Cabinet

Date: **Wednesday, 06 July 2022**
Time: **17:30**
Venue: **Mancroft room, City Hall, St Peters Street, Norwich, NR2 1NH**

Committee members:

Councillors:

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

For further information please contact:

Committee officer: Alex Hand
t: (01603) 989398
e: alexhand@norwich.gov.uk

Democratic services
City Hall
Norwich
NR2 1NH

www.norwich.gov.uk

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Agenda

9	**HMO Licensing Policy** **Purpose** - To consider adoption of a revised House in Multiple Occupation Policy following extensive consultation.	191 - 218
10	**Application to the UK Shared Prosperity Fund** **Purpose** - To seek delegated authority for the executive director of community services to submit the Norwich City Council Investment Plan to the UK Shared Prosperity Fund and develop a costed project plan, and to seek approval to amend General Fund revenue budgets and General Fund capital programme to reflect the approved Investment Plan.	219 - 228
11	**Greater Norwich Local Plan Focused consultation on possible sites for Gypsy and Traveller accommodation** **Purpose** - To seek approval for a focused consultation on the Greater Norwich Local Plan (GNLP) proposed Gypsy and Traveller sites to take place from 25 July to 7 September 2022. The consultation would seek views on three proposed sites and allow landowners to promote other Gypsy and Traveller sites to inclusion in the GNLP.	229 - 236
12	**Future of Waste Collection Services** **Purpose** - To consider approval for the extension of the existing contract with Biffa PLC for the collection of residual waste and a range of recycling materials on behalf of the council until 2031.	237 - 242
13	**Award of contract for security services** **Purpose** - To delegate approval to the executive director of development and city services for the award of a contract for security services at the council's multi-storey car parks, market and Mile Cross depot.	243 - 248
14	**Exclusion of the public** Consideration of exclusion of the public.	

EXEMPT ITEMS:

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

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

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

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***15 Medium Term Financial Strategy - Update - Exempt appendix 3 (para 3)**

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

***16 Future of Waste Collection Services - Exempt report (para 3)**

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

***17 Managing assets (Housing) (para 3)**

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

Date of publication**: Tuesday, 28 June 2022**

NORWICH
City Council

Item 4

MINUTES

Cabinet

17.30 – 18:35 **8 June 2022**

Present	Councillors Waters (chair), Harris (vice chair), Hampton, Jones, Kendrick, Oliver and Stonard.
Apologies	Councillor Giles
Also present	Councillor Galvin

1. Declarations of interest

Councillor Harris declared an interest in item *11 below, as the Director of Norwich Preservation Trust and withdrew from the meeting for the item.

Councillor Jones declared an interest in item *11 below as a board member of Norwich Preservation Trust and withdrew from the meeting for the item.

2. Public questions/ petitions

There were no public questions or petitions.

3. Minutes

RESOLVED to agree the accuracy of the minutes of the meetings held on 9 March 2022 and 6 April 2022.

4. East Norwich Stage 2 Masterplan

(Martyn Saunders, consultant from Avison Young, joined the meeting for this item)

Councillor Stonard, cabinet member for sustainable and inclusive growth, presented the report. He explained the development of the East Norwich sites represents a once in a generation opportunity for Norwich and would also deliver benefits to the wider region. The report provided an update on stage 1 of the masterplan and presented the stage 2 outputs, including a supplementary planning document, infrastructure delivery plan and project delivery plan. It detailed the next steps which would maintain the project momentum.

The site was complex and incorporated four different land owners. The masterplan would informed relevant planning policies and ensure a coordinated delivery of the infrastructure across the site. The East Norwich Partnership was the public private body which enabled partners to coherently develop the masterplan. Councillor

Stonard stressed that a new district of the city was being created and the council and its partners were working hard to ensure that it was right.

The chair considered that Homes England recognised the project as a major opportunity and that feedback from extensive conversations with residents was positive.

In response to Councillor Galvin's question, the executive director of development and city services observed that following the adoption of the Greater Norwich Local Plan, (GNLP), the intention was then to update the planning department's development management policies. However, the government had proposed an overhaul of the planning system and action had been delayed awaiting the outcome. It was still unclear what route government would take but once the GNLP was adopted a review could commence.

The consultant from Avison Young considered that the project pragmatically balanced the constraints of the site and that the delivery challenge was understood. Funding from Homes England equated to approximately £40,000 per dwelling which was commensurate with other schemes. The project was in a good position to begin the next phase of works as landowners and relevant partners were engaged.

RESOLVED to:

1) approve the Stage 2 illustrative masterplan (pages 5-6 of Stage 2 masterplan summary at Appendix 2) and essential infrastructure plan (pages 7-8 of Stage 2 masterplan summary);
2) endorse the Stage 2 outputs comprising the Draft Supplementary Planning Document (SPD at Appendix 3), recognising that this will be a material planning consideration for relevant planning applications, and the accompanying Infrastructure Delivery Plan (IDP, at Appendix 4) and Delivery Report (Appendix 5);
3) agree to participate in a Stage 3 exercise, led and funded by Homes England, with Norwich City Council providing project management and other inputs, to run from July to September/October 2022, with a Consultant Team to further assess infrastructure, phasing, funding, viability and related deliverability matters;
4) agree to delegate authority to the Executive director of development & city services, in consultation with the Cabinet member for inclusive and sustainable growth, to make further amendments to the Draft SPD prior to consultation; and
5) approve that statutory public consultation will be undertaken on the final draft of the SPD, with timing contingent on the GNLP process.

5. An update on Health, Safety and Compliance in Council Homes and Buildings

Councillor Harris, deputy leader and cabinet member for social housing, presented the report. The update was the second quarterly report to be presented to cabinet following the council self-reporting to the regulator for social housing in July 2021. The regulator considered that the council had breached homes standards and issued a regulatory notice. Councillor Harris emphasised that it was important to note the regulator had confidence in the council's plans to remedy the problem and that no enforcement action had been taken.

The report detailed progress made to date and set out the program for compliance. She noted additional contractors were employed to do extra work where necessary. A full reinspection programme of fire risk in low risk buildings was conducted and explained the increase shown in inspection figures. Work was underway to map the response to high priority general fund assets.

Councillor Harris emphasised that the council was working closely with the social housing regulator and at regular monthly meetings the regulator was satisfied with the progress being made and the arrangements in place. She thanked officers for their hard work to date.

The interim housing operations director noted that since the last update on compliance in February 2022 to cabinet, good progress on immediate actions had been made. Gas safety and lift safety were fully compliant, all communal electrical safety checks had been conducted and good progress made on electrical tests and outstanding remedial works in domestic properties.

Fire risk assessments on all high risk residential properties had been completed with a small number of remedial works outstanding. Water hygiene testing in residential properties had commenced and progress was being made. Work on validating and checking data was ongoing and some figures had changed as a result of this work.

Fire risk assessments on general fund non housing properties had commenced and work was underway to identify compliance priority work on general fund non-housing assets.

The asset management compliance function had been transferred back to the council on 1 April 2022 and work on service improvement was underway, including a programme of training. Additional contractor capacity had been secured and would address remaining outstanding works. All compliance policies and procedures were to be reviewed to confirm that they were in accordance with best practice. Consultation with tenants and leaseholders continued.

The social housing regulator had suggested the council enter into a voluntary undertaking to confirm the steps it was planning to take to achieve compliance and this was expected to happen shortly.

In response to Councillor Galvin's question regarding the underspend on the housing compliance budget, the interim housing operations director it took time to build the compliance programme. Access to information was delayed as the service was outsourced, contractors had to be secured. Although this work took time there was now a strong foundation to build on.

Councillor Harris, deputy leader and cabinet member for social housing, was reassured that the regulator was satisfied with the council's progress. Work had been challenging, but the report highlighted how much work had been completed. There was also a new IT system in place which would assist with mapping the compliance the programme.

RESOLVED to note the update on Health, Safety and Compliance in Council Homes and Buildings

6. Contaminated Land Inspection Strategy

Councillor Jones, cabinet member for safer, stronger, neighbourhoods presented the report. Norwich, like other cites, had a legacy of contaminated land due to former industries such as tanning and brewing. The strategy was largely prescribed by government guidance and detailed how sites would be tackled, grading them by risk.

In response to Councillor Galvin's question the head of planning and regulatory services highlighted that the strategy prioritised sites where there was a risk to human health. She was aware of sites where community groups had an interest but it maybe that the remediation works on those sites would be prohibitive.

RESOLVED to:

1) agree to the public consultation on the draft Contaminated Land Inspection Strategy (CLIS) for Norwich; and

2) give delegated authority to the Executive Director – Development and City Services, in consultation with the Portfolio Holder of Safer, Stronger Neighbourhoods, to amend the strategy in the light of the consultation response and adopt it.

7. To award a contract for security services at the Council's Multi Storey Car Parks, Market and Mile Cross Depot

(This report will be considered at a subsequent meeting of cabinet).

8. Levelling Up Fund bid preparation

Councillor Waters, leader of the council presented the report. He noted that £4.8 billion had been set aside for Levelling Up projects and £1.6 billion had already been allocated. The government wanted to see significant impact for its investment. Local authorities could submit one bid per MP which meant Norwich City Council could submit two bids. There were considerable sums of funding to bid for but there were costs to putting a bid together and the timetable for submissions was tight.

Extra resources had been allocated to put in bids as these represented a major opportunity to drive regeneration, building on existing works and tied in with partnership working expressed through the Norwich 2040 city vision. The tight timetables favoured projects already in the pipeline and areas with strong partnerships in place.

The economic development manager stressed it was a fantastic opportunity but there was a need to manage expectations. The council was a priority 2 area, and in the first round of bidding, most money went to priority 1 areas. However, there were three potentially strong projects which hit the strategic themes.

In response to Councillor Galvin's question, the leader of the council provided reassurance that the stakeholder engagement element of the bid would be fully scoped before it was submitted. The economic development manager emphasised that the timetable favoured projects which were already in the pipeline and that engagement on those in terms of stakeholder feedback, including from ward councillors, had already happened.

The executive director of development and city services added that if bids were successful there would be scope for further engagement on how schemes were developed, designed and shaped.

The leader of the council considered the council's bid was a reflection of the work which had been completed on Norwich 2040 city vision which had a wide network of stakeholders.

RESOLVED to delegate authority to the executive director of development and city services, in consultation with the leader of the council, to submit the Levelling Up Funding bid.

9. Exclusion of the public

RESOLVED to exclude the public from the meeting during consideration of items *10 to *12 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

***10. Levelling Up Fund bid preparation – exempt appendix – (para 3)**

RESOLVED to note the exempt appendix to the report.

***11. Norwich Preservation Trust and Eliza Pym Trust - (para 3)**

(Councillors Harris and Jones left the meeting at this point).

Councillor Kendrick, cabinet member for resources, presented the report.

RESOLVED to:

1) in it's role as corporate trustee of the Eliza Pym Trust and with respect to Ninhams Court:
    i. acknowledge the outcome of the public consultation relating to the disposal of Ninhams Court;
    ii. approve the submission to the Charities Commission, to seek to obtain an express power of disposal, in order to transfer the object of the Eliza Pym Trust, namely 6-9 Ninhams Court, to the Norwich Preservation Trust; and
2) delegate authority to the executive director of corporate and commercial services in consultation with the cabinet member for resources to grant a short-term bridging loan to the Norwich Preservation Trust, subject to a suitable business case, in order to facilitate the renovation and subsequent sale of Ninham's Court.

***12. Managing assets (non-Housing) – (para 3)**

(Councillors Harris and Jones returned to the meeting at this point).

Councillor Kendrick, cabinet member for resources, presented the report.

RESOLVED to approve the disposal of land identified in the report, commence the process to procure a selling agent and to delegate acceptance of the most advantageous offer, subject to achieving the minimum amount as set out in the report, to the executive director of development and city services in consultation with the cabinet member for resources.

CHAIR

NORWICH
City Council

Item 5

Committee Name: Cabinet

Committee Date: 06/07/2022

Report Title: Taking forward an LGA Corporate Peer Challenge of the City Council

Portfolio: Councillor Waters, Leader of the council

Report from: Chief executive

Wards: All wards

OPEN PUBLIC ITEM

Purpose
This report sets out plans to commission the Local Government Association to conduct a Corporate Peer Challenge of Norwich City Council, in order for the council to learn from sector best practice; provide an independent assessment of progress made against its improvement journey to date; and help to identify future areas for improvement.

Recommendation:
That Cabinet agrees to take forward an LGA Corporate Peer Challenge of the council along the lines set out in this report, with the final scope of the review delegated to the Chief Executive for agreement in consultation with the Leader of the Council.

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

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

This report contributes to the 'Norwich City Council is in good shape to serve the city' corporate priority.

Report Details

1. Norwich City Council's Corporate Plan sets out a vision for the council to be an 'outward facing, learning organisation'. This will be achieved in large part by seeking to learn from other successful local authorities and parts of the public sector; being open to independent assessment and challenge; and actively engaging with external partners to identify areas of best practice.

2. A cornerstone of the Local Government Association's (LGA) offer to member authorities is peer challenge support. The peer challenge approach involves a team of experienced officers and members spending time with another council as 'peers' to provide challenge and share learning. Participating councils receive a comprehensive report and recommendations from the peer team and then identify their own action plan in response.

3. Peer challenges are an established tool which support councils to drive improvements and efficiency in specific service areas as well as at a corporate level. The City Council has been embracing the importance and benefits of peer learning in recent years, with recent examples including a peer challenge of regulatory services led by Oxford City Council.

4. Senior Officers are also actively involved in cross-sector learning through various forums including the LGA; Solace (Society of Local Authority Chief Executives); CIPFA; and other professional bodies.

An LGA Corporate Peer Challenge for Norwich

5. A core element of the LGA's support is the Corporate Peer Challenge (CPC) which is an integral element in the peer challenge offer. A CPC involves peer teams spending significant time within councils to identify and address issues and challenge progress across a range of core themes.

6. There are 5 standard core themes of a CPC. CPCs can also be tailored to meet any local needs or specific challenges requested by the council being reviewed. The core themes are:

    1. Local priorities and outcomes
    2. Organisational and place leadership
    3. Governance and culture
    4. Financial planning and management
    5. Capacity for improvement

7. Further details of the 5 themes and what a CPC involves are set out in the standard LGA guidance document at **Appendix A** of this report.

8. The LGA's expectation is that all councils will complete a CPC at least every five years. The last LGA CPC for Norwich City Council was carried out in March 2012.

9. The LGA's CPC offer is effective and well regarded by the sector. A recent survey found that every council that had received a CPC was very or fairly satisfied, with more than eight in ten councils being very satisfied.

10. By bringing together political and managerial leadership - through the use of member and officer peers - a peer challenge provides robust, strategic and credible challenge and support to councils and is an important part of any organisation's future development.

11. There is an expectation that all councils having a CPC will commit to publishing the feedback report and its action plan in response. Six months after the CPC, the LGA will organise a progress review meeting. This will be a facilitated session which creates space for the council's senior leadership to explore progress and challenges with peers and discuss next steps.

12. A peer review team is typically made up of 5 or 6 peer reviewers, encompassing experienced senior officers from across the local government sector and a political peer. The team is led by an elected Leader from another council (usually of the same political party as the administration of the council being reviewed) and a council Chief Executive. Peer Review teams also typically include a Section 151 officer and chief officers with experience of delivering change and transformation programmes.

13. The make-up of the Peer Review team for Norwich will be discussed with the LGA and determined by the Chief Executive, in consultation with the Leader of the Council. In terms of the political lead and lead CEO, Norwich will want to ensure that those leading the review have experience of working in a city or an urban environment with similar challenges.

14. The CEO of the council is in discussion with the LGA to define the scope for the CPC for Norwich – this will broadly follow the priority themes set out in paragraph 5 above and the guidance document at Appendix A. If Cabinet are content to proceed, it is recommended that the final agreement of the review scope be delegated to the CEO in consultation with the Leader.

15. The precise timing of the Norwich CPC will be determined through discussions with the LGA. It is envisaged that the CPC will take place in either late 2022 or early 2023. A CPC usually takes 4 days, with the peer team 'on site' for most of that period. Emerging feedback is provided on a daily basis, with initial recommendations fed back to the council 'on site' at the end of the review period.

16. A final report is then produced with areas of strength identified and recommendations on areas for further development. The City Council would commit to publishing the CPC final report and developing an action plan in response to the recommendations of the peer challenge.

Consultation

17. The Leader of the Council – as portfolio lead for corporate strategy, performance and policy – has been consulted in the development of this proposal.

18. A CPC involves extensive consultation with internal stakeholders and with local and regional strategic partners. The final list of stakeholders to be consulted with as part of the review will be agreed with the CEO but is likely to include:

- The Leader of the Council
- Cabinet Members
- The Leaders of the two opposition parties
- A group of 'back bench' Cllrs (cross-party)
- Officers from the Corporate Leadership Team and Senior Leadership Team
- Other groups of staff including middle managers and frontline services
- Local strategic partners drawn from the Norwich 2040 City Vision Group

19. Key documents are also shared with the peer challenge team in advance of the review, including corporate strategies, action plans and briefing documents which are relevant to the scope.

Implications

Financial and Resources

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

20. As a member of the LGA, undertaking a CPC does not come at an additional cost to the council. The only costs that would need to be covered – beyond officer time - are refreshments and subsistence while the peer team are on site.

Legal

21. There are no specific legal considerations albeit it assists the Council in fulfilling its best value duty under the Local Government Act 1999. Whilst conducting a CPC is encouraged by the LGA and considered best practice across the local government sector, it is not a statutory requirement.

Statutory Considerations

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

Risk Management

Risk	Consequence	Controls Required
The work required to prepare for, deliver and respond to a CPC can be significant.	If resources required to support and respond to the review are not in place, it may be a missed opportunity.	Following Cabinet decision, the CEO will put in place a team to develop and support the CPC with enough lead-in time to ensure that the process is manageable.

Other Options Considered

22. There is no requirement for Norwich City Council to conduct a CPC, therefore an alternative would be to not conduct one.

Reasons for the decision/recommendation

23. It is the view of the CEO and the Leader of the Council that we should use a CPC as an opportunity to measure the council's progress and seek the support of the wider sector as part of the Corporate Plan vision to become an outwards looking, learning organisation which learns from best practice elsewhere.

Contact Officer: Stephen Evans, CEO
Email address: stephenevans@norwich.gov.uk

Background papers: None
Appendices: LGA guidance document – Appendix A

APPENDIX A

LGA Corporate Peer Challenge

Name of council

Scoping Meeting – TBC

Corporate Peer Challenge – TBC

Six Month Check In – TBC

Preparation guidance and templates for councils

www.local.gov.uk/peer-challenge

18 Smith Square, London, SW1P 3HZ www.local.gov.uk **Telephone** 020 7664 3000 **Email** info@local.gov.uk **Chief Executive:** Mark Lloyd
Local Government Association company number 11177145 Improvement and Development Agency for Local Government company number 03675577

1. Introduction

This guidance note provides an outline of the Corporate Peer Challenge process. It covers:

- The Local Government Association's Corporate Peer Challenge offer
- The Corporate Peer Challenge process
- Background and focus of the Corporate Peer Challenge
- Corporate Peer Challenge team
- Information and Data Pack
- Evaluation and Impact
- Confidentiality and Freedom of Information

Appendix 1 - Corporate Peer Challenge timetable and suggested interviewees

Appendix 2 – Logistical Arrangements

Appendix 3 - Suggested format for the Position Statement

This note is not intended to be prescriptive but offers advice to get the most from the LGA CPC process. The exact approach will be further discussed and agreed with you.

2. The Local Government Association Corporate Peer Challenge

Since March 2020, the LGA's work has primarily focused on supporting local government and communities to address Covid-19 and its consequences. The LGA developed a refocused support offer to facilitate this.

The challenges faced by councils in the light of Covid-19 pandemic are unprecedented. It is recognised that the impact of the pandemic has been considerable and recovery planning is an iterative process taking place in the context of significant uncertainty. The CPC offer takes into account the challenging context in which councils are operating. It provides independent and external improvement

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support and challenge to not only assist councils thinking about recovery but to also support those councils who wish to use this period to reimagine as well as rebuild.

CPC is tried and trusted method of improvement, it provides councils with a robust and effective improvement tool which is owned and delivered by the sector, for the sector. Peers remain at the heart of the peer challenge process and provide a 'practitioner perspective' and 'critical friend' challenge.

All councils will have a CPC every 5 years which will be delivered at no cost to the council. It will cover the 5 core elements of a CPC (detailed below) as well any local needs or specific challenges requested by the council.

1. **Local priorities and outcomes**
2. **Organisational and place leadership**
3. **Governance and culture**
4. **Financial planning and management**
5. **Capacity for improvement**

3. The Corporate Peer Challenge process

The CPC process has been improved taking on board the recent Independent Evaluation of Sector-Led Improvement and the learning from the delivery of Remote Peer Support during the Covid-19 pandemic.

The approach takes the best from the remote working experienced by all councils but understands the value of face-to-face engagement where council members and officers, partners and citizens can talk freely and openly with trusted peers.

The approach is not prescriptive and can be adapted to reflect the local needs of councils. It will typically include the following stages:

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Scoping meeting, preparation and engagement, onsite Corporate Peer Challenge, report and action plan, six-month check-in.

Scoping – Agreeing the terms of reference

A scoping meeting with the relevant LGA Principal Adviser Rachel Litherland and where possible the LGA Peer Challenge Manager Kirsty Human will be held approximately 6 months prior to the CPC.

The scoping meeting will typically include the Chief Executive and Leader as well as other relevant officers and members. It is an opportunity to engage key officers and members from the outset and consider the CPC approach, discuss priorities and challenges, and agree the local focus for the peer challenge.

At the scoping meeting initial proposals for the peer team will be discussed. The LGA will source and agree a team of officer and member peers informed by the skills and experience required. The LGA is committed to diversity and inclusion to ensure that peer teams reflect the diversity of local councils and the communities they serve. There is also the opportunity to include peers from outside of local government, such as team member(s) with community sector, central government or private sector experience. These peers will be discussed and agreed with you.

Following these discussions, the council will be provided with a scoping document that sets out the agreed scope of the CPC, including the local areas of focus.

Preparation and Engagement

It is important that the peer team have an in-depth understanding of the local issues before their onsite activity. This will primarily be provided through an Information & Data Pack, which includes background documentation provided by the council and LGA. (See section 5).

Once the peer team have received the Information & Data Pack, a short programme of remote engagement will be undertaken before the onsite activity. This will include

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introductory conversations between some of the peers (typically the chief executive and leader) and their respective counterparts at the council as well as a full peer team remote meeting.

In addition, learning indicates that opportunities for the peer team to observe normal business meetings (e.g. cabinet/committee or senior management meetings) can enable peers to better understand the council and provide valued insights as part of the peer challenge process. For example, the peer team may seek to observe member meetings remotely prior to the onsite activity.

The LGA may also seek to undertake some pre-CPC engagement with citizens, staff groups and/or stakeholders, such as web-based surveys. Any preparatory work or engagement will be agreed with you in advance.

Onsite Corporate Peer Challenge

It is proposed that the LGA Peer Team spend time remotely and on site at the council meeting members, staff, partners and citizens. The council will need to arrange a timetable of activity organised for the peer team in advance. Appendix 1 provides an example. Where face to face sessions are not possible, remote meetings will be arranged.

Meetings should provide an opportunity for discussion which explores issues and ideas as much as evidence gathering. The peer team will split into pairs to facilitate the meetings/discussion sessions so there can be two or three streams of activity running at the same time. We suggest that consideration be given to some of the meetings being undertaken as workshop/focus group activities rather than only one-to-one discussions.

Feedback, Report and Action Plan

On the final day the peer team will deliver verbal feedback to a selected audience which should include as a minimum the corporate leadership team, cabinet members and opposition members as appropriate. During this feedback there is opportunity for clarification and questions.

This will be followed by a report detailing the strengths of the council, the issues considered, areas for further improvement and key recommendations. The council

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will receive the draft report within 3 weeks of the CPC. We welcome comments on the report within a two week timescale and we will agree the final report with you for publication. The council should then develop a detailed action plan that responds to the report's findings.

The CPC report should be published on the council's website within six weeks of finalization. The LGA will also publish the report via its website. It is expected that the council's action plan will be published within eight weeks of the CPC report's publication.

Six Month Progress Review

Six months after the CPC, the LGA will organise a progress review meeting. This will be a short-facilitated session which creates space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps. The LGA will produce a short note which reflects the council's progress, provides examples of good practice and highlights the initial impact and outcomes. As part of ensuring an open and transparent process, there is an expectation that this note will be published.

4. Background and focus to the LGA Corporate Peer Challenge of [Name of council]

The peer team will explore the core components (underpinning features of good performance) that all LGA CPCs cover:

1. **Local priorities and outcomes**: Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities and achieving improved outcomes for all its communities?
2. **Organisational and place leadership**: Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture**: Are there clear and robust governance arrangements? Is there a culture of respect, challenge and scrutiny?

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4. **Financial planning and management**: Does the council have a clear understanding of its current financial position? Does the council have a strategy and a clear plan to address its financial challenges?
5. **Capacity for improvement**: Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

In addition to the core elements Norwich City Council may wish to identify an additional focus area. This might include, for example, a particular priority issue or challenge, such as economic development, housing delivery or working with communities.

Whatever the focus it is important the peer team have a clear term of reference and a manageable focus - your LGA Principal Adviser will discuss and agree this with you.

5. Corporate Peer Challenge team

The Peer Challenge Manager will lead the development of the CPC and will source the peer team which will include a chief executive peer and a political peer (e.g. a council leader and/or senior councillor.)

In addition, the team will include further peers such as additional senior officers, members or specialist peers to reflect the focus of the CPC process. The LGA is committed to ensuring that peer teams reflect the diversity of local communities.

Norwich City Council CPC Peer Team (add in names and titles when available)

- Chief Executive
- Member Peer(s)
- Officer Peer
- Officer Peer
- LGA Peer Challenge Manager
- LGA Project Support Officer

The peer team will require a room at the council to use as a base for the time they

18 Smith Square, London, SW1P 3HZ www.local.gov.uk **Telephone** 020 7664 3000 **Email** info@local.gov.uk **Chief Executive:** Mark Lloyd
Local Government Association company number 11177145 Improvement and Development Agency for Local Government company number 03675577

are on site, which should be in the main headquarters of the council.

Appendix 2 provides details of the logistical arrangements required.

6. Information and Data Pack

The LGA's Principal Adviser will discuss with you the Information and Data Pack that will support the CPC's work informed by the agreed scope and focus.

A key background document for the peer team will be a 'Position Statement' prepared by the council. This provides a clear brief and steer to the peer team on the local context and what the peer team should focus on. It is an opportunity to set out the key issues, challenges and current thinking in relation to the CPC.

The position statement should be structured around the five core components of:

- Local priorities and outcomes
- Organisational and place leadership
- Governance and culture
- Financial planning and management
- Capacity for improvement

Appendix 3 provides some of the areas that should be covered in the document. These are a guide rather than an exhaustive or prescriptive list.

The Position Statement is an opportunity to undertake an honest self-assessment and provide the peer team with a summary of the most pertinent issues and challenges. The peer challenge process works best if peers are clear at the outset of the areas where the council would most welcome and benefit from their observations. You may wish to include some specific questions within the document for peers to consider. All peers are given strict guidelines regarding confidentiality and data protection and the Position Statement will be used for the sole purpose of informing the peer challenge.

We are also keen to learn about examples of successful practice that the council would be happy for us to share with the sector. There is an opportunity in the Position

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Statement to identify examples and provide a short summary that can be shared with others

In addition to the Position Statement we suggest a small suite of background documentation is provided to the peer challenge team, comprising of documents that will support and inform the peer team's consideration of both the core components and any local areas of focus. This might include

- Corporate Plan
- Medium Term Financial Strategy
- Annual Governance Statement
- EDI Strategy and Objectives
- Organisation structure chart (senior management structure)
- Organisational improvement plan / Transformation programme
- Diagram of democratic decision-making arrangements
- Latest annual audit letter
- Staff survey results (if applicable)
- Resident satisfaction survey results (if applicable)
- Key performance data/reports
- Relevant council policies

We will, of course, discuss further information that will be useful to share with the peer team. But it is anticipated that most of the information required should already be in circulation.

Background information should be ready to be circulated to the peer team approximately 3 weeks before the CPC commences. The peer team may require further information when onsite, so please be prepared to respond to requests.

In addition, the LGA will provide some supporting information, that will be agreed and shared with you in advance, to inform the CPC's work. This will include a financial briefing prepared by the LGA and a summary performance report based on public data available on LG Inform.

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7. Evaluation and Impact Survey

The LGA is constantly looking to improve the peer challenge process and evaluate its impact. In undertaking a CPC, we ask that you complete a short online survey just after the challenge. We ask that both Chief Executive and Leader complete the survey and all responses are treated confidentially.

8. Confidentiality and Freedom of Information

It is vital for the CPC process to be underpinned by trust and take place in an environment in which people feel they can be open and honest. LGA peers are encouraged to return to their own organisations at the end of the process and talk about their experiences. But in doing so, they are asked to respect that some of the information considered by the CPC may be sensitive in nature and it is important that it is not used in any way that may undermine the council or integrity of the CPC process.

The LGA is required to comply with the obligations under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.

If the LGA receive a request it will inform you and allow you to comment on what we are intending to release if you are referred to as a 3rd party. Please note that the final decision as to what will be released resides with the LGA.

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Appendix 1: Corporate Peer Challenge Timetable – sample

As a general rule, one-to-one discussions should be scheduled for 1 hour and focus groups for 1.5 hours.

Day 1

Time	***Work stream 1***	***Work stream 2***
1pm – 2.30pm	Peer Challenge Team arrive at the council Working lunch Welcome and cover 'housekeeping' and issue security passes. Team set up base room and prepare.	
2.30 pm – 3.30pm	Scene setting session and initial dialogue with chief executive and leader – checking expectations and sharing initial perceptions	
3.30 pm – 4.30 pm	Chief Executive (Chief Exec's Office)	Leader of the Council (Leader's office)
4.30 pm - 5.30pm		

Day2

Time	***Work stream 1***	***Work stream 2***
8.30am – 9.30am	Peer Team Time	
9.30am –10.30am		
10.30 am – 11.30am		
11.30 am –		

12.30pm		
12.30pm – 2.00pm	Peer Team Working Lunch	
2.00pm – 3.00pm		
3.00pm – 4.00pm		
4.00pm – 5.00pm		
5.00pm – 6.00pm		
6.00pm – 7.30pm		O&S Meeting

Day 3

Time	***Work stream 1***	***Work stream 2***
8.30am – 9.30am	Peer Team Time	
9.30am – 10.30am		
10.30 am – 11.30am		
11.30 am – 2.30pm		
12.30pm – 2.00pm	Peer Team Working Lunch	
2.00pm – 3.00pm		
3.00pm – 4.00pm		
4.00pm – 5.00pm		
5.00pm – 6.00pm	No Meetings – Peer Team Time	
6.00pm – 7.30pm	Cabinet Meeting	

Day 4

Time	*Work stream 1*	*Work stream 2*
8.30am – 12.30pm	Peer Team Feedback Preparation	
12.30pm – 1.00pm	Catch up with Leader and Chief Executive	
1.00pm – 2.00pm	Peer Team Feedback Preparation	
2.00pm – 3.30pm	Formal Feedback Session	

Interview suggestions

Some suggestions (neither a prescriptive nor an exhaustive list) of who the peer team will need to meet with are:

- Leader of the Council
- Cabinet portfolio holder for Finance
- Political Group Leaders
- Chair(s) of Overview and Scrutiny
- Chief Executive
- Chief Officers/Directors
- Director/Head of finance (S151 Officer)
- Monitoring Officer
- Director/Head of Policy/Performance
- Head of Internal Audit
- External Auditor
- Head of HR
- Head of Democratic Services
- Lead officer for change/transformation
- Focus group of staff
- Focus group with Cabinet members
- Focus group with strategic/senior management team
- Focus group with heads of service
- Focus group with non-executive/frontline members
- Citizens
- Key partners – perhaps a mixture of meetings with key individuals and focus groups (possibly themed) – including business, public and voluntary sectors
- Combined Authority partners
- Local authorities such as town or parish councils
- Trade union representatives

Appendix 2 - Logistical Arrangements

Due to the pandemic the logistical arrangements for delivering a face to face peer challenge have changed considerably. The LGA requests a copy of the council's Covid secure guidance, risk assessment and mitigation plans.

The LGA recognises the importance of sustainability and climate action, including the need to deliver zero net carbon by 2030. In planning and delivering the peer challenge, the LGA will seek to model best practice in how it conducts its own business. The LGA will aim to reduce its carbon footprint by using public transport where possible, reducing waste such as keeping printing to a minimum, conducting meetings online instead of in-person where suitable, and selecting sustainable providers, such as hotels that are working to reduce their carbon footprint. We seek the support of [name of council] in achieving this.

Base Room

The LGA Peer Team will require a base room which will be for the sole use of the peer team members. Ideally it needs be private and lockable. Meetings, workshops and focus groups will be held in other rooms.

The base room will need to big enough to accommodate all the peers with good ventilation. The peer team will require:

- Hand sanitizer in the base room
- Adequate desk space for each person to work on during the week that adheres to social distancing guidance

Lunch that is not buffet style for peers.

As the peer teams may work in the evenings, access to the team base room outside of normal office hours might be needed as will relevant security passes, one per peer.

Meetings and meeting rooms

Meetings should be held in well-ventilated rooms with adequate social distancing. We ask that you provide hand sanitiser in all meetings rooms.

Catering

It is important that catering arrangements are planned in conjunction with the timetable and in consultation with the LGA Peer Challenge Manager who will advise of any specific dietary or cultural requirements the peer team have.

Car Parking

We encourage peers to use public transport, however, members of the LGA Peer Team may require car parking – we will discuss this with you as required.

Hotel Booking

The LGA will book a hotel for the peer team and would welcome suggestions from the council. We are keen to use hotels that have strong sustainability and climate change credentials.

Appendix 3 – suggested format for the Position Statement

The following is not intended to be prescriptive but provides guidance in terms of a structure/format for the Position Statement, and the areas that might be covered by each section of the document.

Section	Suggested content
Introduction	Why the council is commissioning a Corporate Peer Challenge Basic contextual information on the place and organisation
Local priorities and outcomes	The council's vision and priorities and the outcomes sought by them How communities and stakeholders shape priorities and delivery How equality and diversity considerations inform the council's prioritisation and delivery arrangements How the council manages performance and local performance information
Organisational and place leadership	The arrangements and support for organisational leadership How the council leads the local area and works with local and regional partners Shared placed ambitions, collective leadership capacity and the future focus of joint working How is the council is communicating its challenges, future ambitions and organisational changes

Section	Suggested content
Governance and culture	The council's governance arrangements (e.g. constitution, decision making processes) The arrangements that facilitate and support • Good member-officer relationships including respective roles and responsibilities • Timely decisions and scrutiny • A culture of respect, transparency and challenge Strategic risk management arrangements Staff engagement mechanisms and internal communications
Financial planning and management	Current financial 'health' of the council (e.g. levels of reserves, savings/efficiencies achieved to date, external audit opinion) The key facets of the MTFS (e.g. commercialisation, new delivery models, demand management, etc.) The key financial risks facing the council and the plans to manage those In-year budget monitoring / financial management process including approach to underspends and overspends Capital programme / investment plans that support the delivery of council priorities and the financial sustainability of the council Financial decision making, including the internal governance arrangements and public engagement approach

Section	Suggested content
Capacity for improvement	How the council adapts, learns and improves – arrangements and approaches The learning from Covid-19 for the organisation's future capabilities and practice The council's approach in key capacity areas, such as: • Organisation development – including workforce • Digital and data – including for performance improvement • Programme management and transformation • Equality and diversity – including identify and addressing inequalities • Climate change and ecological emergencies Key plans and data, such as: • Performance management framework • Key programmes and projects • Workforce information e.g. sickness absence and staff survey results Community capacity – how the council listens, empowers and co-designs with residents and communities, including the voluntary sector
Sharing of successful practice	Up to 2 examples of practice that the council thinks will be of help to the sector using the LGA's case study template which can be downloaded as a MS Word document from the LGA case studies web page.

NORWICH
City Council

Item 6

Committee Name: Cabinet
Committee Date: 06/07/2022
Report Title: Q4 2021/22 Corporate Assurance Report

Portfolio:	Councillor Waters, Leader of the council and Councillor Kendrick, Portfolio Holder for Resources
Report from:	Executive director of community services and Executive director for Corporate and Commercial Services
Wards:	All Wards

OPEN PUBLIC ITEM

Purpose

To report progress against the delivery of the corporate plan priorities and key performance indicators, including the Council's provisional financial outturn performance, and to provide an update on corporate risks for quarter 4 of 2021/22.

Recommendation:

1. Review progress on the key performance indicators for quarter 4 and the position for the 2021/22 year alongside the corporate risk register;
2. Note the provisional financial outturn for the 2021/22 general fund, Housing Revenue Account (HRA) and the council's overall capital programme;
3. In relation to the General Fund underspend of £2.364m:
    a. Note the increase to the General Fund balance by £0.426m in accordance with the decisions made at Cabinet on 9 February 2022;
    b. Approve an increase of £1.100m to the risk reserve in relation to the emerging risks associated with the updated MTFS position (separate report "Medium Term Financial Strategy – update" refers); and
    c. Approve the addition of any remaining underspend (currently estimated at £0.838m based on the provisional outturn) to the business change reserve.
4. Note in relation to the HRA underspend of £7.619m, the consequent increase to the HRA General Reserve balance;
5. Note the General Fund capital programme underspend of £10.230m;
6. Note the HRA capital programme underspend of £23.200m;
7. Delegate to the Executive Director of Corporate and Commercial Services, in consultation with the portfolio holder for resources, authority to approve any capital carry forward requests for unspent capital resources from 2021/22 and add them to the 2022/23 capital programme. Such approvals also to be reported to Cabinet at the next available meeting.
8. Suggest future actions and / or reports to address any areas of concern.

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

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

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

Report Details

Key Performance Indicators

1. This report sets out progress against the key performance indicators (KPIs) that track delivery of the corporate plan priorities. This is the twelfth quarterly performance report for the corporate plan 2019-2022.
2. The performance framework aims to measure progress against corporate aims through KPIs which monitor delivery of activities and services which contribute to these objectives. However, as for the financial environment the performance in 2021/22 was delivered during a period of uncertainty and the impact of the pandemic on service delivery is an important contextual issue to note.
3. Performance reporting for indicators in this report is based around a traffic light concept where green is on target, amber provides an early warning for possible intervention and red suggests intervention is necessary. The Q4 position highlights 3 red rated indicators and 7 amber rated indicators. The remaining indictors are all showing green.

Provisional Financial Outturn Performance and Corporate Risk Register

4. This report also sets out the 2021/22 provisional outturn position for the council, as well as the corporate risk register. A separate report on the agenda considers the Council's longer term financial position and updates its Medium Term Financial Strategy (MTFS) for emerging factors and in particular the impact that rising inflation is estimate to have on the council's finances. The impact on service delivery demands arising from a cost of living crisis will also need to be considered as the council delivers its priority services to residents and businesses.
5. The financial outturn figures in this report remain provisional until the audit examination for 2021/22 has completed. The council's draft statement of accounts will be published on or before the end of July with the external audit examination by EY LLP timetabled to commence in December 2022.
6. The setting of the council's 2021/22 budget in February 2021 was undertaken in a time of significant financial uncertainty; the worldwide pandemic was impacting significantly across the country with lockdowns in place and significant reprioritisation of council services to support the most vulnerable.
7. Financially the impact, particularly on the council's income and levels of outstanding unpaid debt, our need to support the most vulnerable in the city and continuing uncertainty over the actual level of additional government COVID support to councils meant that prudent assumptions had to be made when approving the budget and setting the level of council tax. Given the unprecedented nature of the pandemic, reliable bases for estimating some of the variables facing the council were not available.
8. The provisional outtum position achieved therefore needs to be seen in that context with income levels providing better than expected results as the worst impacts of the pandemic receded over the middle and latter part of 2021/22. Some of the council's core income streams such as housing rental levels, commercial rent and car parking income performed better than expected. Assumptions about the level of bad debt provision required to offset unrecoverable debt also indicated a better than expected position.
9. Business rate receipts were supported through grants administered successfully by the council although the impact on the collection fund will be finalised over subsequent years.

10. Finally, the contingency held for unforeseen events was not fully utilised and therefore this contributed to the overall underspend position for 2021/22.

11. The pandemic also impacted in a number of other key areas and in particular the delivery of capital schemes where procurement processes started later than expected and resulted in a knock-on impact on the ability to start on site as expected. Restrictions on the ability of the council's contractors to access residential properties also meant that only high priority or emergency works could be progressed in much of the year.

12. There is a separate recommendation to delegate approval to the council's Chief Financial Officer (S151) in consultation with the portfolio holder for resources, to consider and approve requests for carry forward of capital resources. Those schemes currently being put forward have been annotated in the relevant appendices. A need for additional governance over the monitoring of capital delivery and associated financial performance has emerged through the deep dive undertaken of the 2021/22 outturn. The size of the capital programme and the need to fund elements of it through borrowing means that the impact of changes to capital expenditure assumptions, on treasury management performance, is significant.

13. Taking these issues together collectively, it is perhaps unsurprising that a level of underspending across all budget areas, and across both revenue and capital, was the broad outcome in 2021/22. Given the continuing financial uncertainty facing local authorities a thorough deep dive review of the provisional outturn position has already been undertaken and this has resulted in a number of positive actions being identified to inform both the updated medium term financial strategy report, but also actions to improve the quality of financial management in the council in 2022/23 and subsequent years.

14. These actions include the need for further training on scenario planning, modelling and forecasting, ensuring that the base budget is fully understood and supported by underpinning metrics that will improve the ability to understand forecast movements and the work to ensure that the newly procured Enterprise Resource Planning system supports effective budget management processes.

15. The current Corporate Risk Register illustrates a reduced movement on one corporate risk. There are six risks which are showing as red and have not improved since the last quarter; suggesting that further actions are required to reduce the Council's exposure to those risks. However the risks associated with delivering successful elections has now been de-escalated following the conclusion of the May elections, although for the period under review (Q4) this risk remained current.

16. A number of risks are showing a wide variation between the residual and target risk; these will continue to be reviewed to establish additional mitigating actions to close the gap and a small number of risks are showing residual and target scores at the same level suggesting that the level of current risk is acceptable. Consideration can be given to moving these into the relevant directorate risk register. CLT have also considered whether any additional risks need to be highlighted and evaluated either corporately or for directorates. Training is also being included within the package identified to ensure that the impact on the council's risks, from changes to financial or performance delivery is also understood and reflected through the council's risk management processes.

17. The report appendices give further information across corporate performance, finance and risk at the directorate level. Relevant annexes have been provided and are referred to throughout the report.

Consultation

18. No consultation was required in creating this report.

Implications

Financial and Resources

19. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.
20. The impact of the 2021/22 provisional outturn has been reflected in the associated Medium Term Financial Strategy report elsewhere on the same agenda.

Legal

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

Statutory Considerations

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

Consideration	Details of any implications and proposed measures to address:
Environmental Impact	This report does not have direct environmental implications; it provides an update on progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.

Risk Management

Risk	Consequence	Controls Required
The council's corporate risk register is included in this report for consideration and has been updated as at the end of quarter 4 2021/22	Risks are understood and being managed effectively both corporately and in directorates.	Where there is a variance between the residual current risk and the target risk additional mitigations will need to be identified to close and, if possible, eliminate the gap.

