0.001
Additional 0.7% contribution to pensions (1% for 2011-13)	0.002	0.003	0.003
Additional 1% increase in NI employers contributions 2011-12		0.004	
Sub Total Additional Costs	0.001	0.012	0.008
<b><u>Budget Savings</u></b>			
Removal of excess pay award provision in 2009-10	-0.006		
Savings to be identified		-0.012	-0.008
Sub Total Budget Savings	-0.006	-0.012	-0.008
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
Eastern sea fisheries – transfer from Other Consumer Services to Finance General	-0.499		
Budget transfer regarding Office Accommodation charges	0.001		
Sub Total Cost Neutral Changes	-0.498		
<b>Total</b>	<b>-0.503</b>	<b>0.000</b>	<b>0.000</b>

	2010-11	2011-12	2012-13
<b>LIBRARIES AND INFORMATION</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.076	0.077
Basic Inflation – Prices (2% General)	0.080	0.080	0.080
Additional 0.7% contribution to pensions (1% for 2011-13)	0.050	0.061	0.061
Additional 1% increase in NI employers contributions 2011-12		0.036	
Loss of income DVD and CD	0.086		



Sub Total Additional Costs	0.216	0.253	0.218
<b><u>Budget Savings</u></b>			
Withhold inflation to stock fund budget	-0.020		
Withhold inflation to ICT budget	-0.012		
Stock fund efficiencies	-0.009		
Unidentified savings		-0.078	-0.218
Stock fund reduction		-0.050	
Review of delivery vehicle routes		-0.004	
Review mobile library frequency of visits		-0.047	
Efficiency savings phases 3 and 4 Radio Frequency ID Project		-0.074	
Removal of excess pay award provision in 2009-10	-0.070		
Sub Total Budget Savings	-0.111	-0.253	-0.218
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
Budget transfer to Chief Executives for PC Desktop Refresh	-0.017		
Budget transfer to Chief Executives for new data/voice contract charges	-0.018		
Budget transfer to Finance General re: Mobile library finance lease	-0.011		
*Depreciation charges	0.059		
*Grants and contributions deferred	0.048		
Budget transfer regarding Office Accommodation charges	0.002		
Departmental budget transfer from Libraries to Records Office	-0.028		
Sub Total Cost Neutral Changes	0.035		
<b>Total</b>	<b>0.140</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
RECREATION & GRANTS	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.002	0.002
Basic Inflation – Prices (2% prices)	0.012	0.012	0.012
Additional 0.7% contribution to pensions (1% for 2011-13)	0.001	0.001	0.001
Additional 1% increase in NI employers contributions 2011-12		0.001	
Utilities / Service charges / accommodation	0.002		
Sub Total Additional Costs	0.015	0.016	0.015
<b><u>Budget Savings</u></b>			
Reduction of Arts Grants budget		-0.016	-0.015
Removal of excess pay award provision in 2009-10	-0.002		
Sub Total Budget Savings	-0.002	-0.016	-0.015
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
Transfer of Norfolk Rural Community Council Village Hall Grants from Arts to Economic Development	-0.152		
*Revenue expenditure funded from capital under statute (REFCUS) charges	0.100		
Sub Total Cost Neutral Changes	-0.052		
<b>Total</b>	<b>-0.039</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

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	2010-11	2011-12	2012-13
MUSEUMS	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.037	0.038
Basic Inflation – Prices (2% prices)	0.014	0.014	0.014
Additional 0.7% contribution to pensions (1% for 2011-13)	0.024	0.028	0.028
Additional 1% increase in NI employers contributions 2011-12		0.018	
Costs met from reserves in prior years	0.059		
Norwich Museums Manager – previously funded by Renaissance in the Regions	0.059		
Norwich Development Officer – previously funded by Norwich City Council	0.010		
Sub Total Additional Costs	0.166	0.097	0.080
<b><u>Budget Savings</u></b>			
Vacancy management and staffing review	-0.069	-0.044	
Reduction to recruitment budget	-0.005		
Reallocation of project income to revenue	-0.015		
Energy reduction savings	-0.006		
Increased income from premises in Great Yarmouth	-0.007		
Sharing of administrative staff	-0.004		
Redemption of loan charges	-0.010		
Security review savings at Norwich Castle		-0.023	
Increased admissions income		-0.020	
Increased income generation		-0.010	
Review of object storage premises			-0.080
Removal of excess pay award provision in 2009-10	-0.034		
Sub Total Budget Savings	-0.150	-0.097	-0.080

<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
*Depreciation Charges	-1.511		
*Revenue expenditure funded from capital under statute (REFCUS) charges	-0.369		
*Grant on REFCUS charges	0.369		
Debt management expenses	-0.004		
*Grant and contributions deferred	1.876		
Budget transfer to Chief Executives for PC Desktop Refresh	-0.009		
Budget transfer to Chief Executives for new data/voice contract charges	-0.003		
Budget transfer regarding Office Accommodation charges	0.001		
Departmental budget transfer from Museums to Records Office	-0.022		
Sub Total Cost Neutral Changes	0.328		
<b>Total</b>	<b>0.344</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>RECORDS</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.011	0.011
Basic Inflation – Prices (2% prices)	0.005	0.005	0.005
Additional 0.7% contribution to pensions (1% for 2011-13)	0.007	0.010	0.010
Additional 1% increase in NI employers contributions 2011-12		0.005	
Reduction in miscellaneous income budget	0.006		
Sub Total Additional Costs	0.018	0.031	0.026
<b><u>Budget Savings</u></b>			
Vacancy management and staffing review		-0.031	-0.026

Removal of excess pay award provision in 2009-10	-0.010		
Sub Total Budget Savings	-0.010	-0.031	-0.026
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
Budget transfer to Chief Executives for PC Desktop Refresh	-0.002		
Budget transfer to Chief Executives for new data/voice contract charges	-0.003		
*Depreciation charges	-0.004		
*Grant and contributions deferred	0.138		
Departmental budget transfer to Records Office from Libraries and Museum Service	0.050		
Sub Total Cost Neutral Changes	0.179		
<b>Total</b>	<b>0.187</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>ADULT EDUCATION</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.066	0.068
Basic Inflation – Prices (2% prices)	-0.110	-0.110	-0.110
Additional 0.7% contribution to pensions (1% for 2011-13)	0.044	0.048	0.048
Additional 1% increase in NI employers contributions 2011-12		0.033	
Increased room hire charges	0.035		
Increased holiday entitlement for sessional tutors	0.070		
Sub Total Additional Costs	0.039	0.037	0.006
<b><u>Budget Savings</u></b>			
Generation of additional income	-0.032		

Review and management of overheads		-0.037	
Removal of excess pay award provision in 2009-10	-0.003		
Unidentified saving			-0.006
Sub Total Budget Savings	-0.035	-0.037	-0.006
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
Budget transfer to Chief Executives for PC Desktop Refresh	-0.008		
Depreciation charges	-0.020		
*Grant and contributions deferred	0.108		
Sub Total Cost Neutral Changes	0.080		
<b>Total</b>	<b>0.084</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>NORFOLK GUIDANCE SERVICE</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.004	0.004
Basic Inflation – Prices (2% prices)	-0.007	-0.007	-0.007
Additional 0.7% contribution to pensions (1% for 2011-13)	0.002	0.003	0.003
Additional 1% increase in NI employers contributions 2011-12		0.003	
Utilities / Service Charges / Accommodation	0.005		
Sub Total Additional Costs	0.000	0.003	0.000
<b><u>Budget Savings</u></b>			
Review and management of overheads		-0.003	
Sub Total Budget Savings		-0.003	
<b>Total</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

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	2010-11	2011-12	2012-13
<b>CHIEF EXECUTIVE (including Finance, E-Service &amp; Efficiency, Customer Access)</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.198	0.202
Basic Inflation – Prices (2% prices, 4% transport)	0.260	0.265	0.271
Additional 0.7% contribution to pensions (1% for 2011-13)	0.108	0.156	0.158
Additional 1% increase in NI employers contributions 2011-12		0.160	
Independent Safeguarding Authority	0.150	0.200	
Public address system	0.038		
Place survey	0.025		
Sub Total Additional Costs	0.581	0.979	0.631
<b><u>Budget Savings</u></b>			
Review IT contracts	-0.063		
Increased registrars fee income	-0.008		
Political Assistant post	-0.040		
County Council lunches	-0.012		
Cancellation of annual media lunch	-0.004		
Customer service centre efficiencies	-0.107		
ICT Support Services review	-0.200		
Establish a single coroner's service district for Norfolk	-0.010		
Public address system – one off		-0.038	
Place survey- one off		-0.025	
Local Government Association savings		-0.096	
Removal of excess pay award provision in 2009-10	-0.181		
Savings to be identified		-0.820	-0.631
Sub Total Budget Savings	-0.625	-0.979	-0.631
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			

*Depreciation charges	-0.190		
Debt management expenses	-0.001		
*Grant and contributions deferred	0.171		
Budget transfer regarding Office Accommodation charges	0.006		
Budget transfer to Chief Executives for PC Desktop Refresh	0.354		
Budget transfer from Fire to Corporate Finance (Chief Executives) re: Accountancy Post	0.056		
Budget transfer from Chief Executives in relation to Order to Income transfer of 0.1 FTE re: residents property	-0.002		
Budget transfer to Chief Executives for new data/voice contract charges	0.317		
Transfer of budget to Chief Executives for Employee Service Centre services to schools	0.325		
Budget transfer from Adult Social Services to Chief Executives	0.010		
Increase in Area Based Grant	0.016		
Sub Total Cost Neutral Changes	1.062		
<b>Total</b>	<b>1.018</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>PROPERTY SERVICES</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)			
Basic Inflation – Prices (2% prices, 4% transport)	0.032	0.033	0.034
Sub Total Additional Costs	0.032	0.033	0.034
<b><u>Budget Savings</u></b>			
Savings to be identified		-0.033	-0.034



Sub Total Budget Savings		-0.033	-0.034
<b>Total</b>	<b>0.032</b>	<b>0.000</b>	<b>0.000</b>

	2010-11	2011-12	2012-13
<b>OFFICE ACCOMMODATION</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)			
Basic Inflation – Prices (2% prices, 4% transport)	-0.002	-0.002	-0.002
Sub Total Additional Costs	-0.002	-0.002	-0.002
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
*Depreciation charges	-0.021		
*Grant and contributions deferred	0.001		
Budget transfer regarding Office Accommodation charges	-0.001		
Sub Total Cost Neutral Changes	-0.021		
<b>Total</b>	<b>-0.023</b>	<b>-0.002</b>	<b>-0.002</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>COUNTY FARMS</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)			
Basic Inflation – Prices (2% prices, 4% transport)	0.013	0.013	0.013

Implementation of county farms recommendations (N.B. part of £1m cost of proposals reported to Corporate Affairs Overview and Scrutiny Panel - £320k for borrowing costs are included within Finance General)	0.680		
Sub Total Additional Costs	0.693	0.013	0.013
<b><u>Budget Savings</u></b>			
Outsourcing of management contract (one-off)		-0.075	
Savings to be identified			-0.013
Sub Total Budget Savings		-0.075	-0.013
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
*Depreciation charges	-0.089		
Sub Total Cost Neutral Changes	-0.089		
<b>Total</b>	<b>0.604</b>	<b>-0.062</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>PROPERTY MANAGEMENT</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)			
Basic Inflation – Prices (2% prices, 4% transport)	0.008	0.008	0.008
Sub Total Additional Costs	0.008	0.008	0.008

<b><u>Budget Savings</u></b>			
Savings to be identified		-0.008	-0.008
Sub Total Budget Savings		-0.008	-0.008
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
*Depreciation charges	0.040		
*Grant and contributions deferred	0.021		
Sub Total Cost Neutral Changes	0.061		
<b>Total</b>	<b>0.069</b>	<b>0.000</b>	<b>0.000</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

