NORWICH City Council

Cabinet

Date: **Wednesday, 10 February 2021**
Time: **16:30**
Venue: **Remote access**, **[Venue Address]**

Committee members:

Councillors:

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

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Agenda

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1 Apologies

To receive apologies for absence

2 Declarations of interest

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

3 Public questions/petitions

To receive questions / petitions from the public.
Please note that all questions must be received by the committee officer detailed on the front of the agenda by **10am on Friday 5 February 2021**
Petitions must be received by the committee officer detailed on the front of the agenda by **10am on Tuesday 9 February 2021**
For guidance on submitting public questions or petitions please see appendix 1 of the council's constutition.

4 Minutes 5 - 16

To approve the accuracy of the minutes of the meeting held on 20 January 2021.

5 Corporate Plan 2021-22 17 - 36

Purpose - To consider the Corporate Plan priorities and performance framework for 2021-22.

6 Council Tax Reduction Scheme 2021-22 37 - 48

Purpose - To consider and recommend to council, a Council Tax Reduction Scheme for 2021-22.

7 The council's 2021-22 budget and medium term financial strategy 49 - 198

Purpose - To consider proposals for the council's 2021-22 budget (General Fund, HRA and capital programme) along with the medium term financial plans, non-financial investments (commercial) strategy and the treasury management strategy.

8 Q3 Budget Monitoring 2020-21 199 - 232

Purpose - To update cabinet on the Q3 forecast financial position for the financial year 2021-21.

9 **Local Development Scheme 2021-23** 233 - 260

Purpose - To consider the comments made by the Sustainable Development Panel and to approve the draft revised Local Development Scheme.

10 **The award of contract for multidisciplinary professional advice in respect of the East Norwich Masterplan - KEY DECISION** 261 - 272

Purpose - To seek approval to award a contract for multidisciplinary professional advice for the East Norwich Masterplan.

11 **Greater Norwich Joint Five Year Infrastructure Investment Plan 2021-2026 - KEY DECISION** 273 - 332

Purpose - To consider the draft Greater Norwich Joint Five Year Infrastructure Investment Plan 2021-26.

12 **To award contracts for the domestic gas heating upgrading of council dwellings.** 333 - 340

Purpose - To award two contracts for the domestic gas heating upgrade of council dwellings.

13 **To award contracts for the domestic electric wiring of council dwellings.** 341 - 348

Purpose - To award two contract for the domestic electrical rewiring of council dwellings.

14 **Exclusion of the public**

Consideration of exclusion of the public.

EXEMPT ITEMS:

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

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

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

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***15 The award of contract for multidisciplinary professional advice in respect of the East Norwich Masterplan - exempt appendix (para 3)**

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

***16 Managing assets (non housing) (para 3)**

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

Date of publication**: Tuesday, 02 February 2021**

MINUTES

Cabinet

16:30 to 18:00 **20 January 2021**

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

Also present: Councillor Osborn

1. Declarations of interest

Councillor Harris declared an other interest in item 7 (below) Environmental Services: overview of services to be commissioned from Norwich City Services Limited (NCSL) (key decision) in that she was a director of Norwich NORSE (Building) Company.

Councillor Maguire declared an other interest in item 7 (below) Environmental Services: overview of services to be commissioned from Norwich City Services Limited (NCSL) (key decision) in that he was a director of Norwich NORSE (Environmental) Company.

2. Public Questions/Petitions

Norwich Western Link Road

Lucy Galvin asked the leader of the council (chair) the following question:

> "Please explain to me the position of the cabinet on Norwich City Council regarding the building of the £153 million Norwich Western Link road. What exactly does the Norwich City Council cabinet require in the package of measures for sustainable transport which the city is expecting to have in order to give its support? Please provide outline costings and headline aims of the whole strategy and explain how it will mitigate in full the locked in carbon costs from the road building."

The following written questions had been also received regarding the Norwich Western Link road:

Lenny Neale-Krommenhoek, Norwich resident

> "A large colony of rare and protected Barbastelle bats has been found on the route of the Norwich Western link, and the area is rich in other woodland, vital insects and wildlife. Please will Norwich City Council cease its support for the road, and join Norwich Labour party members in opposing it?"

Willem Buttinger, Norwich resident

> "We all know we have to move towards a future where with live sustainably with the environment. Should you not say that enough is enough and see the Wensum Link as the turning point where we start moving to that sustainable future?"

Liz Brandon, Norwich resident

> "As a Labour Party member, I was so delighted that Councillor Emma Corlett's resolution was passed with such a huge majority at the Labour Party meeting on Friday. Her petition was worded perfectly and I hope you will join her to show that Norfolk and Norwich Labour politicians recognise that more road building will not help with the climate emergency that we face. Norfolk has just had terrifying floods we can't risk these environmentally detrimental projects."

Penny Edwards, Norwich resident

> "Any plans to fund infrastructure should prioritise building a sustainable and comprehensive public transport system. In working towards this for Norwich, will the Cabinet stop support for and construction of the Norwich Wensum Link road, and fund a sustainable public transport system instead?"

Ben Pett, Norwich resident

> 'Norwich Labour members support the principle of achieving net-zero carbon emissions by 2030. The creation of the Norwich Western Link clearly undermines such an aim. Will the cabinet therefore listen to the views of the party members and formally oppose the Norwich Western link ?'

Hannah Hochner, Norwich resident

> "Norwich Labour members support the target of net-zero carbon emissions by 2030 to address the climate emergency. Building the Norwich Western link road will make it even harder, if not impossible, to meet this target. Building the road will destroy important ecosystems and habitat for a large colony of rare and protected Barbastelle bats. On the brink of the 6th mass extinction, we cannot afford to lose any more species and their habitats.
>
> Please will Norwich City Council stop supporting the road?"

Michael Rayner, Norwich resident

> "Funding for infrastructure should be prioritised on building a sustainable and comprehensive public transport system, including the infrastructure needed to support an electric bus fleet. As a step in working towards that for Norwich, will the Cabinet cease support for the Norwich Western Link, and instead fund a 21st century city transport system?"

(The chair explained that a single response would be provided for all of these questions and confirmed that the questions and response would be published in the minutes of the meeting.)

Councillor Stonard, cabinet member for sustainable and inclusive development replied on behalf of the cabinet as follows:

> "Thank you for the multiple questions about the city council's position on the proposed Norwich Western Link (NWL).
>
> Clearly the Western Link scheme is a very major and controversial proposal and, if built, it will have significant implications for Norfolk's carbon emissions, its environment, traffic conditions across the city and economic activity in the north of the city. However, it should be remembered that the scheme proposed is entirely outside our administrative area and that the city council is not a transport authority. Therefore, we are not part of the decision making process on the NWL, which is entirely a county council matter.
>
> The city council has always been consistent that any support for the scheme would be dependent on it being satisfied that certain conditions were fulfilled. This is consistent with the content of the emerging Greater Norwich Local Plan that is on the agenda for consideration at this meeting.
> In particular, we have demanded that the NWL needs to be set in the context of a clear and environmentally progressive strategy for the development of transport in Norwich.
>
> This strategy needs to be the foundation for a clearly defined and comprehensive set of schemes with funding attached which would demonstrate that, when viewed as a package, public transport, cycling and walking would be prioritised and promoted over the use of the private car. In particular, evidence of the decongestion benefits of the NWL in the city was sought as the basis for some of these measures to promote modal shift and road space reallocation.
>
> Since the city council expressed conditional support for the strategic outline business case, almost no progress has been made on the Transport for Norwich Strategy, and the Local Cycling and Walking Infrastructure Plan has not been published for consultation. The award of £32m for the Transforming Cities Fund project last year was welcome but a far smaller award than the original high value package that would have been comparable in value to the estimated £153m cost of the NWL. We have as yet received no evidence that traffic levels in the city's streets will be eased in a way that would improve air quality or enable modal shift or road space reallocation as a result of the construction of the NWL.
>
> In December, cabinet approved a detailed and considered response to the draft Local Transport Plan. At the time of writing this answer, we have not received an acknowledgement or a response to that submission, which was sent on 17 December. The response explained the types of principles and interventions that we would like to see implemented to improve transport in the city.

The city council's response to the Local Transport Plan sets out our bold and radical vision for transport in Norwich. It was drafted in the context of the Council's 2040 City Vision, the Covid-19 Recovery Plan and the Norwich City Centre Public Spaces Plan. It sets out thirteen policy principles, the very first of which is to respect climate limits. It supports the county's carbon neutrality target of 2030 and proposes tough carbon reduction targets for transport, supported by an immediate and radical reduction in emissions. It demands that the Local Transport Plan should set a carbon budget for transport in Norfolk and Greater Norwich, supported by strong policies to contain emissions within that budget.

The second principle of the city council's bold vision for transport is that health and wellbeing and fairness must be at the centre of transport policy. Access to transport directly impacts life chances but it is the poorest in society who tend to live beside busy roads or in polluted city centres, with a consequent impact on life expectancy and general health and wellbeing, so transport must be clean and transport policy must promote social justice by reducing inequalities and promoting fairness.

The third policy principle is that non-car access from homes to places where people work, learn, shop and are entertained must be affordable. This will requires an approach to land use and transport planning which creates compact mixed-use clusters and directs development and calibrates density towards them.

The city council's fourth principle is to prioritise the different modes of transport on the basis of efficient energy and space use. We need to continue to induce demand for more sustainable travel behaviour by designing Norwich around the needs of pedestrians, cyclists and buses. We propose the prioritisation of different modes of transport according to a hierarchy which is based on their energy efficiency, with walking and cycling at the very top.

There are a further nine policy principles for transportation in Norwich, which are freely available to peruse. They cover vital issues such as the equality impact of transport policy and design; the need to actively manage the delivery of goods, which has increased dramatically as a consequence of the rise of online shopping; the use of technology to support our goals; and the generation of revenue to invest in sustainable transport and to make us less reliant on central government grants.

Our ambitious transport vision also makes radical proposals of interventions for delivery, including a workplace parking levy; a gradual reduction in the space available for fossil fuel vehicles to park; the allocation of spaces for autonomous vehicles; the reallocation of road space and time from cars to more sustainable modes; measures to free the city centre and neighbourhoods from polluting vehicles; a reduction in traffic levels in the vicinity of schools; the setting of 20 mph as the default speed limit across Norwich; and the creation of Mobility Hubs, which would facilitate smooth transfers between shared and clean modes of transport and to ensure people can be confident that there are hubs places in the city where they can access and smoothly switch between buses, trains, car club vehicles and hire bikes.

All of these ambitious and radical policies and measures would transform the city into a safer, cleaner, more sustainable and more equitable place. This is now the city council's main focus for influencing the county council on transport matters.

But, this vision must be seen in the context of the city council's diminished influence on the development and implementation of transport policy and projects in and around the city. This reduced role is a direct consequence of the county council's unilateral decision to terminate the Highways Agency Agreement. Therefore, the city council can propose ambitious and radical policies and measures, but we no longer have any role in the decision-making and implementation process.

In terms of the Western Link, the termination of the Highways Agency Agreement and the diminution of the city council's role in transport matters has combined with a lack of progress on the part of the county council in developing a new transport strategy. This slowness has served to undermine our confidence that the county is serious about providing sufficient complementary measures to satisfy our conditions for supporting the project. As I say, the termination of the Highways Agency Agreement means the city council does not have a formal role in this process; a role which would have helped ensure confidence that such complementary transport policies and schemes in the city were being planned, funded and implemented in a timely way and as agreed.

However, our final position will await the outcome of work that is being undertaken to prepare for the submission of the planning application for the NWL and the adoption of the Transport for Norwich Strategy. On a decision as important as this it is only right that we wait until we are in full possession of all the relevant information.

In order for the city council to consider supporting the proposal we will need to see clear and convincing evidence of the NWL being a critical part of an environmentally progressive and deliverable transport strategy for the city delivering:

- considerable air quality and decongestion benefits in the city;
- a comprehensive investment package in public transport, cycling and walking that is commensurate with the investment being considered for the NWL capable of delivering against carbon reduction targets in the Paris agreement or any successor agreements;
- the completion of complementary schemes before the NWL is completed;
- a political mechanism to ensure that the governance is in place to ensure that these commitments are implemented; and
- evidence that the wildlife and landscape impacts of the scheme can be satisfactorily mitigated.

We are an evidence based council, which has consistently requested both the evidence and the answers to our questions before a decision of support could be considered. This evidence has not been forthcoming and we can only surmise

why. However, meanwhile, the actions of the Tory-run county council have removed from the city any meaningful power in decision making on city transport and highways matters through the removal of the Highways Agency Agreement. But, we have not waited idly for the county council to respond. Instead, our alternative is clear. We have produced a Norwich transport plan that is bold, radical, evidence based and decisive. If implemented, it would give our city a better future in making practical real life improvements to people's day to day transport needs while safeguarding our precious environment.
So, our message is simple, but I'll repeat it again for those who have chosen not to listen. If the Tories at county what us to change they'll need to answer the questions, provide the evidence, reinstate the Highways Agency, or something very much like it, deliver on our bold transport plan and give us a meaningful say in transport and highways matters in the city. Until then, just as before, we cannot consider support."

By way of a supplementary question, Lucy Galvin asked whether this meant that the council could not support the proposed Western Link Road at the present time due to the political situation. The cabinet member for sustainable and inclusive development confirmed that the council did not support the Western Link Road at the present time. This was not due to the political situation as suggested by the questioner but due to the lack of progress with the scheme and no evidence of the conditions that the city council had set in the terms for its support being met. He pointed out that in terms of environmental issues this council set a very high bar.

3. Minutes

RESOLVED to approve the accuracy of the minutes of the meeting held on 16 December 2020, subject to correcting the spelling of the name of Councillor Davis in the list of members recorded as present.

4. Equalities Information Report 2021

Councillor Davis, cabinet member for social inclusion introduced the report. During the presentation she highlighted that Norwich: was a "young city" with 42.9 per cent of the population aged between 15 to 39; had a high proportion of single people; was less religious than the national average; had 33 low layer super output areas which fell within the 20 per cent of the most deprived nationally areas (based on income) and there was an imbalance between incomes in the city and the rest of the travel to work area; the pay gap between men and women had increased by 3.7 per cent this year which was against regional and national trends for a reduction in the pay gap (there was no pay gap for city council employees); that all employees working on city council contracts with a value of over £25,000 received the living wage; the proportion of residents being economically inactive had doubled this year due to Covid-19; and that the percentage of hate crimes and incidences in Norwich had decreased from 40 per cent to 30 per cent as a proportion of the whole of Norfolk. As a result of the ongoing impact of Covid-19, next year's report would show a different picture of increased inequalities, not just in the economy, but in health and education. The government should consider the restoration of the link between social security entitlements and the cost of living. It should implement a comprehensive child poverty strategy and reinstate targets and reporting duties on child poverty. The government should also assess the impact of its decisions on tax and spending and undertake an independent review of the welfare benefits system, including the reversal of regressive measures such as the two child cap, reduction of housing benefits for under occupied social rented housing and eliminate the 5 week wait for universal credit, and provide local authorities with the funds that they needed to tackle poverty.

The strategy manager apologised that the information on hate crime and incidents had not been available when the report had been considered by the scrutiny committee (17 December 2020) and that this information had now been shared with members.

The chair commented that the use of infographics made the report accessible and easy to read. The report would be shared with the Norfolk Equality and Human Rights Council and other partner organisations.

RESOLVED to:

(1) approve the publication of the Equalities Information Report 2021:

(2) ask the strategy manager and colleagues to share the report with partner organisations, as appropriate.

5. Scrutiny Committee Recommendations

The chair presented the report in the absence of the chair of scrutiny committee. The cabinet member for social inclusion had attended the scrutiny committee on 17 December 2020. There were no direct recommendations to cabinet but it was noted that in paragraph 8, the scrutiny committee had asked officers to arrange a members' briefing on the council's approach to working as an anchor institution to promote equalities in the city. The chair commented that the issues that had been raised in discussion on the Equalities Information Report would be conveyed to the Norwich Good Economy Commission.

Members noted that the scrutiny committee would be considering the insourcing of joint ventures at its meeting in March 2021.

RESOLVED to note the recommendations agreed at the scrutiny committee held on 17 December 2020.

6. Greater Norwich Local Plan – Regulation 19 consultation draft

Councillor Stonard, cabinet member for sustainable and inclusive growth, presented the report. The Greater Norwich Development Partnership (GNDP) recommended its partner councils to approve the plan for the Regulation 19 consultation. The sustainable development panel (3 December 2020) had commented on the earlier draft of the strategy document and had informed discussion at the GNDP board meeting. The panel had also had the opportunity to comment on the site allocations document.

The planning policy team leader confirmed that the cabinets of both South Norfolk Council and Broadland District Council had approved the draft Regulation 19 plan for consultation last week.

During discussion, Councillor Maguire, the cabinet member for safe and sustainable city environment, and one of the council's representatives on the GNDP, reassured members that the council in making its recommendations took into account environmental issues and the impact of climate change. The cabinet member for sustainable and inclusive development said that the constituent councils that made up the GNDP represented predominantly rural communities and that the recommendations from the GNDP reflected a consensus of these different interests. The consultation would provide an opportunity for the public to comment.

Councillor Osborn expressed concern that the draft GNLP was not compliant with the National Planning Policy Framework (NPPF) or legislation requiring carbon neutrality by 2050, pointing out that the rural dispersal of housing was incompatible with this objective. The Greater Norwich planning policy team leader said that legal advice had been sought on this point and that there were measures to address climate change and compliance with the NPPF.

The chair and the cabinet member for sustainable and inclusive development reiterated points made earlier about the opportunity to comment during the consultation and pointed out that the examination stage would test the soundness and legal compliance of the plan. It was important to appreciate that there could not be a GNLP without the agreement of the partner councils, which each had competing needs.

RESOLVED to approve the draft Regulation 19 Greater Norwich Local Plan for consultation on soundness and legal compliance in February and March 2021.

7. Environmental Services: overview of services to be commissioned from Norwich City Services Limited (NCSL) (key decision)

(Councillors Harris and Maguire had declared an interest in this item.)

The chair welcomed Hannah Leys, managing director, NCSL, to the meeting.

Councillor Maguire, cabinet member for safe and sustainable city environment, introduced the report in which he welcomed the transfer of environmental services into the control of the council's wholly owned company, NCSL. He said that there were some 50 services within environmental services, which included ground maintenance, street cleaning, parks and cemeteries, pest control, stray dogs, and collection and disposal of sharps. The wholly owned company would comply with the council's environmental strategy and be required to provide performance data. He explained that there were proposals to expand the electrification of the fleet and that the depot and service would be future proofed to ensure that it was as energy efficient as possible. He praised the contribution of officers across the council who had worked hard to ensure that the transfer of environmental services to the new company took place on 1 April. The company would provide a good service to residents and be democratically accountable to the people of the city.

Councillor Kendrick, cabinet member for resources, said that the transfer of environmental services to NCSL would provide cost effective services to residents. He took the opportunity to thank the officers involved in this long and complex project.

The managing director (NCSL) said that she had been in post for 3 weeks. She said that it was a credit to her city council colleagues that the company was now at this stage. The company had recruited a head of health, safety and environmental quality and the development of the new depot was progressing well.

Councillor Harris, deputy leader and cabinet member for housing, commended officers and the report, and said that she appreciated the work that had been undertaken. The transfer of building services would also be a large piece of work.

Councillor Osborn welcomed the transfer of services in house, but said that his group was concerned about the continued use of herbicides and missed opportunities to electrify the fleet and tools, and improve biodiversity.

During discussion the chair and cabinet members confirmed that every opportunity would be taken for environmental improvements. The director of place listed the environmental credentials of the new depot which he had reported to the climate and environment emergency executive panel (17 December 2020). The council owned the company which gave it more control. The depot would have conduits for electric charging points which could be retrofitted as more electric vehicles were added to the fleet. The managing director (NCSL) confirmed that the company was also committed to environmental improvements.

RESOLVED to:

(1) delegate authority to the director of people and neighbourhoods in consultation with the cabinet member for safe and sustainable city environment to award a contract for environmental services to NCSL for the six year period 1 April 2021 to 31 March 2027, with the option to extend a further period of 5 years on an annual basis. The amount for 2021/22 is £6.543m. The total value for the 11 year period is estimated to be £75.816m;

(2) delegate authority to the director of resources to agree and enter into a contract for provision of Support Services to NCSL for the six year period 1 April 2021 to 31 March 2027, with the option to extend a further period of 5 years on an annual basis. The amount for 2021/22 is £0.522m. The total value for the 11 years period is estimated to be £6.283m;

(3) approve a variation to the Tenancy and Estate Management System contract with Northgate for the period to 31 January 2027 for the value of £0.399m;

(4) approve the re-profiling of capital spend between financial years, increasing the 2020/21 capital programme by £0.066m and reducing the 2021/22 programme by the same value. The capital programme is funding the contract variation and purchase of assets.

8. Write off of irrecoverable national non domestic rate debt (key decision)

Councillor Kendrick, cabinet member for resources, presented the report. He explained that, in general, if there was an opportunity to recover debts in the future the council would do so.

The interim director of resources assured members that the council worked with the business community to ensure that businesses were aware of any grants and support that was available to them. In this situation the business did not exist anymore so the debt was irrecoverable.

RESOLVED to approve the write off of £71,830.70 for NNDR (National Non-Domestic Rate) debt which is now believed to be irrecoverable and is covered within the bad debt provision for 2020-21.

9. Norwich Town Deal Implementation (key decision)

The chair presented the report. The council was one of only four local authorities to be successful in its bid for £26 million. There was now a lot of work to do to carry out the programme and deliver the schemes, and engage the local community. The Town Deal board met weekly to ensure that targets were met and oversee the delivery of the programme. There were decisions that would feature in the council's budget setting next month. The Town Deal bid was integrated in the 2040 Vision and its objectives and reflected the communities' aspirations.

The chair then moved that discussion was continued following the exclusion of the public so that the appendices that were exempt from publication were taken into consideration.

(The minute of this item is continued under item *11 below.)

10. Exclusion of the public

RESOLVED to exclude the public from the meeting during consideration of items *11 to *12 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

*11. Norwich Town Deal Implementation – exempt appendices (paragraph 3) (key decision)

(Continuation of minute on item 9 above.)

Following discussion it was:

RESOLVED to:

(1) approve the following in relation to mobilising the Towns Deal project including:

(a) The budget profile of projects including the capital revenue split, (as set out in Appendix A);

(b) The statement on community consultation and engagement, (as set out in Appendix B);

(c) The project and programme confirmation document, (as set out in the exempt appendices);

(2) delegate authority to sign-off individual project business cases to the director of place in consultation with the relevant portfolio holders.

(3) approve the project and programme confirmation document, (as set out in the exempt appendices).

***12. Managing Assets (General Fund) (key decision) (paragraph 3)**

RESOLVED, following consideration of the report, to approve the disposal of land identified in the report to support the development of six affordable homes under the Local Government Act 1972: General Disposal Consent 2003.

CHAIR

Report to	Cabinet	**Item**
	10 February 2021	5
Report of	Strategy manager	
Subject	Corporate Plan 2021-22	

Purpose

To consider the corporate plan priorities and performance framework for 2021-2022

Recommendation

1) To consider any changes required to the corporate plan vision, mission and priorities to inform the council's resource allocation for 2021-22

2) To agree the corporate performance framework for 2021-22

Corporate and service priorities

The report helps to meet all corporate priorities

Financial implications

The costs of taking forward the corporate plan are built into the draft budget for 2021-22.

Ward/s: All Wards

Cabinet member: Councillor Waters - Leader

Contact officers

Adam Clark, Strategy Manager	01603 989272

Background documents

None

Report

Background

1. The council's constitution states that:

   "Each year a draft corporate plan will be prepared setting out the overall strategic direction of the council including its vision, priorities and values. The plan guides everything the council will do for the city and its residents and visitors for the period. It, therefore, acts as the overarching policy framework of the council.

   The draft corporate plan is drawn up in line with the council's medium term financial strategy and in parallel to the development of the budget for the period to ensure the necessary resources are in place for its delivery.

   The draft corporate plan will be subject to discussion with the scrutiny committee, before being submitted, along with the comments and recommendations of the scrutiny committee, to the cabinet for agreement. Cabinet will then present the draft corporate plan to full council along with the draft budget for the coming year."

2. The council's current corporate plan was adopted at a meeting of the full council on 26 February 2019 and is published on the council website. It covers the period 2019-2022. It was developed with reference to the Norwich 2040 City Vision, which provides a shared set of aspirations for residents and stakeholders in the city to work towards collectively. The full details of the city vision and how it was developed can be found on the city council website.

3. The corporate plan contains a vision, mission and priorities which taken together lay out what the council seeks to achieve. The vision and mission statements are as follows:

   - The corporate vision – To make Norwich a fine city for all
   - The corporate mission – To put people and the city first

4. The corporate priorities are as follows:

   - People living well
   - Great neighbourhoods, local environment and housing
   - An inclusive economy

5. In addition in order to deliver the corporate vision, mission and priorities, the plan lays out that the city council will pursue an objective of remaining 'a healthy organisation'.

Performance Framework

6. In order to provide further clarity and articulation, a performance framework provides the detail of what this means and how it is measured. This

performance framework sets out how the council measures its performance in achieving the corporate priorities and 'healthy organisation' objective.

7. Some of the measures are collected and reported on a quarterly basis, others on an annual basis.

Reviewing the plan

8. The corporate plan covers the period 2019-2022. It is obviously the case that when the corporate plan was adopted there was no possible anticipation of the advent of Covid-19 and the significant changes to the external operating landscape and the subsequent internal challenges wrought by the pandemic.

9. Covid-19 has had a significant impact on the council's services and activities, and a recovery blueprint that was published in June 2020. This identified a number of priority themes and actions which frame the council's – and the city's - recovery. This is therefore a key strategic document that should be read in tandem with the corporate plan. Progress against this blueprint was reviewed in December 2020.

10. Despite this changed landscape, the council still seeks work with partners and play its role of the council in achieving the Norwich 2040 Vision and its overall mission remains in line with what was laid out in 2019. It is therefore recommended that the current vision, mission and priorities remain in place for 2021-22.

11. The original Corporate Plan 2019-22 also included narrative explanations of how the council seeks to achieve its priorities, giving high level explanation of key projects and areas of activity. Rather than rewrite these to reflect the rapidly changing landscape, it is recommended that for 2021-22, the Covid-19 recovery blueprint continues to serve as the key document setting out the council's key themes and activities over 2021-22.

12. The current corporate performance framework has been reviewed to ensure it remained robust in light of Covid-19 and to focus it on monitoring of a smaller number of key corporate objectives. The aims of the review were to:

    - Ensure the framework is effectively monitoring delivery of the corporate priorities through key council services and activity, including in the changing circumstances due to C19 and priorities set out in the recovery blueprint

    - Ensure the framework is clear and easy to use with a simplified set of indicators (reduced in number) focussed on the key areas for corporate monitoring

    - Ensure the Local Area Survey is working effectively as a tool for gathering resident opinion data relating to performance

13. The proposed revised performance framework is appended. It reduces the number of KPIs from over 60 to 28 which aim to focus on the key strategic outcomes services and directorates are seeking to achieve, particularly those

requiring oversight at CLT and cabinet level. The revised list includes a mix of existing and new KPIs.

14. Services will continue to use wider metrics to measure their own performance, in addition to the corporate performance framework.

15. Once the corporate performance framework has been agreed, targets and tolerances will be set by officers in discussion with relevant portfolio holders.

16. The proposed document that will be published to supplement the 2019-2022 corporate plan is attached, and will consist of:

- Introductions by the Leader of the Council and Chief Executive Officer
- The council's vision, mission, priorities and values
- The corporate performance framework

Scrutiny Committee Recommendations

17. The scrutiny committee considered the proposed review of the corporate plan and the performance framework at their meeting on 21 January 2021. The details of the discussion are captured in the minutes of that meeting.

18. The main recommendations were as follows:

a) To prepare a list of removed KPIs and where the data is held

b) under the 'people living well' priority to ask cabinet to consider including

    i) a metric around satisfaction with estates management; and

    ii) response times to antisocial behaviour complaints

c) under the 'great neighbourhoods, housing and environment' priority to ask cabinet to consider including a metric on the number of council houses approved for construction, built and retrofitted to a high environmental standard

d) Under the 'inclusive economy' priority to ask cabinet to consider including metrics to measure

    i) the percentage of not-for-profit organisations that receive discretionary business rates relief

    ii) council owned shop occupancy rates; and

    iii) Norwich market occupancy rates

e) Under the 'healthy organisation' priority to ask cabinet to consider including metrics on staff welfare levels such as attendance statistics.

Conclusion

19. The attached document, combined with the main Corporate Plan 2019-22 and the Covid-19 recovery blueprint serve as the overarching articulation of the council's priorities and activities over the year 2021-22, which will be delivered through the resource allocated by the proposed budget for 2021-22.

20. Cabinet members are asked to consider whether there are any changes to the corporate vision, mission and priorities that it wishes to recommend to council, and is also invited to comment on the proposed revised corporate performance framework.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	10th February 2021
Director / Head of service	Strategy Manager
Report subject:	Corporate Plan 2021-22
Date assessed:	25th January 2021

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	x	☐	☐	The financial resource required to deliver the corporate plan is represented in the budget
Other departments and services e.g. office facilities, customer contact	x	☐	☐	The corporate plan gives the framework for all council services, but there is not proposed to change to the vision, mission or priorities so change is neutral
ICT services	x	☐	☐	
Economic development	x	☐	☐	
Financial inclusion	x	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	x	☐	☐	
S17 crime and disorder act 1998	x	☐	☐	
Human Rights Act 1998	x	☐	☐	
Health and well being	x	☐	☐	

	Impact			
Equality and diversity (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	x	☐	☐	The delivery of the corporate plan is through individual service areas, policies and projects, which are themselves subject to proportionate Equality Impact Assessments, and measures to mitigate negative impacts developed within implementation and service planning.
Eliminating discrimination & harassment	x	☐	☐	
Advancing equality of opportunity	x	☐	☐	
Environmental (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	x	☐	☐	
Natural and built environment	x	☐	☐	
Waste minimisation & resource use	x	☐	☐	
Pollution	x	☐	☐	
Sustainable procurement	x	☐	☐	
Energy and climate change	x	☐	☐	
(Please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	x	☐	☐	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues
As mentioned above, as the overarching policy framework for the council, the corporate plan itself sets out the ambition of the council, and the impact it intends to have. The specific impacts of intended services, policies and practice should continue to be assessed on an ongoing basis.

Corporate Plan 2019 – 22

This document supplements the Norwich City Council Corporate Plan 2019-2022 that was adopted on 26 February 2019. It also should be read in tandem with the council's COVID-19 recovery blueprint that was published in June 2020, which identified a number of priority themes and actions which frame the council's – and the city's - recovery.

Leader's Foreword

The Corporate Plan is a description of the council's priorities over the coming three years. Each year there are adjustments to the plan to take account of changes at the local and national level. The budget that is debated and passed each February, alongside the Corporate Plan, provides the resources to deliver the council's political priorities.

This is the third and final year of the 2019-2022 Corporate Plan. While the current corporate vision, mission and priorities will remain in place until a more fundamental review for 2022-23 is undertaken, it is important that this briefer document acknowledges the dramatically different environment in which we are operating. This is nothing new. Looking back at previous forewords to earlier Corporate Plans, high levels of uncertainty are a common theme, as is the determination, as a city, to tackle and positively shape the challenges we face.

The last twelve months have been particularly tough. What we could not have anticipated (though the centenary of the outbreak of the 1918 Flu Pandemic was perhaps in the back of our minds) was COVID19. Its impact particularly on economically vulnerable people and communities often characterised by low wages, poor quality housing, lack of affordable accommodation inadequate social security and insecure employment were among the issues that the current and earlier corporate plans have sought to energetically address. COVID19 has made tackling these structural issues an immediate and pressing necessity.

COVID19 is going to be with us for the foreseeable future. This shaped a blue print for recovery, using the partnership rich framework of 'Norwich 2040', as the engine for renewal. One example is the successful 'Town's Deal' bid providing £25 million for skills & enterprise, infrastructure and urban regeneration in Norwich.

COVD19 required the council to respond to this crisis by redesigning its front lines services. Work is underway to to strengthen the resilience and responsiveness of the organisation to uncertain times ahead: including, understanding the consequences of the Brexit deal signed at the end of 2020, and the continuation of the long term funding short fall from central government.

Local councils, like Norwich, are playing a vital role (despite deep cuts in central funding since 2010), as key partners of Government in tackling the consequences of the pandemic. A pandemic which has revealed deep and profound inequalities that must be addressed.

In Norwich we will continue to advocate for a fair deal for the people of the city to get the services and support they should expect. Delivering a fair deal is not just about local council services, but those provided by central government like health and social security. A fair deal means the restoration of strong employment rights and support for the self-employed and those working in the gig economy. A decent income for all, strikes at the root of poverty and inequality.

Our ambition is for a better, more sustainable city – economically, environmentally and socially. Our Corporate plan reflects that purpose.

Alan Waters,
Leader, Norwich City Council

Chief Executive's Introduction

I joined this organisation as Chief Executive in January 2020. Within weeks I was facing the unforeseen situation of leading the organisation through one of the most challenging periods it has ever faced. And I am immensely proud of how the council and city has responded to that challenge.

The scale of the impact of the Covid-19 pandemic has required a response at the global, national and local levels. In Norwich, as elsewhere across the United Kingdom, it continues to affect the lives of every resident and business in the city.

In June 2020, Cabinet agreed a blueprint for recovery which provided an overview of the council's initial response to the virus, and identified a number of priority themes and actions which would frame the council's – and the city's - recovery.

The city council was one of the first councils in the country to publish a comprehensive, forward looking recovery plan from Covid-19. It sets out a number of priority activities that the council feels are crucial to a sustainable recovery and the organisation will continue to track performance against the delivery of the plan and build on it as a 'living' document. This in effect provides the detail of how we will meet our corporate priorities over the coming the coming year, and progress against the blueprint is reported on to cabinet regularly.

With such a fast-changing landscape at local and national level, the organisation needs to be agile and responsive but that does not mean that we cannot plan. We remain clear on our mission, and clear on what we are trying to achieve for the city, as set out in the following pages. We also remain accountable through tracking our performance, to drive both improvement in our services and to ensure that we are responding to the challenges of Covid-19 as well as those that lie beyond that, such as addressing inequality and responding to climate change.

And in order to do so, we must remain a well-run organisation that can live within its means, support its wealth of human resource and ensure that our assets and services support the city to work together towards the shared vision of Norwich 2040. Although 2021-22 is shaping up to be another challenging year, I can see clear opportunities ahead for the council. This year will be a year of change for how the organisation is structured and how the services we provide are delivered. This isn't about change for change sake – it’s about responding to the changing behaviours of our residents and businesses as a result of the pandemic and redesigning the services we provide around their needs. I’m optimistic about the future and believe that this council is well-placed to play its part in a bright future for the city.

Stephen Evans
Chief Executive, Norwich City Council

Corporate vision, mission and values

Vision: to make Norwich a fine city for all

Mission: to put people and the city first

Values:

1. Pride
2. Accountability
3. Collaboration
4. Excellence

Corporate Priorities:

Our corporate priorities are the outcomes that we want to see in Norwich. They steer everything we do, whether that be the services we deliver, other agencies' activities that we enable or the wider landscape that we influence. Even our corporate services, such as IT, HR and finance should support us to achieve these priorities. We use these to inform and align our strategies, policies and plans, so employees know how their role supports these priorities.

Our three corporate priorities are:

- People Living Well
- Great Neighbourhoods, Housing and Environment
- An Inclusive Economy

These are supported by an objective of remaining 'a healthy organisation'.

Further details of how we will measure our performance against these in 2021-22 are in the following pages.

Corporate priority: People living well

What is the proposed KPI?	Is this an existing or new KPI?	How will it be measured?
Average number of days taken to process Housing Benefit new claims from point of receipt to notification of entitlement	New	Data from Northgate system collected by benefits team
Number of households living in temporary accommodation	New (existing housing service KPI)	As per the existing methodology
% of households who asked for help who were prevented from homelessness	Existing	As per the existing methodology
% people feeling safe	Existing	As per existing methodology
% of food premises moving from non-compliant to compliant	Existing	Data collected by Food Safety Team
Number of insulation measures completed	Existing	No. of measures via Council programme (Cosy City) Environmental Strategy Team collate the data

Corporate priority: Great neighbourhoods, housing and environment

What is the proposed KPI?	Is this an existing or new KPI?	How will it be measured?
% of planning decisions upheld after appeal (where council has won)	Existing (with amended methodology)	Data collected in planning based on appeal decisions received. .
% of planning applications determined in time	New	Data collected by planning, measured quarterly.
Rent collection – percentage of rent collected as a proportion of rent due	New (existing housing service KPI)	As per the existing methodology
Void turnaround – average number of days to re-let.(excluding major repair voids)	New (existing housing service KPI)	As per the existing methodology
% of properties with a current valid gas safety certificate	New (existing housing service KPI)	As per the existing methodology
Number of affordable homes built, purchased or enabled by the council	Existing	Derived from completions data of affordable homes directly delivered by the council or enabled by the council through the provision of land and/or grants. Reported quarterly against an annual target
Number of new homes completed	New	AMR data
% of bin collections completed on relevant day or rescheduled in advance	New	As per the existing methodology

% household waste sent for reuse, recycling, composting	Existing	As per existing methodology
CO_2 emissions from LA operations	Existing	Environmental Strategy Team collate the data
Number of private rented sector homes made safe	Existing	Data collected by Public Protection Team

Corporate priority: Inclusive economy

What is the proposed KPI?	Is this an existing or new KPI?	How will it be measured?
Area of underused council land brought into productive use (m^2)	New	Derived from total area of land no longer underused where the latter includes land which has more potential than is currently realised or utilised.
Value of external funding leveraged to support council development and place-shaping priorities (£)	New	Compiled by Economic Development

Healthy Organisation

What is the proposed KPI?	Is this an existing or new KPI?	How will it be measured?
Council Tax Collection – the amount of in year council tax plus arrears from old years collected	New	Data from Northgate system
Business Rates Collection – the amount of in year business rates plus arrears from old years collected	New	Data from Northgate system
Council on track to remain within General Fund budget (£)	Existing	Quarterly financial forecasts
Total amount of income paid by tenants occupying the council's investment property portfolio expressed as % of target income	New	Data from budget monitoring Reporting quarterly
Customer service satisfaction – contact team	Existing	Text survey sent to customers following contact with service - each quarter

Channel shift	Existing	A matrix of data from different sources that is used to calculate the proportion of contact that is conducted electronically
Proportion of FOI requests responded to within statutory timescales	New	To be confirmed
Proportion of corporate complaints responded to within stated timescales	New	To be confirmed
IT System availability	Existing	The percentage of time the systems are available during core hours

Report to	Cabinet	**Item**
	10 February 2021	6
Report of	Director of resources	
Subject	Council tax reduction scheme (CTRS) 2021/22	

KEY DECISION

Purpose

To consider and recommend to council a council tax reduction scheme for 2021/22

Recommendations

That cabinet consider the below recommendations for onward approval by council:

1) make the following changes to the council tax reduction scheme (CTRS) for 2021/22 by continuing with the 2020/21 scheme with the following modifications:

   a) as in previous years increase the working-age applicable amount by the 2021/22 composite rate of council tax (excluding adult social care)

   b) increase the level of income brackets used to decide non-dependant deductions and level of non-dependant deductions by the 2021/22 composite rate of council tax (excluding adult social care)

   c) increase the level of income brackets used to decide entitlement to second adult reduction by the 2021/22 composite rate of council tax (excluding adult social care)

   d) apply technical updates already applied to DWP benefits for working-age applicants to keep legislation updated to EU exit decisions

   e) retain the local discount provision for care leavers

   f) retain the local discount provision for liable persons absent from a main dwelling due to domestic violence events

   g) retain a single person discount for 3 months for liable persons where they give a home to an asylum seeker or refugee who has no ability to work

2) agreement that the scheme will have provision to reflect changes Government might introduce to continue with a COVID-19 increase in Universal Credit rates and / or Working Tax Credit additional earnings disregards for the 2021/2022 year. This will ensure customers are not disadvantaged by the Government increase.

Corporate and service priorities

The report helps to meet the corporate priority Inclusive economy

Financial implications

As detailed in the report

Ward/s: All Wards

Cabinet member: Councillor Davis - Social inclusion

Councillor Kendrick - Resources

Contact officers

Annabel Scholes – Interim Director of resources 989201	01603 989201
Adrian Mills – ARP strategic manager	07984255437
Julie Gowling – Revenues and benefits operations manager	01603 987582
Carole Jowett – Revenues and benefits operations manager	01603 987762

Background documents

None

Report

1. Since 1 April 2013 the council has operated a council tax reduction scheme (CTRS), which replaced council tax benefit.

2. The CTRS helps people on low incomes and/or certain welfare benefits to pay their council tax bill. This provides support to those under the greatest financial pressure.

3. Pensioners have been protected by the government so any changes to CTRS will only impact working age claimants. Therefore, the council can only control the cost of CTRS in relation to working age claims.

4. The council adopted the government's default CTRS in 2013, having made various changes since then but maintaining the principle of a full support (100% discount) scheme. The government has been reducing its financial support to local authorities for the cost of the scheme therefore changes to the council tax discounts and exemptions have been made to try and address any shortfall.

5. There will be no revenue support grant to help cover the cost of the scheme. The reduction in the funding has already been incorporated into the MTFS.

6. The council tax reduction scheme cross party working group met on 22 September 2020 to review in detail options. The minutes of that meeting are attached as Appendix 1.

7. The council tax reduction scheme cross party working group resolved, unanimously, to recommend the Council Tax Reduction Scheme 2021/22 to cabinet and council.

8. Due to the current uncertainty regarding Government policy on continuing with the temporary COVID-19 increases in Universal Credit (UC) rates and the Working tax Credits additional earnings disregards seen in 2019/20, it is recommended provision is now made within the 2021/22 scheme to ensure that if those increases continue customers are not disadvantaged.

9. Early in the COVID-19 pandemic Government introduced two measures to assist benefit recipients during the 2020/21 year:

    a) A £20 per week increase in UC rates;

    b) An additional earnings disregard with Working Tax Credits.

10. It is anticipated Government will announce its policy on these measures for 2021/22 at Budget on 3 March, when it will be too late to amend the Norwich scheme given it will be mandated at Full Council on 23 February 2021, should Government continue with the measures.

11. Accordingly, a paragraph will be inserted into the scheme that Council determines on the 23 February 2021 that makes provision for such changes should Government continue with them.

12. Given it is likely to be too late to incorporate such changes before the Council has run annual billing, it will be necessary to re bill affected customers to ensure they receive the increase in their Council Tax Support.

13. Accordingly, the proposal for the council tax reduction scheme (CTRS) for 2021/22 is to continue with the 2020/21 scheme with the following modifications:

a)

1) as in previous years increase the working-age applicable amount by the 2021/22 composite rate of council tax (excluding adult social care)
2) increase the level of income brackets used to decide non-dependant deductions and level of non-dependant deductions by the 2021/22 composite rate of council tax (excluding adult social care)
3) increase the level of income brackets used to decide entitlement to second adult reduction by the 2021/22 composite rate of council tax (excluding adult social care)
4) apply technical updates already applied to DWP benefits for working-age applicants to keep legislation updated to EU exit decisions
5) retain the local discount provision for care leavers
6) retain the local discount provision for liable persons absent from a main dwelling due to domestic violence events
7) retain a single person discount for 3 months for liable persons where they give a home to an asylum seeker or refugee who has no ability to work

b)

That the scheme will have provision to reflect changes Government might introduce to continue with a COVID-19 increase in Universal Credit rates and / or Working Tax Credit additional earnings disregards for the 2021/22 year. This will ensure customers are not disadvantaged by the Government increase.

Consultation

14. As preceptors Norfolk County Council and the Office of the Police and Crime commissioner have been consulted on these proposed changes.

15. The Office of the Police and Crime Commissioner recorded their disappointment that the Council intended to continue with a 100% scheme, whilst understanding the reasons for doing so. They welcomed a wider review for the 2022/23 scheme and expressed interest in early sight of proposals, as well as the opportunity to provide input.

16. Norfolk County Council agree with the proposed council tax reduction scheme changes, noting that in these unprecedented times they do not wish to propose any alternatives to the proposals for 2021/22. However, Norfolk County Council have stated they welcome a review for future years.

17. The Financial Inclusion Consortium were also consulted. They agreed with the proposals.

18. An integrated impact assessment has been completed and is attached.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	10.02.2021
Director / Head of service	Annabel Scholes Interim Director of Resources
Report subject:	The Local Council Tax Support Scheme 2021 - 2022
Date assessed:	25.02.2021

	Impact			
Economic **(please add an ‘x’ as appropriate)**	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☒			There is a negative impact in that continued protection of the 100% CTRS will not be fully funded by the reducing revenues support grant placing pressure on the council’s budget. However a positive impact of maintaining the scheme is that the council will not be required to chase a large number of small debts that would be difficult to recover. The overall impact is therefore assessed at neutral.
Other departments and services e.g. office facilities, customer contact	☒			
ICT services	☒			
Economic development	☒			
Financial inclusion	☒			Maintaining the scheme protects the most vulnerable on low incomes
Social **(please add an ‘x’ as appropriate)**	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒			
S17 crime and disorder act 1998	☒			
Human Rights Act 1998	☒			

	Impact			
Health and well being	☒			
Equality and diversity (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☐	☒	☐	The Council’s scheme maintains well established Benefit conventions from the previous DWP scheme.
Eliminating discrimination & harassment	☐	☒	☐	See above
Advancing equality of opportunity	☐	☒	☐	See above
Environmental (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	

	Impact			
(Please add an ‘x’ as appropriate)	Neutral	Positive	Negative	Comments
Risk management	☒	☐	☐	

Recommendations from impact assessment
Positive
No impact
Negative
None
Neutral
No impact
Issues
No issues foreseen given this is a continuation of the current scheme with no revisions.

Minutes

Cross-Party Working Group – Council Tax Reduction Scheme

16:00 to 16:30 **22 September 2020**

Present:	Councillors Giles (chair), Ackroyd, Davis, Grahame, Jones, Kendrick and Youssef
In attendance:	Adrian Mills (strategic manager (benefits), ARP), Annabel Scholes (interim chief finance officer); Julie Gowling (revenues and benefits operations manager), Martin Bryant (benefits and development officer) and Michele Sundram (revenues and benefits team leader)
Apologies:	Anton Bull, director of place

1. Declarations of interest

There were no declarations of interest.

2. Minutes

RESOLVED to approve the accuracy of the minutes of the meetings held on 14 October 2019.

3. Council Tax Reduction Scheme (CTRS) 2020-21 and Council Tax Discounts and Exemptions

Adrian Mills presented the report and explained the considerations as set out in Appendix 1. The proposal set out in section 4 of the report proposed that the CTRS remained aligned to Social Security rules following the expected changes in immigration rules in January 2021.

During discussion members confirmed their support for the retention of the maximum 100 per cent entitlement for working age recipients. Members took into consideration that residents were under financial pressures in the current recession, as people came out of furlough or lost jobs, and that the recovery of percentage contribution rates would be difficult and dependent on the city council's staffing resources whilst benefiting the county council (as the recipient of the larger proportion of council tax).

The revenues and benefits operations manager requested that in future years a working group meeting was held earlier in the civic year so that officers could consult with members and work up options for the CTRS for the working group to consider and recommend to cabinet.

Having considered the report, Councillor Davis moved, and Councillor Jones seconded recommendations 1(a), 2(a), 3(a) and 4(a), and it was:

RESOLVED, unanimously, to:

(1) recommend to cabinet, when reviewing the Council Tax Reduction Scheme for 2021-2020, that the scheme retains a maximum 100 per cent entitlement for working age CTR recipients and takes into account the following considerations:

(a) **Working age applicable amount – premiums and allowances** – as in previous years increase the working-age applicable amount by the 2021-2022 composite rate of council tax (excluding social care);

(b) **Income brackets used to decide non-dependent deductions and level of non-dependent deductions** – increased by the 2021-2022 composite rate of council tax (excluding adult social care);

(c) **Income brackets used to decide entitlement to 'second adult reduction'** – increased by the 2021-2022 composite rate of council tax (excluding adult social care);

(d) **Update CTRS for working age applicants with Social Security changes to rules for entitlement to CTR as a national of a European Union country –** to align working age CTR scheme regulations to relevant Social Security and/or prescribed regulations for pension-age as necessary.

(2) agree to hold at least two meetings of this working group, each civic year, the first to be held early on in the civic year (June) so that officers can work up proposals following consultation with members, for consideration at the second meeting in the late summer/early autumn.

CHAIR

Report to	Cabinet	**Item**
	10 February 2021	
Report of	Interim Director of Resources (Section 151 Officer)	**7**
Subject	The council's 2021/22 budget and medium term financial strategy	

Purpose

To consider proposals for the council's 2021/22 budget (general fund, HRA and capital programme) along with the medium term financial plans, non-financial investments (commercial) strategy and the treasury management strategy.

Recommendations:

Cabinet is asked to:

a) Note the budget consultation process that was followed and the feedback gained as outlined in Appendix 2 (I).

b) Note Section 8 on the robustness of the budget estimates, the adequacy of reserves, and the key financial risks to the council.

c) Note that the Council Tax resolution for 2021/22, prepared in accordance with Sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011, will be calculated and presented to Council for approval once Norfolk County Council and the Office of the Police and Crime Commissioner for Norfolk have agreed the precepts for the next financial year.

d) Approve the creation of a new earmarked reserve to help manage the costs associated with business change activities.

Cabinet is asked to recommend to Council to approve:

General Fund

1. The council's net revenue budget requirement as £17.013m for the financial year 2021/22 including the budget allocations to services shown in Appendix 2 (C) and the savings and growth proposals set out in appendices 2 (F) and 2 (G).

2. An increase to Norwich City Council's element of the council tax of 1.99%, meaning that that the Band D council tax will be set at £274.74 (paragraph 2.28) with the impact of the increase for all bands shown in Appendix 2 (E).

3. The prudent minimum level of reserves for the council as £5.100m (paragraph 2.52).

4. Delegate to the chief finance officer (S.151 Officer), in consultation with the portfolio holder for resources and the portfolio polder for social inclusion, the award of any new business rates reliefs announced by government using

discretionary relief powers as set out in paragraph 1.6. The full cost of granting this relief will be compensated through a section 31 grant from Government.

5. Transfers to earmarked reserves as set out in paragraphs 2.5, 2.6 and 2.7.

6. Delegate to the chief finance officer (s.151 officer) the approval of technical virements to make budget transfers where there is no underlying change in the budget intention as set out in Appendix 2(J) and paragraphs 2.19, 2.42 and 2.45.

Housing Revenue Account

7. The proposed Housing Revenue Account gross expenditure budget of £63.669m and gross income budgets of £68.708m for 2021/22 (paragraph 3.40).

8. The use of the estimated surplus of £5.039m along with a further £10.640 of HRA general reserves to make a revenue budget contribution of £15.679m towards funding the 2021/22 HRA capital programme (paragraph 3.40).

9. A 1.5% increase in dwelling rents for 2021/22, in accordance with following the Secretary of State issued Direction on the Rent Standard 2019. This enables authorities to increase rent annually by up to CPI (Consumer Price Index) as at the preceding September plus 1%. This will result in an average weekly rent increase of £1.19 for Norwich tenants (paragraphs 3.45 to 3.50).

10. That garage rents remain at existing levels for 2021/22 (paragraph 3.51).

11. That the setting of tenants' service charges is delegated the director of people and neighbourhoods/director of community services in consultation with the portfolio holder for Social Housing after engagement with tenant representatives.

12. The prudent minimum level of Housing Revenue Account reserves as £5.848m (paragraph 3.71).

Capital Strategy

13. The proposed general fund capital programme 2021/22 to 2025/26 (2020/21: £20.617m; 5 years: £43.724m) and its method of funding as set out in table 4.3, table 4.4 and Appendix 4 (B).

14. The proposed HRA capital programme 2021/22 to 2025/26 (2020/21: £48.839m; 5 years: £206.519m) and its method of funding as set out in table 4.3, table 4.5 and Appendix 4 (B).

15. The capital strategy, as required by CIPFA's Prudential Code.

16. The 2020/21 General Fund capital programme is increased by £1.025m to facilitate expenditure of Towns' Deal funding as set out in paragraph 4.34.

17. The delegation to the chief finance officer (s.151 officer) in consultation with the director of place/director of development & city services, approval of

adjustments to the 2020/21 and future capital programmes to reflect the inclusion of match funding towards Towns' Deal funded projects (paragraphs 4.32 to 4.35).

Non-financial Investments (Commercial) Strategy

18. The setting aside of 20% of the net income achieved from previous commercial property investment into the commercial property earmarked reserve as set out in paragraphs 5.13 to 5.15.

19. The council's policy and process for lending to Norwich Regeneration Limited as set out in paragraphs 5.20 to 5.23.

20. The council's policy and process for lending to Norwich City Services Ltd as set out in paragraphs 5.25 to 5.27.

Treasury Management Strategy

21. The borrowing strategy 2021/22 through to 2025/26 (paragraphs 6.21 to 6.24).

22. The capital and treasury prudential indicators and limits for 2021/22 through to 2025/26 contained within paragraphs 6.13 to 6.20 and tables 6.2 to 6.4, including the Authorised Borrowing Limit for the council.

23. The Minimum Revenue Provision (MRP) policy statement described in paragraphs 6.33 to 6.37 and contained in Appendix 6.

24. The (financial) Investment Strategy 2020/21 (paragraphs 6.38 to 6.73).

Summary of key financial indicators

25. The indicators for 2021/22 through to 2024/25 contained in section 7.

Corporate and service priorities

The report helps to meet all the corporate priorities.

Financial implications

This report presents the council's proposed 2021/22 budgets across all of its activities along with its medium term financial strategy. The financial implications of these proposals are given throughout the report.

Equality Impact Assessment

An overarching equality impact assessment has been completed for the 2021/22 budget and is shown within this report at Annex 1.

Ward/s: All Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

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Background documents

None

Background

1.1 The council continues to face a substantial financial challenge. The sustained period of austerity over the past decade has decreased the city's council's own budgets whilst putting huge financial pressures not just on council resources, but those of partners, local businesses, and residents, particularly the most vulnerable residents.

1.2 Alongside austerity, the council has to manage ongoing and unprecedented risk arising from the Covid-19 pandemic as well as the longer term uncertainty around changes in future local government funding.

1.3 Nevertheless the council's ambition for Norwich is undiminished. In June 2020, Cabinet agreed the Covid-19 Blueprint for Recovery, one of the first in the country to do so. This document provided an overview of the council's initial response to the virus, and identified a number of priority themes and actions which would to frame the council's – and the city's – recovery. An update was provided to Cabinet on progress in December 2020, across the 8 Blueprint themes:

- Securing the Council's finances
- Modernising the Council; Re-imagining local services
- Supporting the most vulnerable
- Business and the local economy
- Housing, regeneration and development
- Arts, Culture and Heritage
- Climate change and the green economy
- Harnessing social capital

1.4 The Blueprint made clear that the city's response to Covid 19 would require a partnership approach and over the last 12 months the city council has continued to work with City Vision partners within business, the community and beyond, to make progress on key issues to steer the city through this challenging period. The Norwich 2040 City Vision, of a city which is connected, creative, dynamic, fair and liveable, is as vital as ever.

1.5 Alongside the Covid 19 Blueprint for recovery, the Council's Corporate Plan, which is on this meeting's agenda, sets out the council's contribution to the Norwich 2040 Vision, whilst this budget report sets out the financial framework and strategy for aiding the delivery of the Corporate Plan over the medium term.

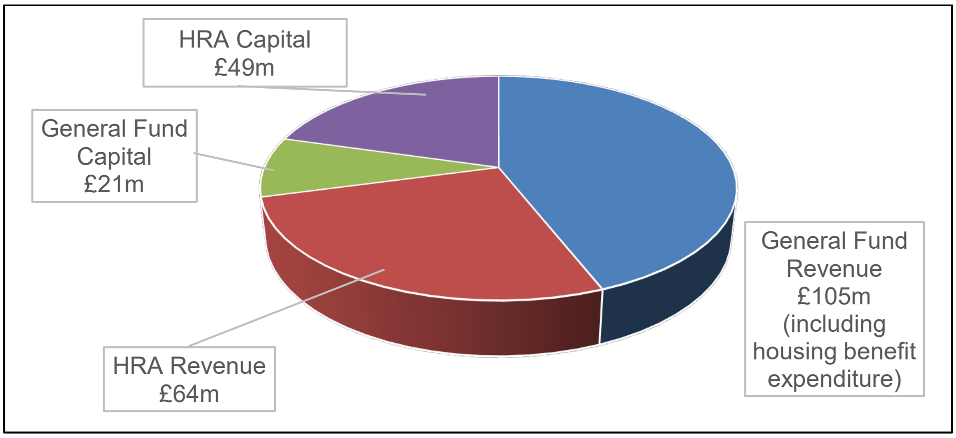
Chart 1: The Council's Key Priorities

1.6 The council is ambitious and wants to make a real difference to both the physical fabric of the city and to the lives of residents who live and work here. But given the financial constraints the council is unable to fund all of the investment required itself. The council will therefore work with others to secure investment in the city's future, act an "enabler" or "catalyst" for change, and ensure that its own resources, particularly its capital investment, are flexed as far as possible to deliver the key outcomes set out in the Corporate Plan.

Summary

1.8 This report sets out 2021/22 budget proposals that total £238m across the General Fund, the Housing Revenue Account, and the capital programme along with expenditure and financing plans for the following four years.

Chart 2: proposed gross expenditure budgets for 2021/22



General Fund

1.9 The financial year 2021/22 is the eleventh year of austerity and the level of funding allocated to local government continues to be insufficient to support the demand for council services. This, together with increased pressures from Covid, means that the council will not receive adequate resources to cover its costs over the medium term.

1.10 The financial settlement covered only 2021/22, with the government implementing a 'roll forward' finance settlement. This means a one-year delay to the longer-term local government financial reforms (see section 1).

1.11 The provisional settlement for 2021/22 included a number of one-off Covid-19 related grants. The provisional allocations to Norwich for these grants totalled £1.521m. Other grant funding is expected to be available to the council through the announced extension of the sales, fees and charges reimbursement scheme until June 2021. The exact allocations will depend on the performance of the qualifying income streams but a £0.300m estimate has been included in the budget. These grants have removed the need to draw down on reserves in 2021/22 but the one-off nature of the funding means the longer term savings challenge for the council remains.

1.12 Given the lack of clarity on future local government funding from April 2022, local authorities have no reliable basis on which to appropriately plan their medium term budgets as it is unclear how much funding there will be, how it will be distributed, and the means of delivery.

1.13 Consequentially, the forecasts for 2022/23 onwards in the MTFS are not to be taken as robust figures and they are largely based on the current *status quo* continuing, particularly concerning how much business rates income the government allows the city council to retain in the future.

1.14 Current forecasts, given the caveats highlighted above, show that a further £11.8m of gross savings will need to be found over the four year period from 2022/23. This quantum of savings represents 21% of the 2021/22 proposed gross expenditure budget (excluding the housing benefits budget).

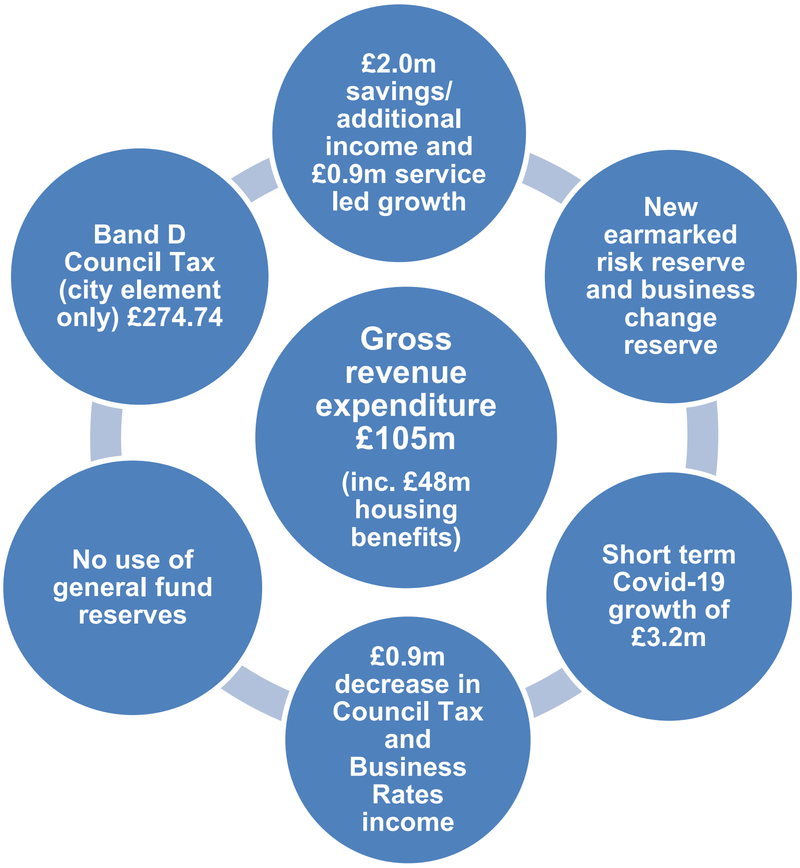
Responding to the medium-term challenge through a programme of service reform

1.15 If the one-off Covid grant monies from Government are stripped away, the council is left with a £2.2m structural budget deficit in 2021/22. In other words, the council's current funding is £2.2m less than it is spending on an annual basis. This means that the council will be required to generate ongoing income and/or permanently reduce the cost of delivering local services if it is to balance its budget in future years.

1.16 In order to respond to this challenges, the council has launched a programme of service reform, with a range of service reviews. These service reviews, which commenced in September 2020, will aim to identify savings options for future years. The service reviews will look to build on the momentum of, and lessons from, the council's response to Covid19 to identify new ways of delivering, to better meet the needs of our customers and deliver services more efficiently, thereby protecting frontline services where possible. There will be service specific and cross-cutting reviews on themes including digital council, delivering value from our assets, and simplifying and improving customer entry points. The aim of the reviews is to improve the efficiency of service delivery so as to avoid a reliance on service cuts to balance the budget in future years. However, given the scale of the challenge, reductions to some services cannot be ruled out.

1.17 The council will plan to implement these savings in a controlled manner and by taking a strategic and medium-term rather than a short-term approach. It can do this because it has built-up significant general fund reserves in recent years, both purposefully and through in-year underspending of the approved budget. These will be used to partially fund the budget in a planned way over the next four financial years until the reserves are forecast to reduce gradually towards the minimum prudential level as recommended by the chief finance officer.

Chart 3: Key figures in 2021/22 proposed general fund revenue budget



Housing Revenue Account (HRA)

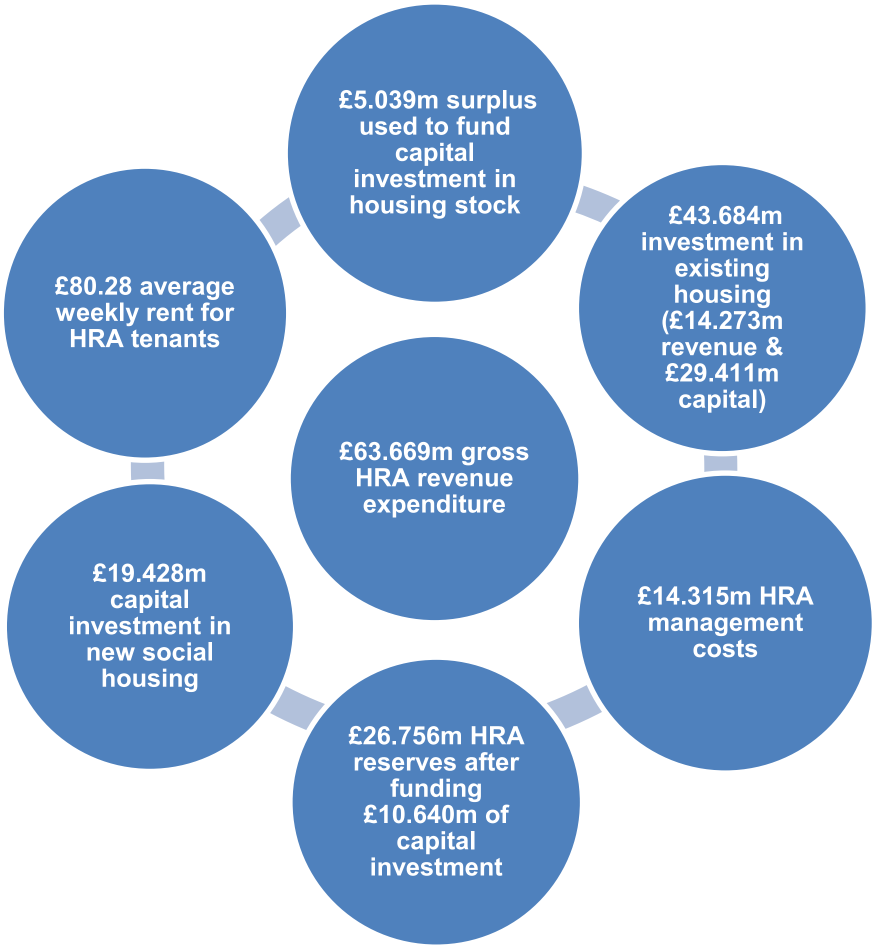
1.18 The council's HRA comprises expenditure and income plans related to the ownership and management of the council's social housing stock.

