NORWICH City Council

MINUTES

Cabinet

17:30 to 19:55 **14 December 2022**

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

Also present: Councillors Galvin, Green Group Leader.

1. Declarations of interest

Councillor Stonard, cabinet member for inclusive and sustainable growth, declared an interest in relation to items 4, 11 and 16 (below) in that he was a director of Norwich Regeneration Limited. He would not take part in the debate or vote and would leave the room for these items.

2. Public questions/ petitions

There were no public questions or petitions.

3. Minutes

RESOLVED to agree the accuracy of the minutes of the meeting held on 16 November 2022.

(Councillor Stonard left the meeting at this point).

4. Nutrient Neutrality: Interim policy led approach towards allocation of potential mitigation headroom

Councillor Waters, leader of the council, presented the report. Following a ruling on a European case and Natural England guidance regarding the additional nutrient load of new developments on sites of scientific interest, developments had stalled. All seven Norfolk district authorities and the county council were affected by the ruling and were working together to look at a long term solution. The report proposed an interim solution to invest in energy efficient measures in council owned properties reducing the load of wastewater and creating nutrient headroom to be used as credits to progress stalled development sites.

A Norfolk wide calculator designed to calculate nutrient loading had been adopted. This diverged from the Natural England calculator but was broadly consistent with it. Some developers would be able to provide onsite mitigation for nutrient loading but

this would be more difficult on urban sites and nutrient credits could unlock these developments.

There was a limit to the headroom created through efficiencies in council owned stock and therefore criteria to identify sites was needed. Appendix A listed priority developments identified. This included Anglia Square which was a corporate priority for the council and had been granted Housing Infrastructure Funding.

The monitoring officer advised the following:

"Cabinet members appreciate that when they make decisions that may be more novel in their nature, there is an element of risk that has to be managed. The report sets out the advice we have received and the steps we are taking to manage risks associated with this decision.

Paragraph 55 of your report highlights that we have requested further perspectives on the nature of consultation required with respect to these policy-led proposals. As the report highlights, formal consultation is required with Natural England. The advice we have now obtained indicates that at this stage no further consultation is required on the proposals before you.

Nonetheless, we will continue to obtain advice, review it and act accordingly as both the short and longer term proposals to develop mitigation schemes progress."

The deputy leader and cabinet member for social housing noted that if the council's own housing could be used as part of the solution whilst achieving water efficient measures this was a bonus. The Executive Director of development and city services noted that this interim solution was only available as the council was a stock holding authority. A more permanent solution was being sought as a joint endeavour across Norfolk and a report would come to cabinet in the New Year.

In response to Councillor Galvin's question, the Executive Director of development and city services explained that the calculator had to reflect local circumstances and would be different in each region. He advised that the caselaw in the area was not well established but he was confident that the work completed regionally would withstand legal challenges. Ultimately it was to be noted that every planning decision was at risk of legal challenge.

RESOLVED:

1) That Cabinet agrees to pursue option 7 and to endorse an interim policy led approach for the apportionment of any nutrient neutrality mitigation credits secured through fitting more water efficient fittings into Council owned properties, and to delegate authority to the Executive Director of Development and City Services, in consultation with both the cabinet member for social housing and the cabinet member for sustainable and inclusive growth to finalise such an interim approach subject to being satisfied as to the further technical work (including an Appropriate Assessment which is necessary to establish the robustness of the proposed approach) together with engagement with Natural England.

2) To note the indicative cost of the nutrient neutrality mitigation credits and to delegate authority to the Executive Director of Development and City Services, in consultation with both the cabinet member for social housing and the cabinet member for sustainable and inclusive growth, to determine the final cost at which nutrient neutrality mitigation credits shall be sold.

3) To agree the provisional list of sites set out in rows 1-10 of Appendix A as the priority sites for the credits to be offered and to delegate authority to the Executive Director of Development and City Services to award credits (having regard to the preferred priority sites) and to enter into legal agreements allocating credits to these sites subject to them securing planning permission.

4) To delegate authority to the Executive Director of Development and City Services, in consultation with both the cabinet member for social housing and the cabinet member for sustainable and inclusive growth to allocate credits to further sites provided the headroom exists to do so, subject to legal agreements and the site securing planning permission.

(Councillor Stonard was readmitted to the meeting at this point).

5. Article 4 Direction

Councillor Stonard, cabinet member for inclusive and sustainable growth, presented the report. The direction was submitted on 28 July 2021 to remove permitted development rights to convert buildings from offices to residential accommodation within the city centre. Twelve months notice was required to be given as notice against compensation claims. The direction was sought due to a 30% reduction in the availability of office space in the city since 2008. If the direction was successful applications to convert offices to residential accommodation would be determined by Planning Applications Committee.

