NORWICH
City Council

Cabinet

Date: **Wednesday, 08 December 2021**
Time: **17:30**
Venue: **Council chamber, City Hall, St Peters Street, Norwich, NR2 1NH**

Committee members:

Councillors:

Waters (chair)
Harris (vice chair)
Davis
Hampton
Jones
Kendrick
Oliver
Packer
Stonard

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Agenda

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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- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information)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, 30 November 2021**

NORWICH
City Council

Item 4

MINUTES

Extraordinary Cabinet

15.30 – 16:15 **12 November 2021**

Present:	Councillors Waters (chair), Harris (vice chair), Davis, Hampton, Kendrick, Oliver and Packer
Apologies:	Councillors Jones and Stonard
Also present:	Councillors Galvin and Lubbock

1. Declarations of interest

Councillor Kendrick declared an interest in item 3 below as a director of NPS Norwich Limited (NPSN), he would not take part in the below the line section of the meeting and would not vote on the recommendations. Councillors Harris, Kendrick, Oliver and Waters declared interests as council tenants and Councillor Harris declared a non-pecuniary interest as a board member of Norwich Norse Building Limited. Councillor Oliver declared an other interest as a non-executive director of Norwich City Services Ltd.

2. Public Questions/Petitions

There were no public questions or petitions.

3. Health, safety and compliance in council homes

The chair highlighted that before the meeting of cabinet an extraordinary scrutiny committee had reviewed the report and made a number of recommendations to cabinet.

Councillor Harris, deputy leader and cabinet member for social housing presented the report. She sincerely apologised to residents and leaseholders for the issues which had led to the report and emphasised that the safety of council homes was of paramount importance. The council had fallen short of what could be expected from it in terms of health and safety compliance matters. However, there was now the opportunity to show the council’s commitment to act.

A programme for outstanding compliance work was in place and was a priority for the council to deliver. The intention was to be open and transparent with this work and to bring regular updates to cabinet. Work to transfer services back into city council control would continue and was gaining pace, with two joint ventures scheduled to return in April 2022. This provided the opportunity for the council to have greater control over the delivery of the repairs and maintenance and strategic property services.

Councillor Harris thanked the scrutiny committee for their excellent work considering the report; cabinet consideration was better for the rigorous and forensic examination achieved and she accepted the additional recommendations made by the committee. In summary, there was a strategy in place to deliver the compliance work along with the necessary finances. She urged cabinet members to support the recommendations in order to get on with the job ahead. She thanked the Director of Community Services for her support and hard work and was grateful to have a supportive team in place who wanted to solve the problem.

Councillor Davis, cabinet member for social inclusion asked how access would be gained to properties where tenants had previously refused entry and how would the service work with vulnerable tenants to provide support. Councillor Harris advised those properties where there had previously been access issues had been identified and work was ongoing to support those residents. It maybe that the council would work with a support worker, a councillor, a family friend or relative to assist.

The Interim Housing Operations Director explained the process to cabinet, and how the team would make every effort to make contact to gain access to properties. If necessary, the Council may be required, as a last resort, to seek a court issued warrant to force entry or gain an injunction to carry out work in order to undertake the very serious legal responsibilities the Council has.

Councillor Lubbock asked whether it had been possible to identify when compliance work was last carried out to a satisfactory standard. The Executive Director of Community Services explained there were varying degrees of compliance in each area. The longest outstanding works would be prioritised first and some work had already been completed as the compliance programme was underway.

There had not been a robust system in place in terms of reviewing the progress of remedial actions, logging what work was needed and checking the action was completed. The process was underway to identify where these works were and to identify new checks and assessments which may be needed.

Councillor Galvin asked how the council would repair the reputational damage the compliance issue had caused and questioned if one session of scrutiny committee was enough to understand what had happened. In response, Councillor Waters, the leader of the council explained that the report detailed the steps being taken to build trust including that new governance structures were to be introduced, new performance measures and a new management structure which was already in place.

There had been an opportunity for pre scrutiny of the report at the request of cabinet. Further information would be presented in December and he reassured the public, residents, tenants and leaseholders associations and all councillors that scrutiny was welcome in order to address the compliance issue and achieve the best possible outcome.

Councillor Lubbock referred to Councillor Harris, deputy leader and cabinet member for social housing's comments regarding openness and transparency. She queried why Councillors were not informed of the issues until 14 October 2021, when in June 2021 the council had referred itself to the social housing regulator.

The Executive Director for Community Services set out the timeline of events; a high level review began in late May to early June 2021, after which additional work was commissioned. During July the service recommended to the leader and deputy leader that the council should self-refer to the regulator. In August and September, the team worked with the regulator whilst waiting for additional findings, after which information was provided to councillors and residents. The regulator in its finding had given some reassurance that it approved the approach the council were taking.

Councillor Galvin asked what percentage of the compliance issues were due to residents not providing access to their properties. The Executive Director for Community Services did not have the information to hand but advised she would provide after the meeting.

In response to Councillor Lubbock's supplementary question the Chief Executive Officer acknowledged that it took an amount of time to get a clear picture of the situation. It had started with a new executive director being in place who had asked questions and then dug into the problem. The timeline which had been explained detailed the process of collecting more information and working with the regulator. It had taken time to be certain of the situation and establish the position and when that was achieved tenants, residents and councillors were informed.

The leader of the council emphasised that there was no merit in a situation where information was presented too early about the quality of compliance because it would raise questions at a stage when there were no answers. The leader, deputy leader and the cabinet as the council's executive body were informed about the issue. The executive were waiting for the full scope of the issue to be revealed before information was provided to all councillors.

The leader highlighted that 17,000 thoughtfully crafted letters had been sent to leaseholders and tenants and only a very small number had responded. Councillor Harris, the deputy leader and cabinet member noted that the communication strategy had been carefully considered to provide information to residents in a calm and informative way. There was information published in the Tenants and Leaseholder magazine which was sent to all properties. A number of channels for communication were opened; a dedicated telephone line which was available on a Saturday morning, a dedicated email address and information was on the council's website. There had been two letters sent out to households and the council had received 100 contacts in response, which included queries that were not about compliance.

Councillor Galvin asked if any legal action was anticipated from residents or if the council were considering taking any action against those who had not conducted the compliance work.

Councillor Waters the leader of the council responded that the social housing regulator considered there were detrimental effects to the health and safety of residents. If the council had failed to self-refer to the regulator when compliance failures were found it would be problematic. However, the regulator had confidence in the programme in place to address the issues and letters had been sent out to residents and a number of means of communication established. That transparency, the assurance to address the issue with dedicated resources in place in a timely and effective way demonstrated the council's commitment to rectify the problem.

The leader presented the recommendations from the scrutiny committee which he considered were very helpful.

(Councillor Kendrick left the meeting at this point)

4. Exclusion of the public

RESOLVED to exclude the public from the meeting during consideration of the exempt appendix to item 3 on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

***5. Health, safety and compliance in council homes – exempt appendix (para 3)**

An exempt minute exists for this item.

6. Health, safety and compliance in council homes

(Councillor Kendrick returned to the meeting at this point)

After considering the report and the exempt appendix it was:

RESOLVED to:

1) endorse the information in this report and the action proposed to secure compliance with the Homes Standard;

2) approve the utilisation of HRA revenue repairs and maintenance budget to fund revenue works relating to the Compliance Improvement Plan;

3) note the technical virement approved by the Section 151 Officer, as referenced in the table shown in paragraph 46 to enable water safety works relating to the Compliance Improvement Plan to commence immediately;

4) approve the proposed virement of HRA revenue budgets set out in the table shown in paragraph 44 to support delivery of revenue works relating to the Compliance Improvement Plan;

5) recommend to November Council that the HRA capital programme is increased by £1m in 2021/22 and £1m in 2022/23 to support delivery of capital upgrade works relating to the Compliance Improvement Plan as set out in paragraph 48;

6) approve the creation of a new HRA Compliance earmarked reserve to enable any HRA amounts established to support the Compliance Improvement Plan, unspent at year end, to be utilised in future years in relation to compliance works to HRA properties;

7) approve extending the remit of the existing General Fund Commercial Property Reserve and General Fund Repairs Reserve to cover the costs of compliance works to General Fund properties as detailed in paragraph 48;

8) note that quarterly progress reports against the Compliance Improvement Plan will be presented to Cabinet;

9) for the Chair of the Committee and the Executive Director to determine a mechanism to inform the Scrutiny Committee of progress with regards the matters referred to in the exempt paper;

10) that a report comes to Scrutiny Committee in early Summer on the progress in delivering services referred to in the report following the transfer to NCS Ltd;

11) that the Housing Compliance Board regularly updates the Tenant Improvement Panel on its progress in securing compliance with required housing standards;

12) that Cabinet considers how compliance and safety risks are reflected in the Council’s Risk Register; and

13) the provision of training to Councillors on contract management, compliance and performance management is reviewed

CHAIR

MINUTES

Cabinet

17.30 – 19:00 **17 November 2021**

Present: Councillors Waters (chair), Harris (vice chair), Hampton, Jones, Kendrick, Oliver, Packer and Stonard

Apologies: Councillor Davis

Also present: Councillors Bogelein and Wright

1. Declarations of interest

Councillor Harris declared an other interest in item 4 below as the council's appointee to the Broads Authority and a non-pecuniary interest in item 5 below as a director of Norwich Norse Building Limited.

2. Public Questions/Petitions

There were no public questions or petitions.

3. Minutes

Councillor Harris proposed an amendment to the minutes, on item 9 the first sentence of the second paragraph should read:

Work would be undertaken to replace the temporary gas powered plantroom with a water source heat pump system which was thought to be more efficient than ground or air source pumps.

RESOLVED to agree the accuracy of the minutes of the meeting held on 13 October 2021 as amended.

4. East Norwich Masterplan stage 1

Councillor Stonard, cabinet member for inclusive and sustainable growth, presented the report. The availability of the Deal, Utilities and Carrow Works sites represented a once in a generation opportunity to regenerate the East Norwich quarter of the city, the wider area and region. Cabinet considered a report at its June 2020 meeting which highlighted the opportunities presented by the vacation of the Carrow Works site by Unilever to act as a catalyst to regenerate the other vacant sites. At that meeting, cabinet approved the terms of reference of the East Norwich Partnership to steer the development of a masterplan.

Stage 1 of the Masterplan was completed and approval of that stage and permission to move to Stage 2 was being sought, with funding already committed. A masterplan was necessary in part to support the emerging Greater Norwich Local Plan. The draft plan identified the East Norwich Strategic Regeneration Area and allocated the area as a residential led mixed use development, to include up to 4,000 new homes. The masterplan brief also included the provision of a Supplementary Planning document for East Norwich.

Councillor Stonard noted that the Sustainable Development Panel (SDP) had considered the report at its meeting on 9 November 2021 and recommended it to cabinet subject to noting that the panel:

(a) considers that there should be further engagement with the Environment Agency in relation to flood risk in the context of climate change, using the indicative proposed layout as set out in the masterplan based on existing flood risk;

(b) welcomes the provision of community infrastructure for schools, health facilities and public transport but seeks assurance that there will be further consideration at the development stage to ensure that this infrastructure is provided.

Councillor Stonard confirmed that Stage 1 of the masterplan was a high level document, based on the partnership's preferred option and provided a clear understanding of the strategic infrastructure needs, abnormal costs and the impact of these on the deliverability and viability of the scheme. Stage 2 of the masterplan would consider the infrastructure delivery plan and a revised strategic viability assessment.

The East Norwich Partnership was a partnership led by Norwich City Council, chaired by Councillor Stonard with the purpose of steering the development of a deliverable masterplan. The budget was provided in part via Town Deal's funds, contributions from landowners of the sites and seed money from other partners.

Two public consultations had already taken place. The first incorporated one on one sessions with leading stakeholders, neighbouring landowners, community workshops, public drop ins and member briefings detailing the process. The second, another public event, responded to the comments from the first public consultation.

The masterplan consultants had identified three strategic objectives for East Norwich; celebrating the waterfront, connecting the city to the broads and framing the future with the past. The Carrow works site was particularly historically sensitive hosting the abbey and other listed buildings, public concern had been noted in the consultation process and it would be sensitively addressed.

The biggest challenges for the site were flooding risk, the complex underground infrastructure particularly at the utility site, the railway line and its associated activities and access issues. The availability and inclusion of the Carrow works site assisted with this later issue. The masterplan incorporated a range of supportive strategies to be developed; heritage, movement, public realm, land use, building height, flood risk and mitigation, utilities and energy and ecology.

Key elements of the scheme included the creation of strong cycle and pedestrian connections, bus routes potentially through the Carrow Works and deal sites, new marinas, the creation of a web of green and public spaces, landscape ecology proposals and a significant proportion of homes fronting on to open spaces or the water. Social and community infrastructure included a primary school, a contribution to the provision of secondary school places and appropriate community health facilities.

The masterplan would deliver approximately 3,500 residential units with 33% affordable housing and some commercial space too, although there were acknowledged viability issues. The tension on viability would be explored in greater detail in stage 2 of the masterplan and it was noted that it would likely only be achievable via a public/ private funding mix.

Councillor Stonard identified that the East Norwich development covered a large and complex site with ownership issues. In his view the only way to counter these challenges was with partnership working to develop a masterplan. Stage 1 to Stage 2 of the masterplan represented an exciting milestone towards achieving sustainable regeneration for this quarter of the city.

Councillor Bogelein noted that she was asking a question on behalf of a member of her group as she did not want to get involved in any discussion as she was a member of planning committee. She referred to the comments from the SDP in relation to flood risk. The deal ground and utility sites were rated as medium to high-risk areas for flooding but that rating pre dated some of the latest data and the most recent IPCC, (Intergovernmental Panel on Climate Change) report. It was based on data that the climate would increase by 1.5 degrees, and she asked how an increase of 2.4 degrees would be considered in the masterplan.

Councillor Stonard responded that the council were in contact with the Environment Agency regarding the issue but had not had a response to date. The Executive Director of Development and City Services confirmed that if cabinet agreed the recommendations, then work would take place with a variety of partners and stakeholders, and key to this in terms of flood risk would be the Environment Agency, (EA).

The EA's modelling had not been published or updated since the IPCC report. The modelling relating to flood risk had changed and built in an assumption of the frequency and nature of flooding due to climate change but understanding of climate change had evolved. The masterplan would have regard to the most relevant and recent data but it could not be guaranteed that there would never be a flood event in the area.

Councillor Wright asked how the council would hold developers to the percentage of affordable housing desired, how schools and health centres would be guaranteed and if there should be a stronger commitment to public transport.

Councillor Stonard identified that the masterplan was a high level set of agreed objectives. It stated the partnership's aspirations but it could not guarantee schools, health facilities or bus routes as they were not within its control. The County Council which held the responsibility for care and education sat on the partnership board.

The nature of the process was that commitments would be considered further down the line.

Councillor Stonard responded to Councillor Wright's supplementary question that the masterplan would be used to inform a new supplementary planning document. This would note the requirement for community and infrastructure facilities to support the development. As such it would be a material consideration for planning applications committee to consider. Local policy would be applied and factors could be considered and conditions set, which could be the requirement for infrastructure and community facilities.

The Executive Director of Development and City Services said that as the masterplan was written into the planning process it could be accorded further significant weight. Planning applications committee would have greater powers to require infrastructure and other facilities to be delivered based on the policy.

The investment and involvement of key agencies such as Homes England would be essential and the benefit of the masterplan process was that it set the framework and presented the argument for the necessary infrastructure which allowed it to be developed with the long term interests of the public sector in mind.

RESOLVED to:

(1) note the comments from the meeting of sustainable development panel;
(2) approve the Stage 1 masterplan; and
(3) agree to proceed to Stage 2.

5. Q2 2021-22 Combined Assurance report

(The chair noted that a further exempt paper, in relation to the report, annex 5, risk 10 had been circulated prior to the meeting)

Councillor Waters, leader of the council confirmed the report was in three parts, incorporating performance indicators against the corporate plan priorities, finance and risk. In relation to performance, he noted a number of successes and challenges within each council directorate.

In the community services directorate, a successful Norfolk wide bid achieved a grant of over £250,000 to aid those who left prison homeless to access private rented sector accommodation. There were challenges too; an internal review in relation to health and safety compliance issue resulted in the council self referring to the social housing regulator. He stated this had been accorded the highest risk and work was being addressed in order of priority. There were also some repairs and maintenance issues to be addressed this would, in part, be resolved by the process already underway to bring services back under the city council's control.

The report highlighted a number of case studies in relation to work with vulnerable groups; ex-offenders, those living in temporary accommodation and households experiencing domestic abuse, cases of which had significantly increased during the pandemic. He noted that there had been significant spend on the delivery of disabled adaptations to residents. Digital inclusion work included the development of an emergency data bank where individuals without access to mobile data could be granted SIM cards with data normally within 24 hours.

The leader of the council referred to the corporate and commercial service directorate's performance. He highlighted that there was a red indicator for processing housing benefit but that there had been a marked improvement in this area. An updated risk management strategy had been approved by cabinet in October 2021, and a combined performance, finance and risk report introduced from autumn 2021. The finance and strategy teams were undertaking a challenging an important piece of work with service leads to identify and assess finance and budget options for 2022/23 and beyond.

He referred to the case studies from the service area and praised the work achieved by the introduction of a non-commercial debt policy, including the use of a debt respite scheme. This included the provision of adequate and timely support to vulnerable residents which was essential to maintain collection rates and assist individuals to budget. He highlighted a pilot scheme which was currently being undertaken by the council tax team to look at the reduction in the use of enforcement agents, the use of which could exacerbate household debt.

The leader of the council then referred to the development and city services directorate's performance. He referred to the housing output indicator and noted that there were plans to publish this and relate it to housing need across greater Norwich and the Joint Core Strategy, introducing a more joined up approach. Housing delivery had fallen sharply towards the end of 2020/21, impacted partly by covid. There was now a pipeline of housing delivery in place but there were still supply chain issues to contend with.

He referred to the case study in the report which detailed the council's work with a range of partners to support people to remain safe and healthy during covid. He emphasised that covid had not gone away and there was a need to monitor and understand figures at a local level whilst offering support.

Councillors Waters highlighted the successful compulsory purchase order of the old Kings Arms site and Towns Deal funded work. He referred to the fact that he had attend the opening of the new digitech factory at city college in September. A scheme funded by the Towns Deal which provided a great training opportunity to flow into high value jobs to feed into the digital sector.

The deputy leader and cabinet member for social housing commended the work of the disabled adaptations team and noted that it was a tenure neutral service.

Councillor Wright identified that in his professional work he had seen first-hand the difficulties some families experienced accessing education online and that digital inclusion was vital and praised the introduction of the emergency data bank.

Councillor Bogelein referred to relet times for housing stock which had slipped and noted that this had been discussed at cabinet previously when reassurance had been offered. She asked how this would be improved.

The Executive Director of Community Services noted there were some significant challenges in relation to void turn around times. Conversations were underway with contractors to agree how to address this area of work and to engage subcontractors to achieve faster turnaround times. The deputy leader and cabinet member for social housing said it was recognised as area of concern and officers were working very hard but there were challenges with the contracts in place.

Councillor Kendrick, cabinet member for resources presented the final two elements of the report in relation to finance and risk. The report summarised the financial outturn for the end of quarter two 2021/22. He referred to the general fund revenue budget which forecast an underspend, largely due to reduced corporate financial costs which included lower borrowing costs, reduction in the forecast contribution to the capital programme and additional forecast income from the government's compensation scheme in relation to loss of income due to covid.

The underspends were partially offset by identified pressures across service areas arising due to the challenges around the delivery of 2021/22 budget savings, housing benefit subsidy recovery levels and the impact of covid 19 on income levels. He highlighted that it was recommended that cabinet agree to set the borrowing cost underspend of £591,000 into an earmarked reserve to support the 2022/23 budget position. Further action would still be required to address the budget challenges of the remaining two quarters of the year.

In terms of the housing revenue account (HRA) the end of quarter two showed a overspend of £535,000, cost pressures of £1.3m had been forecast to address issues identified as part of an internal review of health and safety compliance in council homes. This was partly offset by an underspend on the HRA repairs programme of approximately £750,000.

The forecast capital outturn for the HRA showed at £12.81m underspend which included underspends on upgrade programmes in relation to windows, structures, heating and whole house improvements. There had also been reprofiling of spend on new build housing schemes at Argyle Street, Mile Cross and Threescore. It was recommended to approve the reprofiling of £3.057m into future budget years to reflect the new project timelines.

Councillor Bogelein raised concern at the underspends on the estate management and improvement work.

The deputy leader and cabinet member for social housing noted in terms of estate aesthetics a new contractor had been appointed to move works forward and new officer had been recruited to post to tackle the issues. Improvements were beginning to be seen. As regards the underspend on estate management and improvement that related to monies budgeted for the Threescore housing project to repurpose some of the units that were earmarked for private sale to social housing.

RESOLVED to:

1) Review progress on the key performance indicators for this quarter and the corporate risk register;
2) Note the financial forecast for 2021/22 general fund, HRA and capital programme;
3) Note the consequential balances of the general fund and HRA reserves;
4) Approve the principle of transferring the underspend on borrowing costs of

£0.591m to the Budget Risk Reserve to support the 2022/23 budget position as detailed in Section 1.2;
5) Approve the virements within the HRA as set out in Annex 3;
6) Approve the reprofiling between years of capital budgets as set out in Annex 4;

6. Scrutiny committee recommendations

Councillor Kendrick, cabinet member for resources introduced the report and asked Councillor Wright, as chair of scrutiny to present it. Councillor Wright confirmed the report incorporated recommendations from three meetings of the scrutiny committee and related to one issue, wood burning and its effects on the environment and the public.