Other Options Considered

22. This paper sets out performance, risk and other relevant information for cabinet to have an overview of these key metrics which underpin delivery of the corporate plan priorities as such no alternative options have been considered

Reasons for the decision/recommendation

23. The performance and risk recommendations are for review and noting and to give the cabinet an opportunity to understand and challenge the council's approach to delivering their priorities and managing any key risks.
24. The financial recommendations, which are based on the provisional outturn position and are therefore subject to external audit examination, propose actions in response to the underspend position on both the general fund and housing revenue account, to support the exercise of sound financial management.
25. The recommendations around approval of capital carry forwards supports the effective delivery of on-going capital schemes in 2022/23 and later years.

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

Appendices: Combined Assurance Report, Q4 2021/22

Contact Officer:

Helen Chamberlin, Head of strategy, engagement and culture
01603 989269
helenchamberlin@norwich.gov.uk

Neville Murton, Head of finance, audit and risk
01603 987766
Nevillemurton@norwich.gov.uk

Combined Assurance Quarterly Report

Q4 2021/22

Cabinet Version

Contents

1. Executive summary

1.1. Performance

- At a corporate level, this quarter shows an increase in red and amber indicators and a reduction in green indicators overall, however this is due to the higher number of annual indicators reporting in Q4. Since this reporting year brought in a new set of indicators, it will be more accurate at a corporate level to compare Q4 2021/22 with Q4 2022/23 next year rather than between quarters this year.
    - We also see three indicators (KPI 17, 25 and 26) this quarter being monitored to set a baseline before applying a target in 2022/23.
- Notable trends at the directorate level include:
    - **Community Services** saw improvements in gas safety compliance and a reduction in days to re-let properties, though the latter indicator remains below target. A significant improvement was seen in response rate to FOI requests over the year.
    - **Corporate and Commercial Services** saw notable improvement in the efficiency of processing new Housing Benefit claims throughout fiscal year 2021/22. Council tax collection has also been moving in a positive direction, though it is still shy of its ambitious target.
    - **Development and City Services** has outperformed in a number of areas including leveraging external funding to support council developments and food premises hygiene compliance. The directorate has faced delays in the affordable home delivery and making private rented homes safe.
- Response to FOI requests has improved throughout the year and is on track to report green from Q1 when the target goes into effect. This is not the case with the corporate complaint indicator which has fluctuated across the year but never reported above 66%. Full commentary on both of these indicators are available within the dashboard.
    - FOI responses in time in Q4:
        - Community services 89.7%
        - Corporate & commercial 93.5%
        - Development & city services 86.5%
    - Corporate complaints (with volume) responded to in time in Q4:
        - Community services 127/216 58.8%,
        - Development & city services 54/118 45.76%,
        - Corporate & commercial 20/23 86.96%.
- With the publication of the Corporate Plan for 2022-26, the current KPIs will be reported next year across 5 corporate priorities. Details can be found in the Technical Appendix of the Corporate Plan.
- Throughout 2022/23, the strategy team will be working with services to review the current corporate KPIs and ensure they are representative and fit for purpose in delivering a robust reporting framework for assurance and enabling decision making.

Figure 1: Q4 KPI performance by directorate

Directorate	Red	Amber	Green	Monitoring data	Not completed	No data this quarter	Total
Community Services	1	4	5	2	0	1	13
Corporate and Commercial Services	0	1	4	0	0	0	4
Development & City Services	2	2	4	1	0	1	10
Total	**3**	**7**	**13**	**3**	**0**	**2**	**27**

Figure 1.1: KPI annual performance by directorate

Directorate	Red	Amber	Green	Monitoring data	Not completed	Total
Community Services	1	3	7	2	0	13
Corporate and Commercial Services	0	2	2	0	0	4
Development & City Services	3	3	3	1	0	10
Total	**4**	**8**	**12**	**3**	**0**	**27**

Figure 1.2: Q4 KPI performance by corporate priority

Corporate Priority	Red	Amber	Green	Monitoring data	Not completed	No data this quarter	Total
People living well	0	1	5	0	0	0	6
Healthy organisation	0	2	4	2	1	0	9
Inclusive economy	0	0	1	1	0	2	2
Great neighbourhoods	3	4	1	0	0	2	10
Total	**3**	**7**	**10**	**1**	**0**	**4**	**27**

1.2. Finance

General Fund Revenue

The first table below summarises the provisional outturn position for the council's General Fund in 2021/22. The final position is subject to audit examination which is unlikely to commence before December 2022 and so any final adjustments required will only be known much later. However, a full breakdown of the individual service area figures is included in the relevant directorate sections and associated appendices.

Figure 2.1 – general fund summary

	Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)	Change in variance since Q3
Chief Executive	267	290	23	21
Chief Executive	**267**	**290**	**23**	**21**
Corporate Financing**	(21,983)	(20,234)	1,749	1,971
Remove reserves movements	2,000	229	(1,771)	
Corporate Financing	**(19,983)**	**(20,005)**	**(22)**	**1,971**
Corporate & Commercial Services	491	490	(1)	2
Revenues & Benefits	2,659	2,742	83	224
Finance, Audit & Risk	814	760	(54)	(65)
HR & Organisational Development	692	600	(92)	(70)
Legal & Procurement	1,779	1,527	(252)	(321)
Remove reserves movements	(432)	(296)	136	
Corporate & Commercial Services	**6,003**	**5,823**	**(180)**	**(230)**
Community Services	507	557	50	(94)
Customers, IT & Digital	3,955	3,728	(227)	(283)
Strategy, Engagement & Culture	3,816	2,893	(923)	(791)
Housing & Community Safety	1,217	510	(707)	(765)
Remove reserves movements	(994)	(87)	907	
Community Services	**8,501**	**7,601**	**(900)**	**(1,933)**
Development & City Services	517	469	(48)	2
Environment Services	4,390	3,964	(426)	(197)
Planning & Regulatory Services	2,136	1,932	(204)	(422)
Property & Economic Development	(1,255)	(2,591)	(1,336)	(1,150)
Remove reserves movements	(576)	153	729	
Development & City Services	**5,212**	**3,927**	**(1,285)**	**(1,766)**
	0	**(2,364)**	**(2,364)**	**(1,937)**

The general fund provisional outturn position shows an increased underspend of £1.937m compared to the Q3 forecasts; the key areas of movement are shown in the table below. Several additional grants have been received in 2021/22 as detailed in Annex 2.

**£2.368m of the movement relates to transfer to/from reserves where a few services have not fully utilised grant income in-year. Where this income can be used in future years, the balance has been transferred to an earmarked reserve. The movements across the general fund net to zero, so have no impact on the final outturn position. For ease of reference, these additional movements have been removed from the variance within individual directorates, so only variances impacting on the outturn are discussed. The balance is the unused corporate contingency (£0.298m) and other minor variations (£0.099m)

Figure 2.2 – Movement in forecast from Q3.

Area	(£000)	Comments
IT contract charge	(379)	A one-off adjustment was made for license costs etc. where the service is provided across financial years.
Integrated waste management	(369)	Recycling credits received were greater than initially anticipated because of higher recycling levels.
Multi-story car parks	(325)	Grant support was received to compensate the council for lost income during COVID and this has been applied to the revenue account.
Contingency fund	(298)	The contingency held for unforeseen events has not been fully utilised in the year
Investment properties	(260)	The variation principally relates to back-dated rent from reviews carried out relating to previous years, resulting in an uplift and increasing income.
Legal Services	(107)	During the year, the legal services budget had been reflecting an overspend due to increased service use. As This overspend was correctly recharged to the relevant service areas. The net overspend to the Council was then mitigated by additional income received from the legal service under the terms of the contract.
Policy & Performance	(91)	An adjustment applied by in the final quarter for externally seconded staff.
St Andrews Hall	(88)	An improved income collection was achieved and grant to compensate for lost income during COVID was applied
Other	(20)	Other net minor variations
Total movement	(1,937)	

Collection Fund

The Collection Fund includes all income generated from council tax and business rates that is due in the year from council taxpayers and ratepayers.

Council Tax: The provisional outturn shows a net surplus of £0.362m of which the Norwich City Council share is £0.048m. This surplus will be distributed in subsequent years to the Council and the other precepting bodies.

Business Rates: The draft outturn shows a deficit on the Collection fund of £26.617m. The Norwich City Council share of this is £9.447m, but additional section 31 grants totalling £10.268m were awarded by Government to compensate the cost of reliefs. As the underlying performance is better than expected, there will be a levy payable by the council to government of £0.293m and some other reliefs were lower than expected leading to a reduction of £0.550m in other section 31 grant income.

Although there was an improvement in the last quarter of the year which resulted in a lower contribution to the bad debt provision than forecast, Covid-19 is still impacting on the level of business rates collected as companies struggle with cash flow or cease trading. However, the required top up to the appeals provision is lower than originally forecast.

The deficit on business rates will be recovered in subsequent years and the additional S31 grant received will be placed in a reserve to offset the impact in future years.

HRA revenue: The provisional revenue outturn for the Housing Revenue Account is a £7.619m underspend.

The HRA underspend has largely been generated from a reduction in the revenue contribution to the cost of capital expenditure because of the re-profiling of capital new build expenditure into future years. Additionally, depreciation charges are lower than budgeted as these are impacted from year to year by numerous factors including stock changes, variations in property values and average cost of component upgrades. Further underspends have occurred because of lower servicing and repair costs for boilers and fewer reactive repairs being required for drainage, landlord lighting, and structural repairs.

The bad debt provision requirement has reduced due to a lower level of arrears than anticipated following tenants continuing to pay during payment free weeks and staffing costs have been lower because of vacancies in the income team.

Recharges from the general fund in respect of centrally provided services were lower than anticipated mainly due to underspending on corporate cost centres, a lower depreciation charge and a higher level of rechargeable repairs were raised than predicted.

In November 2021, Council approved the virement of some of the underspend to cover the additional cost of compliance works. Although this work is underway, the underspent element has formed an earmarked reserve to be carried forward to fund ongoing work in 2022/23.

The winding up of the joint venture company owned by the Council and Norfolk Property Services, that delivered building maintenance and repairs services requires outstanding contractual issues to be finalised. The anticipated costs arising from this have been accounted for and included within this outturn, but any variations to this may impact HRA balances in the future.

Figure 2.3 – HRA summary

Housing Revenue Account	Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Movement in Forecast Variance since Q3 (£000)
General Management	15,660	14,247	(1,413)	(1,349)
Special Services	4,962	4,247	(715)	(496)
Repairs & Maintenance	13,598	12,121	(1,477)	(691)
Rents, Rates, & Other Property Costs	5,687	5,591	(96)	123
Provision for Bad Debts	721	411	(310)	324
Depreciation & Impairment	23,264	19,392	(3,872)	(3,839)
Adjustments & Financing items	4,390	3,635	(755)	(756)
Garage & Other Property Rents	(2,148)	(2,122)	26	34
Dwelling Rents	(57,985)	(57,413)	572	421
Service Charges - General	(7,813)	(7,461)	352	199
Interest Received	0	(68)	(68)	(68)
Miscellaneous Income	(82)	11	93	11
Amenities shared by whole community	(254)	(210)	44	44
Housing Revenue Account	**(0)**	**(7,619)**	**(7,619)**	**(6,043)**

A further breakdown of these figures is included in the relevant appendices below

Figure 2.4 – Movement in HRA forecast from Q3

Area	(£000)	Comments
Contribution to capital	(4,981)	Reduced Revenue Contribution to Capital (RCCO) as a result of delayed expenditure in HRA capital programme for new housing provision.
Depreciation	(661)	Calculation for HRA element of depreciation lower due to valuation changes.
Head of Neighbourhood Housing	(481)	Agency costs less than originally estimated. Lower income from internal recharges.
HRA Repairs	(417)	Level of repairs impacted by COVID and backlog
HRA Repairs Tenant Contributions	(315)	Additional chargeable works raised resulting in increased income received from tenants.
Sheltered Housing Tenancy Management	(311)	Milder than normal winter led to lower gas costs and lower snow clearing & gritting costs.
Estates Management	(103)	Electricity & window cleaning costs lower than expected along with aerial maintenance and rubbish clearance partly due to COVID impacts.
Rents - Estate Properties	441	End of year adjustment figure applied in Q4 not known at Q3 and not included in forecast.
Provision for Bad Debts	324	Review of required contribution based upon final arrears position.
General HRA Premises	123	Catch up exercise for charges relating to empty council houses carried out in Q4 resulting in additional costs.
Service Charges - Tenants	122	Lower than anticipated income for Q4 water service charges
Home Ownership Team	121	Property services outturn higher than expected in Q3
Other	95	Other minor net variances
Total movement	**(6,043)**	

Reserves

General Fund

The prudent minimum level of General Fund reserve has been assessed as £5.100m. The impact of the provisional outturn on the 31 March 2021 balance brought forward is shown in the Table below and shows the General Fund balance is expected to continue to exceed the prudent minimum balance.

Figure 2.5– General Fund Balance

Item	£000s
Balance as at 1 April 2021	(9,464)
Provisional outturn as at 31 March 2022	(2,857)
Transfer to earmarked reserves	2,431
Forecast balance as at 31 March 2022	**(9,890)**

Figure 2.5 assumes, in line with the approved 2022/23 budget report, that the Q3 forecast underspend of £0.426m will be returned into general reserves to provide resilience for future financial challenges. The 2022/23 budget report also proposed that any additional underspend above that level should be transferred into the council's business change reserve to support the delivery of the council's change programme. However, given the severity of the inflationary impacts now being seen and exemplified in the updated Medium Term Financial Strategy report, it is now proposed to hold £1.100m of the underspend within the risk reserve with the remaining £0.838m only being added to the business change reserve.

Housing Revenue Account

The prudent minimum level of the HRA reserve has been assessed as £5.848m. The budgeted and provisional outturn impact on the HRA balance is shown in the Table below. The Housing Revenue Account balance continues to exceed the prudent minimum balance.

Figure 2.6 – HRA General Balance

Item	£000s
Balance as at 1 April 2021	(43,368)
Budgeted utilisation of balances in 2021/22	10,640
Adjustment to forecast utilisation of balances in 2021/22	(10,640)
Provisional outturn as at 31 March 2022	(7,619)
Provisional balance as at 31 March 2022	**(50,987)**

The approved 2021/22 budget assumed £10.640m of reserves would be utilised to fund a revenue contribution towards the cost of new housing. Due to slippage in the new build programme, the reserve contribution was not required.

General Fund Earmarked Reserves

Figure 2.7 sets out the provisional movements in the general fund earmarked reserves. Key movements include:

- In 2020/21 the **Section 31 grant** reserve was increased by £17.473m, this is the extra grant received in that year to compensate the council for additional business rates reliefs awarded as well as the tax loss grant. £7.673m of this has been returned to the general fund in 2021/22 to offset the deficit on the collection fund. This reflects a timing difference only.
- The **General fund repairs reserve** has reduced by £0.231m. £0.200m of this is the budgeted contribution in 2021/22 to fund repairs works in year. An additional £0.031m has been utilised in year to cover additional works on general fund properties.
- The **Norwich Regeneration Ltd reserve** has been reduced by £0.650m to fund the second of five years' Minimum Revenue Provision charges to fund the expected impairment on the council's loan to its wholly owned company.
- The **Commercial property reserve** has been increased by £0.025m; the budgeted £0.217m has been added to the reserve, with £0.192m being utilised in-year to fund additional costs associated with council owned properties.
- The **Invest-to-save reserve** has been reduced in order to fund the approved change projects. The majority of the spend is the general fund's contribution to the project costs associated with the

insourcing of the environmental service, property management and repairs service into the council.

- £1.595m of **unapplied revenue grants** have been set aside for future use in line with the terms of the grants. £0.624m of existing grants have been utilised in-year.
- £0.243m has been utilised from the **Business Change Reserve** for approved 2021/22 projects. £0.070m has been added to the reserve in order to ensure specific project delivery in 2022/23.
- The remainder of the general fund underspend (£0.838m) will be transferred to the business change reserve as proposed in the Cabinet report considered on 9th February 2022.
- £0.591m has been transferred to the **Budget risk reserve** from treasury management underspends, as agreed by cabinet in November 2021. Utilisation of this £0.591m has been built into the 2022/23 budget to assist with savings challenges.
- A sum of £1.100m has been added to the **Budget risk reserve** to provide cover against emerging risks in the council's MTFS report.
- As agreed in line with the approved 2022/23 budget report, the Q3 forecast underspend of £0.426m will be returned into **general reserves**.

Figure 2.7 – Provisional movement on General Fund earmarked reserves

	Balance 01/04/2021	Transfers In	Transfers out	Balance 31/03/2022
	£000s	£000s	£000s	£000s
Insurance Reserve	1,082	91	(142)	1,031
Other Reserves	29	8	0	37
Rev Grants Unexpended Res	3,491	1,595	(623)	4,463
S31 Earmarked reserve	19,317	0	(7,673)	11,644
Commercial property	2,464	218	(192)	2,490
Norwich Regeneration	3,350	0	(650)	2,700
Elections Earmarked	113	0	0	113
Repairs Reserve	831		(231)	600
GF Invest to Save Reserve	2,513		(503)	2,010
Budget Risk Reserve	700	1,691		2,391
Business Change Reserve	913	908	(243)	1,578
General Fund Earmarked Reserves	**34,803**	**4,511**	**(10,257)**	**29,057**

Housing Revenue Account Earmarked Reserves

Figure 2.8 sets out the provisional movements in the housing revenue account earmarked reserves. Key movements include:

- The **HRA Invest-to-save reserve** has been reduced to fund the approved change projects. The majority of the spend is the HRA contribution to the project costs associated with the insourcing of the environmental service, property management and repairs service into the council.
- The **Tenancy & Estate Management System Project reserve** has been reduced by £0.408m to cover the cost of replacing the IT system for housing rents

Figure 2.8 – Estimate movement in the HRA earmarked reserves

	Balance 01/04/2021	Transfers In	Transfers out	Balance 31/03/2022
HRA Invest to Save Reserve	1,772	0	(931)	841
Tenancy & Estate Management System	415	0	(408)	7
HRA Earmarked Reserves	**2,187**	**0**	**(1,339)**	**848**

Capital Programme:

The provisional outturn results in an underspend of £10.230m on the general fund capital programme and an underspend of £23.200m on the HRA capital programme.

General Fund Capital Programme

The main area of underspend on the general fund capital programme relates to Towns' Fund projects (£4.433m) and the budget for a loan to Norwich Regeneration Ltd (£2.000m) which was not required as expected. Further detail is set out below:

Towns' Fund projects with significant variances include the Advanced Construction and Engineering Centre (ACE) as construction commencement was delayed and will not now complete until later in 2022/23 due to staff illness at City College Norwich (£3.082m). The Carrow House project where the construction of New Carrow House was delayed due to UK wide construction industry constraints; this meant Old Carrow House was removed from the awarded contract with a separate contract to be awarded for Old Carrow House works in 2022/23 (£0.766m).

The Digital Hub at Townshend House where delays have arisen due to the need to remove a sub-tenant with a protected lease for which a settlement was concluded in February 2022. Hay Hill and St Giles public realm projects where the programme was delayed allowing longer lead in for design, advance procurement and to avoid the highway Christmas embargo, when non-emergency works are not allowed within the city highway area, responding to business stakeholders requests to reduce disruption (£0.191m).

The budget for a loan from the council to Norwich Regeneration Ltd (£2.000m) is to support development costs at Three Score Phase 3, but due to the delays in progress on site, the delivery unit business plan has re-profiled the loan requirement and the budget will be requested to be carried forward to 2022/23.

Housing Revenue Account Capital Programme

The key areas of underspend on the HRA capital programme relates to new housing projects where the programme has slipped (£10.264m) and the housing upgrade programme (£12.926m). Further detail is set out below.

New housing projects:

The initial expectation for the King's Arms site was that construction would commence in Q1 of 2021/22, however pre-construction procurement has taken longer than anticipated, resulting in a start on site towards the end of Q2 and lower expenditure in 2021/22 (£0.375m). The project is due for completion in October 2022.

At the start of the financial year, it was anticipated that land remediation and first foundations would be complete at the Mile Cross site by the end of the year, however the requirement of the Environment Agency for a ground remediation strategy had delayed progress and reduced anticipated expenditure by £1.002m in 2021/22.

For the Three Score Phase 3 project, it was anticipated that materials would be purchased up-front to control rising supply chain costs, however this was not necessary as the contractors agreed to hold this risk, which has resulted in an underspend of £3.000m in 2021/22.

At Argyle Street the original budget allowed for some of the ground remediation to take place in the financial year, however additional investigation has been required, delaying progress and generating a £0.509m underspend in 2021/22.

The council's interest in the Ailwyn Hall site has stimulated the owner to submit a new planning application to develop the site. CPO action has therefore paused pending the outcome of the new planning application and activity or otherwise on the site will be closely monitored. The 2021/22 budget is therefore £0.825m underspent.

The new build opportunities budget was created to allow for swift acquisition of land or property as opportunities arose. It was anticipated that all the budget would be used to acquire some identified land but this has been delayed whilst discussions are on-going on the extent of the land and for legal contracts to be finalised. An element of the £3.368m 2021/22 underspend will therefore be requested to be carried forward to 2022/23.

Housing upgrade programme:

A significant backlog of works by the previous contractor have been identified on the whole home improvement programme creating a significant underspend (£1.303m). Additional provision for this has been included within the 2022/23 budget.

The communal boilers budget included a budget of £1.400m carried forward from 2020/21 which had also been included within the 2021/22 approved budget. Works at Mile Cross, Normandie Tower, Barnards Yard, Alnwick Court and Millers Lane have been postponed and will now be delivered in 2022/23 (£3.420m).

The communal window installations in tower blocks have been postponed pending the outcome of surveys on all tower blocks (£2.114m).

Capital funded compliance upgrades will result from major works being identified from surveys and investigations that are currently underway; the underspend will be requested to be carried forward to 2022/23 (£1.000m).

For all capital programme schemes where slippage or delays have occurred, any requests for resources to be carried forward will need to be carefully considered in the light of the Council's priorities and capacity to deliver the programme. It is proposed that request are considered on a case by case basis by the Executive Director for Corporate and Commercial services. A delegation to the S151 officer is requested to allow these schemes to be added to the 2022/23 capital programme and it is proposed that such decisions are taken to the next available Cabinet meeting.

Figure 2.9 General Fund Capital Programme summary

Capital Programme	Original Budget (£000)	Revised Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)	Movement in Forecast Variance since Q3 (£000)
GF - Community Services	4,040	3,526	2,252	(1,274)	(499)
GF - Corporate and Commercial Services	0	58	(0)	(58)	(26)
GF - Development & City Services	17,327	17,461	8,563	(8,898)	(2,071)
Total GF Capital Programme	**21,367**	**21,045**	**10,815**	**(10,230)**	**(2,596)**

Figure 2.10 Housing Capital Programme summary

Capital Programme	Original Budget (£000)	Revised Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)	Movement in Forecast Variance since Q3 (£000)
HRA - Community Services	29,561	32,180	19,244	(12,937)	(1,896)
HRA - Development & City Services	19,428	13,782	3,518	(10,264)	(6,812)
Total HRA Capital Programme	**48,989**	**45,962**	**22,762**	**(23,200)**	**(8,708)**

1.3. Risk

Following the adoption of the revised risk management strategy, a risk management briefing has been held to provide additional guidance and support enhancement of information in the risk registers.

A number of risks have been amended to take account of those changes although there is scope for further assessment, as set out below.

The current Corporate Risk Register summary is shown below. This illustrates movement on only one corporate risk – contract management governance Risk 12, which has reduced. ***However, there are a number of other issues to consider:***

- There are six risks which are showing as red and have not improved since the last quarter. There will be ongoing review of the associated actions related to these risks to evaluate whether further action is required to mitigate them; these are risks 7,10,11,14,15,17.
- The risk associated with the elections continues to appear in the Q4 corporate risk register but following the successful delivery of the May elections will be moved back to the CCS Directorate risk register for Q1 of 2022/23. However, it is expected that this will be replaced with a risk relating to the impact of the Elections Act on the corporate risk register
- A number of risks are showing a wide variation between the residual and target risk; again these are subject to ongoing review to assess if additional mitigation actions are required to close the gap or whether this relates to a timing issue and existing measures will, over a reasonable period of time, close these gaps – this relates primarily to risk 13 - Waste and recycling
- A number of risks are showing residual and target scores at the same level suggesting that the level of current risk is acceptable.

Figure 3.1 Corporate Risk Summary

	Q3 2021/22		Q4 2021/22		⇔ ↑ ↓
	Current residual	**Target**	**Current residual**	**Target**	**Movement from Q3**
R1: Council Funding Medium-Long Term	15	10	15	10	⇔
R2: Commercialisation	8	8	8	8	⇔
R3: Health & safety in the workplace	12	8	12	8	⇔
R4: Further Waves of Covid-19	12	12	12	9	⇔
R5: Impact of Brexit	12	8	12	8	⇔
R6: Business Continuity/Emergency Event	12	6	12	6	⇔
R7: Cyber Security	20	15	20	15	⇔
R8: Data Protection Compliance	12	8	12	8	⇔
R9: Failure to fulfil statutory or legislative responsibilities – safeguarding	15	12	15	12	⇔
[redacted]					
R11: Antisocial behaviour	16	6	16	6	⇔
R12: Contract Management – Governance	12	9	9	9	↓
R13: Waste & Recycling	12	4	12	4	⇔
R14: Health, Safety and Compliance in council homes and buildings	20	8	20	8	⇔
R15: Anglia Square	16	8	16	8	⇔
R16: Elections	9	6	9	6	⇔
R17: Failure to deliver acceptable levels of performance in regulatory services	16	8	16	8	⇔

Annex 1: Grants

Grant	Type	Value (£000)	Details
Rough sleeper initiative	Revenue	1,470	Additional grant award over original budget, based on revised allocations from DLUHC. This amount includes £162k for Protect and Vaccinate and £145k Accommodation for Ex-offenders Grants
Contain Outbreak Management Fund	Revenue	245	Additional funding in 21/22 to assist with COVID-19
New Burdens funding for the business support grants	Revenue	229	Funding to support the administration of Business Support Grants
New Burdens Post Payment Assurance Reconciliation and Debt Recovery	Revenue	22	
New Burdens Restart and the Additional Restrictions COVID-19 Grant Scheme	Revenue	100	
Homelessness Prevention grant	Revenue	125	Funding to support vulnerable renters
Test & Trace Admin Costs	Revenue	75	Funding to support the administration of Track & Trace Payments
Elections	Revenue	44	Additional funding allocations to support Returning Officers in delivering the May 2021 local elections in a COVID-secure way.
Household support funding – DWP	Revenue	301	To be used to support households in the most need with food, energy and water bills
Community Renewal Fund – The Day Challenge – Norfolk County Council	Revenue	76	To support pilot programmes and test new approaches to support local economic growth
LGA Housing Advisers Programme – Improvement and Development Agency for Local Government	Revenue	25	Sector Improvement Programme
Temporary Pavement Licensing New Burden Payment - DLUHC	Revenue	15	To support delivery of temporary pavement licence provisions
Land release fund – DLUHC	Capital	150	Land Release Fund to bring forward housing development at Argyle Street

Grant	Type	Value (£000)	Details
Housing Infrastructure	Capital	63	To support workstreams related to the revised planning application for the HIF MVF Anglia Square scheme
Council Tax Family Discount Annex Grant	Revenue	11	To support council tax discounts for family in annexes.
Restart grant – BEIS	Revenue	11,766	Specifically for businesses that have been affected by national restrictions and need support to reopen and start trading safely as the restrictions ease
Omicron Hospitality and Leisure Grant - BEIS	Revenue	2,124	To support businesses that have been most impacted by the Omicron variant.
Additional Restrictions Grant	Revenue	256	Top up
Test & Trace Support Payments	Revenue	102	Test and Trace Discretionary Support payments
Total		**17,199**	

Annex 2: Virements

The following general fund revenue virements were approved and processed in Q4:

Discretionary housing payments exceeded the discretionary housing payment grant income; use of contingency was approved as detailed below.

GF Revenue Budget		Current Budget £000	Approved Virement £000	Revised Budget £000
511000 2756	General Fund Contingency	363	(65)	298
516010 3250	HB Private Sector Rent Allowances	22,600	65	22,665
Total		**22,963**	**0**	**22,963**

A virement was approved relating to the Towns' Fund projects to enable capital and revenue budgets to be aligned and expenditure to be accounted for appropriately. Corresponding capital transactions are shown in the capital virement section.

GF Revenue Budget		Current Budget £000	Approved Virement £000	Revised Budget £000
610010 2382	Economic Development – Projects	114	(70)	44
516010 3250	Towns' Fund – Projects	93	70	163
Total		**207**	**0**	**207**

The following housing revenue account revenue virements were approved and processed in Q4:

Entry phone maintenance costs are incurred intermittently throughout the year based upon demand for responsive repairs. Costs were assessed as being higher than initially anticipated and a request was made for additional budget provision to be funded from the underspent landlord's lighting repairs budget.

HRA Revenue Budget		Current Budget £000	Approved Virement £000	Revised Budget £000
730020 2122	HRA – Landlord's Lighting Repairs	450	(15)	435
516010 3250	HRA – Entry Phone Maintenance	75	15	90
Total		**525**	**0**	**525**

The following general fund capital virements were approved and processed in Q4:

Existing budgets for works at community centres (£0.060) and a residual budget from the customer centre redesign (£0.025m) were identified as no longer being required. EPC surveys at the community centres revealed no upgrade work was required and the cleaning of the stonework in the main City Hall foyer will be considered as part of wider City Hall review.

The cost of the urgent and essential installation of suicide prevention measures St Giles & St Andrews car parks has been higher than initially anticipated (£0.01m) as more fencing than originally planned was required and top deck is now completely fenced in.

Additional project fees and enhanced site security to prevent vandalism have increased Norwich parks tennis expansion project costs (£0.035m).

Following the identification of asbestos on site and structural issues with window opening, costs to refurbish a shop at 38 Exchange Street have increased (£0.011m) and works to replace the River Wensum pontoon are forecast to cost more than initially anticipated (£0.001m).

It is proposed that the remaining surplus underspend not currently required is transferred to the GF capital contingency to be utilised for other purposes.

GF Capital Project		**Current Budget £000**	**Approved Virement £000**	**Revised Budget £000**
AA1000	Customer Centre Redesign	25	(25)	0
AA1184	Community Centres - Upgrades	60	(60)	0
AA1058	Norwich Parks Tennis Expansion	392	35	427
AF1856 / AB1857	St Giles & St Andrews Suicide Prevention Measures	20	10	30
AA1437	38 Exchange Street Shop Refurbishment	61	11	72
AA1210	River Wensum Pontoon Replacement	12	1	13
AH0000	GF Capital Contingency	1	29	30
Total		**571**	**0**	**571**

A virement was approved relating to the Towns' Fund projects to enable capital and revenue budgets to be aligned and expenditure to be accounted for appropriately. Corresponding revenue transactions are shown in the revenue virement section.

GF Capital Project		**Current Budget £000**	**Approved Virement £000**	**Revised Budget £000**
BH0000	TF Programme - branding - BH0000	118	(70)	48
AA2015	Old Carrow House	4,005	70	4,075
Total		**4,123**	**0**	**4,123**

A scheme to upgrade a lift at Lawrence House has been completed with costs £0.073m lower than anticipated, therefore £0.02m of the underspend along with £0.03m of GF capital contingency has provided additional funding to support further costs arising on the Norwich parks tennis expansion project.

GF Capital Project		**Current Budget £000**	**Approved Virement £000**	**Revised Budget £000**
AB2010	AFI Lawrence House Lift Refurb	190	(20)	170
AH0000	GF Capital Contingency	30	(30)	0
AA1058	Norwich Parks tennis expansion	427	50	477
Total		**647**	**0**	**647**

Appendix A. Community Services

A.1. Performance

A.1.1. Summary of performance

Community Services has thirteen KPIs, twelve of which report quarterly and one annually. For this quarter, the directorate reports one red, four amber, five green and two white (monitoring data—no target set). The white indicators are response times to FOI requests and corporate complaints. Though these two white KPIs are owned by Customers, IT and Digital, the commentary notes that the performance against these indicators is ultimately spread across the council. The data is then given per directorate for each indicator. Target and intervention levels for these indicators have been drafted, to come into effect for 2022/23.

The red indicator this quarter was 'Average re-let time in days (standard re-lets only)'. This indicator has been persistently red throughout the year, however the commentary explains that two additional contractors have been appointed to undertake the backlog of voids work and that once properties are ready to let, this number should fall quickly. This is expected from Q2 of next year.

The below gives a view of Community Service's performance against their KPIs through the year, showing outperformance in a number of key area such as homelessness prevention, IT systems availability and CCT customer satisfaction.

Indicator	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Total number of private sector insulation measures completed	83.00	50.00	70.00	70.00
Number of households living in temporary accommodation	37.00	39.00	43.00	41.00
IT System availability expressed as a percent of time available during core hours	99.95	99.94	99.96	99.86
Average re-let time in days (standard re-lets only)	26.00	52.00	63.00	55.00
% reduction of CO2 emissions from Local Authority operations		9.00		
% people feeling safe	62.00	62.00	58.00	59.00
% of rent collected (excluding arrears brought forward)	98.06	97.91	99.39	99.35
% of properties with a current valid gas safety certificate	99.84	99.84	99.66	99.82
% of households who asked for help who were prevented from homelessness	66.00	64.00	81.00	80.00
% of FOI requests responded to within statutory timescales	64.61	84.16	81.32	91.19
% of customer's responding as satisfied with customer contact team service	81.20	79.19	78.74	78.35
% of customer contact that takes place through digital channels	41.03	43.29	42.88	42.75
% of corporate complaints responded to within stated timescales	65.88	57.65	62.02	56.30

A.1.2. Successes and challenges

Successes:

- Transfer of property services: On 1st April the reactive repairs function transferred for NNBL to NCSL a wholly owned NCC company
  - NCC Property Services Team primarily focuses on the maintenance and management of tenanted and leasehold property. The council's property services will continue to manage all aspects of the relationship with tenants and commission and manage budgets and works required from NCSL, relating to maintenance of the councils' housing stock and will be funded by the Housing Revenue Account budget.
  - NCC property service provide a client function, manage and monitor NCSL's performance by way of monthly and quarterly meetings, along with jointly agreed KPIs, both service delivery and adherence to budgets. Monthly and quarterly

    - meetings have been set up and we will be looking for a representative from the Housing Team
    - NCSL's building maintenance function will be responsible for the provision of a reactive maintenance service for the councils housing stock.
- Home for Ukraine scheme.

Challenges:

- Channel shift (moving contact from phone to online)
- Corporate complaints performance

A.1.3. Case Study

NEC Housing

The council's new housing system, NEC Housing is now live – this is a key part of our digital transformation programme.

Since the January go live date, NEC Housing has started to transform existing ways of working and as development continues, users will be able to manage all housing enquiries in a single system – from applications and sign ups to repairs and rent accounts.

From 1 April, NEC Housing has been in place to support the work undertaken by council officers and partners at Norwich Community Services Limited to manage our repairs, maintenance, asset management and compliance services.

Residents will also benefit from the new system, with the ability to bid for properties, report repairs and manage rent accounts currently available. Future development will empower residents to self-serve extensively and access more services online.

A mobile app is currently being rolled out among staff members in housing services, this will enable staff to work in a flexible and agile way, accessing NEC Housing via a mobile device during tenancy visits and estate inspections.

This first phase of the NEC Housing implementation programme lays down the foundation for a system that will coordinate our data and streamline our processes - improving efficiency and increasing our knowledge of our customers, enabling us focus on our most vulnerable customers, tailoring support to those that need it most.

An incredible amount of work by the project team, colleagues across the council and partners has been invested into the design of the new system. More than 200 processes have been reviewed and more than ten million data records have been migrated to the new system. This is a key achievement for the council and one which we hope will bring benefits to staff and customers in the long term.

A.2. Finance

A.2.1. Community Services revenue budget

The provisional outturn for the directorate shows a £1.807m underspend. £0.907m of this relates to transfer to/from reserves. Once these are taken into account, the directorate shows a £0.900m underspend.

A.2.2. Key variances

Community Services	Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)
Community Services	507	557	50
Customers, IT & Digital	3,955	3,728	(227)
Strategy, Engagement & Culture	3,816	2,893	(924)
Housing & Community Safety	1,217	510	(707)
Community Services	**9,495**	**7,687**	**(1,808)**
Earmarked reserves movements	(994)	(87)	907
Totals after earmarked reserves movements excluded	**8,501**	**7,600**	**(900)**
Key variances:			
Savings/increased income			
IT services - underspend on IT contract charge; accounts adjusted to ensure costs are shown in the correct financial year. One-off adjustment for license costs etc. where service is provided across financial years.			(255)
St Andrews Hall – the income budget for hiring of space was reduced to £0.052m in 2021/22 (reduction of £0.150m) due to anticipated impact of Covid-19. Actual income from hire was £0.155m (£0.103m above budget). Also £0.014m of government grant income was received through the sales, fees and charges scheme to account for lost income compared to pre-Covid-19 levels.			(117)
Riverside Leisure centre - The budget assumed full Business Rates would be payable, but the centre is now eligible for 80% rate relief. The government also gave 100% rate relief for the first 3 months of 2021/22 and 66% rate relief for the remainder of the year.			(96)
Unbudgeted grant income in respect of Norwich Good Economy Commission			(91)
One-off grant from the land registry for digitalising land charges			(90)
Culture and Events – net underspend mainly due to additional letting of spaces for events and lower than budgeted costs relating to temporary employees			(58))
Other variances			(193)
Total variance			**(900)**

The directorate’s provisional outturn position shows an increased (£1.933m) underspend compared to Q3 forecasts. The key areas of movement are shown in the table below:

Figure 2.3 – movement in forecast from Q3 community services

Area	(£000)	Comments
Earmarked reserves adjustments	(1,202)	Movement in the variance relating to grants - transferred to earmarked reserves including homelessness and housing partnerships (£0.828m), tourist information (£0.118m) and Covid-19 grants (£0.113m)
IT contract charge	(379)	One-off adjustment for license costs etc. where service is provided across financial years
Policy & Performance	(91)	Unbudgeted grant income in respect of Norwich Good Economy Commission
St Andrews Hall	(88)	
Other	(173)	
Total movement	(1,933)	

A.2.3. Housing Revenue Account revenue budget

The provisional outturn for the HRA shows a £7.619m underspend. The key variances are shown in the table below:

Figure 2.4

Housing Revenue Account	Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)
General Management	15,660	14,247	(1,413)
Special Services	4,962	4,247	(715)
Repairs & Maintenance	13,598	12,121	(1,477)
Rents, Rates, & Other Property Costs	5,687	5,591	(96)
Provision for Bad Debts	721	411	(310)
Depreciation & Impairment	23,264	19,392	(3,872)
Adjustments & Financing items	4,390	3,635	(755)
Garage & Other Property Rents	(2,148)	(2,122)	26
Dwelling Rents	(57,985)	(57,413)	572
Service Charges - General	(7,813)	(7,461)	352
Interest Received	0	(68)	(68)
Miscellaneous Income	(82)	11	93
Amenities shared by whole community	(254)	(210)	44
Housing Revenue Account	**(0)**	**(7,619)**	**(7,619)**

Key variances:	
Savings/increased income	
Financing - Net difference between budgeted utilisation of reserves and RCCO requirement. Initial budget anticipated £10.640m use of reserves along with £5.04m in-year surplus to provide £15.679m revenue contribution towards new build costs. New build programme expenditure has now been re-profiled and revenue contribution requirement reduced to £1.106m meaning use of reserves no longer required and use of surplus reduced by £3.933m.	(3,933)
Actual depreciation charge is impacted from year to year by numerous factors including stock changes, variations in property values and average cost of component upgrades. Final calculation for 2021/22 results in overall charge £891K lower than budgeted but variance represents less than 6% of the £15.86m budget.	(891)
Compliance Works - Work continuing and additional contracts being procured which will continue in the new financial year. Exact budget requirement for 2021/22 unknown prior to surveys therefore cabinet approved carry-forward of underspent budgets via an approved earmarked reserve in November 2021	(840)
Reduced recharges from the general fund in respect of centrally provided services mainly due to underspend on the general fund budgets of these services and a lower depreciation charge.	(822)
General Repairs & Maintenance - Underspend generated from gas servicing contract costs reducing and level of repairs falling due to installation of new boilers (£0.205); lower level of responsive demand for drainage (£0.168m), landlord lighting (£0.198) and structural repairs (£0.167m).	(770)
Income Collection Team - A number of staff vacancies throughout the year and significantly reduced counter payments costs.	(330)
Bad debt provision - initial provision anticipated significant rise due to impact of Covid, but due to work of income team and tenants' continuing to pay over payment free weeks, arrears have not increased to anticipated levels.	(314)
Higher than anticipated level of rechargeable repairs raised in year.	(303)
Sheltered Housing - Lower than anticipated utility charges, snow-clearing, furniture and laundry costs will be offset by lower future service charges.	(301)
Communal Television Aerial - Underspend against budget generated by lower than budgeted responsive repairs (£0.051m) plus unbudgeted lease accounting adjustment (£0.161m)	(213)
Water Charges Pay-over - Void rate higher than anticipated and increased level of RTB sales - offset by lower level of income from tenants.	(160)
Other minor variances	(153)

Budget pressures – overspends/loss of income	
Dwelling Rent - Void rate higher than anticipated and increased level of RTB sales.	628
Water Charges Income - Void rate higher than anticipated and increased level of RTB sales - offset by lower level of pay-over to water provider.	243
Neighbourhood Services - higher level of compensation/decant payments to tenants as a result of electricity supply issues.	157
Increased cost of council tax on void dwellings.	141
Contribution towards the cost of major capital works to leasehold dwellings higher than budgeted as contribution based upon cost of actual works and leaseholder service charge income.	124
Increased landlord lighting electricity costs following an increase in overall tariff in October 2021.	118
Total forecast variance	**(7,619)**

The HRA provisional outturn position shows an increased underspend (£6.043m) compared to Q3 forecasts. The key areas of movement are shown in the table below:

Figure 2.5 – movement in HRA forecast from Q3

Area	(£000)	Comments
Movement in reserves	(4,981)	Reduced Revenue Contribution to Capital (RCCO) as a result of delayed expenditure in HRA capital programme for new housing provision.
Depreciation	(661)	Year end calculation for HRA element of depreciation lower. Home options recharges actuals outturn lower.
Neighbourhood Housing	(481)	£0.290m relates to underspending on temporary staff costs
HRA Repairs	(417)	Level of repairs impacted by COVID and backlog
HRA Repairs Contribution	(315)	Underspend relate to reduce level of debt write off
Sheltered Housing Tenancy Management	(311)	Due to a less severe winter heating budget has a saving of £0.171m and gritting of £0.070m. There were further underspends to telephone charges and laundry facilities
Estates Management	(103)	Following year end adjustment electricity & window cleaning lower than expected along with aerial maintenance and rubbish clearance.
Rents - Estate Properties	441	End of year adjustment figure applied in Q4 not known at Q3 and not included in forecast.
Provision for Bad Debts	324	Recalculation takes place at end of year based upon arrears position.
General HRA Premises	123	Catch up exercise for charges relating to empty council houses carried out in Q4 resulting in additional costs.
Service Charges	122	Less income for Q4 water service charges
Home Ownership	121	This overspend is related to increased activity in sales resulting a £0.045m increase in legal costs
Other	95	
Total movement	(6,043)	

A.2.4. General Fund Community Services capital budget

The forecast capital provisional outturn for the directorate shows a £1.274m underspend.

