NORWICH
City Council

Cabinet

Date: Wednesday, 11 November 2020
Time: 16:30
Venue: Remote, [Venue Address]

Committee members:

Councillors:

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

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IN TRAN communication for all

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Agenda

Purpose: To consider the successful award of a £25million Town Deal for Norwich and whether to accept the heads of terms proposed.

9 **Compulsory purchase of the Ailwyn Hall site, Lower Clarence Road - Key decision** 107 - 126

Purpose: To consider the compulsory purchase of the Ailwyn Hall site on Lower Clarence Road.

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.

Page nos

*10 **Exclusion of the public**

Consideration of exclusion of the public.

*11 **Norwich Town Deal Bid - exempt appendix**

- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information)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

*12 **Compulsory purchase of the Ailwyn Hall site, Lower Clarence Road - exempt appendix**

- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information)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

Date of publication**: Tuesday, 03 November 2020**

NORWICH
City Council

Minutes

Cabinet

16:30 to 17:55 **14 October 2020**

Present: Councillors Waters (chair), Davis, Harris (vice chair), Jones, Kendrick, Maguire, Packer and Stonard (item 6 on).

Also present: Councillors Bogelein and Wright

1. Public Questions/Petitions

There were no public questions or petitions.

2. Declarations of interest

There were no declarations of interest.

3. Minutes

RESOLVED to agree the accuracy of the minutes of the meeting held on 9 September 2020.

4. Temporary revision to the council's Statement of Community Involvement (SCI) to reflect Covid-19 restrictions

Councillor Waters, the leader of the council presented the report. The revisions to the council's Statement of Community Involvement (SCI) were temporary and reflected the public health requirement to engage differently with the public as a consequence of Covid. The Coronavirus Act allowed for virtual meetings and for members of the public to partake in meetings virtually.

The planning policy team leader said there was a full revision of the SCI scheduled for next year and that this would be subject to public consultation.

Members discussed the need for flexibility of approach and it was hoped a form of hybrid meeting could be adopted. In response to a member question the planner said that it was possible for officers to meet members of the public face to face still. A risk assessment was completed where visits to applicants or neighbours were required.

RESOLVED to adopt the updated Statement of Community Involvement

5. Council response to Planning White Paper consultation

(Councillor Stonard joined the meeting at this point)
Councillor Stonard, cabinet member for sustainable and inclusive growth, presented the report. The government were consulting on two sets of white papers, these

represented radical changes to the planning system with particular impact upon the role of democratically elected planning authorities.

There would be a change in the methodology used to assess housing need, housing for first time buyers would count towards affordable housing targets which would stifle the delivery on smaller sites. Members discussed the lack of local accountability afforded through the new planning proposals. Councillor Stonard proposed a cross party recommendation from Sustainable Development Panel which had considered the planning proposals earlier in the week.

In response to Councillor Bogelein's question the director of place said that work for the Greater Norwich Local Plan strategic framework was accelerating in order to be completed within the current planning legislative framework. However, reviews on development management polices had yet to begin and would likely take place under a new planning framework but it was not possible currently to know what this would look like.

RESOLVED to approve:

1) the proposed response to the Planning White Paper to be submitted to government by 29 October 2020; and

2) that the leader of the council's letter to the Secretary of State for Housing, Communities and Local Government, agreed at council (22 September 2020) is also signed by Councillor Stonard, cabinet member for sustainable and inclusive growth, and the group leaders.

6. Scrutiny committee recommendations

Councillor Kendrick, cabinet member for resources introduced the report and asked Councillor Wright in his capacity as chair of the scrutiny committee to present the report. Councillor Wright stated the report brought forward eleven recommendations from a select committee on short term lets across the city. Of concern was the changing nature of the property scene in the city.

The leader of the council thanked the select committee for its work. Short term lets represented 1% of the housing stock across the city. He referred to the work of the council to address housing standards in the private rented sector. It was noted that with a shortage of resources the priority had to be those residents living permanently in private rented accommodation. A means for reporting short term let properties of particular concern to the council existed and enforcement action could be taken.

In response to Councillor Bogelein's question the leader of the council said that there were no plans to incorporate responsibility for short term lets into any cabinet member portfolio.

RESOLVED to note the recommendations from scrutiny committee

7. Home improvement team and disabled adaptations service – Key Decision

Councillor Harris, deputy leader and cabinet member for social housing presented the report. The recommendations within the report sought to resolve the disparity of service received between private sector and council tenants. It was recognised that individuals benefitted from remaining in familiar surroundings. Council tenants had been encouraged unsuccessfully to move and this had resulted in delays to adaptions being installed. Council tenants would now receive the same high level service as those in the private sector.

RESOLVED to approve**:**

1) That the current assistance for council tenants is enhanced with a suite of grants mirroring those offered for private sector residents, specifically:

    - Disabled Facilities Grants
    - DFG Top Up Grant
    - Hospital Discharge Grants
    - Preventing Hospital Admission Grants

2) That the operating model of the home improvement team is replicated for council tenants so that they are offered the same high level of service that residents in the private sector receive.

3) Immediately Create one FTE Caseworker post and one FTE Senior Caseworker post initially on a 2 year fixed term contract drawing from the existing HRA capital budget for disabled adaptations.

8. To award a contract for solar thermal water heating to social housing properties – Key decision

Councillor Harris, deputy leader and cabinet member for social housing presented the report. The contract represented further investment into the council's housing stock and the works would challenge fuel poverty.

RESOLVED to award the contract for the installation of thermodynamic hot water systems for housing properties 2020-21 to Impact Renewable Energy Ltd.

9. Vehicle leasing and future contract awards for Norwich City Services Limited – Key decision

Councillor Maguire, cabinet member for safe and sustainable city environment, presented the report. The contract represented the leasing of specialist vehicles required to be ready to run the new company from day one. Due to the specialist nature of the vehicles there were limited options available in terms of electric models but the council were looking to lease four electric vehicles and ducting had been installed for electrical vehicles at the new depot.

The monitoring officer advised members that if they were to agree the recommendations in the report the first recommendation would not be subject to a call in. She referred to appendix 6, paragraph 15.8 of the council's constitution and advised that she considered any delay in enacting the contract would prejudice the interests of the council.

RESOLVED to delegate authority to the chief executive officer as shareholder, in consultation with the cabinet member for resources and the cabinet member for safe and sustainable city environment;

1) to award a vehicle lease contract for the delivery of environmental services by Norwich City Services Limited; and

2) enter into other such contracts, that are reasonable and necessary to ensure the successful delivery of services from 1 April 2021 by the company.

10. The award of contract of IT contract renewal – Key Decision

Councillor Kendrick, cabinet member for resources presented the report. The director of strategy, communications and culture said that the system enabled different back office systems to be pulled together and was a useful tool in the move to greater digitisation.

RESOLVED to delegate authority to the director of strategy and culture in consultation with the cabinet member for resources to award a contract for the ongoing provision of a digital development platform, ensuring continuation of existing services and the opportunity to expand and build on the council's digital strategy.

11. The award of contract for cash collections – Key decision

Councillor Stonard, cabinet member for sustainable and inclusive growth, presented the report.