1.19 The HRA does not face the same financial pressures as the council's general fund, although the account has lost significant income in recent years from the government's enforced four year rent reduction enacted in the Welfare Reform and Work Act 2016. Additionally, there are significant potential risks to rental income streams arising from the Covid-19 pandemic, the accelerated roll out of Universal Credit and the continuing Right-to-Buy legislation.

1.20 The HRA is forecast to make a surplus of income over expenditure of £5.039m in 2021/22 and it is proposed to use this surplus along with £10.640m of existing reserves to fund capital investment new social housing.

1.21 The Direction on the Rent Standard 2019 enables authorities to increase rent annually by up to CPI (Consumer Price Index) as at the preceding September plus 1%, which would result in the average HRA rent increasing to £80.28.

Chart 4: Key figures in 2021/22 proposed HRA Business Plan



Capital strategy

1.22 The council's proposed capital programme for 2021/22 is £69.456m. An illustration of some of the key projects and programmes are given in charts 5 and 6 and the detail can be found in Appendix 4 (B).

Chart 5: Illustration of proposals within the general fund capital programme

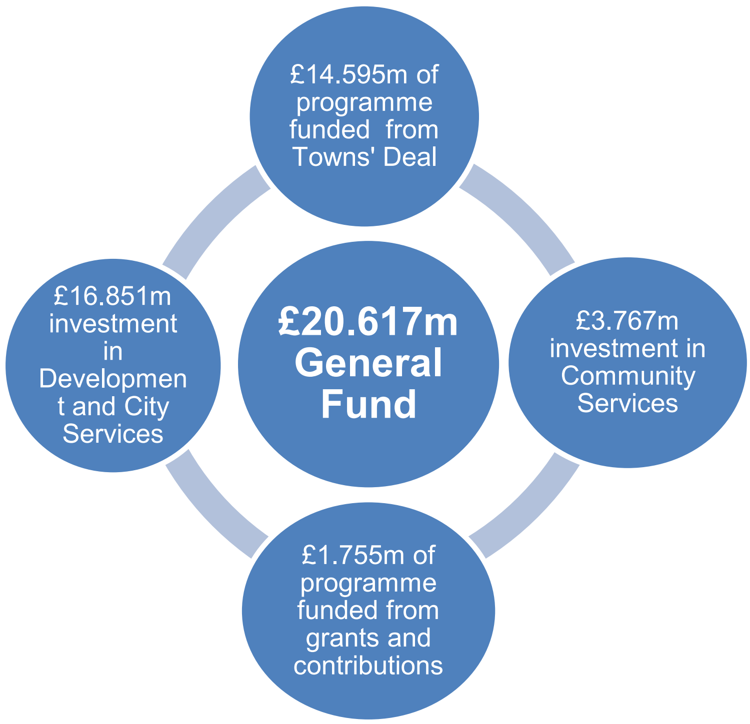
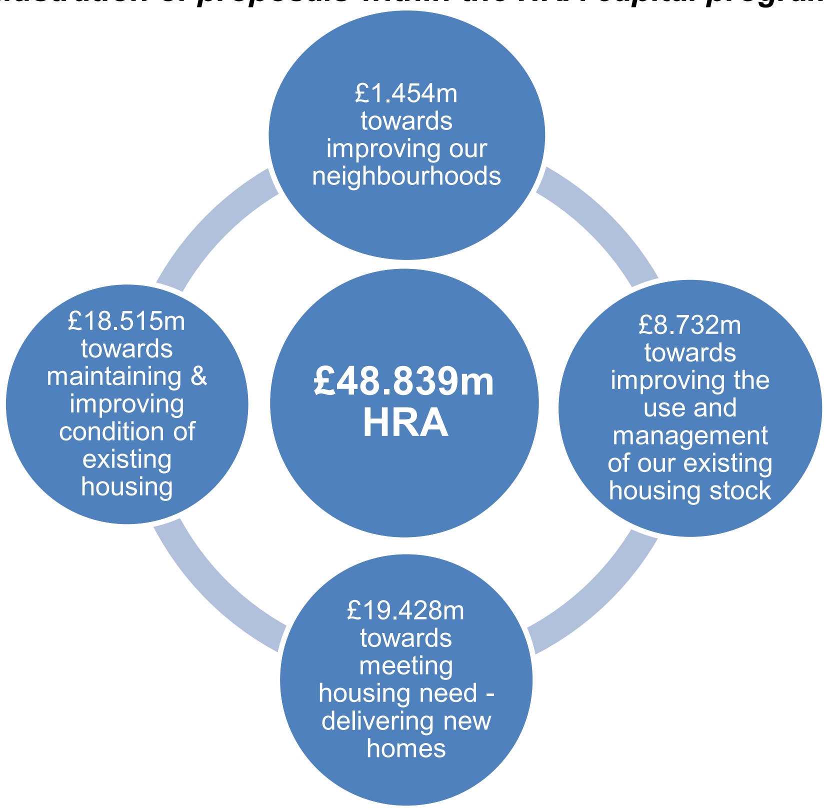


Chart 6: Illustration of proposals within the HRA capital programme



1.23 In addition to the proposals seeking approval by council to be included in the capital programme now, further capital projects may seek approval from Council later in the year, subject to viable Business Cases.

1.26 The council has developed its Housing Strategy which will help guide future investment decisions. The lifting of the HRA debt gap combined with the council's long term business planning approach means that the council, through its HRA account, will seek to build more affordable homes in the city in the future. It has significant reserves that could be used for this purpose (see paragraph 3.70) and the HRA Business Plan demonstrates significant "headroom" for the HRA to borrow for this purpose whilst still ensuring the borrowing is prudent and affordable.

1.27 Unlike the HRA, the general fund has insufficient capital resources to meet investment needs for the future. The council owns many different general fund assets and there is some evidence to show that it may hold more land and property assets than similar councils.

1.28 The existing maintenance backlog on the council's existing general fund assets is estimated to be in excess of £21m. Borrowing money to tackle this backlog is not an option for most of the properties requiring the expenditure, as the borrowing incurs financing costs that put extra costs onto the revenue budget whilst many of the improvements needed will not generate any new income streams, or sufficient budget savings, to cover these costs. Capital grants are not often readily available for the work needing to be undertaken and capital receipts (income from asset assets), which have traditionally been used in the past to fund this type of expenditure, are reducing.

1.29 The council continues to review of all of its non-HRA land and property assets to prioritise those that need investment, are not financially performing, or are surplus to service needs.

The council's overall financial position

1.30 The council has a strong balance sheet and owns over £1 billion of long term assets (mostly land and property – see table 7.1). In addition, it has significant reserves both for the general fund and HRA (see table 2.4 and table 3.4).

1.31 The council's general fund services are under the most financial pressure, both for revenue and capital expenditure. The huge uncertainties surrounding the changes in the local government finance regime from 2022/23 hinder robust forward financial planning for the general fund.

1.32 Total commercial income will equate to 14% of the general fund's gross expenditure budget for 2021/22 (table 7.6). Income is set aside in earmarked reserves to mitigate against the risks associated with these commercial activities.

1.33 The funding of the proposed capital programme will increase the council's capital funding requirement (its indebtedness or underlying need to borrow). This is mainly driven by significant investment by the Housing Revenue Account in new social housing. If projects and programmes proceed to plan, then the capital financing requirement will increase by £31.7m from 2019/20 to 2023/24, a 10% increase (table 7.2). The total indebtedness compared to the value of the council's assets (gearing ratio) increases from 30% in 2019/20 to 33% in 2024/25 (table 7.5).

1.34 The council currently has £69m of cash holdings and will therefore need to borrow externally at some point to fund the capital financing requirement. The strategy for switching from internal to external borrowing is set out in Appendix 4 (C). Sufficient provision has been made in the proposed authorised limit for external borrowing to do this.

1.35 The council's policy for using borrowing as a means of funding capital expenditure is also described in Appendix 4 (C). Essentially the council will only borrow money (increase its capital financing requirement) in cases where there is a clear financial benefit, such as a new income stream or budget saving, that, at the very least, will fund the costs arising from the borrowing (interest and MRP costs).

The council's approach to financial planning

1.40 The council's approach to financial planning and budgeting across all of its activities is underpinned by the following key principles:

- A prudent rather than optimistic assessment of future resources and unfunded cost pressures.

- A prudent and planned use of general reserves to fund expenditure and an annual risk-based assessment of the minimum amount of reserves the council should hold (minimum prudent level).

- The setting aside of some of the net income arising from commercial property investment into an earmarked reserve to mitigate against the risks inherent in holding these assets.

- A prudent approach to the amount of reserves held in the Collection Fund given the inherently volatile nature of business rate collection.

- A cautious approach in estimating future income from business rates and council tax, and the growth in the tax bases, given that changes to the local government funding regime could impact on the former, and both taxes may be affected by the current uncertainties surrounding Covid-19 and its potential impact on the national and local economy.

- A maximisation of external grant funding that meets the council's priorities.

- The holding of general fund, HRA and capital contingency budgets at the corporate level to help ensure the council does not overspend in any one year.

- The full integration of revenue, capital, and treasury management decision making processes to ensure (a) the revenue implications of capital projects are accurately reflected in the MTFS and the annual budget, and (b) the authorised borrowing limit is sufficient to fund the council's capital plans whilst being prudent, affordable, and sustainable.

- The inclusion of savings and capital project proposals into the budget only when the figures and implementation plans are robust.

- The inclusion of the costs of external borrowing to fund capital projects (interest and MRP costs) into the revenue budget (to the value of £55m in 2021/22), even if in practice the expenditure is temporarily funded from internal borrowing (use of the council's cash holdings).

- Other specific capital funding strategies as set out in Appendix 4 (C).

Contents of this budget report

1.41 The council's budget and finances are becoming increasingly complex and in order to understand the full picture Members and key stakeholders need to appreciate the distinctions between revenue and capital expenditure, general fund and Housing Revenue Account, and the different funding sources for each, whilst at the same time recognising that they all interconnect and impact on the council's balance sheet position, particularly its cash flow and any future borrowing requirements.

1.42 In addition, regulatory codes of practice require Members to form views on the council's proposed change to commercial investments, its lending to third parties including its wholly owned subsidiary companies, and its equity investments whilst understanding new financial indicators showing the risks, proportionality and affordability of the commercial activities being proposed.

1.43 This report comprises a series of interlinked and comprehensive papers setting out proposals for the 2020/21 budget along with medium term expenditure and financing plans across the whole of the city council's activities. Members may wish to consider each section in turn. A brief explanation of the contents is shown below.

1: Local Government Finance – economic and statutory context

This gives a brief summary of the current key national economic indicators and the state of public sector finances. It summarises the changes that are intended to be made by government to the local government finance regime and describes all of the regulatory changes that have recently been introduced that affect the preparation of the budget report.

2: General Fund 2021/22 budget and MTFS

Sets out the proposed general fund revenue budget and its financing for 2021/22, including the proposed Council Tax for 2021/22, along with a forecast of the medium term position.

3: Housing Revenue Account 20201/22 Budget and Business Plan

Contains expenditure and income proposals that relate to the ownership and management of the council's social housing stock, including 2021/22 rental charges for HRA tenants.

4: Capital Strategy

A requirement of CIPFA's Prudential Code, the Strategy sets out the council's budget and preliminary ambition plan for capital expenditure over the next five years along with how it will be financed and delivered.

5: Non-financial (Commercial) Investment Strategy

This is a requirement of MHCLG's Investment Code. The Strategy covers the council's change of approach to investments in commercial property, as well as its lending and equity investments in third party organisations, but particularly its wholly owned subsidiaries Norwich Regeneration Limited and Norwich City Services Limited.

6: Treasury Management Strategy

The strategy sets out proposals and indicators required for the effective management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; and the effective control of the risks associated with those activities.

7: Summary of key financial indicators

This section gives various indices, required under the Prudential and Investment codes, that allow members to come to a judgement on the proportionality, affordability and value of potential risk exposure of the budget proposals, in particular those contained within the capital strategy and the non-financial investments strategy.

8: Chief Finance Officer’s Statement

This is a requirement of section 25 of the Local Government Act 2003. It covers the key financial risks facing the council and the chief finance officer’s opinion on the robustness of the estimates and the adequacy of the council’s reserves.

9: Financial glossary

The budget papers by their very nature contain technical financial terms and concepts. An attempt is made in the glossary to explain these.

Annex 1: Equality Impact of budget proposals

Background

1. Norwich City Council has identified permanent budget savings of £2.009m for the financial year 2021/22. In order to ensure that we discharge our public sector equality duty to ensure we have due regard to the need to:

   - Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the act;
   - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
   - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

2. Information on the residents of the city as well as council customers and employees can be found in the annual Equality Information Report published on the council's website.

Budget Context

3. The aim of the Equality Impact Assessment Process is to support good decision making; it encourages public bodies to understand how different people will be affected by their activities so that policies and services are appropriate and accessible to all and meet different people's needs. The aims of an EqIA become especially important at times of tightened budgets, enabling us to:

   - Think about what the council is trying to achieve;
   - Consider what impact the decision will have on different groups;
   - Target resources to those who may be most vulnerable;
   - Fund services which respond to people's diverse needs and save money by getting it right first time.

4. As part of the Corporate Plan 2019-2022 we have agreed that we must focus our priorities and resources towards:

   - People living well;
   - Inclusive economy;
   - Great neighbourhoods, housing and environment.

5. It is also important to understand the national and local context in which the budget and medium-term financial plan are being developed. The council has seen reductions in its long-term funding allocations from central government and with only a one-year local government settlement there remains significant uncertainty over future funding levels including business rates retention. The level of funding allocated to local government continues to be insufficient to support the increasing demand for council services. This, together with increased pressures from Covid-19, means that the council will not receive adequate resources to cover its costs over the medium term.

Cumulative Equality Impact Assessment of Budget 2021/22

6. Budget decisions can have different impacts on different groups of people, either changes to individual services or in the way those changes have an impact cumulatively. This appendix summarises the Equality Impact Assessment for the budget proposals for the financial year 2021/22. It highlights:

   - The key differential impacts of potential budget decisions for legally protected groups;
   - Where a single decision or series of decisions might have a greater negative impact on a specific group;
   - Ways in which negative effects across the council may be minimised or avoided, and where positive impacts can be maximised or created.

7. We have undertaken an initial screening of all budget proposals to ascertain where a potential change impacts on service provision. This has identified those proposals that require an Equality Impact Assessment or consultation. In those cases, an Equality Impact Assessment template has been completed by service leads to identify the main potential impacts on groups covered by legislation (the protected characteristics in the Equality Act 2010).

8. Equality Impact Assessments (EqIA) for specific proposals are developed as proposals are being finalised. This ensures that the impact is understood and mitigating actions that minimise disadvantage and tackle inequality are identified where possible. These initial assessments are made available so that members can make informed decisions. There may be some proposals that have implications for council employees for which details of consultation or Equalities Impact Assessments cannot be published owing to data protection or employment legislation.

9. The EqIA process and consultation have been based on identifying whether or not service delivery impacts are likely to be different for a person because of their protected characteristic (with a focus on where impacts may be worse).

10. While assessing the cumulative impact of our proposals on equality groups, we have identified an additional factor that could compound the impact. This is the risk of financial exclusion (due to low income).

Equality Impact Assessment Findings

<u>Council Tax Increase</u>

11. The proposal within the report is that the 2021/22 budget includes an increase of 1.99% in the rate of council tax. The proposed 2021/22 Band D rate is therefore £274.74 compared to the current year rate of £269.38 – an increase of £5.36 per year.

12. Overall this would result in an additional £0.2m of revenue to support council expenditure, therefore reducing the amount of savings which may otherwise need to be achieved by cutting or reducing service provision for customers, including those who may be from vulnerable groups. An increase in council tax values will, however, have a financial impact for the majority of

households in Norwich, The increase may be particularly difficult for those who are already under financial pressure.

13. In terms of impact, since Council Tax is applicable to all properties it is not considered that the increase targets any one particular group, rather it is an increase that is applied across the board. It should be noted that the majority of Norwich residents are within council tax Bands A and B where the annual increase is lower; the impact on all individual council tax bands is shown Appendix 2(E).

14. The main mitigation is that many people on low incomes can get Council Tax Support to help them pay their Council Tax bills. The council has retained a 100% Council Tax Support Scheme and the proposal is to maintain current levels of support and assistance in 2021/22. In addition further support is in place through the council's discretionary policies for those who suffer hardship and other support such as the council's go-for-less scheme.

Savings and Income Proposals

15. There has been an overall assessment of the Equality Impact Assessments that have been produced for the savings and income proposal and the findings are:

    - We acknowledge the need to ensure that our services are as accessible as possible. This will be central when looking at alternative models of delivery for the tourist information centre, customer contact centre and payment options in car parks, including the use of technology to reduce our costs.

    - There are some fee increases for non-statutory services that we provide, for example garden waste charges, and we understand that these fee increases all add up. This may not impact on specific protected characteristics, but will impact on those who have a low income.

    - Where a specific proposal requires a separate assessment, the full EqIA will identify any measures to ensure continued fair access for people with protected characteristics.

    - We will continue to ensure that we discharge our equality duty in the provision of parks and open spaces is optimised through, for example, provision of accessible toilet facilities.

16. The equality impact assessments will continue to be updated as projects move through the feasibility appraisal and into implementation.

17. If there is a requirement to adapt the proposals as the full EqIAs are finalised, there is financial mitigation (in the form of the budget risk reserve) put aside for any non-delivery or amendments to proposals.

# Integrated impact assessment	NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	10 February 2021
Director / Head of service	Annabel Scholes
Report subject:	The council's 2021/22 budget and medium term financial strategy
Date assessed:	27 January 2021
Description:	This integrated impact assessment covers proposals for the General Fund revenue budget, the HRA Business Plan, the Council's capital investment strategy and the treasury management strategy

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The budget proposals will secure continuing value for money in the provision of services to council tax payers and other residents of the city, as well as the provision of works and services to council tenants.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

	Impact			
Equality and diversity (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	The proposed budget within this paper covers a wide range of council activity and spend. As a result it is not possible to provide a detailed assessment of, for example, the impact on residents and others with protected characteristics under The Equality Act at this level. Existing council processes for equality impact assessments will continue to be carried out at an appropriate time for the individual projects, activities and policies that constitute this budget and service review programme.
Environmental (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☐	☒	☐	The proposed capital investment strategy will provide for improvements to the council’s assets and the surrounding environment.

	Impact			
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	The budget paper clearly outlines a number of financial risks to the council, some of which have increased in light of changes to the wider economic environment. A number of measures have been put in place to mitigate the increased risk as set out in the recommendations from the impact assessment section.

Recommendations from impact assessment
Positive
None
Negative

The report includes several mitigating actions in terms of risk management, namely: • The introduction of new earmarked reserves: (1) the budget risk reserve to manage the financial risks associated with both the future impacts of the pandemic and the delivery of the 2021/22 budget savings identified; (2) a business change reserve to fund costs linked to the council's transformational change programme. Further detail in Section 2 paragraphs 2.5 and 2.6. • Existing earmarked reserves established to help mitigate the risk associated with commercial property acquisition and lending to Norwich Regeneration Limited. • The maintenance of a Prudent Minimum Level of General Fund reserve. • The requirement to produce robust Business Cases for large capital projects (many of which will generate commercial returns or savings) before Council approves the project within the capital programme.
Neutral
None
Issues
None

1. LOCAL GOVERNMENT FINANCE – ECONOMIC AND STATUTORY CONTEXT

Key Economic Indicators and State of Public Finance

1.1 A summary of the key economic indicators, as at the time of writing this report (January 2021), is given below.

Table 1.1: Key economic indicators & state of public sector finances

Bank Interest Rate: The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 16 December 2020, the Committee judged that the existing stance of monetary policy remains appropriate. The MPC voted unanimously to maintain Bank Rate at 0.1%. The MPC will continue to monitor the situation closely. If the outlook for inflation weakens, the Committee stands ready to take whatever additional action is necessary to achieve its remit. The Committee does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% inflation target sustainably. *Source: Bank of England – December 2020*
Inflation: Twelve-month CPI inflation fell to 0.3% in November, down from 0.7% in October. The weakness of recent outturns largely reflects the direct and indirect effects of Covid on the economy. CPI inflation is expected to rise quite sharply towards the target in the spring, as the VAT cut comes to an end and the large fall in energy prices earlier this year drops out of the annual comparison. The outlook for the economy remains unusually uncertain. It depends on the evolution of the pandemic and measures taken to protect public health, as well as the nature of, and transition to, the new trading arrangements between the European Union and the United Kingdom. It will also depend on the responses of households, businesses and financial markets to these developments. *Source: Bank of England – December 2020*
Unemployment Rate and Average Earnings: The Government's furlough scheme has prevented a larger rise in unemployment. Grants, loans, and tax holidays and reliefs to businesses have helped them to hold onto workers, keep up to date with their taxes, and avoid insolvencies. Nonetheless, the OBR anticipates a significant rise in unemployment – to 7.5 per cent in its central forecast – as this support is withdrawn in the spring. *Source: Overview of the November 2020 Economic and fiscal outlook (Office for Budget Responsibility)*

Public Sector Finances:

The coronavirus pandemic has delivered the largest peacetime shock to the global economy on record. It has required the imposition of severe restrictions on economic and social life; driven unprecedented falls in national income; fuelled rises in public deficits and debt surpassed only in wartime; and created considerable uncertainty about the future.

During the first wave of infections, the UK locked down later and for longer than some of its European neighbours and experienced a deeper fall and slower recovery in economic activity. A resurgence of infections is now in progress across Europe and North America, prompting the tightening of public health restrictions and re-imposition of national lockdowns and taking the wind out of an already flagging recovery. That includes the UK, where GDP is set to fall by 11 per cent this year – the largest drop in annual output since the Great Frost of 1709.

The virus has also exacted a heavy and mounting toll on the public finances. In the OBR's central forecast, receipts this year are set to be £57 billion lower, and spending £281 billion higher, than last year. The Government has committed huge sums to treat the infected, control the spread of the virus, and cushion its financial impact on households and businesses. As support has been expanded and extended, including in the wake of the second wave of infections, the total cost this year is now forecast at £280 billion.

In the OBR's central forecast, the combined impact of the virus on the economy and the Government's fiscal policy response pushes the deficit this year to £394 billion (19 per cent of GDP), its highest level since 1944-45, and debt to 105 per cent of GDP, its highest level since 1959-60 (Chart 1.1). Borrowing falls back to around £102 billion (3.9 per cent of GDP) by 2025-26, but even on the loosest conventional definition of balancing the books, a fiscal adjustment of £27 billion (1 per cent of GDP) would be required to match day-to-day spending to receipts by the end of the five-year forecast period.

The increase in borrowing does render the public finances more vulnerable to changes in financing conditions and other future shocks.

Source: Overview of the November 2020 Economic and fiscal outlook (Office for Budget Responsibility)

The Chancellor has announced that the Budget 2021 will take place on Wednesday 3 March. A Spending Review is expected in Autumn 2021 although it is not clear what time period it will cover.

Provisional Local Government Finance Settlement

1.2 The Provisional Local Government Finance Settlement 2021/22 was published on 17 December 2020. The key announcements with relevance to Norwich City Council are summarised below. The specific funding allocations for Norwich are detailed in Part 2 of the Report.

1.3 **Spending Power:** Local authority core spending power is projected by the Government to rise by 4.5 per cent in cash terms, or £2.2 billion in 2021/22. This increase is largely due to the ability of social care authorities to increase their council tax bills by up to 5 percent. Revenue Support grant will increase in line with inflation.

1.4 **Covid support:** To support local authorities in England with Covid-19 pressures next year, the Government expects to provide over £3 billion in additional support. The additional support includes:

- £1.55 billion to meet additional expenditure pressures as a result of Covid-19;
- £670 million to support households that are least able to afford council tax payments:
- £762 million to compensate for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020/21; and
- extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further 3 months until the end of June 2021

1.5 **Business Rates:** The business rates multiplier will be frozen for 2021/22. It will remain at 49.9p (small business multiplier) and 51.2p (national business multiplier). Councils will receive £650 million in compensation in 2021/22 for under-indexing of the business rates multiplier.

1.6 The Government is considering options for further Covid-19 related support through business rates reliefs. In order to ensure that any decisions best meet the evolving challenges presented by Covid-19, the Government are likely to outline plans for 2021/22 reliefs at the Budget in March. Local Authorities may be expected to use their discretionary relief powers (section 47 of the Local Government Act 1988, as amended) to grant any news reliefs in line with the relevant eligibility criteria set out in the guidelines. However, the full cost of granting this relief will be compensated through a section 31 grant from Government.

1.7 The Government again confirmed that it would delay the move to 75 per cent Business Rates Retention. In order to provide further stability to the sector, the Government has also decided not to proceed with a reset of business rates baselines in 2021/22.

1.8 The Government is undertaking a fundamental review of the business rates system and is currently considering responses to the call for evidence. A final report setting out the full conclusions of the review will be published in spring 2021.

1.9 **Council Tax:** For 2021/22, shire district councils will be able to increase their Band D council tax rate by up to 2%, or up to and including £5, whichever is higher (referendum limit). Social care authorities will be able to levy a 3 per cent adult social care precept (in addition to the existing basic referendum threshold of 2%). This can be spread over two years.

1.10 Police and Crime Commissioners (PCCs) in England will have the flexibility to increase funding in 2021/22 with a £15 council tax referendum limit on a Band D property.

1.11 **New Homes Bonus:** The Government will maintain the existing New Homes Bonus scheme for a further year with no new legacy payments. There will be a government consultation on reforms to the New Homes Bonus shortly, with a view to implementing reform in 2022/23.

1.12 **Other funding:** a number of additional funding streams were announced as part of the 2020 Spending review:

- An investment of £573 million in Disabled Facilities Grants and £71 million in the Care and Support Specialised Housing Fund, supporting people to live independently.

- UK Shared Prosperity Fund (UKSPF) to support the regeneration of towns and communities by targeting further investment at places most in need by supporting places, such as former industrial areas, deprived towns and coastal communities.

- Levelling Up Fund worth £4 billion for England is a new cross-departmental fund to invest in a broad range of high value local projects up to £20 million. The Government will publish a prospectus for the fund and launch the first round of competitions in the New Year.

- National Home Building Fund (NHBF), with initial funding of £7.1 billion over the next four years to unlock up to 860,000 homes.

- Reconfirming £12.2 billion for the Affordable Homes Programme (AHP).

- An additional £12 million to take forward the Government's radical planning reform agenda

- £254 million of additional resource funding, including £103 million announced earlier this year for accommodation and substance misuse, to support rough sleepers and those at risk of homelessness during Covid-19. The Government will also provide new funding to support prison leavers at risk of homelessness into private rental tenancies and will commit £87 million of capital funding in 2021/22 primarily to support the delivery of long-term accommodation for rough sleepers.

- £98 million of additional resource funding, bringing total funding to £125 million, to enable local authorities to deliver the new duty to support victims of domestic abuse and their children in safe accommodation in England

- The underlying core settlement for local authorities in 2021/22 includes providing £16 million to support modernisation of local authorities' cyber security systems.

Local Government Finance Post 2022

1.13 The financial settlement covered only 2021/22, with the government implementing a 'roll forward' finance settlement. This means a further one-year delay to the longer term local government financial reforms, including:

- 75% business rates retention with the aim of ensuring local authorities have more control over the money they raise and incentives to grow and reinvest in their local economies;
- introducing reforms to the business rates retention system to increase stability and certainty; and
- reviewing the funding formula that determines funding allocations through the annual local government finance settlement (Fairer Funding Review).

1.14 In the consultation document accompanying the provisional settlement, the Government confirms that it will, once the pandemic is over, continue to work with local government to understand the lasting impact the COVID-19 pandemic has had on both service demands and revenue raising.

1.15 The Government states that it will revisit the priorities for reform of the local government finance system, with the aim of ensuring that councils are set on a long-term trajectory of sustainable growth and fair resources. This process will take account of wider work on the fairer funding review, business rates reforms and the Adult Social Care system. Final decisions will be taken in the context of next year's Spending Review.

Regulatory Changes

Redmond Review

1.16 Alongside the settlement, The Secretary of State announced the Government's response to the Independent review of Local authority financial reporting and external audit (the Redmond Review). This included the following:

- The deadline for audits will be put back to September 30th for two years in 2021 and 2022.
- £15 million will be provided for councils in 2021/22 to pay for additional costs arising from new reporting requirements recommended by the Redmond review and expected increases audit fees driven by additional audit requirements arising from the new NAO code of practice.

The Government is still considering whether structural changes are required to the procurement and regulatory arrangements for local audit and will make a decision on that in 2021.

Financial Management Code

The Chartered Institute of Public Finance and Accountancy (CIPFA) recognises that the challenging financial environment has placed local authority finances under intense pressure. High profile failures of other local authorities have inevitably raised concerns about weaknesses in financial management across the sector. In response, CIPFA has published a Financial Management Code (the FM Code).

1.17 The Financial Management (FM) Code is intended to provide guidance about good and sustainable financial management, along with assurance that resources are being managed effectively. As such, the code requires authorities to demonstrate that processes are in place which satisfy the principles of good financial management. It identifies risks to financial sustainability and sets out details of a framework of assurance which reflects existing successful practices across the sector. Crucially, the code establishes explicit standards of financial management, and highlights that compliance with these is the collective responsibility of elected members, the chief finance officer and the wider Corporate Board.

1.18 The Code is based on the following principles:

- Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

1.19 The principles are underpinned by financial management standards that the council will need to demonstrate compliance. The manner in which this is to be achieved is not prescribed, and CIPFA have issued further supporting guidance during the 2020/21 financial year.

1.20 The FM Code was published in late 2019 to take effect from April 2020, given the timing of the publication 2020/21 is a "shadow year" with full compliance expected in 2021-22. Many of the requirements of the FM Code represent good practice, which are already reflected in the council's planning, policies and systems, however the council will undertake a review to identify any areas for improvement.

Property Investment

1.21 In March 2020 the government commenced a consultation on the Public Works Loan Board (PWLB) future funding terms. As part of the Spending Review announcement, the government has confirmed that it will reform the PWLB lending terms, ending the use of the PWLB for investment property bought primarily for yield.

1.22 Alongside the Spending Review, the Government has published revised lending terms for the PWLB and guidance to support local authorities to determine if a proposed project is an appropriate use of PWLB loans. The new terms apply to all loans arranged from 26 November 2020.

1.23 In response to the revised lending terms the Government has cut PWLB lending rates to gilts + 100 base points for Standard Rate and gilts + 80 base points for those authorities able to make use of the Certainty Rate.

1.24 The council's Non-Financial (Commercial) Investment Strategy forms Section 5 of this report. This has been updated to reflect the impact of the PWLB lending terms on the council's investment activity, as well decisions taken during 2020/21 in relation to investment decisions for its wholly owned subsidiaries.

2. GENERAL FUND 2021/22 BUDGET AND MTFS

Forecast 2020/21 Outturn

2.1 The latest position on the General Fund, as at Period 9 shows a forecast underspend of £1.303m.

2.2 The Covid-19 pandemic has had a huge impact right across the council's budgets in 2020/21. There has been increased spending in areas such as housing rough sleepers and enabling council staff to work efficiently from home - combined with a loss of income from sources such as car parks, commercial rents and events. The council responded quickly to these factors and through detailed reviews of internal spending identified in-year savings of over £3m to reduce the overall budget impact. This is money which was taken out of council budgets in-year to mitigate against the impact of the pandemic, which otherwise could have been spent on local services.

2.3 Also included in the forecast is the £2.8m of emergency funding confirmed from government, this has been used to support the council's ongoing response to the pandemic.

2.4 As it is clear that the financial risks associated with Covid-19 will continue to significantly impact the council in future years, it is vital that the council remains resilient to the future risks. Therefore although a budget underspend is now forecast, in December Cabinet agreed to continue to deliver the in-year savings with any improved financial position kept aside to manage the future risks.

2.5 In December Cabinet agreed to set up a new earmarked reserve which will be used to manage the financial risks associated with both the future impacts of the pandemic and the delivery of the 2021/22 budget savings identified. It is also proposed to create a further earmarked reserve to fund the costs associated with business change linked to the programme of service reviews taking place. This reserve will be used to fund costs linked to the change programme which are not delivering specific savings, for example project management and benchmarking. It will also support training and development of our workforce to ensure we have the skills required to deliver the ambitions of the Council.

2.6 Based on a review of the potential financial risks associated with the delivery of the 2021/22 budget it is proposed to transfer £0.700m of the current year underspend into the Budget Risk Reserve and £0.500m remainder into the Business Change Reserve.

2.7 As part of the response to the pandemic the government announced additional business rates reliefs to businesses in the retail, hospitality and leisure sectors. These reliefs have reduced the income received directly from business rates payers, with the lost income compensated for by a Section 31 grant from central government. The overall impact will be a deficit on the business rates collection fund and additional grant income received into the general fund. Due to the required accounting treatment, there will be a timing difference between when the two elements impact on the general fund (S31 grant income in 2020/21 and the deficit in 2021/22). To manage the impact of this it is proposed that the additional grant income received in 2020/21 is transferred into the S31 Earmarked reserve and returned into the general fund in 2021/22 to offset the impact of the business rates deficit.

Proposed 2021/22 Revenue Budget

2.8 The savings options for 2021/22 have been proposed from service areas and reviewed by finance, HR, strategy and legal. Proposals have then been reviewed by officers to assess the deliverability and impacts on the corporate plan. Service leads have completed deliverability assessments for savings items setting out key milestones, resource requirements and risks.

2.9 In line with the approach used in previous years, the council has consulted the public on the proposed approach to meeting the savings target and on the potential for a council tax rise. The consultation closed on 27 January 2021. An analysis of the results is given in Appendix 2 (I) which shows that 58% of people agree or strongly agree with the proposed council tax increase.

2.10 Appendix 2 (A) summaries the key movements in the base budget (i.e. 2020/21 approved budget) to arrive at the proposed 2021/22 budget. Appendix 2 (B) shows a subjective breakdown of the gross income and expenditure proposed.

2.11 Permanent savings/additional income of £2.009m have been identified, which includes £0.163m of additional efficiency stretch saving targets for services to meet in 2021/22. This is a shortfall against the savings target of £3.150m shown in the MTFS update presented to Cabinet in November 2020. A detailed summary of the proposed budget savings and growth is shown in Appendices 2 (F) and 2 (G), with items categorised as either growth, revenue generation or service efficiencies.

2.12 The budget proposals include £0.871m of budget growth (i.e. increases to the budget not arising from inflationary factors). The growth includes the impacts of higher recycling costs and a re-basing of planning fee income to current levels. The full list is shown in Appendix 2 (G).

2.13 It is important to note that the Council in the later part of the year saw an increase in the ongoing budget gap for 2021/22 due to the medium term impact of Covid-19. A number of short term growth items have been identified and built into the 2021/22 budgets. These items total £3.175m, with assumed reductions in the council’s car parking and rental income levels having the largest impact.

2.14 The budget gap has been closed by taking on some additional short term options such as changing the approach to funding the capital programme, by maximising the use of capital receipts for one year rather than the ongoing budget for the revenue support of the capital programme. These decisions are assumed to be reversed in 2022/23 in the MTFS. It is important to note whilst one-year measures assist in setting a balanced budget, they do not address the structural financial gap over the medium term. The council has significant financial challenges and will require the cross-cutting service reviews to drive forward the savings options for future years. Whilst service reviews will look at how services can be delivered differently and more efficiency, it is likely – given the scale of the challenge – that they will lead to a reduction in service capacity in some areas.

2.15 The updated MTFS presented to Cabinet in November 2020 forecast that £2.066m of general fund reserves would be needed to balance the budget in 2021/22. There has however been a significant shift in the reserves requirement since the November Cabinet paper following confirmation of the outcomes from the Spending Review and Local Government Finance Settlement. The main factor in this movement is additional one-off Covid-19 grant funding confirmed for 2021/22 and a higher than forecast allocation of New Homes Bonus. As a result, rather than requiring £2.066m from general reserves to balance the budget, the budget has been balanced without the use of reserves.

2.16 Whilst the additional one-off grants mean no drawn down of reserves in 2021/22 it must be noted that with only a one-year impact the future annual net savings requirement is not significantly affected.

2.17 In addition to the ongoing general fund base budget, the council will continue to fund expenditure contributing to the service review programme through the use of the Invest-to-Save and Business Change reserves. The current planned expenditure is £1.009m of which £0.545m is to be funded from the General Fund reserves and £0.464m from the HRA reserve. A significant proportion of the spend relates to project resources needed to support the insourcing of the Norse joint venture contracts. Full detail shown in Appendix 2 (H).

2.18 The council has successfully secured funding of £25m through the Towns' Fund. Whilst the majority of the costs associated with the projects are expected to be capital in nature, there will inevitably be revenue costs incurred in supporting and delivery the programme. Any such costs will need to be met from the overall £25m funding available, with Treasury guidance suggesting these should not exceeded more than 10% of the overall grant allocation.

2.19 At this stage the projects are still being developed into full business cases and the element of revenue cost will be refined as part of that process. Therefore the 2021/22 budget proposals presented do not included any additional revenue costs associated with the delivery of the programme. It is proposed that the revenue budget is grossed up to include these as the individual business cases are approved; this will involve a technical virement to increase the expenditure budgets along with an additional income budget to reflect the element of the grant allocated to the revenue costs (see Appendix 2(J) for more detail on technical virements). There will be no bottom line impact on the general fund as the extra spend will be matched by income.

Chart 2.1: 2021/22 gross expenditure budget analysed by type of spend

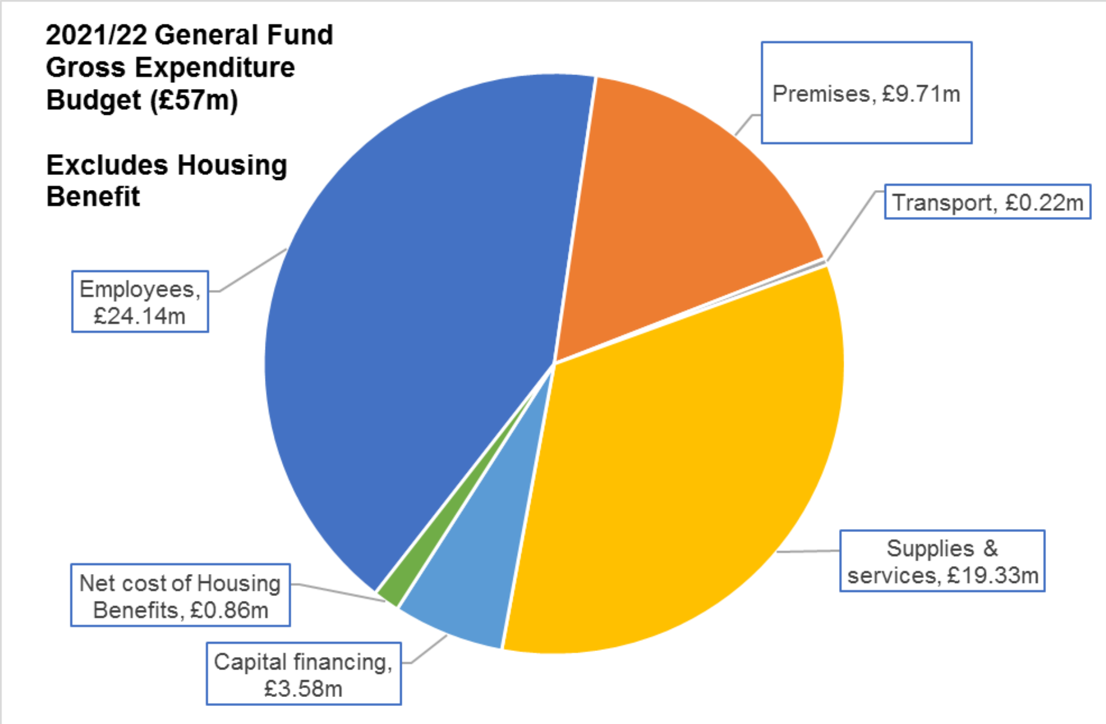
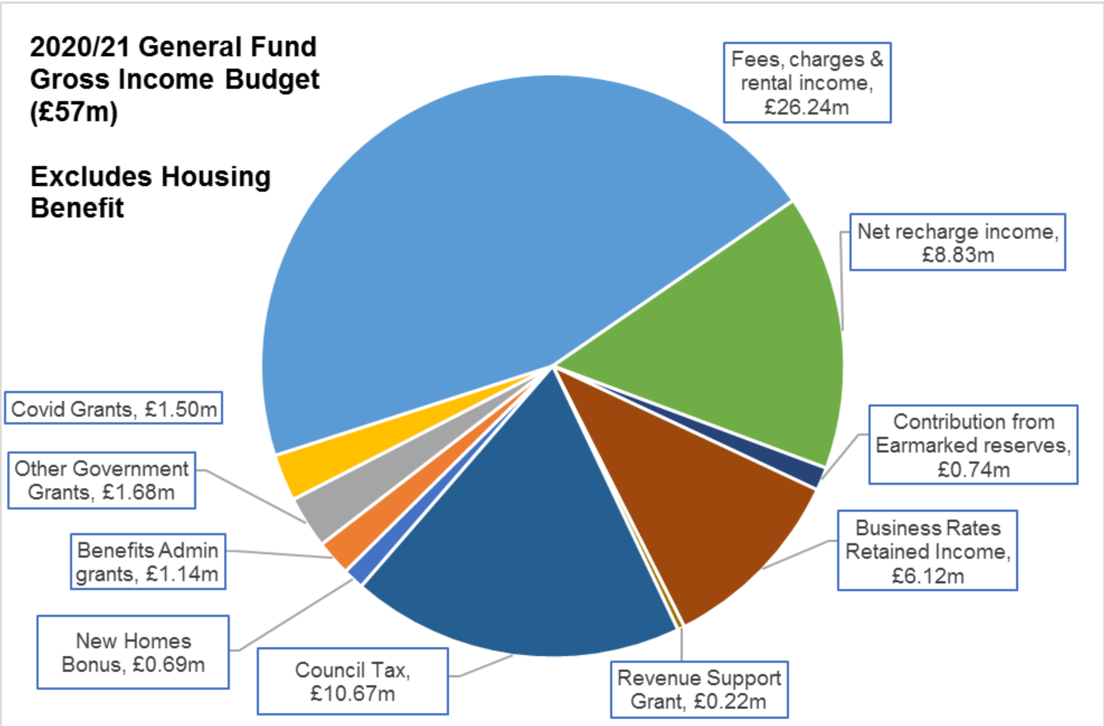


Chart 2.2: 2021/22 gross income budget analysed by type of income



Medium Term Financial Strategy (MTFS)

2.20 The MTFS is a forecast of the estimated cost of delivering current services over the next five years, compared to the anticipated funding streams to support council services. This results in a projected budget gap from which the future savings requirements are estimated.

2.21 The principle adopted for a number of years has been to smooth the savings requirement over the medium term. This has been to prevent significant annual fluctuations in savings requirements and ensure a strategic approach can be taken to delivering savings projects. In order to smooth the savings requirements however it means that the council needs to draw down on general reserves. These are a one-off source of fund and therefore utilisation of reserves is not sustainable in the long term and the ongoing service reviews will need to form a key element of bringing the budget into balance over the next two years.

2.22 The 2021/22 MTFS maintains the previous approach of presenting a strategy to deliver a smoothed savings requirement over a 4 year period and utilising general reserves (down the prudent minimum level of £5.2m). Table 2.2 below shows the medium term financial projections for the years 2022/23 to 2025/26. The full MTFS by subjective group is shown in Appendix 2 (D).

Table 2.2: Summary Medium Term Financial – Figures are in £000s

	2022/23	2023/24	2024/25	2025/26
Budget base	23,837	25,025	27,072	29,530
Resources	(16,369)	(16,786)	(17,288)	(17,745)
Savings required (cumulative)	**7,467**	**8,240**	**9,784**	**11,785**
Permanent savings (cumulative)	(3,200)	(6,400)	(9,600)	(11,800)
Short-term savings	(1,574)	0	0	0
Required use of reserves	**2,693**	**1,840**	**184**	**15**

2.23 Included in the 2021/22 budget are £3.175m of short term growth items, with the majority related to the impact of Covid-19 on the council's income streams in areas such as car parking, rental income, licensing income and fees and charge from cultural and leisure activities. At this stage it is not clear for how long and to what extent these impacts will be continue and therefore a high level assumption has been adopted to unwind the short term growth evenly over a two year period. This means that that base budget in 2022/23 includes £1.574m of short term growth (the 2nd year of assumed impact) which Table 2.2 assumes will be met from further one-off savings in 2022/23.

2.24 The MTFS shows a need to make permanent gross savings of £11.8m over the next four years, assuming demand-led growth of £0.75m per annum. Following the existing "smoothed" approach this equates to gross savings of £3.2m each year to 2024/25 and £2.2m in 2025/26.

Table 2.3: Smoothed net savings required 2022/23 to 2025/26 - Figures are in £000s

	2022/23	2023/24	2024/25	2025/26
Assumed annual service growth	750	750	750	750
Gross saving requirement	(3,200)	(3,200)	(3,200)	(2,200)

Net annual saving requirement	**(2,450)**	**(2,450)**	**(2,450)**	**(1,450)**

2.25 As noted in the introduction to this report, the estimates for 2022/23 onwards cannot to be taken as robust figures given the changes that will be introduced to the local government finance regime from 2022/23 onwards (and as described in Section 1 of this report).

2.26 The MTFS shows that the council has a significant savings challenge over the next 4 years and will require the cross-cutting service reviews to drive forward the savings options for future years. Whilst service reviews will look at how services can be delivered differently and more efficiency, it is likely – given the scale of the challenge – that they will lead to a reduction in service capacity in some areas. The risks over the deliverability of the saving requirement and mitigating actions are discussed in Section 8

Key figures & assumptions in the 2021/22 budget and MTFS

Council Tax

2.27 Any increase in the level of council tax is limited by referendum principles, which for a district council have been set at a maximum of 2% or £5 each year for 2021/22.

2.28 A 1.99% increase to the Band D rate is proposed in the 2021/22 budget figures (£0.2m additional income). The proposed 2021/22 Band D rate is therefore £274.74 compared to the current year rate of £269.38 – an increase of £5.36. This is for the Norwich City Council share of total council tax only and does not include the amounts required from preceptors - Norfolk County Council and the Office of the Police and Crime Commissioner for Norfolk. Appendix 2 (E) shows the proposed increases by each Council Tax band.

2.29 The figures shown will be reduced, for qualifying council tax payers, by the council's Council Tax Reduction Scheme (CTR). Currently the total cost of the CTR scheme is £14.9m, of which the Norwich share is £2.1m.

2.30 The Council Tax base has been set at 37,408 which combined with the Band D rate gives a budgeted income of £10.277m in 2021/22.

2.31 In addition a collection fund surplus receipt from the prior year of £0.075m is proposed to be distributed in 2021/22. The full calculation shown in Appendix 2 (E). Whilst the overall net distribution is a surplus, it includes an element related to the forecast deficit for 2020/21. In line with government requirement this deficit will be spread equally over a three year period, with the first instalment in 2021/22.

2.32 For future years of the MTFS, the same referendum principles have been assumed with the maximum increase allowed being taken each year. An increase in the council tax base of 1% per annum is also assumed for estimated growth in the number of dwellings in the Council's area. Given the 2020/21 council tax deficit is required to be spread over three years, no surplus is now assumed in 2022/23 and 2023/24.

Business rates

2.33 On 23 October 2020, all Norfolk local authorities confirmed to MHCLG a provisional intention to continue the Norfolk pool in 2021/22. This was caveated, reserving the right to revoke the pool in light of various uncertainties around business rates income, in particular the need for clarity about the extension of business rates reliefs into 2021/22.

2.34 Under the terms of the Governance Agreement, the Norfolk Pool would operate a safety net guarantee; this means the pool members collectively insure that each authority receives as a minimum 92.5% of their baseline funding. In light of the wider economic landscape and difficulty in forecasting business rates receipts there is a clear increase in the financial risks associated with operating a pooling arrangement in 2021/22. Additionally, the government to date has offered no assurances on the extension of reliefs into 2021/22, only stating that it is considering options for further Covid-19 related support.

2.35 Taking into account the risk / reward position suggested by the latest forecasts across Norfolk, and the wider uncertainties around both the forecasts and the level of business rates support to be provided next year, Norfolk Leaders have decided not to continue with pooling in 2021/22.

2.36 This decision will not impact on the council's business rates budgets in 2021/22. The small forecast levy (£0.060m) that would have been paid into the Norfolk's economic development fund will now be payable to central government. Without being part of a pooled arrangement, central government are now liable for any safety net payments – this would only be due however if the council's business rate income drops by more than 7.5% below its baseline funding level.

2.37 The retained business rates forecasts are based on actual amounts collectable at December 2020 which are then adjusted for local knowledge (i.e. appeals, charitable relief) and then uplifted by an inflationary increase to allow for the increase in the business rates multiplier (rates frozen for 2021/22).

2.38 The 2021/22 retained business rates have been budgeted at £6.310m along with a forecast deficit distribution from 2018/19 and 2019/20 of £17.318m. The majority of this a deficit (£17.192m) will be offset from income from the S31 Earmarked Reserve (as detailed in paragraph 2.7) and reflects the additional reliefs awarded as part of the government's response to the pandemic. A breakdown of the business rates calculation is shown in Appendix 2 (E).

2.39 The forecasts for retained Business Rates income from 2022/23 assume current baseline amounts (with inflationary uplifts) and do not take into account, as they are currently unknown, the potentially significant changes in funding arising from 75% Business Rates Retention and the Fairer

Funding Review. The MTFS includes an allowance in 2022/23 and 2023/24 of £0.288m for the 2020/21 forecast business rates deficit that is being spread over a three year period. For the further years, estimated £300k per annum is allowed for any deficits arising on the Collection Fund.

2.40 There remains a significant financial risk on business rates income from the impact of valuation appeals, in particular over the 2017 valuation list. There remains limited information available regarding the level or impact of potential appeals.

Payroll

2.41 The MTFS shows growth in the Council's payroll cost (assuming current levels and numbers of staff employed). Payroll-related inflation has been estimated at 2.5% in 2022/23 and beyond to allow for an annual pay settlement, payroll drift, and the impact of the Living Wage. Additional estimates have been included for expected increases to pension deficit contributions; although these will be subject to the outcome of future triennial valuations of the pension scheme.

2.42 Included in the 2021/22 budget is a £575k vacancy factor. This reflects an assumed 3% assumed saving on staffing expenditure during the year due to staff turnover and is within the levels of underspend seen in recent years. The allowance has been budgeted with the corporate codes and will be allocated to service areas once the management structures have been agreed using a technical virement (see Appendix 2(J)).

Revenue contribution to capital

2.43 To support the capital budget envelope, the council has built into its financial planning stepped increases in the revenue budget contribution to capital. For 2021/22 this was planned to be £1.550m. As part of the revenue budget pressures, a one-year decision has been taken to significantly reduce the revenue contribution in 2021/22 to £0.280m. This will result in more funding being required from capital receipts than originally planned, but this is affordable from existing GF capital receipt balances, which are forecast at £4.275m at the start of 2021/22 financial year.

2.44 For future years of the MTFS the revenue contribution to capital returns to the previous assumptions, so that by 2022/23 £1.5m is provided as a funding source to the capital programme along with a £0.300m contribution to cover the costs of the Homes Improvements Agency team.

Inflation

2.45 As part of the 2021/22 budget, contract inflation has been applied to the environmental services contract. The remainder of the MTFS allowance (£0.140m) will be held centrally until specific contractual uplifts are confirmed. Budget allocations from the central fund will require technical budget virements to be processed by finance – these do not alter the nature of the budget spend but enable the costs to be assigned to the appropriate service area (for further detail see Appendix 2(J). Any unrequired amounts of the central fund will be released as part of budget setting for 2022/23.

2.46 Based on advice from the Office for Budget Responsibility's (OBR) Consumer Price index (CPI) forecasts, future inflation has been included on premises costs, supplies and services, and transport throughout the MTFS planning timeline. Inflation on income however is prudentially set to run approximately at 1% below expenditure inflation.

Government Grants

2.47 The provisional Local Government Finance Settlement confirmed a number of Covid-19 related one-off grants:

- Covid-19 emergency funding grant £0.947m
- Lower Tier Services Grant £0.255m
- Council Tax Support Grant £0.319m

2.48 It has also been confirmed that the existing Covid-19 sales, fees and charges reimbursement scheme will operate for a further 3 months until the end of June 2021. An estimated £0.300m in additional income has been included in the 2021/22 budget, although the actual amounts will depend on the performance of the council's income streams during the first quarter of the year.

2.49 The provisional settlement confirmed a new single-year allocation of New Homes Bonus of £0.500m, which when combined with legacy payments means total grant of £0.689m in 2021/22. No future new allocations of New Homes Bonus have been included in the MTFS given the government's intention to implement an alternative housing incentive scheme going forwards.

2.50 The council has received confirmation of it allocation of Homelessness Prevention Grant of £0.596m. This has replaced the Flexible Homelessness Support grant and Homelessness Reduction Act New Burdens grant previously received. Central government has confirmed the continuation of the Rough Sleeper Initiative Grant and that authorities will receive at least the same level of funding as 2020/21. These grant receipts are matched by corresponding expenditure assumptions. The MTFS assumes the continuation of the grants and related expenditure for future years; any changes in the grant levels are therefore assumed will be offset by reductions in the related expenditure.

2.51 Other grants for future years have been estimated at 2020/21 levels, with the exception of Housing Benefit and Local Council Tax Support Administration Grants. These grants have been estimated to reduce annually by 5% based on the service experience for other authorities moving to full universal credit service.

Capital financing budget

2.52 The capital financing budget includes interest charges from external borrowing and Minimum Revenue Provision charges. The budget for 2021/22 provides coverage for all existing external borrowing and an allowance for a further £55m of external borrowing spread across the financial year at a rate of 3%. Additional allowance for further borrowing in subsequent years has been allowed for in the MTFS to fund the council's capital financing requirement. The treasury position will continue to be actively managed as set out in Section 6: Treasury Management Strategy.

Income from wholly owned companies

2.53 The MTFS assumes a steady state loan interest income budget of £0.420m per annum arising from lending to Norwich Regeneration Ltd (NRL) for the life of the MTFS. The actual interest charges will be dependent on the cash flow requirements of the company and pace at which schemes are developed and loans repaid. Prudently, no income is assumed for those schemes in the NRL business plan, which are yet to have the lending approved by Council as part of a full business case. The budget and MTFS forecasts do not include any possible dividend (profit share) income from the company.

2.54 The MTFS assumes £0.034m of interest income from Norwich City Services Ltd from the loan advanced to the company to undertake depot improvement works. No profit is assumed from the company before 2024/25 in line with the company's indicative business case. From 2024/25 an estimated £0.150m profit share return has been included.

General Fund Reserves Position

The General Fund reserve

2.55 The prudent minimum level for the general fund reserve has been set at £5.100m. The smoothed MTFS brings the forecast reserves down to around Prudent Minimum Balance plus 2.5% by the end of 2023/24.

Table 2.4: Estimated General Fund reserves position (Figures are in £000s)

	2021/22	2022/23	2023/24	2024/25	2025/26
Balance brought forward	(9,980)	(9,980)	(7,287)	(5,447)	(5,263)
Transfer (to)/from reserves	0	2,693	1,840	184	(15)
Balance carried forward	**(9,980)**	**(7,287)**	**(5,447)**	**(5,263)**	**(5,278)**

2.56 After 2024/25 savings will still need to be required if any inflationary increases or growth in costs are not able to be offset by rises in council tax, business rates and other income generated by the council. These savings will need to be made without relying on reserve contributions to balance the budget.

Earmarked Reserves

2.57 The General Fund holds a number of earmarked reserves which are held for specific purposes. The balances held in earmarked reserves are regularly reviewed to assess whether the funds are held at an appropriate level. The key reserves are summarised in Table 2.5.

Table 2.5: General Fund earmarked reserves (Figures are in £000s)

	Actuals at 31 March 2020	Forecast 31 March 2021
Invest to Save Reserve To support the delivery of savings and efficiencies through the Future Shape Norwich Programme over the next 2-3 years.	**3,010**	**2,118**
Commercial Property Reserve Established to reduce the risks associated with holding commercial property by providing funding for any future void and rent free periods as well as repairs and upgrades to the investment portfolio.	**2,047**	**2,047**
Insurance Reserve This is to cover the excesses carried in respect of claims under various insurance policies and is subject to annual review.	**1,085**	**1,085**
Norwich Regeneration Ltd Reserve Established to smooth any fluctuations in net income received by the Council from lending to NRL. The reserve level was increased in 2019/20 to mitigate against any potential future Minimum Revenue Provision charges required to cover for estimated non-recovery of the loan balance. The recoverability of the loan will continue to be reviewed and should any element of the reserve not be required it can be returned to general reserves.	**4,000**	**4,000**
S31 Grant Reserve Unutilised balance of S31 Grant monies received in prior years from Central Government to fund Business Rates reliefs. These monies will be transferred to the General Fund Reserves as and when required to offset any future business rates deficits. The increase in the reserve at 31 March 2021 reflects the additional grant income received in 2020/21 to compensate the council for additional business rates reliefs announced by HM Treasury as part of the Covid-19 response. It is proposed that these are returned to the general fund in 2021/22 to match the	**2,045**	**19,237**

	Actuals at 31 March 2020	Forecast 31 March 2021
timing of the related collection fund deficit (see paragraph 2.7).		
Revenue Grants Unapplied Holds grants and contributions received which have yet to be applied to meet expenditure. The use of the balance is restricted and can only be used to fund the specific service area awarded the grant income. The majority of the balance is made up of S.106 contributions which are released each year to support the maintenance costs on specific assets e.g. play areas.	**1,840**	**1,736**
General Fund Repairs Reserve To provide future funding for required maintenance on general fund properties. £0.2m proposed to be used in 2021/22 to fund required property maintenance.	**444**	**444**

Appendix 2 (A): Budget Resources breakdown and 2021/22 movements from the approved 2020/21 base budget

Budget Resources Analysis:

	2020/21	**2021/22**	
	£000		**£000**
Council Tax			
Projected tax base (2020/21: 37,003)		37,408	
Planned Council Tax increases			
Council Tax Increase		1.99%	
Council Tax Band D (2020/21: £269.38)		£274.74	
Council Tax Yield	9,968		10,277
Surplus/(deficit) on Collection Fund	321		75
Council Tax Support Grant	0		320
	10,289		**10,672**
Business Rates Retention Scheme			
RPI		0.00%	
Local Business Rates (including levy)	6,539		6,250
Surplus/(deficit) on Collection Fund	844		(17,293)
S31 grant transfer from reserves	0		17,167
	7,383		**6,124**
Revenue Support Grant	**216**		**217**
2021/22 Budget Resources	**17,888**		**17,013**

Movements from 2020/21 approved budget:

		£000
2020/21 Budget Resources		**(17,888)**
Budget movements:		
Increase in revenue support grant		(1)
Reduction in business rates income		1,259
Increase in council tax income		(383)
2021/22 Budget Resources		**(17,013)**

2020/21 Budget Requirement		**17,888**
Removal of prior year contribution to reserves		(517)
Inflation		916
Increase in pension deficit contributions		585
Increase in grant income		(2,310)
Increase in grant-related spend		855
Reduction in recharge income		65
Financing changes		
Decrease in revenue contribution to capital funding		(1,000)
Increase in corporate vacancy management factor		(175)
Reduction in insurance reserve contribution		(25)
Reduction in commercial earmarked reserve contribution		(200)
Use of repairs reserve to fund budgeted repairs		(200)
Reduction in interest and MRP		(450)
Budget movements		
Removal of unachieved rental income		688
Reduction in NRL loan interest		119
Housing Benefit budget rebasing		673
Senior Management Restructure – Director level		(169)
Senior Management Restructure – Head of Service level		174
Permanent growth - Appendix 2 (G)		871
Short term growth - Appendix 2 (G)		3,175
Revised Based Budget Requirement		**20,963**
Required Efficiencies		*(3,950)*
Permanent savings - Appendix 2 (F)	(1,768)	
Additional income - Appendix 2 (F)	(240)	
One-off savings - Appendix 2 (F)	(1,942)	
Total Efficiencies identified		**(3,950)**
Required contribution from general reserves		0
2021/22 Budget Requirement		**17,013**

Appendix 2 (B): 2021/22 proposed budget by subjective group

Subjective group	Budget 2020/21 £000	Budget 2021/22 £000	Change £000
Employees	23,879	24,145	266
Premises	10,152	9,706	(446)
Transport	230	220	(10)
Supplies & services	18,256	19,331	1,075
Housing benefit payments	50,116	47,770	(2,346)
Capital financing	6,594	3,573	(3,021)
Gross expenditure	**109,227**	**104,744**	**(4,483)**
Government grants	(52,630)	(51,919)	711
Fees, charges & rental income	(29,604)	(26,236)	3,368
Net recharge income	(9,245)	(8,367)	878
Gross income	**(91,479)**	**(86,987)**	**4,492**
Contribution from / to General Reserves	517	0	(517)
Contribution from Earmarked Reserves	(377)	(744)	(367)
Total Budgetary Requirement	**17,888**	**17,013**	**(875)**

Appendix 2 (C): 2021/22 proposed General Fund budget by service

	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Chief Executive	267	0	267
Corporate Financing	2,067	(4,865)	(2,798)
Corporate & Commercial Services Management*	1,270	(464)	805
Finance, Audit & Risk	1,796	(1,023)	773
HR & Organisational Development	1,245	(465)	780
Legal & Procurement	3,119	(1,409)	1,711
Revenues & Benefits	52,087	(49,018)	3,069
Total Corporate & Commercial Services	**59,517**	**(57,244)**	**7,138**
Community Services Management	507	0	507
Customers, IT & Digital	5,997	(2,368)	3,629
Strategy, Engagement & Culture	3,907	(941)	2,967
Housing & Community Safety	7,146	(5,992)	1,153
Total Community Services	**17,557**	**(9,301)**	**8,256**
Development & City Services Management	496	0	496
Environment Services	17,952	(12,758)	5,194
Planning & Regulatory Services	3,762	(1,534)	2,228
Property & Economic Development	9,004	(12,027)	(3,023)
Total Development & City Services	**31,214**	**(26,319)**	**4,895**
Contribution from General Reserves		0	0
Contribution from Earmarked reserves		(744)	(744)
Budget Requirement	**109,849**	**(92,836)**	**17,013**
Revenue Support Grant		(217)	(217)
Business Rates Retained Income		(6,124)	(6,124)
Council Tax Income		(10,672)	(10,672)
Budget Resources		**(17,013)**	**(17,013)**

* Includes Project Place insourcing project costs £0.774m which are funded from the invest to save reserve. The income £0.464m is the HRA contribution and the GF contribution of £0.310m is shown within the £0.744m earmarked resource figure.

Note: Corporate financing includes interest costs, minimum revenue provision, New Homes Bonus, Council Tax Support Admin Subsidy Grants and contingency.