	2010-11	2011-12	2012-13
<b>FINANCE GENERAL</b>	£m	£m	£m

<b><u>Additional Costs</u></b>			
Basic Inflation – Pay (2010-11 0%, 2011-13 1%)		0.002	0.002
Basic Inflation – Prices (2% prices, 4% transport)	0.056	0.063	0.070
Additional 0.7% contribution to pensions (1% for 2011-13)	0.013	0.019	0.019
Borrowing costs to replace decrease in capital receipts through new policy for County Farms (N.B part of £1m proposals reported to Corporate Affairs Overview and Scrutiny Panel)	0.320	0.320	0.320
Provision for additional debt repayment re: Icelandic banks impairment value	1.000		
Provision for insurance claims incurred but not reported (IBNR)	1.800		
Eastern Sea Fisheries precept	0.025		
Land drainage precept	0.061		
2 <sup>nd</sup> Homes Council Tax adjustment	0.224		
Net interest payable	3.730	5.444	
Sub Total Additional Costs	7.229	5.848	0.411
<b><u>Budget Savings</u></b>			

Efficiencies – review of income budgets	-0.056		
Reduction in member expenses	-0.027		
Removal of excess pay award provision in 2009-10	-0.001		
Organisational Review savings	-1.500	-0.375	
Net interest receivable			-2.236
Savings to be identified		-5.473	
Sub Total Budget Savings	-1.584	-5.848	-2.236
<b><u>Cost Neutral Changes, i.e. which do not impact on the overall Council Tax</u></b>			
*Depreciation charges	1.531		
*Revenue expenditure funded from capital under statute (REFCUS) charges	-15.780		
*Grant on REFCUS charges	19.390		
Debt management expenses	0.029		
*Grant and contributions deferred	-13.386		
Finance leases: budget transfer from Finance General to Fire Service	-0.281		
Eastern Sea Fisheries – transfer from Other Consumer Services to Finance General	0.499		
Budget transfer from Libraries re: Mobile library finance lease	0.011		
Fire JCB finance lease budget transfer from Fire	0.148		
Transfer of Area Based Grant to other services	-15.362		
Sub Total Cost Neutral Changes	-23.201		
<b>Total</b>	<b>-17.556</b>	<b>0.000</b>	<b>-1.825</b>

\* These changes are required to comply with the Local Authority Accounting Code of Practice but do not impact on the Council Tax calculation.

## CAPITAL PROGRAMME 2010-2013

<b>Capital Programme 2010-11 and indicative programme 2011-12 onwards</b>			
	2010-11	2011-12	2012-13
	£m	£m	£m
<b>Adult Social Services</b>			
Homes for Elderly People - Essential Improvements	0.471		
Replacement Call Systems	0.075	0.075	
Mental Health 09/10	0.278		
Adult Social Care IT Infrastructure	0.298		
<b>Adult Social Services - Total</b>	<b>1.122</b>	<b>0.075</b>	
<b>Children's Services</b>			
Children's Centres and Extended Schools Total	15.490		
ICT Total	16.165		
Primary Capital Programme Total	16.595		
Major Projects and TCF Total	7.042		
High Growth Areas Total	5.296	0.500	
Compliance with DDA Total	1.944		
SEN Review Total	5.826		
Modernisation Total	14.736	0.027	
Specialised Diplomas Total	6.460		
School Based Projects Total	19.111	5.369	
Norwich PDC	0.175		
Social Care Total	0.180		
Other schemes Total	5.445	49.162	
Future years funding			40.143
<b>Children's Services – Education Total</b>	<b>114.465</b>	<b>55.058</b>	<b>40.143</b>
<b>Corporate Property</b>			
Corporate Minor Works	1.180	1.220	1.230
Disability Discrimination Act Works	0.130	0.130	0.130
Carbon Energy Reduction Fund	2.900	3.125	3.350
<b>Corporate Property - Total</b>	<b>4.210</b>	<b>4.475</b>	<b>4.710</b>
<b>Chief Executives</b>			
Asbestos Survey & Removal Programme	0.722	0.722	0.722
<b>Chief Executives - Total</b>	<b>0.722</b>	<b>0.722</b>	<b>0.722</b>
<b>Fire</b>			
Retained Stations Refurbishment	0.018		

LAA Building Safer Communities (KG1426)	0.249		
Training Building	0.200	0.200	
HQ Hethersett - Alterations CLG	0.164		
Long Stratton Area Office CLG	0.098		
Training Structures CLG	0.069		
Bowthorpe training centre improvements CLG	0.052		
Equality Facilities Wroxham CLG	0.041		
Equality facilities Gorleston CLG	0.023		
Equality facilities Aylsham CLG	0.004	0.064	
Fakenham DDA/equality/BA CLG	0.104		
Thetford BA & Training Improvements CLG	0.055		
N Walsham BA chamber CLG	0.045		
K Lynn refurbishment & improvements CLG	0.138	0.015	
Gt Yarmouth improvements CLG	0.005	0.060	
W Walton Equality CLG	0.014	0.011	
<b>Fire - Total</b>	<b>1.279</b>	<b>0.350</b>	
<b>Joint Museums Service</b>			
Bridewell Redevelopment	0.885	0.098	
Gressenhall Farm & Workhouse - Eco-buildings	0.095		
<b>Joint Museums Service - Total</b>	<b>0.980</b>	<b>0.098</b>	
<b>Library Service</b>			
Library Refurbishments	0.196	0.196	0.196
<b>Library Service – Total</b>	<b>0.196</b>	<b>0.196</b>	<b>0.196</b>
<b>Cultural Services</b>			
St Georges Art Centre	0.100	0.150	
<b>Cultural Services – Total</b>	<b>0.100</b>	<b>0.150</b>	
<b>Planning and transportation - Highways</b>			
Bridge Strengthening	1.700	2.000	
Bus Infrastructure Schemes	0.770	0.800	
Bus Priority Schemes	1.508	0.375	
LPSA Increasing the use of bus transport in Norwich	1.130		
Cycling	1.325	1.250	
Local Road Schemes	2.581	3.300	
Local Safety	1.315	1.350	
Other Schemes	0.030	0.125	
Park & Ride	5.550	0.100	

Public Transport Interchanges	0.890	4.073	
Road Crossings	0.800	0.750	
Safer & Healthier Journeys to School	0.905	0.850	
Structural Maintenance	26.434	21.803	
Structural Maintenance - NCC contribution (prudential borrowing)	7.000	7.000	
Traffic Management & Calming	2.927	1.151	
Walking Schemes	1.185	1.900	
Fees for Future schemes	0.274	0.450	
Retentions/ Land costs on completed schemes	0.275	0.300	
Northern Distributor Road	3.200	2.800	8.200
A47 Postwick hub	14.517		
Kings Lynn CIF 2	3.200		
Future years funding			32.099
<b>Planning and transportation – Highways - Total</b>	<b>77.516</b>	<b>50.377</b>	<b>40.299</b>
<b>Planning and transportation – Other Services</b>			
Recycling Centre - Legal Compliance	0.672	2.016	
Investing in Communities	1.507		
Genome Analysis Centre	1.250		
Hethel Engineering Centre - extensions	0.950		
<b>Planning and transportation – Other Services - Total</b>	<b>4.379</b>	<b>2.016</b>	
<b>Total Programme</b>	<b>204.969</b>	<b>113.517</b>	<b>86.070</b>
<b>Funding of Programme</b>			
General funding from County Council resources	58.109	52.058	44.919
External Funding	141.315	61.459	41.151
Funding from specific internal sources	5.545		
<b>Total</b>	<b>204.969</b>	<b>113.517</b>	<b>86.070</b>

## NORFOLK COUNTY COUNCIL CAPITAL STRATEGY 2010

## 1. THE CAPITAL STRATEGY CONTEXT

- 1.1 The Capital Strategy, supported by the Council's Asset Management Plan, is part of a range of corporate policies and documents from which the activity of the County Council is derived. The Strategy provides the framework for the delivery of future capital programmes, supporting the Council's achievement of its main priorities as identified in the Council Plan 2009-2012 (supplement).
- 1.2 The Capital Strategy exists to ensure that:
- Capital expenditure is targeted to schemes that assist the Council to achieve its priorities.
  - Capital expenditure is affordable, sustainable and prudent.
  - The affordability of the capital programme is considered as part of the annual budget approval process and the level of borrowing is considered in relation to the impact on the revenue budget.
  - Capital expenditure is prioritised and subject to option appraisal and post project review.
  - Best use is made of external funding opportunities for capital expenditure.
- 1.3 The Capital Strategy operates in the context of a capital programme for 2009-12 of over £396m, and outstanding borrowing used to fund previous capital expenditure of over £600m as at January 2010.
- 1.4 The Capital Strategy forms part of the Council's overall Corporate Planning Process, and links to other plans and strategies including the Asset Management Plan, the County Council Plan, the Local Transport Plan and departmental Service Plans.
- 1.5 The Council's policy framework includes three strategic ambitions and nine corporate objectives, which establish a direction for the Council as a whole. Supporting these, the Council Plan has identified improvement priorities which focus on specific service improvement needs with clear performance requirements. In addition, the Council has three organisation objectives, which focus on customers, value for money and supporting staff, which underpin the way that services are provided.
- 1.6 The nine corporate objectives are:
- **Economy** To lead a strategic approach to the development of the Norfolk economy
  - **Transport** To improve travel and transport
  - **Safety** To help make Norfolk a safe place to live and work
  - **Achievement** To improve educational attainment & help children achieve their ambitions
  - **Wellbeing** To improve the health and well-being of Norfolk's residents
  - **Learning** To improve opportunities for people to learn throughout life



- **Environment** To protect and sustain the environment
  - **Community** To build vibrant, confident and cohesive communities
  - **Culture** To improve and develop Norfolk's cultural heritage and resources
- 1.7 The purpose of the Capital Strategy is to deliver the Council's objectives and priorities by using capital resources to provide assets appropriate to the Council's services, in good condition, in the most efficient and effective manner
- 1.8 Under the Capital Strategy, all capital investment should contribute to the achievement of the main priorities of the County Council. The corporate priority of future bids for inclusion within the approved capital programme is scored using a capital prioritisation model (see section 3.3 below). This enables capital funds to be directed to projects meeting the highest corporate priorities. The prioritisation of the capital programme also takes into account the revenue consequences of capital schemes and considers whether service objectives and improvements are best achieved through capital schemes, ongoing (revenue) expenditure or a mixture of the two.
- 1.9 The introduction of the Prudential Code for Capital Finance in Local Authorities, with effect from 1 April 2004, has given local authorities more flexibility in determining the programmes for capital investment in fixed assets that are central to the delivery of quality local public services. The key objectives of the Code are to ensure, within a clear framework, that capital investment plans of authorities are affordable, prudent and sustainable. The Code also aims to be consistent with and support local strategic planning, local asset management planning and proper option appraisal.
- 1.10 The Capital Programme is considered by Cabinet in January and approved by Council in February each year. The majority of the programme relates to education and transport schemes, reflecting Government funding for these areas.

## **2. KEY PARTNERS AND PARTNERSHIP WORKING**

- 2.1 The Capital Strategy requires a flexible approach to partnership working. To maximise potential benefits, partnerships should only be considered where these are in support of the Council's main objectives, where partners' objectives are complementary and where the partnership demonstrates added value over alternative solutions, such as lower unit costs, innovation, rationalisation or enhanced service delivery.
- 2.2 The County Council continues to have significant involvement with a wide variety of partners in the development of its capital projects and has developed a range of methods to deliver services. Working successfully with others from public, private and voluntary sector agencies is a critical factor in the Council's aim of driving up standards and improving public services.

## **3. CAPITAL PLANNING FRAMEWORK**

### **3.1 General Principles**

3.1.1 The Capital Strategy defines the corporate standards for the management and review of capital investment. The key elements of the corporate planning and decision making process for capital programming are:

- Member definition of corporate direction – Council Plan, Corporate Policies and Service Strategies.
- Service Directorates – development of Asset Management Plans (including addressing backlog maintenance) and service strategies; preparation of bids for schemes to be included in the three-year Capital Programme to deliver the priorities set out in the Council Plan, service strategies and affordability of capital schemes.
- Overview and Scrutiny Panels – Member scrutiny and review of schemes developed by service directorates for submission to the corporate process.
- Corporate Finance – receipt and scrutiny of bids and preparation of funding forecasts etc.
- Corporate Capital and Asset Management Group – cross-departmental prioritisation of capital bids, including consideration of when in the three-year programme a scheme should commence.
- Chief Officers' Group, Cabinet, Cabinet Scrutiny Committee and County Council – Chief Officer and Member scrutiny and decision.