The committee heard evidence from a range of sources including an emeritus professor from the University of East Anglia, Mums for Lungs, the industry association for wood burners and a member of the public with lived experience. This resulted in the committee making seven recommendations for cabinet to consider.

Councillors Waters, the leader of the council thanked the scrutiny committee for its work and said it informed the council's wider strategy on air quality and the ambitious air quality targets the city council requested in relation to the Transport for Norwich Strategy. He supported the recommendations and suggested the approach if accepted would be to act upon those recommendations that could be achieved quickly whilst others would be addressed as air quality matters and in some cases when resources would allow.

Councillor Stonard, the cabinet member for inclusive and sustainable growth, welcomed the report and noted the council had worked hard to improve air quality in the city. It supported the conversations the city council were having with county council in relation to air quality in the city and traffic management as part of the Transport for Norwich Strategy.

Councillor Bogelein referred to the first recommendation and noted a communication strategy was very welcome but the rationale behind it could potentially normalise the use of wood burning. There was no safe way to burn wood and the strategy in her opinion should discourage wood burning completely. She asked if the intention in the communication strategy was to discourage wood burning completely.

The Executive Director of Development and City Services suggested the communications strategy was a work in progress and a relatively small article had just been published in the council's citizens magazine. He would work with the communications team to consider how a communications strategy could best be used to achieve the maximum benefit to air quality. The council did not have any regulatory powers to enforce against wood burning. An approach which encouraged and worked with people might prove more beneficial.

RESOLVED to approve the recommendations as detailed in the scrutiny report.

7. Non recoverable national non-domestic rates

Councillor Kendrick, cabinet member for resources presented the report. He emphasised that debt was only ever written off as a last resort if a company went into administration or liquidation. The report highlighted two such cases.

(Councillor Packer left the meeting at this point)

RESOLVED to approve the write off £129,666.52 of NNDR debts which are now believed to be irrecoverable and are covered within the bad debt provision for 2021/22.

8. Waste contract award for comingled recycling

(Councillor Packer returned to the meeting)

Councillor Oliver, cabinet member for environmental services, presented the report. She highlighted that the award related to the extension of an existing contract with Norfolk Environmental Waste Services (NEWS) for comingled recycling which residents would know as their ‘blue bin’ waste. The charging mechanism for the contract was proposed to change from a fixed to variable gate fee.

The contract was delivered in partnership with the seven Norfolk district councils and managed as joint venture between the district councils, city council and the County Council. The contract was due to end in September 2024 but there was an option to extend until September 2027. The partnership approach in place afforded the best value for money in terms of economies of scale and the other councils in the partnership were currently seeking approval to extend an amended the contract.

The contract was strategically important in terms of the council’s climate change and carbon reduction targets, specifically reducing waste and increasing recycling. It met the objectives of the city vision and the environment strategy adopted in 2020.

The report’s proposals if agreed would significantly influence the council’s waste, recycling and street cleaning services over the next ten years. It would provide stability and ensure the council was in line with new national waste policy. She emphasised that extending the contract would enable Norfolk’s waste to continue to be handled locally and responsibly.

In terms of the change to the charging mechanism, currently NEWS were paid a fixed price gate fee which meant they were paid a fixed price for every tonne which was delivered to the recycling depot. However, due to fluctuations in the commodities market it was proposed to amend this to a variable gate fee linked to the value of the commodities collected and recycled.

Councillor Stonard, the cabinet member for inclusive and sustainable growth, supported the proposals, and as a former director of NEWS, he considered they would enable the delivery of a sustainable service. It was important that the risk was shared across the local authorities in the county and the change to the charging mechanism made the contract workable for NEWS.

Councillor Wright referred to a visit to the NEWS facility at which he had been advised the challenge of comingling was largely due to glass corrupting the other materials. He asked if there were there any plans in place to start collecting glass separately again, and when a bottle deposit scheme as detailed in the Environment Act would be introduced in the city.

The Head of Environment Services said in terms of glass corruption this was not affecting the value of commodities for NEWS and they were able to deal with the glass. There could be a change in practice as a result of new legislation that was due to be introduced which may led to separate collections. One of the positive factors currently was that recycling was easy because it all went into the one bin.

In relation to the deposit return scheme for bottles it was very difficult to predict when it would come to Norwich in terms of the primary legislation. He considered it possible that the UK government would want to see how the scheme faired in Scotland first so it may well be two to three years before it was seen in Norwich.

Councillor Bogelein asked if there had been any improvements in the cleanliness of recycling as she was aware this used to be a factor. The head of environment services said it varied depending on area with between 5 to 40% contamination in the worst performing areas. It was a challenge but one which the facility could currently met and was not affecting the value of materials going to market.

9. Exclusion of the public

RESOLVED to exclude the public from the meeting during consideration of the exempt appendix to item 8 on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

***10. Waste contract award for comingled recycling - exempt appendix (para 3)**

Members considered the exempt appendix to the report.

(The public were readmitted to the meeting).

11. Waste contract award for comingled recycling

After considering the report and the exempt appendix it was:

RESOLVED to agree:

1) To approve the extension of the existing contract for Comingled Mixed Recyclate (Blue Bin material) with NEWS to 2027, and approve the change to the charging mechanism from a fixed to variable gate fee; and

2) The Executive Director of Development and City Services is delegated authority to approve variations to the contract to ensure improved control and oversight for all partners is incorporated into the contract as part of the allowed extension.

12. Exclusion of the public

RESOLVED to exclude the public from the meeting during consideration of the items *13 and *14 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

***13 Managing Assets (Housing) - (para 3)**

Councillor Harris, deputy leader and cabinet member for social housing presented the report.

RESOLVED to approve the disposal of the land as outlined in the report

***14. Exempt minutes - (para 3)**

RESOLVED to agree the accuracy of the exempt minutes of the meeting held on 13 October 2021.

CHAIR

NORWICH City Council

Item 5

Committee Name: Cabinet
Committee Date: 08/12/2021
Report Title: Article 4 Direction to remove permitted development rights for the conversion of offices to residential

Portfolio:	Councillor Stonard, Cabinet member for inclusive and sustainable growth
Report from:	Head of planning and regulatory services
Wards:	Mancroft, Lakenham, Town Close, Thorpe Hamlet

OPEN PUBLIC ITEM/

Purpose
To confirm the Article 4 Direction to remove permitted development rights for the conversion of offices to residential within Norwich city centre. If confirmed the Direction will take effect from 29th July 2022.

Recommendation:
To confirm the Article 4 Direction to remove permitted development rights for the conversion of offices to residential within Norwich city centre, as identified on the plan attached in appendix 2.

Policy Framework
The Council has three corporate priorities, which are:

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

This report meets all three corporate priorities.

This report helps to implement the local plan for the city.

This report helps to meet the business and the local economy objective of the COVID-19 Recovery Plan

Report Details

1. On 22 June 2021 a report was presented to Sustainable Development Panel recommending that the Council proceeds with the introduction of a non-immediate Article 4 Direction which if successfully introduced will mean that full planning permission is required to change offices to residential within the city centre. Members unanimously voted in favour of recommending to cabinet that the Council proceeds.

2. Following this a report went to cabinet on 7 July 2021 and cabinet resolved to recommend that the council proceeds with the introduction of a non-immediate Article 4 Direction and that delegated authority is given to the executive director of development and city services, in consultation with the portfolio holder, to make an Article 4 Direction to remove permitted development rights for the conversion of offices to residential within Norwich city centre.

3. The Direction was made on 28 July 2021 and started the consultation process which included press and site notices, placing copies of the notice in the Millennium Library, placing documents on the Council's website and notifying Norfolk County Council. The Secretary of State for Ministry and Housing, Communities and Local Government (now renamed the Department for Levelling Up, Housing and Communities) was also notified that the Council had made a Direction.

4. The six week consultation period ended on 9 September. In total 14 people responded to the consultation and as expected the response was mixed. Seven respondents supported the introduction of the Article 4 Direction, whilst the remaining seven either objected or provided comments including suggesting how the Article 4 Direction could be amended. A summary of each response is set out in appendix 1. The main issues raised through the consultation are as follows:
    - The Council needs more control as some converted offices have not provided high quality housing.
    - Office to residential conversions damage the long term health of the city centre.
    - Permitted development rights undermines the ability for LPAs to plan effectively.
    - Less office space is likely to be needed in the future especially with more home working.
    - More homes and leisure facilities are needed which could use vacant office space
    - It is important to encourage more people back into the offices so they can support retailers and food businesses.
    - Previous conversions have done little to address affordable housing issues.
    - Offices are better on the outskirts as there are many negatives of having offices in the city centre.
    - This proposal is not joined up with the proposed congestion charge for Norwich.
    - It is best to leave the property market to its own devices.
    - Conversions to residential and educational uses have provided a solution for obsolete office buildings.

- Office to residential conversions have increased the city centre population and boosted the supply of residential properties.
- Changes to permitted development rights (i.e. now having a size threshold) will protect larger, purpose-built modern office buildings.
- The NPPF sets out that Article 4 Directions should apply to the smallest geographical area. The extent of the Article 4 Direction should be reviewed to ensure that it complies with the NPPF and so it is much more targeted.

5. It is important that we take these comments into account when deciding whether to confirm the Direction and bring it into force. A number of important issues have been raised through the consultation and whilst there is a lot of support for the Article 4 Direction, some people that feel that there will be a surplus of office accommodation and residential is a good use for this. The Council's response to this is that we are not opposed to office to residential conversions per se, and the Direction will not prevent all offices changing to residential. Instead it will enable the Council to manage it and to consider all material planning considerations including the impact that the loss of offices will have upon our economy as well as ensuring that housing is of good quality. Furthermore in terms of the geographical area, we have drawn the Direction tightly around the city centre, rather than including a large proportion of the authority area. Whilst it does extend beyond the essential core of the primary shopping area, it is felt that this is necessary as many of Norwich's strategic offices fall outside of this area. The advice received from Ramidus[1] is that virtually any site that is not secured on a long lease could be considered under pressure for redevelopment as residential. The evidence base proposed the A147 (Norwich Inner Ring Road) as the main boundary to an Article 4 Direction with extensions to encompass key business spaces around Carrow Road and Thorpe Road. This boundary will ensure that all space of strategic value can be protected but will allow truly redundant stock within the centre to be converted under a full planning application or will allow offices in more peripheral locations to be converted under prior approval. It is therefore the officer's view that no issues have been raised through the consultation process that should prevent the Council from introducing the Direction.

6. The Secretary of State wrote to the Council on 8th September to say that they were considering whether to use their powers of intervention and invited the Council to submit further evidence and to set out how the Direction fulfils national policy. Whilst the Council felt that a clear justification for introducing the Direction is set out on our website, we welcomed the invitation to submit further evidence and we wrote to the Secretary of State on 16th September setting out how the Direction accords with the National Planning Policy Framework and further justifying why the Direction is so important to Norwich's economy as well as how it ties in with the Council's wider vision and objectives and some of the other projects that are going on within the Council.

7. We are still awaiting confirmation from the Secretary of State as to whether they will use their powers of intervention; however officers at the National Planning Casework Unit have confirmed that their consideration does not stop

[1] A review of Office Accommodation in Norwich, Ramidus Consulting Limited, July 2020

our Article 4 Direction process so at this point in time we can still proceed with bringing it into force. There is still however a risk that the Direction could fail.

8. Notwithstanding this risk, it is considered that the Council has a compelling case for introducing the Article 4 Direction and based on the current advice from the National Planning Casework Unit that there is no reason why the Council cannot proceed with confirming the Direction. Therefore it is recommended that cabinet members confirm the Direction so it can be brought into force on 29 July 2022. The Direction cannot be brought into force any earlier than this due to the need to give 12 months notice from the date of making the Direction in order for the Council to avoid compensation claims.

9. If the Secretary of State does choose to use his power of intervention after the Direction is confirmed then we will not be able to bring it into force and a paper would have to be brought back to Sustainable Development panel and Cabinet once officers have reviewed whether there are any other options for proceeding (i.e. reviewing the geographical area).

Consultation

10. Responses to the consultation are set out in paragraph 4 and also summarised in Appendix 1.

11. A paper was taken to Sustainable Development Panel on 16th November 2021 recommending that we should proceed with the introduction of the Article 4 Direction in line with the recommendations proposed within this report. Members attention was drawn to the consultation responses. Members unanimously supported the recommendation to proceed with the introduction of the Article 4 Direction.

Implications

Financial and Resources

12. 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 2019-22 and Budget.

13. There will be a financial cost associated with the required publicity for introducing an Article 4 Direction. It is expected that this will be met from existing budgets. The Ramidus study was funded through Towns Deal funding. Giving 12 months notice of bring the direction into force will avoid any compensation claims.

Legal

14. Legal advice has been sought throughout the process. The intention to introduce the Article 4 Direction has already been put on as an advisory note on Norwich's local land charges register so all property searches conducted since the start of November 2021 within the affected area that use this service should be aware of the intention to introduce the Direction. Once confirmed it will also be added to the HM Land Registry. Advisory notes cannot be added

to the national land registry with only land charges being able to be registered.

Statutory Considerations

Consideration	**Details of any implications and proposed measures to address:**
Equality and Diversity	The LPA is not able to secure affordable housing under prior approval applications. The impact of this report to make an Article 4 Direction will not have any direct impacts but, once the Direction is confirmed and come into force, the Article 4 Direction will enable the LPA to secure affordable housing where it is viable.
Health, Social and Economic Impact	The size and quality of flats delivered through permitted development rights have often been substandard as they are not of sufficient size or provide sufficient natural light or external amenity space to provide a good quality of life for future residents. The impact of this report to make an Article 4 Direction will not have any direct impacts but, once the Direction is confirmed and come into force, removing permitted development rights will enable the LPA to have more controlled over internal and external amenity for future residents for example through requiring flats to meet national space standards. There has been an uncontrolled loss of office accommodation within Norwich since the introduction of permitted development to convert offices to residential and it has been identified within a recent study that Norwich's office economy is in a fragile and vulnerable condition. The impact of this report to make an Article 4 Direction protecting Norwich's office economy will not have any direct impacts but, once the Direction is confirmed and come into force, this will enable the LPA to consider whether the loss of an office building within the city centre is acceptable on a case by case basis. This will allow stock that is truly redundant to change use while, on the other hand, being able to protect space of strategic value. This therefore has the potential to have a positive impact on economic development.
Crime and Disorder	Neutral impact
Children and Adults Safeguarding	Neutral impact

Consideration	Details of any implications and proposed measures to address:
Environmental Impact	Under prior approval applications no physical alterations can be made to the building. If required these come forward as a separate application. The impact of this report to make an Article 4 Direction will not have any direct impacts but, once the Direction is confirmed and come into force, having one planning application for the change of use and physical alterations will enable the LPA to better consider the impacts of the development in order to ensure that the proposal enhances the built environment. It will also enable the LPA to secure landscaping via a condition which will have a positive upon both the natural and built environment. Under prior approval applications the LPA is not able to require 10% of energy to be from decentralised and renewable or low carbon energy sources. The impact of this report to make an Article 4 Direction will not have any direct impacts but, once the Direction is confirmed and come into force, the Article 4 Direction will enable the LPA to consider energy for all sites of 10 or more dwellings.

Risk Management

Risk	Consequence	Controls Required
Given that the Secretary of State has not yet made a decision on whether to intervene there is a risk that the Article 4 Direction may fail.	Given that the majority of work has already been done, the further financial resource implications are relatively minimal. Publicising the fact that the Council intends to bring the Article 4 Direction into force could lead to a temporary increase in prior approval applications.	Our case is supported by overwhelming evidence and is geographically limited. The National Planning Casework Unit has advised that their consideration of the Direction does not mean that progress on its introduction should be delayed. For this reason it is considered best to proceed at this point in time.

Other Options Considered

15. The alternative option is to not introduce an Article 4 Direction. This option is not recommended as it would prevent the Council from having any future control over the conversion of offices to residential through permitted development rights.

Reasons for the decision/recommendation

16. It is felt that our case is supported by overwhelming evidence and the Article 4 Direction will help project Norwich's office economy.

Background papers: None

Appendices: Consultation responses
Map of Article 4 Direction area

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Appendix 1: Summary of comments received on Article 4 Direction

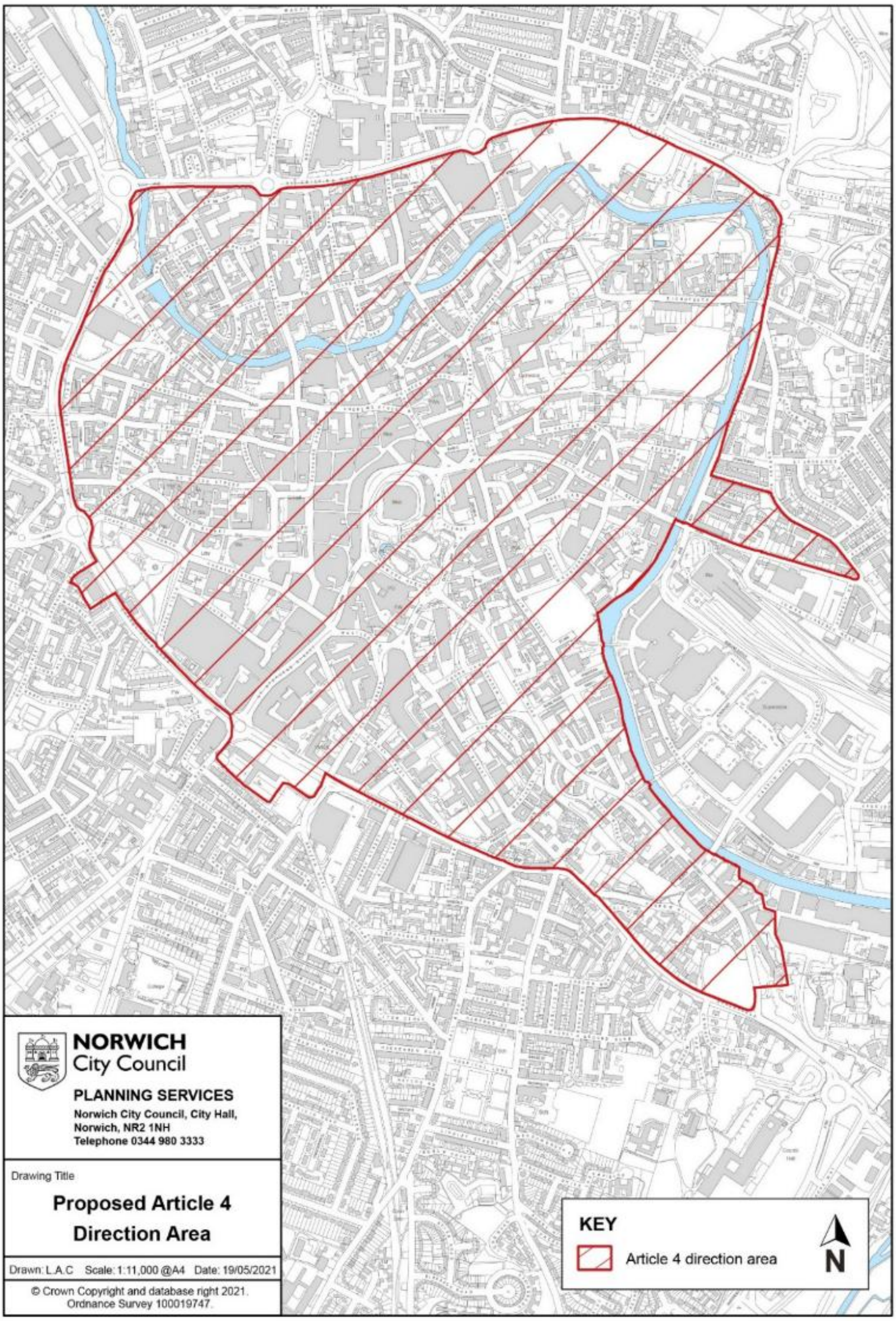
	Support/Object/ Comment	Comments
1	Support	Agree Council needs more control so supports new powers; however need to acknowledge that less office space will be needed in future due to more people working from home.
2	Comment	More offices should be allowed to change to residential. There is a need for residential above retail and the tourist and leisure industry could fill the gap left by office workers. Offices are better on outskirts as cheaper and within walking distance of thousands. Knock on effect of less commuting and better air pollution would also follow.
3	Object	Norwich is also proposing introducing a workplace parking levy and congestion charge along with everything else under the Transport for Norwich banner which restricts access to the city centre by car. This is not joined up thinking. Why would people want to work in city centre offices when there are so many negatives compared to locations where there are fewer restrictions and lower business rates?
4	Support	Some offices already converted do not appear to provide high quality housing. The analyses presented is correct including the significant points regarding the facilities needed by SMEs. The analysis is also correct in identifying key differences regarding walking to work and other points which make Norwich different to other cities. The A4D will give the city the option to refine office conversions.
5	Support	Accommodation created by conversions is often poor quality. Not opposed to office to resi conversation per-se. Cities do need to adapt to survive but these powers will ensure that future attempts to create residential accommodation out of redundant office buildings are put to proper and robust scrutiny with the result of creating future housing that stands the test of time and provides exceptional level of comfort and amenity to future residents.
6	Object	It doesn’t feel like a consultation given the Direction has already been made. In the absence of a coherent strategy for the centre of Norwich, it would be best to leave the property market to its own devices. Norwich has too much office space given the decrease in need for office space as a result of the pandemic. Need to increase supply of housing.
7	Comment	The demand for office space will be reduced for the foreseeable future, while there is a shortfall of housing, particularly affordable housing. Therefore I see no problem with allowing the continued transformation of offices into residential. If the Council nevertheless