Appendix 2 (D): Breakdown of MTFS by subjective group

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Employees	24,145	25,324	26,320	27,391	28,497
Premises	9,706	10,207	10,365	10,552	10,752
Transport	220	223	226	230	235
Supplies & Services	19,330	19,172	19,319	19,666	20,041
Capital Charges	3,293	4,707	5,031	4,858	4,905
Housing Benefit Payments	47,768	47,970	48,170	48,370	48,570
Benefit Subsidy	(46,915)	(46,915)	(46,915)	(46,915)	(46,915)
Net recharge income	(8,367)	(8,557)	(8,557)	(8,557)	(8,557)
Contribution to Capital	280	1,800	1,800	1,800	1,800
Fee, charges, rental income	(26,236)	(27,700)	(29,286)	(29,667)	(29,930)
New Homes Bonus	(689)	(156)	0	0	0
Benefit/CTS Admin grant	(1,137)	(1,081)	(1,041)	(1,002)	(966)
Other Government Grants	(1,676)	(1,674)	(1,672)	(1,670)	(1,668)
One-off Covid Grants	(1,502)	0	0	0	0
Earmarked reserves transfer	(744)	(234)	(234)	(234)	(234)
Assumed growth cumulative		750	1,500	2,250	3,000
Subtotal budgets (no savings)	**17,012**	**23,836**	**25,026**	**27,072**	**29,530**

Business Rates	(6,124)	(5,782)	(5,880)	(5,979)	(6,098)
Formula Funding (RSG)	(217)	0	0	0	0
Council Tax	(10,671)	(10,587)	(10,906)	(11,309)	(11,647)
Total funding	**(17,012)**	**(16,369)**	**(16,786)**	**(17,288)**	**(17,745)**

Budget Gap	**0**	**7,467**	**8,240**	**9,784**	**11,785**

Gross savings needed (cumulative)		(3,200)	(6,400)	(9,600)	(11,800)
One-off saving needed		(1,574)	0	0	0
Required use of reserves	**0**	**2,693**	**1,840**	**184**	**15**

Appendix 2 (E): Calculation of retained Business Rates income and Council Tax

A. Business Rates Retained Income

	£000
Retained Income (including S31 grants for reliefs)	6,307
Less: Levy to the Norfolk Pool for economic development & pooled growth	(57)
Less: Norwich Business Rates 2019/20 and 20/21 deficit distribution	(17,293)
Plus: Transfer of prior year S31 grant from earmarked reserves	17,167
Total Business Rates Income 2021/22	**6,124**

B. Council Tax Calculation 2021/22

	No.	£
Budgetary requirement		**17,013,240**
- Revenue Support Grant		(217,280)
- Business Rates Distribution		(6,124,437)
= Council tax requirement		**10,671,523**
- Surplus on collection fund		(75,133)
- Local council tax support grant		(318,907)
=Total Council tax income		**10,277,474**
Band D Equivalent properties	37,408	
Council tax (Band D)		**274.74**

C. Council tax increases 2020/21 to 2021/22, Bands A to H

Band	A	B	C	D	E	F	G	H
2020/21	**£179.59**	**£209.52**	**£239.45**	**£269.38**	**£329.24**	**£389.10**	**£448.97**	**£538.76**
Increase	£3.57	£4.17	£4.76	£5.36	£6.55	£7.75	£8.93	£10.72
2021/22	**£183.16**	**£213.69**	**£244.21**	**£274.74**	**£335.79**	**£396.85**	**£457.90**	**£549.48**

Appendix 2 (F): 2021/22 list of proposed budget savings/increased income

Budget options – contract efficiencies, budget rebasing and review of recharges

	Theme	Description	2021/22 £000
1	Contract Reviews	Variations to existing contracts through delivering efficiencies and varying charging mechanisms	366
2	Alternative funding sources	Transfer of housing eligible expenditure to the Housing Revenue Account. Inclusion of new grant funding sources (i.e. Towns' Fund).	282
3	Budget rebasing	Minor budget reductions to reflect the current need	245
			893

Budget options – income generation

	Directorate	Service Area	Title	Description	2021/22 £000
4	Neighbourhoods	Parks and Open Spaces	Parks parking charges	New income stream generated by charging for parking in parks which currently provide free parking.	50
5	Neighbourhoods	Cemeteries	Growth in cemeteries income	Increase in access to green burials, and the use of Rosary Cemetery.	50
6	Neighbourhoods	Cemeteries	Increased cemeteries charge	Annual increase in fees in line with inflation and benchmarking.	20
7	Neighbourhoods	Integrated Waste Management	Increased garden waste charge	Price increase for garden waste subscriptions from £52 to £55 p.a. (6% increase)	29
8	Neighbourhoods	Community Centres	Community Centre transfer	Commercially run community centres - possible change to commercial let / sale for 2-3 properties	33
9	Neighbourhoods	Environmental Services	Clinical waste subsidy removal	Remove subsidy on commercial clinical waste disposal charges to several institutions	24
10	Resources	Financial Arrangements	Norwich City Services Ltd loan interest	Interest from Norwich City Services Ltd on loan for depot improvements	34
					240

Budget options – service transformation

	Directorate	Service Area	Title	Description	2021/22 £000
11	Place	Off-Street Parking	Alternative parking payment options	Increased payment options for car parking payments resulting in reduced cash collection costs and an assumed increase in income (as seen in other authorities).	111
12	Place	Pool Cars	Pool car fleet	Rationalisation of vehicle fleet	14
13	Place	Planning	Planning staffing	Reduction in an admin post which is currently vacant.	18
14	Resources	Revs and Bens	Revs & Bens Automation	5% efficiency target split across 2 years supported by the automation of tasks through investment in systems.	92
15	Strategy & Culture	IT Services	IT cost reductions	Renegotiation and rationalisation of multiple contracts	175
16	Strategy & Culture	Customer Contact	Digital First	Digital delivery of services following customer behaviour changes and channel shift during Covid-19. This will build on the work already done through full automation in parking permits and our successful appointments based approach.	114
17	Strategy & Culture	Tourism	Visitor Information	Re-focus on online information to align with customer behaviour changes as a result of Covid-19. Also develop an enhanced policy role to maximise and support partnership working.	113
18	Strategy & Culture	Mail Handling	Postage savings	Reduced postage costs linked to e-Billing and channel shift.	100
19	Strategy & Culture	Leisure	Leisure & culture post	Removal of vacant posts	48
	Multiple			Efficiency stretch targets across a number of service areas where full proposals were not available, but where there are regular underspends or ongoing system developments that have not yet delivered clear benefits.	90
					875

Short Term Savings

	Directorate	Service Area	Title	Description	2021/22 £000
20	Neighbourhoods	Cemeteries	Repairs cap	One year cap on general repairs and maintenance spend - only essential H&S works will be completed	10
21	Neighbourhoods	Street Cleansing	Street cleansing budget cap	One year cap in spend on the other contractual services budget	15
22	Neighbourhoods	Neighbourhood Operations	Neighbourhood ops budget cap	One year cap in spend on the projects budget.	8
23	Neighbourhoods	Housing Improvement Agency	Revenue contribution to capital	Reduction in revenue contribution to capital for Disabled Facilities adaptations - team costs covered by grant.	20
24	Place	NPSN Core Fee	NPSN core fee	5% reduction on GF element of the core fee	52
25	Place	General fund property repairs	GF responsive repairs	Reduced repairs budget on responsive repairs and planned maintenance (no reduction in programmed maintenance (safety and compliance))	325
26	Place	NPSN Pension Contribution	NPSN pension costs	Reduced pension contribution costs payable based on actuarial assessment.	85
27	Place	Environmental Strategy	Environmental Service events	Temporarily reduce environmental public events due to uncertainty over impact of Covid-19.	7
28	Place	Joint Ventures	NPSN Profit	Profit share assumption per NPSN business plan GF share.	25
29	Resources	Financing Arrangements	Interest cost reduction	The one-off saving figure based on analysis of expected external borrowing requirement during 21/22.	1,140
30	Strategy & Culture	Events	Events reduction	Temporarily reduce annual offering because of uncertainty around Covid-19 and link more closely to available grant funding.	226
31	Strategy & Culture	Norman Centre	Norman Centre cost reduction	Reducing expenditure to partially offset expected income losses in 21/22 relating to Covid-19.	4

	Directorate	Service Area	Title	Description	2021/22 £000
32	Strategy & Culture	St Andrews Hall	St Andrews cost reduction	Savings on expenditure e.g. temporary staffing costs and electricity costs if events do not go ahead. However, these savings will only go some way to covering loss of income.	25
					1,942

Appendix 2 (G): 2021/22 list of proposed budget growth

Permanent Growth

	Directorate	Service Area	Title	Description	2021/22 £000
33	Neighbourhoods	Waste Management	Recycling costs	Additional costs per tonnage for recycling	120
34	Neighbourhoods	Licensing	Licensing resource	Licensing business support post	20
35	Place	Asset Management	Site management	Additional gypsy and traveller site management costs	54
36	Place	Tree maintenance	Tree maintenance	Maintenance to trees located on General Fund sites	20
37	Place	Planning Fee	Planning fees	Reduction in planning fee income based on recent performance during Covid-19 and future assumptions.	170
38	Place	Planning	CNC Building Control	CNC building control - payments to cover contractual obligations.	23
39	Place	Car Parks	Business Rates	Business rates for re-opened Barn Road car park	42
40	Resources	Legal Services	Increased legal costs	Additional costs following re-provision of legal services contract	25
41	Resources	Elections	Electoral Management System	Development of systems to improve the efficiency of the electoral service (subject to business case)	30
42	Resources	HR	Additional HR resource	Additional resource to align with increased demand.	56
43	Resources	External Audit	Audit fee	Audit fee rise from additional regulatory changes.	30
44	Resources	Finance	Income budget rebasing	Cheque write-offs - unachievable income linked to reduced cheque use	80
45	Resources	Insurance	Insurance costs	Additional insurance premium costs	36
46	Strategy & Culture	Strategy	Digital Inclusion	Extension of Digital Inclusion Post following end of grant funding	23
47	Neighbourhoods	Environmental Services	Pension Rebate	Removal of pension rebate following end of joint venture arrangement	120
48	Various			Other minor growth (less than £10k individually)	22
					871

Short Term Growth

	Directorate	Service Area	Title	Description	2021/22 £000
49	Neighbourhoods	Citywide Services	NNE profit share	NNE profit share - possible reduction in Y1 for NSCL	110
50	Neighbourhoods	Licensing	Licensing income	Estimated reduction in income due to the impact of Covid-19	121
51	Place	Asset Management	Client asset manager	Additional resource for commercial property management	72
52	Place	Asset Management	Commercial rents	Projected reductions in commercial rental income due to impact of Covid-19	400
53	Place	Asset Management	Provision market	Adjustment in income budget to reflect a 5% void assumption	38
54	Place	Asset Management	Heating Boilers	Isolation valve maintenance for City Hall boilers	5
55	Place	Asset Management	City Hall rental income	Loss of rental income from vacant area within City Hall	27
56	Place	Asset Management	Bus shelter adverts	Reduction in forecast bus shelter advertising revenue	120
57	Place	Car Parks	Rose Lane MSCP	Additional battery costs for emergency lighting	5
58	Place	Car Parks	Multi-storey car parks	Projected reductions in income due to the impact of Covid-19	926
59	Place	Car Parks	Off-street car parks	Projected reductions in income due to the impact of Covid-19	539
60	Place	Planning	Greater Norwich Growth Plan	Additional contribution to pay for one off costs of examination	55
61	Resources	Finance	Interest income	Loss of interest income from investments due to nil or negative interest rates	190
62	Resources	Human Resources	Employee costs	Additional resource - transactional team leader	23

	Directorate	Service Area	Title	Description	2021/22 £000
63	Strategy & Culture	Culture	Leisure Services	Short term funding to address Covid-19 pressures	330
64	Strategy & Culture	Culture	The Halls	Projected reductions in income due to the impact of Covid-19	150
65	Strategy & Culture	Culture	The Norman Centre	Projected reductions in income due to the impact of Covid-19	37
66	Strategy & Culture	Strategy		Temporary business change resource	27
					3,175

Appendix 2 (H): Invest to Save Spend & Business Change Reserve Allocations 2021/22

	Description	General Fund	HRA	Total 2021/22
		£000	£000	£000
1	Project Place – resourcing costs associated with the insourcing of the joint venture contracts.	310	464	774
2	Transformation resource including change manager and programme manager	156	0	156
3	Revenues and Benefits overpayment and revenue collections resource	79	0	79
		545	**464**	**1,009**

At this stage the figures are estimates of the required funding and other projects are expected to be identified during the year as part of the service reviews. Updates to the use of the Invest-to-Save and Business Changes reserves will be made through the budget monitoring reports taken to Cabinet throughout 2021/22.

Appendix 2 (I): Update on consultation responses on the vision and proposed budget for 2021-22

This appendix gives member the results of the online survey for only the questions that relate to the budget.

Across the public survey a total of 2,605 responses were received. No data has been weighted. Number of respondents shown in brackets.

Residents were also given an opportunity to submit comments. These will be analysed further and used to inform the future development of income and savings options.

Section A: Income received through council tax

1. To what extent do you support the council raising its share of council tax by 1.99 per cent in 2021-22 and using that money to protect key services in the future?

    - Strongly agree (661) 26%
    - Agree (812) 32%
    - Neither agree nor disagree (257) 10%
    - Disagree (301) 12%
    - Strongly disagree (500) 20%
    - Don’t know (25) 1%

B: Our Approach to Making Savings

2. Generating an additional £740,000 of savings through back office efficiencies and contractual changes.

    Do you agree with this approach to generating savings?

    - Strongly agree (601) 23%
    - Agree (1020) 40%
    - Neither agree nor disagree (540) 21%
    - Disagree (162) 6%
    - Strongly disagree (104) 4%
    - Don’t know (147) 6%

3. Generating an additional £252,000 through measures such as reviewing our level of fee and charges and income from council assets.

    Do you agree with this approach to bringing in income?

    - Strongly agree (381) 15%
    - Agree (967) 38%
    - Neither agree nor disagree (553) 22%
    - Disagree (321) 13%
    - Strongly disagree (244) 10%
    - Don’t know (107) 4%

4. Generating an additional £775,000 through making changes to our services, so that they cost less to run and we can save money.

   Do you agree with this approach?

   - Strongly agree (611) 24%
   - Agree (1052) 41%
   - Neither agree nor disagree (424) 17%
   - Disagree (230) 9%
   - Strongly disagree (140) 6%
   - Don't know (104) 4%

Appendix 2 (J): Use of Technical Virements

A number of budget adjustments are expected to be required during the year for purely technical reasons.

These adjustments will include:

- Adjustments within the same cost centre and nominal area i.e. employee, premises, transport etc.
- Internal and central support recharges
- Realignment of budgets for repairs and insurance charges between cost centres
- Allocation of the centrally held inflation allocations
- Realignment and grossing up of budgets to reflect specific changes in grants or external funding (both capital and revenue)
- Adjustments required or arising from specific decisions approved by Council or Cabinet
- Allocation of sums to or from pooled/contingency budgets where these are within the overall budget but awaiting detailed allocation e.g. vacancy allowance
- The movement of budgets for specific functions or areas of work either within directorates or between directorates where the changes are for purely structural or reporting purposes and there is no change in the overall purpose for which the funding was allocated.

The Cover Report includes a recommendation that the approval of technical virements are delegated to the Chief Finance Officer (S.151 officer). It is proposed that these technical virements will not require in-year reporting to Cabinet. Any virements which are not technical in nature will continue to require approval within the existing delegated limits and be reported to Cabinet during the course of the year.

HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN AND 2021/22 BUDGET

Introduction

3.1 A suitable, decent and affordable home is fundamental to residents being able to enjoy a good quality of life. Norwich City Council has a proud tradition and history of building and providing good quality affordable housing for a significant number of the city's residents.

3.2 However, we are managing an increasingly scarce but precious resource. A growing population and the challenges of building new and maintaining existing homes to meet need and replace those lost through right to buy mean that the efficient, effective management of council houses, tenancies, waiting lists and lettings becomes more and more critical. In addition to these core management tasks are contributions and interventions on wider agendas, such as fuel poverty, digital inclusion and other social inequalities relating to health and well-being and poverty. This is compounded by work needed to management and renew from the Covid-19 pandemic and climate change. The council's budgets reflect and underpin the priorities we have set to meet these challenges.

3.3 The money that tenants pay in rent, coupled with income from some assets owned by the council, goes into the 'ring fenced' Housing Revenue Account (HRA). Over the last ten years, the council developed a sustainable HRA business plan that allowed the council to invest in the homes we already have, to meet the Norwich Standard, an enhanced decent home standard and to build new ones. The future sustainability of the HRA business plan balances our ambition to build and improve homes for social rent, with our need to maintain existing stock. The enforced 1% annual rent reduction from 2016 resulted in a loss of £222m over the life of the 30-year business plan but remedial action means the HRA remains relatively healthy particularly when modelled over longer periods.

3.4 The general downturn in the health of the UK economy, as well as the continuing implications of welfare reform (including the roll out of Universal Credit) has had a negative impact on the ability for many tenants to pay their rent. Covid-19 and the unknown impact of Brexit with exacerbate this impact.

3.5 Reduced spending on other essential public services provided by other agencies (e.g. social services and policing) has also increased the challenges facing the council in supporting tenants to sustain their tenancies, and in supporting and accommodating more vulnerable people with complex needs.

3.6 Whilst much of the HRA income is spent on repairs, maintenance and the upgrade of council homes, the HRA business plan creates opportunities to explore how HRA resources may support the council's developing and wider thinking about council housing.

3.7 The HRA Strategy adopted in November 2019 and the business plan informs all of the decisions about council housing including where, when and what new council housing is built - how much should and is spent on maintenance and management - what informs the way homes are allocated and let and how the council supports tenants to sustain tenancies.

3.8 Council homes and lifetime tenancies are considered a real asset, not a property or tenure of last resort and as a fundamental element to the life and future shared prosperity of the city. In this way the council's decisions can be based on the vision for the city, on housing need and peoples' aspirations and informed by financial realities.

National Policy Context

3.9 The HRA operates within a political environment therefore any changes in national housing policy can have a significant impact on our HRA Business Plan. Potential national policy impacts are factored into the business plan each year.

3.10 Welfare Reform represents the biggest change to the benefits system in a generation. Supporting our tenants through Welfare Reform and in particular the transition to Universal Credit continues to be a key priority. The roll out of Universal Credit has accelerated over the past year and will continue to be a key concern.

3.11 The draft Building Safety Bill published in July 2020 to bring forward reforms of the building and fire safety following the horrific Grenfell Tower fire in June 2017. In October, the government published the Social Housing White Paper which sets out a Charter for Social Housing Residents and also outlines plans for new regulation, a strengthened Housing Ombudsman to speed up complaints, and a set of tenant satisfaction measures that social landlords will have to report against.

3.12 The government has also launched a further consultation on mandating smoke and carbon monoxide alarms in rental homes, and has published a response to the Social Housing Green Paper consultation and Call for Evidence on the Review of Regulation.

Local Policy Context

3.13 The HRA business plan is set within a wider strategic context of the overall ambitions of Norwich City Council and those of the neighbourhood housing service.

3.14 Norwich City Council's '2040' Vision sets out the themes and ambitions for the city and for its citizens to continue to drive Norwich forward whilst ensuring that the benefits of success are felt by all residents. As a council, our corporate vision is to make Norwich a fine city for all and to put people and the city first.

3.15 In delivering its ambition, the council will focus on three main priorities:
- Great Neighbourhoods, housing and environment
- Inclusive economy – making sure that everyone who lives here can contribute to and benefit from, the city's success.
- People live well

3.16 Norwich City Council's corporate plan aims to capture the long-term ambitions for Norwich. The HRA business plan will continue to help support the corporate plan and feed into the key priorities for the council. As well as the overall corporate plan, the HRA Business Plan will also help to support a range of other related housing and corporate strategies.

The Housing Service

3.17 Our council housing ambition is to "provide good quality, well maintained affordable homes to meet local housing needs within a safe, clean and well cared for neighbourhood. We want to make a difference to peoples' lives by promoting independent living and to build sustainable communities, where people take responsibility for their own lives and those of their families". In order to achieve our vision we have identified four primary goals.

- Meeting Housing need - delivering new homes.
- Maintaining and improving condition of existing housing
- Improving the use and management of our existing housing stock
- Improving our neighbourhoods.

Meeting Housing need - Delivering new homes

3.18 The council has worked in partnership with registered providers and developers (and its own wholly owned housing company) to increase the supply of homes for social affordable rent. Up to 300 additional homes are planned for major developments in small and medium sized sites including at Mile Cross, Argyle Street and Rayne Park as the Council gears up to commission and develop more social housing.

Maintaining and improving condition of existing housing

3.19 Each year the Housing Revenue Account spends around £8m on responsive repairs to its properties. These works are currently delivered by joint ventures but from 2022 will transfer to the wholly council owned Norwich City Services Ltd. (NCSL).

3.20 Stock condition surveys are carried out every five years on a rolling programme and form the basis of a revised 60-year investment plan and capital programme.

3.21 Currently our work on maintaining and improving condition of existing housing is based on all homes meeting the Norwich Standard. Enhancing the UK government's Decent Homes Standard, the council adopted the Norwich standard which requires that Norwich council homes will have:

- Kitchens no more than 20 years old.
- Bathrooms no older than 30 years.
- Heating boilers no older than 15 years.
- 100% with composite doors and electrical rewiring.

3.22 98% of our homes meet the Norwich Standard where tenants have agreed to the work taking place.

3.23 Our future capital and revenue spending programme will need to be mindful of the wider aspects of the older stock, to inform a strategy to ensure all stock is fit for the future. Options may be to remodel existing dwellings, dispose of poor performing dwellings and/or redevelop some properties to extend lifespan or improve the suitability and/or condition of the housing supply.

3.24 Following the Grenfell tragedy, the council completed fire safety works totalling in excess of £2m to ensure that in the unlikely event a fire starts, it is contained within the compartments of the dwelling as designed.

3.25 Built in the sixties with a 60-year lifespan, a recent review has highlighted significant costs emerging for the repair and maintenance of flats and the eight tower blocks.

Improving the use and management of our existing homes

3.26 Norwich has some aspects of housing that are distinctive, such as the relative popularity of living in tower blocks for existing tenants, but less enthusiasm among applicants. Only a third of our homes are families with children; of the 14,657 properties that the council own (April 2020), over half are flats. An increasing number of our new and existing tenants and applicants have needs other than requiring a home and some have very challenging needs, ranging from physical disability to mental health issues, providing a backdrop to the work we do which means that the Council is not and cannot be 'just a landlord'.

3.27 From a tenancy management perspective, we know the overwhelming majority of demand on the service relates to a minority of tenants requiring help and support to manage their tenancies and rent accounts. Our core function in terms of rent, is to make sure people can and do pay. Rent should not be seen as an optional payment, but a building block for living independent, active lives.

3.28 We are making a significant investment in IT systems to maximise the ability of tenants to do business with us digitally where desirable and necessary, but being mindful that not everyone can.

3.29 We will continue to provide timely money advice to people to maximise income and minimise cost to families, who may be struggling to make ends meet. Our properties will be well maintained throughout the life of the tenancy, but will be of a Norwich standard at letting.

3.30 We will continue to develop a comprehensive range of tenant involvement techniques that seek to engage all tenants in the management and shaping of the services available.

3.31 We will continue to build on the undoubted pride people feel about Norwich council housing, its history and tradition. We can do this by making sure council homes are a positive housing choice, not housing as last resort, by valuing the principle that the landlord role should respect a tenant's right to quiet enjoyment, fulfil our obligations as a landlord, champion tenants' rights and involvement and play our part in ensuring people can live in peace with their neighbours and live safely in well cared for neighbourhoods.

Improving our neighbourhoods

3.32 From April 2021, the housing service sits within the Community Services directorate and, in addition to the HRA expenditure on local open and communal amenities, also invests in wider projects which benefit the whole neighbourhood.

3.33 In the 2019/20 financial year, a £1m budget was set (an increase of 300%) to target areas in need of enhancement. This is in addition to our ongoing programmes to improve community safety and deter crime.

3.34 The model also provides an opportunity to more effectively deliver against the current neighbourhood strategy objectives. These are, that a successful, sustainable Norwich Standard neighbourhood will be:

- clean and well cared for by the community and the council
- feel safe to live in and move around
- contain community facilities and activities that cater for the needs of its community; whether young, old or with special or particular needs and interests
- have local people who take responsibility for their own lives and those of their family
- have lively challenging community organisations that champion the needs of the people and the neighbourhood and who work to meet those needs independently.

3.35 Our neighbourhoods are clean and well cared for, though there exists some problematical locations. We continue to look at ways to improve them to ensure we meet our obligations and the standards we set, within the resources available to us.

3.36 The HRA will continue to contribute to this joint work and work across other priorities. In particular, we need to ensure that HRA spending power does not only deliver first class services, but that the Norwich pound can add value to the local economy. As our services are brought back to the city council, we will continue to make sure our community assets like shops, communal areas and green spaces are seen as contributing to the neighbourhood and valued by local people.

Financial Background and Budget

3.37 The Housing Revenue Account (HRA) was established by the Local Government and Housing Act 1989 as a ring-fenced account separate to the general fund and contains income and expenditure related to the ownership and management of the council's social housing stock.

3.38 Prior to 2012/13, the HRA was funded at a national level through the housing subsidy regime. Since then, it has been run on a self-financing basis i.e. all revenue and capital expenditure needs to be funded from the rents and service charges paid by tenants or funded by housing benefit.

Forecast 2020/21 Outturn

3.39 The latest position on the Housing Revenue Account (HRA), as at period 9, shows a forecast overspend of £0.413m which is largely due to the impact of the Covid-19 pandemic.

Proposed 2021/22 Revenue Budget

3.40 The budget proposes gross revenue expenditure of £63.669m and gross income of £68.708m, generating a surplus of £5.039m (Appendix 3 (A)). It is proposed to utilise this surplus along with a further £10.640m of HRA reserves to make a revenue contribution of £15.679m towards the funding of the 2021/22 HRA capital programme.

Chart 3.1: 2021/22 HRA gross revenue expenditure budget

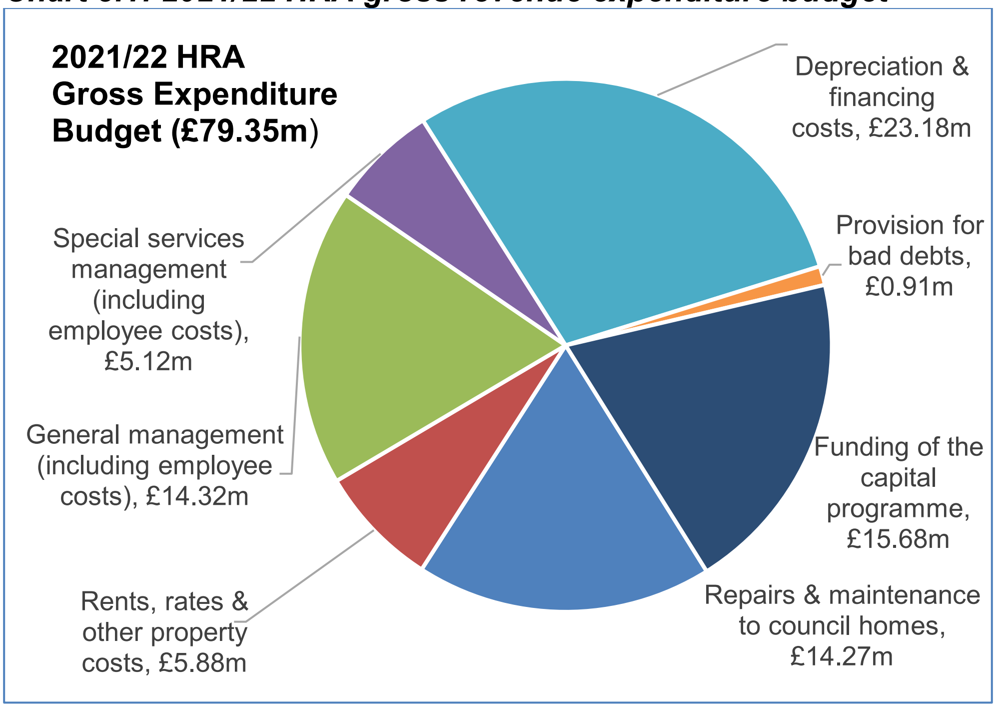
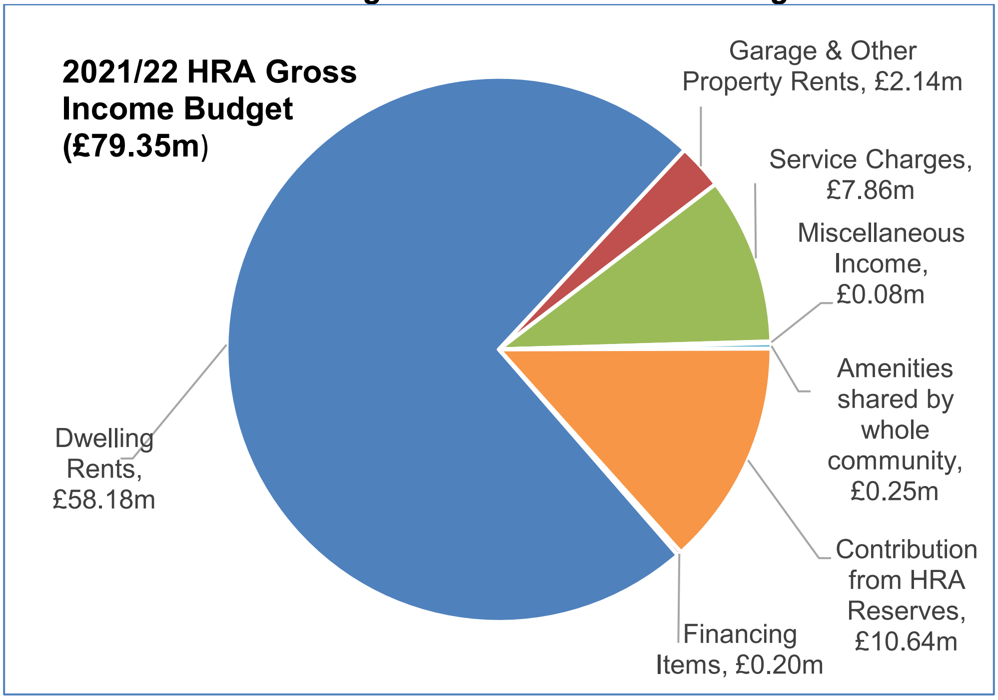


Chart 3.2: 2021/22 HRA gross revenue income budget



3.41 The key movements in the base budget (i.e. 2020/21 approved budget) to arrive at the proposed 2021/22 budget are summarised in Appendix 3 (B).

HRA Business Plan

3.42 Longer term financial strategy for the HRA is based upon a 60-year business plan, which models the revenue costs of intended capital investment alongside other forecasts of revenue expenditure and income to determine the resultant surplus or deficit over the life of the plan and the resources required to implement the HRA Strategy.

3.43 The longer-term perspective is crucial to ensure that the service and its primary assets, the housing stock, are fit for purpose and that intended investments in the stock are affordable and sustainable for the whole plan.

3.44 The business plan relies upon a combination of known and assumed economic factors and government announcements to generate a financial forecast. The key assumptions within the business plan are summarised in the paragraphs that follow.

Council housing rents, garage rents, and service charges

3.45 Historically, the level at which council housing rents were set was decided by the Council in line with guidance set out by the government and information provided by the HRA Business Plan. However, in 2016/17 the government's rent policy was replaced by an enforced minimum 1% reduction in rent for a four-year period until March 2020, as set out in the Welfare Reform and Work Act 2016. The impact of this over a 30-year period was a loss of over £200m in rental income.

3.46 From 2020/21, the enforced 1% rent reduction ended and the Secretary of State issued the Direction on the Rent Standard 2019 which enabled authorities to increase rent annually by up to CPI (Consumer Price Index) as at the preceding September plus 1% from April 2020.

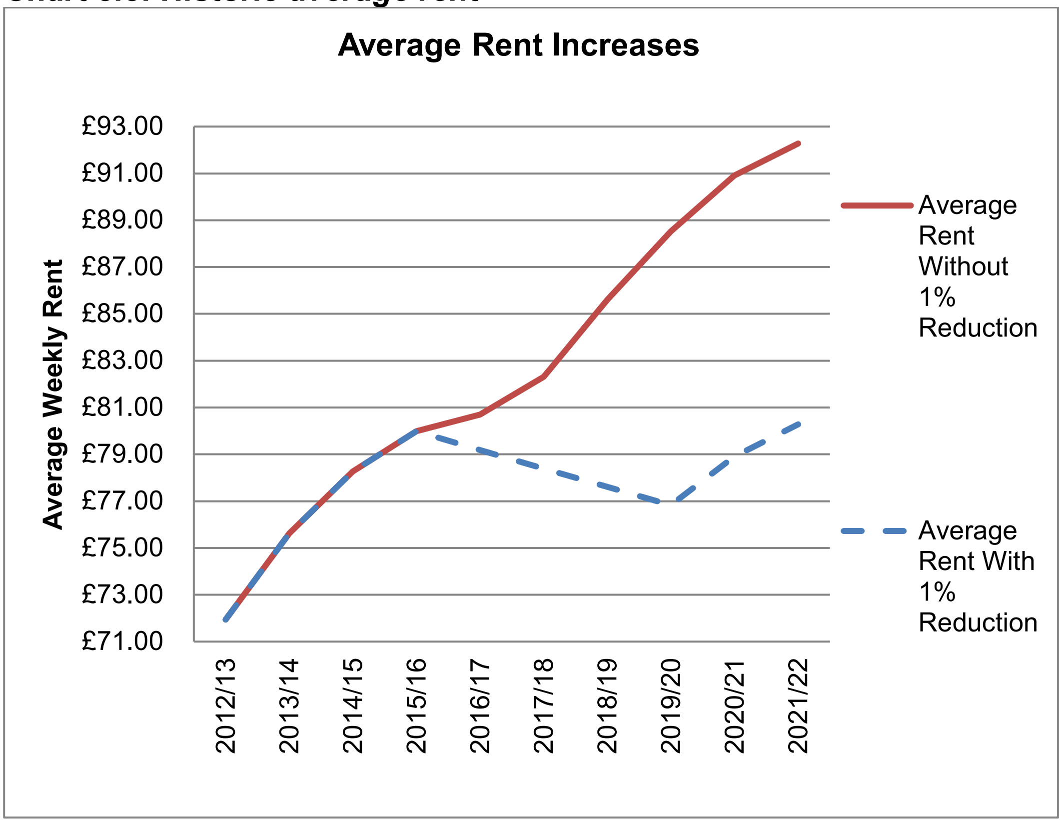
3.47 This results in a dwelling rent increase for 2021/22 of 1.5% which would generate an average weekly rent increase of £1.19 for Norwich tenants. The table below shows the minimum and maximum rent increases at 1.5%.

Table 3.1: Proposed dwelling rent increase 2021/22

Item	Average £	Maximum £	Minimum £
Rent 2020/21	79.09	140.46	54.35
CPI (@ 0.5%)	0.40	0.70	0.27
Additional 1%	0.79	1.40	0.54
Rent 2021/22 (at 1.5%)	80.28	142.56	55.16
Increase	**£1.19**	**£2.10**	**£0.81**

3.48 The impact of the four-year rent reduction is shown in the chart below, which plots the actual average rent against the calculated average rent had a rent reduction not been enforced. The proposed increase of 1.5% would mean that the average weekly rent is still lower than the 2016/17 average weekly rent had the reduction not been enforced.

Chart 3.3: Historic average rent



3.49 Alternative rent increases have been modelled and are shown in the table below along with the forecast impact on HRA borrowing over varying terms.

Table 3.2: Impact of rent increase options 2021/22

Option	Average increase	Year Debt Repayable	Resulting Loss of Rental Income over period	
			30 Years	60 Years
Formula 1.5%	£1.19	2049	-	-
Flat Rate 1%	£0.79	2051	£12.300m	£34.357m
Flat Rate 0.5%	£0.40	2052	£24.599m	£68.714m
No increase	£0.00	2054	£36.899m	£103.071m

3.50 Tenant Involvement Panel representatives have been consulted over the proposed increase and other options at a meeting on 28th January 2021. The impact of the options were discussed at length with concerns raised regarding the effect of an increase on those struggling financially in the current climate, particularly in light of the Covid-19 pandemic. However, the panel recognised that increases are inevitable if the level of investment in existing and new homes is to be maintained and endorsed the proposed rent increase of 1.5% in line with the Rent Standard 2019.

3.51 An initial review of charges for garages has identified 15 different levels and typologies which need to be rationalised as part of the implementation of the new tenancy and estate management IT system. To simplify this process, it is proposed that garage rents are not increased for 2021/22.

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

3.53 The impact of the Covid-19 pandemic combined with the continued roll out of Universal Credit is expected to impact on rent collection and associated bad debt. This has been reflected by an increase in bad debt provision budget of £0.708m for 2021/22. In addition, a provision of £1m is included within prudent minimum balance to mitigate against further pressures.

3.54 The void turnaround (period during which a property is unoccupied) has increased to 23 days predominantly due to the Covid-19 pandemic. The current budget provision is calculated on a void rate of 0.62%, which equates to rental income loss for void periods of £0.361m for 2021/22.

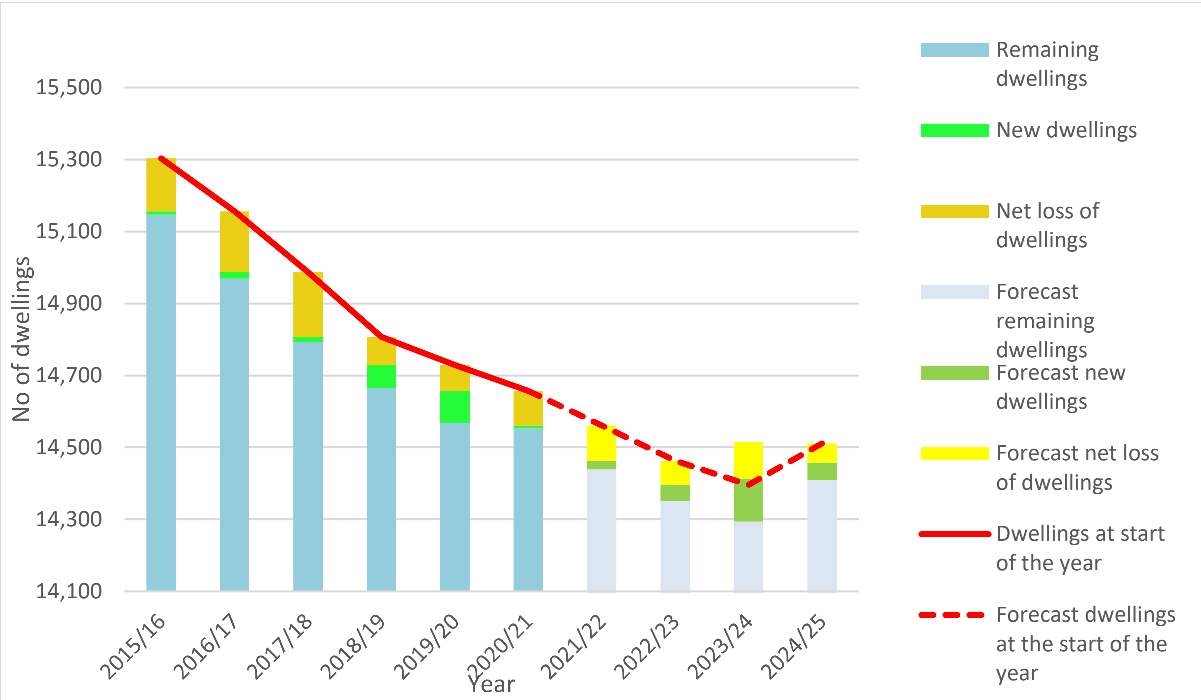
Council dwelling stock levels

3.55 During the first half of 2020/21, the number of Right-to-Buy purchases of HRA dwellings has significantly reduced from the same period in 2019/20, which is likely be due to delays resulting from the Covid-19 pandemic. This is reflected in the business plan, but it is anticipated that although the numbers of purchases may increase again in the short term, they will start to reduce in coming years, with a loss of 120 homes in 2021/22 and 110 in 2022/23, reducing to 100 homes each year for the following 5 years.

3.56 Over the past five years, 795 homes have been lost from social rent. Whilst the council is ambitious in its plans to build new social housing to meet local need, these are at risk of being subject to Right to Buy.

3.57 Table 3.3 below sets out the movement in the level of council housing stock over the past five years along with a forward projection over the next five years. Further detail is provided in Appendix 3 (D).

Chart 3.4: HRA dwelling stock movements



Capital expenditure plans

3.58 The HRA business plan includes expenditure arising from the proposed HRA capital budget as set out in section 4 of this report (capital strategy and 2021/22 capital budget).

3.59 Other major projects will need to be included in the HRA business plan once robust business cases have been approved. An assessment however has been undertaken of the affordability of additional potential HRA capital projects, the outcome of which is can be found in paragraph 4.37 of this report (capital strategy and 2021/22 capital budget).

3.60 The proposed HRA capital programme is based upon the HRA Strategy which contains the following neighbourhood housing primary goals, more detail of which is set out in Appendix 3 (C):

- Meeting housing need - delivering new homes

- Maintaining and improving condition of existing housing
- Improving the use and management of our existing housing stock
- Improving our neighbourhoods.

Capital financing plans

3.61 Following the government abolition of the HRA borrowing cap in 2018, the council can determine how much it will borrow to fund capital expenditure, as long as it can demonstrate that the borrowing is affordable, prudent and sustainable as required by CIPFA's Prudential Code. The council does this for general fund capital expenditure by agreeing and monitoring a number of prudential indicators. These indicators now need to include the HRA and can be found in section 6 of this report (Treasury Management Strategy 2021/22).

3.62 The decision to remove the borrowing cap gives the council more ability to invest in the existing housing stock and to increase its holdings. Future investment will be guided by the housing strategy

3.63 How an individual capital scheme is funded will depend on the prevailing financial circumstances and the nature of the scheme (e.g. new build or enhancement of an existing asset). In practice there are six key funding sources which the council uses in the following priority order (more information is given on capital financing strategy in Appendix 4 (C):

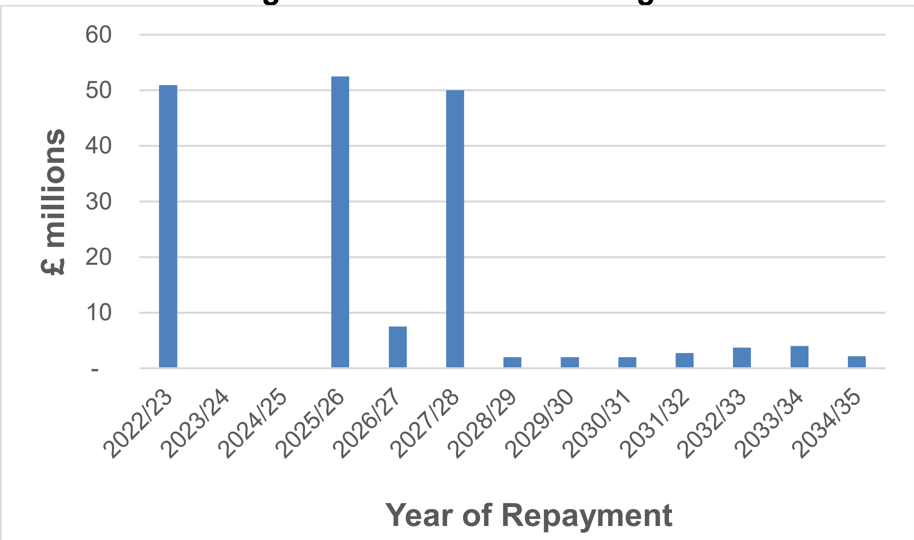
1. Right-to-Buy Retained 'One for One' capital receipts.
2. Capital Grants
3. Major Repairs Reserve
4. General HRA capital receipts
5. General Reserves
6. Revenue budget contributions
7. Borrowing

3.64 The current HRA Capital Financing Requirement (the need to borrow) is £207.517m, which includes the most recent HRA external borrowing of £149m undertaken as part of the HRA self-financing settlement in 2012 when the HRA subsidy system was abolished. This meant that the council no longer had to make payments of approximately £9m per annum to the Government subsidy system and was able to retain all future rental income in return for taking on a calculated share of the national housing debt. The remaining borrowing consists of £31m of historic external borrowing, the most recent being taken over 23 years ago, along with £25m of internal borrowing.

3.65 HRA assets are currently valued at £809.806m (31 March 2020), which against a borrowing requirement of £207.517m equates to a loan-to-value gearing of 25.626%. This is lower than the national average gearing for local authorities of 28% and registered providers which is in excess of 60%.

3.66 Chart 3.5 sets out the redemption dates and values of current HRA external borrowing. The most recent borrowing for the HRA self-financing settlement in 2012 is represented by the three loans of approximately £50m each from the Public Works and Loans Board, whilst all other loans shown constitute historic borrowing which will be repaid within 14 years.

Chart 3.5: Existing HRA external borrowing

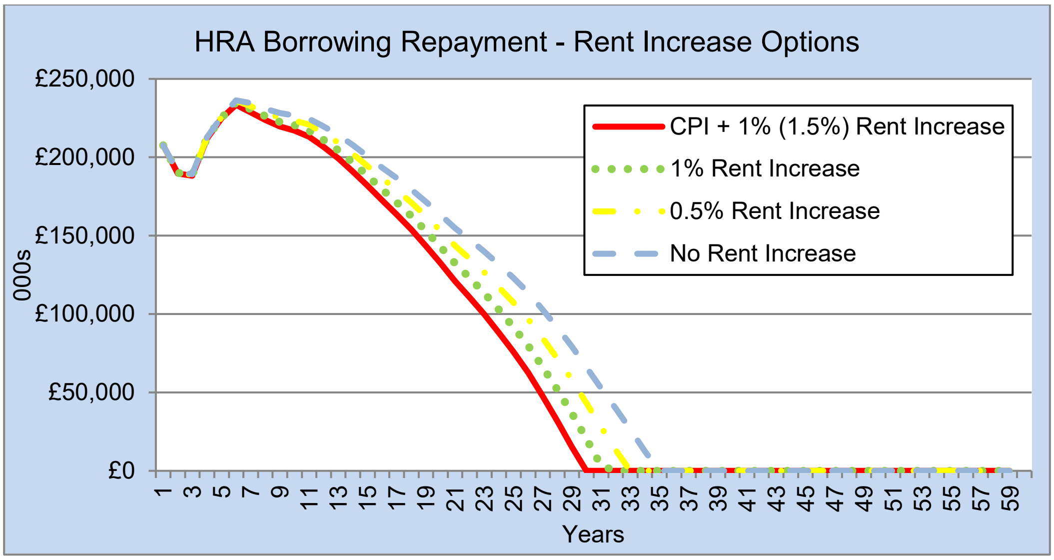


3.67 The HRA business plan assumes that the three significant loans of £50m will be refinanced by external borrowing upon reaching their redemption date, whilst the repayment of lower value loans will be financed through internal borrowing.

3.68 The 2020/21 HRA capital budget proposed in section 4 of this report does not require any new borrowing, although it is anticipated that in order to deliver significant levels of new social housing, additional borrowing will be required in future years.

3.69 The chart below shows that the implementation of a rent increase in line with the government formula (CPI+1%) of 1.5% will enable all borrowing assumed in the HRA business plan to be repaid within 29 years. Any increase lower than government formula will extend the repayment period as shown. The chart also demonstrates that the business plan remains sustainable over the 60 years planning period.

Chart 3.6: Ability to repay HRA borrowing



HRA Reserves Position

3.70 The proposed budget will impact on the HRA balance as follows:

Table 3.4: Estimated HRA reserves position

Item	£000
Brought Forward from 2019/20	(33,968)
Forecast contribution to balances in 2020/21	(4,570)
Forecast HRA overspend 2020/21	413
Carried Forward to 2021/22	**(38,125)**
Forecast utilisation of balances in 2021/22	10,640
Carried Forward to 2022/23	**(27,485)**

3.71 The prudent minimum level set for the HRA reserve has been adjusted slightly to £5.848m (previously £5.874m) as set out in Table 3.5. The small reduction relates only to the budget based operational risk that exists in non-exceptional circumstances. Additional provision has been made for the risk of additional costs arising from the impact of welfare reforms and the Covid-19 pandemic on the economy and jobs in the city. Further provision is also made for potential interest costs that may arise from having to pay over unspent retained one for one Right to Buy receipts to central government plus other potential risks and unforeseen events.

Table 3.5: Prudent minimum level of HRA reserves

Potential Financial Risk	£000
Calculated operational risk	1,348
Potential issues arising from welfare reform	500
Potential issues arising from Covid-19 pandemic	1,000
Potential interest costs relating to retained one for one receipts	1,000
Unforeseen events	2,000
Estimated required level of HRA reserves	**5,848**

3.72 The level of general reserves is forecast to reduce in 2021/22, but this is due to the council's significant planned investment in new social housing during the year. The estimated reserves to carry forward into 2021/22 remain substantial (£27.485m) which not only provides a flexible funding resource for the HRA, but also ensures the financial resilience of the account and provides the council with options for service delivery and the funding of future capital expenditure whilst managing overall debt.

Appendix 3 (A): 2021/22 proposed HRA budget by service

Division of Service	Budget 2020/21 £000	Budget 2021/22 £000	Change £000
Repairs & Maintenance	13,899	14,273	374
Rents, Rates, & Other Property Costs	5,858	5,875	17
General Management	13,216	14,315	1,099
Special Services (not provided to all tenants)	4,949	5,119	170
Depreciation & Impairment	23,264	23,176	(88)
Provision for Bad Debts	202	910	708
Adjustments & Financing Items			0
Gross HRA Expenditure	**61,388**	**63,669**	**2,281**
Dwelling Rents	(57,545)	(58,179)	(634)
Garage & Other Property Rents	(2,098)	(2,138)	(40)
Service Charges – General	(7,888)	(7,860)	28
Miscellaneous Income	(82)	(82)	0
Amenities shared by whole community	(204)	(254)	(50)
Interest Received	(210)	0	210
Adjustments & Financing Items	(88)	(196)	(108)
Gross HRA Income	**(68,115)**	**(68,708)**	**(593)**
Total Housing Revenue Account	**(6,727)**	**(5,039)**	**1,688**
Revenue contribution to capital	2,148	15,679	13,531
Contribution to/(from) HRA reserve	4,578	(10,640)	(15,218)
Total	**0**	**0**	**0**

Appendix 3 (B): 2021/22 movements from the approved 2020/21 base budget

Adjustment to Base	£000
HRA revenue contribution to capital	13,530
HRA contribution to/(from) reserves	(15,210)
Estates management	193
Employer pension contributions	(10)
Salaries	(81)
Shared services Norse (NNE)	38
Area housing offices	4
Total Adjustment to Base	**(1,536)**

Inflation	£000
Staff salary inflation and increments	87
Pension added years and pension deficit inflationary adjustments	218
Utility costs	71
TV aerial maintenance contract	11
Other (individually under £10k)	(4)
Total Growth and Inflation	**383**

Growth	£000
Bad debt provision	519
Employee/public liability insurance	25
Grounds maintenance contract for HRA areas	140
Insurance of dwellings sold	243
Projects – digital inclusion & financial Inclusion	21
Laundry equipment – lease contract renewal	12
Rayne Park – management fees	14
Repairs relating to general HRA properties	32
Repairs relating to void properties – increase in number of voids	250
Salaries/pension costs – building safety manager & tenancy officer	77
Software development & implementation – one-off revenue costs	415
Postage	42
Water service testing	40
Security improvements for the elderly/disabled	100
HRA additional staff costs	7
Other (individually under £10k)	13
Total Growth	**1,950**

Income Reduction	£000
Reduction in service charge income	375
Reduction in loans pool	210
Rents dwelling – void element	131
Rents garages – void element	99
Rents shops – void element	42
Reduction in commission from water	16
Other income reduction (individually under £10k)	4
Total Income Reduction	**877**

Savings	£000
Salaries/Pension costs	(17)
Sheltered alarm contract	(140)
Repairs – decrease in costs including general estate tidiness	(232)
Reduced unmetered water charges – due to move to metered supply	(217)
Professional advice/fees – desktop asset valuation only	(15)
Other savings (individually under £10k)	(15)
Total Savings	**(636)**

Income Increase	£000
Proposed increase in housing rent	(766)
Proposed increased income from service charges	(300)
Total Increased income	**(1,066)**

Recharges	£000
Central departmental support	325
Grounds maintenance recharge	(78)
Recharge for new ASB team costs	(112)
Repair recharges	11
Reduction in pool car recharges	(15)
Reduction in parking permit recharge	(23)
Reduction in property services support (NPSN) recharge	(127)
Recharge for general fund staff time spent on RITA project	34
Other recharges (individually under £10k)	11
Total Recharges	**27**

Appendix 3 (C): Neighbourhood Housing Goals – proposed capital programme

Project	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
Meeting housing need - delivering new homes					
New Social Housing	17,378	20,812	15,165	4,748	2,920
Site Development	50	50	50	50	50
Grants to Registered Housing Providers	2,000	2,000	2,000	2,000	2,000
Maintaining and improving condition of existing housing					
Preventative Upgrades	6,290	8,450	8,800	8,500	8,000
Home Upgrades	8,535	7,233	6,686	5,965	6,580
Window & Door Upgrades	3,690	3,450	3,300	2,750	1,750
Improving the use and management of our existing housing stock					
Independent Living Upgrades	1,350	1,450	1,650	1,200	900
Sheltered Housing Regeneration	132	121	30	30	30
Heating Upgrades	6,675	5,325	4,500	4,150	3,900
Thermal Upgrades	575	1,125	1,000	1,000	1,000
Improving our neighbourhoods					
Community Upgrades	1,420	1,270	950	900	900
Community Centres	34	25	25	25	25
Fees	710	710	710	710	710
Total Proposed HRA Capital Programme	**48,839**	**52,021**	**44,866**	**32,028**	**28,765**

Appendix 3 (D): HRA dwelling stock movements

Council dwellings	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
No of dwellings at start of year	**15,303**	**15,156**	**14,987**	**14,807**	**14,729**	**14,657**	***14,561***	***14,463***	***14,396***	***14,511***
RTB sales in year	(151)	(163)	(187)	(138)	(156)	*(100)*	*(120)*	*(110)*	*(100)*	*(100)*
Non-RTB sales in year	(2)	(7)	(7)	(3)	(6)	*(4)*	*(2)*	*(2)*	*(2)*	*(2)*
Dwellings demolished	0	(17)	0	0	0	*0*	*0*	*0*	*0*	*0*
Dwelling conversions	(3)	2	4	2	2	*0*	*0*	*0*	*0*	*0*
New build dwellings	9	16	10	61	87	*0*	*14*	*35*	*207*	*39*
Dwelling acquisitions	0	0	0	0	1	*8*	*10*	*10*	*10*	*10*

Shaded cells in italics denote forecast movements

4. CAPITAL STRATEGY 2021/22 ONWARDS

The wider context and capital investment objectives

4.1 Norwich City Council's Capital Strategy provides a valuable opportunity for engagement with full council to ensure that overall strategy, investment ambition, risk appetite and governance procedures are fully understood by all elected Members and other Council stakeholders.

4.2 This strategy sets out the council's budget for capital investment over the next five years. It describes how the council will manage, finance, and allocate capital investment in assets that will help to achieve the council's priorities, as well as its operational and statutory requirements. The affordability and proportionality of this strategy is considered in section 7 of the budget report.

4.3 It covers projects and programmes for the council's General Fund and Housing Revenue Account (HRA).

4.4 At the highest level the council's Corporate Plan sets out the key priorities that the council wishes to deliver, either itself or with other key partners, namely:

- That people live well
- There are great neighbourhoods, housing and environment, and
- There is an inclusive economy

4.5 There are however additional drivers or needs for capital expenditure which are shown in chart 4.1. These comprise:

- Transforming council services through the service review programme and the formation of a housing commissioning team.

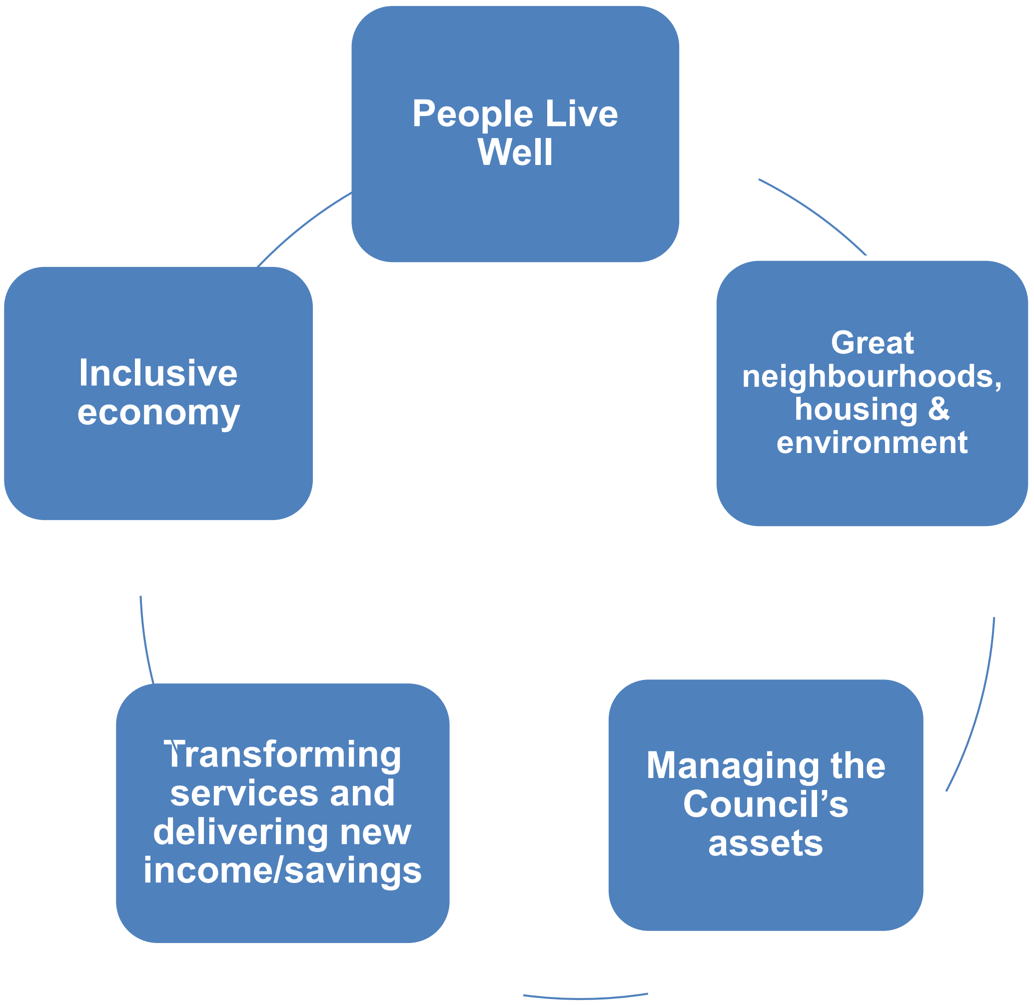
- The need to maintain or improve the physical condition of existing assets as they deteriorate, are less "fit-for-purpose", or fail to comply with regulatory requirements. These considerations are part of asset management planning.

4.6 The council's investment objectives for capital expenditure are shown in table 4.1 along with specific projects, either within the capital budget or future projects, that will deliver these objectives.

4.7 The council holds comprehensive data regarding the condition of its HRA property and continues to progress the undertaking of condition surveys on its general fund assets which will enable it to prepare longer term capital plans in the future.

4.8 This strategy will continue to evolve, and the time period it covers lengthen, as the council learns more about the condition of its general fund assets. It will be reviewed on an annual basis and officers will also keep under review good practice amongst other local authorities.

Chart 4.1: The key drivers for capital investment



Definition of capital expenditure

4.9 Capital expenditure is strictly defined as expenditure on the creation or enhancement of assets. The glossary in section 9 defines these terms.

4.10 Unless expenditure qualifies as capital it will normally be charged to the revenue budget in the period that the expenditure is incurred. If the expenditure meets the definition of capital, there may be opportunities available to finance the outlay from capital receipts or by spreading the cost over future years' revenue budgets by borrowing.

Table 4.1: The council's capital investment objectives

People live well	Great neighbourhoods, housing & environment	Inclusive economy	Managing the Council's assets	Transforming services and delivering efficiencies
Capital expenditure plans can contribute to this corporate priority by: • Supporting people in to feel safe and welcomed • Providing means for people to lead healthy, connected, fulfilling lives • Ensuring there is a range of cultural, leisure and social opportunities and activities for all	Capital expenditure plans can contribute to this corporate priority by: • Building and maintaining a range of social and private housing • Tackling homelessness and rough sleeping • Continuing with the sensitive regeneration of the city that retains its unique character and meets local needs	Capital expenditure plans can contribute to this corporate priority by: • Mobilising investment that promotes a growing, diverse, innovative and resilient economy	The council takes decisions based on a full understanding of the evidence and risks. Capital expenditure plans need to include spending on existing assets in order to: • Maintain or improve the physical condition of assets owned by the City • Comply with health & safety and other regulatory requirements • Ensure assets are "fit-for-purpose" • Protect the capital value of the assets and to avoid incurring significant future costs	The Council aims to be financially self-sufficient, to ensure the long-term sustainability of service delivery. Capital expenditure plans can contribute to the council's mission by investing capital in projects that generate savings in the revenue budget.
The capital strategy includes: • Access and infrastructure improvements to Ketts Heights and 21 Acre Wood • Improvement of facilities in parks • Disabled Facilities Grants • Development of the Make Space at the Norwich Halls project	The capital strategy includes: • Energy efficiency, electrical and roofing works at community centres • Establishment of a Compulsory Purchase Order revolving fund • Public realm improvements at St Giles and Hay Hill • New social housing developments at Mile Cross, Three Score, Argyle Street, Northumberland Street, Ailwyn Hall and King's Arms site • Significant council house upgrade programme	The capital strategy includes Towns' Fund investment enabling third-party providers to deliver the following projects: • Establishment of the Advanced Construction and Engineering Centre • Establishment of a digi-tech factory • Establishment of a digital hub	The capital strategy includes: • Works to increase energy efficiency at a number of properties • Installation of solar photovoltaic panels on the new NCSL depot • Rolling programme of major repairs to the city wall and closed churchyards • Works to enable the letting of Waterloo Park Cafe • Major refurbishment works to property at Exchange Street, Guildhall Hill and Ber Street • Electrical upgrades at St Andrew's Hall • Replacement boilers at the Norman Centre	The capital strategy includes: • Acquisition of IT, tools and equipment on behalf of NCSL • Investment in East Norwich development

Asset management planning

4.11 The overriding objective of asset management planning is to ensure that the council's land and property is appropriate, fit-for-purpose, and affordable.

4.12 The council holds a significant and very diverse asset portfolio comprising 932 property and land assets held by the General Fund and 14,879 held by the HRA. This is very high in comparison to similar district councils within the CIPFA comparator group, both in terms of actual numbers and in relative terms given the size of this council.

4.13 In overall terms the council's land and property holdings cost the council approximately £23.5m per annum and bring in a yearly income of £71.3m. This is the direct expenditure involved and does not include the client side or service management costs involved in holding and managing the property. The value of the council's land and property assets as at the end of 2019/20 was £1,030m.

4.14 The key asset classes are shown in table 4.2, along with the approximate number of assets held.

Table 4.2: the council's key asset classes

Asset class	No of assets
HRA property	14,879
Property and land portfolio	448
Car Parks	13
The Market	1
Operational Assets	5
Community Centres	15
Leisure, parks & open spaces	354
The Halls	1
Heritage assets	93
Cemeteries	2

General Fund asset management planning

4.15 The council currently does not have an up-to-date Asset Management Plan, although work continues to draw one together. In addition, many of the general fund assets have not had a condition survey undertaken in the recent past. Work is ongoing to address this but it will take some years to complete. It has therefore been difficult to assess and quantify in this strategy the need for capital investment arising from the council's current general fund land and property holdings.

4.16 The focus therefore, unlike the HRA, has been largely on using the council's limited capital resources on reactive rather than planned improvements. This can be seen in the "spiky" investment made in each asset class over recent years with capital expenditure continuing to be being undertaken for emergency health and safety reasons rather than being planned and sustained investment.

4.17 When the focus is on reactive instead of planned improvements, the cost of works tends to be greater. This also has an adverse impact on the council's revenue repairs and maintenance budget.

4.18 An initial view, without having the benefit of up-to-date condition surveys for all assets held, is that in excess of £21m of backlog maintenance is required on the council's assets over the medium term. Due to constrained finances, it is considered that this level of investment is unaffordable.

4.19 There has been a tendency to consider capital investment proposals for a particular asset class in isolation rather than holistically and in relation to other potential priorities.