RESOLVED to award the contract for cash collections to Security Plus Limited for a four year period from 01 April 2021 to 31 March 2025.

12. Managing assets (general fund) – Key decision

Councillor Harris, deputy leader and cabinet member for social housing presented the report. She noted that there was an amendment to the report title, the asset was within the general fund and not housing portfolio. The chair noted that an amended report had been circulated in relation the below the line report for this item.

The disposal of the land in question would enable the building of six new affordable units of housing. The build had been made possible by additional funding from the government aimed at reducing rough sleeping. It was noted that the delivery timescales were tight but if the project was successfully delivered there were opportunities to bid for further funding in the following two years.

Members discussed the delivery of this much needed provision for rough sleepers and agreed that it represented an excellent example of multi agency working.

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

CHAIR

Report to	Cabinet	**Item**
Report of	Chief finance officer (Section 151 Officer)	
Subject	Q2 Budget Monitoring 2020/21and Medium Term Financial Strategy update	5

Purpose

To update Cabinet on the Q2 forecast financial position, proposed adjustments to the capital programme and approach to reviewing the Medium Term Financial Strategy.

Recommendations

To:

1) note the forecast outturn for the 2020/21 General Fund, HRA and capital programme;
2) note the consequential forecast of the General Fund and Housing Revenue Account balances;
3) note the current MTFS projections and approach to updating key assumptions;
4) approve the creation of an HRA tenancy & estate management system earmarked reserve, as detailed in paragraph 21;
5) recommend to full council the approval of additions to the General Fund capital programme, as detailed in paragraph 27;
6) approve delegation authority to the director of strategy, communications and culture, in consultation with the resources portfolio holder to award a contract to purchase new laptops, as detailed in paragraph 29;
7) note the decision taken by the S.151 officer, in consultation with the Leader and Portfolio Holder for Resources, in respect of the 2021/22 Business Rates Pool, as detailed in paragraphs 30-34;
8) note the decision taken by the Chief Executive, in consultation with the Leader and resources portfolio holder, for the council to enter into a loan agreement to provide Norwich City Services Ltd £0.2m of working capital finance to facilitate the depot roof works in 2020/21. Detailed in paragraphs 35 & 36.

Corporate and service priorities

The report helps to meet the corporate priorities A healthy organisation, Great neighbourhoods, housing and environment, Inclusive economy and People living well

Financial implications

The report is of a financial nature with the financial implications detailed throughout the report.

Ward/s: All Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Annabel Scholes, Interim Director of Resources (S151)	01603 989201
Hannah Simpson, Strategic Finance Business Partner	01603 989204

Background documents

None

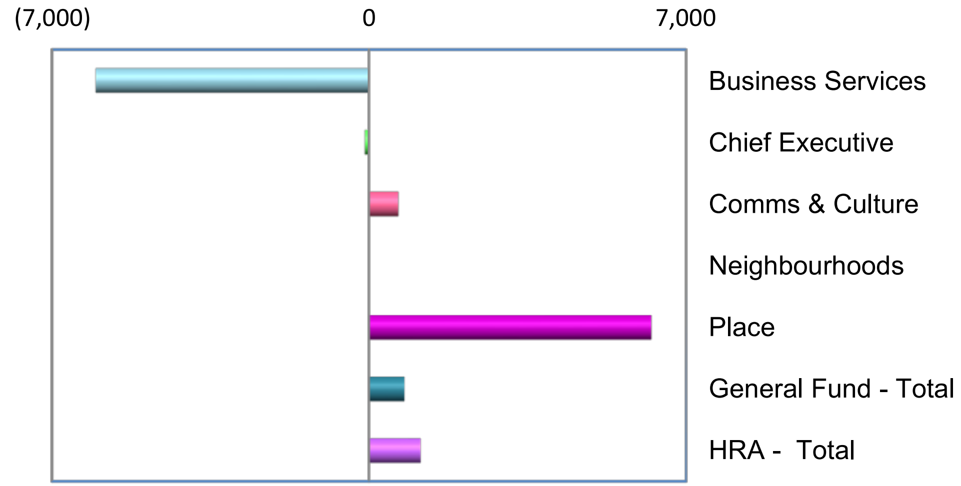
Financial Position - Period 6 – 2020/21 Figures in 000s

General Fund	Current budget	Forecast outturn	Forecast variance
Expenditure	143,295	192,900	49,605
Income	(54,931)	(47,696)	7,234
Grants and subsidies	(88,365)	(144,419)	(56,054)
Total	**0**	**785**	**785**

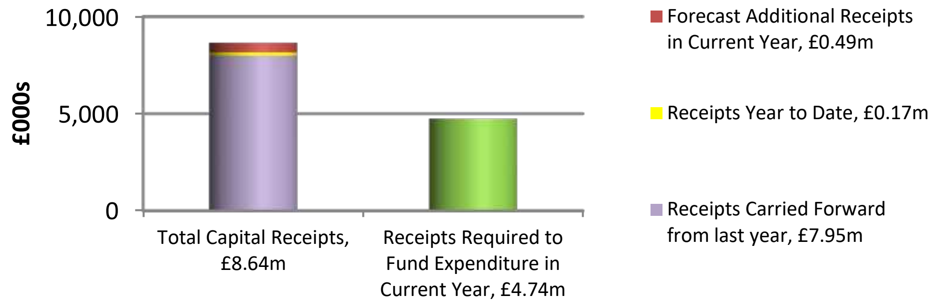
Housing Revenue Account	Current budget	Forecast outturn	Forecast variance
Expenditure	68,580	66,864	(1,716)
Income	(68,580)	(65,722)	2,859
Total	**0**	**1,142**	**1,142**

Capital programme	Current budget	Forecast outturn	Forecast variance
General Fund	36,563	8,007	(28,555)
Housing Revenue Account	48,348	28,689	(19,660)

Forecast variances by service area (under) and overspends (£000s)



Non-Housing Capital Receipts



- The General Fund revenue budget is forecast to overspend by £0.785m, mainly arising from reduced income from car park and invest properties, partially offset by lower than budgeted external borrowing costs, in-year budget savings and forecast government income reimbursement grant
- The HRA is forecast to overspend by £1.142m mainly due to anticipated increase in bad debt provision relating to dwelling rent income, partially offset by savings in the HRA dwellings repair budget
- The General Fund capital programme is forecast to underspend by £28.555m. It is anticipated that there will be no investment property purchases in 2020/21. Also, there are Covid-19 related delays in a number of workstreams including CIL and general upgrade works
- The Housing Revenue Account capital programme is forecast to underspend by £19.660m, largely due to Covid-19 related disruption to planned work on HRA stock and forecast in-year underspend relating to the new build opportunities fund, based on current progress.
- Both the General Fund and HRA reserves are expected to exceed their respective prudent minimum balances.

General Fund Revenue Budget

Covid-19 Impacts

1. The Covid-19 pandemic has had a significant impact on the 2020/21 general fund budget; this is due to a combination of increased costs (e.g. housing the homeless, investment in IT to allow staff to work from home, food costs for vulnerable people, higher recycling costs) and lost income (e.g. from car parks, commercial rents, planning fees, licensing, event bookings).