		wishes to continue down the route of requiring full planning permission for conversions, I hope decisions will bear this new trend of new home working in mind as life will not return completely to normal when the pandemic is over.
8	Support	Permitted development rights to allow office to residential conversions undermines the ability for LPAs to plan effectively. The proposed area makes sense as it is the city centre retail and office district. The area beyond the city centre ring road includes key office buildings but would not object to these offices being excluded from the Article 4 area. Office to residential conversions make business sense to owners but it is damaging to the long term health of the city centre economy and ultimately city centre vitality if left unchecked. Control is necessary to ensure that the city's vibrancy can be maintained. The city centre needs more residential as this would support the retail and leisure uses but it is often the buildings most suited to office that are easier to convert rather than the long-term empty ones. There will be a need for the Council to review its policy in relating to residential conversion in light of this article 4 direction. Having more control will allow the city to positively plan, will allow for appropriate office to residential conversions to be scrutinised and allow the council to resist inappropriate development that undermines the Council's aims.
9	Support	Norwich has experienced significant loss of office space over recent years and there is a need for suitable facilities when people return to the office. Not everyone likes home working and decent office accommodation would allow social interaction.
10	Comment	I understand the need to limit PD rights to some extent and to some areas of the city centre but my view is that the article 4 direction goes directly against paragraph 53 of the NPPF which sets out that it should not extend to the whole of the town centre and should apply to the smallest geographical area possible. The Council should reassess the extent of the proposed Article 4 direction to ensure that it complies with the requirements set out in the NPPF.
11	Support	Share concerns regarding the lack of office space within the city centre. Over the past 18 months a number of high street stores have left the city and I am concerned that a further reduction in the presence of office workers in the city centre could lead to more problems for retailers and food businesses in the city centre that rely on the custom of these workers. Furthermore many of the conversions have done little to address housing affordability and has instead encouraged developers to be even more unscrupulous in their pursuit of profit. The Council can look at wider issues when planning

		permission is required.
12	Support	The need and justification to help maintain Norwich's supply of commercial floorspace is set out. The Theatres Trust is concerned about the potentially negative impact that permitted development may have on theatres and other noise-generating cultural facilities where neighbouring and nearby buildings are converted. There are a number of theatres and performance venues that fall within the published boundary. These meet local cultural needs as well as attracting visitors to the city from a wider area, therefore supporting the well-being of local people and significantly contributing to the local economy. It is important that they are supported and protected.
13 &14	Comment	The Ramidus report appears to consider the Norwich City Council area in isolation rather than the broader 'Greater Norwich' area. The reference to 'market failure' is not appropriate if the entire Norwich area is considered, in view of the successful business park developments outside the city's boundaries. Concentration on the conversation of offices to residential overlooks a significant number of conversions to educational use which have boosted employment. Conversion to both residential and educational uses have provided a solution for obsolete office buildings which are no longer viable for office use. Permitted development has led to the loss of some potentially viable office buildings and it could be argued that earlier intervention, seeking to protect larger, purpose-built modern office buildings might have been appropriate. However this has now been addressed by the recent changes whereby permitted development does not apply to buildings in excess of 1,500 m2. On balance, the impact of the existing pd rights has been positive as it has brought unviable offices into a viable alternative use, it has boosted the supply of residential properties, increased the population in the city centre and has brought about a more balanced office market. The stock and supply of offices in Greater Norwich remains reasonable and capable of accommodating future needs particularly in light of the impact of Covid on office occupancy. With the challenges facing the retail, leisure and office property markets as a result of Covid more flexibility is required. The proposed denial of planning rights to the owners of smaller properties is inequitable. If the Council proceeds with the Article 4 direction it should be more targeted to appropriate buildings. It should be limited to properties within the inner ring road (with the exception of Norvic House and Victoria House). It should not apply to properties near Rosary Road, Thorpe Road, King Street and Carrow Road. It should only apply to purpose-built offices and there should be a

		minimum size restriction so it doesn't apply to buildings of less than 500 sq m.

Appendix 2: Article 4 Direction area



Item 6

Committee Name: Cabinet
Committee Date: 08/12/2021
Report Title: Local Development Scheme December 2021

Portfolio: Councillor Stonard, Cabinet member for inclusive and sustainable growth

Report from: Head of planning and regulatory services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose
To consider the draft revised Local Development Scheme and any comments made by Sustainable Development Panel. This is the work programme for producing key planning documents, which will form part of the local plan for Norwich. The scheme is attached at Appendix 1 and covers a two-year period to 2023.

Recommendation:
To approve the Local Development Scheme for publication under section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by section 111 of the Localism Act 2011).

Policy Framework
The Council has three corporate priorities, which are:

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

This report meets the people living well, great neighbourhoods, housing and environment and inclusive economy corporate priorities.

This report addresses the following strategic actions in the Corporate Plan:

- Provide means for people to lead healthy, connected, fulfilling lives, particularly those who are most vulnerable
- Maintain a clean and sustainable city with a good local environment that people value
- Ensure our services mitigate against any adverse effects of climate change and are efficient to reduce carbon emissions
- Build and maintain a range of affordable and social housing
- Continue sensitive regeneration of the city that retains its unique character and meets local needs
- Mobilise activity and investment that promotes a growing, diverse, innovative and resilient economy.

This report helps to meet the following objectives of the COVID-19 Recovery Plan:

- Housing, regeneration and development
- Climate change and the green economy

Report Details

1. The Local Development Scheme (LDS) must be prepared as part of the statutory process of plan making. It is the work programme and project plan for the preparation of the various planning policy documents making up the local plan for the city.

2. Preparation and maintenance of an LDS is required by section 15 of the Planning and Compulsory Purchase Act, as amended by section 111 of the Localism Act 2011. The Localism Act has amended procedures for LDS production: a local planning authority has only to make a formal resolution to adopt the scheme and publish it on their website in order for it to take effect. There is no requirement to consult on the LDS prior to publication, or to submit it to the government for formal endorsement.

3. The legislation gives local authorities considerable leeway in the form and content of the LDS. However, it requires as a minimum the local planning authority, when publishing the LDS, to make the up-to-date text of the scheme available, provide details of any amendments made to the scheme, and information on its compliance (or non-compliance) with the timetable for the preparation and revision of documents identified within it.

4. The LDS was last reviewed in February 2021 and was intended to cover the period to 2023. Since then, further information has become available surrounding the East Norwich masterplanning exercise, progress on the Greater Norwich Local Plan (GNLP), as well as potential neighbourhood planning and design code workstreams. It is considered best practice to update the LDS before the examination of the GNLP. The LDS has therefore been revised to include the most up to date information. Otherwise, the information contained within it is identical to the February 2021 version.

5. The revised LDS will run to Autumn/Winter 2023 and will entirely supersede the version published in February 2021. It will be rolled forward periodically to ensure that it is as up-to-date and flexible as possible.

Updates to the Local Development Scheme

6. The following summarises the changes made to the previous version of the LDS from February 2021:

    a. No further information is available regarding the Government's consultation on the Planning White Paper and Changes to the Current Planning System documents. This has impacted on the timescales for the review and production of several development plan documents, advice and guidance, details of which are set out below.

    b. The previous version of the LDS outlined that the Statement of Community Involvement would be reviewed during 2021. The intention is for the SCI to still be reviewed over the coming months, however the wording has been amended slightly to build some flexibility into the timescales to take account of current workload.

c. Since the last version of the LDS was adopted a community group has expressed an interest in establishing a neighbourhood forum for the Neighbourhood Area which was designated in 2018. As yet, no formal application has been made to the City Council but this is likely to happen during the lifetime of this LDS.

d. The revised version of the LDS has been updated to refer to the latest Greater Norwich Annual Monitoring Report.

e. Paragraphs 4.3-4.4 have been amended to refer to the progress and updated timescales associated with the Greater Norwich Local Plan (GNLP). The GNLP was submitted to the Planning Inspectorate in July 2021 in accordance with the accelerated timescales outlined in paragraph 4.4 of the LDS. It is anticipated that public examination of the GNLP will commence in early 2022 with adoption of the plan expected by September 2022.

f. The February 2021 LDS outlined that full review of the Development Management Policies Local Plan was not appropriate at that time given the uncertainty around the changes to the planning system. There have been no formal updates from the Government as to the extent of the changes that will be implemented. The intention is to consider commencement of a review of the DM Policies Plan next year when there is greater clarity on the proposed planning reforms and the on the content of the GNLP.

g. The LDS has been updated to refer to the latest revision of the Norfolk Strategic Planning Framework (NSPF) document which was endorsed and adopted by the Norfolk Planning Authorities in early 2021.

h. An update has been included on the progress of the East Norwich masterplan. Work has been ongoing throughout 2021 for the stage 1 masterplan including consultation and engagement events. The stage 1 masterplan was presented to Cabinet in November 2021 for approval and agreement to move to stage 2. Stage 2 includes the production of a supplementary planning document to support the policy and allocations in the GNLP.

i. The February 2021 LDS included reference to the production of a Norfolk-wide Local Housing Needs Assessment (LHNA) to be led by Norwich City Council. The production of the LHNA on a Norfolk-wide scale has not continued as a Greater Norwich LHNA was produced as evidence to support the GNLP.

j. The LDS has been updated to include details of progress made on the production of an Article 4 Direction to remove permitted development rights for the conversion of offices to residential. The direction and notice had been submitted to the Secretary of State for consideration. Should the process proceed as envisaged, the direction should be confirmed in December 2021 and will come into force in July 2022.

k. Following recent retail monitoring, more frequent monitoring of the City Centre is being considered to ensure the Council have regular information on the City's retail sector. This is likely to require existing resource from the Planning Team.

Consideration by Sustainable Development Panel

7. The revised LDS was presented to Sustainable Development Panel at its meeting on 16th November 2021. Members discussed the revised LDS and agreed to recommend to Cabinet that the document be approved for publication under section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by section 111 of the Localism Act 2011).

Conclusions

8. The principal challenges to meeting the aims and timescales set out in the revised LDS remain the uncertainty around changes to national policy, availability of resources (both staff and financial), timescales surrounding local plan production process including the GNLP and a potential Neighbourhood Plan, and the continued joint working with other authorities across Norfolk.

9. In addition, many other aspects of the planning policy team's workload are not included in the LDS (such as monitoring and implementation of local plan policies) which require a significant staff resource. New planning priorities may also emerge during the LDS period, which may impact upon achievement of LDS timescales.

10. Information about the workstreams identified in this LDS and any new priorities will be reported to Sustainable Development Panel and Cabinet as required and will be included in any future revisions to the LDS as appropriate.

Consultation

11. The LDS is prepared with input from both the Planning Policy and Development Management teams, as well as the GNLP and NSPF partners on workstreams that involve joint working.

12. In addition, the relevant portfolio holder was made aware of the contents and updates to the LDS prior to this report being completed.

13. The revised LDS was also reported to Sustainable Development Panel on 16th November 2021.

Implications

Financial and Resources

14. The information contained within the updated LDS is the Planning Policy team's planned workload based on the information available at the current time and have already taken into account both financial and resource implications as part of the planning exercise. Any workloads that have financial or resource

implications over and above the general Planning Policy resource requirements will be subject to review within the context of the council's stated priorities, as set out in its Corporate Plan 2019-22 and Budget.

Legal

15. This is a report for information. There are no legal implications arising from this report.

Statutory Considerations

Consideration	**Details of any implications and proposed measures to address:**
Equality and Diversity	This update report does not have any direct implications for the council's equality and diversity considerations.
Health, Social and Economic Impact	This update report does not have any direct implications for the council's health, social and economic impacts considerations.
Crime and Disorder	This update report does not have any direct implications for the council's crime and disorder considerations.
Children and Adults Safeguarding	This update report does not have any direct implications for the council's children and adults safeguarding considerations.
Environmental Impact	This update report does not have any direct implications for the council's environmental impact considerations.

Risk Management

Risk	**Consequence**	**Controls Required**
Government makes significant changes to the planning system	Many of the workstreams identified in the LDS may not be required any longer and risks undertaking abortive work; new workstreams may be required which will have an impact on timescales and resources	The LDS already highlights areas of work which may be at risk from Government changes to the planning system. The LDS can be revised at any time to take account of changing circumstance. Reporting and sign off via SD Panel and Cabinet will be required for any future revision of the LDS.
Timescales for planned workload are brought forward/slip	This may impact on the resources required to ensure the workstreams continue/are completed.	The LDS can be revised at any time to take account of changing circumstance. Reporting and sign off via SD Panel and Cabinet will be required for any future revision of the LDS.

Risk	Consequence	Controls Required
Unknown additional workstreams not currently planned for	This may impact on timescales and resources available for planned-for workstreams.	The LDS can be revised at any time to take account of changing circumstance. Reporting and sign off via SD Panel and Cabinet will be required for any future revision of the LDS.
Changes to available resources	This may impact on timescales for planned-for and unknown additional work streams.	The LDS can be revised at any time to take account of changing circumstance. Reporting and sign off via SD Panel and Cabinet will be required for any future revision of the LDS.

Other Options Considered

16. Preparation of an LDS is required by section 15 of the Planning and Compulsory Purchase Act, as amended by section 111 of the Localism Act 2011, therefore no other options have been considered.

Reasons for the decision/recommendation

17. The recommendation is to agree the Local Development Scheme and recommend that Cabinet approves it for publication to ensure that the Councill complies with the requirement of section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by section 111 of the Localism Act 2011).

Background papers: None

Appendices:
1 Local Development Scheme December 2021

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APPENDIX 1

NORWICH
City Council

Local Development Scheme

for Norwich

December 2021

1. Introduction

1.1 A Local development scheme (LDS) must be prepared under Section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by the Localism Act 2011). It must identify the documents that will be prepared to set out the strategy for the development and use of land in the local planning authority's area – collectively called development plan documents. An LDS is a project plan which identifies the documents which, when prepared, will make up the Local Plan for the area. It must be made publicly available and kept up-to-date. It allows the public and stakeholders to find out about planning policies in their area, the status of any emerging policies in the development plan, and the details of and timescales for production of all relevant documents.

1.2 This LDS applies only to the area of the city for which Norwich City Council is the local planning authority. It should be noted that part of the administrative area of Norwich (namely the tidal river Wensum downstream of New Mills and an area of land at Cremorne Lane) falls within the planning jurisdiction of the Broads Authority, which is subject to a separate local plan and LDS.

1.3 In addition to providing information about the main development plan documents in preparation, this LDS also provides detail about the preparation of Supplementary Planning Documents (SPDs) and other informal planning guidance and adopted local development documents, to provide a full account of the planning policies that will operate in Norwich. This document also refers to committed and potential workstreams contributing to documents, which may form part of the LDS.

1.4 The LDS was last updated in February 2021. Since the publication of that document, further information has become available surrounding the East Norwich masterplanning exercise, progress on the Greater Norwich Local Plan, as well as potential neighbourhood planning and design code workstreams.

1.5 In autumn 2020, the Government consulted on the Planning White Paper: Planning for the Future[1] and Changes to the Current Planning System[2]. These documents propose significant changes to the way the planning system operates as well as the content of local plan documents. The Government is yet to respond to the consultation or make the arrangements formal in any new legislation. However, the Government has also signalled that it is carrying out a review of its proposed planning reforms, and therefore the situation going forward is still uncertain. Therefore, this revision of the LDS, and all the workstreams contained within it, assume a continuation of the current system. Should any changes to the planning system be formalised in future, a further update of the LDS will be prepared as necessary.

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[1] https://www.gov.uk/government/consultations/planning-for-the-future
[2] https://www.gov.uk/government/consultations/changes-to-the-current-planning-system

Summary of progress since the last LDS

1.6 Since publication of the last LDS, significant progress has been made on the preparation of the **Greater Norwich Local Plan** (GNLP), and on the revised **Norfolk Strategic Planning Framework** (NSPF), which was endorsed in early 2021. Further details are set out in the main body of this document.

1.7 The **Statement of Community Involvement** (SCI) was fully revised and published in November 2016, and replaces the version published in July 2013. The SCI is the council's code of practice for involving the community in planning issues, including decisions about plan making and on planning applications. A minor temporary update was made to the SCI in 2020 to increase flexibility in planning consultations as a result of the COVID-19 pandemic. The latest version of the SCI remains in place But is likely to require review over the coming months.

1.8 The **Brownfield Register** (Part 1) was last published in November 2020. This includes sites that have been assessed as being appropriate for residential development, such as sites with planning permission and allocations in local plans. The register will be updated at least once a year in accordance with Regulation 17 of the Town and Country Planning (Brownfield Land Register) Regulations 2017.

1.9 A **Self-build Register** for Norwich was established in 2016 to enable individuals and organisations to register their desire for land for self-build or custom-built housing. The register will enable the council to monitor the demand for self and custom build plots. A local connection test and annual fee were introduced in 2017.

1.10 The **River Wensum Strategy** was adopted by Norwich City Council (in June 2018) and by the other partner authorities during summer 2018. The strategy development and ongoing delivery is led by Norwich City Council working in partnership with the Broads Authority, Norfolk County Council, the Environment Agency and the Norwich Society. This is a non-statutory strategy aimed at facilitating change and regeneration in the river corridor by helping to change perceptions of the city as a visitor destination and acting as an economic driver to attract investment. It promotes greater use of the river Wensum, in particular promoting improved access/signage to the river, increasing activity on the river, enhancing its function as a key piece of green infrastructure and its contribution to biodiversity, and increasing its attractiveness to tourists and visitors. The River Wensum Strategy Partnership group continue to meet and have progressed to the delivery phase of the project, setting out actions for implementation of the strategy. A number of projects identified in the strategy are underway, or have already been completed, such as the installation of canoe portages, an eel pass at New Mills, and Barn Road Gateway public realm and accessibility improvements. The partnership are now working on a Delivery Plan to focus project delivery for the next approximately two years.

1.11 In June 2018, the city council's Cabinet formally designated the area that was previously the subject of the Northern City Centre Area Action Plan as a neighbourhood area. This followed applications for designation of a wider area (the Cathedral, Magdalen and St Augustine's Street area - CMSA) as a neighbourhood area and for designation of a forum for that area. Following a public consultation in early 2018, both applications were refused by Norwich City Council and the Broads Authority (the latter being involved as part of the River Wensum falls within the proposed area) in June 2018. The Localism Act 2011, S61G(5) states that, where a local authority refuses an application for designation of a neighbourhood area because they consider the specified area to be inappropriate as such, they must exercise their powers of designation to secure that some or all of the specified area forms part of one or more areas designated as neighbourhood area.

1.12 The designated **Northern City Centre Neighbourhood Area** is already well established as an appropriate area for planning purposes, and development of a neighbourhood plan could help to positively build on the area's significant regeneration potential. Since the last version of the LDS was published, a community group has expressed an interest in establishing a neighbourhood forum for this area. As yet, no formal applications have been made to the City Council, but this is likely to happen during the lifetime of this revised LDS.

1.13 The **Affordable Housing SPD** was updated and adopted in July 2019. This SPD replaces the previously adopted version from 2015. The new SPD takes account of changes in the revised NPPF with a view to maximising the provision of affordable housing in the city.

1.14 In November 2019, **the Purpose Built Student Accommodation in Norwich: Evidence and Best Practice Advice Note** was adopted by cabinet. Following a significant rise in the number of applications for Purpose Built Student Accommodation (PBSA) over a number of years, the PBSA advice note was prepared to provide guidance for applicants and decision-makers in the absence of a specific policy in the Local Plan. The council has produced the advice note with the aim of ensuring delivery of high quality PBSA in Norwich. This includes an assessment of the need for purpose-built accommodation and guidance on a range of issues including the location, scale, external and internal design and management of PBSA, and how to encourage an accommodation mix for a wide range of students. The Council is continuing to work with local higher education institutions and their student's unions through PBSA working groups, to monitor and share information to support the provision of good quality and appropriate student accommodation. An update to the PBSA advice note to reflect current need is anticipated in 2022.

1.15 A development brief was prepared for Prospect House to guide the redevelopment of this prominent city centre site and was approved by Planning Applications Committee in October 2018. This site was not allocated in the Site Allocations Plan as it was not a development opportunity at that time. The brief will be a material planning consideration in the determination of any planning application that is subsequently submitted for the site.

1.16 UEA are looking at a new **Estates Strategy or Campus Redevelopment Programme** to set in place an overarching strategic framework to guide campus activities for the next 40 to 50 years and to be used as part of the evidence base of the GNLP. Findings will be discussed with Norwich City Council.

2. Scope of the Norwich Local Development Scheme

2.1 The Local Development Scheme covers the following types of documents:

Development plan documents (DPDs)

2.2 Development plan documents or DPDs are the formal policy documents which make up the statutory development plan (the *local plan*) for Norwich. Once adopted, these have full legal weight in decision-making. The council's decisions to approve or refuse any development which needs planning permission must be made in accordance with the local plan unless material considerations indicate otherwise. The local plan may be either a single document or a number of separate related documents.

2.3 The adopted local plan for Norwich comprises the **Joint Core Strategy for Broadland, Norwich and South Norfolk** (the JCS) adopted in March 2011, amendments adopted January 2014; the **Norwich Site Allocations and Site Specific Policies Local Plan** (the Site Allocations Plan), adopted December 2014 and the **Norwich Development Management Policies Local Plan** (the DM Policies Plan), adopted December 2014. The **Northern City Centre Area Action Plan** (NCCAAP) as stated earlier no longer forms part of the local plan, although policy 11 of the JCS remains adopted and requires regeneration of the northern city centre in accordance with NCCAAP principles. Accordingly, a commitment to regenerate the northern city centre will remain a material consideration in determining planning applications in that area.

