

# **Economic Development and Cultural Services Overview & Scrutiny Panel**

Date: **Wednesday 13 January 2010**

Time: **10.00am**

Venue: **Edwards Room, County Hall, Norwich**

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

## **Membership**

Richard Rockliffe (Chairman)  
Michael Langwade (Vice Chairman)  
Michael Carttiss  
Stuart Clancy  
John Dobson  
Phillip Duigan  
Stuart Dunn  
Ron Hanton  
Marcus Hemsley

Graham Jones  
Janet Murphy  
George Nobbs  
Graham Plant  
Marie Strong  
Hilary Thompson  
Tony Tomkinson  
Fiona Williamson

## **Non-Voting Cabinet Member**

Derrick Murphy  
Ann Steward

Cultural Services  
Economic Development

## **Non-Voting Deputy Cabinet Member**

Bertie Collins  
Economic Development

**For further details and general enquiries about this Agenda  
please contact the Committee Officer:  
Catherine Wilkinson on 01603 223230  
or [catherine.wilkinson@norfolk.gov.uk](mailto:catherine.wilkinson@norfolk.gov.uk)**

# A g e n d a

**1 To receive apologies and details of any substitute members attending.**

**2 Minutes**

**To confirm the minutes of the meeting held 12 November 2009.**

(Page **1**)

**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.

**These declarations apply to all those members present, whether the member is part of the meeting, attending to speak as a local member on an item or simply observing the meeting from the public seating area.**

**4 To receive any items of business which the Chairman decides should be considered as a matter of urgency**

**5 Public Question Time**

15 minutes for questions from members of the public of which due notice has been given.

Please note that all questions must be received by the Committee Officer by 5.00pm on **Friday 8 January**. Please submit your questions(s) to the person names on the front of this agenda. For guidance on submitting public questions, please view the Council Constitution, Appendix 10, Council Procedure Rules at [www.norfolk.gov.uk/reviewpanelquestions](http://www.norfolk.gov.uk/reviewpanelquestions).

**6 Local Member Issues/Member Questions**

15 minutes for local members to raise issues of concern of which due notice has been given. Please note that all questions must be received by the Committee Officer by 5.00pm **Friday 8 January**. Please submit your question(s) to the person named on the front of this agenda.

**7 Cabinet Member Feedback on Previous Overview and Scrutiny Panel Comments**

## Items for Overview

- 8 Cultural Services Department Integrated Performance and Finance Monitoring Report** (Page **8**)  
A report by the Director of Corporate Resources and Cultural Services
- 9 Cultural Services Service and Financial Planning 2010-2013** (Page **17**)  
A report by the Director of Corporate Resources and Cultural Services
- 10 Economic Development Integrated Performance and Finance Monitoring Report** (Page **33**)  
A report by the Director of Environment, Transport and Development
- 11 Economic Development Service and Financial Planning 2010-13** (Page **44**)  
A report by the Director of Environment, Transport and Development

## Items for Scrutiny

- 12 Forward Work Programme: Scrutiny** (Page **53**)  
A report by the Director of Corporate Resources and Cultural Services
- 13 East of England Production and Innovation Centre (EPIC) Progress Report** (Page **59**)  
A report by the Director of Environment, Transport and Development
- 14 To consider any items of business which the Chairman decides should be considered as a matter of urgency**

Following the Panel meeting there will be an opportunity for all Panel members to attend a short introduction to Prism, the County Council's performance management system. Members can find how to access the system and how to interpret the information held on it. The briefing will take place in the Members IT suite and officers will be available to answer questions and demonstrate the system online.

### Group Meetings

<b>Conservative</b>	<b>9.00am</b>	<b>Colman Room</b>
<b>Liberal Democrats</b>	<b>9.00am</b>	<b>Room 504</b>

### Chris Walton - Head of Democratic Services

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Date Agenda Published: 4 January 2010



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## **Economic Development and Cultural Services Overview and Scrutiny Panel**

**Minutes of the Meeting held on Thursday 12 November 2009**

### **Present:**

Mr R Rockcliffe (Chairman)	Ms J A Murphy
Mr M C Langwade (Vice Chairman)	Mr G Nobbs
Mr J Dobson	Mr G Plant
Mr P Duigan	Dr M Strong
Mr R Hanton	Mrs A Thomas
Mr M Hemsley	Ms H Thompson
Mr G R Jones	Mr T Tomkinson
Mr J Joyce	

### **Cabinet Members Present:**

Mr D Murphy	Cultural Services
Mr A Steward	Economic Development

### **Deputy Cabinet Member Present:**

Mr B J E Collins	Economic Development
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### **1 Apologies and Substitutions**

1.1 Apologies were received from Mr M Carttiss (Ms A Thomas substituting), Mr S Clancy, Mr S Dunn, and Dr F Williamson (Mr J Joyce substituting).

### **2 Minutes**

2.1 The minutes of the meeting held on 16 July 2009 were agreed as a correct record and signed by the Chairman.

### **3 Declarations of Interest**

3.1 Mr Rockcliffe declared a personal interest in item 11 as a member of the Nar Ouse Steering Group.

3.2 Mrs Murphy, Mr Langwade and Mr Dobson declared personal interests in item 11 as members of the Borough Council of King's Lynn and West Norfolk.

3.3 Dr Strong declared an interest in item 9 as a volunteer of the Credit Union Bank .

### **4 Matters of Urgent Business**

4.1 There were no matters of urgent business.

## **5 Public Question Time**

5.1 There were no public questions.

## **6 Local Member Issues/Member Questions**

6.1 **The local member for Wensum division asked the following question:**

6.2 "Residents have reported to me that there are long queues for the domestic electricity monitoring devices that are available for loan from the Norwich library - one resident was told the waiting list was 30. Due to their popularity and benefit to residents to keep their bills low during hard times, will the Council provide more devices, and, will they be made available at libraries across the County?"

6.3 **The Chairman gave the following response:**

6.4 The Carbon Reduction Trust gave Norfolk Library and Information Service 12 monitors which were put into stock at the Norfolk and Norwich Millennium Library although they can be reserved and borrowed through any library in the County. A snapshot of activity this week showed that 8 were on their way to, or at, other libraries for requests.

Library Staff had noted that there was a waiting list developing and the CRT donated 5 more devices which were added to stock a couple of weeks ago. There are currently 28 reservations, so with 17 items, that's less than 2 reservations per item.

However, the monitors can be an extremely useful way of helping people to understand their energy consumption and moving on to reducing it. I am therefore pleased to say that further monitors will shortly be added to library service stock so that there will be at least 2 in stock at each library, and there will also be devices available for mobile library users to borrow.

These monitors will be funded through the County Council's Carbon and Energy Reduction Fund.

6.5 A query was raised regarding the borrowing time for the devices. The Head of Library and Information Service responded that the items could be borrowed for the standard three week period.

## **7 Cabinet Member Feedback**

7.1 The Cabinet Member for Cultural Services reported that the 2012 website – Norfolk Celebrating Talent – had been launched, and the new Rising Stars had been announced.

7.2 The Cabinet Member for Economic Development had no comments, having only been recently appointed to the position.

## Items for Overview

### 8 Economic Development Integrated Performance, Risk and Finance Monitoring Report

8.1 The annexed report (8) was presented by the Economic Policy and Performance Manager.

8.2 The following comments were made in response to questions from the Panel:

- In relation to the Thetford Enterprise Park (TEP), the key issues for the County Council were the installation of a new roundabout, a major part of the £2 – 2.5m total investment to be made by Breckland Council and Crown Estates anticipated over the next year. Any money spent to date related to the design and planning process. The County Council's contribution was an integral aspect of the matched funding required.
- It was anticipated that the TEP would bring 1,000 jobs to the park, including new investment by businesses into Norfolk and those relocating within the local area.
- In relation to EPIC, it was noted that TV production had been hit by the recession and that EPIC had been involved in the World Class Norfolk campaign. The level of involvement EPIC had in the World Class Norfolk TV commercial would be reported to members by email.
- The Head of Economic Development agreed to send a detailed briefing relating to the Genome Analysis Centre including jobs created and progress to date.
- The funding for village halls was administered by the Rural Community Council and was key for matched funding from other sources being granted to halls.
- Negotiations with the landowner over a key strategic site in Great Yarmouth had led to an agreeable valuation. There were still some issues to manage, including the need to assess any revenue implications. This issue was close to conclusion.
- It was noted that the second round bid for the Future Jobs Fund would seek to identify jobs in parts of the County that were under-represented last time. The opportunity for this job creation funding had been widely publicised to partners, including districts, however coverage of the county would depend on where organisations could create jobs.

8.3 The Panel **noted** the contents of the report and **agreed** that the March 2010 meeting of the Panel would take place at EPIC.

### 9 Cultural Services Performance, Risk and Budget Out-turn Report 2008/9

9.1 The annexed report (9) was presented by the Cabinet Member for Economic Development and the Economic Policy and Performance Manager.

9.2 The following comments were made in response to questions from the Panel:

- Council tax and grant levels were briefly discussed and comments noted, although these were outside of the remit of the Panel.
- It was noted that the Economic Development Unit had almost no staff turnover therefore it was unlikely that there would be savings from staff vacancies.
- Decisions had not been made about services available if grant funding was not allocated in 2010/11. Strategies were being determined in line with funding.

9.3 The Panel **noted** the contents of the report and made the above comments to inform the Cabinet Members' feedback.

## 10 Local Economic Assessment (LEA)

10.1 The annexed report (10) was presented by the Economic Policy and Performance Manager.

10.2 The following comments were made in response to questions from the Panel:

- It was noted that there was a statutory duty to carry out a LEA, therefore the recommendation was changed to read 'Acknowledge the new duty...'
- The LEA was explained as an assessment of Norfolk's characteristics using statistics and perceptions. This would inform strategies, action plans and investment priorities for Norfolk as a whole. It was acknowledged that the wording of future reports should be more readable, with government terms explained.
- Government had estimated that it would cost around £80,000 to carry out the LEA, and concerns were raised about how much could be done with a limited budget. It was noted that much of the required work involved reviewing data that already existed and that the additional funding promised was a reasonable amount to plug any gaps in knowledge with more tailored research.
- It was also noted that the LEA could be seen as an opportunity because it obliged regional and national organisations to take account of the economic challenges reported by local areas in their assessments, and to take a more 'bottom-up' approach to their planning in the East of England.
- A brief overview of the Regional Implementation Plan and the Single Regional Strategy was given, highlighting that they would replace the East of England Plan and the Regional Spatial Plan. The East of England Regional Assembly would be dissolving in April 2010.

10.3 The Panel **noted** the contents of the report and **acknowledged** the statutory requirement to carry out a Local Economic Assessment.

## 11 Nar Ouse Regeneration Area – Proposed Variation

11.1 The annexed report (11) was presented by the Business Development Manager.

11.2 The following comments were made in response to questions from the Panel:

- The buildings created would be of a high standard. Although the County Council had no direct influence over this, the Borough Council of King's Lynn and West Norfolk had influence over the types of businesses occupying the site.
- It was unlikely that the College of West Anglia would now relocate to the site as previously planned, however there was the possibility of a partnership between the proposed Academy and the College.

11.3 The Panel **agreed** to recommend to Cabinet that support for the Nar Ouse Regeneration Scheme is sustained.

## **12 Cultural Services Performance and Budget Monitoring**

12.1 The annexed report (12) was presented by the Finance and Business Support Manager.

12.2 The following comments were made in response to questions from the Panel:

- The lighting of the Norwich Castle galleries was under review. The outside lift had been subject to severe vandalism which had resulted in it being out of order on numerous occasions.
- Approximately £300,000 had been invested in providing opportunities for 16-18 year old learners, which had resulted in an increase in the number of young people from this age bracket receiving services. Most of these were NEET (not in employment, education or training). The Head of Adult Education agreed to provide further information relating to this.
- Although the Norfolk Record Office's Archive Education and Outreach Service had exceeded target, there were no budget implications relating to this.
- It was noted that there had been an improvement at the Millennium Library since the recommendations of the library report were adopted.
- The target for school visits to museums had not been met because schools were finding it increasingly difficult to take children out of school on field trips such as visits to museums.
- The positive news relating to the 16 – 18 year old education target was highlighted, and it was noted that the proposed reduction in subsidies for student transport may affect this if implemented.

12.3 The Panel **noted** the contents of the report.

## **13 Service and Budget Planning 2010-13**

13.1 The annexed report (13) was presented by the Cabinet Member for Cultural Services and the Finance and Business Support Manager.



- 13.2 It was noted that since producing the report, some contracts relating to utilities had shown a 30% reduction in costs.
- 13.3 The following comments were made in response to questions from the Panel:
- Concern was raised about the £97,000 used from reserves for utilities for the Norfolk Record Office. It was noted that reserves could sustain this for a year, but savings would have to be found for future years.
  - It was clarified that sport came into the remit of the Cabinet Member for Cultural Services, however the budget for sport (except through Adult Education) came within Children's Services.
  - Efficiency savings were discussed, with concern raised that very few savings could be found from an area that had already identified as many as possible.
- 13.4 The Panel **noted** the contents of the report and made the above comments to inform the Cabinet Members' feedback.

## **Items for Scrutiny**

### **14. Forward Work Programme**

- 14.1 The annexed report (14) was presented by the Policy Officer.
- 14.2 It was **agreed** that a scrutiny working group of five members would focus on broadband provision in Norfolk as the first item. Membership would be determined by the Overarching Group.

### **15. Business and the Climate Change Agenda**

- 15.1 The annexed report (15) was presented by the Business Development Manager.
- 15.2 The following comments were made in response to questions from the Panel:
- The work at Gressenhall relating to the green agenda was highlighted as a good example for the rest of the council.
  - In relation to the environmental business advice, it was clarified that the designated officer monitors the implementation of advice after it has been delivered, and was working with occupiers of industrial units to improve energy efficiency. A link was also being made with young people.
  - The 'Green Build' event at Felbrigg was highlighted as an initiative that the council could be involved in, or produce similar events.
- 15.3 The Panel **agreed** to support the ongoing work surrounding the green agenda.

### **16. The Contribution of Culture to the Economy in Norfolk.**

- 16.1 The annexed report (16) was presented by the Director of Corporate Resources and

Cultural Services.

16.2 The following comments were made in response to questions from the Panel:

- Figures relating to those moving from non-vocational courses to vocational courses would be circulated.
- It was noted that owners of interesting or unusual properties should be encouraged to register to use their property / area for location filming. It was clarified that there was a set formula used to calculate the financial benefits to the local economy derived from filming on location, and that this was a good source of income. It was noted that due to the weak pound the UK provided a relatively cost effective option for film makers.
- Risks associated with EPIC were raised as a concern. These would be more fully reported at the next meeting.
- It was noted that the branding of tourist areas should be given consideration to ensure they are maximised.

16.3 The Panel **noted** the report and **requested** a report of EPIC's risks, business plans and finances would be brought to the next meeting.

The meeting concluded at 12.10pm.

#### CHAIRMAN



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**Cultural Services Department Integrated Performance and  
Finance Monitoring report**

**Report by Director of Cultural Services**

**Executive Summary**

This report provides performance and finance monitoring information for the period to 30 November 2009. The report provides an update of service indicators previously reported to the November of this Panel, as an interim to reporting quarter 3 progress with National Indicators at the next Panel meeting in March 2010. The first section covers service performance information, and the second financial performance.