Figure 2.6 – Community services capital budget summary

Capital Programme	Original Budget (£000)	Revised Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
GF - Community Services	4,040	3,526	2,252	(1,274)

The underspend is largely due to contract delays with works related to the BEIS Green Homes Grant, but the contract has now mobilised and the project will extend into 2022/23 (£0.549m).

There has also been an underspend of the Better Care Fund Grant through Disabled Facilities Grants and Housing Assistance Grants (£0.488m), but following agreement with the County Council, the underspent budgets will be carried forward to fund new capital grant to residents as approved by Cabinet in April 2022.

Additionally, there has been an underspend on the budget for the capital costs associated with the establishment of Norwich City Services Ltd (£0.153m); this will be requested to be carried forward to cover ongoing costs in 2022/23.

A full breakdown by project is attached in **Annex A3**

A.2.5. HRA Community Services capital budget

The provisional capital outturn for the directorate shows a £12.937m underspend.

Figure 2.7: - Community service HRA capital Programme summary

Capital Programme	Original Budget (£000)	Revised Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
HRA - Community Services	29,561	32,180	19,244	(12,937)

The underspend is due to lower than anticipated expenditure on the housing upgrade programme. A significant backlog of works by the previous contractor have been identified on the whole home improvement programme creating a significant underspend (£1.303m). Additional provision for this has been included within the 2022/23 budget.

The communal boilers budget included a budget of £1.400m carried forward from 2020/21 which had also been included within the 2021/22 approved budget. Works at Mile Cross, Normandie Tower, Barnards Yard, Alnwick Court and Millers Lane have been postponed and will now be delivered in 2022/23 (£3.420m).

The communal window installations in tower blocks have been postponed pending the outcome of surveys on all tower blocks (£2.114m).

Capital funded compliance upgrades will result from major works being identified from surveys and investigations that are currently underway; the underspend will be requested to be carried forward to 2022/23 (£1.000m).

A full breakdown by project is set out in **Annex 4**

A.3. Risk

The summary position for the directorate risks is set out below:

	Q3 2021/22		Q4 2021/22		↔ ↑ ↓
	Current residual	Target	Current residual	Target	Movement from Q3
CS1 Tower block or flat serious fire	10	5	10	5	↔
CS2 Impact of welfare reforms and/or increased unemployment	12	8	6	8	↓
CS3 Mismanagement of Grants	6	2	6	2	↔
CS4 Housing Regulation	9	9	9	9	↔
CS5 Maintenance of Council Owned Assets	8	3	8	3	↔
CS6 Impacts of COVID-19 on Arts, Culture & Heritage	16	12	12	9	↓
CS7 Viability of Council Leisure Facilities	15	12	12	12	↓
CS8 IT Service Risks	15	12	15	12	↔
CS9 Information Governance	12	8	12	8	↔
CS10 Sustained increase in homelessness and temporary accommodation	9	9	9	9	↔
CS11 Impact of cost of living crisis	New risk		12	TBD	n/a

The relevant points to note are that Three risks have an improved position with the remainder static.

Annex A1: Community Services revenue budget

CC	CC Description	Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
Community Services				
310030	Head of Comms & Culture	0	24	24
314035	Community Services	507	508	1
420020	Director of Neighbourhoods	0	25	25
		507	**557**	**50**
Customers, IT & Digital				
321020	IT Services	1,094	838	(256)
321025	IT Infrastructure	552	567	15
321026	IT Applications	561	549	(13)
321027	Norwich City Services Ltd IT	0	19	19
321030	Systems Support	286	311	25
321040	Service Improvement	264	240	(23)
520040	Land Searches	(129)	(124)	5
550010	Customer Contact Team	1,189	1,156	(33)
550040	Mail Handling Team	139	172	33
		3,955	**3,728**	**(227)**
Housing & Community Safety				
170000	Community Centres	176	160	(16)
410030	Homelessness	782	213	(569)
410031	Rough Sleepers	0	(50)	(50)
410040	Private Sector Leasing Scheme	(39)	56	95
410045	Syrian Refugee Programme	(19)	(27)	(8)
410060	Housing Options	(64)	164	228
410130	Housing Improvement Agency Tm	(29)	4	33
410140	Housing partnerships	111	(250)	(361)
411020	Contributions to HRA	254	210	(44)
412020	Non-HRA Housing Properties	(19)	(30)	(11)
644060	Closed Circuit TV	64	60	(4)
		1,217	**510**	**(707)**

CC	CC Description	Budget (£000)	Forecast outturn (£000)	Forecast variance (£000)
Strategy, Engagement & Culture				
170101	Norman Centre, Bignold Road	214	198	(16)
190710	St Andrews & Blackfriars Halls	309	200	(109)
310020	Communications Team	355	374	20
310060	Social Policy/Arts Grants	301	313	12
312020	Sport & Leisure Development	181	176	(5)
312040	Riverside Swimming Centre	267	66	(201)
313010	Tourist Information	42	(20)	(62)
314010	Pool Car Recharged Costs	0	0	0
314030	Culture & Events	191	133	(58)
320100	Head of Transformation	147	148	2
321050	Policy & Performance	222	107	(115)
321070	Fit for the Future	145	5	(140)
420060	Commissioning	39	41	2
420070	Financial Inclusion	184	178	(6)
420140	Community Enabling	287	298	11
420141	Active Hours	0	0	0
420160	Early Interventn & Comm Safety	78	37	(41)
510035	Project Place	461	347	(114)
522080	Covid recovery team	301	184	(117)
630010	Environmental Strategy	93	107	14
		3,816	**2,892**	**(924)**
	Directorate Totals	**9,495**	**7,686**	**(1,809)**

Annex A2: HRA revenue budget

CC	CC Description	Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
710020	Head of Neighbourhood Housing	2,792	2,384	(408)
710030	Tenancy Services Manager	153	124	(30)
710050	Tenancy Support	89	97	8
710110	Unallocated Costs	4,454	3,940	(514)
710120	Neighbourhood Services	2,565	2,652	87
710125	Domestic Abuse Co-ordination	67	33	(33)
710130	ASB Team	1,023	885	(138)
710145	Specialist Support Team	462	371	(91)
710150	Innovation & Improvement Team	674	644	(30)
710170	Collection Team	2,326	1,969	(357)
710180	Home Ownership Team	796	880	84
710210	Area Housing Offices	38	25	(14)
710220	HRA Properties Disposal	14	13	(0)
710230	Void Dwelling Management	116	110	(6)
710250	Housing Delivery	90	120	30
721020	Estates Management	2,610	2,311	(300)
721040	District Heating	560	503	(58)
722020	Sheltered Housing	344	323	(21)
722025	Sheltered Hsg Tenancy Mgmnt	830	529	(301)
723100	Caretakers – Mobile	111	97	(14)
723200	Caretakers – Static	328	322	(6)
723300	Caretakers – Supervisors	95	93	(2)
723400	Caretakers – Apprentices	84	70	(14)
730020	HRA Repairs	11,504	10,245	(1,259)
730025	HRA Repairs Sheltered Housing	50	23	(27)
730040	HRA Repairs Tenant Contribution	(534)	(836)	(303)
730080	HRA Repairs - Void Properties	2,577	2,689	112
740010	General HRA Premises	5,687	5,591	(96)
740020	Provision for Bad Debts	721	411	(311)
740030	Central Expenses	23,264	19,392	(3,872)
740040	MIRS (SMHRAB) Reversing Items	(10,343)	3,400	13,744
740045	MIRS (SMHRAB) Non-Reversing	14,734	234	(14,499)
740080	Rents - Shops & Shop Flats	(799)	(810)	(11)
740090	Rents - Other land & buildings	(78)	(111)	(34)
740100	Rents – Adjustments	194	138	(57)
740110	Rents - Estate Properties	(58,179)	(57,551)	629
740120	Rents – Garages	(1,271)	(1,200)	71
740140	Service Charges – Tenants	(6,806)	(6,531)	275
740141	Service Charges – Leaseholders	(1,008)	(930)	78
740160	Interest Received	0	(68)	(68)
740170	Miscellaneous Income	(82)	11	92
740190	General Fund Contribution	(254)	(210)	44
		0	**(7,619)**	**(7,619)**

Annex A3: Community Services GF capital budget

Service	Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	C/Fwd?
CID	IT Investment Fund - AA5206	75	88	65	(23)	Corporate decision to provide keyboards and laptop stands.	Yes
CID	IT Trans Digital platform Dev - AF5206	0	0	0	0	Project complete.	
HCS	DFG Residents Contribution - AQ0000	0	0	0	0		
HCS	CCTV replacement - AA5205	0	0	(4)	(4)	Project complete.	
HCS	Disabled Facilities Grant - AA5207	1,140	1,140	799	(341)	County Council have committed to allowing unspent BCF grant to be carried forward to fund new capital grant to residents, approved by Cabinet in April 22.	Yes
HCS	HIA - Housing Assistance - AB5207	300	300	153	(147)	County Council have committed to allowing unspent BCF grant to be carried forward to fund new capital grant to residents, approved by Cabinet in April 22.	Yes
HCS	Empty Homes Grant - AK0000	0	0	0	0	Project reprofiled into 2022/23.	
HCS	DFG Residents Contribution - AQ0000	0	0	19	19	Unbudgeted expenditure arisen from services provided to residents not eligible for DFGs, offset by corresponding unbudgeted income.	
SEC	Customer centre redesign - AA1000	0	0	0	0	Final element of project (stonework) paused and to be considered as part of wider City Hall review. Remaining budget vired to contingency.	
SEC	Chapelfield Gardens Improve TF - AA1063	0	68	68	0		
SEC	Norman Centre replace boilers - AA1182	165	0	0	0	Repairs to boilers have extended life utilising revenue funding; Replacement reprofiled to 2023/24.	
SEC	Community Centres - Upgrades - AA1184	60	0	0	0	All EPC satisfactory therefore budget no longer required.	

Service	Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	C/Fwd
SEC	Cadge Road re-roofing works - AA1197	39	39	31	(8)	Project complete.	
SEC	Rside Leisure repl plant/equip - AA1912	0	0	0	0	Project and budget reprofiled into 2022/23.	
SEC	St Andrew's Hall refurbishment - AA1959	0	267	261	(6)	Project almost complete with final works delayed until 2022/23. .	Yes
SEC	TF make space at the halls - AB1959	1,000	98	42	(56)	Project delayed into 2022/23.	Yes
SEC	St Andrews replace elect dist - AC1959	17	0	0	0	Project and budget reprofiled into 2022/23 as part of wider Towns' Fund project.	
SEC	St G's Kitch Elec upgrade - AD1959	6	0	0	0	Project and budget reprofiled into 2022/23 as part of wider Towns' Fund project.	
SEC	CILN Community Enabling - AD5200	0	4	0	(4)	Plans to develop neighbourhood level equipment store in progress but project will extend into 2022/23.	Yes
SEC	CIL Crowdfunding match funding - AL5200	0	15	15	0		
SEC	CIL Neighbourhood West Earlham - AQ5200	0	0	0	0		
SEC	BEIS Green Homes Grant - BA0000	566	566	17	(549)	Delay with contract being signed but now mobilising. Project will extend into 2022/23.	Yes
SEC	CIL NeighbourhoodProjects18/19 - ZZ8039	0	42	41	(1)		
SEC	CILN Community Skills Mile X Grant - AT5200	0	10	9	(1)		
SEC	CILN The Feed Grant - AS5200	0	48	48	0		
CID	NCS Ltd establishment costs - AA2013	674	841	688	(153)	Unspent budget required to cover future costs in 2022/23.	Yes
Total GF Community Services Capital Programme		**4,040**	**3,526**	**2,252**	**(1,274)**		

Annex A4: Community Services HRA Capital Budget

Service	HRA Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	C/Fwd?
HCS	Replacement Tenancy & Est Man - AG5206	0	220	209	(11)	Budget required to cover future costs in 2022/23.	Yes
HCS	CCTV replacement - AA5205	0	0	32	32		
HCS	Electrical – 5110	3,602	3,602	3,068	(534)	Ave. costs per property lower than budgeted.	
HCS	Whole House Improvements - 5120	1,332	1,332	29	(1,303)	Work delayed due to contractor issues. Some additional budget provision included in 2022/23 to cover backlog.	
HCS	Kitchens – 5121	1,558	1,558	1,564	6	Minors overspend offset by underspend on bathrooms.	
HCS	Bathrooms – 5122	2,254	2,254	2,231	(23)	Full programme delivered. Some saving achieved.	
HCS	Heating/Boilers Communal - 5130	3,664	5,064	1,644	(3,420)	The £1.4 carry forward is not required as this was included in the 2021/22 approved budget. Works at Mile Cross, Normandie Tower, Barnards Yard, Alnwick Court and Millers Lane will be delivered in 2022/23.	
HCS	Heating/Boilers Domestic - 5131	3,177	3,177	2,429	(748)	Performance issues led to work being transferred to alternative contractor and delays to programme.	
HCS	Thermal Comfort - 5140	26	26	0	(26)	No works in 2021/22. EWI works – Structural challenge on properties that required action prior to commencement.	

Service	HRA Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	C/Fwd?
HCS	Solar Therml/Photovoltaic - 5141	714	714	521	(193)	Delays due to legal and procurement issues followed by supply chain issues have led to works slipping into 2022/23.	Yes
HCS	Windows – 5150	2,900	2,900	786	(2,114)	Communal windows installations postponed pending outcome of surveys on all tower blocks.	
HCS	Doors – 5151	881	881	467	(414)	Lower than anticipated volume of installations achieved in financial year. Programme paused whilst further surveys carried out on fire doors.	
HCS	Door Access Controls - 5160	482	482	354	(128)	Some delays to programme as leaseholder consultation required prior to works commencing.	
HCS	Estate Aesthetics - 5161	769	769	690	(79)	Performance challenge with contractor at end of contract.	
HCS	HRA Shops – 5163	205	205	162	(43)	All planned shop upgrades completed in year.	
HCS	Sheltered Hsg Comm Facs - 5171	135	135	108	(27)	Works at Waddington Court extended into 2022/23.	
HCS	Re-Roofing – 5180	963	963	623	(340)	Some delays to programme as leaseholder consultation required prior to works commencing and works delayed due to inclement weather.	
HCS	Structural - 5181	3,791	3,791	2,059	(1,732)	Sample fabric testing results identified some reinforced concrete slabs are in reasonable condition and works re-programmed to 2023/24. Some projects also completed for lower cost that initially anticipated.	

Service	HRA Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	C/Fwd?
HCS	Tower Block Regeneration - 5182	1,537	1,537	519	(1,018)	Riser and lateral works at Normandie Tower postponed until 2022/23.	
HCS	Lift Upgrades - 5183	154	154	0	(154)	Lift upgrade contract being retendered.	
HCS	Disabled Adaptations - 5190	1,127	1,127	1,441	314	Underspend offset by overspend on Stairlifts budget.	
HCS	Stairlifts - 5191	51	51	179	128	Overspend offset by underspend on Disabled Adaptation budget.	
HCS	Community Alarm - 5192	205	205	121	(84)	Contract costs lower than anticipated for two completed schemes.	
HCS	Compliance Upgrades - 5210	0	1,000	0	(1,000)	Budget to be requested to be carried forward into 2022/23.	
SEC	Catton Grove CC replace EDB - AA1186	9	9	6	(2)		
SEC	Comm centre assets HRA impact - BB0000	25	25	0	(25)	No works required in 2021/22	
Total HRA Community Services Capital Programme		**29,561**	**32,180**	**19,244**	**(12,937)**		

Appendix B: Corporate and Commercial Services

B.1 Performance

B.1.1 Summary of performance

Corporate & Commercial Services has four KPIs, all of which report quarterly. For Q4, the directorate reported two green and one amber indicator, with one indicator awaiting data at the time of reporting.

A positive movement was observed across all the indicators within this directorate, either moving from red to amber, amber to green, or maintaining a green rating throughout the year.

In Q4, CCS performed well in FOI and corporate complaints responded to within timescales, but it is important to note the volumes are lower than other Directorates when comparing performance.

The below provides a look at the directorate's performance across the year.

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

B.1.2. Successes and challenges

Successes:

- New housing benefit claims, reduced the average to 14 days
- Just short of the ambitious target for Council Tax Collection
- £16.5m paid out in business grants
- Self-isolation payments totalling £556,000 paid out during 2021/22
- The 2022/23 budget and Medium-Term Financial Strategy was approved by Full Council.
- Permanent appointments have been made to the finance structure meaning it is now fully staffed and cover to support the implementation of the Enabling Services ERP System is also in place
- The Internal Audit function transferred successfully to TIAA and is now delivering IA services through South Norfolk Council and alongside other Norfolk LA's
- Civic and Democratic: In March, the Council successfully organised the awarding of Freedom to the Very Reverend Jane Hedges and the Ukrainian people of the Cities of Lviv and Odesa
- Procurement: The team have been undertaking a service review, which concluded in March. The outcome will assist in ensuring the team are best placed to support delivery of the Procurement Strategy
- Elections: The implementation of the new elections system was concluded (please see case study below)
- Legal: The nplaw service saw an improved financial out-turn, delivering increased income to the Council
- Procurement and HR: The successful transfer of services from Norwich Norse Building and NPS Norwich to Norwich City Services and the Council respectively was

significantly assisted by the work in the procurement and HR services, including setting up new contracts to enable NCS to deliver and the TUPE transfer of staff

Challenges:

- Revenue and benefits: processing self-isolation payments and business supports grants while maintaining usual level of service
- Responding to 2021 audit queries, preparing for 2021/22 closure
- Planning for 2022 elections amid Covid uncertainty
- Council tax energy rebate timescale
- General increase in requirements for recruitments, as shown in HR metrics
- Insurance: The Council's annual insurance renewal for 2022/23 demonstrated the challenges in the insurance market at present, with increases in premiums. Work is now being undertaken to understand the potential impact for the 2023/24 renewal process.

B.1.3 Case Study

Legal and procurement

The election system is at the very heart of ensuring the fundamental right of citizens of Norwich to vote. It contains the details of some 100,000 registered electors, including nearly 30,000 registered postal voters and is crucial to operating the elections effectively. As a result, significant changes to the system have to be managed to ensure the data is maintained securely, and the election can be run effectively. There are also only two short time periods in the year that major system change can take place – between the May election and July canvass, or between the end of canvass in December and planning for the new election in February. Implementation is also made more complex by the fact that some aspects of the system, most notably connections to the government's electoral registration system, can only be tested following the new system going-live.

With the current system contract due to expire, a procurement exercise was undertaken which concluded the Council should procure a new system, Democracy Counts. A team was brought together including the GIS officer, IT system leads, elections and the service improvement officer to oversee the implementation programme. With testing complete, a go-live decision was made in mid-February for the new system and final implementation was fully complete in mid-March.

The new system brings a number of potential benefits such as:

a) The previous system did not have a full election management system; instead, officers had to set up a number of spreadsheets and other documents which required multiple data entry points, increasing the risk of error between them. The new system enables the elections team to manage all aspects of the election within it.
b) The new system allows staff working on the election to set up accounts and then confirm availability and acceptance of election work within the system. Previously, all communications with 300+ staff had to be via e-mail, increasing the risk of input errors.
c) The new system should improve the automatic matching of received postal votes against the elector's postal vote application, reducing the number of postal votes that have to be manually checked to ensure they match against details held on the system (in the 2021 election, approximately 12,000 votes had to be manually checked)

The system was successfully deployed for the May 2022 election. We were able to produce reports confirming the exact total of postal votes accepted, meaning that there could be absolute confidence in the verification process.

Some of the critical success factors for the implementation programme included:

a) Effective relationships with the incoming supplier – the staff member from the supplier leading on implementation was fully integrated into the programme team and worked tirelessly to assist in ensuring a successful implementation.
b) The working approach of the implementation team; the team took a positive can-do approach throughout, meeting on a daily basis to ensure there was a clear understanding of any emerging issues and how these would be resolved.
c) Strong contingency arrangements – the elections team maintained a positive relationship with the previous supplier to agree contingency arrangements in the event that implementation of the new system was unsuccessful

B.2 Finance

B.2.1 Corporate & Commercial Services revenue budget

The provisional outturn for the directorate shows a £0.316m underspend. £0.136m of this relates to transfer to/from reserves. Once these are taken into account, the directorate shows a £0.180m underspend.

B.2.2 Key variances

Corporate & Commercial Services	Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)
Corporate & Commercial Services	491	490	(1)
Revenues & Benefits	2,659	2,742	83
Finance, Audit & Risk	814	760	(54)
HR & Organisational Development	692	600	(92)
Legal & Procurement	1,779	1,527	(252)
Corporate & Commercial Services	**6,435**	**6,119**	**(316)**
Earmarked reserves movements	**(432)**	**(296)**	**136**
Totals after earmarked reserves movements excl.	**6,003**	**5,823**	**(180)**
Key variances:			
Budget pressures – overspends/loss of income			
Savings/increased income			
Council tax - additional legal expenses recovered			(134)
Salary underspend in HR, mainly due to unfilled vacancies			(78)
As set out below, the net impact on the corporate and commercial services legal budget is a positive variance because of additional income received from nplaw.			(43)
Other minor variances			75
Total forecast variance			**(180)**

The directorate provisional outturn position shows an increased underspend (£0.723m) compared to Q3 forecasts. The key areas of movement are shown in the table below:

Figure 3.1 – Corporate and commercial services movement in forecast from Q3

Area	(£000)	Comments
Housing benefit	(164)	Net reduction in housing benefit position; reduction in bad debt provide for, including write-offs; £0.103m, net movement in subsidy recovered; £0.092m, partially offset by movement in overpayments recovered; £0.031m
Insurance	(149)	As part of year end procedures, the Council receives confirmation on its insurance settlement balances. These were significantly reduced during the year in comparison to prior years accounting for £137k of this forecast.
Legal Services	(107)	During the year, the nplaw budget had been reflecting an overspend due to increased service use. As part of the year end recharges, this overspend was correctly recharged to service areas. The net overspend to the Council was then mitigated by additional income received from the legal service.
Revs and Bens	(105)	Net movement - salaries and grants
HR & Organisational Dev	(70)	Net movement on salaries
Other variances	(129)	
Total movement	(723)	

B.2.3 Corporate Financing revenue budget

The provisional outturn for the corporate financing element of the budget shows a £1.749m variance. £1.771m of this relates to transfer to/from reserves; a number of services have not fully utilised grant income in-year. Where this income can be used in future years, the balance has been transferred to an earmarked reserve. The movements across the general fund net to zero, so have no impact on the final outturn position. For ease of reference, these additional movements have been removed from the variance within individual directorates, so only variances impacting on the outturn are discussed. Once these movements are removed, the directorate shows a £0.022m underspend.

Figure 3.2 Summary position Corporate financing

Corporate Financing	Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)
Corporate Financing	**(21,983)**	**(20,234)**	**1,749**
Earmarked reserves movements	**2,000**	**229**	**(1,771)**
Totals after earmarked reserves movements excluded	**(19,983)**	**(20,005)**	**(22)**
Key variances:			
Budget pressures – overspends/loss of income			
Element of income from Sales, fees and charges grant allocated to service areas.			254
Lower than budgeted recharges to the HRA for corporate costs.			158
Net overspend against budget in relation to HRA element of borrowing charges and interest received based on 2021/22 balances			121
Other minor variances			49
Savings/increased income			
No revenue contribution to capital required in due to delays in the capital delivery			(306)
Unutilised contingency fund			(298)
Total forecast variance			**(22)**

The directorate provisional outturn position shows a reduction in underspend (£1.971m) compared to Q3 forecasts. The key areas of movement are shown in the table below:

Figure 3.3 – Corporate financing movement in forecast from Q3

Area	Movement in forecast from Q3 (£000)	Comments
Earmarked reserves movements	2,368	As described above year end transfers to and from earmarked reserves
Contingency	(298)	The contingency for unforeseen events was not fully utilised
Other	(99)	
Total movement	1,971	

B.2.4 Corporate & Commercial Services capital budget

The forecast capital provisional outturn for the directorate shows a £0.058m underspend.

Figure 3.4 – Corporate and commercial services capital programme

	Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
GF - Corporate and Commercial Services	58	(0)	(58)

The underspend arises from budgets relating to the implementation of new IT systems, which will be requested to be carried forward for costs arising in 2022/23.

A full breakdown by project is attached in **Annex B3**

B.3 Risk

The summary position for the directorate risks is set out below:

	Q3 2021/22		Q4 2021/22		
	Current residual	Target	Current residual	Target	Movement from Q3
CCS1 Loss of income – revenues & benefits	12	8	12	8	
CCS2 Directorate skills & capacity	9	6	9	6	
CCS3 Fraud	12	6	12	9	
CCS4 Elections					
CCS5 Democratic Processes – post covid-19 recovery	6	3	6	3	
CCS7 Compliance with legislative requirements	8	4	8	4	
CCS8 Business Continuity/Service disruption	10	5	10	5	
CCS9 Lack of staff reliance in key areas & effective succession planning	9	6	9	6	
CCS10 Inadequate training or support for budget holders means they do not have capability to effectively manage council finances	9	6	9	6	
CCS11 Inadequate support service input or involvement in key projects	12	8	12	8	
CCS12 Team do not maximise the benefits of the e5 and CP financial systems	9	6	9	6	
CCS13 Risks associated with balancing MTFS			16	9	
CCS14 Deteriorating mental wellbeing of employees.	12	6	12	6	

The relevant point to note is that most risks remain static with the target risk being raised on risk 3. Given this it is proposed that specific review work is undertaken to identify whether further mitigating actions are possible and necessary to reduce the divergence between target and residual risk.

Annex B1: Corporate and Commercial Services revenue budget

CC	CC Description	Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
Corporate & Commercial Services				
512020	Corporate & Commercial Services	491	490	(2)
		491	**490**	**(2)**
Finance, Audit & Risk				
510050	Professional Finance	541	542	1
511070	Business Grants Covid 19	0	0	0
514010	Internal Audit	71	64	(7)
514015	External Audit	81	35	(46)
515030	Operational Finance	121	119	(3)
		814	**760**	**(54)**
HR & Organisational Development				
530010	Personnel Corporate Costs	126	135	9
530020	Personnel Services	497	373	(124)
530050	Learning & Development	70	92	23
		692	**600**	**(93)**
Legal & Procurement				
315010	Civic Expenses	140	87	(53)
510040	BRM Team	0	0	(0)
512010	Insurance	261	101	(160)
512015	NCS Ltd Insurance	0	0	0
520010	Members Expenses	476	471	(5)
520015	Electoral Registration	93	88	(5)
520020	Committee Secretariat	266	289	23
520030	Council Elections	215	185	(30)
521010	Legal Services	0	(43)	(43)
540010	Procurement Team	180	193	13
550080	Corporate Business Services	149	156	7
		1,779	**1,527**	**(252)**
Revenues & Benefits				
515010	NNDR Admin	(147)	(574)	(427)
515020	Council Tax Admin	1,266	883	(382)
516010	HB Private Sector Rent Allwncs	19	1,107	1,088
516020	HB Public Sector Rent Rebates	901	222	(679)
516040	Benefits Admin (HB + CTB)	621	1,103	483
		2,659	**2,742**	**83**

Annex B2: Corporate Financing General Fund revenue budget

CC	CC Description	Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
	Corporate Financing			
510030	Corporate Management	(1,506)	(1,431)	75
511010	Debt Management Expenses	0	(1)	(1)
511020	Financial Arrangements	(1,139)	(1,484)	(345)
511030	MIRS (SMGFB) Reversing Items	73	8,060	7,987
511060	MIRS (SMGFB) Non-Reversing	(17,552)	(5,112)	12,440
511080	CT + NNDR Pool Income **	154	(17,447)	(17,601)
511090	Corporate Financing	(2,316)	(2,818)	(502)
511100	General Fund Contingency	298	0	(298)
	Corporate Financing Total	**(21,987)**	**(20,232)**	**1,755**

**Additional S31 grant received from government in compensation for business rates reliefs has been drawn down from reserves to offset in-year reduction in income collected.

Annex B3: Corporate and Commercial Services General Fund capital budget

GF Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	C/fwd?
Finance System - AB5206	0	51	(0)	(51)		Yes
HR System - AC5206	0	7	0	(7)		Yes
Capital contingency - AH0000	(1)	0	0	0		
Total GF Capital Corporate & Commercial Services Programme	**(1)**	**58**	**(0)**	**(58)**		

Appendix C: Development and City Services

C.1. Performance

C.1.1. Summary of performance

Development and City Services is responsible for ten KPIs, six of which report quarterly and four of which are annual indicators. For Q4, the six quarterly indicators continued to show good performance, with all either being above target or very near target. The external funding and food hygiene indictors reported especially strong performance this year. We saw the first of the annual indicators report in Q2, with a red rating for the number of new homes completed, a measure which isn't fully within the council's control to influence. The other three annual indicators have reported this quarter, two of which are below the intervention level ('Number of private rented sector homes made safe' and 'Number of affordable homes built, purchased or enabled by the council'), and one being monitored to determine baseline ('Area of underused council land brought into productive use (m2)') but that would likely be red if a target was set.

The directorate's annual performance across the ten indicators shows three green indicators, three amber, three red, and one being monitored to before setting a target. The below table provides a summary of the performance across the year.

Indicator	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Value of external funding leveraged to support council development and place-shaping priorities (£)				16,999,750.00
Total amount of income paid by tenants occupying the council's investment property portfolio expressed as % of target income (reporting on previous quarter)	93.40	94.20	95.00	95.00
Number of private rented sector homes made safe				5.00
Number of new homes completed		166.00		
Number of affordable homes built, purchased or enabled by the council				23.00
Number (of total) (%) of food premises rated 0,1 or 2 (non-broadly compliant), moving to a compliant rating of 3, 4 or 5 against the Food Hygiene Rating System following intervention by food safety officers	93.00	94.00	94.00	95.00
Area of underused council land brought into productive use (m2)				0.00
% of planning decisions upheld after appeal (where council has won)	88.00	85.00	78.00	80.00
% of planning applications determined in time	85.00	88.00	89.00	88.00
% household waste sent for reuse, recycling, composting (reporting on previous quarter)	38.80	39.60	40.20	39.10

The directorate's performance on FOI request responses has fluctuated across the year but has generally lagged behind the other directorates' performance.

Similarly, DCS's performance in responding to corporate complaints within timescales has remained under the likely target to be applied from Q1 of next year, however attention is being paid to this fact and a plan developed to address this challenge.

C.1.2. Successes and challenges

Successes:

- New registered provider partnership agreed with Orwell Housing
- Kings Arms housing development taking shape
- National television coverage on the work of our food safety team
- The unique heritage of East Norwich formally recognised in a review by Historic England
- Five public consultations completed - new neighbourhood Forum, footpath diversion, Hay Hill, Ber Street housing development and HMO licensing policy

- The Green Flag was officially raised at the newest recipient in the city, Waterloo Park. The flag is an internationally recognised award for well managed parks and green spaces, setting the international benchmark standard for the maintenance of recreational outdoor spaces around the world.
- Norwich Regeneration Company's business plan endorsed and agreed by cabinet
- NHS vaccination centre successfully opened and operational in City Hall
- Adoption of Green Infrastructure Recreation Avoidance Mitigation Strategy (GIRAMS)
- Adoption of the Strategic Asset Management Framework
- First Towns Fund project in the Country completed

Challenges:

- Private housing made safe indicator. The PSH team are addressing large backlogs of HMO inspections over the last 12 months and significant enforcement work has been undertaken in the last 3 months at St Peter's House which has diverted attention from other enforcement work. An independent Peer Review has been undertaken of the service and several improvements identified which will be implemented via the Future Shape Norwich programme. The proposed restructure will also seek to address lack of resources in the team and enable additional capacity to undertake further work to make homes safe over the next year.
- Affordable home – 23 properties were completed, with the remaining 27 commenced but delayed due to a combination of utilities and a lapsed planning permission that needed renewing. They will now all be completed in 2022/23
- Nutrient Neutrality – Natural England have asked 74 affected councils across the UK to adopt more rigorous approach to assess the effects of changes in water quality in order to achieve 'nutrient neutrality'. More information is available on the council website.

C.1.3. Case Study

Commercial rent income

KPI16 measures the level of income paid by tenants occupying investment property, this seeks a 95% target.

Rent from our commercial property assets is an essential income stream to help fund the council's front-line services, however, the council are acutely aware of the difficulties faced by commercial tenants over the past two years because of reduced income and increased costs.

The council have worked closely with tenants to assist them in making sure they were aware of covid grant funding available to them and taking the initiative to provide outdoor space to tenants to help the businesses during the pandemic. As a result of these measures the service is now meeting its 95% target despite the pandemic.

This is extremely high performing and competing with the best property investors in the UK and far exceeding some. Whilst there has been a higher turnover of tenants during the pandemic, we have managed to keep void rates low and quickly filled most units which is testament to the resilience of the Norwich economy.

The target has been achieved by working in close collaboration with property services colleagues over the last two years and who have since transferred in-house to the city council from 1 April 2022.

We have also recently adopted the Strategic Asset Management Framework which sets out how we will transform the management of our non-housing property over the next 12-18 months. This will provide a guide to review and challenge our reasons for retaining the property and assessing its performance.

The council recently undertook a substantial review of the Airport Industrial Estate which led to the decision to dispose of the site. Following a competitive bidding process, the council has secured a buyer and expect to complete the purchase in early August 2022. This capital receipt plays a key part in the council's medium-term financial strategy.

C.2. Finance

C.2.1. Development and City Services revenue budget

The provisional outturn for the directorate shows a £2.015m underspend. £0.729m of this relates to transfer to/from reserves. Once these are taken into account, the directorate shows a £1.285m underspend.

C.2.2. Key variances

Development & City Services	**Budget (£000)**	**Provisional Outturn (£000)**	**Provisional Variance (£000)**
Development & City Services	517	469	(48)
Environment Services	4,390	3,964	(426)
Planning & Regulatory Services	2,136	1,932	(204)
Property & Economic Development	(1,255)	(2,591)	(1,336)
Development & City Services	**5,788**	**3,774**	**(2,014)**
Earmarked reserves movements	**(576)**	**153**	**729**
Totals after earmarked reserves movements excluded	**5,212**	**3,927**	**(1,285)**
Key variances:			
Budget pressures – overspends/loss of income			
On street operations net overspend. Staffing costs.			168
Off street car parks - forecast reduction in income from season tickets, contract parking & fees compared to budget			92
Integrated waste management stretch target not expected to be achieved in 2021/22			68
Environmental services stretch target not expected to be achieved in 2021/22			53

Savings/increased income	
Multi- storey car parks - the income budget in relation to car park fees and season tickets was reduced to £3.104m in 2021/22 due to the anticipated impact of Covid-19. Actual income from was £03.561m. A further £0.297m of grant income was received to account for lost income compared to pre-Coivd-19 levels.	(754)
Net additional income in relation to investment properties. Mainly due to revised rental agreements, income from properties not budgeted and properties not disposed of as originally anticipated.	(507)
Income in relation to recycling credits higher than budgeted due to increase in recyclable materials being processed	(369)
Other minor variances	(36)
Total forecast variance	**(1,285)**

The directorate provisional outturn position shows an increased underspend (£1.766m) compared to Q3 forecasts. The key areas of movement are shown in the table below:

Figure 4.1 – Development and City services movement in forecast from Q3

Area	Movement in forecast from Q3 (£000)	Comments
Earmarked reserves adjustments	(913)	Movement in variance relating to grants - transferred to earmarked reserves including Towns' Fund (£0.944m), tourist information (£0.118m) and Covid-19 grants (£0.113m)
Integrated waste management	(369)	Recycling credits received greater than initially anticipated.
Multi-story car parks	(325)	Grant support was received to compensate the council for lost income during COVID and this has been applied to the revenue account.
Investment properties	(260)	The variation principally relates to back-dated rent from reviews carried out relating to previous years, resulting in an uplift and increasing income.
Other	101	
Total movement	**(1,766)**	

C.2.3. Development and City Services general fund capital budget

The forecast general fund capital provisional outturn for the directorate shows a £8.898m underspend.

Figure 4.2 Development and City Service Capital Programme summary

Capital Programme	Original Budget (£000)	Revised Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
GF - Development & City Services	17,327	17,461	8,563	(8,898)

The main area of underspend relates to Towns' Fund projects (£4.433m) with significant variances including the Advanced Construction and Engineering Centre (ACE) as construction commencement was delayed and will not now complete until later in 2022/23 due to staff illness at City College Norwich (£3.082m); the Carrow House project where the construction of New Carrow House was delayed due to UK wide construction industry constraints; this meant Old Carrow House was removed from the awarded contract with a separate contract to be awarded for Old Carrow House works in 2022/23 (£0.766m); the Digital Hub at Townshend House where delays have arisen due to the need to remove a sub-tenant with a protected lease for which a settlement was concluded in February 2022; Hay Hill and St Giles public realm projects where the programme was delayed to allow longer lead in for design, advance procurement and to avoid the highway Christmas embargo, when non-emergency works are not allowed within the city highway area, responding to business stakeholders requests to reduce disruption (£0.191m).

Additionally, a budget for a loan from the council to Norwich Regeneration Ltd (£2m) to support development costs at Three Score Phase 3 has been re-profiled due to the delays in progress on site. The budget will be requested to be carried forward to 2022/23.

A full breakdown by project is attached in **Annex C2**

C.2.6. Development and City Services HRA capital budget

The forecast HRA capital provisional outturn for the directorate shows a £10.264m underspend.

Figure 4.3: Development and City services HRA summary capital programme

Capital Programme	Original Budget (£000)	Revised Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
HRA - Development & City Services	19,428	13,782	3,518	(10,264)

The key areas of underspend relate to new housing projects where the programme has slipped (£10.264m):

The initial expectation for the King's Arms site was that construction would commence in Q1 of 2021/22, however pre-construction procurement has taken longer than anticipated, resulting in a start on site towards the end of Q2 and lower expenditure in 2021/22 (£0.375m). The project is due for completion in October 2022.

At the start of the financial year, it was anticipated that land remediation and first foundations would be complete at the Mile Cross site by the end of the year, however the requirement of the Environment Agency for a ground remediation strategy had delayed progress and reduced anticipated expenditure by £1.002m in 2021/22.

For the Three Score Phase 3 project, it was anticipated that materials would be purchased up-front to control rising supply chain costs, however this was not necessary as the contractors agreed to hold this risk, which has resulted in an underspend of £3.000m in 2021/22.

At Argyle Street the original budget allowed for some of the ground remediation to take place in the financial year, however additional investigation has been required, delaying progress and generating a £0.509m underspend in 2021/22.

The council's interest in the Ailwyn Hall site has stimulated the owner to submit a new planning application to develop the site. CPO action has therefore paused pending the outcome of the new planning application and activity or otherwise on the site will be closely monitored. The 2021/22 budget is therefore £0.825m underspent.

The new build opportunities budget was created to allow for swift acquisition of land or property as opportunities arose. It was anticipated that all the budget would be used to acquire some identified land but this has been delayed whilst discussions are on-going on the extent of the land and for legal contracts to be finalised. An element of the £3.368m 2021/22 underspend will therefore be requested to be carried forward to 2022/23.

A full breakdown by project is attached in **Annex C3.**

C.3. Risk

The summary position for the directorate risks is set out below:

	Q3 2021/22		Q4 2021/22		↔ ↑ ↓
	Current residual	Target	Current residual	Target	Movement from Q3
Risk: D1 Failure to maximise opportunities to secure external income to address regeneration or deliver other Council objectives	9	4	9	4	↔
Risk: D2 Increased pressures on Directorate due to restructures and transformation work	16	8	16	8	↔
Risk: D3 Failure to work with partners effectively to enable the Council to benefit from collective purchasing power in waste contracts	6	3	9	3	↑
Risk: D4 Failure to keep statutory policy framework up to date	12	6	12	6	↔
Risk: D5 planning white paper undermining ability to delivery current planning policy	8	4	8	4	↔
Risk: D6 Failure of NCSL to deliver contractual requirements	12	4	12	4	↔
Risk: D7 Failure to effectively manage commercial property portfolio	15	4	12	4	↓
Risk: D8 Failure to manage the Towns Deal Programme	12	8	12	8	↔
Risk: D9 Failure to take appropriate measures to restrict suicide attempt at City Council car parks	15	5	15	5	↔
Risk: D10 Failure to manage delivery of housing pipeline	12	9	12	9	↔
Risk: D12 Loss of agency agreement with County Council for on street car parking enforcement	16	9	16	9	↔
Risk: D13: Increased instances of surface water flooding as a result of climate change	6	6	6	6	↔
Risk D16: Increase harm to human health from land contaminants	New risk		6	4	

The relevant points to note is that One risk has improved and One risk has deteriorated. In addition a new risk has been added (D16)

Annex C1: Development and City Services revenue budget

CC	CC Description	Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
Development & City Services				
600040	Director of Regen & Development	0	3	3
610015	Development & City Services	517	466	(51)
		517	**469**	**(48)**
Environment Services				
100000	Markets	(431)	(390)	41
130000	Cemeteries	(41)	(11)	30
150000	Allotments	8	8	1
160000	Open Spaces	2,334	2,429	95
420150	Neighbourhood Operations	12	0	(12)
421010	Arboricultural services	175	153	(22)
421020	Mousehold Heath Conservators	205	197	(8)
421030	Highways Ground & Tree Maintenance	84	39	(44)
421040	Fringe Project	25	24	(1)
431020	Street Cleansing	1,592	1,574	(17)
431050	Environmental Services	(52)	85	138
431071	Environmental Services Team	729	713	(15)
431080	Integrated Waste Management	2,712	2,509	(203)
630070	Highways/Landscp Imp. & Maintenance	(91)	(70)	20
643020	Off Street Car Parks	(679)	(586)	92
643040	Multi-Storey Car Parks	(1,341)	(2,078)	(737)
643050	Multi-Storey Car Parks Staff	202	212	10
644010	On & Off Street Enforcement	(978)	(989)	(11)
644015	Bus Lane Enforcement	0	(0)	(0)
644020	Notice Processing	(51)	(5)	46
644030	Dispensations	0	0	0
644050	On Street Operations	(20)	149	168
644080	Permit Parking	0	(0)	(0)
644100	Housing Contract	0	0	0
644120	Earlham Park	(4)	0	4
		4,390	**3,964**	**(426)**

CC	CC Description	Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
Property & Economic Development				
110000	Livestock Markets - Group	8	5	(3)
120000	Conveniences	83	74	(9)
140000	Depots	5	14	9
180000	Buildings & Land	62	113	50
190000	Property Stewardship	260	255	(5)
210000	Economic Development	(50)	(60)	(10)
220000	Investment Properties	(3,296)	(3,802)	(507)
230000	Land Held for Future use	(0)	(0)	0
240000	Other Land	0	0	0
250000	Assets Used by Others	(28)	(32)	(4)
260000	Airport Industrial Estate	(23)	(17)	6
270000	Externally Granted Rights	18	18	0
280000	River Assets	14	9	(4)
290000	City Hall	1,048	960	(88)
290001	Pool Cars - City Hall	0	(0)	(0)
290003	Swanton Road	0	0	0
410070	Strategy & Development	4	9	6
510010	Residual Airport Joint	0	0	0
510020	Airport Appropriation a/c	(257)	(283)	(27)
600070	Head of City Development	191	197	6
610010	Economic Development Unit	266	215	(52)
620045	East Norwich Masterplan	0	176	176
620046	East Norwich Programme Mngmnt	0	54	54
620070	Towns Fund	163	(807)	(970)
620080	City Growth & Development	13	12	(0)
630060	Concessionary Bus Scheme	34	33	(1)
640210	NPS Joint Venture	23	(0)	(23)
640215	Maintenance Recharges NP&Rs	0	1	1
640220	Norwich NORSE Joint Venture	(40)	0	40
641150	Strategic Property	5	7	1
641160	Valuation & Property Mgmnt	0	(6)	(6)
645030	Public Area Lighting	241	263	22
		(1,255)	**(2,591)**	**(1,336)**

CC	CC Description	Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
Planning & Regulatory Services				
410010	Private Sector Housing	(27)	(61)	(34)
520070	Licensing	(42)	(102)	(60)
522040	Food, Health & Safety	666	624	(43)
522050	Environmental Protection	536	534	(3)
522060	Public Safety & Emergency Plan	39	52	13
522070	Emergency Events	0	0	0
600030	Greater Norwich Growth Board	44	45	1
620010	Planning Management Account	68	17	(51)
620015	Norfolk Strategic Framework	(8)	2	11
620030	Building Regulations NonCharge	91	62	(29)
620040	Planning Policy	446	442	(4)
620050	Conservation Dsgn & Landscape	194	227	33
620060	Development Management	129	89	(40)
		2,136	**1,932**	**(204)**
	Directorate Totals	**5,789**	**3,773**	**(2,016)**

Annex C2: Development and City Services general fund capital budget

Service	GF Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	C/Fwd?
ENV	Eaton Park path replacement - AA1009	45	52	51	(1)		
ENV	Wensum Park Stone Wall - AA1079	20	20	0	(20)	Work delayed by resource availability.	
ENV	Ketts Heights repairs/habitat - AA1112	109	109	10	(99)	Site reports have been received and are being reviewed ahead of detailed design work commencing. Work to extend into 2022/23.	Yes
ENV	Earlham Cemetery railings replacement - AB1037	142	105	77	(28)	Works extended into 2022/23.	Yes
ENV	Waterloo Pk works to relet - AB1654	36	36	11	(25)	Cost of works lower than anticipated.	
ENV	CILN 20 Acre Wood - AB5200	6	3	0	(3)		
ENV	GNGB Football Pitch Imps - AB5202	40	0	0	0	Expenditure and budget re-profiled into 2022/23 as works can only be undertaken in closed season.	
ENV	Park toilet refurb Wen Hei Eat - BC0000	200	0	0	0	Project delivery and budget re-profiled into 2022/23.	
PRS	Hay Hill Public Realm TF - AA1019	700	150	39	(111)	Project commenced but completion extended into 2022/23.	Yes
PRS	Air Quality Monitoring Equip - AA2017	0	50	0	(50)	Delivery of equipment postponed until 2022/23.	Yes
PRS	CIL Contribution Strategic - AE5200	1,393	1,393	781	(612)	Some issues and retractions of large developments have severely decreased expected CIL income for 2021/22. Some if this income will now fall into 2022/23 - forecast pending, This has in-turn reduced the value we can contribute to the GNGB strategic pool.	