2.4 The JCS and Site Allocations plan will be replaced by the emerging Greater Norwich Local Plan (GNLP), which will run until 2038 and is scheduled to be adopted in 2022.

2.5 Each document must be prepared in accordance with a nationally prescribed procedure set out in the national Local Planning Regulations for England, which were last reviewed in 2012 and in accordance with the National Planning Policy Framework. At key stages of plan-making there is an opportunity for the public to comment on emerging planning policies and proposals in the documents. At the end of the process, development plan documents must be submitted to the Secretary of State and independently examined by a government appointed inspector to assess their soundness and legal compliance before they can be *adopted* by the city council and come into force.

2.6 Certain other documents must be published alongside each DPD, including:

- the **sustainability appraisal** (SA) report of the plan at each stage (a **sustainability appraisal scoping report** is prepared and consulted on at the start of the process to set out what sustainability issues and objectives the SA should cover and what evidence it will use);
- A **habitats regulations assessment** (HRA) if policies and proposals in the plan are likely to have impacts on important natural and wildlife habitats protected by national and international legislation. This is also known as the "Appropriate Assessment".

- a **policies map**, setting out the DPDs policies and proposals on a map base (if relevant);
- a **statement of consultation** summarising public representations made to the plan and how they have been addressed (called the "Regulation 22(c) statement");
- copies of any representations made;
- any other supporting documents considered by the council to be relevant in preparing the plan;
- an **adoption statement and environmental statement** (when the plan is adopted).

Supplementary planning documents (SPDs)

2.7 Supplementary planning documents (SPDs) help to support and explain in more detail how the city council will implement particular policies and proposals in the Local Plan. SPDs can also take the form of master plans, detailed design briefs or development briefs for sites identified for future development ("allocated") in the plan, as well as for other emerging sites.

2.8 SPDs can be reviewed frequently and relatively straightforwardly to respond to change, whereas a review of the policies in the plan is a longer and more complex process.

2.9 National **Planning Practice Guidance** (PPG) states that SPDs should build upon and provide more detailed advice or guidance on the policies in the Local Plan and should not be used to add unnecessarily to the financial burdens on development. SPDs should not introduce new or include excessively detailed policy guidance, but ought to be used only where it can clarify and amplify existing policy and set out how it will help to bring forward sustainable development.

2.10 There are currently five adopted SPDs in place, which support the policies in the JCS and DM Policies Plan. Other planning guidance may also be produced during the lifetime of this LDS (see below).

Other local plan documents

2.11 In addition to the progress report provided by this LDS, a number of other documents must be prepared alongside the local plan, but do not form part of it.

2.12 A **Statement of Community Involvement** (SCI) must show how the council intends to involve the community in plan preparation and planning decision-making. It is not a local development document but legally it must set out how documents specified in the LDS will be consulted on.

2.13 To ensure that plans and policies are effective, an **Annual Monitoring Report** (AMR) must also be prepared to record progress on implementing the local plan and how new development and change taking place in the previous year has contributed to achieving its targets. From 2011, the AMR for Norwich has been incorporated within a combined monitoring report for the JCS prepared jointly by Norfolk County Council and the three district authorities covering Greater Norwich. The most recent JCS AMR, for the monitoring period April 2019 to March 2020, was published in July 2021[3].

Associated documents and initiatives

2.14 Although not required to be published as part of the LDS programme, the following additional documents and initiatives are listed in this LDS for information, as they will inform the preparation of future statutory development plan documents and/or provide a wider context for their implementation.

a) **Non-statutory strategic guidance** including the **Norfolk Strategic Planning Framework** (NSPF);
b) Other **potential and anticipated workstreams** arising from ongoing national and local policy changes. The scope and extent of the work that may be undertaken depends on resources available to the council and (in some cases) further clarification from central government about how proposed new planning measures would operate in practice. For that reason, no detailed timescales can be specified for future informal local guidance and other work items in this category.

[3] https://www.greaternorwichgrowth.org.uk/planning/monitoring/

3. The existing local plan

3.1 A number of planning documents are already in place to guide the council's decisions on planning applications. Together these form the existing adopted local plan for Norwich, which has been through a formal process of consultation and independent examination before adoption. These documents include the **JCS**, the **DM Policies Plan** and the **Site Allocations Plan**.

3.2 As these documents are already in use, they are not part of the formal LDS schedule set out in the Annex, which deals in the main with the new and emerging documents that will be prepared to replace or supplement them. However, they are referred to below in order to provide a complete picture of the planning policy documents that apply in Norwich.

3.3 The documents making up the local plan must conform to national planning policy in the **National Planning Policy Framework** (NPPF), supported by national **Planning Practice Guidance** (PPG). In preparing its local plan, the council must show that it has met the statutory **Duty to Cooperate** with adjoining authorities and other relevant bodies. The Duty to Cooperate places a legal duty on local planning authorities and county councils in England to engage constructively, actively and on an ongoing basis to maximise the effectiveness of local plan preparation in the context of strategic cross boundary matters.

3.4 The local plan documents fit into a hierarchy with broad strategic policies at the top and more detailed policies interpreting the strategic approach at a district and small area level. This is illustrated in Figure 1 on page 10.

3.5 For the Norwich area, the adopted **JCS** is the primary document at the top of the hierarchy with which other development plan documents prepared by individual districts should conform. The JCS was adopted in March 2011, with amendments adopted in January 2014. It is a strategic planning document prepared jointly by the three constituent districts in Greater Norwich and Norfolk County Council, and provides the long-term vision, objectives and spatial strategy for development of Norwich and its surrounding area for the period to 2026. The JCS is therefore at the heart of the present local plan for Norwich until it is superseded by the Greater Norwich Local Plan once adopted (see section 4 below).

3.6 The **Site Allocation Plan** identifies and sets out policies for sites in Norwich city where development is proposed or expected to occur between now and 2026. It responds to the requirement of the JCS to identify additional sites for 3000 new homes in the city by 2026 over and above existing housing commitments. It also identifies opportunities to accommodate the overall levels of growth in jobs and services anticipated over that period and to ensure that these can be delivered and located sustainably, with a particular focus on expanding office employment and retail and leisure uses in the city centre. It will also help to deliver the community facilities and green infrastructure and elements of the sustainable transport network required to support new development as it occurs, in accordance with the JCS. The Site Allocations Plan was adopted in December 2014.

3.7 The **DM Policies Plan sets** out a range of more detailed policies applying throughout Norwich to be used in the council's assessment of development proposals and to guide future council decisions on applications for planning permission up to 2026. Its 33 policies cover a range of topics, building on the national policy principles for sustainable development set out in the NPPF and the strategic policies and objectives of the JCS. In certain cases, the policies also set out local criteria and standards for different kinds of development. The DM Policies Plan was also adopted in December 2014.

3.8 The Localism Act 2011 allows for community led **neighbourhood plans** to be brought forward to complement the adopted local plan, and this is reflected in Figure 1. As stated above (paragraph 1.10), a neighbourhood area has been designated for the northern city centre. However, no neighbourhood plans have yet been proposed within the city boundary although a number of neighbourhood plans are now formally in place ("made") for the adjoining suburban parishes of Cringleford in South Norfolk, and Sprowston, Hellesdon and Old Catton in Broadland. The city council remains open to working in cooperation with community-led groups to produce neighbourhood plans where these help to promote beneficial development, regeneration or neighbourhood enhancement in accordance with the presumption in favour of sustainable development and the general principles set out in the NPPF.

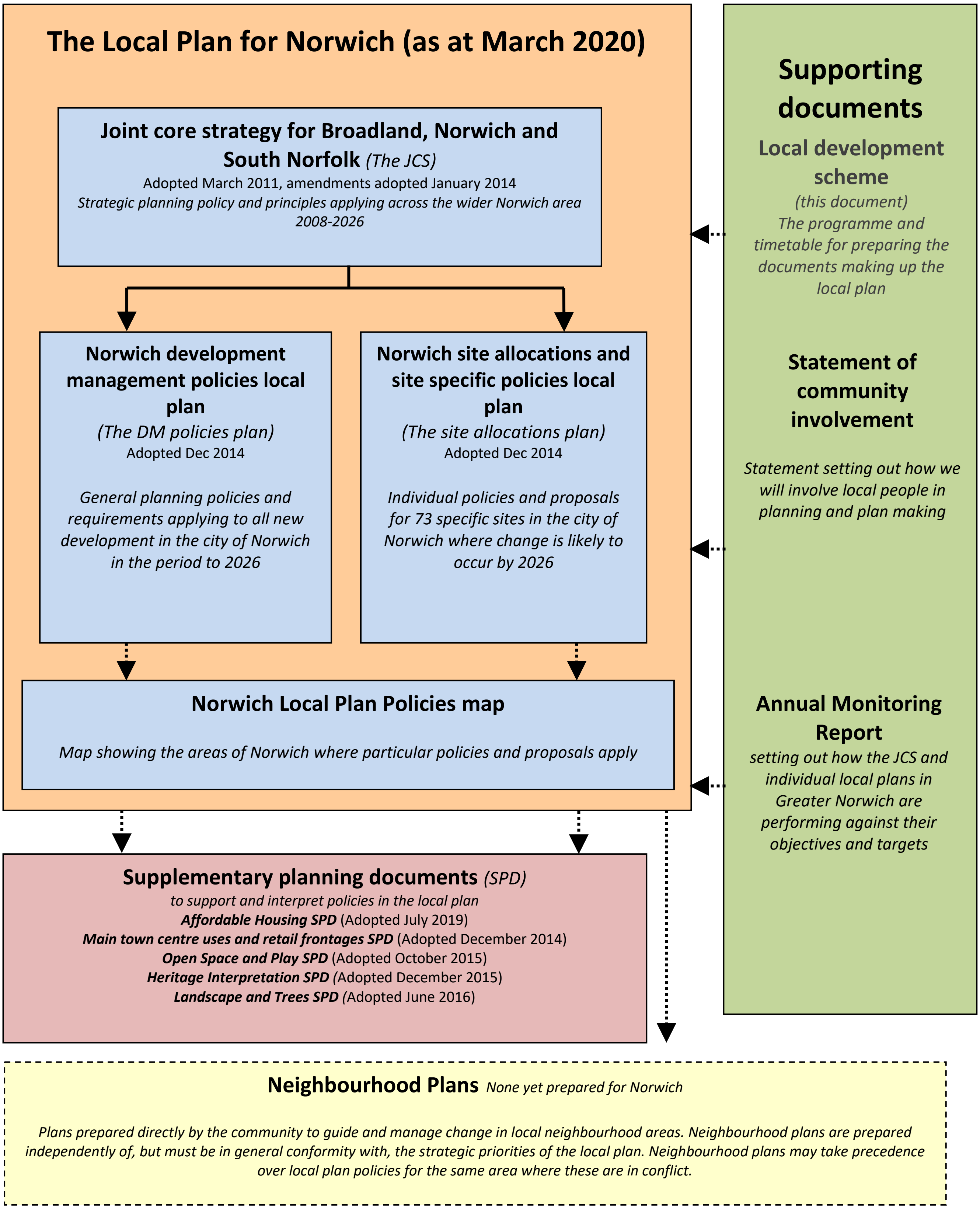

Figure 1: Hierarchy of the local policy context in Norwich

4. Looking forward – the emerging local plan and the 2021-23 LDS programme

4.1 The LDS was last reviewed in full in February 2021. This further review is required to make updates to local plan preparation timescales and to provide updates on the progress of workstreams since the last revision. This revision of the LDS outlines the programme of documents and associated workstreams that will contribute to the replacement and review of the local plan. These will include the statutory and non-statutory planning documents detailed below.

4.2 Further detailed information on the GNLP is included in the Key Document Profiles in section 5. The work programme set out for this document may be subject to review dependent on the extent of evidence and resources likely to be required and timescales proposed by the Planning Inspectorate.

New Development Plan Documents

4.3 The proposed **Greater Norwich Local Plan**[4] (GNLP) will be a new statutory local plan for Broadland, Norwich and South Norfolk to update the present JCS. This will similarly set out a statement of strategic planning policy for the wider Norwich area but, unlike the JCS, will also include policies and proposals for individual sites. As such, the GNLP will also replace separate site allocations plans for individual districts – in the case of Norwich, the Site Allocations plan. However, the village clusters site allocations policies for the South Norfolk District will be included in a separate South Norfolk Village Clusters local plan which is being prepared alongside the GNLP. Only the overall number of dwellings proposed within these settlements is included within the GNLP itself.

4.4 The timetable for the production of the GNLP shown in this LDS has been adjusted to reflect changes in the production timetable and to account for progress over the last 9 months. In July 2020 the Greater Norwich authorities agreed to extend the timescales for GNLP preparation to allow more time to make updates and amendments following the Regulation 18 consultation, to take on board updated evidence, to allow for an additional Regulation 18(d) consultation and to take account of the impacts of COVID-19. In August 2020, the Government published the Planning White Paper and Changes to the Current Planning System documents, which included a revision to the standard methodology for calculating housing need. Following consideration of options by the GNDP Board, the decision was taken to accelerate plan production making use of the transitional arrangements provided by the Government, based on the draft GNLP already consulted upon. In December 2020, the Government announced that the existing standard methodology would be retained meaning that the GNLP would no longer need to proceed though transitional arrangements. However, the Greater Norwich authorities agreed to proceed to the accelerated timescales in order to avoid any further delay in the plan's production and to ensure that plan-making momentum was maintained. In July 2021, the

[4] https://gnlp.oc2.uk/

GNLP was formally submitted to the Planning Inspectorate for examination. Examination is anticipated to begin in early 2022.

4.5 In accordance with paragraph 33 of the NPPF and S10A of the Town and Country Planning (Local Planning) (England) Regulations 2017, the council undertook a review of the DM Policies Plan and the Site Allocations Plan[5], to review whether the plans are up to date and respond to changing local needs and circumstances. The review was carried out in October-November 2019 and endorsed by cabinet on 13 November 2019. It concluded that, in general, the local plan policies are fit for purpose at the current time, however it recommends that a full review of the DM Policies Plan should commence following the Regulation 19 consultation of the GNLP. The Regulation 19 consultation of the GNLP took place in early 2021 and therefore the review of the DM policies plan could, in theory, commence.

4.6 However, the Government have yet to publish their response to the consultation on the Planning White Paper and Changes to the Current Planning System which was due earlier this year. Therefore, there is still a significant degree of uncertainty surrounding what planning reforms may be implemented which could impact upon any future review of the DM Policies Local Plan. The intention is to consider commencement of a review of the DM Policies Plan next year when there is greater clarity on the proposed planning reforms and the on the content of the GNLP. Once this is clarified, the LDS will be updated to include the programme of work.

Review of the non-statutory Norfolk Strategic Planning Framework

4.7 The **Norfolk Strategic Planning Framework**[6] (NSPF) is a non-statutory strategic policy statement setting out broad strategic targets and priorities for the next round of statutory local plans for individual local planning authorities in Norfolk, facilitating joint working across district boundaries and helping to fulfil the statutory Duty to Co-operate. The NSPF was revised and endorsed by Norwich City Council in April 2021. It will continue to be reviewed regularly as the Duty to Co-operate requires authorities to work together in an ongoing and meaningful way as the Statement of Common Ground must reflect the most up to date position in terms of joint working across the area.

New Supplementary Planning Documents and planning guidance

4.8 Following the cessation of the Britvic/Colmans/Unilever operations at the Carrow Works site, the Council and key partners are about to commission a masterplan for the East Norwich Strategic Regeneration Area, capable of adoption as a Supplementary Planning Document. This will aim to guide the coordinated redevelopment of the site to focus on delivery of transformational change of this key area of Norwich and to inform the Regulation 19 version of the GNLP. Consultants began work on the masterplanning

[5] https://www.norwich.gov.uk/info/20199/adopted_local_plan/2494/regulation_10a_review_of_the_local_plan

[6] https://www.norwich.gov.uk/info/20022/planning_policy/1194/emerging_local_plan_and_evidence_documents/2

exercise in March 2021 and are nearing the end of stage 1 of the process – a preferred option masterplan, based on a comprehensive evidence base and a process of public and stakeholder engagement. Cabinet will consider approval of the stage 1 masterplan in November 2021 and agreement to move to stage 2 of the masterplan. Stage 2 will involve production of a joint SPD for East Norwich to support the policy and allocations in the GNLP. Timescales are set out in the table in Section 5.

4.9 The previous version of the LDS includes a new committed workstream which involved the City Council being the lead authority on a new Local Housing Needs Assessment (LHNA) with partner authorities across Norfolk. This workstream has not progressed as envisaged as a LHNA has now been produced as evidence to support the GNLP. The Greater Norwich HNA was published June 2021[7].

Other committed and potential workstreams

4.10 The following paragraphs refer to committed and potential workstreams, which are or may be part of the Council's work programme, although in many cases the status and timescales for production of these have yet to be confirmed. None are formal development plan documents or supplementary planning documents but are included in the LDS for completeness. Subsequent revisions to the LDS would identify the need for any formal DPDs or SPDs emerging from this work.

<u>Committed</u>

4.11 Additional workstreams which are **committed** and form part of the planning service's work programme during this LDS period are as follows:

- Maintenance of the **Brownfield Land Register updates**. The Town and Country Planning (Brownfield Land Register) Regulations 2017 require local planning authorities to maintain a statutory Brownfield Land Register. The regulations state that the Part 1 Registers must be updated at least annually so this will form an ongoing commitment. Part 2 of the register is intended to include sites listed in Part 1, which are considered suitable for the granting of planning permission in principle for residential development. There is no intention at this stage to produce a Part 2 Register.

- The **Self-Build Register** (set up in April 2016) will continue to be maintained in accordance with the Self-build and Custom Housebuilding Act 2015[8] (as amended by the Housing and Planning Act 2016).

<u>Potential Additional Work</u>

4.12 Additional workstreams which may be progressed, but which **are not firm commitments** in this LDS period, are:

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[7] https://www.gnlp.org.uk/sites/gnlp/files/2021-07/B22.3%20Greater%20Norwich%20LHNA.pdf
[8] http://www.legislation.gov.uk/ukpga/2015/17/contents/enacted/data.htm

- Potential neighbourhood plan support following the designation of the northern city centre area as a neighbourhood area in June 2018. This will be dependent on a community group gaining designation as a neighbourhood forum, and commencing preparation of a neighbourhood plan. A community group have expressed an interest in taking this forward and it is currently anticipated that an application for a Forum will be submitted before the end of 2021.

- Over the past few years, Norwich has seen a significant reduction in office floorspace. This is largely attributed to the ability to convert offices to residential accommodation under the prior approval process, and without planning permission. The reduction in office floorspace is concerning as it results in less choice of suitable accommodation for businesses and compromises the ability of the city, and the surrounding areas, to thrive economically. In addition, there is no provision within the prior approval process to secure affordable housing on these schemes. In July 2021, Cabinet agreed to delegate authority to officers to make an Article 4 Direction to remove permitted development rights for the conversion of offices to residential within Norwich City Centre. Following this, a copy of the direction and notice has been submitted to the Secretary of State (SoS) for consideration. Should the process proceed as envisaged, the direction should be confirmed in December 2021 and will come into force in July 2022.

- **The Environment Bill**[9] is due to undergo further scrutiny in Parliament. The current version of the Bill sets out plans and policies for improving the natural environment including waste and resource efficiency, air quality, water quality, nature and biodiversity, the regulation of chemicals etc. It is likely that the Bill will have a number of implications upon the planning system, for example, the formal introduction of Biodiversity Net Gain. Depending upon the final content of the Bill and the timescale for its implementation, the existing local plan documents will likely need to be updated to ensure compliance with the Bill. Currently, no further information is available on the timescales for the introduction of the Bill, however, the formal review of the DM Policies Plan would represent an opportunity to consider the implications of the Bill on the local planning context in Norwich. It may also be necessary to consider the implications of the Bill in context of any future changes to the planning system.

- In 2019, the Government published the first two parts of the **National Design Guide**[10]. This document sets out the characteristics of well-designed places and demonstrates what good design means in practice. It forms one part of Government guidance aiming to achieve enduring and successful places and forms a material consideration in the determination of planning applications. The third part of the design guide includes the provision of a National Model Design Code (anticipated in 2020), which will set a baseline standard of quality and practice across England which local planning authorities will be expected to take into account when developing local design codes

[9] https://services.parliament.uk/bills/2019-20/environment.html

[10] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/843468/National_Design_Guide.pdf

and guides, and when determining planning applications. Following the publication of part 3 of the design guide, the council may consider the preparation of a local design guide, as part of the review of the existing DM Policies Plan and preparation of a new Plan. This will be dependent upon timescales and availability of resources, as well as an assessment of in-house expertise. In the absence of a local design guide, the council will be expected to defer to the National Design Guide.

- Following recent retail monitoring, it is intended to undertake more frequent monitoring of the City Centre to ensure the Council have regular information on the City's retail sector. This is likely to require existing resource from the Planning team. This additional monitoring will be used to inform future review of the DM Policies Plan.