The main issues for consideration by this Panel are:

- As at the end of November 2009, the forecast revenue out-turn for the Cultural Services Department is for a balanced budget.
- Energy cost forecasts have been reviewed following revised contract prices effective from 1 October 2009 and are £0.198m lower than previously anticipated.
- Capital schemes are on target and there is no change to levels of Reserves and Provisions.
- Library and Museum visitors have increased over last year's figures. Performance indicators for the Record Office indicate that the Archive Centre has significantly increased audience participation compared to last year.

**Recommendation**

Members are asked to consider and comment on: progress with performance and the revenue budget, the capital programme and reserves and provisions monitoring positions for 2009/10.

**1. Performance update**

- 1.1 Service planning and performance updates appeared in the Quarter 2 progress report to this Panel in November 2009 and it is too early to report Quarter 3.

1.2 We can report progress with service activity however for the period to 30 November 2009. Library visits are 3.5% up on last year from 3,652,663 to 3,780,624 and Museum visitors up from 270,983 to 271,926. Overall, Record Office visitors and users of the service have increased significantly from 21,001 to 47,652 compared to last year, a 127% increase. We will report in more detail, particularly for National indicators, in the March Overview and Scrutiny Panel report.

## **2. Revenue budget**

2.1 Based on the position at the end of November 2009, the latest projections for the 2009/10 budget indicates a break-even position for the Cultural Services Department. The projection for each service is summarized in the table below. Expenditure to date is in line with the profile of expected spending including allowance for adjustments in service pressures set out in the following paragraphs.

2.2 The Cultural Services budget has changed by £0.112m since 1 April 2009 for the following reasons:

- £0.100m has been allocated towards the 2012 Games
- £0.100m has been allocated to support the Norfolk and Norwich Festival.
- £0.046m has been allocated to the NMAS to enable continuance of free admission to museums by schools in organised groups. All three of these sums have been funded from the Leader's Strategic Ambitions Fund
- A reduction of £0.011m in respect of a corporate adjustment for a finance lease.
- £0.123m of budget has been returned in respect of pay awards being lower than anticipated in 2009/10.

2.3 Previous reports to this Panel have indicated that the Museums and Archaeology Service has drawn down £0.077m of reserves to pay for historic pressures relating to increased utility costs. We are now able to report that contract prices for energy have been renegotiated from 1 October 2009 removing £0.069m from these pressures. Reserves originally drawn down to pay for those purposes have been used instead to redeem a long- standing loan with the King's Lynn and West Norfolk Borough Council with a one-off payment of £0.052m. This action releases £0.010m of revenue budget previously used to make annual loan and interest repayments. Funding has also been set aside for a potential loss of income of £0.043m on a capital project at Norwich Castle.

2.4 We have also reported previously that the Norfolk Record Office has drawn down reserves of £0.097m to pay for increased utility costs at The Archive Centre. We are now able to report lower energy costs at The Archive Centre of an estimated £0.050m enabling the reinstatement of reserves by £40,000, the remaining £0.010m being set aside for further planned conservation works.

2.5 The Library and Information service has also received notification of reduced energy costs and these amount to an estimated £0.081m the funding for which is used to offset other pressures relating to reduced hire income from music CD and film DVD's of £0.079m.

- 2.6 It is stressed that the reductions in energy cost figures are forecasts and may change when we approach year-end and actual figures become available. There are also longer-term implications with reduced utility costs for the 2010/11 budget and these are discussed in more detail in the accompanying report on this Panel's agenda.
- 2.7 The table below sets out service budgets and forecast of out-turns for the Cultural Services Department.

Service	Approved budget £m	Forecast Outturn £m	Forecast +Over/ Underspend £m	Forecast +Over/Underspend as % of budget	Variance in forecast since last report £m
Library and Information Service	12.852	12.852	0	0%	0
Museums and Archaeology Service	4.265	4.265	0	0%	0
Record Office	1.523	1.523	0	0%	0
Arts Service	0.779	0.779	0	0%	0
Adult Education Service	0.263	0.263	0	0%	0
Norfolk Guidance Service	0	0	0	0%	0
<b>Total</b>	<b>19.682</b>	<b>19.682</b>	<b>0</b>	<b>0%</b>	<b>0</b>

### 3. Capital programme

- 3.1 The capital programme is monitored over the life of the scheme rather than a single year. This reflects the life of the projects and the associated funding.
- 3.2 The Cultural Services 2009/10 capital programme is shown in the Appendices A1, A2, A3 and A4 including any programme revisions.
- 3.3 The Acle Library capital budget has been re-profiled to allow for the start during 2010; there are no slippages or other changes to report.

### 4. Reserves and Provisions

- 4.1 The main changes in the forecast positions of reserves during 2009/10 are described below and the following summary table.

- The Library and Information Service has drawn down £0.205m from the ICT reserve for the replacement of ICT during 2009/10.
- The Museums ICT Reserve has been reduced by £0.020m to pay for ICT replacements in 2009/10.
- The Museums Repairs and Renewals Reserve has been reduced by £0.025m to pay for planned improvements to the catering service.
- The Museums Income Reserve was reduced by £0.077m earlier in 2009/10 to pay for increased utility cost forecasts. As those pressures have reduced, the funding is being used instead to redeem a long-standing loan with the King's Lynn and West Norfolk Borough Council together with making provision for a potential loss of income on a capital project at Norwich Castle - paragraph 2.3 contains more detail.
- The Norfolk Record Office reserves have been increased by £0.040m since the last report to this Panel as a consequence of reduced energy costs.
- The Adult Education Service has used reserves to cover reduced grant income in the 2009/10 academic year.
- The Norfolk Guidance Income Reserve has increased by £0.153m since the last report to this Panel. This includes a carry forward sum in respect of the second year of funding from Strategic Ambitions to help people in redundancy situations obtain employment.

<b>Reserves and Provisions 2009/10</b>	<b>Balances at 01Apr09</b>	<b>Forecast at 31Mar10</b>	<b>Change</b>
	£M	£M	£M
<b>Norfolk Library and Information Service</b>			
Libraries Renewals and Replacement Reserve	0.032	0.000	-0.032
ICT Reserve	0.813	0.608	-0.205
School Library Service Replacements and Renewals	0.029	0.025	-0.004
Service Total	0.874	0.633	-0.241
<b>Norfolk Museums and Archaeology Service</b>			
Museums Income Reserve	0.104	0.027	-0.077
ICT Reserve	0.027	0.007	-0.020
Museums Repairs and Renewals Reserve	0.040	0.015	-0.025
Service Total	0.171	0.049	-0.122

Continued overleaf:

<b>Reserves and Provisions 2009/10</b>	<b>Balances at 01Apr09</b>	<b>Forecast at 31Mar10</b>	<b>Change</b>
	£M	£M	£M
<b>Norfolk Record Office</b>			
Residual Insurance and Lottery Bids	0.308	0.323	0.015
Manuscript Reserve	0.038	0.000	-0.038
ICT Reserve	0.034	0.000	-0.034
Service Total	0.380	0.323	-0.057
<b>Adult Education Service</b>			
ICT Reserve	0.029	0.009	-0.020
Redundancy Reserve	0.090	0.090	0
Income Reserve	0.300	0.155	-0.145
Service Total	0.419	0.254	-0.165
<b>Norfolk Guidance Service</b>			
Income Reserve	0.079	0.232	0.153
Redundancy Reserve	0.037	0.037	0
Service Total	0.116	0.269	0.153
<b>Cultural Services Totals</b>	<b>1.960</b>	<b>1.528</b>	<b>-0.432</b>

## 5. Resource implications

- 5.1 The implications for resources including, financial, staff, property and IT are set out in Sections 2, 3 and 4 of this report.

## 6. Equality Impact Assessment (EqIA)

- 6.1 The Cultural Services Service Plan together with individual service plans, places diversity, equality and community cohesion at the heart of service development and service delivery. It aims to ensure that activities included in the Service plan are accessible to diverse groups in Norfolk and that all policies, practices and procedures undergo equality impact assessment. These assessments help the service focus on meeting the needs of customers in relation to age, disability, gender, race, religion and belief and sexual orientation.

## 7. Section 17 – Crime and Disorder Act

- 7.1 Cultural Services is working hard to help address the issues of social exclusion, one of the key triggers for crime and disorder. The Cultural Services Department provides services that are accessible to local people, encourage participation in

cultural activities by people who are at risk of offending, engage offenders through a range of cultural projects, assist schools in improving pupil attainment and deliver opportunities to increase the number of people who are in education, employment or training. Through these and many other projects Cultural Services is using its resources to contribute towards reducing crime and disorder in Norfolk.

## 8. Conclusion

- 8.1 The Cultural Services Department continues to forecast a break-even budget position for each of its services. Reductions in energy cost forecasts are welcome and reduce pressures on service budgets. Progress with service performance indicators points to continuing improvement.

## 9. Recommendation or Action Required

- 9.1 The Economic Development and Cultural Services Overview and Scrutiny Panel is asked to consider and comment on:
- The Cultural Services Department progress with performance and the revenue budget, capital programme and reserves and provisions monitoring positions for 2009/10.

### Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

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## Capital Programme 2009/10 - Library and Information Service

Scheme or programme of work	Approved 2009-10 capital budget £m	Forecast 2009-10 capital outturn £m	Slippage since the previous report)	Reasons
<b>Schemes in Progress</b>				
Dereham Library	0.006	0.006	0	
Wymondham Library	0.088	0.088	0	
Poringland New Library	0.004	0.004	0	
Library Improvements prior years	0.035	0.035	0	
Library Improvements 09/10	0.201	0.201	0	
Self Service Equipment	0.197	0.197	0	
Great Yarmouth Community Library	0.925	0.925	0	
Great Yarmouth Refurbishment	0.094	0.094	0	
Acle Library	0.050	0.050	0	
Radio Frequency Identification (RFID)	0.250	0.250	0	
Mile Cross UK Online	0.005	0.005	0	
Total Schemes in Progress	1.856	1.856	0	
<b>Corporate Minor Works Schemes</b>				
Prior Years	0	0	0	
Corporate Minor Works 2009/10	0.033	0.033	0	
Section106 Schemes <sup>1</sup>	0.057	0.057	0	
<b>Total Capital Schemes</b>	<b>1.946</b>	<b>1.946</b>	<b>0</b>	

Funding of the NLIS Capital Programme

- The Dereham, Wymondham and Poringland libraries together with the Library Improvement Programme were funded through the NCC Capital Programme.
- The RFID programme is funded from Performance Reward Grant funds and revenue contribution to Capital. RFID Phase 2 is funded directly from the service.
- The Yarmouth Community Library feasibility works are funded from the BIG Lottery Fund (National Lottery funding for communities). The Yarmouth Refurbishment funding is allied to the project and funded directly by the service.
- Acle Library extension project is funded directly by the service.
- <sup>1</sup> Section 106 schemes are funded from developer contributions required of Planning Obligations legislation and can be spent over a period not exceeding 5 years.
- Corporate Minor Works relate to health and safety and DDA essential works that are funded from the NCC capital programme and approved by submission to the Corporate Capital and Asset Management Group.

## Capital Programme 2009/10 – Museums and Archaeology Service

Scheme or programme of work	Approved 2009-10 capital budget £m	Forecast 2009-10 capital outturn £m	Slippage since the previous report	Reasons
<b>Schemes in Progress</b>				
Arts of Living' Gallery	0.008	0.008	0	
Bridewell Museum Development	0.147	0.147	0	
Castle/Gressenhall/Time & Tide catering	0.025	0.025	0	
Castle Fire and Security Improvements	0.096	0.096	0	
Prior Years Corporate Minor Works	0.198	0.198	0	
<b>Schemes in Progress - Total</b>	<b>0.474</b>	<b>0.474</b>	<b>0</b>	
<b>2009/10 New Starts</b>				
Corporate Minor Works 2009/10	0.036	0.036	0	
Gressenhall Eco-Buildings	0.031	0.031	0	
<b>New Starts - Total</b>	<b>0.067</b>	<b>0.067</b>	<b>0</b>	
<b>Total Capital Programme</b>	<b>0.541</b>	<b>0.541</b>	<b>0</b>	

Funding of the NMAS Capital Programme

The NMAS capital programme is funded from a variety of sources:

- The Art of Living Gallery is a £0.412m capital project funded by a major contribution from Barclays Bank made through HEART and a major private donation.
- The feasibility element of the Bridewell Museum project was funded from NMAS. The indicative capital programme is £1.546m with approved HLF funding of £0.998m, £0.224m NCC capital and £0.025m from the Friends of Norwich Museums and service contributions.
- Corporate Minor Works relate to health and safety and DDA essential works that are funded by submission to the Corporate Capital and Asset Management Group that is funded from the NCC capital programme.
- Catering improvements were funded from a mix of Corporate Minor Works and internal service funding.
- The Gressenhall Eco-Buildings project is funded by the NCC over 2 years with approved funding of £0.048m in 2009/10 and £0.095m in 2010/11. This project also has £0.042m of match funding from the Renaissance in the Regions programme. The programme is planned to provide a woodland outdoor classroom, a riverside pond dipping station and improved toilet provision for visitors.

### Capital Programme 2009/10 - Adult Education Service

Scheme or programme of work	Approved 2009-10 capital budget £m	Forecast 2009-10 capital outturn £m	Slippage since the previous report	Reasons
<b>2009/10 New Starts</b>				
Corporate Minor Works 2009/10	0.003	0.003	0	
<b>Total Capital Programme</b>	<b>0.003</b>	<b>0.003</b>	<b>0</b>	

#### Funding of the Adult Education Capital Programme

- Corporate Minor Works relate to health and safety and DDA essential works that are funded from the NCC capital programme and approved by submission to the Corporate Capital and Asset Management Group.

### Capital Programme 2009/10– Arts Service

Scheme or programme of work	Approved 2009-10 capital budget £m	Forecast 2009-10 capital outturn £m	Slippage since the previous report	Reasons
<b>2009/10 New Starts</b>				
St George's Arts Centre *	0.500	0.500	0	
<b>Total Capital Programme</b>	<b>0.500</b>	<b>0.500</b>	<b>0</b>	

#### Funding of the Arts Service Capital Programme

- St George's Arts Centre is funded by the NCC over 3 years. It is planned that payments will be £0.500m for 2009/10, £0.100m for 2010/11 and £0.150m for 2011/12.

## **Service and Financial Planning 2010-13**

### **Report by the Director of Cultural Services**

#### **Executive Summary**

At its November meeting, the Panel considered a detailed report on proposals for service and financial planning for 2010/11-2012/13. This report updates the Panel on further information and changes affecting proposals. It includes confirmation of the Provisional Grant Settlement, information from the recent Pre-Budget Report 2009, updated information on revenue budget proposals and capital funding bids and the latest information on the cash limited budget for services relevant to this Panel.

#### **The main issues and areas for consideration affecting the services covered by this panel include:**

A review of pressures and savings since the November meeting of this Panel, following lower energy cost forecasts for the Cultural Services Department that lead to:

- Overall, a lowering of pressures of £0.103m from £0.557m to £0.454m and consequently a savings reduction from £0.292m to £0.189m.
- A proposal to remove the historic deficit for the Record Office through internal budget transfers of £0.050m to enable a balanced revenue budget for that service.