3.1.2 Six Overview and Scrutiny Panels provide the opportunity for Member input and review of a project's contribution to delivering the objectives of the Council. These are:

- Corporate Affairs
- Children's Services
- Fire and Community Protection
- Planning and Transportation, the Environment, and Waste.
- Adult Social Services
- Economic Development and Cultural Services

3.1.3 The corporate working and cross-cutting principle is facilitated by the Corporate Capital and Asset Management Group (CCAMG), chaired by the Managing Director of NPS. This comprises senior officer representation from the Council's major property users and takes a lead role in developing the Council's asset management and capital investment.

## **3.2 Management and Review**

3.2.1 The framework for managing capital investment, which supports the decision-making processes to prioritise and manage projects for forthcoming capital programmes, consists of:

- Project prioritisation over three years, including the generation of options and option appraisal.
- Programme financing over three years, including consideration of internal and external resources and revenue implications.
- Procurement, addressing corporate wide policies on procurement; and
- Programme and project management and review processes, providing a framework for the management and monitoring of projects (including risk management) and associated resources including grants and PFI.

## **3.3 Capital Project Prioritisation**

3.3.1 The Capital Strategy requires that any capital investment plans be generated by both service need and from Asset Management Plans, and all potential projects must at least partially meet a specific corporate goal. To facilitate this, a capital project prioritisation model is used, which ranks the corporate priority of projects using the following assessment criteria:

- Evaluation against Council Corporate Objectives, Council Plan Delivery Objectives and Improvement to Performance Indicators
- Statutory Obligations
- Support for Corporate & Departmental Asset Management Plans
- Service Continuity and Outcomes
- Efficiency Savings
- Sustainability and Impact on the Environment
- Delivery of Local Area Agreement / Comprehensive Area Assessment Partnership Working Objectives
- Project Risk
- Departmental Priority
- Funding from Internally-generated and Externally generated resources

3.3.2 The Capital Strategy requires that service departments prepare bids using Project Funding Prioritisation (PFP) reports. Capital bids must be scored using the prioritisation model and submitted to CCAMG for consideration by October/November each year. CCAMG will produce a prioritised list of capital projects for approval by the corporate Chief Officers Group and Members prior to the start of the financial year.

3.3.3 Bids should be supported by an appropriate option appraisal and whole life costing. This should include alternative provision of the assets and, where relevant, alternative options for providing the service. The more significant the proposed investment, the more detailed the option appraisal should be. As part of the option appraisal, a Risk Assessment will be required. This should take into account the risk that the project will be delayed (e.g. planning difficulties), overspend or fail to deliver the proposed benefits. CCAMG is responsible for defining the level of appraisal required for differing levels of investment, and for ensuring bids comply with the requirements.

3.3.4 Service departments are also invited to put forward minor works bids for allocations from pooled funding, covering health and safety works and disability adaptations. These are considered by CCAMG for prioritisation and approval and will be challenged or deferred if assessment criteria are not adequately met.

3.3.5 Commitments from schemes started in earlier years are the first call on available funding. These schemes will be reviewed to ensure they remain a priority and will be delivered within the agreed timescales.

3.3.6 Although it is intended that all major capital projects will be prioritised over three years, together with a financing programme over a similar period, there may be urgent new schemes arising during the course of the following years. These will be considered individually through the CCAMG and referred on to Members for consideration as appropriate taking into account all issues of affordability.

3.3.7 When identifying bids to be made, service departments should take account of any backlog maintenance. Most backlog maintenance will be routine maintenance, which must be funded from revenue funds, and is therefore outside the scope of the Capital Strategy. Departments should consider the whole life costing of maintenance to ensure the most efficient mix of routine and structural maintenance. There may be cases where structural maintenance is required (which can be funded from capital resources) or where it would be possible to address backlog maintenance alongside a capital scheme, resulting in a reduced overall cost to the Council. These links between backlog maintenance and the capital programme should be taken into account when service departments are preparing bids.

### **3.4 Financing the Capital Programme**

3.4.1 An objective of the Capital Strategy is to ensure that, once prioritisation has been achieved, the programme is managed according to funding availability to avoid peaks and troughs of activity. Selected projects must be sufficiently well prepared and flexible to enable the programme to be adjusted as circumstances, including the availability of finance, change. The aim will be to ensure that projects can be accelerated or deferred in order to utilise resources effectively.

3.4.2 Finance remains the primary constraint on the scale of future capital programmes and, prior to 1 April 2004, was substantially controlled by regulation. The introduction of the Prudential Code has replaced the complex regulatory framework with one based on self-regulation by local authorities.

3.4.3 Under prudential arrangements, local authorities can determine their own borrowing limits for capital expenditure, although the government does retain reserve powers to restrict borrowing if that is required for national economic reasons. To demonstrate that authorities have fulfilled these objectives the Code specifies indicators which must be used and factors which must be taken into account. It also requires the Council to establish procedures to monitor performance.

3.4.4 With effect from 2004-05, government support for local authority capital expenditure is termed SCE (Supported Capital Expenditure) and can be either revenue support for borrowing or capital grant. Government support for borrowing is received through the revenue support grant. In addition, the Council can now undertake unsupported or prudential borrowing provided that the financing costs are affordable from the revenue budget.

3.4.5 In reviewing the affordability of the capital programme consideration will be made of the following areas:

- We will not automatically assume that we will spend up to the Government approvals for Children's Services and Transport (supported borrowing).
- We will maximise capital spending, which is funded from external grants and contributions.
- Each service area will consider the link between revenue and capital spending and any additional borrowing cost arising from that service's capital proposals will be considered at the same time as revenue spending.
- We will critically review new schemes which create new assets and which attract additional maintenance requirements.

- We will not replace future reductions in Government capital grant and/ or supported borrowing with our own prudential borrowing, unless expressly agreed for a particular scheme.
- We will seek to enhance capital receipts from the sale of Council assets, subject to prevailing market conditions and securing best value for tax payers
- All schemes should be subject to a capital prioritisation process and we will review the existing criteria to ensure that they continue to meet the Council's present needs.
- We will agree up front parameters around major schemes which are outside the mainstream government approvals.

3.4.6 The introduction of the Prudential Code also enables consideration to be given to Invest to Save schemes, with capital investment being financed through prudential borrowing where revenue savings in future years can be identified.

3.4.7 The full financial impact of capital investment over the next three years, including ongoing revenue implications, is assessed as part of the annual budget approval process. Following the introduction of the Prudential Code, the revenue and capital budgets have been considered together by Cabinet and Council in January/February each year. This enables the level of prudential borrowing to be considered in the light of its impact on the Council's revenue budget.

3.4.8 The Capital Strategy requires the capital programme to be based on a formal objective prioritisation process. As a result of this, financial packages (where the proceeds of the sale of an asset are automatically allocated to a related scheme) should be minimised to ensure the prioritisation process is not distorted.

3.4.9 For a number of years, the Capital Programme has included a number of schemes that have been funded through slippage. This is not sustainable in the long term, and the Capital Strategy requires that the level of expenditure funded through slippage be gradually reduced.

3.4.10 Regulations issued by the Department of Communities and Local Government in 2008 require the Council to approve a Minimum Revenue Provision (MRP) Statement in advance of each year. The MRP is the provision made in the revenue budget for repayment of borrowing, and the council has a duty to provide for an amount of MRP which it considers to be prudent.

3.4.11 The statement sets out the Council's policy for the calculation of the annual MRP charge and the following policy is proposed for 2010-11:

- For capital expenditure incurred before 1 April 2008, and all expenditure since that date which is supported by Revenue Support Grant, the MRP policy will be to continue previous practice by providing for repayment of debt at 4% each year.
- For expenditure since 1 April 2008 the MRP policy for all unsupported borrowing will be to base the provision on the estimated life of the assets in accordance with the new regulations.

### **3.5 Procurement**

- 3.5.1 Procurement policy is particularly relevant to capital investment. The Capital Strategy requires project promoters to incorporate the principles of the Council's Procurement Strategy, which sets procurement in the context of a 'mixed economy' approach to ensure goods and services are procured in an appropriate and corporately consistent way.
- 3.5.2 The aim is to develop partnerships with businesses, voluntary and not-for-profit organisations, and with other organisations in the public sector to deliver services that provide the best value possible within the resources we have available.

### **3.6 Project Management and Review**

**3.6.1 The Capital Strategy requires that appropriate project management arrangements be put in place for all capital projects, including the allocation of responsibility for delivering a project. The two key elements are:**

- Management of the construction process for land and buildings, including the delivery of the project to agreed timescales and budget and reporting progress to clients and Members, which lies either with NPS Property Consultants Ltd or the Dept of Planning and Transportation (for highways schemes).
- Overall client management e.g. identifying service priorities, preparing project justification reports, agreement of the project brief etc. which lies with the client.

### **3.7 Performance Measurement and Monitoring**

- 3.7.1 The Capital Strategy requires the financial impact of the capital programme to be monitored by each service department and reported each month, via Corporate Finance, to Members as a standing item on each Cabinet meeting agenda. Performance is reported against the overall approved corporate capital programme, including latest forecasts of expenditure and explanations for movements.
- 3.7.2 The Council also uses standard national performance indicators and has developed a number of local indicators to help target improvements work and resources to where they are most needed.
- 3.7.3 Members are also engaged in performance management through the Cabinet Scrutiny Committee, which has authority-wide scrutiny powers. It can carry out specific reviews of any aspect of the Council's activities and review how the Cabinet is implementing Council policy.
- 3.7.4 The performance of the capital programme, and of asset management, will also be reflected in the performance monitoring undertaken by departments. This will cover the contribution of the capital programme and asset management to the delivery of service objectives and improvements.

## PRUDENTIAL CODE INDICATORS 2010-11

### 1. Background

- 1.1 First introduced in 2004, The Prudential Code (the Code) for local government capital investment replaced the complex regulatory framework, which only allowed borrowing if specific government authorisation had been received. The Prudential system is one based on self-regulation by local authorities. All borrowing undertaken is self- determined under the Code.
- 1.2 Under Prudential arrangements, local authorities can determine their own borrowing limits for capital expenditure. The Government does retain reserve powers to restrict borrowing if that is required for national economic reasons.
- 1.3 In November 2009, the Chartered Institute of Public Finance and Accountancy (CIPFA) published a revised edition of the Prudential Code. There are no fundamental differences between the old and new Codes. Changes are mainly cosmetic and result from both changes in accounting terminology (introduced by International Financial Reporting Standards) and as a result of the review of Treasury Management in local authorities post the Icelandic banking crisis.
- 1.4 With the exception of one remaining indicator, all other Treasury Management prudential indicators, previously within the Prudential Code have been moved to the CIPFA Treasury Management Code of Practice and are now included in the 2010-11 Annual Investment & Treasury Strategy, presented elsewhere on this agenda. The remaining treasury management indicator is to ensure that treasury management is carried out in accordance with good professional practice.
- 1.5 The key objectives of the revised Code remain the same. The Code should support the framework of strategic planning, local asset management and options appraisal. Ensuring that capital investment plans of local authorities are affordable, prudent and sustainable. The Code specifies indicators that must be used and factors that must be taken into account. The Code requires the Council to set and monitor performance on :
  - capital expenditure
  - affordability and prudence
  - external debt
  - treasury management
- 1.6 The required indicators are:
  - **Capital Expenditure Payment Forecast**
  - **Ratio of Capital Financing costs to Net Revenue Budget**
  - **Capital Financing Requirement**
  - **Net Borrowing for Capital Purposes**
  - **Authorised Limit for External Debt**
  - **Operational Boundary Limit for External Debt**
  - **Incremental Impact of Capital Programme on Band D Council Tax**
  - **Adoption of the CIPFA Treasury Management Code**

- 1.7 Once determined, the indicators can be changed so long as this is reported to the Council.
- 1.8 Actual performance against indicators will be monitored throughout the year. All the indicators will be reviewed and updated annually.
- 1.9 Prudential indicators are not designed to be comparative between local authorities. They are designed to support and record local decision-making.
- 1.9 Attached is a diagrammatic view of the indicators, setting out the relationship between indicators and their bases of calculation. The diagram shows for example, that the decision to finance capital expenditure from borrowing will increase outstanding debt on the balance sheet; which in turn results in interest payable on borrowing. Interest payable on borrowing is then compared with the net revenue budget to calculate the ratio of capital financing costs to net revenue budget indicator. Interest payable is also used to calculate the incremental impact on Band D Council Tax.