5. Key document profiles

Document Title	Greater Norwich Local Plan (GNLP)
Role and content	To provide the strategic vision, objectives and strategy for future development of the greater Norwich area, to accommodate objectively assessed needs for growth and to identify specific sites for development in the period to 2038. The GNLP provides the strategic context for the preparation of lower level policy documents prepared by the three constituent district planning authorities.
Status	Statutory Development Plan Document (DPD)
Conformity	The document must conform with the National Planning Policy Framework (the NPPF). It should also accord with standing advice in national Planning Practice Guidance (PPG).
Geographical coverage	The three districts of Broadland, Norwich and South Norfolk, excluding the parts of those districts falling within the Broads Authority area. This will exclude site allocations in village clusters in South Norfolk.
Joint working arrangements (if any)	The plan is being prepared by a joint team comprising officers from Norwich, Broadland and South Norfolk district councils with the support of Norfolk County Council. Each council will make independent decisions at key stages in the plan preparation process.
Relationship with adopted local plan(s)	The GNLP will supersede a) the **Joint Core Strategy (JCS*)*** for Broadland, Norwich and South Norfolk (adopted March 2011, amendments adopted 2014) a) the **Norwich Site Allocations and Site Specific Policies Local Plan** (adopted December 2014)
Production milestones **Commence document production**	 December 2015
The work includes a "call for sites" (an invitation to put forward specific	

Document Title	Greater Norwich Local Plan (GNLP)
development sites for inclusion in the GNLP, held in May-July 2016); evidence studies; Regulation 18 stage consultation on issues and options and site proposals held January-March 2018; further Regulation 18 stage consultations on additional sites (October – December 2018), and on a draft plan to include suggested policy options, growth strategy and site allocations (see below). For further details of the timetable for this work see www.gnlp.org.uk. **Regulation 18 draft plan** **Publish pre-submission (Regulation 19) document** **Formal submission of GNLP to Secretary Of State (Regulation 22)** **Adoption of the Greater Norwich Local Plan**	 January – March 2020 February – March 2021 July 2021 September 2022
Monitoring and review	Annual Monitoring report and five year housing land supply updates

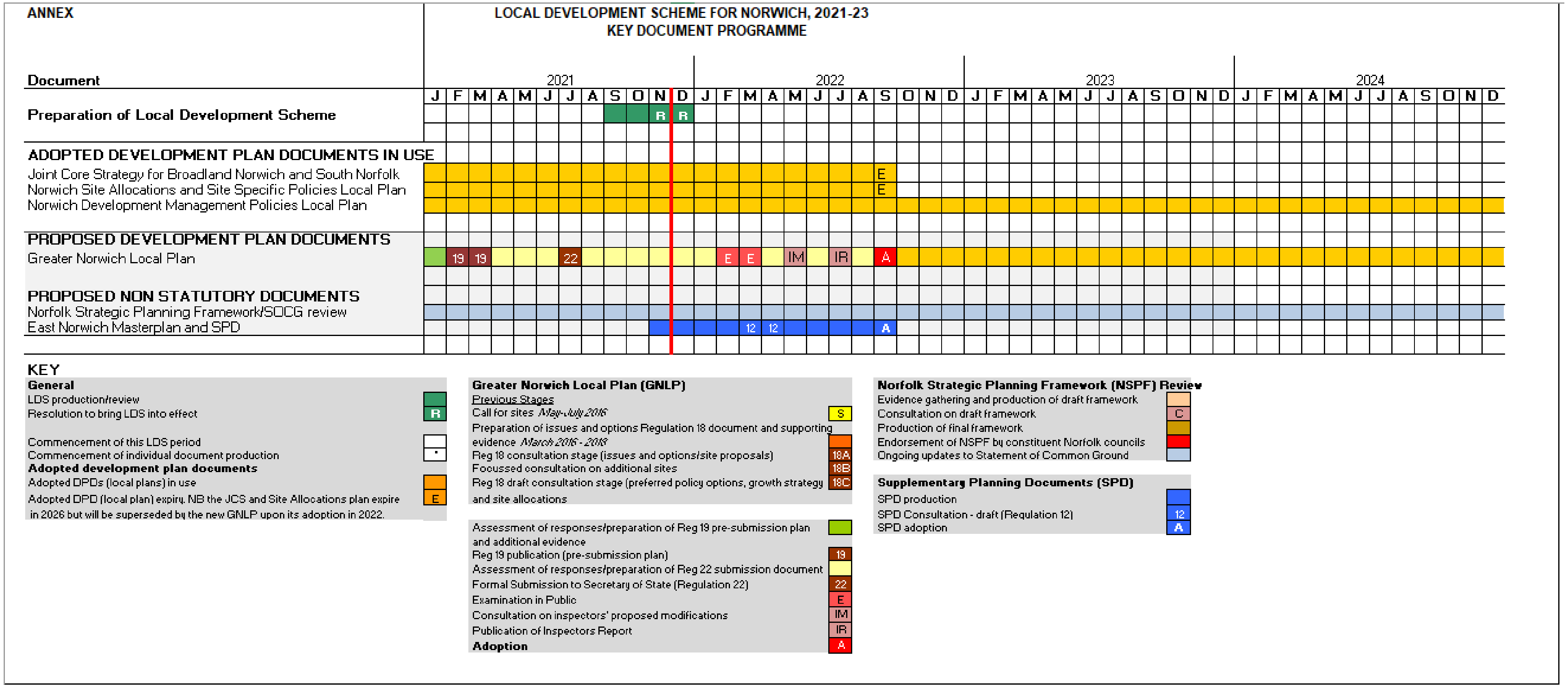
The National Planning Policy Framework states that policies in local plans should be reviewed to assess whether they need updating at least once every 5 years, and should then be updated as necessary. Such a review will need to determine whether any significant matters have arisen, for example changes to national policy or needs for development, that mean that modifications should be made to the local plan or a new replacement local plan produced. The need for a review of policies in the GNLP will be assessed in due course following on from its adoption.

Document Title	East Norwich Masterplan
Role and content	A supplementary planning document for the East Norwich Strategic Regeneration Area to support policy in the GNLP for the coordinated redevelopment of the site and delivery of transformational change of this key area of Norwich.
Status	Non-statutory supplementary planning document.
Geographical coverage	East Norwich sites including the Deal Ground, Utilities Site, May Gurney and Carrow Works identified on East Norwich masterplan map[11].
Joint working arrangements (if any)	A public-private partnership board has been formed to support the delivery of this ambitious and long-term project – The East Norwich Partnership. The partnership is led by Norwich City Council and includes Homes England, South Norfolk Council, Norfolk County Council, the Broads Authority, New Anglia Local Enterprise Partnership, Network Rail and the landowners.
Conformity	As a non-statutory document there is no formal requirement for conformity with higher-level national policy statements, however the masterplan will need to align with the principles set out within the GNLP and National Policy.
Relationship with adopted local plan(s)	The East Norwich Masterplan will be adopted as an SPD by the Greater Norwich authorities to support policies set out in the emerging GNLP.
Production milestones (provisional) **Overall production period** **Consultation** **Adoption**	 November 2021 – March 2022 March 2022 (6 weeks) September 2022 (alongside GNLP)

[11] East Norwich regeneration: Project overview | Norwich City Council

Monitoring and Review	Ongoing
Document Title	**Norfolk Strategic Planning Framework (NSPF) review**
Role and content	To set out an agreement between Norfolk's local planning authorities insofar as they relate to strategic planning matters, setting out broad strategic targets and priorities to inform and provide a context for the preparation of statutory local plans for individual districts and areas within the county (including the GNLP); to facilitate joint working across district boundaries and help to fulfil the Duty to Cooperate; and to meet the NPPF's requirements in relation to a Statement of Common Ground by regular review of the NSPF.
Status	Non statutory strategic document
Geographical coverage	The administrative county of Norfolk.
Joint working arrangements (if any)	The NSPF review is being prepared jointly by the district planning authorities within Norfolk working with Norfolk County Council, the Broads Authority and with the involvement of the Greater Anglia Local Enterprise Partnership and other key stakeholders. Governance: The Duty to Cooperate member forum has been established as a non-decision making body, which officers report to. Decisions are made by the constituent authorities' cabinets or equivalents.
Conformity	As a non-statutory document there is no formal requirement for conformity with higher-level national policy statements, however the framework will need to follow the general principles of national policy and guidance.

Relationship with adopted local plan(s)	The NSPF provides a framework for the eventual formal review and replacement of existing local plans, and demonstrates how the Norfolk authorities are meeting the Duty to Cooperate.
Document Title	**Norfolk Strategic Planning Framework (NSPF) review**
Production milestones (provisional) **Revision of NSPF/SoCG endorsed**	 **April 2021**
Monitoring and Review	Ongoing


ANNEX
LOCAL DEVELOPMENT SCHEME FOR NORWICH, 2021-23
KEY DOCUMENT PROGRAMME
Document
2021
2022
2023
2024
J F M A M J J A S O N D
Preparation of Local Development Scheme
R R
ADOPTED DEVELOPMENT PLAN DOCUMENTS IN USE
Joint Core Strategy for Broadland Norwich and South Norfolk
Norwich Site Allocations and Site Specific Policies Local Plan
Norwich Development Management Policies Local Plan
E
E
PROPOSED DEVELOPMENT PLAN DOCUMENTS
Greater Norwich Local Plan
19 19 22 E E IM IR A
PROPOSED NON STATUTORY DOCUMENTS
Norfolk Strategic Planning Framework/SOCG review
East Norwich Masterplan and SPD
12 12 A
KEY
General
LDS production/review
Resolution to bring LDS into effect
R
Commencement of this LDS period
Commencement of individual document production
Adopted development plan documents
Adopted DPDs (local plans) in use
Adopted DPD (local plan) expiry. NB the JCS and Site Allocations plan expire in 2026 but will be superseded by the new GNLP upon its adoption in 2022.
E
Greater Norwich Local Plan (GNLP)
Previous Stages
Call for sites May-July 2016
S
Preparation of issues and options Regulation 18 document and supporting evidence March 2016 - 2018
Reg 18 consultation stage (issues and options/site proposals)
18A
Focussed consultation on additional sites
18B
Reg 18 draft consultation stage (preferred policy options, growth strategy and site allocations
18C
Assessment of responses/preparation of Reg 19 pre-submission plan and additional evidence
Reg 19 publication (pre-submission plan)
19
Assessment of responses/preparation of Reg 22 submission document
Formal Submission to Secretary of State (Regulation 22)
22
Examination in Public
E
Consultation on inspectors' proposed modifications
IM
Publication of Inspectors Report
IR
Adoption
A
Norfolk Strategic Planning Framework (NSPF) Review
Evidence gathering and production of draft framework
Consultation on draft framework
C
Production of final framework
Endorsement of NSPF by constituent Norfolk councils
Ongoing updates to Statement of Common Ground
Supplementary Planning Documents (SPD)
SPD production
SPD Consultation - draft (Regulation 12)
12
SPD adoption
A

NORWICH
City Council

Item 7

Committee Name: Cabinet
Committee Date: 08/12/2021
Report Title: River Wensum Strategy Update 2021

Portfolio:	Councillor Stonard, Cabinet member for inclusive and sustainable growth
Report from:	Head of planning and regulatory services
Wards:	All Wards

OPEN PUBLIC ITEM

Purpose
To provide an update on the progress of the River Wensum Strategy since its adoption in 2018.

Recommendation:
To note the progress that has been made to date on delivering the River Wensum Strategy, and the Delivery Plan which sets out priorities going forward.

Policy Framework
The Council has three corporate priorities, which are:

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

This report meets the people living well, great neighbourhoods, housing and environment and inclusive economy corporate priorities.

This report addresses the following strategic actions in the Corporate Plan:

- Provide means for people to lead healthy, connected, fulfilling lives, particularly those who are most vulnerable
- Ensure there is a range of cultural, leisure and social opportunities and activities which are accessible to all.
- Maintain a clean and sustainable city with a good local environment that people value
- Ensure our services mitigate against any adverse effects of climate change and are efficient to reduce carbon emissions
- Continue sensitive regeneration of the city that retains its unique character and meets local needs
- Mobilise activity and investment that promotes a growing, diverse, innovative and resilient economy.

This report helps to meet the following objectives of the COVID-19 Recovery Plan:

- Housing, regeneration and development
- Climate change and the green economy
- Business and the Local Economy

Report Details

1. In 2018, the River Wensum Strategy was adopted by Norwich City Council. The document was produced by the River Wensum Strategy Partnership which is led by Norwich City Council, and includes representation from Norfolk County Council, the Broads Authority, the Environment Agency and the Norwich Society, as well as input from other external stakeholders. The River Wensum Strategy Board oversees implementation and monitors outcomes of the Strategy, and is chaired by Cllr Stonard. The Delivery Board meets on a regular basis to ensure the delivery of individual projects and effective management of the river corridor, and reports to the Strategy Board.

2. The overall vision of the Strategy is to breathe new life into the river by

3. enhancing it for the benefit of all and increasing access to, and greater use of this important asset. An enhanced river corridor, with its unique natural and historic environment, will once again play an important part in the growth and vitality of the city, strengthening the visitor economy and helping to give the city a competitive advantage in attracting in-ward investment.

4. The River Wensum Strategy sets out a number of objectives to help deliver the vision. These are set out in section 2 of the document. The Strategy also includes an action plan with projects capable of being delivered in the short to medium term to fulfil the objectives and vision. The action plan identifies future projects and is intended to be a living document requiring updates as necessary.

5. Since the adoption of the Strategy in 2018, progress has been made on delivering projects despite the challenges resulting from the Covid-19 pandemic and changing resources and priorities at each of the partner organisations.

6. The River Wensum Strategy Partnership have produced the Delivery Plan 2021 (appendix 1). This document provides an update on the status of the projects identified in the 2018 Strategy, sets out the delivery priorities for the strategy over the next 2 years and identifies projects to be delivered over the longer term. The Delivery Plan is also an opportunity to identify any new projects or initiatives that the River Wensum Strategy can deliver or collaborate on to deliver the vision and objectives. In summary, the Delivery Plan contains:

    a. Updates on each of the projects included in the River Wensum Strategy
    b. Details of any newly identified opportunities
    c. Criteria for prioritising projects for future delivery
    d. An updated action plan outlining the short, medium and long term delivery priorities.

7. As per paragraph 5a, the Delivery Plan includes details of projects that have been completed or have progressed since the adoption of the Strategy. These include:

    a. Marriott's 'Way/Barn Road Gateway – this project involved enhancing access to the Marriott's Way route by improving legibility from the Barn Road roundabout entrance through removal of overgrown vegetation, upgrading fencing and enhancing public realm space. This was completed in 2019 and the project was led by Norwich City Council.
    b. New Mills Canoe Portages – this project involved the installation of two low freeboard pontons either side of New Mills sluice gate to allow users of the river to safely enter and exit the river in this location. This project was completed in 2020 by the Broads Authority.
    c. New Mills Eel Pass – this project involved the installation of an up-and-over pump to allow eels to pass the New Mills sluice gate and have access to further reaches of the river. These eels would otherwise be stuck downstream with no hope of progressing upstream to complete their life cycle. This project was completed in 2018 by the Environment Agency.
    d. NR1 moorings – short-stay and de-masting moorings have been installed as part of a nearby development (NR1 housing development which includes Brennan Bank, Lockhead Bank, Robinson Bank, Nethercott Bank and Gavin Bank).
    e. Hydrographic survey – this project involved a survey to assess current dredging requirements and inform future dredging operations. The survey was carried out in 2017 led by the Broads Authority. The survey showed that the Wensum was not highest priority for dredging but a section up to Trowse Bridge was dredged in 2020.
    f. Riverside walk 'missing link' – this project is currently in development and aims to complete a section of Riverside Walk between Duke's Palace and St George's Street bridges adjacent to Norwich University of the Arts. An initial consultation exercise has been undertaken and funding bids have been submitted. This project is being led by Norfolk County Council.
    g. Riverside walk accessibility – this project is currently in development and was delayed due to the pandemic. The project includes installing additional signage to improve wayfinding and legibility of Riverside Walk through the City up to New Mills. CIL funding has been secured for this project and design and tender work is due to commence in 2022. This project is being led by Norwich City Council.

8. The Delivery Plan also outlines other potential opportunities which can add value to the river corridor and help to deliver the objectives of the Strategy. Such opportunities include the East Norwich redevelopment, which aims to create a sustainable new quarter of the city with new housing and employment development and has the opportunity to add more life and activity to the river as well as offering improvements to walking and cycling, including connecting the City with Whitlingham Country Park.

9. In addition to focusing on project delivery, the River Wensum Strategy Partnership have also been working on some additional communications with the Norwich City Council Communications team:

a. As a way of communicating the successful completion of projects delivered as part of the Strategy and Delivery Plan, the City Council's website will be updated with 'completed projects' pages. These pages will include photographs, and details such as which organisation led on the project, when it was completed and how it was funded.
b. A strategy map was produced as part of the original Strategy document showing each of the planned projects and their locations across the City. As the Delivery Plan has now updated the list of project opportunities, the map will also be updated and included on the City Council's website.
c. More use is to be made of the City Council's social media presence to promote both the River Wensum Strategy and associated activities, news and information about the river corridor.

10. Despite the challenges of the last 18 months, the River Wensum Strategy Partnership have progressed and completed a number of projects identified in the Strategy document. Going forwards, the Partnership's focus will be on the continued delivery of projects identified in the Delivery Plan, continuing to identify new opportunities to help deliver the objectives of the Strategy, and continuing to communicate the work of the Partnership group to members and the public.

Consultation

11. Extensive public and stakeholder consultation was undertaken between 2015 and 2017 before the final Strategy was adopted by Cabinet in June 2018.

12. Continued consultation and joint working within the Partnership takes place through the regular meetings of the Strategy and Delivery Boards.

13. In addition, Cllr Stonard as the relevant portfolio holder is kept up to date with the Strategy work.

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 2019-22 and Budget.

14. This is a report for information. There are no financial or resource implications arising from this report.

Legal

15. This is a report for information. There are no legal implications arising from this report.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	This information report does not have any direct implications for the council's equality and diversity considerations.
Health, Social and Economic Impact	This information report does not have any direct implications for the council's health, social and economic impacts considerations.
Crime and Disorder	This information report does not have any direct implications for the council's crime and disorder considerations.
Children and Adults Safeguarding	This information report does not have any direct implications for the council's children and adults safeguarding considerations.
Environmental Impact	This information report does not have any direct implications for the council's environmental impact considerations.

Risk Management

Risk	Consequence	Controls Required
This is a report for information and therefore there are no associated risks arising from this report.	N/A	N/A]

Other Options Considered

16. This is a report for information. No other options have been considered.

Reasons for the decision/recommendation

17. It is recommended that Cabinet note the progress that has been made to date on delivering the River Wensum Strategy and notes the Delivery Plan which sets out priorities going forward.

Background papers: None

Appendices:
1 River Wensum Strategy Delivery Plan 2021

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NORWICH
City Council

Item 8

Committee Name: Cabinet

Committee Date: 08/12/2021

Report Title: Scrutiny committee recommendations

Portfolio: Councillor Kendrick, cabinet member for resources

Report from: Executive director of community services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose
To consider the recommendations made by scrutiny committee on 21 October 2021.

Recommendation
To consider whether to adopt all or some of the recommendations from the scrutiny committee.

Policy Framework
The Council has three corporate priorities, which are:

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

This report meets the corporate priorities for people living well and great neighbourhoods, housing and the environment.

Report Details

1. The main topic for the scrutiny committee on 21 October was a review of the environmental strategy following COVID-19. The Portfolio Holder, Cllr Emma Hampton, was present to hear the debate and to answer questions from the scrutiny committee. The committee welcomed the direction that the council was taking on environmental matters and how external expertise could add to the debate. There was a discussion on the progress made by other authorities on the topic of renewable energy, and how renewable energy factors had been considered on two Norwich pilot projects, Riverside swimming pool and St Andrews and Blackfriars Halls. Cost was seen as a significant factor and the importance of identifying sources of funding to the success of future projects was raised.

2. The committee heard from the council's fuel poverty and energy officer that there will be a review of the Housing HRA business plan with an objective for the council's housing stock to become carbon neutral. A report on the financial aspects will be available to the committee in due course.

3. There was discussion around the following topics;
   a) Increase in flight capacity at Norwich airport,
   b) per capita carbon emissions in various parts of the city,
   c) introducing green spaces in corridors in adaptions to the city,
   d) the council's role in influencing environmental standards in new housing and
   e) challenging the need for new road schemes.

4. The following resolutions were then agreed to be presented to cabinet:

Recommendation	Rationale	Implications / resource requirements to Norwich City Council
1. ask for the standing items of the Scrutiny committee to include updates from the Norwich Climate Change Commission	To enable the scrutiny committee to be aware and briefed on the latest work of the Norwich Climate Change Commission.	No financial cost. These updates would need to be prioritised to ensure best use of the limited agenda slots available on the scrutiny forward work programme.
2. invite UK100 to attend a meeting of this committee to update on what work we are going to do with them.	UK100 is a network for UK locally elected leaders who have pledged to play their part in the global effort to avoid the worst impacts of climate change by switching to 100% clean energy by 2050. Norwich City Council is a member of UK100.	No financial cost. Officer time to issue invitation and host on the day.

3. hold a member briefing on the environmental impact of any investments to form part of the investment matrix that is used.	To further member knowledge in this area.	Officer and member time. Could result in a change in the way investment decisions are reached.
4. request that the review of the Economic strategy include businesses plans for net zero carbon emissions.	The information would be provided by local businesses at the request of Norwich City Council, with the objective of making local businesses consider what their plans for net zero carbon emissions actually are.	Officer time. Reputation of the council.
5. review commercial investment strategy to see how it can support environmental strategy	Members referred, in particular, to the progress made by other councils on renewable energy.	Officer time. Could result in a change in the way investment decisions are reached.
6. recommend that when the BEIS per capita figures are reported in council reports that it is stated that the BEIS data set does not include production, consumption, shipping and aviation.	Using this caveat would ensure that readers of any council report* including BEIS data would be made aware that production, consumption, shipping and aviation sources of carbon emissions are not included. *(including reports prepared by the Greater Norwich Development Partnership such as the joint core strategy annual monitoring report).	Officer time to identify who in the council is likely to use BEIS data in council reports and then to inform these officers of the caveat that should accompany any use of BEIS data. Officer time to inform the Greater Norwich Development Partnership of this recommendation.
7. ask cabinet to actively look at partnering with academia to get the tools needed to ensure we can work out what we can and can't influence.	Understanding and building on the knowledge from expert partners could help determine what measures are included in the environmental strategy, prioritising those which the council can directly influence.	Officer and potentially member time. Reputation of the council.