Service	GF Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	
PRS	GNGB Marrt'sWy/HellsdnStnGrn - AN5202	111	145	1	(144)	Majority of project spend to extend into 2022/23.	Yes
PRS	Transforming Cities Fund Contr - AW0000	368	530	200	(330)	Payment of £200K made to County for schemes being built in 2021/22.	Yes
PRS	St Giles Public Realm TF - AZ0000	300	100	24	(76)	Work progressing with County to develop detailed design. Project to extend into 2022/23.	Yes
PED	Memorial Gardens Undercroft TF - AA1012	0	75	4	(71)	Works commenced in March and will extend into 2022/23.	Yes
PED	Norwich Parks tennis expansion - AA1058	0	477	362	(115)	Unspent budget to cover costs of Harford tennis costs.	Yes
PED	Earlham Park toilet replacement - AA1064	0	96	108	12		
PED	Sloughbottom Park Toilets TF - AA1076	0	52	1	(51)	Project delayed by contractors and will extended into 2022/23.	Yes
PED	CILN Bowers Avenue Play Area - AA1133	0	25	25	(0)		
PED	River Wensum Pontoon replace - AA1210	12	13	13	0	Project ongoing and will extended into 2022/23.	Yes
PED	2a Old Meeting Hse elec/boiler - AA1224	12	12	0	(12)	Project ongoing and will extended into 2022/23.	Yes
PED	St John Maddrmkt retaining wall - AA1255	0	70	21	(49)	Project ongoing and will extended into 2022/23.	Yes
PED	Guildhall (N&N Festival) TF - AA1287	0	161	161	0	Being delivered by Norfolk and Norwich Festival who are on site.	Yes
PED	Ber Street 85-91 re-roofing - AA1364	41	41	0	(41)	Project ongoing and will extended into 2022/23. Unspent budget to be requested to be C/fwd.	

Service	GF Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	C/fwd?
PED	Townshnd House Digital Hub TF - AA1391	0	72	71	(1)	Project extended into 2022/23.	Yes
PED	Exchange St 38 shop refurb - AA1437	61	72	55	(16)	Project extended into 2022/23.	Yes
PED	4a Guildhall Hill remedy dilap - AA1465	86	86	0	(86)	Project extended into 2022/23.	Yes
PED	Swanton Road Anti-Waste - AA1546	0	0	0	0		
PED	Rvrside Rd Yacht Stat rep Quay - AA1694	8	8	3	(5)	Project complete.	
PED	Hurricane Way 22 Solar PV - AA1730	28	101	59	(41)	Project extended into 2022/23.	Yes
PED	OldMeetingHse rpl fire det sys - AA1791	0	11	0	(11)	Design has been prepared but project extended into 2022/23.	Yes
PED	Riverbank stabilisation - AA1911	0	0	1	1		
PED	Heigham Park Tennis Pavilion - AA2014	0	175	5	(170)	Project to commence on site May 2022.	Yes
PED	Old carrow house - AA2015	4,090	4,075	3,309	(766)	Project extended into 2022/23.	Yes
PED	West End Street PlayAR MUGA TF - AA2016	0	80	80	(0)	Project complete.	
PED	GNGB Castle Gardens - AA5202	0	50	0	(50)	Project extended into 2022/23.	Yes
PED	Eaton Pk Changing Rm shwr repl - AB1009	0	0	0	0		
PED	Motor Cycle Park - AB1021	0	0	0	0		
PED	TF- Digital hub - AB1391	235	235	0	(235)	Project extended into 2022/23.	Yes
PED	20 Hurricane Way demolition - AB1728	176	0	0	0		
PED	St Andrews suicide prevention - AB1857	0	20	25	5	Immediate urgent work complete. Overspend offset by underspend - St Giles suicide prevention project.	
PED	AFI Lawrence House Lift Refurb - AB2010	0	170	117	(53)	Works complete. Contract costs lower than anticipated.	
PED	Park Depots demolition - AD0000	0	0	(7)	(7)		
PED	GNGB Riverside Wk Access Imps - AD5202	0	60	2	(58)	Project extended into 2022/23.	Yes
PED	St Giles MSCP lighting upgrade - AE1856	0	14	1	(14)	Project extended into 2022/23.	Yes
PED	CCAG2 Fifers/Ives/Heyford Rdbt - AE5204	0	0	0	0		
PED	Riverside Fpath DLighting upgr - AF0000	0	0	1	1		

Service	GF Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	C/fwd
PED	St Giles Suicide prev measures - AF1856	0	10	0	(10)	Immediate urgent work complete. Underspend offset by overspend on St Andrew's Suicide pre measures budget.	
PED	GNGB UEA Eaton boardwalk ext - AG5202	0	28	2	(26)	Start on site April 2022 and progress subject to ground and weather conditions. Project extended into 2022/23. Unspent budget to be requested to be carried forward.	
PED	City Hall heating system - AH1000	360	461	478	17	O/S due to issues encountered during boiler works.	
PED	GNGB Earlham Millenium Green - AI5202	0	10	5	(5)		
PED	City Hall Kitchens & Toilets - AJ1000	0	1	11	9	Overspend currently being investigated.	
PED	CILN Netherwood Green - AK5200	0	17	17	0		
PED	Capital Grants Housing Asscns - AM0000	0	0	0	0		
PED	GNGB Comm Accss Imp-20 Acre Wd - AM5202	0	63	2	(60)	Preliminary works commenced but project to extend into 2022/23.	Yes
PED	CIL Yare-Wensum Green Infrastr - AO5200	0	3	5	2		
PED	Strong & Well Project - AR0000	0	0	0	0		
PED	Digitech Factory CCN TF - AX0000	500	1,500	1,500	0		
PED	ACE Centre CCN TF - AY0000	3,100	3,100	18	(3,082)	Project extended into 2022/23.	Yes
PED	Min Energy Effic Standard MEES - BD0000	40	40	0	(40)	Project extended into 2022/23.	Yes
PED	City Walls repair programme - BE0000	40	40	43	3		
PED	Closed Churchyards repair prog - BF0000	10	10	3	(7)		
PED	TF Compul Purch order rev fund - BG0000	4,924	0	77	77	Original budget re-profiled into 2022/23, but initial costs incurred in 2021/22. 2022/23 available budget to be adjusted accordingly.	

Service	GF Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	C/fwd?
PED	TF Programme - branding - BH0000	118	48	0	(48)	Branding costs reclassified to revenue	
PED	TF - Programme management - BI0000	47	47	37	(10)	Ongoing project.	Yes
PED	S106 Castle Green Play Project - EV5201	0	65	6	(59)	Project start delayed to March 2023.	Yes
PED	S106 Bowthorpe Southern Park - EX5201	0	5	6	1	Project complete.	
PED	S106 Play Sector 3 & 4 Imps - EY5201	0	6	0	(6)		
PED	S106 Bowthorpe Clover Hl Acs - FF5201	0	41	0	(41)	No work will commence on the scheme until 2022/23.	Yes
PED	St Stephens Twrs Public Realm - FG5201	0	4	0	(4)	Project extended into 2022/23 due to resource issues.	Yes
PED	S106 Bunkers Hill - Entrance - FL5201	0	30	22	(8)	Actuals for access and fees lower than budgeted.	
PED	Tourism Support package - ZZ5021	0	212	195	(17)	Project extended into 2022/23.	Yes
PED	CCAG2 20 mph areas (yellow) - AN5204	0	0	1	1		
PED	CH ASHP/Secondary Glazing/LED - AM1000	0	627	399	(228)	Project extended into 2022/23.	Yes
PED	CityHall chamber bench consvtn - AL1000	0	59	30	(30)	Project extended into 2022/23.	Yes
PED	20 Hurricane Way Fencing - AA1728	0	0	0	0		
PED	CILN Ketts Heights - AA5200	0	0	0	0		
PED	Churchman House - AB1369	0	94	94	(0)		
PED	Threescore phase 3 - AI5100	0	2,000	0	(2,000)	Project extended into 2022/23.	Yes
Total GF Development & City Services GF Capital Programme		**17,357**	**17,461**	**8,563**	**(8,998)**		

Annex C3: Development and City Services HRA capital budget

Service	GF Capital Expenditure Programme	Original Budget (£000)	Current Budget (£000)	Provisional Outturn (£000)	Provisional Variance (£000)	Comments	C/fwd?
HD	Demolition & Site Maintenance - AA5100	50	50	(0)	(50)	Budget not required in 2021/22.	
HD	Capital Grants Housing Asscns - AM0000	2,000	2,000	1,612	(388)	Grants based upon demand from RP.	
HD	HRA CP 20/21 Mile X Depot Site - AB1005	5,330	1,105	103	(1,002)	Spend profile slower than anticipated. .	Yes
HD	LANB-Goldsmith Street - AD5100	0	34	4	(30)	Final site costs will arise in 2022/23.	Yes
HD	Threescore phase 3 - AI5100	4,660	3,180	180	(3,000)	Spend profile slower than anticipated. .	Yes
HD	LANB - Northumberland Street - AJ5100	689	689	0	(689)	Land disposed of and project cancelled	
HD	LANB Argyle Street - AP5100	2,440	578	69	(509)	Spend profile slower than anticipated. .	Yes
HD	LANB Kings Arms - AQ5100	932	932	557	(375)	Spend profile slower than anticipated. .	Yes
HD	Ailwyn Hall redevelopment - AR5100	827	827	3	(825)	Project currently on hold pending CPO.	
HD	New Build Opportunities - AB5100	2,500	3,368	0	(3,368)	Hethersett land acquisition delayed.	Yes
HD	New Housing Acquisition	0	1,019	990	(29)	Unspent elements of budget to cove cost of post-acquisition upgrades.	Yes
Total HRA Development & City Svcs HRA Capital Prog		**19,428**	**13,782**	**3,518**	**(10,264)**		

NORWICH
City Council

Item 7

Committee Name: Cabinet
Committee Date: 06/07/2022
Report Title: Medium Term Financial Strategy - Update

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

OPEN PUBLIC ITEM

Purpose

To set out an indicative Medium Term Financial Strategy through to 2026/27 alongside the key assumptions and risks.

Recommendations:

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

Policy Framework

The Council has five corporate priorities, which are:

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

This report is relevant for all five corporate priorities.

It addresses the corporate priority to 'put the council on a sustainable financial footing and deliver services effectively and efficiently' by delivering on the action to review and update the medium-term financial strategy.

This report helps to meet the securing the council's finances objective of the COVID-19 Recovery Plan.

Background

1. Like all local authorities, Norwich City Council continues to face substantial financial challenges. Following on from a sustained period of austerity – the council is facing increasing demand for local services and significant inflationary rises in costs. The economic situation is putting huge financial pressures not just on council resources, but those of partners, local businesses, and residents, particularly the most vulnerable. The council also continues to manage the ongoing risk and uncertainty over future funding as well as long-term budgetary impacts arising from the Covid-19 recovery.

2. It is within this context and financial uncertainty that the council must review and develop its medium term financial strategy (MTFS) and approach to setting the budget in 2023/24 and beyond. The MTFS looks to model the expected external financial changes and internal budget pressures, to assess the overall impacts on the council's financial position over the next four years and establish a strategy for ensuring financial sustainability.

3. It is important to note that the assumptions and modelling underpinning the analysis in this report are themselves subject to significant uncertainty and will change over time as government plans for the resources for local authorities becomes clearer and the economic environment evolves. Cabinet will continue to be kept updated as things change but at this point the level of uncertainty is high and this needs to be borne in mind.

4. The MTFS approved by Full Council in February 2022 showed a need to make permanent gross savings of £9.950m over the next four years. In the budget paper, the council identified potential future savings of £1.800m against the cumulative target of £9.950m.

5. This paper outlines the key developments and factors influencing the MTFS, how they impact on the future savings challenge as well as the next steps for refining the MTFS and budget options for 2023/24. The paper also looks at the emerging pressures on the approved 2022/23 budget as a result of the wider economic inflationary pressures as well as the opportunities generated by improved covid recovery assumptions.

Strategic Context

6. In February 2022, Full Council approved the Corporate Plan 2022-26. The document sets out the vision for the city and for the council over the next four years. It is shaped by the Norwich 2040 City Vision, as well as the council's response to Covid-19. The corporate plan provides a framework for the decisions taken - how we prioritise and how we allocate the resources we have available to achieve these priorities.

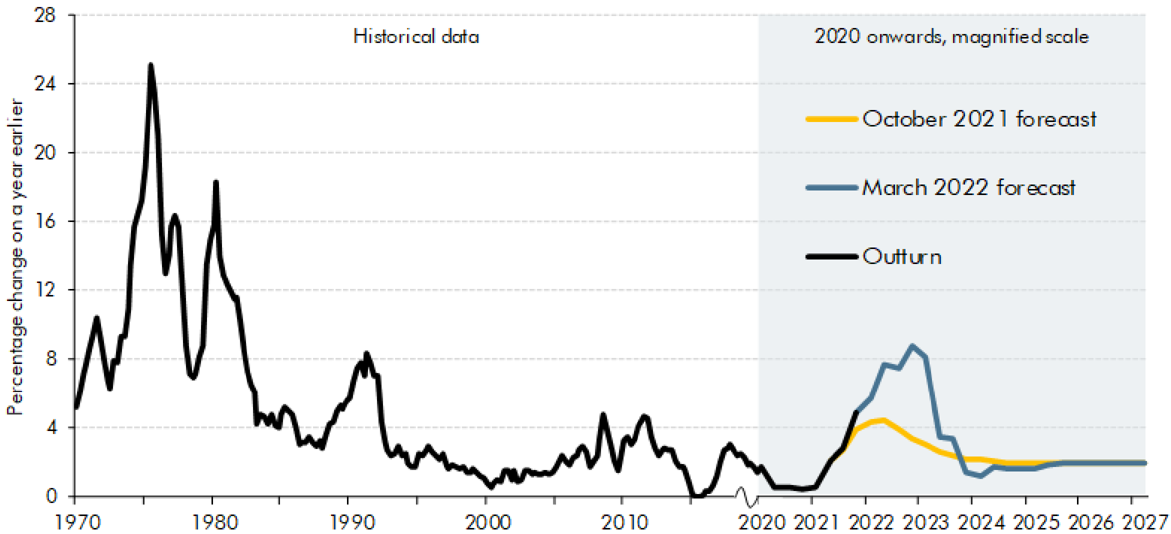
7. A key priority in the corporate plan is putting the council on a sustainable financial footing and delivering services effectively and efficiently. Future budget decisions will need to balance delivering on the ambition and priorities of the council whilst ensuring the authority remains financially sustainable over the medium and long term. As part of delivering this priority, it is important to ensure the continuous review and development of the council's medium-term

financial strategy. This then informs the options and decisions for delivering balanced and sustainable budgets over the next four years and beyond.

Wider Financial Context

8. Recent years have seen a huge degree of economic uncertainty following the Covid-19 pandemic alongside supply bottlenecks, rising inflation and the conflict in Ukraine. The Office for Budget Responsibility (OBR) noted in their March 2022 economic and fiscal outlook report the significant impact on real living standards with inflation outpacing growth in earnings. This is compounded by rising energy and fuel prices, with the report noting that petrol prices are already up a fifth since the OBR's October 2021 forecast and household energy bills set to jump by 54 per cent in April 2022. If wholesale energy prices remain as high as markets expect, energy bills are set to rise around another 40 per cent in October 2022, pushing inflation to a 40-year high (Table 1).

Table 1: CPI inflation



Source: Bank of England, ONS, OBR

9. The Office for National Statistics reported that the Consumer Prices Index (CPI) rose by 9.0% in the 12 months to April 2022, up from 7.0% in March. This is the highest CPI 12-month inflation rate in the National Statistics series, and estimates suggest that CPI would last have been higher sometime around 1982.

Financial implications in 2022/23

Review and actions from 2021/22 provisional outturn

10. The Combined Assurance Report Q4 2021/22 is a separate report on the same Cabinet agenda. This reports an underspend position on the general fund of £2.364m. Full detail on the financial position and variance analysis is provided as part of the provisional outturn report (on the same agenda).

11. As part of assessing the 2021/22 performance, deep dive reviews have been completed with Heads of Service to understand in detail the factors driving

budget variances, identify areas for enhanced forecasting approaches and establish where improved income performance is likely to be replicated in 2022/23 and beyond. See further detail in paragraphs 17, 18 and Table 1.

12. A further outcome of the reviews is that budget manager training will be refreshed with a focus on supporting budget managers to undertake improved scenario modelling and sensitivity analysis as part of budget forecasting. In addition, there is a need to embed a capital project management approach with enhanced capital governance that is responsive to delivery challenges and managing budget risks.

13. During August, a baseline budget review will commence, this will be led by finance in collaboration with service managers. This will look to identify where budgets need realignment, assess where improved income performance can be built in on a permanent basis or where actions are required to address budget pressures. The review will build assurance over all significant elements of the budget and thereby ensure a firm basis from which to monitor in-year performance. The outcome from this will inform the financial position for discussion at the scheduled Cabinet away-day in September and the corporate planning updates in the Autumn.

<u>Contract Management</u>

14. Effective contract management, ensuring the Council is delivering the intended outcomes from its contracts and securing value for money, is a core factor in securing delivery across both our revenue and capital programmes.

15. Our internal audit team, through their review programme, recognised the potential to strengthen the Council's contract management arrangements, as was further emphasised with the identified issues in our housing compliance programme. The Council has embarked on a programme of work to improve its contract management.

16. This has led to the provision of further training in respect of contract management, the introduction of contract management plans and other measures to support more effective contract management. These will be reported to the Audit Committee in July in more detail. Nonetheless, it is important to highlight that the implementation of these steps should assist the Council in facilitating more effective discussions around monitoring delivery, gaining early insight to potential challenges to revenue and capital budgets and potential reprofiling.

<u>Outcomes from Deep Dive reviews undertaken in June 2022</u>

17. During June, detailed discussions were held with heads of service to understand better the outturn position in 2021/22 and consider what actions would be necessary to ensure that the 2022/23 budget can be monitored more effectively with any consequent changes reflected in the budget as soon as possible.

18. As a result of those budget discussions with heads of service, some key themes have emerged which are set out below.

a. There are a small number of areas where the 2022/23 budget continues to include support because of the uncertainty associated with the timing for income levels returning to pre COVID 19 levels. In the event the 2021/22 outturn indicates that some income levels had performed more strongly and that this is expected to be a continuing feature in 2022/23. As a result some of the additional support provided could be removed although it is sensible to hold some of that in reserves to cover any remaining risk of that income performance not being achieved.
b. For a small number of other income areas the current income budget is already below the level of income achieved in 2021/22 and again this is expected to be a continuing factor from 2022/23 onwards; for these areas the income budget can be increased with a commensurate increase in the contingency in 2022/23, which can be used to contribute to covering some of the known inflationary pressures.
c. A one-off benefit has also been identified from the recycling contract which can be added to the contingency and also contribute to covering some of the inflationary pressures.

19. The following Table summarises these issues.

Table 1

	Estimated Impact (£000)
Bringing forward the unwinding of C-19 related income growth	
Commercial property investment income	(113)
Off-street car park income	(473)
Multi-storey car park income	(351)
Net interest earned	(85)
Additional income from deep dive process	
Recycling credits	(200)
Garden waste income	(175)
Net interest earned	(100)
One-off income	
Recycling profit share & contract rebate	(118)
	(1,615)

<u>In-year budget pressures</u>

20. There are several areas where financial pressures are emerging in 2022/23 and given the volatility of the wider economic condition these are subject to change as the financial year progresses and a clearer picture of service demand and costs is known.

21. Payroll is an identified area of budget pressure with pay awards likely to be increased considering the current inflationary impacts on the cost of living. The council's pay structure is primarily based on national negotiating body pay

spines and nationally negotiated settlements; the process for 2022/23 has not yet concluded and therefore there is uncertainty on the financial impact in 2022/23 as well as the future years of the MTFS (see paragraphs 30-32).

22. The 2022/23 budget included an assumed 2% pay award, and a range of scenarios have been modelled to understand the potential financial impact of any changes to that position. The changes to national insurance rates and bands along with a 2% higher pay award is estimated to cost an additional £0.6m to the general fund. As a clearer picture emerges of the national pay negotiations, the forecasts will be refined and reported to Cabinet through the quarterly assurance process. Similar pressures would also be seen in the HRA and will need to be reflected in the emerging business plan.

23. Many of the council's contracts have inflationary increases incorporated within them and how CPI and RPI measures move over the next 12 months will impact on the costs. Inflationary pressures have been identified on the council's waste and recycling collection contract with cost pressures in the 2022/23 financial year against the budget of approximately £0.340m. For other contracts, the inflation has been applied based on published measures last year and therefore the cost impacts will be seen as the year progresses, when re-tendered or from next financial year.

24. The economic situation is putting huge financial pressures on local businesses and residents, particularly the most vulnerable. It is likely that service demand pressures will emerge in the coming months with increases already been seen in contract through the council's homelessness service. This may also impact on council income streams and the levels of council tax and business rates collected, coming on top of the previous Covid-19 challenges.

25. In the past allowance has been made for demographic growth and other unavoidable growth such as changes to legislation to be met from a sum built into the budget. This has been maintained at £0.750m for each year of the MTFS although, given the extent of the gap being seen it is imperative that only unavoidable growth is allowed and as a first point of call efforts to contain within existing resources are made. As the planning cycle progresses this is an area where significant attention will be made to minimising this sum as it has a significant impact on the overall council's position.

Review of Medium-Term Financial Strategy Assumptions

26. The MTFS provides a projection of the cost of delivering current council services over the next 4 years alongside the expected scale of demand and projections for income forecasts. This provides us with an estimated budget gap, from which the council will need to identify options that deliver savings or generate additional income across all service areas.

27. In developing these savings options there is a need to address the budget position across the full four-year period. This is vital in creating a strategic medium-term approach to addressing the savings challenges and allows for the inclusion of projects that may have a longer lead in time or need up-front investment. The strategic use of reserves can assist with that process but fundamentally the identified budget gap needs to be resolved through the

identification and implementation of on-going budget reductions or increased income.

28. It is important that the MTFS is refreshed, and this report details the key updates made to the model since the budget and MTFS were considered by Cabinet in February, to reflect the latest inflationary pressures as well as opportunities to rebase budgets following a review of the 2021/22 budget outturn position. This update will also inform the budget setting process for 2023/24 and beyond. Assumptions will continue to be updated during the Autumn as more information on government funding becomes available with the final update provided to Cabinet and Council as part of the budget papers in February 2023.

29. The financial modelling also includes the cost to the council of services commissioned through the council's wholly owned companies, Norwich City Services Limited and Norwich Regeneration Limited. Income streams are also incorporated into the model from the council's provision of support services and loan financing to the companies.

Payroll & Pension Costs

30. Payroll and pension related costs make up a significant proportion of the general fund revenue budget and therefore the MTFS position is highly sensitive to changes in the modelling assumptions.

31. The council's pay structure is primarily based on national negotiating body pay spines and nationally negotiated settlements. The council also pays in accordance with Living Wage Foundation rates. The pay award process for 2022/23 has not yet concluded and therefore there is uncertainty on the financial impact in 2022/23 as well as the future years of the MTFS.

32. In the February 2022 MTFS, payroll-related inflation was estimated at 2.75% in 2023/24 and beyond to allow for an annual pay settlement, pay increments, and the impact of the Living Wage. Considering the expected increases in the living wage foundation levels and overall economic inflation forecasts, it is prudent to consider a range of possible pay scenarios across the life of the MTFS. The model has been updated to incorporate pay inflation of between 3% and 5% over the next four years. As shown in Table 4 the impact for every 1% on the pay award equates to around £0.240m additional cost. These estimates are not based on any evidential basis and are therefore illustrative.

33. The last triennial review of the council's Local Government Pension Scheme covered the period 2020/21 to 2022/23. The process for the next review by the scheme actuaries is underway (expected to complete by late 2022) and will determine the contribution levels for the three-year period starting 2023/24.

34. As part of their pre-valuation work, the actuaries have undertaken a high-level review of the council's investment and contribution strategies. This review has shown an improvement in the funding position of the council's pension scheme mainly because of investment performance. As a result, initial estimates indicate a potential cash freeze on the contribution level or a possible annual decrease over the three-year period. Based on the initial feedback the MTFS

assumptions have been updated to hold the pension deficit contribution rate at the 2022/23 level. This is a significant benefit to the budget position, reducing the four-year saving requirement by around £1.8m.

Contractual and other inflation

35. **General assumption:** A review of the CPI inflationary forecasts from the Office for Budget Responsibility has been undertaken and future inflation has been included on premises costs, supplies and services, and transport throughout the MTFS planning timeline. Inflation has been assumed at 6% in 2023/24, reducing gradually to the Bank of England's 2% target by 2026/27. Where more specific intelligence exists about how costs are expected to be impacted, this has been built into assumptions as detailed below.

36. **Utilities:** Our current gas framework is due to expire in March 2023. This is a significant risk to the Council, in that the current framework is presently using gas purchased at April 2021 prices and initial advice is that the Council could be expected to see an approx. £0.500m (150%) increase in rates for 2023/24.

37. Our electricity framework is due to expire in September 2023. Again, this presents a risk for the reasons set out above. At present, framework providers have not yet begun retendering for this period and as such only provisional estimates are being provided, albeit we are being forecast a similar 150% increase, which would mean a £0.250m increase in rates for 2023/24.

38. Whilst this principally may seem a budgetary pressure of £0.750m, a proportion of this is subsequently re-charged to commercial tenants and some of our residents through service charges. Whilst this may mitigate the Council's risk exposure, we have to be mindful of the impact this may have on our residents and tenants. Across the Council, work is being undertaken to see how this impact can be mitigated which will include analysis of billing arrangements and potential alternative purchasing options.

39. **Insurance:** In terms of the 2023/24 year, it is challenging to predict. The Global Insurance Market Index demonstrates that the rate of premium increases has been on a downwards trend, albeit this could be reversed with the current inflation rates increasing prices in raw materials and claims. For those lines where there may be more predictability, our insurance team are generally estimating a 10% increase in premiums, however the level of volatility could result in higher outturns. We will review opportunities to reduce potential costs (including coverage on individual lines and our settlement budgets) to mitigate this increase.

Covid-19 Recovery

40. Continuing short-term impacts of Covid-19 were built into the budget for 2022/23 totaling £1.230m, this included impacts on parking and commercial rents income. The MTFS assumes that the baseline budgets for 2023/24 are back to the pre-pandemic levels.

41. The review of the 2021/22 outturn position and current projections for 2022/23 suggest that the rate of income recovery is expected be faster and therefore

improved income levels are forecast. This is detailed further in paragraphs 17, 18 and Table 1.

Fees & Charges

42. Fees and Charges is an area where the Council can generate income from services where it makes a charge. Some fees are set by statute, but others can be varied to take account of costs. It is important that these charges are reviewed annually, and the expectation within the MTFS 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.

43. We are proposing to review all fees and charges ahead of January 2023 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.

44. Inflationary uplift assumptions have been applied to the income budgets for fees, charges and rental income. Inflation on income however is prudentially set to run 1% below the assumptions applied to expenditure budgets.

Housing benefit

45. In recent years the council has seen reducing level of subsidy recovery against its housing benefit expenditure, attributable to continuing growth in rent levels against fixed subsidy caps. The projection is this will continue to worsen over the life of the MTFS. Whilst every council is seeing increased natural migration to Universal Credit, Department of Work & Pensions (DWP) rules mean cases that attract 100% subsidy return are lost to councils, whilst DWP's strategy is to continue to leave temporary, exempt and supported accommodation cases with councils and it is these cases subject to punitive subsidy rules. Along with increased demand and rental market pressures, councils are therefore seeing increased subsidy loss.

46. There is an emerging risk in connection with historical housing subsidy claims that might require the repayment of previous years housing subsidy. An initial review of the potential liability has indicated that this could be in the region of £0.500m. As detailed in the Combined Assurance Report Q4 2021/22 (on the same agenda) this risk, alongside the other financial risks set out in this report, have been recognised by adding an element of the 2021/22 underspend to the Budget risk reserve.

Capital Financing

47. The capital financing budget includes interest charges from external borrowing and Minimum Revenue Provision charges. The budget for 2022/23 provides coverage for all existing external borrowing and an allowance for a further £15m of external borrowing spread across the financial year at a rate of 2%. Additional allowance for further general fund borrowing of £42m in subsequent years has been allowed for across the life of the MTFS to reflect that the council is currently under-borrowed relative to its capital financing requirement.

48. No changes have been made to the capital financing assumptions in the MTFS, however this is an area that will be reviewed as part of the 2023/24 business planning process. The review will take into account projections for the capital programme and its financing as well as the treasury management requirements.

Government Funding

49. As a result of receiving only a one-year local government finance settlement allocation for 2022/23, the council does not have certainty over the future format of grant allocations – in particular, New Homes Bonus, Lower Tier Services Grant and Services Grant.

50. In 2022/23 these allocations totalled £1.452m and an assumption was made in the MTFS that the council will continue to receive two-thirds of that grant funding in some form in the future years of the MTFS. This was based on the understanding that the funding will be retained in the local government sector going forwards but is likely to be subject to revised allocations between authorities based on the updated resource need assessment.

51. The future funding is likely to be dependent on the outcome of several local government funding reforms including the Fair Funding Review, business rates baseline reset and a replacement scheme for New Homes Bonus. These reforms were delayed from April 2022 but there is still no clarity about the timing of the reviews and implementation dates. Considering the lack of progress from government on developing and consulting on changes, there is potential for the reviews to be further delayed beyond April 2023.

52. Given the uncertainty, the MTFS assumptions have been maintained that grant funding reduces from current levels. If, however, there is another rollover settlement for local government in 2023/24 with grant levels maintained at current levels, the council would receive approximately £490k of additional funding compared to the MTFS assumption.

Council Tax & Business Rates

53. Any increase in the level of council tax is limited by the government's referendum principles, which currently for a district council have been set at a maximum of 2% or £5 each year since 2020/21. For future years of the MTFS, the same referendum principles have been assumed with the maximum assumed increase allowed being taken each year. An increase in the council tax base of 1.25% per annum is also assumed for estimated growth in the number of dwellings in the Council's area.

54. In recent years, the referendum levels have broadly mirrored the wider inflationary levels, but it is not yet clear whether this may mean an increase in the permitted rises for 2023/24 given the inflationary forecasts for this year are significantly above 2%. For every additional 1% increase in the Band D rate the council would generate approximately £110k of income.

55. The business rates multipliers are normally adjusted every year to reflect the Consumer Price Index (CPI) inflation figure for the September prior to the billing year. Where the government chose to cap the increase applied below the CPI increase, the council has previously, and will continue to assume, that they will be compensated via S31 grant for the difference. The MTFS has therefore been updated to apply the higher CPI forecasts and mirror the general inflationary assumptions.

56. The forecasts for retained Business Rates income from 2022/23 assume current baseline funding amounts and do not consider, the potentially significant changes in funding arising from 75% Business Rates Retention and the Fairer Funding Review.

Updated MTFS Position

57. Taking the above factors into account the updated MFTS shows an increase in the four-year savings target from £9.950m to £10.952m. This updated position builds in the inflationary pressures in the next few years as well as the improved pension contribution position. The fact that the additional pressures impact most significantly in the earlier years of the MTFS means that the projected budget gap for 2023/24 is £6.200m.

58. Previously the Council has adopted a ‘smoothing’ approach through general fund reserves to manage the uneven savings requirements however, the extent of the savings required in 2023/24 means that significant savings need to be found in the short term.

59. The provisional balance on the general fund reserve as at 31 March 2022 is £9.9m. The prudent minimum level for the reserve has been assessed at £5.1m. This allows for headroom in the reserve of £4.8m which it can be seen is insufficient to meet the estimated 2023/24 savings challenge of £6.2m in full.

60. If the level of savings required is not found on an on-going basis it is possible that the level of general reserves held by the Council could reach the minimum level of reserves by as soon as the end of 2023/24. Consequently, it is vital that the council identities options to deliver in full on an on-going basis the full four-year saving requirement. The priority areas will need to form a key element of bringing the budget into balance over the next 12-24 months.

Table 2: Summary Medium Term Financial – Figures are in £000s

	2023/24	2024/25	2025/26	2026/27
Budget base	23,684	19,589	21,090	21,131
Resources	(17,484)	(18,458)	(19,024)	(19,575)
Savings required (in-year)	**6,200**	**1,131**	**2,065**	**1,555**
Savings required (cumulative)	**6,200**	**7,331**	**9,397**	**10,952**

61. The council has identified potential future savings of £1.800m against the previous cumulative target of £10.952m. These provisional options were included in the 2022/23 budget report to Full Council and are shown in

Appendix 1. These will continue to be refined and developed into business cases with robust delivery plans as part of the 2023/24 corporate business planning cycle.

62. The deep dive reviews of the 2021/22 outturn position have also identified several areas where income budgets can be rebased because of current performance levels. These are shown as additional lines in Table 3 and are expected to be permanent adjustments to the base budgets and therefore contribute to addressing the financial challenge over the medium term.

Table 3: Figures are in £000s

	2023/24	2024/25	2025/26	2026/27
Permanent savings/income requirement (in-year)	**6,200**	**1,131**	**2,065**	**1,555**
Of which:				
Provisional savings outline in the 2022 budget paper (in year)	(592)	(859)	(288)	(61)
Deep dive: Recycling credit income	(200)			
Deep dive: Garden waste income	(175)			
Deep dive: Interest income	(100)			
Still to be identified (in-year)	**(5,133)**	**(272)**	**(1,777)**	**(1,494)**
Still to be identified (cumulative)	**(5,133)**	**(5,405)**	**(7,182)**	**(8,677)**

63. A transformation team has been set up with the council to co-ordinate and programme manage the range of projects identified to help deliver the financial savings/income requirements. The medium-term aim is that the team is self-financed through the savings realised by the overall programme. Given the lead in times required to deliver several the financial benefits, it may not be possible for the team to be self-funding in 2023/24. If this is the case, the annual cost of approximately £0.280m may need to be met (fully or in part) from additional short-term savings or a draw down from the business change earmarked reserve.

Risks & Uncertainties

64. There are number of significant financial risks and uncertainties over the period of the medium-term financial strategy. These include:

- Uncertainty over future inflationary levels and impacts on council expenditure;
- Implications of the Government's ongoing reviews of local government funding, business rates and a replacement for New Homes Bonus;
- Future government policies e.g. National Waste Strategy, Planning White Paper, Levelling up and local government reorganisation;
- Capital requirements arising from the ongoing strategic review of the council's asset portfolio and possible changes to capital accounting requirements;

- Uncertainty over the cost implications of delivering the council's Environmental Strategy and Biodiversity Strategy (paragraph 66);
- Impact of nutrient neutrality requirements on planning income (paragraphs 67-70).

65. A sensitivity analysis has been conducted against the key variables and Table 4 shows the potential impact in changes in the assumptions.

Table 4 – sensitivity analysis

Area	**Variable modelled**	**Impact (£000)**
Council Tax	1% movement on the Band D rate	110
Payroll	1% movement in the pay award	243
Pension rate	1% movement in the pension contribution rate	200
Contractual inflation	1% movement in CPI assumption	174
Utilities	1% movement in cost inflation level	153

Environmental Strategy & Biodiversity Strategy

66. Aligned to commitments made in the 2040 City Vision and the Corporate Plan, strategies will be published during 2022 which set out the principles and direction of travel for significant environmental programmes. These programmes include biodiversity improvement across the city and the decarbonisation of council owned homes and operational buildings, towards net zero targets. With regards the latter particularly, significant resources will be required to further insulate council owned homes and general buildings, and to provide renewable energy solutions, albeit over a long time frame. The strategy work of 2022 will provide order of cost estimates and indicate the feasibility of different funding options.

Nutrient neutrality

67. Along with other councils in Norfolk and elsewhere in the country, the city council has been notified by Natural England to quickly adopt a more rigorous approach to assess the effects of changes in water quality, in order to achieve 'nutrient neutrality'. As with all affected councils, this means the city council is currently unable to grant planning permission where a development is likely to add nutrient pollution to water, until we find a solution. Significant work has been undertaken to date to respond to this requirement and consultants have been brought in to work up the required mitigation strategy including short, medium and longer term solutions.

68. In the immediate future there is a risk around the delivery of planning income budgets if the number of applications received into the department start to reduce. Month on month since March 2022 when the advice was received, submissions have reduced by 10 each month. Budgets are in a relatively good place at the start of the financial year due to two large schemes having been submitted at the end of 2021/22 and start of 2022/23, with most, if not all, of the fees having been included in this year's budgets. The same issues will also apply to pre-application advice requests coming into the department as well.

The income performance will continue to be closely monitored with updated forecasts provided as part of the quarterly performance reporting to Cabinet.

69. Additional costs to date are able to be met through the DLUHC funding of £100,000 per catchment area and spend is being coordinated through the Norfolk Strategic Planning Partnership at present time.

70. There will also be implications for the council's wholly owned company Norwich Regeneration Ltd as a property developer. These will be monitored through the shareholder panel and standard reporting through to Cabinet.

Priority Themes

71. 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.

72. As part of the Future Shape Norwich programme, focus areas have been identified which have the potential to improve service delivery, operational efficiency and/or support the financial sustainability of the council. These high value themes cover:
    - Contract reform
    - Commercialisation
    - Driving value from our assets
    - Growth and regeneration
    - Service redesign
    - Workforce, culture and organisational development

73. Workstreams have been set up to support these key themes with business cases being developed and reviewed over the summer.

HRA business plan

74. There is an ongoing comprehensive review of the HRA business plan (including stock condition data) which will support us in understanding how HRA financial capacity (over the 30-year term of the plan) can be aligned to invest in existing priorities and ambitions to meet new investment challenges arising from building safety legislation and climate change targets, including retrofitting our homes. The outcomes and implications from the review will be reported to Cabinet in the Autumn.

Consultation

75. In line with the approach used in previous years, citizens, HRA tenants, partners and local businesses will be consulted on the proposed approach to meeting the savings target for 2023/24 and the proposed council tax level.

Implications
Financial and Resources

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

77. There are no direct proposals in this report that would reduce or increase resources. The financial position of the council is the focus of the report with the financial implications of the medium-term modelling detailed throughout.

Legal

78. The Local Government Finance Act 1992 requires the Council to set a balanced budget before the statutory deadline and the early identification of the estimated budget gap is essential to the achievement of that requirement.

79. 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. The report highlights the risk to the recommended minimum level of the Council's general fund reserves arising from the level of savings necessary in the early years of the MTFS.

80. There are no other specific legal implications arising from this report.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	No direct implications
Health, Social and Economic Impact	No direct implications
Crime and Disorder	No direct implications
Children and Adults Safeguarding	No direct implications
Environmental Impact	No direct implications

Risk Management

Risk	Consequence	Controls Required
Current assumptions in the MTFS vary in the medium term to worsen the projections.	This increases the on-going financial shortfall.	Regular review and updates of the medium term financial strategy. Maintenance of council earmarked reserves for specific identified risks (e.g. budget risk reserve, commercial property reserve). The maintenance of a Prudent Minimum Level of General Fund reserve.

Other Options Considered

81. There are no alternative options to this report.

Reasons for the decision/recommendation

82. To highlight to Cabinet the impact of the updates to the medium term financial strategy based on the current position which has evolved since the budget and MTFS were last considered in February 2022; the implications for the budget process for 2023/24 and beyond.

Background papers: None

Appendices:
Appendix 1: Provisional identified budget savings/ increased income.
Appendix 2: Medium Term Financial Strategy Assumptions.
Appendix 3: MTFS Risks (Exempt appendix).

Contact Officers:

Name: Hannah Simpson / Neville Murton

Telephone number: 01603 989569 / 01603 987766

Email address: hannahsimpson@norwich.gov.uk or nevillemurton@norwich.gov.uk

Appendix 1: Provisional identified budget savings/increased income over MTFS period

The council has identified potential future savings of £1.800m against the cumulative target of £9.950m as at February 2022. These provisional options are shown in the table below and will continue to be investigated and potential savings values refined as part of the 2023/24 corporate business planning cycle.

The profile of the additional income assigned to the car parking charges has been moved back up one year to align with the revised operational timeframe for fee reviews. Modelling of fee options is currently being undertaken with the aim of refining the likely profile and outcome from fee reviews over the medium term.