4.20 Therefore a comprehensive review of the entire general fund's land and property assets needs to be undertaken, with a view to optimising the contribution property makes to the council's strategic and service objectives by identifying assets that require investment, are not financial performing, or are surplus to service needs.

Housing Revenue Account asset management planning

4.21 Comprehensive condition surveys exist for HRA assets and the council has a good understanding of the future investment needs of the existing stock of HRA dwellings.

4.22 The council has invested £129m in the last six financial years in the HRA dwelling stock. These planned improvements have had the additional benefit of reducing the reactive repairs and maintenance revenue budget by £1.9m or 11.8%.

4.23 Housing assets are typically built with a 60-80 year life span in mind.

- 8.7% of the housing portfolio is over 90 years old.
- 27.2% of the stock is between 70 and 90 years old.
- 5,227 properties are over 70 years old and have reached or nearing their typical maintainable lifespan.

4.24 A shift in approach is currently being considered from planned long term maintenance in the existing dwelling stock towards a strategy of remodelling existing provision, replacing existing provision, and growth in the stock held by building/purchasing new homes.

4.25 A council housing strategy has now been adopted covering a five year period and identifies the following four primary goals:

- Meeting housing need - delivering new homes.
- Maintaining and improving condition of existing housing
- Improving the use and management of our existing housing stock

- Improving our neighbourhoods.

4.26 The proposed HRA capital programme seeks to contribute towards achieving these goals. Further detail is included within part 3 of this report – HRA business plan and 2021/22 budget.

Capital expenditure plans

4.27 The expenditure plans consist of two kinds:

- Short to medium term plans (1 to 5 years):

  These are the projects and programmes that are being proposed to council as part of the 2021/22 capital programme for delivery within that period.

- Medium to long-term plans (5 to 10 years):

  There is typically a long lead in time from identifying investment need or opportunity to implementation. Additional future projects that may arise will require a full business case for cabinet and council approval before they can be incorporated into the capital budget and implemented.

Forecast 2020/21 outturn

4.28 The latest forecast position as at period 9 shows the general fund capital programme is forecast to underspend by £31.959m and the Housing Revenue Account (HRA) capital programme is forecast to underspend by £29.099m. However, it is anticipated that an element of this will form a carry-forward request to enable some of the unspent budgets to be utilised in 2021/22.

2021/22 to 2025/26 capital programme

4.29 Within a shorter timeframe the focus of the capital strategy is towards the delivery of particular schemes within an approved budget. The focus traditionally has been an annual investment plan for the next financial year and this continues for 2021/22, although many of the projects proposed for 2021/22 will continue into 2022/23. The council continues to work towards a five-year rolling capital programme, which will provide greater certainty for delivery as well as for financial and resource planning.

4.30 The table below summarises the proposed 2021/22 overall capital budget along with indicative spending plans from 2022/23 to 2025/26. Details setting out the proposed projects and programmes within the general fund and HRA are found in Appendix 4 (B).

Table 4.3: General Fund and HRA capital programme

Directorate	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	5 Year Total £000s
General Fund (GF)						
Community Services	2,841	3,976	1,515	1,515	1,515	**11,362**
Development & City Services	17,961	7,627	1,904	1,465	2,103	**31,060**
Total GF Proposed Capital Programme	**20,802**	**11,603**	**3,419**	**2,980**	**3,618**	**42,421**
Housing Revenue Account (HRA)						
Community Services	29,411	29,159	27,651	25,230	23,795	**135,245**
Development & City Services	19,428	22,862	17,215	6,798	4,970	**71,273**
Total HRA Proposed Capital Programme	**48,839**	**52,021**	**44,866**	**32,028**	**28,765**	**206,519**
Total Proposed Capital Programme	**69,641**	**63,623**	**48,285**	**35,007**	**32,383**	**248,940**

4.31 In 2021/22 the capital programme aims to deliver the following key outcomes:

General Fund:

- £15.015m of investment in infrastructure, skills and economic development through six projects funded by the £25m Towns' Fund grant, with the remaining grant to be utilised in future years.
- £1.5m to improve private homes for older or disabled residents to enable them to continue living in their own home.

Housing Revenue Account:

- Meeting housing need - delivering new council homes
- Maintaining and improving condition of existing housing - £18.515m including 289 new kitchens, 510 new bathrooms plus 250 showers, 859 upgraded doors, 1,680 electrical upgrades or rewires and 300 individual homes plus a 15-storey block of flats receiving new windows.
- Improving the use and management of the existing housing stock - £8.732m including improvements to communal areas, 790 new heating systems and 5 communal boiler upgrades,110 solar/photovoltaic panel installations plus a £1.150m disabled adaptation and stair-lift installation programme.
- Improving neighbourhoods - £2.1m including 99 door entry system upgrades benefitting 625 homes and a £0.75m estate aesthetics programme.

Towns' Deal Funding

4.32 The most significant non-housing capital expenditure next year will be associated with the Towns' Deal. The majority of project budget funding set aside by Government for the Norwich Towns' Deal is not yet sitting with the council but will be drawn down once Government are in receipt of full business cases.

4.33 Whilst the Towns' Deal projects will be delivered in accordance with the council's normal governance procedures additional Towns' Deal specific governance has been put in place. The Towns' Deal is intended to help drive forward long term, inclusive economic and productivity growth in Norwich. With this in mind an overall Towns' Deal programme board has been set up to oversee delivery which includes not only council members and officers but also the local MPs, the chair of the Norwich 2040 Vision and a variety of business and education organisations. Internally an officer programme board has been set up to drive delivery of the projects forming the Towns' Deal which sit with the council (noting that two are in the hands of City College and one with Norwich BID to deliver).

4.34 Utilisation of the Towns' Deal funding has been profiled over three years, with initial expenditure planned to take place within the current financial year (2020/21). In order to do this it will be necessary to increase the 2020/21 general fund capital programme by £1.025m. Further details of the projects to benefit from this funding have been set out in Appendix 4 (B) of this report and were presented to cabinet on 20th January 2021.

4.35 Some Towns' Deal projects propose to utilise match-funding in addition to the Government funding shown within this report. It will be necessary for the capital programme to be adjusted to include this once all of the match-funding has been confirmed.

Future capital programme

4.36 As well as the proposed capital programme, the council is continuing with its ambitions to make sustainable improvements to the borough and the lives of the residents. The Council recognises that it is likely to need significant investment to advance the priorities and ambitions being identified and continues to explore the possibility of working with both the private sector and other public sector bodies to identify new funding streams and delivery mechanisms that can deliver this.

4.37 These schemes will all need to follow the principles as set out in this Capital Strategy and full business cases will need to be submitted and approved before the schemes are recommended for inclusion in the capital budget.

4.38 The future capital programme will continue to develop and reflect the priorities identified within the Council Housing Strategy which was approved by Cabinet in November 2019. Work continues to produce an updated general fund and

HRA asset management strategy, which will influence future capital programmes.

People Live Well:

- Options for improving the provision of temporary accommodation for the homeless continue to be explored.

Inclusive economy:

- The council continues to explore the potential to develop under-used land and brown-field sites held by the council to help regenerate the city economically, as well as socially, and in terms of its environment. This may be through the HRA with the development of new social housing or in line with the council's non-financial investment strategy.

Meeting housing need and delivering new homes:

- There is a shortage of housing in the city and the council intends to invest in the development of new housing. The Council Housing Strategy 2020-26 sets out the ambition to deliver new homes through the HRA, whilst the Future Housing Commissioning report approved by Cabinet and Council in July 2020 identifies the capacity within the HRA to develop further sites in future years.

Maintaining and improving the condition of existing HRA housing:

- The council is the largest provider of social housing in the city and ensuring that the housing stock is safe and well-maintained is the biggest contribution the council can make to addressing housing need in the city. This is indicated in the Council Housing Strategy 2020-26 which identifies the requirement to establish longer-term plans maintenance and regeneration of HRA housing and estates.

Improving the quality and safety of private sector housing:

- As a private landlord, the council's company, Norwich Regeneration Limited, aims to be an exemplar of good private landlord practice, by ensuring that properties built for private sector rental are of good quality.

4.39 The financial consequences of capital projects identified within the Future Housing Commissioning report have been taken into account in the council's financial plans in the following manner:

- The HRA Business Plan does not include all potential projects identified within the Future Housing Commissioning report. However, a financial viability assessment of their impact on the HRA Business Plan demonstrates that their inclusion within the HRA capital programme would extend the period in which the HRA borrowing could be repaid, from 29 years up to a maximum of 42 years if all potential projects were to proceed. This shows that the Business Plan would remain sustainable over the 60 years planning period.

- The borrowing that the council may need to undertake to finance the projects has been included in the capital financing requirement, operational boundary for external debt, and authorised limit for external debt calculations, as set out in the Treasury Management Strategy (section 6).

- No additional financing costs (interest or MRP costs) have been included in the general fund revenue budget as in order to be financial viable and receive council approval these schemes must at least be cost neutral to the revenue budget, in other words, each scheme must generate new income that will at the very least cover the financing costs of the project.

- Some future projects could generate additional revenue income for the council, however the general fund revenue budget has prudently not anticipated any additional income at this stage.

Funding the capital strategy

4.40 The availability of funding plays a key part in the size and content of the capital programme. The impact of national cuts in grant funding has significantly reduced the level of government support for capital investment since 2010 and the council must now rely more on its own funding, and levering in other sources of external funding where this is possible.

4.41 The sources of funding available for capital investment by both the general fund and HRA and the proposed strategy for their use is found in Appendix 4 (C). It needs to be emphasised that the majority of these funding sources can only be used to fund capital expenditure and not the day-to-day costs of providing services.

Proposed funding of the general fund capital programme

4.42 There are two main influences on the overall size of the general fund capital programme, namely:

- The level of capital resources available, and
- The extent to which the revenue consequences of the programme, in terms of cost of borrowing or direct funding, can be accommodated within the revenue budget.

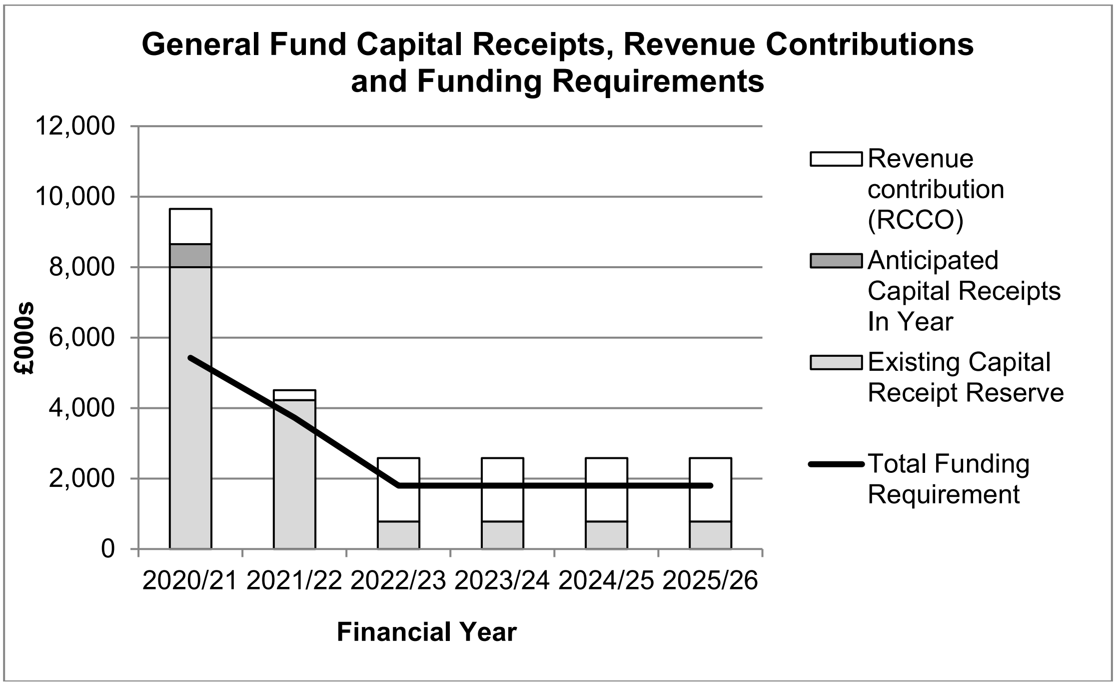
4.43 In the past, capital receipts have been the main funding source for the general fund capital programme. However, known receipts and intended sales continue to reduce, and no further receipts are currently identified from 2021/22.

4.44 Chart 4.3 shows a forecast of all known general fund capital receipts and revenue budget contributions over the next 5 years, along with current expenditure requirements (including setting aside £1.4m for known potential future capital liabilities).

4.45 In order to compensate for the reducing level of capital receipts, previous years' MTFS have included proposals to increase the revenue budget to fund a revenue contribution towards capital expenditure by £0.25m per annum until the funding source reaches a total of £1.8m. However, due to current pressures on the general fund budget, for 2021/22 only, it is proposed that the revenue contribution towards capital expenditure is reduced to £0.280m. This will mean that additional capital receipts will need to be utilised to fund the general fund capital programme, reducing the remaining capital receipt balance to £0.779m in 2022/23.

4.46 The level of capital receipts rely upon the completion of asset sales which cannot be guaranteed. Furthermore, additional potential capital liabilities such as costs arising from the future review of assets or other expenditure requirements that generate no income may arise, which would place a further demand on resources. In order to fund any additional costs, further capital receipts will need to be raised from the disposal of existing assets or revenue budget contributions will need to be increased.

Chart 4.2: General Fund Capital Receipts, Revenue Contributions and Funding Requirements



4.47 The consequential impact of a reducing level of capital receipts is that the size of the capital budget funded from capital receipts and the general fund revenue budget continues to be constrained by a "cap" or "budget envelope". This cap is an average of £1.8m per annum over the next five years, representing the amount that can be funded from known capital receipts and the planning assumptions contained with the MTFS revenue budget.

4.48 The implication of this restriction in general fund capital investment is that many maintenance needs on the council's existing property assets cannot be currently met. Borrowing to fund this expenditure is unlikely to be an option in most cases as the majority of capital expenditure required is unlikely to generate new income streams that could cover the resultant increase in financing costs.

4.49 The continuing constraints on the availability of capital resources in the medium to long term and the direct impact on the revenue budget leaves little room for manoeuvre. The requirement to review the asset base over the coming years remains, with the council needing to retain a sustainable level of assets to support service delivery.

Table 4.4: Proposed funding of the General Fund capital programme

GF Funding Source	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	5 Year Total £000s
GF Capital Receipts	1,532	0	0	0	0	**1,532**
RCCO	280	470	425	425	425	**2,025**
Grants & Contributions	16,260	8,828	1,140	1,140	1,140	**28,508**
Borrowing	674	262	0	0	0	**936**
Salix Borrowing	28	0	0	0	0	**28**
GNGB	226	290	1	8	0	**524**
CIL	1,393	1,718	1,853	1,407	2,053	**8,424**
Section 106	408	35	0	0	0	**443**
Total GF Capital Programme	**20,802**	**11,602**	**3,419**	**2,980**	**3,618**	**42,421**

Proposed funding of the HRA capital programme

4.50 The funding of the HRA capital programme follows the funding strategy set out in Appendix 4 (C). In addition, the £5.039m surplus income estimated for 2020/21 plus £10.640m of existing HRA general reserves are proposed to be used to fund 2021/22 capital expenditure.

4.51 The remaining HRA general reserves (forecast at £27.485m at the end of 2021/22) will be held to provide a versatile resource to support priorities identified within the HRA Strategy, including the regeneration of existing assets and provision of new social housing.

Table 4.5: Proposed funding of the HRA capital programme

HRA Funding Source	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	5 Year Total £000s
Major Repairs Reserve	15,464	15,727	16,130	16,470	16,816	**80,607**
Capital Receipts	13,420	7,440	2,348	2,352	2,357	**27,917**
Revenue budget contributions	6,995	8,025	6,331	3,206	2,657	**27,213**
Retained "one for one" Receipts	11,654	9,161	4,084	4,205	3,656	**32,760**
Grants & Contributions	1,306	250	250	250	250	**2,306**
Borrowing	0	11,418	15,724	5,545	3,028	**35,716**
Total	**48,839**	**52,021**	**44,866**	**32,028**	**28,765**	**206,519**

Enabling our future vision

4.52 The capital programme captures the council's vision and desire for projects and investment at a point in time for inclusion within this report. However, as the vision continues to grow, new projects and investments will continue to develop throughout the year, which will require business cases and financing plans to be formulated prior to approval by cabinet and council. If the project requires funding from external borrowing, it will need to generate new income to cover at least the financing costs of the borrowing, or will be funded off the council's balance sheet through alternative delivery routes.

Alternative delivery routes

4.53 The Council will review the best delivery routes for implementing new capital projects as part of the options appraisal undertaken in the business case. These delivery routes largely fall into the following categories:

- Self-develop: this involves the council undertaking the project independently and therefore provides the greatest level of potential return and control but also the greatest cost and exposure to risk.

- Housing Commissioning team: following external advice through East of England Local Government Association (EELGA), the council is in the process of establishing a small specialist in-house team to take forward new housing development on behalf of the HRA. It is anticipated that a significant proportion of the costs of the team will arise directly from the delivery of new council homes and will therefore be capitalised within existing project budgets.

- Teckal company: the council has sought external advice through East of England Local Government Association (EELGA) regarding establishing a Teckal company or subsidiary to deliver appropriate projects. The advice concluded that this was not the "best and most straightforward option" and therefore this option is not being progressed at this time.

- Partnerships: these allow the council to use its assets (usually land and buildings) and possibly some finance, to attract long term investment from the private sector, in order to deliver socio-economic development and regeneration. They are designed to encourage parties to pool resources to deliver regeneration, with an acceptable balance of risk and return for all involved. This approach would be a new area for the council and would need considerable further work to progress.

- Developer led: this usually involves selling the opportunity to a developer, perhaps with an outline planning consent and Development Agreement in place. As an example, the council takes a developer led approach with housing associations.

- Community Involvement: changes in legislation brought in under the Localism Act have introduced the concept of Community Asset Transfer, Community Right to Challenge and Community Right to Bid for services. This has opened up a whole spectrum of opportunities of private sector investment in community-led capital projects, where deemed appropriate.

Delivering the capital strategy

Governance

4.54 The council undertakes democratic decision-making and scrutiny processes which provide overall political direction and accountability for the investment proposed in the capital strategy. These processes include:

- The Council which is ultimately responsible for approving investment in the Capital Strategy.
- The Cabinet which is responsible for setting the corporate framework and political priorities to be reflected in the Capital Strategy.
- Scrutiny Committee which is responsible for the annual scrutiny of the proposed budget including the Capital Strategy and which can make recommendations to cabinet.
- Audit Committee which scrutinises the capital investment made in any financial year as reported in the annual Statement of Accounts and the risk of future capital investment proposals. The committee can also make recommendations to cabinet.
- Additionally, in order to support the committee structure and Corporate Leadership Team with future governance, a new governance board structure will be established.

4.55 The capital programme is approved by full council as part of its annual budget report which sets out the funding of the capital programme, the schemes being proposed and how they contribute to the achievement of the council's priorities, any consequential revenue budget implications, and information on the affordability, proportionality, and risk of the proposals.

4.56 In addition, new projects not included within the existing of proposed capital programme, require a full Business Case to be submitted to council for approval as and when the information and analysis is available to make a robust decision.

4.57 All capital expenditure must be carried out in accordance with the council's constitution, financial regulations, and contract procedures. Internal audit undertake regular audits of compliance. The monitoring of expenditure against the approved budget, and the forecasting of the year-end outturn, is coordinated by Finance and reported to Cabinet every quarter as part of the overall corporate budget monitoring process.

Business Planning Process

Table 4.6: The council's business planning process

SUMMER	AUTUMN	FEBRUARY
New capital investment proposals drafted	CLT & members consider draft proposals	Council approves capital strategy

4.58 Capital project proposals should form part of the council's annual business planning process. Service and project level planning both informs and is derived from the overall policy framework of the agreed corporate plan and budget. This means that by autumn each year, capital project proposals for the following year(s) should be prepared for the pertaining corporate and political governance processes, which culminate in annual budget council in February.

Commissioning, appraisal, and programme/project management

4.59 The level of future capital investment coupled with the financial restrictions on both capital and revenue expenditure in the general fund require a step change in the quality of commissioning and project management and delivery.

4.60 To support the council's approach to capital investment:

- A commercial property investment strategy was approved by cabinet in December 2018, with a further revision approved in December 2019.

Additionally, officers are developing an approach to other capital investment to include:

- An asset management strategy to inform and support the capital programme.

- An evaluation and scoring mechanism to assist the prioritisation of projects submitted for inclusion within the capital programme.

- A requirement that all capital programmes and projects will be subject to comprehensive but proportionate appraisal (as part of a broader gateway approval system).

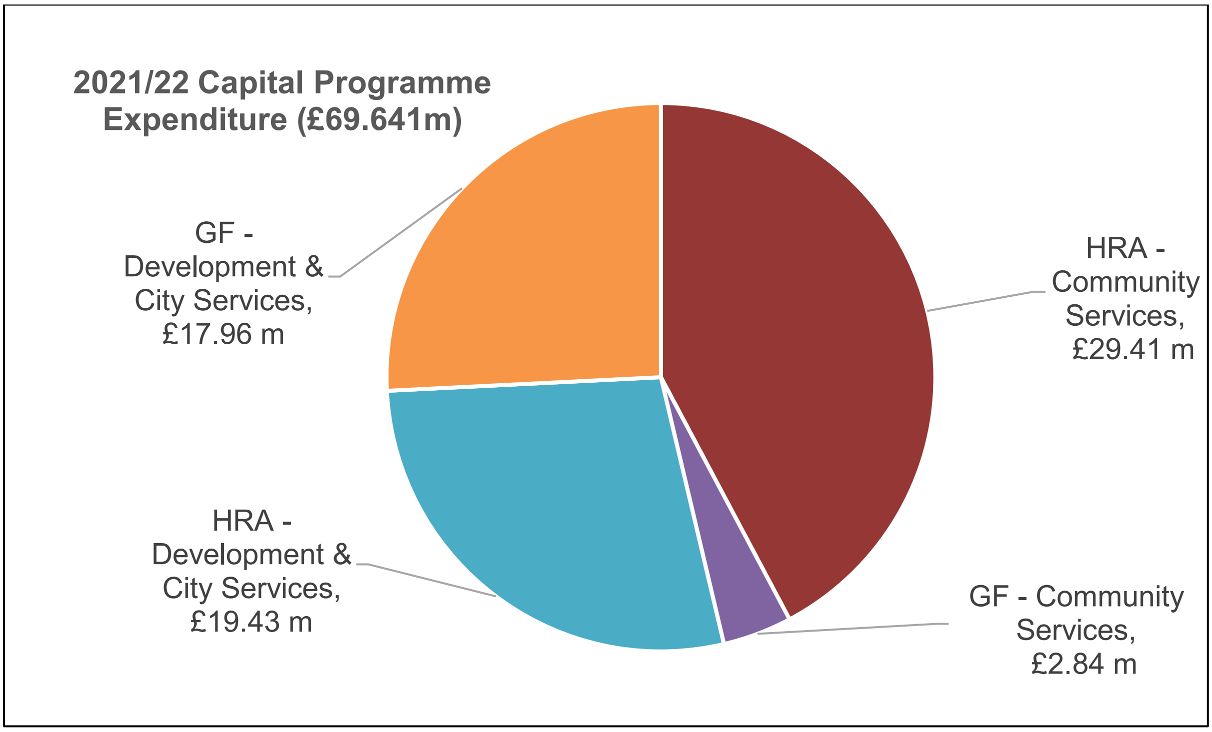
Knowledge and skills

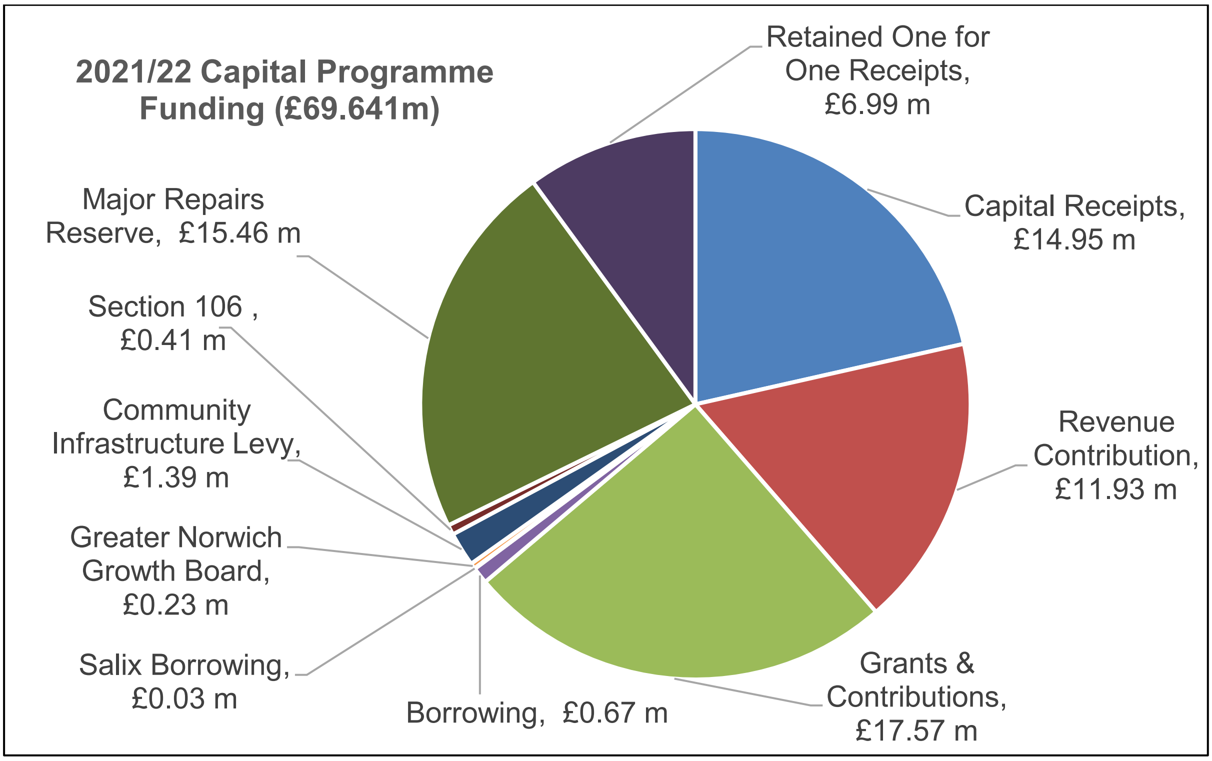
4.61 The council has professionally qualified staff, or access to such staff through its joint venture arrangements, across a range of disciplines including finance, legal, planning and property that allow for capital investment decisions to be robustly considered. These individuals follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

4.62 External professional advice is taken as and when required and will always be sought in consideration of any major commercial property investment decision or joint venture development. The council has current arrangements with Link Asset Services for providing treasury management guidance, PS Tax for tax advice, covering both public sector as well as commercial tax issues, and Carter Jonas for property.

4.63 Internal and external training continues to be offered to members to ensure they have up-to-date knowledge and expertise to understand and challenge capital investment decisions.

Appendix 4 (A): Proposed GF and HRA capital programme 2020/21





Appendix 4 (B): Proposed GF and HRA capital projects 2021/22 to 2025/26

Scheme	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	5 Year Total £000s
Community Services						
Community centres - energy efficiency works at West Earlham, Cadge, Eaton, Belvedere, Clover Hill and Chapel Break	60	0	0	0	0	**60**
Cadge Road Community Centre - re-roofing works	39	0	0	0	0	**39**
Towns' Fund Programme - Make space at the Norwich Halls	1,000	2,426	0	0	0	**3,426**
St Andrew's Hall – replacement of electrical distribution board, luminaires and upgrade to main bonding	17	0	0	0	0	**17**
St Andrew’s Hall – St George's kitchen electrical upgrade	6	0	0	0	0	**6**
Norman Centre – replacement boilers	165	0	0	0	0	**165**
* Homes Improvement Agency - Better Care Fund/Disabled Facilities Grant	1,440	1,440	1,440	1,440	1,440	**7,200**
* Football pitch improvements - improved drainage, grass and goal facilities	40	35	0	0	0	**75**
* IT upgrades	75	75	75	75	75	**375**
GF Total - Community Services	**2,841**	**3,976**	**1,515**	**1,515**	**1,515**	**11,362**
Catton Grove Community Centre – Replacement of electrical distribution board, toilet luminaires and external lighting	9	0	0	0	0	**9**
HRA Upgrade Programme	29,377	29,134	27,626	25,205	23,770	**135,112**
Community centre assets - HRA impact	25	25	25	25	25	**125**
HRA Total - Community Services	**29,411**	**29,159**	**27,651**	**25,230**	**23,795**	**135,245**

Scheme	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	5 Year Total £000s
Development & City Services						
Park toilet refurbishment - Wensum, Heigham and Eaton parks	200	0	0	0	0	**200**
Waterloo Park Café - works to enable re-letting	36	0	0	0	0	**36**
Ketts Heights - access improvements, repairs to walls and infrastructure and creation of biodiversity habitat	109	203	0	0	0	**312**
21 Acre Wood - community access improvements	6	1	1	8	0	**16**
4A Guildhall Hill - remedy of dilapidations	86	0	0	0	0	**86**
38 Exchange Street - shop refurbishment	61	0	0	0	0	**61**
85-91 Ber Street - re-roofing works	41	0	0	0	0	**41**
Minimum Energy Efficiency Standard (MEES) - works to investment properties in various locations	40	0	0	0	0	**40**
Solar photovoltaic panels installed on NCSL depot	28	0	0	0	0	**28**
2 Old Meeting House Alley - electrical rewire and replacement boiler	12	0	0	0	0	**12**
City Walls - rolling programme of repairs	40	40	40	40	40	**200**
River Wensum - pontoon replacement	12	0	0	0	0	**12**
Closed churchyards - rolling programme of repairs - various locations	10	10	10	10	10	**50**
Norwich Yacht Station - replace rotten hardwood quay headings and capping timbers	8	0	0	0	0	**8**
Community Infrastructure Levy - contribution to strategic pool	1,393	1,718	1,853	1,407	2,053	**8,424**
Towns' Fund Programme - Compulsory Purchase Order revolving fund	4,924	0	0	0	0	**4,924**

Scheme	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	5 Year Total £000s
Towns' Fund Programme - advanced construction and engineering centre	3,100	0	0	0	0	**3,100**
Towns' Fund Programme - East Norwich	4,090	0	0	0	0	**4,090**
Towns' Fund Programme - digi-tech factory	500	0	0	0	0	**500**
Towns' Fund Programme - public realm improvements at St Giles and Hay Hill	1,000	3,000	0	0	0	**4,000**
Towns' Fund Programme - branding	118	0	0	0	0	**118**
Towns' Fund Programme - programme management	47	47	0	0	0	**94**
Towns' Fund Programme - digital hub	235	2,215	0	0	0	**2,450**
* Cemetery Railings - replacement of damaged railing panels	142	0	0	0	0	**142**
* Eaton Park path replacement - continuation of programme	45	45	0	0	0	**90**
* Marriott's Way/Hellesdon Station Green - infrastructure improvements	111	86	0	0	0	**197**
* NCSL – Acquisition of IT, tools and equipment (to be recharged to company)	674	262	0	0	0	**936**
* 20 Hurricane Way - demolition works	176	0	0	0	0	**176**
* Wensum Park stone wall - replacement of damaged dry-stone walls	20	0	0	0	0	**20**
* Transforming Cities funding - continuation of existing programme	368	0	0	0	0	**368**
* City Hall - replacement of space heating boilers	330	0	0	0	0	**330**
GF Total - Development & City Services	**17,961**	**7,627**	**1,904**	**1,465**	**2,103**	**31,060**
Argyle Street development	2,440	40	0	0	0	**2,480**
Capital grants to Registered Providers	2,000	2,000	2,000	2,000	2,000	**10,000**
Mile Cross Depot development	5,330	9,240	9,270	2,010	420	**26,270**

Scheme	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	5 Year Total £000s
Northumberland Street development	689	50	0	0	0	**739**
Housing opportunities fund	2,500	2,500	2,500	2,500	2,500	**12,500**
Site formation and demolition	50	50	50	50	50	**250**
Three Score phase 3 development	4,660	7,510	2,200	210	0	**14,580**
Ailwyn Hall redevelopment	827	908	1,179	28	0	**2,942**
Kings Arms redevelopment	932	564	16	0	0	**1,513**
HRA Total - Development & City Services	**19,428**	**22,862**	**17,215**	**6,798**	**4,970**	**71,273**

Total Proposed GF Capital Programme	20,802	11,603	3,419	2,980	3,618	**42,421**
Total Proposed HRA Capital Programme	48,839	52,021	44,866	32,028	28,765	**206,519**
Total Proposed Capital Programme	**69,641**	**63,623**	**48,285**	**35,007**	**32,383**	**248,940**

* Denotes schemes approved in previous years

Appendix 4 (C): The council's capital funding sources & strategy for their use

Funding source	Description and proposed strategy for its use
Revenue budget	**Description:** The use of the annual revenue budget to fund capital expenditure. **General Fund strategy**: The revenue budget (along with capital receipt income) is used to fund capital projects where there is no financial return from the investment to cover the costs of borrowing. The MTFS usually includes a £0.25m annual increase in the budget, although it is proposed to suspended this for the 2021/22 financial year and the general pressures on the general fund will limit the extent to which this may be used as a source of capital funding. **HRA strategy:** The HRA revenue contribution towards capital outlay (RCCO) is the most versatile funding source and is therefore only utilised for capital expenditure after first taking into account resources available from grants, contributions, Major Repairs Reserve (MRR), retained one for one RTB capital receipts.
Capital receipts	**Description:** Income arising from the sale of assets. Can only be used to fund capital expenditure or offset future debt costs. **General Fund strategy**: Capital receipts are used as a corporate resource. Capital receipts income (along with the revenue budget) is used to fund capital projects where there is no financial return from the investment to cover the costs of borrowing. **HRA strategy**: Non Right-to-buy HRA capital receipts arise from the disposal of HRA property and land and may be utilised to fund all HRA capital expenditure, except for projects that are being part funded by Right to Buy Retained 'One For One' Receipts. Due to this restriction, this resource is utilised to fund the HRA capital upgrade programme after resources arising from grants, contributions and MRR have been applied, but prior to the use of general reserves and borrowing. **Use of capitalisation flexibilities**: Regulations around the flexible use of capital receipts allow the council to use new capital receipts to fund the revenue costs of council service reviews that will generate savings in future years. This is subject to the council approving a policy on the flexible use of capital receipts. The council currently has sufficient funds in its earmarked spend-to-save reserves and therefore has no proposal to make use of these flexibilities.

Funding source	Description and proposed strategy for its use
Leasing	**Description:** A lease is a contractual arrangement calling for the lessee (user) to pay the lessor (owner) for use of an asset. Property, buildings and vehicles are common assets that are leased. Leasing offers a way of financing the use of assets over a period of time without actually having to buy them outright. **Strategy for its use:** Some of the assets used by the Council are financed by a lease arrangement, for example vehicles. There may be instances where leasing could offer value for money and it will remain a consideration when options are being appraised. However, given the relatively low cost of borrowing through PWLB compared to the implicit interest rates within any leased asset arrangement, it is likely to be better value for money if the council funds the asset itself via borrowing.

Funding source	Description and proposed strategy for its use
Right-to-buy capital receipts	**Description:** Income arising from Right-to-Buy house sales comprising of two elements, local authority share and retained 'one for one' receipts. This funding source is only available to the HRA. **Local Authority Share:** An element of the capital receipts arising from the sale of HRA dwelling under Right-to-buy that may be retained indefinitely by the council and utilised to fund all HRA capital expenditure. **Strategy for its use**: As with other HRA capital receipts, these may be utilised to fund all HRA capital expenditure, except for projects that are being part funded by Right to Buy Retained 'One For One' Receipts. Due to this restriction, this resource is utilised to fund the HRA capital upgrade programme after resources arising from grants, contributions and MRR have been applied, but prior to the use of general reserves and borrowing. **Retained 'One For One' Receipts:** The use of this share is limited under statute and can only be used to fund up to 30% of the overall cost of new social housing and must be utilised within 3 years of the date of retention or be returned to central government along with a punitive interest charge. **Strategy for its use**: The use of this resource is maximised where possible and rigorous monitoring is undertaken during the year to ensure the council is not at risk of having to pay the receipts plus interest to central government. Council has prioritised the funding of its own HRA capital programme in utilising these receipts, but when unable to do so the priorities are: 1. Grant to Registered Providers to develop social rented housing, or when unable to do so; 2. Grant to Registered Providers to develop affordable rented housing.

Funding source	Description and proposed strategy for its use
General Reserves	**Description:** General reserves can be used to fund either revenue or capital expenditure. **General Fund strategy**: The general reserve is planned to be used to help finance the revenue budget over the MTFS until the reserve reaches the prudent minimum level. There are no plans for it to be used to fund capital expenditure. **HRA strategy:** The HRA general reserve is planned to be used as necessary to finance revenue and capital budgets in line with the HRA business plan, until the reserve reaches the prudent minimum balance.
Major Repairs Reserve (MRR)	**Description:** The Major Repairs Reserve is created from an annual depreciation charge to HRA revenue budgets. **Strategy for its use**: This is used annually as the first source of funding for the HRA capital upgrade programme.
Capital grants	**Description**: Sums of money given to the council to fund, either in whole or in part, specific capital projects **Strategy for their use**: the council will actively pursue grants and contributions and other innovative solutions to the funding of capital investment schemes. This funding will be utilised in the first instance if the capital projects they fund meet the city's priorities and have no revenue budget or other onerous implications. To be noted: many grant awarding organisations now give a higher funding priority to those schemes that involve working with other public sector partners.

Funding source	Description and proposed strategy for its use
Section 106, GNGB and CIL	**Description:** Contributions paid by developers to mitigate the impact of new development across the city. **Section 106:** Contributions may be utilised to fund capital schemes but it must be in accordance with the obligations imposed by each legal agreement. These are now diminishing as S106s have instead largely been replaced by CIL contributions. **CIL (Community Infrastructure Levy)**: 80% of CIL contributions collected are paid to the Greater Norwich Growth Board (GNGB) to fund the Infrastructure Investment Fund in accordance with the existing memorandum of understanding. Where appropriate the council submits bids which may be utilised to fund capital schemes. 15% of CIL contributions are retained for local neighbourhood sponsored schemes and allocated to fund minor capital schemes. Contributions may provide matched funding in order to secure grant funding from central government or the local enterprise partnership.

Funding source	Description and proposed strategy for its use
Borrowing	**Description: Internal borrowing** is the *temporary* use of the council's cash holdings to fund capital expenditure. **External borrowing** is the process of going to an external financial institution to obtain money. The council will only borrow money (either internally or externally) in cases where there is a clear financial benefit, such as a new income stream or a budget saving, that can, at the very least, fund the costs arising from the borrowing, namely interest charges & any Minimum Revenue Provision (MRP) costs. The council's borrowing will be proportionate to the size of the council's balance sheet and revenue budget. Regardless of whether the capital expenditure is funded through internal or external borrowing the revenue budget will assume the latter and will make budget provision for interest charges and MRP costs (the latter for the general fund only). All executive decisions on borrowing, investment or financing, within the limits and principles agreed by Council in the annual Treasury Management Strategy, are delegated to the Section 151 officer (chief finance officer), under the council's constitution, who is required to act in accordance with CIPFA's Treasury Management Code of practice. The Section 151 officer will decide whether to use internal instead of external borrowing as a temporary source of financing if at the time: (a) The council's overall cash holdings are above the minimum amount of cash deemed necessary for working capital purposes– (see the Treasury Management Strategy in section 6). (b) The net return from the new income stream (or budget saving), arising from the capital expenditure, is above that which would be obtained by depositing the cash on a short-term basis in a bank or building society. (c) There is no imminent likelihood of the Bank of England base rate increasing to the extent that it would be value for money for the council to borrow to fund any existing indebtedness as measured by the capital financing requirement (the council's underlying need to borrow). External advice will be sought by the Section 151 officer from the council's treasury advisers, Link Asset Services, if necessary.

5. NON FINANCIAL (COMMERCIAL) INVESTMENT STRATEGY

Context

5.1. This report is a requirement of MHCLG's Investment Code and CIPFA's Prudential Code.

5.2. The council invests money for three broad purposes:

- 5.2.1. Because it has surplus cash as a result of day-to-day activities it invests the cash to make a return. These investments are part of treasury management good practice.
- 5.2.2. To support corporate priorities by lending to and/or buying shares in other organisations.
- 5.2.3. To support corporate priorities including housing and economic regeneration.

5.3. This section covers items 2 and 3 above which are termed non-financial investments. These are considered separately from "traditional" treasury management activities, contained in section 6, for ease of understanding and in order to separate treasury investments made under security, liquidity and yield principles from capital expenditure on assets, shares, and lending to third parties.

5.4. Until the changes to the PWLB lending criteria were confirmed in November 2020, the council had a higher risk appetite for non-financial investments than treasury investments given the contribution the former made to the delivery of corporate priorities and the long-term financial sustainably of the council.

5.5. To enable the Council to continue with its ambitious investment programme, it has removed any commercial investment primarily for yield that was previously approved but not committed, to ensure it can continue to utilise the PWLB as its primary lending source.

5.6. The financial indicators showing the affordability, proportionality and total potential risk exposure to the council arising from non-financial investments and other budget decisions are given in section 7 of this report.

Commercial property investment

5.7. Whilst the council has held commercial property for decades, until recently it has been purchasing new property investments in line with the approved Commercial Property Investment Strategy and within the council's approved capital expenditure budget. As explained in paragraph 5.4, the Council will no longer be making new investments in commercial property primarily for yield and the capital programme has been amended accordingly.

5.8. The government's stated aim in changing the PWLB lending terms is to develop a proportionate and equitable way to prevent local authorities from using PWLB loans to buy commercial assets primarily for yield, without impeding their ability to pursue service delivery, housing, and regeneration under the prudential regime.

5.9. The government now requires each local authority to provide a high-level outline of their capital plan for the years ahead, categorising projects as service delivery, housing, regeneration, or the refinancing of existing debt, based on the s151 officer’s assessment of which category is the best fit for the project. At the point of applying for a PWLB loan, applicants will be asked to confirm that this outline remains current and that the authority did not intend to buy commercial assets primarily for yield.

5.10. Up to March 2020, £75m of new investments were made, generating gross initial income of £4.7m and net initial income (after taking into account the financing costs of the acquisition) of £2.1m (a net initial return of 2.7%).

5.11. These assets will continue to be held (which is allowable within the government guidance) primarily in order to generate a financial return for the council, although investments made within the city’s boundaries can also contribute to the corporate priority of an “inclusive economy” by investing in existing council property to provide spaces for business to occupy. The investment property portfolio generates a source of income for the council which makes a significant contribution to the ongoing financing of council services, ensuring the financial sustainability of the council as government funding reduces.

Asset Management Review

5.12. During 2021/22, the Council is committed to review, update and renew the council’s property asset management strategy and plan, which will form the basis of any future investment proposed to Cabinet and Council.

5.13. The strategy will sit alongside the budget report and inform any revisions to the proposed capital strategy within this budget report. It will also replace the commercial property investment strategy that is paused for new investments for the reasons explained above.

Setting aside new net rental income into the earmarked reserve

5.14. The council agreed in February 2018, as part of the budget setting report, to the establishment of a commercial property earmarked reserve. The reserve is held to help mitigate the financial risks of holding commercial property and can be used to fund any future void periods, the granting of rent free periods to new tenants, and any landlord repairs.

5.15. It is estimated that this reserve will contain some £2.047m at the end of the financial year 2020/21. The reserve balance remains unchanged due to the need to address the pressures relating to Covid-19 early in 2020/21, rather than transferring the new net income achieved above the MTFS income target into the reserve as agreed at the time of setting the 2020/21 budget.

5.16. In line with the existing commercial property investment strategy, 20% of future new net rental income (net income being gross income less assumed financing costs arising from external borrowing) will be credited annually to the commercial property earmarked reserve. The amount of money in the reserve will be reviewed every year as part of the budget setting process and will take into account the results of the annual portfolio review (as described in the commercial property investment strategy).

Council loan book

5.17. The Council has the ability to borrow funds at preferential rates to fund capital expenditure from the Public Works Loan Board (PWLB). Once borrowed, current capital rules allow these funds to be used to make capital loans ("onward lend/on-lend") to other organisations (specifically those that do not have access to PWLB loans).

5.18. In being a provider of capital finance, the Council is subject to statutory controls that restrict the loans that can be offered in order to avoid State Aid issues. Specifically, the Council:

- Must lend funds at a rate that is competitive with market rates for similar loan products;

- Must not on-lend funds at a rate lower than its own average borrowing rate, even if such rates are subsequently competitive; and

- Must not use the loan to provide State Aid in other ways, e.g. full or partial discounts on fees or charges incurred for: deferred instalment repayments; late payment of instalments; and full or partial premature loan redemption.

5.19. Outside of the treasury management function, where the council lends in order to manage its cash holdings, the council currently has a loan book of just over £15.858m with three borrowing organisations (as at 31 Dec 20), Norwich Regeneration Limited (£15.250m), Norwich City Services Limited (£0.5m) and the Norwich Preservation Trust (£0.108m).

5.20. In making loans the council is exposing itself to the risk that the borrower defaults on repayments. The council must therefore ensure that the loan is prudent and that the risk implications have been fully considered, both with regard to the individual loan and the cumulative total of the loan book.

Process for lending to Norwich Regeneration Limited (NRL)

5.21. During 2020/21 the cabinet received an update report at its June meeting in relation to NRL and approved the following recommendations:

1) that the council, as shareholder, supports Norwich Regeneration Ltd to continue the build out of Sections 2-4 at Rayne Park

2) recommend to council, as lender and shareholder, an increase in the loan facility for Norwich Regeneration Ltd up to a maximum of £21m (currently £11.4m).

3) recommend to council an adjustment to the capital programme to increase the equity investment in Norwich Regeneration Ltd up to a maximum of £6.2m (currently £2.724m) by acquiring up to 3.5m of £1 ordinary shares.

4) Approve the issuing of new shares by Norwich Regeneration Ltd; and

5) request Norwich Regeneration Ltd work alongside council officers to investigate and appraise options for the housing assets as further information becomes available on the wider impacts of Covid-19 on the housing market.

5.22. The current investment position is a loan totalling £15.250m and equity investment of £4.274m. Sections 2-4 of Rayne Park have progressed positively with sales reservations exceeding initial projections.

5.23. NRL are currently developing a business plan which will reported to Cabinet in March 2021 and seek approval for any variations to currently agreed investment parameters detailed in paragraph 5.21 above.

5.24. An expected credit loss model calculation is undertaken annually to measure the credit risk of the loan book and reported in the council's Statement of Accounts. This is a requirement of International Financial Reporting Standard 9. At the end of 2019/20 there was an impairment of £4m on the council's loan to NRL. This was based on an assessment of how much of the current loan balance may not be recoverable from the company. The Council also established an earmarked reserve to cover the full cost of the impairment, which can be drawn down if the future business plan is not able to fully recover the investment to date.

NRL Business Model

5.25. Although specific details will vary for each development project undertaken by the company, and the detail of the proposals are commercially confidential, the basic business model proposed in the company's Business Plan can be described as follows:

1) The council to vest land for housing development to the company in return for shares.

2) The council to purchase further shares in the company in order to meet State Aid and thin capitalisation requirements. This requires that the company receives a reasonable amount of its funds from shareholders rather than all of the funding being obtained from external borrowing.

3) The company to develop housing that is planning policy compliant for affordable housing.

4) The reminder of the housing to be a mix of private sector sales and homes for private sector rental.

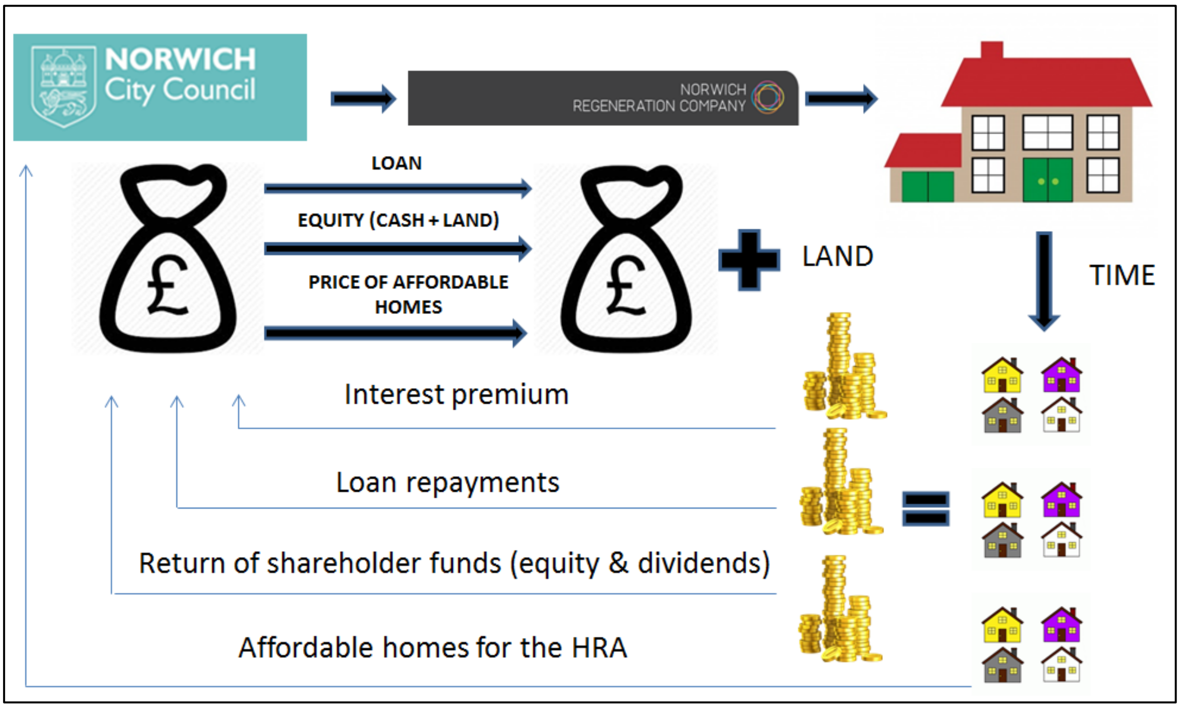
5) The company to borrow, at commercial interest rates and terms, from the council to fund the development of the private sector housing for rent and for sale.

6) The affordable homes to be purchased by the council's Housing Revenue Account (HRA) at negotiated terms and in staged payments, underpinned by a Development Agreement, taking into account the tenanted market value of the homes and the statutory requirement for the council to achieve value for money.

7) The company to repay the loan used to fund the development costs of the private sector homes for sale once those homes have been sold.

8) The remainder of the loan to be repaid over an agreed long-term period with the company using the rental income received from the private sector rentals to fund the interest charges thereby providing the council with a long term income stream to help fund core council services.

Chart 5.1: Business model between the council and NRL



Process for lending to Norwich City Services Limited (NCSL)

5.26. During 2020/21 the cabinet received a report at its June meeting in relation to formally establishing NCSL and approved the following recommendations (shown as an extract):

1. recommend to council that the capital programme is increased by £2.780m to provide a:

    a) £1.140m, 20 year loan to the wholly owned company to create a depot facility at a rate of 3%. The loan will be funded through prudential borrowing;

    b) £0.370m, equity investment to support the creation of the depot facility and establish an equity:loan ratio of 25%:75%. The equity investment will be funded from capital receipts;

    c) £1.270m budget for IT, tools and equipment which will be recharged to the company over the useful life of the assets.

2. approve a £0.5m working capital loan agreement to the wholly owned company at a rate of 1% above base rate to be repaid within 10 years of the service transfer dates.

5.27. As reported to cabinet in November 2020, the Chief Executive also approved that Norwich City Council enters into a loan agreement to provide Norwich City Services Ltd a further £0.2m of working capital finance to facilitate the depot roof works in 2020/21. As an urgent decision was required, the decision was taken by the chief executive under powers set out in Appendix 2 (para 5.4) of the constitution. It was made with the agreement of the Leader of the Council and Portfolio Holder for Resources. The chair of scrutiny and the monitoring officer were also consulted and agreed that the decision was required to be made urgently outside the normal decision making framework. The deputy 151 officer acted as the 151 officer to avoid any potential conflicts of interest in relation to the NCSL.

5.28. No further investment in NCSL is planned at this time above that already approved; although Cabinet was made aware in January 2021 that additional investment might be required once more service information is available for the Phase 2 building repairs service transfer.

Equity investments (Shareholdings)

5.29. The Council obtained shares in Norwich Airport Limited and in Legislator Companies 1656 and 1657 in March 2004 as part of the Public Private Partnership Agreement for Norwich airport. During 2019/20, the Council sold its shares in Norwich Airport Ltd, but it retains an equity investment in the two Legislator companies.

5.30. The Council also has equity investments in both its wholly owned subsidiaries: Norwich Regeneration Limited, 42,740 £100 shares and Norwich City Services Limited, 370,000 £1 shares.

6. TREASURY MANAGEMENT STRATEGY

Background

6.1 CIPFA (the Chartered Institute of Public Finance & Accountancy) defines treasury management as: *"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

6.2 This section of the budget report fulfils the council's legal obligation under the Local Government Act 2003 to have regard to relevant codes of practice and guidance issued by CIPFA (Chartered Institute of Public Finance & Accountancy) and the MHCLG (Ministry for Housing, Communities & Local Government).

6.3 This section therefore fulfils the need for council to approve:

- A treasury management strategy before the start of each financial year (as required by CIPFA's Treasury Management Code).
- Prudential indicators to ensure that the council's capital investment plans are affordable, prudent and sustainable (as required by CIPFA's Prudential Code).
- An investment strategy before the start of each financial year (as required by MHCLG's Investment Code).
- A Minimum Revenue Provision (MRP) policy (as required by MHCLG's MRP guidance).

6.4 The council's investment in commercial property, equity shares, and lending to third parties is considered in the non-financial (commercial) investment strategy in section 5.

6.5 However for the purposes of clarity, the projections, indicators and limits given in this section of the budget report include:

- The general fund and HRA proposed capital programme and its funding as set out in tables 4.5 and 4.6.
- The implications for the council's capital financing requirement and borrowing position arising from the non-financial investments proposed in section 5 of this report.

Treasury management reporting requirements

6.6 The council is required to receive and approve as a minimum, three main reports each year, which incorporate a variety of, polices, estimates and actuals.

- Prudential and treasury indicators and treasury strategy (this report)

- A mid-year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Treasury management role of the Section 151 Officer

6.7 The S151 (responsible) officer is responsible for:

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Receiving and reviewing management information reports;
- Reviewing the performance of the treasury management function;
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring the information required by internal or external audit is supplied;
- Recommending the appointment of external service providers;
- Ensuring that due diligence has been carried out on all treasury investments and is in accordance with the risk appetite and approved policies of the authority;
- Ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- Ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above;
- Training and qualifications of members responsible for treasury management approval and scrutiny as well as officers responsible for the day to day operations of treasury management.

Treasury management practices

6.8 Norwich City Council has adopted the CIPFA Treasury Management Code.

Training

6.9 The CIPFA Code requires the responsible officer to ensure that all members with responsibility for treasury management receive adequate training in this area. The S151 officer is responsible for this function. The training needs of treasury management officers are periodically reviewed.

Treasury management advisers

6.10 The council uses Link Asset Services as its external treasury management advisors.

6.11 Responsibility for treasury management decisions remains with the council at all times. Although the council will from time to time require the services of specialists, consultants and advisers in order to acquire access to specialist skills, undue reliance will not be placed upon the services and advice provided.

Treasury Management Strategy

Current Treasury Portfolio Position

Table 6.1: The Council's current investment and borrowing position

	31/03/2020 Actuals £000	%	31/12/2020 Actuals £000	%
Investments				
Banks	15,300	34.5	28,130	40.7
Building Societies	0	0.0	12,000	17.4
Local Authority	14,000	31.6	15,000	21.7
UK Government	0	0.0	0	0.0
Money Market Funds	15,000	33.9	14,000	20.3
TOTAL	**44,300**	**100.0**	**69,130**	**100.0**
Borrowing				
PWLB	214,107	97.4	214,107	97.4
Banks	5,000	2.3	5,000	2.3
Others	804	0.4	772	0.4
TOTAL	**219,911**	**100.0**	**219,879**	**100.0**

6.12 On the 31st of December 2020, the council held £219.879m of external borrowing and £69.130m of treasury investments.

The Prudential and Treasury Indicators 2021/22 – 2025/26

6.13 The council's capital expenditure plans are a key driver of treasury management activity. A summary of the council's capital budget plans and how these are being financed is shown in table 6.2.

6.14 The Capital Financing Requirement (CFR) calculation is shown in table 6.3. This is the total historic outstanding capital expenditure yet to be financed from revenue or capital resources and a future projection of CFR based on capital expenditure plans. It is a measure of the council's indebtedness, and therefore its underlying borrowing need. The CFR also includes other long term liabilities such as finance leases.

6.15 The CFR incorporates interim figures in relation to the new reporting requirements detailed within IFRS16. The reporting standard requires certain leases currently accounted for through the revenue spend of the Council, to have its liabilities shown on the balance sheet if the lease has more than a year to run or is above a deminimus value. An example for Norwich are the vehicles procured through an operating lease.

6.16 This is a requirement of closing the accounts for 2021/22 and officers continue to undertake the required data gathering exercise, which will clarify the full impact on the CFR for the Council. At the time of writing, final guidance had not been issued by CIPFA. It is therefore important to note that there may be a requirement to refresh the authorised limit and operational boundary once the review is substantially complete later in the 2021/22 financial year.

6.17 The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's expected life.

6.18 The repayment of loan debt by the council's wholly owned company NRL will also reduce the CFR where the loan is financed by borrowing.

6.19 Table 6.5 sets out the required affordable borrowing limit, namely:

a. The operational boundary - the limit beyond which external debt is not normally expected to exceed.

b. The authorised limit for gross external debt - a statutory limit determined under section 3 (1) of the Local Government Act 2003. It represents the legal limit on the maximum level of borrowing beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It is also the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

c. The estimated capital financing requirement for the HRA as at 1 April 2020 is £205.717m and this has been included in the authorised limit.

d. The HRA debt cap at the time it was removed in October 2018 was £236.989m.

Chart 6.1: Forecast of CFR and borrowing limits

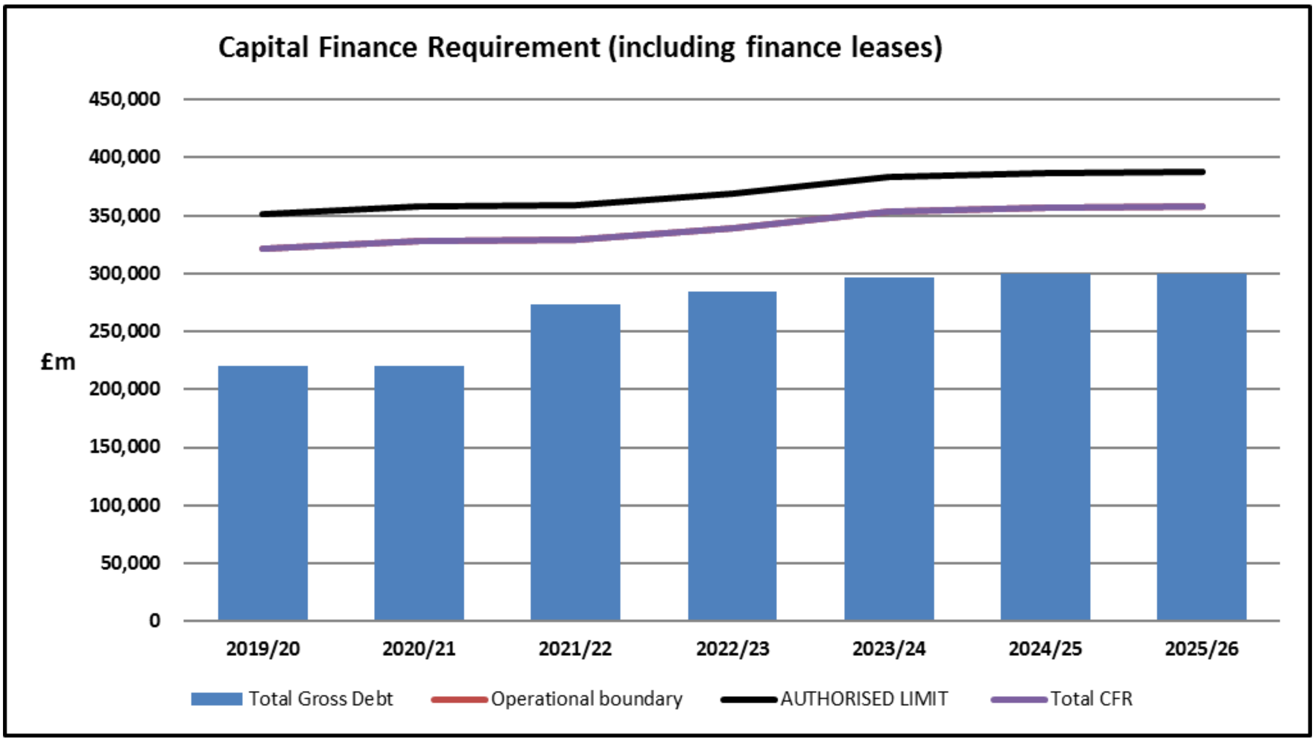


Table 6.2: The council's capital expenditure and financing plans

	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Capital expenditure (without capital ambition)						
General Fund	9,057	20,617	13,089	3,419	2,980	3,618
Commercial properties	0	0	0	0	0	0
Total General Fund Expenditure	**9,057**	**20,617**	**13,089**	**3,419**	**2,980**	**3,618**
Housing Revenue Account	**23,630**	**48,839**	**52,021**	**44,866**	**32,027**	**28,765**
TOTAL CAPITAL EXPENDITURE	**32,687**	**69,456**	**65,110**	**48,285**	**35,007**	**32,383**
Financing						
Capital receipts	7,660	14,952	7,440	2,348	2,352	2,357
Revenue contribution	5,086	11,934	9,631	4,508	4,629	4,082
S106	93	408	35	0	0	0
Greater Norwich growth partnership	0	226	290	1	8	0
Community infrastructure levy	0	1,393	1,718	1,853	1,407	2,053
Major repairs reserve	13,368	15,464	15,727	16,130	16,470	16,816
Retained "one for one" RTB receipts	2,566	6,995	8,025	6,331	3,206	2,657
Contributions and grants	3,598	17,410	10,565	1,390	1,390	1,390
Capital spend to save reserve	0	0	0	0	0	0
Total	**32,371**	**68,782**	**53,431**	**32,561**	**29,462**	**29,355**
Borrowing need for the year	**316**	**674**	**11,679**	**15,724**	**5,545**	**3,028**
TOTAL FINANCING	**32,687**	**69,456**	**65,110**	**48,285**	**35,007**	**32,383**

***NB**: 2020/21 estimates in table 6.2 above include any potential expenditure that might need to be carried-forward into 2021/22).*

Table 6.3: Prudential and treasury Indicators

	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Capital financing requirement at end of year						
General Fund	120,100	121,300	119,974	118,311	116,595	114,822
Housing Revenue Account	207,518	207,518	218,936	234,660	240,205	243,233
TOTAL	**327,618**	**328,818**	**338,910**	**352,971**	**356,800**	**358,055**
Annual change in capital financing requirement						
General fund	4,540	1,200	- 1,326	- 1,663	- 1,716	- 1,772
Housing Revenue Account	1,801	-	11,418	15,724	5,545	3,028
TOTAL	**6,341**	**1,200**	**10,092**	**14,061**	**3,829**	**1,256**
Gross Debt						
Borrowing	220,217	273,277	284,836	296,432	299,342	299,726
Operational boundary for external debt						
Operational boundary	327,618	328,818	338,910	352,971	356,800	358,055
Authorised limit for external debt						
Authorised limit	357,618	358,818	368,910	382,971	386,800	388,055
Actual external debt						
Borrowing	219,423	272,597	284,277	296,001	299,046	299,574
Debt maturity profile - all borrowing %						
Less than one year	1%	19%	1%	1%	18%	2%
Between one and two years	23%	1%	1%	18%	3%	17%
Between 2 and 5 years	27%	23%	40%	21%	19%	2%
Between 5 and 10 years	30%	22%	5%	6%	5%	4%
Between 10 and 15 years	6%	4%	3%	1%	1%	1%
Between 15 and 20 years	1%	0%	0%	0%	0%	0%
Over 20 years	12%	30%	51%	54%	55%	73%
Upper limit for fixed interest rates	100%	100%	100%	100%	100%	100%
Upper limit for variable interest rates	20%	20%	20%	20%	20%	20%
Upper limit for investments > 365 days		£30m	£30m	£30m	£30m	£30m
Current treasury investments as at 31/12/2020 in excess of 1 year maturing in each year	-	-	-	-	-	-

Maturity Structure of borrowing Strategy

6.20 These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits. These limits will also be applied to the 2020/21 outturn report.