#### **Overview and Scrutiny Panel members are asked to consider and comment on:**

- The proposals contained within this paper and to consider the prioritised bids for capital funding, in order to inform Cabinet discussion at its meeting on 25 January.

## **1. Background**

- 1.1 Budget planning is part of an integrated approach to overall service planning, including reviewing and up dating the County Council Plan. The proposals in this paper are part of that overall approach.
- 1.2 Overview and Scrutiny Panels and Joint Committees received service and budget planning reports in November 2009 identifying key contextual issues and service challenges together with Cabinet Member and Chief Officer proposals towards delivering the County Council's Objectives within the agreed financial planning framework. Planning carried out during the year and prior to the announcement of the Provisional Grant Settlement has been based on financial planning assumptions, which included:
  - Cash uplift for services 2.5% (adjusted for pay assumptions)
  - Price inflation - 2% general prices and 4% transport prices
  - No uplift for independent and voluntary sector care providers
  - Pay freeze for 2010/11
- 1.3 Decisions on the final allocation of resources will reflect the delivery of the County Council's Objectives and improvement priorities. At the Panel meetings in November, Members were asked to consider and comment on the revenue budgets and capital programme proposals in light of the information then provided, in order to help inform Cabinet Members' discussions.
- 1.4 This paper updates Members on the Government's financial settlement for Norfolk. It also reports further work to prioritise bids for capital funding. Overview and Scrutiny Panels are asked to consider the implications in relation to their own service areas for report back to and consideration by Cabinet at its meeting on 25 January 2010.

## **2. Council Objectives and Service Planning Preparation**

- 2.1 The Panel regularly receives relevant performance information against the current corporate objectives. In addition, progress against actions in the County Council Plan and service plans is reported regularly and the latest report is included elsewhere on this agenda. Proposed changes to the 2010/11 budget plan for Cultural Services reported to this Panel in November and discussed in section 5 of this report, will have the effect of reducing the pressure on the staff budget for the 2010/11 Norfolk Museums and Archaeology Service plan and removing the requirement for 8% savings from the Norfolk Record Office service plan.

## **3. Provisional Local Government Finance Settlement 2010/11 and the Pre-Budget Report 2009**

- 3.1 The Provisional Settlement was announced on 26 November 2009 covering the single year 2010/11. It has been issued for consultation with responses due back to Communities and Local Government by 6 January 2010. The final Settlement is usually announced towards the end of January/early February.

- 3.2 This confirms the position for Norfolk County Council announced in the three-year settlement in January 2008 and previously reported to this Panel. The only change relates to some redistribution of the funding totals for shire counties and districts reflecting local government restructuring decisions. This has not affected the Norfolk total, which for 2010/11 is £238.25m – an increase of £12m (5.3%).
- 3.3 The settlement confirmed funding for Area Based Grant and specific government grants. Changes in specific grant to Area Based Grant are shown in Appendix A.
- 3.4 One matter within the Settlement is drawn to Member's attention. A new grant formula was introduced in 2006/07 for education and social services authorities, which produced both winners and losers under the revised set of indicators. Norfolk gains under the new formula allocation. However, because there were some councils which would have suffered significant loss of grant and because of the implications on council tax levels in those 'losing' councils, the Government introduced a transitional 'damping' mechanism to phase in the impact of the new formula. The damping adjustment is self funding, with gaining Councils having their grant abated to support the 'losing' Councils.
- 3.5 In practice, the damping mechanism has not been phased out and Norfolk's grant has been abated by a total of £96.8m over the four years 2006/07 to 2009/10. The reduction in grant for 2010/11 is £21.973m. In other words, but for damping, we would receive close to £22m more grant, with that higher level of grant properly reflecting the Government's own calculation of what Norfolk should be receiving. To put this sum into context, £22m equates to over 6% on Council Tax.
- 3.6 The Chancellor's Pre-Budget Report 2009 was announced 9 December. In the report the Chancellor set a cap on public sector pay of 1% from 2011. In addition he plans to increase National Insurance contributions by a further 0.5% from April 2011. This is in addition to the 0.5% increase previously announced. Our budget plans for future years are therefore amended to reflect these changes and the total additional cost pressures shown within in Appendix A are based upon a 1% increase in pay inflation in 2011/12 and 2012/13 and a 1% increase in national insurance contributions in 2011/12.
- 3.7 The Pre-Budget Report does not provide local authority level detail of our future grant settlements. However, the prospects for public spending set out in the Report endorse the assumed grant freeze on which the Council is planning for 2011/12 onwards.

#### **4. Overview and Scrutiny Panel and Joint Committee Comments**

- 4.1 On the basis of the planning context and budget planning assumptions, Panels and Joint Committees in November considered planning proposals and issues of particular significance. At that meeting, the following issues were identified as having particular impact on service delivery and achievement of the Council's priorities.
- The Norfolk Records Committee discussed their concerns over the proposed budget savings in relation to the size of the relevant individual budgets. In view of these concerns and in the light of lower energy cost forecasts for the Cultural Services Department as a whole, budget savings

have been reviewed and amended and the details of the proposed changes appear in section 5 of this report.

- The Joint Museums and Archaeology Committee (JMAC) expressed support for the Gressenhall Farm and Workhouse second year capital allocation of £0.095m to complete the Eco-buildings project. An update on the capital position appears at section 6.3 of this report.

Earlier comments and any arising from this meeting will be reflected in the budget report to Cabinet on 25 January.

## **5. Revenue Budget Proposals**

5.1 The attached proposals set out the proposed cash limited budget. This is based on the cost pressures and budget savings reported to this Panel in November that have been amended in view of lower energy cost forecasts. The driver for these reductions is the change in NCC contract prices that took place on 1 October 2009 and where contract prices have fallen by up to 30%. The proposed changes, as they impact on individual services, are discussed below:

- Compared to the report in November, overall reductions in anticipated energy costs have reduced departmental service pressures by £0.103m from £0.557m to £0.454m. As a consequence, total departmental savings are reduced from £0.292m to £0.189m.
- For the Norfolk Museums and Archaeology Service (NMAS) energy costs have come down by £0.069m. It is proposed to use the reduction to deal with an anticipated staffing pressure of £0.059m relating to the Norwich Museums Manager which will arise in 2011/12, following changes to Renaissance in the Regions criteria. This will also enable the NMAS to deal with an unanticipated pressure of £0.010m in 2010/11 relating to the Norwich Development Officer following a reduction in financial support from Norwich City Council.
- Although total pressures and savings for the NMAS are unchanged, it is proposed to replace £0.011m of staff savings with alternative savings which are: 1) the removal of loan charges £0.010m and 2) an increase in premises management income in Great Yarmouth of £0.001m.
- Energy cost reductions in the Norfolk Library and Information Service (NLIS) are proposed to be used to compensate for a loss of income of £0.086m related to fewer customers hiring music CD's and film DVD's. NLIS pressures and savings totals are therefore unchanged from the November report.
- For the Norfolk Record Office (NRO), service charges (that include energy costs) have reduced by £0.050m at the same time reducing the historic deficit to £0.050m (from £0.100m). This is where we have had to use reserves to 'plug the gap' for some years.
- Members of the Norfolk Records Committee have previously expressed concerns to NCC Cabinet regarding the NRO's difficulty in absorbing high

increases in energy costs when the majority of their budget comprises fixed costs. Due to the overall reduction in departmental energy costs, there is scope to remove the remaining historic deficit for the NRO without adversely affecting individual services. It is proposed therefore to transfer energy budget savings of £0.028m from NLIS and £0.022m from NMAS, a total of £0.050m to be transferred to the NRO.

- This has the effect of removing the savings requirement from the NRO – originally 8% of the net budget. These proposals will enable the NRO to plan budgets in future years without the burden of a deficit. There is of course an impact on NLIS and NMAS which will still have to make savings despite the reduction in their energy costs.
- Pressures and savings for the Adult Education and Norfolk Guidance Services are unchanged from the November report to this Committee. One change for the Arts Service budget concerns the transfer of £0.152m budget to the Planning and Transportation Department in respect of funding for the Norfolk Rural Community Council which is now managed by the Economic Development Service. The Arts and Grants base budget is unaffected by this transfer.

5.2 Appendix A shows a departmental summary and for individual services:

- Total Cost pressures which impact on the Council Tax
- Total Budget Savings
- Transfer of specific grants to Area Based Grant
- Transfers of responsibility from Central to Local Government
- Cost neutral changes i.e. budget changes which across the Council do not impact on the overall Council Tax, but which need to be reflected as part of each service's cash limited budget. Examples are depreciation charges, changes to area based grant and changes to office accommodation charges.

5.3 All budget planning proposals have been considered in light of their impact on corporate objectives, performance, risk, value for money, equalities and community cohesion and sustainability. This has included a high-level single impact assessment. Key implications for consideration were reported to this Panel in November.

- Proposed staffing reductions for the NMAS contained the risk of some service deterioration over time and the reduction in energy costs has enabled these savings and the associated risks to be minimised
- Risks for the NRO included the possible effect on the long-term preservation of certain document (in relation to reducing conservation materials budgets) and possible contravention of the HLF agreement (in relation to staffing reductions). Lower service charge forecasts and the proposed transfer of budget to the NRO removes these risks for 2010/11.

5.4 As previously reported, there remains an overall shortfall between allocated budget uplift and identified budget pressures for the NCC. Together with the overall issues affecting the financial strategy, the shortfall position will be considered by



Cabinet at its meeting on 25 January 2010 and addressed within the Cabinet recommendations to County Council on 15 February 2010.

## **6. Capital Programme**

- 6.1 In accordance with the Capital Strategy, departments have submitted bids for capital funding to the Corporate Capital and Asset Management Group (CCAMG). Overview and Scrutiny Panels and Joint Committees considered these bids at their November meeting and comments were passed to CCAMG.
- 6.2 CCAMG has prioritised these bids using the Council's Capital Prioritisation Model. The prioritised list is shown in Appendix B, including the scores achieved by each bid. Following the Government's announcement of capital grant for 2010-11 all sources of funding for capital schemes are being assessed to ensure the most cost effective use of capital funding. Any changes to the submitted bids may affect the current scores and prioritisation. Cabinet will consider the prioritised list on 25 January 2010, where the prioritisation will be reviewed (and may be amended). Cabinet will also consider, alongside revenue requirements, the level of funding that can be made available to fund the bids, and will recommend to Council which bids are included in the capital programme.
- 6.3 Although there are no direct capital implications for this Panel contained in Appendix B, the CCAMG has considered the prioritisation of funding of existing capital programmes. This included £0.095m year 2 funding of the NMAS Gressenhall Eco-buildings project for which Members of the JMAC expressed their support at the November meeting. The 18 December meeting of the Corporate Capital Asset Management Group (CCAMG) will be recommending this funding for approval by NCC Cabinet on 25 January 2010.

## **7. Resource Implications**

- 7.1 The implications for resources including, financial, staff, property and IT are set out in Sections 5 and 6 of this report and within the Appendices.

## **8. Equality Impact Assessment (EqIA):**

- 8.1 The Cultural Services Service Plan together with individual service plans, places diversity, equality and community cohesion at the heart of service development and service delivery. It aims to ensure that activities included in the Service plan are accessible to diverse groups in Norfolk and that all policies, practices and procedures undergo equality impact assessment. These assessments help the service focus on meeting the needs of customers in relation to age, disability, gender, race, religion and belief and sexual orientation.

## **9. Section 17 – Crime and Disorder Act**

- 9.1 Cultural Services is working hard to help address the issues of social exclusion, one of the key triggers for crime and disorder. The Cultural Services Department

provides services that are accessible to local people, encourage participation in cultural activities by people who are at risk of offending, engage offenders through a range of cultural projects, assist schools in improving pupil attainment and deliver opportunities to increase the number of people who are in education, employment or training. Through these and many other projects Cultural Services is using its resources to contribute towards reducing crime and disorder in Norfolk.

## 10. Action Required

10.1 Members are asked to consider and comment on the proposals contained within this paper and to consider the prioritised bids for capital funding, in order to inform Cabinet discussion at its meeting on 25 January 2010.

### Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

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If you need this report in large print, audio, Braille, alternative format or in a different language please contact *Jen McConnell* on 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

## Cultural Services Department Summary

## Appendix A1

2010-13 Revenue Budget Estimates	2010-11	2011-12	2012-13
	£000	£000	£000
<b>2009-10 Original Budget</b>	<b>19,723</b>	<b>20,547</b>	<b>20,547</b>
<b>Adjustments to Base</b>			
Additional Cost Pressures	454	685	599
Budget Savings	(189)	(685)	(599)
Departmental Transfer	0	0	0
<b>Sub-total</b>	<b>19,988</b>	<b>20,547</b>	<b>20,547</b>
<b>Cost Neutral Changes</b>			
Depreciation Charges	(1,476)		
REFCUS Charges	(269)		
Grant on REFCUS Charges	369		
Debt Management Expenses	(4)		
Grant and Contributions Deferred	2,170		
Office Accommodation	3		
Transfer of budget for Desktop Refresh	(36)		
Transfer of budget for Data and Voice	(35)		
Transfer of budget re Norfolk Rural Community Council to P and T	(152)		
Transfer of budget for mobile library lease	(11)		
<b>Sub-total</b>	<b>559</b>		
<b>Cash Limited Budget</b>	<b>20,547</b>	<b>20,547</b>	<b>20,547</b>
Budget Uplift for Planning Purposes	265	0	0

Explanations of technical terms within Cost Neutral Changes – see Appendix A8

2010-13 Revenue Budget Estimates	2010-11	2011-12	2012-13
	£000	£000	£000
<b>2009-10 Original Budget</b>	<b>12,934</b>	<b>13,144</b>	<b>13,144</b>
<b>Adjustments to Base</b>			
Additional Cost Pressures	216	361	329
Budget Savings	(41)	(361)	(329)
Departmental Transfer	(28)	0	
<b>Sub-total</b>	<b>13,081</b>	<b>13,144</b>	<b>13,144</b>
<b>Cost Neutral Changes</b>			
Depreciation Charges	59		
REFCUS Charges			
Grant on REFCUS Charges			
Debt Management Expenses			
Grant and Contributions Deferred	48		
Office Accommodation	2		
Desktop Refresh budget transfer	(17)		
Data and Voice budget transfer	(18)		
Transfer budget for mobile library	(11)		
<b>Sub-total</b>	<b>63</b>		
<b>Cash Limited Budget</b>	<b>13,144</b>	<b>13,144</b>	<b>13,144</b>
Budget Uplift for Planning Purposes	175	0	0

Figures in ( ) indicate a reduction.