2. A number of forecasts are based on assumptions as to how income streams will be impacted by the Covid-19 situation. The performance is dependent on how lockdown restrictions are eased and the recovery of the economy in general.

Government Funding

3. The council has been awarded Covid-19 funding of £1.800m to assist in dealing with the crisis which is recognised in the budget forecasts. A further £0.960m was confirmed on 22nd October (Tranche 4). If no further budget pressures are identified, this additional funding combined with all the positive short term actions the council took to reduce spend will result in an overall general fund underspend. The financial risks associated with Covid-19 will continue to significantly impact the council in 2020/21 and also in future years. It is vital that the council remains resilient to the future risks and therefore the in-year savings will continue to delivered and any improved financial position set aside to manage the future risks.

Income Reimbursement Scheme

4. An income reimbursement scheme has been created to assist with lost income due to Covid-19. The new income loss scheme will involve a 5% deductible rate, whereby councils will absorb losses up to 5% of their planned sales, fees and charges income, with the government compensating councils for 75p in every pound of relevant loss thereafter. By introducing a 5% deductible the government is accounting for an acceptable level of volatility, whilst seeking to shield authorities from the worst losses.

   To help guide authorities in ensuring claims are reasonable, and in line with government's intention, the department has detailed a set of principles which will be used to define relevant claims under the announced support scheme. Income from commercial revenues, including rental amounts are not considered relevant losses and will not be compensated for under this scheme.

   The first claim covering the 4 month period from April –July was submitted at the end of September. The claim was for £1.2m for the General Fund and £0.4m on behalf of Norfolk County Council to cover lost income in relation to the parking agreement. The P6 forecasts include an estimate of income from the scheme of £3.1m for the full financial year.

Track & Trace Support Payments

5. In total, the UK Government will provide £50 million to local authorities for the Test and Trace Support payments and corresponding discretionary payments. This will cover the full four months of the scheme until 31 January 2021 and includes:

- £25 million for programme costs (costs of payments to applicants), excluding discretionary payments.
- £10 million for administration costs.
- £15 million for discretionary payments.

6. The £25 million programme costs will be subject to reconciliation, which could mean an authority may need to return funding if the number of payments made is less than their allocation. The £10 million for administrative cost is not subject to a reconciliation process. Additional funding may be provided as necessary, informed by the experience of the programme. Each local authority will receive £20,000 from the £10 million for administration costs. The £15 million for discretionary payments is a fixed four-month envelope that will not be topped up or subject to a reconciliation process.

7. Details of the allocations for Norwich along with other unbudgeted grants are set out in paragraph 11 with narrative about the proposed uses.

General Fund Forecast

8. The forecast is a £0.785m overspend. This equates to 0.5% of the gross expenditure budget. This forecast overspend will need to be met from general fund reserves.

   In the early stages of the financial year we had a forecast overspend of around £7m. This factored in the increased spending costs on housing rough sleepers, providing food for vulnerable people, and enabling council staff to work efficiently from home – combined with a loss of income from car parks and commercial rents. While keeping up with the changing demands of the pandemic, and providing key services, a lot of work has been done to review spending commitments and identify savings. This has included cancelling some of the key events we host, and savings on recruitment, training, travel and supplies. This quick action has enabled the council to reduce spend by over £3m with when combined with the additional government support has helped to significantly improve the forecast position.

   The general fund forecast overspend has decreased by £0.513m since Q1. The main reasons for these changes are shown in the table below:

Table 1

Area	Movement in forecast from Q1 (£000)	Comments
Housing Benefits	207	Reduction in housing benefit subsidy recovery rates, reduction in overpayments identified and increase in HB write-offs
Corporate Management	150	Unbudgeted contribution to the Norfolk Strategic Fund to assist with regional economic recovery.
Licensing	171	Forecast reduction in budgeted income relating to licenses – taxis & liquor
Planning	101	Reduced income from planning fees based on current and anticipated applications
Financial Arrangements	(383)	Reduction in forecast borrowing costs; linked to pausing of investment property purchases programme in 2020/21
Homelessness & Rough Sleeping	(223)	The council has been successful in securing additional grant funding for its rough sleeping work with partners. This includes the Government's next steps programme which includes grant for additional staffing; the allocation of funds for winter working and balances for our general rough sleeping activity and contribution to Pathways.
Multi-Storey Car Parks	(173)	Improved income position since Q1 based on current usage and projections
Business Rates	(116)	Latest position of business rates pool pilot shows an improved net position compared to Q1
Revenue Contribution to Capital	(100)	Reduction in revenue contribution to the capital programme due to reduction in housing improvement agency team work caused by Covid-19 enforced delays.
Integrated Waste Management	(98)	Reduction in forecast additional Covid-19 costs from Norse Environmental Waste Services relating to increased labour, disposal and PPE costs
Other movement	(49)	Net of other minor movements
Total movement	**513**	

9. **Car parking income:** A number of scenarios relating to car park usage have been modelled. The outcomes of these models showed a forecast loss of between £2.8m and £3.8m relating to daily usage. For forecasting purposes the average of these figures has been used. These models will be regularly assessed and updated, taking into account the most recent available usage figures. At the end of September, daily usage income from car parks was lower than budgeted by £1.6m.

10. **Investment property income:** There is an ongoing review of income from investment properties, with each case being individually assessed. This is based on current rent discounts and deferred rental payments. Based on this review, the current forecast net loss of income from existing properties is £1.5m. In a number of cases it is assumed rent will be recovered in the future financial years. In addition to losses relating to current tenants, budgeted income from new acquisitions is also unlikely to be achieved, leading to a £0.690m forecast income loss.

11. **Council Tax Hardship Fund:** The council was awarded £2.037m of grant to provide a Council Tax Hardship Fund. The council has developed a scheme to determine how this fund should be distributed to those currently part of the council tax reduction scheme. In addition to the Government directive of awarding £150 to working age customers in receipt of a partial CTR award, the council decided to award additional funds to reduce their liability for 2020/21 to zero. The same principle has been applied to pensionable age customers. As a result of significant increases in partial CTR claimants we are currently forecasting that the cost will go above the current hardship allocation – the current additional cost of £50k has been included in the Q2 forecasts. There remains a significant risk that this additional cost increases further in particular if there are rises in CTR claimants following the end of the furlough scheme.

12. **Norfolk Environmental Waste Service (NEWS):** NEWS are reviewing the impacts of the changing recycling market and a preliminary assessment suggests that an increased in fees may be required. Discussions are ongoing across the Norfolk authorities but there is risk of further budget pressure as well as increased costs in future years.