Table 6.4: Maturity structure of borrowing

Maturity structure of fixed interest rate borrowing		
	Lower	**Upper**
Under 12 months	0%	30%
12 months to 2 years	0%	50%
2 years to 5 years	0%	50%
5 years to 10 years	0%	50%
10 years to 15 years	0%	60%
15 years to 20 years	0%	60%
20 years and above	0%	80%

Borrowing Strategy

6.21 The capital expenditure plans set out in tables 6.2 above, provide details of the service activity of the council. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes, ensuring that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

6.22 The table below summarises the council's forward projections for borrowing based on the assumptions given in tables 6.2 above.

Table 6.5: Estimated forward projections for borrowing

	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
External Debt						
Debt as at 1 April	219,107	219,423	272,597	284,277	296,001	299,046
Expected change in debt	316	53,174	11,680	11,724	3,045	528
Other long-term liabilities	794	680	559	432	296	152
Actual gross debt as at 31 March	**220,217**	**273,277**	**284,836**	**296,432**	**299,342**	**299,726**
Capital Financing Requirement	327,618	328,818	338,910	352,971	356,800	358,055
Under/(Over) borrowing	**107,401**	**55,541**	**54,074**	**56,539**	**57,458**	**58,329**

N.B. Other long-term liabilities are any liabilities are other credit arrangements that are outstanding for periods in excess of 12 months e.g. finance leases.

6.23 The council is currently maintaining an under-borrowed position. This means that the capital borrowing need (CFR) has not been fully funded with loan debt, as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

6.24 The council has been well served by this policy over the last few years. The Section 151 Officer will continue to review and adopt a pragmatic approach to changing circumstances in order to avoid incurring higher borrowing costs in the future when interest rates may rise as set out below:

- If it is felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- If it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from sudden increase in inflation risks or impact of Covid 19 on the UK economy, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Policy on borrowing in advance of need

6.25 CIPFA's Prudential Code paragraph allows borrowing in advance of need when changes in interest rates mean that it benefits the council to borrow before the planned expenditure is incurred. This will be considered carefully and appropriate advice will be sought from the council's treasury management advisers.

6.26 Borrowing in advance of need from a treasury management perspective will be made within the following constraints:

- It will be limited to no more than 75% of the expected increase in borrowing need (CFR) over the three year planning period; and
- The authority would not look to borrow more than 3 years in advance of need (current and next two financial years).

6.27 The council addresses its departure from this Code of Practice for non-financial investments (commercial property acquisitions) in paragraphs 1.29 to 1.31.

6.28 The risks associated with any advanced borrowing from a treasury management perspective will be subject to appraisal and will be reported via the mid-year or annual Treasury Management reports.

Debt rescheduling

6.29 As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

6.30 Any rescheduling will take account of:

- The generation of cash savings and / or discounted cash flow savings;
- Helping to fulfil the treasury strategy;
- Enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

6.31 Although unlikely in the current interest rate environment, consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely, as short term rates on investments are currently lower than rates paid on existing debt.

UK Municipal Bond Agency (MBA)

6.32 It is possible that the MBA will be offering loans to local authorities in the future at rates expected to be lowered than offered by the PWLB. The Council may make use of this new source of borrowing as and when appropriate.

Minimum Revenue Provision Policy Statement

6.33 The proposed MRP Policy Statement is set out in Appendix 6.

6.34 The Council is required to pay off a proportion of the accumulated unfunded capital expenditure each year (capital financing requirement) through an annual revenue charge (the MRP). This includes MRP for commercial properties and other non-treasury investments financed by borrowing.

6.35 The Council overpaid £6.632m of MRP in previous years. This amount is being gradually released to the general fund revenue budget on a straight line basis over the next 37 years.

6.36 It should be noted that it is not the council’s policy to charge minimum revenue provision (MRP) on loans to third parties so long as there is no indication that the loan will not be repaid in full. All third party loans will be reviewed annually with an assessment made of any MRP payments required.

6.37 Currently there is no requirement for the HRA to make MRP provisions.

Investment Strategy

Investment and borrowing rates

6.38 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view.

6.39 PWLB forecasts shown below have taken into account the 20 basis point certainty rate reduction.

Table 6.6: Interest rate forecast as at January 2020

Link Group Interest Rate View	9.11.20												
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20													
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

6.40 Investment returns are likely to remain low during 2021/22 with no forecast increase in the following two years.

6.41 The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 16th December, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the near-term as economic recovery is expected to be only gradual and, therefore, prolonged.

6.42 As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period

6.43 The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

6.44 While this authority will not be able to avoid borrowing to finance new capital expenditure and to replace maturing debt, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

Treasury investment policy

6.45 The council's treasury management investment policy has regard to MHCLG's Guidance on Local Government Investments ("the Guidance") and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code") as well as the CIPFA Treasury Management Guidance Notes 2018. The Council's treasury management investment priorities will be Security first, Liquidity second, and then Yield.

6.46 All funds invested by the in-house treasury management team as part of the normal treasury management processes are made with reference to the cash flow requirements of the council and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Careful consideration will be given before investing sums identified for longer term investments.

Risk Assessment and Creditworthiness Policy

6.47 Management of risk is placed in high priority in accordance with the MHCLG and CIPFA Guidance. In order to minimise the risk to treasury investments, the council applies minimum acceptable credit criteria to generate a list of highly creditworthy counterparties which it maintains. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long term ratings.

6.48 Ratings will not be the sole determinant of the quality of an institution; the financial sector will be continuously monitored on both micro and macro basis and in relation to the economic and political environments in which these institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this, the council will engage with its advisors to watch the market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

6.49 Other information sources used will include the financial press, share price and other such information relating to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. For local authority or related counterparties, the financial standing and other available information will be considered before placing investments.

6.50 Where applicable consideration will be given to the materiality of expected credit losses for treasury investments before they are used.

6.51 The counterparty list for treasury investments will be revised from time to time and submitted to council for approval as necessary.

6.52 In its selection process, the council will apply its approved minimum criteria to the lowest available rating for any institution. Credit rating information is supplied by Link Asset Services; the Council's treasury consultants. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list.

6.53 Any rating changes, rating watches (notification of a possible change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. Where a credit rating agency announces that a rating is on review for possible downgrade so that it may fall below the approved rating criteria, then no investments other than existing will be made with that organisation until the outcome of the review is announced.

6.54 The list of types of investment instruments that the treasury management team are authorised to use are categorised as specified and non- specified investments.

- **Specified investments** that the Council will use are high security and high liquidity investments in sterling and with a maturity of no more than a year.

- **Non-specified investments** are high security, high credit quality, in some cases more complex instruments for periods in excess of one year.

6.55 The council will consider the use of new investment instruments after careful consideration by officers and approval by council.

6.56 While all investments will be denominated in sterling, investments will only be placed with counterparties from countries with a specified minimum sovereign rating in table 6.7.

6.57 Lending and transaction limits for each counterparty will be set in the Treasury Management Principles (TMPs) through applying the matrix table 6.6 below.

Table 6.6: specified and non-specified investment approved instruments and limits

Counterparty/Financial instrument	Minimum Credit Criteria or Equivalent	Specified Investments		Non-specified Investments	
		Maximum duration	Counterparty Limit (£m)	Maximum duration	Counterparty Limit (£m)
DMAF - UK Government	n/a	3 months	£30m	n/a	n/a
UK Government gilts	UK Sovereign rating	12 months	£15m	3 years	£5m
UK Government Treasury bills	UK Sovereign rating	6 months	£10m	n/a	n/a
Money Market Funds - CNAV	AAA	Liquid	£10m per fund £25m overall limit	n/a	n/a
Money MARKET Funds - LVNAV	AAA			n/a	n/a
Money Market Funds - VNAV*	AAA			n/a	n/a
UK Local Authority term deposits (LA)**	n/a	12 months	£10m per LA	5 years	£5m per LA
Term Deposits with UK Building Societies	ratings for banks outlined below / Asset worth at least £2.5bn or both	12 months	£5m	n/a	n/a
Banks (Term deposits, CD, Call & Notice accounts)	AAA	12 months	£15m	2 years	£10m
Banks (Term deposits, CD, Call & Notice accounts)	AA+ AA	12 months	£15m	12 months	£5m
Banks (Term deposits, CD, Call & Notice accounts)	AA- A+ A	12 months	£10m	n/a	n/a
Banks (Term deposits, CD, Call & Notice accounts)	A-	6 months	£5m	n/a	n/a
Property Funds	credit loss analysis, financial and legal due diligence	n/a	n/a	n/a	£5m per fund
Loan Capital and other third party loans including parish councils	Subject to financial & legal due diligence	considered on individual basis	n/a	considered on individual basis	n/a

* Specialist advice will be obtained before the use of VNAV money market funds
** Local authorities will reviewed in line with CIPFA suggested indicators

6.58 The identification and rationale supporting the selection of these investments, the maximum limits and monetary limits to be applied are set out in table 6.7 below.

6.59 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days), in order to benefit from the compounding of interest.

Sovereign limits

6.60 Alongside changes in banking regulations which are focused on improving the banking sectors resilience to financial and economic stress, due care will be taken to consider the country, group and sector exposure of the Council's investments.

6.61 The Council will only use approved counterparties from the UK and countries with a sovereign credit rating from the three main rating agencies equal to or above AA-. In addition:

- No more than 20% will be placed with any non-UK country at any time and would always be sterling investments
- Sector limits will be monitored regularly for appropriateness.

6.62 Due to COVID, it is possible that credit rating agencies could downgrade the sovereign rating for the UK from the current level of AA-. However if credit rating agencies downgrade the UK below AA- (the minimum Sovereign rating for 2020/21), the council will immediately seek advice from its treasury adviser and report to cabinet at the earliest possible reporting date.

Table 6.7: Sovereign rating for 2020/21

AAA	Sweden	**AA**
Australia	Switzerland	Abu Dhabi (UAE)
Denmark		France
Germany	**AA+**	**AA-**
Luxembourg	Canada	Belgium
Netherlands	Finland	Hong Kong
Norway	USA	Qatar
Singapore		U.K.

Bank of England iteration UK bank stress tests

6.63 In addition to the use of credit ratings provided by the three main rating agencies the other factors identified in paragraphs 6.45 to 6.46 will be taken into consideration when selecting UK banks.

Money Market Funds (MMFs)

6.64 Money market funds are pooled investment vehicles consisting of instruments similar to those used by the council. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager and analyst team. Fees are deducted from the interest paid to the council.

Building societies

6.65 Although the regulation of building societies is no longer any different to that of banks, the council may use building societies which have a minimum asset size of £2bn but will restrict these types of investments to fixed deposits subject to lower cash limit and shorter time limit.

Current account banking

6.66 The council's current accounts are held with Barclays bank UK Plc (Ring Fenced Bank RFB). In the event of the credit rating of Barclays bank UK Plc (RFB) falling to a point lower than the council's minimum credit criteria of A- long term rating, the council will treat its bank as "high credit quality" for the purpose of making investments that can be withdrawn on the next working day.

UK banks – ring fencing

6.67 The council will continue to assess any newly-formed entities against existing criteria and those with sufficiently high ratings will be considered for investment purposes.

Investment risk benchmarking

6.68 These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or annual Treasury Management report.

6.69 **Security benchmark** – Counterparty risk will increase as duration of investment increases. The council will continue its policy of investing the majority of its investments with duration of less than 12 months. The council's maximum security risk benchmark for the current portfolio, when compared to the historic default tables is 0.039%.

6.70 **Liquidity** – in respect of this area the council seeks to maintain:

- Bank overdraft – zero balance
- Liquid short term deposits of at least £1m available with a week's notice.
- Weighted average life benchmark is expected to be 0.50 years, with a maximum of 1.00 year. However this benchmark may change if the Council decides to invest longer than 12 months.

6.71 **Yield** - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day (London Interbank Bid Rate) LIBID rate.

Ethical investment

6.72 The council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the council's mission and values.

6.73 This applies to direct treasury investment only. The council's normal money market activity would usually be with financial institutions which may have unknown indirect links with companies which the council will be unable to monitor. However, where known links are publicly available the council will not knowingly invest.

Policy on charging interest to the Housing Revenue Account (HRA)

6.74 Following the reform of housing finance, the council can adopt its own policy on sharing interest costs and income between the General Fund (GF) and the Housing Revenue Account (HRA).

6.75 The CIPFA Code recommends that authorities state their policy on this matter each year in their treasury management strategy. The charge is required to be fair to the general fund and to the HRA. This council's policy is to charge the HRA with an element of any under-borrowing or surplus cash at the Council's pooled borrowing/investment rates.

Policy on use of financial derivatives

6.76 The council will not use standalone derivatives except where they can be clearly demonstrated to reduce the overall level of financial risk that the council is exposed to.

APPENDIX 6: Minimum Revenue Provision (MRP) policy statement

For capital expenditure incurred:

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

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

(C) Expenditure in respect of loans made to third parties will not be subject to a minimum revenue provision as the Council will have undertaken sufficient due diligence to expect these loans will be repaid in full to the Council by a capital receipt either during the loan agreement term or at the end of the agreement. Therefore the Council considers that it can take a prudent view that the debt will be repaid in full at the end of the loan agreement (or during if it is an instalment loan), so MRP in addition to the loan debt repayments is not necessary. Each loan will be reviewed on an annual basis to ensure that is no change in the expectation that there will be a full repayment of the loan. If, upon review, this is no longer found to be the case then a minimum revenue provision will be made over a prudent timeframe to cover the potential non-repayment of part or all of the loan balance.

This is subject to the following details:

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

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

3) Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case. Where this is the case the chief finance officer will first seek approval from Full Council.

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

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

7. SUMMARY OF KEY FINANCIAL INDICATORS

Background

7.1 Local government finance is subject to a high level of regulation. There are various codes of practice which the council, under legislation, has a duty to have regard to when taking its budget decisions.

7.2 This section of the budget report provides information to show the affordability, proportionality and value of potential risk exposure with regard to the council's proposals for borrowing, lending to third parties, investment in equity shares in third parties, and investment in commercial property.

7.3 MHCLG has suggested various financial indices that could be used to fulfil this requirement and recommends that councils should "where appropriate" consider setting self-assessed limits or targets for these indices. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf

7.4 For the majority of indicators the council has not elected to set self-assessed limits. This will kept under review as better "bench-marking" data becomes available from other authorities. The annual limit in regards to borrowing is set in the Treasury Management Strategy (section 6).

7.5 The indices chosen as being the most appropriate for the council's circumstances at present take as their starting point figures from the 2019/20 audited statement of accounts and project these forwards for this financial year and the three following years.

7.6 The MHCLG do not specify any indices for the HRA – they are given in the tables that follow where appropriate to do so.

Latest audited Balance Sheet position - strong

7.7 The balance sheet provides a "snapshot" of the council's financial position at a specific point in time showing what it owns and owes. The council currently has a strong balance sheet position and has total long term assets valued at just over one billion pounds sterling, most of which are land and property assets including the council's HRA housing

7.8 It had external borrowing of £220m as at the 31 March 2020 which is 20% of the value of the council's assets. In addition, the council had borrowed £101m internally from its own cash holdings to temporarily fund capital expenditure and investments. The total long term indebtedness of the council at the end of last financial year was therefore £321m (this figure is known as the capital financing requirement (CFR)).

Table 7.1 relevant extracts of the council's audited balance sheet (as at 31/03/20)

	31-Mar-20 £000	31-Mar-19 £000
Long term assets	1,077,939	1,046,128
Of which:		
- Investment properties	105,677	65,931
- Long term investments (equity shares in 3rd parties)	4,852	4,478
- Long term debtors (amounts lent to 3rd parties)	9,521	12,531
Long term borrowing	220,136	199,900
Current Assets	58,400	63,447
Current Liabilities	35,110	32,046

7.9 Long term investments (equity shares) as at the 31st March include a £2.7m shareholding in Norwich Regeneration Limited.

7.10 In the 2019/20 long term debtors the amounts lent to third parties on commercial terms comprise a £9.4m loan to Norwich Regeneration Limited and a £0.121m loan to Norwich Preservation Trust. The council also makes "soft" loans (on non-commercial terms) to others, for example home improvement loans to residents. Only the lending undertaken on commercial terms needs to be considered as part of the requirements arising from the revised Investment Code.

7.11 The liquidity or current ratio is a traditional method of assessing an organisation's ability to meet its debts as and when they fall due. It is calculated by dividing current assets by current liabilities. A ratio of more than one is generally accepted to show a low risk. The ratio for the council as at the end of March 2020 is 1.7:1, meaning the council held nearly twice as many short term assets (e.g. cash deposits in banks and building societies) as compared to short term liabilities (mostly trade creditors).

Forecast Balance Sheet position

7.12 The council's budget proposals contained within this budget report will result in a growing balance sheet both in terms of the long term assets that will be held by the council (in particular social housing and long term debtors) as well as its long term liabilities (its capital financing requirement or underlying need to borrow).

7.13 The forecasts show the likely trends rather than robust estimates. For example, the value of the council's land, property and heritage assets will change over time through capital expenditure, asset disposals, and annual valuations undertaken for the purposes of preparing the annual statement of accounts. No attempt has been made to forecast these changes.

Table 7.2 estimated values of key aspects of the council's balance sheet

	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024
	£000	£000	£000	£000	£000
Long term assets	1,077,939	1,087,162	1,087,108	1,087,053	1,086,997
Of which:					
- Investment property	105,677	105,677	105,677	105,677	105,677
- Equity shares in 3rd parties	4,852	6,402	6,402	6,402	6,402
- Amounts lent to 3rd parties	9,521	17,194	17,140	17,085	17,029
Capital Financing Requirement	321,277	327,618	328,818	338,910	352,971

NB strictly speaking only external borrowing will be shown in the Balance Sheet rather than the capital financing requirement.

7.14 The value of investment property is assumed to remain in line with current levels. No further additions to the investment portfolio are included; this is in line with the recent changes to the lending terms of the Public Works Loan Board (see further detail in para 1.21). For 2019/20, investment assets portfolio made up 10% of the overall value of the council's long term assets.

7.15 The council's underlying need to borrow is forecast to rise over the period to 2023/24 by £31.7m which is a 10% increase from 2020/21. The majority of the increase in capital financing requirement is driven by investment from the Housing Revenue Account in new social housing schemes. The projections shown assume that all projects, plans, and expenditure included in the budget proposals are undertaken in the expected timeframes. It is likely however that there will be some slippage in these plans and therefore a corresponding decrease in the underlying need to borrow figures.

7.16 Given the increases in the estimated capital financing requirement the council will need to undertake external borrowing in the near future, rather than using its cash to temporarily fund expenditure. As at the time of writing this report the council has £69m of cash and short term investment holdings.

Further detail on the council's borrowing plans

7.17 Table 7.3 shows that a forecast increase in the council's underlying need to borrow (capital financing requirement) in 2020/21 arising from loan funding provided to Norwich Regeneration Ltd and Norwich City Services Ltd. In future years the annual minimum revenue provision charges begin to reduce the overall general fund capital financing requirement.

7.18 The capital financing requirement for the HRA is forecast to increase by £30m by 2023/24 as a result of the planned investment in new and existing social housing stock.

Table 7.3 estimated indebtedness (capital financing requirement (CFR))

	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024
	£000	£000	£000	£000	£000
General Fund CFR	115,561	120,100	121,300	119,974	118,311
Including:					
CFR for investment property	74,556	73,783	72,990	72,177	71,343
CFR for investment in equities	0	0	0	0	0
CFR for lending to 3rd parties	9,521	17,194	17,140	17,085	17,029
CFR total for HRA	205,716	207,518	207,518	218,936	234,660

NB the purchase of equity shares in Norwich Regeneration Limited has been funded from capital receipts and not by borrowing.

7.19 It needs to be emphasised that the council's borrowing policy as explained in Appendix 4 (C), is that:

The council will only borrow money (either internally or externally) in cases where there is a clear financial benefit, such as a new income stream or a budget saving, that can, at the very least, fund the costs arising from the borrowing, namely interest charges & any MRP costs. (See section 9 – the financial glossary for an explanation of these terms).

7.20 This effectively means that the council will only borrow (increase its capital financing requirement) to fund capital expenditure plans on a project by project basis and only when a robust and viable Business Case for the project has been produced demonstrating, amongst other things, that the costs arising from the increase in capital financing requirement can be met by new income streams.

Capital Financing Requirement (CFR) to service expenditure

7.21 This indicator has been included as it is the first that MHCLG suggest is used. It shows how much the council's owes (capital financing requirement) as a percentage of how much the council spends on an annual basis.

7.22 Some further explanation is necessary about this indicator:

- MHCLG has asked for a comparison against "net service expenditure" which they interpret as being a "proxy for the size and financial strength of a local authority". Net service expenditure, for the general fund, comprises that part of the revenue budget that is funded from retained Business Rates, Council Tax, and any revenue support grant.

- However all councils are required to set a balanced budget and do this by balancing total expenditure to the estimated total income likely to be received which includes tax income along with all the fees and charges generated by the council. The gross service expenditure budget is therefore a much better indicator of real spending power and financial size, particularly as this council generates a lot of other fees and charges income used to fund service expenditure.

- The gross service expenditure figures given below for the general fund exclude housing benefit payments which is funded by central government and assumes that the budget is reduced each year by the annual net savings target forecast in the MTFS.

Table 7.4: capital financing requirement (CFR) as a % of service expenditure

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
General Fund (GF):					
Net service expenditure (NSE)	17,368	17,012	20,636	18,626	17,472
Gross service expenditure (GSE)	59,111	56,974	58,983	58,161	57,147
Opening GF CFR as a % of NSE	665%	706%	588%	644%	677%
Opening GF CFR as a percentage of GSE	195%	211%	206%	206%	207%
Opening CFR arising from non-financial investments as a % of GSE	142%	156%	150%	150%	152%
HRA:					
Gross service expenditure (GSE)	61,388	63,669	64,942	66,241	67,566
Opening CFR as a percentage of GSE	335%	326%	320%	331%	347%

NB: NSE = Net Service Expenditure, GSE = Gross Service Expenditure

7.23 The indicators show the total value of the council's capital financing requirement compared to one year's spending total either on a net or gross basis. The indicators do not fairly represent the council's risk exposure as the council would not need to repay all of its indebtedness in one financial year. This would be like asking a home owner to repay his/her total mortgage suddenly out of annual salary and any savings held instead of over the longer term mortgage period.

7.24 For further ease of understanding, the forecast figure of 207% in 2024/25 (table 7.4) means that the forecast total indebtedness for the general fund in that year is equal to the total value of the general fund's gross expenditure budget for 2.07 years.

Capital Financing Requirement (CFR) to asset value (Gearing ratio)

7.25 The gearing ratio shows the council's total indebtedness compared to the total value of the council's assets (both general fund and HRA assets). It is an indicator of the extent to which an organisation's debt is covered by assets. The ratio for the council is considered to be low.

Table 7.5: capital financing requirement (CFR) as a % of the value of long term assets

	2020/21	2021/22	2022/23	2023/24	2024/25
Opening CFR as a % of the value of long term assets	30%	30%	30%	31%	32%
Opening CFR arising from non-financial investments as a % of the value of long term assets	8%	8%	8%	8%	8%

The council's non-financial (commercial) investments

Commercial income to service expenditure

7.26 This ratio shows the general fund's dependence on commercial income to deliver core general fund services.

Table 7.6: commercial income to service expenditure

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Net income from investment property	4,641	3,630	3,783	3,934	3,883
Net income from lending to third parties	251	249	249	249	249
Total net income from non-financial investments	4,892	3,879	4,032	4,183	4,133
Total net income as a % of NSE	28%	23%	20%	22%	24%
Gross income from investment property	7,591	6,542	6,742	6,942	6,942
Gross income from lending to third parties	539	454	454	454	454
Total gross income from non-financial investments	8,130	6,996	7,196	7,396	7,396
Total gross income as a % of GSE	14%	12%	12%	13%	13%

NB: NSE = Net Service Expenditure, GSE = Gross Service Expenditure

7.27 For 2021/22 the net and gross income from investment property shown in table 7.6 (and table 7.7) are based on the current 2021/22 budget assumptions. The budgeted gross income has been reduced by £0.4m in 21/22 to reflect the current challenges in income collection linked the Covid-19 pandemic and its wider economic impacts. The reduction in income is assumed to be unwound over a two year period.

7.28 Income from the council's car parks is not included in this analysis as the primary reason for owning and managing them is not solely for profit making purposes. However the income is significant and of a commercial nature. The net income budgeted to be obtained from car parks in 2021/22 is £1.75m, which if added into the net income from non-financial investments shown in the table above, would mean that commercial income is some 33% of the 2020/21 net service expenditure budget.

Investment cover ratio

7.29 This shows the gross income from non-financial investments compared to the interest expense. Many of the recent investments have been funded from internal borrowing and have not incurred any interest expenses. Therefore in order to calculate this ratio it has been assumed that the recent investments have been financed by external borrowing.

Table 7.7: investment cover ratio

	2020/21	2021/22	2022/23	2023/24	2024/25
General Fund	**£000**	**£000**	**£000**	**£000**	**£000**
Total gross income from non-financial investments	8,130	6,996	7,196	7,396	7,396
Interest expense	2,146	2,063	2,063	2,063	2,063
- As a % of gross income	26%	29%	29%	28%	28%

8. CHIEF FINANCE OFFICER'S STATEMENT

Statutory requirements

8.1 Section 25 of the Local Government Act 2003 places specific responsibilities on the Chief Finance Officer to report on the robustness of the budget and the adequacy of proposed financial reserves when the council is considering its budget requirement. The council is required to have regard to this statement when it sets the budget.

8.2 In addition, CIPFA's recommended good practice is that chief finance officers refer to the range of financial resilience indicators produced by CIPFA in their section 25 statements for 2020/21, but these indicators have not yet been refreshed for 2021/22.

8.3 Another requirement is that under CIPFA's revised Prudential Code the Chief Finance Officer must report on the deliverability, affordability, & the risks associated with the capital strategy.

Key risks and the prudent minimum balance of general reserves

8.4 In fulfilling the statutory responsibilities the Chief Finance Officer has set out in Appendix 8 (A) the key risks associated with the proposed budget, so that council is clear on these risks and the proposed mitigation factors when making its budget decision.

8.5 A key mitigation for the risks mentioned in Appendix 8 (A) is the Chief Finance Officer's estimate of a prudent level of reserves. The requirement for financial reserves is acknowledged in statute. Section 32 of the Local Government Finance Act 1992 requires billing authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

8.6 There has been no change in the methodology for calculating the prudent minimum balance of reserves for both the general fund and the HRA. In both cases, an assessment of three years cover for operational risks has been made covering the main areas of expenditure and income. In addition, amounts have been included for unforeseen events and specific risks such as business rates retention and the impact of welfare reform.

8.7 The risk analysis shows that a prudent minimum level of reserves for 2021/22 will be of the order of £5.100m for the General Fund and £5.848m for the Housing Revenue Account. Further detail of the calculations is available on request. Further comfort is taken from the record council has in managing and delivering to budget in-year and that the budget proposals contain both corporate contingency budgets and specific earmarked reserves for the council's commercial activities.

8.8 As highlighted in Section 2 of this report it is clear that the financial risks associated with Covid-19 will continue to significantly impact the council in future years, it is vital that the council remains resilient to the future risks.

8.9 The detail of all reserves held for specific purposes is reported Section 2, paragraph 2.57. In addition two new reserves are proposed as detailed in paragraph 2.5 and 2.6.

Section 25 Statement

8.8 Allowing for the uncertainty and keys risks as set out in the Council's refreshed Corporate risk register approved by Cabinet in December 2020 (Corporate Risk Register), specifically:

- Risk: 1. Council Funding Short Term (covid-19 related)
- Risk: 2. Council Funding Medium- Long Term
- Risk: 3. Commercialisation (investment property, NRL, other commercial income sources)
- Risk: 5. Second wave of Covid-19
- Risk: 6. Impact of Brexit
- Risk: 10. Joint Venture contracts

it is the opinion of the Chief Finance Officer that the budget has been prepared on realistic assumptions and that it represents a robust budget which provides for an adequate level of reserves.

8.9 It is also the opinion of the Chief Finance Officer that the capital strategy, as set out in section 4, is affordable and prudent as demonstrated by the prudential indicators set out in the Treasury Management Strategy (section 6).

8.10 Due to the impacts and risks associated with both Covid-19 and Brexit the Chief Finance Officer has some reservations on the deliverability of the capital strategy. It is important to note that the profiling of the capital programme was prepared prior to the current national lockdown and therefore slippage in the capital programme is highly probable.

9. GLOSSARY OF TERMS USED IN THE BUDGET REPORT

Asset	*Tangible asset* – an asset that has a physical form such as machinery, vehicles, ICT, equipment, buildings and land. *Intangible asset* – an asset that is not physical in nature such as goodwill, brands, patents & copyrights and shares.
Authorised Contract Scheme (ACS)	This is a UK authorised, tax transparent fund.
Authorised Limit for External Borrowing	A statutory limit that sets the maximum level of gross external borrowing for the council.
Base Budget	The budget from the previous year is taken forward to create the initial budget for the next year before inflation, savings, growth and other adjustments are added.
Baseline Funding Level	Authorities' share of the local share of business rates determined by an index-linked assessment of their needs undertaken in 2012–13.
Benchmark	A benchmark is used to measure a security's value
Billing Authority	This is a council such as Norwich City Council which is responsible for collecting the Council Tax and Business Rates in its administrative area.
Bond	A debt instrument in which an investor lends money for a specific period of time at a fixed rate of interest. Examples are corporate (issued by companies), financials (issued by banks and building societies), Supranational (issued by Supranational such as the European Development Bank), and government bonds.
Brexit	"Brexit' is the phrase coined to describe the process of the UK withdrawing from the European Union. The UK joined the EU in 1973.
Business Rates	Business Rates is the usual term for the National Non-Domestic Rate, a property tax charged on all properties which are not used for residential purposes.
Business Rates baseline	The amount of business rates income a local authority is predicted to raise.

Business Rates Safety Net	The method of protecting an authority which sees its annual business rates income drop below its baseline funding level. Such authorities receive a safety net payment at the end of the financial year from central government. For 2020/21 the safety net will operate at 92.5% of the baseline funding for Norwich City Council.
Business rates Levy	Authorities which experience growth in business rates income pay a levy. As Norwich is a pooled authority; any levy is payable to the Norfolk Business Rates Pool.
Business Rate appeals	Since the introduction of the Business Rates Retention Scheme, Local Authorities are liable for successful appeals against business rates charged to businesses. The Valuation Office Agency operates a Check, Challenge and Appeal process for business rates appeals against the 2017 and later rating lists.
Business Rates Retention	This was introduced in 2013 and designed to give local authorities more control over the money raised locally; removing the ring-fencing of incorporated grants and promoting and rewarding local economic growth. Currently 50% of business rates are retained within local government, with a redistribution mechanism in place across individual local authorities.
Business Rates Pilot	In December 2017, the government announced the aim of increasing the level of business rates retained by local government from the current 50% to the equivalent of 75% in April 2020. In order to test increased business rates retention and to aid understanding of how to transition into a reformed business rates retention system in April 2020, the government has selected a number of local authorities in England to take part in pilot schemes.
Capital Expenditure	Expenditure on the creation of enhancement of assets, for example: • The acquisition, reclamation or enhancement of land • The acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures • The acquisition, installation or replacement of moveable plant, machinery, and vehicles • The acquisition or preparation of computer programs if these will be used for longer than one year

Capital Financing Requirement	A measure of the Council's underlying borrowing need i.e. it represents the total historical outstanding capital expenditure which has not been paid for from either revenue or capital resources.
Capital Receipt	This is income received from the disposal of an interest in a capital asset. The income can only be used to finance capital expenditure or to reduce future debt liabilities.
Capitalisation	The proportion of a company's equity to debt finance. See "Thin capitalisation".
Certainty rate	The government reduces interest rates on loans from the Public Works Loan Board (PWLB) by 20 basis points (00.20%) to councils who provide information specified on their plans for long-term borrowing and capital spending. Norwich complies with this.
Certificate of Deposit (CD)	These are time deposits commonly sold in financial Markets (e.g. banks and building societies).
CIPFA	The Chartered Institute of Public Finance and Accountancy (CIPFA) is a professional institute for accountants working in the public services and in other bodies where public money needs to be managed. It has a role in setting coeds and standards that regulate the use of public money.
Collection Fund	The collection fund is a separate statutory fund, which shows the income received from business rates and council tax, and the distribution to preceptors and the city council.
Constant Net Asset Value Money Market Funds (CNAV)	This refers to money market funds which use amortised cost accounting to value all of their assets. Their aim is to maintain a net asset value or value of a share of the fund.
Contingency budget	A sum put aside to cover unforeseen expenditure during the period of the budget.
Community Infrastructure Levy (CIL)	The Community Infrastructure Levy (CIL) is a planning charge based on legislation that came into force in April 2010. When adopted, a CIL allows the Council to raise contributions from new developments to help pay for infrastructure that is needed to support planning growth. Where a CILcharging schedule is in place, it largely replaces S106 obligations in delivering strategic infrastructure.

Comprehensive Spending Review	A governmental process carried out by HM Treasury to set expenditure limits for the medium term for each central government department.
Council Tax	A tax on domestic property set by local authorities and based on the value of the property within eight bands, A to H. The council tax value of each band is expressed as a proportion of band D (e.g. Band A = 6/9, Band H = 19/9)
Council Tax Base	The number of properties from which it is estimated council tax will be collected, expressed as band D equivalent properties
Council Tax Surplus or Deficit	A surplus/deficit arising from either more or less council tax being collected than expected. This would be as a consequence of variations in collection rate or to the estimated increase in the number of properties
Council Tax Precept	The levy made by the precepting authorities (Norfolk County Council and Police & Crime Commissioner) on Norwich City Council as billing authority requiring the latter to collect income from council tax payers on their behalf.
Council Tax Reduction Scheme	The Council Tax Reduction (CTR) scheme helps people on low incomes and/or certain welfare benefits to pay their council tax bill. CTR replaced the national council tax benefit scheme with effect from 1 April 2013.
Council Tax Requirement	The amount of funding required to be raised from council tax to meet the general fund expenditure budget after taking into account all other funding available.
Counter-parties	List of approved financial institutions with which the council can place investments with.
Credit rating	A measure of the credit worthiness of a borrower. A credit rating can be assigned to an organisation or a specific debt issue/financial obligation. There are a number of credit ratings agencies but the main three are Standard & Poor’s, Fitch or Moody’s.
Credit Risk	Risk of borrower defaulting on any type of debt by failing to make payments which it is obligated to do.

Depreciation	The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence. This is only budgeted as a cost in the HRA.
Disabled Facility Grant (DFG)	A central government grant that contributes towards the cost of providing adaptations and facilities to enable disabled people to continue living in their own homes.
DMADF	Debt Management Agency Deposit Facility.
Earmarked Reserve	Reserves earmarked for a specific type of future spend.
Enhancement (of an asset)	Enhancing an asset is the carrying out of works which are intended to substantially: • lengthen the useful life of the asset • increase the open market value of the asset • increase the extent to which the asset can or will be used in connection with the functions of the local authority Repairs & maintenance is revenue expenditure
European Economic Area (EEA)	The EEA includes EU countries and also Iceland, Liechtenstein and Norway; it allows them to be part of the EU's single market.
External Borrowing	External borrowing is the process of going to an external financial institution to obtain money. The council would generally borrow from the Public Works Loans Board (PWLB) due to its favourable rates for public sector bodies, but other institutions also offer loan finance to councils.
Equity	An ownership interest in a business.
External Gross Debt	Long-term liabilities including Private Finance initiatives and Finance Leases
Expected Credit Loss	Weighted loss on loans should the borrower default. Calculated by multiplying the probability of occurring with the net loss and with the exposure to the loss.
Fairer Funding Review	A review by central government on how to allocate local authority funding to individual councils that is planned to be implemented from 2021/22 onwards.

Finance Lease	Where a lease is classified as a finance lease, then the substance of the transaction is considered to be the same as if the authority had purchased the asset and financed it through taking out a loan. The authority therefore recognises its interest in the asset together with a liability for the same amount. The lease payments are then treated in a similar way to loan repayments, being split between the repayment of the liability and a finance charge.
Financial Conduct Authority (FCA)	This is the body that regulates the financial services industry in the UK.
Floating rate note (FRN)	Issued by Banks, Building Societies and Supranational organisations. The Coupon often re-sets every three months at a set premium to 3 month Libor, which is a rating environment, can help to mitigate interest rate risk.
General Fund	The account to which the cost of providing the Council Services is charged that are paid for from Council Tax and Government Grants (excluding the Housing Revenue Account).
General Reserve	This is a usable reserve which has not been earmarked for a specific future use. The Medium Term Financial Strategy is to use this reserve over the next four years to part fund the annual budget.
Gilt	A UK Government bond, sterling denominated, issued by HM Treasury.
Growth	An increase in expenditure not due to inflation/price changes but arising from growth in service demand or a change in legislation impacting on the service
Housing Revenue Account (HRA)	The Housing Revenue Account is a statutory account maintained separately from General Fund services. It includes all expenditure and income relating to the provision, maintenance and administration of council housing and associated areas such as HRA shops and garages
IFRS	International Financial Reporting Standards.
Internal Borrowing	Internal borrowing is the *temporary* use of the council's cash holdings to fund capital expenditure. Whilst this has to be repaid it does not represent a formal debt in the same way as external borrowing

Institutional Money Market Fund Association (IMMFA)	This is the trade association which represents the European domiciled money market funds. A key requirement of membership is the requirement that funds must have the highest credit rating possible of triple A.
Investment Code	Sets out practices that local authorities are “obliged to have regard to” when making investment decisions. Published by the MHCLG.
LIBOR	London Interbank Offered Rate is the rate of interest that banks charge to lend money to each other. The rates are set on a daily basis and used as a reference price for floating rate securities.
Liquidity	A measure of how quickly the deposit of investment can be returned.
Local Government Finance Settlement	The annual determination of local authority spending made by the government and debated by parliament. A provisional settlement is announced before Christmas with the final settlement announced in late January.
London Interbank Bid Rate (LIBID)	The bid rate that participating London banks are willing to pay for Eurocurrency deposits and other bank’s unsecured funds in the London interbank market.
Low Volatility Money Market Funds (LNVAV)	These refer to money market funds that use amortised cost accounting for assets with a residual maturity of less than 90 days as well as value assets using constant net asset value rounded to 2 decimals.
Major Repairs Reserve (MRR)	The Major Repairs Reserve is a source of funding for the HRA capital upgrades programme generated by an annual asset depreciation charge to the HRA revenue budget.
MCHLG	The Ministry of Housing, Communities and Local Government (MHCLG) .
Minimum Revenue Provision (MRP)	A statutory charge to the general fund revenue budget for future debt repayments (external borrowing in the capital programme). This charge has an impact on the council’s bottom line. The council has to set out its MRP policy in the annual Treasury Management Strategy
Net Asset Value (NAV)	Value of an entity’s total assets minus the value of its total liabilities

New Homes Bonus	A grant paid by central government to local councils to reflect and incentivise housing growth in their areas. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use.
Net Service Expenditure	Net service expenditure comprises that part of the revenue budget that is funded from retained Business Rates, Council Tax, and any revenue support grant.
Non-financial investments	Investments made primarily for a financial return comprising commercial property acquisitions, lending to third parties on commercial terms and equity investments (shareholdings) in third parties.
Non-Specified Investments	These are investments that do not meet the conditions laid down for specified investments and potentially carry additional risks e.g. lending for periods typically beyond 1 year
Office for Budget Responsibility (OBR)	The Office for Budget Responsibility was created in 2010 to provide independent and authoritative analysis of the UK’s public finances.
Office for National Statistics (ONS)	The UK's largest independent producer of official statistics and the recognised national statistical institute of the UK. Main responsibilities are collecting, analysing and disseminating statistics about the UK's economy, society and population.
Operating lease	An operating lease is a contract that allows for the use of an asset but does not convey rights of ownership of that asset. An operating lease represents an off-balance sheet financing of assets.
Operational Boundary	This indicator is based on the same estimates as the Authorised Limit for External debt but reflects the most likely prudent but not worst case scenario but without the additional headroom for borrowing included in the Authorised Limit.

Prudential Code	The Prudential Code for Local Authority Investment was introduced by CIPFA and local government is obliged "to have regard" to the code as part of the Local Government Act 2003. The key objectives of the code are that capital investment plans are affordable, prudent and sustainable. The code details the indicators that must be set annually and monitored throughout the financial year. The council's prudential indicators are found in section 8 of the report in the Treasury Management Strategy.
Public Works Loans Board (PWLB)	The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury that lends money from the National Loans Fund to local authorities.
Reserves	The accumulation of surpluses and deficits over past years. Reserves of a revenue nature can be spent or earmarked at the discretion of the Council. Reserves of a capital nature may have some restrictions placed on them as to their use.
Revenue Expenditure	Comprises the day to day costs associated with running the council's services and financing the council's outstanding debt.
Revenue Support Grant	Introduced in 1990, this is the central grant given to local authorities to support their services. In recent years, local authorities' income from grant has decreased and a higher proportion now comes from business rates and council tax.
Section 106	In considering an application for planning permission, the Council may seek to secure benefits to an area through the negotiation of a 'planning obligation' with the developer. Such obligations are authorised by Section 106 of the Town and Country Planning Act 1990. The Council may therefore, in some Instances, receive funds to enable it to undertake works arising from these obligations. Examples of works include the provision or improvements of community facilities (parks/play areas), affordable housing and improved transport facilities.

Section 25 Notice	Under Section 25 of the Local Government Act 2003 the S151 officer is required to state in the budget report their view on the robustness of estimates for the coming year, the medium-term financial strategy, and the adequacy of proposed reserves and balances. The council is required to take this into account when making its budget and taxation decisions.
Specified Investments	All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum ‘high’ quality criteria where applicable.
Spending Review	An announcement made by central government of its future spending plans for the public sector including local government. The last spending review took place in 2015 and covers the four years up to and including 2019/20. The next spending review is in 2019.
Subjective Analysis	The classification of expenditure and income according to the nature of the items, for example, employee costs, premises, transport, supplies & services, fees & charges income, and grant income.
Subsidiary company	A company that is owned or controlled by another parent company or body.
Term deposits (TD)	This is used to describe a money deposit at a banking institution that cannot be withdrawn for a specific term or period of time.
Thin capitalisation	A company with too little equity finance and too much debt finance.
Treasury bill (T- bill)	A short-dated instrument issued by HM Treasury. Usually considered safe, liquid and secure. UK government rated.
Treasury management	The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions: the effective control of the risks associated with those activities: and the pursuit of the optimum performance consistent with those risks.
Treasury Management Code	The Treasury Management Code of Practice, published by CIPFA, regulates the management of borrowing, investments, & banking. It requires the council to agree & monitor a number of indicators and Treasury Management Practices – these are found in section 6 of this report in the Treasury Management Strategy.

UK Government Gilts	Longer-term Government securities with maturities over 6 months and up to 30 years.
UK Government Treasury Bills	Short-term securities with a maximum maturity of 6 months issued by HM Treasury.
Unit Trust (UT):	A collective investment fund that is priced, bough, and sold in units that represent a mixture of the securities underlying the fund.
Variable Net Asset Value Money Market Funds (VNAV)	These refer to money market funds which use mark-to market accounting to value some of their assets. The net asset value of these funds will vary by a slight amount, due to the changing value of assets.

Report to	Cabinet 10 February 2021	**Item** 8
Report of	Interim Director of resources (S.151 officer)	
Subject	Q3 Budget Monitoring 2020/21	

Purpose

To update Cabinet on the Q3 forecast financial position for financial year 2020/21.

Recommendation

To:

1) note the forecast outturn for the 2020/21 General Fund, HRA and capital programme;
2) note the consequential forecast of the General Fund and Housing Revenue Account balances; and
3) approve the creation of an East Norwich Masterplan earmarked reserve to hold the balance of contributions unutilised at year end (paragraphs 14-15).

Corporate and service priorities

The report helps to meet the corporate priority of providing a healthy organisation.

Financial implications

The report is of a financial nature with the financial implications detailed throughout the report.

Ward/s: All Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Annabel Scholes, Interim Director of Resources (S.151)	01603 989201
Hannah Simpson, Strategic Finance Business Partner	01603 989569
Adam Drane, Finance Business Partner	01603 987561

Background documents

None

Financial Summary Q3 (Figures in 000s)

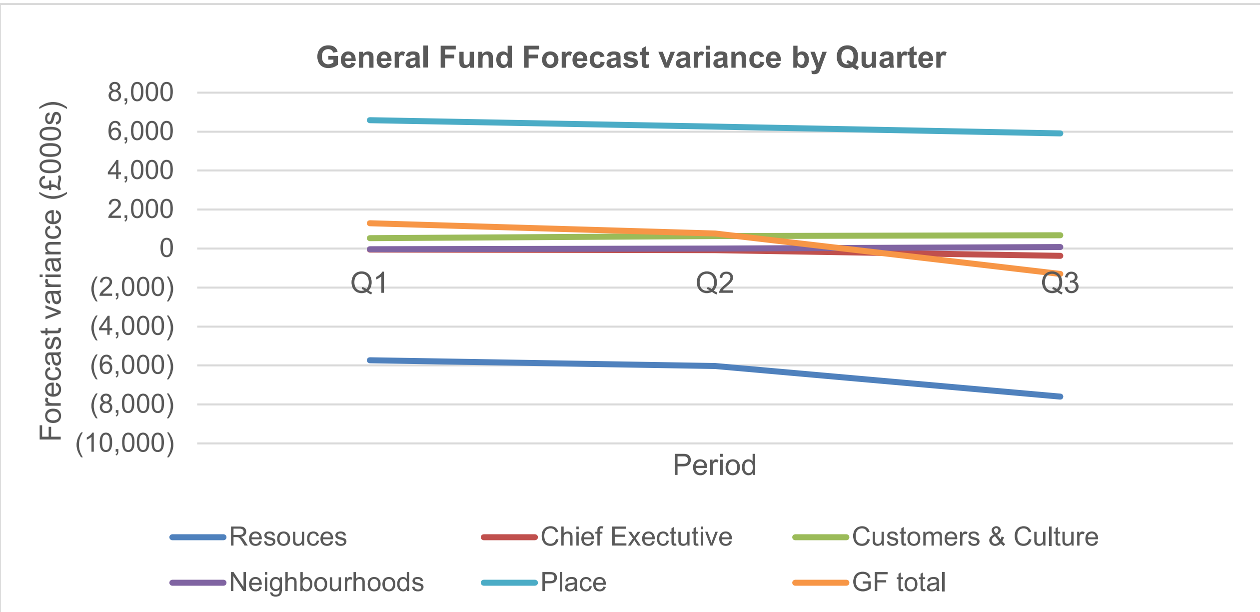
General Fund	Budget	Forecast	Variance
Expenditure	143,295	192,858	49,563
Income	(54,930)	(48,691)	6,239
Grants and subsidies	(88,365)	(145,470)	(57,105)
Total	**0**	**(1,303)**	**(1,303)**

Housing Revenue Account	Budget	Forecast	Variance
Expenditure	68,783	68,442	(341)
Income	(68,783)	(68,029)	754
Total	**0**	**413**	**413**

- The General Fund revenue budget is forecast to underspend by £1.303m. This position incorporates one-off savings identified earlier in the year, including lower than budgeted external borrowing costs, which have been used to offset reduced income across a range of council areas including car park fees and commercial rents. Also included is additional government funding from the Covid-10 government grant and income reimbursement scheme.
- The HRA is forecast to overspend by £0.413m mainly due to anticipated increase in bad debt provision relating to dwelling rent income, partially offset by savings in the HRA dwellings repair budget.

Capital Programme	Budget	Forecast	Variance
General Fund	38,030	6,070	(31,959)
Housing Revenue Account	51,268	22,169	(29,099)

- The General Fund capital programme is forecast to underspend by £31.959m. The forecast reflects the halt on budgeted investment property purchases (£25m) along with delays in a number of projects as a result of Covid-19.
- The Housing Revenue Account capital programme is forecast to underspend by £29.099m, largely due to Covid-19 related disruption to planned work on HRA stock and re-profiling of expenditure on new build projects into the next financial year.



Report

General Fund Revenue Budget

Covid-19 Impacts

1. The Covid-19 pandemic has had a significant impact on the 2020/21 general fund budget; this is due to a combination of increased costs (e.g. housing the homeless, investment in IT to allow staff to work from home, food costs for vulnerable people, higher recycling costs) and lost income (e.g. from car parks, commercial rents, planning fees, licensing, event bookings).
2. A number of forecasts are based on assumptions as to how income streams will continue to be impacted by the Covid-19 situation over the last quarter of the financial year. The performance will be dependent on how lockdown restrictions and the recovery of the economy in general.
3. The council has been awarded Covid-19 funding of £2.78m to assist in dealing with the crisis which is recognised in the budget forecasts. Based on the current forecast position, the receipt of this funding, alongside the positive short term saving decisions taken by the council, has led to an overall general fund underspend. This will mean no general reserves being needed to balance the budget in 2020/21. Although a budget underspend is now forecast, in December 2020 Cabinet agreed to continue to deliver the in-year savings with any improved financial position kept aside to manage the future risks. As part of the 2021/22 Budget papers it is proposed that any underspend is used to fund two new earmarked reserves: one to manage future budget risks and the other to fund support costs for the transformation change programme. There remain however a number of risks and uncertainties over the final outturn position which are set out in paragraphs 7 to 10.

Sales, fees and charges scheme

4. The sales, fees and charges scheme has been created to assist with lost income due to Covid-19. The new income loss scheme involves a 5% deductible rate, whereby councils will absorb losses up to 5% of their planned sales, fees and charges income, with the government compensating councils for 75p in every pound of relevant loss thereafter. By introducing a 5% deductible the government is accounting for an acceptable level of volatility, whilst seeking to shield authorities from the worst losses. Income from commercial revenues, including rental amounts are not considered relevant losses and will not be compensated for under this scheme.
5. Two claims have been submitted, covering the 8 month period from April to November. The claims total £2.09m for the General Fund. The Q3 forecasts include an estimate of general fund income from the scheme of £3.47m for the full financial year. This is an increased estimate from P8, reflecting the reduced forecast parking income following the 2nd national lockdown.

General Fund Forecast

6. The forecast is a £1.303m underspend. This equates to 0.9% of the gross expenditure budget. The general fund forecast has reduced by £2.088m since quarter 2. The main reasons for these changes are shown in the table below:

Table 1

Area	Movement from Q2 (£000)	Comments
Investment Property rental income	(961)	Earlier in the year officers took a cautious approach to the income forecast given uncertainties due to Covid-19 in particular which is affecting the high street retail, leisure and hospitality sectors in particular. However, even though the country is now in another lockdown, at the end of Q3 there is now greater confidence that budgeted rents will be paid by more tenants based on the record of payments made to date (including deferred rental payments where these have been applied).
Covid-19 grant funding	(960)	Additional Covid-19 local government support grant (Tranche 4) confirmed during Q3.
City Hall	(151)	Reduced costs on supplies and services due to lower staff occupancy of the building
Car parking fee income	136	Net impact of revised car parking fee income based on current trends. Figure shows net movement after fees and sales government grant income is taken into account.
Other movements	(152)	
Total movement	**(2,088)**	

7. **Car parking income:** The current forecast shows a net reduction in income against budget £3.988m, taking into account current income and anticipated car park usage for the remainder of the financial year. These models are being regularly assessed and updated, taking into account the most recent available usage figures. At the end of December, daily usage income from car parks was lower than budgeted by £2.7m.

8. **Investment property income:** Income from investment properties is being kept under constant review, with each case being individually assessed and allowance made for agreed rent discounts and deferred rental payments. Based on this review, the current forecast net loss of income from existing properties is £0.571m. In a number of cases it is assumed rent will be recovered in the future financial years. In addition, the halt on further commercial property acquisitions is resulting in a forecast underachievement of the new rental income budget of £0.690m.

9. **Council Tax Hardship Fund:** The council was awarded £2.037m of grant to provide a Council Tax Hardship Fund. The council has developed a scheme to determine how this fund should be distributed to those currently part of the council tax reduction scheme. In addition to the Government directive of

awarding £150 to working age customers in receipt of a partial CTR award, the council decided to award additional funds to reduce their liability for 2020/21 to zero. The same principle has been applied to pensionable age customers. As a result of significant increases in partial CTR claimants we are currently forecasting that the cost will go above the current hardship allocation – the current additional cost of £100k has been included in the Q3 forecasts. There remains a significant risk that this additional cost increases further in particular if there are rises in CTR claimants following the end of the extended furlough scheme.

10. The forecast budget variances by directorate are shown in the tables below:

Table 2: Total General Fund by directorate

Current budget (£000s)		Forecast outturn (£000s)	Forecast variance (£000s)
(14,400)	Corporate Finance	(23,055)	(8,656)
658	Corporate Management	1,558	900
(13,742)	**Total Corporate**	**(21,498)**	**(7,755)**
4,143	Business Services	4,405	262
333	Democratic Services	254	(79)
0	Human Resources	(8)	(8)
0	Procurement & Service Improvement	(18)	(18)
4,476	**Total Resources**	**4,633**	**157**
0	Chief Executive	(10)	(10)
489	Strategy & Programme Management	125	(364)
489	**Total Chief Executive**	**115**	**(374)**
1,849	Communications & Culture	2,428	579
(94)	Customer Contact	(71)	23
0	IT Services	80	80
1,756	**Total Customers, Comms & Culture**	**2,438**	**683**
10,546	Citywide Services	10,812	266
1,560	Neighbourhood Housing	1,414	(147)
704	Neighbourhood Services	662	(42)
12,810	**Total Neighbourhoods**	**12,888**	**78**
(8,209)	City Development	(2,346)	5,863
0	Environmental Strategy	(37)	(37)
0	Executive Head of Regeneration	(2)	(2)
1,479	Planning	1,884	405
941	Property Services	621	(319)
(5,789)	**Total Place**	**121**	**5,910**
0	**Total General Fund**	**(1,303)**	**(1,303)**

Further detail is set out in **Appendices 1 & 2**.

Grant Income

11. £5.05m of unbudgeted grants have been received in 2020/21:

Table 4

Grant	Value (£000s)	Details
New burdens grant for administration of BEIS grants	170	Government grant designed to assist with additional costs associated with the distribution of BEIS grants
Local Authority Discretionary grant fund new burdens payment	77	
Covid-19 emergency funding	2,778	Covid-19 funding designed to support local authorities in dealing with challenges arising from Covid-19. Includes the fourth tranche of £960k announced in October.
Rough sleeper initiative grant	435	Additional funding announced after the deadline for inclusion in the 2020/21 budgets
HB unbudgeted New Burdens	52	Additional new burdens grant relating to administering housing benefit
Tourism support grant	494	To be spent on supporting the tourism industry deal with the challenges brought about by Covid-19. This will fund some revenue activity and some capital projects
Next Steps Accommodation	217	To be used to fund emergency accommodation
Norfolk Local Outbreak Control Plan funding	100	Funding for environmental health officers to deal with Covid-19 related issues (£60k) and to provide support to high risk individuals & communities (£40k).
Compliance & Enforcement	86	Funding to support local authority compliance and enforcement activity, including Covid-19 secure marshals or equivalents
Safer Streets grant	187	Capital funding to assist with community safer measures
Norfolk Strategic Fund	427	To support projects involving the Good Economy Commission, Norwich market and the development of East Norwich.
Track & Trace Admin Costs	31	Funding to support the administration of Track & Trace Payments
	5,054	

12. Additional grants totalling £62.744m have been received where the council has acted as the distributor of funding (Table 5).

Table 5

Grant	Value (£000s)	Details
BEIS support grant payment	40,640	Small business and retail & hospitality grants to be paid out – the full amount of the grant was not distributed, £2.155m was returned to central government in January 21.
Covid-19 business support grant payments (various schemes)	3,541	Local Restrictions Grant (Closed)
	2,811	Additional Restrictions Grant
	5,311	Local Restrictions Grant (Closed) Addendum
	10,620	Closed Business Lockdown Payment
	1,249	Additional Restrictions Grant Top-Up
	579	Local Restrictions Support Grant (Closed) and Local Restrictions Support Grant (Open) schemes
	83	Christmas Support Payment for wet-led pubs
BEIS discretionary grant	2,032	The council has developed a scheme to determine how this fund should be distributed. The full amount of the grant was not distributed, £0.441m was returned to central government in January 21.
BID support grant	44	Grant received by the council and dispersed to the Business Improvement Districts in order to assist with Covid-19 related issues
Covid-19 hardship fund	2,037	The council has developed a scheme to determine how this fund should be distributed to those currently part of the council tax reduction scheme
Track & Trace Support	106	Test and Trace Support payments
Track & Trace Support Discretionary Payments	43	Test and Trace Discretionary Support payments
	62,744	

13. In addition:

- income of £3.4m has been forecast in relation to the sales, fees and charges income reimbursement scheme detailed in paragraphs 4-5;
- a claim has been made for £0.066m from the Re-opening the high street fund;
- funding of £100m has been announced designed to support the leisure industry. A claim from the Council was submitted in January 2021.
- £49.243m additional section 31 grant will be received to compensate the council for additional business rate reliefs announced. Any unused element will be returned following the finalisation of the year –end business rates return to MHCLG.

East Norwich Masterplan Earmarked Reserve

14. A report was taken to Cabinet on 10 June 2020 about the creation of a new public-private sector partnership - the East Norwich Partnership – to steer development of a masterplan for the East Norwich area. Contributions to the masterplan costs have been committed by most public sector partners within the Partnership and the council identified £100k in funding from it 2020/21

budget (£50k from planning budget and £50k from the Town Deal Capacity Fund grant).

15. Due to the timeline for the project, Cabinet approval is sought to set up an East Norwich Masterplan earmarked reserve. This will enable any un-utilised funding contributions to be carried forward into the 2021/22 financial year and applied to meet the costs of the project.

Collection Fund

16. The Collection Fund includes all income generated from council tax and business rates that is due in the year from council taxpayers and ratepayers. The impact of the Covid-19 pandemic on the collection rates of the two tax streams continues to be an involving picture.

17. Any shortfall in tax receipts (compared to expected levels) will result in a deficit position on the collection fund. In this scenario, billing and major precepting authorities are usually required to meet their share of any deficit during the following financial year. The government have confirmed that repayments to meet collection fund deficits in 2020-21 will instead be phased over a three-year period (2021-22 to 2023-24) to ease immediate pressures on budgets.

Council Tax

18. The council tax forecasts have been updated to reflect the estimated changes in the tax base, level of council tax reduction support and collection levels. The estimates have continued to evolve and the final outturn will depend on how the economy and employment levels perform in the coming months.

Table 6

	Budget £000s	Forecast £000s	(Surplus) / deficit £000s
Total Council Tax Collection Fund Income	(72,117)	(71,873)	244
Norwich City Council Share	(9,968)	(9,934)	34

Business Rates

19. The Government announced an extension of the retail hospitality and leisure rate relief scheme to cover 100% of the business rates due in 20/21. The current value of this additional relief given to businesses is £43m. This will result in lower cash being collected from business rates payers, with the lost income being compensated separately from central government via a Section 31 grant. The council therefore does not lose out on income as a result of the extra reliefs provided.

20. Despite the reliefs, Covid-19 is expected to impact on the level of business rates collected as companies struggle with cash flow or cease trading. The forecasts have been updated to reflect the estimated changes in the taxbase, reliefs and collection rates. These are evolving estimates and much will depend on how the economy and employment levels perform in the coming months. The forecast also takes into account the additional S31 grant and lower forecast levy payment to the Norfolk Business Rates Pool.

Table 7

	Budget £000s	Forecast £000s	(Surplus) / deficit £000s
Norwich City Council Retained Income Share	(6,539)	(5,728)	811

Housing Revenue Account Budget

Covid-19 Impacts

21. The Covid-19 pandemic has had a significant impact on the 2020/21 housing revenue account budget; this is mainly due to the projected loss of income in relation to housing rent and service charges, although this has been slightly offset by a forecast underspend on repairs work due to reduced works, caused by Covid-19 restrictions. Overall net expenditure on the HRA is forecast to be £0.413m overspent. The forecast budget variances by are shown below in Table 8.

Table 8: Housing Revenue Account

Current budget (£000s)		Forecast outturn (£000s)	Forecast variance (£000s)
13,899	Repairs & Maintenance	12,150	(1,749)
5,858	Rents, Rates, & Other Property Costs	5,072	(786)
13,224	General Management	13,481	257
4,949	Special Services	4,803	(145)
23,264	Depreciation & Impairment	23,298	35
202	Provision for Bad Debts	1,409	1,207
(57,545)	Dwelling Rents	(57,436)	108
(2,098)	Garage & Other Property Rents	(1,966)	132
(7,888)	Service Charges - General	(7,571)	317
(82)	Miscellaneous Income	(5)	76
6,631	Adjustments & Financing Items	7,462	831
(204)	Amenities shared by whole community	(204)	0
(210)	Interest Received	(80)	130
0	**Total Housing Revenue Account**	**413**	**413**

Further detail is set out in **Appendices 3 & 4**

22. The HRA fund forecast has reduced by £0.729m since quarter 2. The main reasons for these changes are shown in the table below.

Table 9

Area	Movement from Q2 (£000)	Comments
Revenue Contribution to Capital	1,269	Increased revenue contribution to capital to reflect the requirements of the new build capital programme

Area	Movement from Q2 (£000)	Comments
Provision for Bad Debts	(982)	Revised reduction in income based on most recent collection figures. Includes some income received during rent free weeks, which was not anticipated in previous calculations
HRA Repairs	(966)	Reduction in repairs works completed due to impact of Covid-19
Other minor movements	(50)	
Total Q2 to Q3 HRA movement	**(729)**	

23. In June 2020, in light of the Covid-19 pandemic, the MHCLG temporarily relaxed the rules governing the use or Retained RTB Receipts until 31st December 2020, with the intention of allowing authorities to catch-up with their new social housing spending plans. These arrangements have now been extended until 31st March 2021, however, despite schemes continuing to progress, the pandemic is again impacting on the ability to invest in new social housing. Unless the MHCLG extend this period further, it will be necessary to pay over between £4.1m and £6.6m of Retained RTB Receipts along with between £0.55m and £0.89m of interest, which is an HRA revenue cost, by the end of this financial year.

Reserves

24. The prudent minimum level of General Fund reserve has been assessed as £4.232m for 2020/21. The budgeted and forecast outturn's impact on the 31 March 2020 balance brought forward is shown in Table 10 and shows the General Fund balance is expected to continue to exceed the prudent minimum balance.

Table 10

Item	£000s
Balance as at 1 April 2020	(9,464)
Budgeted contribution to reserves 2020/21	(517)
Forecast outturn as at 31 March 2021	(1,303)
Proposed transfers to earmarked reserves (paragraph 25)	1,200
Forecast balance as at 31 March 2021	**(9,878)**

25. Table 10 assumes, in line with the proposed 2021/22 Budget report (on the same Cabinet agenda), that from the current year forecast underspend £0.7m will be transferred into the Budget Risk earmarked reserve and £0.5m will be transferred to the Business Change earmarked reserve.

26. The prudent minimum level of HRA reserve has been assessed as £5.844m. The budgeted and forecast outturn's impact on the 31 March 2020 balance brought forward is as follows:

Table 11

Item	£000s
Balance as at 1 April 2020	(33,968)
Budgeted contribution to reserves 2020/21	(4,570)
Forecast outturn as at 31 March 2021	413
Forecast balance as at 31 March 2021	**(38,125)**

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

Capital Programme

27. Project managers and NPS colleagues have participated in a review of the 2020/21 capital programme to assess the impact that the Covid-19 pandemic will have on the delivery of individual projects. Consideration was also given to the financial uncertainty that the pandemic has created and where practical expenditure planned for 2020/21 has been deferred.