2010-13 Revenue Budget Estimates	2010-11	2011-12	2012-13
	£000	£000	£000
<b>2009-10 Original Budget</b>	<b>4,253</b>	<b>4,631</b>	<b>4,631</b>
<b>Adjustments to Base</b>			
Additional Cost Pressures	166	140	124
Budget Savings	(116)	(140)	(124)
Departmental Transfer	(22)	0	0
<b>Sub-total</b>	<b>4,281</b>	<b>4,631</b>	<b>4,631</b>
<b>Cost Neutral Changes</b>			
Depreciation Charges	(1,511)		
REFCUS Charges	(369)		
Grant on REFCUS Charges	369		
Debt Management Expenses	(4)		
Grant and Contributions Deferred	1,876		
Office Accommodation	1		
Desktop Refresh budget transfer	(9)		
Data and Voice budget transfer	(3)		
<b>Sub-total</b>	<b>350</b>		
<b>Cash Limited Budget</b>	<b>4,631</b>	<b>4,631</b>	<b>4,631</b>
Budget Uplift for Planning Purposes	50	0	0

Norfolk Record Office

Appendix A4

2010-13 Revenue Budget Estimates	2010-11	2011-12	2012-13
	£000	£000	£000
<b>2009-10 Original Budget</b>	<b>1,533</b>	<b>1,730</b>	<b>1,730</b>
<b>Adjustments to Base</b>			
Additional Cost Pressures	18	50	45
Budget Savings	0	(50)	(45)
Departmental Transfer	50		
<b>Sub-total</b>	<b>1,601</b>	<b>1,730</b>	<b>1,730</b>
<b>Cost Neutral Changes</b>			
Depreciation Charges	(4)		
REFCUS Charges			
Grant on REFCUS Charges			
Debt Management Expenses			
Grant and Contributions Deferred	138		
Office Accommodation	0		
Desktop Refresh budget transfer	(2)		
Data and Voice budget transfer	(3)		
<b>Sub-total</b>	<b>129</b>		
<b>Cash Limited Budget</b>	<b>1,730</b>	<b>1,730</b>	<b>1,730</b>
Budget Uplift for Planning Purposes	18	0	0

## Norfolk Arts Service

## Appendix A5

<b>2010-13 Revenue Budget Estimates</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>2009-10 Original Budget</b>	<b>733</b>	<b>696</b>	<b>696</b>
<b>Adjustments to Base</b>			
Additional Cost Pressures	15	19	18
Budget Savings	0	(19)	(18)
<b>Sub-total</b>	<b>748</b>	<b>696</b>	<b>696</b>
<b>Cost Neutral Changes</b>			
Depreciation Charges			
REFCUS Charges	100		
Grant on REFCUS Charges			
Debt Management Expenses			
Grant and Contributions Deferred			
Office Accommodation	0		
Desktop Refresh budget transfer	0		
Transfer to P and T re Norfolk Rural Community Council budget	(152)		
<b>Sub-total</b>	<b>(52)</b>		
<b>Cash Limited Budget</b>	<b>696</b>	<b>696</b>	<b>696</b>
Budget Uplift for Planning Purposes	15	0	0

## Adult Education Service

## Appendix A6

<b>2010-13 Revenue Budget Estimates</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>2009-10 Original Budget</b>	<b>270</b>	<b>346</b>	<b>346</b>
<b>Adjustments to Base</b>			
Additional Cost Pressures	39	108	78
Budget Savings	(32)	(108)	(78)
Departmental Transfer	0		
<b>Sub-total</b>	<b>277</b>	<b>346</b>	<b>346</b>
<b>Cost Neutral Changes</b>			
Depreciation Charges	(20)		
REFCUS Charges			
Grant on REFCUS Charges			
Debt Management Expenses			
Grant and Contributions Deferred	108		
Office Accommodation			
Desktop Refresh budget transfer	(8)		
Data and Voice budget transfer	(11)		
<b>Sub-total</b>	<b>69</b>		
<b>Cash Limited Budget</b>	<b>346</b>	<b>346</b>	<b>346</b>
Budget Uplift for Planning Purposes	7	0	0



2010-13 Revenue Budget Estimates	2010-11	2011-12	2012-13
	£000	£000	£000
<b>2009-10 Original Budget</b>	0	0	0
<b>Adjustments to Base</b>			
Additional Cost Pressures	0	7	5
Budget Savings	0	(7)	(5)
Departmental Transfer	0		
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cost Neutral Changes</b>			
Depreciation Charges	0		
REFCUS Charges	0		
Grant on REFCUS Charges	0		
Debt Management Expenses	0		
Grant and Contributions Deferred	0		
Office Accommodation	0		
Desktop Refresh budget transfer	0		
<b>Cash Limited Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>
Budget Uplift for Planning Purposes	0	0	0

## **Explanations of terms within Cost Neutral Changes**

## **Appendix A8**

Depreciation Charges: The cost of an asset that is written off over its life

REFCUS Charges: Revenue expenditure funded from Capital under statute

Grant on REFCUS Charges: Grant written off to Revenue over the asset life

Debt Management Expenses: Costs charged to revenue as 0.2% depreciation

Grant and Contributions Deferred: Grant written off to Revenue over the asset life

Office Accommodation: Rates and Building Maintenance Fund increases

Desktop Refresh: The transfer of service budget to cover the central cost of programmed ICT replacements.

**Corporate Bids considered by Corporate Capital Asset Management Group**

Departmental	Capital Bids	CCAMG moderated score	Profile of Requirements for NCC Capital (£M)				Total All years £'000
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 + £'000	
Corporate Property	Corporate Minor Works 2011/12	400	-	-	1.230	-	1.230
Corporate Property	Disability Discrimination Act (DDA) Works	367	0.130	0.130	0.130	-	0.390
Corporate Property	Carbon & Energy Reduction Fund (CERF)	364	2.900	3.125	3.350	4.550	13.925
Children's Services	Norwich Professional Development Centre - Accessibility Improvements	361	0.175	-	-	-	0.175
Planning & Transportation	Hethel Engineering Centre - Extensions	294	0.950	-	-	-	0.950
Planning & Transportation	North Norfolk Centre for Enterprise	275	0.250	0.250	-	-	0.500
Corporate Property	Seven Primary School Development Projects - Supplementary Improvements in BREEAM Specification	227	0.400	0.250	-	-	0.650
Adult Social Services	Church Green & Faro Lodge Respite Care Development	210	1.000	-	-	-	1.000
Planning & Transportation	Great Yarmouth Railway Sidings	186	0.035	-	-	-	0.035
			5.840	3.755	4.710	4.550	18.855

**Report to Economic Development and Cultural Services Overview & Scrutiny Panel**  
13 January 2010  
Item no 10

**Economic Development Integrated Performance and Finance Monitoring Report**

Report by Director of Environment, Transport and Development

**Summary**

This report provides performance and finance monitoring information for 2009/10, as at the **end of November 2009**. The report monitors progress against the Corporate Objectives set out in the County Council Plan that are covered by this Panel. The first section covers activity performance, the second financial performance.

- **County Council Plan and service plan actions.** Economic Development (ED) is performing well on its actions to lever in external funding, deliver student conventions, promote Norfolk as a business location and support the start up of The Genome Analysis Centre (TGAC). Last time we reported one service plan action as off track – ensuring that responsible partners put in place updated delivery plans for economic National Indicators that are in the Local Area Agreement (LAA), as well as devising targets for additional indicators in the County Council Plan. A workshop was held in November and partners committed to producing a single action plan for all indicators and setting targets for outstanding ones by the end of January 2010.
- **National Indicators.** No new data is available and this appendix is therefore not included in or covered by January's report.
- **Risks.** ED has no risks of corporate significance. The only risk of departmental significance is EPIC's ability to deliver on its business plan in the current trading conditions. This has resulted in a projected overspend for Economic Development as a whole of +£0.036m, which has been mitigated and will be managed within P&T's overall budget. A separate paper on this Panel's agenda covers EPIC's risks and performance in more detail.
- **Revenue Budget.** Spend is on track against ED's budget of £1.72m, with the exception of EPIC (mentioned above).
- **Capital Budget.** There is slippage since last Panel on TGAC, in that EEDA wants to pay a higher contribution this year, reducing NCC's payment. All £1m of our funds will still be spent by April 2011, as planned. Negotiations are also still ongoing about the strategic land acquisition in Great Yarmouth.
- **Additional funding.** ED manages projects and programmes totalling over £11m. Since last Panel the Strategic Ambitions budget has decreased from £0.802m to £0.644m, with the transfer of funds for the Tour of Britain from ED to Cultural Services. Some programme spend is low, as recent payments are not yet on Oracle and some claims are not due till end Jan. Capital managed on behalf of the Greater Norwich Development Partnership is also now shown.

**Recommendation:**

Members are asked to note progress on ED's service plan actions and budgets and to consider whether any aspects should be identified for further scrutiny.

## 1. Performance update

### 1.1 Performance against corporate objectives

Economic Development takes a lead role of the County Council on the corporate objective **CO1 Lead a strategic approach to the development of the Norfolk economy**. The following paragraphs summarise progress to date on our 2009/10 County Council Plan (CCP) actions and key targeted investment, which underpin this objective:

#### 1.1.1 Action: Target external funding to address the economic needs of Norfolk

We continue to take forward the £6.6m, Department of Work and Pensions (DWP) funded, **Future Jobs Fund programme**, which will give over 1000 young people jobs in Norfolk over the next 18 months. A large number of young people, who have been unemployed for approaching 12 months, are due to begin new jobs - 314 by the end December. Our first person starting a new job as part of this programme did so on 12 October in Great Yarmouth – only the second in the whole country, so Norfolk is definitely blazing a trail with this initiative.

Working with Connexions and other local partners, we submitted a second bid to the DWP at the end of November. This included a number of museums and educational facilities, as well as plans for an increased number of jobs in the environmental sector. The opportunity of the funding was actively promoted to partners, including the districts, and coverage of the county is dependent on where partners have been able to identify / create jobs.

**Investing in Communities** funded projects, targeting participation in the workforce and skills in deprived parts of Norfolk, are progressing well and all are confident they can either meet or exceed their targets for 2009/10. We have successfully bid for additional capital funding from EEDA (£335,256), which is being used to develop the Engineering Training Centre in Fakenham. The centre will help improve access to vocational training in this rural area and also has meeting rooms and facilities that can be hired by other organisations.

See Section 4, for more detail of progress on external funding programmes.

#### 1.1.2 Action: build on the current successful programme of student conventions to link up more schools with industry experts in key sectors

Of the six student conventions taking place this financial year, Engineering, Energy, Creative Industries, ICT (Information and Communications Technology) and Construction have already been held, with over 2000 students attending and excellent feedback from students and teachers. The final convention, Health and Life Sciences, will take place by February 2010.

#### 1.1.3 Action: Work with Shaping Norfolk's Future and other local partners to launch a local and national marketing campaign to promote Norfolk as a location to work and do business.

The World Class Norfolk campaign was launched in early September with television commercials and coverage in the Financial Times, Daily Telegraph, Evening Standard and on BBC Radio 4's Today programme.

EPIC has been involved in the campaign, supplying footage for the TV commercial, being featured in the 'World Class Culture' film on the website and recording mini interviews about Norfolk with business leaders at Shaping Norfolk's Future's annual conference.

The campaign website **www.worldclassnorfolk.com** is attracting over 1,500 unique visitors each month, and almost 100 images of world class Norfolk have been uploaded to the site by the public. Online banner advertising will also run on various websites including FT.com until next March.

Poster advertising rolled out in November at major train stations in London and Norfolk to support the campaign, including a poster in Westminster featuring 33 luminaries past and present with links to Norfolk.

The campaign team has also attended business events, including Norfolk Network, Destination Growth and Shaping Norfolk's Future, distributing World Class Norfolk fact cards and talking about the campaign.

A campaign pack has been produced, which includes suggestions on how businesses can get involved with the campaign and downloadable campaign branding. Members can visit the campaign website and follow the campaign on Twitter @Team\_Norfolk.

#### 1.1.4 **Key Targeted Investment: Investment of £0.5m capital funding into developing the Genome Analysis Centre (as well as a further £0.5m in 2010/11)**

The **Genome Analysis Centre** (TGAC) is supported by investment from the County Council and is expected to deliver 60-75 high value jobs initially and a further 500 jobs over the next five years. Phase 1 of the project is complete and Phase 2 will start soon, now that the EEDA funding agreement has been signed. As all County Council funding is focussed on Phase 2, there has therefore been no spend to date. The paragraphs below highlight start up progress to date:

**Staff.** A number of staff have recently been recruited, including five laboratory-based staff, a Business Development Director, Marketing Communications Manager and a PA / administrator. Appointments have also been made for three scientific programmers and one software engineer within the Bioinformatics department and recruitment to six further posts within Genomics and Bioinformatics is also taking place. The aim is to have made 30 appointments by 31 March.

**Start up projects.** TGAC recently launched an informal invitation across the Norwich Research Park to submit 'start-up capacity' projects – those that have the potential to lead to commercialisation of research and subsequently spin out businesses. Nineteen proposals were received and the first round of projects will involve working with scientists at UEA (University of East Anglia), IFR (The Institute of Food Research), JIC and The Sainsbury Laboratory. It is expected that many of the projects will form the basis for longer standing collaborations. A similar call has now been launched with the BBSRC (Biotechnology and Biological Sciences Research Council) to invite projects from the wider UK academic community.

**Business Initiatives.** The first commercial project with the Tun Abdul Razak Research Centre of Malaysia, to sequence the rubber tree genome, is progressing to plan and should complete in the second quarter of 2010. Further quotations have been issued for follow-on work with the company and are under consideration. TGAC has also been assisting them to build in-house capability in bioinformatics analysis of the data.

Two quotations have been accepted by CEFAS (Centre for Environment, Fisheries and Aquaculture Science, co-ordinated through Lowestoft) and this project will commence imminently. Additionally there is scope for a number of follow-on projects. A further ten other quotations have been submitted.

TGAC has passed the first stage of the tendering process to become a BBSRC preferred supplier for 'capillary sequencing' and will be undertaking a trial service provision. If successful, this will extend their small-scale sequencing provision across the UK academic sector.

The Centre has also been involved in, and invited to partner in, a number of large proposals within the EU, as well as providing some coaching to a small / medium sized enterprise in the production of a proposal for Technology Strategy Board funding (the Technology Strategy Board is a business-focused organisation dedicated to promoting technology-enabled innovation across the UK).

**Profile.** TGAC's profile has been raised significantly over the last few months by extensive participation in networking events across the region, engagement with government initiatives aimed at promoting academic / industrial collaboration and attendance at conferences and workshops within the EU. It is also encouraging that schools are getting engaged, with a number of school children attending experience sessions, as well as work experience placements.

## 1.2 Service Plan Actions and Performance Indicators

**Service plan actions & National Indicators.** The corporate approach to performance reporting has been agreed since the last Panel: as there is no new performance data for January and May Panels, these appendices are not included in the Panel report this time.

However, emerging issues will still be highlighted, as necessary. We reported last time that one service plan action was off track – it involves ensuring that the responsible partners put in place refreshed delivery plans for economic National Indicators that are in the Local Area Agreement (LAA), as well as devising targets for those that are in the County Council Plan (CCP), but not in the LAA.

A workshop was held in November and partners committed to producing targets for outstanding indicators. It was also agreed that, as the indicators were closely linked, one integrated action plan would be produced, rather than a separate one for each indicator. It was also concluded that the new Employment and Skills Board was the most appropriate 'owner' for all but the business support indicators and would drive and monitor activity to deliver them. Refreshed targets and the integrated plan should be in place by the end of January.