## 2. The Indicators

- 2.1 **The actual capital expenditure that was incurred in 2008-09 and the latest estimates of capital expenditure in 2009-10 (as contained in the latest Finance Monitoring Report) are shown below. The table also shows estimates for future years, as detailed in the Capital Programme 2010-11 – 2012-13:**

<b>Capital Expenditure Payment Forecast</b>					
	<b>2008-09 Actual £m</b>	<b>2009-10 Revised Estimate £m</b>	<b>2010-11 Estimate £m</b>	<b>2011-12 Estimate £m</b>	<b>2012-13 Estimate £m</b>
Children's Services	76.376	96.264	114.465	55.058	40.143
Adult Education	0.090	0.003	0.000	0.000	0.000
Adult Social Services	7.104	11.479	1.122	0.075	0.000
Planning & Transportation	58.165	64.340	81.895	52.393	40.299
Fire & Consumer Services	0.846	6.437	1.279	0.350	0.000
Library & Info Service	2.130	1.998	0.196	0.196	0.196
Norfolk Joint Museums	0.735	0.556	0.980	0.098	0.000
Arts – Cultural Services	0.000	0.500	0.100	0.150	0.000
Corporate Resources	8.290	9.631	4.932	5.197	5.432



<b>Finance Leases</b>	0.089	0.000	0.000	0.000	0.000
<b>Total</b>	<b>153.825</b>	<b>191.208</b>	<b>204.969</b>	<b>113.517</b>	<b>86.070</b>

The Council Plan and 2010-13 Budget report seeks approval for the overall level of Capital programme based on the level of capital financing costs contained within the revenue budget.

- 2.2 The **ratio of capital financing costs to net revenue budget** shows the estimated annual revenue costs of borrowing (net interest payable on debt and the minimum revenue provision for repaying the debt), as a proportion of annual income from council taxpayers and government. Estimates of the ratio of capital financing costs to net revenue budget for the current and future years, and the actual figures for 2008-09 are:

<b>Ratio of Capital Financing Costs to Net Revenue Budget</b>					
	<b>2008-09 Actual</b>	<b>2009-10 Revised Estimate</b>	<b>2010-11 Estimate</b>	<b>2011-12 Estimate</b>	<b>2012-13 Estimate</b>
	7.24%	10.74%	10.88%	11.41%	11.10%

The ratios increase over the period as new capital borrowing increases the level of outstanding debt.

The impairment charges in the 2008-09 Statement of Accounts, relating to changes in property valuations, have no impact on the Council tax, but have reduced the ratio shown above for that year. Figures from 2009-10 onwards have been adjusted to include provision for the Council's PFI schemes for schools, salt barns and street lighting, in line with the requirements of IFRS.

- 2.3 The **capital financing requirement** represents capital expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or other sources of external funding. Estimates of the end of year capital financing requirement for the Council for the current and future years and the actual capital financing requirement at 31 March 2009 are:

<b>Capital Financing Requirement</b>					
	<b>31-03-09 Actual £m</b>	<b>31-03-10 Estimate £m</b>	<b>31-03-11 Estimate £m</b>	<b>31-03-12 Estimate £m</b>	<b>31-03-13 Estimate £m</b>
	589.988	681.725	725.581	755.749	771.452

The capital financing requirement measures the County Council's underlying need to borrow for a capital purpose. It has also been adjusted to include PFI schemes.

- 2.4 The guidance on **net borrowing for capital purposes** advises that:

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing

requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.”

Net borrowing refers to the County Council's total external borrowing net of any temporary cash investments. The Council already works within this requirement.

- 2.5 The Code defines the **authorised limit for external debt** as the sum of external borrowing and any other financing long-term liabilities e.g. finance leases and PFI schemes. It is recommended that Council approve the 2010-2011 and future years limits.

For 2010-2011 this will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

As required by the Code, the Council is asked to delegate authority to the Head of Finance, within the total limit for any individual year, to effect movement between the separate limits for borrowing and other long term liabilities. Any such changes made will be reported to the Cabinet.

<b>Authorised Limit for External Debt</b>				
	<b>2009-10 £m</b>	<b>2010-11 £m</b>	<b>2011-12 £m</b>	<b>2012-13 £m</b>
Borrowing	706.073	766.826	781.110	783.919
Other long term liabilities	54.102	71.502	76.957	75.098
<b>Total</b>	<b>760.175</b>	<b>838.328</b>	<b>858.067</b>	<b>859.017</b>

These proposed limits are consistent with the indicative Capital Programme. They provide headroom to allow for operational management, for example unusual cash movements.

- 2.6 The Code also requires the Council to approve an **operational boundary limit for external debt** for the same time period. The proposed operational boundary for external debt is the same calculation as the external debt limit without the additional headroom. The operational boundary represents a key management tool for in year monitoring.

Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified again. The Council is asked to delegate authority to the Head of Finance, within the total operational boundary for any individual year, to make any required changes between the separately agreed figures for borrowing and other long-term liabilities.

<b>Operational Boundary Limit for External Debt</b>				
	<b>2009-10 £m</b>	<b>2010-11 £m</b>	<b>2011-12 £m</b>	<b>2012-13 £m</b>
Borrowing	543.548	667.733	691.196	700.255
Other long term liabilities	54.102	65.380	71.460	71.197
<b>Total</b>	<b>597.650</b>	<b>733.113</b>	<b>762.656</b>	<b>771.452</b>

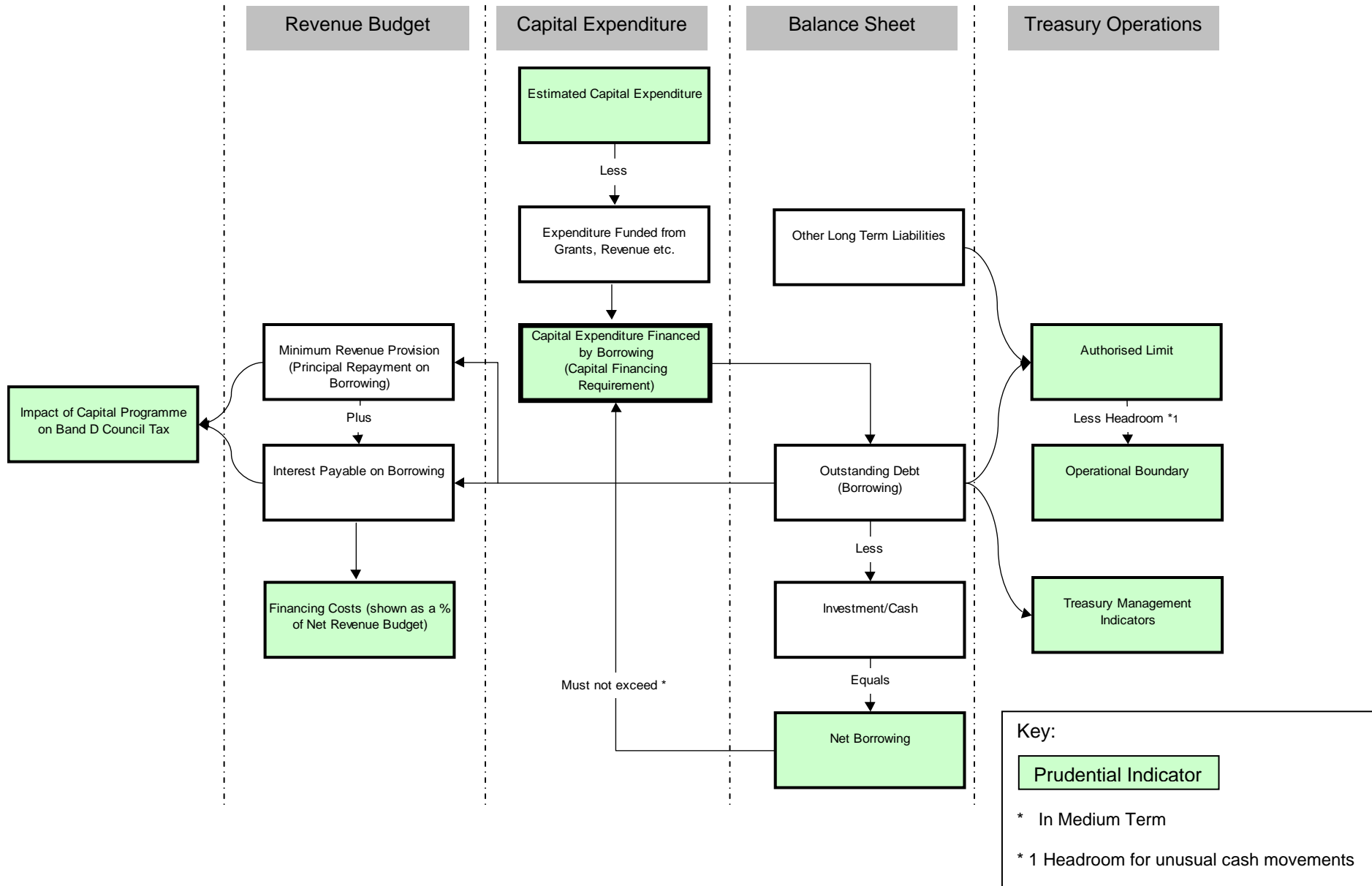
- 2.7 The Council's actual external debt at 31 March 2009 was £602m. This is not directly comparable to the authorised limit and operational boundary, since the actual external debt reflects the position at one point in time.
- 2.8 The **incremental impact on Band D Council Tax** resulting from the Capital Programme is:

<b>Incremental Impact of Capital Programme on Band D Council Tax</b>		
<b>2010-2011</b> £0.04	<b>2011-2012</b> £1.08	<b>2012-2013</b> £6.70

This reflects the cumulative impact of funding new capital schemes and associated capital commitments each year. The significant increase in 2012-13 is due to the shift from committed schemes to new starts in the draft Capital Programme for 2011-12 onwards. This reflects the recommendation within the Capital Strategy to review future funding announcements and not to treat new funding as commitments. The proposed timing of external borrowing means that this will first impact in 2012-13.

- 2.9 The prudential indicator in respect of treasury management is that the County Council has adopted the **CIPFA Treasury Management in the Public Services: Code of Practice**. The County Council adopted the original Code in 2002. Following revision of the Code in November 2009, the County Council is being asked to adopt the four specific clauses and the Treasury Management Policy Statement contained within CIPFA's revised Code as part of the 2010-11 Annual Investment and Treasury Management Strategy Report (presented elsewhere on this agenda).

## DIAGRAMMATIC PRESENTATION OF PRUDENTIAL INDICATORS



**Council Tax Discount on Second Homes**

- 1.1. The Local Government Act 2003 required that additional monies from reducing the Council Tax discount on second homes should be shared by the District Councils with the precepting Councils i.e. the County Council and the Police Authority.
- 1.2. Cabinet reviewed the use of this funding on the 4 January 2010 and recommended that the following approach for second homes monies received by the County Council is adopted for 2010-11:
  - 50% of the additional monies from second homes to go to Local Strategic Partnerships (pro rata to district collection) as now, to be spent on LSP priorities, including affordable housing where appropriate.
  - 50% to be retained at County level, of which:
    - half ring-fenced to be spent on infrastructure projects across the county. This will be managed by the County Council and allocated based on its Growth Point and other infrastructure priorities; and,
    - half committed to strategic initiatives identified by the County Strategic Partnership. It is not proposed that there will be a bidding process.