28. The general fund capital programme is forecast to underspend by £31.959m and the HRA capital programme is forecast to underspend by £29.099m in this financial year. Full analysis of the projects and variances are shown in Appendix 6.

Table 12

Capital Programme	Current Budget (£000)	Forecast Outturn (£000)	Forecast Variance (£000)
General fund	38,030	6,070	(31,959)
Housing Revenue Account	51,268	22,169	(29,099)
	89,298	**28,239**	**(61,059)**

Integrated impact assessment

NORWICH City Council

Report author to complete	
Committee:	Cabinet
Committee date:	10/02/2021
Director / Head of service	Annabel Scholes
Report subject:	Q3 Budget Monitoring 2020/21
Date assessed:	02/02/21

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

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

Recommendations from impact assessment
Positive
Negative
Neutral
Issues
The council should continue to monitor its budget performance in the context of the financial risk environment within which it operates.

Appendix 1

Revenue Budget Monitoring Summary Year: 2020/21 Period: 9 (December) *Figures in £000s*

Current budget		Forecast outturn	Forecast variance
(14,400)	Corporate Finance	(23,055)	(8,656)
658	Corporate Management	1,558	900
(13,742)	**Total Corporate**	**(21,498)**	**(7,755)**
4,143	Business Services	4,405	262
333	Democratic Services	254	(79)
0	Human Resources	(8)	(8)
0	Procurement & Service Improvement	(18)	(18)
4,476	**Total Resources**	**4,633**	**157**
0	Chief Executive	(10)	(10)
489	Strategy & Programme Management	125	(364)
489	**Total Chief Executive**	**115**	**(374)**
1,849	Communications & Culture	2,428	579
(94)	Customer Contact	(71)	23
0	IT Services	80	80
1,756	**Total Customers, Comms & Culture**	**2,438**	**683**
10,546	Citywide Services	10,812	266
1,560	Neighbourhood Housing	1,414	(147)
704	Neighbourhood Services	662	(42)
12,810	**Total Neighbourhoods**	**12,888**	**78**
(8,209)	City Development	(2,346)	5,863
0	Environmental Strategy	(37)	(37)
0	Executive Head of Regeneration &	(2)	(2)
1,479	Planning	1,884	405
941	Property Services	621	(319)
(5,789)	**Total Place**	**121**	**5,910**
0	**Total General Fund**	**(1,303)**	**(1,303)**

Current budget		Forecast outturn	Forecast variance
23,879	Employees	24,058	179
10,155	Premises	10,034	(121)
230	Transport	183	(47)
18,253	Supplies & Services	65,429	47,176
67,963	Housing Benefits & Business Rates Tariff	73,882	5,919
5,435	Capital Financing	2,163	(3,272)
1,300	Rev Contribs to Capital	1,000	(300)
(29,604)	Fees, charges and rental income	(23,264)	6,340
(88,365)	Government Grants	(145,470)	(57,105)
16,081	Recharge Expenditure	16,110	29
(25,326)	Recharge Income	(25,427)	(100)
0	**Total General Fund**	**(1,303)**	**(1,303)**

Appendix 2

General Fund Directorate forecasts - detail

Corporate

Budget (£000)	Corporate	Forecast Outturn (£000)	Forecast Variance (£000)
(14,400)	Corporate Finance	(23,055)	(8,656)
658	Corporate Management	1,558	900
(13,742)	**Total Corporate**	**(21,498)**	**(7,755)**

Key variances:	
Savings/increased income	
Central government emergency Covid-19 grant income – a proportion of the funding was allocated directly to homelessness and rough sleeping.	(2,672)
Estimated payment from government income reimbursement scheme	(3,474)
Lower than budgeted net borrowing costs due to internal, rather than external, borrowing	(2,259)
Reduction in revenue contribution to the capital programme due to reduction in housing improvement agency team work caused by Covid-19 enforced delays.	(300)
No contribution to commercial property earmarked reserve anticipated in 2020/21.	(418)
Increase in utilisation of Invest to Save fund against budget to match approved spend	(315)
Lower than budgeted minimum revenue provision requirement due to timing of investment acquisitions.	(122)
Budget pressures – overspends/loss of income	
Lower than anticipated housing benefit subsidy recovery rates & lower overpayments identified	1,033
Vacancy factor overspend against this service with offsetting underspends shown within service areas	400
Unbudgeted contribution to the Norfolk Strategic Fund to assist with economic recovery in the region.	150
Net forecast reduction in income against budget in respect of invested funds due to low interest rates.	93
Other minor variances	129
Total forecast variance	**(7,755)**

Resources Directorate

Budget (£000)	Resources - excluding corporate	Forecast Outturn (£000)	Forecast Variance (£000)
4,143	Business Services	4,405	262
333	Democratic Services	254	(79)
0	Human Resources	(8)	(8)
0	Procurement & Service Improvement	(18)	(18)
4,476	**Total Resources Directorate**	**4,633**	**157**

Key variances:	
Savings/increased income	
Unbudgeted New Burdens funding within Revenues and Benefits	(268)
Electoral Registration – reduction in canvassing due to Covid-19 impact	(59)
Other minor variances	(41)
Budget pressures – overspends/loss of income	
Project Place transition team costs – these are fully funded from the Invest-to-Save fund in line with the project budget. Variance due to a movement in the directorate costs are allocated to - offset by underspend within Chief Executive Directorate	525
Total forecast variance	**157**

Chief Executive Directorate

Budget (£000)		Forecast Outturn (£000)	Forecast Variance (£000)
0	Chief Executive	(10)	(10)
489	Strategy and Programme Management	125	(364)
489	**Total Chief Executive Directorate**	**115**	**(374)**

Key variances:	
Savings/increased income	
Costs of joint venture insourcing work (Project Place) now showing against Business Services in the Resources Directorate; funded from Invest to Save reserve	(288)
Staff vacancies	(107)
Budget pressures – overspends/loss of income	
Other minor variances	21
Total forecast variance	**(374)**

Customers, Communications and Culture Directorate

Budget (£000)		Forecast Outturn (£000)	Forecast Variance (£000)
1,849	Communications & Culture	2,428	579
(94)	Customer Contact	(71)	23
0	IT Services	80	80
1,756	**Total Customers, Communications and Culture Directorate**	**2,438**	**683**

Key variances:	
Savings/increased income	
Net forecast underspend relating to cancellation of key events i.e. Lord Mayor’s Procession	(268)
Other minor variances	(58)
Budget pressures – overspends/loss of income	
Anticipated cost of support payment to Riverside Leisure Centre	494
Additional IT costs relating to Covid-19 expenditure – Citrix licences and equipment to enable homeworking	140
Net forecast reduction in St Andrews Hall income – assumes 12% of budgeted income budget	138
Net forecast reduction in Norman Centre income - assumes 34% budgeted income	108
Net forecast reduction in income from Tourist Information Centre	57
Forecast reduction in Riverside Leisure Centre management fee income	72
Total forecast variance	**683**

People & Neighbourhoods Directorate

Budget (£000)		Forecast Outturn (£000)	Forecast Variance (£000)
10,546	Citywide Services	10,812	266
1,560	Neighbourhood Housing	1,414	(147)
704	Neighbourhood Services	662	(42)
12,810	**Total People & Neighbourhoods Directorate**	**12,888**	**78**
Key variances:			
Savings/increased income			
Homelessness - The council has been successful in securing additional grant funding for its rough sleeping work with partners. This includes the Government's next steps programme which includes grant for additional staffing; the allocation of funds for winter working and balances for our general rough sleeping activity and contribution to Pathways. The potential utilisation of these funds is currently being explored. Any impact of this work will be included in future monitoring reports.			(231)
Net forecast saving in year due to Neighbourhood Services / ASB restructure			(94)
Garden waste collection income – additional forecast income due to rise in demand and charges uplift			(67)
Budget pressures – overspends/loss of income			
Forecast reduction in budgeted income relating to licenses – taxis & liquor			190
Forecast additional Covid-19 costs for recycling relating to increased labour, disposal and PPE costs			165
Reduction in private sector leasing rental income due to assumed 10% reduction in collectable income, slightly offset by a higher than previously anticipated increase in properties being used within the scheme			88
Other minor variances			27
Total forecast variance			**78**

Place Directorate

Budget (£000)		Forecast Outturn (£000)	Forecast Variance (£000)
(8,209)	City Development	(2,346)	5,863
0	Environmental Strategy	(37)	(37)
0	Executive Head of Regeneration & Development	(2)	(2)
1,479	Planning	1,884	405
941	Property Services	621	(319)
(5,789)	**Total Place Directorate**	**121**	**5,910**

Key variances:	
Savings/increased income	
Forecast underspend on general repairs and maintenance due to revised prioritisation of works	(178)
City Hall - reduced costs on supplies and services due to lower staff occupancy of the building, also reduced NPSN recharges	(149)
Budget pressures – overspends/loss of income	
Total net reduction in forecast car park income – lockdown is forecasted to continue until the end of March with Rose Lane MSCP remaining closed and St Giles MSCP opened to staff and emergency services free of charge	3,988
Forecast net reduction in rental income from current tenanted investment properties	527
No income from new commercial property acquisitions in 2020/21	690
Net overspend against planning mainly due to loss of income in respect of planning fees	405
Reduction in net forecast rental income from the market due to increased voids and other factors	280
Reduction in income iro bus shelter advertising - Clear Channel	109
Head of City Development - additional staff in post supporting commercial tenant liaison	75
City Growth and Development – reduction in income from rechargeable work	73
Increased Travellers' site management costs requested by County due to Covid-19	57
Other minor variances	33
Total forecast variance	**5,910**

HRA summary: Period 9

Appendix 3

Figures in £000s

Current budget		Forecast outturn	Forecast variance
13,899	Repairs & Maintenance	12,150	(1,749)
5,858	Rents, Rates, & Other Property Costs	5,072	(786)
13,224	General Management	13,481	257
4,949	Special Services	4,803	(145)
23,264	Depreciation & Impairment	23,298	35
202	Provision for Bad Debts	1,409	1,207
(57,545)	Dwelling Rents	(57,436)	108
(2,098)	Garage & Other Property Rents	(1,966)	132
(7,888)	Service Charges - General	(7,571)	317
(82)	Miscellaneous Income	(5)	76
6,631	Adjustments & Financing Items	7,462	831
(204)	Amenities shared by whole community	(204)	0
(210)	Interest Received	(80)	130
0	**Total Housing Revenue Account**	**413**	**413**

Current budget		Forecast outturn	Forecast variance
5,951	Employees	5,868	(83)
22,173	Premises	19,784	(2,389)
95	Transport	60	(34)
2,656	Supplies and Services	3,540	884
2	Third Party Payments	0	(2)
8,271	Recharge Expenditure	8,691	420
27,487	Capital Financing	27,081	(406)
(68,496)	Receipts	(67,742)	753
(287)	Recharge Income	(287)	0
2,148	Revenue Contribs to Capital	3,418	1,269
0	**Total Housing Revenue Account**	**413**	**413**

HRA forecast variance detail

Appendix 4

Budget (£000)		Forecast Outturn (£000)	Forecast Variance (£000)
13,899	Repairs & Maintenance	12,150	(1,749)
5,858	Rents, Rates, & Other Property Costs	5,072	(786)
13,224	General Management	13,481	257
4,949	Special Services	4,803	(145)
23,264	Depreciation & Impairment	23,298	35
202	Provision for Bad Debts	1,409	1,207
(57,545)	Dwelling Rents	(57,436)	108
(2,098)	Garage & Other Property Rents	(1,966)	132
(7,888)	Service Charges - General	(7,571)	317
(82)	Miscellaneous Income	(5)	76
6,631	Adjustments & Financing Items	7,462	831
(204)	Amenities shared by whole community	(204)	0
(210)	Interest Received	(80)	130
0	**Total Housing Revenue Account**	**413**	**413**

Key variances:	
Savings/increased income	
Repairs: Underspend mainly caused by delays in non-essential repair work, due to Covid-19 related restrictions and retendering of some contracts	(1,749)
Property Costs: Lower than budgeted water costs relating to tenants' supply, partly offset by lower than budgeted service charge income in current financial year	(786)
Budget pressures – overspends/loss of income	
Increased revenue contribution to capital to reflect the requirements of the new build capital programme	1,269
Provision for bad debts: Based on current recovery rates and the anticipated trend going forward. Although the full income due will be raised, there is a requirement to calculate a provision for those debts considered to be at risk. Some of this may be recovered in future years but provision for the full amount will be required in 2020/21. The figure shown relates to both rental and service charge income.	1,207
Service charges: Forecast reduced income from water charge service charge income offset by lower water payment costs against Rents, Rates, & Other Property Costs	317
Interest income: reduced interest income from the general fund based on anticipated in-year balances	130
Other minor variances	25
Total forecast variance	**413**

Capital Budget Monitoring Summary Year: 2020/21

Period: 9 (December) ***Figures in £000s***

Capital Programme Summary By Directorate	Current Budget (£000s)	Actual at Q3 (£000s)	Forecast Outturn (£000s)	Forecast Variance (£000s)
Comms & Culture	630	16	156	(474)
People & Neighbourhoods	3,364	256	1,564	(1,799)
Place	28,457	308	1,406	(27,051)
Resources	5,578	2,030	2,943	(2,635)
HRA	51,268	8,141	22,169	(29,099)
	89,298	**10,751**	**28,239**	**(61,059)**

Capital programme forecast variance detail

Appendix 6

Communications & Culture Directorate

GF Capital Expenditure Programme	Current Budget (£000s)	Actual at Q3 (£000s)	Forecast Outturn (£000s)	Forecast Variance (£000s)	Variance Notes
AA1912 Riverside Leisure Centre - Plant	22	0	0	(22)	Work delayed as centre closed since March due to Covid-19 pandemic; deferred until 2021/22
AA1959 St Andrew's Hall refurbishment	280	0	15	(265)	Towns Fund project. Tender for significant part of planned expenditure closed 15/1. Suppliers have indicated lead time for delivery and installation of 12 weeks. Contract should be awarded before year end but likely that expenditure will now be carried forward into 21/22.
AA1000 Customer centre redesign	25	0	18	(7)	
ZZ5021 Tourism Support Package	253	16	90	(163)	Public Realm safety measures and improvements progressing but programme of planned works will continue into 21/22
AA1063 Chapelfield Gardens Improvements	50	0	33	(18)	Towns Fund project. Forecast based on upfront payment for power connection plus allowance for fees in 20/21. Contract for groundworks to facilitate connection should be confirmed before year end.
Total GF - Communications & Culture	**630**	**16**	**156**	**(474)**	

People & Neighbourhoods Directorate

GF Capital Expenditure Programme	Current Budget (£000s)	Actual at Q3 (£000s)	Forecast Outturn (£000s)	Forecast Variance (£000s)	Variance Notes
AA1009 Eaton Park path replacement	53	0	53	0	
AB1009 Eaton Park changing room shower replacement	17	0	17	0	
AA1058 Norwich Parks tennis expansion	490	33	380	(110)	Main contracted works at Lakenham Rec and Heigham Park should be completed before year end. Start date agreed. Towns Fund funded improvements at Harford Park (£67K) out to tender. Order should be placed before year end.
AA1079 Wensum Park Stone Wall	20	19	19	(1)	
AA1184 Community Centres - Upgrades	0	(8)	0	0	
AA2014 Heigham Park Tennis Pavilion	175	4	10	(165)	Tender process has not been started. Construction will be completed in 21/22. Forecast outturn for 20/21 makes allowance for fees.
AA5205 CCTV replacement	8	3	8	0	
AD0000 Parks Demolition	0	(7)	0	0	
EY5201 Play Sector 3 & 4 improvements	6	0	0	(6)	The disruption caused by the Covid-19 pandemic has delayed the progress and implementation of many S106/GNGP/CIL funded projects in 20/21.
FJ5201 St Georges open space and play	88	0	0	(88)	
FK5201 Wensum Park Play Area -	62	0	0	(62)	
FL5201 Bunkers Hill - Entrance & path	59	5	25	(34)	
ES5201 S106 Mile Cross Gardens Play	0	(0)	0	0	
EV5201 S106 Castle Green Play	70	4	5	(65)	
EX5201 Bowthorpe Southern park	5	0	6	1	
AA5202 CIL GNGB Castle Gardens	150	0	0	(150)	
AB5202 CIL GNGB Football Pitch	40	0	0	(40)	
AI5202 Earlham Millennium Green	10	0	6	(4)	
AM5202 GNGB Community Access Improvements 20 Acre Wood	57	0	0	(57)	
AL5200 CIL Crowdfunding matched funding	12	12	12	0	
AA5200 Co-CIL Nhood Ketts Heights	0	0	0	0	
AB5200 CIL Nhood 20 Acre Wood	3	0	3	0	

GF Capital Expenditure Programme	Current Budget (£000s)	Actual at Q3 (£000s)	Forecast Outturn (£000s)	Forecast Variance (£000s)	Variance Notes
AD5200 CIL Nhood Community Enabling	6	0	5	(2)	
AQ5200 West Earlham CC	24	0	24	0	
ZZ8039 CIL Neighbourhood Projects	176	0	60	(116)	
AK5200 CIL neighbourhood - Netherwood	28	11	11	(17)	
AA5207 Disabled Facilities Grant	1,250	114	785	(465)	Disabled Facilities grants have been difficult to progress during lockdown. Norfolk County Council have confirmed that any unspent grant allocation can be carried forward into 21/22.
AK0000 Private Sector Leasing – Empty homes	69	0	0	(69)	Project deferred until 21/22
AQ0000 DFG Residents Contribution	0	1	1	1	
AR0000 Strong & Well	0	7	7	7	
AB5207 HIA - Housing Assistance	250	56	122	(128)	Housing Assistance Grants have been difficult to progress during lockdown. Norfolk County Council have confirmed that any unspent BCF allocation can be carried forward into 21/22.
AA2016 West End Street PA MUGA	80	0	0	(80)	Towns Fund project. Completion before end of 20/21 dependent upon availability of contractors able to undertake the planned resurfacing work.
AA1064 Earlham Park toilet replacement	79	0	3	(76)	Towns Fund project. Procurement in course .Contract should be awarded before the end of 20/21. But installation of new toilets will be completed in 21/22.
AA1076 Sloughbottom Park Toilets	78	1	3	(76)	Towns Fund project. Procurement in course. Contract should be awarded before the end of 20/21. But installation of new facilities will be completed in 21/22.
Total GF - People & Neighbourhoods	**3,364**	**256**	**1,564**	**(1,799)**	

Place Directorate

GF Capital Expenditure Programme	Current Budget (£000s)	Actual at Q3 (£000s)	Forecast Outturn (£000s)	Forecast Variance (£000s)	Variance Notes
FF5201 S.106 Bowthorpe To Clover Hill	68	3	12	(56)	The disruption caused by the Covid-19 pandemic has delayed the progress and implementation.
FG5201 St Stephens Towers Public Realm	63	1	1	(62)	Funding transferred to Transforming Cities budget.
AO5200 Yare - Wensum Green Infrastructure	95	5	20	(75)	The disruption caused by the Covid-19 pandemic has delayed the progress and implementation of many S106/GNGP/CIL funded projects in 20/2
AD5202 CIL GNGB Riverside Walk	172	0	1	(171)	
AE5202 GNGB IIF Marriott Sloughbottom	0	0	0	0	
AG5202 UEA to Eaton boardwalk extension	29	1	2	(27)	
AK5202 GNGP Bowthorpe Crossing	0	(3)	0	0	
AN5202 GNGB Marriott's Way/Hellesdon Station Green Infrastructure	36	1	4	(32)	
AH1000 City Hall heating system	315	27	107	(208)	Major refurbishment of heating system planned for 21/22. Additional spending on the City Hall Hot Water Heating System proposed in 20/21.
AJ1000 City Hall Kitchens & Toilets	35	(3)	35	0	
AL1000 City Hall chamber benches conservation	23	0	0	(23)	Expenditure deferred.
AA1005 Mile Cross Depot Site	0	7	0	0	
AA1037 Earlham Cemetery gates refurbishment	28	0	0	(28)	Earlham cemetery railings and gates work to extend into 2021/22.
AB1037 Earlham Cemetery railings replacement	142	0	45	(97)	Earlham cemetery railings and gates work to extend into 2021/22.
AA1204 Traveller Site	18	0	0	(18)	Expenditure deferred until 2021/22 due to Covid-19 pandemic.
AA1255 St John Maddermarket retaining wall	70	0	35	(35)	Contract documents prepared for tender but carry forward into 21/22 maybe required.
AA1432 4 Exchange Street emergency lighting	7	0	0	(7)	Funded from revenue.
AA1632 2 Upper King Street roof/windows	0	0	0	0	Budget has been vired to AA1287 Guildhall NNF.

GF Capital Expenditure Programme	Current Budget (£000s)	Actual at Q3 (£000s)	Forecast Outturn (£000s)	Forecast Variance (£000s)	Variance Notes
AA1791 Old Meeting House fire detection system	11	0	0	(11)	Works to be specified, ordered and programmed but unlikely to be completed by 31.03.21. Heritage requirements/permissions to be obtained.
AA1911 Riverbank stabilisation	15	1	0	(15)	Scheduled survey work deferred.
AB1021 Motor Cycle Park	11	0	0	(11)	Tender documentation being prepared but completion in 21/22 forecast.
AF0000 Riverside Footpath Lighting	21	(6)	21	0	
AF1856 St Giles Suicide preventative measures	10	0	10	0	
AV0000 Car parks structural survey	33	0	0	(33)	Structural survey delayed until 21/22
AW0000 Transforming Cities Fund	162	0	0	(162)	Matched funding for TFC projects being delivered by county. Programme will continue in 21/22 and 22/23.
AY5204 CCAG2 Wayfinding	30	0	0	(30)	Funding can be re-allocated.
AA5203 Cycle safety funding	0	(1)	0	0	
AA5208 Cycle safety funding	0	1	1	1	
AE1856 St Giles multi storey car park lighting upgrade	104	0	100	(4)	
AE5200 CIL Contribution Strategic	1,568	214	801	(767)	Forecast revised after analysis of CIL contributions scheduled for payment before the 31.03.2021.
AE5204 CCAG2 Fifers Lane/Ives Rd/Heyford	20	0	20	0	
AN5204 CCAG2 20 MPH	0	0	0	0	
AP5204 CCAG2 Wayfinding	12	0	0	(12)	
AA1012 Memorial Gardens Undercroft	78	0	5	(73)	Towns Fund project. Forecast spend accounted for by fees including cost of survey report. Listed building planning consent may also be required and English Heritage approval.
AA1019 Hay Hill Public Realm	0	1	1	1	
AA1287 Guildhall	161	0	50	(111)	Towns Fund project. Working towards lease completion before year end with the refurbishment to be completed in 21.22.
AA1391 Townshend House Digital Hub	75	4	75	0	Towns Fund project. NPS have implemented project. Working towards completing the works to improve the EPC rating of Townshend House before year end.
AA2015 Carrow House, King Street	0	14	14	14	

GF Capital Expenditure Programme	Current Budget (£000s)	Actual at Q3 (£000s)	Forecast Outturn (£000s)	Forecast Variance (£000s)	Variance Notes
AZ0000 St Giles Street Public Realm	0	1	1	1	
AB1429 Asset Acquisition 6	42	42	42	0	
AA2010 Asset Acquisition 11	5	0	5	0	
ZZ7438 144A King Street	0	0	0	0	
AB0000 Asset investment for income	25,000	0	0	(25,000)	Programme of acquisitions suspended
Total GF - Place	**28,457**	**308**	**1,406**	**(27,051)**	

Resources Directorate

GF Capital Expenditure Programme	Current Budget (£000s)	Actual at Q3 (£000s)	Forecast Outturn (£000s)	Forecast Variance (£000s)	Variance Notes
AA5206 IT Investment Fund	567	504	567	0	
AB5206 Finance System	51	(17)	51	0	
AC5206 HR System	11	4	11	0	
AF5206 IT Transformation - Digital platform	700	19	350	(350)	Forecast outturn reduced to 50% of approved budget. This corresponds with the procurement strategy for the investment in laptops.
AA2013 NCSL Establishment	639	370	704	65	Spending profile adjusted for ICT. Budget to be brought forward from 21/22 allocation.
AA1916 Equity Investment	3,500	1,150	1,150	(2,350)	NRL equity investment requirement fulfilled for 2020/21.
AH0000 Capital contingency	110	0	110	0	
Total GF - Place	**5,578**	**2,030**	**2,943**	**(2,635)**	

Total General Fund Capital Programme	**38,030**	**2,610**	**6,070**	**(31,959)**

Housing Revenue Account

HRA Capital Expenditure Programme	Current Budget	Actual at Q3 (£000s)	Forecast Outturn	Forecast Variance	Variance Notes
AG5206 Tenancy & Estate Management	767	310	704	(63)	Forecast based on latest expenditure update provided by the Tenancy & Estate Management System project team.
AA5205 CCTV replacement	0	3	3	3	
5110 Electrical - Internal	3,126	1,568	2,251	(875)	Delivery has been delayed and the council is working with one of the two main contractors to understand whether delivery timelines can be improved.
5120 Whole House Improvements	1,332	225	324	(1,008)	Dispute with major contractor has delayed completions.
5121 Kitchen Upgrades	1,435	584	1,400	(35)	
5122 Bathroom Upgrades	2,050	797	1,680	(370)	Proposed to carry forward 60 planned upgrades to 21/22
5130 Boilers - Communal	3,177	238	717	(2,460)	Delays with procurement have led to slippage of programme and transfer of major schemes into 21/22.
5131 Boilers - Domestic	2,562	483	1,470	(1,092)	Forecast spend based upon current completion rate.
5140 Insulation	102	(13)	27	(75)	
5141 Solar Thermal & Photovoltaic	564	158	550	(14)	
5150 Windows - Programme	3,126	416	559	(2,567)	Latest forecast excludes planned tower blocks installations.
5151 Composite Doors	1,076	268	402	(674)	Problems with import of door blanks persist, forecast revised down to reflect.
5160 Community Safe – Door Entry Systems	874	234	781	(93)	
5161 Estate Aesthetics	769	335	501	(268)	Completion of planned projects delayed.
5163 HRA Shops	461	53	425	(36)	
5171 Sheltered Housing Comm Facilities	113	10	80	(33)	
5180 Planned Maintenance - Roofing	1,281	28	268	(1,013)	Problems with current contractor have led to delays in completing planned programme of works.
5181 Planned Maintenance - Structural	4,837	1,030	2,182	(2,655)	Delays experienced in completing procurement of contracts and securing leaseholder approvals.
5182 Tower Block Regeneration	1,627	249	610	(1,017)	Forecast revised for saving, and slippage this year (wiring access issues for contractor).
5183 Planned Maintenance - Lifts	154	6	104	(50)	

HRA Capital Expenditure Programme	Current Budget	Actual at Q3 (£000s)	Forecast Outturn	Forecast Variance	Variance Notes
5190 Disabled Adaptations – Misc.	717	19	470	(247)	Delivery of adaptations are experiencing delays and client leads are working with the main contractor to try and improve this position.
5191 Disabled Adaptations - Stair lifts	121	51	160	39	
5192 Disabled Adaptations - Comms	190	3	116	(74)	
AB5100 New Build Opportunities	8,461	17	2,850	(5,611)	Forecast revised to match pipeline of acquisitions still expected to complete in 21/22.
AE521X Open Market Property Acquisitions	1,325	1,267	1,325	(1)	
AE5100 Brazengate	0	(15)	0	0	
AD5100 New Build - Goldsmith Street	980	(427)	750	(230)	Final account for main build contract still under negotiation.
AJ5100 LANB - Northumberland Street	689	3	0	(689)	The sale of the land is still with the receivers - unlikely to have any spend in 20/21
AI5100 LANB - Three Score Phase 3	1,490	0	210	(1,280)	Expenditure re-profiled into next financial year as per project manager’s latest forecast.
AP5100 LANB Argyle Street	660	0	40	(620)	Slight delay to selection of design team - re-profiled as per project manager’s latest projection
AO5100 Affordable Housing Opportunities Oak St	150	0	0	(150)	Project cancelled.
AB1005 Mile Cross Depot Site	3,100	22	50	(3,050)	Expenditure re-profiled into next financial year as per project manager’s latest forecast.
AM0000 Capital Grants to Housing	3,827	214	1,155	(2,672)	RP developments further delayed due to Covid 19 and HE grant rate higher than 30%.
AA5100 Demolition & Site Maintenance	127	5	5	(122)	No further expenditure forecast for 21/22.
Total HRA	**51,268**	**8,141**	**22,169**	**(29,099)**	

Total HRA Capital Programme	**51,268**	**8,141**	**22,169**	**(29,099)**

Report to	Cabinet	**Item**
	10 February 2021	9
Report of	Director of place	
Subject	Local Development Scheme 2021-2023	

Purpose

To consider the comments made by Sustainable Development Panel and to seek approval for the draft revised Local Development Scheme.

Recommendation

To approve the Local Development Scheme for publication under section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by section 111 of the Localism Act 2011).

Corporate and service priorities

The report helps to meet the corporate priorities of Great neighbourhoods, housing and environment, Inclusive economy and People living well.

Financial implications

None

Ward/s: All Wards

Cabinet member: Councillor Stonard - Sustainable and inclusive growth

Contact officers

Charlotte Hounsell, Planner (Policy)	01603 989422
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Background documents

None

Report

1. The Local Development Scheme (LDS) must be prepared as part of the statutory process of plan making. It is the work programme and project plan for the preparation of the various planning policy documents making up the local plan for the city.

2. Preparation of an LDS is required by section 15 of the Planning and Compulsory Purchase Act, as amended by section 111 of the Localism Act 2011. The Localism Act has amended procedures for LDS production: a local planning authority has only to make a formal resolution to adopt the scheme and publish it on their website in order for it to take effect. There is no requirement to consult on the LDS prior to publication, or to submit it to the government for formal endorsement.

3. The legislation gives local authorities considerable leeway in the form and content of the LDS. However it requires as a minimum the local planning authority, when publishing the LDS, to make the up-to-date text of the scheme available, provide details of any amendments made to the scheme, and information on its compliance (or non-compliance) with the timetable for the preparation and revision of documents identified within it.

4. The LDS was last fully reviewed in summer 2020 and was intended to cover the period to 2022. The previous version of the LDS was reported to Cabinet in June 2020. Since then, further information has become available in relation to local plan production timescales. The LDS has therefore been revised to include the most up to date timescales, as well as providing an update on workstream progress in the last six months. Otherwise the information contained within it is identical to the 2020 version.

5. The revised LDS will run to spring 2023 and will entirely supersede the version published in July 2020. It will be rolled forward periodically to ensure that it is as up-to-date and flexible as possible.

6. A report was taken to Sustainable Development Panel on 21st January 2021 to consider the draft revised LDS 2021-2023. No amendments were made to the LDS as a result of the Panel's consideration. The revised LDS is attached at Appendix 1.

Updates to the 2020-2022 Local Development Scheme

7. The following summarises the changes made to the previous 2020 version of the LDS:

    a) New information has been included summarising the Government's consultations on the Planning White Paper and Changes to the Current Planning System documents. These documents propose significant changes to the way the current planning system operates, as well as the content of local plans. The Government is yet to respond to the consultation or make formal changes to legislation. Until such time, the majority of the information contained within the LDS assumes a continuation of the current system. Should any changes to the planning system be formalised in future, a further revision of the LDS will be required.

b) A new paragraph has been included in the LDS to explain the reasoning behind requiring an updated LDS so quickly after the 2020 update. Progress has continued with the Greater Norwich Local Plan (GNLP), and In July 2020, the GNDP Board agreed to extend the timescales for the plan preparation to account for updated evidence to allow amendments as a result of the Regulation 18 consultation, to allow for a further Regulation 18(d) consultation and to account for the impacts of Covid-19. Following this, the Government published the Planning White Paper and associated technical documents which would have had implication on the housing numbers proposed within the GNLP. The GNDP Board took the decision to accelerate plan production by making use of the transitional arrangements provided for by the White Paper. In December 2020, the Government announced that the standard methodology changes were not going ahead as proposed in the White Paper, therefore there would no longer be a need for the GNLP to proceed through transitional arrangements. However, the Greater Norwich authorities have agreed to proceed with the accelerated timescales to avoid further delay in the plan production and to ensure that plan-making momentum is maintained. It is still anticipated that the GNLP will be adopted in September 2022, however the LDS includes revisions to the timescales for the intervening stages of the plan production.

c) The revised LDS notes that the review of the DM Policies Local Plan is likely to be delayed beyond the originally anticipated timeframe of after the Regulation 19 consultation of the GNLP. This is largely due to the Government's proposed changes to the planning system which include that local plans should focus on site allocations and strategic policies, with local and national design guides taking the place of development management policies. It is not considered appropriate to commit further resource to development management policy review until there is more certainty over possible future changes, however the situation will be kept under review.

d) Amendment has been made to references to the SHMA (Strategic Housing Market Assessment) (now referred to as the Local Housing Needs Assessment (LHNA)) to indicate a revised timetable for this key evidence document to commence in 2021.

e) An update has been made to the time period that the Statement of Community Involvement (SCI) covers. In addition, information has been included outlining the temporary amendment made to the SCI in 2020 which provides greater flexibility in planning consultations to account for challenges of the COVID-19 pandemic.

f) The date of the last Brownfield Register update has been amended to November 2020.

g) Information has been added to the section on the River Wensum Strategy. In 2020, progress was made on the production of a Delivery Plan to focus priorities for the next two years and to maintain momentum in achieving the Strategy objectives.

h) An update has also been included on the progress of the East Norwich masterplan. Work has been ongoing on the procurement of consultants since mid-2020, with appointment anticipated in February 2021.

i) An update has been provided on the status of the UEA Development Framework Strategy and further work which is currently taking plan on an Estates Strategy.

j) In July 2020, Sustainable Development Panel agreed to proceed with preparing an Article 4 Direction removing permitted development rights for the conversion of offices to residential accommodation. During the preparation of the Cabinet report, the Government made changes to the General Permitted Development Order and Use Classes Order. These changes and their implications for Norwich's office economy were summarised in a later report to Sustainable Development Panel in October 2020, and the Panel agreed to delay the introduction of the Article 4 Direction until the outcome of the legislative changes is understood further. The Article 4 Direction workstream in the LDS has been updated to reflect the current situation.

Conclusions

8. The principal challenges to meeting the aims and timescales set out in the revised LDS relate to changes in national policy, availability of resources (both staff and financial), timescales surrounding the GNLP preparation process and the continued joint working with other authorities across Norfolk.

9. In addition, many other aspects of the planning policy team's workload are not included in the LDS (such as monitoring and implementation of local plan policies) which require a significant staff resource. New planning priorities may also emerge during the LDS period, which may impact upon achievement of LDS timescales.

10. Information about the workstreams identified in this LDS and any new priorities will be reported to Sustainable Development Panel as required and will be included in any future revisions to the LDS as appropriate.

Recommendation

11. The recommendation is to note the updates made to the previous version of the LDS and approve the LDS 2021-2023 for publication under section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by section 111 of the Localism Act 2011).

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	10 February 2021
Director / Head of service	Graham Nelson
Report subject:	Local Development Scheme 2021-2023
Date assessed:	21 January 2021

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☒	☐	☐	
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	

Recommendations from impact assessment
Positive
Negative
Neutral
The Local Development Scheme for the period 2021-2023 is a work programme for the preparation of planning policy documents. As such, approval of the LDS does not have any direct economic, social environmental or equality impacts. However, the documents included in the LDS are likely to have a range of impacts, which will be set out in their individual integrated impact assessments when reported to Cabinet.
Issues

NORWICH
City Council

Appendix 1

Local Development Scheme

for Norwich

February 2021

1. Introduction

1.1 A Local development scheme (LDS) must be prepared under Section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by the Localism Act 2011). It must identify the documents that will be prepared to set out the strategy for the development and use of land in the local planning authority's area – collectively called development plan documents. An LDS is a project plan which identifies the documents which, when prepared, will make up the Local Plan for the area. It must be made publicly available and kept up-to-date. It allows the public and stakeholders to find out about planning policies in their area, the status of any emerging policies in the development plan, and the details of and timescales for production of all relevant documents.

1.2 This LDS applies only to the area of the city for which Norwich City Council is the local planning authority. It should be noted that part of the administrative area of Norwich (namely the tidal river Wensum downstream of New Mills and an area of land at Cremorne Lane) falls within the planning jurisdiction of the Broads Authority, which is subject to a separate local plan and LDS.

1.3 In addition to providing information about the main development plan documents in preparation, this LDS also provides detail about the preparation of Supplementary Planning Documents (SPDs) and other informal planning guidance and adopted local development documents, to provide a full account of the planning policies that will operate in Norwich. This document also refers to committed and potential workstreams contributing to documents, which may form part of the LDS.

1.4 The LDS was last updated in June 2020. Since the publication of that document, further information has become available surrounding local plan production timescales. This version of the document is therefore largely the same as the June 2020 version, with updates made to timescales and workstreams as necessary.

1.5 In autumn 2020, the Government consulted on the Planning White Paper: Planning for the Future[1] and Changes to the Current Planning System[2]. These documents propose significant changes to the way the planning system operates as well as the content of local plan documents. The Government is yet to respond to the consultation or make the arrangements formal in any new legislation. Therefore this revision of the LDS, and all the workstreams contained within it, assume a continuation of the current system. Should any changes to the planning system be formalised in future, a further update of the LDS will be prepared as necessary.

<u>Summary of progress since the last LDS</u>

1.6 Since publication of the last LDS, significant progress has been made on the preparation of the **Greater Norwich Local Plan** (GNLP), and on the **Norfolk Strategic Planning**

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[1] https://www.gov.uk/government/consultations/planning-for-the-future
[2] https://www.gov.uk/government/consultations/changes-to-the-current-planning-system

Framework (NSPF), which was endorsed in early 2018. Further details are set out in the main body of this document.

1.7 The **Statement of Community Involvement** (SCI) was fully revised and published in November 2016, and replaces the version published in July 2013. The SCI is the council's code of practice for involving the community in planning issues, including decisions about plan making and on planning applications. A minor temporary update was made to the SCI in 2020 to increase flexibility in planning consultations as a result of the COVID-19 pandemic. The latest version of the SCI remains in place but will require review during 2021.

1.8 The **Brownfield Register** (Part 1) was last published in November 2020. This includes sites that have been assessed as being appropriate for residential development, such as sites with planning permission and allocations in local plans. The register will be updated at least once a year in accordance with Regulation 17 of the Town and Country Planning (Brownfield Land Register) Regulations 2017.

1.9 A **Self-build Register** for Norwich was established in 2016 to enable individuals and organisations to register their desire for land for self-build or custom-built housing. The register will enable the council to monitor the demand for self and custom build plots. A local connection test and annual fee were introduced in 2017.

1.10 The **River Wensum Strategy** was adopted by Norwich City Council (in June 2018) and by the other partner authorities during summer 2018. The strategy development and ongoing delivery is led by Norwich City Council working in partnership with the Broads Authority, Norfolk County Council, the Environment Agency and the Wensum River Parkway Partnership. This is a non-statutory strategy aimed at facilitating change and regeneration in the river corridor by helping to change perceptions of the city as a visitor destination, and acting as an economic driver to attract investment. It promotes greater use of the river Wensum, in particular promoting improved access/signage to the river, increasing activity on the river, enhancing its function as a key piece of green infrastructure and its contribution to biodiversity, and increasing its attractiveness to tourists and visitors. The River Wensum Strategy Partnership group continue to meet and have progressed to the delivery phase of the project, setting out actions for implementation of the strategy. A number of projects identified in the strategy are underway, or have already been completed, such as the installation of canoe portages at New Mills, and the partnership are now working on a Delivery Plan to focus project delivery for the next approximately two years.

1.11 In June 2018, the city council's Cabinet formally designated the area that was previously the subject of the Northern City Centre Area Action Plan as a neighbourhood area. This followed applications for designation of a wider area (the Cathedral, Magdalen and St Augustine's Street area - CMSA) as a neighbourhood area and for designation of a forum for that area. Following a public consultation in early 2018, both applications were refused by Norwich City Council and the Broads Authority (the latter being involved as part of the River Wensum falls within the proposed area) in June 2018. The Localism Act 2011, S61G(5) states that, where a local authority refuses an application for designation of a neighbourhood area because they consider the specified area to be inappropriate as such, they must exercise their powers of designation to secure that some or all of the specified area forms part of one or more areas designated as neighbourhood area.

1.12 The designated **Northern City Centre Neighbourhood Area** is already well established as an appropriate area for planning purposes, and development of a neighbourhood plan could help to positively build on the area's significant regeneration potential. At this stage, there has been no public expression of interest by a community group in developing a neighbourhood plan for this area but this may happen during the lifetime of this LDS.

1.13 The **Affordable Housing SPD** was updated and adopted in July 2019. This SPD replaces the previously adopted version from 2015. The new SPD takes account of changes in the revised NPPF with a view to maximising the provision of affordable housing in the city.

1.14 In November 2019, **the Purpose Built Student Accommodation in Norwich: Evidence and Best Practice Advice Note** was adopted by cabinet. Following a significant rise in the number of applications for Purpose Built Student Accommodation (PBSA) in the past few years, the PBSA advice note was prepared to provide guidance for applicants and decision-makers in the absence of a specific policy in the Local Plan. The council has produced the advice note with the aim of ensuring delivery of high quality PBSA in Norwich. This includes an assessment of the need for purpose-built accommodation and guidance on a range of issues including the location, scale, external and internal design and management of PBSA, and how to encourage an accommodation mix for a wide range of students. The Council is continuing to work with local higher education institutions and their student's unions through PBSA working groups, to monitor and share information to support the provision of good quality and appropriate student accommodation.

1.15 A development brief was prepared for Prospect House to guide the redevelopment of this prominent city centre site and was approved by Planning Applications Committee in October 2018. This site was not allocated in the Site Allocations Plan as it was not a development opportunity at that time. The brief will be a material planning consideration in the determination of any planning application that is subsequently submitted for the site.

1.16 In 2019, the University of East Anglia have produced a draft **Development Framework Strategy** (DFS) in order to reflect and develop UEA's Vision 2030, and as guide to future development on the campus. The DFS is also intended to be used as part of the evidence base for the preparation of the GNLP. UEA are now looking at a new Estates Strategy or Campus Redevelopment Programme and to set in place an overarching strategic framework to guide campus activities for the next 40 to 50 years. Work is expected to continue on this throughout 2021 and findings will be discussed with Norwich City Council.

2. Scope of the Norwich Local Development Scheme

2.1 The Local Development Scheme covers the following types of documents:

Development plan documents (DPDs)

2.2 Development plan documents or DPDs are the formal policy documents which make up the statutory development plan (the *local plan*) for Norwich. Once adopted, these have full legal weight in decision-making. The council's decisions to approve or refuse any development which needs planning permission must be made in accordance with the local plan unless material considerations indicate otherwise. The local plan may be either a single document or a number of separate related documents.

2.3 The adopted local plan for Norwich comprises the **Joint Core Strategy for Broadland, Norwich and South Norfolk** (the JCS) adopted in March 2011, amendments adopted January 2014; the **Norwich Site Allocations and Site Specific Policies Local Plan** (the Site Allocations Plan), adopted December 2014 and the **Norwich Development Management Policies Local Plan** (the DM Policies Plan), adopted December 2014. The **Northern City Centre Area Action Plan** (NCCAAP) as stated earlier no longer forms part of the local plan, although policy 11 of the JCS remains adopted and requires regeneration of the northern city centre in accordance with NCCAAP principles. Accordingly, a commitment to regenerate the northern city centre will remain a material consideration in determining planning applications in that area.

2.4 The JCS and Site Allocations plan will be replaced by the emerging Greater Norwich Local Plan (GNLP), which will run until 2038 and is scheduled to be adopted in 2022.

2.5 Each document must be prepared in accordance with a nationally prescribed procedure set out in the national Local Planning Regulations for England, which were last reviewed in 2012 and in accordance with the National Planning Policy Framework. At key stages of plan-making there is an opportunity for the public to comment on emerging planning policies and proposals in the documents. At the end of the process, development plan documents must be submitted to the Secretary of State and independently examined by a government appointed inspector to assess their soundness and legal compliance before they can be *adopted* by the city council and come into force.

2.6 Certain other documents must be published alongside each DPD, including:

- the **sustainability appraisal** (SA) report of the plan at each stage (a **sustainability appraisal scoping report** is prepared and consulted on at the start of the process to set out what sustainability issues and objectives the SA should cover and what evidence it will use);
- A **habitats regulations assessment** (HRA) if policies and proposals in the plan are likely to have impacts on important natural and wildlife habitats protected by national and international legislation. This is also known as the "Appropriate Assessment".

- a **policies map**, setting out the DPDs policies and proposals on a map base (if relevant);
- a **statement of consultation** summarising public representations made to the plan and how they have been addressed (called the “Regulation 22(c) statement”);
- copies of any representations made;
- any other supporting documents considered by the council to be relevant in preparing the plan;
- an **adoption statement and environmental statement** (when the plan is adopted).

Supplementary planning documents (SPDs)

2.7 Supplementary planning documents (SPDs) help to support and explain in more detail how the city council will implement particular policies and proposals in the Local Plan. SPDs can also take the form of master plans, detailed design briefs or development briefs for sites identified for future development (“allocated”) in the plan, as well as for other emerging sites.

2.8 SPDs can be reviewed frequently and relatively straightforwardly to respond to change, whereas a review of the policies in the plan is a longer and more complex process.

2.9 National **Planning Practice Guidance** (PPG) states that SPDs should build upon and provide more detailed advice or guidance on the policies in the Local Plan and should not be used to add unnecessarily to the financial burdens on development. SPDs should not introduce new or include excessively detailed policy guidance, but ought to be used only where it can clarify and amplify existing policy and set out how it will help to bring forward sustainable development.

2.10 There are currently five adopted SPDs in place, which support the policies in the JCS and DM Policies Plan. Other informal planning guidance will also be produced during the lifetime of this LDS (see below).

Other local plan documents

2.11 In addition to the progress report provided by this LDS, a number of other documents must be prepared alongside the local plan, but do not form part of it.

2.12 A **Statement of Community Involvement** (SCI) must show how the council intends to involve the community in plan preparation and planning decision-making. It is not a local development document but legally it must set out how documents specified in the LDS will be consulted on.

2.13 To ensure that plans and policies are effective, an **Annual Monitoring Report** (AMR) must also be prepared to record progress on implementing the local plan and how new development and change taking place in the previous year has contributed to achieving its targets. From 2011, the AMR for Norwich has been incorporated within a combined monitoring report for the JCS prepared jointly by Norfolk County Council and the three district authorities covering Greater Norwich. The most recent JCS AMR, for the monitoring period April 2018 to March 2019, was published in January 2020[3].

Associated documents and initiatives

2.14 Although not required to be published as part of the LDS programme, the following additional documents and initiatives are listed in this LDS for information, as they will inform the preparation of future statutory development plan documents and/or provide a wider context for their implementation.

a) **Non-statutory strategic guidance** including the **Norfolk Strategic Planning Framework** (NSPF);
b) Other **potential and anticipated workstreams** arising from ongoing national and local policy changes. The scope and extent of the work that may be undertaken depends on resources available to the council and (in some cases) further clarification from central government about how proposed new planning measures would operate in practice. For that reason, no detailed timescales can be specified for future informal local guidance and other work items in this category.

[3] https://www.greaternorwichgrowth.org.uk/planning/monitoring/

3. The existing local plan

3.1 A number of planning documents are already in place to guide the council's decisions on planning applications. Together these form the existing adopted local plan for Norwich, which has been through a formal process of consultation and independent examination before adoption. These documents include the **JCS**, the **DM Policies Plan** and the **Site Allocations Plan**.

3.2 As these documents are already in use, they are not part of the formal LDS schedule set out in the Annex, which deals in the main with the new and emerging documents that will be prepared to replace or supplement them. However, they are referred to below in order to provide a complete picture of the planning policy documents that apply in Norwich.

3.3 The documents making up the local plan must conform to national planning policy in the **National Planning Policy Framework** (NPPF), supported by national **Planning Practice Guidance** (PPG). In preparing its local plan, the council must show that it has met the statutory **Duty to Cooperate** with adjoining authorities and other relevant bodies. The Duty to Cooperate places a legal duty on local planning authorities and county councils in England to engage constructively, actively and on an ongoing basis to maximise the effectiveness of local plan preparation in the context of strategic cross boundary matters.

3.4 The local plan documents fit into a hierarchy with broad strategic policies at the top and more detailed policies interpreting the strategic approach at a district and small area level. This is illustrated in Figure 1 on page 10.

3.5 For the Norwich area, the adopted **JCS** is the primary document at the top of the hierarchy with which other development plan documents prepared by individual districts should conform. The JCS was adopted in March 2011, with amendments adopted in January 2014. It is a strategic planning document prepared jointly by the three constituent districts in Greater Norwich and Norfolk County Council, and provides the long-term vision, objectives and spatial strategy for development of Norwich and its surrounding area for the period to 2026. The JCS is therefore at the heart of the present local plan for Norwich.

3.6 The **Site Allocation Plan** identifies and sets out policies for sites in Norwich city where development is proposed or expected to occur between now and 2026. It responds to the requirement of the JCS to identify additional sites for 3000 new homes in the city by 2026 over and above existing housing commitments. It also identifies opportunities to accommodate the overall levels of growth in jobs and services anticipated over that period and to ensure that these can be delivered and located sustainably, with a particular focus on expanding office employment and retail and leisure uses in the city centre. It will also help to deliver the community facilities and green infrastructure and elements of the sustainable transport network required to support new development as it occurs, in accordance with the JCS. The Site Allocations Plan was adopted in December 2014.

3.7 The **DM Policies Plan sets** out a range of more detailed policies applying throughout Norwich to be used in the council's assessment of development proposals and to guide future council decisions on applications for planning permission up to 2026. Its 33 policies cover a range of topics, building on the national policy principles for sustainable development set out in the NPPF and the strategic policies and objectives of the JCS. In certain cases, the policies also set out local criteria and standards for different kinds of development. The DM Policies Plan was also adopted in December 2014.

3.8 The Localism Act 2011 allows for community led **neighbourhood plans** to be brought forward to complement the adopted local plan, and this is reflected in Figure 1. As stated above (paragraph 1.10), a neighbourhood area has been designated for the northern city centre. However, no neighbourhood plans have yet been proposed within the city boundary although a number of neighbourhood plans are now formally in place ("made") for the adjoining suburban parishes of Cringleford in South Norfolk, and Sprowston, Hellesdon and Old Catton in Broadland. The city council remains open to working in cooperation with community-led groups to produce neighbourhood plans where these help to promote beneficial development, regeneration or neighbourhood enhancement in accordance with the presumption in favour of sustainable development and the general principles set out in the NPPF.

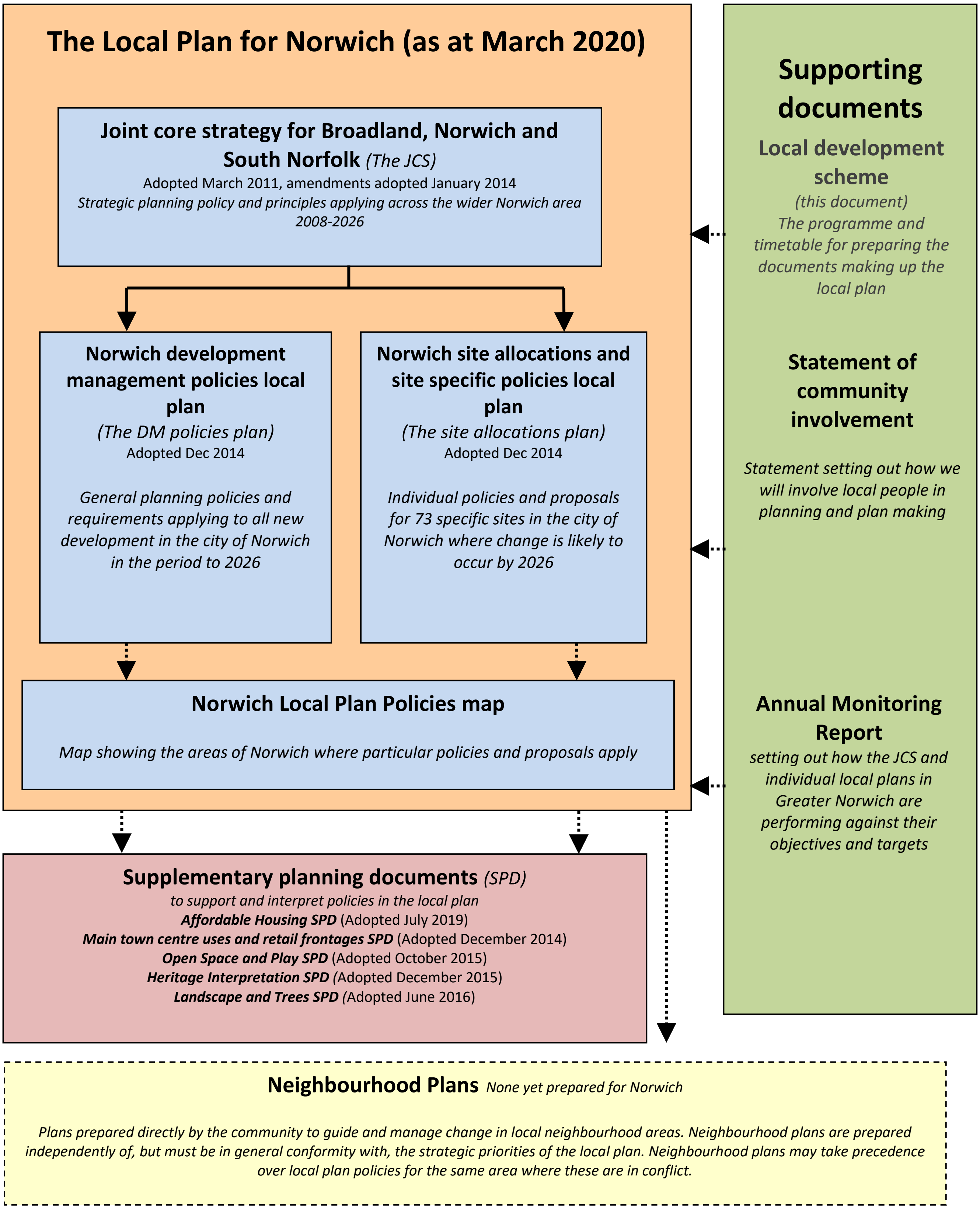

Figure 1: Hierarchy of the local policy context in Norwich

4. Looking forward – the emerging local plan and the 2021-23 LDS programme

4.1 The LDS was last reviewed in full in 2020. This review is required to make updates to local plan preparation timescales and to provide updates on the progress of workstreams since the last revision. This revision of the LDS outlines the programme of documents and associated workstreams that will contribute to the replacement and review of the local plan. These will include the statutory and non-statutory planning documents detailed below.

4.2 Further detailed information on the GNLP and NSPF are included in the Key Document Profiles in section 5, which also includes the proposed production timetable for each document. The work programmes set out for these documents may be subject to review dependent on the extent of evidence and resources likely to be required.

New Development Plan Documents

4.3 The proposed **Greater Norwich Local Plan**[4] (GNLP) will be a new statutory local plan for Broadland, Norwich and South Norfolk to update the present JCS. This will similarly set out a statement of strategic planning policy for the wider Norwich area but, unlike the JCS, will also include policies and proposals for individual sites. As such, the GNLP will also replace separate site allocations plans for individual districts – in the case of Norwich, the Site Allocations plan. However, the village clusters site allocations policies for the South Norfolk District will be included in a separate South Norfolk Village Clusters local plan to be prepared alongside the GNLP. Only the overall number of dwellings proposed within these settlements will be included within the GNLP itself.

4.4 The timetable for the production of the GNLP shown in this LDS has been adjusted to reflect changes in the anticipated production timetable. In July 2020 the Greater Norwich authorities agreed to extend the timescales for GNLP preparation to allow more time to make updates and amendments following the Regulation 18 consultation, to take on board updated evidence, to allow for an additional Regulation 18(d) consultation and to take account of the impacts of COVID-19. In August 2020, the Government published the Planning White Paper and Changes to the Current Planning System documents, which included a revision to the standard methodology for calculating housing need. Following consideration of options by the GNDP Board, the decision was taken to accelerate plan production making use of the transitional arrangements provided by the Government, based on the draft GNLP already consulted upon. In December 2020, the Government announced that the existing standard methodology would be retained meaning that the GNLP would no longer need to proceed though transitional arrangements. However, the Greater Norwich authorities have agreed to proceed to the accelerated timescales in order to avoid any further delay in the plan's production and to ensure that plan-making momentum is maintained.

[4] https://gnlp.oc2.uk/

4.5 In accordance with paragraph 33 of the NPPF and S10A of the Town and Country Planning (Local Planning) (England) Regulations 2017, the council undertook a review of the DM Policies Plan and the Site Allocations Plan[5], to review whether the plans are up to date and respond to changing local needs and circumstances. The review was carried out in October-November 2019 and endorsed by cabinet on 13 November 2019. It concluded that, in general, the local plan policies are fit for purpose at the current time, however it recommends that a full review of the DM Policies Plan should commence following the Regulation 19 consultation of the GNLP. The Regulation 19 consultation of the GNLP is due to take place in early 2021, and therefore the formal review of the DM Policies Local Plan could take place following this consultation. The review does not recommend a further review of the Site Allocations Plan, as this has been reviewed and will be superseded by the GNLP.

4.6 The outcome of the Government's consultation on the Planning White Paper and Changes to the Current Planning System documents remains to be seen, which could impact upon any future review of the DM Policies Local Plan. Future updates to the LDS will be required should any changes to the planning system become formalised.

Review of the non-statutory Norfolk Strategic Planning Framework

4.7 The **Norfolk Strategic Planning Framework**[6] (NSPF) is a non-statutory strategic policy statement setting out broad strategic targets and priorities for the next round of statutory local plans for individual local planning authorities in Norfolk, facilitating joint working across district boundaries and helping to fulfil the statutory Duty to Co-operate. The NSPF was updated and endorsed by the stakeholder authorities in October 2019 to meet the new requirements of the revised NPPF, particularly in relation to the requirements set out for the Statement of Common Ground. It will continue to be reviewed regularly as the Duty to Co-operate requires authorities to work together in an ongoing and meaningful way as the Statement of Common Ground must reflect the most up to date position in terms of joint working across the area. The NSPF is currently being revised and a draft document was produced in late 2020 and is expected to be endorsed by relevant authorities in early 2021.

New Supplementary Planning Documents and planning guidance

4.8 Following the cessation of the Britvic/Colmans/Unilever operations at the Carrow Works site, the Council and key partners are about to commission a masterplan for the East Norwich Strategic Regeneration Area, capable of adoption as a Supplementary Planning Document. This will aim to guide the coordinated redevelopment of the site to focus on delivery of transformational change of this key area of Norwich and to inform the

[5] https://www.norwich.gov.uk/info/20199/adopted_local_plan/2494/regulation_10a_review_of_the_local_plan

[6] https://www.norwich.gov.uk/info/20022/planning_policy/1194/emerging_local_plan_and_evidence_documents/2

Regulation 19 version of the GNLP. Procurement for the preparation of the masterplan began in mid-2020 with consultants expected to be appointed in February 2021.

Other committed and potential workstreams

4.9 The following paragraphs refer to committed and potential workstreams, which are or may be part of the Council's work programme, although in many cases the status and timescales for production of these have yet to be confirmed. None are formal development plan documents or supplementary planning documents but are included in the LDS for completeness. Subsequent revisions to the LDS would identify the need for any formal DPDs or SPDs emerging from this work.

Committed

4.10 Additional workstreams which are **committed** and form part of the planning service's work programme during this LDS period are as follows:

- Maintenance of the **Brownfield Land Register updates**. The Town and Country Planning (Brownfield Land Register) Regulations 2017 require local planning authorities to maintain a statutory Brownfield Land Register. The regulations state that the Part 1 Registers must be updated at least annually so this will form an ongoing commitment. Part 2 of the register is intended to include sites listed in Part 1, which are considered suitable for the granting of planning permission in principle for residential development. There is no intention at this stage to produce a Part 2 Register.

- The **Self-Build Register** (set up in April 2016) will continue to be maintained in accordance with the Self-build and Custom Housebuilding Act 2015[7] (as amended by the Housing and Planning Act 2016).

- The Council has committed to being the lead authority on the preparation of a new **Local Housing Needs Assessment** (LHNA) (formerly Strategic Housing Market Assessment (SHMA)) with other partner authorities across Norfolk. This document will set out an assessment of future need and demand for housing, as well as identifying the need for different housing types and tenures, including affordable housing. The formal preparation is expected to commence in 2021 and will be informed by evidence preparation for the GNLP.

Potential Additional Work

4.11 Additional workstreams which may be progressed, but which **are not firm commitments** in this LDS period, are:

- Potential neighbourhood plan support following the designation of the northern city centre area as a neighbourhood area in June 2018. This will be dependent on a

[7] http://www.legislation.gov.uk/ukpga/2015/17/contents/enacted/data.htm

community group gaining designation as a neighbourhood forum, and commencing preparation of a neighbourhood plan.

- Government published amendments to the Community Infrastructure Levy (CIL) regime in 2019. The current intention is that a local CIL review will be undertaken in parallel with the development of the Greater Norwich Local Plan (GNLP), so that a revised CIL is most likely to be introduced at around the same time as the adoption of the GNLP.

- Over the past few years, Norwich has seen a significant reduction in office floorspace. This is largely attributed to the ability to convert offices to residential accommodation under the prior approval process, and without planning permission. The reduction in office floorspace is concerning as it results in less choice of suitable accommodation for businesses and compromises the ability of the city, and the surrounding areas, to thrive economically. In addition, there is no provision within the prior approval process to secure affordable housing on these schemes. In July 2020, Sustainable Development Panel unanimously agreed to recommend to Cabinet that the Council proceed with the drafting of an Article 4 Direction to remove permitted development rights for the conversion of offices to residential accommodation. Whilst the Cabinet report was being drafted, the Government made changes to the General Permitted Development Order and the Use Classes Order. These changes and their implications for Norwich's office economy are summarised in a later report to Sustainable Development Panel in October 2020[8]. On the basis of this information, the Panel agreed to delay the introduction of the Article 4 Direction until the outcome of the legislative changes is understood further.

- **The Environment Bill**[9] is due to undergo further scrutiny in Parliament. The current version of the Bill sets out plans and policies for improving the natural environment including waste and resource efficiency, air quality, water quality, nature and biodiversity, the regulation of chemicals etc. It is likely that the Bill will have a number of implications upon the planning system, for example, the formal introduction of Biodiversity Net Gain. Depending upon the final content of the Bill and the timescale for its implementation, the existing local plan documents will likely need to be updated to ensure compliance with the Bill. Currently, no further information is available on the timescales for the introduction of the Bill, however, the formal review of the DM Policies Plan would represent an opportunity to consider the implications of the Bill on the local planning context in Norwich. It may also be necessary to consider the implications of the Bill in context of any future changes to the planning system.

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[8] https://cmis.norwich.gov.uk/live/Meetingscalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/848/Committee/9/SelectedTab/Documents/Default.aspx

[9] https://services.parliament.uk/bills/2019-20/environment.html

- In 2019, the Government published the first two parts of the **National Design Guide**[10]. This document sets out the characteristics of well-designed places and demonstrates what good design means in practice. It forms one part of Government guidance aiming to achieve enduring and successful places and forms a material consideration in the determination of planning applications. The third part of the design guide includes the provision of a National Model Design Code (anticipated in 2020), which will set a baseline standard of quality and practice across England which local planning authorities will be expected to take into account when developing local design codes and guides, and when determining planning applications. Following the publication of part 3 of the design guide, the council may consider the preparation of a local design guide, as part of the review of the existing DM Policies Plan and preparation of a new Plan. This will be dependent upon timescales and availability of resources, as well as an assessment of in-house expertise. In the absence of a local design guide, the council will be expected to defer to the National Design Guide.