Theme	Directorate	Description	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
	Development & City	Gypsy and Traveller Site Management – resulting from a change in provider of site management		50			**50**
	Community	Efficiencies from the implementation of the customer and digital strategy from improved processes and channel shift.	112	160			**272**
	Corp & Commercial	Internal shared service – to assess how we can generate efficiencies through sharing of administrative functions	25	35	35	35	**130**
	Development & City	Review of waste and recycling collections – savings to be delivered through increased efficiencies of collection service	210	50			**260**
	Community	Estimated longer term savings from move to community centre leases		16	50		**66**
Fees & Charges	Community	The Halls – increased income assumptions after market analysis	10				**10**

Theme	Directorate	Description	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
	Development & City	HMO licence fee increase based on 5yr licences	20				**20**
	Development & City	Expansion of charges for Parking in parks – charges for parking in parks to be extended to car parks that have suitable infrastructure and space	10	10			**20**
	Development & City	Review of Car Parking charges – charges have not been reviewed for a number of years, and new charges will be introduced to reflect the current market		480	120		**600**
	Development & City	Review of Markets Income – the cost of renting a stall at the market increased last year for the first time in a number of years. This is a continuation of this process	38	38			**76**
	Development & City	City Hall rental – income from potential rental of accommodation in City Hall	56				**56**
	Development & City	Rental income from Old Carrow House following refurbishment as part of the Towns Fund project – income following associated capital expenditure to bring the building back into use.	100				**100**
	Development & City	Introduction of food safety pre-inspection audits	10	20	24	26	**80**
	Development & City	Introduction of additional HMO licensing scheme			60		**60**
			592	**859**	**288**	**61**	**1,800**

Appendix 2: Medium Term Financial Strategy Assumptions

Budget Resources

	2023/24	2024/25	2025/26	2026/27
RESOURCES				
Council Tax				
Anticipated increase in taxbase	1.25%	1.25%	1.25%	1.25%
Projected taxbase	38,260	38,738	39,222	39,712
Planned Council Tax increases				
Council Tax Increase	1.99%	1.99%	1.99%	1.99%
Council Tax Band D £	285.79	291.48	297.28	303.20
Council Tax Yield (£000)	£10,934	£11,291	£11,660	£12,041
Surplus/(deficit) on Collection Fund (£000)	£0	£75	£75	£75
Council Tax Support Grant	£0	£0	£0	£0
	£10,934	**£11,366**	**£11,735**	**£12,116**
Business Rates Retention Scheme				
CPI assumption	6.00%	4.00%	3.00%	2.50%
Local Business Rates (£000)	£6,838	£7,091	£7,289	£7,459
Surplus/(deficit) on Collection Fund (£000)	(£288)	0	0	0
S31 grant transfer from reserves				
	£6,550	**£7,091**	**£7,289**	**£7,459**
Revenue Support Grant (£000)	**£0**	**£0**	**£0**	**£0**
Total Resources (£000)	**£17,484**	**£18,458**	**£19,024**	**£19,575**
Increase/(decrease) in resources (£000)	*-£229*	*£974*	*£567*	*£551*
% increase/(decrease) in resources (£000)	*-1.3%*	*5.6%*	*3.1%*	*2.9%*

Budget Requirement

EXPENDITURE				
Base Budget Requirement b/fwd (£000)	**£19,813**	**£23,933**	**£26,032**	**£28,674**
2022/23 inflationary pressures - ongoing impact				
Payroll additional costs 22/23	£625			
Contractual inflation 22/23	£340			
Inflation				
Payroll inflation %	4.50%	3.50%	3.50%	3.50%
Payroll inflation (£000)	£1,200	£974	£1,003	£1,032
Pension Deficit increases (£000)	£0	£0	£0	£0
Expenditure inflation assumption (£000)	£2,024	£235	£632	£539
Income inflation assumption (£000)	(£817)	(£474)	(£389)	(£297)
Changes in Grants	£340	£65	£58	£53
Reverse C-19 growth	(£1,230)			
Reverse one-off savings	£1,877			
Reverse one-off growth	(£727)			
Reverse one-off contribution to Business Change reserve	(£600)			
Removal of corporate vacancy factor	£300			
Housing Benefits net subsidy position movement	£260	£271	£285	£0
MRP & capital financing movements	(£473)	284	293	30
Permanent service-demand growth assumption	£750	£750	£750	£750
Total budget movements	**£3,871**	**£2,105**	**£2,632**	**£2,106**
Revised base budget requirement(£000)	**£23,684**	**£25,789**	**£28,421**	**£30,527**
Required Efficiencies (£000)	**(£6,200)**	**(£7,331)**	**(£9,396)**	**(£10,952)**
In year efficiencies (£000)	**(£6,200)**	**(£1,131)**	**(£2,065)**	**(£1,555)**

Identified savings/income (cumulative)	(£592)	(£1,451)	(£1,739)	(£1,800)
Deep dive: Recycling credit income	(£200)	(£200)	(£200)	(£200)
Deep dive: Garden waste income	(£175)	(£175)	(£175)	(£175)
Deep dive: Interest income	(£100)	(£100)	(£100)	(£100)
Still to be identified (cumulative)	(£5,133)	(£5,405)	(£7,182)	(£8,677)

NORWICH City Council

Item 8

Committee Name: Cabinet
Committee Date: 06/07/2022
Report Title: City Deal Borrowing and the establishment of the Greater Norwich Strategic Investment Fund

Portfolio: Councillor Waters, Leader of the council

Report from: Executive director of development and city services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose
For Cabinet to consider and agree the establishment of the Greater Norwich Strategic Investment Fund

At their public meetings on 17th June and 30 September 2021, the Greater Norwich Growth Board (GNGB) endorsed a recommendation to drawdown £20m City Deal borrowing to create a cyclable programme of funding to bring forward the delivery of major community infrastructure projects. This report provides the background to the City Deal borrowing and explains the governance, legal and administrative arrangements that would be required to support the proposed new fund.

Recommendation:
It is recommended that Cabinet:

1) Give authority to Norfolk County Council, as the Greater Norwich Growth Boards accountable body, to draw down up to £20m from the Public Work Loans Board to create a cyclical fund to support local infrastructure projects as agreed in the Greater Norwich City Deal, subject to the following conditions:
    a) The loan is used to create a fund, which will accelerate the delivery of infrastructure projects within the parameters defined within Community Infrastructure Levy (CIL) legislation.
    b) Repayment to be made from the Infrastructure Investment Fund (IIF pooled CIL).
    c) The loan will be loaned on to one of the Greater Norwich partners acting as lead authority and secured in a borrowing agreement with Norfolk County Council, which will include an agreed repayment schedule and back stop date.
    d) Repayments from the lead authority would be made into a new cyclable Strategic Investment Fund (SIF).
    e) Due diligence and legal arrangements regarding the beneficiary project will be the responsibility of the lead authority.

2) agrees the draft legal agreement that will commit future pooled Community Infrastructure Levy income as repayment against the drawdown of up to £20m through the Greater Norwich City Deal (amounts will be drawn in stages see Appendix E and F)

3) Subject to (ii), upon each staged draw down totaling no more than £20m, the GNGB to be granted delegated authority to sign the legal agreement together with their s151 officers, under the direction of Norfolk County Council as the Accountable Body and in accordance with their signed Joint Working Agreement – Appendix H

4) Gives the GNGB delegated authority to manage the allocation of the City Deal borrowing and later, governance of the Strategic Investment Fund in line with the draft Terms of Refence attached at Appendix A and B.

Policy Framework

The Council has five corporate priorities, which are:

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

This report helps to meet the priority that Norwich has the infrastructure and housing it needs to be a successful city

Report Details

1. Background of the Greater Norwich City Deal

1.1 As part of the Greater Norwich City Deal agreement signed with MHCLG in 2013, the Greater Norwich Growth Board (GNGB) were afforded the opportunity to access lower-cost loan funding from the Public Works Loans Board (PWLB)

1.2 The total £80m borrowing was allocated in this way:

£60m for strategic infrastructure investment:

- £40m for the Broadland Northway (previously known as the NDR)
- £10m for the Long Stratton Bypass
- £10m for Central Norwich road network schemes

£20m to establish the Local Infrastructure Fund (LIF)

- ‘to create a revolving fund to support local infrastructure projects’ as detailed by Her Majesty’s Treasury when initially granting access to the loan.

1.3 To date, £40m for the Broadland Northway has been drawn down by the Board. This loan runs until June 2041 and is repaid in annual instalments from the Infrastructure Investment Fund (IIF also known as pooled CIL). A further £6.733m has more recently been agreed to be drawn down to support the delivery of Long Stratton Bypass. This loan will run for 25 years from the date that it is drawn, which is forecast to end in 2047/48.

1.4 In addition to the reduced cost borrowing, the signing of the City Deal led to the establishment of the IIF. Income received from the Community Infrastructure Levy (CIL) is pooled within the IIF and allocated to the infrastructure projects which form the Greater Norwich Growth Programme. The Growth Programme which is administered by the GNGB. To date, the partnership has allocated over £29m of IIF funding and £46m of CIL supported borrowing which has levered in at least an additional £240m to deliver infrastructure projects within the Greater Norwich area.

1.5 An update regarding the IIF and the City Deal borrowing is included within each Five Year Infrastructure Investment Plan. The most recent version stated that the GNGB may need to draw down the £10m allocated to Central Norwich road schemes in order to ensure timely delivery of East Norwich. This amount is not formally committed, but the full £60m allocated to strategic infrastructure (see 1.2) continues to be ringfenced to projects and must be drawn down by end March 2026.

1.6 The £20m allocated to the Local Infrastructure Fund (LIF) was a loan facility intended to provide upfront funding for onsite infrastructure delivery to small and medium-sized local developers. The facility was available for four years but the rate and level of take up was lower than expected. All the agreed loans were financed directly by Norfolk County Council without the need to draw down the £20m through the City Deal.

1.7 Following a review of the LIF facility, on 17th March 2020 the GNGB made the decision to bring it to a close and instructed the Greater Norwich Infrastructure

Delivery Board (IDB) to prepare an updated City Deal Borrowing schedule, proposing a reassignment of the £20m previously allocated to LIF. Several options were reviewed and on 17th June 2021 the GNGB endorsed the 'in principle' draw down of £20m City Deal borrowing to create a new cyclical programme of funding to bring forward the delivery of major community infrastructure projects and that the IIF should be used to repay the PWLB borrowing.

2. Introduction

2.1 The Greater Norwich partners have been working together for over 10 years. This ongoing partnership relationship will soon result in the current Joint Core Strategy being replaced by the Greater Norwich Local Plan (GNLP). The GNLP seeks to ensure that the development needs of Greater Norwich continue to be met to 2038, and its production demonstrates the partners' commitment to working together to support growth in the longer term. To support the delivery of the GNLP many strategies and plans have been developed including, but not limited to:

- Norfolk Strategic Infrastructure Delivery Plan (includes the Broadland Growth Link Road £38m)
- Local Transport Plan and Transport for Norwich Strategy Implementation Plans, including the Transforming Cities Programme and the Local Walking and Cycling Infrastructure Plans (includes the Green Loop £5.8m).
- Education capital programme (a new High School to the North East of the City £26m).
- East Norwich Masterplan (indicating that costs for infrastructure are £28.3m and £76.1m for site specific costs excluding schools and health/community facilities)

2.2 As these programmes develop and move closer towards delivery, eligible projects will be encouraged to apply to the IIF for funding. To date just over £39m has been received into the IIF and the forecast of total income received by March 2026 is £74m*. But this amount is small when compared to the full infrastructure requirements of Greater Norwich. The GNGB are proactively working together to close this funding gap and wish to harness the full benefit of the reduced cost borrowing that was made available through the City Deal. They have endorsed a recommendation to reassign the borrowing that was initially allocated to the LIF, to a new loan model which will lead to the establishment of the Strategic Investment Fund: A cyclical fund that will be used to support local infrastructure projects, as originally intended within the City Deal.

3. The objectives of setting up a new fund

3.1 The objectives of establishing the Strategic Investment Fund:

- To accelerate the delivery of major strategic infrastructure projects.
- To ultimately capture the benefit of extending the scope of beneficiary projects beyond that which is currently possible with the IIF, whose use is restricted by CIL legislation. By establishing the SIF, the definition of infrastructure projects can be broadened to match the original definition agreed within the City Deal 'This fund will be used to support infrastructure required to open up sites for housing or employment development'

- To realise the benefit of drawing down the full allocation of reduced cost borrowing which is available to the GNGB until end March 2026.

4. The proposed model - The Strategic Investment Fund

4.1 In order for the Strategic Investment Fund (SIF) to be formed, up to £20m City Deal borrowing will first need to be drawn down from PWLB and loaned to infrastructure projects as defined by CIL regulation. This enables the GNGB to repay the City Deal loan from the IIF, as they do for the Broadland Northway. The beneficiary project will then repay the loan plus interest back to the GNGB. As money is repaid it will be paid into the newly established SIF. Money paid into the SIF will then be reloaned on a cyclical basis to future projects that are no longer restricted by CIL legislation and can be delivered beyond the term of the City Deal agreement (March 2026). See Appendix C for a flow diagram demonstrating the route of the money.

4.2 The delivery of LSBP has been used to demonstrate how the proposed new model could be utilised (4.3 and 4.4). Please note that this is for demonstration purposes to aid understanding and is not a recommendation to agree that a loan should be allocated to this project.

4.3 Long Stratton Bypass funding is made up of three parts:

1. A £26.2m contribution from the Department for Transport (DfT).
2. A £6.733m local contribution from the Highways authority which has recently been agreed to be drawn down through the City Deal borrowing (see 1.2 and 1.3) and repaid from the IIF.
3. A £4.5m developer contribution. This is to be agreed through the signing of a s106 agreement, which will confirm the delivery related trigger points at which the payment is due.

4.4 It is proposed that the GNGB utilises the borrowing allocated within their City Deal to fund the 'developer contribution' of the project budget, by way of facilitating a loan that covers the period before the developer has reached the respective trigger points and repays the loan. In doing so, LSBP will be delivered much earlier in the overall Long Stratton development.

The proposed process of drawing down this loan (Also see diagram in Appendix D) is as follows:

- The £4.5m required for the 'developer contribution' is drawn down from the Public Works Loan Board (PWLB) by Norfolk County Council, as the GNGB's Accountable body. This amount will be deducted from the total borrowing facility originally allocated to the LIF within the City Deal.
- The interest and loan repayments for the PWLB loan are made from the Infrastructure Investment Fund (IIF) for the full term of the loan. This borrowing will require a legal agreement signed by all district partners.
- The £4.5m developer contribution would be lent on to South Norfolk District Council (SNDC) and a legal borrowing agreement will be signed between SNDC and Norfolk County Council (as the GNGB's Accountable Body). This will confirm the loan and interest repayments to be made back to the GNGB. A backstop date will be agreed to confirm the latest point at which

the loan will be repaid.

- SNDC will enter within an agreement with the owner/promoter of LSBP to cover the repayments of the £4.5m (this may be the s.106 agreement). Liability for the repayments to be received from the developer will rest with SNDC. It is expected that repayment's will be received in stages.
- Once all legal agreements are established, SNDC will pay the £4.5m to Norfolk County Council to allow them to deliver LSBP. This will be in advance of when the developer payment would otherwise have been available, thereby accelerating its delivery.
- Repayments for the £4.5m PWLB loan will be paid from the IIF because the developer contribution is not available at the time of delivering LSBP.
- Interest and loan repayments made by the developer to SNDC will be transferred to a new Strategic Investment Fund (SIF).
- The SIF will be independent of the IIF. Amounts received into the SIF can be re-loaned to other schemes in the future creating a 'cyclable pot'. It is forecasted to take 2-10 years before any funding will be available within the SIF.
- Sections 5- 8 outline the arrangements the GNGB intend to put in place to safeguard the decision making for all partners.

5. Legal arrangements

5.1 All projects will need one Greater Norwich partner acting as the Lead Authority. In most circumstances, the loan process will be supported by three legal agreements:

- Norfolk County Council draw down money from PWLB
  - Norfolk County Council sign a legal loan agreement with all partners to underwrite the initial loan draw down from PWLB, committing to repay the interest and loan from the IIF (as with the Broadland Northway)
- Norfolk County Council loan money on to the Lead Authority
  - Lead Authority will sign a legal agreement with Norfolk County Council to underwrite and therefore take the risk of the interest and loan repayments which will be made back to the SIF.
- Lead Authority loan money on to the developer
  - Lead Authority will sign a s106 agreement and/or a legal agreement with the developer to confirm the details of the repayments that are to be made. (Both may be required because not all aspects can be secured through a s106 agreement)

5.2 The intention of these legal arrangements is for the financial risk of the loan to be transferred away from the GNGB and the IIF. This is done by securing a long stop date for the loan to be repaid by the Lead Authority. In the case of LSBP, SNDC would agree to repay the full loan by a particular date, irrespective of whether they have secured the full repayment from the developer.

6. Managing the cost to the Infrastructure Investment Fund (IIF):

6.1 £20m will not be required at once, instead increments will be drawn down over time as projects progress to delivery and are approved. If the total £20m was drawn down, given current interest rates the forecasted repayment from the IIF would be £1,284,000 a year for 20 years. But it will take several years before this full amount will be required.

6.2 The GNGB will commit to providing a forecast of the City Deal loan repayments within each publication of the joint Five-Year Infrastructure Investment Plan. The forthcoming year's IIF repayments will be confirmed and committed alongside the decision-making process for each Greater Norwich Annual Growth Programme, which has an established route of decision making through all partner District Cabinets and Councils.

7. Governance

7.1 The initial City Deal borrowing and later the SIF, are expected to be flexible in their allocation, allowing for a variety of projects and repayment models to be utilised. It is expected that the detail of all processes will be tailored to each new loan allocation with certain models emerging over time. The funds will need to be flexible with clear and transparent reporting to ensure that the GNGB meets all government standards, legislative requirements and to support decision making.

7.2 The establishment of the SIF will enable the GNGB to utilise available funds without the restrictions that currently bind the IIF. The SIF project scope can be extended to the full extent of what was originally permitted within the City Deal Document.

'This fund will provide loans to developers for site specific help to enable housing sites to be delivered quickly, managed on a rolling basis. This fund will be used to support infrastructure required to open up sites for housing or employment development'

7.3 Foundational governance and legal arrangements need to be in place to safeguard the partners against risk and to provide confidence in delegating the management of the fund to the GNGB. The GNGB is an award-winning established board who are considered a model of best practice for the way they manage the IIF (pooled CIL see appendix G). This voluntary partnership is supported by a joint working agreement which requires all decisions to be unanimously agreed and has been formalised by the signing of a legal agreement relating to the Draw-down and Borrowing Authorisations. (See Appendix H).

7.5 Two separate governance arrangements will need to be agreed and established. One for the initial City Deal borrowing and a second for the SIF. The GNGB have endorsed two draft Terms of Refence for these funds within appendix A and B. Subject to agreement, these Terms of Reference will be used as the foundation from which processes are designed and developed to support the administration, monitoring and reporting of this proposed model of borrowing.

8. Monitoring and Reporting

8.1 The GNGB has an established governance and decision-making process. this is supported by the Greater Norwich Infrastructure Delivery Board whose membership consists of a Director from each partner authority and the Chief Executive of the LEP.

8.2 The GNGB compile a joint Five Year Infrastructure Investment Plan on an annual basis, which is reviewed and agreed by each District Cabinet and Full Council. It is proposed that delivery and financial reports for the City Deal Borrowing and SIF are added as an additional section within this Plan.

8.3 Lower-level processes for the general administration and monitoring of each loan will be developed by the Greater Norwich Projects Team, who already administer the IIF. More details of the documents that will be required are included within the draft Terms of Reference.

9. Agreement with Her Majesty's Treasury

9.1 The draw down schedule for the total £80m borrowing was initially agreed in 2013 when the City Deal was signed. Later in 2017, following the £40m draw down for the Broadland Northway, the schedule was reprofiled and re-agreed by Her Majesty's Treasury (HMT). Most recently in August 2021, HMT agreed a new schedule and confirmed that they have sufficient information to enable the GNGB to proceed to draw down the remaining borrowing at the reduced 'project rate' as agreed within the City Deal.

10. Consultation

10.1 No public consultation is required or has been undertaken on this proposal. The proposed SIF was discussed by the GNIDB and agreed and the portfolio holder has been briefed internally.

Implications

11.0 Financial and Resources

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

11.1 The GNGBs membership consists of the Leaders of each partner authority together with the chair of the New Anglia LEP. The GNGBs joint working agreement requires a unanimous agreement from all five partners for all decisions. This ensures that project allocations from either the initial City Deal Borrowing or the SIF will not be able to proceed unless all partners agree.

11.2 The risk of project delivery delaying repayment to the SIF will be underwritten by a backstop date within the legal agreement between Norfolk County Council and the Lead Authority.

11.3 The risk of not having enough CIL within the IIF to make the interest and loan repayments to PWLB (the initial £20m drawn down through the City Deal) is mitigated through the GNGB's administration and reporting arrangements that are already in place. Annual delivery and financial updates will continue to be provided to all partners by means of the joint Five-Year Infrastructure Investment Plan. As with previous City Deal loan drawdowns, a reserve equal to one year's interest and loan repayment will be secured to allow a cushion of time if any issues do arise.

11.4 In August 2020 the Planning For The Future white paper proposed the cessation of CIL in favour of a new Infrastructure Levy. No further details have been published about this but informal advice from DHLUC is that any change will be subject to trials in certain areas and there is expected to be an extended transitional period. To safeguard against changes, CIL is defined in the signed legal agreement relating to GNGB draw-down and borrowing authorisations dated 21st Oct 2015 (Appendix F):

11.5 The "Community Infrastructure Levy" means the Community Infrastructure Levy pursuant to the Planning Act 2008 and Community Infrastructure Levy Regulations 2010 or equivalent- or replacement developer tax or levy as implemented from time to time.

11.6 The government has recently consulted on proposed legislative changes to the Minimum Revenue Provision (MRP) calculation. It believes some authorities are not making a prudent amount of MRP in their revenue budgets in accordance with current policy. This has the potential to impact on some local authority's ability to finance future capital investment especially through the use of credit loans that are commercial in nature. Until the final regulations are announced it is not known how this will impact on each local authority's MRP calculation and consequently their ability to borrow or undertake on-lending without an MRP charge. Whilst any changes should not prevent the proposals in this paper, they do represent a risk which will need to be considered by Section 151 officers before drawing down PWLB funding and entering into loan agreements.

11.7 Staff resource will be as detailed within the roles & responsibly section of each Terms of Reference. There are no proposals in this report that would reduce or increase resources.

12. Legal

12.1 The £20m City Deal borrowing will be drawn from PWLB by Norfolk County Council as the GNGBs Accountable Body.

12.2 The drawing down of £20m City Deal borrowing and ultimately the establishment of the SIF are dependent upon a legal borrowing agreement being signed by all four partner authorities to agree that the interest and loan repayments for the £20m City Deal borrowing will be made from the IIF for the full term of the loan. This will require each Cabinet and Full Council agreement.

12.3 The legal loan agreement between Norfolk County Council as Accountable Body and the Lead Authority will require agreement with the Cabinet and Full Councils of the signing partners involved. (In the example of LSBP this would be Norfolk County Council and SNDC).

12.4 The legal loan agreement between the Lead Authority and the developer will require agreement with the Cabinet and Full Council of the Lead Authority. (In the example of LSBP this would be SNDC)

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	It will be the responsibility of the Lead Authority to undertake an equality assessment of the individual project.
Health, Social and Economic Impact	To date, the partnership has allocated over £29m of IIF funding and £46m of CIL supported borrowing which has levered in at least an additional £240m to deliver infrastructure projects within the Greater Norwich area. The proposed use of funds to facilitate more borrowing to deliver infrastructure is considered to have a positive impact on the health, social and economic aspects of our communities.
Crime and Disorder	None as known
Children and Adults Safeguarding	None as known
Environmental Impact	None as known. It will be the responsibility of the Lead Authority to undertake an environmental impact assessment of the individual project.

Risk Management

Risk	Consequence	Controls Required
See Section above for implications discussion	See above	

Other Options Considered

The only other option for consideration is not to agree the proposed SIF, however this may result in potential opportunities for infrastructure investment being missed.

Reasons for the decision/recommendation

This recommendation enables the GNGB to establish a fund to support infrastructure projects, fulfilling the Greater Norwich City Deal and supporting infrastructure development across the GNGB area

Background papers: none

Appendices:

- A- City Deal borrowing Draft Terms of Reference
- B- Strategic Investment Fund Draft Terms of Reference
- C- Loan money flow diagram
- D- Proposed establishment of the SIF- a more detailed flow diagram
- E- Draft legal agreement for the draw down of up to £20m to be repaid by the IIF
- F- Agreement relating to GNGB Draw-down and Borrowing Authorisations- Dated 21st Oct 2015

G- IIF terms of reference
H- GNGB Joint working agreement

Contact Officer:
Name: Sarah Ashurst / Graham Nelson
Telephone number: 01603 987856 / 01603 989204
Email address: sarahashurst@norwich.gov.uk / grahamnelson@norwich.gov.uk

Fund Name

City Deal Borrowing

Vision

To enable and where possible to accelerate the delivery of growth within the Greater Norwich area, maximising the opportunities for job, homes and prosperity for local people.

Purpose

Upfront funding for infrastructure is seen as one of the biggest barriers to the creation of new jobs and homes. Borrowing as agreed through the Greater Norwich City Deal will be drawn down to support the delivery of infrastructure required to facilitate growth in the Greater Norwich area. It is intended that this borrowing will be used as capital funding for projects, with interest and repayments being made into the Strategic Investment Fund*, thereby creating a capital fund that can be recycled to provide for ongoing strategic investment within the Greater Norwich area.

Scope

Infrastructure projects funded from the initial borrowing as agreed within the Greater Norwich City Deal, will be required to provide a clear community benefit through the delivery of infrastructure as defined by legislation; Section 216(2) of the PA 2008 as originally enacted:

- Roads and other transport facilities (section 216(2)(a), PA 2008).
- Flood defences (section 216(2)(b), PA 2008).
- Schools and other educational facilities (section 216(2)(c), PA 2008).
- Medical facilities (section 216(2)(d), PA 2008).
- Sporting and recreational facilities (section 216(2)(e), PA 2008).
- Open spaces (section 216(2)(f), PA 2008).

Acceptance into the City Deal Borrowing programme will be determined on a case by case basis. Projects would need to demonstrate their strategic nature whilst adhering to the vision and purpose of the fund.

*Strategic Investment Fund – separate terms of reference support this fund

Governance

As set out in the Greater Norwich City Deal, a fund of up to £20 million will be established through borrowing from the Public Works Loan Board (PWLB) by Norfolk County Council on behalf of the Greater Norwich Growth Board. This borrowing will be undertaken to finance a programme of strategic projects. Individual projects will be assessed by the Greater Norwich Growth Board (GNGB) and unless otherwise agreed by all partners, the Lead Authority named in the Business Case will be required to enter into a legal contract with Norfolk County Council, as the Accountable Body for the borrowing.

Due to the strategic nature of the projects, the progress through the decision-making process is likely to be an iterative and collaborative process and therefore may be developed over an extended period of time.

The allocation of money to successful projects together with the ongoing oversight of the City Deal borrowing will be delegated to the GNGB in agreement with Norfolk County Council as their Accountable Body. However, the responsibility for securing repayments and enforcing the terms of the borrowing agreement will rest with the respective Lead Authority.

Process

A suite of fund management processes will be developed and agreed by all partners. This will include:

Fund rules

Project application form

Application guidance notes (for applicant)

Application appraisal guidance (for appraisee)

Agreement in Principle

Rejection Letter

Project Highlight Report

Roles & Responsibilities

Accountable Body- Norfolk County Council as the accountable body for the GNGB will action any loan drawn down from the PWLB. They will also direct the GNPT in the monitoring of the City Deal Borrowing.

Lead Authority- each project application will be sponsored by one of the Greater Norwich partners as the Lead Authority (LA). The LA is responsible for progressing the application through the agreed decision-making procedure and will adhere to the agreed fund reporting processes.

Greater Norwich Growth Board- will continue to work in accordance with their Joint Working Agreement and Constitution as signed by all parties in September 2014, and under the delegated powers as granted to them by each authorities Cabinet and Full Councils.

Infrastructure Delivery Board- will oversee the management of the City Deal Borrowing and the delivery of its project programme, providing annual updates to the GNGB.

Greater Norwich Project Team- will monitor the City Deal Borrowing and provide biannual updates to the IDB.

Fund Name

Strategic Investment Fund (SIF)

Vision

To enable and where possible to accelerate the delivery of growth within the Greater Norwich area, maximising the opportunities for job, homes and prosperity for local people.

Purpose

Upfront funding for onsite infrastructure is seen as one of the biggest barriers to the creation of new jobs and homes. The Strategic Investment Fund (SIF) will be used to support infrastructure required to open up sites for housing or employment growth. It is intended that this borrowing will be used as capital funding for projects, with interest and repayments being made back into the SIF, thereby creating a capital fund that can be recycled to provide for ongoing strategic investment within the Greater Norwich area.

Scope

Acceptance into the SIF programme will be determined on a case by case basis. Projects would need to demonstrate their strategic nature whilst adhering to the vision and purpose of the fund.

Governance

As set out in the Greater Norwich City Deal, a fund of up to £20 million will be established through borrowing from the Public Works Loan Board (PWLB) by Norfolk County Council on behalf of the Greater Norwich Growth Board. This borrowing will be undertaken to finance a programme of strategic projects. Individual projects will be assessed by the Greater Norwich Growth Board (GNGB) and unless otherwise agreed by all partners, the Lead Authority named in the Business Case will be required to enter into a legal contract with Norfolk County Council, as the Accountable Body for the borrowing.

Due to the strategic nature of the projects, the progress through the decision-making process is likely to be an iterative and collaborative process and therefore may be developed over an extended period of time.

The allocation of money to successful projects together with the ongoing oversight of the SIF will be delegated to the GNGB in agreement with Norfolk County Council as their Accountable Body. However, the responsibility for securing repayments and enforcing the terms of the borrowing agreement will rest with the respective Lead Authority.

Process

A suite of fund management processes will be developed and agreed by all partners. This will include:

Fund rules

Project application form

Application guidance notes (for applicant)

Application appraisal guidance (for appraisee)

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Project Highlight Report

Roles & Responsibilities

Accountable Body- Norfolk County Council as the accountable body for the GNGB will action any loan drawn down from the PWLB. They will also direct the GNPT in the monitoring of the SIF.

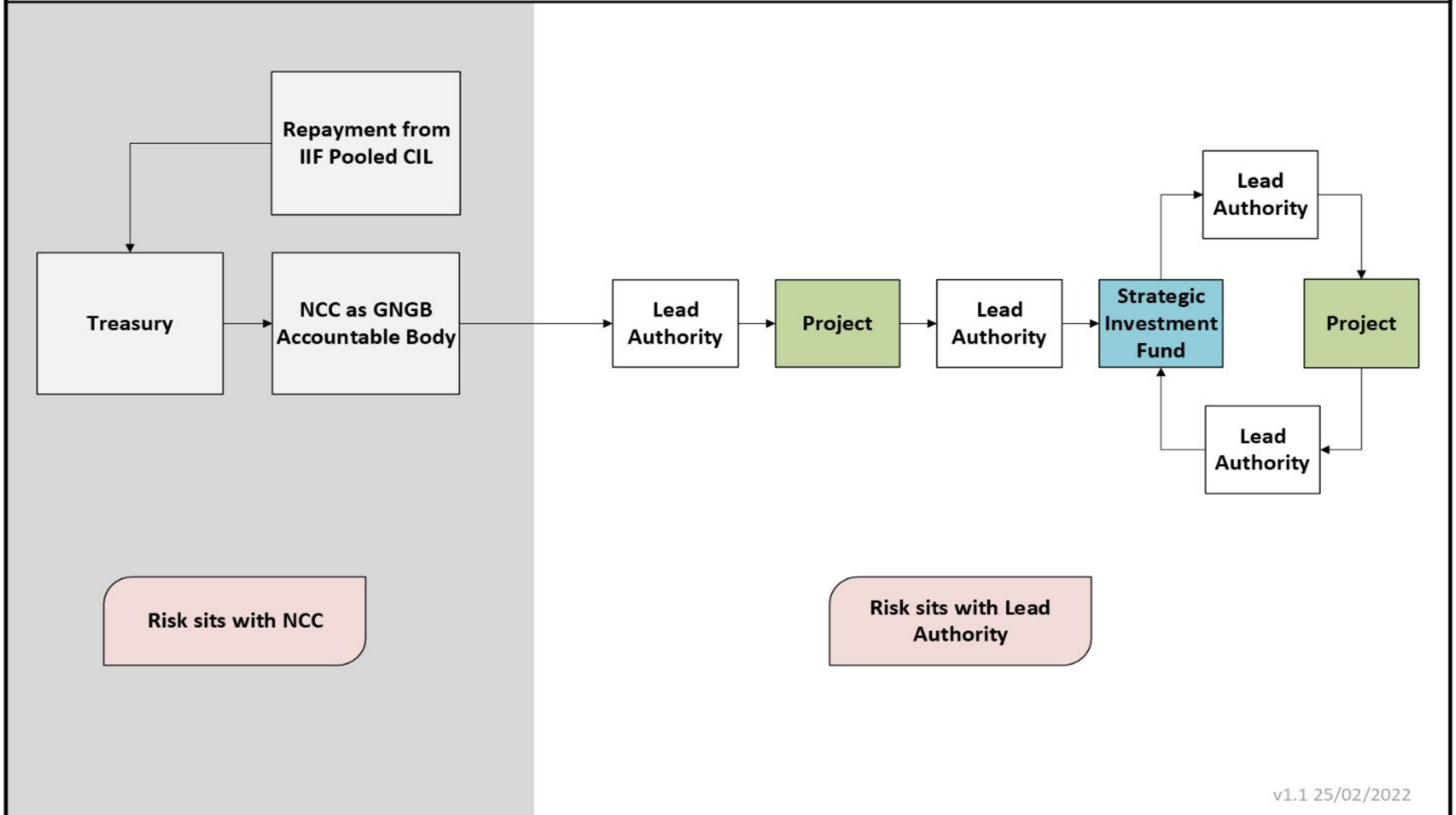
Lead Authority- each project application will be sponsored by one of the Greater Norwich partners as the Lead Authority (LA). The LA is responsible for progressing the application through the agreed decision-making procedure and will adhere to the agreed fund reporting processes.

Greater Norwich Growth Board- will continue to work in accordance with their Joint Working Agreement and Constitution as signed by all parties in September 2014, and under the delegated powers as granted to them by each authorities Cabinet and Full Councils.

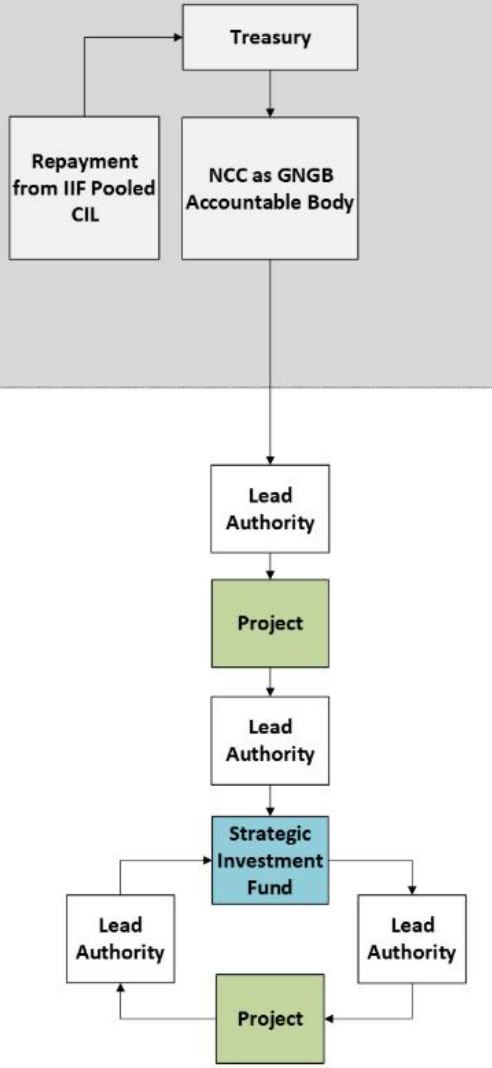
Infrastructure Delivery Board- will oversee the management of the SIF and the delivery of its project programme, providing annual updates to the GNGB.

Greater Norwich Project Team- will monitor the SIF and provide biannual updates to the IDB.

PROPOSED ESTABLISHMENT OF THE STRATEGIC INVESTMENT FUND: SHOWING THE MOVEMENT OF MONEY



PROPOSED ESTABLISHMENT OF THE STRATEGIC INVESTMENT FUND: SHOWING THE MOVEMENT OF MONEY



PROCESS	LEGAL	GOVERNANCE	RISK
NCC as the GNGB's Accountable body, draws down the loan monies from PWLB. Decision making and management of the process is delegated to the GNGB. Financial and delivery updates are reported on an annual basis within each 5 year Infrastructure Investment Plan.	All partners sign an agreement to commit IIF(pooled CIL) to repay up to £20m which will be drawn down from PLWB	City Deal Agreement Joint Working Agreement & Constitution IIF Fund Rules Agreement relating to GNGB Draw-down and Borrowing Authorisations	Risk sits with NCC
GNGB use their delegated authority to loan to one of the Greater Norwich Partners acting as Lead Authority.. Repayment from all loans (capital and interest) will be made into the SIF which is managed by the GNGB. Loans allocated from the City Deal Borrowing will stop when a total of £20m has been reached. The SIF will continue on a cyclical basis, re-loaning the money that has been repaid into it to new projects	Lead Authority sign agreement with NCC to agree repayment and agree a back stop date to secure the full amount. Lead Authority sign a s106 and/or legal agreement with Developer to recoup the loan themselves.	City Deal Borrowing terms of reference Strategic Investment Fund terms of reference A full suite of documents and templates will be developed to progress projects through application, acceptance, monitoring and reporting. Decision making process will mirror the IIF, progressing through the established Greater Norwich board and officer group structure.	Risk sits with Lead Authority

v1.1 25/02/2022

Dated ____________________________ 20[ ]

PROJECT SCHEDULE

Pursuant to Agreement Relating to GNGB Partner Draw-down and Borrowing Authorisations of 21st October 2015

Relating to GNGB Partner Draw-down and Borrowing Authorisations for the [Construction of ……………………….]

BROADLAND DISTRICT COUNCIL

NORWICH CITY COUNCIL

SOUTH NORFOLK DISTRICT COUNCIL
&
NORFOLK COUNTY COUNCIL

nplaw
Norfolk County Council
County Hall
Martineau Lane
Norwich
NR1 2DH

DPS 37967

DRAFT

Dated ___________________________ 20[ ]

Background

- This Project Schedule sets out agreed obligations in relation to Partner Draw-down and Borrowing Authorisations for the [Construction of xxx] and has been prepared in accordance with clause 5 of the Agreement Relating to GNGB Partner Draw-down and Borrowing Authorisations dated 21st October 2015 between Broadland District Council, Norwich City Council, South Norfolk District Council and Norfolk County Council ("the Agreement").
- Accordingly this Project Schedule forms part of the Agreement.

1 **Project**

- [Construction of ……………..] and related measures "the Project".

2 **Project Description**

- [xxx]
- [xxx]

3 **Project Period**

- The Project is due to mobilize in [xxx].
- Construction is programmed to begin in [xxx] with a majority of the works completed by [xxx].

4 **Background**

- The adopted Joint Core Strategy for Broadland, Norwich and South Norfolk identifies [xxx] as a key location for growth and proposes the development of [xxx].

5 **Agreed terms**

- Loan funding would be repaid over a 20 year period

6 **Additional Terms & Conditions**

- In accordance with paragraph 5.4 of the Agreement, Liabilities in respect of any overspend or delay in respect of Project Schedule timeframes and milestones shall be shared as follows:

Partner	**Share of overspend risk**	**Share of timeframes and milestones risk**
[xxx] Council	100%	100%

7 **Fees and expenses**

- The County Council shall borrow funds from various sources as they are identified to assist with the delivery of the Growth Programme. The County Council shall ensure that the cost of any additional borrowing (up to £ [xxx]m) for this purpose will be undertaken at the equivalent of the prevailing PWLB project rate discount as set out in the City Deal dated 12 December 2013.
- Funding from the Infrastructure Investment Fund for the purposes of the Project shall be capped at £[xxx] million plus any associated borrowing costs incurred by the County Council as provided for herein.

8 **Repayment and review**

- In accordance with paragraph 3.4 of the Agreement, the County Council shall use the Infrastructure Investment Fund to fund the costs of borrowing costs in accordance with the following schedule.

Illustrative costs of borrowing to be funded from Infrastructure Investment Fund:

DRAFTING NOTE: This table to be updated after the final funds drawdown.

Year	Principal start	**Repayment**	Interest	Balance
2023/24				
2024/25				
2025/26				

2026/27				
2027/28				
2028/29				
2029/30				
2030/31				
2031/32				
2032/33				
2033/34				
2034/35				
2035/36				
2036/37				
2037/38				
2038/39				
2039/40				
2040/41				
2041/42				
2042/43				
2046/47				
2047/48				
Totals				

DRAFT

9 VOLUNTARY PREPAYMENTS

If the Parties agree to make additional repayments over and above those listed above, a new schedule will be produced based on the remaining outstanding debt, including interest, in accordance with clause 16 (Variation) of the Agreement.

Signed by [ ] ....
Section 151 Officer
for and on behalf of **NORFOLK COUNTY COUNCIL**

Signed by [ ] ....
Section 151 Officer
for and on behalf of **BROADLAND DISTRICT COUNCIL**

....
Signed by [ ]
Section 151 Officer
for and on behalf of **NORWICH CITY COUNCIL**

....
Signed by [ ]
Section 151 Officer
for and on behalf of **SOUTH NORFOLK DISTRICT COUNCIL**

DRAFT

Dated 2015

BROADLAND DISTRICT COUNCIL

NORWICH CITY COUNCIL

SOUTH NORFOLK DISTRICT COUNCIL

and

NORFOLK COUNTY COUNCIL

AGREEMENT

Relating to GNGB Partner Draw-down and Borrowing Authorisations

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nplaw
Norfolk County Council
County Hall
Martineau Lane
Norwich
NR1 2DH

THIS AGREEMENT is made on the_______day of_____________________2015

BETWEEN

(1) **BROADLAND DISTRICT COUNCIL** of Thorpe Lodge, 1 Yarmouth Road, Norwich, Norfolk, NR7 0DU ("**Broadland**")

(2) **NORWICH CITY COUNCIL** of City Hall, St Peter Street, Norwich, NR2 1NH ("**Norwich**")

(4) **SOUTH NORFOLK DISTRICT COUNCIL** of South Norfolk House, Swan Lane, Long Stratton, Norfolk, NR15 2XE ("**South Norfolk**")

(4) **NORFOLK COUNTY COUNCIL** of County Hall, Martineau Lane, Norwich, NR1 2DH ("**County Council**")

(together "the Parties"; Broadland, Norwich and South Norfolk together the "District Councils")

Recitals

(i) The Parties have with the New Anglia Local Enterprise Partnership established the Greater Norwich Growth Board to oversee the delivery of the Greater Norwich Growth Programme as more particularly set out in the Joint Working Agreement dated 26 September 2014.

(ii) The Greater Norwich Growth Board has agreed the Infrastructure Investment Fund Programme Governance (as appended to the Joint Working Agreement), the purpose of which is to deliver the capital programme of infrastructure projects identified in the Joint Core Strategy and the Greater Norwich Infrastructure Plan (formerly the Local Investment Plan and Programme).

(iii) The Parties agree that the County Council shall borrow funds from various sources as they are identified to assist with the delivery of the Growth Programme. The County Council shall ensure that the cost of any borrowing (up to £60m) for this purpose will be undertaken at the equivalent of the prevailing Public Works Loan Board project rate discount as set out in the City Deal dated 12 December 2013.