5. The scrutiny work programme is a standing item at each meeting. At the meeting on 21 October the committee heard that select committee work on flytipping and communal bins has been delayed by three months due to the need to consider the data. It was hoped that a detailed report could be considered by the scrutiny committee in December.

Consultation

6. Ward councillors, the public or other stakeholders have not been consulted (statutorily or otherwise). However the public are encouraged to submit topics for scrutiny via an interactive form on the council's website. The recommendations in this report have been confirmed with the cabinet member for climate change and digital inclusion.

Implications

Financial and Resources

7. 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 2019-22 and Budget.

8. Any impact on resources resulting from this report will be accommodated within existing budgets or the relevant approvals will be sought if additional budget is required.

Legal

9. No specific legal advice has been sought or provided.

Statutory Considerations

Consideration	**Details of any implications and proposed measures to address:**
Equality and Diversity	None at this stage
Health, Social and Economic Impact	The recommendations have the potential to inform the council's environmental strategy; which in turn could lead to better health outcomes for residents.
Crime and Disorder	None at this stage
Children and Adults Safeguarding	None at this stage
Environmental Impact	The recommendations have the potential to inform the council's environmental strategy.

Risk Management

Risk	**Consequence**	**Controls Required**
None at this stage		

Other Options Considered

10. There have been no other options considered for this report, as it is a factual report based on the outcome of committee meetings that have already taken place.

Reasons for the decision/recommendation

11. This report will allow cabinet to make a decision on whether or not to take forward some or all of the recommendations from the scrutiny committee meeting held on 21 October 2021.

Background papers: none

Appendices: none

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NORWICH City Council

Item 9

Committee Name: Cabinet
Committee Date: 08/12/2021
Report Title: Emerging Budget 2022/23 and Budget Consultation

Portfolio:	Councillor Kendrick, cabinet member for resources
Report from:	Executive director of corporate and commercial services
Wards:	All Wards

OPEN PUBLIC ITEM

Purpose
To consider an update on the latest budget position, including the principles for consultation. Final budget proposals will be brought back to Cabinet in February 2022 with a recommendation to consider and approve those proposals before it goes to February Budget Council for decision.

Recommendation:

1) note the latest financial information and the financial strategy principles incorporated into the report, which enable the Council to set a balanced budget for 2022/23; and

2) note the budget principles used for consultation and agree that budget consultation with businesses, residents and other interested stakeholders commences to inform the Council's budget setting decisions in February 2022.

Policy Framework
The Council has three corporate priorities, which are:
- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets the Healthy Organisation corporate priority

Report Details

Introduction

1. This report outlines the budget principles which form the basis for public consultation on the general fund revenue and capital budgets for 2022/23. The views of Residents and local businesses will be sought, via a public budget consultation exercise; the results of that consultation will be made available before the budget is discussed and approved by Cabinet on 9 February 2022 and finally by Council on 22 February 2022.

2. This report also provides an update on the recent Government Spending Review and the implications for local authority finances. Although the Spending Review gave details of the broad shape of public finances for the next 3 years, the impact on Norwich City Council will not be known in detail until the provisional local government finance settlement is published. The exact date of the settlement announcement is not known but in the past it has generally been made in the two week period leading up to the Christmas break.

Local Government Finance – Economic & Statutory Context

Spending Review (SR21)

3. On 27 October 2021 the Chancellor announced the 2021 Spending Review (SR21) covering the government's finances for the period 2022/23 to 2024/25. This will be followed by the provisional local government settlement which is currently expected to be announced in mid-December. It is hoped that, having announced a three year settlement for the government's finances, the provisional settlement will set out the same for local government although this is far from certain at this point. The key announcements impacting on local authorities are set out in more detail below.

Spending Power

4. Overall the national measure of available resources - Core Spending Power (CSP) will increase by £8.5bn, which is an average annual increase of 5.6% in cash terms or 3.4% annually in real terms. However, to get a like-for-like estimate of the increase in funding the additional funding for social care reform would need to be excluded; on that basis, the increase in local government funding is only £4.9bn, or around 1.0% annually in real terms.

Council Tax

5. The referendum threshold for increases in council tax is expected to remain at up to two per cent in 2022/23, or £5 whichever is the higher. For authorities with social care responsibilities, there will also be the ability to levy a further one per cent adult social care precept.

6. Police and Crime Commissioners (PCCs) in England will have the flexibility to increase funding in 2022/23 by £10 or 2% (whichever higher) from council tax on a Band D property, without the need for a referendum.

Business Rates

7. The Government has decided to freeze the business rates multiplier in 2022/23, saving businesses in England an estimated £900 million each year over the next five years. Local authorities will be fully compensated for this decision through an additional grant.

8. There will be a 50% discount for retail, hospitality, and leisure sectors (up to a maximum of £110,000) in 2022-23. Again, local authorities will be fully funded for the additional costs of the discount.

9. Other reforms to business rates were announced or confirmed by the Chancellor, including more frequent, three yearly, revaluations (from 2023), and investment reliefs to encourage green investment and premises improvements with any increase in rates payable delayed for 12 months.

10. Subsequent to the Spending Review announcement, on the 8th of November 2021, the Secretary of State for Levelling Up, Housing and Communities, Michael Gove, announced that the proposals for moving to a nationwide 75% scheme for business rates retention was being stopped. This announcement would seem to throw into doubt the mechanisms for local government funding distributions and consequently the implied time scale for changes from Fair Funding including whether a three-year settlement for local government starting in 2022 is now likely.

11. There is now uncertainty on the following matters:

    - whether, and if so when, the planned business rate reset will happen (whereby the overall growth in business rates above the original 2013/14 baseline is rebased)
    - whether a rebased 50% rate retention scheme will continue; or
    - whether there will be a move back towards business rates being pooled centrally as a source of funding for a broader grant based local government funding arrangement.

12. The comments made by the Secretary of State suggest that in very broad terms the levelling up agenda will seek to redistribute resources, including business rates growth away from the Southeast of the country.

New Homes Bonus

13. There is a final legacy payment of the New Homes Bonus due in 2022/23 and no further indication at this point about the future of the scheme or any alternative scheme that Ministers may want to use to incentivise housing growth.

Public Sector Pay

14. The Spending Review announcement said that there will be a “return to a normal pay setting process” for public sector workers, with the government seeking “recommendations from Pay Review Bodies where applicable”. Given that any pay increases will need to be funded from within the overall increase in local government funding, this will put more pressure on local government budgets.

15. There also remains uncertainty about how the increase in National Insurance Contributions will be funded. In making the proposals, the Treasury confirmed that authorities will receive compensation for the additional contributions in respect of their direct employees; what remains unclear is whether this will need to be funded from the overall increase in funding or whether there will be separate compensation for this. There may be further local complications for Norwich given that some of its functions are undertaken through alternative company structures that might not meet the criteria of ‘direct employees’.

16. The National Living Wage (NLW) is being increased to £9.50 per hour from April 2022, a 6.6% increase. This is a real-terms increase in pay, which the government claims “is consistent with the government’s long-term ambition

for the NLW to reach two-thirds of median earnings applicable to workers aged 21 and over by 2024, provided economic conditions allow". Again the funding for this is potentially included within the overall local government funding envelope.

Other funding streams:

17. There are various smaller allocations within the core funding announcement, including £200m for the cross-government Supporting Families programme, £37.8m for cyber security, and £34.5m to strengthen local delivery and transparency.

18. In 2021/22 the Lower Tier Services Grant was introduced; the primary purpose of this grant was to ensure that no authority had a reduction in its Core Spending Power (CSP). Norwich benefitted from a £0.255m allocation of this grant. Although originally being deemed a one-off grant for 2021/22, some councils may still require support especially if their reduction in New Homes Bonus is sufficiently large. However, given the overall improvement in the Settlement Funding Assessment (SFA), the expectation is any support would be at a lower level.

19. £5.7bn will be allocated over 5 years for 8 English city regions "to transform local transport networks through London-style integrated settlement". These will be called City Region Sustainable Transport Settlements; unfortunately, Norwich is not included in any of the allocations.

20. £639m will be made available to reduce homelessness, although we will need to await further details to understand whether these are additional resources or is merely previously announced grant amounts.

21. A multi-year housing settlement has also been announced, including £300m grant funding for mayoral combined authorities and local authorities to unlock brownfield sites and £1.5bn "to regenerate unused land".

22. £2.6bn will be available through the UK Shared Prosperity Fund and £4.8bn through the Levelling-Up Fund. Allocations for the first round of bids from Levelling-Up Fund have been announced (£1.7bn out of the £4.8bn total). 105 bids have been awarded funding.

23. Fair Funding Review: The implementation of the fair funding review continues to be uncertain; no announcement was made in the Spending Review and the subsequent comments regarding the future of the business rate retention scheme suggests a further period of reflection on the fundamental structure of local government finances may be required.

Implications for Norwich

24. The implications for Norwich continue to be assessed and further clarification and announcements are expected as we move towards the provisional local government finance settlement; the hope is that this will be in mid-December although in previous years the announcements have often been made in the run up to Christmas.

25. Our initial assessment of the implications for Norwich are detailed below:

    - The announcement of an overall increase in resources for local government is better than many expected although with the pressures and priority being attached to Social Care it is unclear the extent to which those resources will be distributed through targeted grants rather than more general distributions.

    - The up to 2% council tax referendum limit for shire districts is in line with the Medium-Term Financial Strategy (MTFS) assumptions. Applying a

1.99% increase to council tax will generate approximately £0.2m for the council. This would result in a Band D increase of £5.47 (11p per week) to a total of £280.21. As such, the council is proposing to consult on proposals to increase council tax by the full permissible amount which, subject to confirmation, is expected to be 1.99% in 2022/23.

- The MTFS had assumed no new allocation of New Homes Bonus so any resources will provide additional grant income; the resources freed up nationally from the phasing out of the scheme could be available.
- The council will be compensated by the government for business rates income lost through the decision to freeze the multiplier for 2022/23 rather than apply CPI. Additional business rates reliefs announced for the retail, hospitality and leisure sectors should also be fully funded from central government through grant to the council.
- The continuing delays to the Fair Funding Review and Business Rates reset provides an additional year of stability over the level of retained income for the council. However, the potential for another one-year finance settlement, means there may continue to be significant uncertainty over future funding levels.
- The council's budget and MTFS assumes a 1.75% pay award for 2021/22 and 2% in 2022/23; the employers current offer for 2021/22 remains un-agreed and a possible risk to the Council's base budgets. As the decisions around annual local government pay increases are developed for 2022/23 by pay bodies in negotiations with the trade unions, it is proposed to leave the current overall budget allowance of 2%. This will need to be kept under review as issues such as funding for National Insurance rises and the increase in the level of the minimum wage also feed through.

General Fund Revenue Budget

Background

26. Following over a decade of austerity, indications that local government would not receive any growth in funding and that spending pressures in the sector would have to be funded from above-inflation increases in council tax meant that expectations from the Spending Review announcement were low.

27. However, the announcement on 27 October shows that the balance has shifted towards additional grant funding and away from above inflation council tax increases although the government continues to assume in its calculation of Core Spending Power that authorities will implement the maximum allowable council tax rise. The increase in funding is very much front-loaded, with growth in grant funding of £1.5bn in 2022/23, and no further general increases in funding in either 2023/24 or 2024/25. It is understood that the rationale for this is to give local authorities the funding they need for some of the pressures that they are dealing with now. Although we would have preferred growth in funding in 2023/24 and 2024/25 as well, it is better to receive the additional funding sooner rather than later.

28. Despite the funding announcements, like all local authorities, Norwich City Council continues to face substantial financial challenges. The sustained period of austerity – coupled with increasing demand for local services - has decreased the council's own budgets, putting huge financial pressures not just on council resources, but those of partners, local businesses, and residents, particularly the most vulnerable.

29. The council also continues to manage the ongoing risk and uncertainty over future funding as well as the budgetary impacts from Covid-19. Despite this the council has consistently approached the financial challenges in a sensible and planned way and has always sought to manage the council's finances responsibly. The city council has already made significant savings over the last eleven years; has taken steps to try to manage demand; and has been innovative in its approach to the generation of new income streams. Like all councils, Government funding remains uncertain therefore Norwich City Council will need to continue to look at alternative ways of generating income to pay for local services.

30. The council's intention is to protect all services currently provided for as long as possible whilst meeting the statutory need to set a balanced budget each year, maintaining financial stability over the medium term, and managing significant financial risks. However, difficult decisions remain, and it is inevitable that this council will need to review the nature and level of the services provided over the medium-term. The outcomes of the central government Fair Funding review will be critical in understanding the longer-term funding levels for the Council.

Scale of the challenge & Thematic Approach

31. A report to Cabinet in October 2021 provided an update to the council's budget position for next year and its medium-term financial projections as well as our proposed approach to addressing the financial challenges. Our financial modelling shows a need to make permanent gross savings of **£6.5m** in 2022/23 and **£10.6m** over the next four years, after assuming demand-led growth of £0.75m per annum.

32. In addition, the council must continue to manage the financial impacts of Covid-19. Impacts on council income are expected to last throughout 2022/23 and will need to be managed through the identification and delivery of compensating short term savings.

33. As the council takes decisions about how to achieve the required savings it will need to consider the balance not only between how savings are made – for instance, savings to workforce, suppliers and assets – but also the relative balance between spending reductions and increased income.

34. The council has developed several provisional themes that underpin the approach to addressing the medium-term financial challenges as listed below. Further detail on these can be found in the October 2021 Cabinet paper *Medium Term Financial Strategy Corporate Overview*.

    - Driving value from our assets
    - Driving value from our contracts
    - Inward investment and growth
    - Service transformation
    - Commercialisation including fees and charges
    - Stopping things

35. The work to develop a full range of options under each of the themes is underway and will form part of the ongoing service review programme. The priority is establishing sustainable service delivery options for the future which incorporate the learning from Covid-19 and how the council interacts with its residents, customers, and businesses. These options will require time to develop and be implemented and are therefore expected to address the

financial challenges in the latter years of the MTFS. Already in 2021/22 we have used some of our reserves to kick start changes to the way we deliver some of our services where we can demonstrate longer term benefits through a robust business case evaluation process.

36. To provide the space for that sustainable change programme, the 2022/23 budget will need to be supported by a range of short term measures to provide a balanced budget. Already in 2021/22 the Cabinet has agreed to set aside £0.591m gained from actively managing our investments to support the 2022/23 budget.

37. The Council is committed to maintaining all its services to residents for as long as possible and any proposals affecting service users would be subject to separate consultation exercises; it is however important to understand, through our thematic approach to consultation, residents and businesses views on where future proposals could be made.

38. It is also important to note whilst one-year measures assist in setting a balanced budget, they do not address the structural financial gap over the medium term. This is where the outcomes from the thematic work and service reviews will need to deliver a sustainable financial position. Whilst this work will look at how services can be delivered differently and more efficiency, it is likely – given the scale of the challenge – that they will lead to a reduction in service capacity in some areas.

Fees and Charges

39. Fees and Charges is an area where the Council can generate income from services where it makes a charge. It is important that these charges are reviewed annually, and the expectation is that they will rise each year in line with inflation to ensure that they continue to recover the full costs of delivering those services.

40. Some fees are set by statute, but others can be varied to take account of costs. Some fees have not been increased for several years and have failed to keep up with increasing costs of wage rises or accommodation costs. We are proposing to review all our fees and charges to make sure that they recover the full cost of providing the services; we feel it is only fair that those using these services are not subsidised by those that do not although alongside this review we will also consider our policy on granting concessionary rates to certain groups.

Managing Risk

41. The Covid-19 pandemic resulted in unprecedented uncertainty for council finances, both in terms of pressure on key services and income streams, at a time when demand for local services is increased. This uncertainty continues into the 2022/23 financial year and forecasting service demand as well as income is understandably challenging in the current economic environment.

42. There is also risk associated with the deliverability and timing of the budget savings as delays in implementation may reduce the level of financial savings.

43. As a result of the increased financial risk, is it considered prudent to continue to set aside a specific risk reserve to help manage those financial impacts. It is intended that this reserve is maintained from any revenue underspends as well as any additional benefits confirmed as part of the provisional finance settlement.

Equality Impact of budget proposals

44. To ensure that we discharge our public sector equality duty and ensure we have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations we will undertake an initial screening of all budget proposals to ascertain where there is a possible impact. This will identify those proposals that require a full Equality Impact Assessment or further consultation.

45. Equality Impact Assessments for specific proposals are developed as proposals are being finalised. This ensures that the impact is understood and mitigating actions that minimise disadvantage and tackle inequality are identified where possible. These assessments will be provided alongside the budget papers through scrutiny committee, cabinet and council to ensure transparency and so that members can make informed decisions. There may be some proposals that have implications for council employees for which details of consultation or Equalities Impact Assessments cannot be published owing to data protection or employment legislation.

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

Public Consultation and next steps

47. In line with the approach used in previous years, residents, partners and local businesses will be consulted on the proposed approach to meeting the savings target for 2022/23 including the proposed council tax level. Separate tenant consultations will seek views on the proposed increase in council rents and service charges. The budget consultation questionnaire is attached as Appendix A and will be made available online in the days following Cabinet consideration of this report. The budget consultation will be available to access online through our website by using the following link www.norwich.gov.uk/Consultations.

48. The next steps for the budget and MTFS proposals are set out below:

Scrutiny to consider the proposed General Fund revenue budget and MTFS, HRA Business Plan, capital strategy, investment strategy and capital programme	3 February 2022
Cabinet to recommend the General Fund revenue budget and MTFS, HRA Business Plan and capital programme	9 February 2022
Council to approve the General Fund revenue budget and MTFS, HRA Business Plan and capital programme	22 February 2022

Consultation

49. Full public consultation will take place through the online survey and the Council is actively considering ways to increase participation levels and ensure that it reflects the demographic composition of the city. A seven-week consultation is proposed and activity to encourage participation through the Council's citizen magazine, text messaging and other routes shown to be effective elsewhere will be used.

Implications

Financial and Resources

50. 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 2019-22 and Budget.

51. The estimated financial impact of the budget and Spending Review on the Council's finances is considered in this report; for 2022/23 an estimated budget gap of £6.5m is identified which must be addressed to produce a balanced budget. The provisional local government finance settlement will provide further information to revise the level of the budget gap before the final budget requirement is set in February 2023

Legal

52. There is a statutory duty to consult on the Council's budget with business ratepayers (S65 Local Government Finance Act 1992). It is also considered best practice to seek broader views through meaningful consultation with service users, residents, and partners.

53. Further duties to consult on specific proposals impacting users, including staff and unions also exist prior to implementation.

54. The Council has a legal duty to set a balanced budget before the statutory deadline.

55. The Council's Chief Financial Officer (S151) has a duty to report to Council on the adequacy of its reserves and the robustness of its budget estimates before the final decisions are taken on the budget and setting of the council tax.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	Equality Impact Assessments are required for any specific budget proposals and also the impact of the totality of all measures
Health, Social and Economic Impact	Budget savings and investment proposals including capital investments are likely to have economic impacts on the area.
Crime and Disorder	No specific crime and disorder impacts are envisaged from the budget setting processes
Children and Adults Safeguarding	No specific safeguarding issues are considered to arise from the Council's budget setting processes.
Environmental Impact	No environmental issues are considered to arise from the budget setting process itself and the environmental impact of specific proposals will be considered as part of the individual proposals agreed in approving the final budget

Risk Management

Risk	Consequence	Controls Required
There is a risk that the Council does not identify actions to deliver a balanced budget	A failure to set a balanced budget would risk government intervention and potentially individual liabilities.	The Chief Financial Officer has a statutory role in advising members on actions to deliver a balanced budget, robust budget estimates and sufficient reserves.

Other Options Considered

56. The Council will consider a range of options for delivering a balanced budget including proposals for savings and investment, the use of reserves and the setting of the Council tax level.

Reasons for the decision/recommendation

57. The Council has a statutory duty to set a balanced budget and to consult on its budget. The report sets out the current position in estimating the extent of the budget gap and a range of principles that are being followed to identify proposals to eliminate that gap. The Council must also determine Council tax for the forthcoming year.

Background papers: [List those papers referred to in compiling the report and provide links where possible (only those that do not contain exempt information).]

Appendices:

Appendix A – Consultation Questionnaire

Contact Officer:

Name:

Annabel Scholes – Executive director of corporate and commercial services
Hannah Simpson – Head of Finance, Audit and Risk
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NORWICH
City Council

Norwich City Council's budget 2022-2023

Setting next year's budget – your views

On Tuesday 22 February 2022, the democratically elected councillors for the whole of the Norwich City Council area will discuss and approve the budget for 2022/23.

An important part of the budget-setting process is hearing from you. We want to know if you agree with the proposed council tax level, what you think about our spending plans, and the council's approach to balancing the budget for next year.

This consultation will run from **9 December 2021 – 19 January 2022**. What you tell us will be analysed and included in a report published on our website. Your response will help inform the final proposals which will be considered by the cabinet and formally proposed to the council at its budget-setting meeting in February 2022.

Financial overview

It is our intention to protect all services currently provided for as long as possible while meeting the statutory requirement to set a balanced budget each year, maintaining financial stability over the medium term, and managing risk.