## 2. Revenue budget

Economic Development's revenue position is shown below in Table 1.

The risk surrounding the delivery of the EPIC Business Plan has been carefully managed by the EPIC Board throughout the year. However, it is now appropriate to recognise that certain assumptions concerning income are not going to materialise, resulting in an overspend against the Business Plan of £0.136m, of which £0.100m will be contained within the overall Economic Development Revenue Budget.

The remaining £0.036m overspend will be accommodated within Planning and Transportation's budget as a whole.

**Table 1: Economic Development Revenue Budget**

<b>Division of service</b>	<b>Approved budget £m</b>	<b>Forecast Outturn £m</b>	<b>Forecast +Over/ Underspend £m</b>	<b>Forecast +Over/Unde rspend as % of budget</b>	<b>Variance in forecast since last report £m</b>
<b>Economic Development - Operating Budget</b>					
Staff, Supplies & Services	0.695	0.695	0.000	0.00%	0.000
Economic Development Projects Fund	0.584	0.620	+0.036	+6.33%	+0.037
Estimated Capital charges	0.442	0.442	0.000	0.00%	0.000
<b>Total</b>	<b>1.721</b>	<b>1.757</b>	<b>+0.036</b>	<b>+2.15%</b>	<b>+0.037</b>

## 3. Capital budget

There have been no variations to the programme during the year, except to reserve the remainder of the small 'strategic sites – unallocated' fund for the possible purchase of the strategic site at Great Yarmouth.

There is one variance since the last Panel report that relates to an underspend on The Genome Analysis Centre. The table gives a summary of funding, explains any variances and is followed by a progress update on each project:



Scheme or programme of work	Approved 2009-10 capital budget £m	Forecast 2009-10 capital outturn £m	Slippage since the previous report	Reasons
a. Nar Ouse Regeneration Scheme, Kings Lynn	0.200	0.200	0.000	
b. Thetford Enterprise Park	0.050	0.050	0.00	
c. Possible property acquisition in Great Yarmouth	0.057	0.057	0.000	
d. Genome Analysis Centre	1.125	0.250	0.875	Re-profiled, due to EEDA wanting to pay more money in 09/10, meaning the NCC and local partner contribution is less this year. However, all £1.125m will be spent by the end of 2010/11.
<b>Total</b>	<b>1.375</b>	<b>0.557</b>	<b>0.875</b>	

- a. **Nar Ouse Regeneration Scheme, Kings Lynn.** This sum was allocated as a contribution towards moving a major gas pipe and related infrastructure works within the NORA site, principally to enable the relocation of the College of West Anglia - decision agreed at Cabinet on 1 December 2008.  
**Update:** Panel agreed in November to the revisions to the programme and to continue to support it.
- b. **Thetford Enterprise Park** is a 44-acre site just off the A11, which suffers from significant market failure in terms of the high infrastructure costs involved with accessing and servicing the site - attempts to develop the site in the past have failed due to this. A local partnership, involving the Crown Estate and Breckland Council, is progressing investment from a number of sources to overcome this issue and enable the site to be developed. When it is completed, the Park is expected to provide space for around 1000 jobs. It is predicted that approximately half of the jobs will be from new businesses starting up or moving in to Thetford. The other half is predicted to comprise businesses relocating from elsewhere in and around Thetford (which will leave further space for job growth). The Economic Development Unit has committed funding of £50,000.  
**Update:** the first 50% invoice has now been processed and the final £0.025m should be spent by year end.

- c. **Possible property acquisition in Great Yarmouth.** This sum is earmarked for a strategically significant site that came onto the market and for which the County Council was given first refusal. It was decided to seek to retain this facility for future use, given its potential to support future port-related activity.  
**Update:** although it has not been possible to reach an agreement with the vendor within the valuation suggested by NPS Property Consultants, negotiations are continuing.
- d. **The Genome Analysis Centre (TGAC).** Cabinet agreed to provide £0.5m of funding in each of 2009/10 and 2010/11 to the Norwich Research Park in order to establish a new centre of excellence specialising in sequencing plant and animal DNA, creating new, high value jobs. The project is expected to deliver 60-75 high value jobs initially with a further 500 jobs over the next 5 years. The total budget shown of £0.125m includes the County Council's £1m funding over two years and £0.125m of partner funding, which NCC administers on behalf of the GNDP (Greater Norwich Development Partnership).  
**Update:** a full update on start up progress can be found in section 1.1.4 of this report.

#### 4. Additional and external funds managed

Economic Development manages a range of funding from Corporate and external sources on behalf of the authority. The table overleaf gives an overview of spend as at the end of November 2009, and the following paragraphs give project descriptions and a progress update. All amounts shown are for 2009 / 10 only. Where relevant, the total value of the project is in the narrative.

##### 4.1 Partnership Revenue Funds

Title/description	NCC Funding £m	Partner Funding £m	Total Funding £m	Projected outturn £m	Actual spend to date £m
a. Future Jobs Fund Programme	0.000	2.314	2.314	2.314	0.003
b. Land Skills East Programme	0.000	1.549	1.549	1.549	0.028
c. Investing in Communities Programme	0.000	1.111	1.111	1.111	0.373
d. Strategic Ambitions Projects	0.645	0.000	0.645	0.645	0.236
e. Enterprise Loans Fund	0.400	0.000	0.400	0.400	0.000

Title/description	NCC Funding £m	Partner Funding £m	Total Funding £m	Projected outturn £m	Actual spend to date £m
f. LEADER Programme	0.000	0.334	0.334	0.334	0.061
g. Shaping Norfolk's Future Partnership	0.255	0.409	0.664	0.678	0.270
h. Vital Rural Areas Project	0.000	0.576	0.576	0.576	0.120
i. Village Hall Grants & RCC	0.152	0.000	0.152	0.152	0.002
<b>Revenue Total</b>	<b>1.412</b>	<b>6.293</b>	<b>7.745</b>	<b>7.759</b>	<b>1.093</b>

- a. **Future Jobs Fund Programme.** As young people only started taking up their new jobs in October and government funds then have to be drawn down, spend will be concentrated in the final quarter of the year. Approximately 40% of the total jobs to be created have taken place in the first 2 months of the scheme. Claims have already been submitted by the providers for the start up costs of creating these jobs and are currently being processed. The remainder of the amount will be paid monthly to Future Jobs Fund participants as salary, which means that the amount of the monthly claim will increase gradually as more young people are brought into employment. All 356 jobs will be created by 31 March 2010.
- b. **Land Skills East Programme.** Good progress has been made on the programme over the past few months, and now over 220 training courses have been commissioned. However, spend is low, partly because the delivery partners submit their claims only when the course has been completed, and partly because we are still finalising a revised Offer Letter, and we are unable to submit a claim before this has been signed off.
- c. **Investing in Communities Programme (IiC).** No change since last Panel report, as the next claim to EEDA is not due until January 2010 and will then take time to appear on Oracle.
- d. **Strategic Ambitions Projects.** Projected spend has been revised down from £0.812m to £0.644m, in light of the transfer of the remainder of the Tour of Britain funds (£0.175m in total) to Cultural Services, once the initial 10% Tour entry fee had been paid. As projects receive their second 50% of funding by the end of January, the majority of the remainder of the spend is concentrated in the final quarter of the year.
- e. **Enterprise Loans Fund.** The details of the funding package are still being negotiated with corporate finance. However, a number of alternative

approaches are also being explored. It is still unclear whether this will proceed by the end of 2009/10.

- f. **LEADER Programme.** The programmes are not yet running at full speed; and the first project received their Offer Letter only last month. Since then we have had another two applications, which have been appraised. However, spend is still quite low, primarily because the expenditure to date has only included the administrative and facilitation costs. A substantial increase is expected in the latter half of next year, when a number of projects would have been up and running for several months.
- g. **Shaping Norfolk's Future (SNF) Partnership.** Activity is on track. Sectors funded by SNF will receive the second half of their 2009/10 project funding by the end of January. Spend is currently over profile, due to income being less than plan, and is being managed. Any final overspend will be covered from the partnership's 2008/9 surplus.
- h. **Vital Rural Areas Project (VRA).** The first claim for activity was submitted to the Programme Secretariat in November. Out of the four projects Norfolk is running under VRA, the STEP project, run by Norfolk Learning Partnership, and Shaping Norfolk's Future's marketing campaign are the two that have started activity this year. The other two projects are expected to start in the next financial year, with the main portion of Interreg funding drawn down between 2010 and 2012.
- i. **Village Hall Grants & Rural Community Council.** All but £0.004 of the funding has been spent, although it is not yet showing on Oracle. All funds will be spent by year end.

## 4.2 Partnership Capital Funds

Title/description	NCC Funding £m	Partner Funding £m	Total Funding £m	Projected outturn £m	Actual spend to date £m
a. Investing in Communities Partnership (IiC)	0	2.568	2.568	2.568	0.980
b. HEART – The Halls	0	0.100	0.100	0.100	0.000
c. Institute of Food Research	0	1.000	1.000	1.000	0.000
<b>Capital Total</b>	0	<b>3.668</b>	<b>3.668</b>	<b>3.668</b>	<b>0.980</b>
Partnership Revenue & Capital Total	<b>1.412</b>	<b>9.961</b>	<b>11.413</b>	<b>11.427</b>	<b>2.073</b>

- a. **IiC.** No change since last Panel report, as the next claim to EEDA is not due until January 2010 and will then take time to appear on Oracle.
- b. **HEART – The Halls.** This is assigned funding from the GNDP Growth Point capital allocation, which was agreed by the GNDP Directors and Policy Groups. The funds are included here as Norfolk County Council is the banker and ‘accountable body’ for the partnership, and Planning & Transportation (P&T) Finance carries out this function on behalf of the authority.

The £0.100m is allocated to HEART – Norwich’s Heritage Economic And Regeneration Trust – as part of a package of investments from a range of agencies to renovate, improve and regenerate the ‘Norwich Halls’ (St Andrew’s and Blackfriars’ Halls) as a significant cultural, tourism and leisure asset for the city centre. The GNDP has provided funding for the South Bank Halls project Phase 1, which will allow for detailed design and investigation works to be undertaken that will support Phase 2 building works. Specifically, the GNDP’s £0.100m is for detailed masterplanning and acoustic and architectural design, supporting the Halls as a concert / conference venue. The full amount is expected to be spent by the end of 2009/10.

- c. **Institute of Food Research.** As above, these are GNDP funds, which P&T manages on behalf of the partnership and which have been allocated through appropriate board mechanisms. The GNDP is contributing £1m towards a £5.4m project to bring a redundant building sited at Norwich Research Park (NRP) back into use. This will provide combined laboratory and office space for 30 units. The project will deliver a combination of additional incubation space, follow-on space for the already full NRP bio-incubator and space for an anchor tenant (Norfolk & Norwich University Hospital). This will further contribute to the critical mass at NRP and improve the regional ‘pull’ of the site in attracting companies to take up residence at NRP and create around 400 new jobs by 2026.

## 5. Other performance information

None.

## 6. Resource implications

These are covered elsewhere in the report.

## 7. Equality Impact Assessment (EqIA)

This report is not making any recommendations that impact on equality. However, all projects grant-funded by Economic Development have to complete an EqIA assessment as part of their application for funding.

## 8. Section 17 – Crime and Disorder Act

No implications.

## 9. Risk implications / assessment

## 10. Conclusion

Economic Development has made significant progress with County Council Plan actions, particularly:

- the World Class Norfolk campaign, which is now gaining momentum with partners
- drawing down external funding for the Future Jobs Fund
- assisting the start up of the Genome Analysis Centre at Norwich Research Park.

However, the challenging trading conditions mean that EPIC is now on course for an overspend against its business plan of £0.136m this year, which is being accommodated within P&T's overall budget.

## 11. Recommendation or Action Required

Members are asked to note progress on ED's actions and budget and to consider whether any aspects should be identified for further scrutiny.



If you need this report in large print, audio, Braille, alternative format or in a different language please contact Jo Middleton on 0344 800 8020 or textphone 0344 800 8011 and we will do our best to help.

**Report to Economic Development and Cultural Services**  
**Overview and Scrutiny Panel**  
13 January 2010  
Item No 11

**Economic Development Service and Financial Planning 2010-13**

Report by the Director of Environment, Transport and Development

**Executive Summary**

At its November meeting, the Panel considered a detailed report on proposals for service and financial planning for 2010/11-2012/13. This report updates the Panel on further information and changes affecting proposals. It includes confirmation of the Provisional Grant Settlement, information from the recent Pre-Budget Report 2009, updated information on revenue budget proposals and capital funding bids and the latest information on the cash limited budget for Economic Development.

**Provisional Grant Settlement.** Norfolk's position for 2010 is an increase of 5.3%, £12m. This confirms the position for Norfolk County Council announced in the three-year settlement in January 2008 and previously reported to this Panel.

**Service planning proposals.** The main issue and area for consideration affecting Economic Development was the new duty to carry out an economic assessment of Norfolk – the Local Economic Assessment (LEA).

- The LEA should inform priorities for our next Local Area Agreement for Norfolk (for the period 2011/12 – 2013/14) and should help keep Norfolk Ambition, the community strategy for Norfolk, up to date.
- We are required to complete our first assessment within six to nine months of the duty coming into force (ie between October 2010 and January 2011).
- The 2011 census – results available in 2013 - will then provide an opportunity to refresh and update our evidence about the state of Norfolk's economy and provide a more comprehensive assessment.

**Revenue budget.** In November we reported a potential shortfall in funding for 2010/11 of around £0.083m, due largely to the new duty to carry out the LEA. We have since received confirmation that our revenue budget uplift is £0.018m, against cost pressures of £0.014m, and that £0.065m has been awarded through the Area Based Grant for implementing the LEA (we will receive this in 2010/11). While somewhat short of the government's estimate of up to £0.080m to complete the assessment, we anticipate that we can contain costs for the LEA within the allocation, and costs for ED as a whole within the revised budget. Appendix A has therefore been updated to reflect this.

**Capital projects.** The prioritised list of projects (Appendix B) shows all three of ED's projects and their scores. The most critical for ED is the Hethel extension bid.

**Overview and Scrutiny Panel members are asked to consider and comment on:**

The proposals contained within this paper and to consider the prioritised bids for capital funding, in order to inform Cabinet discussion at its meeting on 25 January.

# 1 Background

- 1.1 Budget planning is part of an integrated approach to overall service planning, including reviewing and up-dating the County Council Plan. The proposals in this paper are part of that overall approach.
- 1.2 Review Panels received service and budget planning reports in November 2009 identifying key contextual issues and service challenges, together with Chief Officer proposals towards delivering the County Council's Objectives within the agreed financial planning framework. Planning carried out during the year and prior to the announcement of the Provisional Grant Settlement has been based on financial planning assumptions, which included:
- Cash uplift for services 2.5% (adjusted for pay assumptions)
  - Price inflation - 2% general prices and 4% transport prices
  - No uplift for independent and voluntary sector care providers
  - Pay freeze for 2010/11
- 1.3 Decisions on the final allocation of resources will reflect the delivery of the County Council's Objectives and improvement priorities. At the Panel meetings in November, Members were asked to consider and comment on the revenue budgets and capital programme proposals in light of the information then provided, in order to help inform Cabinet Members' discussions.
- 1.4 This paper updates Members on the Government's financial settlement for Norfolk. It also reports further work to prioritise bids for capital funding. Review Panels are asked to consider the implications in relation to their own service areas for report back to and consideration by Cabinet in January 2010.