## COUNCIL TAX CALCULATIONS

**Council Tax/Precept in 2010-11**

	£m	£m
Council 2010-11 Budget Requirement		579.240
<u>Less: Revenue Support Grant</u>	30.210	
National Non-Domestic Rate Income	208.042	
Estimated Surplus on District Council Collection Funds etc.	2.161	<u>240.413</u>
<b>Precept Charge on District Councils</b>		<b>£338.827m</b>
Council Tax for an average Band "D" Property in 2010-11		£1,145.07 (+1.90%)
Council Tax for an average Band "B" Property in 2010-11.		£890.61 (+1.90%)

**Total payments to be collected from District Councils' in 2010-11**

	Precept (a) £	Collection Fund Surplus (b) £	TOTAL Payments Due £
Breckland District Council	48,708,678	(980,081)	47,728,597
Broadland District Council	51,658,688	(8,000)	51,650,688
Kings Lynn & West Norfolk Borough Council	57,777,942	2,159,000	59,936,942
Norwich City Council	46,047,845	506,057	46,553,902
Great Yarmouth Borough Council	35,855,577	130,080	35,985,657
North Norfolk District Council	47,142,532	197,055	47,339,587
South Norfolk District Council	51,635,787	157,000	51,792,787
<b>TOTAL Precept to be Collected</b>	<b>338,827,049</b>	<b>2,161,111</b>	<b>340,988,160</b>

## **Council Tax Collection**

The precept (column (a) above) for 2010-11 will be collected in 12 instalments from the District Council Collection Funds, as follows:-

Payment	Date		%
1	22 April	2010	8
2	20 May		9
3	22 June		9
4	22 July		9
5	19 August		9
6	22 September		9
7	19 October		9
8	22 November		9
9	21 December		9
10	20 January	2011	9
11	22 February		3
12	22 March		8

Where a surplus on collection of 2009-10 Council Tax (column (b) above) has been estimated the District Council concerned will pay to the County Council its proportion of the sum by ten equal instalments, as an addition to the May 2010 to February 2011 precept payments.

Where a deficit on collection of 2009-10 Council Tax (column (b) above) has been estimated the District Council concerned will receive from the County Council its proportion of the sum by ten equal instalments, as a reduction to the May 2010 to February 2011 precept payments.

## **2010-11 Council Tax Bands**

In accordance with Section 40 of the Local Government Finance Act 1992, the County Council amount of the Council Tax for each valuation band be as follows:

Band	£
A	£763.38
B	£890.61
C	£1,017.84
D	£1,145.07
E	£1,399.53
F	£1,653.99
G	£1,908.45
H	£2,290.14

**Extract of the 25 January Cabinet meeting**

**(Public and Member questions relating to the budget proposals  
and organisational review)**

**4. Public Questions**

**4.1 Proposed closure of Docking Household Waste and Recycling  
Centre**

A large number of local residents had submitted questions reflecting their opposition to the proposal to close Docking recycling centre as part of the 2010/11 budget proposals. None of those people were present to put their questions to the Cabinet but the Chairman invited Councillor Andrew Morrison, Borough Council of King's Lynn and West Norfolk, to make a short statement. He explained that:

1. Docking was the hub and central point of the villages of the north west Norfolk coast. Roads radiated to Old Hunstanton, Holme, Thornham, Titchwell, Brancaster, Brancaster Staithe, and the seven Burnhams. They were all equidistant at between 5 and 6 miles from Docking. Inland and nearer to Docking were the villages of Stanhoe, North Creake, the Birchams, Fring, Shernborne, Ringstead and Choseley.
2. All these settlements were growing and will continue to need a place for recycling to take place.
3. In the last 30 years he had seen the site grow from a 'dump' to a well-organised and designed recycling centre where the operatives' morale was high and their efficiency outstanding.
4. The existence of Docking Parish Council originating from this central position was clearly outdated now as an administrative base. But as centre for transportation of goods, in this case for the transportation of recyclable refuse, it was more important than ever. Petrol costs alone emphasised this.
5. At a time when rural services such as Police presence, Post Offices, Telephone Boxes, shops were growing ever scarcer, the country districts needed some consideration. Retention of this site was a case in point.
6. Fly-tipping was likely to become commoner.
7. If the County Council, strapped for cash in the short term, decided that to end recycling at Docking was the thing to do now, it would have plenty of time, and the certainty, to rue its decision. For the locals there would be no such leisure.

**Reply by the Cabinet Member for Waste and Environment**

The Cabinet Member explained that the proposed closure of Docking recycling centre formed part of a long term strategy to improve the County Council's network of recycling centres. The County Council aimed to build best practice recycling centres which offered a wide range of services. This would increase the accessibility of recycling



services to Norfolk's population. This included opening a new recycling centre in Dereham.

The County Council realised that these decisions would have an impact on local residents. It had tried hard to choose options which would have the least impact on frontline services and affect the fewest number of the county's residents.

Recycling centres at Heacham, Hempton and Wells all adequately covered the Docking 8.5 mile service area. This is why it had the lowest tonnage and visitor numbers in the County. The reason why the County Council was planning to open a recycling centre in Dereham was to address a significant service gap in central Norfolk.

Looking at Norfolk's waste and recycling demands as whole, net carbon emissions, journey times and travel distance would be significantly reduced.

The County Council appreciated that there were concerns that fly-tipping might increase. The cost of clearing fly-tipping following previous closures had been very small. For example, when Blackborough End closed there was no increase in district-wide fly-tipping incidents. The County Council would continue to monitor for fly-tipping and report any incidents to the relevant authorities.

The County Council had looked at the possibility of opening the site part-time (a saving of £22,000) against permanent closure (a saving of £115,000). It was unable to operate the site with fewer personnel. Two staff operated the site on a daily basis. Health and safety legislation did not allow lone working.

The proposal did not reflect the quality of service at the site. The most recent data (April – Sept 2009) showed that Docking had a recycling rate of 79%. The county average was 75%. Compliments have increased, but the County Council did not typically publicise staff changes.

The County Council operated many other rural recycling centres at a higher cost. But, because they had significantly higher tonnage and visitor numbers (as there was less of a service overlap) resources could be allocated more efficiently.

It was estimated that usership and annual throughput would increase by 7% at Heacham and 5% at Hempton. In both cases those increases were insignificant and existing site capacity would be sufficient.

The Cabinet Member confirmed that this was only a proposal at this stage and a final decision had not yet been made. He explained that a comprehensive statement was available. This would be sent to all concerned. He added that a public meeting had been arranged for 12 February, 7pm at Ripper Hall, Docking. This would enable residents' views to be fed into the County Council budget-setting meeting on 15 February.

Councillor Andrew Morrison, Borough Council of King's Lynn and West Norfolk, disputed the estimated usership and annual throughput figures that had been provided.

**4.4 First question from Norwich City Councillor Julie Brociek-Coulton (Sewell Ward)**

Councillor Julie Brociek-Coulton presented a petition opposing part night lighting to the Chairman.

As a city councillor for Sewell Ward I was shocked when given a proposed list of the roads that are due to be switched off by the council. I found that there were close to 57 roads that would be totally blacked out in Sewell Ward. Most of these roads are a long way from the few that have been chosen to be kept on meaning that whole areas will be effectively blacked out. The policy was proposed after no consultation with residents and the only consultation that has been promised will take place after decisions have been made.

Would the Cabinet take the huge amount of opposition in Norwich into consideration and undertake to do a proper resident consultation to see what turning off the lights means to the residents of Norwich before any decisions are taken?

**Reply by the Cabinet Member for Planning and Transportation**

The Cabinet Member explained that an overview of Norfolk (including Norwich) residents' perceptions of part night lighting had been obtained through a Citizens Panel questionnaire carried out last year. The results were summarised in the Cabinet report.

The County Council had been carrying out consultations with District, Town and Parish Councils as well as the Police, Fire and Ambulance services and other consultees. All consultee responses would be considered carefully and had been made available to Cabinet members.

In addition to the proposed general exemptions put forward in the Cabinet report (Appendix C), local resident consultation prior to implementation should help to inform the County Council of any particular street or area considerations of which it was not previously aware and which could influence the local implementation of part night lighting.

**4.5 Second question from Norwich City Councillor Julie Brociek-Coulton (Sewell Ward)**

Has the Cabinet considered the knock-on impact their lighting switch off policy is likely to have on carbon emissions?

**Reply by the Cabinet Member for Planning and Transportation**

The Cabinet Member explained that the implementation of part night lighting would lead to a reduction in the County Council's carbon emissions which would assist it to meet its carbon reduction targets, as well as its potential liability under the Carbon Reduction Commitment. The annual electricity saving would be about 10%. The County Council had considered potential knock-on impacts and did not believe these undermined the rationale for the proposal.

Councillor Julie Brociek-Coulton added that if the County Council had not had the Police report, it could not know which residential areas would need street lights.

**4.6 First question from Norwich City Councillor Sue Sands (Sewell Ward)**

Has any research been done into whether increased car usage, by scared pedestrians and increased use of household lighting will actually out-weigh the carbon savings made by this policy.

**Reply by the Cabinet Member for Planning and Transportation**

The Cabinet Member explained that the proposed CO<sup>2</sup> saving was equivalent to about 5 million miles of average car use. Given that the proposal only affected streets with low crime levels, and only between the hours of 12 midnight and 5 am, it seemed implausible that any effect on travel patterns would make much of an impact on this. Although the County Council had no data on household lighting, the fact that it was only talking about low crime streets between 12 midnight and 5 am, suggested any increase in such lighting will not offset the savings.

**4.7 Second question from Norwich City Councillor Sue Sands (Sewell Ward)**

Does the Cabinet accept that without accurate research into this area it is impossible to claim this policy will lead to reductions into carbon and that it may lead to a net increase of the county's carbon footprint?

**Reply by the Cabinet Member for Planning and Transportation**

The Cabinet Member explained that the implementation of part night lighting would lead to a reduction in the County Council's carbon emissions which would assist it to meet its carbon reduction targets under National Indicator 185 as well as its potential liability under the Carbon Reduction Commitment proposals.

**4.8 Question from John Hope, Chairman, Langham Parish Council – put to the Cabinet by Marie Strong, Local Member for Wells Division**

We are the Langham Parish Council, and our Village is much affected by second homes, which constitute some 20% of houses in the Village.

The main issue with the growth of second homes is that prices, for purchase as well as rental, are pushed up to beyond the means of locally employed people, causing them to have to move away to bigger Towns where prices are lower. This means that we lose the younger generations and places like Langham start to become just for the retired, part time residents and visitors, so the Village loses its heart, its spirit of community and is a somewhat deserted place in winter.

We were though heartened by the County Council's commitment to use the additional funds generated by the Government increasing second homes council tax to 90%, to support affordable housing, as this could bring back life to Villages such as ours. We are therefore extremely concerned to learn of your plans to go back on your commitment and use the monies in some general pot for infrastructure in areas well away from where it was generated.

The Langham Parish Council on behalf of residents asks you to reconsider your decision, and leave the monies where they are, so that full support can be given to affordable home projects.

#### **Reply by the Chairman**

The Chairman explained that Norfolk County Council's Cabinet had considered the proposal and supported it because it would have enormous benefits for the county when otherwise major improvement projects could stall because of the recession. North Norfolk had the most second homes and over the years had had the largest share of the monies collected. This would not change and North Norfolk will continue to have access to approximately £686,000 each year, through its Local Strategic Partnership, which could use its funds to support affordable housing.

Whilst he entirely understood the concern, the County Council's priority was to make this money work for the most people in the county. We believe the leverage such a fund could bring would have an impact for the long-term economic sustainability of Norfolk.

County Council officers had been asked to develop proposals for how the Fund would operate, which would be done in consultation with colleagues in district and parish councils. The Fund would be for all of Norfolk, not just growth areas, and the County Council would be happy to consider the views of Parish Councils as part of that consultation.

#### **4.9 First question from Joanna Otte (Clerk to Great Snoring, Kettlestone, Little Snoring, Hindolveston, Stody and Walsingham Parish Councils) – put to the Cabinet by Marie Strong, Local Member for Wells Division**

The issue of the re-allocation of second homes council tax to an Infrastructure Fund, which will largely benefit Thetford, Kings Lynn and

Greater Norwich, has been greeted with dismay by the Parish Councils that have been able to meet since the issue became public.

All the Parish Councils, to which I am Clerk, are concerned about the lack of affordable homes, poor public transport, limited sewage treatment works capacity and broadband access in their villages, and a few have on-going problems with mobile phone reception.

How much funding will be guaranteed from this proposed new Infrastructure Fund, and the dates for implementation, to develop the infrastructure that has been identified as essential in North Norfolk District Council's Core Strategy?

This applies equally to developments noted in the 4 January proposal and report to Cabinet (by the Director of Corporate Resources and Cultural Services) such as Great Walsingham, and to those, such as Little Snoring, which are not mentioned in the report, but are identified in North Norfolk District Council's Core Strategy.

(For instance Little Snoring, a Service Village, has an allocation of 25 new dwellings, half of which would be affordable homes. The Core Strategy states that major expenditure is required to upgrade the sewerage system in the village. This is not mentioned in the Report to Cabinet, 4th Jan 2010, Item No 14.)