However, with significant financial challenges because of cuts to local government funding and the impact this has had on services, combined with the additional needs of our residents due to Covid-19, our budget setting process has been especially demanding for the year ahead.

Our latest projections indicate that for 2022/23 there is an estimated deficit of **£6.5m** – meaning we must find ways of eliminating that shortfall to set a balanced budget in 2022/23. This represents just over 10 per cent of the council's total expenditure and comes after 11 years of austerity. During this time we have managed to generate additional income and put in place savings of around £42m.

The council's budget can only be balanced through a combination of additional funding, including using some of our reserves, making greater efficiencies (doing the same for less money), generating more income or doing things differently – this includes the possibility of no longer providing certain services we are not required to deliver.

What we want your views on

We are seeking your views on our approach to address the deficit (£6.5m) we face in next year's budget. The current context including the impact of the latest national budget and Spending Review can be found in the cabinet budget paper. We are also asking for your views on the level of council tax for next year (2022/23) to see if a small rise is acceptable if it helps us to keep providing the services you rely on. Local councils are not allowed to increase their share of council tax above a nationally set rate unless a local vote is held and a 'yes' vote returned.

Privacy
Any personal data you choose to provide will be kept private and confidential. Read our Privacy Policy (found at www.norwich.gov.uk/privacy) for information about how we process your data.

Section A: which services does Norwich City Council provide?

Norwich City Council is a billing authority which means that you will receive one council tax bill from us, but it also covers services provided by the county council and the Norfolk Police and Crime Commissioner (PCC).

Other services paid for by your council tax, such as those for schools, children's and adult social care are provided by the county council. The county council will consult residents separately on its own budget proposals and its share of the council tax.

Police services are provided by the Norfolk PCC and the cost of these are also included in the single bill you will receive from us.

It is important that you understand which services Norwich City Council provides and we in turn would like to understand which of these are important to you.

Q1 Please consider this list of council services and choose the top three services that you value most, by writing:

- **1 against your FIRST most valued service**
- **2 against your SECOND most valued service**
- **3 against your THIRD most valued service**

○ Housing services

○ Waste and recycling collections

○ Car parking

○ Parks and open spaces

○ Culture, tourism, and leisure including events

○ Electoral registration

○ Housing and council tax benefits

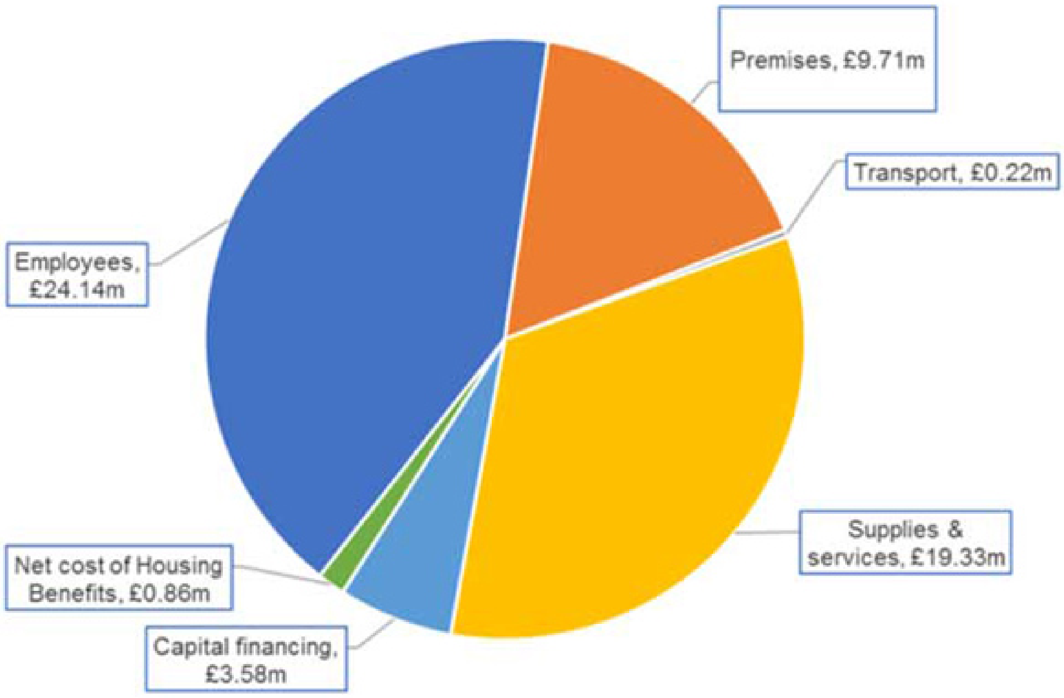
○ Local planning services

○ Public protection services including licensing and environmental health

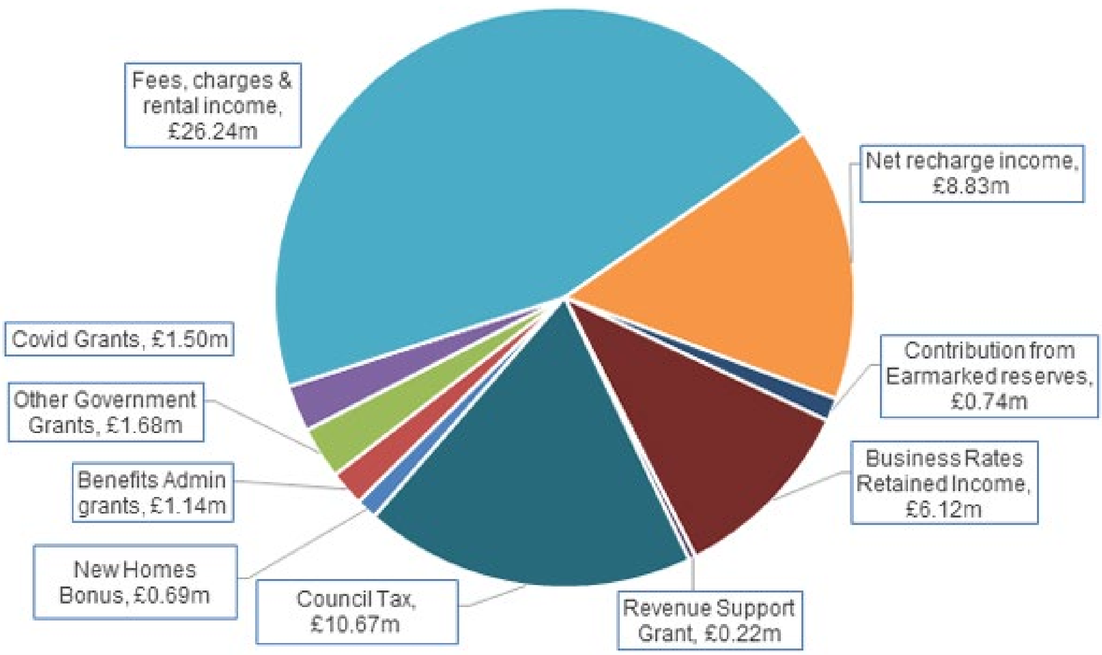
Section B: income received through council tax

The money we spend on services comes from a number of different sources. You can see a breakdown in the chart below, which is based on our 2021/22 budget – this shows how much we estimated we would have to spend in 2021/22 and where the money came from.

2021/22 General Fund Gross Expenditure Budget (£57m)
Excludes housing benefit



2021/22 General Fund Gross Income Budget (£57m)
Excludes housing benefit



In Norwich, council tax is collected by us (Norwich City Council) and is split between Norfolk County Council (72 per cent), Norwich City Council (14 per cent) and the office of the Police and Crime Commissioner for Norfolk (14 per cent).

In 2021/22, the total amount of council tax collected by the city council was approximately £76m, of which the city council keeps £10.7m to fund its services.

Around 17 per cent of our total income, usually, comes from council tax. Although we have some discretion on the level of council tax, the government makes certain assumptions and places constraints on council tax rises. The government also controls the mechanisms which determine the level of income we can retain from our local business rates – currently around £6m (11% of our total income).

Each year the government sets a maximum level by which council tax can rise without the need for a vote. For Norwich City Council the level of increase that council tax can increase in 2022/23 is by up to 2 per cent. (Subject to final confirmation in the government's December provisional finance settlement).

The government assumes that authorities will increase their council tax by the maximum allowable when it sets out its view of authorities' total level of available resources (called Core Spending Power). In broad terms it reflects the government's view of inflation even though we know that inflation is much higher than this (currently around 4 per cent) and that council tax is only around 17 per cent of the council's income.

If the city council was to increase its share of council tax by up to 2 per cent, it would raise about £0.2m. This would involve an increase in the amount of council tax an average household pays to the city council of £5.47 per year, which is around 11p per week.

Note: an average household is a household with two adults living in a Band D property. In Norwich, many properties are in Bands A and B and so will pay less than the average.

Q2 To what extent do you support the council raising its share of council tax by the maximum permitted level (subject to confirmation of up to 2 per cent) in 2022/23 to protect key services?

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don't know

Every council must maintain its own Council Tax Reduction Scheme (CTRS) to provide council tax relief to some households from paying it in full. Certain groups, such as pensioners, must by law be given up to 100 per cent council tax relief depending on their income levels.

Norwich City Council is one of a small number of councils that also provide for up to 100 per cent relief to working age residents on low incomes. This means that some people will pay no council tax. Councillors are clear that this is an important protection for those on low incomes that they wish to preserve.

In order to change the council's scheme a full consultation on any proposals for change would need to be undertaken separately and approved by the council by the end of January each year; there is no intention to make changes for 2022/23 but we are interested to hear your views about continuing to provide relief at this level in future years as part of our longer-term planning.

Q3 To what extent do you support continuing to provide council tax relief at 100 per cent for those working age residents on low incomes?

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don't know

Section C: Our approach to balancing the budget

As a result of the ongoing financial risks and uncertainties brought about by the pandemic and its economic impacts, we need to take action to balance next year's budget.

Our core approach to balancing the budget is to protect services by generating additional income, making efficiencies, and using reserves.

We have identified broad thematic areas which we are using to focus our efforts to identify on-going savings proposals or income opportunities. The themes are set out below and are explored in more detail later:

- Driving value from our assets
- Driving value from our contracts
- Inward investment and growth
- Service transformation
- Commercialisation including fees and charges
- Stopping things

Considering estimated levels of demand and funding, we estimate a budget shortfall next year of £6.5m, the longer-term projection in our Medium-Term Financial Strategy is for that gap to be around £10.5m. So, it is clear that there continues to be long-term pressures on the council to reduce its core costs.

Our thematic approach to meeting the overall funding gap

Theme 1 - Driving value from our assets

The council owns a number of assets which are used for a variety of purposes: including to support service delivery, such as our community centres; to generate financial returns, such as properties let out for commercial use; or in the case of Norwich Castle to protect the city's heritage and attract tourism. Through capital investment to enhance or improve the asset, some running costs could be reduced.

Alternatively, we could sell some of those assets to reduce our on-going running costs – this could also bring in money from their sale (known as a capital receipt) that could also be used to invest in the remaining assets. We are looking at all of our assets including City Hall as we evaluate the new ways of working brought about by the pandemic.

To achieve savings here we would undertake a review of all of our assets to understand their potential uses in the future and the costs associated with them. We could also explore the potential for generating income from the letting of spaces although clearly this will be dependent on the level of demand which has some uncertainty following Covid-19.

The time taken to undertake the asset reviews and prioritisation means that some proposals for savings or additional income in this area are more likely to be seen in later years ie after the 2022/23 budget year.

Q4 To what extent do you agree that the council should review its assets by putting in place the following options?

a) Review and dispose of assets

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don't know

b) Generate additional income from letting out our assets

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don't know

Theme 2 - Driving value from our contracts

The council uses external contracts to deliver directly some of its services (eg the waste and recycling contract) and also to support some of its activities (eg IT support contract).

Contracts tend to span several financial years to achieve better value and so options for reviewing contracts are generally only available at the time that they become due for renewal; this might mean that savings from this area are available in later years. However, in some cases it might be possible to amend contract specifications during a contract to reduce services and costs.

We are also considering how we manage our contracts so that we negotiate better terms to ensure the maximum efficiency and effectiveness of them throughout their lifetime. Delivering better outcomes is an important consideration to us before we think about service reductions.

Q5 To what extent do you agree that the council should review its contracts by putting in place the following options?

a) Reduce service delivery levels and costs at renewal

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don't know

b) Improve service delivery for the same cost during the life of the contract.

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don't know

c) Seek to create capacity in the council to deliver those services currently contracted for and stop using external contractors?

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don't know

Theme 3 - Inward investment and growth

The council owns land and can facilitate schemes alongside other partners to encourage developments such as housing and commercial activities that will support Norwich as a thriving city – encouraging people to come to the area and use local businesses.

Housing development particularly can lead to increases in the resources that the Council can generate from council tax although it does also increase demand for some of our services too (eg household waste collection).

We would expect this growth to take some time to come to fruition however and so proposals in this area might not be suitable to deliver additional growth income in 2022/23.

Q6 To what extent do you agree that the council should pursue opportunities for investment and growth proposals in its area?

a) For social or mixed tenure housing schemes?

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don't know

b) For commercial development?

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don't know

Theme 4 - Service transformation

The chart in Section B illustrates that the largest cost of council services is related to staffing. We have seen through the Covid-19 pandemic that there are a number of ways in which the council has been able to use information technology and hybrid working more effectively to support services to our residents.

We want to make sure that we have taken full advantage of the lessons learnt from the pandemic to transform our services including the changes in behaviour seen from our residents and businesses in both delivering their services and accessing our services.

Reviewing the way that we deliver our services to exploit the use of technology could be a way of reducing costs overall. However, reviewing and changing services, especially doing it in a way that understands and takes account of the views of residents and service users, can take time and so might not deliver immediate savings in 2022/23.

Q7 To what extent do you agree that the council should review its services to residents?

a) Through increased use of information technology

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don't know

b) Through hybrid working or more flexible work patterns for its staff?

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don't know

Theme 5 - Commercialisation including fees and charges

The largest source of income to the council is from the fees and charges that it makes for some services. The level of these charges is generally set to ensure that all costs are fully recovered but in some cases there is competition from others that must also be taken into account. Generating surplus income is also a way in which other council services can be subsidised and protected.

Fees and charges can also be a way of influencing other policies (eg the level of car parking charges could be used to address environmental concerns for high pollutant vehicles).

As fees and charges are a significant part of the council's overall income it is important that they also take account of inflationary pressures, using the same principles that apply to council tax. Some of our fees and charges have not been increased for several years and so have failed to reflect the rising costs of delivering those services.

Q8 To what extent do you agree that the council should prioritise increasing fees and charges for services to protect service delivery?

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don’t know

Theme 6 - Stopping things

Some services must be provided by law (eg homelessness services) however many services do not have to be provided or could be provided at lower levels (eg the number of events could be reduced or stopped).

We would consult fully with service users on any specific proposals to reduce or stop services that would affect them**.**

Q9 To what extent do you agree that the council should review its services and consider stopping some discretionary services?

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don’t know

We have set out above the broad themes that we are using to consider making the required reductions in our budget; some of these will take longer to deliver savings than others and so we have also considered a few short-term measures such as the use of one-off reserves to assist in balancing the 2022/23 budget.

When we refer to our reserves, this represents money built up over several years to provide a cushion against unexpected events or to smooth fluctuations in the level of resources available to the council. It’s a bit like our savings. Using reserves is an appropriate way to allow time to develop and implement some of the longer-term proposals that may be considered however, reserves can only be used once after which they are gone. The council must also continue to maintain a prudent and safe level of balances to guard against unexpected events.

The Covid-19 pandemic has brought home how important having a strong financial position is.

Q10 To what extent do you agree that the council should use its one-off reserves to smooth the budget gap?

- ◯ Strongly agree
- ◯ Agree
- ◯ Neither agree nor disagree
- ◯ Disagree
- ◯ Strongly disagree
- ◯ Don’t know

Q11 Do you have any other ideas about how we can balance our budget through doing things differently, finding additional funding or making efficiencies?

Item 10

Committee Name: Cabinet

Committee Date: 08/12/2021

Report Title: Treasury Management Mid-Year Review Report 2021/22

Portfolio: Councillor Kendrick, cabinet member for resources

Report from: Executive director of corporate and commercial services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

This report sets out the Council's Treasury Management performance for the first six months of the financial year to 30 September 2021.

It also highlights proposed changes to the Treasury Management Code of Practice and associated guidance currently being consulted on and which are expected to have an impact on future reporting requirements and approaches to aspects of the Council's Treasury Management operations.

Recommendation:

Cabinet is asked to:

1. Note the contents of the report and in particular the treasury management activity undertaken in the first six months of the 2021/22 financial year.
2. Note the impact of proposed changes to the Treasury Management Code.
3. Propose that this report be considered and agreed by Full Council.

Policy Framework

The Council has three corporate priorities, which are:

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

This report meets the healthy organisation corporate priority.

This report helps to meet approved Treasury Management Strategy policy of the Council.

Report Details

Background

1. CIPFA (the Chartered Institute of Public Finance & Accountancy) defines treasury management as: “The management of the local authority’s borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
2. This report primarily reviews the council’s treasury management activity during the first six months of the financial year 2021/22 and reports on the prudential indicators as required by CIPFA’s Treasury Management Code of Practice.
3. The original Treasury Management Strategy (TMS) and Prudential Indicators were reported to and approved by Council on 23 February 2021 and, as the original decision-making body, subsequent monitoring reports should also be considered by Full Council.
4. This Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code. This requires that the prime objective of treasury management activity is the effective management of risk, and that borrowing activities are undertaken on a prudent, affordable and sustainable basis.
5. CIPFA has recently issued a consultation proposing several changes to the Treasury Management Code and its associated guidance, which in themselves interact closely with a consultation on proposed changes to the Prudential Code for capital finance, governing local authority capital investment and borrowing activities. Both consultations were open until the 16th of November 2021 and the potential implications are covered in the Regulatory Update section of this report.
6. The main thrust of the proposed changes to the prudential code are associated with addressing concerns over the use of borrowing by local authorities for subsequent investment in commercial activities. Changes to the treasury management code strengthen reporting requirements and in particular propose the use of the Liability Benchmark measure in order to inform borrowing decisions.
7. It is anticipated that the final changes to the prudential code for capital finance and the Treasury Management Code of Practice will come into force immediately they are finalised, however they will not apply retrospectively during 2021/22 and it is reported that a ‘soft launch’ will require that local authorities will have regard to the code and its guidance in 2022/23 with full compliance expected from 2023.
8. In future the proposed changes to the prudential code will require Authorities with commercial investments, which have an expected need to borrow, to review the options for exiting their financial investments for commercial purposes in their annual treasury management or investment strategies.

Investment Strategy

9. The TMSS for 2021/22, which includes the Annual Investment Strategy, was approved by the council on 23 February 2021. It sets out the Council’s investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield

10. No policy changes have been made to the investment strategy and the Council will therefore, continue to aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity.

11. The Council held £117.160m of investments as at 30 September 2021. Table 1 below shows the movement in investments for the first six months of the year. The main components of the increase between March and September were the receipt of £15m of Towns Fund Grant, additional borrowing of £5m and the repayment of £4m of loans to the Council from NRL; the balance reflects the normal receipt of grants towards the beginning of the year including some additional COVID related grants.

12. The Council continues to consider the broader impact of its investments and a new element of the Treasury Management code will also require consideration of Environmental, Ethical and Governance (ESG) policies in placing future investments. Currently the Council has placed two tranches of £5m in Standard Chartered Bank Sustainable deposit fund; the deposit guarantees that investment is referenced against sustainable assets, both existing and future. The investments are referenced against the United Nations Sustainable Development Goals (SGDs) thus funds are put to work addressing some of the world's biggest long-term threats including, but not limited to, climate change, health, financial inclusion and education.

Table 1

Investments	**Actual**		**Actual**
	31-Mar-21	**Movement**	**30-Sep-21**
	£000	**£000**	**£000**
Short term investments:			
Banks	15,000	10,000	25,000
Building Societies	0	0	0
Local Authorities	15,000	(5,000)	10,000
Cash Equivalents:			
Banks	23,750	8,410	32,160
Non- UK Banks		10,000	10,000
Building Societies		15,000	15,000
Local Authorities	0	0	0
UK Government	0	0	0
Money Market Funds	21,070	3,930	25,000
Total	**74,820**	**42,340**	**117,160**

13. In setting its Treasury Management budgets for 2021/22 the council did not assume any income from investments, reflecting the continuing low and in some cases negative rate environment available for short term investments; so far however, it has proved possible to achieve a return on investments which has resulted in £90,000 of interest being achieved to the end of September.

14. It is anticipated that cash balances will decrease during the second half of the year as Covid-19 business grants being administered by the council will be

paid out and further capital expenditure is incurred. A projection for the remainder of the year suggests that total income for the year of £125,000 may be achievable; interest earned will be apportioned between the General Fund and the HRA.

15. Market rates had fallen since the pandemic across all types of investments and the Debt Management Account Deposit Facility (DMADF) however they are now increasing slightly for longer term investments based on the expectation of interest rate increases in the next financial year. The Council still aims to place surplus cash in investments with the most beneficial return bearing in mind the need to maintain security and liquidity.

16. The Director of Resources (S.151 officer) confirms that all investment transactions undertaken during the first six months of 2021/22 were within the approved limits as laid out in the Annual Investment Strategy.