## 2 Council Objectives and Service Planning Preparation

- 2.1 The Panel regularly receives performance information against the current corporate objectives, relevant to this Panel. In addition, progress against actions in the County Council Plan and service plans is reported regularly and is the latest report is included elsewhere on this agenda.
- 2.2 The Provisional Settlement was announced on 26 November 2009 covering the single year 2010/11. It has been issued for consultation with responses due back to Communities and Local Government by 6 January 2010. The final Settlement is usually announced towards the end of January/early February.
- 2.3 For Norfolk, the position is set out in the table below:

	2010/11	
	%	£M
Shire Counties	4.0	+152.9
Shire Districts	1.3	+22.3
Unitaries	3.0	+131.2
England	2.6	+747.5
Norfolk	5.3	+12.0

- 2.4 This confirms the position for Norfolk County Council announced in the three-year settlement in January 2008 and previously reported to this Panel. The only



change relates to some redistribution of the funding totals for shire counties and districts reflecting local government restructuring decisions. This has not affected the Norfolk total.

- 2.5 The settlement confirmed funding for Area Based Grant and specific government grants. Changes in specific grant to Area Based Grant are shown in Appendix A.

### **3. Provisional Local Government Finance Settlement 2010/11 and the Pre-Budget Report 2009**

- 3.1 The Provisional Settlement was announced on 26 November 2009 covering the single year 2010/11. It has been issued for consultation with responses due back to Communities and Local Government by 6 January 2010. The final Settlement is usually announced towards the end of January/early February.
- 3.2 This confirms the position for Norfolk County Council announced in the three-year settlement in January 2008 and previously reported to this Panel. The only change relates to some redistribution of the funding totals for shire counties and districts reflecting local government restructuring decisions. This has not affected the Norfolk total, which for 2010/11 is £238.25m – an increase of £12m (5.3%).
- 3.3 The settlement confirmed funding for Area Based Grant and specific government grants. Changes in specific grant to Area Based Grant are shown in Appendix A.
- 3.4 One matter within the Settlement is drawn to Member's attention. A new grant formula was introduced in 2006/07 for education and social services authorities, which produced both winners and losers under the revised set of indicators. Norfolk gains under the new formula allocation. However, because there were some councils which would have suffered significant loss of grant and because of the implications on council tax levels in those 'losing' councils, the Government introduced a transitional 'damping' mechanism to phase in the impact of the new formula. The damping adjustment is self funding, with gaining Councils having their grant abated to support the 'losing' Councils.
- 3.5 In practice, the damping mechanism has not been phased out and Norfolk's grant has been abated by a total of £96.8m over the four years 2006/07 to 2009/10. The reduction in grant for 2010/11 is £21.973m. In other words, but for damping, we would receive close to £22m more grant, with that higher level of grant properly reflecting the Government's own calculation of what Norfolk should be receiving. To put this sum into context, £22m equates to over 6% on Council Tax.
- 3.6 The Chancellor's Pre-Budget Report 2009 was announced 9 December. In the report the Chancellor set a cap on public sector pay of 1% from 2011. In addition he plans to increase National Insurance contributions by a further 0.5% from April 2011. This is in addition to the 0.5% increase previously announced. Our budget plans for future years are therefore amended to reflect these changes and the total additional cost pressures shown within in Appendix A are based upon a 1% increase in pay inflation in 2011/12 and 2012/13 and a 1% increase in national insurance contributions in 2011/12.

- 3.7 The Pre-Budget Report does not provide local authority level detail of our future grant settlements. However, the prospects for public spending set out in the Report endorse the assumed grant freeze on which the Council is planning for 2011/12 onwards.

## **4 Overview and Scrutiny Panel Comments**

- 4.1 On the basis of the planning context and budget planning assumptions, Panel in November considered planning proposals and issues of particular significance. At that meeting, the only issue identified as having particular impact on service delivery and achievement of the Council's priorities was the new duty on upper tier authorities to carry out an economic assessment for Norfolk, which was passed in late November and comes into force in April 2010.
- 4.2 Specifically, the Local Economic Assessment (LEA) should inform priorities for our next Local Area Agreement for Norfolk (for the period 2011/12 – 2013/14) and should help keep Norfolk Ambition, the community strategy for Norfolk, up to date.

We are required to complete our first assessment within six to nine months of the duty coming into force (ie between October 2010 and January 2011).

The 2011 census – results available in 2013 - will then provide an opportunity to refresh and update our evidence about the state of Norfolk's economy and provide a more comprehensive assessment.

- 4.3 The risk identified around this piece of work was that government had estimated it could cost up to £0.080 to carry out the assessment, which was therefore identified as a cost pressure.

In November we reported a potential shortfall in funding for 2010/11 of around £0.083m, due largely to the new duty to carry out the LEA. We have since received confirmation that our revenue budget uplift is £0.018m, against cost pressures of £0.014m, and that £0.065m has been awarded through the Area Based Grant for implementing the LEA (we will receive this in 2010/11). While somewhat short of the government's estimate of up to £0.080m to complete the assessment, we anticipate that we can contain costs for the LEA within the allocation, and costs for ED as a whole within the revised budget. Appendix A has therefore been updated to reflect this.

Much data exists already and the area-based grant funds will be used to plug gaps in our knowledge. For example, there is a requirement to include in the assessment an analysis of what businesses see as the constraints to their growth and how well local authorities engage local businesses and business networks. The funds will be used to commission research to help answer this sort of question.

- 4.4 As the assessment will also look at the challenges for Norfolk – such as areas of deprivation and social exclusion - its findings will have implications for equality of opportunity in Norfolk. A paper on the next steps with the LEA is included elsewhere in this agenda.

## **5. Revenue Budget Proposals**

- 5.1 The attached proposals set out the proposed cash limited budget. This is based on the cost pressures and budget savings reported to this Panel in November, adjusted to include the area based grant allowance for the LEA.

Appendix A shows:

- Total Cost pressures which impact on the Council Tax
  - Budget Savings
  - Transfer of specific grants to Area Based Grant
  - Transfers of responsibility from Central to Local Government
  - Cost neutral changes i.e. budget changes which across the Council do not impact on the overall Council Tax, but which need to be reflected as part of each service's cash limited budget. Examples are depreciation charges, changes to area based grant and changes to office accommodation charges.
- 5.2 All budget planning proposals have been considered in light of their impact on corporate objectives, performance, risk, value for money, equalities and community cohesion and sustainability. This has included a high-level single impact assessment. Key implications for consideration were reported to this Panel in November and are reflected in the section above on the LEA.
- 5.3 As previously reported, there remains an overall shortfall between allocated budget uplift and identified budget pressures. Together with the overall issues affecting the financial strategy, the shortfall position will be considered by Cabinet at its meeting on 25 January 2010 and addressed within the Cabinet recommendations to County Council on 15 February 2010.

## **6. Capital Programme**

- 6.1 In accordance with the Capital Strategy, departments have submitted bids for capital funding to the Corporate Capital and Asset Management Group (CCAMG). Overview and Scrutiny Panels considered these bids at their November meeting and comments were passed to CCAMG.
- 6.2 CCAMG has prioritised these bids using the Council's Capital Prioritisation Model. The prioritised list is shown in Appendix B, including the scores achieved by each bid. Following the Government's announcement of capital grant for 2010-11 all sources of funding for capital schemes are being assessed to ensure the most cost effective use of capital funding. Any changes to the submitted bids may affect the current scores and prioritisation. Cabinet will consider the prioritised list on 25 January 2010, where the prioritisation will be reviewed (and may be amended). Cabinet will also consider, alongside revenue requirements, the level of funding that can be made available to fund the bids, and will recommend to Council which bids are included in the capital programme.
- 6.3 The November Panel report showed four submissions for ED – Hethel Engineering Centre (HEC) extensions, Hethel Technology Park, North Norfolk Centre for Enterprise and the possible strategic acquisition at Great Yarmouth.

Hethel Technology Park master planning has since been re-classified as revenue rather than capital spend and discussions are under way with EEDA regarding the support they may be able to offer.

All three of the other ED capital projects are still on the prioritised shortlist. While all are important to ED for a variety of reasons, the most important is the HEC extension, which:

- is critical in enabling HEC to become self-sustaining
- will form the platform for the future Hethel Technology Park.
- supports an identified key sector
- has been identified by the Greater Norwich Development Partnership as a priority project
- secures £1.2m of EEDA capital for the project, the sector and Norfolk.

## **7. Resource Implications**

- 7.1 The implications to resources including, financial, staff, property and IT are set out in Sections 6 and 7 of this report and within the Appendices.

## **8. Other Implications**

### **8.1 Equality Impact Assessment (EqIA):**

The LEA, and the resulting actions based on its findings, will have significant implications for future actions to address equality of opportunity in Norfolk.

## **9. Section 17 – Crime and Disorder Act**

- 9.1 While this report does not make recommendations that directly relate to Section 17 of the Crime & Disorder Act, the LEA, and resulting actions based on its findings, should make a significant contribution to achieving the three strategic ambitions. In so doing, it has the potential to have a positive impact on the level of crime and disorder across Norfolk. People who have the skills and ambition to secure jobs and an income which allows them to live in acceptable housing, with access to leisure and social activities, are far less likely to be involved in crime and anti social behaviour.

## **10. Action Required**

- 10.1 Members are asked to consider and comment on the proposals contained within this paper and to consider the prioritised bids for capital funding, in order to inform Cabinet discussion at its meeting on 25 January.

## **Background Papers**

November 2009 Panel paper on budget pressures for Economic Development.  
November 2009 Panel paper on the Local Economic Assessment.

## Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

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Review Panel Report - 13th January 2010

2010-13 Revenue Budget Estimates	2010/11 £ 000	2011/12 £ 000	2012/13 £ 000
<b>2009/10 Original Budget</b>	<b>1,720</b>	<b>2,169</b>	<b>2,114</b>
<b>Adjustments to Base</b>			
Additional Cost Pressures reported to November Panel	14	36	37
Changes to Cost Pressures			
Pay - (previously 0% 2010/11, 2.25% 11/12 and 12/13, now 0% 2010/11, 1% 11/12 and 12/13)	0	-12	-12
Employers NI - (0.5% increase 11/12 and 12/13)	0	11	11
<b>Total Cost Pressures</b>	<b>14</b>	<b>35</b>	<b>36</b>
Budget Savings reported to November Panel	0	-36	-37
Changes to Savings ( <i>see Total Budget Savings below</i> )			
<b>Total Budget Savings</b>	<b>0</b>	<b>-35</b>	<b>-36</b>
<b>Sub-total</b>	<b>1,734</b>	<b>2,169</b>	<b>2,114</b>
<b>Service Transfers</b>			
Transfer of specific grants to Area Based Grant (£65k confirmed for 10/11, £10k in each of the subsequent years tbc)	65	-55	0
<b>Cost Neutral Changes (list)</b>			
<b>incl Budget Transfers</b>			
Transfer of Village Hall Grant from Cultural Services	152		
Grant & Contributions deferred	218		
REFCUS charges	1,499		
Grant on REFCUS charges	-1,499		
<b>Cash Limited Budget</b>	<b>2,169</b>	<b>2,114</b>	<b>2,114</b>
<b>Budget Uplift for Planning Purposes</b>	<b>18</b>	<b>0</b>	<b>0</b>

Where budget savings are required in 2011/12 and 2012/13 cuts will be made to project activity in consultation with the Economic Development Cabinet Member

APPENDIX B

Corporate Bids considered by Corporate Capital asset management group

Dept	Capital Bids	CCAMG moderated score	Profile of Requirements for NCC Capital (£M)				Total All years £'000
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14+ £'000	
Corporate Property	Corporate Minor Works 2012/13	400	-	-	1.230	-	1.230
Corporate Property	Carbon & Energy Reduction Fund (CERF)	367	2.900	3.125	3.350	4.550	13.925
Corporate Property	Disability Discrimination Act (DDA) Works	364	0.130	0.130	0.130	-	0.390
Children's Services	Norwich Professional Development Centre - Accessibility Improvements	361	0.175	-	-	-	0.175
Planning & Transportation	Hethel Engineering Centre - Extensions	294	0.950	-	-	-	0.950
Planning & Transportation	North Norfolk Centre for Enterprise	275	0.250	0.250	-	-	0.500
Corporate Property	Seven Primary School Development Projects - Supplementary Improvements in BREEAM Specification	227	0.400	0.250	-	-	0.650
Adult Social Services	Church Green & Faro Lodge Respite Care Development	210	1.000	-	-	-	1.000
Planning & Transportation	Potential strategic acquisition at Great Yarmouth	186	0.035	-	-	-	0.035
			5.840	3.755	4.710	4.550	18.855

## **Forward Work Programme: Scrutiny**

Report by the Director of Corporate Resources and Cultural Services

### **Summary**

This report asks Members to review and develop the programme for scrutiny.

## **1. The Programme**

1.1. The Outline Programme for Scrutiny (Appendix A) has been updated to show progress since the 12<sup>th</sup> November 2009 Overview and Scrutiny Panel.

1.2. Members of the Overview and Scrutiny Panel can add new topics to the scrutiny programme in line with the criteria below: -

(i) High **profile** – as identified by:

- Members (through constituents, surgeries, etc)
- Public (through surveys, Citizen's Panel, etc)
- Media
- External inspection (Audit Commission, Ombudsman, Internal Audit, Inspection Bodies)

(ii) Impact – this might be significant because of:

- The scale of the issue
- The budget that it has
- The impact that it has on members of the public (this could be either a small issue that affects a large number of people or a big issue that affects a small number of people)

(iii) Quality – for instance, is it:

- Significantly under performing
- An example of good practice
- Overspending

(iv) It is a Corporate Priority



1.3 Appendix B attached enables all Overview & Scrutiny Panel members to put forward considered proposals at the meeting with supporting information for a future scrutiny review. This then assists the Scrutiny Planning Group in applying the scoring system and seeking further information where necessary. The Group can then report back to the Panel recommending approval to add items to the scrutiny forward programme on the basis of their relative priorities.

## 2. **Section 17 – Crime and Disorder Act**

2.1. The crime and disorder implications of the various scrutiny topics will be considered when the scrutiny takes place

## 3 **Equality Impact Assessment**

3.1 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.

### **Action Required**

(1) The Overview and Scrutiny Panel is asked to consider the attached Outline Programme (Appendix A) and decide how to proceed with the scrutiny topics listed.

(2) The Overview and Scrutiny Panel is invited to consider new topics for inclusion on the scrutiny programme in line with the criteria at para 1.2.

### **Officer Contact**

If you have any questions about matters contained in this paper please get in touch with:

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Laura Childs	01603 224295	Laura.childs@norfolk.gov.uk



If you need this report in large print, audio, Braille, alternative format or in a different language please contact Jen McConnell on 01603 222048 or 0344 800 8011 (textphone) and we will do our best to help.