### **Reply by the Chairman**

The Chairman explained that the Norfolk Infrastructure Fund was to support infrastructure projects across the county. The list of infrastructure requirements, included in the report to the 4th January Cabinet meeting, was an indication of the sort of issues that needed supporting. It was by no means a complete list and as the County Council developed the principles for allocating this new Fund, it would clearly need to revise and review this list.

At this stage the County Council was unclear as to how much funding would be available in this new Fund, which was due to start in April 2010, as it depended on;

- the amount not used from this current financial year,
- the predictions for the amount to be collected during 2010/11 (information is provided to us by the district councils).

The County Council would invite District and Parish Councils to put forward projects as part of the consultation.

## **5. Local Member Issues/Member Questions**

### **5.1 First question from Bert Bremner, Local Member for University Division**

Mr Bremner explained that he was also Norwich City Council's Executive Member for Community Safety and Cohesion.

Two District Councils and fourteen Parishes and three others (possibly the Emergency Services) rushed to respond to the Big Tory Norfolk Black-Out in the very short time given, yet none of their comments were presented to the Planning Transportation, Environment and Waste Overview & Scrutiny Panel members on January 6th, and their opinions and hard work over the Christmas holiday were completely ignored. The consultation with these bodies only came out just before Christmas and they had bothered to put in extra hours and meetings to get their response in ready for the January 6th meeting of councillors, but the County Tories kept the information secret. If District and Parish Councils are being ignored and councillors are being refused the information, clearly the views of the people of Norfolk are being ignored. Many still do not understand what is to happen or the appalling consequences. If you live off a main road in Norwich, Great Yarmouth, Kings Lynn, Thetford and other towns chances are that all your lights will be switched off at midnight, and so will your neighbouring residential streets. But still the Tories on the County Council will not ask what the people of Norfolk think, they will not ask the people in the Towns and City what they want.

Why was a letter from the Leader of Norwich City Council clearly received in time totally ignored and not presented in full to the councillors?

### **Reply by the Cabinet Member for Planning and Transportation**

The Cabinet Member explained that District Council responses were requested by 22nd January so that they were available before Cabinet meeting on 25th. The letter from Steve Morphew was not ignored, it was carefully considered by officers and a detailed response was sent on 19 January. The letter was made available for Cabinet Members to view in advance of today's meeting.

He added that Norfolk Constabulary had stated that it did not object in principle to the proposal but would oppose reduction of street lighting in areas where there was crime or anti-social hotspots. The County Council did not intend to do that anyway.

The Cabinet Member also addressed the inaccuracies that Mr Bremner had made in his e-mail to the Chief Executive dated 23 January:

- 1) Mr Bremner had stated that Norfolk County Council would not publish the list of streets where they are going to turn off the lights. The list had been published and sent several weeks previously to all the District Councils and Parishes and Towns concerned.
- 2) Mr Bremner had stated that Norfolk County Council would not publish the comments and submissions from the Parish Councils. These were available for all Members to see in the Member's Room.
- 3) Mr Bremner had stated that Norfolk County Council would not publish the comments and submissions from the seven District

Councils in Norfolk, including that from the Norwich City Council representing 130,000 people. Any comments that had been received had been published and were available for all Members to see in the Member's Room.

- 4) Mr Bremner had stated that Norfolk County Council would not publish the comments from the Emergency Services. These were available for all Members to see in the Member's Room.
- 5) Mr Bremner had stated that Norfolk County Council would not publish the comments received from Norfolk Constabulary. The comments had only been received the previous week and were available for all Members to see in the Member's Room. Mr Gunson was not surprised that the Constabulary wanted to make a single comment.

## **5.2 Second question from Bert Bremner, Local Member for University Division**

If everyone in a street and everyone in an area says NO to the Big Tory Norfolk Black-Out, what will you do? Will you still rail-road this through as you doing now?

### **Reply by the Cabinet Member for Planning and Transportation**

The Cabinet Member explained that in addition to the proposed general exemptions put forward in Appendix C of the Cabinet report, local resident consultation prior to any part night works being carried out should help to inform the County Council of any particular street or area considerations of which it was not previously aware and which could influence local implementation. A lot of consultation had taken place and discussions continued with those towns and villages that had responded, to clarify the various issues they had raised. A referendum of every person in every street would not be practical.

## **5.3 Question from Marcus Hemsley, Local Member for Wensum Division**

Two weeks ago you sat through a large part of the Norwich Area Committee, hearing many of the reasonable objections, fears and concerns from both the people of Norwich and their County Councillors about the proposed part night street lighting.

Clearly, there is a need to save carbon and cut costs, but do you honestly believe that this hastily conceived proposal, which has limited flexibility of operation, offers relatively few savings of costs and carbon, and does not take into account options such as generating revenue from renewable energy with the Government's new Feed-in-Tariffs, is the very best we can do for the people of Norfolk?

### **Reply by the Chairman**

The Chairman stated that he had been pleased to attend the Norwich Area Committee meeting. He explained that while the potential for

generating revenue from renewable energy was an area which was being explored by the County Council, it was neither a provision which could be implemented in the short-term nor a reason to ignore the need to reduce carbon emissions or the Council's potential liability under the Carbon Reduction Commitment proposals.

Mr Hemsley urged the Cabinet not to rush a decision and to listen to the views of Norwich City Councillors.

#### **5.4 Question from Andrew Boswell, Local Member for Nelson Division**

Please provide details of the current posts under the Assistant Director of Environment and Waste in the Environment, Transport and Development department. Please provide the number of full time equivalents employed under each of these roles:

- Sustainability Manager
- Environment Manager
- Strategic Waste Manager
- Project Director (Residual Waste Service)

and the areas of corporate activity covered by each, and a structure chart.

#### **Reply by the Chairman**

The Chairman explained that there were four posts reporting directly to the current Head of Environment and Waste (the job title changes to Assistant Director under the organisation review proposals). These four posts are:

- Environment Manager (Policy), responsible for 22 Full Time Equivalents (FTEs)
- Environment Manager (Operations), responsible for 26.4 FTEs
- Strategic Waste Manager, responsible for 30 FTEs
- Project Director Residual Waste Services, responsible for 9 FTEs

The Sustainability Manager post was currently in the Strategy and Performance Group and was responsible for 4.6 FTEs, plus 2 temporary posts.

All of the service's work related to the corporate objective to "Protect and sustain the environment", as well as supporting other corporate objectives.

He added that the structure charts were available on the Planning and Transportation intranet site (a copy was made available to Dr Boswell) and that the Head of Environment and Waste would be happy to discuss the work and structure of the Group further.

#### **5.5 Question from Stephen Little, Local Member for Town Close Division**



One of the attractions of living in the city for many is that it allows them to lead a full working and social life without reliance on a car. In making that choice, they achieve considerable savings in carbon output to the benefit of everyone. For others, including bar staff, shift workers, nurses and care workers on relatively low incomes, owning a car is simply out of their reach. How will the Cabinet Member ensure that these people are able to walk or cycle to their destination during the early hours without fear or risk for their own safety?

#### **Reply by the Cabinet Member for Planning and Transportation**

The Cabinet Member explained that he appreciated the concerns raised but reminded Mr Little that it was only proposed to introduce part night lighting on residential roads with low traffic volumes and not on main roads or in the city centre. No lights would be switched off on busy roads, in the city centre or in high crime areas. The Cabinet Member did not accept the argument that switching off lights would result in increased crime in residential roads in the city. If that was the case, why was it that many villages around Norfolk with no lighting did not have a lot of crime? Evidence from trials in other local authorities (Essex), while still somewhat limited, had not indicated that residents' safety had been compromised in areas where part night lighting had been introduced. However the County Council would continue to look very carefully at incidences of both crimes and road traffic accidents as the proposal was rolled out in Norfolk.

#### **5.6 Question from George Nobbs, Local Member for Crome Division**

You have told us previously that you have generously donated £10,000 of the people of Norfolk's own money to help fight, through the courts, the proposals for a single Unitary Council for Norfolk.

Perhaps, in the spirit of " a ruthless focus on value for money " to quote your Budget statement, you could now tell us how much it has cost the same people of Norfolk in terms of County Council staff time (and any other costs) to work up and support the very proposal that you are now instructing them (again at public expense) to oppose.

#### **Reply by the Chairman**

This whole wasteful process was precipitated by Norwich City Council putting in a bid to government for unitary status. If implemented this would have been disastrous for residents in both Norwich and Norfolk, requiring the dismantling of many high performing County Council services and heaping extra costs on taxpayers.

As a result of this ill-conceived bid the Boundary Committee was asked to undertake a review of local government in Norfolk. Money was then spent on pointing out the serious flaws, particularly the financial ones, in the Norwich City case. Money was also spent on working up a credible alternative to the Norwich City proposal – a single County

unitary. Some of this work has been used to feed into our work on Norfolk Forward.

In 2008/09 a combined sum of £425,000 was spent on challenging the Norwich City proposal and developing the single unitary proposal. It was not possible to split this sum between these two activities, as the question requests. This does not include staff time as no record was kept of this.

In 2009/10 little expenditure has been incurred.

The Boundary Committee clearly recognised the weakness of the Norwich case, including its multiple revisions – hence its final recommendation. In the interests of the people of Norfolk and Norwich, I hope the Labour Secretary of State will do likewise.

**5.7 Question from Michael Chenery of Horsburgh, Local Member for Docking Division**

Regarding the Docking facility: Why close this facility which is working well? We are told to value our services. We do – we in the community. People are accepting of the fact that they may have to have a reduced service, but this may risk fly-tipping. Please think seriously before a decision is made.

**Reply by the Cabinet Member for Waste and Environment**

The Cabinet Member explained that the County Council had to make efficiency savings to the Household Waste Recycling Centres across the county and after a detailed review of each individual centre, 19 in all, it turned out that Docking handled less tonnage and was used by less people than any other centre. He knew it performed well, but this did not compensate for the low usage. He also recognised it was convenient for local people, which had been a bonus for them, but he felt they were reasonably close to other centres to dispose of their recycling materials satisfactorily. The Cabinet Member added that he was looking forward to listening to the views of Docking residents on 12 February.

**5.8 Question from Marie Strong, Local Member for Wells Division**

As you may know my division has one of the highest rates of second home ownership in the county.

The recent Cabinet report regarding the reallocation of a portion of second homes income has resulted in my receiving considerable representation as to what infra-structure work is planned for the division.

To assist me in replying I would appreciate your outlining for me the infrastructure projects which NCC has planned for my division and the dates by which they will be completed.

### **Reply by the Chairman**

The Chairman explained that the Norfolk Infrastructure Fund would benefit the county as a whole, not just urban centres. Without infrastructure it would not be possible to deliver housing growth required, not just affordable housing. North Norfolk District Council's Core Strategy stated that infrastructure would be one of the key factors in achieving the development vision for the area. There would be ample opportunity for District and Parish Councils to put forward projects as part of the planned consultation process.

## **Treasury Management Code of Practice - Clauses to be Formally Adopted**

CIPFA recommends that that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following four clauses (Section 5 of the Code):

1. Norfolk County Council will create and maintain, as the cornerstone for effective treasury management:

- A Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities (see below).
- Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code subject only to amendment where necessary to reflect the particular circumstances of the County Council. Such amendments will not result in the County Council materially deviating from the Code's key recommendations.

2. Norfolk County Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. Norfolk County Council delegates responsibility for the implementation of its treasury management policies and practices to the Council's Cabinet, and for the execution and administration of Treasury management decisions to the Council's Head of Finance, who will act in accordance with the Council's Policy Statement and TMPs and, as the Head of Finance is a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management*.
4. Norfolk County Council nominates the Corporate Affairs Overview and Scrutiny Panel to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## **CIPFA Treasury Management Code of Practice - Treasury Management Policy Statement**

CIPFA recommends that an organisation's treasury management policy statement adopts the following forms of word to define the policies and objectives of its treasury management activities (Section 6 of the Code):

1. Norfolk County Council defines its treasury management activities as *"the management of the Council's cash flows, its banking, money market and capital market transactions; the effective management of the risks*

*associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

2. Norfolk County Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.
3. Norfolk County Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employ suitable performance measurement techniques, within the context of effective risk management.

## **Annual Investment and Treasury Strategy 2010-11**

### **Report by Head of Finance**

This report briefs Members on the changes to the framework in which treasury management operates and presents the Council's investment and borrowing strategies for 2010-11, including the criteria for choosing investment counterparties.