(iv) The Parties acknowledge the collective and individual benefits of delivering the Growth Programme to each of them. Furthermore the Parties have agreed to enter into this Agreement to formalise their commitment and their financial obligations in respect of any borrowing undertaken for the purpose of funding schemes and projects approved in the Growth Programme by the Greater Norwich Growth Board.

(v) More particularly this Agreement is intended to give assurance to the County Council, as the accountable body, of the District Councils' agreement that their Community Infrastructure Levy will be made available to the County Council (or other accountable bodies if different to Norfolk County Council) for purposes of meeting the County Council's liabilities in respect of borrowing undertaken by the County Council on behalf of the Greater Norwich Growth Board for the delivery of the Growth Programme.

(vi) In agreeing to work together in relation to these matters the Parties accordingly wish to record the basis on which they will collaborate with each other. This Agreement sets out the terms of financial arrangements, the principles of collaboration and respective roles and responsibilities of the Parties.

THE PARTIES AGREE as follows:

1.1 Interpretation

"Annual Growth Programme" means the programme of capital projects developed by the GNGB and approved annually by the Parties in accordance with clause 5, more particularly set out in Schedule 1;

"CIL Revenues" means all that party's Community Infrastructure Levy revenues less an administration deduction to the extent permitted by the Regulations but not to exceed a deduction of 5%, and a further deduction of 15% or 25% neighbourhood contribution as applicable;

“Commencement Date” means 1st October 2015;

“Community Infrastructure Levy” means the Community Infrastructure Levy pursuant to the Planning Act 2008 and Community Infrastructure Levy Regulations 2010 or equivalent or replacement developer tax or levy as implemented from time to time;

“Continuing CIL Payments” means payments to the County Council of such proportion of a District Council’s CIL Revenues to enable the County Council to meet from such payments its obligations to meet repayment and associated interest liabilities pursuant to any Loans in relation to those Projects;

“Event of Default" means any event or circumstance specified in this definition:-

(a) the Party fails to perform and/or observe any provision of this Agreement;

(b) the Greater Norwich Growth Board is dissolved;

(c) the Party terminates its participation in or is discharged from the Greater Norwich Growth Board;

(d) any fraud on the part of the Party;

(e) any representation or warranty made or repeated by the Party pursuant to this Agreement, is incorrect when made or repeated;

“FOIA" means the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and any subordinate legislation made thereunder and any guidance and codes of practice issued under such legislation;

“GNGB” means the Greater Norwich Growth Board established pursuant to the Joint Working Agreement;

“Greater Norwich Infrastructure Plan” means the plan supporting the delivery of infrastructure identified in the Joint Core Strategy for the Greater Norwich area.

“Joint Core Strategy” means the overarching strategy for growth across the Greater Norwich area.

"Joint Working Agreement" means the agreement between the Parties and New Anglia Local Enterprise Partnership establishing the Greater Norwich Growth Board for the joint management of the Greater Norwich Growth Programme dated 26 September 2014;

"Loan" means any loan, or other form of finance accessed by the County Council for the purpose of funding strategic projects as may be agreed by the GNGB from time to time. Furthermore it is understood that any finance accessed by the County Council up to £60m on behalf of the GNGB will be on terms equal to the equivalent prevailing Public Works Loan Board project rate discount and terms;

"PWLB" means Public Works Loan Board;

"Project" means a capital project agreed by the GNGB in accordance with clause 5 in relation to which the parties will collaborate in accordance with this Agreement, as further described in a particular Project Schedule;

"Project Period" means subject to earlier termination in accordance with this Agreement, the period from the start date to the end date for a Project, as set out in a Project Schedule;

"Project Schedule" means a document specifying particulars in relation to a particular Project, agreed by the parties in accordance with clause 5 and attached to this Agreement as a Schedule;

"Regulations" means the Community Infrastructure Levy Regulations 2010;

"Infrastructure Investment Fund" means the pooled fund comprising the CIL Revenues out of which payments may be made by the County Council towards its liabilities in respect of any Loan drawn down for the purposes of funding the Annual Growth Programme; and

"Termination Date" means 31st March 2026.

1.2 In this Agreement:

(a) clause, Schedule and paragraph headings shall not affect the interpretation of this Agreement;

(b) unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;

(c) a reference to a party shall include that party's successors, permitted assigns and permitted transferees;

(d) a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;

(e) a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;

(f) a reference to this Agreement (or any provision of it) or to any other agreement or document referred to in this Agreement is a reference to this Agreement that provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this Agreement) from time to time;

(g) unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this Agreement and a reference to a paragraph is to a paragraph of the relevant Schedule;

(h) any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;

(i) a reference to an amendment includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly);

(j) a reference to continuing in relation to an Event of Default means an Event of Default that has not been remedied or waived;

(k) a reference to a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(l) references to a document in agreed form are to that document in the form agreed by the parties and initialled by them or on their behalf for identification and

(m) the Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Schedules.

2. **Status of this Agreement**

2.1 This Agreement shall commence on the Commencement Date and subject to all the Parties' liabilities arising under the Agreement having been settled and subject to the Project Schedules shall continue until the Termination Date ("the Initial Term"), when it shall terminate automatically without notice unless, no later than 12 months before the end of the Initial Term (or any Extended Term agreed under this clause), the Parties agree in writing that the term of the Agreement shall be extended for an agreed period ("the Extended Term"). Unless it is further extended under this clause, and subject to all the Parties' liabilities arising under the Agreement having been settled the Agreement shall terminate automatically without notice at the end of an Extended Term.

2.2 The Parties agree that this Agreement shall take the form of a legally binding contractual relationship and shall from the Commencement Date be construed accordingly.

2.3 The Parties agree to adopt the following principles when carrying out the Annual Growth Programme ("the Principles"):

2.3.1 collaborate and co-operate in accordance with Joint Working Agreement governance structures to ensure that the Annual Growth Programme is successfully delivered;

2.3.2 be accountable. Take on, manage and account to each other for performance of the respective roles and responsibilities set out in this Agreement;

2.3.3 be open. Communicate openly about major concerns, issues or opportunities relating to the Annual Growth Programme;

2.3.4 work collaboratively to identify solutions, eliminate duplication of effort, mitigate risk and reduce cost;

2.3.5 adhere to statutory requirements and best practice. Comply with applicable laws and standards including EU procurement rules, data protection and freedom of information legislation.

2.3.6 act in a timely manner. Recognise the time-critical nature of the Annual Growth Programme delivery and respond accordingly to requests for support;

2.3.7 manage stakeholders effectively;

2.3.8 deploy appropriate resources. Ensure sufficient and appropriately qualified resources are available and authorised to fulfil the responsibilities set out in this Agreement; and

2.3.9 act in good faith to support achievement of these Principles.

3. **Payment Obligations**

3.1 The District Councils agree to the use of a proportion of their future Community Infrastructure Levy revenues as more particularly set out in this Agreement to establish the Infrastructure Investment Fund which shall support the delivery of GNGB priority infrastructure projects (including £40m of investment for the delivery of the Norwich Northern Distributor Road and its related measures).

3.2 The District Councils agree to pay on a half yearly basis their respective CIL Revenues to the County Council.

3.3 The County Council shall on receipt of the CIL Revenues pursuant to clause 3.2 above promptly allocate the CIL Revenues to the Infrastructure Investment Fund.

3.4 The County Council as the accountable body shall manage the Infrastructure Investment Fund on a prudent basis for the purposes of the Annual Growth Programme and in accordance with the terms of this Agreement. This shall include reporting to the GNGB on a twice yearly basis in appropriate terms including advising on the available funding within the Infrastructure Investment Fund and the quantum of works that can be funded.

3.5 The County Council shall invest this Fund for treasury management purposes in accordance with the County Council's Treasury Strategy and at the average interest rate achieved by the County Council for such investments. All interest that accrues on the credit balance of the Infrastructure Investment Fund from time to time pursuant to this clause 3.5 shall be credited to the Infrastructure Investment Fund.

3.6 In the event that the Infrastructure Investment Fund is in deficit due to a decision by the Parties to operate a deficit as a short term funding approach the Parties will consider whether it is reasonable for the County Council to charge interest. Subject to all Parties' agreement such agreement not to be unreasonably withheld the County Council shall recover interest charges payable in respect of an Infrastructure Investment Fund deficit at a rate in accordance with the County Council Treasury Strategy's average interest rate for investments current at that time and the Infrastructure Investment Fund shall be debited accordingly.

3.7 In the event of lower than anticipated CIL Revenues the Parties shall take all reasonable measures to avoid a deficit in the Infrastructure Investment Fund which may include re-phasing existing projects cancelling projects and re-financing loans.

3.8 From time to time the County Council will enter into Loan agreements as a borrower on such terms as are approved in writing by the Parties for the purposes of the Annual Growth Programme as more particularly set out in the relevant Project Schedule (appended as a Schedule to this Agreement).

3.9 The County Council shall repay any such Loan as is referred to in clause 3.8 plus any associated borrowing costs as referred to above from the Infrastructure Investment Fund.

3.10 For the avoidance of doubt the District Councils will not be required by this Agreement to contribute any funds (e.g. general revenue or cash reserves) or make any payment other than as provided for in clause 3.2 above.

4. Representations and Warranties

4.1 At the date of this Agreement each of the Parties represents and warrants to the other Parties that:-

4.1.1 It has full power to enter into and perform this Agreement and the execution of this Agreement has been validly authorised.

4.1.2 Neither the execution of this Agreement by the Party nor the performance of its obligations under it will conflict with or result in any breach of any law or enactment or any deed, agreement or other instrument, obligation or duty to which the Party is bound save that nothing in this Agreement shall operate to unlawfully fetter the exercise of the Party's statutory powers or unlawfully constrain or unlawfully prevent the Party's compliance with its statutory duties; or cause any unlawful limitation on any of the powers whatsoever of the Party or on the right or ability of the officers of the Party to exercise such powers.

4.2 The Parties agree that the terms of this Agreement shall apply when borrowing is required to support the delivery of a Project (or Projects) within the Annual Growth Programme as detailed in the attached Project Schedules.

5. Projects

5.1 The GNGB will recommend on an annual basis a programme of projects (“the Annual Growth Programme”), including any recommended draw down on borrowing, taking into account each Party’s annual business plans.

5.2 Projects in the Annual Growth Programme in the majority of cases will be derived from the Greater Norwich Infrastructure Plan.

5.3 Upon endorsement by the Parties of the recommendations of the GNGB, the Parties shall within 21 days sign the Project Schedule in the template form appended at Schedule 1. Once signed by the Parties, a Project Schedule becomes part of this Agreement.

5.3.1 A Project Schedule that has been signed by all Parties may be amended at any time in accordance with clause 16.

5.3.2 Unless terminated earlier in accordance with this Agreement, each Project Schedule has contractual effect during the applicable Project Period.

5.3.3 Each Party shall in relation to the obligations allocated to it in a Project Schedule agreed in accordance with this clause:

5.3.3.1 perform such obligations, including by providing the Inputs in accordance with timeframes or milestones (if any) specified in the Project Schedule;

5.3.3.2 use reasonable care and skill in performing such obligations;

5.3.3.3 comply with all laws applicable to it;

5.3.3.4 obtain and maintain consents, licences and permissions (statutory, regulatory, contractual or otherwise) that are necessary to enable it to comply with such obligations.

5.4 Liabilities in respect of any overspend or delay in respect of Project Schedule timeframes or milestones shall be as set out in the respective Project Schedule.

6. **Binding Agreement**

6.1 This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute an original of this Agreement, but all the counterparts shall together constitute the same Agreement. No counterpart shall be effective until each Party has executed at least one counterpart.

6.2 No person who is not a party to this Agreement shall have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

6.3 Where any Party withdraws from this Agreement:

6.3.1 the rights of that Party in respect of the Agreement shall cease on such withdrawal;

6.3.2 the Agreement shall continue in full force in respect of (a) any liabilities which arise out of this Agreement up to the date of withdrawal pursuant to clause 6.4 and (b) those Loan related liabilities referred to in and assumed pursuant to clause 6.5; and

6.3.3 the disputes procedure set out in Clause 11 shall remain in force in respect of any of the matters arising from the performance of or withdrawal of a Party under this Agreement.

6.4 A Party wishing to withdraw from this Agreement shall give written notice to each of the other Parties such notice to expire at any time and the date of withdrawal of that Party shall be the date 12 months from the date of the receipt of the notice by the other Parties.

6.5 In the event of a District Council withdrawing from the Agreement before the Termination Date the withdrawing District Council commits in respect of those Projects to which by means of a Project Schedule it is party and that have been agreed to prior to receipt of notice of the Party's withdrawal in accordance with clause 6.4 to continue to pay to the County Council the Continuing CIL Payments being such proportion of the withdrawing District

Council's CIL Revenues to enable the County Council to meet from such payments its obligations to meet repayment and associated interest liabilities pursuant to any Loans in relation to those Projects. Without prejudice to the obligation of the withdrawing District Council to make such payments all Parties agree to use reasonable endeavours to negotiate a financial settlement in regard to the Continuing CIL Payments and the County Council's liabilities in respect of the Loans that is fair and reasonable to all Parties. Unless specifically set out in Project Schedules in calculating for the purposes of such settlement the withdrawing District Council's Continuing CIL Payments payable to the County Council on the Projects for which borrowing has been undertaken pursuant to this Agreement the Parties shall take into account the following factors:

6.5.1 Past CIL Revenue contributions made pursuant to this Agreement;

6.5.2 Any surplus or deficit in the Infrastructure Investment Fund at the point of withdrawal;

6.5.3 Future CIL Revenue contributions that will need to be made by all Parties to fund any outstanding loans including interest until they are repaid;

6.5.4 The Community Infrastructure Levy projected to arise within the area of the withdrawing District Council over the remaining period of the Loan(s); and

6.5.5 Any other financial obligations/commitments entered into under this Agreement.

6.6 If the Parties cannot agree a financial settlement in regard to the remaining liabilities referred to in clause 6.5 within 9 months of the issuing of notice pursuant to clause 6.4, the dispute resolution procedure in clause 11 shall be invoked.

7. **Information flow and Project management**

7.1 To enable the Parties to maximise the benefits of their collaboration, each Party shall:

7.1.1 engage the others in planning discussions in relation to the Projects and proposed projects from time to time;

7.1.2 keep the other Parties informed about its own progress in relation to each Project; and

7.1.3 facilitate regular discussions between appropriate members of its personnel and those of the other Parties in relation to each Project, including in relation to:

7.1.3.1 repayment and funding aspects

7.1.3.2 performance and issues of concern in relation to each Project;

7.1.3.3 new developments and resource requirements;

7.1.3.4 compliance with deadlines; and

7.1.3.5 such other matters as may be agreed between the Parties from time to time.

7.1.4 Each Party shall:

7.1.4.1 supply to the other Parties information and assistance reasonably requested by them relating to a Project as is necessary to enable other Parties to deliver their own obligations in relation to the Project; and

7.1.4.2 review documentation, including draft specifications or service descriptions or other technical documentation, for use when performing its obligations in relation to a Project (if any), as soon as reasonably practicable at the request of the other party, and notify it of any errors or incorrect assumptions made in any such documents so far as it is aware.

8. **Escalation**

8.1 If any Party has any issues, concerns or complaints about a Project, or any matter in this Agreement, that Party shall notify the other Parties and the Parties shall then seek to resolve the issue by a process of consultation.

8.2 If any Party receives any formal inquiry, complaint, claim or threat of action from a third party (including, but not limited to, claims made by a supplier or requests for information made under the Freedom of Information Act 2000) in relation to the Project, the matter shall be promptly referred to the GNGB (or its nominated representatives). No action shall be taken in response to any such inquiry, complaint, claim or action, to the extent that such response would adversely affect the Project, without the prior approval of the GNGB (or its nominated representatives).

9. **Events of Default**

9.1 Where an Event of Default occurs, the County Council may by notice in writing to the defaulting Party require the Party to meet as soon as reasonably practicable and agree, acting reasonably, a repayment plan to repay the outstanding CIL Revenues.

9.2 In the event of there being insufficient CIL Revenues in the Infrastructure Investment Fund to meet the Loan repayments including for the avoidance of doubt any interest charges:

9.2.1 the County Council, in consultation with and by written notice to the GNGB, may at its sole discretion restructure the Loan or defer further drawdowns from the Infrastructure Investment Fund until such time that sufficient funds become available;

9.3 Upon notice by the County Council the Parties always acting in accordance with the Principles will agree the reasonable restructuring and amendment of the Districts' respective CIL Revenues to ensure that where possible the County Council is "no better nor no worse" financially in relation to its provision and administration of the Loan facility, using 9.2 methodology subject always to clause 3.10.

10. **Freedom of Information and Environment Information Regulations**

10.1 Nothing in this Agreement shall prevent the Parties from disclosing any Information which any Party is required to disclose in order to comply with the FOIA and any other statutory requirements whether or not existing at the date of this Agreement, provided always that the Parties shall, where reasonably practicable, seek to collaborate in relation to Requests for Information with a view to treating such requests in a consistent manner as between the Parties.

10.2 The Parties commit to share data and knowledge relevant to the Agreement where appropriate and in accordance with their duties under the Data Protection Act 1998.

11. **Dispute Resolution Procedure**

11.1 The Section 151 officers of the Parties shall attempt in good faith to negotiate a settlement to any dispute arising between them arising out of or in connection to this Agreement. If an agreement cannot be reached the issue will be referred to the Parties' Chief Executive Officers or Managing Directors.

11.2 If the Parties are for any reason unable to resolve the dispute within 45 days of it being referred to them, the Parties will attempt to settle it by mediation in accordance with the CEDR Model Mediation Procedure. Unless otherwise agreed between the Parties, the mediator shall be nominated by CEDR Solve. To initiate the mediation, a Party must serve notice in writing (ADR notice) to the other parties to the dispute, requesting a mediation. A copy of the ADR notice should be sent to CEDR Solve. The mediation will start not later than 30 days after the date of the ADR notice.

11.3 The commencement of mediation shall not prevent the Parties commencing or continuing court proceedings in relation to the dispute under clause 19 which clause shall apply at all times.

12. **Effect on Invalidity of any Provision**

12.1 If at any time any of the provisions of this Agreement become illegal, invalid or unenforceable in any respect under any law or regulation of any jurisdiction, neither the legality, validity nor enforceability of the remaining provisions of this Agreement shall be in any way affected or impaired as a result.

13. **No Waiver**

13.1 No failure or delay on the part of the Parties in exercising any right or power and no course of dealing between the Parties hereto shall operate as a waiver nor shall any single or partial exercise of any right or power of a Party prevent any other or further exercise thereof or the exercise of any other right or power of the Parties. The rights and remedies of the Parties are cumulative and not exclusive of any rights or remedies which the Parties would otherwise have.

14. **No Fettering of Discretion/Statutory Powers and Novation**

14.1 Nothing contained in or carried out pursuant to this Agreement and no consents given by the Parties shall unlawfully prejudice the Parties' rights powers or duties and/or obligations in the exercise of their functions or under any statutes, byelaws, instruments, orders or regulations.

14.2 The County Council shall be entitled to novate the Agreement to any other body which substantially performs any of the functions that previously had been performed by the County Council.

15. **Entire Agreement**

15.1 This Agreement and the documents referred to in it including for the avoidance of doubt the Joint Working Agreement constitute the entire Agreement between the Parties and supersede and replace any previous Agreement, understanding, representation or arrangement of any nature between the Parties relating to the subject matter of this Agreement.

15.2 The Parties shall only represent themselves as being an agent, partner or employee of any other Party to the extent specified by this Agreement and shall not hold themselves out as such nor as having any power or authority to incur any obligation of any nature express or implied on behalf of any other Party except to the extent specified in this Agreement.

15.3 Any provision of this Agreement that expressly or by implication is intended to come into or continue in force on or after termination or expiry of this Agreement including clauses 2, 3, 5, 6, 9 and 11 shall remain in full force and effect.

15.4 Termination or expiry of this Agreement shall not affect any rights, remedies, obligations or liabilities of the Parties that have accrued up to the date of termination or expiry, including the right to claim damages in respect of any breach of the Agreement which existed at or before the date of termination or expiry.

15.5 This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

15.6 Transmission of the executed signature page of a counterpart of this Agreement by (a) fax or (b) email (in PDF, JPEG or other agreed format) shall take effect as delivery of an executed counterpart of this Agreement.

15.7 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

16. **Variation**

16.1 This Agreement may only be varied by written agreement of the Parties

17. **Set-off**

17.1 All amounts due under this Agreement shall be paid in full without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax as required by law).

18. **Further assurance**

18.1 At any time upon the written request of the County Council, the Party will promptly execute and deliver or procure the execution and delivery of any and all such further instruments and documents as may be necessary for the purpose of obtaining for the Parties the full benefit of this Agreement and of the rights and powers granted in it.

19. **Governing Law & Jurisdiction**

19.1 This Agreement shall be governed by and construed in accordance with English law and, without affecting the dispute resolution procedure set out in clause 11, each Party agrees to submit to the exclusive jurisdiction of the courts of England.

IN WITNESS hereof the parties hereto have executed this Agreement as a Deed the day and year first written

THE COMMON SEAL OF **NORFOLK**

COUNTY COUNCIL was affixed hereto

in the presence of:-

……………………………………..

Authorised Signatory

THE COMMON SEAL OF **BROADLAND**

DISTRICT COUNCIL was affixed hereto

in the presence of

………………………………………

Authorised Signatory

THE CORPORATE SEAL OF **NORWICH**

CITY COUNCIL was affixed hereto

in the presence of:-

……………………………………

Authorised Signatory

THE COMMON SEAL OF **SOUTH NORFOLK**

DISTRICT COUNCIL was affixed hereto

in the presence of:-

……………………………………

Authorised Signatory

SCHEDULE 1

Annual Growth Programme

Relating to GNGB Partner Draw-down and Borrowing Authorisations Agreement

Dated ____________________________ 20[ ]

BROADLAND DISTRICT COUNCIL

NORWICH CITY COUNCIL

SOUTH NORFOLK DISTRICT COUNCIL

&

NORFOLK COUNTY COUNCIL

- Project
- Project Period
- Background
- Agreed terms
- Project period
- Additional Terms & Conditions
- Fees and expenses
- Repayment and review
- Payment schedule: loan repayment profile to include interest payments

Repayment Date	Repayments (£)	Repayment Date	Repayments (£)

VOLUNTARY PREPAYMENTS

Details to be considered/set out.

Signed by [ ] Section 151 Officer for and on behalf of [ ]	.... [ ]
Signed by [ ] Section 151 Officer for and on behalf of [ ]	.... [ ]
Signed by [ ] Section 151 Officer for and on behalf of [ ]	.... [ ]
Signed by [ ] Section 151 Officer for and on behalf of [ ]	.... [ ]

SCHEDULE 2

Annual Growth Programme Project re Construction of the Norwich Northern Distributor Road

Relating to GNGB Partner Draw-down and Borrowing Authorisations Agreement

Dated ____________________________ 20[ ]

BROADLAND DISTRICT COUNCIL

NORWICH CITY COUNCIL

SOUTH NORFOLK DISTRICT COUNCIL

&

NORFOLK COUNTY COUNCIL

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1 **Project**

- Construction of the Norwich Northern Distributor Road (the 'NDR')

2 **Project Description**

- The NDR is a dual carriageway all-purpose strategic distributor road, which will link the A1067 Fakenham Road near Attlebridge to the A47 Trunk Road (T) at Postwick. This will be over a length of approximately 20.4km. The NDR will improve connectivity and accessibility across both the northern part of the Norwich urban area and areas of the county in an arc from the northwest to the east of this main urban area. Such improvement will ease the relative disadvantage of the peripheral location of these areas and provide the basis of the transport infrastructure required to address existing and future problems, and to achieve the growth objectives which have been identified for Norwich and its surrounding area.

- The NDR is an essential piece of transport infrastructure that releases an estimated £1bn of economic benefits for Norwich and Norfolk by reducing congestion and offering new access to key strategic employment and growth locations.

3 **Project Period**

- The project is due to mobilize in autumn 2015 with essential ground clearance work to be carried out before ground nesting season commencing late October 2015. Should this be achieved, full mobilization and construction will begin in March 2016 with a majority of the works completed by autumn 2017.

4 **Background**

- As part of the consultation on a revised Norwich Area Transportation Strategy (NATS) undertaken in 2003, the public were asked if they supported a NDR. The consultation indicated strong local support for the NDR with 78% of respondents being in favour.
- The overall strategy for the revised NATS was agreed in 2004. It recognised the Norwich Area as a centre where growth would be focussed and therefore the strategy looked to provide the essential infrastructure needed to accommodate this growth, including a Northern Distribution Road.
- The NDR is of national significance pursuant to a direction made by the Secretary of State for Transport under section 35 of the Planning Act 2008.
- Following public consultation in 2013 and examination in public during summer 2014 the panel of inspectors from the Planning Inspectorates report recommended the NDR for development. SoS Patrick Mcloughlin MP signed a Development Consent Order (DCO) giving permission for the NDR to be constructed

5 **Agreed terms**

- Loan funding would be repaid over a 25 year period

6 **Additional Terms & Conditions**

- In accordance with paragraph 5.4 of the Agreement, Liabilities in respect of any overspend or delay in respect of Project Schedule timeframes and milestones shall be shared as follows:

Partner	Share of overspend risk	Share of timeframes and milestones risk
Norfolk County Council	100%	100%

7 **Fees and expenses**

- The County Council shall borrow funds from various sources as they are identified to assist with the delivery of the Growth Programme. The County Council shall ensure that the cost of any borrowing (up to £40m) for this purpose will be undertaken at the equivalent of the prevailing Public Works Loan Board project rate discount as set out in the City Deal dated 12 December 2013.

- Funding from the Infrastructure Investment Fund for the purposes of the NDR shall be capped at £40 million plus any associated borrowing costs incurred by the County Council as provided for herein.

8 **Repayment and review**

- In accordance with paragraph 3.4 of the Agreement, Norfolk County Council shall use the Infrastructure Investment Fund to fund the costs of borrowing costs in accordance with the following schedule.

Illustrative costs of borrowing to be funded from Infrastructure Investment Fund:

DRAFTING NOTE: The interest rate incorporated within this costs of borrowing table is that applicable at the end of June 2015 and will be updated by the County Council at the date of funds drawdown.

Financial year	Borrowing requirement	Re-payment	Annual costs of borrowing to be funded	Cumulative costs of borrowing to be funded

		year	from Infrastructure Investment Fund	from Infrastructure Investment Fund
	£		**£**	**£**
2015/16	7,623,953			
2016/17	19,100,380			
2017/18	10,075,949	1	1,913,679	1,913,679
2018/19	2,749,718	2	2,066,707	3,980,386
2019/20	450,000	3	2,229,269	6,209,655
2020/21		4	2,256,747	8,466,402
2021/22		5	2,256,747	10,723,149
2022/23		6	2,256,747	12,979,896
2023/24		7	2,256,747	15,236,643
2024/25		8	2,256,747	17,493,390
2025/26		9	2,256,747	19,750,137
2026/27		10	2,256,747	22,006,884
2027/28		11	2,256,747	24,263,631
2028/29		12	2,256,747	26,520,378
2029/30		13	2,256,747	28,777,125
2030/31		14	2,256,747	31,033,872
2031/32		15	2,256,747	33,290,619
2032/33		16	2,256,747	35,547,366
2033/34		17	2,256,747	37,804,113
2034/35		18	2,256,747	40,060,860
2035/36		19	2,256,747	42,317,607
2036/37		20	2,256,747	44,574,354
2037/38		21	2,256,747	46,831,101
2038/39		22	2,256,747	49,087,848
2039/40		23	2,256,747	51,344,595
2040/41		24	2,256,747	53,601,342
2041/42		25	1,831,986	55,433,328
Total	**£40,000,000**		**£55,433,328**	

9 VOLUNTARY PREPAYMENTS

If the Parties agree to make additional repayments over and above those listed above, a new schedule will be produced based on the remaining outstanding debt, including interest, in accordance with paragraph 16 of the Agreement "Variation".

Signed by [ ] Section 151 Officer	....
for and on behalf of [ ]	[ ]
Signed by [ ] Section 151 Officer	....
for and on behalf of [ ]	[ ]
Signed by [ ] Section 151 Officer	....
for and on behalf of [ ]	[ ]
Signed by [ ] Section 151 Officer	....
for and on behalf of [ ]	[ ]

Greater Norwich Growth Board

Infrastructure Investment Fund Programme Governance

Purpose

The purpose of the Infrastructure Investment Fund is to deliver the capital programme of projects identified in the Joint Core Strategy (JCS) and the Local Investment Plan and Programme (LIPP). These include but are not restricted to:

- Norwich Area Transportation Strategy (NATS), including the NDR
- Long Stratton Bypass
- Schools
- Green Infrastructure
- Community Space
- Libraries
- Sports Provision

It is estimated that this represents approximately £440 million of investment over a fifteen year duration (the figures are based on the current cost of these projects as presented to HMT as part of PWLB agreement). The project profile will be updated through the agreed business plans and managed by the Greater Norwich Growth Board.

Management of the Infrastructure Investment Fund

The decision on the timing and delivery of the projects will be determined by the Greater Norwich Growth Board, who will ensure the co-ordination between projects being delivered by the Strategic Infrastructure Investment Fund and those being delivered by the Local Infrastructure Fund. They will also ensure the wider synchronization of Infrastructure projects alongside the other two key strands of the City Deal programme, namely Skills and Business Support.

Norfolk County Council has been given the authority through the Greater Norwich City Deal agreement to borrow up to £60 million from the Public Works Loan Board (PWLB) to assist with the delivery of the LIPP.

In the overarching governance, the Greater Norwich Growth Board has the authority to request Norfolk County Council to borrow on its behalf.

Greater Norwich Growth Board

Delivery of the Infrastructure Investment Fund

The implementation of the agreed programme of projects will be through the Greater Norwich Growth Board. The Board will use the joint business plan to determine the programme of projects for the forthcoming year and the next five years and the timeline for delivery. This Board will decide how each project will be delivered and the appropriate accountable body for delivery of each project.

Process for determining the timing of the delivery of projects

Broadland, Norwich City, South Norfolk and Norfolk County Councils, and New Anglia LEP will produce a joint business plan that will take account of the requirements across the three districts and will prioritise the projects to be delivered in the whole area as well as the geographical area for their council. The joint business plan will require prior approval by the Councils and the LEP.

The Greater Norwich Growth Board will report annually on the progress of each project by the 1 June, this information will assist the Councils' annual review of the joint plan. Any changes which the Councils wish to see will be reflected in the revised joint business plan which will be submitted to the Greater Norwich Growth Board.

The joint business plan will be reviewed by each Council on an annual basis with any agreed changes being fed through to the programme setting process by the Greater Norwich Growth Board. The approval by each Council of the joint business plan will be completed annually by the 30 September

Criteria for prioritisation

To assist the Greater Norwich Growth Board in determining the order of priority and to manage the annual delivery, projects will be assessed against set criteria. These criteria will include:

- **Projects which are already in progress.** Projects which are in progress that can demonstrate certainty of delivery, will take precedence over any new projects. Any changes in cost and timescale will be taken into account.
- **The funding of the individual projects.** Where projects are being funded by central government or European funding then this may determine the timing of their delivery.
- **The impact of the delivery of the individual project in terms of jobs, housing and economic growth**. Those projects which contribute a higher level of these will need to be delivered sooner, having taken any constraints into account such as planning permissions, external funding, co-reliance of other on-going projects etc.

- Criteria to assess the prioritisation/authorisation of the projects is agreed and in place as set out in the Local investment Plan and Programme.
- The integration of this programme with those projects being delivered through the Local Infrastructure Fund and the other two strands of the City Deal.
- The funding of the programme and how the timing of individual projects will impact on the requirement to borrow. The Greater Norwich Growth Board will need to balance the delivery of the projects with the cost of borrowing.

The Greater Norwich Growth Board will determine the programme for the forthcoming year by the 31 December together with the accountable body for each project. Unless there is good reason Norfolk County Council will be the (financial) accountable body. The body taking responsibility for procuring and delivering the project will be assessed as part of the programme.

Funding of agreed programme & Community Infrastructure Levy (CIL)

The GNDP has identified funding from a variety of sources including planning obligations under s.106 of the Town and Country Planning Act, Government departments and agencies and the Community Infrastructure Levy (CIL). Apart from CIL the other sources of funding can be aligned with specific projects.

The funding remains fluid as new sources are identified or can be applied for as projects are commenced.

Current estimates are that there will be a funding gap for which PWLB financing can be used. Under current regulations only Norfolk County Council are permitted to borrow against the future income stream from CIL (in accordance with the CIL regulations). Under the City Deals agreement a lower rate of borrowing has been agreed from the PWLB for borrowings up to £60 million.

In order to give assurance to Norfolk County Council, as the accountable body, that the CIL funding will be made available, the three local authorities will sign an agreement to pass over their contribution to Norfolk County Council or other accountable bodies (if different to Norfolk County Council). It is recognised that the CIL may be used to repay borrowing undertaken by Norfolk County Council on behalf of the Greater Norwich Growth Board for the delivery of the LIPP.

The local authorities will pass CIL over to the accountable body on a half yearly basis. The accountable body will invest the CIL income, in order to earn interest until such time that it is required. The interest will be invested in the projects as well.

In accordance with the CIL legislation, Norwich City Council, Broadland or South Norfolk District Councils deduct up a maximum of 5% of the CIL to cover administration costs, such as invoicing and collection of CIL

The relevant percentage of CIL which is required to be paid over to the Parish/Town Council in Broadland and South Norfolk is dependent upon whether there is a Neighbourhood plan in place. As Norwich is un-parished the community element of CIL (15%) will held and managed by the City Council. The remaining balance of CIL from each local authority will be designated for infrastructure investment, identified in the long-term capital programme to 2026.

Profiling of spend v funding

It is essential that the Greater Norwich Growth Board consider the cost of borrowing when agreeing the programme of projects, as this will need to be paid from CIL income.

Funding will be allocated to projects on the following basis and in this order:

- Funding which has been provided specifically to that project
- The CIL funding will then be spread pro-rata annually (as a percentage of the outstanding funding requirement for each project) across the projects so that if there is a shortfall, the cost of borrowing is then attributed across these projects as well.

It is important to establish the method funding is allocated to individual projects so that it is clear the amount of borrowing (if any) that is being used to fund individual projects. This will be important should any of the local authorities wish to exit the agreement in future years.

Commissioning of projects

Once the Greater Norwich Growth Board has agreed the programme of projects then the Greater Norwich Infrastructure Delivery Board will commission the work required to deliver the project in accordance with the County or accountable body's rules of financial governance and contract standing orders.

Monitoring & Reporting of projects

The Accountable Body will report monthly to the Greater Norwich Infrastructure Delivery Board on the progress of its individual projects in accordance with the signed-off contract/delivery timeline. This reporting will include as a minimum:

- Progress against the agreed project plan including milestones
- Progress against the agreed budget, including justification for variances and slippages;
- Where there are slippages on programmes, how these will be addressed and potential impact on overall delivery of the programme;

- Major risks and their mitigation
- Communication plans around the progress and delivery of projects to the public so there is no confusion between the members of the Greater Norwich Growth Board on the message being told.

The reporting must highlight any variations in terms of timescale, costs, resources and funding.

The Greater Norwich Infrastructure Delivery Board will report regularly to the Greater Norwich Growth Board on all projects and highlight those which are not being delivered as agreed. Where issues arise then the Greater Norwich Growth Board have the authority to reprioritise the programme of projects. This includes:

- Bringing projects forward where other projects have been delayed.
- Delaying forthcoming projects to enable funding to be reassigned to existing projects whose costs have increased.
- Requesting Norfolk County Council to borrow to pay for unexpected increases in costs for projects already underway.
- Stopping projects should the need arise.

It has been agreed through the City Deals that the four local authorities, in their reporting requirements for the use of CIL, will not have to comply with the requirement to report at individual project level the amount of CIL which they have individually utilised. Instead the authorities can state the amount of CIL they have used as a total and list those projects which CIL has funded.

Delivery of projects – signing and adoption after completion

The Greater Norwich Infrastructure Delivery Board will sign off each completed project. Once the project has been delivered by the Accountable Body it will be adopted by the applicable authority and on-going maintenance of these assets will be the responsibility of the adopter.

Formal Agreement

There is a requirement for the Greater Norwich Growth Board to have a formal agreement with the Accountable Bodies, prior to the commencement of the programme of projects. This agreement must bind authorities with regards to:

- Passing to the accountable body the balance of CIL after the admin percentage (up to 5%) and the Parish/Town Council proportion (15 or 25% if a neighbourhood Plan is in place) has been paid

- The criteria for assessing the business plans to formulate the programme of projects
- An exit strategy for a local authority

Exiting agreement early

The delivery of the strategic infrastructure in the LIPP is predicted to take fifteen years, and it is anticipated that the Greater Norwich Growth Board will be in existence for the whole duration.

Appendix H

Broadland District Council

and

Norwich City Council

and

South Norfolk Council

and

Norfolk County Council

and

New Anglia Local Enterprise Partnership

Joint Working Agreement

For the Creation of a

Greater Norwich Growth Board

THIS AGREEMENT is made the day of 2014

BETWEEN

BROADLAND DISTRICT COUNCIL

AND

NORWICH CITY COUNCIL

AND

SOUTH NORFOK COUNCIL

AND

NORFOLK COUNTY COUNCIL

THE NEW ANGLIA LOCAL ENTERPRISE PARTNERSHIP ("LEP")

WHEREAS

1. Broadland District Council, Norwich City Council, South Norfolk Council and Norfolk County Council are the Local Authorities for the Greater Norwich area. New Anglia LEP is the Local Enterprise Partnership for Norfolk and Suffolk.

2. The afore-mentioned Local Authorities and the Local Enterprise Partnership are hereafter referred to as **'the parties'**

3. The parties have agreed to work together to establish a Greater Norwich Growth Board overseeing the delivery of the Greater Norwich Growth Programme.

4. The parties intend that such arrangements for the Greater Norwich Growth Board shall be an effective mechanism for joint management of the Greater Norwich Growth Programme.

IT IS HEREBY agreed as follows:-

1 **Interpretation**

1.1 In this Agreement unless the context otherwise requires the following expressions have the following meanings:-

"**The Agreement**" means this Agreement comprising the terms and conditions together with the Schedules hereto.

"**The Commencement Date**" means the date on which this Agreement is executed by the parties.

"**The Constitution**" means the constitution of the Greater Norwich Growth Board as set out in Schedule A to this Agreement.

"**The GNGB Board**" or "**Board**" means the representatives of the parties appointed to the Board.

"**Programme**" means the Greater Norwich Growth Programme developed by the GNGB in accordance with this Agreement as approved annually by Broadland District Council, Norwich City Council, South Norfolk Council, Norfolk County Council and the LEP.

"SEP" is the New Anglia Strategic Economic Plan that sets out the economic vision for Norfolk and Suffolk until 2025.

"City Deal" is the agreement signed in December 2013 between central government and the parties.

1.2 Reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended extended or re-enacted.

1.3 Words importing the singular include the plural, words importing any gender include every gender, words importing persons include bodies corporate and unincorporated; and (in each case) vice versa.

1.4 Reference to Clauses and Schedules are references to clauses and schedules of this Agreement and any reference to a sub provision is unless otherwise stated a reference to a sub provision of the provision in which the reference appears.

1.5 The Clause and paragraph headings and titles appearing in this Agreement are for reference only and shall not affect its construction or interpretation.

2 **Term**

2.1 This Agreement shall come into effect on the Commencement Date and shall continue in force in respect of the parties until such time as the parties so agree, unless this Agreement is terminated earlier in accordance with its terms.

2.2 Should one or more of the parties wish to leave the Greater Norwich Growth Board then they can do so. However the following will apply:

2.2.1 Local authorities can only leave the Greater Norwich Growth Board on the 31 March each year.
2.2.2 At least one calendar year's notice must be given in writing of the wish to leave. This timeframe recognises that there may be a need to organise other funding streams.
2.2.3 When a local authority wishes to leave, the costs and funding of projects which have been attributed to them, including on-going

costs of borrowing will be calculated as at the date of exiting. The party/parties will have to repay any excess funding they have received along with their contribution of any on-going costs of borrowing. Should a situation arise where a local authority has made a larger contribution the Greater Norwich Growth Board will repay the party/parties, in some cases this may necessitate borrowing by Norfolk County Council to raise the funds.

3 General Principles

3.1 This Agreement has been entered into by the parties to establish a Greater Norwich Growth Board comprising representatives of each of the parties.

3.2 The parties will work together in good faith and in an open, co-operative and collaborative manner for the duration of this Agreement. The parties' members and officers will work together in the spirit of mutual trust in order to endeavour to procure the successful implementation of the Greater Norwich Growth Programme.

3.3 Board meetings will be held in public providing an open forum for debate and decision.

3.4 All Board papers, technical reports that support decision making and scheme business cases will be made publicly available, including publication on a suitable website.

3.5 Clear policies on conflict of interest and hospitality will be adopted by the Board.

3.6 The parties and the Board shall comply with The Code of Recommended Practice for Local Authorities on Data Transparency.

3.7 Costs associated with the Board, (including all administrative and secretarial support) and any costs incurred by any member of the Board on behalf of the Board (having been approved beforehand by the Board), shall be shared equally between the parties. Members expenses/allowances for attending Board meetings will be met by the individual parties.

4 Status of this Agreement

4.1 The parties agree that this Agreement shall take the form of a legally binding contractual relationship and shall from the Commencement Date be construed accordingly.

5 Greater Norwich Growth Board - Representation

5.1 The parties agree to constitute the Board to discharge its functions on the terms set out in the Constitution.

5.2 In appointing a representative to the Board, Broadland District Council, Norwich City Council, South Norfolk Council and Norfolk County Council will, unless there are overriding reasons to the contrary, appoint as their representatives, a member of the cabinet (or equivalent for Norfolk County Council) of each Authority. The LEP shall appoint, so far as possible, a business representative who is not an elected representative of a local authority.

5.3 Insofar as any representative requires authority from his/her appointing body to attend and take part in the meetings of the Board and in any decisions required of the Board, **in accordance with the Business Plan**, each party hereby confirms that it has delegated all such powers to its appropriate representative (or equivalent for Norfolk County Council) or otherwise authorised such action.

5.4 The parties agree to keep the membership of the Board under review and to consider from time to time the addition of other bodies or organisations who may contribute to the achievement of the aims and objectives of the Board. Any changes to the membership or constitution shall only be by agreement of all the parties.

6 Functions of the Greater Norwich Growth Board

6.1 The functions of the Greater Norwich Growth Board include the following:

- *To provide strategic direction, monitoring and coordination of both the city deal and wider growth programme for the Greater Norwich area. It will have representation on, and links with, the Business Growth Programme Operational Board and the Employment and Skills Strategy Board*
- *Implement an annual Greater Norwich Growth Programme (business plan) agreed by the parties*
- *To take account of the New Anglia LEP Strategic Economic Plan and the Greater Norwich City Deal and ensure alignment with the Programme*
- *Monitor progress of delivery and spend including reviewing the programme risks and risk mitigation measures*
- *Secure the co-operation of all parties*
- *Identify, lobby for, secure and coordinate funds*
- *Receive reports/recommendations from the Greater Norwich Strategic Planning Group as and when required*

7 Greater Norwich Growth Programme

7.1 Broadland District Council, Norwich City Council, South Norfolk Council, Norfolk County Council and the New Anglia LEP shall develop and approve the Greater Norwich Growth Programme.

7.2 The Programme will be assessed annually. The annual Programme will set out the financial implications for income and expenditure for the forthcoming year; the cumulative financial impact of funding decisions on the Programme given funding and borrowing commitment from earlier years; and will take account of the long-term financial implications for the end of the programme period i.e. 2026.