10 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/843468/National_Design_Guide.pdf

5. Key document profiles

Document Title	Greater Norwich Local Plan (GNLP)
Role and content	To provide the strategic vision, objectives and strategy for future development of the greater Norwich area, to accommodate objectively assessed needs for growth and to identify specific sites for development in the period to 2038. The GNLP provides the strategic context for the preparation of lower level policy documents prepared by the three constituent district planning authorities.
Status	Statutory Development Plan Document (DPD)
Conformity	The document must conform with the National Planning Policy Framework (the NPPF). It should also accord with standing advice in national Planning Practice Guidance (PPG).
Geographical coverage	The three districts of Broadland, Norwich and South Norfolk, excluding the parts of those districts falling within the Broads Authority area. This will exclude site allocations in village clusters in South Norfolk.
Joint working arrangements (if any)	The plan is being prepared by a joint team comprising officers from Norwich, Broadland and South Norfolk district councils with the support of Norfolk County Council. Each council will make independent decisions at key stages in the plan preparation process.
Relationship with adopted local plan(s)	The GNLP will supersede a) the **Joint Core Strategy (JCS*)*** for Broadland, Norwich and South Norfolk (adopted March 2011, amendments adopted 2014) a) the **Norwich Site Allocations and Site Specific Policies Local Plan** (adopted December 2014)
Production milestones **Commence document production**	 December 2015
The work includes a “call for sites” (an invitation to put forward specific	

Document Title	Greater Norwich Local Plan (GNLP)
development sites for inclusion in the GNLP, held in May-July 2016); evidence studies; Regulation 18 stage consultation on issues and options and site proposals held January-March 2018; further Regulation 18 stage consultations on additional sites (October – December 2018), and on a draft plan to include suggested policy options, growth strategy and site allocations (see below). For further details of the timetable for this work see www.gnlp.org.uk.	
Regulation 18 draft plan	January – March 2020
Publish pre-submission (Regulation 19) document	February – March 2021
Formal submission of GNLP to Secretary Of State (Regulation 22)	July 2021
Adoption of the Greater Norwich Local Plan	September 2022
Monitoring and review	Annual Monitoring report and five year housing land supply updates

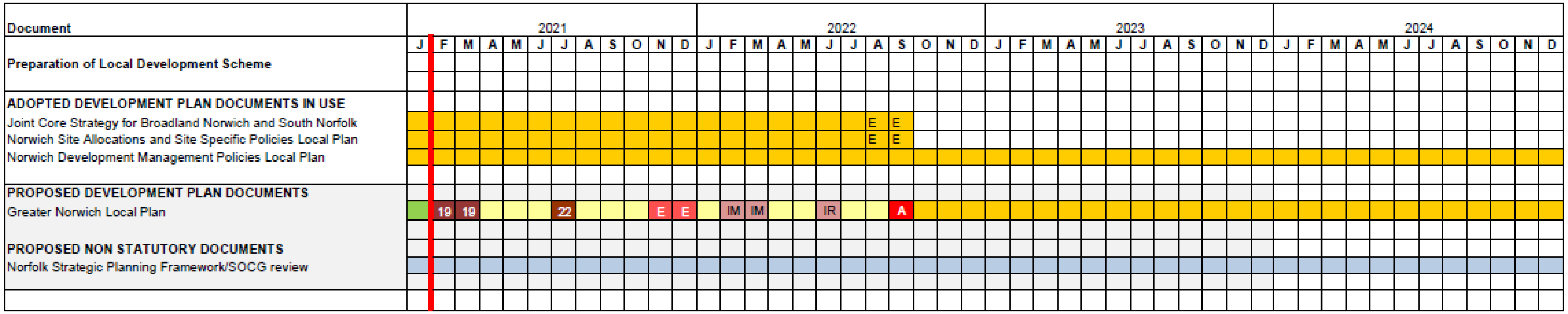
The National Planning Policy Framework states that policies in local plans should be reviewed to assess whether they need updating at least once every 5 years, and should then be updated as necessary. Such a review will need to determine whether any significant matters have arisen, for example changes to national policy or needs for development, that mean that modifications should be made to the local plan or a new replacement local plan produced. The need for a review of policies in the GNLP will be assessed in due course. As such, there is currently no commitment to review the GNLP and therefore no reference to such a review in this LDS. However, dependant on the outcome of a future assessment of the need to review GNLP policies, such a workstream may appear in a future iteration of the LDS.

Document Title	Norfolk Strategic Planning Framework (NSPF) review
Role and content	To set out an agreement between Norfolk's local planning authorities insofar as they relate to strategic planning matters, setting out broad strategic targets and priorities to inform and provide a context for the preparation of statutory local plans for individual districts and areas within the county (including the GNLP); to facilitate joint working across district boundaries and help to fulfil the Duty to Cooperate; and to meet the NPPF's requirements in relation to a Statement of Common Ground by regular review of the NSPF.
Status	Non statutory strategic document
Geographical coverage	The administrative county of Norfolk.
Joint working arrangements (if any)	The NSPF review is being prepared jointly by the district planning authorities within Norfolk working with Norfolk County Council, the Broads Authority and with the involvement of the Greater Anglia Local Enterprise Partnership and other key stakeholders. Governance: The Duty to Cooperate member forum has been established as a non-decision making body, which officers report to. Decisions are made by the constituent authorities' cabinets or equivalents.
Conformity	As a non-statutory document there is no formal requirement for conformity with higher-level national policy statements, however the framework will need to follow the general principles of national policy and guidance.
Relationship with adopted local plan(s)	The NSPF provides a framework for the eventual formal review and replacement of existing local plans, and demonstrates how the Norfolk authorities are meeting the Duty to Cooperate.

Document Title	**Norfolk Strategic Planning Framework (NSPF) review**
Production milestones (provisional) **Draft of revised NSPF/SoCG** **Final version of revision endorsed**	 **Autumn 2020** **Anticipated early 2021**
Monitoring and Review	Ongoing

ANNEX

LOCAL DEVELOPMENT SCHEME FOR NORWICH, 2021-23
KEY DOCUMENT PROGRAMME



KEY

General
LDS production/review
Resolution to bring LDS into effect — R

Commencement of this LDS period
Commencement of individual document production — *
Adopted development plan documents
Adopted DPDs (local plans) in use
Adopted DPD (local plan) expiry. NB the JCS and Site Allocations plan expire in 2026 but will be superseded by the new GNLP upon its adoption in 2022. — E

Greater Norwich Local Plan (GNLP)
Previous Stages
Call for sites *May-July 2016* — S
Preparation of Issues and options Regulation 18 document and supporting evidence *March 2016 - 2018*
Reg 18 consultation stage (issues and options/site proposals) — 18A
Focussed consultation on additional sites — 18B
Reg 18 draft consultation stage (preferred policy options, growth strategy and site allocations — 18C

Assessment of responses/preparation of Reg 19 pre-submission plan and additional evidence
Reg 19 publication (pre-submission plan) — 19
Assessment of responses/preparation of Reg 22 submission document
Formal Submission to Secretary of State (Regulation 22) — 22
Examination in Public — E
Consultation on inspectors' proposed modifications — IM
Publication of Inspectors Report — IR
Adoption — A

Norfolk Strategic Planning Framework (NSPF) Review
Evidence gathering and production of draft framework
Consultation on draft framework — C
Production of final framework
Endorsement of NSPF by constituent Norfolk councils
Ongoing updates to Statement of Common Ground

Supplementary Planning Documents (SPD)
SPD production
SPD Consultation - draft (Regulation 12) — 12
SPD adoption — A

19

COVERING SHEET - to be completed by the principal report author at draft stage and director at final submission stage

Meeting of cabinet
Date of meeting: 10 February 2021

Draft Report

Has the Integrated Impact Assessment been completed?	Yes
Has the relevant cabinet member or committee chair been briefed?	Yes
Have you checked that the correct director, cabinet member and corporate priorities are referenced?	Yes
Do any recommendations need to be implemented before the expiry of the call-in deadline (7 working days after the publication of the decision)? If yes, please discuss with democratic services.	No

I confirm that the report is ready for submission to the **drafts folder**

Judith Davison 1 February 2021
……………………………………………………………………

Final Report

Has the report been signed off by a finance officer and any comments incorporated?	Yes
Has the monitoring officer been consulted and comments incorporated?	Yes/No/ n/a
Does the report reflect amendments arising from portfolio holder briefings?	Yes/No/ n/a
Have the communications team been made aware of this item?	Yes/No/ n/a
Has the report been cleared by the relevant senior manager?	Yes/No/ n/a
Has the report been cleared by the relevant director?	Yes/No/ n/a

I confirm that the report is ready for submission to the **final agenda**

(Insert director name and date)..Graham Nelson 2/2/21..

Report to	Cabinet	**Item**
	10 February 2021	10
Report of	Director of place	
Subject	The award of contract for multidisciplinary professional advice in respect of the East Norwich Masterplan	

KEY DECISION

Purpose

To seek approval to award a contract for multidisciplinary professional advice - East Norwich Masterplan

Recommendation

To award the contract for multidisciplinary professional advice - East Norwich Masterplan for period 1 March 2021 - 31 March 2022.

Corporate and service priorities

The report helps to meet the corporate priority Great neighbourhoods, housing and environment, inclusive economy, and people living well.

Financial implications

Funding is detailed at paragraphs, 4, 8 and 9. The council will contribute £100k to the masterplan, of which £50k from planning budget and £50k from the Town Deal Capacity Fund. Due to funding being paid close to year end, an earmarked reserve will need to be set up to carry funds over.

Ward/s: All Wards

Cabinet member: Councillor Stonard - Sustainable and inclusive growth

Contact officers

Graham Nelson, Director of Place	01603 989205
Judith Davison, Planning Policy team leader	01603 989314

Background documents

None

Report

Background

1. The purpose of this report is to seek approval of the award of contract for the provision of multidisciplinary professional advice in relation to the east Norwich masterplan. It also seeks to update members on progress with the masterplan project to date.

2. A report was taken to Cabinet on 10 June 2020 about the creation of a new public-private sector partnership - the East Norwich Partnership ('the Partnership') – to steer development of a masterplan for the East Norwich area. The report highlighted the opportunity offered by the vacation of the Carrow Works site by Britvic/Unilever to act as a catalyst for regeneration of long-term vacant sites in East Norwich, suffering from a range of constraints (the Deal Ground/May Gurney and Utilities sites), to create a sustainable, high quality new district of the city.

3. The report acknowledged the sites' regeneration potential, based on a study ('A Vision for East Norwich, 5th Studio, 2018) which envisages that the new quarter could provide up to 4,000 new homes and 100,000 sqm of employment space, accommodating up to 6,000 new jobs. Unlocking the full development potential of the East Norwich area will rely on the provision of common infrastructure to serve the sites and enable sustainable growth to be focused in this location.

4. Cabinet on 10 June approved the Partnership's terms of reference and agreed a draft brief as the basis for procurement of a masterplan. The terms of reference anticipate the likely cost of a producing a masterplan to be in the region of £500k, including the cost of project management.

5. Production of a masterplan for the East Norwich sites is required to support policy in the emerging Greater Norwich Local Plan (GNLP). The Regulation 19 draft plan identifies the East Norwich Strategic Regeneration Area and allocates this area under a single strategic allocation for residential led mixed use development to include in the region of 4,000 new homes, subject to confirmation through detailed masterplanning. The masterplan brief includes provision of a supplementary planning document for East Norwich to support the policy.

Progress

6. Since the last Cabinet report, much progress has been made in terms of the development of the Partnership, as well as with the procurement and funding of the masterplan referred to below. Homes England has continued to play an important role in the Partnership, providing ongoing advice and support throughout the procurement process for example. Given the significance of the Trowse Swing Bridge proposals for the East Norwich site (referenced in the June Cabinet report), the Partnership has now expanded to include Network Rail as a funding partner, to ensure positive ongoing engagement to the benefit of both projects.

7. The masterplan forms a key project within Norwich's £25m Town Deal. The council submitted a bid to government in July 2020, was notified of its success in October, and Cabinet authorised acceptance of the deal in November. The investment agreed for east Norwich through the Town Deal (in the region of £4.3m) will accelerate the development of a new high-quality urban quarter. It includes support for the masterplanning exercise and the purchase of the Carrow House complex from Norfolk County Council which will give the city council a greater stake in the redevelopment and ensure that the historic Carrow Works sites can be redeveloped as a whole.

Funding

8. Contributions to the masterplan costs have been committed by most public sector partners within the Partnership including Homes England. The landowners of the Deal Ground/ May Gurney and Carrow Works sites have also committed funding and it is hoped that the Utilities site landowners will be able to confirm a contribution in due course, but this is not yet confirmed. Additional funding has been secured which was not anticipated in the June report. The council has successfully bid for funding from the Norfolk Strategic Fund for £95k, specifically for project management, and has secured £100k towards masterplan costs from the Towns Fund. Network Rail has also joined the Partnership and has committed to a minimum contribution of £25k (up to a maximum of £50k).

9. The total funding committed so far is £600k which is a healthy funding position for the Partnership, allowing for some contingency if masterplanning costs exceed expectations. It puts the Partnership in a strong position in terms of moving the masterplan forward and being able to respond to any extra costs that might be required.

Timescales

10. Key delivery milestones for the production of the masterplan are set out in Table 1 below:

Table 1

Milestone	Date
Appointment Multidisciplinary consultant team	February 2021
Stage1 masterplan inception	March 2021
Stage 1 masterplan completion	August 2021
Review of stage 1 outcomes and decision to proceed with Stage 2	September 2021
Stage 2 masterplan inception	October 2021
Stage 2 masterplan completion	March 2022

11. Following the completion of the Stage 2 masterplan, which will include production of a supplementary planning document, a decision will be taken on whether to proceed with an additional stage 3. Stage 3 is outside the scope of this masterplan project. It concerns the identification of a delivery mechanism but this may become clear as the masterplan progresses, hence this stage may not be necessary.

Benefits

12. The production of a deliverable and robust masterplan based on sound evidence will support the policy allocation in the Greater Norwich Local Plan, which is essential as the policy basis for delivery of the sites. It will also enable the delivery of the East Norwich element of the Town Deal programme.

13. With a strong focus on delivery, the masterplan will guide and support the regeneration of the East Norwich area which will have economic benefits for Norwich and the wider region, and will help achieve the following:

    - The creation of a highly sustainable new quarter of for the City, accommodating substantial housing growth and optimising strategic economic benefits;
    - An inclusive, resilient and safe community in which people of all ages have good access to high quality homes that meet housing needs, and to strategic and local employment opportunities;
    - Provision of new green spaces and community facilities;
    - Provision of opportunities for independent, healthy and active lifestyles;
    - Creation and extension of sustainable transport links between the city centre and the Broads network;
    - Delivery of exemplar design, and protection and enhancement of important heritage assets;
    - Maximising the area's riverside regeneration potential to achieve a distinct sense of place with enhanced opportunities for river-based activity; and
    - Facilitation of improved rail infrastructure.

14. The masterplan will enable exemplary development to be delivered from a sustainability point of view, including for example high quality green infrastructure, enhanced connectivity and biodiversity, and provision of site-wide infrastructure to allow the introduction of a low-carbon shared heating, cooling and power network.

15. Stakeholder and wider community engagement will be a key part of the masterplan process, ensuring that the masterplanning of the new East Norwich district addresses the needs of all relevant stakeholders including

relevant landowners, local residents, businesses, and community and amenity groups.

Procurement process

1. As accountable body the city council is managing the procurement process, in addition to managing the funds outlined above.

2. Procurement of the masterplan commenced in summer 2020 using Homes England's Multidisciplinary Framework panel. This is a 3 stage process. The initial Expression of Interest stage attracted a high level of interest with 18 expressions of interest received out of a 20 strong panel. The purpose of the next stage – the Sifting brief stage – whittled down the initial expressions of interest and resulted in five potential suppliers being invited to tender for the masterplan commission. Four submissions were received in the Invitation to Tender stage from Avison Young, Ove Arup, Turner and Townsend, and WSP.

3. Due to the stage of the procurement process the suppliers cost and quality scores and the outcome of evaluation are exempt and have been included in an exempt report at Appendix A

4. This is because the information is commercially sensitive due to the stage in the procurement process - notices of award have been issued to the suppliers, but are in the ten day standstill process.

Value

5. The value of the masterplan commission is set out in the exempt appendix.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	10 February 2021
Director / Head of service	Graham Nelson
Report subject:	Award of contract for East Norwich masterplan
Date assessed:	20 January 2021

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The award of contract for the East Norwich masterplan will enable delivery of economic development and urban regeneration in East Norwich in line with the Norwich 2040 City Vision and the council's COVID Recovery Plan, and support delivery of housing and employment growth as proposed in the Greater Norwich Local Plan.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☐	☒	☐	Whilst it is not possible at this stage to evaluate the impact of the award of this contract on economic development, the masterplan will focus on delivery of housing and economic development, and will act as the basis for bidding for external funding for delivery of regeneration in East Norwich, to the benefit of the wider city and region.
Financial inclusion	☐	☒	☐	Whilst it is not possible at this stage to evaluate the impact of the award of this contract on financial inclusion, the masterplan vision includes the delivery of an inclusive, resilient and safe community in which people of all ages have good access to high quality homes that meet housing needs, and to employment opportunities.
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

	Impact			
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	Whilst it is not possible at this stage to evaluate the impact of the award of this contract on health and wellbeing, the masterplan brief promotes opportunities for independent, healthy and active lifestyles through the regeneration of East Norwich, supported by promotion of a low car environment, excellent walking and cycling links, and healthy streets.
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☐	☒	☐	Whilst it is not possible at this stage to evaluate the impact of the award of this contract on relations between groups, the masterplan brief encourages development of a healthy and vibrant community with good access to homes, jobs, services and facilities which will help to reduce disparities between the life chances of disadvantaged and other communities in East Norwich.
Eliminating discrimination & harassment	☒	☐	☐	

	Impact			
Advancing equality of opportunity		x		Whilst it is not possible at this stage to evaluate the impact of the award of this contract on advancement of equality of opportunity, this will addressed through the masterplan brief's encouragement of a vibrant and healthy community in East Norwich (see 'relations between groups' above) and also through delivery of high quality homes to meet housing needs across all tenures.
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation		x		Whilst it is not possible at this stage to evaluate the impact of the award of contract on transportation, the masterplan brief promotes delivery of transport infrastructure and sustainable transport links to support this new community.
Natural and built environment		x		Whilst it is not possible at this stage to evaluate the impact of the award of contract on the natural and built environment, the masterplan brief promotes a sustainable new quarter with enhanced biodiversity, including that of the River Wensum, creation of new and enhanced open spaces within a highly connective network, and making the most of the existing building stock including a number of fine listed buildings.
Waste minimisation & resource use	x			
Pollution		x		Whilst it is not possible at this stage to evaluate the impact of the award of contract on pollution, the masterplan brief encourages sustainable modes of transportation which will result in reduced vehicle pollution.

	Impact			
Sustainable procurement	☒	☐	☐	
Energy and climate change	☐	☒	☐	Whilst it is not possible at this stage to evaluate the impact of the award of contract on climate change the masterplan brief includes provision of site wide infrastructure to allow the introduction of a low-carbon shared heating, cooling and power network, as well as encouraging sustainable modes of transportation.
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	

Recommendations from impact assessment
Positive
The East Norwich masterplan is anticipated have a range of positive benefits for Norwich as set out above, including for the regeneration of east Norwich, the city generally, and wider area, including provision of significant scale of housing and of employment opportunities, as well as a range of social and environmental benefits.
Negative
Neutral

Issues

Report to	Cabinet	**Item**
	10 February 2021	
Report of	Director of Place	11
Subject	Greater Norwich Joint Five Year Infrastructure Investment Plan 2021-2026	

KEY DECISION

Purpose

To consider the draft Greater Norwich Joint Five Year Infrastructure Investment Plan 2021-2026.

Recommendations

1) To agree the Greater Norwich Joint Five-Year Infrastructure Investment Plan 2021-2026, included in Appendix A

2) To approve the CIL allocations included within the first year of the five-year plan forming the 21/22 Annual Growth Programme.

3) To recommend to Council the inclusion of the following project into the council's capital programme commencing in 21/22:

- Kett's Heights

4) To note the community CIL allocation covered in paragraphs 24-25.

This report meets the corporate priority great neighbourhoods, housing and environment.

Financial implications

1. The council will need to include the following project into the capital programme commencing in 2021-22:
   - Kett's Heights accessibility improvements - £109,375 in 2021-22, £202,625 in 2022-23 (project fully funded by CIL)

2. Neighbourhood CIL allocation during 2021-22 is £93,294; a further £100,000 is available for future projects which may come forward during the year.

3. Infrastructure Investment Fund monies will be paid direct to the Football Development Centre, the project is not therefore included in the council's capital programme. However, since it remains the accountable body the council will be taking a 'hands on' approach to the release of the funding to the FDC in order to retain some control and oversight.

Ward/s: All Wards

Cabinet member: Councillor Waters: Leader

Contact officers:

Tony Jones, City growth and development coordinator	01603 989443
Kate Price, Neighbourhood & community enabling manager	01603 989532

Background documents

None

Report

Background

1. In 2013 the Greater Norwich authorities (Broadland District Council, Norwich City Council, South Norfolk Council and Norfolk County Council) together with the New Anglia Local Enterprise Partnership, signed a City Deal with Government. To help achieve our growth ambitions, the City Deal agreed a strategic infrastructure programme supported through Government-approved access to borrowing at a preferential rate and the local authorities' commitment to pool a significant proportion of Community Infrastructure Levy (CIL) income to form an Infrastructure Investment Fund (IIF). Over the period of the fund's operation, these pooling arrangements have resulted in a net benefit to Norwich.

2. The Greater Norwich Growth Board has responsibility for managing the IIF and assembling the Annual Growth Programme (AGP) from the Joint Five-Year Infrastructure Investment Plan (5YIIP).

3. Prior to the preparation of this 5YIIP, the Greater Norwich Infrastructure Plan (GNIP) was updated, available at: http://www.greaternorwichgrowth.org.uk/delivery/greater-norwich-infrastructure-plan/

4. The GNIP identifies infrastructure priorities to the end of the Joint Core Strategy period (2026) and details the progress of infrastructure delivery within the Greater Norwich area.

Introduction

5. The projects identified within this 5YIIP are those currently considered to be a priority for delivery to assist in achieving the economic growth targets as set out in the Joint Core Strategy and the Greater Norwich City Deal. One of the key strands of the City Deal was the delivery of an infrastructure programme facilitated by a pooled funding arrangement between the Authorities.

6. Income received from the Community Infrastructure Levy (CIL) is pooled within the Infrastructure Investment Fund (IIF) which is administered by the Greater Norwich Growth Board (GNGB). Since 2014 the partnership has allocated over £21m of IIF funding and £40m of CIL supported borrowing which has levered in at least an additional £180m to deliver infrastructure projects within the Greater Norwich area.

7. The projects which are recommended to receive IIF funding during the forthcoming financial year will be adopted as the 2021/22 Annual Growth Programme (AGP).

8. This Plan incorporates the updated position on infrastructure delivery, includes revised CIL income forecasts, provides updates on projects accepted within previous AGPs and outlines planned preparatory work for infrastructure schemes for future years.

9. The draft Five Year Infrastructure Investment Plan 21-26, is included at Appendix A.

2021-22 Annual Growth Programme (AGP)

10. In accordance with the agreed processes for the Infrastructure Investment Fund (IIF), the Greater Norwich Infrastructure Delivery Board (IDB) met on 9th of October 2020 to agree which projects are to be put forward as the proposed 2020/21 Annual Growth Programme (AGP). As a result, 4 new projects totalling £921,124 have been recommended to be supported through the IIF.

Project Name	Applicant	Amount of CIL requested	Total project size
Brundall Sports Hub	Broadland	£ 100,000	£ 1,345,655
Bure Valley Path: Access and Recreational Enhancement	Broadland	£ 259,124	£ 841,406
Kett's Heights	Norwich	£ 312,000	£ 312,000
Football Development Centre (FDC) Bowthorpe 3G Pitch	Norwich	£ 250,000	£ 929,400
Total		**£ 921,124**	

11. In addition, it is proposed that Education receive £2million to support the development of their capital programme within Greater Norwich. This allocation will provide additional funding support for an extensive expansion project at Ormiston Victory Academy (previously allocated funding through the 20/21 AGP).

12. It is also proposed that GP46 and GP53, two existing Marriott's Way projects that were initially allocated funding within the 18/19 AGP, are to be allocated an additional £341,000 for their joint delivery in 21/22. Their previous funding allocations have been rolled together and will in future listed as GP46b and reported as one.

13. Approximately £1,000,000 from the IIF remains committed to ongoing projects that were identified in previous AGPs.

14. Delivery updates for all existing projects including further details regarding GP46 and GP53 are provided in *Appendix C Project Updates contained* within the 5YIIP (Appendix A).

Projects to be included within Norwich City Council capital programme 21/22

15. Of the 4 new projects recommended, two are within Norwich. These are to be supported by £562,000 CIL funding from the IIF, though only one features in the 2021-22 capital programme. The projects are:

Kett's Heights

16. Kett's Heights was acquired by Norwich City Council in the 1980s and is managed by the Friends of Kett's Heights, who are supported by the Norwich Fringe Project. The topography of the site provides panoramic views over the city centre and forms part of the wooded ridge landscape feature. It is within the Thorpe Hamlet conservation area and contains the remains of a medieval chapel and 19th century garden terraces. The future development and management of the site as a valuable community natural green space is restricted by the lack of access for all and the failing structures. At present the only access to the site is from Kett's Hill via a pedestrian gate and a series of failing timber steps.

17. The planned improvements to Kett's Heights provide for a more accessible and resilient space. The project would provide a new ramped access into the site from Ladbrooke Place, which will open up the space to all visitors and enhance the linkage to the site from the surrounding area. A further benefit will be providing access for maintenance vehicles allowing for enhanced maintenance and management. The steps from Kett's Hill will also be replaced. The fabric of the site is formed mostly from the remains of the 19th century terraces created by gas workers and the project will stabilise, consolidate and interpret the historic masonry features. The Friends and the Fringe Project have been implementing the management plan for the site by bringing it into active management through the removal of surplus trees, opening up of views and opening up of overgrown areas and they intend to further enhance biodiversity alongside the IIF project with careful scrub management, selective tree clearance promoting a diverse sub-canopy and the provision of a community orchard and wildflower meadow.

Football Development Centre (Bowthorpe)

18. The facility's resident clubs are growing in terms of players and affiliated teams, with a 250% increase in numbers of FA affiliated matches over recent years. Therefore demand for pitch access exceeds current capacity. The site is the primary hub site for Norfolk County Football Associations' County 5ives small sided football programme, for which users travel from across the

Greater Norwich area and beyond. Of equal importance to the traditional game is the growth of recreational football, which is an area which has seen significant growth in demand over the last two years. Demand to participate in activities such as Walking Football, football based health & wellbeing interventions has increased, as has the recreational girls' participation programme. As it stands the FDC's existing capacity is unable to cater for demand. The proposed improvements will also increase the FDC's ability to meet its ambitious children's and adults disability football programme.

19. The project will see the installation of a 3G full sized football pitch, replacing an existing full-sized grass pitch. Conversion of the existing grass pitch to an artificial 3G pitch will increase the site's ability to cater for all football activity, both traditional and recreational.

20. As Norwich City Council is sponsoring a third party (Norfolk County Football Association) regarding IIF funding to deliver the project at the FDC, Bowthorpe the funding drawdowns will be managed directly between the Greater Norwich Project Team and the FDC but with the city being the accountable body. The project is not therefore included in the 2021-22 capital programme, however as the accountable body the council will be taking a 'hands on' approach to the release of the GNGB funding to the FDC so that control and oversight is retained.

Neighbourhood community Infrastructure 2020-21 commitments and spending

21. 15% of overall CIL receipts in the Norwich area are retained within the district for allocation to community projects. Based on previous cabinet approved process changes, Neighbourhood Community Infrastructure Levy provides council with an indicative figure of expected costs in budget setting with expected general allocations, and decisions on spending are made during the year by a cross-council Board based on a cabinet approved scoring criteria.

22. In 2020-21, Neighbourhood Community Infrastructure Levy was allocated a provisional £200,000 for identified matched funding and projects which presented over the year. This sum was based on anticipated income plus a surplus from the previous year.

23. Anticipated NCIL expenditure for 2020-21 is £106,625 (Details in Appendix B) which is lower than forecast. This was in the main due to project delays caused by the impacts of the Covid pandemic on external partners both in terms of delivery ability and the capacity to develop new projects, and delays in staff recruitment and capacity internally.

24. This leaves £93,294 from 2020-21 to be transferred into 2021-22 as our basic budget subject to any above project delays in allocated but as yet unspent funding which may increase this further. The bulk of this is for pre-identified projects which have experienced Covid-related delays.

Neighbourhood community Infrastructure 2021-22 expectations

25. In 2021-22, Neighbourhood Community Infrastructure Levy will utilise the rollover budget from 2020/21 and seek growth budget from N'CIL funds for new projects when eligible projects are identified. Approximate allocations for this are included in Appendix B.

# Integrated impact assessment	NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	10 February 2021
Director / Head of service	Graham Nelson
Report subject:	Greater Norwich Joint Five Year Infrastructure Investment Plan 2021-26
Date assessed:	11/01/21

	Impact			
Economic (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)		☒	☐	Brings funding from the Growth Programme for projects in Norwich
Other departments and services e.g. office facilities, customer contact	X	☐	☐	
ICT services	X	☐	☐	
Economic development	X	☐	☐	
Financial inclusion		☒	☐	Increased availability of football facilities will assist financial inclusion
Social (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	X	☐	☐	
S17 crime and disorder act 1998	X	☐	☐	
Human Rights Act 1998	X	☐	☐	
Health and well being		☒	☐	Improved sports facilities and open space improvements will promote health and well being

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	X	☐	☐	
Eliminating discrimination & harassment	X	☐	☐	
Advancing equality of opportunity	X	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation		☒	☐	
Natural and built environment		☒	☐	Kett's Heights improvements will enhance recreation opportunities and access to public open space
Waste minimisation & resource use	X	☐	☐	
Pollution	X	☐	☐	
Sustainable procurement	X	☐	☐	
Energy and climate change	X	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

	Impact			
Risk management	X	☐	☐	The most significant risks are project cost and delivery risks. These remain with the project promoter. There is a risk that CIL income will not cover all commitments made within the agreed programme. The GNGB have mitigated these risks by instructing officers to monitor CIL forecasting methods whilst also establishing a new £2million cash reserve.

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Other resource implications (staff, property)

The programme will be managed within existing resources and will require continued support for the Greater Norwich Projects Team. Resources for project delivery will be the responsibility for the project promoter.

Legal implications

The pooling arrangements and the designation of an Accountable Body are set out in the Joint Working Agreement and the further agreement formalising the commitment to pool Community Infrastructure Levy (CIL) income across the Greater Norwich area signed on 21 October 2015.

Greater Norwich Growth Board

Draft Joint Five-Year Infrastructure Investment Plan 2021-2026

December 2020

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INTRODUCTION

The projects identified within this Infrastructure Investment Plan are those currently considered to be a priority for delivery to assist in achieving the economic growth targets as set out in the Joint Core Strategy and the Greater Norwich City Deal; one of the key strands of the City Deal was the delivery of an infrastructure programme facilitated by a pooled funding arrangement between the Authorities.

Income received from the Community Infrastructure Levy (CIL) is pooled within the Infrastructure Investment Fund (IIF) which is administered by the Greater Norwich Growth Board (GNGB). The projects which receive IIF funding during the forthcoming financial year will be adopted as the 2021/22 Annual Growth Programme (AGP).

This Plan incorporates the updated position on infrastructure delivery, includes revised CIL income projections, provides updates on projects accepted within previous AGPs and outlines planned preparatory work for infrastructure schemes for future years.

THE GREATER NORWICH GROWTH BOARD

The Greater Norwich Growth Board is a partnership that is unlike any other in the UK. Norfolk County Council, Norwich City Council, South Norfolk District Council, Broadland District Council and the New Anglia Local Enterprise Partnership are the five partners that make up the GNGB. They have chosen to work together to accelerate the delivery of infrastructure within the wider Greater Norwich area, because they truly understand the benefits that can be achieved by looking beyond individual administrative boundaries.

Since the establishment of the GNGB in 2014, their partnership working practices and particularly the pooling arrangements of CIL contributions within the IIF, are now considered an exemplar model of working by the Planning Advisory Service (PAS). They have cited the GNGB as a partnership who are pursuing ambitious growth agendas under strong strategic leadership and cross boundary collaboration.

Since 2014 the partnership has allocated over £21m of IIF funding and £40m of CIL supported borrowing which has levered in at least an additional £180m to deliver infrastructure projects within the Greater Norwich area.

The GNGB's successes were emphasised when they became the winners of the partnership working category at the 2020 national Planning Awards. An accolade that has confirmed that their unique working arrangement is to be celebrated. The partnership looks forward to continuing to work together to pool their shared skills and resources, leveraging additional funding, increasing delivery outcomes whilst continually planning for even bigger infrastructure schemes for the future.

DEVELOPMENT OF THE JOINT FIVE-YEAR INFRASTRUCTURE INVESTMENT PLAN

Prior to the development of this Plan, the Greater Norwich Infrastructure Plan (GNIP) was updated[1]. The GNIP identifies infrastructure priorities to the end of the current Joint Core Strategy (2026) and details the progress of infrastructure delivery within the Greater Norwich area. The latest version also provided thematic strategic priorities against which the projects submitted for funding have been assessed. The 2020 GNIP was accepted at the GNGB meeting on 19th May.

This Plan provides the reprogrammed financial commitments for IIF funding against the forecasted CIL income until 2025/26. This will be followed by the Annual Growth Programme (AGP) for 2021/22, which will provide more detail on the projects which have been accepted on to the Greater Norwich Growth Programme.

The GNGB agreed new processes for project selection on 27th of November 2018, and this is the second year that the projects have been progressed through this full process before being recommended for inclusion in the AGP. A call for new projects is triggered upon the acceptance of the GNIP. This year's call closed on 11th September, the Greater Norwich Projects Team (GNPT) appraised each submission and provided recommendations to the Infrastructure Delivery Board (IDB) alongside comments received from the Greater Norwich Delivery Officers Group. The new processes have led to clear acceptance criteria for projects, a measured and robust selection process to support informed recommendations from the IDB which enables the GNGB to allocate CIL in a clear and decisive manner.

Projects listed within the forthcoming financial year within this Five-Year Plan should be considered as the proposed AGP for 2021/22.

The GNGB will initially consider this Draft Five Year Plan on 1st December 2020.

As the Accountable Body for the GNGB, Norfolk County Council will also receive a report on the 2021/22 AGP in early 2021

The three District Councils will consider this Plan at their Cabinet meetings in January/February 2021. As per the agreed processes, the approval of this plan by each District Council will commit IIF funding to those projects within the forthcoming financial year, accepting them as the AGP 21/22.

The final AGP 21/22 will return to the GNGB for formal joint agreement at their meeting on 18th March 2021.

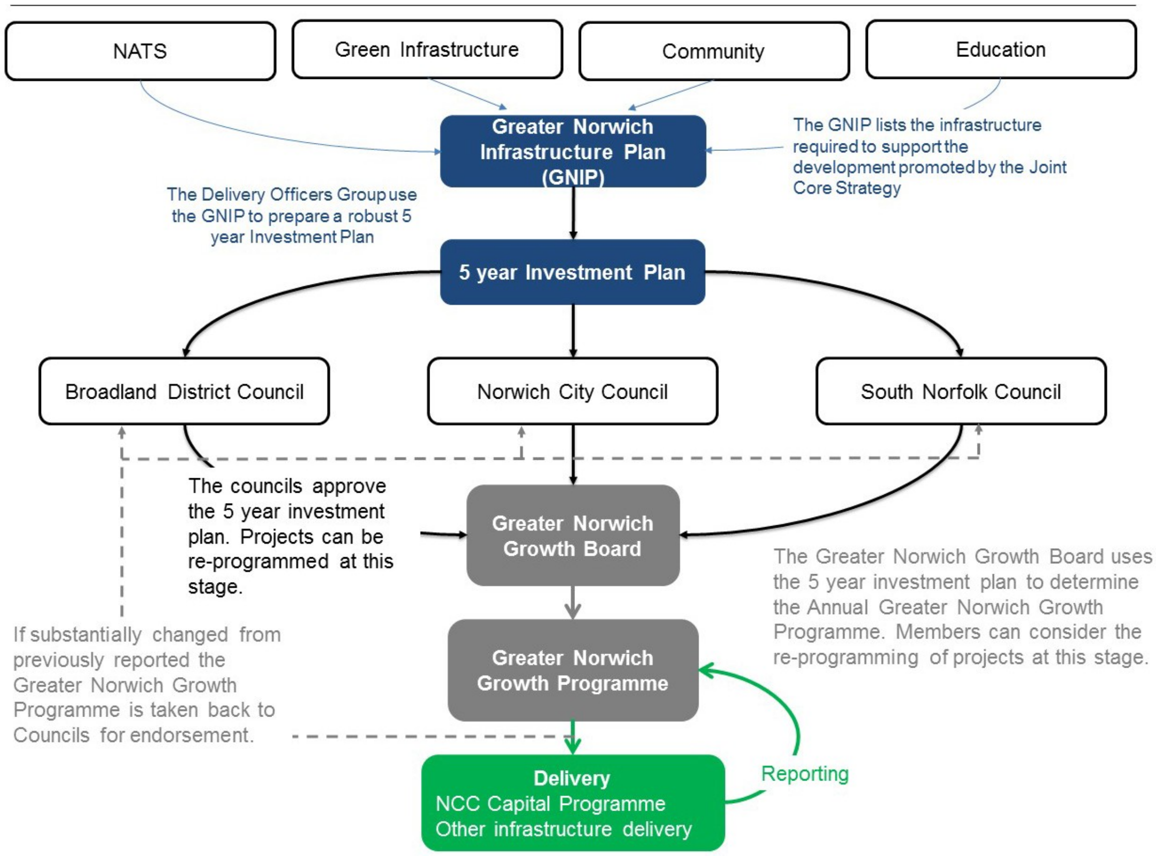

Figure 1 - Infrastructure Investment Plan Development Process

PROPOSED 2021/22 ANNUAL GROWTH PROGRAMME

In accordance with the processes for the Infrastructure Investment Fund (IIF), the Infrastructure Delivery Board met on 9 October 2020 to agree which projects are to be put forward as the proposed 2021/22 Annual Growth Programme (AGP). As a result, 4 projects totaling £921,124 have been identified to be supported through the IIF. Details of these projects have been included in this report as Appendix A.

Project Name	Applicant	Amount of CIL requested	Total project size
Brundall Sports Hub	Broadland	£100,000	£1,345,655
Bure Valley Path: Access, and Recreational Enhancement	Broadland	£259,124	£841,406
Ketts Heights	Norwich	£312,000	£312,000
Football Development Centre (FDC) Bowthorpe 3G Pitch Project	Norwich	£250,000	£929,400
TOTAL		**£921,124**	

In addition, it is proposed that Education receive £2million to support the development of their capital programme within Greater Norwich. This new allocation will support development at Ormiston Victory Academy. More details regarding all Education IIF allocations, can be found on page 9.

It is proposed that GP46 and GP53, two Marriott's Way projects that were initially allocated funding within the 18/19 AGP, are to be allocated an additional £341,000 for their joint delivery in 21/22. The scale of the change to the original projects means that they have been reconsidered against current funding criteria but as these are existing projects within the Growth Programme they have not been included within the above list of new allocations. Details of how the project has been appraised can be found within the project updates in Appendix C.

Approximately £1m from the IIF remains committed to ongoing projects that were identified in previous AGPs. Updates on these projects are provided in Appendix C.

ECONOMIC DEVELOPMENT AND REGENERATION

A number of projects supported by IIF significantly contribute to the economic growth of areas by providing transport, green infrastructure and community benefits. These projects support the wider regeneration of areas but often requires many years of strategic planning to come to fruition. Projects which the GNGB have already identified as strategic priorities within the Greater Norwich area include:

Anglia Square

A planning application for the comprehensive redevelopment of Anglia Square comprising up to 1250 dwellings, hotel, ground floor commercial floorspace, cinema, multi- storey car parks and to replace the chapel was submitted to Norwich City Council in March 2018 (ref: 18/00330/F). Following the resolution of Norwich's Planning Application Committee to approve the scheme (6th December 2018) the application was called in by the Secretary of State for his determination.

A planning inquiry was conducted in February 2020 and notwithstanding a recommendation to approve from the inspector, the Secretary of State refused planning for the development in November. The implications of this decision are not yet known but securing the comprehensive redevelopment of Anglia Square will remain a key regeneration priority for the partnership.

East Norwich

Following the closure of Carrow Works in 2020, significant regeneration proposals are being developed in East Norwich. The redevelopment area comprises not only the Carrow works site but the adjacent Carrow House (which is expected to be vacant in early 2021) and the further brownfield sites of the Utilities Site and Deal Ground which lie to the east of the mainline railway and provide the interface between the City and the Broads national park.

The area represents the largest regeneration scheme in Greater Norwich and has the potential to deliver a sustainable new community comprising up to 4,000 homes alongside considerable employment and community spaces.

To unlock the potential of this area there will need to be considerable investment in infrastructure to support redevelopment. This will be a complex exercise and is currently being examined through a detailed masterplanning exercise which will supplement policies concerning the area in the emerging Greater Norwich Local Plan. This masterplanning exercise is being overseen by a public private partnership.

The level of infrastructure investment to unlock the development remains to be established. However, the expectation is that this may require public sector leadership in order to deliver. One possible source of funding that may assist with this is the Infrastructure Investment Fund and the GNGB may need to draw down further borrowing via the City Deal in order to ensure timely delivery of the site.

Delivery of infrastructure in this manner not only has the potential to deliver a major development but also has the potential to massively improve access to the Broads and Whitlingham Country Park for much of the City's population. (See GI section for River Yare Crossing).

Norwich Airport Industrial Estate

This involves the significant delivery of public realm improvements, infrastructure and transport links at Norwich Airport Industrial Estate. This will enable this key employment location to offer more attractive, modern premises which better serve the needs of the existing SME community and those of emerging high value sectors identified in the New Anglia LEP Strategic Economic Plan and the Greater Norwich City Deal.

Norwich Research Park (NRP)

Work commenced in March 2020 on a £7m investment funded by SNC and NALEP comprising c. 19,000 sq. ft grow on space for R&D businesses and the necessary infrastructure to open up the Enterprise Zone. These works are due to be completed by June 2021. Additional development work which is also in train includes the delivery of an 800 space multi-storey car park, improvement to the Norfolk and Norwich University Hospital roundabout, improvement of sustainable transport into and within the site as part of the Greater Norwich Transforming Cities Fund, the last but one section of the Hethersett Lane cycle way, and a working group to resolve the power issues of this site.

Various projects in and around the NRP will help improve its connectivity to the wider area, as well as enhance the local environment. Key improvements which have all received IIF funding include a new bus interchange at Roundhouse Way, a more direct footpath link to the significant housing growth at Bowthorpe which has been enabled by a new footbridge across the River Yare. Health walks to improve the wellbeing of patients, employees and residents alike which have been implemented in the grounds of the NNUH, along with further enhancements to Green Infrastructure links between the NNUH, Research Park and the nearby housing development.

Greater Norwich Food Enterprise Zone

Located on the Food Enterprise Zone at Food Enterprise Park (Honingham), the Food Innovation Centre is being led by Broadland District Council to provide food grade premises, a fully fitted test kitchen, a sensory food tasting facility in conjunction with a comprehensive innovation support package for eligible businesses, based in Norfolk and Suffolk. Once built, these facilities will meet excellent sustainable development criteria (Breeam Excellent) as well as compliance with supermarket requirements (British Retail Consortium) both of which are attractive to future tenants. Subject to securing the funding package, the build is expected to start in Q2 2021 with a 12 month build time.

Various projects in and around the Food Enterprise Park will help improve its connectivity to the wider area. These include the dualling of the A47 with a junction access to the FEP and an additional power supply to support the delivery of whole of the FEP (100 acres)

Smart Emerging Technologies Institute – SETI

The East of England Smart Emerging Technologies Institute (SETI) is a planned research and innovation initiative aiming to create the fastest collaborative research testbed in Europe. The project is led by the University of East Anglia in collaboration with BT at Adastral Park, University of Cambridge and University of Essex.

SETI is based around the development of a closed loop fibre network which will enable data transfer more than 1,000 times faster than broadband connections. SETI will be a science, technology and business asset for the region that will push the boundaries of leading science research and benefit the UK as a whole. Although delayed due to Covid-19, work on the technology and business case for SETI is progressing and will be published early 2021.

Cambridge Norwich tech Corridor (CNTC)

CNCT continues to grow offering a range of support to both businesses and policy makers. In conjunction with promoting the location as a great place to do business, a new focus for this project is *Cluster Development* in the different high-growth locations in the Corridor.

CIL ALLOCATION- FOUR THEMATIC GROUPS

Greater Norwich's adopted CIL charging policy examined the delivery requirements of four types of infrastructure to support the planned housing growth. Applications from these four thematic groups of Transport, Education, Green Infrastructure and Communities (which includes Sports) are therefore welcomed to apply to the IIF.

TRANSPORT

Transport for Norwich (TfN)

Transport for Norwich (TfN), is the adopted transport strategy used to deliver improvements across Greater Norwich. The current strategy recognises that everybody's journeys are different and looks to give people viable options on how they choose to travel and actively promotes sustainable transport. The strategy has already delivered key improvements such as the Broadland Northway, a network of Park and Ride facilities and 'Pedalway' cycle routes, the award-winning Norwich Bus Station and bus priority measures in the City Centre and along radial routes.

The implementation plan of transport delivery was adopted 2010 and updated in 2013 and sets out the range of transport measures, together with their general intended phasing, for delivery over the short to medium term.

In 2018 the TfN Board agreed to a review of the transport strategy and an update of its implementation plan. This is underway and an initial public consultation in March 2018 highlighted that investment in public transport was the top priority, with measures to tackle congestion, maintaining existing infrastructure and reducing the impact transport has on air quality being other key priorities. It is envisaged that a new preferred strategy and action plan will be consulted on in spring 2021 for adoption later in 2021.

Projects supported by IIF

The 2015/16 AGP agreed to the use of the IIF to top up other funding to help deliver the NATS programme over the period 2015/16 to 2019/20 and committed a total of

£3,570,000. Many projects which were initially programmed to receive IIF funding have since taken advantage of alternative external funding streams including Growth Deal and Cycle City Ambition Grant (CCAG) to deliver projects. The NATS projects which have been allocated IIF are:

- GP11 - St Clements Toucan crossing
- GP13 - Eaton Centre Interchange
- GP13b - Roundhouse way Bus Interchange
- GP16 - Golden Ball street highways improvements
- GP17b – Cromer Road - Aylsham Rd (A140)
- GP24 - Colney River Crossing

- GP26b- Hempnall Crossroads
- GP32 - Broadland Way: Green Lane North to Plumstead Rd
- GP45 - Green Pedalway junction improvements
- GP46 – Marriott's Way: Access improvements in Costessey
- GP53 – Marriott's Way: Resurfacing at Drayton
- GP74 - Plumstead Road Roundabout

Strategic Transport Schemes

The 2016/17 AGP agreed to use IIF funding in future years to ensure the delivery of large strategic transport projects, including the Broadland Northway and Long Stratton bypass together with Hempnall crossroads junction.

<u>GP25 - Broadland Northway</u>

Construction of the Broadland Northway was completed in April 2018 and there has been significant positive feedback from residents and businesses regarding the reduced journey times and simpler journeys the new route provides. The monitoring of traffic impacts is ongoing. The road was paid for by the Department for Transport, Growth Point funds and the Community Infrastructure Levy. With the agreement of all the Greater Norwich partners, £40m of borrowing to support its delivery took place during the 2016/17 financial year and will be repaid by future CIL income from the IIF.

<u>GP26 - Long Stratton Bypass and Hempnall Crossroads</u>

The Long Stratton Bypass will be funded from a combination of developer funding and public sector funding. It was announced in September 2019 that the Department for Transport had awarded major road network funding for the development of the business case for the Long Stratton bypass. This enables the scheme to move forwards to the next stage of development.

The Outline Business Case is nearing completion and it is expected that this will be submitted to the Department for Transport in December 2020 and once approved will confirm 70% of the overall project cost from DfT, with a further release of scheme development funding. The remainder of the overall project funding (30%) will be made up of a developer contribution and up to £10m of CIL supported borrowing.

We are working with the Developer to progress the planning applications for the bypass and associated development to submit revised proposals for re-consultation in 2021. In the meantime, work continues on the bypass which has recently moved into detailed design.

The £10m of borrowing was agreed through the Greater Norwich City Deal agreement which was signed with MHCLG in 2015. This agreement gives the GNGB access to lower-cost borrowing from the Public Works Loan Board (PWLB). A total of £80m of borrowing was agreed through the City Deal, £10m of which was allocated specifically to support the delivery of Long Stratton Bypass

The borrowing is expected to be required in 2022/23. Confirmation of the final sum and details of the loan arrangements will be included within next year's version of this Plan. Forecasted loan repayments have been programmed within the Growth Programme (Appendix C page 19), but this is subject to change and agreement by all partners.

GP26b Hempnall Crossroads

Hempnall crossroads is now fully operational. The 20/21 Annual Growth Programme included a £561,760 contribution to this project, listed as GP26b in Appendix C.

Other funding streams

A range of funding in addition to that from the IIF will continue to be sought to fund the existing and future TfN Implementation Plans. This will include locally held Local Transport Plan funding, as well as Cycle City Ambition Grant (CCAG), Local Growth Fund monies and specific funding awards from government.

Transforming Cities Fund

The Greater Norwich 'Transforming Cities' application is based around transforming connectivity in and around Norwich through a coordinated package of improvements on three transport corridors and in the city centre.

Greater Norwich was successful in securing an initial allocation of £6.1m from an early allocation of Transforming Cities funding. This was used to deliver 6 transport schemes across Greater Norwich during 2019/20, which included new pedestrian crossings, provision of segregated cycle facilities between Wymondham and Hethersett, improvements to Norwich bus station and the implementation of a new cycle share project.

It was announced in September 2020 that a further £32m of Transforming Cities funding had been allocated to Greater Norwich. We have prioritised corridors and schemes that will maximise benefits and value for money and are deliverable within the challenging timescales of the funding programme (up to end 2023). We have also tried to deliver the best possible balance between bus, walking and cycling schemes, which will be supplemented by a coordinated and sustained behaviour change programme that will be locally funded and delivered.

EDUCATION

Children's Services publish their Schools Local Growth and Investment Plan (SLGIP) annually in January as part of the Children's Services Member briefing paper to Cabinet. SLGIP recognises growth across the whole County but the most significant growth is within the Greater Norwich area. Land has been or is being secured for up to thirteen new schools in Greater Norwich to support the forecasted growth.

Those currently being progressed are:

- Blofield, new building to move and expand existing school – land discussions ongoing
- Cringleford, at design stage but waiting for S106 triggers for commencement and access to site
- Silfield new primary – awaiting housing triggers
- North Norwich – early land discussion only
- Salhouse Road new primary– awaiting housing triggers
- Poringland new primary – site appraisal underway

Children's Services' Capital Priorities Group oversee the work to determine the order, timing, details and funding of education priorities. Norfolk County Council Cabinet considered the funding of the schools' capital programme in October 2020. Cabinet agreed that NCC investment would fund any shortfall to ensure the delivery of essential school places once all other funding opportunities have been explored.

2017/18 commitment

Hethersett – funding drawn down for two schemes to support housing growth in the village.

- £1m was committed towards the expansion of 11-16 places at Hethersett High Academy. A new classroom block was completed for September 2020, with a total budget of £8m, and the remaining funding government grant for Basic Need.
- £1m to increase Hethersett VC Junior school to a full Primary The scheme is due to complete in November 2020. The total budget is £4.5m, with residual funding from a government grant for Basic Need and condition.

2018/19 commitment

£2M committed in 2018/19 will be used to fund two projects:

- To identify and secure a new site to move the existing school at Blofield into larger and more modern school accommodation. Land assembly conversations are moving forward.

- To ensure the existing primary school site in Brundall has suitable accommodation for larger cohorts of children. This involves the provision of 2 new classroom blocks, demolition of caretaker bungalow and improvement to parking provision. There was a delay in the programme due to planning, but completion is anticipated for December 2020.

2019/20 commitment

£2M committed in 2019/20 to support the delivery of a new 420 place primary school in Cringleford on allocated S106 land with a consideration for the need for a nursery alongside the primary school. The design is being developed and surveys are underway, at risk. Further progress on this scheme requires access to the land, and the land transfer from the developer, which is scheduled upon the occupation of 100th home. (A request to transfer the site early was rejected by the developer.) The developer has recommenced work on site following the pause during the initial Covid-19 outbreak, but their pace of build out will depend on housing market conditions.

2020/21 commitment

£2M committed in 2021/22 to support capital for an extensive expansion project at Ormiston Victory Academy in Costessey. This involves a new three-story classroom block and internal remodeling to increase the number of school places to 1500 for 11-16 year old's. A planning application is due to be submitted, with work starting on site in 2021. Completion is required for September 2022.

2021/22 commitment

A further £2M is proposed to be allocated to support the considerable expansion of Ormiston Victory Academy, with a total project cost likely to be in the region of £9.5m. The shortfall of £5.5m will be met with a government grant of Basic Need and if necessary, NCC borrowing.

GREEN INFRASTRUCTURE

The Green infrastructure Programme Team comprise officer representatives from the four Greater Norwich partner authorities, together with the Broads Authority as a key stakeholder. They are responsible for identifying the green infrastructure strategic priorities within the Greater Norwich area and ensuring that the Green infrastructure network meets the requirements of the Habitats Regulations Assessment of the Joint Core Strategy and other subsidiary Development Planning Documents.

The below are projects that have been prioritised by the GNGB for future investment the majority of which have received IIF funding to deliver elements of their progress in previous AGPs.

Green Loop – Broadland Way and Marriott's Way

A key element of the North-East Norwich Growth Triangle (NEGT) Area Action Plan is an off-carriageway cycle and pedestrian route between east Norwich at Thorpe St Andrew and the Northern Broads at Wroxham, known as Broadland Way.

Broadland Way is designed to be a multi-functional Green Infrastructure corridor that provides residents of the new development with a safe walking/cycling route that can be used for commuting or leisure, whilst also providing ecological connectivity.

Combined with Marriott's Way and the Bure Valley Path, this new facility will form a Green Loop to the north of Norwich linking northern city areas of growth with the countryside and providing a highly biodiverse corridor. Marriott's Way particularly fulfils several key functions as a wildlife link, a health-promoting asset through cycling and walking, and an outdoor classroom.

River Yare Crossing

This project will help support regeneration of the wider East Norwich area, which is identified as a strategic regeneration area in the emerging Greater Norwich Local Plan. It will take the form of a cycle/pedestrian bridge crossing the River Yare to enable better access to Whitlingham Country Park from the city centre. The masterplan concerning the East Norwich redevelopment will explore this issue further.

Yare Valley

The project aims to develop the unifying concept of a river parkway: a linear country park based on the River Yare Corridor between Bawburgh and Whitlingham Country Park. The parkway would comprise a collection of linked spaces along banks of the River Yare. This 'umbrella' project was included in the Green Infrastructure Delivery Plan and included several smaller projects, some of which have been brought forward since the study was published.

River Wensum

A strategy has been developed to guide regeneration of the River Wensum Corridor in Norwich, extending to Whitlingham in the east, which was adopted by Norfolk County Council, Norwich City Council, the Environment Agency and the Broads Authority in Summer 2018.

The strategic objectives include enhancing connectivity throughout the river corridor (particularly with the Norfolk Trails network) and enhancing the natural environment and green infrastructure. Key green infrastructure proposals which have received IIF funding in previous AGPs include the completion of a missing link on the Riverside Walk, improvements to accessibility of the existing Riverside Walk and enhanced links with the Broads network at Whitlingham in the longer term

The Norwich Riverside Walk

This is identified as a sub-regional green infrastructure corridor supporting growth locations in the Joint Core Strategy. The River Wensum Strategy noted above also aims to complete key missing sections of the riverside walk within the city. The development of the Riverside Walk alongside the Wensum helps to support the green infrastructure requirements for anticipated new housing and employment development that has been identified in the city centre and East Norwich.

North West Woodlands Country Park

North West Woodlands Country Park (NWWCP) project proposes the creation of a new country park facility surrounded by a large area of woodland, heathland and fenland in the Greater Norwich area. The site called Houghen Plantation (is the key area that has enabled the creation of this new country park) was purchased by Broadland District Council in 2019, and the amount is being repaid to the district from the IIF over a five-year period. The NWWCP project involves the delivery of a series of walking, cycling and trim trial routes, habitat restoration and enhancement schemes, public engagement events, car parking and visitor facilities as well as large woodland play area.

The NWWCP project helps to manoeuvre the Greater Norwich area into a strong position in which to deliver sustainable, well planned communities by enabling a mitigation strategy that alleviates the impact of growth on the internationally designated sites, thereby safeguarding them for generations to come. Ideally located (adjacent to the Broadland Northway, the Thorpe Marriott Greenway cycle and pedestrian route, and the purple and yellow bus routes) the NWWCP is able to intercept visits to the internationally designated sites whilst attracting visits from across the wider Greater Norwich area.

Burlingham Country Park

Burlingham Country Park project proposes the repurposing of one of the largest areas of land owned by Norfolk County Council. At over 12.5 km2 the Burlingham site is located near Strategic Employment Sites and Major Housing Growth Sites.

Bounded by the River Bure to the north, the River Yare to the south and bordered by the Broads Nature Reserve, the project will:

- deliver high quality Green Infrastructure in the area
- provide improved countryside and recreational access for new residents
- reduce recreational pressure on the nearby sensitive environments.

This would create a Green Infrastructure Priority Corridor with high carrying capacity, identified as a priority in the Greater Norwich Infrastructure Plan.

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COMMUNITY

A number of strategic community projects have been identified and funded in previous publications of this Plan. These include library improvements, open space developments and improved community facilities. Notable delivery has seen the completion of 8 Library projects across the Greater Norwich area, implementing the Open Library service.

The 2014 sports facilities and playing pitches study identified key areas requiring development, which are now being progressed and delivered by the Greater Norwich Sports Strategy Implementation Group. Projects that have been developed by this group and included in previous AGPs include Aylsham Sports Hub, Wymondham tennis club, Recreation Road swimming pool, Long Stratton Sports Hub and the Crusaders rugby football club.

At their September meeting, the GNGB agreed for a review of this 2014 study to be undertaken together with the development of a wider reaching Sports and Physical Activity Strategy. Once all match funding is confirmed, the review will be commissioned using Sport England's new Strategic Outcomes Planning Guidance and is expected to be complete by Autumn 2021. It will provide recommendations to implement an integrated approach to sport and physical activity. This more holistic approach will move away from just considering sporting participation within built facilities, it will:

- consider the contribution of improving physical and mental health and wellbeing to, reducing health inequalities,
- improve community cohesion
- address barriers to participation.

FIVE YEAR INVESTMENT PLAN FRAMEWORK

In a previous version of this plan, the growth programme had forecasted a deficit in 19/20. Following the implementation of new processes for the allocation of the IIF, a move to committing allocations to projects that are deliverable within the forthcoming year plus an increased understanding of CIL forecasting, the fund is now forecasted to hold a balance of £7.8m at the end of 21/22. (This figure is subject to change because it is dependent upon CIL income for the second half of 20/21 and all of 21/22 being received as forecast)

		To End March 2020	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	INCOME							
1	Actual CIL receipts	£22,525,542.65	£3,724,575					
2	Interest	£115,074.00						
3	Forecast CIL receipts		£6,877,184	£8,948,549	£7,212,085	£9,436,950	£8,315,831	£7,441,402
4	Cumulative Income	£22,640,617	£33,242,376	£42,190,925	£49,403,010	£58,839,960	£67,155,791	£74,597,193
	EXPENDITURE							
5	Programme agreed	£3,672,000	£4,866,000	£1,488,000	£258,000	£143,000	£143,000	
6	Programme proposed (21/22 AGP)			£490,000	£432,000			
7	Borrowing agreed	£6,737,000	£2,057,045	£2,057,045	£2,057,045	£2,057,045	£2,057,045	£2,057,045
8	Cash Reserve		£2,000,000					
9	Borrowing proposed				£472,808	£472,808	£472,808	£472,808
10	Education	£6,000,000	£2,000,000	£2,000,000	£2,000,000	£2,000,000	£2,000,000	£2,000,000
	Total Expenditure	£16,409,000	£10,923,045	£6,035,045	£5,219,853	£4,672,853	£4,672,853	£4,529,853
11	**Cumulative Expenditure**	£16,409,000	£27,332,045	£33,367,090	£38,586,943	£43,259,796	£47,932,649	£52,462,502
12	**Cumulative Surplus/Deficit**	£6,231,617	£5,910,331	£8,823,835	£10,816,067	£15,580,164	£19,223,142	£22,134,691

13	**Committed funds in future years (22/23 - 25/26)**	£976,000
14	**FORECASTED non committed funds, available to spend**	**£7,847,835**

Table 1 – Proposed Five Year Infrastructure Investment Plan

Explanation of the above table.

1- The amount of CIL income received from the Districts and paid into the IIF.

2- Interest earnt on the balance of funds held within the IIF since 2014.

3- The CIL income that the IIF is forecasting to receive in the next 5 years. Given the complex nature of CIL income, it is expected that these figures will change between publications of this Plan, particularly in years 3-5. The medium to long term effect on the construction industry following the Covid-19 outbreak, Brexit and the proposed planning reform add additional uncertainty to these figures.

4- Total CIL income received from the opening of the IIF to the end of each given financial year. Future years are forecasted figures.

5- The amount of CIL which will be drawn down from the IIF to deliver all projects in each given financial year. These projects have been agreed in previous AGPs and will either be being delivered over multiple years or are projects whose delivery has been delayed and their draw-down has rolled over from a previous year.

6- The amount of CIL which will be drawn down by the projects proposed to be included within the 2021/22 Annual Growth Programme in each given financial year. These projects have been through the project selection process and are proposed and sponsored by the Infrastructure Delivery Board.

7- The agreed loan repayments for the Broadland Northway

8- It was agreed by each partners s151 officers that a reserve equal to one annual loan repayment be built up over 3 years from 2017/18 to safeguard this loan repayment, but in the 2019 5YIIP the accrued cash reserve was required to be reallocated back into the IIF to prevent an overall deficit occurring. Following the careful management of the fund and introduction of new allocation processes, the full £2M reserve was reallocated into the IIF in the 20/21 AGP.

9- The forecasted borrowing repayments calculated using the estimated amount that will be required to support the delivery of long Stratton Bypass. This forecasted amount will not be confirmed until all parties agree and sign a legal agreement enabling the loan to be drawn down and the repayments committed. This forecast is calculated assuming a £10m loan taken over 25 years beginning 22/23.

10-NCC has a statutory duty to support the growth of schools. A £2million allocation from the IIF has been identified for each year within this Plan. Future years should only be considered as an indicative figure which will be confirmed annually with the acceptance of each new Annual Growth Programme.

11-Total Expenditure from the opening of the fund to each year end. Future years are forecasted figures.

12-Total amount within the fund at the end of each financial year. Future years are forecasts only and are subject to change because both the income and expenditure are forecasted.

13-Amount committed to projects that will be drawn from the fund in future years. This will not be spent in the forthcoming year but is not available to be allocated to other projects.

14-The forecasted funds available within the IIF at the end of the forthcoming year which could be allocated to new projects. This is a forecast only because both income and expenditure are forecasted and are subject to a high degree of change. (see No.3)

This financial framework has been provided for the specific purposes of this Plan, to support the decision making of new allocations. A detailed breakdown of individual project drawdowns set against CIL income is detailed within the Full Growth Programme Appendix C

APPENDIX A – 2021/22 ANNUAL GROWTH PROGRAMME PROJECT DETAILS

This appendix sets out the projects which have been put forward to be funded by CIL in the 2021/22 Annual Growth Programme for Greater Norwich. The projects are listed by the authority in which they will be geographically delivered, together with their proposed CIL allocations.

Broadland

Brundall Sports Hub - £100,000

Phase one of the project is to deliver a Sports Hub to include a multi-sport floodlit 3G artificial grass pitch (AGP) with fencing, floodlighting, maintenance storage container, hard standing pathways, car parking and single storey club house/changing room building. With the possibility of a later Phase two to create a Community Gym

Bure Valley Path: Access, Promotion and Recreational Enhancement project - £263,124

This Access, Promotion and Recreational Enhancement project will deliver three distinctive schemes:

- Access – A crossing over the A140 delivering safe passage for cyclists and pedestrians;
- Promotion – a range of communications and marketing to promote the Bure Valley Path and the surrounding areas. This will include the promotion of circular walks along the route including a new booklet of walks with heritage, cultural and ecological interpretation;
- Recreation – the creation of 6 circular walks, way marking, surface improvements, and a range of improvements to the ecological corridor through the implementation of biodiversity improvements

Norwich

Kett's Heights - £312,000

Kett's Heights is located between two growth poles of Thorpe Hamlet ward and the NE growth triangle and lies close to significant growth proposed at Anglia Square. The proposed improvements to Kett's Heights provide for a more accessible and resilient space, but also provide enhancements to the green links through this area (linking with Mousehold Heath and Lion Wood). It connects to the green pedalway that leads to the start of the proposed Broadland Way near Dussindale / Broadland Business Park and is also adjacent to promoted walking routes that include Lion Wood and the Wensum Riverside Walk. The new access proposed will enable these walking routes include this site.