#### **1. Introduction**

- 1.1 Before considering the 2010-11 Annual Investment & Treasury Strategy, Members are asked to note required changes to the framework within which treasury management operates.
- 1.2 In 2002, the Chartered Institute of Public Finance and Accountancy (CIPFA) published the Code of Practice for Treasury Management in the Public Sector (the Code). A revised edition of this Code was produced in November 2009. The revised Code incorporates the recommendations made by the Audit Commission and the Treasury Select Committee following their review of local authority treasury management operations post the Icelandic banking crisis.
- 1.3 There are no fundamental differences between the old and new Codes. The recommendations in the Code provide the basis for local authorities to create and maintain sound treasury management policies and practices. The new Code does however emphasize the need for Member training, appropriate scrutiny of treasury policies and greater frequency of treasury reporting. During the last 12 months, the County Council has been proactive in addressing these specific issues.
- 1.4 The Code recommends the adoption of four specific clauses as part of the County Council's Financial Regulations. It also recommends a form of words to define the policies and objectives of the County Council's treasury management activities, known as the Treasury Management Policy Statement. The clauses and statement are shown at Appendix A.
- 1.5 Complementary to the CIPFA Code is the Communities and Local Government's (CLG's) Investment Guidance, which requires local authorities to produce an Annual Investment Strategy. CLG are currently consulting on changes to the Guidance to apply from 1<sup>st</sup> April 2010. Again, the proposed changes are not fundamentally different to existing Guidance. The proposed new Guidance has been incorporated within the County Council's proposed 2010-11 Investment Strategy. If there are any changes to the Guidance when it is finally published, our Strategy will be formally amended.

## **2. The Treasury Management Function**

- 2.1 The CIPFA Code defines treasury management activities as “the management of the Council’s cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 2.2 The County Council has delegated responsibility for the implementation of its treasury management policies and practices to the Council’s Cabinet. Day to day execution and administration of treasury management decisions has been delegated to the Head of Finance.
- 2.3 Treasury management consultancy services are provided by external consultants (Butlers). Butlers provide a range of services which include:
- Technical support on treasury matters and capital finance issues.
  - Economic and interest rate analysis.
  - Debt services which includes advice on the timing of long term borrowing.
  - Debt rescheduling advice surrounding the existing portfolio.
  - Generic investment advice on interest rates, timing and investment instruments.
  - Credit ratings/market information service for the three main credit rating agencies (Fitch, Moody’s and Standard & Poors).
- 2.4 Whilst Butlers provide support to the treasury function, under current market rules and the CIPFA Code of Practice, the final decision on treasury matters remains with the County Council. The service provided by Butlers is subject to regular review. Service review meetings between officers and Butlers are held during the year and reported upon in the Annual Report at year-end.
- 2.5 The County Council also receives information, training and guidance from a number of professional sources operating in the financial markets, such as other consultancy providers, money brokers and investment managers. Corporate Finance staff regularly contribute to a number of practitioner networks and organisations which share treasury management information and best practice.
- 2.6 The increased Member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date, requires a suitable training process for Members and officers. The County Council has addressed this important issue by:
- Providing training to Members of the Treasury Management Panel as part of the agenda for each Panel meeting.
  - Providing treasury related briefings to Members on specific issues.
  - Supporting staff in professional accountancy and treasury management studies/qualifications.
  - Providing treasury management induction training for all new staff and refresher training for existing staff.
  - Supporting treasury management related Continued Professional Development targets as part of the annual appraisal process.

- Maintaining a training log within the Treasury Management Practices manual.
- 2.7 The Code of Practice on Treasury Management requires the Council to set a number of performance and risk related indicators to assess the performance of the treasury function over the year. The following indicators will be reported upon during the year (where appropriate) and at year-end in the 2010-11 Annual Treasury Report:
- Debt – Average interest rate on borrowing for the year compared to the average available.
  - Debt – Average interest rate movement year on year.
  - Investment – Returns above 7 day London Interbank Bid (LIBID) Rate.
  - Liquidity – Usage and cost of the County Council's Bank overdraft facility.
  - Liquidity - Average daily cash balance within plus/minus £0.025m
  - Budgets – Comparison of budget estimates with actual outturn for interest payable on external borrowing, interest receivable for investments and the cost of the treasury management function.
- 2.8 Performance will continue to be monitored and reported to Cabinet as part of the Finance Monitoring Report and quarterly to the Corporate Affairs Overview and Scrutiny Panel and the Treasury Management Panel.
- 2.9 In addition to the above Indicators, specific Treasury Management Prudential Indicators, previously a requirement of CIPFA's Prudential Code, have been moved to the CIPFA Treasury Management Code. These specific Treasury Management Prudential Indicators are set out in Section 9.

### **3. Butlers Economic Overview 2010-11**

- 3.1 Short-term interest rates are expected to remain on hold for some considerable time. The recovery in the economy has commenced but will remain weak.
- 3.2 The main drag upon the economy is expected to be weak consumers' expenditure growth. The combination of the desire to reduce the level of personal debt and job uncertainty is likely to weigh heavily upon consumer spending. This will be amplified by the prospective increases in taxation already scheduled for 2010 – VAT and National Insurance. Without a rebound in this key element of UK growth, any recovery in the economy is set to be weak and protracted.
- 3.3 The Monetary Policy Committee (MPC) will continue to promote easy credit conditions via Quantative Easing (QE). QE has been extended to a total of £200bn and there is still an outside chance that it could be expanded further.
- 3.4 Pressure upon the MPC to increase rates will remain moderate. But some increase will be seen as necessary in 2010 to counter the effects of external cost pressures (as commodity prices begin to rise again) and avoid damage that sterling could endure if the UK is seen to defy an international move to commence policy exit strategies.



- 3.5 Longer term rates are expected to be more volatile. The current 'softness' of gilt yields & Public Work Loan Board (PWLB) rates may continue for a while yet, given that these are being driven by a benign international backdrop and the effects of QE. Nevertheless this process will come to an end before the close of the financial year.
- 3.6 This is likely to herald a return to rising yields/PWLB rates for a number of reasons:
- Net gilt issuance will rise sharply - this will be increased by the extent to which the Bank of England (BoE) attempts to claw back funds injected into the economy via the QE programme.
  - Investors will be looking to place more of their funds in alternative instruments as their risk appetite increases, demand for gilts will weaken as a consequence.
  - A decision to leave QE in place will generate inflation concerns and pressurize long-term yields higher.
- 3.7 The table below presents the expected movement in interest rates over the medium term\*.

Financial Year	Investment Rates			Borrowing Rates		
	Base Rate (Annual Average %)	Money Rates (Annual Average %)		PWLB Rates (Annual Average %)		
		3 Month	1 Year	5 Year	20 Year	50 Year
2009/10	0.5	0.8	1.4	3.2	4.4	4.6
2010/11	1.0	1.5	2.3	4.0	5.0	5.2
2011/12	2.0	2.5	3.3	4.3	5.3	5.3
2012/13	4.5	4.8	5.3	5.3	5.5	5.3

\* Source: Butlers (Jan 2010)

- 3.8 The uncertainty over future interest rates increases the risks associated with treasury activity. As a result, the Council continues to take a cautious approach to its treasury strategy e.g. length of investment.

#### **4. Investment Strategy 2010-11**

- 4.1 Expectations of short-term interest rates, on which investment decisions are based, show the likelihood of the current 0.5% Bank Rate remaining flat but with the possibility of a rise in mid 2010. The 2010-11 County Council gross budget provision (before adjusting for internal interest earning accounts) for interest receivable is £2.030m.
- 4.2 There are 3 key considerations to the treasury management investment process. CLG's Investment Guidance rank these in the following order of importance:
- security of principal invested,
  - liquidity for cash flow, and
  - investment return (yield).

Each investment is considered in the context of these 3 factors.

#### **5. Investment Strategy 2010-11 - Counterparty Criteria**

- 5.1 The criteria for choosing investment counterparties, set out below, provides a sound approach to investment in 'stable' market circumstances. Whilst Members are asked to approve this criteria, under certain market conditions the Head of Finance may temporarily restrict further investment activity to those counterparties considered of higher credit quality, rather than the minimum criteria set out for approval. This restriction will remain in place until 'stable' banking conditions return. Similarly the time periods for investments may be restricted. The County Council's external treasury consultants will provide guidance to the Head of Finance as to the stability of banking and financial markets.
- 5.2 Examples of these restrictions would be the greater use of the Debt Management Account Deposit Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds, 'high quality' UK banks and financial institutions or those UK institutions offered support by the UK Government.
- 5.3 The Council works closely with its external treasury consultants to determine the criteria for 'high' credit quality institutions. The rating criteria uses the 'lowest common denominator' method of selecting counterparties and applying lending limits to those counterparties (see Section 7). This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For example, if an institution is rated by all three agencies, two meet the Council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with the CIPFA Treasury Management Code of Practice.

5.4 The criteria for providing a pool of high quality investment counterparties for inclusion on the Council's 'Approved Authorised Counterparty List' is provided below:

- **UK & Overseas Banks** – with, as a minimum, the following Fitch, Moody's and Standards and Poors credit ratings:

<b>UK &amp; Overseas Banks</b>	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>
Short Term Ratings	F1	P-1	A-1
Long Term Ratings	A	A2	A
Individual Ratings/ Financial Strength	C	C	-
Support Ratings	3	-	-
Sovereign Status*	AAA	AAA	AAA

\* Sovereign Status applies to Overseas Banks This requires that a country must be assigned an AAA 'sovereign' rating by all three credit rating agencies for it to meet the Council's counterparty criteria. Restrictions are also applied to the lending limits assigned to overseas counterparties (see Section 7).

- **Eligible Institutions** – This is an organisation which is 'Eligible' for the HM Treasury Credit Guarantee Scheme (announced on 13<sup>th</sup> October 2008). These institutions have access to HM Treasury liquidity if needed.
- **Building Societies** – The County Council will use Building Societies which:
  - (a) meet the ratings for banks outlined above
  - or are both
  - (b) Eligible Institutions and
  - (c) Have assets in excess of £10bn.
- **Money Market Funds** – which are rated AAA by all three major rating agencies.
- **UK Government** – including the Debt Management Account Deposit Facility.
- **Local Authorities, Parish Councils etc.**

5.5 The credit ratings of the County Council's Corporate Banker (Co-operative Bank) are currently below the minimum criteria for UK Banks above. Cash balances held with the Co-operative Bank are for account operation purposes only. Balances will be minimised in both monetary size and time.

- 5.6 The Head of Finance is responsible for maintaining the Approved Authorised Counterparty List in accordance with the above criteria. Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the above criteria. Any rating changes, rating watches (notification of a likely change) and rating outlooks (notification of a possible longer term change) are provided by our treasury consultants immediately they occur. The List can therefore be actively managed on a day-to-day basis and when an institution no longer meets the criteria outlined above, it is immediately removed. The County Council also proactively reacts to negative rating watches, immediately suspending them from the List until clarification of the rating watch is obtained or the rating is either re-affirmed or changed. The List is reviewed at least once a year for any possible additions. A List, reflecting the ratings above is attached (Appendix B).
- 5.7 All cash invested by the County Council in 2010-11 will be Sterling deposits, invested with banks and other institutions in accordance with the Approved Authorised Counterparty List.
- 5.8 Additional requirements under the Code of Practice now require local authorities to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for use, additional market information will be used to inform investment decisions. This additional market information includes, for example, Credit Default Swap rates and equity prices in order to compare the relative security of counterparties.

## **6. Investment Strategy 2010-11 – Specified & Non-Specified Investments**

- 6.1 The office of the Deputy Prime Minister (now CLG) first issued its Investment Guidance in 2004. CLG is currently consulting over the revisions to the Guidance and, where applicable, the consultation recommendations have been included within this proposed 2010-11 Strategy.
- 6.2 The Guidance requires local authorities to invest prudently and give priority to security and liquidity before yield. In order to facilitate this objective the Guidance requires the County Council to have regard to CIPFA's Code of Practice for Treasury Management in the Public Sector.
- 6.3 The key requirements of both the Code and the Investment Guidance is to produce an Annual Investment and Treasury Strategy covering the following:
- Guidelines for choosing and placing investments.
  - Identification of the maximum period for which funds can be committed.
  - Details of Specified and Non-Specified investment types.