7.3 The Councils will approve the Greater Norwich Growth Programme at least annually. The Programme shall be published on a suitable website.

IN WITNESS hereof the parties hereto have executed this Agreement as a Deed the day and year first written

The Common Seal of Broadland)
District Council was affixed hereto)
in the presence of the undersigned)
authorised signatory)

Authorised Signatory

The Common Seal of Norwich)
City Council was affixed hereto)
in the presence of the undersigned)
authorised signatory)

Authorised Signatory

The Common Seal of South Norfolk)
Council was affixed hereto in the)
presence of the undersigned)
authorised signatory)

Authorised Signatory

The Common Seal of Norfolk)
County Council was affixed hereto)
in the presence of the undersigned)
authorised signatory)

Authorised Signatory

Signed as a Deed by the Local)
Enterprise Partnership)

Director

Director/Secretary

Schedule A

Greater Norwich Growth Board

Constitution

This Constitution has been approved by Broadland District Council, Norwich City Council, South Norfolk Council, Norfolk County Council, and New Anglia Local Enterprise Partnership ("the parties") as the Constitution of the Greater Norwich Growth Board.

1 Establishment of the Greater Norwich Growth Board

1.1 The Board shall discharge the functions of the Greater Norwich Growth Board in the manner set out in this Constitution.

2 Objectives

2.1 The functions and objectives of the Greater Norwich Growth Board are as set out in paragraph 6 of the Joint Working Agreement.

3 Membership and Appointment of the Board of the Greater Norwich Growth Board

3.1 The Board shall comprise 5 members, one being appointed by each of the parties. In appointing representatives to the Board, Broadland District Council, Norwich City Council, South Norfolk Council and Norfolk County Council will, unless there are overriding reasons to the contrary, appoint as its representative a member of the cabinet (or equivalent for Norfolk County Council) of the Authority. The LEP shall appoint, so far as possible, a business representative who is not an elected representative of a local authority.

3.2 All appointments to membership of the Board shall be made by notification in writing from the Chief Executive of the appointing Party.

3.3 Each Party may appoint an alternate (or substitute) member (based on the scheme of substitution of each of the parties) of the Board.

3.4 Membership of the Board shall cease in the event that the member ceases to be a member of his/her Authority or the LEP.

4 Chair and Vice-Chair of the Board

4.1 At the first meeting of the Board and thereafter at its annual meeting the Board shall elect a Chair and Vice Chair from among its members on a rotating basis.

4.2 The Chair and Vice Chair should not be from the same appointing body and will serve for a 12 month period or when

4.2.1 A new Chair is elected in accordance with Paragraph 4.1 above,

4.2.2 He/she ceases to be a member of the Board, or

4.2.3 He/she resigns from the office of Chair or Vice-Chair.

4.3 Where a casual vacancy arises in the office of Chair or Vice-Chair of the Board, the Board shall at its next meeting elect a Chair.

4.4 Where, at any meeting or part of a meeting of the Board, both the Chair and Vice Chair are absent or unable to act as Chair the Board shall elect one of the local authority members to preside for the whole or the balance of that meeting.

5 Secretary to the Board

5.1 The Secretary shall be an officer of the appointing body of the Chair appointed by the Board for this purpose.

5.2 The Secretary shall support the Board.

5.3 The functions of the Secretary shall be -

- To maintain a record of membership of the Board.
- To maintain the Forward Plan.
- To summon meetings of the Board in accordance with paragraph 6 below.
- To prepare and send out the agenda for meetings of the Board in consultation with the Chair and the Vice-Chair.
- To keep a record of the proceedings of the Board.
- To take such administrative action as may be necessary to give effect to decisions of the Board.
- Such other functions as may be determined by the Board.
- Maintain a register of Board member interests.

6 Convening Meetings of the Board

6.1 Meetings of the Board shall be held at such times, dates and places as may be notified to the members by the Secretary being such time, place and location as -

6.1.1 the Board shall from time to time resolve

6.1.2 the Chair of the Board or if he/she is unable to act, the Vice-Chair, shall notify to the Secretary, or

6.1.3 the Secretary in consultation where practicable with the Chair and Vice Chair shall determine in response to receipt of a request in writing addressed the Secretary -

- from and signed by any member of the Board, or
- from the Chief Executive of any of the parties

which request sets out an urgent item of business within the functions of the Board.

6.1.4 the Secretary shall settle the agenda for any meeting of the Board after consulting with the Chair.

7 Procedure at Meetings of the Board

7.1 The Board shall, unless the member presiding at a meeting determines otherwise, conduct its business in accordance with the Rules of the Council in whose premises the meeting is held except insofar as may be specified to the contrary in this Constitution.

7.2 A meeting of the Board shall be inquorate and shall not be able to discharge any business unless all members of the Board are present.

7.3 Decisions and recommendations of the Board shall be unanimous.

7.4 The Board shall comply with The Code of Recommended Practice for Local Authorities on Data Transparency.

8 Attendance at Board Meetings

8.1 The following are the officers who shall have a right of attendance

- the Chief Executive of any of the parties, or their representative
- the Chief Finance Officer of the parties, or their representative
- the Monitoring Officer of the parties, or their representative
- the officers of each party required to advise the board on specific matters included on the agenda

8.2 Notwithstanding that a meeting or part of a meeting of the Board may not be open to the Press and public, the officers specified in Paragraph 8.1 above of each appointing Party shall be entitled, in person or by another officer nominated by that officer, to attend all, and all parts, of such meetings, unless the particular officer has a conflict of interest as a result of a personal interest in the matter under consideration.

8.3 The meetings of the GNGB will be held in public.

9 Register of Interests and Conflict of Interest

9.1 The Secretary shall maintain a register, available for public inspection, containing a record of the relevant interests of each of the members of the Board. In determining whether an interest should be declared and recorded the principles set out in the ***[Local Government Code of Conduct]*** shall apply.

10 Amendment of this Constitution

This Constitution can only be amended by agreement of all the parties.

NORWICH
City Council

Item 9

Committee Name: Cabinet
Committee Date: 06/07/2022
Report Title: HMO Licensing Policy

Portfolio: Councillor Jones, Cabinet member for safer, stronger neighbourhoods

Report from: Head of planning and regulatory services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

To consider adoption of a revised House in Multiple Occupation Licensing Policy following extensive consultation.

Recommendation:

To adopt the HMO Licensing Policy attached at Appendix 1.

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

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

This report meets the people live independently and well in a diverse and safe city corporate priority

Background

1. A House in Multiple Occupation (HMO) is defined under sections 254 and 257 of the Housing Act 2004. An HMO can be a building or part of a building if it is:

    a) occupied by persons who form more than one household and where those persons share (or lack) one or more basic amenity, such as a toilet, bathroom and cooking facilities
    b) a converted building containing one or more units of accommodation that do not consist entirely of self-contained flats. (There is no requirement that the occupiers share facilities).
    c) a converted building consisting entirely of self-contained flats, where the building work undertaken in connection with the conversion did not comply with the 1991 Building Regulations and more than one third of the flats are occupied under short tenancies.

2. The Housing Act 2004 requires mandatory licensing of properties fitting certain criteria.

3. There are approximately 1200 HMOs in Norwich which are required to be licensed under the national mandatory scheme. There is no statutory requirement to publish an HMO licensing policy although it is good practice to do so.

The Housing in Multiple Occupation Licensing Policy

4. The Council has set out a corporate aim: 'People live well and independently in a diverse and safe city'. The HMO policy will ensure that the conditions and standards of properties let out are more effectively regulated which in turn will improve the quality of accommodation within this sector. The policy also aims to improve transparency and accountability for both landlords and the Council and is a demonstration of good practice.

5. The most significant proposed change to the way in which the HMO sector is regulated in Norwich is the introduction of 5 year licences for landlords with a good record of compliance and properties in suitable condition for habitation.

6. The introduction of a 5 year licence will provide stability and certainty for those landlords who maintain and manage their properties in a suitable condition with adherence to relevant legislation. This will ultimately reduce the regulatory burden upon those within this category enabling resources to be diverted to those landlords who are less than adequate and supporting staff to focus on the properties of most concern.

Consultation Process

7. The Council originally decided to produce a new HMO licensing policy in December 2020. It has been through extensive consultation. The Licensing Committee considered a 1st draft of the policy in July 2021 and supported consultation on it. This consultation took place between August and November 2021, with 50 responses received

8. Following consideration of these responses a number of changes were made to the policy. However, a number of further modifications were also proposed that were not included in the previous consultation. These included specifying criteria to determine the length for which a licence would be issued and introducing an inspection before a licence may be issued. It was considered that these changes necessitated further consultation.

9. This consultation took place between 28 February and 28 March 2022. No new representations were received from the public and stakeholders during this period.

10. The Licencing Committee met virtually on an informal basis on 16 June to consider the policy. They requested some minor clarifications to the document that have been incorporated into the policy which is attached as appendix 1, and they indicated that they were content for the policy to be recommended to Cabinet for adoption.

Summary

11. The policy is attached at Appendix A for committee agreement. Assuming it is approved it will come into force on 1 September 2022.

12. The policy seeks to re-focus the Council's activities regarding HMOs on improving and driving up housing standards, whilst also reducing administrative tasks.

13. Following formal adoption, the policy will remain in force for a 5-year period after which it should be reviewed and formally adopted for a further five-year period, and so on. However, the Council will reserve the right to review the policy sooner should it be required, or make such revisions to their policy, at such times as considered appropriate, following a further consultation exercise.

Implications

Financial and Resources

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

15. The Housing Act 2004 allows the local authority to charge fees related to the costs of administering licences; and that the authority should have regards to the cost of licensing in the setting of fees. This is further reinforced by caselaw which has established that in undertaking licensing functions, councils may only legitimately levy the administrative costs of processing applications and the costs of monitoring costs with licensing terms. Further information on the setting of fees is included in Section 6 of the HMO policy on page 6.

16. Any extra resource required to administer the policy if implemented, would be funded by a review of the licence fees to ensure the continued cost neutrality. The current level of fee income for HMO licensing is £0.150m; with the additional costs of the new post together with a share of management and

overhead costs being offset by the scale fee charges set out in the policy which is estimated to increase the overall income budget by around £0.05m.

17. A revision to the fees charged for HMO licences has already been established by officers to align to the requirement to maintain cost neutrality. This will come into force on 1 September alongside the new policy. Fees will be set at a level where it is anticipated the cost of administering the new policy will be fully covered. This includes making provision for a new dedicated HMO Inspections officer on the establishment at an estimated full year cost of c£35,000 (subject to recruitment), enabling the inspection of premises to be undertaken before licences are issued.

Legal

18. The requirement to licence HMO's is established by the Housing Act 2004 (as amended). S.55(5) of the Act requires authorities to make arrangements to ensure that HMO licensing is effectively implemented in its area. Whilst there is no formal requirement to produce a HMO licensing policy, the policy framework supports the Council in ensuring licensing is conducted in an effective and consistent manner, and thus complying with the duty set out above under s.55.

19. The HMO licensing policy has been produced with reference to the requirements of the 2004 Act.

Statutory Considerations

Consideration:	**Details of any implications and proposed measures to address:**
Equality and Diversity	An equality and diversity impact assessment of the policy has been carried out. There were no matters raised through the EQIA for consideration at this stage.
Health, Social and Economic Impact	The statutory requirement to licence certain HMO's is intended to ensure that certain housing standards are met in the private rented sector, particularly in relation to health, welfare and wellbeing of the occupants. Implementation of a policy on administration and inspection of licensed properties will underpin this requirement and ensure standards are maintained.
Crime and Disorder	Implementation of a policy in relation to HMO administration and inspection of licensed properties is not considered to have any implications for crime and disorder, but this will be reviewed more fully following the proposed consultation with stakeholders, including the Police.
Children and Adults Safeguarding	The statutory requirement to licence certain HMO's is intended to ensure that housing

	standards are met in the private rented sector, particularly in relation to health, welfare and wellbeing of the occupants, including adults and children. Implementation of a policy on administration and inspection of licensed properties will underpin this requirement and ensure standards are maintained.
Environmental Impact	Implementation of a policy in relation to HMO administration and inspection of licensed properties is not considered to have any implications regarding environmental impact, but this will be reviewed more fully following the proposed consultation with stakeholders.

Risk Management

Risk	**Consequence**	**Controls Required**
If a policy is not implemented the Licensing Authority is not able to set out its approach to fulfilment of its statutory licensing function	Inconsistency in approach to administering the licensing regime, confusion with stakeholders with regard to their expectations, leading to dispute from applicants and costly tribunal appeals.	Agree and implement policy

Other Options Considered

20. As previously outlined in the report the policy broadly reflects the current practices, with one exception - a move from annual licensing to up to 5-year licensing. Shorter term licensing has been considered and is currently being used. However, this creates an administration burden and diverts fee income from inspections of the properties to support the administration function, making it difficult to ensure licensing/housing standards are being maintained or improved. If short term licensing were to be maintained, licensing fees would need to be reviewed and likely increased, potentially making licensing prohibitively expensive, which would either drive up rents for the tenants or encourage landlords to evade licensing, resulting in more enforcement work.

Reasons for the decision/recommendation

Following extensive consultation and engagement it is recommended that cabinet formally adopt the policy which will take effect from 1st September 2022.

Background papers:

Office of the Deputy Prime Minister HHSRS operating guidance:-
80858-ODPM-Housing-PFI-Cover (publishing.service.gov.uk)

Appendices:

Appendix 1 – HMO Policy DRAFT

Contact Officer:

Name: Vicki Hopps

Telephone number: 01603 989365

Email address: vickihopps@norwich.gov.uk

Adopted July 2022

HMO Licensing Policy

NORWICH City Council

Contents

1. Introduction

1.1. Under Part 2 of the Housing Act 2004 there are two types of licensing schemes that relate to Houses in Multiple Occupation (HMOs), the national Mandatory HMO Licensing scheme and Additional Licensing of HMOs.

1.2. Under the national Mandatory HMO Licensing scheme all properties that meet the following criteria will require a mandatory HMO licence, which is defined in section 4 Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018:

- Is occupied by five or more persons
- Is occupied by persons living in two or more separate households; and meets:

  - the standard test under section 254(2) of the Act *(Housing Act 2004)*:-

    a) it consists of one or more units of living accommodation not consisting of a self-contained flat or flats;
    b) the living accommodation is occupied by persons who do not form a single household (see section 258);
    c) the living accommodation is occupied by those persons as their only or main residence, or they are to be treated as so occupying it (see section 259);
    d) their occupation of the living accommodation constitutes the only use of that accommodation;
    e) rents are payable or other consideration is to be provided in respect of at least one of those persons' occupation of the living accommodation; and
    f) two or more of the households who occupy the living accommodation share one or more basic amenities or the living accommodation is lacking in one or more basic amenities.

  - the self-contained flat test under section 254(3) of the Act *(Housing Act 2004)* but is not a purpose-built flat situated in a block comprising three or more self-contained flats:-

    a) it consists of a self-contained flat; and
    b) paragraphs (b) to (f) of subsection (2) apply (reading references to the living accommodation concerned as references to the flat).

  or

  - the converted building test under section 254(4) of the Act *(Housing Act 2004)*.

    a) it is a converted building;
    b) it contains one or more units of living accommodation that do not consist of a self-contained flat or flats (whether or not it also contains any such flat or flats);

c) the living accommodation is occupied by persons who do not form a single household (see section 258);
d) the living accommodation is occupied by those persons as their only or main residence, or they are to be treated as so occupying it (see section 259);
e) their occupation of the living accommodation constitutes the only use of that accommodation; and
f) rents are payable or other consideration is to be provided in respect of at least one of those persons' occupation of the living accommodation.

1.3. Additional licensing of HMOs covers those HMOs that are not licensed under the mandatory scheme but where the council has used its power to designate areas of the city subject to additional licensing of HMOs.

1.4. This document sets out the structure of the scheme and the fees and charges and criteria the council will apply to all licences in relation to the Mandatory HMO Licensing schemes.

2. HMO licensing in Norwich

2.1. The council has a responsibility under Section 55 of the Housing Act 2004 to secure the licensing of all mandatory HMOs and has been implementing its scheme in response to this duty since 2006.

2.2. The council does not currently undertake any additional licensing but reserves the right to consider implementation of a scheme of additional licensing at any point in the future. This would be subject to further consultation.

2.3. The HMO Licensing scheme in operation in Norwich therefore covers only mandatory licensable HMOs and all licence applications are to be accompanied with a fee determined by the council. Once a licence is issued it is not transferable to another person or property.

2.4. The council has exercised its powers to charge under Section 63(3) and (7) of the Housing Act 2004 and does so taking into account the Provision of Services Regulations 2009, which themselves implement the EU Services Directive.

2.5. Under Part 2 of the Housing Act 2004, an HMO is required to be licensed unless:
- a temporary exemption notice is in force in relation to it under section 62, or
- an interim or final management order is in force in relation to it under Chapter 1 of Part 4.

2.6. The council must take all reasonable steps to secure that applications for licences are made to them in respect of HMOs in their area which are required to be licensed under this Part but are not.

3. Legislation

3.1. Below is the key legislation covering housing related licensing:

- Housing Act 2004
  - Main provision for licencing - set out under Parts 2 & 3.
  - Provisions to allow Local Housing Authorities (LHA) to charge for administering licensing under Parts 2 & 3.
  - Definition of a House in Multiple Occupation (HMO)
- Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018
  - Amendment of the definition of an HMO required to be licenced (effective as of 1st October 2018).
- Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006
- Licensing of Housing in Multiple Occupation (Mandatory Conditions of Licences) (England) Regulations 2018
- Management of Houses of Multiple Occupation (England) Regulations 2006
- Housing, Health & Safety Rating System Enforcement (England) Regulations 2005
- Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (Amendment) (England) Regulations 2012

4. Consultation and adoption of policy

4.1. The Housing Act 2004 and other associated HMO licensing regulations do not set out a formal process or list of statutory consultees for adoption of a policy.

4.2. Before adopting a policy, the council consulted with the following:

- Chief officer of police
- Existing licence holders
- Trade organisations
- One or more persons who appear to the authority to represent the interests of persons operating Houses in Multiple Occupation, such as local estate agents, managing agents, UEA Homerun.
- One or more persons who appear to the authority to represent the interests of persons likely to be affected by the exercise of the authority’s licensing functions under the Housing Act 2004, such as the National Residential Landlords Association

4.3. Prior to formal adoption of the policy consultation responses have been reviewed by the licensing committee.

4.4. This policy was formally adopted at a meeting of the cabinet on 6 July 2022.

4.5. The policy will be reviewed at least every 5 years, or sooner if deemed necessary by the council as local housing authority.

5. Interaction with other regulation, policies and strategies

5.1. The Human Rights Act 1998 incorporates the European Convention on Human Rights and makes it unlawful for the council to act in a way that is incompatible with a convention right. Particular regard will be given to the following relevant provisions of the European Convention on Human Rights in respect of its licensing responsibilities:

- Article 6 that in determination of civil rights and obligations everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law
- Article 8 that everyone has the right to respect for their home and private life, and
- Article 1 of the First Protocol that every person is entitled to the peaceful enjoyment of their possessions, including for example the possession of a licence.

5.2. In addition to the requirements of the council to promote the licensing objectives, there is a statutory duty under the Equality Act 2010 to:

- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between different communities.
- Eliminate discrimination, harassment and victimisation, which are all prohibited conduct in the Equality Act 2010.

5.3. So far as possible, the council will avoid duplication with other regulatory regimes, and will not use its powers under the Housing Act 2004 and associated licensing regulations to achieve outcomes that can be achieved by other legislation and other enforcement agencies.

5.4. In particular, the council's licensing functions will be discharged separately from its functions as the local planning authority.

5.5. The council's planning, building control and licensing regimes will be properly separated to avoid duplication and inefficiency. Applications for HMO licences should normally be from operators with relevant consents for the property concerned. However, applications for licences may be made before any relevant planning permission has been sought or granted by the planning authority. It should be noted that licensing decisions are not bound by decisions made by a planning committee, and vice versa.

5.6. The granting of any variation of a licence which involves a material alteration to a building would not relieve the applicant of the need to apply for planning permission or building control where appropriate. Premises operating in breach of their planning permission may be open to enforcement action under planning law.

5.7. If other statutory requirements apply to the operation of a licenced property, the licence holder is responsible for complying with these. It is not a requirement of any licensing decision to address other regulatory matters, it is necessary for the licensee to conform with all relevant legislation.

6. Licence fees

6.1. Section 63 of the Housing Act 2004 permits the council to require any application for a licence under Part 2 to be accompanied by a licence fee and that this fee may properly cover all costs incurred by the council in carrying out its functions.

6.2. In developing its fee structure, the council has had regard to the European Court of Justice ruling in *R (Hemming) V Westminster City Council* (Case C-316/15) and the High Court decision in *R (Gaskin) v LB Richmond Upon Thames* (2018) EWHC 1996 (Admin) which held that the EU's Provision of Services Directive, which is enshrined in UK law as the Provision of Services Regulations 2009 should apply to property licensing fees and the processes involved in implementing and delivering such schemes.

6.3. The Services Directive in particular should be interpreted as precluding charging in advance for costs other than those directly related to the authorisation process of the scheme. In other words, the council is not permitted to demand fees in advance for anything other than the costs of administering the application for a licence even if it makes it clear that unsuccessful applicants are provided with a refund of the remaining part of the fee. The council may legitimately recover its wider costs, over and above those relating to the administration of applications, but this should be at the point at which the council has determined that a licence is to be granted.

6.4. The judgements in Hemming and Gaskin, which require the overall licence fee to be paid in two stages, has therefore had the effect that the fee for a licence under Part 2 of the 2004 Act must be levied in two separate parts.

6.5. The council is not allowed to demand fees in the Stage 1 process for anything other than the costs of administering and processing the application for a licence. Furthermore, this element of the fee is non-refundable should the application be unsuccessful. See also para. 6.12 below.

6.6. In the case of Stage 2 payments these can only be requested if the initial application is successful and will be charged to cover the costs of running and enforcing the scheme.

6.7. As such the council, when setting its fees, has adopted the two-stage approach. Fees and charges will be reviewed and set on an annual basis by the head of planning and regulatory services and will be published on the council's website.

6.8. Under Section 67 (5) of the Housing Act 2004 the council has the power to impose a restriction/ obligation on a particular person. In accordance with this power the council will require the licence holder to pay the Stage 2 fee in advance of the draft licence being issued, this will be required as part of the application process.

6.9. In addition, the council will attach a condition to all HMO licences requiring this Stage 2 payment to be made. This approach is consistent with that set out in the Hemming case.

6.10. Failure to make the Stage 2 payment will result in the council taking action through, either the revocation or refusal of the licence or by enforcing the non-compliance of the licence condition associated with the making of the Stage 2 payment.

6.11. The licence fees include the average costs of administering applications and inspection of the HMO before a licence is issued and/or during the period of the licence, where applicable. If hazards, management failures or failures to comply with any licence conditions are identified during the licensing inspection the cost of any follow-up work by the council will not be included in the licence fee. This is because there are other ways for us to recover our costs directly from the landlord of a non-compliant HMO, without passing that cost to all licence holders.

Refunds

6.12. The fees charged at stage 1 and stage 2 are designed to reflect the council's costs in administering the licence application process, including property inspections. Under some circumstances a refund of monies amounting to the costs not yet incurred by the council may be appropriate. Further details will be included in the council's published fees and charges for HMO licensing.

7. Making an application and communication

7.1. The primary communication medium for the application will be assumed to be electronic unless alternative prior arrangements are made.

7.2. Application forms will be available and completed via the council's website, and applicants must provide an email address and telephone number to facilitate ongoing communication. All necessary documentation needed to support the application should be submitted in an electronic format, and licences/draft licences will be also sent electronically.

7.3. Printed copies of licences etc. can be provided upon specific request.

8. Licence criteria

8.1. A valid application will include:

- An application form and all supporting information submitted including details of the following:
    - The proposed licence holder, as per the requirements set out in paragraph 11.6

- The proposed manager, as per the requirements set out in paragraph 11.6
- Bank or mortgage company if there is an existing mortgage on the property
- Any additional owners or any other interested parties' details
- A layout plan of each floor of the property[1]
- The property itself including:
  - the extent of any existing fire precautions
  - the types of soft furnishings
  - the number and type of each room (eg, how many bedrooms)
  - the size of habitable rooms
  - the number of occupants
  - The number and type of amenities (eg, baths, cookers etc)
- The energy rating of the house, where applicable, (from the energy performance certificate) and type of heating
- Servicing information and safety certification for gas appliances, the electrical installation and the fire detection system
- Stage 1 payment
- Signed declaration returnedA layout plan of each floor of the property[1]

Once a valid application is received the council will assess each application on its own merits against relevant criteria. The council has discretion to offer a one, three or five year licence.

[1] This will only apply to certain properties where specifically requested by the Licensing Team. Plans should be of a scale 1:100, showing the locations of all doors, windows, fire doors, fire and emergency related features, fixed furniture and the relevant amenities as set out in the Private Sector Housing Amenity Standards document at Appendix A

9. Processing the application

9.1. Under the Housing Act 2004 the council can either grant or refuse a licence. In determining whether to grant or refuse a licence the council must satisfy itself of the following:

- That the property is reasonably suitable for occupation by a maximum number of people; and
- That the proposed licence holder and manager of the HMO is a fit and proper person and the most appropriate person to hold the licence; and
- That there are satisfactory management arrangements in place or that such arrangements can be put in place by the imposition of conditions in the licence.
- That no banning order under section 16 of the Housing and Planning Act 2016 is in force against a person who— (i) owns an estate or interest in the house or part of it, and (ii) is a lessor or licensor of the house or part of it.

Tests for fitness etc. and satisfactory management arrangements

9.2. The council must be satisfied that "the proposed management arrangements are satisfactory" before granting an HMO licence. Those arrangements include (but are not limited to) consideration of whether:

- the persons[1] proposed to be involved in the management of the premises have a sufficient level of competence to be involved
- the persons proposed to be involved with the management of the premises are actually involved in the management
- those persons are ‘fit and proper’, and
- the proposed management structures and funding arrangements are suitable.

9.3. If there are minor concerns about how the property is proposed to be managed as an HMO, for example, provision of bins, procedures for ASB etc, and these can be overcome by the imposition of appropriate conditions, then such conditions will be imposed to ensure that the necessary arrangements are in place. However, if such conditions will still not be possible or practical to impose then it may be necessary to refuse to grant a licence.

9.4. It is for a council to determine whether a person has sufficient competence to be involved in the management of HMOs and, of course, the level of competence required will in some measure be determined by the complexity of the management challenges posed. The council will therefore be looking at the applicant’s experience and track record of managing HMOs and, in particular where they are the existing manager, the premises to which the application relates, and whether they belong to a recognised trade association or are a member of an accreditation scheme.

9.5. The management structures must be such that the manager is able to comply with any licence conditions and deal with the day-to-day operation management issues that arise as well as being able to deal with longer term management issues. In considering whether the structures are appropriate the council may take account of the following:

- evidence as to whether the systems in place are sufficient to enable the manager to comply with any condition of a licence or if such systems can be put in place through a condition of a licence to ensure compliance
- evidence of the systems for dealing with:
    - emergency repairs and other issues
    - routine repairs and maintenance to the premises and its curtilage
    - cyclical maintenance
    - management and the provision of services (if any) to the building and its curtilage
    - management of tenancies or occupants
    - management of the behaviour of tenants, occupant’s and their visitors to the premises
    - neighbourhood issues (including disputes)
- evidence of structures for engagement with the local authority, police, and other agencies, where appropriate

[1] Persons – may include: owner, landlord, letting agent or other person

9.6. The manager or a competent representative will need to operate within a reasonable proximity to the HMO, so that they can attend to matters promptly and retain an overview on the condition of the premises and the management of the tenancies. Consideration of reasonable proximity will be taken on the merits of each individual case, however within the county boundary may be a reasonable guide. A competent representative may be an individual who is not necessarily part of a letting or estate agency but should be able to deal with or have knowledge of the matters set out in paragraph 9.5 in representing the property manager.

9.7. The council must also be satisfied that the financial arrangements relating to the HMO are suitable. In that regard the manager must be sufficiently funded or have access to funding to carry out their obligations under the licence and their general management functions.

9.8. The council can vary or revoke a licence at any time during the licence period if there is sufficient evidence to support these decisions. Unannounced visits of licensed properties may therefore be undertaken during the licence period to check for compliance with the licensing and management regimes which apply. This is consistent with the powers provided under Section 239 of the Housing Act 2004.

9.9. Breach of any such legislation is a strict offence for which further action will be taken. The Housing, Health and Safety Rating System (HHSRS) also applies to rented properties and (if appropriate) remedial works can be enforced via The Housing Act 2004, which will be separate to the powers provided under the licensing scheme.

The Fit and Proper Test

9.10. In deciding to grant a licence the council must be satisfied that the proposed licence holder "is a fit and proper person to be the licence holder …" and that "the proposed manager of the house is a fit and proper person to be the manager of the house …"

9.11. This requirement is to ensure that those responsible for operating the licence and managing the HMO are of sufficient integrity and good character to be involved in the management of the particular residential premises to which the application relates and as such they do not pose a risk to the health, safety or welfare of persons occupying and visiting the HMO.

9.12. When considering whether a person is 'fit and proper' the council will have regard to any wrong doings of the relevant person concerned. This is evidence that the person has:

- committed any offence involving fraud or other dishonesty, violence or drugs and sexual offences
- practised unlawful discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and motherhood, race (which can be in reference to race, colour, nationality or ethnic or national

origins) religion and belief, sex or sexual orientation, in connection with the carrying out of business
- contravened any provision of housing or landlord and tenant law; or
- acted otherwise than in accordance with an approved code of practice.

9.13. The above list is not exhaustive, and the council can and will consider whether a relevant person has committed other relevant wrong doings, for example, discrimination under Regulation 5 of the Equality Act (Sexual Orientation) Regulations 2007. A relevant person will not be deemed unfit, simply because of poor management, although this is highly relevant to determining any question of suitability or competence.

9.14. The council do not adopt a blanket policy with its consideration of factors under a fit and proper person test. Each case will be considered on its own merits and regard will be had to information provided / omitted from an application form; historical information already held by the council relating to the premises and / or any relevant person connected with the licence application.

9.15. In an application for a licence the applicant must provide details of the following in relation to themselves and the proposed manager (if the applicant is not to be the licence holder):-
- unspent convictions
- any findings of a court/tribunal that the person has practised unlawful discrimination
- any judgement entered against that person in relation to a contravention of housing or landlord and tenant law (and, in so far it relates to the housing or landlord and tenant law, any contravention of any enactment relating to public or environmental health)
- any control order made in respect of any HMO under their management or ownership (and in respect of any former HMO they owned or managed);
- any enforcement action in respect of any house or HMO under their management or ownership (and any former HMO or house they owned or managed) under the housing health and safety rating system in Part 1 of the Housing Act 2004 so far as that enforcement action related to a category one hazard
- details of any refusal to grant a licence, or details of the revocation of a licence granted for non-compliance of a condition or conditions in respect of any house or HMO under their management or ownership (and in relation to any former HMO or house they owned or managed) and
- details of any interim or final management orders made by an LHA in respect of any house or HMO under their management (and in respect of any former HMO or house they owned or managed).

9.16. An applicant for a licence must disclose any wrong doings which relate to themselves, the proposed manager, and any other relevant person, if any. The council should therefore have sufficient information to decide a person's fitness based on the application.

9.17. If the council is not satisfied that it has sufficient information (being that supplied in connection with the application) to make a determination, it may require the applicant to provide further details and / or undertake their own further enquiries with other relevant council departments and external bodies as it deems necessary, including for example a Standard Disclosure and Barring Service checks (DBS check), provided at the applicant's expense.

9.18. The completion and signing of the licence application form will be taken as an agreement to any such action and the sharing of information between other local authorities for all relevant persons associated with the property and application.

9.19. Checks may also be made internally with other council departments such as licensing, Trading Standards, planning, building control, council tax and housing benefit.

9.20. The council are also able to request information on criminal convictions, and although this is not undertaken as a matter of routine a DBS check will be requested where there is sufficient evidence to suggest that this is necessary.

9.21. Such reasons for requiring a DBS check may include that:

- The council have evidence of a history of complaints or problems with the landlord (which in themselves might not amount to 'evidence' of unfitness to meet the test), but further investigation may be required
- the applicant has been evasive or untruthful in their application for a licence
- the applicant, or proposed manager, is unknown to the council and has not demonstrated any history or competence of managing HMOs or other private rented properties
- The council has reasonable grounds to suspect that the applicant, or the proposed manager, has committed an offence which is relevant to the determination of any question of their fitness; or
- The premises provide accommodation mainly to vulnerable persons. In deciding whether a misdemeanour (including a criminal offence) is relevant to the determination of a person's fitness a council may wish to consider the following factors:
    - the relevance of the misdemeanour(s) in relation to the person's character and integrity to manage residential premises and in particular the type of premises to which the licence relates
    - the seriousness of the misdemeanour(s) in terms of impact, or potential impact, upon the residents and the wider community, including if more than one misdemeanour has been carried out the cumulative impact
    - the length of time since any misdemeanour; and
    - any mitigating circumstances.

Consideration of ‘persons associated or formerly associated’ with the proposed licence holder or manager

9.22. If there is evidence that a person associated, or formally associated, with the person proposed to be the licence holder or manager of the HMO, has committed any wrongdoings, that evidence may be taken into account in determining the proposed licence holder’s or manager’s fitness (even if that person has themselves an unblemished record).

9.23. The purpose of this requirement is to ensure that only fit and proper persons hold licences or are in any way involved in the management of licensed HMOs. It would not be appropriate for a licence to be granted to someone, or for someone to be the manager of a property, if that person was merely acting as a ‘front’ for someone else who, if they were not fit, would not be entitled to be the manager or licence holder.

9.24. An example might be that of a husband and wife, where the husband is the landlord (or indeed both partners are joint landlords), but only the wife has applied for the licence. If there is evidence that the husband has committed wrongdoings and those wrongdoings are relevant to the wife’s management of the property or licence, then the council may refuse to grant a licence.

9.25. Likewise, if a landlord with an unsatisfactory record nominated a” manager” who had a clean record but had acted for them whist the wrongdoings were committed, the council may consider the managing agent by association to be unfit too.

10. Amenity standards and licence conditions

10.1. All licensed Houses in Multiple Occupation need to be supplied with amenities such as heating, insulation, kitchen facilities, washing facilities and toilets. The number and type of amenities depend on the type and size of the house.

10.2. In considering an application for a licence the council must be satisfied that the property is reasonably suitable for occupation by the number proposing to live there. Some standards are prescribed in the Licensing and Management of Houses in Multiple Occupation (Miscellaneous Provisions) (England) Regulations 2006(SI2006/373).

10.3. Minimum room sizes are also set out in The Licensing of Houses in Multiple Occupation (Mandatory Conditions of Licences) (England) Regulations 2018.

10.4. The council also has power to specify other standards, and these are laid out in the Private Sector Housing Amenity Standards document attached at Appendix A.

10.5. This document outlines those standards which should be interpreted as guidance to landlords as to what the local authority is likely to consider reasonable taking account of property type and layout. It should also be noted that a Local Authority may consider, in certain justified circumstances that a higher standard than specified in this guidance is required and landlords are advised to discuss their specific property with council officers prior to carrying out alterations.

10.6. Licences will be issued with all relevant mandatory conditions set out in the Housing Act 2004 and associated regulations, as well as conditions chosen on a case-by-case basis to ensure wellbeing and protection of occupiers. As well as the amenity standards attached at Appendix A, the council also provides guidance on fire precautions and further details are available on our website.

10.7. Every licence issued will have conditions attached. The conditions can vary from property to property, but the majority of licenses issued by the council will have conditions attached covering the following:

10.7.1. number of occupiers
10.7.2. room sizes
10.7.3. changes to the licensed property or licence holder
10.7.4. fit and proper person
10.7.5. fire protection
10.7.6. electrical installation
10.7.7. gas supply
10.7.8. amenities
10.7.9. furniture and appliances
10.7.10. appearance
10.7.11. refuse and waste
10.7.12. terms of occupation
10.7.13. anti-social behaviour

11. Issuing a licence

11.1. All new HMOs subject to licensing will be inspected prior to the issuing of a draft licence, to ensure that the HMO is reasonably suitable for occupation by the number of people being requested on the licence application, and to ensure that there are satisfactory management arrangements are in place.

11.2. Properties requiring a renewal of a licence may also need inspecting prior to the issuing of a draft licence, where there has not been a recent inspection during the period of the previous licence, or there are outstanding concerns or compliance matters requiring addressing.

11.3. All HMOs will also remain subject to further inspections during the lifetime of the licence to check compliance with licence conditions, management responsibilities and minimum standards. Frequency of inspection will be driven by a risk assessment of all the data relevant to the property and/or licence holder/manager.

11.4. In certain cases, the council may decide to carry out such inspections without prior notice being given to the owner, licence holder and /or manager. This is consistent with the powers set out in Section 239 of the Housing Act 2004.

11.5. Where the inspection has been pre-arranged then licence holders, or applicants where applicable, will be required to provide access to all rooms in the HMO at a suitably arranged appointment.

11.6. All contact with the licence holder and relevant person(s) will be made using the contact information provided by the applicant on the original application – the primary medium for this will be electronic as set out in paragraph 7.1 of this document. Accordingly, it is the licence holder's responsibility to ensure that all contact details are up to date, and you must notify the council of any change in details. The council will not be held responsible for any delay in communication if it is as a result of any contact information changing.

11.7. Where it is deemed appropriate to issue a draft licence, the stage 2 payment will be requested, upon receipt of which, the draft licence with all relevant conditions will be sent to all relevant persons and interested parties for consultation.

11.8. The relevant persons will have an opportunity to make any representations, and these must contain all the relevant information to be considered by the authority. No further opportunities will be extended to add to or make further representations.

11.9. Representations must be submitted to the HMO Licensing Team within 21 days of the date the draft licence is sent. Representations received outside of this period will not be considered.

11.10. Representations will be considered by a suitably qualified/experienced member of the licensing team; and the licence modified or issued as necessary.

11.11. Where the inspection has been pre-arranged then licence holders, or applicants where applicable, will be required to provide access to all rooms in the HMO at a suitably arranged appointment. When this process is complete a full licence with the conditions will be issued. Again, copies will be sent to all interested parties.

11.12. If the licence holder is still dissatisfied with the conditions or terms of the licence, they will have an opportunity to appeal to the First-tier Property Tribunal. The details of how this appeal can be made will be provided with the licence.

12. Renewal applications

12.1. The Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (Amendment) (England) Regulations 2012 set out amendments to "renewal applications", which reduces the burden on landlords applying for the renewal of a licence.

12.2. In the case of renewal applications an applicant must provide a complete application form and sign the declarations provided.

12.3. It is important to note that the regulations define a "renewal application" as "an application for a licence under section 63 of the Act where, at the time the application is made a licence of the kind applied for is already held by the applicant and has effect in respect of the HMO or house".

12.4. The effect of this part of the Regulations is that in order for the council to treat any application as a "renewal" the application must be made during the active period of the current licence. If a renewal application is received after expiry of the previous licence, then the application will be treated as refused and a new licence application will need to be submitted, along with the appropriate fee.

It is important to note that it is the licence holder's responsibility to apply to renew the licence at the appropriate time. The council may send reminders prior to the expiry of any current licence, but these should not be relied upon to prompt a timely application.

13. Revocation or variation of a licence

13.1. If circumstances regarding the HMO change during the licence period, the licence holder must notify the council directly so the licence can be re-assessed and varied if the HMO is considered suitable to accommodate the variation request.

13.2. The types of change requiring a variation to the licence would be:

- there is a change in the number of kitchens (including bedsits) or bathrooms provided
- there is a change to the design or layout of the property
- there is a change of management or ownership
- there is a change of mortgage provider.

13.3. Similarly, if the HMO is no longer going to be occupied as an HMO or the licence holder changes, then the licence holder must make an application for the licence to be revoked. Any remaining period of the licence will be forfeited and a there will be no right to refund of the original payment.

13.4. Where there is a change of licence holder, there is no facility to transfer the licence to another party. A new licence application must be submitted, and the old licence revoked.

13.5. As well as voluntary revocation set out above, The Housing Act 2004, s.70 and s.70A also set out other circumstances where the council may take action to revoke a licence. This action falls mainly into two categories:

13.5.1. Circumstances relating to licence holder or another person, such as:

- where the authority considers that the licence holder or any other person has committed a serious breach of a condition of the licence or repeated breaches of such a condition
- where the authority no longer consider that the licence holder is a fit and proper person to be the licence holder; and
- where the authority no longer consider that the management of the house is being carried on by persons who are in each case a fit and proper person to be involved in its management.
- Where a banning order is made under section 16 of the Housing and Planning Act 2016 against the licence holder, or a person who— (i) owns an estate or interest in the house or part of it, and (ii) is a lessor or licensor of the house or part of it.

13.5.2. Circumstances relating to HMO concerned, such as:

- where the authority considers at any time that, were the licence to expire at that time, they would, for a particular reason relating to the structure of the HMO, refuse to grant a new licence to the licence holder on similar terms in respect of it.

14. Licence period

14.1. HMO licences will be granted for 1, 3 or 5 years. Where there are no concerns regarding the property, applicant or management controls, then a licence would normally be issued for 5 years.

14.2. Where there are relevant concerns, but it is not appropriate to refuse a licence, a licence will be issued for 1 or 3 years depending on the severity of the issues. The following is a list of matters that may be taken into consideration when determining the period for which an HMO licence is granted. This list is not exhaustive, and each case will be considered on its own merits.

1 year licence

- Operating without voluntarily applying for a licence
- Existence of significant hazards at the property – such as those classified as Category 1 under the Housing Health and Safety Rating System (HHSRS)
- Serious failure to comply with the conditions of a previous or current licence – particularly those relating to tenant safety.
- Serious failure to comply with HMO management regulations - particularly those relating to tenant safety.
- Serious concerns raised by the police or other enforcement agency
- Serious non-compliance with building regulations - particularly those relating to tenant safety.
- No provision of written tenancy or licence agreements

3 year licence

- Failure to comply with the conditions of a previous or current licence
- Failure to comply with HMO management regulations
- Failure to comply with planning requirements
- Council tax payment not up to date
- History of substantiated complaints in respect of the property
- Non-compliance with building regulations
- Previous failure to provide up-to-date certificates on time
- The existence of hazards at the property
- Concerns raised by the police or other enforcement agency

14.3. Upon determining the renewal of a licence, it is unlikely that it would be considered appropriate to progress direct from a 1 year to a 5 year licence term. However, if the circumstances are appropriate, and the criteria for a 1 year licence apply, a previous 5 year licence term may be reduced to a 1 year term upon renewal.

15. Fire risk assessments for licensed HMOs

15.1. Having a fire risk assessment for certain classes of licensed HMO is a legal requirement under the Regulatory Reform (Fire Safety) Order 2005, which is enforced by Norfolk Fire and Rescue Service.

15.2. The duty is placed on the 'responsible person' who could be the landlord/licence holder or an agent with full management control. The assessment must be 'suitable and sufficient', and assistance from an appropriately competent person should be sought as necessary to achieve this.

15.3. The council will accept a signed self-certification form declaring that a suitable and sufficient fire risk assessment is in place for the HMO, however the Council may request and audit the fire risk assessment, where applicable, and other records at any time during the lifetime of the licence and may be requested during an inspection of the premises prior to determining an application. If any documents requested cannot be provided within 7 days of the request, the Council may revoke the licence.