13. The forecast budget variances by directorate are shown in the tables below. Further breakdown is also provided in **Appendix 1.**

Table 2: Total General Fund by directorate

Budget (£000)		**Forecast Outturn (£000)**	**Forecast Variance (£000)**
(9,266)	Business Services	(15,299)	(6,033)
489	Chief Executive	400	(89)
1,745	Customers, Communications and Culture	2,396	650
12,781	People & Neighbourhoods	12,803	23
(5,749)	Place	486	6,235
0	**Total General Fund**	**785**	**785**

Table 3: Business Services Directorate

Budget (£000)		Forecast Outturn (£000)	Forecast Variance (£000)
4,801	Business Services	5,620	819
333	Democratic Services	290	(43)
(14,400)	Corporate Finance	(21,131)	(6,731)
0	Human Resources	(78)	(78)
0	Procurement & Service Improvement	0	0
(9,266)	**Total Business Services Directorate**	**(15,299)**	**(6,033)**

Key variances:	
Savings/increased income	
Central government emergency Covid-19 grant income – a proportion of the funding was allocated directly to homelessness and rough sleeping	(1,702)
Estimated payment from government income reimbursement scheme	(3,100)
Lower than budgeted net borrowing costs due to internal, rather than external, borrowing	(2,155)
Reduction in revenue contribution to the capital programme due to reduction in housing improvement agency team work caused by Covid-19 enforced delays.	(300)
No contribution to commercial property earmarked reserve anticipated in 2020/21.	(418)
Lower than budgeted minimum revenue provision requirement due to timing of investment acquisitions.	(122)
Other minor variances	(26)
Budget pressures – overspends/loss of income	
Lower than anticipated housing benefit subsidy recovery rates & lower overpayments identified	1,100
Vacancy factor overspend against this service with offsetting underspends shown within service areas	400
Lower net GF interest earned from invested funds, partly due to internal, rather than external, borrowing	140
Unbudgeted contribution to the Norfolk Strategic Fund to assist with economic recovery in the region.	150
Total forecast variance	**(6,033)**

Table 4: Chief Executive Directorate

Budget (£000)		Forecast Outturn (£000)	Forecast Variance (£000)
0	Chief Executive	(9)	(9)
489	Strategy and Programme Management	409	(80)
489	**Total Chief Executive Directorate**	**400**	**(89)**
Key variances:			
Savings/increased income			
Staff vacancies			(89)
Total forecast variance			**(89)**

Table 5: Customers, Communications and Culture Directorate

Budget (£000)		Forecast Outturn (£000)	Forecast Variance (£000)
1,839	Communications & Culture	2,391	552
(94)	Customer Contact	(130)	(36)
0	IT Services	135	135
1,745	**Total Customers, Communications and Culture Directorate**	**2,396**	**650**
Key variances:			
Savings/increased income			
Net forecast underspend relating to cancellation of key events i.e. Lord Mayor's Procession			(220)
Other minor variances			(71)
Budget pressures – overspends/loss of income			
Anticipated cost of support payment to Riverside Leisure Centre management			425
Additional IT costs relating to Covid-19 expenditure – Citrix licences and equipment to enable homeworking			140
Net forecast reduction in St Andrews Hall income – assumes 85% of budgeted income budget			126
Net forecast reduction in Norman Centre income - assumes 63% budgeted income			119
Net forecast reduction in income from Tourist Information Centre			59
Forecast reduction in Riverside Leisure Centre management fee income			72
Total forecast variance			**650**

Table 6: People & Neighbourhoods Directorate

Budget (£000)		Forecast Outturn (£000)	Forecast Variance (£000)
10,542	Citywide Services	10,634	92
1,560	Neighbourhood Housing	1,568	7
678	Neighbourhood Services	601	(77)
12,781	**Total People & Neighbourhoods Directorate**	**12,803**	**23**
Key variances:			
Savings/increased income			
Forecast underspend on salaries due to vacant posts within Neighbourhood Operations and recruitment put on hold			(233)
Homelessness - The council has been successful in securing additional grant funding for its rough sleeping work with partners. This includes the Government's next steps programme which includes grant for additional staffing; the allocation of funds for winter working and balances for our general rough sleeping activity and contribution to Pathways.			(212)
Additional income forecast in respect of recycling credits			(100)
Budget pressures – overspends/loss of income			
Forecast additional Covid-19 costs for recycling relating to increased labour, disposal and PPE costs			165
Forecast reduction in budgeted income relating to licenses – taxis & liquor			150
Reduction in private sector leasing rental income due to assumed 10% reduction in collectable income			182
Other minor variances			71
Total forecast variance			**23**

Table 7: Place Directorate

Budget (£000)		Forecast Outturn (£000)	Forecast Variance (£000)
(8,244)	City Development	(2,242)	6,002
0	Environmental Strategy	(13)	(13)
0	Executive Head of Regeneration & Development	(4)	(4)
1,479	Planning	1,878	398
1,015	Property Services	866	(149)
(5,749)	**Total Place Directorate**	**486**	**6,235**
Key variances:			
Savings/increased income			
Forecast underspend on general repairs and maintenance due to revised prioritisation of works			(178)
Budget pressures – overspends/loss of income			
Total net reduction in forecast car park income			3,528
Forecast net reduction in rental income from investment properties			2,164
Net overspend against planning mainly due to reduced income in respect of planning fees			398
Reduction in net forecast rental income from the market			190
Other minor variances			133
Total forecast variance			**6,235**

Further detail is set out in **Appendix 1**.

Grant Income

14. The following unbudgeted grants have been received in 2020/21:

Table 8

Grant	Value	Details
New burdens grant for administration of BEIS grants	(170,000)	Government grant designed to assist with additional costs associated with the distribution of BEIS grants
Covid-19 emergency funding	(2,778,177)	Covid-19 funding designed to support local authorities in dealing with challenges arising from Covid-19. Includes the fourth tranche of £960k announced on 22nd October.
Rough sleeper initiative grant	(434,767)	Additional funding announced after the deadline for inclusion in the 2020/21 budgets
HB unbudgeted New Burdens	(51,633)	Additional new burdens grant relating to administering housing benefit
Tourism support grant	(494,000)	To be spent on supporting the tourism industry deal with the challenges brought about by Covid-19. This will fund some revenue activity and some capital projects
Next Steps Accommodation	(217,000)	To be used to fund emergency accommodation
Norfolk Local Outbreak Control Plan funding	(100,000)	Funding for environmental health officers to deal with Covid-19 related issues (£60k) and to provide support to high risk individuals & communities (£40k).
Compliance & Enforcement grant	(85,896)	Funding to support local authority compliance and enforcement activity, including Covid-19 secure marshals or equivalents
Safer Streets grant	(187,000)	Capital funding to assist with community safer measures – to be included in the HRA capital programme as detailed in paragraph 21
Norfolk Strategic Fund	(427,000)	To support projects involving the Good Economy Commission, Norwich market and the development of East Norwich.
Track & Trace admin costs	(30,639)	Funding to support the administration of Track & Trace Payments

Additional grants have been received where council has acted as the distributor of funding. These do not impact on the overall financing of the council.