BALANCE SHEET POSITION

External Borrowing

17. Table 2 below shows that as at 30 September the Council had external borrowing of £224.826m, of which £179.939m relates the Housing Revenue Account (HRA). In the first six months of the year the Council borrowed £5m for a period of 50 years, taking advantage of a drop in interest rates to 1.84%; whilst outside the reporting period a further £10m of borrowing was taken out on 29 October for 50 years at a rate of 1.7%. There is also a repayment of £2.5m debt scheduled for January 2022.

    Table 2 shows the current and forecast borrowing position. This position assumes that there will be no further borrowing in the current year, other than the £10m referenced above taken just after the end of September position, which had resulted in an underspend position against the assumed interest payable budget. Cabinet agreed in the quarter 2 performance report to set aside this underspend in support of the 2022/23 budget position. A scheduled repayment of a loan of £2.5m in January gives the revised estimate position.

Table 2

Long Term Borrowing	Actual 31-Mar-21	Actual 30-Sep-21	TMSS Forecast 31-Mar-22	Revised Estimate 31-Mar-22
	£000	£000	£000	£000
Public Works Loan Board	214,107	219,107	266,904	226,607
Money Market	5,000	5,000	5,000	5,000
3% Stock (Perpetually irredeemable)	499	499	499	499
Other financial intermediaries (Salix)	236	209	183	183
Corporate Bonds and External Mortgages	11	11	11	11
Total	**219,853**	**224,826**	**272,597**	**232,300**

Future Economic forecasts

18. The Monetary Policy Committee (MPC) voted unanimously in September to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn. At its subsequent meeting on 4th November the MPC voted 7-2 to

again leave Bank Rate unchanged at 0.10% with two members voting for an increase to 0.25%.

19. After the Governor and other MPC members had made speeches prior to the November MPC meeting in which they stressed concerns over inflation, (the Bank is now forecasting inflation to reach 5% in April when the next round of capped gas prices will go up), financial markets had confidently built in an expectation that Bank Rate would go up from 0.10% to 0.25% at the November meeting.

20. The MPC did comment, that Bank Rate would have to go up in the short term. It is, therefore, relatively evenly balanced as to whether Bank rate will be increased in December, February or May. Much will depend on how the statistical releases for the labour market after the end of furlough on 30th September 2021 turn out.

21. Information available at the December MPC meeting will be helpful in forming a picture but will not be conclusive, so this could cause a delay until the February meeting. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would, therefore, need to wait until the May meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation expected around that time. If the statistics show the labour market coping well during the next six months, then it is likely there will be two increases across these three meetings.

22. The latest forecasts by the Bank showed inflation under-shooting the 3 years ahead 2% target (1.95%), based on market expectations of Bank Rate hitting 1% in 2022. This implies that rates don't need to rise to market expectations of 1.0% by the end of next year.

23. The MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement after the MPC meeting in September yet at its August meeting it had emphasised a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. On balance, once this winter is over and world demand for gas reduces - so that gas prices and electricity prices fall back - and once supply shortages of other goods are addressed, the MPC is forecasting that inflation would return to just under the 2% target.

24. **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -

    1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
    2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
    3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
    4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

Interest rate forecasts

The Council's treasury advisors, Link Group, have updated their forecast for Bank Rate which now includes five increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%. Table 3 below shows their interest rate forecasts through to March 2025.

Table 3

Link Group Interest Rate View	8.11.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.10	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.50	0.60	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00
10 yr PWLB	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40
25 yr PWLB	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70
50 yr PWLB	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50

25. In summary, given the high level of uncertainty prevailing on several different fronts, these forecasts will be kept under close review.

26. It also needs to be borne in mind that Bank Rate being cut to 0.10% was an emergency measure to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 0.25% to 0.10% on the grounds of it no longer being warranted and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

PWLB Rates

27. 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.

28. The Council may look to arrange forward borrowing facilities should the future borrowing risk rise, or predictions of a significant rate rise is expected. This would enable the Council to lock into borrowing facilities at current low rates and draw down the cash over a period of up to 3 years subject to cash flow demands. It should be noted that some of these facilities may carry brokerage and arrangement fees that will be factored into value for money assessments.

Debt Rescheduling

29. No debt rescheduling was undertaken during the first six months of 2021/22. It is not anticipated that the Council will undertake any rescheduling activity during the remainder of the financial year. However, should borrowing rates fall significantly as a result of Brexit, the Council may consider borrowing to finance its unfinanced borrowing need as well as rescheduling some of its existing debt if this proves cost effective.

Prudential Indicators

30. This part of the report is structured to provide an update on:
    - The changes to the Council's capital expenditure plans;
    - How these plans are being financed;
    - The impact of changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
    - Compliance with the limits in place for borrowing.

Capital Expenditure & Financing

31. The 2021/22 capital programme budgets were approved as part of the budget papers by full Council on 23 February 2021. After this there were approved revisions to the capital budgets to include the 2020/21 capital carry forwards and new capital schemes approved during the year. The current capital programme budget is shown in Table 4 along with the mid-year estimate. A detailed breakdown of capital programme schemes can also be found in the Quarter 2 budget monitoring report.

Table 4

	2021/22 Original Budget	**2021/22 Revised Budget**	**2021/22 Forecast Outturn**
	£000	**£000**	**£000**
General Fund capital expenditure	20,802	26,195	18,380
General Fund capital loans	0	0	0
HRA	48,839	50,019	37,209
Capital Expenditure	**69,641**	**76,214**	**55,588**
Financed by:			
Capital receipts	21,947	11,201	9,092
Capital grant and contributions	19,621	22,898	15,254
Capital & earmarked reserves	15,464	31,201	23,072
Revenue	11,934	10,073	7,330
Total Resources	**68,967**	**75,373**	**54,747**
Net borrowing need for the year	**674**	**841**	**841**

32. Table 4 shows how the revised capital programme will be financed and shows a small increase in the net borrowing need for the year compared to the figure anticipated when Council approved the Treasury Management Strategy. The reason borrowing need for the year has increased is due to the increase in capital costs associated with the establishment of the council's wholly owned company NCSL as agreed by Cabinet in September 2021.

33. The forecast net lending to the council's wholly owned subsidiary, Norwich Regeneration Limited, has also reduced from the Treasury Management Strategy. During the first 6 months of the year NRL made repayments totalling £4.5m and based on current cash flow projections, a further £4m of repayment

is anticipated before year end. No further loan drawdowns are expected for the company. The consequence of this is that the Council's forecast Capital Financing Requirement (CFR) for 2021/22 shown in Table 5, is lower than initially anticipated.

The Capital Financing Requirement (CFR)

34. Table 5 below shows the Councils CFR, which is the underlying external need to borrow for a capital purpose.

Table 5

	2021/22 Original Estimate	**2021/22 Revised Estimate**
	£000	**£000**
Opening General Fund CFR	**120,100**	**122,330**
Movement in General Fund CFR	1,200	(9,133)
Closing General Fund CFR	**121,300**	**113,197**
Movement in CFR represented by:		
Borrowing need (Project Place capital investment)	674	841
Loan repayment	(55)	(8,555)
Less MRP and other financing adj.	581	(1,419)
Movement in General Fund CFR	**1,200**	**(9,133)**
Opening HRA Fund CFR	**207,518**	**207,517**
Movement in HRA CFR	0	0
Closing HRA CFR	**207,518**	**207,517**
TOTAL CFR	**328,818**	**320,714**

Prudential Indicators relating to Borrowing Activity

35. Authorised Limit – This represents the legal limit beyond which borrowing is prohibited and needs to be set and revised by Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. The limit represents the CFR (assumed fully funded by borrowing) plus a margin to accommodate any unplanned adverse cash flow movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The authorised limit has not been breached although there has been some additional external borrowing this year; Table 2 above indicates that the estimated level of external borrowing at March 2022 is £232.3m in comparison to the authorised limit in Table 7.

Table 7

Prudential Indicator	**2021/22**
	£000
Authorised Limit for external debt	**358,818**

36. Operational Boundary – This indicator is based on the probable external debt during the course of the year; it is set deliberately lower than the authorised limit. This limit acts as an early warning indicator should borrowing be approaching the Authorised Limit. This limit may be breached on occasion under normal circumstances, but sustained or regular breaches should trigger a review of borrowing levels. The operational boundary has not been breached and despite additional borrowing, current external borrowing is well below the Operational Boundary.

Table 8

Prudential Indicator	**2021/22**
	£000
Operational boundary for external debt	**328,818**

Borrowing Activity

37. The Authority has continued the prudent approach of utilising internal borrowing to fund its borrowing requirement and reduce external borrowing costs however in the first six months of the year the Council borrowed £5m for a period of 50 years, taking advantage of a drop in interest rates to 1.84%. Although outside the reporting period members will also note that a further £10m was taken in October at 1.7%.

38. Long-term fixed interest rates are currently low but are expected to rise over the five-year treasury management planning period. The Executive Director, Corporate & Commercial Services (S.151 Officer), under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates or opportunities at the time, taking into account the associated risks e.g. counterparty risk, cost of carry and impact on the Medium Term Financial Strategy as well as risk of future interest rate increases.

39. Opportunities for debt restructuring will be continually monitored alongside interest rate forecasts. Action will be taken when the Executive Director, Corporate & Commercial Services (S.151 officer) feels it is most advantageous.

Investment Performance

40. The objectives of the Council’s investment strategy are firstly the safeguarding of the repayment of the principal and interest of its investments, and secondly ensuring adequate liquidity. The investment returns being a third objective, consummate to achieving the first two.

41. The Council held £117.160m of financial investments as at 30th September 2021 and the investment profile is shown in Table 1 earlier in this report.

Risk Benchmarking

42. The Investment Strategy for 2021/22 includes the following benchmarks for liquidity and security.

Liquidity

43. The Council has no formal overdraft facility and seeks to maintain liquid short-term deposits of at least £1 million available with a week’s notice.

44. Average return on investment at 30 September 2021 was 0.09% against a 7 Day LIBID benchmark average rate of -0.0825% (minus). The weighted time to maturity (WAM) of investments was 42 days compared to 26 days on 30 September 2020.The slight increase in WAM duration reflects the fact that cash has been invested for longer periods whilst still ensuring availability for all cash flow requirements. At 30 September 2021 the Council held £117.160m of cash balances, all of which are invested for periods of less than 364 days. The Executive Director, Corporate & Commercial Services (S.151 officer) can report that liquidity arrangements were adequate during the year to date.

Security

47. The weighted average credit risk of the portfolio at the end of the period was 3.98% (3.26% September 2020). The Council's maximum security risk benchmark for the portfolio at 30 September 2021 was 0.01% which equates to a potential loss of £11,716k on an investment portfolio of £117.160m. This credit risk indicator is lower than the anticipated maximum risk of 0.039% in the Treasury Management Strategy.

48. At 30 September 2021 100% of the investment portfolio was held in low risk specified investments.

49. The Director of Resources (S.151 officer) can report that the investment portfolio was maintained within this overall benchmark during the year to date.

Minimum Revenue Provision Policy

50. The Council is required to approve an MRP Statement in advance of each year. Council approved the 2021/22 on 10 February 2021.

REGULATORY UPDATE

Proposed changes to IFRS 16 Leases and the likely impact for the Local Authority Accounting Code.

51. Although the standard was issued in January 2012, authorities are expected to comply from 1 April 2022. The current classification of leases into operating and finance will no longer apply with the exceptions of leases of 12 months or less and leases of low value. This change will therefore impact the Council's CFR but have no borrowing impact. A lot will depend on the evaluation of contracts and their implications. The potential impacts of the new standard will be covered in the 2022/23 Treasury Management Strategy.

Consultation on the Treasury Management and Prudential Code.

52. On the 21 of September 2021 CIPFA released the second stage of consultation covering both the Treasury Management and Prudential Codes of practice; setting out proposed wording changes and associated explanatory information. There are clear linkages between the proposed changes to the Prudential Code and the Treasury Management code of practice, particularly in relation to commercial investments.

53. The focus of the Prudential Code proposals is to address the risks associated with commercial investments, including property acquisitions, known as debt for yield transactions, following comment from the Public Accounts Committee and National Audit Office reports. CIPFA have set out clearly their views on the appropriateness, or otherwise, of borrowing to enable commercial

investments and have re-affirmed this position in a separate publication issued alongside the consultation documents entitled “Why authorities should not borrow to invest”. This position is summarised below.

54. Firstly, commercial investments are generally in higher risk asset classes. This is likely to mean uncertain and volatile asset prices or income. Commercial property is also relatively illiquid compared with most financial investments and is likely to take several months at least to realise. If the investment goes wrong, the cost falls on public services or the local taxpayer.

55. Secondly, if authorities borrow to invest primarily for financial return, this constitutes 100% debt leverage. The intention is to earn a margin between borrowing costs and investment income, in the expectation that the income will be higher than the costs. If the investment underperforms, it may result in revenue account losses to the authority and/ or a capital loss on redemption. Leveraged investment considerably magnifies these risks, because it also brings borrowing risks such as interest rate risk and refinancing risk.

56. Commercial investments (including commercial property) are not part of cashflow management or prudent treasury risk management, and they do not directly help deliver service outcomes. It is CIPFA’s view that the priority for treasury management is to protect capital rather than to maximise return. The magnified risks of leveraged investments, and the fact that they put public money at unnecessary risk, mean that borrowing in order to invest for the primary purpose of earning a return is not in CIPFA’s view a prudent use of public funds.

57. Commercial investments, referred to as debt for yield, are however, not the same as investments for regeneration purposes which are considered to be an appropriate activity for council’s to engage in to improve their area including conditions for economic growth.

The Prudential Code Changes

58. Norwich City Council currently has £103m of Investment Property on its balance sheet (31 March 2021) and, as it is in a net borrowing position, is directly impacted by the proposed code changes.

59. Despite CIPFA’s stated position, the Code’s statement that authorities ‘must not borrow to invest for the primary purpose of financial return’ is not intended to require the forced sale of existing commercial investments, whether commercial properties or financial investments. Selling these investments and using the proceeds to net down debt does, however, reduce treasury risks and is therefore an option which should be kept under review, especially if new long-term borrowing is being considered.

60. The Code requires that authorities which are net borrowers should review options for exiting their financial investments for commercial purposes in their annual treasury management or investment strategies. The options should include use of the sale proceeds to repay debt or reduce new borrowing requirements. They should not take new borrowing if financial investments for commercial purposes can reasonably be realised, based on a financial appraisal which takes account of financial implications and risk reduction benefits.

61. This enables authorities to weigh the risk reduction benefits of sale against the loss of income and the current sale value of the investments; the code

guidance also makes it clear that where an authority has existing commercial properties, the Code's requirement that an authority must not borrow to invest for the primary purpose of financial return, is not intended to prevent authorities from appropriate capital repair, renewal or updating of existing properties. The Council is impacted by this requirement which will, following an assessment of the detailed requirements following the finalisation of the code changes, be considered and included in the 2022/23 Treasury Management Strategy.

The Treasury Management Code Change

62. The second consultation, relating to changes to the treasury management code including prudential indicators, again reflects the detailed wording changes necessary to implement the principles set out in earlier consultation, alongside a number of other minor wording changes. In the main they support the changes to the prudential code i.e., that debt for yield transactions are to be avoided.

63. The main additional measure introduced is the use of the liability benchmark, maturity indicators a revised indicator for long term treasury management investments and an interest rate exposure indicator.

Liability benchmark – use and interpretation

64. The liability benchmark is a projection of the amount of loan debt outstanding which the authority needs each year into the future, to fund its existing debt liabilities, planned prudential borrowing and other cashflows. This is shown by the gap between the authority's existing loans which are still outstanding at a given future date, and the authority's future need for borrowing

65. If the existing loans portfolio is below the forecast gross loan debt, the authority will need to borrow to meet the shortfall. If the reverse is true, the authority will (based on its current plans) have more debt than it needs, and the excess will have to be invested. When displayed graphically it shows an authority how much it needs to borrow, when, and to what maturities to match its planned borrowing needs.

66. It is considered that the liability benchmark is not just an annual exercise to produce the prudential indicators; it should be used as a tool to enable authorities to identify their new borrowing requirement and the maturities at which new borrowing should be taken to match their future debt requirement and to minimise their treasury risks. It should be a key consideration each time an authority considers long term borrowing, in terms of how much and to what maturity.

67. Refinancing risk, interest rate risk and credit risk can be minimised or reduced by ensuring that the existing loans portfolio shows a profile close to the liability benchmark. In particular, the liability benchmark identifies the maturities needed for new borrowing, in order to match future liabilities.

68. The liability benchmark makes no assumption about the level of future prudential borrowing in as yet unknown capital budgets. This avoids making assumptions which may prove to be wrong; but the main reason is that it enables the benchmark to be compared like-for-like with the existing loans portfolio to identify the future borrowing and investment needs arising from the authority's existing plans.

69. Because the liability benchmark is a long-term forecast of the authority’s gross loan debt based on its current capital programme and other forecast cashflow movements, it may therefore be the same figure as the Operational Boundary for loans in the Prudential Code, which is also an estimate of the most likely scenario consistent with the authority’s current plans. However, if the authority has borrowed in advance of need (or for whatever reason has more loans outstanding than it currently needs), then its actual loans outstanding and its Operational Boundary will be higher than its liability benchmark. The difference will represent the excess borrowing, resulting in a level of treasury investments in excess of a reasonable allowance for liquidity. In this scenario, the treasury management strategy should explain the reasons for the excess debt and how long that position is expected to last.

70. Officers are currently working with the Council’s Treasury advisors to produce an exemplification of Norwich City Council’s Liability benchmark based on the balance sheet position at 31 March 2021 and the Capital programme approved in February 2021. It is expected that the Council’s Liability Benchmark will be included for the first time in the Council’s Prudential indicators for 2022/23.

Other Treasury Management Code Changes

71. CIPFA has also set out several other areas which should be considered and reflected appropriately in authorities Treasury Management strategies and prudential indicators. These are set out in paragraphs 70 to 79.

Maturity Indicator

72. The code revision sets out the need for a maturity indicator which is closely related to the liability benchmark; as the liability benchmark provides the methodology for producing maturity ranges appropriate to the authority’s own committed borrowing profile and provides a projection of future debt outstanding around which to set the upper and lower limits for each maturity range.

Long Term Treasury Management Investments

73. The scope of this indicator has been clarified to relate explicitly to the authority’s investments for treasury management purposes only. Investments taken or held for service purposes or commercial purposes should not be included in this indicator.

74. Authorities must not borrow more than or in advance of their needs purely to profit from the investment of the extra sums borrowed Organisations must not borrow earlier than required to meet cashflow needs unless there is a clear business case for doing so and must only do so for the current capital programme, to finance future debt maturities, or to ensure an adequate level of short-term investments to provide liquidity for the organisation.

Interest Rate Exposure Indicator

75. The Code requires each authority to set out its strategy for managing interest rate risks with such indicators as are appropriate. The indicators used should cover at least the forthcoming year and the following two years, in line with other prudential indicators. Authorities may find it helpful to use the measure required for the Financial Statements, which sets out the cost of a 1% increase in interest rates.

76. The liability benchmark chart can readily be used to portray interest rate risk, by splitting existing loans outstanding into its interest risk characteristics, e.g. fixed rate loans, variable rate loans, etc.

Credit risk

77. Authorities are asked to consider credit risk indicators appropriate to themselves. One simple measure which some authorities use is an overall credit score, i.e., the weighted average credit rating of the authority's treasury management investments.

Price risk

78. Authorities are asked to ensure that their reporting of investments which are materially exposed to movements in fair value includes an appropriate measure of price risk and reporting on movements in fair value. Authorities with commercial property portfolios, such as Norwich CC should establish a view of fair value at each year end. This is required in any case for the investment risk indicators and reporting under the Statutory Investment Guidance

Treasury Management Practice (TMP) changes

79. Each authority is required to adopt a number of Treasury Management Practices and the code changes have proposed changes to be made to some of these; some are minor wording changes to clarify or assist in interpretation however, there is now a requirement in TMP1 on counterparty credit risk for an authorities counterparty policy to set out the organisation's policy and practices relating to environmental, social and governance (ESG) investment considerations in relation to those counterparties.

80. The TMP requires an authority to assert that "its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited or investments made. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements. This will set out the organisation's policy and practices relating to environmental, social and governance (ESG) investment considerations."

Training, Knowledge and Skills

81. Revisions to TMP 10 on the training skills and knowledge now requires a knowledge and skills schedule to be maintained for all those involved in Treasury Management functions.

Consultation

82. The report is the outturn position statement to ensure that council are kept informed of treasury activity.

Implications

Financial and Resources

83. 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 2019-22 and Budget. This report is for information only and there are no proposals in this report that would reduce or increase resources.

Legal

84. The Council must have regard to the provisions of the Treasury Management code of practice when undertaking and reporting on its treasury activities. The requirement for Council to approve its Treasury Management Strategy and to receive reports, on its treasury management performance, are requirements of the Code of Practice.

85. The mid-year report must set out performance against the approved Prudential Indicators and any breaches of them.

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	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. Security, liquidity and yield remain the cornerstones of the Treasury Management Strategy, and it is vital that all investments continue to ensure the security of council funds as a priority and remain compatible with the risk appetite of the council and its cash flow requirements.

Risk Management

86. Managing risk is a major part of undertaking the treasury management activity. All the indicators and limits put in place to reduce the level of risk have been adhered to thus reducing the risks to an acceptable level as stated in the Treasury Management Strategy.

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 treasury management advisors to review interest rate forecasts to assess when we would look to borrow.

Other Options Considered

87. No other options to be considered. The report is to inform council of the treasury activity for the period 1 April 2021 to 30 September 2021.

Reasons for the decision/recommendation

88. To ensure Cabinet and Council are kept informed of treasury activity in line with the Financial Regulations.

Background papers: None

Appendices: None

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