## Outline Programme for Scrutiny

Standing Item for Economic Development and Cultural Services O & S Panel: Update for 13<sup>th</sup> January 2010

### **This is only an outline programme and will be amended as issues arise or priorities change**

Scrutiny is normally a two-stage process:

- Stage 1 of the process is the scoping stage. Draft terms of reference and intended outcomes will be developed as part of this stage.
- The Overview and Scrutiny (O&S) Panel or a Member Group will carry out the detailed scrutiny but other approaches can be considered, as appropriate (e.g. 'select committee' style by whole O&S Panel).
- On the basis that the detailed scrutiny is carried out by a Member Group, Stage 2 is reporting back to the O&S Panel by the Group.

This Panel welcomes the strategic ambitions for Norfolk. These are:

- A vibrant, strong and sustainable economy
- Aspirational people with high levels of achievement and skills
- An inspirational place with a clear sense of identity

These ambitions inform the NCC Objectives from which scrutiny topics for this Panel will develop, as well as using the outlined criteria at para 1.2 above.

Changes to Programme from that previously submitted to the Panel on 12<sup>th</sup> November 2009

None

Topic	Outline Objective	Cabinet Portfolio Area	Stage 1 (scoping report)	Stage 2 (report back to Panel by Working Group)	Requested by	Comment
<b>Scrutiny Items Outstanding/ Ongoing</b>						
1a. The Recession	To ensure SME's remain viable during the latter half of the economic downturn and are well placed to take advantage of the forthcoming upturn	Economic Development			Overview & Scrutiny Panel Task & Finish Group (01/09/09)	
1b The Recession	To keep communities and individuals supported and economically engaged during the latter half of the economic downturn	Economic Development			Overview & Scrutiny Panel Task & Finish Group (01/09/09)	
2. Broadband and Telecomm provision in Norfolk	Provision of fully effective Broadband and Mobile Phone coverage for rural and urban areas in Norfolk	Economic Development			Overview & Scrutiny Panel Task & Finish Group (01/09/09)	Members have been selected and a meeting is being set up to develop Terms of Ref.

#### Completed Scrutiny Items:

Date	Topic	Method
22/5/2007	PE & Sport – Norfolk County Council	Report to Panel
25/7/2007	Cultural Services Environmental Policy	Report to Panel
26/9/2007	Hethel Engineering Centre	Report to Panel
26/9/2007	Support for independent museums in Norfolk	Report to Panel
20/11/2007	Norfolk County Council Arts Grants and Village Hall Grants	Report to Panel
17/1/2008	Business Waste Management in Norfolk	Report to Panel
17/1/2008	Norfolk Arts Partnership	Report to Panel
13/5/2008	The Cultural Contribution to Economic Development in Norfolk	Report to Panel
13/5/2008	The Growth Agenda in Urban Centres in Norfolk and its implications for this Review Panel	Report to Panel
13/5/2008	Partnership Working: Cabinet Scrutiny Working Group	Report to Panel
22/7/08	Norfolk Celebrating Talent: To see how best we can maximise the benefit of the 2012 Olympics.	Report to Panel
16/9/08	Business enterprise in education and work experience	Report to Panel
18/11/08	Keeping libraries safe, welcoming and secure for all users and staff	Working Group
18/11/08	Rural Community Council	Report to Panel
15/1/09	Norfolk Tourism – Review the effect of NCC involvement in tourism	Report to Panel

**Assessment scheme for prioritizing scrutiny topics****Rules:**

1. No item should be added to the Forward Work Programme before being scored/ assessed.
2. The member proposing the item should score/assess the topic before submitting it to their Group Spokesperson on the relevant committee, providing as much supporting information as possible.
3. If the committee agrees that the topic should be pursued, the scrutiny planning meeting should consider the scoring/assessment and decide what priority the topic should take.
4. The Overview and Scrutiny Strategy Group should ensure that the right committee is doing the work and make connections with scrutiny activity previously done or already underway.

**Total Score needed: 50 or over for priority  
45 or over for consideration  
35 or over for future consideration  
Under 35 - reject**

**Proposed Topic:**

**Proposed by:**

Objective/Outcomes:

<b>Criteria</b>	<b>Score</b>	<b>Supporting information/evidence</b>
		*Use separate sheet if necessary
<b>a) Score 0-10</b>		
Corporate Priorities/Objectives – Will the review contribute to the Council's objectives and priorities?		
Weak/Poor Performance – Are there issues of weak or poor performance?		
Public importance – Is the issue ranked as important by the people of Norfolk?		
Public dissatisfaction – Is there evidence of general dissatisfaction?		
Will scrutiny be of benefit to citizens (service delivery and improvement)?		
Member concern – Has the matter been widely identified by Members as a 'local Member' issue?		
<b>b) Score 0-5</b>		
Will the outcomes be measurable and of value (i.e., will the scrutiny 'make a difference'?)		
<b>c) Score 0-2</b>		
Legislation – Is there new Government guidance or legislation?		
Other Inspections – Have inspections been completed/are they expected?		
Audit – Has the issue been raised by the internal or external auditor?		
Will scrutiny be of benefit to the Council (Corporate governance)?		
Are there issues of financial control?		
<b>TOTAL SCORE</b>		

**(Scoring: 0 shows you strongly disagree with the question raised under 'criteria' and 10 that you strongly agree)**

## East of England Production and Innovation Centre (EPIC) – Progress Report

Report by the Director of Environment, Transport and Development

### Summary

- The November meeting of this Panel requested a report outlining EPIC's current performance and risks. This report provides an overview of the project from scratch - for the benefit of new members - and progress made since the last report in 2007.
- **Background.** The site of the former Anglia TV studios became available and was purchased in spring 2006, with a grant from EEDA of £1.6m. An additional £0.8m from EEDA and £0.1m from Norfolk County Council followed later that year, to enable improvements to the building and the installation of advanced technical facilities. The initiative was designed to support Norfolk's substantial production community in the county, which faced the prospect of reduced access to both markets and production facilities as a result of changes within ITV. The county's credentials as a centre for creative media would have been diminished, had these facilities been lost. EPIC's location also fed into plans to regenerate the Anglia Square area.
- The Council owns and operates EPIC - line managed by Economic Development - which currently employs seven staff, providing management of the centre, catering services, event organisation, training and engineering services.
- **HD upgrade.** A further £1.5m EEDA grant was provided to equip the main studio for high definition (HD) production, enabling it to provide cutting edge services. However, EEDA's funding process meant the studio was not fully open for business until October 2008 – a year later than plan. By this time the economic downturn had taken hold.
- **Achievements.** Despite this setback, achievements include: over 100 students from Norwich University College of the Arts (NUCA) studying for Film and Video degrees; 10 start up / young companies based at EPIC; gradual adoption of the facility by the BBC, resulting in an agreement for a new weekly sports programme to be produced at EPIC.
- **Financials & commitments.** In 2009/10, the centre is due to return a deficit of £0.136m, which will be contained within the P&T budget. The funding agreements with EEDA require us to operate the project for a minimum of five years and early abandonment of the project could lead to some, or all, of the entire grant needing to be repaid. The Council also has commitments to NUCA to provide facilities for its degree courses and the EU-funded E-Clic project must run until the end of 2011, to avoid repayment of the grant. We will also be part of the contract to deliver the new BBC Football programme commencing in January.
- **Conclusion.** EPIC has made considerable progress, in spite of the difficult trading conditions and late start. Despite projected losses, costs are under control and development proposals for 2010/11 will be presented to Panel in March 2010. Whilst there would probably be financial penalties if the project were terminated early, the Council's position is strongly protected were it decided to halt the project in the future. EPIC is poised to play an even greater role in the sector in the coming year.
- **Recommendation / Action Required**

To consider the risks identified.

## 1 Introduction

- 1.1. A report on EPIC was last presented to this Panel in November 2007. For the benefit of new members, this report commences by providing a full overview by way of background about EPIC. The report also provides an overview of progress to date; business activity and performance and the current financial position and projections

## 2 Background

- 2.1 The Council owns and operates EPIC which currently employs 7 staff, providing overall management of the centre, including property management, catering services, event organisation and management, training and engineering services. Other County Council staff provide legal and financial support. Overall responsibility for the Centre lies within the Economic Development Unit.

- 2.2 The EPIC project was conceived and developed in 2006, when the opportunity arose to acquire the former ITV Anglia production centre at 112-114 Magdalen Street Norwich. The initiative was designed to support the substantial production community in the county, which faced the prospect of reduced access to both markets and production facilities as a result of changes within ITV. Norwich and Norfolk's credentials as a centre for the creative media would have been seriously eroded, had these facilities been permanently lost.

- 2.3 EPIC is part of the creative economy, which is worth more than £60 billion to the wider British economy. The creative industries are also a vital part of the region's economy. There are particular strengths in the visual arts, performing arts, creative writing, music, media, and the digital content industries. It continues to be one of the fastest growing regional sectors and using a broad definition, it is estimated that around 20,000 people are currently employed in the sector - this equates to 5% of total employment in Norfolk. The sector's added value to the county's economy is also significant at approximately £750m - which is about 5% of total GVA (gross value added – a measure of wealth).

- 2.4 The original aim of EPIC was to.

- provide industry standard **production** and **post-production** facilities for local, regional and national production companies.
- provide serviced **office space** for production and allied companies
- provide desk-space for **start-ups** or **sole traders**, enabling them to operate under professional conditions.
- work with **educational providers** to develop the creative talents of the future
- develop short **training courses** of its own, and with others, to enable participants to develop or maintain professional skills.
- provide a base, and work with others, to develop new services and to ensure that the broadcast and media industries in the area remain at the forefront of new and **emerging technologies**.

Appendix 1 provides a fuller version of the EPIC Vision.

- 2.5 The following provides a timeline of the procurement and refurbishment programme:

- The site was purchased in late **spring 2006** with a grant from EEDA of £1.6m. In December 2006, an additional £0.8m of EEDA funding was granted, together with

£0.1m of Norfolk County Council funding to enable improvements to the building and the installation of advanced technical facilities. .

- During the negotiations for the second tranche of funding, it had been anticipated that EEDA would also entertain a bid to upgrade the facilities to High Definition (HD). In the end, this was not encouraged, but we were requested to make a further bid the following year. A further £1.5m EEDA grant was then provided in **March 2008** towards the upgrade of the main studio, which was completed in **September 2008**

These delays in funding put the project back by well over a year and during this time only very limited trading was possible. The Norwich University College for the Arts (NUCA) commenced courses in the previous year and tenants had also moved in. However, it was not possible to market or promote the studio as it was not known if and when the studio would be taken out of commission, nor when it would be back in use following the refit. The studio finally opened its doors as a completed facility in **October 2008**.

### 3 **Performance to Date**

3.1 EPIC has focussed on the following key areas of activity:

- Training and Education
- Supporting new enterprise and business growth
- Production and related activity
- Development of New Services and Technologies
- Other activities

3.2 Appendix 2 contains a detailed overview of each of these areas. However, the highlights are presented below.

3.3 **Training and Education** - Over 100 students from Norwich University College of the Arts are currently studying for Film and Video degrees at the Centre. Other courses have been run including a Masters degree module and EPIC is also in discussion with UEA and City College over the implementation of new courses. EPIC is also engaging well with schools and young people

3.4 **Supporting new enterprise and business growth** – There are currently 10 companies based within EPIC. Many of the companies have been very young or start-ups: some have since moved on into larger premises of their own; one company split up into two smaller entities, which have remained at EPIC and continue to grow. EPIC also supports business collaboration projects to enable businesses to bid for and win larger contracts together that they would not have been able to win on their own.

3.5 **Production and related activity** - Advanced production on major projects only became a real possibility from autumn 2008, when the upgrade of facilities to the HD standard was largely completed. However, this also marked the beginning of a major slump in UK programme production, but EPIC has worked hard to develop production activities. Para A2.10 in Appendix 2 contains details of some of the projects that have so far taken place. Of most interest is the gradual adoption of the facility by the BBC that has led to the successful pitch for a new weekly sports programme to be produced at EPIC. This is potentially a 2 ½ year commitment that should lead to considerably more business. The appendix also describes other activity that is raising EPIC's profile in terms of technical studio and post production capability.

3.6 **Development of New Services and Technologies** - Many of the companies working with or within EPIC are engaged in the development of new services and technologies. These include new online communications systems and innovative uses of social



networking for a major broadcaster

- 3.7 **Other activities** -. The centre has been used for a number of events organised by the local community and from the public sector. It was successfully used as a venue for film screenings as part of the Aurora film festival and EPIC is also in discussion with the Norfolk and Norwich Festival organisers, who are keen to use the Centre as a venue for the Festival in May 2010. It hosts networking organisations and events and is exploring a range of new areas of activity that may not be directly linked to tv and media but where EPIC's facilities and position are ideal. It also undertook much of the filming and some of the post production work as part of the World Class Norfolk project.

#### 4 **Financial Position**

- 4.1 The predicted performance for 2009/10 is shown below.

	2009 / 10	2009 / 10
Plan / Forecast	business plan	forecast
<b>Income - (net of Cost of Sales)</b>		
<b>Studio</b>	<b>70</b>	<b>70</b>
<b>Educational</b>	<b>132</b>	<b>87</b>
<b>Tenancy</b>	<b>91</b>	<b>73</b>
<b>Grants - 3rd Party</b>	<b>218</b>	<b>143</b>
<b>Ec Dev funding</b>	<b>120</b>	<b>120</b>
	<hr/> <b>631</b> <hr/>	<hr/> <b>493</b> <hr/>
<b>Cost of Sales</b>	<b>48</b>	<b>40</b>
<b>Salaries</b>	<b>229</b>	<b>275</b>
<b>Overheads</b>	<b>324</b>	<b>298</b>
<b>Grants expenditure</b>	<b>30</b>	<b>16</b>
	<hr/> <b>631</b> <hr/>	<hr/> <b>629</b> <hr/>
<b>Surplus / deficit</b>	<b>0</b>	<b>-136</b>

- 4.2 The variance shown above is largely due to less income being received than had been planned or anticipated. There are a number of reasons for this – described below.

- 4.3 The most significant reduction has been in grant income. There have been bids submitted for three further programmes, but two have been unsuccessful, although the outcome of the third is still awaited. There have also been some cashflow issues with the E-Clic project, the existing EU-funded programme, which started later than projected and the funding profile has shifted back by several months. EPIC will receive this grant funding but more of it will be deferred until 2010/11 and 11/12.

- 4.4 The HD Upgrade was completed, within budget, in Autumn 2008, a year later than it

would have been, had EEDA funding not been subject to a two-stage process. Effectively no activity could take place in the main studio for approximately 18 months longer than anticipated. The recession has badly hit programme making and commissioning. This is therefore the first full year of the main studio's availability, and whilst the industry is still badly affected, there are signs of recovery and the BBC commission is an example. Anticipating this, studio income was projected to be modest and that has been achieved, however it has put considerable pressure on other elements of the business plan.