Table 9

Grant	Value	Details
BEIS support grant payment	(40,640,000)	Small business and retail & hospitality grants to be paid out – if the full amount of the grant is not distributed, the balance will be returned to central government
BEIS discretionary grant	(2,032,000)	The council has developed a scheme to determine how this fund should be distributed
BID support grant	(44,470)	Grant received by the council and dispersed to the Business Improvement Districts in order to assist with Covid-19 related issues
Covid-19 hardship fund	(2,036,930)	The council has developed a scheme to determine how this fund should be distributed to those currently part of the council tax reduction scheme
Track & Trace Support	(71,500)	Test and Trace Support payments
Track & Trace Support Discretionary Payments	(42,976)	Test and Trace Discretionary Support payments

In addition:

- income of £3.1m has been forecast in relation to the income reimbursement grant detailed in paragraphs 4;
- a claim has been made for £0.066m from the “re-opening the high street fund”;
- funding of £100m has been announced designed to support the leisure industry. Individual authority allocations have not yet been announced.
- £49.243m additional section 31 grant will be received to compensate the council for additional business rate reliefs announced.

Collection Fund

15. The Collection Fund includes all income generated from council tax and business rates that is due in the year from council taxpayers and ratepayers. The impact of the Covid-19 pandemic on the collection rates of the two tax streams continues to be an involving picture.

16. Any shortfall in tax receipts (compared to expected levels) will result in a deficit position on the collection fund. In this scenario, billing and major precepting authorities are usually required to meet their share of any deficit during the following financial year. The government have confirmed that repayments to meet collection fund deficits in 2020-21 will instead be phased over a three-year period (2021-22 to 2023-24) to ease immediate pressures on budgets.

Council Tax

17. The council tax forecasts have been updated to reflect the estimated changes in the taxbase, level of council tax reduction support and collection levels. These are evolving estimates and much will depend on how the economy and employment levels perform in the coming months.

Table 10

	Budget £000s	Forecast £000s	(Surplus) / deficit £000s
Total Council Tax Collection Fund Income	(72,117)	(71,346)	771
Norwich City Council Share	(9,968)	(9,861)	107

Business Rates

18. The Government announced an extension of the retail hospitality and leisure rate relief scheme to cover 100% of the business rates due in 2020/21. The current value of this additional relief given to businesses is £43m. This will result in lower cash being collected from business rates payers, with the lost income being compensated separately from central government via a Section 31 grant. The council therefore does not lose out on income as a result of the extra reliefs provided.

Despite the reliefs, Covid-19 is expected to impact on the level of business rates collected as companies struggle with cash flow or cease trading. The forecasts have been updated to reflect the estimated changes in the taxbase, reliefs and collection rates. These are evolving estimates and much will depend on how the economy and employment levels perform in the coming months. The forecast also takes into account the additional S31 grant and lower forecast levy payment to the Norfolk Business Rates Pool.

Table 11

	Budget £000s	Forecast £000s	(Surplus) / deficit £000s
Norwich City Council Retained Income Share	(6,539)	(6,084)	454

<u>Housing Revenue Account Budget</u>

Covid-19 Impacts

19. The Covid-19 pandemic has had a significant impact on the 2020/21 housing revenue account budget; this is mainly due to the projected loss of income in relation to housing rent and service charges, although this has been slightly offset by a forecast underspend on repairs work due to reduced works, caused by Covid-19 restrictions.

20. Net expenditure on the HRA is forecast to be £1.142m overspent. The key forecast budget variances are set out below in Table 13. Further detail is set out in Appendix 1.

The HRA forecast overspend has reduced by £2.359m since Q1. The main reasons for these changes are shown in the table below:

Table 12

Area	Movement in forecast from Q1 (£000)	Comments
Provision for Bad Debts	(2,477)	Reduction in anticipated lost HRA dwelling rental and service charge income after Q2 review. The current forecast is a £2.189m loss of income, as shown in Table 11
HRA Repairs	(345)	Contract for drainage repairs currently under retendering process, so will be some delays. Slight increase in Covid-19 related delays to other workstreams
Dwelling & garage rents	154	Current void rate for dwellings and garages is higher than anticipated
Other movements	309	Net of other movements
Total movement	**(2,359)**	

Table 13: Housing Revenue Account

Budget (£000)		Forecast Outturn (£000)	Forecast Variance (£000)
13,899	Repairs & Maintenance	13,044	(855)
5,858	Rents, Rates, & Other Property Costs	5,379	(479)
13,224	General Management	12,963	(260)
4,949	Special Services	4,792	(157)
23,264	Depreciation & Impairment	23,282	19
202	Provision for Bad Debts	2,391	2,189
(57,545)	Dwelling Rents	(57,431)	113
(2,098)	Garage & Other Property Rents	(1,960)	139
(7,888)	Service Charges - General	(7,624)	264
(82)	Miscellaneous Income	(41)	41
6,631	Adjustments & Financing Items	6,631	0
(204)	Amenities shared by whole community	(204)	0
(210)	Interest Received	(80)	130
0	**Total Housing Revenue Account**	**1,142**	**1,142**

Key variances:	
Savings/increased income	
Repairs: Underspend mainly caused by delays in non-essential repair work, due to Covid-19 related restrictions and retendering of some contracts	(842)
Property Costs: Lower than budgeted water costs relating to tenants' supply, partly offset by lower than budgeted service charge income in current financial year	(479)
General Management: Forecast underspend on legal expenses due to temporary suspension of recovery action.	(75)
General Management: Forecast underspend on decoration allowances due to lockdown	(38)
Special Services: Sheltered housing alarm maintenance costs now included within repairs budget	(140)
Budget pressures – overspends/loss of income	
Provision for bad debts: Based on current recovery rates and the anticipated trend going forward, an in-year recovery rate of 96% has been assumed. Although the full income due will be raised, there is a requirement to calculate a provision for those debts considered to be at risk. Some of this may be recovered in future years but provision for the full amount will be required in 2020/21. The figure shown relates to both rental and service charge income.	2,189
Service charges: Forecast reduced income from water charge service charge income offset by lower water payment costs against Rents, Rates, & Other Property Costs	172
Service charges: Lower than budgeted recharge income from leaseholders based on actual costs	92
Interest income: reduced interest income from the general fund based on anticipated in-year balances	130
Net HRA cost of additional pay award	72
Other minor variances	61
Total forecast variance	**1,142**

Further detail is set out in **Appendix 1**

21. Cabinet are asked to approve the creation of an earmarked reserve from 2020/21 HRA revenue underspend (£0.415m) in order to fund ongoing revenue costs in relation to the tenancy & estate management system implementation in 2021/22.

22. The prudent minimum level of General Fund reserves has been assessed as £4.232m. The budgeted and forecast outturn's impact on the 31 March 2020 balance brought forward is as follows:

Table 14

Item	£000s
Balance as at 1 April 2020	(9,464)
Budgeted contribution to reserves 2020/21	(517)
Forecast outturn as at 31 March 2021	785
Forecast balance as at 31 March 2021	**(9,196)**

The General Fund balance is, therefore, expected to continue to exceed the prudent minimum balance.

Table 14 assumes the current forecast overspend will impact General Fund reserves, but a review is required to determine whether an element should be funded from other earmarked reserves e.g. commercial property reserve.

23. The prudent minimum level of HRA reserves has been assessed as £5.844m. The budgeted and forecast outturn's impact on the 31 March 2020 balance brought forward is as follows:

Table 15

Item	£000s
Balance as at 1 April 2020	(33,968)
Budgeted contribution to reserves 2020/21	(4,570)
Forecast outturn as at 31 March 2021	1,142
Forecast balance as at 31 March 2021	**(37,396)**

The Housing Revenue Account balance is, therefore, expected to continue to exceed the prudent minimum balance.

Capital Programme

24. Project managers and NPS colleagues have participated in a review of the 2020/21 capital programme to assess the impact that the Covid-19 pandemic will have on the delivery of individual projects. Consideration was also given to the financial uncertainty that the pandemic has created and where practical expenditure planned for 2020/21 has been deferred.

The general fund capital programme is forecast to underspend by £28.555m and the HRA capital programme is forecast to underspend by £19.660m in this financial year.

Table 16: Capital programme budget variances

Programme	Project	Current Budget (£000)	Forecast Outturn (£000)	Forecast Variance (£000)	Description and Commentary
GF Capital Expenditure Programme	AH1000 City Hall heating system	315	0	(315)	City Hall heating system upgrade deferred until 2021/22.
	AL1000 City Hall chamber benches conservation	44	0	(44)	Refurbishment deferred due to Covid-19 pandemic.
	AA1037 Earlham Cemetery gates refurbishment	28	0	(28)	Earlham cemetery railings and gates work to extend into 2021/22.
	AB1037 Earlham Cemetery railings replacement	142	45	(97)	Earlham cemetery railings and gates work to extend into 2021/22.
	AA1204 Traveller Site	18	0	(18)	Expenditure deferred until 2021/22 due to Covid-19 pandemic.
	AA1632 2 Upper King Street roof and windows upgrade	29	0	(29)	Impact of Covid-19 has reduced available resource to progress this project. Deferred until 2021/22.
	AA1911 Riverbank stabilisation	15	0	(15)	Impact of Covid-19 has reduced available resource to progress this project. Condition survey deferred until 2021/22.
	AA1912 Riverside Leisure Centre Plant	22	0	(22)	Work delayed as centre closed since March due to Covid-19 pandemic; deferred until 2021/22
	AV0000 Multi storey car parks structural lifecare survey	33	0	(33)	Survey deferred until 21/22 due to Covid-19 pandemic.
	Total GF Capital Expenditure Programme forecast variance			**(600)**	

Programme	Project	Current Budget (£000)	Forecast Outturn (£000)	Forecast Variance (£000)	Description and Commentary
GF Capital Section 106/GNGP/CIL	FJ5201 St Georges open space & play	88	0	(88)	The disruption caused by the Covid-19 pandemic has delayed the progress and implementation of many S106/GNGP/CIL funded projects in 20/21. The affected projects are being rescheduled for delivery and completion in 21/22
	FK5201 Wensum Park Play Area	62	0	(62)	
	FF5201 S.106 Bowthorpe To Clover Hill	68	12	(56)	
	FG5201 St Stephens Towers Public Realm	63	1	(62)	
	FL5201 Bunkers Hill - Entrance & path	59	25	(34)	
	EV5201 S106 Castle Green Play	70	50	(20)	
	AO5200 Yare - Wensum Green Infrastructure	95	28	(67)	
	AA5202 CIL GNGB Castle Gardens	150	100	(50)	
	AD5202 CIL GNGB Riverside Walk	172	5	(167)	
	AG5202 UEA to Eaton boardwalk	29	2	(27)	
	AM5202 GNGB Comm Access 20 Acre Wood	57	0	(57)	
	ZZ8039 CIL Neighbourhood Projects	200	120	(80)	
	AW0000 Transforming Cities Fund	162	0	(162)	
	Other minor variances	0	0	(10)	
	Total GF S106/GNGP/CIL Programme forecast variance			**(941)**	

Programme	Project	Current Budget (£000)	Forecast Outturn (£000)	Forecast Variance (£000)	Description and Commentary
GF Not Controlled By NCC	AY5204 CCAG2 Wayfinding	30	0	(30)	Funds now reallocated to a different project.
	AE5200 CIL Contribution Strategic	1,568	661	(907)	CIL Strategic Pool Contribution is anticipated to be significantly reduced in 20/21 due to the impact of the Covid-19 pandemic
	AA5207 Disabled Facilities Grant	1,250	760	(490)	Disabled Facilities grants have been difficult to progress following post lockdown mobilisation. Business case to be presented to County Council on behalf of the seven districts to enable unspent BCF allocation to carried forward into 2021/22
	AK0000 Private Sector Leasing – Empty homes	69	0	(69)	Project deferred until 21/22
	AB5207 HIA - Housing Assistance	250	112	(138)	Housing Assistance Grants have been difficult to progress following post lockdown mobilisation. Business case to be presented to County Council on behalf of the seven districts to enable unspent BCF allocation to carried forward into 2021/22
	Other minor variances	0	0	(30)	
	Total GF Not Controlled By NCC			**(1,664)**	

Programme	Project	Current Budget (£000)	Forecast Outturn (£000)	Forecast Variance (£000)	Description and Commentary
HRA Capital Expenditure Programme	AG5206 Tenancy & Estate Management	767	629	(138)	Revised forecast reflects re-allocation of licence & maintenance costs to revenue.
	AB5100 New Build Opportunities	8,498	2,663	(5,834)	Based on the current pipeline of approved acquisitions and progress made with ongoing negotiations over the acquisition of potential development sites but opportunities have been limited due to Covid-19 pandemic
	AD5100 New Build –Goldsmith St	980	750	(230)	Currently negotiating Goldsmith St final settlement
	AJ5100 LANB - Northumberland Street	689	0	(689)	Northumberland Street development now very unlikely to come forward in 2020/21
	AO5100 Affordable Housing Opportunities - Oak St	150	0	(150)	Oak Street development now unlikely to be completed by developer due to affordability issues
	AB1005 Mile Cross Depot Site	180	360	180	Business Rate Pool funded increase in budget is pending Council approval.
	5120 Whole House Imprvmnts	1,332	1,032	(300)	Disruption to the delivery of the HRA stock upgrade programme caused by the Covid-19 pandemic is expected generate the following forecast underspends in 2020/21
	5121 Kitchen Upgrades	1,435	1,035	(400)	
	5122 Bathroom Upgrades	2,050	1,550	(500)	
	5130 Boilers - Communal	3,177	984	(2,193)	
	5131 Boilers - Domestic	2,562	1,262	(1,300)	
	5140 Insulation	102	26	(76)	
	5150 Windows - Programme	3,126	656	(2,470)	
	5151 Composite Doors	1,076	726	(350)	
	5160 Comm Safe - DES	676	737	60	
	5163 HRA Shops	461	328	(133)	
	5180 Planned Maint - Roofing	1,281	531	(750)	
	5181 Planned Maint - Structural	5,105	3,196	(1,909)	
	5182 Tower Block Regeneration	1,627	1,039	(588)	
	5190 Dis Ad - Misc	717	517	(200)	
	5191 Dis Ad - Stairlifts	51	121	70	
	5192 Dis Ad - Comms	190	136	(54)	
	AM0000 Capital Grants to Housing	3,827	2,118	(1,709)	Registered Housing Provider (RP) developments delayed by Covid-19 and RPs taking advantage of Homes England higher grant rate has resulted in fewer grants awarded
	Other minor variances			2	
	Total HRA Capital Programme forecast variance			**(19,660)**	