6.4 Specified Investments offer “high security and high liquidity”. They are Sterling denominated and have a maturity of less than one year. Institutions of “high” credit quality are deemed to be Specified Investments. From the pool of high quality investment counterparties identified in Section 5, the following are deemed to be Specified Investments where the period of deposit is 364 days or less:

- UK & Overseas Banks
- Eligible Institutions
- Building Societies (which meet the minimum ratings criteria for Banks)
- Money Market Funds
- UK Government
- Local Authorities, Parish Councils etc.

6.5 Non-Specified Investments are those investments that do not meet the criteria of Specified Investments. From the pool of counterparties identified in Section 5, they include:

- Building Societies (which are Eligible Institutions & have assets in excess of £10bn)
- The County Council’s Corporate Banker (Co-operative Bank).
- Any investment greater than 364 days.

6.6 The categorisation of ‘Non-Specified’ does not in anyway detract from the credit quality of these institutions, but is merely a requirement of the Government’s guidance.

6.7 The Council’s Approved Authorised Counterparty List therefore includes both Specified and Non-Specified Investment institutions.

## **7. Investment Strategy 2010-11 - Counterparty Monetary & Time Limits**

7.1 Cash balances fluctuate on a daily basis. The average level of daily cash balances is forecast to be around £140M in 2010-11. When pooled with investments managed on behalf of other bodies (Norfolk Police Authority, Norse Commercial Services Ltd, NPS Property Consultants Ltd, Norfolk Probation Board and the Norfolk Pension Fund) the average daily cash balance increases to approximately £190M.

7.2 Lending limits are assigned to each counterparty on the County Council’s Approved Authorised Counterparty List.

7.3 Our existing lending limits have been reviewed with regard to the level of cash balances and current market conditions. No significant changes to the current lending limits are proposed for 2010-11:

Limit (£M)	Fitch		Moody's		Standard & Poors	
UK Banks (including Eligible Institutions)						
£35M	Short Term	F1+	Short Term	P-1	Short Term	A-1+
	Long Term	AA-	Long Term	Aa3	Long Term	AA-
UK Banks (including Eligible Institutions)						
£25M	Short Term	F1	Short Term	P-1	Short Term	A-1
	Long Term	A	Long Term	A2	Long Term	A
£10M	Overseas Banks#					
£15M	UK Building Societies					
£35M	Money Market Funds					
£100M*	UK Government – Debt Management Account Deposit Facility					
£10M	Local Authorities					

# **Note:** For Overseas Banks, a 'country exposure' limit of £20M is applied. This is in addition to the individual counterparty limit of £10M for overseas investments.

\* **Note:** In view of the continuing uncertainties in the banking and financial markets at the present time, a lending limit of £100m is assigned to the Debt Management Account.

- 7.4 In addition to individual institutional lending limits, 'Group Limits' are used whereby the collective investment exposure of individual banks within the same banking group is restricted to a group total.
- 7.5 Lending limits will continue to be reviewed, taking into account forecast cash balances and the current investment environment.
- 7.6 The maximum deposit period for all new investments in 2010-11 remains unchanged at a maximum of 2 years duration. Deposits beyond 364 days can only be made with those Institutions who meet the minimum ratings criteria for UK and Overseas Banks (Section 5 above) and have a long-term credit rating of AA- (or equivalent). Deposits with UK Building Societies is restricted to periods of 364 days or less.

- 7.7 It is estimated that in 2010-11, the maximum level of Council funds invested for periods greater than 364 days (and therefore categorised as a non-specified investment – see Section 6) will be no more than £75m based on current projected cash balances.

## **8. Borrowing Strategy 2010-11**

- 8.1 For the County Council, borrowing is required to fund its capital investment and relates principally to long term loans (i.e. loans in excess of 364 days). The borrowing strategy includes decisions on the timing of when further monies should be borrowed.
- 8.2 The main source of long term loans is the Public Works Loan Board (PWLB), which is part of the UK Debt Management Office (DMO). The level of interest rates charged by the PWLB is linked to the rate at which the Government borrows and is usually significantly cheaper than an equivalent market (commercial) loan. The maximum period for which loans can be advanced by the PWLB is 50 years.
- 8.3 In accordance with the 2009-10 Investment Strategy, the County Council has postponed new borrowing (£41m) and repaid £50m of PWLB loans. This money (£91m) will have to be borrowed at some point in the future, but there is flexibility as to the timing.
- 8.4 Total external borrowing currently stands at £544M. The borrowing requirement for the coming year (2010-11) is estimated to be £42M. The 2010-11 budget provision for interest payable is £28M. This covers interest on existing loan debt and provision for all new borrowing.
- 8.5 Longer-term fixed interest rates are at risk of being higher over the medium term. The Head of Finance, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks identified in the economic forecast (Section 3). It is likely that short-term fixed rates may provide lower cost opportunities in the medium term.
- 8.6 The level of outstanding debt and composition of debt, in terms of individual loans, is kept under review. The PWLB provides a facility to allow the restructure of debt, including premature repayment of loans, and encourages local authorities to do so when circumstances permit. This can result in net savings in overall interest charges.
- 8.7 There may be opportunities to undertake further debt restructuring exercises during 2010-11. With the likelihood of a steepening of the yield curve, debt restructuring is likely to focus on switching from longer term fixed rates to cheaper shorter-term debt. The Head of Finance and Butlers will monitor prevailing rates for any opportunities during the year.

- 8.8 The option of postponing borrowing in 2010-11 and running down investment balances will also be considered. This reduces counterparty risk and is a 'hedge' against the fall in investment returns during the medium term.
- 8.9 The County Council also has flexibility to borrow funds in the current year for use in future years. For example, the Head of Finance may do so under delegated powers where a sharp rise in interest rates is expected and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Head of Finance will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing will be undertaken to fund the approved capital programme. Risks associated with any advance borrowing will be subject to appraisal in advance and subsequent reporting through the established reporting process.

## **9. Treasury Management Prudential Indicators**

- 9.1 There are four treasury related indicators, which were previously Prudential Indicators. The purpose of these is to restrict the activity of the treasury function to certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these indicators are too restrictive, they will impair the opportunities to reduce costs/improve performance. The Indicators are:
- **Upper Limits on Variable Interest Rate Exposure** – This identifies a maximum limit for variable interest rates based upon the debt position net of investments. It is recommended that the County Council set an upper limit on its variable interest rate exposures for 2010-2011, 2011-2012 and 2012-2013 of 30% of its net outstanding principal sums. This is consistent with policy followed in previous years.
  - **Upper Limits on Fixed Interest Rate Exposure** – Similar to the previous indicator, this covers a maximum limit on fixed interest rates. It is recommended that the County Council set an upper limit on its fixed interest rate exposures for 2010-2011, 2011-2012 and 2012-2013 of 100% of its net outstanding principal sums.
  - **Maturity Structures of Borrowing** – These gross limits are set to reduce the County Council's exposure to large fixed rate sums falling due for refinancing and require upper and lower limits. It is recommended that the County Council sets the following limits for the maturity structures of its borrowing. These limits follow existing treasury management policy and are unchanged from 2009-2010:



	Lower Limit	Upper Limit
Under 12 months	0%	15%
12 months and within 24 months	0%	15%
24 months and within 5 years	0%	45%
5 years and within 10 years	0%	75%
10 years and above	0%	100%

- **Total Principal Funds Invested for Greater than 364 Days** – This limit is set with regard to the County Council's liquidity requirements. As stated in para 7.7 above, it is estimated that in 2010-11, the maximum level of Council funds invested for periods greater than 364 days will be no more than £75m.

## **10 Leasing**

- 10.1 It is anticipated that leasing facilities totalling £10M will be drawn-down in 2010-11, relating to a variety of vehicles and general equipment. In recent years there have been significant changes in the regulations affecting leasing in the public sector, resulting in more freedom and flexibility. As a consequence, the Council's leasing policy has been replaced with comprehensive leasing guidance reflecting industry best practice. External leasing advice continues to be provided by Sector Treasury Services Ltd.

## **11. Equality Impact Assessment**

- 11.1 This report is not directly relevant to equality, in that it is not making proposals that will have a direct impact on equality of access or outcomes for diverse groups.

## **12. Section 17 Crime and Disorder Act**

- 12.1 There are no implications for crime and disorder.

### **13 . Alternative Options**

- 13.1 The investment and borrowing strategy present in this report for approval form an important part of the overall financial management of the Council's affairs. They have been produced in accordance with best practice and guidance and in consultation with the Council's external treasury advisors. Alternative options have been considered during the drafting of this strategy, with the optimum approach in current market conditions being presented for consideration.

### **14. Conclusion**

- 14.1 The treasury management strategy presented in this report details the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. The report also outlines the proposed borrowing strategy for 2010-11.

### **15. Recommendations**

- 15.1 It is recommended that Cabinet endorse and recommend to County Council:
- the adoption of the four specific clauses contained within CIPFA's Code of Practice for Treasury Management in the Public Sector, together with the proposed Treasury Management Policy Statement
  - the Annual Investment and Treasury Management Strategy for 2010-11, including the treasury management Prudential Indicators detailed in Section 9.

#### **Officer Contact:**

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### Treasury Management Code of Practice - Clauses to be Formally Adopted

CIPFA recommends that that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following four clauses (Section 5 of the Code):

1. Norfolk County Council will create and maintain, as the cornerstone for effective treasury management:
  - A Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities (see below).
  - Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code subject only to amendment where necessary to reflect the particular circumstances of the County Council. Such amendments will not result in the County Council materially deviating from the Code's key recommendations.

2. Norfolk County Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. Norfolk County Council delegates responsibility for the implementation of its treasury management policies and practices to the Council's Cabinet, and for the execution and administration of Treasury management decisions to the Council's Head of Finance, who will act in accordance with the Council's Policy Statement and TMPs and, as the Head of Finance is a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management*.
4. Norfolk County Council nominates the Corporate Affairs Overview and Scrutiny Panel to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

**CIPFA Treasury Management Code of Practice - Treasury Management Policy Statement**

CIPFA recommends that an organisation's treasury management policy statement adopts the following forms of word to define the policies and objectives of its treasury management activities (Section 6 of the Code):

1. Norfolk County Council defines its treasury management activities as *“the management of the Council's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
2. Norfolk County Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.
3. Norfolk County Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employ suitable performance measurement techniques, within the context of effective risk management.

## ANNEX 10

### Indicative List of Approved Counterparties for Lending as at 6th January 2010

	Limits £'M
<b>UK Banks</b>	
Santander UK plc	35
HSBC Bank Plc	35
Bank of Scotland Plc	25
Lloyds TSB Bank	25
Clydesdale Bank	25
Royal Bank of Scotland	25
Barclays Bank	35
Close Brothers	25
<b>UK Building Societies</b>	
Nationwide BS	15
Yorkshire BS	15
Coventry BS	15
Chelsea BS	15
Skipton BS	15
Leeds BS	15
<b>Other Financial Institutions</b>	
Debt Management Account Deposit Facility	100
Local Authorities	10
Money Market Funds	35
<b>Overseas Banks</b>	
<b>Canada</b>	
Canadian Imperial Bank of Commerce	10
Bank of Montreal	10
Bank of Nova Scotia	10
National Bank of Canada	10
Royal Bank of Canada	10
Toronto-Dominion Bank	10
<b>Denmark</b>	
Danske Bank	10
<b>Finland</b>	

Nordea Bank Finland	10
<b>France</b>	
BNP Paribas	10
Credit Agricole	10
Credit Lyonnais	10
Societe Generale (SG)	10
<b>Germany</b>	
Deutsche Bank AG	10
<b>Netherlands</b>	
Internationale Nederlanden Bank/ING Bank	10
ABN AMRO Bank	10
Rabobank	10
<b>Singapore</b>	
Development Bank of Singapore	10
Oversea Chinese Banking Corp	10
United Overseas Bank	10
<b>Sweden</b>	
Svenska Handelsbanken	10
<b>Switzerland</b>	
Credit Suisse First Boston	10
<b>United States</b>	
Bank of New York	10
JP Morgan Chase Bank	10
State Street Bank & Trust Company	10

**Note:** A 'Group Limit' is operated whereby the collective investment exposure of individual banks within the same banking group is restricted to a group total.