Key deliverables are;

- Improved access to the site with new steps from Kett's Hill and the provision of a new ramped access from Ladbrook Place enabling access for all.

- Repairs to the walls and infrastructure of the site ensuring their preservation and the safety of users of the site.
- New habitat created and existing improved leading to increased biodiversity

Football Development Centre Bowthorpe – 3G Pitch Project - £250,000

The proposed project at FDC Norwich (Bowthorpe) will see the installation of a 3G full sized football pitch, replacing an existing full-sized grass pitch. By converting the existing grass pitch to an artificial 3G pitch we will ultimately be able to cater for more football activity, both traditional and recreational.

APPENDIX B – GREATER NORWICH GROWTH PROGRAMME

					CIL spend to date							Current*	Programmed CIL drawdown				
Ref	Expenditure	Project Budget	Other funding	CIL funding	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Agreed 2014/15 Growth Programme																	
GP1	Harrisons' Wood	(45)		(45)			(10)	(21)	(4)	(4)	(5)						
	Harrisons' Wood secured funding (S106)	45		45							45						
GP2	Danby Wood	(35)		(35)			(26)										
GP3	Marston Marsh	(30)		(30)			(24)	(1)									
GP4	Earlham Millennium Green - Phase 1	(15)		(15)			(3)										
GP5	Riverside Walk	(70)	(19)	(51)			(17)	(31)									
GP6	Marriott's Way - Phase 1	(60)		(60)			(60)										
GP7	Norwich Health Walks	(40)		(40)			(38)										
Agreed 2015/16 Growth Programme																	
GP8	Earlham Millennium Green - Phase 2	(66)		(66)				(52)									
GP9	Marriott's Way - Phase 2	(250)		(250)				(236)	(1)								
GP11	St Clements Toucan Crossing			(113)						(113)							
GP13	Eaton Interchange			(100)						(100)							
GP13b	Roundhouse Way			(50)								(50)					
GP16	Golden Ball Street (NATS)			(1,023)					(1,023)								
GP17b	Cromer Rd - Aylsham Rd (A140)			(87)								(87)					
Agreed 2016/17 Growth Programme																	
GP19	St Faiths to Airport Transport Link	(1,000)		(1,000)				(20)									
GP22	Pink Pedalway - Heathgate	(250)	(100)	(150)				(150)									
GP23	Carrow to Deal Ground riverside walk	(350)	(250)	(100)					(29)								
GP24	Colney River Crossing (NRP to Threescore)	(422)	(251)	(171)					(48)	(30)	(90)						
GP25	NDR (see borrowing costs below)																
GP26	Long Stratton Bypass (see borrowing costs below)																
GP26b	Hempnall Crossroads	(4,600)	(4,038)	(562)								(562)					
Agreed 2017/18 Growth Programme																	
GP27	Lizard and Silfield Nature Reserves	(14)		(14)							(14)						
GP29	Marriott's Way-Barn Road Gateway	(69)	(24)	(45)						(4)	(41)						
GP30	Sloughbottom Park - Andersons Meadow	(343)		(343)						(4)	(58)	(281)					
GP31	Riverside Walk accessibility improvements	(200)		(200)						(5)	(2)	(22)	(172)				
GP33	Strumpshaw Pit Circular Walk	(60)	(25)	(35)							(23)	(12)					
GP34	Cringleford N&N strategic connections	(68)	(10)	(58)									(58)				
GP36	Castle Gardens	(220)	(70)	(150)								(100)	(50)				
GP37	Long Stratton Sports Hub	(2,545)	(2,045)	(500)								(610)					
GP38	Football pitch improvements	(100)		(100)								(80)	(20)				
GP39	Hales cricket and bowls clubhouse improvements	(190)	(160)	(30)					(5)			(25)					
GP40	Ketts Park Sports Hub: Wymondham	(800)	(550)	(250)						(250)							
GP41	Wroxham Library: self service improvements										(34)						
GP42	Plumstead Road Library: self service improvements	(153)	(33)	(120)							(112)						
GP43	Diss library: self service improvements										(29)						
GP44	Education - Hethersett	(2,000)		(2,000)						(2,000)							
Agreed 2018/19 Growth Programme																	
GP45	Green Pedalway- junction improvements	(560)		(560)								(560)					
GP46b	Marriotts Way-Costessey resurfacing & Drayton ramp	(526)		(526)						(5)	(20)	(8)	(493)				
GP47	UEA to Eaton Boardwalk	(30)		(30)								(3)	(27)				
GP48	Wherryman's Way: Yare Valley Cycle Route	(23)		(23)							(5)	(18)					
GP49	Earlham Millennium Green Improvement Project: Phase 3	(25)		(25)							(4)	(21)					
GP50	Yare and Wensum Valleys Link	(170)		(170)								(170)					
GP51	Green Infrastructure: Access for All	(150)		(150)						(27)	(25)	(37)	(30)	(30)			
GP52	Thorpe Marriott Greenway	(121)		(121)						(5)	(9)	(107)					
GP55	Community Sports Hub - The Nest Horsford	(4,625)	(3,501)	(1,124)						(396)	(384)	(413)					
GP56	Harleston Library self-access improvement	(35)		(35)							(22)						
GP57	Costessey Library self-access improvement	(35)		(35)							(26)						
GP58	Loddon Library self-access improvement	(35)		(35)							(22)						
GP59	Earlham Library self-access improvement	(35)		(35)							(26)						
GP60	Mile Cross Library self-access improvement	(35)		(35)							(24)						
GP61	Education - Blofield and Brundall	(2,000)		(2,000)								(1,000)	(1,000)				
Agreed 2019/20 Growth Programme																	
GP62	Education - Cringleford	(2,000)		(2,000)									(1,000)	(1,000)			
Agreed 2020/21 Growth Programme																	
GP63	North West Woodlands Project	(1,265)	(546)	(719)								(147)	(143)	(143)	(143)	(143)	
GP64	Hellesdon Station Green Infrastructure	(453)	(221)	(232)								(36)	(111)	(86)			
GP65	East Wymondham Green Infrastructure	(46)	(2)	(44)								(44)					
GP66	20 Acre Wood Community Access Improvements	(62)		(62)									(62)				
GP67	Ketts Country Long Distance Trail	(98)		(98)								(15)	(83)				
GP68	Frenze Beck Green Infrastructure	(45)	(10)	(35)								(35)					
GP69	Aylsham Sports Hub Stage 3	(986)	(511)	(475)								(385)	(90)				
GP70	Wymondham Tennis Club	(150)		(150)								(150)					
GP71	Crusaders Rugby Football Club	(600)	(450)	(150)									(150)				
GP72	Recreation Road Pool	(60)		(60)								(60)					
GP73	Norwich Parks Tennis	(423)	(320)	(103)								(103)					
GP74	Plumstead Road Roundabout	(1,350)	(625)	(725)								(725)					
GP75	Education - Ormiston Victory Academy (allocation rolled forward to 21/22)																
Proposed 2021/22 Growth Programme																	
GP75	Education - Ormiston Victory Academy	(9,000)	(5,000)	(4,000)									(4,000)				
GP76	Brundall Sports Hub	(1,346)	(1,246)	(100)									(100)				
GP77	Bure Valley Path	(841)	(582)	(259)									(30)	(229)			
GP78	Kett's Heights	(312)		(312)									(109)	(203)			
GP79	FDC Bowthorpe 3G Pitch	(929)	(679)	(250)									(250)				
	Full Growth Programme			(21,492)			(178)	(511)	(1,109)	(2,944)	(930)	(5,866)	(7,978)	(1,690)	(143)	(143)	-
	Cash reserve (agreed in 19/20 Annual Growth Programme)			(2,000)								(2,000)					
GP25	GP25 Broadland Northway (amount borrowed)			(40,000)				(40,000)									
	Interest and loan repayment agianst borrowing							(559)	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)
GP26	GP26 Long Stratton Bypass (forecasted borrowing amount)			(10,000)										(10,000)			
	Forecasted interest and loan repayments against the borrowing													(473)	(473)	(473)	(473)
	TOTAL borrowing costs (annual payment made from pooled CIL)							(559)	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)	(2,530)	(2,530)	(2,530)	(2,530)
	TOTAL pooled CIL funding requirement						**(178)**	**(1,070)**	**(3,166)**	**(5,001)**	**(2,987)**	**(9,923)**	**(10,035)**	**(4,220)**	**(2,673)**	**(2,673)**	**(2,530)**
	Actual pooled CIL Income				56	851	2,490	3,215	3,334	5,710	6,870	3,725					
	Forecasted pooled CIL Income											6,877	8,949	7,212	9,437	8,316	7,441
	Forecasted annual pooled CIL surplus / (deficit)				**56**	**851**	**2,312**	**2,145**	**167**	**709**	**3,884**	**679**	**(1,087)**	**2,992**	**6,764**	**5,643**	**4,912**
	CIL Interest Earned					0	7	14	15	30	49						
	Forecasted Cummulative CIL balance (including interest)				56	907	3,226	5,385	5,567	6,306	10,239	10,917	9,831	12,823	19,587	25,230	30,142
	Forcasted Cumulative CIL income				56	907	3,397	6,612	9,945	15,655	22,525	33,127	42,075	49,288	58,725	67,040	74,482
	Forcasted Cummulatve CIL comittment						(178)	(1,248)	(4,414)	(9,415)	(12,402)	(22,325)	(32,360)	(36,580)	(39,252)	(41,925)	(44,455)

* Current Draw down figures are made up of part actual draw down (spend) and part programmed future draw down

APPENDIX C – PROJECT UPDATES

Broadland

GP1 - Early Delivery of Public Access to Harrison's Plantation: £45,000

Norfolk County Council's Natural Environment Team delivered a completed Woodland Management Plan in June 2015. This woodland management plan focused on Harrison's Plantation and the Breck. Further work relating to Boar Plantation has been deferred.

Initial works to ensure that Harrison's Plantation and the Breck were suitable for public access were undertaken 2015/16. The woods, now referred to as Harrison's Wood, were opened to the public in May 2016.

There has been a long delay to the transfer of the land to Broadland District Council which were delayed further due to the redeployment of resources during the Covid-19 outbreak. The Council is now urging for this to be resolved and for the transfer to be completed before the end of 2020. On completion of land transfer repayments into the IIF will commence as per original agreement.

GP33 - Strumpshaw Pit Circular Walk: £35,000

This project aims to expand the dog walking capabilities of Strumpshaw Pit, offering an alternative location for walking and offsetting the impact of visitor numbers in the protected sites of Norfolk.

Part one of the project includes improvements to the landfill gas infrastructure and part two involves improved parking facilities for cars and bicycles. Match funding has been sourced to enable the delivery of the wider project which also includes improvements to the access to the circular walk and consideration for the biodiversity improvements along the path.

Preliminary design work on the car park is complete and is now ready for consultation. Discussions have been had with South Norfolk Green Infrastructure Officer and agreement is in place to use section 106 funds on access improvements including tree maintenance, path maintenance and car parking. Works have been temporarily suspended due to Covid-19.

GP52 - Thorpe Marriott Greenway: £121,000

The Thorpe Marriot Greenway is designed in order to promote better greenspace and access in the Thorpe Marriott area. This is through creating a path through the current tree belt that will link the Thorpe Marriot estate, the Marriott's Way, Nabour Furlong, Pendlesham Rise, Littlewood (three woodlands owned by Broadland District Council) and the NDR green bridge that leads to Drayton Drewray. This will also help to deliver the identified Thorpe Marriott to Hevingham Secondary Green Infrastructure Corridor (S6).

Current status of this project is as follows;

- Confirmation of final works programme from Openreach pending.
- Confirmation of installation date for Waymarking and Interpretation boards from NORSE pending

Project can be closed after Openreach and NORSE works have been completed and invoices settled. Agreement of a launch event is under discussion.

GP55 - The Nest-Community sports Hub Horsford Manor site: £1,000,000

Norwich City Community Sports Foundation (CSF) has obtained the Anglia Windows sports site at Horsford Manor within Broadland District to develop a large scale “Community Hub” that will provide inclusive facilities for the growing community. The project is divided into three phases totalling £14.8m. Named ‘The Nest’ it will comprise:

Phase 1 (pitches, clubhouse and sleeping pods) is complete and operational with many organisations and individuals already using the facilitates.

Phase 2 is a £4.6m project being partly funded by CIL and will deliver a 3G Artificial Grass Pitch, changing rooms, a meeting / IT suite, two large multi-use spaces, stadium seating, highways new entrance, car parking and a gas and electricity sub. Building has commenced but there have been programme delays in 2020 due to the Covid-19 outbreak.

In March 2020 a change request was presented to the Greater Norwich Growth Board for an additional £124,277 for this project. Assurance was given to the Board that the Nest had already been proactive in securing a total of £4million match funding for the second Phase of the project, and it was confirmed that the project remained viable and was progressing well. Additional funding was approved, with the total CIL funding allocation now at £1,124,277.

GP63 - North West Woodlands Country Park - £719,290

The North West Woodlands Country Park (NWWCP) project creates a new country park facility surrounded by a large area of woodland, heathland and fenland in the Greater Norwich area. The project delivers a series of walking, cycling and trim trial routes, habitat restoration and enhancement schemes, public engagement events, car parking and visitor facilities as well as large woodland play area.

Since the site has been purchased the main path has been re-graded and a culvert installed to make the paths drier and more accessible. A secondary path has been scraped and widened to allow better access. In addition to this access points have been installed on the site, the carpark has been redressed and surfaced, grazing introduced on site to manage heathland areas, benches, seating and way marking and interpretation panels have been installed. Play equipment will be the subject of a public consultation so installation dates for this milestone will be delayed till Dec 2021. Additional car-parking

and access improvement will be delivered in May 2021 and wider links across adjacent sites will be completed in Jan 2022
Funding was awarded to purchase the site which was completed in December 2019, and a Project Officer post is now in place to lead on delivery of the scheme.

GP69 - Aylsham Sports Hub Stage 3 - £475,000

The Project is to deliver a full-size, floodlit 3G pitch which can be sub-divided into 3 smaller pitches suitable for football and rugby, on the site of the Aylsham Sports Hub at Aylsham High School, owned by the Aylsham Cluster Trust.

The facilities will fulfil a need identified by the Football Association and the local community and related partners to provide all weather floodlit facilities in the Aylsham area. This facility will be available to local clubs and teams, along with recreational football players to hire on a pay as you go basis or block bookings. The pitch will come with its own 2 team changing rooms and a referee area attached and adjacent to the gym/fitness building in line with Football Association regulations so could be used for tournaments and official events. This will be operated under Aylsham Sports Hub. The project secured an additional £510,750 of match funding to deliver the project.

The 3G facility was completed and handed over on 28 August 2020, with floodlights being connected on 13 September 2020. The pitch is currently open and being used by a number of football clubs in the area, with casual bookings also now available.

The project is on track to deliver the changing areas by March 2022, in the meantime temporary changing facilities have been made available in the existing sports hall.

GP74 - Plumstead Road Roundabout - £725,000

The project will deliver a new roundabout on Plumstead Road. The delivery also includes the creation of new footways and cycleways, a new pedestrian crossing, road re-alignment and associated services. In delivering the scheme, the project will directly unlock the development of 315 homes across two allocated sites located within the Broadland Growth Triangle. Furthermore, it will ensure that the strategically important orbital link road between Salhouse Road and Plumstead Road can be delivered.

Additional £625,000 of match funding from the LEP and Business Rates Pool has been secured to facilitate delivery.

Good progress has been made to agree with NCC that they will design and build the roundabout. Due to a number of factors, including booking road space, the S278 process and Covid-19 all milestones have slipped. However, a clear project plan is in place now with NCC to ensure a start on site in January 2021 with a three month build programme.

Norwich

GP17b – Cromer Rd-Aylsham Rd (A140) Bus Priority and sustainable transport improvements: £87,000

The primary objective is to implement on-carriageway bus priority measures through the reallocation of road space on the A140 Cromer Road north of Norwich city centre. This will enable the benefits of the Broadland Northway to be realised by improving bus journey reliability and bus service performance as well as having a positive impact on bus patronage. The project involves the provision of an inbound bus lane between Fifers Lane and Waterloo Road along the Cromer Road/Aylsham Road corridor. The provision of the inbound bus lane would be shared with cyclists

The feasibility study is complete, and confirmation received that this scheme will be brought forward under Transforming Cities Funding Phase 2. Detailed design and safety audit are currently underway.

GP23 - Carrow to Deal Ground riverside walk: £100,000 – (prematurely closed)

Delivery of a short section of cycle / footway on the north bank of the River Wensum to provide a key 'missing link' in the route between Norwich city centre / rail station and the Deal/Utilities sites (part of what is known as East Norwich).

Delivery of this project was stalled in 2018 due to the uncertainty of the neighboring sites. With no clear indication of when they will come forward the rational for delivery of this section of route no longer exists. £260,000 of match funding for the project (originally from Sustrans) could be better redeployed elsewhere so the project opted to prematurely close with the remaining funds released back into the IIF. The project drew down £29,000 in 2017/18, no further funds will be requested.

GP29 – Marriott's Way- Barn Road Gateway: £44,500

Improvements to the gateway to Marriott's Way to improve legibility and raise the quality of this important entrance. The project was enhanced with an additional £8,000 of Heritage Lottery Funding which enabled railway heritage fencing and a gate. The project is now complete.

GP30 – Marriott's Way: Sloughbottom Park – Anderson Meadow: £342,504

Improvements to a section of the route to increase safety, comfort and personal security. Works include path widening/realigning, providing street lighting, improving an adjacent storm drain, vegetation management, tree planting, and drainage improvements.

The scheme is split into two phases:

- Phase 1 – Dragon Bridge to Mile Cross Road Bridge adjacent Andersons Meadow
- Phase 2 – Mile Cross Road Bridge to Sloughbottom Park

Additional expenses incurred and delays to programme due to Covid-19, but works are now progressing and on track for completion

GP31 - Riverside walk accessibility improvements: £200,000

The project aims to enable the use of the Riverside Walk (between New Mills and Carrow Bridge) by all, including access measures on and adjacent to the walk, and improved signage and waymarking linking the river with the city centre and other key attractions. Works were tendered in May/June. Secured contractor for steelworks elements however were unable to appoint a main contractor. Tender documentation requires preparation. Structural engineers' drawings complete and our drawings require revising accordingly ready for tender. Covid-19 has resulted in the timescales for a number of projects shifting, with some being brought forward and others pushed back. Staff resource has also been affected which has resulted in insufficient resource to deliver the scheme this financial year.

GP36 - Castle Gardens: £150,000

Restoration and improvement works to Castle gardens to promote the use of the gardens as a linear park. Restoration works will safeguard the gardens for future use whilst planned improvements will ensure that the gardens can be maintained within the available budgets. The linkage to the gardens from the surrounding street scene will be enhanced along with improved linkages to the castle and green.

Initial programme delay and potential issues with the Castle keep project have led to delayed progression. Further information has now been provided by the Castle team allowing for a project timeline to be established with greater clarity.

Whilst there is potential of issues with supply chains due to Covid-19 disruption. Procurement for the project is due to be advertised in November 2020 with an anticipated start date of January 2021 to avoid the Christmas period.

GP38 - Football Pitch Improvements: £100,000

This project provides football pitch improvement works at Eaton Park, Sloughbottom Park, Britannia Barracks and Fountain Ground including drainage improvements, improved grass species and improved goal facilities through the provision of new posts, nets and additional ground sockets. Also the purchase of additional equipment to allow a good standard of maintenance for the pitches. This will permit moving the pitches annually to prevent excessive wear, improve the playability of the pitches and increase capacity.

Project initiation document has been completed setting out proposed project. A project plan will be developed from this with the work being undertaken over 3 phases. Norfolk FA have undertaken a pitch strategy for Norfolk, so we are working with them on this to ensure that our spend is carried out where a specific need has been identified through this strategy.

Due to Covid-19 improvement works were delayed due to staff being furloughed. Programme of improvements will commence once the football season has ended. Completion of the full project is still expected to be March 2022.

GP45 - Green Pedalway – Earlham Road section: £560,000

The Green Pedalway project sees a comprehensive upgrade and extension to this strategic cycle route. This project relates to improvements to the Earlham Road (B1108) junction with Mill Hill Road and Heigham Road. This project has been combined with Cycle City Ambition Grant funding awarded by the Department for Transport for safety improvements at the Earlham Road (B1108) / Outer ring road (A140) roundabout and along the length of Earlham Road between the outer ring road and Heigham Road.

Construction of this scheme is complete. Final account to be agreed and project signed off by November 2020.

GP47 - UEA to Eaton Boardwalk extension: £30,000

The project is to extend the existing boardwalk which forms part of the Yare Valley Walk between UEA and Eaton/Cringleford. The boardwalk currently only extends half the length of the path from the UEA to Eaton/Cringleford. Environmental permit from environment agency will be required. The developer is providing £70,000-worth of work alongside this project.

After successful coordination with Environment Agency (EA) additional funding has been secured through EA for wider environmental improvements. These works are funded and will be delivered by the EA but we will be working alongside them with this project to increase biodiversity benefits and budget efficiencies e.g. combined ecological surveys.

Works have been defined and agreed with landowners / site managers. Detailed design and production information under development but Covid-19 has caused some delay due to IT limitations of working remotely, effects on staff resource, and the resulting shift in timescales for other projects. Start on site has been revised to Aug/Sept 2021.

GP49 - Earlham Millennium Green (EMG) Phase 3: £25,000

The main pedestrian route through EMG is already being improved and upgraded under Phase 2 of a CIL funded improvement project. Under an earlier Phase 1, habitat improvements were undertaken including refurbishment and enlargement of the wildlife pond. The current proposals seek to build on this work by:

- Improving links to the main route through the site from Bowthorpe, and from West Earlham via George Fox Way
- Refurbishing and improving existing but 'tired' entrance features such as estate fencing and gates
- Provision of a new, high quality interpretative signboard
- Replacing 3 worn-out timber pond and river dipping platforms with more durable recycled plastic versions
- Refurbishing an existing timber footbridge connecting EMG with Earlham Marsh

All planned works have been completed. Design work on provision of new interpretative signboard is progressing with an anticipated completion date of March 2021.

Improvement works to resurface Bredon Gravel path have stalled due to Covid-19 impact on Contractor. It is anticipated that this final stage will be completed by March 2021

GP50 - Yare and Wensum Valleys Link: £170,000

The River Wensum and Yare run close together in the west of the city between Marriott's Way and the Three Score development site. The link between the two river valleys is a recognised green infrastructure corridor and the route of the purple pedalway. The project will improve this link for walkers, cyclists and wildlife.

Delays in obtaining information, lack of staffing resource and Covid-19 restrictions for some sub-projects has led to overall delay on this project. Restart dates awaited.

GP64 - Hellesdon Station Green Infrastructure: £232,200

The project will deliver a range of inter-related green infrastructure improvements in the Hellesdon Station area. These improvements will boost the transport and ecological functions of strategic green infrastructure corridors to support growth:

- Marriott's Way - Red pedalway (and National Cycle Route 1) and Purple pedalway (Outer circuit): Improvements to make walking and cycling routes safer and more convenient including a parallel pedestrian / cycle zebra crossing of Hellesdon Road, path re-alignment onto the railway track bed and accessible ramp,
- New and improved recreational facilities: canoe launch platform, picnic area, path access and car park improvements,
- Natural area enhancements to river valley sites; Hellesdon Mill Meadow, Marlpit Paddock and Hellesdon Marsh. These include vegetation management, habitat improvement, tree planting and landscaping which will result in biodiversity gains.
- Community involvement through volunteering and engagement with community groups.

Transforming Cities Fund matched funding has been confirmed. Construction of Hellesdon Road crossing and Marriott's Way ramped access and path anticipated to commence.

GP66 - 20 Acre Wood Community Access Improvements: £62,450

The project will improve an existing woodland path through 20 Acre Wood from Enfield Road to Earlham Green Lane. The current informal path is used regularly by the community to access the West Earlham shops, school and Health Centre.

The project involves installing a raised hard surface path to avoid damaging any tree roots, and this would be suitable for both cyclists, pedestrians, mobility scooters and push chairs. Additionally, the project would install way-markers at each end of the path, and a wooden chicane to slow pedestrian movement from the path to the tarmac path and road.

A second part of the project will deliver an element of community engagement working with the Friends of West Earlham Woods and the Local Infant and Primary Schools to develop a sense of community ownership of the woodland.

Due to Covid-19 and demands of other project work on staff, the project has been deferred until April 2021.

GP72 - Recreation Road Pool: £60,000

The project outputs include constructing new fencing to allow the swimming pool to be accessed during the school day whilst safeguarding pupils; constructing a covered cycle store to encourage users to cycle to the centre; and increasing the size of the car park to increase community access to the pool, while also increasing the number of hours which are available to be used by potential customers which in turn makes it more viable as a sustainable business proposition.

The project is due to progress, but currently it has been put on hold due to Covid-19, with the main focus on making the centre Covid secure for reopening.

GP73 - Norwich Parks Tennis: £103,453

The project will deliver a total of 5 all-weather tennis courts across two different parks in Norwich, to add to the provision offered by the Norwich Parks Tennis Programme. The courts will be located at Heigham Park (3 courts) and at Lakenham Recreation ground (2 courts). The additional courts and improvements are required to support the future growth of affordable quality tennis, accommodating the demands of the growing population in the Greater Norwich area. The project has secured an additional £319,330 of match funding to deliver the project.

Tender documents are currently advertised on the NCC portal with a closing date of 09 October 2020. This date has been extended due to Covid-19 and difficulties with availability of sub-contractors. Delivery is anticipated for end November / early December.

South Norfolk

GP34 - Cringleford N & N Strategic Connections: £58,000

Allocation initially agreed within the 17/18 AGP to create new and improved Green Infrastructure links in the area of the N&N Hospital, Yare Valley Walk and Cringleford. The delivery of this project was put on hold whilst discussions continued with local landowners. It is expected that the project will be re-confirmed within the forthcoming year and an update will be reported to the Infrastructure Delivery Board to seek agreement to proceed.

GP37 - Long Stratton Sports Hub: £500,000

The project aims to bring together a number of facility-providing partners (South Norfolk Council, Long Stratton High School and Long Stratton Parish Council) to improve the sport and leisure facility stock in the village in anticipation of significant housing growth. It will create a new sport and leisure 'Hub' across three adjacent sites and provide new and enhanced facilities that are fit for purpose and better suited to the current and future facility needs of local residents. Management will be shared across the three sites, resulting in economies of scale and efficiencies in service delivery. In May 2020 a project change request was agreed by the Infrastructure Delivery Board and a further £110,000 of CIL funds were awarded as a result of updated construction costs.

Project works had been progressing well, but Covid-19 has led to a pause in progress whilst staff resources are re-directed. The Business case and risk log for the project in post-Covid are due to be considered by SNC officers and members in November 2020. Financial sustainability of the project has been compromised by the pandemic and the associated drop in customers that the completed facility could generate.

GP39 - Hales cricket and bowls clubhouse improvements: £30,000

There is an identified need for a replacement pavilion to serve Loddon and Hales Cricket Club and Hales Bowls Club on their shared site on Green Road. The latter had been forced to relocate to the current venue as a result of housing development on their previous site off Yarmouth Road in Hales. The proposed new pavilion will give both clubs a permanent home in spaces that meet their respective needs, allowing them to develop and grow participation across a range of ages.

Phase One – site access improvement works were completed in January 2020. Awaiting start of phase 2 works.

GP48 - Wherryman's Way: Yare Valley Cycle Route: £23,000

Improve the Yare Valley Cycle Route, which follows the Wherryman's Way Loddon cycle loop which links into the Norwich cycle map and Norwich pedalways project.

The works were programmed to be delivered by Spring 2020, but progress has been slow due to absences of key project staff impacting on capacity to deliver work. We are working with the wider team to allocate additional resource in order to progress this project.

GP65 - East Wymondham Green Infrastructure: £44,422

Oxford Common is an area of natural countryside that has been identified as having the potential to support recreation and the improvement of green infrastructure within the south and east Wymondham areas. The project will install appropriate infrastructure around the site to create an accessible area for local residents to visit for recreation purposes. The project will establish approximately 1800 metres of new permissive paths, resulting in a newly defined circular route and the possible enclosure of 9 hectares of grassland for restoration of the site to County Wildlife Site (CWS) standard.

There has been a delay in agreeing the legal CIL funding agreement due to Covid-19, but this is expected to be agreed in the next few weeks, with no major issue outstanding. It is anticipated that the work will be completed before the end of the 2020/21 financial year.

GP68 - Frenze Beck Green Infrastructure: £35,200

The project will deliver a number of green infrastructure updates and installations on Frenze Beck, on the eastern edge of Diss. The work to be delivered includes the installation of new entrance gates, the design and installation of new information boards and trails, installing benches and picnic benches and the installation of gravel footpaths to unlock access to two viewing areas.

There has been a slight delay in the contractor work because they are dealing with a back log of work and delay in ordering goods due to the Covid-19 lock down.

GP70 - Wymondham Tennis Club: £149,962

The project improves Wymondham Tennis Club's facilities at Kett's Park in Wymondham. This includes a new fourth court to provide additional capacity in an area of high housing and population growth.

Additionally, the project will deliver the resurfacing of three existing courts which have experienced a lack of investment and appropriate maintenance under the management of the town council, the conversion of floodlights to LED Lumineers to provide lower running costs and deliver a greener operation and the enhancement will also see netball courts provided on the site, bringing outdoor, publicly-accessible, floodlit courts to Wymondham for the first time.

There have been delays in programme due to re-prioritisation of officer work related to the Covid-19 response.

GP71 - Crusaders Rugby Football Club Clubhouse Extension: £150,000

The project will deliver new infrastructure and enhanced facilities at Crusaders Rugby `Club, based in Little Melton (South Norfolk). The enhanced facilities to be provided include four en-suite changing rooms that meet RFU guidelines, a new referees' changing space, refurbished and extended social spaces, an accessible entrance, first floor viewing area and new accessible toilet facilities. £450,000 of match funding has been secured.

The Covid-19 period has seen some significant personnel changes within the club and a new committee is now in place to drive the project forward over the coming months. Some concerns about availability of national governing body funding to support capital projects in post-Covid environment as many NBGs have been hit hard financially by the pandemic. Construction commencement anticipated to be March 2021.

Greater Norwich area-wide

GP46 & 53 Marriott's Way Ramp & Resurfacing: £526,000

The Marriott's Way Thorpe Marriott to Costessey surfacing works (GP46) and Marriott's Way Ramp (GP53) projects came forward as part of a programme of works identified through the Marriott's Way Implementation and Delivery plan, informed by public and stakeholder consultations in 2015.

The projects aim to improve access and accessibility on Marriott's Way and link into a number of other projects along the route funded from the Heritage Lottery Fund, Transforming Cities as well as the IIF, to help facilitate the use of Marriott's Way as a key walking and cycling route and a sustainable transport corridor for people commuting into and out of Norwich. They involve the improvement in access points and resurfacing between Thorpe Marriott and Costessey plus the creation of a ramp to the rear of the Tesco supermarket in the Drayton area to reduce the gradient allowing much improved accessibility for all.

Having progressed both schemes, it became apparent that the works required, and the initial estimated costs of the proposed works were both significantly over the original allocation. In October 2020 a change request was presented to the Infrastructure Delivery Board (IDB), seeking further CIL funds to undertake the works. The IDB concluded that due to the scale of additional funds required, these projects should be re-presented as a full new IIF application as one merged project. A new application was submitted, fully appraised and then recommended for inclusion in the IIF by the IDB on 6th November 2020. The original total budget for both projects was £185,000. The total revised amount sought to deliver both projects is £526,000.

GP51 - Green Infrastructure, Access for All: £150,000

A number of Green Infrastructure trails across the Greater Norwich area have been audited for both power chair use and general accessibility, identifying the improvement works necessary to allow such access. This project implements a range of smaller scale accessibility improvements across various projects and areas.

Agreement of the alternative access arrangements and planned improvements scheduled for March 2020 were delayed due to Covid-19. Limited availability of key project staff has impacted on project delivery. Wider team discussions are ongoing to allocate additional resources to progress the project.

GP67 - Kett's Country Long Distance Trail - £97,630

Recreation of Kett's Country Long Distance walking trail linking Norwich through to Wymondham and creating a series of 5 local circular walks linked to areas of increased development. This will include installation of new signage and furniture, creation of walks books and promotional materials, removal of all access obstacles and deliver countryside access improvements. Installation of new data counters to monitor usage and economic impact. This project provides additional access to Green Infrastructure to the new populations at Wymondham and Hethersett.

There has been a delay to meeting anticipated deadlines due to Covid-19. Ground truthing works are now expected to complete in November 2020

APPENDIX D – FUTURE TRANSPORT PROJECTS

Scheme name	Summary description and scheme benefits
Traffic signal priority for all buses	Develop the traffic control system to enable all buses to benefit from priority measures being available, improving the reliability and journey times of the public transport network.
St Stephen's Street	Improve bus stop infrastructure, pedestrian, cycle and public realm facilities through the busy heart of the city centre.
Norwich Rail Station mobility hub	Improve the Foundry Bridge junction next to the rail station with much more space for pedestrians and simpler crossing arrangements. Improve access for cyclists and provide improved facilities for buses to serve the station.
Thorpe Road (Clarence Road – Carrow Road)	Located on the edge of the city centre, this scheme involves the implementation of a contraflow lane to provide cyclists and bus passengers with a more direct and improved access to the rail station and city centre along this key access route from the east of the city.
Grapes Hill Roundabout	Review signaling arrangements to improve traffic flow, remove congestion to buses and general traffic through this busy junction and accommodate cycling and walking crossings for users of the pink pedalway.
City centre eastbound through traffic reduction	Introducing eastbound through-traffic reductions in the city centre enables substantially improved facilities for pedestrians and conditions for cycling between the northern part of the city centre and the market area. A reduction in traffic through Agricultural Hall Plain and down Prince of Wales Road will reduce delays to buses along this key city centre bus corridor and improve conditions for walking and cycling in this part of the network that saw investment in Tranche 1 TCF
Tombland	Significant improvements to walking and cycling provision at this key cultural and heritage site will be delivered. This site is also a key interchange with bus services and the pink pedalway cycle route.
King Street	Widen pavements and provide dedicated cycle facilities to create a coherent and direct link for walking and cycling along National Cycle Route 1 and improve the connection between cultural institutions, substantial new residential development and the city centre.
Norwich Bus Station mobility hub	Improve pedestrian access to the Norwich Bus Station from Queens Road, encouraging an increased number of people to access the Norwich Bus Station from the west.

Scheme name	Summary description and scheme benefits
Wayfinding	Invest in new and transformative infrastructure to encourage more sustainable modes of transport for commuting and leisure journeys. Feedback is that a lack of wayfinding discourages people from trying different modes and routes and an improvement to this aspect of the sustainable transport network will support the livability and healthy, active lifestyles of the city. This will also extend the pedalway signage system to reflect the adjustments to network configuration as a result of further investment in the pedalway network.
Wymondham Rail Station platform access	Deliver step-free access to the Cambridge-bound platform, which is currently not available for those with impaired mobility, suitcases, pushchairs, etc.
Thickthorn P&R Phase 1	Expand the existing Park & Ride site by circa 400 spaces in order to facilitate a new service to the expanding Norwich Research Park (NRP). Establish a 'Park and Cycle' initiative, building on the Beryl Bike scheme, implemented using Tranche 1 of TCF, as well as cycling connections to the nearby blue pedalway.
Norfolk & Norwich University Hospital mobility hub	Provide a new bus interchange close to the outpatient's entrance that resolves congestion and reduces the conflict with vulnerable users of the disabled car parking area. Introduce bike share to strengthen the mobility hub provision and increase passenger capacity
South Park Avenue and Unthank Road	A narrow carriageway along part of this route causes substantial delays to buses due to their size and lack of manoeuvrability. Carriageway widening and removal of obstructive parking will reduce bus journey times and improve the reliability of the busiest bus route in Norfolk between the city centre and the University of East Anglia (UEA) / NRP.
Newmarket Road (Eaton Road – Christchurch Road)	Extend the high-quality Danish stepped cycle track to the Outer Ring Road (ORR). Introduce a new signalised crossing to accommodate the large numbers of pedestrians and cyclists travelling to the City of Norwich School. Newmarket Road is a key bus corridor and the large flow of buses will see journey time reductions and improved reliability through traffic junctions at this location.
St Stephen's Road	Widen footway substantially to accommodate high pedestrian volumes heading between Norwich Bus Station and St Stephen's Street bus facilities to City College Norwich alongside the busy A11 corridor.
Dereham Road (Longwater Lane - Wendene)	Widen the off-carriageway path for use by cyclists, who are currently forced to share the carriageway with large quantities of fast-moving traffic. Introduce new bus lanes on both approaches to a key junction to remove delays experienced by bus passengers.
Dereham Road / Richmond Road	Upgrade the existing crossing with an improved shared path facility to allow for increased capacity for pedestrians and cyclists, providing a safe connection for nearby pupils and residents.

Scheme name	Summary description and scheme benefits
Dereham Road / Breckland Road with Costessey & Bowthorpe mobility hub	Provide a new bus gate and consolidate bus stops at a new mobility hub at a more central location where residents of Costessey and Bowthorpe can access more frequent and express bus services. Replace the existing unappealing subway with a signal-controlled pedestrian and cycle crossing.
Earlham Green Lane – Marriott's Way	Improve the environment for cycling between Earlham Green Lane and Norwich Road to create a safe link between the green pedalway and National Cycle Route 1, both of which work to provide alternative cycle routes to the busy Dereham Road. Upgrade the existing pedestrian crossing over Dereham Road with a wider crossing facility that can also be used by cyclists.
Marriott's Way to Hellesdon Road	Realign the existing Marriott's Way walking and cycling route to the more direct track bed route with a new sealed surface and a ramped access to a new crossing close to Hellesdon Bridge
Dereham Road / Larkman Lane and Larkman mobility hub	Create a new outbound bus lane on the approach to Larkman Lane and improve access to bus services at this location for those on foot and bike. Delays to bus services accessing this mobility hub will be removed.
Dereham Road / Old Palace Road / Heigham Road	Improve cycle facilities and provide greater priority at the junction to aid bus and cyclist movements through the junction.
Norwich Airport industrial estate link	Provide a new sustainable transport link between the International Aviation Academy / Airport industrial estate) and Norwich International Airport. This link will be for pedestrians, cyclists and buses only and not general traffic.
Cromer Road and Aylsham Road (Fifers Lane – Glenmore Gardens)	Create significant lengths of inbound bus lane on the most congested segment of Cromer Road and Aylsham Road on the direct route from the Airport, Airport Park & Ride site and bus services from North Norfolk without the requirement to remove any general traffic lanes.
Boundary junction	Change permitted movements through the busy Boundary junction that complement the Cromer Road and Aylsham Road bus lanes scheme. Introduce and designate a new pedalway connection to Mile Cross and Hellesdon facilitated by these changes.
Cycle and pedestrian crossing of Outer Ring Road (Mile Cross)	Improvements to cycle and pedestrian crossing facilities of the ORR at Mile Cross. This connects with a new pedalway route to Hellesdon via Reepham Road.

Scheme name	**Summary description and scheme benefits**
Sprowston Road (Denmark Road - Outer Ring Road)	Provide an outbound (uphill) protected cycle lane alongside new sections of inbound and outbound bus lanes. This will be facilitated by a combination of kerb realignment, narrower traffic lanes and parking relocation to connect to the Broadland Growth Triangle (BGT).
Sprowston Road (Magdalen Road – Denmark Road)	Introduce a new one-way traffic circulation to significantly aid the flow of buses along this main public transport route into the city centre from north Norwich and further afield. This is the most significant cause of bus delay along this corridor. There are significant improvements for pedestrians as cars will park entirely on the carriageway and not half on the carriageway / half on the pavement as presently (due to narrow carriageway widths and two-way traffic flows). Inbound cycling will be safer and more attractive – outbound cycling will be directed onto local quieter road.
Heartsease Fiveways junction	A redesign of the junction will provide significant improvements for cyclists and pedestrians and enable bus operators to provide more efficient and reliable services.
Kett's Hill roundabout	Improve safety for cyclists and introduce a bus lane on the city-bound approach. This scheme strongly complements the Heartsease Fiveways junction scheme as they are on the same corridor.
LED street lighting and readiness for Smart City Technology	The current approach to street lighting is based around reducing energy consumption through initiatives that include the implementation of new technologies such as Light Emitting Diode (LED) lanterns and the Central Management Systems (CMS). In addition, there is the opportunity to trial the use of traffic counting cameras and other sensors for highway network analysis, which could be used to control street lighting level, inform road users of live traffic conditions and help plan maintenance and development of the highway network. Seek to roll out across Greater Norwich new LED street lighting and associated technologies that will enable Smart City Technology to be deployed.
Car Club Expansion across all corridors	As well as general public use, small and medium sized enterprises are regular users of the existing Norfolk Car Club, increasing economic activity, productivity and jobs and using Club vans is popular among business members as it enables them to reduce transport costs by not owning vehicles, allowing the savings to be reinvested into staff recruitment and business growth. Expand the provision of car club vehicles across Greater Norwich and the City Centre

Scheme name	Summary description and scheme benefits
Initiatives to support car sharing	Surveys have shown that, on average, 85% of private vehicles on the roads in Greater Norwich have one person in them. At peak times, this can increase to more than 95%. These low levels of vehicle occupancy limit the number of people that the road network can carry, causes congestion, delay and worsening air quality, and impacts the ability of the network to meet future travel demands of businesses and individuals. Support initiatives aimed at encouraging motorists to share vehicles, such as marking out of shared parking bays in car parks and development of appropriate IT. This would be supported by a comprehensive behaviour change programme.
St Stephens Street roundabout	The roundabout and its associated subway system provides an unattractive arrival experience for pedestrians and can be dangerous for cyclists to negotiate. It is especially heavily used by students moving to and from City College. Provide an improved environment for pedestrians and cyclists and an enhanced gateway to the city.
Magdalen Street / Anglia Square mobility hub	Magdalen Street is a key historic pedestrian thoroughfare in the north of the city centre that is used by all the public transport services travelling to and from the north of Norwich and forms part of the blue pedalway. Improve pedestrian crossings, widen pavements, reduce street clutter, and increase bus stop capacity at Anglia Square to create a more attractive and safer environment for all. Introduce mobility hub facilities.
Pink pedalway: Palace Street	Palace Street offers a poor level of service to cyclists using the pink pedalway between the city centre and the north east of the city. Extend the two way off-carriageway cycle track from Tombland to St Martin at Palace Plain.
City Centre low / zero emission zone	The City Council formally declared the whole of the city centre as an air quality management area (AQMA) in November 2012 and further action is needed to improve air quality. Make the minimum emission specifications more rigorous in the heart of the city centre, supported by other projects in the programme that aim to improve air quality

Scheme name	Summary description and scheme benefits
Wymondham train station mobility hub	More than 1 million people travelled between Norwich and Cambridge by rail in 2018, which is the highest ever amount. However, no bus services call at Wymondham station to enable convenient onward travel. This means that people travelling to the Norwich Research Park (NRP) must travel into Norwich and then travel back out. Explore options for travelling directly to the NRP from Wymondham.
Cross Valley Link	The lack of a direct connection between UEA and NRP that is usable by buses requires lengthy routing via Earlham Road to serve the NNUH, NRP and UEA. Provide a new transport link across the Yare Valley from the western end of Chancellors Drive to cater for the increasing movements of people across the wider UEA, NNUH and NRP site, providing segregated routing for buses, pedestrians and cyclists.
Mobility Hubs at Wymondham Market Cross and Hethersett (in addition to those mentioned above)	Introduce mobility hub facilities and catchment works.
Longwater junction	There is considerable current and planned housing development in Easton and Costessey around Longwater. These areas are beyond the current limit of the Norwich cycle network because the Longwater junction presents a barrier to cycling beyond Bowthorpe. Extend the Green pedalway from Bowthorpe to Easton via a new pedestrian / cycle bridge over the A47 that avoids the Longwater junction to connect communities with schools, services and jobs in the city.
Mobility Hubs at Easton, Queens Hills, Dereham Road (near Hotblack Road) and Dereham Road (near Duoro Place) (in addition to those mentioned above)	Introduce mobility hub facilities and catchment works.

Scheme name	Summary description and scheme benefits
Yellow pedalway extension to Horsham St Faith	Horsham St Faith and The Nest community sports facility are within cycling distance of the city, but they are not accessible via the current cycling infrastructure. This means that cyclists have to ride with the heavy traffic on Holt Road between the airport and the Broadland Northway. Provide an off-carriageway cycle path on the east side of Holt Road to better connect these locations.
Airport P&R mobility hub	Consider the potential for a new P&R site accessed off the Broadland Northway junction on A140. This could provide additional capacity and would benefit from other public transport measures along the corridor.
North East Norwich new Park & Ride supersite	An option could be considered for a new potential replacement Park & Ride site accessed from the Broadland Northway serving the Sprowston Road corridor.
Mobility hubs at Wroxham Road shops, Sprowston Road near Templemere and Sprowston Road near Denmark Opening	Introduce mobility hub facilities and catchment works.
Pink pedalway: Salhouse Road	Traffic conditions make it hard for people to cycle on Salhouse Road between the end of the pink pedalway at Harrison's Wood and the Broadland Northway. Extend the Pink pedalway with an off carriageway cycling and walking path between Harrison's Wood and the Broadland Northway.

Scheme name	Summary description and scheme benefits
Plumstead Road / Woodside Road	The current double mini roundabout at this location is difficult to navigate, particularly for public transport. Consider options to amend the junction layout to make it easier to navigate for buses and other road users.
Mobility hubs at Plumstead Road shops, Salhouse Road (near Atlantic Avenue) and Rackheath	Introduce mobility hub facilities and catchment works.
Broadland Way	Traffic-free cycling and pedestrian access between Rackheath and Broadland Business Park in the growth triangle as part of a planned longer route to Wroxham would encourage cycling to work. Provide traffic-free pedestrian and cycle path between Middle Road and Broad Lane.
Yarmouth Road / Pound Lane	Traffic congestion causes delays to bus passengers. Provide eastbound bus lane on approach and seek to reduce delays and improve capacity through the junction.
Yarmouth Road / Thunder Lane	The signalised junction at Thunder Lane causes delays to buses on Yarmouth Road. Identify options to provide priority to the main traffic flow on Yarmouth Road.
Thorpe Road / Harvey Lane – bus priority	Delays are experienced by bus passengers on the approach to Harvey Lane. Introduce a bus lane on the outbound approach to Harvey Lane.

Scheme name	Summary description and scheme benefits
Removal of parking at pinch points	On-street parking at various locations along Yarmouth Road creates pinch points that delays general traffic, particularly buses, and creates difficult cycle conditions. Seek to relocate some existing on street parking to off-road parking on Yarmouth Road.
Purple Pedalway: Lion Wood	The purple pedalway connects Thorpe Road to Plumstead Road via Lion Wood. The path through the ancient woodland is heavily rutted and flash floodwater collects in the valley and surges down to Wellesley Avenue South and Thorpe Road. Provide a more appropriate surfaced path so cyclists and people with mobility problems can access the woodland and move between neighbouring areas. Install sustainable urban drainage features to capture and infiltrate floodwater to mitigate flooding.
Rackheath – East-West highway link across railway	New highway access is required to serve housing development in the growth triangle. Build a highway bridge over the rail line as part of the growth triangle link road.
Mobility hubs along Thorpe Road at Harvey Lane, near Primrose Crescent and Broadland Business Park	Introduction of mobility hub facilities and catchment works.

APPENDIX E – FUTURE PIPELINE PROJECTS
GREEN INFRASTRUCTURE, COMMUNITY AND EDUCATION PROJECTS

Green Infrastructure - Highest priority projects

District	Project/Scheme Description	GI Priority Area	Status	Total Est. Scheme Cost (£,000)	Contributory funding (£,000)	SOURCE	Funding need (£,000)	Spend profile £'000								
								2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Broadland	Green Loop - Bure Valley railway a140 Crossing	Green Loop	Feasibility	tbc		CIL/Other										
Norwich / Broadland	Lion Wood - SUDS project, to improve the drainage of water from Pilling estate through Lion Wood, enhancing and improving the biodiversity	Thorpe Ridge to The Broads via North Burlingham	Feasibility work about to commence.	260	10	Anglian Water @ NCC	250				10	100	150			
Norwich	Riverside Walk Missing Link Duke St to St George's St	Norwich - Wensum Parkway	Feasibility	1,200	880	CIL / Other	320				100	1,100				
South Norfolk	Wymondham A11 Corridor GI study	Wymondham to Norwich A11 Corridor	Feasibility and design	TBC		BRP/ CIL/ Other										
Norfolk Council / Broadland	Green Loop- connecting Broadland Way, Bure Valley Path and Marriott's Way	NE Norwich	Feasibility on-going	tbc		Other/CIL	tbc									
Norfolk Council	Burlingham Country Park	NE Norwich - East Broadland GI Plan	Feasibility at stage 1	tbc	0	Other/CIL	tbc									
Norfolk Council	Yare Valley Parkway	SW Norwich	Feasibility on-going	tbc		Other/CIL	tbc									

Community Facilities

District	Project/Scheme Description	Status	Total Estimated Project Cost (£,000)	Contributory funding (£,000)	SOURCE	Funding need (£,000)	Spend Profile £'000s									
							2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Broadland	Brook & Laurel Farm Community Building	Requires Project Brief / Feasibility	500	100	S106/CIL	370									x	
Broadland	North Sprowston & Old Catton Community Space including library	Requires Project Brief / Feasibility	2,400	0	S106/CIL	2,400										x
Broadland	Rackheath Community Building	Requires Project Brief / Feasibility	500	0	S106/CIL	500									x	
Broadland	Cremer's Meadow, Brundall	Project Development	25	0	CIL / NBhd	25			x							
Broadland	Great Plumstead Open Space / Community Orchard	Project Development	25	0	CIL	25			x	x						
Norwich	Earlham Park toilets	80	80	CIL NBhd	0				40	40						

Sports Facilities

District	Project/Scheme Description	Status	Total Estimated Project Cost (£,000)	Contributory funding (£,000)	SOURCE	Funding need (£,000)	Spend Profile £'000s									
							2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Broadland	Extend and Refurbish Rackheath Pavilion	Requires Project Brief / Feasibility	TBC from feasibility		CIL NBhd	TBC				x						
Broadland	Modernisation of Thorpe St Andrew School swimming pool	Feasibility Study required	1000		S106/ CIL											
Broadland	New Sports Hall in Thorpe St Andrew	Feasibility Study required	2700	1900	S106/ CIL	800										
Broadland	Modernisation of Hellesdon High School sports hall	TBC from feasibility			S106/ CIL											
Broadland	Gym and Dance Hall contribution Aylsham	Planning Permission Secured (District Reference: 20190804)	1626	1000	S106/Other	626						x				
Broadland	Modernisation of Sprowston High School Swimming Pool		1000		S106/ CIL											
Broadland	Modernisation of Sprowston High School Sports Hall	Feasibility Study required	TBC from feasibility		S106/ CIL											
Broadland	A new sports hall in a growth area (such as Rackheath) co-located with a new secondary school	Masterplan developed planning application expected Summer 2017	2750		S106/ CIL											
Broadland	A new sports hall in Acle	Feasibility Study required	2700		S106/ CIL											
Broadland	Improve Facilities at King George V Playing Field	Requires Project Brief / Feasibility	TBC from feasibility		S106, CIL and Other											
Broadland	The Nest- Horsford Manor Community Sports Hub (Phase 3)	Phase 1 complete, fund raising for phase 2 complete, New Phase 3 being developed	6500		CIL and other				x	x	x	x				
South Norfolk	New Swimming Pool and Sports Hall in Diss	ALS/FMG completed feasibility report 2018/19. OPE funding secured to advance project to next stage, on Community Hub concept.	16-18,000,000	6,800-8,800	CIL/ Other	15,900						1600				
South Norfolk	Artificial Grass Pitch in Diss	Linked to above project, potentially on Diss High School site	500		CIL/ Other							500				
South Norfolk	New Pitches North Hethersett	To be Delivered by Development			S106	n/a		x								

Education

District	Project/Scheme Description	Status	Total Estimated Project Cost (£,000)	Contributory funding and Source		Funding shortfall	To fund from other sources	Spend profile £'000s											Post 2026
				S106	Basic Need			to date	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26		
South Norfolk	Trowse New 210 Primary	on site with completion schedule Autumn 2020	5,000	800	4,200		0	2,580		1,720									
South Norfolk	Hethersett New 420 Primary	on site with completion schedule Autumn 2020	8,000	4,500	3,500		0	500	3,750	3,750									
Norwich	Bowthorpe infant and junior school expansion	Feasibility completed on existing schools awaiting housing growth	4,000	2,500		1,500							500	1,750	1,750				
South Norfolk	Hethersett Junior reorganisation	on site with completion scheduled Autumn 2021	4,100		3,100		1,000			500	1,800	1,800							
South Norfolk	Wymondham High Extension	On site completion late 2020	6,100	6,100			0	2,000		1,000	2,550	2,550							
South Norfolk	Wymondham New 420 Primary Silfield	Developed design underway but paused due to access and services	8,000	5,100	0		2,900	500					3,750	3,750					
South Norfolk	Mulbarton Primary expansion to 3FE	Masterplan complete. Awaiting pressure on pupil numbers	4,150			4,150					500	1500	2150						
Broadland	Little Plumstead VA Primary Extension to 420	Planning approval received. Awaiting pressure on pupil numbers	4,050	400		350	3,300		250	400		1,700	1,700						
South Norfolk	Hethersett High Academy expansion	On site completion Autumn 2020	8,000	1,754	5,036		1,210			2,000	3,000	3,000							
Broadland	Hellesdon New 420 Primary	Waiting for development to commence	8,000	0	0	8,000						500	3,500	4,000					
South Norfolk	Easton Primary Extension to 420	Awaiting further housing growth for permanent capital project	4,000	0	0	4,000							1,000	1,500	1,500				
South Norfolk	Hingham Primary Mobile Replacement/capacity increase to 210	Planning application made	1,000			221	779				450	450							
South Norfolk	Cringleford New 420 Primary	Design progressing awaiting access to site as set out in S106	8,000	0	0	8,000							500	3,500	4,000				
South Norfolk	Long Stratton New 420 Primary	Waiting for development to commence	8,000	0	0	8,000										500	3,500	4,000	
South Norfolk	Costessey Ormiston Victory Academy increase to 1500 11-16 age pupils	Detailed design with planning application Winter 2020	9,500	0	5,500	4,000						500	4,500	4,500					
South Norfolk	Poringland new 420 primary	Site appraisal process underway	8,000	0	TBC	8,000	TBC							500	3,000	4,500			
Broadland	North Norwich New Secondary and existing schools	Feasibility underway for Sprowston High expansion and discussion on possible new site in North Norwich	26,000			26,000								2,600	2,600	2,600	7,800	10,400	
Broadland	Blofield New 420 Primary	Discussions with Broadland/Parish on new site.	8,000			8,000					500	3,500	4,000						
Broadland	Brundall Primary extension to confirm 315 places	Planning application made	600			TBC													

Broadland	Beeston Park New Free School 420 Primary #1		Waiting for development to commence	8,000				8,000								500	3,500	4,000			
Broadland	South of Salhouse Road New 420 Primary		Waiting for development to commence	8,000				8,000										500	3,500	4,000	
Broadland	Beeston Park New Free School 420 Primary #2		Waiting for development to commence	8,000				8,000												500	7,500
Broadland	Rackheath New 420 Primary #1		Waiting for development to commence	8,000				8,000										500	3,500	4,000	
Broadland	Rackheath New 420 Primary #2		Waiting for development to commence	8,000				8,000													8,000
Broadland	Land East of Broadland Business Park New 420 Primary		Discussions with land promoter	8,000				8,000									500	3,500	4,000		

Report to	Cabinet	**Item**
	10 February 2021	
Report of	Interim director of people and neighbourhoods	12
Subject	To award contracts for the domestic gas heating upgrading of council dwellings.	

KEY DECISION

Purpose

To seek approval to award two contracts for the domestic gas heating upgrading of council dwellings.

Recommendation

To approve the award of two contracts for the domestic gas heating upgrading of council dwellings for the two year period 1 April 2021 to 31 March 23 to:

a) PH Jones Ltd and
b) Dodd Group Ltd

Corporate and service priorities

The report helps to meet the corporate priority:
Great neighbourhoods, housing and environment

Financial implications

The costs arising from the decisions to award the contracts as detailed are included in the HRA Capital and Revenue programme for 2021-2022 which will be considered by Council on 23 February 2021.

Additionally, with the relevant approval, carry-forward monies from the 2020-21 underspend could be allocated to ensure funds are sufficient to complete programmed target numbers.

It is proposed that these contracts are awarded as a one year plus one year term.

PH Jones Ltd	£1,233,900.00
Dodd Group Ltd	£1,712,409.00
Total (2021-22)	**£2,946,309.00**

The total value for year two, 2022-23, will be subject to a cabinet approval of HRA Capital and Revenue programme for the subsequent year.

Ward/s: All Wards

Cabinet member: Councillor Harris - Deputy leader and social housing

Contact officers

Lee Robson, head of neighbourhood housing	01603 989545
Neil Watts, major works and services manager, NPS Norwich	01603 227172

Background documents

None

Report

Introduction

1. Norwich City Council has a programme of ongoing investment in its housing stock to prolong the life of the property portfolio and to ensure that the council meets the “Norwich standard” for the homes it provides.

2. The investment includes programmed replacement of gas heating systems within council owned domestic dwellings.

3. The continued investment will have a substantial impact in improving the quality of the homes the council provides and also on reducing the number of day to day repairs that will need to be carried out.

4. The works have been identified using data gathered, collated and retained by routine servicing and other methods and stored in the asset management database. This database informs the programme and the 60 year business plan for the HRA.

5. The works will be implemented via a framework contract established by Eastern Procurement Ltd (EPL). As a member of EPL, Norwich City Council benefits from the lower rates achieved from grouping the work required by all of its members.

6. Cabinet approval was obtained in February 2020 for PH Jones Ltd to be awarded these works on a three year term subject to good performance.

7. However, the 2020-21 programme has failed to deliver the required programme numbers. This is attributed to a combination of disruption caused by the pandemic leading to access difficulties and the contractor’s performance with regard to adequately resourcing and management.

8. In order to reduce the risk of further delivery shortfalls in the remaining two years of the original contract term, being 2021-22 and 2022-23, and given the programme numbers are higher in year 2021-22 as compared to 2020-21, it is recommended that the gas heating upgrade programme is shared between two EPL framework contractors.

9. The 2021-22 gas heating upgrading programme has been utilised to carry out a Price Quality evaluation using existing EPL framework rates and quality scores.

10. PH Jones Ltd and Dodd Group Ltd returned the top two scores from the evaluation.

11. The individual contracts are to be awarded under an active framework. They will be awarded as a one plus one year term. Monitoring will be undertaken yearly and the extension of contracts will be subject to good performance and funding being available.

12. It is proposed that these contracts are awarded based on budgets which are included within the 2021-22 HRA capital programme.

Integrated impact assessment

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	10 February 2021
Director / Head of service	Lee Robson
Report subject:	To award contracts for the domestic gas heating upgrading of council dwellings.
Date assessed:	21 January 2021

	Impact			
Economic (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)		x		Frameworks procured through Eastern Procurement Ltd. ensure that Norwich City Council achieves value for money.
Other departments and services e.g. office facilities, customer contact	x			
ICT services	x			
Economic development	x			
Financial inclusion		x		
Social (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	x			
S17 crime and disorder act 1998		x		
Human Rights Act 1998	x			
Health and well being		x		These works ensure that the Norwich Standard for housing is upheld so that tenants can live in safe, well maintained homes that are fit for purpose.

	Impact			
Equality and diversity (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☐	☒	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☐	☒	☐	
(Please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Report to	Cabinet	**Item**
	10 February 2021	
Report of	Interim director of people and neighbourhoods	13
Subject	To award contracts for the domestic electrical rewiring of council dwellings.	

KEY DECISION

Purpose

To seek approval to award two contracts for the domestic electrical rewiring of council dwellings.

Recommendation

To approve the award of two contracts for the domestic electrical rewiring of council dwellings for the two year period 1 April 2021 to 31 March 2023 to:

a) Foster Property Maintenance Ltd and
b) Gasway Services Ltd

Corporate and service priorities

The report helps to meet the corporate priority:
Great neighbourhoods, housing and environment

Financial implications

The costs arising from the decisions to award the contracts are included in the HRA Capital and Revenue programme for 2021-2022 which will be considered by Council on 23 February 2021.

Additionally, with the relevant approval, carry-forward monies from the 2020-21 underspend could be allocated to ensure funds are sufficient to complete programmed target numbers.

It is proposed that these contracts are awarded as a one year plus one year term.

Foster Property Maintenance Ltd	£593,000.00
Gasway Services Ltd	£676,000.00
Total (2021-22)	**£1,269,000.00**

The total value for year two, 2022-23, will be subject to a cabinet approval of HRA Capital and Revenue programme for the subsequent year.

Ward/s: All Wards

Cabinet member: Councillor Harris - Deputy leader and social housing

Contact officers

Lee Robson, head of neighbourhood housing	01603 989545
Neil Watts, major works and services manager, NPS Norwich	01603 227172

Background documents

None

Report

Introduction

1. Norwich City Council has a programme of ongoing investment in its housing stock to prolong the life of the property portfolio and to ensure that the council meets the "Norwich standard" for the homes it provides.

2. The investment includes rewiring of council owned domestic dwellings.

3. The continued investment will have a substantial impact in improving the quality of the homes the council provides and also on reducing the number of day to day repairs that will need to be carried out.

4. In addition, the works ensure dwellings in need of a rewire, based on system age and condition, are identified and contracted to be undertaken to ensure the council complies with its statutory duty as a landlord.

5. The works have been identified using data gathered, collated and retained by electrical installation condition reports and other methods and stored in the asset management database. This database informs the programme and the 60 year business plan for the HRA.

6. The works will be implemented via a framework contract established by Eastern Procurement Ltd (EPL). As a member of EPL, Norwich City Council benefits from the lower rates achieved from grouping the work required by all of its members.

7. Cabinet approval was obtained in February 2020 for Foster Property Maintenance Ltd to be awarded these works, on a three year term subject to good performance.

8. However the year one 2020-21 programme has failed to deliver the required programme numbers. This is attributed to a combination of disruption caused by the pandemic leading to access difficulties and the contractor's performance with regard to adequately resourcing and management.

9. In order to reduce the risk of further delivery shortfalls in the remaining years of the original contract term, being 2021-22 and 2022-23, it is recommended that the rewiring programme is shared between two EPL framework contractors.

10. The 2021-22 rewiring programme has been utilised to carry out a Price Quality evaluation using existing EPL framework rates and quality scores.

11. Foster Property Maintenance Ltd and Gasway Services Ltd returned the top two scores from the evaluation.

12. The individual contracts are to be awarded under an active framework. They will be awarded as one plus one year term. Monitoring will be undertaken yearly and the extension of contracts will be subject to good performance and funding being available.

13. It is proposed that these contracts are awarded based on budgets which are included within the 2021-22 HRA capital programme.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	10 February 2021
Director / Head of service	Lee Robson
Report subject:	To award contracts for the electrical rewiring of council dwellings.
Date assessed:	21 January 2021

	Impact			
Economic (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)		x		Frameworks procured through Eastern Procurement Ltd. ensure that Norwich City Council achieves value for money.
Other departments and services e.g. office facilities, customer contact	x			
ICT services	x			
Economic development	x			
Financial inclusion		x		
Social (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	x			
S17 crime and disorder act 1998		x		
Human Rights Act 1998	x			
Health and well being		x		These works ensure that the Norwich Standard for housing is upheld so that tenants can live in safe, well maintained homes that are fit for purpose. These works also contribute to the council’s compliance with statutory responsibilities as a Landlord relating to domestic electrical installations.

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☐	☒	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

	Impact			
Risk management	☒	☐	☐	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues