

## **Cabinet**

**Date: Wednesday, 14 September 2022**

**Time: 17:30**

**Venue: Council chamber, City Hall, St Peters Street, Norwich, NR2 1NH**

### **Committee members:**

#### **Councillors:**

Waters (chair)  
Harris (vice chair)  
Giles  
Hampton  
Jones  
Kendrick  
Oliver  
Stonard

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## Agenda

### Page nos

- 1 Apologies**  
To receive apologies for absence.
- 2 Public questions/petitions**  
To receive questions / petitions from the public which have been submitted in accordance with the council's constitution.
- 3 Declarations of interest**  
(Please note that it is the responsibility of individual members to declare an interest prior to the item if they arrive late for the meeting).
- 4 Minutes** 5 - 14  
To approve the accuracy of the minutes of the meeting held on 6 July 2022.
- 5 Q1 22-23 Corporate Performance Assurance Report** 15 - 50  
**Purpose** - To report progress against the delivery of the corporate plan priorities and key performance indicators and to provide an update on corporate risks for quarter one of 2022/23.
- 6 Treasury Management Review 2021-22** 51 - 66  
**Purpose** - To note Treasury Management performance for the year to 31 March 2022.
- 7 An update on Health, Safety and Compliance in Council Homes and Buildings** 67 - 80  
**Purpose** - To note the update on health, safety and compliance in council homes.
- 8 Green waste disposal contract - Key decision** 81 - 86  
**Purpose** - To consider approval for a new contract for the disposal of green waste collected from those households who sign up for a garden waste bin, and a nominal amount of green waste created by NCSL (Norwich City Services Limited) grounds maintenance activities.

**9 Utilities contract -Key decision**

87 - 96

**Purpose** - To seek cabinet's approval on the future commissioning of utility contracts.

**10 Exclusion of the public**

Consideration of exclusion of the public.

**EXEMPT ITEMS:**

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

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

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

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**\*11 Q1 22-23 Corporate Performance Assurance Report - Exempt appendix**

- 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.

**\*12 Green waste disposal contract - exempt appendix**

- 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.

**\*13 Utilities contract - Exempt appendix**

- 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.

**\*14 Managing Assets (non housing)**

- 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, 06 September 2022**



**Cabinet**

**17:30 to 19.10**

**6 July 2022**

Present: Councillors Waters (chair), Harris (vice chair), Giles, Hampton, Jones, Kendrick (to the middle of item 6, below), Oliver and Stonard

Also present: Councillor Galvin, Green group leader

**1. Declarations of interest**

There were no declarations of interest

**2. Public questions/ petitions**

There were no public questions or petitions.

**3. Minutes**

**RESOLVED** to agree the accuracy of the minutes of the meetings held on 8 June 2022.

**4. Taking Forward an LGA Corporate Peer Challenge of the City Council**

Councillor Waters, leader of the council, presented the report. During the presentation, he commented that, as a Labour administration, there was an expectation that the peer review team for Norwich would be led by a Labour leader of an urban local authority. He also drew members' attention to the consultation which would include the group leaders of the opposition parties on the council and a cross-party group of councillors, officers and the council's strategic partners.

The chief executive referred to the report and said that the Corporate Plan sets out the vision of being an outward looking, learning organisation which means being transparent and learning from best practice in the local government sector. LGA Corporate Peer Reviews were an established and respected process for councils to seek constructive peer challenge from councillors and senior officers facing similar challenges and opportunities. The council's last LGA Peer Review was 10 years' ago, and it was now a good time to invite a peer review team, given the challenges of the past two years; changes to the corporate leadership team; and the recently published new Corporate Plan. The council was committed to being transparent and the report would be published, together with the council's response and an action plan for development. The peer review was expected to be a positive and worthwhile experience for the council.

During discussion, a member welcomed the proposal and said that the council was an outward facing organisation.

In reply to a question from Councillor Galvin, regarding the expectation that the council had a LGA peer review every 5 years, the leader said that during that period there had been in-depth peer reviews of housing and homelessness services. The last half decade had been an eventful one, which had included the consideration of restructuring of local government and devolution in 2015/16, and challenges and pressures on local authorities from central government funding reductions. The council had set up its ambitious 2040 City Vision and programme of partnership working, which included delivery of the Towns Fund and the Covid Recovery Plan. The review was a good opportunity to test the new Corporate Plan.

**RESOLVED** to agree to take forward an LGA Corporate Peer Challenge of the council along the lines set out in this report, with the final scope of the review delegated to the chief executive for agreement in consultation with the leader of the council.

## **5. Q4 2021/22 Corporate Assurance Report**

Councillor Waters, leader of the council, introduced the report and said that it was an important piece of work for the council and residents. He presented the section on performance and drew members' attention to the executive summaries for each directorate, which contained information on performance against key indicators, successes, challenges and case studies (as set out in Appendices A to C).

At the request of Councillor Kendrick, cabinet member for resources, the executive director of corporate and commercial services presented the finance and risk sections of the report and provided a general overview of the underspends in the General Fund (GF) and Housing Revenue Account (HRA). It had been a challenging year and resources had been focused on providing services for the most vulnerable residents and homeless people, supporting businesses, providing responsive repairs to tenants, whilst making assumptions about Covid and the recovery of the city and setting the budget for 2021/2022. Members were asked to approve the recommendations set out in relation to the General Fund (3)(b) and (c). The capital programme had been affected by the pandemic with delays in contracts and getting on site, and there was a request for authorisation for the executive director of corporate and commercial services, in consultation with the cabinet member for resources, to carry forward unspent capital funding to protect finite resources. The five year capital programme would need to be reprofiled but there was no loss of resource at this point. Corporate risks were summarised in the report (covering report paragraphs 14 to 16) and appendices at directorate level. Members were advised that waste management services were a key risk and was subject to a separate report on the agenda for this meeting.

Discussion ensued in which the chair pointed out that the report should be considered in the context of the cost-of-living crisis and cuts to government funding for local authorities, which were affecting the council.

Councillor Harris, deputy leader and cabinet member for social housing, commented on the underspend in the HRA revenue and capital programme. Covid had affected all services across the service, including the repairs and maintenance service and

had delays to capital programmes, which had meant that the council could not provide houses as planned. It had been the right decision for officers' time to focus on the transfer of the repairs and maintenance service to Norwich Council Services Ltd (NCSL) and the implementation of the housing management IT system. The financial inclusion team had worked hard to support residents, and some of the HRA underspend had been based on assumptions around loss of rental income which had not been as severe as expected. The HRA would be reviewed in the short term, with a further review of the 30 year business plan, and this would inform budget decisions in the autumn, against the background of the cost of living crisis. She pointed out that it had been a difficult year and thanked officers.

Councillor Jones, cabinet member for safe, strong and inclusive neighbourhoods, said that there had been excellent work on housing benefits to reduce claims to an average of 14 days. The necessary action taken to address safety concerns at St Peter's House had impacted on the private housing "made Safe" indicator. An independent peer review of the regulatory service had been undertaken with a proposed restructure and additional capacity to undertake work to make homes safe over the next year.

In reply to a question from Councillor Galvin relating to Antisocial behaviour, the cabinet member for safe, strong and inclusive neighbourhoods confirmed that significant progress to reduce the risk had been made including recruitment made to the ASB team. The chief executive pointed out that this was the quarter 4 report and that data was therefore a few months old; the reduced risk would show in the next quarterly report. The cabinet member for social housing confirmed that there were regular meetings with the registered social housing providers about antisocial behaviour management.

**RESOLVED to:**

- (1) note the progress on the key performance indicators for quarter 4 and the position for the 2021/22 year alongside the corporate risk register;
- (2) note the provisional financial outturn for the 2021/22 general fund, Housing Revenue Account (HRA) and the council's overall capital programme;
- (3) in relation to the General Fund underspend of £2.364m:
  - (a) note the increase to the General Fund balance by £0.426m in accordance with the decisions made at Cabinet on 9 February 2022;
  - (b) approve an increase of £1.100m to the risk reserve in relation to the emerging risks associated with the updated MTFS position (separate report "Medium Term Financial Strategy – update" refers); and
  - (c) approve the addition of any remaining underspend (currently estimated at £0.838m based on the provisional outturn) to the business change reserve.
- (4) note in relation to the HRA underspend of £7.619m, the consequent increase to the HRA General Reserve balance;
- (5) note the General Fund capital programme underspend of £10.230m;

- (6) note the HRA capital programme underspend of £23.200m;
- (7) delegate to the Executive Director of Corporate and Commercial Services, in consultation with the portfolio holder for resources, authority to approve any capital carry forward requests for unspent capital resources from 2021/22 and add them to the 2022/23 capital programme (such approvals also to be reported to Cabinet at the next available meeting);
- (8) note the concerns raised and future actions discussed.

## **6. Medium Term Financial Strategy – Update**

Councillor Kendrick, cabinet member for resources, introduced the report and said that it set out the challenges facing the council over the next two years. The council's financial situation had been made worse by increasing inflation and this would affect purchasing goods, how much staff were paid, delivery of infrastructure and provision of services. It was expected that for the next financial year beginning in April 2023, the impact on the council on goods and services would be £4.2m from inflation alone. Therefore, the council would need to find an additional £4.2m in savings and additional income to set a balanced budget. The report showed that the forecast total budget gap next year was £6.2m and the total forecast budget gap over the next 4 years was £11m.

(Councillor Kendrick excused himself from the meeting at this point.)

The executive director of corporate and commercial services presented the remainder of the cabinet member for resources' statement on his behalf. The council's financial position was precarious and required a focused response. It was not a situation that was anticipated 6 months ago and was not unique to the council as it impacted on every council, public sector organisation and business. There was no sign that the government would provide councils with additional resources, but the council would continue to lobby for it. The council would need to take a serious look at its priorities for the next 12 to 18 months and every decision taken would be made the context of the seriousness of the financial situation. There would inevitably be some services or projects that the council would not be able to deliver. The council would consider every opportunity to cut out waste, deliver services in a different way, make best use of its assets and prioritise its resources. The report set out these challenges and a further report would be presented to cabinet in the autumn.

During discussion, the executive director of corporate and commercial services commented on the report and explained the importance of understanding the current position and the challenges that had emerged since February 2022, when the MTFS was last considered. She explained that there was support amongst authorities for a two year financial settlement from government. The settlement would not be announced until December and that was too late as budgets for 2023/2024 would have been substantially planned at this stage. She warned members that if the level of savings could not be found the level of reserves held by the council could reach the minimum level of reserves by the end of 2023/2024.

During discussion, the deputy leader and cabinet member for social housing thanked the officers for the report, which set out the challenge to the council at a time when



there was more pressure on its services. Councillor Galvin commented that the report was sobering. In reply to her suggestion that the council invested in a commercial venture to provide retrofitting and skills training, the leader commented that there had been a successful bid and provision for retrofitting in the 2022/23 budget. He expressed his concern about government policies and the impact that it had on local authorities and the community. All parts of the council would need to work together to meet the challenges it faced, to target resources and manage vital services. He hoped to engage with both opposition group leaders moving forward.

With no members indicating that they wished to discuss the exempt appendix, it was:

**RESOLVED to:**

- (1) note the current indicative MTFS projections;
- (2) note the financial risks; and,
- (3) endorse an approach to the early identification of on-going actions to close the estimated budget gap over the medium term financial planning period.

**7. City Deal Borrowing and the establishment of the Greater Norwich Strategic Investment Fund (Key decision)**

Councillor Waters, leader of the council, presented the report. The Greater Norwich Board partners had made the collective decision to recommend the Greater Norwich Strategic Investment Fund (SIF) to their respective cabinets. He drew members' attention to the purpose set out in Appendix A of the report which explained that the fund was to advance loans for capital funding for projects with a guaranteed return on that loan, with interest and repayments being made into the Strategic Investment Fund. The fund was like the Towns Deal Revolving fund. This funding would help deliver schemes as part of the Greater Norwich Delivery Plan (GNDP).

The executive director of city development and city services confirmed that Norfolk County Council, as the accountable body, and South Norfolk and Broadland Councils would be considering versions of the report in the coming weeks. He explained that the pooling of the Community Infrastructure Levy (CIL) by the Greater Norwich Growth Board partners was unique. The proposal was to use a surplus in the Infrastructure Investment fund (IIF) to create the SIF and kickstart growth within Greater Norwich.

During discussion, the executive director of development and city services answered questions on repayment of loans if the government were to abolish CIL. In the case that CIL was not replaced, liability would rest with the county council, as the accountable body. Liability would rest with the district councils in the case that CIL was replaced with another form of developer contribution.

Councillor Galvin referred to the use of infrastructure funding to build roads, rather than flood defenses, recreational facilities and open spaces and asked how this would contribute to carbon neutrality. The leader pointed out that there were papers to the Greater Norwich Growth Board and reports to cabinet on the range of schemes using investment from CIL and IIF. These included a range of projects to benefit communities and provide jobs, housing and community facilities, such as

schools and libraries, and promoted a modal shift in transport towards walking and cycling. SIF would be used for the East Norwich transformation project. This was good investment for the people in Greater Norwich. All partners were committed to achieving carbon neutrality. The council was pursuing this through its work with the Norwich Climate Change Commission as part of the 2040 City Vision partnership and its partnership with the Greater Norwich Growth Board.

**RESOLVED to:**

- (1) authorise Norfolk County Council, as the Greater Norwich Growth Boards accountable body, to draw down up to £20m from the Public Work Loans Board to create a cyclical fund to support local infrastructure projects as agreed in the Greater Norwich City Deal, subject to the following conditions:
  - (a) The loan is used to create a fund, which will accelerate the delivery of infrastructure projects within the parameters defined within Community Infrastructure Levy (CIL) legislation.
  - (b) Repayment to be made from the Infrastructure Investment Fund (IIF pooled CIL);
  - (c) The loan will be loaned on to one of the Greater Norwich partners acting as lead authority and secured in a borrowing agreement with Norfolk County Council, which will include an agreed repayment schedule and back stop date.
  - (d) Repayments from the lead authority would be made into a new cyclable Strategic Investment Fund (SIF).
  - (e) Due diligence and legal arrangements regarding the beneficiary project will be the responsibility of the lead authority.
- (2) agree the draft legal agreement that will commit future pooled Community Infrastructure Levy income as repayment against the drawdown of up to £20m through the Greater Norwich City Deal (amounts will be drawn in stages see Appendix E and F);
- (3) subject to (2) above, upon each staged draw down totaling no more than £20m, the Greater Norwich Growth Board to be granted delegated authority to sign the legal agreement together with their s151 officers, under the direction of Norfolk County Council as the Accountable Body and in accordance with their signed Joint Working Agreement – Appendix H;
- (4) give the Greater Norwich Growth Board delegated authority to manage the allocation of the City Deal borrowing and later, governance of the Strategic Investment Fund in line with the draft Terms of Reference attached at Appendix A and B.

**8. HMO (Houses in Multiple Occupation) Licensing Policy (Key decision)**

Councillor Jones, cabinet member for safe, strong and inclusive neighbourhoods, introduced the report. Legislation introduced in 2018 had changed the definition of

houses in multiple occupation (HMOs). The policy had been a significant challenge to bring forward and was first considered at licensing committee in July 2021. There was scope in the policy to reward landlords that complied well with five year licences and hold other landlords to account with shorter three or one year licences. The fees would be paid in two stages to cover administration and processing the application for the licence and stage 2 to cover running the scheme and enforcement work. This would ensure that those requiring enforcement paid for it. There was a growing market for HMO accommodation, not just for students, and it was important that the quality of the accommodation was of a good standard.

In reply to a question from Councillor Galvin, the environmental health and public protection manager said that it was difficult to establish how many HMOs there were in the city, but an additional housing officer had been employed and the council was taking a proactive approach. Councillors and residents could contact the council's private sector housing or licensing teams if they were aware of a potentially unlicensed HMO in their area.

During discussion, the cabinet member for social housing said that this was a good report and welcomed the flexibility to reward good standards of accommodation, which would benefit residents.

The cabinet member for safe, strong and inclusive neighbourhoods said that councillors would have access to a map showing licensed HMOs across the city.

**RESOLVED** to adopt the HMO Licensing Policy as set out in Appendix 1 of the report.

## **9. Application to the UK Shared Prosperity Fund (Key decision)**

Councillor Giles, cabinet member for community wellbeing, presented the report. The UK Shared Prosperity Fund (UK SPF) was a government grant to replace European Funding streams, and required the council to submit an investment plan by 1 August 2022. The allocation had been made as a three year settlement plan with no competitive bidding process. The report detailed the proposed allocations and development of the plan.

During discussion, the cabinet member for community wellbeing said that European funding had been around £9m for the Norwich area per annum. The UK Shared Prosperity Fund would be £1.5m over a three year period and was therefore a fraction of funding from the European Union.

In reply to question from Councillor Galvin, the cabinet member for community wellbeing said that he welcomed any thoughts and proposals from residents and organisations who could feed into the process through the [Get Talking Norwich](#) website or through the community engagement officers or community connectors working in the neighbourhoods with the highest levels of deprivation.

**RESOLVED** to:

- (1) delegate to the executive director of community services, in consultation with the relevant portfolio holder, the submission of the investment plan and

subsequent spending decisions in order to meet the timescales from central government:

- (2) subject to the award of funding, approve:
  - (a) an amendment to the 2022/23, 2023/24 and 2024/25 General Fund capital programme to create budgets funded from UK Shared Prosperity Fund in accordance with the approved investment plan:
  - (b) the creation of additional 2022/23, 2023/24 and 2024/25 General Fund revenue budgets funded from UK Shared Prosperity Fund in accordance with the approved investment plan.

#### **10. Greater Norwich Local Plan: Focused consultation on possible sites for Gypsy and Traveller accommodation (Key decision)**

Councillor Stonard, cabinet member for inclusive and sustainable growth, presented the report, which sought approval to consult on the Greater Norwich Local Plan (GNLP) proposed Gypsy and Traveller sites and allow landowners to promote other sites for inclusion in the plan. Members were referred to paragraph 5 and noted that the GNLP could be found unsound if provision of deliverable sites was not identified. The Gypsy and Traveller Accommodation Assessment (GTAA) provided evidence for the 50 additional pitches, with 27 pitches already having planning permission that were yet to be constructed. The proposed consultation sites were at Cawston, Costessey, and Wymondham.

In reply to a question from Councillor Galvin, the planning policy team leader confirmed that the Gypsy and Traveller community had been engaged in the evidence study. The consultation would follow standard procedures and she could provide further details outside the meeting.

#### **RESOLVED to:**

- (1) approve focused consultation on the Greater Norwich Local Plan (GNLP) proposed Gypsy and Traveller sites; and
- (2) agree to delegate authority to the executive director of development and city services, in consultation with the cabinet member for inclusive and sustainable growth, to agree consultation materials prior to the public consultation.

#### **11. Future of Waste Collection Services (Key decision)**

Councillor Oliver, cabinet member for environmental services presented the report. She thanked the head of environment services for his contribution and regular updates to her as portfolio holder. The contract would help meet the council's environment objectives and offered good value for money for nine years, with flexibility to change services to meet the requirements of the Environment Act, and look towards a carbon zero fleet.

The head of environment services confirmed that the extension of the contract offered good value for money, and that the proposal would achieve the budgeted

level of savings over the next 5 years. In the subsequent 4 years, there would be an additional cost of £0.067m per annum over the 2021/22 baseline. The proposed contract extension would also allow the council to evaluate the options for purchasing a new fleet in 2027, including a potential zero carbon fleet

In reply to Councillor Galvin, the chair said that the council demonstrated its social values by its commitment to the living wage and was moving towards carbon neutrality by delivering a zero carbon fleet in the next five years.

With no members indicating that they wished to discuss the exempt appendix, it was:

**RESOLVED** to approve the extension of the existing contract for the collection of residual waste and a range of recycling materials on behalf of the council until 2031 as detailed in Option 5 in the attached exempt appendix.

## **12. Award of Contract for Security Services (Key decision)**

Councillor Stonard, cabinet member for inclusive and sustainable growth, presented the report. The contract would require that all staff employed on the contract were paid the living wage and monitoring information would be provided to the council to enable effective contract and performance management.

**RESOLVED** to:

- (1) enter into a contract for security services at the council's multi-storey car parks, Market and Mile Cross Depot;
- (2) delegate approval to the executive director of development and city services in consultation with the portfolio holder for inclusive and sustainable growth to award the contract to the most economically advantageous tender following submissions.

## **13. Exclusion of the public**

**RESOLVED** to exclude the public from the meeting during consideration of items 14 to 17 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

### **\*14. Medium Term Financial Strategy – Update – Exempt Appendix (paragraph 3)**

(Cabinet had noted this appendix in item 6 above.)

### **\*15. Future of Waste Collection Services (paragraph 3)**

(Cabinet had noted this appendix in item 11 above.)

### **\*16. Managing Assets (Housing) (paragraph 3) (Key decision)**

Councillor Harris presented the report.

The development strategy manager updated members on the funding bids.

**RESOLVED** to agree to the disposal of land identified in the report to Broadland Housing Association to support the development of affordable housing.

CHAIR



**Committee Name: Cabinet**

**Committee Date: 14/09/2022**

**Report Title: Q1 22-23 Corporate Performance Assurance Report**

**Portfolio:** Councillor Waters, Leader of the council

**Report from:** Executive director of community services

**Wards:** All Wards

**OPEN PUBLIC ITEM**

**Purpose**

To report progress against the delivery of the corporate plan priorities and key performance indicators and to provide an update on corporate risks for quarter one of 2022/23.

**Recommendation:**

- 1) Review progress on the key performance indicators for this quarter and the corporate risk register.
- 2) Note the financial position for quarter 1 2022/23 for the general fund, HRA and capital programme.
- 3) Note the carry-forward of unspent 2021/22 capital budget for utilisation in 2022/23 as approved under delegation by the executive director of corporate and commercial services in consultation with the portfolio holder for resources.
- 4) Note the capital budget virements approved by CLT detailed in Annex 1.
- 5) To approve the additions to the 2022/23 capital programme as set out in Annex 1.
- 6) Recommend to Council, the removal of budgets from the 2022/23 capital programme as set out in Annex 1.

**Policy Framework**

The Council has five corporate aims, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city corporate aim.

## **Report Details**

1. This report sets out progress against the key performance indicators (KPIs) that track delivery of the corporate plan priorities. This is the first quarterly performance report for the corporate plan 2022-2026.
2. This report also provides the current financial outlook for the council, as well as the corporate risk register, which highlights key corporate risks.

The corporate plan 2022-26 established five corporate aims: People live independently and well in a diverse and safe city; Norwich is a sustainable and healthy city; Norwich has the infrastructure and housing it needs to be a successful city; The city has an inclusive economy in which residents have equal opportunity to flourish; and Norwich City Council is in good shape to serve the city.

3. The performance framework aims to measure progress against these through KPIs which monitor delivery of activities and services which contribute to these objectives.
4. Performance reporting for indicators in this report is based around a traffic light concept where green is on target, amber provides an early warning for possible intervention and red suggests intervention is necessary.
5. The report appendices give further information across corporate performance, finance and risk. Relevant annexes have been provided and are referred to throughout the report.

## **Consultation**

6. No consultation was required in creating this report.

## **Implications**

### **Financial and Resources**

Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2022-26 and Budget.

7. Overall the council's financial position on the General Fund, taking into account the estimated impact of the 2022 pay award is for a minor overspend. For the Housing Revenue Account again reflecting the estimated impact of the 2022 pay award is for an underspend of £0.482m.
8. A number of changes are proposed to the capital programme reflecting carry forwards from 2021/22, together with some additions, deletions and some virement of resources between schemes. The expected outturn position against the revised capital programme will be reported in Quarter 2.



## Legal

9. In considering its financial and non-financial performance, the Cabinet is supporting the Council fulfil its duties under s.151 of the Local Government Act 1972 to ensure there are arrangements in place for the proper administration of its financial affairs, and under s.3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

## Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	This report does not have direct implications for equality and diversity; it reports on progress made in delivering agreed services and programmes, the equality implications of which will have been considered as part of service planning or other decision-making processes.
Health, Social and Economic Impact	This report does not have direct health, social or economic implications; it provides an update on progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.
Crime and Disorder	This report does not have direct implications for crime and disorder; it provides an update on progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.
Children and Adults Safeguarding	This report does not have direct safeguarding implications; it provides an update on progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.
Environmental Impact	This report does not have direct environmental implications; it provides an update on progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.

## Risk Management

Risk	Consequence	Controls Required
Include operational, financial, compliance, security, legal, political or reputational risks to the council	n/a	n/a

## **Other Options Considered**

**10.** No alternative options.

## **Reasons for the decision/recommendation**

11. The recommendation to note the unspent amounts carried forward into 2022/23 will allow those projects to complete in the appropriate year following slippage in 2021/22.
12. The recommendation to approve an increase to the 2022/23 the capital programme will enable Yare/Wensum Green Infrastructure and UEA/Eaton Boardwalk Extension projects to be completed and Department for Levelling Up Housing and Communities funding to be utilised to provide a Changing Places Toilet at The Forum. The recommendation to Council to the remove budgets from the 2022/23 capital programme will enable funding to be used for alternative projects and reduce capital underspend in the year.

**Background papers:** the report refers to additional documents throughout, supplying these as annexes within the relevant sections.

**Appendices:** Q1 22-23 Corporate Performance Assurance Report – Exempt appendix

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# Combined Assurance Quarterly Report

Q1 2022-23

Cabinet Version

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## 1. Executive summary

### 1.1. Performance

At a corporate level, this quarter shows five red, five amber and eleven green indicators overall. 6 annual KPIs were not reported on this quarter.

Notable trends at the directorate level include:

- **Community Services** outperformed in % of people responding as feeling safe in local area survey and % of customer contact that takes place through digital channels. There were also improvements in number of households living in temporary accommodation.
- **Corporate and Commercial Services** outperformed in business rates collected and in the efficiency of processing Housing Benefit claims. KPI 4, 'Council on track to remain within General Fund budget (£)' is also on target.
- **Development and City Services** continues to outperform in planning decisions upheld after appeal and food premises hygiene compliance.

#### Corporate Performance Indicators

- Performance has not improved for FOI requests and corporate complaints responded to compared with the previous quarter.
  - FOI responses in time in Q1:
    - Community services 86.4%
    - Corporate & commercial 65.9%
    - Development & city services 74.6%
  - Corporate complaints responded to in time in Q1:
    - Community services: 56%
    - Development & city services: 41%
    - Corporate & commercial: 88%

With the publication of the Corporate Plan for 22-26, the current KPIs are now reported across 5 corporate aims. Details can be found in the Technical Appendix of the Corporate Plan.

Throughout 22-23, the strategy team will be working with services to review the current corporate KPIs and ensure they are representative and fit for purpose in delivering a robust reporting framework for assurance and enabling decision making. Any proposals for change to existing KPIs will be presented to CLT for decision.

Figure 1: Q1 KPI performance by directorate

Directorate	Red	Amber	Green	Monitoring data	Not completed	No data this quarter	Total
Community Services	4	2	6	0	0	1	13
Corporate and Commercial Services	1	0	3	0	0	0	4
Development & City Services	0	3	2	0	0	5	10
<b>Total</b>	<b>5</b>	<b>5</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>27</b>

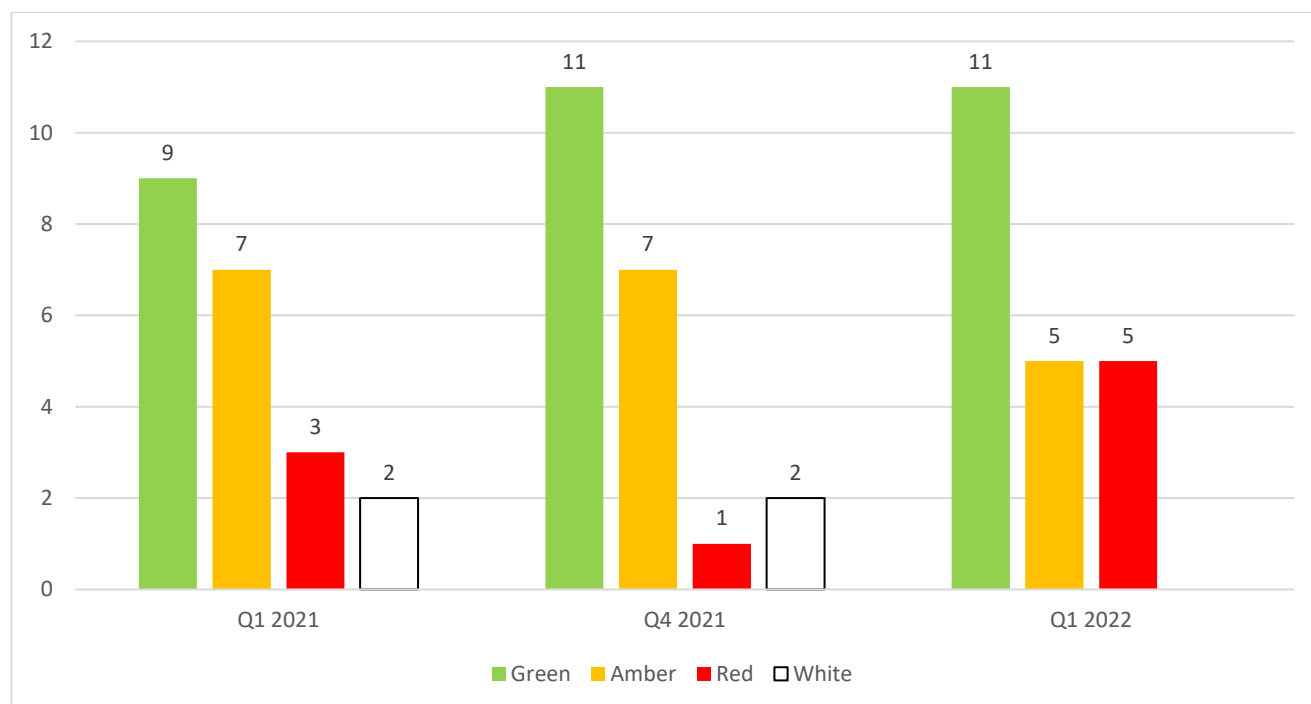
Figure 1.1: Q1 KPI performance by corporate aim

Corporate Priority	Red	Amber	Green	Monitoring data	Not completed	No data this quarter	Total
An inclusive economy in which residents have equal opportunity to flourish	0	0	0	0	0	2	2
Norwich City Council is in good shape to serve the city	3	2	4	0	0	0	9
Norwich has the infrastructure and housing it needs to be a successful city	2	2	1	0	0	3	8
Norwich is a sustainable and healthy city	0	1	1	0	0	1	3
People live independently and well in a diverse, and safe city	0	0	5	0	0	0	5
<b>Total</b>	<b>5</b>	<b>5</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>27</b>

Performance has improved compared with Q1 2021. There has been a slight drop in performance compared with the previous quarter (Q4 2021):

- 2 indicators (FOIs and corporate complaints responded to) that were white last quarter as we were monitoring data before setting a target, moved to red.
- 2 that were previously amber (council housing rent collected and Council Tax collection) moved to red.
- 2 that were previously green (customer satisfaction and council income from investment property portfolio) are now amber.

Figure 1.2: Q1 performance compared with Q1 2021 and Q4 2021\*



\*For comparison purposes, only quarterly indicators are included. White indicators are those where we were monitoring data before setting a target.

It is possible that we are beginning to see impact of the cost of living crisis on some services performance, particularly when looking at the slight drop in both council housing rent collection and commercial rent collection.

## 1.2. Finance

### General Fund – Revenue

Based on budget managers returns to the end of June 2022 the council's general fund revenue forecast outturn position is an underspend of £0.626m. The table below sets out budget managers' aggregated forecasts.

The 2022/23 pay award is still being negotiated but the latest forecast impact is for an additional £0.728m on the general fund, although an estimated £0.05m of this may also fall to be met by the HRA through the recharge process leaving a net pressure of £0.678m. This pressure is reflected in the table below to give an overall estimated outturn position for the council's general fund.

Overall, therefore a small overspend position is anticipated.

<b>General Fund position at Quarter 1 (June 2022)</b>	<b>Budget (£000)</b>	<b>Forecast Outturn (£000)</b>	<b>Forecast Variance (£000)</b>
<b>Chief Executive</b>	<b>280</b>	<b>264</b>	<b>(16)</b>
<b>Corporate Financing</b>	<b>(23,560)</b>	<b>(24,432)</b>	<b>(872)</b>
Corporate & commercial services	511	505	(6)
Revenues & benefits	2,908	2,943	35
Finance, audit & risk	880	877	(3)
HR & organisational development	788	765	(23)
Legal & procurement	1,818	2,043	225
<b>Corporate &amp; commercial services</b>	<b>6,906</b>	<b>7,133</b>	<b>227</b>
Development & City Services	480	480	0
Environment Services	3,460	3,743	284
Planning & Regulatory Services	2,352	2,334	(18)
Property & Economic Development	338	199	(140)
<b>Development &amp; City Services</b>	<b>6,630</b>	<b>6,757</b>	<b>127</b>
Community Services	862	983	121
Customers, IT & Digital	4,952	4,884	(68)
Strategy, Engagement & Culture	2,727	2,746	19
Housing & Community Safety	1,203	1,039	(164)
<b>Community Services</b>	<b>9,744</b>	<b>9,652</b>	<b>(92)</b>
<b>Total General Fund Revenue position</b>	<b>0</b>	<b>(626)</b>	<b>(626)</b>
<b><i>Adjusted for estimated impact of 2022/23 pay award</i></b>		<b>678</b>	<b>678</b>
<b>Restated GF outturn position</b>		<b>52</b>	<b>52</b>

In Community Services a small number of additional general fund grant resources have been received where the associated delivery costs have not yet been identified; if this work can be delivered within existing resources there is an opportunity to deliver an underspend within the service.

In Corporate and Commercial Services the additional costs of the legal services contract are currently shown centrally although these will be allocated to the relevant directorate in September – going forward a quarterly re-allocation will be undertaken so that commissioning managers can see the financial impact of their decisions.

A significant increase in the level of interest generated by the council's day to day cash investments is being seen due to the increasing level of interest rates and relatively high cash balances as capital expenditure has slipped and the externalisation of some debt took place last year when interest rates were lower.

In Development and City Services pressures associated with multi-storey car parking advertising income and the delayed implementation of the parking in parks proposals are causing budget pressures although the airport industrial estate continues to deliver income, until the sale completes (expected in Q2), which has offset some of that pressure.

At this stage the corporate contingency of £0.400m has been assumed to be fully spent and is therefore not improving the position– this reflects the uncertainty surrounding resourcing any agreed pay award.



## Housing Revenue Account – Revenue

The forecast position on the Housing Revenue Account (HRA) is an underspend of £0.714m.

The impact of the 2022/23 pay award is currently forecast to be £0.232m on the HRA taking account of both the direct cost of the 2022/23 pay award and the estimated recharge of £0.05m from the general fund.

<b>Housing Revenue Account position at Quarter 1 (June 2022)</b>	<b>Budget (£000)</b>	<b>Forecast Outturn (£000)</b>	<b>Forecast Variance (£000)</b>
General Management	16,185	16,027	(158)
Special Services	5,118	5,097	(21)
Repairs & Maintenance	17,966	17,975	8
Rents, Rates, & Other Property Costs	5,988	6,049	61
Provision for Bad Debts	430	430	0
Depreciation & Impairment	23,224	23,224	0
Adjustments & Financing items	641	641	0
Garage & Other Property Rents	(2,187)	(2,203)	(16)
Dwelling Rents	(59,163)	(59,263)	(100)
Service Charges – General	(7,867)	(7,867)	0
Interest Received	0	(500)	(500)
Miscellaneous Income	(82)	(70)	12
Amenities shared by whole community	(254)	(254)	0
<b>Total Housing Revenue Account Position</b>	<b>0</b>	<b>(714)</b>	<b>(714)</b>
<b><i>Adjusted for impact of 2022/23 pay award</i></b>		<b>232</b>	<b>232</b>
<b><i>Restated HRA outturn position</i></b>		<b>(482)</b>	<b>(482)</b>

The Housing Revenue Account underspend is largely as a result of the increased levels of investment income being generated of which the HRA is entitled to a share. However, given the issues associated with the cost-of-living crisis it is important that levels of rent and service charge arrears are kept under close review.

## Capital

The table overleaf sets out a number of proposed carry forward requests for schemes where recent meetings with capital budget managers have identified a clear rationale for the proposals to be considered by the ED for corporate and commercial services. Within the individual directorate sections of this report there are several actions which require consideration. These are also summarized in Annex 1 below.

- proposed capital virements are set out in the corporate and commercial and the development and city services directorate sections
- proposed deletions of scheme budgets totaling £0.172m, which will require council approval, are set out in the development and city services section of this report.
- three additions which can be approved by cabinet as they are supported by new external funding sources totaling £0.066m which are set out in the development and city services section.

Budget managers' projections for the capital outturn position, taking into account the below carry-forward requests, in the context of the progress of those schemes will be considered further by the Resources, Performance and Delivery Board and reported in the Quarter 2 assurance report.

Project	Proposed Carry-Forward (£000)	Total (£000)
Disabled Facilities Grant – AA5207	336	
St Andrew's Hall refurbishment – AA1959	6	
TF make space at the halls – AB1959	56	
CILN Community Enabling – AD5200	4	
BEIS Green Homes Grant – BA0000	549	
CILN Community Skills Mile X Grant – AT5200	1	
NCS Ltd establishment costs – AA2013	153	
<b>GF – Community Services Total</b>		<b>1,104</b>
Finance System – AB5206	51	
HR System – AC5206	7	
<b>GF – Corporate and Commercial Services Total</b>		<b>58</b>
Ketts Heights repairs/habitat – AA1112	99	
CILN 20 Acre Wood – AB5200	3	
Hay Hill Public Realm TF – AA1019	111	
Air Quality Monitoring Equip – AA2017	50	
GNGB Marrt's Wy/ HellsdnStnGrn – AN5202	144	
Transforming Cities Fund Contr – AW0000	330	
St Giles Public Realm TF – AZ0000	76	
Memorial Gardens Undercroft TF – AA1012	70	
Norwich Parks tennis expansion – AA1058	103	
Sloughbottom Park Toilets TF – AA1076	51	
2a Old Meeting Hse elec/boiler – AA1224	12	
StJohn Maddrmkt retaining wall – AA1255	49	
Ber Street 85-91 re-roofing – AA1364	41	
Exchange St 38 shop refurb – AA1437	7	
Hurricane Way 22 Solar PV – AA1730	41	
OldMeetingHse rpl fire det sys – AA1791	11	
Heigham Park Tennis Pavilion – AA2014	170	
Old carrow house – AA2015	766	
GNGB Castle Gardens – AA5202	50	
TF- Digital hub – AB1391	235	
AFI Lawrence House Lift Refurb – AB2010	4	
St Giles edge protection measures - AF1856	4	
GNGB UEA Eaton boardwalk ext - AG5202	26	
GNGB Comm Accss Imp-20 Acre Wd - AM5202	60	
ACE Centre CCN TF - AY0000	3,082	
TF - Programme management - BI0000	10	
S106 Castle Green Play Project - EV5201	59	
S106 Bowthorpe Clover HI Acs - FF5201	41	
St Stephens Twrs Public Realm - FG5201	4	
S106 Bunkers Hill - Entrance - FL5201	8	
Tourism Support package - ZZ5021	17	
CH ASHP/Secondary Glazing/LED - AM1000	228	

CityHall chamber bench consvtn - AL1000	30	
<b>GF - Development &amp; City Services Total</b>		<b>5,989</b>
Replacement Tenancy & Est Man - AG5206	11	
Heating/Boilers Communal - 5130	1,370	
Re-Roofing - 5180	250	
Lift Upgrades - 5183	125	
Compliance Upgrades - 5210	1,000	
<b>HRA - Community Services Total</b>		<b>2,756</b>
Capital Grants Housing Asscns - AM0000	388	
HRA CP 20/21 Mile X Depot Site - AB1005	1,002	
LANB-Goldsmith Street - AD5100	30	
Threescore phase 3 - AI5100	3,000	
LANB Argyle Street - AP5100	509	
LANB Kings Arms - AQ5100	374	
New Build Opportunities - AB5100	1,329	
HRA New Housing	132	
<b>HRA - Development &amp; City Services Total</b>		<b>6,764</b>
<b>Total Proposed Carry-Forward</b>		<b>16,672</b>

### 1.3. Risk

Heads of Service and other risk owners were asked to update their directorate and corporate registers by 30 June 2022. The current Corporate Risk Register summary is shown below. A new risk on nutrient neutrality has been added and the previous risk on anti-social behaviour has been removed. Council Funding Medium – Long term shows as a worsening position as continuing inflationary pressures are seen whilst contract management governance and the failure to be able to draw down on the £15m housing infrastructure fund have an improved risk position.

## Corporate Risk Register - Summary position Q1

	Directorate	Current residual risk score	Target risk score	Current direction	Review Date
<b>CORP01 Council Funding Medium - Long Term</b>	<b>Exec Dir - Corporate and Commercial Services</b>	<b>16</b>	<b>8</b>	<b>Worsening</b>	<b>01/08/2022</b>
CORP02 Commercialisation (investment property, Norwich Regeneration Ltd (NRL) and other commercial income sources)	Exec Dir - Corporate and Commercial Services	8	8	Static	01/08/2022
CORP03 Health & safety in the workplace	Exec Dir - Development and City Services	12	8	Static	31/07/2022
CORP04 Further waves of COVID 19	Chief Executive	12	9	Static	30/06/2022
CORP05 Impact of Brexit	Chief Executive	12	8	Static	30/06/2022
CORP06 Failure to respond to a critical, business continuity or emergency planning event	Chief Executive	12	6	Static	31/07/2022
CORP07 Cyber Security	Exec Dir - Community Services	15	15	Static	26/07/2022
CORP08 Data Protection Compliance	Exec Dir - Corporate and Commercial Services	12	8	Static	30/06/2022
CORP09 Failure to fulfil statutory or legislative responsibilities - safeguarding	Exec Dir - Community Services	15	12	Static	27/07/2022
CORP11 Antisocial behaviour (ASB) - moved down to Community Services Register as CS14	Exec Dir - Community Services	9	6	Moved to Directorate Register	27/07/2022
CORP12 Contract management - governance	Exec Dir - Corporate and Commercial Services	9	6	Improving	25/07/2022
CORP13 The Council's approach to waste and recycling becomes financially, environmentally and contractually unsustainable	Exec Dir - Development and City Services	12	4	Static	31/07/2022
<b>CORP14 Health and safety and compliance in council homes and buildings</b>	<b>Exec Dir - Community Services</b>	<b>20</b>	<b>8</b>	<b>Static</b>	<b>28/07/2022</b>
CORP15 Failure to be able to draw down £15m of Housing Infrastructure Fund (HIF) money previously secured from Homes England (HE) and under contract to assist with the delivery of Anglia Square leading to failure for successful redevelopment of this key city centre site	Exec Dir - Development and City Services	12	8	Improving	28/07/2022
CORP16 Implementation of the Election Act	Exec Dir - Corporate and Commercial Services	12	4	Static	30/06/2022
CORP17 Failure to deliver acceptable levels of performance in regulatory services	Exec Dir - Development and City Services	16	8	Static	31/07/2022
CORP18 Failure to address Natural England advice on Nutrient Neutrality (NN)	Exec Dir - Development and City Services	25	10	N/A	31/07/2022
CORP19 Housing regulation	Exec Dir - Community Services	20	9	Static	27/07/2022
CORP20 Cost of living (COL) crisis has a negative impact on the city and the council	Exec Dir - Community Services	16	12	Static	18/07/2022
CORP21 Equality impacts due to climate change	Exec Dir - Community Services	16	12	Static	18/07/2022

## Annex 1: Adjustments to the Capital Programme

The following virements have been approved by CLT:

GF Capital Project		Current Budget £000	Proposed Virement £000	Revised Budget £000
AB5206	Finance System	51	(51)	0
AC5206	HR System	7	(7)	(0)
AI5206	HR system 2023	576	58	634
<b>Total</b>		<b>634</b>	<b>0</b>	<b>634</b>
Budgets totaling £0.058m remain from the implementation of the previous HR and Finance systems that are required for the ERP system due for implementation in 2023. It is proposed that these are amalgamated to support the cost of the replacement HR system.				
GF Capital Project		Current Budget £000	Proposed Virement £000	Revised Budget £000
AA1992	Southam Roof	100	(100)	0
AB1915	St Giles House Roof	25	100	125
<b>Total</b>		<b>125</b>	<b>0</b>	<b>125</b>
2022/23 budgets were approved for replacement roof works at St Giles House and Southam. However, it has been identified that the works required to St Giles are more extensive and urgent than the Southam site and it is therefore proposed that the Southam budget is vired to cover additional works at St Giles House (£0.100m).				
GF Capital Project		Current Budget £000	Proposed Virement £000	Revised Budget £000
AF1856	St Giles MSCP Edge Protection	154	(154)	0
AB1857	St Andrews MSCP Edge Protection	150	154	304
2022/23 budgets were approved for edge protection works at St Giles and St Andrews MSCPs. However, it has now been ascertained that that the costs are higher than initially anticipated and works to St Andrews are of a higher priority and it is therefore proposed that the St Giles budget is vired to cover the cost of works at St Andrews MSCP (£0.154m).				
GF Capital Project		Current Budget £000	Proposed Virement £000	Revised Budget £000
EV5201	S106 Castle Green Play Project	59	(59)	0
AA5202	Castle Gardens	150	59	209
<b>Total</b>		<b>638</b>	<b>0</b>	<b>638</b>
The Castle Green Play Project and Castle Gardens Project are being managed as a single project but currently are financed from separate S106 funded budgets. It is proposed that the remaining Castle Green Play Project budget (£0.059m) is vired to the Castle Gardens Project to enable more effective budget management of the project.				

Cabinet are asked to approve the following additions to the capital programme, for which full external funding has been received:

GF Capital Project		Current Budget £000	Proposed Virement £000	Revised Budget £000
AO5200	CIL Yare-Wensum Green Infrastructure	0	2	2
An additional £0.002m of Greater Norwich Growth Board funding has been made available to support the Yare/Wensum Green Infrastructure project and it is proposed that the capital budget is increased accordingly.				
AG5202	GNGB UEA Eaton boardwalk ext	43	1	44
Due to the rounding of budget carried-forward in previous years, the approved budget for the Greater Norwich Growth Board funded UEA/Eaton Boardwalk Extension project is now £0.001m less than the allocated funding. It's proposed that this is corrected by increasing the capital programme accordingly.				
TBC	Changing Places Toilet - The Forum	0	63	63
The City Council has secured £0.063m from the Department for Levelling Up Housing and Communities to provide a Changing Places Toilet at The Forum. The Forum Trust will be implementing this project that will provide an important new facility to enable people with carers to gain greater dignity and independence when visiting the Forum and the wider city centre. It's therefore proposed that the capital programme is adjusted to include the additional budget.				

Cabinet are asked to recommend to Council, approval for the following projects to be removed from the 2022/23 GF capital programme:

GF Capital Project		Current Budget £000
AA1184	Community Centres – Upgrades	60
A 2022/23 budget was approved as part of the 2021/22 five-year capital programme (£0.006m) to facilitate any upgrades required following minimum energy efficiency standard surveys. However, following completion of the surveys, no upgrade work has been identified and the budget is not required.		
AD5202	GNGB Riverside Wk Access Imps	112
Access improvements to Riverside Walk have been delayed and will not now take place in this financial year. As its not known when the project will proceed, it has been agreed with the Greater Norwich Growth Board that the project and budget (£0.112m) should be removed from our programme and any future application will be fast-tracked through the GNGB process.		

## Appendix A. Community Services

### A.1. Performance

#### A.1.1. Summary of performance

**Community Services** has thirteen KPIs, twelve of which report quarterly and one annually. For this quarter, the directorate reports four red, two amber and six green indicators.

The red indicators this quarter were:

- 'Average re-let time in days (excluding major works)'. This indicator has been red throughout the previous 21/22 year. Challenges during the final year of the repairs and maintenance contract led to a backlog of void works. Backlog contractors and Norwich City Services Ltd (NCSL) have been mobilised and are making good progress in undertaking outstanding void works. In addition, a multi discipline project team has been established to work to improve re-let process end to end. As the backlog is cleared, this will result in a higher turnaround time next quarter.
- '% of housing rent collected (excluding arrears brought forward)'. This indicator has moved from amber to red for this quarter. The commentary explains that this is due to several factors including high sickness absences within the team, a large volume of cases requiring rent verification following changes to UC and cost of living concerns amongst residents. Intervention steps have been taken and will be monitored throughout Q2.

The following indicators relate to performance across the whole Council. Community services are responsible for the coordination, policies and reporting of these indicators. Both indicators are red this quarter:

- '% of FOI responded to within statutory timescales'. This is the first quarter this indicator has been RAG rated, following a period of monitoring to set a baseline. The commentary indicates that whilst a decrease in performance compared to the previous quarter is disappointing, we can still see that progress is being made over the longer term.
- '% of corporate complaints responded to within stated timescales'. This is the first quarter this indicator has been RAG rated, following a period of monitoring to set a baseline. The commentary indicates that a need to improve performance in this area is recognised. The new customer experience officer has improved the weekly reports that are sent to heads of service that detail all outstanding complaints. Working directly with heads of service to support completion of overdue complaints is underway. In addition, there have been a number of workshops with key services to work collaboratively on how the complaints process can be improved. The new complaints policy will go live in October alongside the updated process.

The below gives a view of Community Services performance against its KPIs compared to the 21/22 year. This shows outperformance in a number of key areas such as homelessness prevention, IT systems availability and % of customer contact taking place through digital channels.

Indicator	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Total number of private sector insulation measures completed	83.00	50.00	70.00	70.00	50.00
Number of homeless households living in temporary accommodation	37.00	39.00	43.00	41.00	47.00
IT System availability expressed as a percent of time available during core hours	99.95	99.94	99.96	99.86	99.94
Average re-let time of council homes in calendar days (excluding major works)	26.00	52.00	63.00	55.00	35.00
% reduction of CO2 emissions from Local Authority operations		9.00			
% of people responding as feeling safe in local area survey	62.00	62.00	58.00	59.00	65.00
% of households owed a homelessness prevention duty (in accordance with the Homelessness Reduction Act) where the duty was ended due to suitable accommodation being secured for them	66.00	64.00	81.00	80.00	74.00
% of FOI requests responded to within statutory timescales	64.61	84.16	81.32	91.19	79.52
% of customer's responding as satisfied with customer contact team service	81.20	79.19	78.74	78.35	70.43
% of customer contact that takes place through digital channels	41.03	43.29	42.88	42.75	54.29
% of council housing rent collected (excluding arrears brought forward)	98.06	97.91	99.39	99.35	95.87
% of council homes with a valid gas safety certificate	99.84	99.84	99.66	99.82	99.87
% of corporate complaints responded to within stated timescales	65.88	57.65	62.02	56.30	54.95

### A.1.2. Successes and challenges

#### Successes:

**Biodiversity Strategy:** A new biodiversity strategy has been agreed for public consultation over the summer. The strategy sets the ambitious target to “Create a city where biodiversity can recover and thrive, halt species decline and increase species diversity and abundance by 2030”, which will be delivered via the development of a nature recovery network for Norwich. The strategy was informed by public engagement, and a comprehensive public consultation will be undertaken over the summer before a final strategy is adopted later this year.

**NEC Housing:** The NEC Housing System has now been upgraded to the most up to date version. The upgrade enhanced a number of the core programmes and introduced new functionality around the customer view and the ability to develop workflows. A big thank you to our colleagues in IT Services who have gone above and beyond to implement the upgrade as quickly as possible and reduce the impact on users.

**Safer Streets Funding:** Our Safer Neighbourhood Initiative has secured £200,000 from the government's Safer Streets Fund, following a successful funding application made in partnership with Norwich BID. The money will be used to provide a range of new safety measures in neighbourhoods and the night-time economy, including increased lighting, CCTV and safety technology, as well as additional staffing resource to support businesses managing safety issues. The measures were designed using evidence gathered from anti-social behaviour reports and consultation with city businesses.

#### Challenges:

**Income collection:** Collection rates across the Housing income team have reduced throughout Q1. It is likely that we are beginning to see the impact of the cost-of-living crisis. Improvements prioritised for Q2 and Q3 include changes in working practices; and the development of an improvement plan which will be monitored through the Housing Leadership Team.

**Cost of Living:** The cost-of-living crisis is placing huge pressure on people in Norwich, particularly those on lower incomes, and we know this is likely to get worse from October, as the energy price cap rises and the weather gets colder. The crisis is also likely to affect the council's income, as people struggle to pay bills. Norwich City Council has a well-established approach to supporting financial inclusion, but the cost-of-living crisis requires an additional urgent response. We are exploring what more we can do



to make sure everyone is able to claim the benefits, discounts and support they are entitled to and to help charities meet the increased levels of demand.

## A.2. Finance

### A.2.1. Community Services revenue budget

The provisional outturn for the directorate at Q1 shows an underspend of £0.092m.

### A.2.2. Key variances

Figure 3.1 Community Services key variances

Community Services	Budget (£000)	Forecast Outturn (£000)	Forecast Variance (£000)
Community Services	862	983	121
Customers, IT & Digital	4,952	4,884	(68)
Strategy, Engagement & Culture	2,727	2,746	19
Housing & Community Safety	1,203	1,039	(164)
<b>Community Services</b>	<b>9,744</b>	<b>9,652</b>	<b>(92)</b>
<b>Key variances:</b>			
<b>Savings/increased income</b>			
<b>Homelessness:</b>			
Additional grant income	(109)	Additional grant from DLUHC above that which was anticipated. Spend against the additional income has not currently been forecast until areas of project spend have been identified.	
<b>Housing Partnerships:</b>			
Additional grant income	(30)	Additional grant awarded (yet to be received) to be spent on projects for which relevant areas of spend have not yet been identified.	
<b>Vacancy factor</b>	123	Actions to deliver the vacancy factor have not yet been identified.	
<b>Other minor variances</b>	(76)		
<b>Total forecast variance</b>	<b>(92)</b>		

### Potential budget risks

- In previous years the corporate vacancy factor has been achieved in the directorate, however given the potential inflationary pressures on pay in 2022 there is a risk that this will not be fully achieved.
- The current outstanding debt for the at the end of Q1 was £1,356m across 871 invoices. A full list is circulated on a regular basis so, that a review can be undertaken with the aim of identifying old debt which is unlikely to be recovered and writing-off accordingly.

### A.2.3. Savings tracker

Figure 3.2 – Community Services savings tracker:

Community Services			
Saving	Target	Forecast	
IT contract saving - 21/22 budget saving	(175,000)	(117,500)	Amber
Postage - 21/22 budget reduction	(100,000)	(100,000)	Amber
Council events programme refresh	(82,000)	(82,000)	Green
Norman Centre contract review	(6,686)	(6,686)	Green
Deletion of unused budget	(22,000)	(22,000)	Green
Stationery savings	(25,000)	(25,000)	Green
Customer Contact service review	(106,000)	(106,000)	Complete
The Halls - improve income and link to Towns Fund	(10,000)	(10,000)	Amber
Council events provision reduction	(62,000)	(62,000)	Amber
	<b>(588,686)</b>	<b>(531,186)</b>	

### A.2.4. Housing Revenue Account revenue budget

The provisional outturn for the directorate at Q1 shows an underspend of £0.714m.

Housing Revenue Account	Budget (£000)	Forecast Outturn (£000)	Forecast Variance (£000)
General Management	16,185	16,027	(158)
Special Services	5,118	5,097	(21)
Repairs & Maintenance	17,966	17,975	8
Rents, Rates, & Other Property Costs	5,988	6,049	61
Provision for Bad Debts	430	430	0
Depreciation & Impairment	23,224	23,224	0
Adjustments & Financing items	641	641	0
Garage & Other Property Rents	(2,187)	(2,203)	(16)
Dwelling Rents	(59,163)	(59,263)	(100)
Service Charges - General	(7,867)	(7,867)	0
Interest Received	0	(500)	(500)
Miscellaneous Income	(82)	(70)	12
Amenities shared by whole community	(254)	(254)	0
<b>Housing Revenue Account</b>	<b>0</b>	<b>(714)</b>	<b>(714)</b>

<b>Key variances:</b>		
<b>Budget pressures – overspends/loss of income</b>		
<b>Rents, Rates, &amp; Other Property Costs:</b>		
Empty property costs	56	A backlog of historic cases has resulted in additional costs relating to void properties.
<b>Neighbourhood Services</b>		
Compensation to tenants	20	Insufficient budget provided.
<b>Savings/increased income</b>		
<b>Tenancy Services Manager:</b>		
Event costs	(50)	No events currently planned. .
<b>Innovation Team</b>		
Vacancies within the team	(116)	Due to vacancies and secondments within the team.
<b>Dwelling Rents:</b>		
Write offs of rental arrears	(100)	A backlog of rental arrears write offs were reviewed at the end of the last financial year resulting in lower cases this financial year.
<b>Interest Received:</b>		
Higher interest rates	(500)	Due to an increase in interest rates and higher cash balances, additional income is now expected.
Other minor variances	(24)	
<b>Total forecast variance</b>	<b>(714)</b>	

#### A.2.5. Outstanding debt – HRA

The current outstanding debt for the directorate at the end of Q1 was £0.869m across 1,251 invoices. A full list is circulated on a regular basis so that a review can be undertaken with the aim of identifying old debt which is unlikely to be recovered, and writing-off accordingly.

## Appendix B: Corporate and Commercial Services

### B.1 Performance

#### B.1.1 Summary of performance

Corporate & Commercial Services has four KPIs, all of which report quarterly. For Q1, the directorate reported one red and three green indicators.

The red indicator this quarter was:

- 'Council Tax collection – the amount of in year Council Tax plus arrears from old years collected (target set according to budget requirement)'. The commentary reflects that a change from amber to red for this quarter is disappointing, but likely an outcome of pressures on household finances as a result of the cost of living crisis.

The table below gives a view of Corporate & Commercial Services performance against its KPIs compared to the 21/22 year.

Indicator	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Council Tax Collection – the amount of in year council tax plus arrears from old years collected (target set according to budget requirement)	98.07	99.28	99.03	99.60	98.67
Council on track to remain within General Fund budget (£)	73,786.00	-277,642.00	-425,957.00	-2,364,000.00	-626,000.00
Business Rates Collection – the amount of in year business rates plus arrears from old years collected (target set according to budget requirement)	113.53	102.77	100.34	101.48	105.42
Average number of days taken to process new Housing Benefit claims from point of receipt to notification of entitlement	34.00	24.00	18.00	14.00	16.00

#### B.1.2. Successes and challenges

##### Successes:

**Council Tax Rebate:** Payments need to be made by the 30<sup>th</sup> September. For those payers on Direct Debit, payments have been made, and for others, bank details continue to be sought to make remaining payments. To date the Council has paid 45,994 rebates worth £6.9m. The Council also received £292,050 of discretionary funding to support households who are in need but not eligible for the Council Tax Rebate. This needs to be spent by 30<sup>th</sup> November and a scheme is currently being developed to ensure households in most need receive additional support.

**Enabling services:** The directorate has established the governance necessary to support the innovating enabling services programme. One of the projects within that programme is to replace the existing HR (iTrent) and Finance (Advanced E5) systems with a new Enterprise Resource Planning (ERP) system. Following a procurement exercise through the government's GCloud 12 framework, Embridge Consulting have been selected to implement the (Unit4) Agresso system in the council. Building of the main system is scheduled to take place from early August and, in addition we are progressing with the implementation of a new recruitment system as an early deliverable of the project.

**Statement of accounts:** The Audit Committee signed off the final 2020/2021 Statement of Accounts (SoA) and associated Annual Governance Statement in this quarter. Although significantly delayed because of issues with the national audit market which is beyond the council's control, there were no material issues for the audit to raise and they reflected on the way that the accounts were produced to the national timetable and audit queries were dealt with promptly and professionally. The statutory

deadline for the 2021/2022 SoA is the end of July, and the team are on track to deliver them on time again.

### **Challenges:**

**Discretionary Housing Payment scheme:** To be expected, as more people migrate to Universal Credit (UC) and suffer effects of the cost of living crisis, we are seeing an increase in the percentage of UC DHP applications awarded. In 2021, 37% of awards were to UC claimants, to date, this has increased to 46%. The value of these awards has also increased by 19% which is impacting on funding. If the current rate of spend continues, the DHP fund is predicted to be spent in full by the end of September 2022. The Council is currently looking at what options are available to support this and its ongoing cost of living work, including whether a further review of its current policy is required.

### **B.1.3 Case Study**

**Culture:** The Corporate Plan sets out a vision for the Council to be ‘an agile, collaborative, learning organisation where employees feel empowered to succeed and take responsibility’. Increased productivity stems from having an empowered workforce, trusted to deliver, with the ability to work flexibly. Key to achieving a sustainable and agile council for the future is to ensure that the culture aligns with this vision.

Alongside looking at how we deliver our services in the future to ensure they are effective and efficient and continue to meet the needs of the people of Norwich, we have commenced a review of culture to support that vision.

What we set out to achieve:

- Measure our current culture
- Identify our ideal culture
- Develop a plan to achieve our ideal culture
- Define our values and working principles for the future

Approach:

We have not taken a top-down approach but have engaged with the whole of the workforce to understand the current and ideal culture and how we work together to make sustainable changes. This has involved a culture survey sent to all employees, workshops to look at the outcomes of the survey and provide feedback, regular communication and a webinar. We have had fantastic response with over 500 surveys returned and over 200 employees have attended workshops

Next steps: future communications and webinar planned. Further workshops with middle managers and elected members, roadmap for change and new values being developed over the summer.

## **B.2 Finance**

### **B.2.1 Corporate & Commercial Services revenue budget**

The forecast outturn for the directorate at Q1 shows a £0.227m overspend.

## B.2.2 Key variances

The key variances are shown in the table below.

Corporate & commercial services		Budget (£000)	Forecast Outturn (£000)	Forecast Variance (£000)
Corporate & commercial services		511	505	(6)
Revenues & benefits		2,908	2,943	35
Finance, audit & risk		880	877	(3)
HR & organisational development		788	765	(23)
Legal & procurement		1,818	2,043	225
<b>Corporate &amp; commercial services</b>		<b>6,906</b>	<b>7,133</b>	<b>227</b>
Key variances:				
<b>Legal costs - nplaw</b>  Usage of legal services with nplaw have increased.	134	Data received from nplaw for Q1 shows an overspend of £0.075m. It is predicted that this level of overspend will continue for the remainder of the year. This overspend is partially offset by an increased profit share to partners including NCC (£0.202m for the year). Additionally, a proportion of these costs are distributed across the council based on service usage and include a significant sum to the HRA for dilapidations work and capital Towns' Fund projects. The gross overspend of £0.134m shown will be re-allocated to the relevant areas once the basis is known and agreed.		
<b>Elections</b>  Increased 22/23 elections costs and no expected grant funding.	107	In 2022, we only operate Norwich City Council elections, and thus there is less opportunity to share costs or receive income from running elections / referendums on behalf of other authorities. This has been exacerbated by additional costs of running the election whilst still managing covid-19 risks and the increased demand for postal votes. Such costs can be managed through use of the elections reserve, however this would erode the reserve significantly. As a result, we are currently assessing methodology for managing the reserve to offset costs across the elections cycle.		

<b>Other minor variances</b>	(15)	This includes budgets for a full-time union rep currently only working part-time hours.
<b>Total</b>	<b>226</b>	

Further detail is shown in **Appendix 1**.

#### Potential budget risks

- The council cannot recover in full the level of housing subsidy paid out and work is underway to assess this impact on a case by case basis for inclusion in the quarter 2 monitoring information.
- In previous years the corporate vacancy factor has been achieved in the directorate, however given the potential inflationary pressures on pay in 2022 there is a risk that this will not be fully achieved

#### B.2.3 Corporate Financing revenue budget

The forecast outturn for the directorate at Q1 shows a £0.872m underspend.

The key variances are shown in the table below.

<b>Corporate Financing</b>	<b>Budget (£000)</b>	<b>Forecast Outturn (£000)</b>	<b>Forecast Variance (£000)</b>
Corporate Financing	(23,560)	(24,432)	(872)
<b>Key variances:</b>			
<b>Treasury management</b> Improved performance as rates and cash balances have both increased.	(995)	The average level of cash balances has increased over the level assumed when setting the budget. Additionally, since April 2022 the bank base rate has increased which has fed through into the rates being offered for investing cash with counterparties. These factors lead to higher investment interest income variance of £1.380m, of which £0.385m is due to the HRA.	
<b>Intra group interest</b> NRL loan interest income reduced in 22/23	81	NRL loan interest income forecast is reduced due to revised assumptions re NRL borrowing - £2m in 22/23 rather than £6m; to be drawn down in November 22 at an interest rate of 6% (assumed increased BoE rate at November of 1.5% plus 4.5% as agreed in the NRL business plan).	
<b>Other minor variances</b>	42		
<b>Total</b>	<b>(872)</b>		

#### B.2.4 Savings tracker

	Target	Forecast	
Household Notification Letters	(30,000)	(30,000)	Complete
Commercial property reserve contribution	(417,000)	(417,000)	Complete
Borrowing cost underspends from 2021/22	(591,000)	(591,000)	Complete
Treasury management options 2022/23	(690,000)	(690,000)	Complete
Merchant Acquiring Services	(53,000)	(53,000)	Green
	<b>(1,781,000)</b>	<b>(1,781,000)</b>	

The tracker should be reviewed and updated by budget managers regularly.

#### B.2.5 Outstanding debt

The current outstanding debt for the corporate & commercial services and corporate financing directorates at the end of Q1 was £0.256m.



## Appendix C: Development and City Services

### C.1. Performance

#### C.1.1. Summary of performance

Development and City Services is responsible for ten KPIs, five of which report quarterly and five of which are annual indicators. For Q1, the five quarterly indicators continued to show good performance, with two being above target and the remaining three near to their target. The planning decisions and food hygiene indicators reported especially strong performance this quarter.

The directorate's quarterly performance across the five indicators shows two green and three amber.

The table below gives a view of Development and City Services performance against its KPIs compared to compared the 21/22 year.

Indicator	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Value of external funding leveraged to support council development and place-shaping priorities (£)				16,999,750.00	
Number of private rented sector homes made safe				5.00	
Number of new homes (both council and private) completed		166.00			
Number of affordable homes built, purchased or enabled by the council				23.00	
Number (of total) (%) of food premises rated 0,1 or 2 (non-broadly compliant), moving to a compliant rating of 3, 4 or 5 against the Food Hygiene Rating System following intervention by food safety officers	93.00	94.00	94.00	95.00	91.00
Council income from investment property portfolio expressed as % of target income	93.50	94.20	95.00	95.00	87.00
Area of underused council land brought into productive use (m2)				0.00	
% of planning decisions upheld after appeal (where council has won)	88.00	85.00	78.00	80.00	100.00
% of planning applications determined within statutory time limits	85.00	88.00	89.00	88.00	86.00
% household waste sent for reuse, recycling, composting (reporting on previous quarter)	38.80	39.60	40.20	39.10	39.10

Development & City Services performance in council income from investment property portfolio has dropped from green in Q4 to amber this quarter, however it continues to be above the intervention target. This change is mainly related to a single debtor and action is being taken to pursue. The team are also exploring steps to assist tenants and aid income following evidence of increased debt from retail tenants. They are also monitoring the increased risk of inflationary pressures on tenants. Planning applications determined within timescales and household waste indicators continue to report as amber, however both are above their intervention targets.

The directorate's performance in responding to FOI requests was down 12 percentage points compared with the previous quarter, but up 12 percentage points compared with Q1 2021. Similarly, DCS's performance in responding to corporate complaints within timescales has remained under target at 41%. There are plans in place for both planning and regulatory services and environmental services to improve response times.

#### C.1.2. Successes and challenges

##### Successes:

**The Food Safety Team:** Having recently been nominated and 'highly commended' at the ROARS staff awards, the team are well on target to complete food safety inspections in accordance with the targets set by the Food Standards Agency following delays to inspections during the Covid pandemic. The team are working tirelessly to ensure that food safety businesses in Norwich are safe and where they are not swiftly taking action to ensure compliance with standards. The team appeared on

national television in April 2022 (ITN News) to highlight and demonstrate the important work of food safety teams across the nation to keep residents and visitors in cities like Norwich safe.

**Housing Development:** Work is nearing completion on the developments of Hanover Road and Belvoir Street by Orwell Housing Association with handover anticipated in October. These sites will see the culmination of the replacement homes programme phase 1 which has delivered a total of 68 affordable homes. The council provided land and a grant of £2.54m of RTB receipts to facilitate these developments. The council has recently announced the second phase of this work through procuring a partnership arrangement with Orwell that will deliver further new affordable homes across the next 5 years. The council is also progressing well with the development of the former Kings Arms pub on Mile Cross Road.

**East Norwich Masterplan:** Q1 saw a significant milestone reached in the emerging proposals for the comprehensive regeneration of East Norwich which Cabinet's endorsement of the masterplan. The masterplan was produced following an exhaustive exercise that involved considerable engagement with the general public, interested stakeholders and close co-operation of all landowners (of which the City Council is one following the purchase of Carrow House). The masterplan was used to inform the evidence given in support of the emerging planning policy in the Greater Norwich Local Plan to its examination and, assuming the plan is able to adopted, should inform a Supplementary Planning Document which will maximise the prospects of securing the most sustainable form of overall development with far reaching benefits for the City as a whole. Following the endorsement of the masterplan close working with Homes England has been continuing to build the case to secure the necessary funds to deliver the largest and most significant brownfield redevelopment opportunity in the region.

#### **Challenges:**

**Volume of Complaints/FOIs and other requests:** Environmental Services and Planning and Regulatory Services provide front facing services of the Council where officers necessarily often make decisions which seek to regulate activity, e.g., planning permissions, or licensing applications, or where we have taken enforcement action against people and/or businesses, for example, where we enforce against fly tipping, or environmental crimes. These decisions may often leave people, affected either directly or indirectly, aggrieved, and it is therefore not unexpected that the number of complaints and enquiries which come into the service are high. In addition, the numbers of FOIs are high with both services often attracting a lot of press coverage or industry scrutiny. The resulting corporate processes place significant demand on staff to provide responses, some of which may require lengthy investigation prior to a reply being provided. Environmental Services currently has 137 outstanding processes and Planning and Regulatory Services 104. With limited timescales to reply the teams work hard to respond to as many as possible but meeting the deadlines and ensuring business as usual continues proactively is proving difficult at present. Action plans for addressing backlogs have been put in place and fortnightly monitoring has been implemented to address outstanding processes.

**Aligning resource to meet demand:** A lack of skills and resource is causing challenges with delivery in some areas, there have been difficulties recruiting to vacant posts needed to support ongoing transformation and change. Having the right skills and competencies in place is essential to the success of the organisation. All services in the directorate are currently looking at structures and resource and considering how to ensure we can avoid this in the future and grow skills in house to promote our vision as a learning organisation.

### C.1.3. Case Study

#### St Peters House

On Monday 11 April 2022, the Private Housing Sector team was notified by UK Power Networks that the power to St Peter's House, a block of 51 residential units on Cattle Market Street, was to be disconnected at 1230hrs due to an illegal connection to their sub-station and works not having been completed safely.

Private Sector Housing Officers attended the site and were informed there was no prospect of the power being restored for, potentially, several months, posing a serious risk to the health and safety of the residents.

Officers spoke with Norfolk Fire & Rescue Service and inspected the property to gather evidence of the deficiencies. It was established that service of an Emergency Prohibition Order (EPO) was the most appropriate course of action given the seriousness of the situation. This was served on all the residents to prevent occupation of the flats, which effectively made the residents homeless. The council's Housing Options team then led on the rehousing of the residents. This course of action was not taken lightly by the Council and is reserved for only the most serious of cases.

The council's Private Sector Housing team is working proactively with other agencies including UK Power Networks, Norfolk Fire and Rescue Service and CNC Building Control to ensure the safety of the building for the residents of St Peter's House and whilst it is taking some time to address the multitude of issues at the property, it is necessary to ensure that when residents return, they are safe in their homes. This case is an excellent demonstration of collaborative working of the private Sector Housing team with other regulatory partners as well as internal teams.

## C.2. Finance

### C.2.1. Development and City Services revenue budget

The forecast outturn for the directorate at Q1 shows a £0.127m overspend.

### C.2.2. Key variances

Figure 2.3 Development & City Services key variances

Development & City Services	Budget (£000)	Forecast Outturn (£000)	Forecast Variance (£000)
Development & City Services	480	480	0
Environment Services	3,460	3,743	284
Planning & Regulatory Services	2,352	2,334	(18)
Property & Economic Development	338	199	(140)
<b>Development &amp; City Services</b>	<b>6,630</b>	<b>6,757</b>	<b>127</b>
<b>Key variances:</b>			

<b>Parking MSCP:</b> Income from the three MSCP around the City.	135	<p>Advertisement income has stopped, due to contractor going into administration, leaving an income shortfall of £0.040. The service is currently looking for a new contractor. Season ticket income has reduced by £0.081; The adjacent hotel to St. Andrews CP no longer purchases season tickets for its guests.</p> <p>The car park maintenance budget has already been exceeded by £0.014.</p>
<b>Open Space Parking in the parks:</b> Proposals to charge the public to pay to park in the parks	75	<p>The saving proposal to charge for parking in the Council's parks has not yet been implemented meaning that there is a loss of £0.075 which represents the whole of the budgeted income.</p>
<b>NSCL review of contract price:</b> Managing the parks and garden contract	53	<p>A 2020/21 stretch savings target has not been achieved; the only way to achieve this would be through a contract price reduction which has not been implemented.</p>
<b>Norwich Airport Industrial Estate:</b> Commercial income continues to be received pending sale of site	(104)	<p>The land and units are due to be sold and the commercial income budget was reduced accordingly. Due to a delay in selling the site, it is now forecast that some income will be due to the City Council.</p>
<b>Investment income:</b> Income from commercial units better than expected	(82)	<p>The level of void properties is not as high as expected – this has resulted in a reduction in empty rates costs of £0.042m, and higher income forecasts than budgeted by £0.060m. There is an offsetting increase in utilities charges for void properties as the standing charges have increased. £0.020m.</p>
Other minor variances across the directorate.	50	
<b>Total</b>	<b>127</b>	

#### Potential budget risks

- In previous years the corporate vacancy factor has been achieved in the directorate, however given the potential inflationary pressures on pay in 2022 there is a risk that this will not be fully achieved.

### C.2.3. Savings tracker

	Director of City Development		
	Target	Forecast	
Gypsy and Traveller Site Management	(4,000)	(4,000)	Complete
Stretch - Biffa contract - 21/22 budget reduction	(68,000)	(90,495)	Green
Waste contract - 21/22 budget reduction	(157,000)	(157,000)	Green
Cashless parking - 21/22 budgeted saving	(110,000)	(110,000)	Green
Cemeteries income - 21/22 income budget	(50,000)	(50,000)	Green
Planning Fee Income	(105,000)	(105,000)	Green
HMO licence fee increase	(36,000)	(36,000)	Green
Review of Car Parking charges	(360,000)	(360,000)	Green
Review of Markets Income	(38,000)	(38,000)	Green
Norwich Airport Industrial Estate income	(70,000)	(104,444)	Green
Vaccination centre income	(47,000)	(47,000)	Green
City Dev Services service review	(10,000)	(10,000)	Amber
City Hall rental	(28,500)	(28,500)	Amber
Review of NCSL Contract	(195,000)	(195,000)	Amber
Expansion of charges for Parking in parks	(50,000)	0	Red
Review of NCSL Contract - 21/22 budget saving	(53,000)	0	Red
Expansion of charges for Parking in parks	(25,000)	0	Red
	<b>(1,406,500)</b>	<b>(1,335,439)</b>	

The tracker is reviewed and updated by budget managers regularly.

### C.2.4. Outstanding debt

The current outstanding debt for the directorate at the end of Q1 was £2.587m across 2,205 invoices. A full review is to be undertaken with the aim of identifying old debt which is unlikely to be recovered and writing-off accordingly.



## Annex 2: Performance



**NORWICH**  
City Council

# Quarterly Summary

**CORPORATE**  
**PERFORMANCE**

### Summary of Corporate KPI RAG performance in current quarter

Count of KPI performance RAG colour in current quarter by **Directorate**

Directorate	Red	Amber	Green
Community services	4	2	6
Corporate and commercial services	1		3
Development and city services		3	2
<b>Total</b>	<b>5</b>	<b>5</b>	<b>11</b>

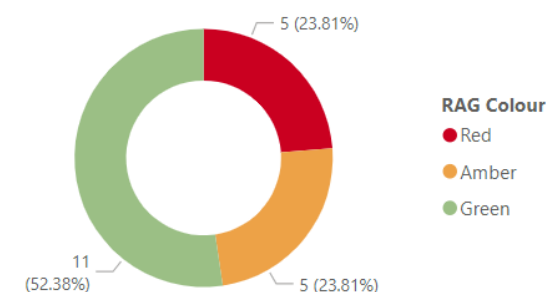
Count of KPI performance RAG colour in current quarter by **corporate priority**

Corporate priority	Red	Amber	Green
People live independently and well in a diverse, and safe city			5
Norwich is a sustainable and healthy city			1
Norwich has the infrastructure and housing it needs to be a successful city		2	2
Norwich City Council is in good shape to serve the city		3	2
<b>Total</b>	<b>5</b>	<b>5</b>	<b>11</b>

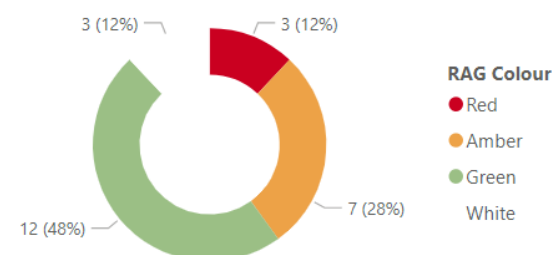
### RAG colour key

RAG Colour	RAG Commentary
Amber	Below target
Red	Below target - intervention may be needed
Green	Equal to or exceeding target
White	Monitoring data - no target set

Count of KPI performance RAG colour in **current quarter**



Count of KPI performance RAG colour in **previous quarter**





## Community services KPIs

Indicator	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Total number of private sector insulation measures completed	83.00	50.00	70.00	70.00	50.00
Number of homeless households living in temporary accommodation	37.00	39.00	43.00	41.00	47.00
IT System availability expressed as a percent of time available during core hours	99.95	99.94	99.96	99.86	99.94
Average re-let time of council homes in calendar days (excluding major works)	26.00	52.00	63.00	55.00	35.00
% reduction of CO2 emissions from Local Authority operations		9.00			
% of people responding as feeling safe in local area survey	62.00	62.00	58.00	59.00	65.00
% of households owed a homelessness prevention duty (in accordance with the Homelessness Reduction Act) where the duty was ended due to suitable accommodation being secured for them	66.00	64.00	81.00	80.00	74.00
% of FOI requests responded to within statutory timescales	64.61	84.16	81.32	91.19	79.52
% of customer's responding as satisfied with customer contact team service	81.20	79.19	78.74	78.35	70.43
% of customer contact that takes place through digital channels	41.03	43.29	42.88	42.75	54.29
% of council housing rent collected (excluding arrears brought forward)	98.06	97.91	99.39	99.35	95.87
% of council homes with a valid gas safety certificate	99.84	99.84	99.66	99.82	99.87
% of corporate complaints responded to within stated timescales	65.88	57.65	62.02	56.30	54.95



## Corporate and commercial services KPIs

Indicator	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Council Tax Collection – the amount of in year council tax plus arrears from old years collected (target set according to budget requirement)	98.07	99.28	99.03	99.60	98.67
Council on track to remain within General Fund budget (£)	73,786.00	-277,642.00	-425,957.00	-2,364,000.00	-626,000.00
Business Rates Collection – the amount of in year business rates plus arrears from old years collected (target set according to budget requirement)	113.53	102.77	100.34	101.48	105.42
Average number of days taken to process new Housing Benefit claims from point of receipt to notification of entitlement	34.00	24.00	18.00	14.00	16.00

## Development and city services KPIs

Indicator	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Value of external funding leveraged to support council development and place-shaping priorities (£)				16,999,750.00	
Number of private rented sector homes made safe				5.00	
Number of new homes (both council and private) completed		166.00			
Number of affordable homes built, purchased or enabled by the council				23.00	
Number (of total) (%) of food premises rated 0,1 or 2 (non-broadly compliant), moving to a compliant rating of 3, 4 or 5 against the Food Hygiene Rating System following intervention by food safety officers	93.00	94.00	94.00	95.00	91.00
Council income from investment property portfolio expressed as % of target income	93.50	94.20	95.00	95.00	87.00
Area of underused council land brought into productive use (m2)				0.00	
% of planning decisions upheld after appeal (where council has won)	88.00	85.00	78.00	80.00	100.00
% of planning applications determined within statutory time limits	85.00	88.00	89.00	88.00	86.00
% household waste sent for reuse, recycling, composting (reporting on previous quarter)	38.80	39.60	40.20	39.10	39.10





## All KPI details

KPI Ref	Service	Indicator	Frequency	Due to report
KPI: 01	Revenue and Benefits	Average number of days taken to process new Housing Benefit claims from point of receipt to notification of entitlement	Quarterly	
KPI: 02	Revenue and Benefits	Council Tax Collection – the amount of in year council tax plus arrears from old years collected (target set according to budget requirement)	Quarterly	
KPI: 03	Revenue and Benefits	Business Rates Collection – the amount of in year business rates plus arrears from old years collected (target set according to budget requirement)	Quarterly	
KPI: 04	Finance	Council on track to remain within General Fund budget (£)	Quarterly	
KPI: 05	Housing	% of council housing rent collected (excluding arrears brought forward)	Quarterly	
KPI: 06	Housing	Average re-let time of council homes in calendar days (excluding major works)	Quarterly	
KPI: 07	Housing	% of council homes with a valid gas safety certificate	Quarterly	
KPI: 08	Housing	Number of homeless households living in temporary accommodation	Quarterly	
KPI: 09	Housing	% of households owed a homelessness prevention duty (in accordance with the Homelessness Reduction Act) where the duty was ended due to suitable accommodation being secured for them	Quarterly	
KPI: 10	Environmental services	% household waste sent for reuse, recycling, composting (reporting on previous quarter)	Quarterly	
KPI: 11	Early intervention & community safety	% of people responding as feeling safe in local area survey	Quarterly	
KPI: 12	Environmental health	Number (of total) (%) of food premises rated 0,1 or 2 (non-broadly compliant), moving to a compliant rating of 3, 4 or 5 against the Food Hygiene Rating System following intervention by food safety officers	Quarterly	
KPI: 13	Environmental health	Number of private rented sector homes made safe	Biannual	Q2 and Q4
KPI: 14	Planning	% of planning decisions upheld after appeal (where council has won)	Quarterly	
KPI: 15	Planning	% of planning applications determined within statutory time limits	Quarterly	
KPI: 16	City Development	Council income from investment property portfolio expressed as % of target income	Quarterly	
KPI: 17	Planning policy	Area of underused council land brought into productive use (m2)	Annual	Q4
KPI: 18	City Development	Number of affordable homes built, purchased or enabled by the council	Annual	Q4
KPI: 19	Planning policy	Number of new homes (both council and private) completed	Annual	Q2
KPI: 20	Economic Development	Value of external funding leveraged to support council development and place-shaping priorities (£)	Annual	Q4



KPI: 21	Environmental strategy	% reduction of CO2 emissions from Local Authority operations	Annual	Q2
KPI: 22	Environmental strategy	Total number of private sector insulation measures completed	Quarterly	
KPI: 23	Customer contact	% of customer's responding as satisfied with customer contact team service	Quarterly	
KPI: 24	Customer contact	% of customer contact that takes place through digital channels	Quarterly	
KPI: 25	Customer contact	% of FOI requests responded to within statutory timescales	Quarterly	
KPI: 26	Customer contact	% of corporate complaints responded to within stated timescales	Quarterly	
KPI: 27	IT	IT System availability expressed as a percent of time available during core hours	Quarterly	



**Committee Name:** Cabinet

**Committee Date:** 14/09/2022

**Report Title:** Treasury Management Review 2021-22

**Portfolio:** Councillor Kendrick, resources

**Report from:** Executive director of corporate and commercial services

**Wards:** All Wards

## **OPEN PUBLIC ITEM**

### **Purpose**

This report sets out the Treasury Management performance for the year to 31 March 2022.

### **Recommendation:**

To note the report and the treasury activity for the year to 31 March 2022 and recommends it for approval by council.

### **Policy Framework**

The Council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city corporate priority

This report meets the Treasury management strategy policy adopted by the Council.

## **Report Details**

### **Background**

1. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual review of its treasury management activities and the final prudential and treasury indicators for each financial year. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
2. This report details the results of the council's treasury management activities for the financial year 2021/22. It compares this activity to the Treasury Management Strategy (TMS) for 2021/22, approved by full council on 22 February 2021. It will also detail any issues that have arisen in treasury management during this period.

### **Introduction**

3. Treasury management relates to the policies, strategies and processes associated with managing the cash and debt of the council through appropriate borrowing and lending activity. It includes the effective control of the risks associated with the lending and borrowing activity and the pursuit of optimum performance consistent with the risks.
4. For the 2021/22 financial year the reporting requirements were:
  - an annual Treasury Management Strategy in advance of the year (Council 22 February 2021).
  - a mid-year Treasury Management Review report (Council 8 December 2021).
  - an annual review following the end of the year describing the activity compared to the strategy (this report).
5. The regulatory environment places responsibility on members to review and scrutinise treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the council's policies which have previously been approved by members. This report summarises the following:
  - Capital activity during the year (paragraphs 6 - 10)
  - The impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement) (paragraphs 11 - 17)
  - The 2021/22 performance against the approved prudential and treasury indicators (paragraphs 18- 24)
  - The overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on its investment balances (paragraphs 25-30)

- The council's borrowing strategy and detailed debt activity (paragraphs 31-40)
- The council's investment strategy and detailed investment activity (paragraphs 41-51)

## The Council's Capital Expenditure and Financing 2021-22

- The 2021-22 capital programme budgets were approved as part of the budget papers approved by full council on 22 February 2021. Subsequent to this there were approved revisions to the 2021-22 capital budgets to include the 2020-21 capital carry forwards and new capital schemes approved during the year. The revised capital programme budget is shown in **Table 1** along with the mid-year position reported to cabinet in December 2021.
- Actual capital spending was under budget for the year by £33.430m. The actual level of resources needed to finance the expenditure was also less than that originally estimated. Capital expenditure forms one of the required prudential indicators. **Table 1** shows the estimates and then the actual capital expenditure for 2021/22 and how this was financed in the year:

**Table 1: Capital Programme Financing**

	2021/22 Original Budget	2021/22 Final Budget	2021/22 Mid-Year Estimate	2021/22 Actual Outturn	Variance from Final Budget
Capital Expenditure	£m	£m	£m	£m	£m
General Fund capital expenditure	20.802	21.045	18.380	10.827	(10.218)
General Fund capital loans	0	0	0	0	0
HRA capital expenditure	48.839	45.962	37.209	22.758	(23.204)
<b>Total Expenditure</b>	<b>69.641</b>	<b>67.007</b>	<b>55.589</b>	<b>33.585</b>	<b>(33.422)</b>
Financed by					
Capital receipts	21.947	21.694	9.092	4.110	(17.584)
Capital grants/contributions	19.621	17.023	15.254	9.529	(7.494)
Capital & earmarked reserves	15.464	18.280	23.072	18.280	0
Revenue	11.934	7.169	7.330	1.106	(6.063)
<b>Total Financing</b>	<b>68.967</b>	<b>64.166</b>	<b>54.747</b>	<b>33.585</b>	<b>(31.141)</b>
Borrowing need for the year	<b>0.674</b>	<b>2.841</b>	<b>0.841</b>	<b>0.560</b>	<b>(2.281)</b>

- Norwich Regeneration Ltd (NRL) is a private limited company wholly owned by Norwich City Council. In order to finance its housing development, NRL borrows money at commercial interest rates from the Council. During 2021-22 NRL repaid loans of £6.500m, with no new loans being made. Therefore, as at 31 March 2022 the company had a loan outstanding with the council of £6.150m (2020/21 £12.650m). These transactions were in line with the lending facility approved by council. The impact of the loan movements on the capital financing requirement is shown in Table 2.
- Norwich City Services Ltd (NCSL) is a private limited company wholly owned by Norwich City Council. To finance the set-up of the company including capital

works on its depot building, the council has provided NCSL with both loan and equity financing. A 20-year capital loan of £1.140m was advanced to the company as well as a working capital loan of £0.500m. Equity investment was made into the company of £0.370m. During 2021/22 the Council loaned a further £0.180m to NCSL resulting in total loans outstanding with the Council of £1.820m (2020/21: £1.640m). No additional equity was purchased in NCSL by the Council (2020/21: £0.370m purchased).

The impact of these capital loan movements on the capital financing requirement is shown in Table 2.

10. Capital expenditure may either be:

- Financed immediately through the application of capital or revenue resources (e.g. capital receipts, capital grants, revenue contributions etc.), which does not impact on the Council's borrowing need; or
- Financed by either external or internal borrowing, if there is insufficient financing available, or a decision is taken not to immediately apply resources.

**Council's overall borrowing need**

11. The council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). The CFR increases as the council incurs capital spending and then if it does not apply resources immediately to finance the capital spend, (i.e. capital receipts, capital grants, capital reserves or revenue), a borrowing need arises. The 2021/22 CFR year-end balance is the cumulative total of the 2021/22 unfinanced capital expenditure i.e. £0.560m and prior years' unfinanced capital.
12. Treasury management includes addressing the funding requirements for this borrowing need; it also includes maintaining a position to ensure sufficient cash is available to meet the capital expenditure as they occur. This may be sourced through borrowing from external bodies, e.g. the Government through the Public Works Loan Board (PWLb) or the money markets, or utilising temporary cash resources within the Council (known as internal borrowing).
13. The council's (non-HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. This requirement is met by making an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-HRA borrowing need (there is no statutory requirement to reduce the HRA CFR).
14. The total CFR can also be reduced by either:
- the application of additional capital financing resources (such as unapplied capital receipts)
  - charging more than the statutory MRP each year through a Voluntary Revenue Provision (VRP).

15. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External borrowing can be taken or repaid at any time, but this does not change the CFR.
16. The Council's CFR for the year is shown below and is a key prudential indicator. It includes leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

**Table 2: Capital Financing Requirement**

	2021/22 Original Estimate	2021/22 Revised Estimate	2021/22 Outturn (unaudited)
<b>Opening General Fund CFR</b>	<b>£000</b> <b>120,100</b>	<b>£000</b> <b>122,330</b>	<b>£000</b> <b>121,183</b>
Prior years adjustment			
Movement in General Fund CFR	1,200	(9,133)	(7,163)
<b>Closing General Fund CFR</b>	<b>121,300</b>	<b>113,197</b>	<b>114,020</b>
<i>Movement in CFR represented by:</i>			
Borrowing need (capital programme)	674	841	560
Loan repayment	(55)	(8,555)	(6,500)
Less MRP and other financing adj.	581	(1,419)	(1,223)
<b>Movement in General Fund CFR</b>	<b>1,200</b>	<b>(9,133)</b>	<b>(7,163)</b>
<b>Opening HRA Fund CFR</b>	<b>207,518</b>	<b>207,517</b>	<b>207,517</b>
Movement in HRA CFR	0	0	(1)
<b>Closing HRA CFR</b>	<b>207,518</b>	<b>207,517</b>	<b>207,516</b>
<b>TOTAL CFR</b>	<b>328,818</b>	<b>320,714</b>	<b>321,536</b>

17. Borrowing activity is constrained by prudential indicators for borrowing and the CFR, and by the authorised limit.

### The prudential and treasury indicators

18. **Gross borrowing and the CFR** - to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2020/21) plus the estimates of any additional capital financing requirement for the current (2021/22) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this indicator.

**Table 3: Gross Borrowing**

	<b>2021/22 Original Estimate £m</b>	<b>2021/22 Revised Estimate £m</b>	<b>2021/22 Actual £m</b>
Gross borrowing	219.853	232.300	262.301
CFR	328.818	320.714	321.536
<b>Over Borrowed/(Under Borrowed)</b>	<b>(108.965)</b>	<b>(88.414)</b>	<b>(59.235)</b>

19. **The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The Table 4 below demonstrates that during 2021/22 the Council has maintained gross borrowing within its authorised limit.
20. **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

**Table 4: Authorised Limit & Operational Boundary**

	<b>2021/22 Original Estimate £m</b>	<b>2021/22 Revised Estimate £m</b>	<b>2021/22 Actual £m</b>
<b>Authorised Limit for external debt</b>			
Borrowing	358.138	358.138	358.138
Other long-term liabilities	0.680	0.680	0.680
<b>Total Agreed Authorised Limit</b>	<b>358.818</b>	<b>358.818</b>	<b>358.818</b>
<b>Operational boundary for external debt</b>			
Borrowing	328.138	328.138	328.138
Other long-term liabilities	0.680	0.680	0.680
<b>Total Agreed Operational Boundary</b>	<b>328.818</b>	<b>328.818</b>	<b>328.818</b>
<b>External debt (including other long-term liabilities e.g. finance leases)</b>			<b>315.518</b>

21. **Liability Benchmark**

Following the release of the CIPFA Treasury Management in the Public Services Guidance Notes, CIPFA have introduced the liability benchmark as a new Prudential Indicator. The guidance states that “the liability benchmark is a projection of the amount of loan debt outstanding that the authority needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows.” The City Council will need to include this new treasury management indicator from 1st April 2023.

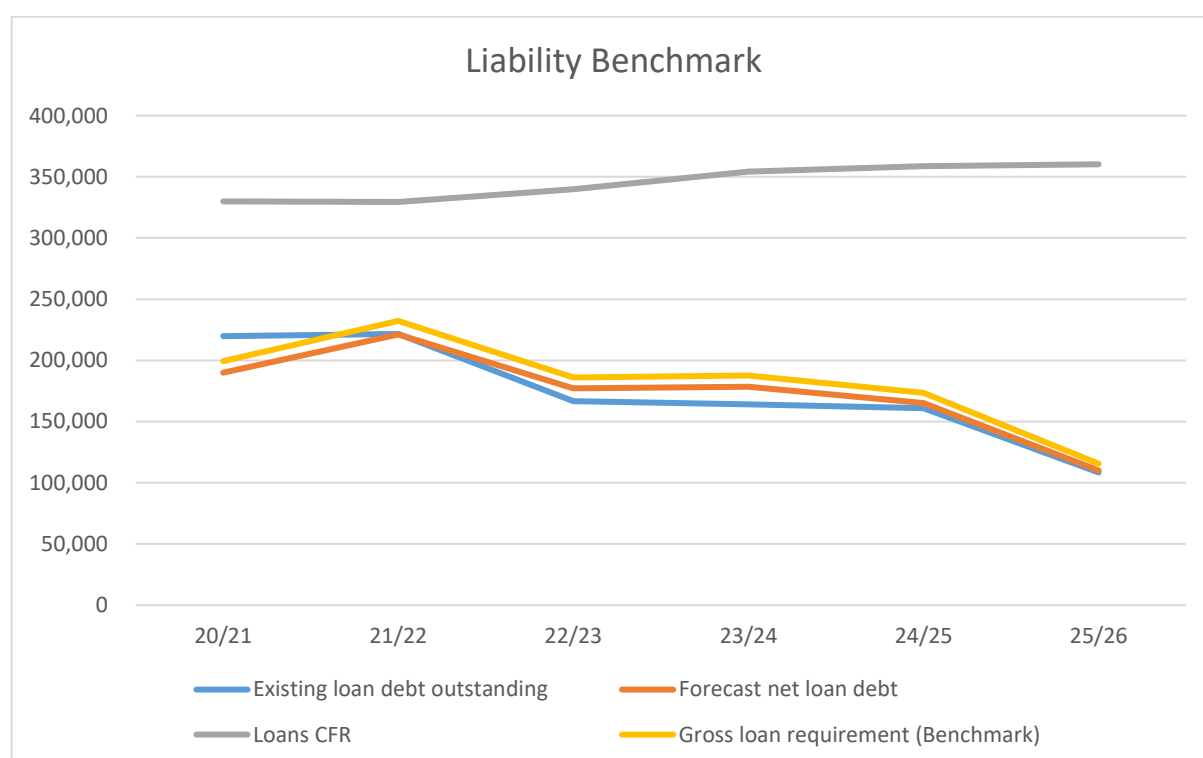
The revised Treasury Management code will require an authority to implement a new debt liability benchmark treasury indicator - to support the financing risk management of the capital financing requirement and is to be shown in chart



form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;

Link Asset Services have prepared a Liability Benchmark template based on the example workings provided within the Treasury Management in the Public Services Guidance Notes. The template will enable the City Council to populate it with our own data and produce the Liability Benchmark chart and tables to be included in formal reporting required from 2023/24.

22. As part of preparations to implement the new required prudential indicators, the City Council has prepared a draft graph presented below.



The liability benchmark is presented as a chart of four balances which are:

- Existing loan debt outstanding: the authority's existing loans which are still outstanding in future years;
- Loans CFR: calculated in accordance with the loans CFR definition in the Prudential Code, and projected into the future based on approved prudential borrowing and planned MRP taking account of approved prudential borrowing;
- Net loans requirement: the authority's gross loan debt, less treasury management investments, at the last financial year end, projected into the future based on its approved prudential borrowing, planned MRP and any other forecast major cash flows and;
- Liability benchmark (or Gross Loans Requirement) = Net loans requirement + short term liquidity allowance.

Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position which will result in excess cash requiring investment.

The graph above is in line with the Approved MTFS which also includes the Treasury Managements Strategy.

### **Actual financing costs as a proportion of net revenue stream**

23. The authority is required to report on the ratio represented by its net financing costs to its net revenue stream. For the general fund net revenue is represented by the amount that is funded by government grants and council tax payers, while for the HRA it is the rental income paid by tenants. This is intended to be a measure of affordability, indicating how much of the authority's revenue is taken up in financing its debt.
24. Table 5 shows that the general fund outturn is lower than the estimate due to lower than budgeted borrowing costs combined with a higher net revenue due to additional covid-19 related grant income. The HRA affordability ratio is higher than estimated due to the inclusion of £5M of capital costs which have been written back to revenue where the essential adaptations and enhancements to properties carried out did not add value to the asset. Last year's outturn was at a similar level 44.0% (2020-21).

**Table 5: Affordability Ratio**

	<b>2021/22</b>	<b>2021/22</b>
<b>Affordability of financing costs</b>	<b>Estimate</b>	<b>Actual</b>
General fund - financing costs as a percentage of net revenue	11.59%	8.66%
HRA - financing costs as a percentage of rental income	39.93%	48.44%

### **Treasury Position as at 31 March 2022**

25. The Council's debt and investment position is managed by the in-house treasury management team. All activities are undertaken primarily to ensure security for investments, to ensure that there is adequate liquidity for revenue and capital activities, and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity.
26. During 2021/22 the council's treasury management function operated a target to maintain daily closing current account bank balances between £0 and £200,000. The target was set to ensure a minimal cash liquidity balance and maximise returns on available cash balances. The target measure was for cash balances not to be outside the £0 and £200,000 threshold for more than twelve days in the year. The target was met for the year however, due to a banking system failure, for one day cash balances held overnight in the account exceeded £200,000. From 1<sup>st</sup> April 2022 the Council has implemented a pooling arrangement for all its bank accounts with Barclays. Interest is now earned on all remaining balances without the need to move these to an interest bearing account.
27. The council's actual borrowing position at 31 March 2022 and activity during 2021/22 is detailed in the table below. Borrowing has remained within the authorised limit of £358.818m throughout the year.

**Table 6: Borrowing activity 2021/22 (excluding finance leases)**

	PWLB loans £m	Market loans £m	Total £m	Average interest rate %
Opening balance (1 April 2021)	214.107	5.000	219.107	
New borrowing taken	45.000	-	45.000	
Borrowing matured/repaid	(2.500)	-	(2.500)	
Closing balance (31 March 2022)	<b>256.607</b>	<b>5.000</b>	<b>261.607</b>	<b>3.3</b>
Authorised limit for external debt			358.818	

28. The maturity structure of the debt portfolio was as follows:

**Table 7: Maturity Structure of Fixed Rate Borrowing**

	%	31-Mar-22 £m
Under 12 months	19.48	50.96
Between 12 months and 2 years	1.53	4.00
Between 2 years and 5 years	24.15	63.20
Between 5 years and 10 years	23.42	61.26
Over 10 years	31.42	82.19
Perpetually irredeemable stock		0.50
<b>Total borrowing</b>		<b>262.11</b>

29. Table 8 shows the movement in investments in the year. The movement is a combination of several factors including: an increase in the Council's internal borrowing (see table 3); repayment of loan agreements; an increase in short term creditors and a reduction in long term debtors. These can be seen on the face of the council's Balance Sheet, shown in the draft Statement of Accounts.

**Table 8: Investment Movements**

	31 March 2021 £m	Net movement £m	31 March 2022 £m
<b>Short term</b>			
Banks	15.000	25.000	40.000
Building Societies	0.000	25.000	25.000
Local Authorities	15.000	30.000	45.000
<b>Cash Equivalents</b>			
Banks	23.750	(7.225)	16.525
Non-UK Banks	0.000	12.000	12.000
Building Societies	0.000	0.000	0.000
Local Authorities	0.000	0.000	0.000
Money Market Funds	21.070	2.930	24.000
UK Government	0.000	2.000	2.000
<b>Total Internally Managed Funds</b>	<b>74.820</b>	<b>89.705</b>	<b>164.525</b>

30. The maturity structure of the investment portfolio was as follows:

**Table 9: Maturity Structure**

	31 March 2021 £m	31 March 2022 £m
Under 1 year	74.820	164.525
Over 1 year	0.000	0.000
	<b>74.820</b>	<b>164.525</b>

### Borrowing Strategy for 2021/22

31. The council maintained an under-borrowed position in 2021/22. This means that the capital borrowing need (the 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 during the year investment returns were low and counterparty risk is relatively high.
32. Table 10 below shows the interest rate forecast to June 2025. These forecasts have been provided by the Council's treasury advisor, Link Asset Services and show gradual rises in medium and longer-term fixed borrowing rates over the next two financial years. Variable, or short-term rates, are expected to be the cheaper form of borrowing over the period.

**Table 10: Interest Rate View**

Link Group Interest Rate View	09.08.22													
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	
BANK RATE	2.25	2.50	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.00	
3 month ave earnings	2.50	2.80	3.00	2.90	2.80	2.50	2.40	2.30	2.30	2.30	2.20	2.20	2.20	
6 month ave earnings	2.90	3.10	3.10	3.00	2.90	2.80	2.70	2.60	2.50	2.50	2.40	2.30	2.30	
12 month ave earnings	3.20	3.30	3.20	3.10	3.00	2.90	2.80	2.70	2.40	2.40	2.40	2.40	2.40	
5 yr PWLB	2.80	3.00	3.10	3.10	3.00	3.00	2.90	2.90	2.80	2.80	2.80	2.70	2.70	
10 yr PWLB	3.00	3.20	3.30	3.30	3.20	3.10	3.10	3.00	3.00	3.00	2.90	2.90	2.80	
25 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.40	3.30	3.30	3.20	3.20	3.20	3.10	
50 yr PWLB	3.10	3.20	3.20	3.20	3.20	3.10	3.10	3.00	3.00	2.90	2.90	2.90	2.80	

Source: Link Treasury 2022 (PWLB rates include adjustments for Certainty rate discounts)

33. Given the under-borrowed position of the council (Table 3) it was reported mid-year that it would be likely the Council would need to undertake fixed rate long-term borrowing within the short to medium term. On 22/07/21 the council took out a £5m fixed rate 50-year loan with PWLB at an interest rate of 1.64% and a further £10m fixed rate 50-year loan was taken on 05/11/2021 at 1.7%.
34. As interest rates fell again, on 7/12/21 three fixed rate **loans for £10m each** were taken out with interest rates of 1.38%, 1.4% and 1.41% for 49 years, 47 years and 46 years respectively. This borrowing was in line with the Treasury Strategy and the interest costs are within the 2021/22 revenue budget provision. Given that interest rates have risen significantly subsequently as a response to inflationary pressures this approach has been successful in managing the council's long term debt position at low cost. Any further decisions to borrow will be reported to Cabinet at the next available opportunity.

### PWLB rates

35. PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields.

As the interest forecast table for PWLB rates above shows, there is likely to be a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.

36. The Council has previously relied on the PWLB as its main source of funding; however, the council will consider alternative sources of borrowing as appropriate and in line with the treasury management strategy. We will continue to liaise closely with our treasury advisors, monitor the borrowing market and update Members as this area evolves.
37. The Municipal Bond Agency are now offering loans to local authorities. This Authority may make use of this emerging source of borrowing as and when appropriate. This is within the existing approved Treasury Management Strategy.

### **Forward borrowing considerations to mitigate expected future interest rate increases**

38. The Council may also look to arrange forward borrowing facilities should the future borrowing risk rise, although the recent increase in rate may mitigate against this in the short term. The policy on forward borrowing has been complied with in 2021-22.

### **Debt Rescheduling**

39. No debt rescheduling was undertaken during 2021-22 as low interest rates during that year would have increase the costs of any redemption premia costs. As interest rates rise in 2022 the use of such an approach will be kept under review.

### **Borrowing Outturn for 2021-22**

40. During 2021-22 the Council repaid £2.5m PWLB debt and borrowed £45m from the PWLB taking advantage of a drop in interest rates. The council paid £8.230m in interest costs on external loans, this compares to a budget of £8.640m. The reduction against budget was due to the continued use of internal borrowing rather than external borrowing as a result of holding sufficient cash balances.

### **Investment Strategy for 2021-22**

41. The TMS for 2021-22, which includes the Annual Investment Strategy, was approved by the council on 22 February 2021. It sets out the council's investment priorities as being Security of capital, Liquidity; and Yield.
42. No policy changes have been made to the investment strategy, the council will continue to aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity.
43. This report does not cover the council's investment strategy in regard to non-financial investments. These investments which include the purchasing of commercial property and lending to third parties were covered under the Non-Financial (Commercial) Investment Strategy published in February 2021 as part of the Budget papers.
44. As part of the new Prudential and Treasury Management codes councils are now required to review assets held for investment purposes against ongoing

borrowing requirements. The code requires councils to consider disposal of investments to finance borrowing where the sale of an investment is financially viable. The Council is currently undertaking a review of its investment portfolio to determine assets returns and the potential cost of disposal.

45. The Treasury Management Strategy is published on the council's website. Following a review of the document and the counterparty credit rating criteria an amendment has been made to the wording to remove potential ambiguity.
46. Link Asset Services have prepared the counterparty list based on their understanding of the original wording to mean that if a building society meets a minimum credit rating applicable to a bank, then the bank maximum duration and counter limit apply – not the building society maximum duration and counterparty limit.
47. The minor wording change has been agreed with Link Asset Services the Council's Treasury advisors and approved by the Executive Director of Finance in accordance with the delegated powers under the council's constitution. The original and revised table is shown at Appendix 1.

### Investment Outturn for 2021-22

48. The investment activity during the year conformed to the approved strategy, and the council had no liquidity difficulties.

### Reserves

49. The council's cash balances comprise revenue and capital reserves and day to day cash flow monies.

Within the reserve figures below the main reduction year on year was against Earmarked Reserves and was mainly due to the application of Government grants during 2021-22 to compensate the council for loss of income in respect of business rate income due to reliefs given to business in response to the COVID19 Global Pandemic.

There was an increase in the HRA reserve due to the HRA surplus in 2021-22 and the usable capital receipts reserve due to the sale of assets. The council's reserves are shown in the draft 2021-22 statement of accounts and comprise the balances summarised in Table 11 below.

**Table 11: Balance Sheet Reserves**

	<b>31-Mar-21</b>	<b>31-Mar-22*</b>
	<b>£m</b>	<b>£m</b>
General Reserves	9.890	10.336
HRA	43,370	51.373
Earmarked Reserves	36.992	30.697
Useable Capital receipts	55.726	64.353
Capital grants Unapplied	4.274	4.249
Major Repairs Reserve	10.020	7.281
<b>Total</b>	<b>160,272</b>	<b>168,289</b>

\* Unaudited figures

50. The council's year-end balance of cash and short-term investments was £164.525m. These internally managed funds earned an average rate of return of 0.4%.
51. The council is part of a benchmarking group (facilitated by our treasury management advisors, Link Asset Services) across Norfolk, Suffolk & Cambridgeshire. The table below shows the performance of the council's investments when compared with this benchmark group, and also when compared with the non-metropolitan districts and all authorities that use Link's benchmarking group facility.

**Table 12: Link benchmarking - position at 31 March 2022**

	<b>Norwich</b>	<b>Benchmark Group 7 (12)</b>	<b>Non met districts (87)</b>	<b>All authorities (224)</b>
WARoR <sup>1</sup>	0.40%	0.45%	0.45%	0.44%
WA Risk <sup>2</sup>	3.33	3.84	2.95	2.95
WAM <sup>3</sup>	70	46	76	74
WATT <sup>4</sup>	136	98	139	142

Source: Link Treasury March 2022

<sup>1</sup> **WARoR** Weighted Average Rate of Return This is the average annualised rate of return weighted by the principal amount in each rate.

<sup>2</sup> **WA Risk** Weighted Average Credit Risk Number Each institution is assigned a colour corresponding to a suggested duration using Link Asset Services' Suggested Credit Methodology.

<sup>3</sup> **WAM** Weighted Average Time to Maturity This is the average time, in days, till the portfolio matures, weighted by principal amount.

<sup>4</sup> **WATT** Weighted Average Total Time This is the average time, in days, that deposits are lent out for, weighted by principal amount.

52. The council's average investments return (0.40%) is comparable with that for the benchmark group (0.45%), the 87 non-met authorities (0.45%) and the population of 224 local authorities (0.44%). The WATT and the average investment return in 2021/22 is slightly higher than the benchmarking group and comparable to the other authorities whilst still allowing the authority to keep council funds readily available to pay government grants and make capital programme payments as they fell due.

## Consultation

53. The report is the outturn position statement to ensure that council are kept informed of treasury activity. No additional consultation has been undertaken.

## Implications

## Financial and Resources

54. There are no proposals in this report that would reduce or increase resources however it does report on the performance of the council in managing its

borrowing and investment resources which have significant financial implications for the council.

## Legal

55. The council is required by regulations issued under the Local Government Act 2003 to produce an annual review of its treasury management activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

## Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	n/a
Health, Social and Economic Impact	n/a
Crime and Disorder	n/a
Children and Adults Safeguarding	n/a
Environmental Impact	<p>Sustainable investment products are an area of growth in the market. These options will be considered where the investments are in line with approved Treasury Management Strategy.</p> <p>Security, liquidity and yield remain the cornerstones of the council's Treasury Management Strategy, and it is vital that all investments ensure the security of council funds as a priority and remain compatible with the risk appetite of the council and its cash flow requirements.</p>

## Risk Management

Risk	Consequence	Controls Required
Future interest rate changes can offer both opportunity and risk.	Future interest rate changes need to be assessed against the cost of borrowing.	To mitigate the risk, we will continue to work closely with the council's advisors to review interest rate forecasts to assess when we would look to borrow.



## **Other Options Considered**

56. No other options to be considered. The report is to inform council of the treasury activity for the year to 31 March 2022.

## **Reasons for the decision/recommendation**

57. To ensure that council are kept informed of treasury activity.

**Background papers: None**

## **Appendices:**

### **Appendix 1 – Extract wording from Treasury Management Strategy**

#### **Contact Officers:**

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## Appendix 1 Treasury Management Strategy

Original wording

Counterparty/Financial instrument	Minimum Credit Criteria or Equivalent	Specified Investments		Non-specified Investments	
		Maximum duration	Counterparty Limit (£m)	Maximum duration	Counterparty Limit (£m)
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	£20m	2 years	£10m
Banks (Term deposits, CD, Call & Notice accounts)	AA+	12 months	£17m	12 months	£5m
	AA				
Banks (Term deposits, CD, Call & Notice accounts)	AA-	12 months	£10m	n/a	n/a
	A+				
	A				
Banks (Term deposits, CD, Call & Notice accounts)	A-	6 months	£5m	n/a	n/a

Amended wording

Counterparty/Financial instrument	Minimum Credit Criteria or Equivalent	Specified Investments		Non-specified Investments	
		Maximum duration	Counterparty Limit (£m)	Maximum duration	Counterparty Limit (£m)
Term Deposits with UK Building Societies	Assets worth at least £2.5bn but do not meet the minimum Bank/Building Society credit Criteria	12 months	£5m	n/a	n/a
Banks/UK Building Societies (Term deposits, CD, Call & Notice accounts)	AAA	12 months	£20m	2 years	£10m
Banks/UK Building Societies (Term deposits, CD, Call & Notice accounts)	AA+	12 months	£17m	12 months	£5m
	AA				
Banks/UK Building Societies (Term deposits, CD, Call & Notice accounts)	AA-	12 months	£10m	n/a	n/a
	A+				
	A				
Banks/UK Building Societies (Term deposits, CD, Call & Notice accounts)	A-	6 months	£5m	n/a	n/a



**Committee Name: Cabinet**

**Committee Date: 14/09/2022**

**Report Title: An update on Health, Safety and Compliance in Council Homes and Buildings**

**Portfolio:** Councillor Harris, Deputy leader and cabinet member for social housing

**Report from:** Executive director of community services

**Wards:** All Wards

**OPEN PUBLIC ITEM**

**Purpose**

To provide an update to members about health, safety and compliance management and improvement in council homes and buildings.

**Recommendation:**

It is recommended that members note the content of this report.

**Policy Framework**

The Council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report addresses the following corporate priorities

- People live independently and well in a diverse and safe city.
- Norwich has the infrastructure and housing it needs to be a successful city.

The Council's Housing Strategy '*Fit for the Future*' A Council Housing Strategy for Norwich sets priorities for the Council's homes and estates for the period 2020 to 2026. It identifies four primary goals, these are:

- Delivering new homes
- Maintaining and improving condition of existing housing
- Improving the use and management of our existing housing stock
- Improving our neighborhoods

The Council's Strategic Asset Management Framework 2022 sets out the policy, strategy and action plan for management of non-housing property assets. This sets

out six policy themes including 'compliant and financially resilient management of assets'.

## **Report Details**

1. Norwich City Council (NCC) is landlord of approximately 14,500 council homes and the freeholder for the buildings in which approximately 3,000 leaseholder homes are situated. It also owns more than 900 assets held on the general fund.
2. Registered providers of social housing (including councils and housing associations) are governed by the Regulator of Social Housing (RSH). The objectives of the RSH are set out in the Housing and Regeneration Act 2008. At the core of the RSH regulation is a set of standards which registered providers landlords must comply with.
3. In November members considered the outcomes of a review by the RSH following the self-reporting by NCC on 28th July 2021 of a possible breach of the home standard. The RSH found that NCC had breached the Homes Standard and published a Regulatory Notice. The RSH did not feel it necessary to take any enforcement action against NCC because they have confidence in NCC's plans to improve services and return to full compliance.
4. The steps being taken, and progress are set out in the remainder of this report which is the third of the quarterly reports requested following the report to Cabinet in November 2021.

## **Oversight and Governance**

5. Governance is provided by the Compliance Board. The Board has been established since November 2021 and is meeting monthly to receive updated information, to consider progress, and agree further actions to be taken. The Board has oversight of both housing and non-housing property compliance within the NCC property estate. Board members include the portfolio holders of both social housing and resources, the Chief Executive, the Executive Directors of Communities and Development and City Services, the Monitoring Officer and the s.151 Officer or their Deputy.
6. A monthly meeting is held between officers and the RSH to report and discuss progress. The RSH is satisfied with the progress being made and arrangements in place.
7. The Council entered into a voluntary undertaking with the RSH in July 2022. This is an agreement which confirms the steps that will be taken by NCC to achieve full compliance and when completed will help to inform the RSH in their decision to lift regulatory supervision.
8. The delivery of the voluntary undertaking is supported by the Compliance Delivery Group (CDG) which includes three independent experts from outside the Council. This group advises the Compliance Board in delivering the compliance improvement plan. The CDG held their first meeting in August 2022.

## **Compliance Improvement Plan**

9. Good progress has been made in achieving the actions incorporated in the compliance improvement plan. This live document has been updated as information has been clarified and progress has been made to complete tasks. An update of the priority actions in the compliance improvement plan is provided below. This shows that considerable progress has been made since November.
10. There is also a compliance improvement plan for the general fund assets. Given that compliance will vary between assets, and depending on landlord and tenant obligations, assets are being mapped to assess landlord and tenant obligations and liabilities.
11. General Fund (non-housing) properties were prioritised to ensure that resource is focused on high risk, high liability assets first. Work has now been completed to map the compliance responsibilities on the high priority general fund assets of which 75 have been identified. Tenants are being written to in order to outline their compliance responsibilities and provide compliance documentation back to the Council. Initially this will be for high priority assets followed by medium and low priority assets later in the financial year. Compliance reporting and remedial actions where responsibility falls on the landlord is ongoing for high priority assets with the aim of completing this work by the end of the year. Once this has been completed work will commence on medium and then low priority assets for which responsibilities will typically fall to tenants.
12. A further aspect of the compliance improvement plan is the review of existing programmed maintenance of non-housing assets to ensure that annual maintenance regimes are fit for purpose. This will take place alongside the mapping exercise. Financial resources for general fund compliance activity will be from the commercial property and repairs reserves as agreed by cabinet in November. A separate compliance dashboard for general fund assets has been developed alongside the mapping exercise.

The table below provides an update of the current priority actions in the compliance Improvement plan. Six actions that were reported to the Cabinet as complete at the last update have been removed from this report. Two new actions have been added and others have been updated.

Project/Activity	Position in Nov 2021	Current Position May 2022	RAG May 2022
Undertake a mapping exercise of non-housing assets and compliance requirements	Review identified	Work has commenced	
Undertake a compliance audit on contractors working in council homes	Work was commissioned	As contractors appointed all necessary checks undertaken prior to work commencing.	
Undertake a competence and capacity review of all employees involved in this area	To be commenced	Commenced since staff transferred to the council in April 2022. Program of training is being implemented and will continue	
Ensure the staffing structure is fit for purpose and will deliver a high quality compliance services	Not reported	Initial work to identify future structure completed. Further review to be undertaken by CLT before plans finalised	
Establish Health & Safety governance Board	To be commenced	Ongoing and meeting monthly to monitor progress	
Establish the Compliance delivery Group to advise the Compliance Board	Not reported	Group established with 3 independent members	
Review all compliance policies and Procedures	To be commenced	Review commenced April 2022. All P&P's mapped and work program created	
Review non-housing programmed maintenance schedules	Not reported	Timescales revised to tie in with amendments to the improvement plan with the aim of completing by January 2023	
Undertake a quality review, back 5 years, of all Fire Safety improvement works	To be commenced	Validation of existing data started through the annual inspection program and targeted surveys.	
Appoint appropriately accredited asbestos surveyors and contractors to undertake re-inspections and remedial works	Not reported	Contractors appointed April 2022 and specialist recruited to oversee the program	

## Housing Compliance Dashboard

13. As reported in February, the overdue work and current work are monitored separately to provide clarity on the progress being made in reducing the overdue backlog work. All inspections and remedial works not completed in accordance with the established timescales by 31 December 2021 are deemed overdue and these are reported below. All actions since then are being monitored with the intention they will be completed within the required timescales.
14. Overall good progress has been made in the last quarter with overdue inspections and remedial works reducing in all areas.
15. All overdue inspections and remedial works have been completed in the following areas
  - Gas safety


- Communal Electrical safety
- Lifts

16. Please note the following:

- HRRB – High Risk Residential Building
- SpH – Specialised Housing
- SpH LL – Specialised Housing Landlord service
- SpH Dom – Specialised Housing domestic property
- LRB – lower risk Buildings
- FRA – Fire risk assessment








\*\* Properties are compliant if they have a safety certificated or are being managed in accordance with the councils no access process.

## Gas Safety

	Position in Nov 2021	June 2022	August 2022	RAG
<b>Gas Safety</b>	Compliant**	Compliant**	Compliant **	

17. All overdue gas safety inspections have been completed.







## Electrical Safety (EICRs)

	Position in Nov 2021	June 2022	August 2022	RAG
<b>Electrical Safety</b>	105 Communal EICR's overdue	0 Communal EICR's Overdue	0 Communal EICR's Overdue	
	806 Domestic EICR's overdue	13 HRRB inspections overdue	13	
		4 SpH inspections overdue	2	
		164 LRB inspections overdue	142	
	Remedial actions position to be confirmed	7 HRRB remedial actions overdue	4	
		11 SpH remedial actions overdue	3	
		528 LRB remedial actions overdue (see explanation below)	374	

18. All overdue communal electrical safety checks have been completed.

19. The HRRB and SpH inspections outstanding are all cases where the contractor has not been able to gain access to the property; these are being progressed through the housing team where additional focused resources are now in place. Legal action to gain access will be taken where necessary.
20. All priority 1 and 2 remedial actions arising from inspections are now being completed at the time of the inspection to enable certification to be achieved without delay. Overdue remedial actions in all areas are reducing

## Water Hygiene







	Position in Nov 2021	June 2022	August 2022	RAG
Water Hygiene	Up to 500 Water Hygiene surveys required	5 HRRB inspections outstanding	0	
		2 SPH LL inspections outstanding	0	
		368 SpH Dom inspections outstanding	35	
		3 HRRB remedials actions overdue	0	
		9 SpH LL remedials actions overdue	0	
		SpH Dom remedials actions overdue: Unknown until inspections	0	

21. Good progress has been made in the last quarter with all HRRB and Specialist housing inspections and priority remedial work have been completed
22. Specialist housing domestic inspections have progressed quickly with the small number outstanding programmed to be completed by mid-September. Any remedial actions are being completed at the time of the inspection.

## Fire Safety






	Position in Nov 2021	June 2022	August 2022	RAG
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<b>Fire Safety</b>	All HRRB FRA's completed	0 HRRB inspections outstanding	0	
	2 SpH overdue FRA's	0 SpH inspections outstanding	0	
	650 LRB FRA's outstanding	1615 LRB inspections outstanding	1615	
		21 HRRB remedial actions overdue	18	
		14 SpH remedial actions overdue	14	
		189 LRB remedial actions overdue	189	


23. Fire risk assessment (FRA) for all high-risk residential buildings and specialist housing have been completed.
24. Contractors have been appointed to undertake the outstanding remedial works and these are gradually reducing although there are some access issues to individual properties.

## Asbestos

	Position in Nov 2021	June 2022	September 2022	RAG
<b>Asbestos</b>	68 inspections required in communal areas	11 HRRB management Surveys outstanding	0	
		24 SpH management Surveys outstanding	17	
		1615 LRB management Surveys outstanding	1252	
	Remedial Actions - position unknown	HRRB – position unknown	No Remedial actions identified	
		1 SpH remedial action overdue	0	
		133 LRB remedial action overdue	50	

25. Good progress has been made and all asbestos management surveys of communal areas in HRRB are completed with only a small number outstanding in specialist housing which are expected to be completed by the end of August.
26. A program of inspections has been put in place to undertake the surveys in the LRB over the coming months. An interim asbestos management officer has been appointed to lead this work.

## Lifts

	Position in Nov 2021	June 2022	September 2022	RAG
Lifts	Compliant	Compliant	Compliant	

27. All safety inspections have been completed as required.

## Non housing assets data

28. A priority since November has been to clarify information and data to provide assurance. This is ongoing and good progress has been made. The information was held on a number of different systems and was managed by NPSN who administered the asset management data base for the council, including compliance data. Since 1<sup>st</sup> April 2022, when housing asset management transferred into the council, data is being held on the new housing IT system (NEC).
29. For non-housing property, data has been migrated from Codeman, Total, Agency Pilot and C2 as part of the transfer of services from NPSN. This has been migrated to an updated version of Agency Pilot, NEC and shared folders. A significant amount of compliance information is also held in hard copy on property files. The compliance dashboard is being developed alongside the mapping exercise previously described and will allow tracking of improvements in compliance data.

## Compliance Risk Register

30. The Compliance Board has developed a risk register that is reflected through into the Council's corporate risks. The register is regularly reviewed by the Compliance Board and was updated in July. A summary from the register highlighting the significant risks is provided in Appendix 1.

## Resources

31. Capacity and expertise are being monitored by the Compliance Board to ensure the level of resources is sufficient to address the identified issues. An interim Head of Housing Compliance and Building Safety, and an interim

Head of Asset Management and Compliance have been in post since December 2021. These individuals have brought considerable skills and expertise into the Council and have driven forward the actions to address the issues identified.

32. A compliance manager has been appointed to provide additional resource to support the non-housing mapping exercises and compliance review.

### **Next Steps**

33. A training program is now in place and being delivered, this will continue over the coming months. This will ensure increased skills and knowledge in the compliance team. This includes key compliance legislation and contract management.
34. The compliance team will work closely with colleagues in housing management to ensure access is gained to properties to carry out the necessary inspections and works.
35. Work has commenced to review all compliance policies and procedures to ensure they are up to date and incorporate best practice. This work will be ongoing for several months.
36. Tenants and leaseholder information on compliance issues has been reviewed and a plan for additional communication and information will be developed.
37. Contractor capacity has been increased with the appointment of appropriate skilled contractors. Longer term contracts are being procured via Eastern Procurement Ltd (EPL) and other framework providers.
38. Further development of the NEC IT system will be undertaken to continue to improve the capture and reporting of data, and the management of the compliance function
39. The Building Safety Act places additional responsibilities on the council in building safety in relation to Fire. An additional specialist resource is being recruited to support the Council's preparation for the introduction of the new requirements.
40. Work has started on recruiting permanent staff to oversee the compliance function. This will conclude with appointments in the Autumn.

### **Engagement**

41. Communication with our 17,000 tenants and leaseholders has been ongoing following the initial communication through two letters sent by the council to inform them of the situation in October 2021.

42. Web content has been kept up to date to provide additional information and helpful FAQ's relating to the key issues.
43. Residents have a number of different options to get in touch with us about compliance and to raise and questions or concerns
44. The Tenant Involvement Panel will continue to be kept informed of key aspects of the program of works where applicable.
45. Future proactive communications on the compliance program will be delivered to the relevant stakeholder(s) via targeted communications (eg direct mailouts, council publications, social media, news releases) as required
46. For tenanted non-housing properties tenants will be contacted to ensure they are familiar with their compliance responsibilities and that these are aligned with the Council's responsibilities as landlord.

## Implications

### Financial and Resources – position at 30 June 2022

47. This report is to provide an update on the expenditure against the additional resources allocated to the compliance budgets.
48. On 12<sup>th</sup> November 2021, Cabinet approved budget virements to create additional 2021/22 revenue budgets of £1.272m to support the CIP and also approved the creation of a new HRA Compliance earmarked reserve that enabled any unspent revenue budgets at the end of the 2021/22, to be carried forward and utilised in 2022/23. In addition, on 30<sup>th</sup> November 2021, Council approved an increase to the 2021/22 HRA capital programme of £1.000m, with the intention that approval would be sought for any underspend to be carried forward through the usual capital carry-forward process for utilisation in 2022/23.
49. On 8<sup>th</sup> June 2022, the 2021/22 provisional financial outturn relating to the CIP was reported to cabinet as shown in the table below:

Revenue Cost	Required Funding (£)	2021/22 Forecast Outturn (£)	Remaining Budget to Form Earmarked Reserve (£)
Additional Specialist Resource	671,800	111,143	560,657
Compliance Remedial works	600,000	320,747	279,253
<b>Total</b>	<b>1,271,800</b>	<b>431,891</b>	<b>839,909</b>

<b>Capital Cost</b>	<b>Required Funding (£)</b>	<b>2021/22 Forecast Outturn (£)</b>	<b>To Request to Carry-Forward (£)</b>
HRA Major compliance upgrades	1,000,000	0	1,000,000

50. The revenue underspend of £0.840m was moved to an earmarked reserve and is available to spend in 2022/23. The capital underspend of £1.000m has been carried forward and is available to spend in 2022/23.
51. In addition, HRA revenue budgets totaling £0.662m plus an HRA capital budget of £1.000m have been agreed as part of the 2022/23 HRA budget to support the ongoing additional compliance work. This has been included within the figures shown in the table below.

<b>Revenue Cost</b>	<b>2022/23 Compliance Budget (£)</b>	<b>2022/23 Q1 Actual (£)</b>
Additional Specialist Resource	663,053	102,067
Compliance Remedial works	838,857	0
<b>Total</b>	<b>1,501,909</b>	<b>102,067</b>

<b>Capital Cost</b>	<b>2022/23 Compliance Budget (£)</b>	<b>2022/23 Q1 Actual (£)</b>
HRA Major compliance upgrades	2,000,000	0

52. This shows that in quarter 1, expenditure has been incurred in relation to additional specialist resources being used to oversee and manage the compliance works.
53. Significant compliance work has been undertaken as is demonstrated through the compliance performance information, but invoices are yet to be received. There is a considerable time lag between work being undertaken and confirmed as completed, and invoices being issued.
54. Over recent weeks the new additional contracts have come into place and additional works to catch up the backlog are now being carried which will result in the reserves being utilised in the future.
55. In November 2021, the Cabinet approved, the remit of the General Fund Commercial Property Reserve and General Fund Repairs Reserve be extended to enable the funding of any necessary compliance works to General Fund properties. In quarter 1 no virement has taken place from these reserves and any works have been funded from within existing budgets.

## Legal

56. The legal implications of the RSH notice and process were established in the report to Cabinet on 12 November 2021. The position remains unchanged for the purpose of this update report.

## Statutory Considerations

Consideration	Details of any implications and proposed measures to address
Equality and Diversity	None
Health, Social and Economic Impact	None
Crime and Disorder	None
Children and Adults Safeguarding	None
Environmental Impact	None

## Risk Management

57. The critical risk register for this project is attached in Appendix 1.

## Other Options Considered

58. This is an update report following decision made by cabinet in November 2021.

## Reasons for the decision/recommendation

59. No decision is required.

## Appendices: 1

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## Appendix 1

### Risk Management

A detailed project risk register has been developed and its being adapted to align to the corporate risk register approach. Set out below are the overarching and most critical risk to the compliance program.

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
Inadequate systems to record and manage data.	Inaccurate information resulting in insufficient progress in key areas and ineffective management of Health and Safety Compliance. Serious detriment to tenants/ leaseholders.	Risk based programme in place. NEC system implementation. Skilled additional capacity.
Lack of contractor supply chain capacity.	The CIP cannot be delivered swiftly, and tenants remain at risk for an extended period.	Widen the pool of contractors being used. Work with EPL to identify potential contractors.
Skills and expertise not sufficient to manage the program in NCC.	Delayed decision making and inability to progress the work required. Tenants remain at risk for an extended period.	Recruit skilled temporary resources to oversee the programs of works. Undertake permanent recruitment of key posts.
Loss of experienced staff currently delivering compliance activity.	Compliance catch up works not progressed in a timely way.	Review the roles and implement a new structure as required Undertake required training of key staff.
Incomplete or out of date policies and procedures.	Actions are incorrect, not meeting statutory requirements. Inadequate support for staff.	Identify an appropriately skilled resource and update all policies and procedures.
Undertake a quality review, back 5 years, of all Fire Safety improvement works	Poor quality work does not meet the required standard. Tenants remain at risk	Validation of existing data through the annual inspection program. Targeted surveys by specialist Fire safety contractor.







**Committee Name:** Cabinet  
**Committee Date:** 14/09/2022  
**Report Title:** Green waste disposal contract

**Portfolio:** Councillor Oliver, Cabinet member for environmental services

**Report from:** Executive director of development and city services

**Wards:** All Wards

**OPEN PUBLIC ITEM**

**KEY DECISION**

**Purpose**

To consider approval for a new contract for the disposal of green waste collected from those households who sign up for a garden waste bin, and a nominal amount of green waste created by NCSL (Norwich City Services Limited) grounds maintenance activities.

**Recommendation:**

To award the contract for disposal of green waste to TMA Bark Ltd.

**Policy Framework**

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report assists with delivery of the sustainable and healthy city priority

This report helps to meet the environment and procurement adopted policy of the council

View the Corporate Plan 2022-26 [Corporate plan 2022-26](#)

View the COVID-19 Recovery Plan [COVID-19 Recovery Plan](#)

## Report Details

### Norwich City Council Waste Strategy and national initiatives

1. Norwich City Council is committed to reducing its impact on the environment, and has committed to an ambitious programme of carbon reduction through:
  - (a) Norwich's 2040 vision which sets out Norwich being a 'liveable' city: The city takes pride in being a place with a great local environment that people value. We are committed to shifting to clean energy by 2040 (carbon-neutral by 2050). We will support and promote sustainable living – where today's citizens meet the needs of the present without compromising future generations.
  - (b) The declaration of a climate emergency in 2018.
  - (c) The adoption of the Environmental Strategy in 2020, which set targets for carbon emissions, (zero operational emissions, Carbon Neutral City by 2050), and improving participation in recycling services, particularly the weekly food waste collection service.

### Processing of garden (brown bin) material

2. Norwich City Council provides a wide range of recycling services as part of its overall approach to minimising the city's impact on the environment. By offering a garden waste collection service, the city has managed to increase its recycling rate to 39.3%, and we continue to review services to ensure that the council and our residents minimise their waste and increase the amount of material recycled
3. The council currently provides a green waste collection to approximately 13,300 (correct as of 05/08/2022) properties across the city as a paid for subscription service. The collection service is provided through the recently renegotiated contract with Biffa.
4. The contract for processing of collected material is currently with NEWS and was jointly procured by the city council and Broadland District Council in September 2017. The contract expires on Tuesday 20 September 2022.
5. The new contract has been jointly procured with Broadland District Council, South Norfolk Council and Breckland Council. This joint approach was used to achieve economies of scale and provide a more favorable processing cost per tonne for each council. Each council's requirements were set out as separate lots as part of the procurement process. The open procurement exercise was run from May t June this year. Our partner Councils have already approved the award of this contract.
6. A failure to procure a new green waste processing contract could result in significant disruption to the collection service. In addition, any resulting ad

hoc contractual arrangements would result in the councils paying significantly higher contract costs.

7. It is proposed that the new contract will initially be awarded for a three year period from 21 September 2022 to 21 September 2025. All lots also have the option to extend for a further period (or succession of annual periods) of up to a further three years.

## Consultation

8. Not applicable

## Implications

## Financial and resources

9. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2022-2026 and budget.
10. It was intended that jointly procuring this contract with Broadland District Council, South Norfolk Council and Breckland Council would result in a more favorable processing cost per tonne as through economies of scale. Each council as part of the procurement process was set out as 'separate lots'.
11. The successful bidder is TMA Bark of Weston Longville, Norfolk. The price quoted was within the estimated prices for open windrow composting as quoted via [Windrow, IVC and AD prices 2022 - letsrecycle.com](https://www.letsrecycle.com).
12. The council is currently delivering its green waste to this site through the existing contract, and there will be no increase in collection costs as a result of the change in contractor.
13. Further financial details are set out in the exempt appendix A attached.

## Legal

14. The contract has been procured through an open procedure in terms of the Public Contracts Regulations. There are no anticipated legal implications.

## Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	None
Health, Social and Economic Impact	None
Crime and Disorder	None
Children and Adults Safeguarding	None

Consideration	Details of any implications and proposed measures to address:
Environmental Impact	<p>The green waste disposal service will allow the current 13,300 subscribers (and any additional subscribers throughout the life of the new contract) to the brown garden waste bin service will be able to continue to dispose of their garden waste in an environmentally friendly manner.</p> <p>The contractor bidding for the green waste disposal service has been requested to provide an environmental improvement plan on how they as a company are looking to reduce their impact on the environment and specifically reduce their carbon footprint.</p> <p><b>Recycling Performance</b></p> <p>a. The garden waste collection makes a contribution of 5.9% to the overall recycling rate of 39.6%</p>

### Risk management

Risk	Consequence	Controls required
<p><b>Financial</b></p> <p>Price per tonne is at the high end of the estimated price per tonne (as per <a href="#">Windrow, IVC and AD prices 2022 - letsrecycle.com</a>) for open windrow composting.</p>	<p>Additional budget pressures arising over the life of the medium-term financial strategy.</p>	<p>Establish sufficient budget through robust modelling of both income (garden waste permits) and expenditure (cost of collection service provided by Biffa and cost of disposal through the new contract).</p> <p>Any increase in disposal costs will need to be addressed through either increases in the cost of the service to its users, or reduced costs elsewhere within the service</p>
<p><b>Legal</b></p>	<p>None - no risk of challenge by competitors. Open procurement exercise with only one bidder for Norwich City Council 'lot'</p> <p>The Environment Act 2021 contains a number of proposals for significant changes to councilwaste collections from 2024 onwards. These include</p>	<p>None</p>

Risk	Consequence	Controls required
	<ul style="list-style-type: none"> <li>• The introduction of an Extended Producer Responsibility scheme for producers of packaging material. This will establish a mechanism that will require producers to pay for efficient and effective collection systems for the packaging that they produce</li> <li>• The introduction of a Deposit Return Scheme for drinks containers, that is aimed at improving the quality and quantity of recyclable containers collected through scheme, whilst reducing litter</li> <li>• The introduction of consistent waste collection schemes across all councils in the UK. Whilst the impact on the city council will be low in terms of new collection services (we already provide a class leading range of services), there are parts of this proposal that could have significant financial implications for the council. New legislation could require all councils to provide fortnightly garden waste collections free of charge. This has not yet been confirmed by the UK Government, and they have committed to meeting the cost of any new burdens. However, the situation is still unclear, and the council is engaging with the government through the Norfolk Waste Partnership to provide further clarity</li> </ul>	

## **Other options considered**

15. Not procuring the green waste processing contract. However, this would result in the council being unable to provide the garden waste collection service, with significant environmental, reputational and financial implications for the council, and was discounted.

## **Reasons for the decision/recommendation**

16. The procurement exercise resulted in one bidder for the disposal of green waste from Norwich City Council garden waste (brown bin subscribers) and a nominal amount of green waste created by NCSL grounds maintenance activities. The price quoted is within the recommended range as per [Windrow, IVC and AD prices 2022 - letsrecycle.com](https://www.letsrecycle.com). The bidder is within the set distance required from the boundary of Norwich City Council as set out in the invitation to tender document. The bidder has the relevant planning permission, EA (Environment Agency) licenses and is set up with Norfolk County Council for the purposes of recycling credits. It is recommended that this contract is approved for the initial period stated above in para 7.

**Background papers: None**

**Appendices: Exempt Appendix A**

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**Committee Name:** Cabinet

**Committee Date:** 14/09/2022

**Report Title:** Utilities Contracts

**Portfolio:** Councillor Kendrick, cabinet member for resources and  
Councillor Harris, cabinet member for housing

**Report from:** Head of legal and procurement

**Wards:** All Wards

**OPEN PUBLIC ITEM**

**Purpose**

The purpose of this report is to seek Cabinet's approval on the future commissioning of utility contracts

**Recommendation:**

It is recommended that the Cabinet:

- 1) Agrees to enter a single year agreement with Crown Commercial Services for the procurement of gas from 1 April 2023 on a fixed term basis; and
- 2) Asks officers to continue to explore the future options for the procurement of electricity from October 2023 and longer-term options regarding gas procurement

**Policy Framework**

The Council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the corporate priority to ensure Norwich City Council is in good shape to serve the city

## Report Details

1. The council has two major energy contracts that are due to expire within the next year; first, the gas contract, which is due to expire on 31 March 2023, and electricity, which is due to expire on 30 September 2023.
2. Both contracts are currently let through the ESPO utilities framework and are supplied by Total Gas and Power. The contracts were entered into on a 4-year term and have generally represented good value with the Council benefitting from the purchasing power of being on a framework as well as being protected from the recent significant price rises in the energy market. However, as these contracts are now approaching their end dates the council faces the prospect of being exposed to the current energy rates.
3. Each year, the council spends approximately £1m on gas and slightly less on electricity. This includes the costs of operational assets such as City Hall and the Halls, a range of properties in the general fund, and communal housing properties which are re-charged to residents through service charges. As a result, it is important that the council seeks to obtain best value, where it can, to protect both the public and residents purse.
4. The current utilities market is extraordinarily challenging. The rises in prices of utilities, particularly gas and electric, has been widely reported; the current contract has protected the Council from significant price rises to date, but this will not be possible under the new contract. As was reported to cabinet in July in the Medium-Term Financial Strategy Update, the council was anticipating an additional cost pressure of £0.75m from its utilities contracts in 2023/24.
5. The council has been carefully considering its options for future procurement of supplies in light of the challenging market. The main options for procurement are either purchasing utilities ourselves versus utilising a framework provider.
6. Historically, the council has used framework providers. These are large purchasing organisations who procure supply from the market on behalf of a range of organisations and tend to obtain better rates for councils using bulk purchasing power and their management of the market. The main two providers are the Eastern Shires Purchasing Organisation (ESPO) and Crown Commercial Services (CCS) although there are other smaller providers who offer utilities contracts.
7. In order to renew its current utilities agreement with ESPO, the council would have been required to commit to a new agreement in June 2022, to come into effect on 1 April 2023 for a 4-year period. Whilst longer term agreements can give opportunity for certainty, there was concern at the time that this would provide limited options to the council as the market shifts in future and so this option was not taken forward.
8. Informal discussions with procurement advisors have indicated to the council that CCS are usually the largest buyer in the market and therefore offer the potential for the best value. This has been validated to benchmarking from the Department for Business, Energy and Industrial Strategy which demonstrates



that during 2021/22, Crown Commercial Services energy rates available to customers were consistently 12% lower than the general industry benchmark. Discussions have therefore been taken forward with CCS regarding the council's future options, as set out below:

### Future Options for Gas Purchasing

9. The council's current contract expires on 1 April 2023. CCS has indicated that the following options are available to the council:

**Table 1: Purchasing options**

Option	Benefits	Risks
Enter the CCS agreement on a fixed term rate for a minimum of 1 year (with the option to then extend or enter a new longer term deal)	<ul style="list-style-type: none"> <li>Once opted into the agreement, CCS will then work with the Council to assess the best option for future purchasing requirements beyond the first year</li> <li>Whilst it is necessary to accept costs will be higher than at present, this route presents certainty for the Council on its rates over the next year</li> </ul>	<ul style="list-style-type: none"> <li>The agreement works so that authorities opt in by 16 September, and then CCS approach the market to obtain rates for opted in authorities. As such, we would not know rates until committed. The Council could not opt out once it has committed</li> </ul>
Enter the CCS agreement on a variable rate for a minimum of 1 year with the option to extend (approx. 40% brought up front with 60% brought at a later stage)	<ul style="list-style-type: none"> <li>Once opted into the agreement, CCS will then work with the Council to assess the best option for future purchasing requirements beyond the first year</li> <li>If there is a reversal in the market and prices begin to fall, the Council will benefit from that</li> </ul>	<ul style="list-style-type: none"> <li>The agreement works so that authorities opt in by 16 September, and then CCS approach the market to obtain rates for opted in authorities. As such, we would not know rates until committed. The Council could not opt out once it has committed</li> <li>If prices continue to rise, the Council will be exposed to this risk</li> </ul>
Spot purchase off procurement framework agreements	<ul style="list-style-type: none"> <li>Gives us more flexibility in the short term</li> </ul>	<ul style="list-style-type: none"> <li>If prices continue to rise, the Council will be exposed to this risk</li> <li>Need to continue to re-visit the market more regularly, creating greater administrative burden versus 1 year variable contract</li> </ul>
Procure our own utility contracts	<ul style="list-style-type: none"> <li>We would be in control of the contract and terms</li> </ul>	<ul style="list-style-type: none"> <li>We are highly unlikely to get as good value as if we used a</li> </ul>

		procurement framework provider. <ul style="list-style-type: none"> <li>• We do not have the same market specialisms as a framework provider</li> </ul>
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10. We have asked whether there would be the potential of including some gas on to the fixed term contract and some on variable in order to hedge potential risks from each option; however, CCS have advised that is not feasible as this is representative of the existing variable offer.
11. If the decision is to commit to the contract, CCS will continue to provide the council with regular budgetary projections as their buyers procure from the market. If a fixed term contract is entered into, the Council will be given a final purchase position on 1 April 2023. If a variable contract is entered into, we will have certainty over a proportion of the contract on 1 April, with further budgetary projections throughout the year adjusted for as actual rates are known.
12. Due to the lead in timing for these future contracts the initial option for the gas contract is to contract for a (short term) 12 month delivery contract which, in effect, will commit the council to buying gas over a 6 month period (October 2022 to March 2023) at a range of future rates and then accessing gas over a 12 month contract period starting April 2023 at the rates already secured. So, during the period October 2022 to March 2023 the buying consortium will be purchasing gas on our behalf for summer 2023 (April to September) and for Winter 2023 (October 2023 to April 2024).
13. In March 2023 the council will have a further range of options for its gas supply from April 2024 onwards, ranging from a similar 1-year contract to 24 and 42 month longer term contracts. In all these medium and long term scenarios the consortia will again be purchasing gas on a 'forward supply pricing basis' ie they will purchase for the relevant summer and winter seasons in advance and so whilst the prices will be known (and therefore fixed) the extent to which it provides good value for money will depend on whether the market is rising, when purchasing in advance should hedge against future price rises or falling when it would be better to purchase nearer to the point of consumption.
14. As above, if we enter an agreement with CCS by 16 September, they will continue to then work with the council to assess its future options over the longer term – whether, for example, it would be better to enter a medium (2 year) deal or a longer term deal (more than 2 years), and on a fixed or variable rate. However, if we don't enter a deal by 16 September, then we will have to spot purchase from the market until the next opportunity which would be in March 2023 for supply in the period starting April 2024 – hence such a decision would expose the council to a variable rate spot purchase arrangement for April 2023 until March 2024.
15. The onus on the council in this difficult market is to secure the best deal that it can. In order to support the council in assessing the options, advice has been procured from Cornwall Insight, a local company who operate as one of the

leading energy advisors in the country. Their report is included within Exempt Appendix A.

16. Taking all the above into account, the recommendation is that cabinet supports entering into a 1 year fixed term deal with CCS for the procurement of gas from 1 April 2023 and to continue to explore options with regards the longer term purchasing position, with a view to bringing forwards a further report in early 2023 alongside proposals regarding electricity (see below)

### **Future Options for Electricity Purchasing**

17. As above, the council's electricity contract expires on 30 September 2023. This gives more time for the council to consider its options including for longer term contracts. CCS have confirmed that by 15 March 2023, they would require the council to confirm whether it wishes to opt into its interim solution, which would see the council on an interim rate for the period 1 October 2023 – 31 March 2024, and then on a medium-term deal from 1 April 2024. There would be no benefit to the council of making a decision to commit to a future energy deal now with CCS, versus March.
18. As a result, it is recommended at this stage the council continues to explore its future options for electricity purchasing before making a final commitment for the contract beyond October 2023. This will enable time to get further understanding about the market position and potential options. Proposals can then be brought forward alongside proposals for a potential longer-term position for gas purchasing.
19. We have also discussed green energy with CCS. There are no effective options for purchasing green gas through their framework at present (and limited options across the sector for green frameworks that are compliant with public procurement regulations); they do have buying options for green electricity which can be considered at cabinet when proposals come forward for electricity purchasing. Clearly, the council has a strong desire to reduce its carbon footprint, but the present market position makes this a challenging proposition in the short term.
20. One of the benefits of entering a 1-year agreement is that this presents the platform for the council to enter discussions to move towards greener supply as the market begins to fall on a quicker basis than if the council enters a longer-term agreement.

### **Consultation**

21. The proposals have been subject to advice from Cornwall Insight, as above.
22. Recharged utility costs from part of the communal areas service charges for some residents and leaseholders and also for those in sheltered accommodation that do not have individual metered supplies. All these residents receive heating and energy by way of communal heating schemes which must be recharged at actual cost for which there is no requirement for formal consultation (as the contract proposed is for 1 year or less)

23. However, given that those paying service charges have no choice to opt out of these schemes it is imperative that the council considers communicating the impact of rising utility prices on them as early as possible and in ways which gives advice and support to them managing these costs.

## Implications

### Financial and Resources

Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.

24. The current budgets for utilities costs are set out below:

	<b>Gas (£)</b>	<b>Electricity (£)</b>	<b>Total (£)</b>
General Fund	77,901	532,939	610,840
HRA	783,552	140,470	924,022
<b>Total</b>	<b>861,453</b>	<b>673,409</b>	<b>1,534,862</b>

25. If the decision is to commit to a new gas contract, CCS will continue to provide the council with regular budgetary projections as their buyers procure from the market. If a fixed term contract is entered into, the council will be given a final purchase position on 1 April 2023. If a variable contract is entered into, we will have certainty over a proportion of the contract on 1 April, with further budgetary projections throughout the year adjusted for as actual rates are known.
26. The potential implications on the HRA and general fund are daunting. A proportion of the gas bills are standing charges and CCS have advised it is not anticipated these should rise; the proportion of standing charges is higher for general fund properties, and as such it is the HRA which is more susceptible to variances in the price of gas supply.
27. Indicative prices were provided by CCS in early August on which potential budgetary impacts have been based, as per table 2 below. Nonetheless, these should be seen purely as indicative at this stage until the buying process commences. By way of example, in the week leading up to this report, wholesale gas prices fell by 20-25%, but then rebounded by 30%.

**Table 2:** Potential increase in gas costs, 23/24:

	<b>2022/23 anticipated bills £</b>	<b>Forecast 2023/24 £</b>	<b>Additional costs £</b>	<b>% increase</b>
GF	96,108	285,712	189,604	297%
HRA/Lease holders	956,598	3,075,769	2,119,171	322%
Total	1,052,706	3,361,481	2,308,775	

28. The council is under a formal duty to ensure that the HRA costs are recharged to service users through service charges; this includes tenants of shared areas, both HRA tenants and leaseholders, as well as district heating scheme users. As such, the costs do not impact directly on to the council, but the wider context is the potential impact of such costs on our residents.

29. The service charges made to residents are for district heating and shared heating schemes, such as communal areas for buildings and sheltered housing schemes. It is not possible for residents to opt out of these schemes and secure their own, separate gas supply. Historically the council has been able to secure better rates for utilities than are available through the energy price cap although this cannot be guaranteed (the energy price cap does not apply to businesses, local government and communal housing schemes).

30. The service charge year runs from 1 October to 30 September. Over the next year, the service charges in respect of gas will therefore include an element on the current contract, and an element of the future contract rates, which will overall create an increase on service charges.

31. The council is undertaking work to support residents with the cost of living crisis. This builds on our well-established approach to financial inclusion, through measures such as our non-commercial debt policy, Council Tax Reduction Scheme and Living Wage activity. It includes:

- targeting direct financial support to people in most need through funds such as the Household Support Fund and the discretionary pot from the Energy Council Tax Rebate;
- ensuring people know what other support is available to them (through developing a new directory for frontline staff, changes to our website and a communications plan);
- providing Budgeting and Money Advice to council tenants via our Budgeting and Money advice team. This includes supporting people to apply for the correct benefits and set up payment plans where necessary.
- seeking external funding to support increased demand for essentials, to bolster existing provision of food, energy, homelessness-prevention services, and financial and social welfare advice;

- working with the voluntary sector, other councils and partners such as the City Vision Partnership to join-up our response.
- Officers are exploring further ideas and there will be a Members Briefing in October to discuss these.

## Legal

32. The value of the council's gas and electricity contracts mean that the council must follow the public procurement regulations 2015 in its purchase of energy. The purchasing routes provided by Crown Commercial Services are compliant with the regulations.
33. S.151 of the Commonhold and Leasehold Reform Act 2002 only requires a formal leaseholder consultation where the contract is more than 12 months; as such, no formal consultation is required for the proposals in this report. The Council will need to ensure any charges to leaseholders and HRA tenants reflect the actual cost of service provision.
34. Due to the time critical nature of the decision required by CCS for the gas contract the Monitoring Officer has agreed to waive the requirement for the decision to be subject to the call-in procedure. Both the chair of the scrutiny committee and the Leader of the opposition were invited to a briefing to explain the position in respect of these contracts and the timeframes.

## Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	The decision on the procurement route for the purchase of utilities does not itself create equality or diversity implications.
Health, Social and Economic Impact	As highlighted above, there is the potential that the increase in gas pricing may make it more challenging for residents to be able to afford service charges. The report sets out some of the support provided by the Council to the people of Norwich in tackling the cost of living crisis.
Crime and Disorder	None
Children and Adults Safeguarding	None
Environmental Impact	This report does not propose to increase the use of energy; however there is the potential to reduce the impact on the environment through purchasing of greener solutions. This is considered in paragraph 20 and 21 above.

## Risk Management

Risk	Consequence	Controls Required
Impact on the Council's financial position as a result of increased utility prices	<ul style="list-style-type: none"><li>• Increased savings requirement within the MTFS</li><li>• Potential for increased debt in the HRA due to increase in service charges</li></ul>	<ul style="list-style-type: none"><li>• Identification of potential costs within MTFS</li><li>• Regular updates on budget estimates from CCS</li><li>• Monitoring of debtors</li><li>• Ongoing support to debtors through non-commercial debt policy</li></ul>
Impact on residents of increased service charges	<ul style="list-style-type: none"><li>• Residents suffer hardship as a result of increased utility costs</li></ul>	<ul style="list-style-type: none"><li>• Continuing support to residents as outlined in paragraph 30 above</li></ul>

## Other Options Considered

35. The options available to the council at this stage are set out in Table 1 and throughout this report.

## Reasons for the decision/recommendation

36. The council's contracts for utilities are expiring and it is critical to delivering services within the council, as well as providing services to residents, that the council agrees a way forward for these contracts.

37. As this report sets out, the market for utilities is extraordinarily challenging. The same challenges the council is facing at this time are the same as being faced by households, businesses and other parts of the public sector throughout the country.

38. This report seeks to analyse the options available to the council to ensure it is best placed to try to secure the most economically advantageous option available.

## Appendices:

### Exempt: Report from Cornwall Insight: Review of Energy Contract Procurement Options

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