- 4.5 Whilst tenancies have remained fairly buoyant, there are empty units and again the recession is affecting the rate of new business start-ups. In addition there have been closures that have resulted in some bad debts.
- 4.6 Educational income is also less than expected. The principle provider, NUCA, has delivered its target income, but significant budget pressures have prevented other providers from undertaking new activity that they had been predicting only months earlier.
- 4.7 Significant effort has been directed to reducing operating costs. For example, the security and cleaning contract has twice been renegotiated, with significant savings being achieved each time. The effects of this will not be fully realised until 2010/11
- 4.8 Although EPIC is trading at a deficit, the underlying cause is largely due to one aspect of its operation – major production use of the main studio. Although this year we have broadly achieved what was predicted, we deliberately kept the forecast low. However, that puts considerable stress on other aspects of the business. The impact of as few as two new projects in the main studio would be instrumental in helping to move EPIC into a profit situation. On the other hand, to predict that such activity may occur in a business plan is clearly a difficult call – especially in the current climate. It remains a key part of EPIC's business rationale, and all our effort will continue to focus on delivering business to the studio. In addition, a number of other measures are proposed that are designed to deliver new business to EPIC.
- 4.9 However, it should be remembered that our other enterprise Hub at Hethel had a similar start, and deficits were predicted in the early years. Take up for several elements of the business plan was patchy and it has only been in the past 18 months that Hethel has evolved into the success story it is today. Measures are being put into place to provide EPIC with the best opportunity of emulating Hethel's success and these are described in the next section.

## **5 Risks**

- 5.1 It had always been identified as a risk that EPIC might fail to meet its targets in 2009/10, due mainly to the challenging trading conditions. We have mitigated that risk by managing funds during the course of the year to cover the potential failure to deliver the business plan. This has been achieved, by using £100k of Economic Development funding and £36k of P&T funds.

## **6 Opportunities for 2010/11**

- 6.1 Under the guidance of the new Executive Chairman, a detailed reappraisal has commenced of the business plan for 2010/11. This reappraisal has identified 6 key strands of activity which will be targeted during 2010/11 with the expectation that each will contribute positively to EPIC's overall performance. These are:

- Production
- Post Production
- Re-versioning
- Digital Britain
- EU Funding
- Education

6.2 The team, in collaboration with the new Executive Director, is working hard to realise as many of these opportunities as possible and a full appraisal of these will be presented at the next meeting in March. Over the next 2-3 months, the situation in relation to these opportunities will become much clearer and a more accurate projection for 2010/11, as well as the final outturn for 2009/10, will be available.

## 7 Resource Implications

7.1 **Finance** : The deficit predicted in 2009/10 will be contained within the Planning and Transportation budget.

7.2 **Staff** : None as a result of this report.

7.3 **Property** : EPIC is a county council owned asset, however this report does not have direct implications on the property itself.

7.4 **IT** : None.

## 8 Other Implications

8.1 **Legal Implications** : If it was decided to reduce EPIC's operations, or to close it completely there would be significant legal implications. There is a funding agreement in place with EEDA which requires us to operate the project for 5 years. We are also obliged to provide facilities for the Norwich University College of the Arts and the BBC. The E-Clic project must also be completed, otherwise all EU grants will need to be repaid.

8.2 **Human Rights** : None identified.

8.3 **Equality Impact Assessment (EqIA)** : EPIC operates a clear policy in terms of EqIA.

8.4 **Communications** : Although this report highlights a considerable amount of positive progress that EPIC has made, the management of the financial risks will undoubtedly be of interest as well.

8.5 **Health and safety implications** : None identified. However, it should be appreciated that H&S is a key issue for the management of EPIC and one which is taken very seriously by the staff.

## 9 Section 17 – Crime and Disorder Act

9.1 Previous reports have identified the positive effect that EPIC has on bringing economic activity back into a relatively run down area of the city, which can help prevent crime.

## 10 Risk Implications/Assessment

10.1 These are identified in section 5.

## 11 Conclusion

11.1 EPIC has clearly made considerable progress in a number of areas, despite the difficult trading conditions and late start. This has inevitably caused unfavourable trading figures resulting in losses in the past year and projected for this year. The costs are under control, and the overall performance is clearly moving in the right direction. Proposals for 2010/11 will be presented in March 2010. Whilst there would most likely be financial penalties incurred in the event of early termination of the project, it is stressed that the council's position is strongly protected were it decided to halt the project in the future.

## Recommendation

- (i) To consider the risks identified.

## Background Papers

## Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

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If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 and ask for David Dukes or textphone 0344 800 8011 and we will do our best to help.

## Appendix 1

### The EPIC vision and its role (from the EPIC Marketing strategy of 2007)

“A successful EPIC will be a vibrant production community”.

- **The large studio** will be in regular use for sitcoms, dramas, discussions, quizzes, Light Entertainment productions and commercials, by companies from within the region and beyond. The smaller studios (including the Virtual Studio) will be used for smaller scale productions as well as by a range of education and training providers, including Norwich School of Art and Design. The dubbing theatre and associated audio booths will be used for the audio post-production of programmes as well as the recording of audio projects – commercials or radio broadcasts. The Centre’s facilities will be used by mainstream broadcasters, including the BBC and ITV.
- **The video post-production facilities** will be in regular use by programme producers, as well as training providers. Portable facilities – portable HDV cameras, digital audio recorders, lap-top edit suites and location lighting kits – will be used regularly by training providers, particularly for specialist CPD courses provided by EPIC and others.
- **An incubation centre** for dynamic production and media companies, as well as other high-tech communications companies. A proportion of the available office space will be given over to start-ups or smaller organisations as open plan accommodation, rented on a desk-by-desk basis. Graduates of the training and educational activities will use these facilities.
- **A focus for business networking and support**, for the creative industries. For example there will be a growing internal trade that will develop among local companies, those in the building and nearby, and with the Centre and its facilities, as the production community gains critical mass. The Centre will develop a growing reputation as a first class, leading edge technical resource. Norwich will become known as one of the places to make programmes and develop creative content for many different platforms. The catering outlet at the front of the building will be widely used by creative and media people and will become a valuable networking space and informal centre for a growing community, which will include educators, students and media professionals.
- As well as content production, EPIC will become **a technological facility for the distribution of content**, either as “traditional” TV or in the form of new media, which will be developed in the Centre. It will become a provider of broadband distribution services (Internet Protocol TV and archive) and will have a high level of Internet and broadcast connectivity (which it will make readily available to clients).
- EPIC will also **broker creative or technical partnerships** of an innovative nature – some of these will be based in the building and will be successful in attracting external funding from both UK and EU sources.
- **Other activities**, including **cultural events, exhibitions and conferences** will take place at the Centre when its key facilities are not being used for broadcast or production purposes. There will be an extensive **out-reach** programme and EPIC will play its part in **raising the creative and career aspirations of young people**, particularly through engagement with colleges.

## Appendix 2 – EPIC Activity detail

- A2.1 **Training and Education** - Over a hundred students from Norwich University College of the Arts are currently studying for Film and Video degrees at the Centre – FDA or BA (Hons) ‘top up’. Other courses have been run including a Masters degree module.
- A2.2 This year, for the first time, a 6 week long Masters degree module on practical broadcast journalism was run at the Centre for 12 students from the University of East Anglia. In 2010, this course will be extended in length to 12 weeks: the current student cohort has all but doubled to 23. EPIC is in discussion with a department of the UEA concerning further collaboration, and the development of new and longer courses in the future.
- A2.3 Next year, City College Norwich will also be running courses at the Centre and there are plans for the College’s annual cross-disciplinary event – the student fashion show – to be held there in March.
- A2.4 Hundreds of school students from the County have taken part in studio taster / training days organised by the Centre. These have included the recording of a demonstration studio programme (“Norfolk Now”) by the students themselves; using EPIC’s advanced professional resources.
- A2.5 In the Spring, and working with the Norwich Media Education Networking Group, EPIC ran and hosted a one day conference and exhibition for teachers in the creative and digital field: this was to make teachers more aware of the facilities available across the sector and to build future collaboration. In the Autumn, EPIC participated in two ‘Student Convention’ events. EPIC’s ‘Media Maniax’ conference ran alongside other CI conventions, bringing in speakers from Belgium through EPIC’s EU collaboration. The event ran over two days, the first for school students and teachers, the second for local businesses and representatives of the public sector. An ICT conference and exhibition was also hosted and run in collaboration with the Norfolk Network. Together, these events engaged with some 300 school students and more than 60 businesses.
- A2.6 **Supporting new enterprise and business growth** - An active and growing community of production and new media companies is developing within and alongside EPIC. Although these are independent companies following their own objectives, EPIC has worked with them to develop their expertise and, where appropriate, to encourage them to collaborate amongst themselves, which can lead to business growth. Typically, there are around 10 companies based within EPIC at any one time. Many of the companies have been very young or start-ups: some have since moved on into larger premises of their own; one company split up into two smaller entities, which have remained at EPIC and continue to grow.
- A2.7 Of the current occupiers:
- two are production companies, making heavy use of EPIC facilities. Some of those production projects have been for new online services, including drama for on-line television (IPTV).
  - One company is a web development company with the contract to build and maintain the web site of a large media corporation, in 36 languages, world wide.
  - One company is developing innovative social networking software for mainstream media corporations,
  - one company is an online design company, another specialises in developing new forms of content for mobile platforms and telephone polling systems.
  - One company is the UK research team of an American multi-national, specialising in speech technology. There is also a new, small electronics

company based in the building.

- A2.8 Apart from the businesses in the building, EPIC has worked closely with outside organisations on development projects. For example, one media production company has been assisted (partly through the EPIC EU project, E-Clic) in the development of studio produced video assets to be used innovatively in a therapeutic setting. Other partners in that project are the NHS and the UEA.
- Businesses within the building, and outside, are encouraged to take part in the training and 'Business to Business' events EPIC has organised or hosted.
- A2.9 **Production and related activity** - Production activity at EPIC has always been a key component of the plans and objectives for the Centre. Advanced production on major projects became a real possibility from November 2008, when the upgrade of facilities to the HD standard was largely completed. This upgrade was essential as the technical resources acquired from ITV Anglia were obsolete, incomplete and unreliable. However, November 2008 also marked the beginning of a major slump in UK programme production, linked to both the current worldwide recession and to structural changes within the broadcast industry. Despite those factors, EPIC has worked hard to develop production activities, and that effort is paying off in increasing activity at the centre, albeit at depressed rates of return in some areas.
- A2.10 EPIC's commercial edit suites are in regular use by a number of production companies, advertising agencies and freelancers for a number of projects.
- In the Spring of 2009, EPIC hosted the post-production of a new series for the National Geographic channel. This was work to full broadcast standards with a very short delivery schedule, which required concurrent editing of shared assets between three edit suites. The client company was from Cambridge, employing editors and a post-production producer from the Norwich area. The work was executed on budget and on time.
  - Over the summer, an HD film for cinematic release (a psychological thriller) was post-produced at EPIC, financed by Screen East.
  - Weekly editing of an in-house programme for Norfolk Constabulary now takes place in the building.
- A2.11 A major object of activity at the centre over the summer has been to develop the confidence of major producers and broadcasters, required if they are to make use of the Centre following its extended period of obsolescence and closure. A number of pilots have been produced in the EPIC studio, some involving front line media personalities such as Les Dennis, Gaby Roslyn and Christopher Biggins. Those projects are currently being presented by their producers in the national and international programme markets.
- A2.12 Last year, BBC East produced inserts for a studio programme using EPIC facilities. That exercise was followed by the recording of a complete episode of the BBC's "Politics Show" before a live audience for later transmission. The BBC returned to produce a live 45 minute discussion programme, a 'Look East' special, transmitted from EPIC, again with a live and participating audience, on the Norwich North by-election.
- A2.13 EPIC was able to build on the developing relationship with the BBC by partnering a brand new local production company – Mustard Media – in pitching for a new BBC sports programme to BBC executives in Birmingham. That pitching exercise was successful, and weekly production of the programme from EPIC will begin in January 2010.
- A2.14 EPIC's marketing strategy to develop use of the main studio, has focussed over the last year on the development of such personal relationships with broadcasters and

production companies. Those efforts culminated, within recent weeks, with EPIC hosting and participating in a five day World Entertainment Masterclass on TV formats, which brought senior executives and creatives from broadcasters and production companies from as far afield as Korea, Canada, Poland, Scandinavia and Central Europe, as well as the UK, into the studio. UK experts delivering the master classes included the likes of Peter Bazalgette (Big Brother etc.), Paul Jackson (former head of entertainment at BBC and ITV) and many others. Already, that exercise is bearing fruit with both expressions of interest and commitment to use EPIC resources.

- A2.15 Based on the experience of running the Masterclass at EPIC, and in Norwich, the Berlin company which runs those events around the world is seeking to develop a closer business relationship with EPIC, as their UK business partner. Globally, the TV format market is worth £2.4 billion per annum, of which the UK currently has a 56% share. The formats market is relatively new and is still emerging as a business community: EPIC participation in the field is potentially of national significance. This has led to the EPIC Director being invited to make a presentation on the importance of TV programme formats to the Minister of State for Business, Innovation and Skills
- A2.16 **Development of New Services and Technologies** - Many of the companies working with or within EPIC are engaged in the development of new services and technologies. The speech research team, for instance, is developing online communications systems which will be based on natural language systems, utilising both speech recognition and artificial speech generation technologies.
- A2.17 The company developing mobile systems has produced polling, commercial feedback and marketing systems which work over the internet. Social networking systems being developed within EPIC are being used by a major UK broadcaster to enable it to modernise and extend the reach of its educational programming beyond traditional TV outlets.
- A2.18 At the same time, EPIC has worked with a number of companies and organisations to explore the possibilities for developing locally and regionally based online TV services. Through it's EU project, E-Clic, it has developed a trial IPTV service – [www.norfolkonline.tv](http://www.norfolkonline.tv) – for which it has been developing demonstration video assets over the Summer. There is potential for this trial to develop into a locally based IPTV service with the further potential to trigger the growth of localised production activity
- A2.19 **Other activities** -There was always an expectation that EPIC would develop into a cultural and social asset for the locality. With the current industry-wide shortfall in production activity, much effort was devoted, over the past months, to filling the gap by develop alternative uses of the Centre and – wherever possible – building up income streams from that work.
- A2.20 The centre has therefore been used for a number of events, ranging from a Community Award Ceremony, organised by regional undertakers, awards ceremonies staged by Norfolk County Council departments, NCC Leader's presentation, Arts Forum events and so on. The main studio has also been used on at a number of occasions as a venue for rock concerts / band evenings. It was successfully used as a venue for film screenings as part of the Aurora film festival, when the American Director Jem Cohen presented some of his cinema work live in the studio. EPIC is also in discussion with the Norfolk and Norwich Festival organisers, who are keen to use the Centre as a venue for the Festival in May 2010.
- A2.21 Inline with its aspirations to offer wider support to the TV / Production communities, the Centre has worked with and become largely the home of TV Eden, the regional producers' group, which has staged a number of industry training/awareness events at EPIC.



- A2.22 New caterers have taken over the EPIC bar / cafe and the significantly enhanced service they provide means that area of the building is much in use by businesses and other users of the Centre for networking, meetings etc.
- A2.23 Across the range of its activities, EPIC is reaching all of the objectives foreseen in the early planning stages. However, EPIC functions as a trading organisation and as such has not been immune from changing market circumstances and depressed revenue streams. The EPIC management board is adapting to those changing circumstances through the decisions described below.