Programme	Project	Current Budget (£000)	Forecast Outturn (£000)	Forecast Variance (£000)	Description and Commentary
GF Capital Asset Investment Programme	AB0000 Asset investment for income	25,000	0	(25,000)	Asset Investment for Income programme of acquisitions paused pending outcome of PWLB funding consultation
	Total GF Capital Asset Investment Programme			**(25,000)**	
GF Equity Investment	AA1916 Equity Investment	3,500	3,150	(350)	Forecast Norwich Regeneration Ltd equity investment requirement for 2020/21 with remainder to be invested in 2021/22
	Total GF Financing For NRL forecast variance			**(350)**	

Further detail is set out in **Appendix 2**

25. In June 2020, in light of the Covid-19 pandemic, the MHCLG temporarily relaxed the rules governing the use or Retained RTB Receipts until 31st December 2020, with the intention of allowing authorities to catch-up with their new social housing spending plans. However, despite a number of schemes progressing, the pandemic continues to impact on the ability to invest in new social housing. Unless the MHCLG extend this period beyond the end of the year, it will be necessary to pay over between £4.092m and £6.592m of Retained RTB Receipts along with between £0.552m and £0.890m of interest, which is an HRA revenue cost, by the end of this financial year.

26. The council is yet to learn the outcome of the funding bid for £25m of Towns' Fund; the potential liability detailed in paragraph 19 may impact on the delivery of this project.

27. Cabinet are asked to recommend to council the approval of the following additions to the General Fund capital programme:

- Heigham Park Pavilion - £0.175m to be added to GF capital programme to enable rebuilding following fire damage, to be funded from £0.125m insurance claim and £0.050m insurance reserve
- Additional £0.500m to be added to GF capital programme to cover cost of new laptops to be funded from RCCO / capital receipts (see paragraph 29).
- £0.253m Tourism grant to be added to GF capital programme. £0.494m has been received from Norfolk County Council for the Tourism Support Package. The most recent analysis of the projected spend requests £0.253m is built into the capital programme to cover the capital aspect of the project. This includes street furniture improvements (£0.168m), alternative cycling routes (£0.02m) and traffic road blocks (£0.065m)
- Towns' Fund : Total funding is £1m. After allowing for the Towns Fund funded expenditure that was already in the 2020/21 capital programme, the GF capital programme will need to be increased by £0.608m to facilitate completion of the projects included in the bid. Detail is shown in the table below:

Table 17:

Towns' Fund works detail	Total requirement £000s	Included in current programme £000s	To be added to capital programme £000s
Digital Hub- Townsend House EPC improvements	75		75
Local centre shops EPC improvements- 1-2 Earlham West Centre	90	90	
Norwich Halls improvements	224	224	
Memorial Gardens undercroft improvements and Norwich Guildhall	189		189
Chapelfield gardens - improvements for events	50		50
Tennis courts improvements	67		67
Play improvement	80		80
Installation of expanded toilet / washing facilities in parks	157	78	79
Programme contingency	68		68
	1,000	**392**	**608**

28. Cabinet are asked to note the following virement in the HRA capital programme which has been approved by CLT in line with the financial procedure delegations. The virement of £0.198m is to facilitate the utilisation of a Safer Streets Fund grant to install secure door entry systems at Clifton Close and Midland Walk. The virement is being taken from the structural works budget which is currently forecasting an underspend of £1.9m against the approved £5m budget in 2020/21. The underspend is due to delays in the process of consultation with leaseholders over the planned structural works.

29. The proposed addition of £0.500m to the capital programme for IT equipment is to provide investment in flexible working with the provision of laptops council wide for all users. These laptops will replace the current estate of desktop personal computers. This investment is in line with the IT digital strategy and will support agile working as well as resilience during the covid-19 pandemic. An initial pilot of 20 laptops is currently being rolled out and the final specification will incorporate the feedback from the user testing. It is estimated that in total 750 laptops will be required to cover existing staff and additional spare devices for resilience. In total, it is estimated that the cost of the laptops will be in the region of £0.750m. Existing approved IT capital budgets will be used to cover £0.250m alongside the request to increase the budget by £0.500m. This report also requests Cabinet approval to delegate authority to the director of strategy, communications and culture, in consultation with the resources portfolio holder to award a contract to purchase new laptops following a procurement exercise.

Business Rates Pool

30. Norwich City Council has been a member of the Norfolk Business Rates Pool since it joined in 2015/16. By 2018/19 the pool included all seven districts in Norfolk as well as the County Council. The key benefit of the pooling arrangement is that rather than pay a levy to government on business rates growth above the baseline, the income is retained locally in the Norfolk economic development fund. There are also financial risks associated with pooling. Under the terms of the Governance Agreement, the Norfolk Pool operates a safety net guarantee; this ensures that each pool member receives as a minimum 92.5% of their baseline funding.

31. MHCLG issued an invitation to form business rate pools in 2021/22 with a deadline for pooling proposals of 23 October 2020.

32. There remains an ongoing risk over an appeal by NHS Trusts against the High Court ruling that they should not benefit from charitable status for the purposes of business rates. If the decision is overturned, this could result in a substantial backdated cost for all local authorities nationally as the claims go back to 2010 in some instances. Whilst acknowledging the risk, the decision was taken to continue to pool for 2021/22.

33. In the response the Norfolk authorities noted:

    - That there are materially different risks in relation to Business Rates income and, as a result, any decisions about the opportunity to pool compared to previous years, principally due to the impact of the COVID-19 pandemic. In this context, early announcements about any changes in policy or business rates support in 2021/22 will be critical to inform local decision-making.
    - They strongly encourage MHCLG to consider offering a guarantee, no detriment clause, or similar arrangement to mitigate against the potential impact of COVID-19 on 2021/22 pooling decisions.
    - They consider that the ongoing NHS Trust appeal remains an area of significant risk, which could result in a significant reduction in Norfolk rates income which would eliminate growth achieved in the pool area.

34. Notwithstanding the deadline of 23 October, the Local Government Finance Act 1988 confirms that members of a pool have a period of 28 days from the date of publication of the provisional local government finance settlement to make a request to revoke a pool – in this case the only option would be to dissolve the pool entirely, not alter the membership.

Working Capital Loan to Norwich City Services Ltd

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

36. This decision enabled the roof works to commence as quickly as possible helping to ensure the works are completed in time for depot handover at the end of February. Any further delays to the agreement of the works would have put the business critical path to delivering the depot at risk and could have resulted in additional financial costs.

37. The term of the loan will match the revised lease agreement which will provide a rent free period to compensate the company for incurring the costs that are the landlord's responsibility. The loan will be for a term of 5 years allowing annual repayments by Norwich City Services of £0.04m. Interest will be chargeable at a fixed rate of 1.1% (Bank of England base rate plus 1%) with payments due in arrears on a 6 monthly basis.

Medium Term Financial Strategy

38. The Quarter 2 financial forecasts for 2020/21 show the unprecedented impact that Covid-19 is having on the council's financial position. It is increasingly clear that there will be much longer term impacts on the council's income and reserves.