The initial application made was unsuccessful because the direction was not targeted enough. Ramidus consultants had been commissioned to undertake research into the local Norwich office market. They broke the city down into seven areas as listed in the report and categorised each office building with a Red, Amber, Green (RAG) status. Listed buildings were excluded from the direction. A key finding of the Ramidus work was that office economy in Norwich was different to that in other cities as there was no single defined business district and therefore a targeted approach in a number of areas was needed.

The planning policy team leader added that the team had responded proactively to the initial refusal to the direction and she was confident it would be accepted this time.

In response to Councillor Galvin's question, Councillor Stonard, cabinet member for inclusive and sustainable growth agreed that out of town business parks which relied on the private car to access were a concern. He noted that the direction of travel was not always out of the city and referred to Aviva's recent move into the city centre.

The Executive Director of development and city services highlighted that where good quality office accommodation existed in the city it was well occupied. The first action

was to address the loss of office space and then to maximise investment in the current stock. He referred to the Town's Deal funding of the Digihub at Townsends House which would create new office space which was able to compete in the market.

RESOLVED to recommend that that Council proceeds with the introduction of an non-immediate Article 4 Direction and that delegated authority be given to the Head of planning and regulatory services to ask the Secretary of State for Levelling Up, Housing and Communities to modify the proposed non-immediate Article 4 Direction.

6. The council's provisional 2023/24 budget and medium-term financial strategy

Councillor Waters, leader of the council referred to the supplementary agenda which had been circulated and included section six of the report.

Councillor Kendrick, the cabinet member for resources presented the report. He highlighted that this was the draft budget and that the public consultation on it would be completed and results available before the budget was approved by Council. The provision of the local government settlement was not known but it was expected to be a one year agreement. Funding was not keeping pace with expenditure and it was a challenge to balance the council's budget.

The leader of the council noted that the government was not acknowledging the cost of living crisis for councils, local government settlements were one year and not three but a medium term financial strategy still had to be produced. The council had to maintain financial reserves in order to absorb, tackle and anticipate budgetary risks.

The deputy leader and cabinet member for social housing referred to the Housing Revenue Accounts reliance on income derived from rents and the difficult decision to increase rents in order to fund work on the stock. The interim head of housing and community safety highlighted that a Tenant's Engagement Strategy would be coming to cabinet for approval shortly. This was as a result of the regulator of social housing increasing focus on residents being involved in the management of their homes.

The interim head of finance, audit and risk advised indications were that upper tier authorities were going to see an increase in budget settlements of 9% but there were no indications on the position of district councils. Professional advice was that a 3% increase would be guaranteed and this left a real issue for district councils in the face of inflation.

Councillor Hampton agreed to consider Councillor Galvin's request that an assurance update be taken every six months to the Climate and Environment Emergency Executive Panel on decarbonisation of the Housing Revenue Account investment. The interim head of housing and community safety advised the council's new asset management strategy would show how decarbonisation fitted in.

RESOLVED to:

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 2023/24; and
2) note the budget principles used for consultation and agree that budget consultation with businesses, residents, tenants and other interested stakeholders commences to inform the Council's budget setting decisions in February 2023.

7. Housing Revenue Account Business Plan

(This item was contained within the supplementary agenda).
The deputy leader and cabinet member for social housing, presented the report. This was an update of the Housing Revenue Account (HRA) 30 year business plan. A full review had been conducted and a new business plan model introduced. The review aligned the investment priorities in the business plan with the council's housing strategy 'Fit for the Future'. The HRA 30 year business plan provided a framework by which the affordability of investment and operational plans could be evaluated.

This was the first HRA business plan committed to large scale investment in decarbonisation. The council was a large local authority landlord with older stock which required significant investment. The cost of living crisis was putting pressure on services provided and increasing the demand in general for social housing. The council's income was not rising in line with inflation creating a gap in the council's capacity to invest in its stock.

There were a number of priorities within the business plan for 2022-23 and an emphasis on complying with new legislation including the Fire Safety Act 2021 and the Building Safety Act 2022. The council would continue to invest in health and safety compliance measures, to deliver improvements to properties and building maintenance services.

With the demand for social housing increasing the business plan committed to deliver three new housing schemes at Three Score Phase 3, Argyle Street and Mile Cross. The schemes would be subject to further viability assessments as they came forward.

The council was required to deliver plans to ensure that council homes reached energy performance certificate level C by 2030 and to develop a roadmap to decarbonisation. This would require significant investment which was accounted for in the business plan. It was intended to reduce management costs with a focus on improving performance. Frontline housing services would be improved with NEC housing software to play a major part in this. The requirements of the Social Housing (Regulation) Bill would be implemented, the introduction of a new Tenant Engagement Strategy would be key to this.