15.4. The acceptance of a fire risk assessment/self-declaration does not protect the responsible person from any action required by Norfolk Fire and Rescue Service.

15.5. Further information and guidance on completing a fire risk assessment is available from the Chief Fire Officers Association and www.gov.uk.

16. Decision making - delegation of authority

16.1. All decisions regarding the grant, refusal, modification and revocation of HMO licences are delegated to the post of head of planning and regulatory services, or any subsequent post fulfilling the responsibilities of overseeing the HMO licensing function.

17. How long will it take to process an application?

17.1. Upon receiving a valid application, the council will aim to provide a decision as soon as is reasonably practicable. However, each case will require different processes to be completed before issuing a decision and will be dependent on the applicant supplying the required information and necessary payments within timescales, and that no representations are made. Where information or payments are late, or representations made, then this could extend the time it takes to process your application.

17.2. It is therefore the council`s aim to process all valid applications and provide the relevant persons with a decision within 20 weeks of receipt. This will require the full co-operation of the applicant with the council`s requirements for determining a licence application.

17.3. Tacit consent does not apply to HMO licence applications. It is in the public interest that we check that the HMO meets the prescribed standards, which may include arranging a full property inspection, before a licence can be granted.

18. Public registers

18.1. A register of HMO licences is available on the council's website. Full details are also available by request to the HMO licensing team.

19. Appeals

19.1. If an application for an HMO Licence is refused, or the terms of a licence granted are disputed, there is a right to appeal this decision within 28 days to the First-tier Tribunal (Property Chamber - Residential Property). The details of this will be provided with the relevant documentation relating to the refusal or granting of the licence.

Appendix A

Private sector housing amenity standards booklet

Council website link:
https://www.norwich.gov.uk/downloads/file/2252/amenity_standards_booklet

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NORWICH City Council

Item 10

Committee Name: Cabinet
Committee Date: 06/07/2022
Report Title: Application to the UK Shared Prosperity Fund

Portfolio: Councillor Giles, Cabinet member for community wellbeing

Report from: Executive director of community services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

To seek delegated authority for the Executive Director of Community Services to submit the Norwich City Council Investment Plan to UK Shared Prosperity Fund (UKSPF) and develop a costed project plan.

To seek approval to amend General Fund revenue budgets and the General Fund capital programme to reflect the approved Investment Plan.

Recommendation:

1. To delegate to the Executive Director of Community Services, in dialogue with the relevant portfolio holder, the submission of the investment plan and subsequent spending decisions in order to meet the timescales from central government.

2. That following the award of funding, approve an amendment to the 2022/23, 2023/24 and 2024/25 General Fund capital programme to create budgets funded from UK Shared Prosperity Fund in accordance with the approved investment plan.

3. That following award of funding, approve the creation of additional 2022/23, 2023/24 and 2024/25 General Fund revenue budgets funded from UK Shared Prosperity Fund in accordance with the approved investment plan.

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

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

This report meets the people live independently and well in a diverse and safe city; Norwich is a sustainable and healthy city; Norwich has the infrastructure and housing it needs to be a successful city; The city has an inclusive economy in which residents have equal opportunity to flourish corporate priorities.

This report addresses a wide range of strategic actions in the corporate plan, including providing the right support to residents at the right time, with a focus on early help and prevention; Celebrate culture, heritage and diversity, inspiring and connecting communities; Listen to communities and use their views in decision-making; Protect and invest in our parks, green spaces and biodiversity; Work with partners to support good jobs, skills and opportunities for Norwich, including making the city a Living Wage Place and create the conditions for businesses to thrive

This report helps to meet Equality, Diversity and Inclusion and Citizen Participation adopted policies of the Council

This report helps to meet Business and the local economy and Harnessing Social Capital objective of the COVID-19 Recovery Plan

Report Details

Overview of the UK Shared Prosperity Fund

1. The UK Shared Prosperity Fund (UKSPF) is the government's post-Brexit replacement to European Funding streams (mainly European Social Fund) which is aligned to the outcomes sought by the Levelling Up white paper and runs in tandem with other funding streams, mainly Levelling Up Fund (LUF) and Community Ownership Fund.

2. This fund has not been designed as a competitive process, rather all areas in the UK have been allocated funding based on a set of metrics around the economy defined by Government including employment levels and productivity alongside investment made by EU funds in previous years.

3. The government list the overall objective of the UKSPF as:

   To build pride in place and increase life chances across the UK. This aligns with Levelling Up White Paper missions, particularly: 'By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.'

4. There are three thematic areas under which projects and spending can take place, of which each has a defined list of interventions and outcomes which are expected to be met.
   a. Communities and Place
   b. Local Business
   c. People and Skills

5. This is broken down into four core themes:
   a. Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
   b. Spread opportunities and improve public services, especially in those places where they are weakest
   c. Restore a sense of community, local pride and belonging, especially in those places where they have been lost
   d. Empower local leaders and communities, especially in those places lacking local agency

6. There are a total of 42 different interventions listed in the prospectus for councils to choose from which dictate how funding can be allocated. These are all high level priorities with different possible ways of putting the intervention into practice E.g. "Funding for impactful volunteering and/or social action projects to develop social and human capital in local places".

7. Each intervention listed has an approved list of outputs and outcomes attached to evidence impact which are required to draw down funding. While more evaluation is not required, there is a recommendation to complement this with localised evaluation of funded activity.

8. Councils are unable to spend money on the People and Skills interventions

until 2024/25 (year three) unless this is to fund existing VCSE-led provision which has EU funding ending before then and is considered a priority to maintain.

9. All councils must submit an investment plan by August 1st 2022 which sets out the percentage of funding which will be spent against each intervention selected. This includes a breakdown of which output and outcome measures are being used and an approximate target figure. E.g. Investment in Social Enterprise, 10% of yearly revenue budget allocated (£16,636), output of 10 new social enterprises given non-monetary support by way of advice.

10. Detailed project plans are not expected within the Investment Plan. These can be made once the plan is approved and refined for those spending priorities in later years during the funding cycle.

11. Central government is expected to review and agree these plans by October 2022 at which point year one funding is released; in addition, the Council will receive £20,000 in recognition of the costs of the planning work undertaken at that point.

12. From this point, plans are reviewed and updated yearly so predictions for years 2 and 3 can be amended based on specific project plans and budgets being drawn up in more depth. Any unused funding in a year cannot be rolled over and would have to be returned to the government as unspent so it is important that funding is used in year.

The Council's allocations and development

13. The allocations to councils have been made as a three-year settlement plan (2022-2025), with no competitive bidding process. Investment plans must be subject to initial approval and a further annual review..

14. The total allocated to Norwich is £1,586,556 which is divided between the three years. 4% (£63,462.24) can be used for administration and between 10-20% can be used as capital funding, increasing over the three-year period.

	2022/23	2023/24	2024/25
Total	192,543.00	385,086.00	1,008,926.00
of which 4% admin	7,701.72	15,403.44	40,357.04
of which capital	18,484.13	48,058.73	193,713.79
of which revenue	166,357.15	321,623.83	777,855.17

15. This allocation is much smaller than was expected and is less that the city received under previous EU funds, so careful planning is essential.

16. The programme of work which Norwich City Council is developing is based on:

    a. Strategic need, as established by the Norwich 2040 City Vision and its Corporate Plan
    b. Lessons from existing programmes around related issues such as the Norwich Good Economy Commission, Community Renewal Fund projects and skills programmes previously funded by the EU.

c. The council's local knowledge of gaps in provision identified by the above projects, such as lack of business support suitable for social enterprise and foundational businesses.
d. Opportunities to maximise the impact of SPF funding by considering where additional funding could be leveraged in; for example, Community Infrastructure Levy (CIL), Neighbourhood Community Infrastructure Levy (NCIL), match funding from other agencies and external grants.

17. Key initial themes and learning from other programmes evaluations and feedback:

a. Ensuring that people with additional barriers or disabled people are not excluded from employment and social opportunities.
b. Business support is keys for foundational economy (hairdressers, market traders, etc.) where they may not be able to access self-directed or mainstream support
c. Social enterprise development which meets local needs and gaps in local provision such as neighbourhood hospitality or retail, or activities which prevent formal expensive care needs
d. Green space importance to residents and projects in those spaces having knock-on cost saving benefits (reduction of ASB, crime)
e. Digital connectivity underpins engagement and access to wider support offers
f. Cost of living is impacting people's ability to engage in skills programmes which needs to be a running theme within projects
g. Need to focus on key neighbourhoods as well as the City Centre as transport costs can be prohibitive
h. Local knowledge can help make better investment decisions with less risk of needing to undertake expensive retrospective corrections
i. Cross-organisation teams deliver better impact, with shared resources and core costs such as administration and premises
j. Shared evaluation is key to make best use of resource and creates better joined up working and a better learning to inform other projects
k. Cross-programme marketing gives best value for money and needs to consider offline as well as digital to be effective
l. Avoiding duplication is fundamental to create value for money and best activity for residents
m. More generic elements (such as business support) could be delivered Countywide but local approaches to community and local economy often deliver better results

18. Engagement with stakeholders has focused on narrowing the large number of interventions down, amalgamating some into wider themes, and suggesting specific activity which delivers the outcomes and outputs required by the funding prospectus.

19. This engagement includes grants for community of interest specific VCSEs to ensure many voices are brought into the design of project delivery and priorities.

20. Due to the lower-than-expected levels of funding, the engagement and planning work has looked at what other external and internal funding has been

available to align to UKSPF money in order to maximize outcomes for residents.

Delivery

21. Once the investment plan is approved, the council will then be able to seek specific partners to deliver interventions which will meet the priority areas identified in the plan.

22. This can be done in four ways:

    a. In-house council delivery
    b. Direct commissioning of identified partners
    c. Open calls for commissioning partners
    d. Grant programmes

23. The right route for use of budgets will be dictated by the intervention selected and how this can be best delivered locally for maximum impact. These do not have to be specified within the investment plan.

Consultation

24. All investment plans and resulting projects are required to have been developed in conjunction with a Local Partnership Board. For Norwich, the City Vision Board meets these requirements and can be asked to review the investment plan delivery and engage in planning.

25. Going beyond this the stakeholder collaboration has included the Towns Deal Board, Norwich Good Economy Commissioners, members of the council facilitated Equality, Diversity and Inclusion board, organisations involved in previous European Funded projects and key VCSEs for the city.

26. Both Norwich MPs have been briefed on the planning

27. Members have been invited to consult on the planning

28. Key VCSE groups representing the interests of marginalised groups were funded to undertake engagement and feedback from their existing memberships to widen the scope of voices

29. While there is no public consultation, given the time constraints, input from other projects including the Norwich Good Economy Commission, Community Conversations and feedback on Get Talking Norwich have been considered in the planning so local voices have been included.

Implications

Financial and Resources

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

30. The Investment Plan links to external funding, not impacting existing General Fund or Housing Revenue Account budgets and therefore has no direct impact on the council's MTFS or HRA business plan.

31. Any additional costs to the council for enabling services to deliver the plan and projects within the investment plan, will be recharged via administration costs with project management costs which exceed the administration allocation, to be included in the intervention and project budgets.

32. Use of this external funding may be used to leverage additional matched funding to contribute to the council's overall vision and corporate priorities, easing pressure on existing budgets.

33. On 22nd February 2022, Council approved to delegate to Cabinet, to include in the capital programme, additional capital schemes funded wholly by grant where it meets the Council's aims.

34. It is proposed that General Fund revenue budgets and the General Fund capital programme will be amended to include the appropriate budgets in line with the approved investment plan, but not exceeding the value of UKSPF funding received.

Legal

35. The Council's general power of competence enables it to submit bids for funding. When it does so, s.151 of the Local Government Act 1972 requires the Council to ensure there is proper arrangements in place to manage its financial affairs.

36. Funding agreements from central government, when issued, will need to be examined by nplaw to identify risks.

On receipt of any funding agreements, these will be submitted to nplaw for comment and taken to CLT for approval before financial commitments are made. Funding will not be spent until these agreements are signed off by legal advisors.

Statutory Considerations

Consideration	**Details of any implications and proposed measures to address:**
Equality and Diversity	The basis of the interventions should present the opportunity to improve equality for all residents, including those with protected characteristics. Each project within the plan will need a minimum of an Equality Impact Statement, and a full assessment where appropriate. All efforts have been made to include communities of interest and their views within the stakeholder planning.

Consideration	Details of any implications and proposed measures to address:
Health, Social and Economic Impact	The use of this fund, under the appropriate interventions, should have a positive impact on the health, social and economic status of residents. Projects will be evaluated on their impact on individuals and be designed with the reduction of inequality in mind.
Crime and Disorder	Elements which can be funded within the interventions include better use of existing public space to reduce anti-social behaviour and crime, therefore the use of this funding should have a positive impact on reducing ASB and crime. Aims on community cohesion and resilience should have a positive indirect effect on these as well.
Children and Adults Safeguarding	Any element of the project which is deemed a risk category will have DBS checked staff to run this although this is not expected within the types of intervention.
Environmental Impact	Any funded partners will be expected to hold appropriate safeguarding policies and act in accordance with them while delivering projects.

Risk Management

Risk	Consequence	Controls Required
Incorrect use of funds	Resulting in claw back or lower allocations	Programme management oversight and clear reflection of the constraints and reporting functions required by the agreement
Recruitment into core team roles in a short space of time	Project funded through the programme are delayed in starting and cannot meet the time scales required by the funding resulting in claw back and/or a lack of results and outcomes	Identify existing staff with suitable skills for key roles where required. Work with delivery partners ahead of funding to ensure adequate time for recruitment.
Oversight of commissioned projects exceeds capacity of back office teams	Not able to manage the contracts robustly and risk mis-use of funds or lack of paperwork returned	Commission a small number of larger projects which operate in a cross-organisational team model to ensure shared administrative burden and reduce time from back office teams.

Risk	Consequence	Controls Required
Ensuring no duplication with existing services	Poor value for money and splitting the beneficiaries between projects	Working alongside existing employment and skills projects and organisations to ensure this project is bridging gaps and adding value.
Externally funded projects do not complete required paperwork	Resulting in claw back or lower allocations	Programme management and a shared team model to ensure all paperwork needed to evidence spend is fully completed

Other Options Considered

37. The main alternative to this course of action is to decline the funding from central government.

38. Discussion amongst Norfolk authorities has taken place on whether to pool the administration of funding However, it was concluded to proceed on an individual authority basis. There may still be priorities which could be co-commissioned by districts on a wider geographic footprint which is being discussed as plans are developed.

Reasons for the decision/recommendation

39. The time scales set by central government only allowed a limited time from prospectus release to submission of the Investment Plan but required significant stakeholder engagement, therefore there is no time within the model to be able to consult specifically on the allocations against priority themes.

40. The Investment Plan being indicative means there remains flexibility within the plan to accommodate changes over the three years in some places and leave further time for the agreement of appropriate delivery partners.

41. There is a need to spend year 1 funding by March 2023, however as the government will agree plans in October 22, the council needs to remain agile to approve decisions in order to not risk claw back of funding from government.

42. Year 2 planning will need to also be undertaken in order to allow partners to plan for capacity and resourcing into 2023/24, however for year 3 when there is more funding in the plan, there will be more time to work collaboratively to plan year 3 specific spending.

Background papers:

UKSPF Prospectus – UK Shared Prosperity Fund: prospectus - GOV.UK (www.gov.uk)

UKSPF allocations - UKSPF allocations - GOV.UK (www.gov.uk)

Appendices: None

Contact Officer:

Name: Kate Price

Telephone number: 01603 989532

Email address: kateprice@norwich.gov.uk

NORWICH City Council

Item 11

Committee Name: Cabinet

Committee Date: 06/07/2022

Report Title: Greater Norwich Local Plan: Focused consultation on possible sites for Gypsy and Traveller accommodation

Portfolio:	Cabinet member for inclusive and sustainable growth
Report from:	Executive director of development and city services
Wards:	All
OPEN PUBLIC ITEM	

Purpose

To seek member approval for a focused consultation on the Greater Norwich Local Plan (GNLP) proposed Gypsy and Traveller sites to take place from 25th July to 7th September 2022. The consultation would seek views on three proposed sites and allow landowners to promote other Gypsy and Traveller sites for inclusion in the GNLP.

Recommendation:

It is recommended that Cabinet:

1) approves a focused consultation on the Greater Norwich Local Plan (GNLP) proposed Gypsy and Traveller sites; and

2) agrees to delegate authority to the executive director of development and city services, in consultation with the cabinet member for inclusive and sustainable growth, to agree consultation materials prior to the public consultation.

Policy Framework

The Council has five corporate aims, which are:

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

- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report's content addresses the following corporate aims of: Norwich is a sustainable and healthy city; and Norwich having the infrastructure and housing it needs to be a successful city. The provision of gypsy and traveller accommodation through making site specific allocations will help ensure that this group's housing needs are addressed.

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

Item 5: Housing, regeneration and development:

- Make progress on the Greater Norwich Local Plan to put in place a framework to guide development in the city and encourage it to be well designed and genuinely sustainable.
- Make the most of its own land holdings and financial capability to maximise rates of housing delivery through exemplary homes that meet the needs of the people of Norwich and develop a pipeline of sites that can be delivered over the medium to long-term.

Introduction

1. This report concerns a focused GNLP consultation on sites for Gypsy and Traveller accommodation.

2. No potential Gypsy and Traveller sites were submitted in the GNLP for consideration prior to its submission for independent examination. Subsequently officers have undertaken a process of extensive proactive engagement and site assessment to identify suitable allocation sites.

3. When cabinet considered the possible submission of the GNLP in July 2021 it resolved specifically to "commit to proactively identify and bring forward sufficient Gypsy and Traveller sites to meet identified needs in accordance with the criteria-based policies of the current and emerging Development Plans". This allowed for the lack of identified and allocated Gypsy and Traveller accommodation sites to be addressed through the examination hearings without adding undue additional delay to plan adoption.

4. In accordance with this, during the examination of the GNLP, the appointed Inspectors have indicated that they would require Gypsy and Traveller accommodation needs to be addressed through the allocation of sites.

5. The allocated sites would need to appropriately provide specific deliverable sites for the 5 years between April 2022 and March 2027 and provide developable sites for the 5 years from April 2027 to March 2032. Without such provision it is likely that the plan will be found unsound. If possible, sites needed for the 5 years from April 2032 to March 2037 should also be identified, thereby bringing the GNLP in accordance with the expectations set out in paragraph 68 of the National Planning Policy Framework (NPPF).

6. This report seeks Cabinet's agreement to undertake a focused consultation on three potential Gypsy and Traveller allocation sites that have been identified from this work. Furthermore, to ensure that the best and most appropriate sites are chosen, the consultation will also give landowners another chance to submit land for inclusion in the GNLP but this will be strictly limited to the promotion of Gypsy and Traveller sites.

7. The results of the focused consultation will subsequently be submitted to the independent inspectors who will take decisions about which Gypsy and Traveller sites to include in the GNLP. Based on discussions that have taken place at the GNLP examination hearing sessions, and subject to the outcome of the consultation, officers conclude that the appointed independent inspectors are highly likely to seek to allocated Gypsy and Traveller accommodation sites in their consultation on main modifications to the plan later in the 2022. The consultation on main modifications is the final step prior to the Inspector's issuing their final report. Accepting that modifications will be necessary, it remains the expectation of officers that the final inspectors' report will provide a basis on which the GNLP could be adopted.

Focused consultation on Gypsy and Traveller accommodation

8. Deciding how many Gypsy and Traveller pitches are required is a matter for the councils based on evidence. This evidence is then tested as part of the independent examination of the plan. Recently updated evidence has been produced by RRR Consultancy on behalf of the councils. This evidence is a new Gypsy and Traveller Accommodation Assessment (GTAA) and is linked to in the GNLP evidence library (ref B8.3). Paragraph S2 of the Executive Summary clarifies that this new evidence supersedes any previous GTAA published for the Greater Norwich local planning authorities. This evidence is being shared with interested stakeholders and will be submitted to the inspectors. This evidence is very likely to be the subject of discussion at the forthcoming reconvened autumn hearing sessions.

9. The GTAA shows that the Greater Norwich area requires a total of 50 residential Gypsy and Traveller pitches between 2022/23 and 2037/38, in addition to 27 pitches that already have planning permission but are yet to be constructed. Of the 50 pitches required between 2022/23 and 2037/38, it is anticipated that 10 pitches are required by March 2027 to meet the 5-year Planning Policy for Traveller sites (PPTS, 2015) need, and a further 8 pitches required for the PPTS need over years 6-10 up to March 2032. The remaining 32 pitch requirement relates to the ethnic need of Gypsies and Travellers who have ceased to travel which the PPTS does not specifically require local authorities to meet. The criteria-based policy set out with Policy 5 of the GNLP allows for further windfall sites to come forward that can contribute to accommodation needs beyond those required for the PPTS.

10. To provide options to find the residential pitches required, three possible sites have been identified for inclusion in the Gypsy and Traveller Focused Consultation from 25th July and 7th September. None of the sites are located in Norwich City Council's administrative area. It should be noted that the existing, city council owned, gypsy and traveller site at Swanton Road is in the process of being extended through provision of an additional 13 units; at the time of writing construction is almost complete.

11. The proposed consultation sites are:

12. **Cawston: GNLP5004, Land off Buxton Road, Eastgate, for approximately 4 pitches.** This is the only privately owned site promoted. The landowner put the site forward in winter 2021/22 when they became aware sites were still being sought for inclusion in the GNLP. The landowner has also stated their willingness to make the land available and as a relatively unconstrained greenfield site there is no reason why development could not come forward quickly.

13. **Costessey: GNLP5007, Land off Bawburgh Lane, north of New Road and east of A47. Incorporation of a Gypsy and Traveller Site into the Costessey Contingency Site, for approximately 18 pitches.** This site is a variation of the contingency site GNLP0581/2043, which measures 62 ha, and is being promoted as a residential-led urban extension of approximately 800 homes. Norwich City Council is a part owner in the land promoted as GNLP0581/2043 and would enable a Gypsy and Traveller site to be developed as part of the urban extension. However, a key issue and risk is timing, and every effort will be necessary to accelerate this site's delivery in order

that it can help provide the 10 pitches required by March 2027 to meet the 5-year PPTS need, and the further 8 pitches required for the PPTS need over years 6-10 up to March 2032.

14. **Wymondham: GNLP5005 Wymondham Recycling Centre, Strayground Lane, for approximately 2 pitches.** This site is owned by Norfolk County Council and is currently used as Wymondham Recycling Centre. Norfolk County Council has announced its intention to move the recycling centre to another location and when this happens GNLP5005 could become available for redevelopment as a Gypsy and Traveller site.

15. The focused consultation on possible sites to provide residential pitches for Gypsies and Travellers is currently planned to take place between 25 July and 7 September 2022. It will give the opportunity for all interested groups and individuals to have their say on the proposed sites. The comments made will then be available for the inspectors to consider when deciding on which sites to go forward as allocations to include in the GNLP.

16. The three sites listed as part of the consultation currently represent the best opportunities for provision but this might change if landowners put forward new land for Gypsy and Traveller sites through the consultation. It will be important to ensure that 10 pitches can be delivered by 2027.

17. As part of the consultation respondents will be able to comment on the three sites as well as various pieces of supporting evidence. These documents are the:
    - Sustainability Appraisal of the Greater Norwich Local Plan Gypsy and Traveller Sites and Policies, by Lepus Consulting
    - Habitats Regulations Assessment of published Proposed Submission Greater Norwich Local Plan – Gypsy and Traveller Sites Addendum, by The Landscape Partnership
    - Housing and Economic Land Availability Assessment (HELAA) Addendum IV (May) 2022
    - Gypsy and Traveller Site Assessment Booklet

18. The consultation versions of these documents are in preparation and will be published under delegated powers for consultation alongside the proposed sites.

19. The GNLP has been prepared with regard to the Public Sector Equality Duty, as defined by the Equality Act 2010, and this consultation represents a further positive step in meeting the Public Sector Equality Duty. Gypsies and Travellers are a key ethnic minority in the area and making specific site allocations will give added assurance that this group's housing needs are addressed in line with the requirements of the PPTS.

20. Publicity relating to the consultation will be undertaken where appropriate in line with the Communications Protocol agreed by the Greater Norwich Development Partnership (GNDP) Board in 2017, updated in 2019. Cllr Shaun Vincent, as chair of the GNDP, will be the nominated spokesperson for all media. All media responses will be co-ordinated by the communications lead for the project, Broadland & South Norfolk Joint Marketing and Communications team, in liaison with other partners. Similar reports to this one will

be considered by South Norfolk Council Cabinet on 11 July and Broadland District Council Cabinet on 19 July.

21. In the interests of efficiency, and continuing the successful approach taken at previous consultations, respondents will be encouraged to respond online, although written responses will also be accepted either by post or via email. The GNLP team will facilitate anonymous comments in line with its previous approach, which was for them to be made via District Councillors.

Next Steps

22. After the consultation on Gypsy and Traveller sites closes in September it is anticipated that the Inspectors will hold a further hearing session. This will likely be in October during which time the inspectors will decide which sites are included in the main modifications consultation, and which will ultimately form part of the GNLP when it is adopted.

23. The consultation into main modifications arising from the examination is expected to be held over the winter 2022/23. Following this, the Inspectors will produce a report including the main modifications required to make the plan sound. The plan can only be adopted by the councils with the inclusion of the Inspectors' main modifications.

24. Given the time that has elapsed, the addition of the focussed consultation on Gypsy and Traveller sites, and the deferral of some hearing sessions means that adoption of the plan is likely to be at the end of April 2023, rather than September 2022 as previously anticipated.

Implications

Financial and resources

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

26. The focussed consultation will be undertaken within the current GNLP officer resource and covered by the existing GNLP budget.

Legal

27. The council is obligated by the Planning and Compulsory Purchase Act 2007, as amended by the Town and Country Planning (Local Planning) (England) Regulations 2012 to produce a local plan. In preparing its local plan, the Council must be consistent with policies in the National Planning Policy Framework and take into account the government's planning policy for traveller sites.

28. The consultation is required by the GNLP Inspectors and consequently is essential to ensuring the adoption of a sound local plan. Associated with

plan-making are statutory requirements for Sustainability Appraisal and Habitat Regulations Assessment which are also being followed as part of this focused consultation."

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	The GNLP has been prepared with regard to the Public Sector Equality Duty, as defined by the Equality Act 2010. This consultation represents a positive step in meeting the Public Sector Equality Duty.
Health, Social and Economic Impact	This report does not have any direct implications for the council's health, social and economic considerations, but the subsequent delivery of gypsy and traveller accommodation will have positive health and social impacts for the gypsy and traveller community in Greater Norwich.
Crime and Disorder	This report does not have any direct implications for the council's crime and disorder considerations.
Children and Adults Safeguarding	This report does not have any direct implications for the council's Safeguarding Policy statement.
Environmental Impact	A Sustainability Appraisal and Habitat Regulations Assessment has been undertaken alongside the site assessment process to ensure that the environmental impacts of proposed site allocations are fully understood.

Risk Management

Risk	Consequence	Controls Required
Failure to consult on, and allocate, sufficient sites for gypsy and traveller accommodation is likely to have negative implications for the soundness of the GNLP.	Delays to the examination process and potentially leading to the plan being found unsound, and the possibility of a public sector equality duty challenge.	Identification of sites will assist in ensuring the soundness of the GNLP to support future housing delivery

Other Options Considered

29. If consultation is not undertaken on the potential allocations sites it will prevent the inspectors from undertaking a subsequent consultation on modifications likely to be necessary for the soundness of the GNLP. Therefore, choosing not to agree to undertake the proposed consultation carries a strong likelihood of the GNLP being found unsound which would mean that the plan could not be adopted. Officers do not consider that there is evidence to justify this option as reasonable.

30. Rather than seeking to enable the inspectors to modify the plan, and to allocate sites to meet the needs of Gypsy and Travellers, the GNDP could propose that a single-issue review is undertaken. However, it is not certain that the inspectors would accept this approach.

31. Moreover, even if it were to be acceptable in principle, officers have undertaken an extensive investigation into potential site for Gypsy and Travellers and it is considered unlikely that the site options to be contained within any single-issue plan would differ significantly from those proposed here. The production of a single-issue plan would also entail further time, cost and risk. The failure to allocate sites for Gypsy and Travellers in the GNLP would also continue the current absence of a 5-year land supply for Gypsy and Traveller Sites, which will impact on the Council's decision-making process. Therefore, officers would caution against this approach.

Recommendations

32. That Cabinet approves a focussed consultation on GNLP proposed Gypsy and Traveller sites to take place from 25 July to 7 September 2022, and agrees to delegate authority to the Executive director of development and city services, in consultation with the Cabinet member for inclusive and sustainable growth, to agree consultation materials prior to the public consultation

Reasons for the decision/recommendation

33. The reason for the recommendations is that Cabinet's approval is required, along with that of Broadland and South Norfolk Councils, for the focussed consultation on Gypsy and Traveller accommodation.

Background papers: None.

Appendices: None

Contact Officer: Judith Davison
Planning policy team leader
Telephone number: 01603 989314
Email address: judithdavison@norwich.gov.uk

NORWICH City Council

Item 12

Committee Name: Cabinet
Committee Date: 06/07/2022
Report Title: Future of Waste Collection Services

Portfolio: Councillor Oliver, Cabinet member for environmental services

Report from: Executive director of development and city services

Wards: All Wards

OPEN PUBLIC ITEM

KEY DECISION

Purpose

To consider approval for the extension of the existing contract with Biffa PLC for the collection of residual waste and a range of recycling materials on behalf of the Council until 2031 as outlined in this report.

Recommendation:

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

Policy Framework

The Council has five corporate priorities, which are:

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

This report meets the Norwich is a sustainable and healthy city, and Norwich City Council is in good shape to serve the city corporate priorities

This report addresses the review of the waste strategy to meet local and national requirements and ambitions for resource management strategic action in the Corporate Plan

Norwich City Council Waste Strategy and National Initiatives

1. Norwich City Council is committed to reducing its impact on the environment, and has committed to an ambitious programme of carbon reduction through:

   (a) The City Vision agreed in 2018, when it was agreed that today's actions meet the needs of the present without compromising the future;
   (b) The declaration of a Climate Emergency in 2018;
   (c) The adoption of the Environmental Strategy in 2020, which set targets for Carbon emissions, (zero operational emissions by 2030, Carbon Neutral City by 2050), and improving participation in recycling services, particularly the weekly Food Waste collection service.

2. The Environment Act 2021 received Royal Assent in autumn 2021, and includes proposals for:

   (a) A Deposit Return Scheme for Drinks Containers;
   (b) Extended Producer Responsibility for Packaging, whereby producers and retailers will pay for efficient and effective collection and processing of most forms of packaging, and;
   (c) Consistency in Collection Services, i.e. Councils will be required to provide household collection services for a wider range of materials including glass, paper, cardboard, cans, plastics, food waste and garden waste.

3. The proposal in this report will significantly influence the Council's waste, recycling, and street cleaning services over the next 10 years. Services and contracts need to be redesigned to deliver current and future environmental targets and ensure financial sustainability.

4. This process has already started, and in November 2021 the Council agreed to renew its contract for Comingled Recyclate processing with NEWS. This was aimed at addressing
   a. volatility in global fuel and commodity markets, and
   b. the imposition of higher material quality standards by reprocessors

5. the current waste and collection contract was awarded to Connaught in 2010, and had an initial term of 7 years, with an option to extend for a further 7 years. The contract is therefore scheduled to end in 2024.

6. As a result of Connaught going into administration in 2010, the contract was novated to Fountains in September 2012. It was subsequently novated to Biffa in 2014, and has operated successfully since then. The contract provides a class leading range of recycling services including food waste, garden waste, textiles, waste electrical and electronic equipment (WEEE), and comingled paper, cardboard, plastic and metal cans. The contract was last subject to formal review at its initial break point in 2017, when food waste collections were introduced.

7. As part of our over-arching contract review process, the Council has been working with Biffa PLC to identify opportunities for delivering the Council's environmental ambitions, whilst meeting the financial commitments set out in our Medium Term Financial Strategy agreed in February 2022.

8. We have also conducted a commercial appraisal of the contract to identify the extent to which it currently delivers value for money and allows us to respond to the requirements of the Environment Act in the future. This appraisal has identified that
    a. The current contract represents good value for money for the Council, and is at the upper end of productivity
    b. It is unlikely that we will receive a better offer if we were to go to the market to reprocure, and it is more likely that we could be worse off due to
        i. reduced market interest
        ii. increased fuel, staff and material costs, and
        iii. the risk of how bidders may react to the proposal at the present time given current volatile market conditions
    c. The offer gives us cost certainty for the next 9 years, but also still gives us flexibility to change services when the requirements of the new Environment Act become clearer
    d. Biffa have committed to providing the Council with a full year's saving if the Council confirms the extension by June 2022

9. As a result of this work, a number of options have been identified to extend the existing contract, and these are provided in the exempt Part 2 of this report

10. It is therefore proposed that the Council amends the existing terms of the contract with Biffa PLC to extend it from now until 2031, 9 further years in total.

11. The advice that we have received is that this does not represent a significant change to the contract in terms of the Public Contracts Regulations (as further explored in the legal section below).

12. The details and explanation of this approach are set out in part 2 of this report which is exempt from publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Consultation

13. Not applicable

Implications

Financial and Resources

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

14. Detailed costings to support the proposed extension have been developed using the commercial appraisal undertaken earlier this year, along with the Council's existing budgetary information for this contract. Due to the uncertainty within this market, developing a financial model for the new Contract has been challenging. However, what can be modelled is the Council's reasonable maximum financial exposure to risk over the next 9 years,

and the potential growth and savings that could be realised during this period based on the offer being proposed by Biffa.

15. This additional budget risk will need to be considered annually and incorporated into the decisions about the level of the budget risk reserve and / or prudent minimum reserve balance.

16. In the absence of a full market test process the ability to demonstrate that value for money is being achieved comes from the commercial appraisal work undertaken by external consultants PeopleToo; who concluded that the current contract is performing at the upper end of productivity and that, for a number of reasons including their analysis of the market being seen elsewhere, a market testing exercise is likely to result in increased bid submissions and therefore costs.

17. Full financial analysis of the options is included in the exempt appendix. Notwithstanding this, the recommended option will achieve the budgeted level of savings over the next 5 years, but will cost an additional £0.067m over the last 4 years. However, this option provides the flexibility to prepare further options for procurement of a zero carbon fleet and gives the Council much greater control over the process. Further work will be needed to look for other efficiencies in the contract to address the savings shortfall from year 4 of the extension.

Legal

18. The Service has consulted with the Council's Monitoring Officer and legal advisors on the legitimacy of the proposed approach.

19. The Council is required to comply with the Public Contract Regulations 2015 in the letting of its contracts. Regulation 72 allows for authorities to vary contracts if specific criteria are met. As set out in the exempt appendix, it is considered that the current proposals fall within the scope of regulation 72.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	None, as this will not impact on the nature of the service provided
Health, Social and Economic Impact	None
Crime and Disorder	None
Children and Adults Safeguarding	None

Consideration	Details of any implications and proposed measures to address:
Environmental Impact	Whilst it is proposed that the contract is extended on a like for like basis at this time, there will be the opportunity to incorporate the measures in the UK Government's Environment Bill in relation to • The Deposit Return Scheme • Extended Producer Responsibility for Packaging, and • Consistency of collections services in the longer term through normal contract management arrangements. These will be aimed at increasing recycling, reducing waste to landfill and reducing Council's impact on the environment. The proposals within the attached exempt report outline how the Council could introduce a Zero Carbon Fleet prior in 2027

Risk Management

Risk	Consequence	Controls Required
Financial Cost of contract increases in 2024 on expiry of existing contract Cost inflation on new fleet between now and 2027	Additional budget pressures arising over the life of the medium-term financial strategy	Conduct robust modelling and options appraisal to identify most advantageous reprovisioning option for the Council. Ensure that service is optimised to minimise fleet requirement
Legal Risk of challenge by other service providers	Extension award is either delayed or void	Ensure that extension award is not a significant variation in terms of Regulation 72 of the Public Contracts Regulations Conduct robust commercial appraisal to ensure that the proposed approach fulfils the Council's duty to deliver Best Value

Other Options Considered

20. Through the review of current arrangements, a number of options were developed as follows
    a. Option 0: See out current contract and re-tender from 2024/25
    b. Option 1: 3-year extension from 2024. No investment in new fleet. Refurbished fleet for extension period. Assume new tender includes new fleet from 2027/28.
    c. Option 2: 7-year extension from 2024, new fleet from 2024 purchased by Biffa
    d. Option 3: 7-year extension from 2024. Refurbish existing fleet for years 1 - 3. New fleet from 2027 purchased by Biffa with remaining net book value purchased by council at end of contract with funding via a sinking fund.
    e. Option 4: 7-year extension from 2024, new fleet from 2024 purchased by the council using borrowing.
    f. Option 5: 7-year extension from 2024. Refurbish existing fleet for years 1 - 3. New fleet from 2027 purchased by the Council via prudential borrowing and operated by Biffa

21. These options have been further explored in the exempt appendix.

Reasons for the decision/recommendation

22. Modification of the current contract / arrangements will result in savings being realised in the short and medium term, minimise the impact of existing and future economic and legislative challenges, and provide flexibility to respond to changing environmental legislation and introduce a zero carbon fleet

23. Recent soft market testing has demonstrated that, if the Council were to procure this service from the market now, there would be a significant increase in costs.

Background papers: None

Appendices: Exempt appendix
Contact Officer: Head of environment services
Name: Andy Summers

Telephone number: 01603 987841

Email address: andrewsummers@norwich.gov.uk

NORWICH
City Council

Item 13

Committee Name: Cabinet
Committee Date: 06/07/2022
Report Title: Award of contract for security services

Portfolio:	Councillor Stonard, Cabinet member for inclusive and sustainable growth
Report from:	Executive director of development and city services
Wards:	All Wards

OPEN PUBLIC ITEM

KEY DECISION

Purpose
To request that cabinet delegates approval to the executive director of development and city service for the award of a contract for security services at the council's Multi Storey Car Parks, Market, and Mile Cross Depot.

The Council currently has separate contracts for these activities, and the aim of the new contract will be to combine the contracts to streamline management arrangements and improve value for money

Recommendation:
Cabinet is recommended to:

1) enter into a contract for security services at the Council's Multi Storey Car Parks, Market, and Mile Cross Depot

2) delegate approval to the Executive Director of Development and City Services in consultation with the portfolio holder for inclusive and sustainable growth to award the contract to the most economically advantageous tender following submissions.

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

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

This report meets the corporate priority relating to the Council being in good shape to serve the city

Report Details

1. The existing contracts for security services at the Council's Multi Storey Car Parks, Market and Mile Cross Depot site are due to expire at the end of June 2022. The services are currently provided through two contracts.

2. The services are required to ensure that the Multi Storey Car Parks remain open and secure, and the market and Mile Cross depot are monitored for anti-social behaviour, trespassing and potential damage. They are being procured through an open tender. The process started at the end of May, and it is anticipated that the new contract will commence on 25th July 2022. If it is not feasible to enter the new arrangements by 25 July, extensions to the existing arrangements or other provision will be sought to manage the period until the new contract commences..

3. The Council is looking for a single contractor to provide these services, although we understand that the differing requirements my result in awarding to more than one contractor if it is deemed suitable to do so. The contract will include provision for the contractor to undertake other ad-hoc work as required.

4. The contract will commence on or soon after 25 July 2022, subject to any TUPE timescales that may apply, and will be for an initial term of two years, with an option to extend for a further two years.

5. The Multi storey car park (MSCP) and market contracts require staff to be on site to monitor activity. The MSCP elements will require staff on site outside of the core hours of the Council's parking teams, whilst the market service will require staff on site during the main market operating hours. The contract will require that all staff employed must be both security industry authority trained and accredited, and have received first aid training.

6. The Mile Cross security contract will require provision of an ongoing CCTV service accompanied by regular on-site patrols.

7. Tenders will be evaluated on the basis of 50% quality (including social value) and 50% price. The contract will require all staff employed on the contract should be paid the living wage. The contract will require monitoring information to be provided to the Council to enable effective management of the contract and performance of the contractor.

Approval to award

8. Approval to delegate the award is sought as the procurement timetable does not allow for a report to be brought to Cabinet identifying the winning suppliers in the time frame allowed. Therefore, Cabinet is requested to delegate the decision to award the contracts on the framework to the Executive Director of Development and City Services in consultation with the Cabinet member for Sustainable and Inclusive Growth.

Consultation

9. No specific consultation has been undertaken with regards the procurement exercise

Implications

Financial and Resources

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

10. The current, combined annual budget for these services has recently been increased to £290,519; this has been achieved through an increase (£0.086m) in the income budget for the council's Multi-Story Car Parks. Although there was a level of overachievement in income for 2021/22, the removal of support for the impact of COVID and existing increased income targets in this area does mean that the additional income target is ambitious and presents a potential risk that will need significant attention if it is to be achieved. The Head of Environment Services however, is confident that this level of income can be achieved in 2022/23.

11. It is intended to award the contract for a two year period, with the option of a further two year extension.

12. At the time of publication of the Cabinet agenda, officers are in the process of evaluating the most economically advantageous tender to determine the overall outcome of the procurement exercise.

13. A tender will only be able to be accepted on the basis that there is sufficient budget provision to do so.

Legal

14. The Council is using an open tender procedure to procure these services which is compliant with the Public Contract Regulations 2015

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	Through having the security contracts in place, the Council helps ensure that potential incidents of potential crime and disorder are reduced. The contract proposed maintains current levels of service provision as a minimum.

Consideration	Details of any implications and proposed measures to address:
Children and Adults Safeguarding	Whilst not a specific consideration, the security contracts in place may assist in identifying specific concerns regarding safeguarding
Environmental Impact	None

Risk Management

Risk	Consequence	Controls Required
Financial	Loss of the facilities detailed in paragraph 1, and / or associated equipment. This could result in direct financial loss in terms of replacement or repair, or indirect financial loss in terms of lost income	Contract Award will ensure that the sites are monitored for anti social behaviour, and criminal damage
Reputational	Unattended Car Parks will result in reduced levels of customer satisfaction and potential reputational damage to the Council	Contract award will ensure that appropriate cover is provided at the Multi Storey Car Parks through liaising with customers, responding to emergencies, patrolling sites to provide customer reassurance, liaise with emergency services
Legal	Unmonitored sites may result in failure to comply with the Health and Safety at Work Act 1974, and the Occupiers Liability Acts 1957 and 1984	Contract award will ensure that the facilities are safe for users and staff

Other Options Considered

15. Not having security on site: This is not considered an option due to the potential implications for crime and disorder
16. Extension of current contract: the current contract has already been subject to extension and it is not considered appropriate to continue to extend it further at this stage;
17. Provision by a Council company: Norwich City Services have recently taken on the provision of the Council’s repairs and maintenance service, and do not presently have the resources to provide security services
18. Provision by the Council: The Council has historically managed this service through a contractor. Provision of security has specific supervision and qualifying requirements that the Council does not currently have in place

19. Splitting the contract into multiple parts: Through having a combined contract, the Council may achieve better value for money and it will facilitate effective contract management and administration of the contract.

Reasons for the decision/recommendation

20. The streamlining of the existing security contracts will improve the value for money that the Council currently obtains from the existing arrangements, and will simplify the existing contract management arrangements

Background papers: None

Appendices: None
Contact Officer: Head of Environment Services
Name: Andy Summers

Telephone number: 01603 987841

Email address: andrewsummers@norwich.gov.uk