In response to a question from Councillor Galvin, the deputy leader and cabinet member for social housing advised that the council was not opposed to mixed tenure

development sites. The units at Mile Cross were modelled into the business plan and the plan could finance the development. The interim head of housing and community safety advised that the viability of any site was open to discussion. The business plan modelled the current known situation for the site but this could change in the next year.

The Executive Director of Community Services highlighted the importance of rebalancing the loss of rental income streams. These had been impacted by the right to buy and the cap on social housing rents.

RESOLVED to approve the HRA Business Plan report for 2023/24, subject to approval of the HRA Revenue Account Budget 2023/24 at Council in February 2023.

8. Treasury Management Mid-Year Review Report 2022/23

Councillor Kendrick, cabinet member for resources presented the report. He noted the report had been endorsed by the newly formed Treasury Management Committee. The Council had adopted the new CIPFA Code of Practice for Treasury Management in the Public Sector and operated in compliance with the code.

In response to a question from Councillor Galvin the interim head of finance, audit and risk advised the council had specific investments in products with a social and environmental benefit.

RESOLVED to:

1) Note the contents of the report and in particular the treasury management activity undertaken in the first six months of the 2022/23 financial year; and

2) Propose that this report be considered and agreed by Full Council.

9. Delegation to Award Contract for works to Public Realm in the City Centre.

Councillor Stonard, cabinet member for inclusive and sustainable growth, presented the report. Cabinet had considered Towns Deal funding at its meeting in January 2020. The report considered the public realm elements included in the bid. The St Giles Street project was included as part of the wider 'Connecting the Norwich Lanes' programme and Hay Hill was identified as a vital public city centre space which had become degraded.

The Hay Hill project provided for a rejuvenated and regenerated site, supporting the recovery of the city centre post covid and enhancing bio-diversity. Both schemes undertook full public consultations with the majority of the public in favour of the schemes.

The original budgets for the schemes were estimated in 2020 and were affected by significant cost pressures due to the volatile economic situation. Given the financial risks the project at St. Giles was to be deferred, it was also not considered ideal to conduct two projects in tandem given the impact on users of the city centre.

In response to a question from Councillor Galvin, the principal landscape architect, advised that the statue at the site of Thomas Browne was to be moved to a more focal point and his relevance to Norwich to be explained.

RESOLVED to delegate the Executive Director of Development and City Services, in consultation with the portfolio holder for sustainable and inclusive growth, the authority to award the public realm enhancements contract at Hay Hill, Norwich to Tarmac Trading Limited.

10. To award a contract to decontaminate and stabilise the land at the Mile Cross development site

The deputy leader and cabinet member for social housing, presented the report. The main focus of the investment was the remediation of the brown field site to make the land suitable for residential dwellings. It was a complex site and a specific specialist contractor was required. If construction did not commence at the site funding achieved through the One Public Estate programme could be at risk.

RESOLVED to approve the awarding of the contract to Anglian Demolition Ltd for the undertaking of the land stabilisation and remediation works at the site of the former Mile Cross Depot, in preparation for future housing development.

(Councillor Stonard left the meeting at this point).

11. Development Pipeline

The leader of the council presented the report. The key objective of the report was to identify potential development sites as a pipeline and resource funding. Bidwells had been asked to do an assessment of potential sites in order to maximise the value of the council's assets across the city. The initial stage, phase 1 of the work, had now been completed and the second phase was to consider the sites and determine an order of priority and put a business plan together. There would be consultation with local residents and ward councillors in relation to any potential scheme.

12. Exclusion of the public

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

***13. Development Pipeline – exempt appendix (Para 3)**

An exempt minute exists for this item.

(The public were readmitted to the meeting at this point).

14. Development Pipeline

After discussion of the exempt appendix to the report, members agreed an additional recommendation to the item.

RESOLVED to:

1) endorse the initial work on a development pipeline as set out in the exempt appendix and to approve the identified sites to be taken forward for detailed feasibility work; and

2) include a consultation with local communities affected by any scheme and local ward councillors as part of phase 2 of the work.

(Councillor Stonard was readmitted to the meeting at this point).

15. Compulsory purchase of 238A Dereham Rd (site of former Earl of Leicester Pub) and land adjoining Lime Kiln Mews

Councillor Stonard, cabinet member for inclusive and sustainable growth, presented the report. He referred to the two sites being considered for Compulsory Purchase Orders (CPOs),and noted that both had lengthy and detailed planning histories, Despite the work of council officers, work on the sites had not progressed to developments. A revolving fund to progress stalled development sites was introduced as part of the Towns Deal funding.

Councillor Stonard highlighted that recommendation 1 to the report had been amended. The Monitoring Officer advised that representations had been received from the owners of 238A Dereham Road which had been circulated to members of cabinet and the recommendation had been amended to reflect this.

In response to Councillor Galvin's question, the Executive Director, development and city services noted that the CPO at the former Kings Arms Public House had taken considerable officer resource to achieve. Until Towns Deal funding was received for the revolving fund it would have taken a significant reprioritisation of work to progress these CPOs.

RESOLVED to approve:

1) In the event that the Council and site owners of 238A Dereham Road cannot agree a satisfactory timetable by 31 January 2023 for the progression of development of the site (as referenced in paragraph 17 of the report), or the site owners do not subsequently adhere to the timetable the making a CPO under the Acquisition of Land Act 1981 and section 17(1)(a) of the Housing Act 1985, for the acquisition of the Former site of Earl of Leicester pub, 238A Dereham Road as registered under title number NK120838 and as identified on the plan in Appendix 1 for the purposes of the provision of housing accommodation;

2) Making a CPO under the Acquisition of Land Act 1981 and section 17(1)(a) of the Housing Act 1985, for the acquisition of the Land at Lime Kiln Mews, Drayton Road as registered under title number NK294086 and as identified on the plan in Appendix 2 for the purposes of the provision of housing accommodation;

3) Delegating authority to the executive director of development and city services, in consultation with the executive director of corporate and commercial

services, the leader of the Council, the portfolio holder for resources, and the portfolio holder for sustainable and inclusive growth, in relation to the two sites to:

a. take all necessary steps to secure the making, confirmation and implementation of the CPOs including the publication and service of notices and all other associated procedural steps.
b. acquire the two sites whether by voluntary agreement or compulsorily using the statutory powers Acquisition of Land Act 1981 and section 17(1)(a) of the Housing Act 1985
c. develop a scheme for development of the two sites for residential use if required (including any necessary site investigations) and to submit planning applications for the proposals.
d. once acquired (and following securing of planning consent as appropriate), dispose of the two sites to an appropriate developer partner who shall develop the sites for residential use, subject to all due diligence. In the event that this cannot be achieved, and subject to the judgement of the executive head of development and city services, to sell the site on the open market with a condition of sale that it is developed and used for residential development within a specified timeframe.
e. issue and serve any warrants to obtain possession of the two sites once acquired by the Council following the execution of a General Vesting Declaration or service of a notice of entry if it is necessary to obtain vacant possession
f. suspend or abandon the CPO proceedings or withdraw an order for either of the two sites on being satisfied that one or both sites will be satisfactorily developed and occupied in a reasonable timescale.
g. take necessary action to deal with all matters relating to the payment of statutory compensation including, where required, instituting or defending proceedings
h. take all other necessary action to give effect to these recommendations.

4) Delegating authority to the Executive Director of Development and City services, in consultation with the Executive Director of Corporate and Commercial services, the leader of the Council, portfolio holder for resources, and the portfolio holder for sustainable and inclusive growth, to approve the use the Council's powers under of Section 203 of the Housing and Planning Act 2016 to appropriate land for planning purposes and override the existing rights and covenants within or on the two sites that would be infringed by or impede the construction, operation or maintenance of the development of residential property.

(Councillor Stonard left the meeting at this point).

16. Norwich Regeneration Ltd Business Plan 2023-2030

Councillor Kendrick, the cabinet member for resources presented the report. He thanked officers from Norwich Regeneration Ltd (NRL) for an excellent and exciting business plan. The deputy leader and cabinet member for social housing was pleased to see how well the company were relating to the community in Bowthorpe.

The leader invited the leader of the green group (and a member of the scrutiny committee) to propose a recommendation following scrutiny committee's discussion of the NRL business plan at its meeting held on 8 December 2022 which members accepted.

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

RESOLVED to:

1) Thank the company and its directors for their efforts and impressive performance over financial years FY 2021/2022 and FY 2022/2023;

2) Endorse the NRL Business Plan on behalf of the shareholder;

3) Note that any individual business cases for developments and the disposal of sites to facilitate development will be subject to approval by Cabinet prior to moving to construction phase;

4) Invite NRL to undertake work on business case development for investment in phase 4a of Threescore and a further residential development site as outlined in the exempt appendix for consideration at Cabinet during 2023/24;

5) Invite RL to undertake work on an outline Business Plan for the establishment of a new company primarily aimed at holding assets in the private rented sector for presentation to the Council in 2023/24; and

6) Both grow, deliver and to mitigate overexposure to commercial risk from one sector, cabinet will support more detailed work on the part of NRL to spread risk.

CHAIR