39. The council has identified a range of in-year savings for 2020/21 to partly offset the impacts of Covid-19 but is still forecasting needing to utilise reserves fund the expected overspend. Whilst this is manageable in the short term, continuing to rely on council reserves will ultimately reduce the council's resilience going forward and put at risk its ability to make the up-front investment needed to drive forward longer term efficiency plans (for example using the Invest-to-Save reserve to drive digital transformation).

40. As part of the ongoing budget work, the council's Medium Term Financial Strategy (MTFS) continues to be updated and refined. This section outlines the key developments impacting on the MTFS, the estimated increase in the future savings challenge as well as the next steps for refining the MTFS and budget options for 2021/22.

Pre Covid-19 MTFS

41. The MTFS presented to Council in February compared the estimated cost of delivering current services over the next five years, compared to the anticipated funding streams to support council services. By 2024/25 it showed a shortfall of £10m; which after assuming annual service-led growth pressures of £0.750m, left a gross savings target of £2.5m per year for the four-year period.

42. The approved MTFS maintained the previous approach of presenting a strategy to manage the savings requirements which utilised general reserves over the 3-year period to 2023/24 (down to around £5m) alongside a smoothed savings target. This retained general reserves above the prudent minimum level of reserves required to be held by the general fund of £4.3m.

Key developments impacting the MTFS

Covid-19 Impacts

43. District Councils have been severely impacted by the COVID-19 pandemic. The Institute of Fiscal Studies reports that shire districts have faced combined pressures from additional costs and lost income averaging 23% of pre-crisis expenditure, compared with less than 15% on average for other council types, and that even with government grants and the income guarantee, an 8% shortfall will remain. Furthermore, districts are more affected proportionally by the impact of COVID due to their reliance on Sales, Fees and Charges income.

44. COVID-19 is expected to have a longer-term impact on council finances, far beyond the 2020/21 financial year. Customer behaviours have changed dramatically and may never return to 'pre-COVID' levels. City centre footfall is still well below normal levels and there are likely to be continued impacts on car park and rental income. The impact of social distancing requirements will also reduce the operation and income from cultural and leisure activities.

45. There are a wide-range of potential implications on council budgets in 2021/22 as well as further years of the MTFS, these include:
    - Health of the city centre and associated Business Rates income
    - Commercial rent levels and other income streams (e.g. car parks)
    - Impacts on the council tax base and increased demand on the council tax reduction scheme
    - Ability to hold council-run events
    - Demand on services such as homelessness and benefits

46. This report shows a forecast overspend on the general fund of £0.785m. The recent announcement of a further £0.960m of covid-19 emergency grant funding will hopefully reduce this figure but a review will need to be undertaken during Q3 to consider further emerging cost and income pressures linked to the second wave of the pandemic. As detailed in paragraph 3, if no further budget pressures are identified, this additional funding combined with all the positive short term actions the council took to reduce spend will result in an overall general fund underspend. The financial risks associated with Covid-19 will continue to significantly impact the council in 2020/21 and also in future years. It is vital that the council remains resilient to the future risks and therefore the in-year savings will continue to delivered and any improved financial position set aside to manage the future risks.

47. If there is an overspend at the end of the 2020/21 year, this will need to be met from reserves and therefore impact on the forward financial planning.

Funding

48. As the country attempts to navigate through the longer-term impacts of COVID-19, District Councils have a vital role to play in community and economic recovery. In order to do this District Councils need sustainable, sufficient funding and the flexibility to plan their finances in a way that suits their local circumstances and needs.

49. District Councils are planning now for their 2021/22 budget and updating Medium Term Financial Plans, but this is extremely difficult without knowledge of the Spending Review outcome. The council has received central government support during 2020/21 through both un-ringfenced and ring-fenced grants as well as a scheme to partly compensate for lost fees and charges income. At this stage no additional central government grant or income support has been announced and therefore for planning purposes the council will have to assess and estimate the ongoing pressures on both its costs and income from covid-19 into the next financial year.

50. Provisionally the Autumn Spending Review had been due to set spending totals for three years, and capital budgets for a further year. HM Treasury have now confirmed that there will be a 1-year Spending Review to set 2021/22 departmental budgets.

51. MHCLG have confirmed a further one-year delay in the proposed longer term local government financial reforms, including:
    - 75% business rates retention with the aim of ensuring local authorities have more control over the money they raise and incentives to grow and reinvest in their local economies;
    - introducing reforms to the business rates retention system to increase stability and certainty; and
    - reviewing the funding formula that determines funding allocations through the annual local government finance settlement (Fairer Funding Review).

    The further delay in the fairer funding review provides a higher degree of certainty over the business rates income that the council will be able to keep in 2021/22 but does nothing to address the longer-term uncertainty over funding from April 2022.

52. In 2020/21 the council will receive £0.7m in New Homes Bonus grant. There has been no confirmation of whether this key grant stream will continue and if so in what format.

Commercialisation

53. In March 2020 the government commenced a consultation on the Public Works Loan Board (PWLB) future funding terms. The proposals, if implemented, would mean that the Public Works Loan Board would not be a source of lending to local authorities investing in commercial properties primarily to generate income. This would limit the ability of local authorities to generate income and will require councils to look at further service reductions to balance the loss of income.

54. The 2020/21 budget included a target of £0.500m additional net income from commercial properties. The council has halted further new acquisitions, therefore will not be able to achieve around £0.130m of this net income on a recurring basis and this will need to be adjusted in the MTFS assumptions. The outcome of the consultation is likely to reduce the future options for generating purely commercial income to support the wider services deliver by the council, and will be factored into the budget process for 2021/22.

Current updates key assumptions & MTFS

55. The MTFS has been updated to reflect key areas where there is improved information available. The key changes incorporated into the model include:
    - the latest forecast overspend from 2020/21 being taken from general reserves;
    - Adjust the Housing Benefit budgets to reflect current overpayment income levels and subsidy recovery rate;
    - Update payroll assumptions to include the 2020/21 agreed award and a further 2.75% in 2021/22 and 2022/23. Afterwards the assumption reverts to the previous 2%.
    - Remove unachieved new net rental income (includes an adjustment to MRP and borrowing) following the commencement of the PWLB consultation;
    - Add a further 1-year RSG allocation of £0.220m based on a roll-forward settlement;
    - Include the undistributed business rates surplus from 2019/20 of £0.162m alongside the existing assumptions for deficits from 2020/21.

56. These adjustments have had a significant adverse impact on the MTFS. Table 15 shows the gap between the budget requirement and budget resources in 2024/25 increases up to £12.4m (£10m in the February MTFS), primarily driven by the lost HB overpayment income and increased payroll costs.

57. Table 16 shows that the increase in saving requirement is coupled with reserves reducing at a faster level as a result of the forecast overspend in 2020/21. Table 17 shows the resulting annual savings requirement has increased to £3.150m over the next three years, falling slightly to £2.950m by 2024/25.

58. It should be noted that there are a number of key assumptions that are continuing to be updated in the model to reflect the latest estimates of the longer-term impacts of Covid-19 on the council's finances. Work will continue on this in the coming months and the final update provided to Cabinet and Council as part of the budget papers in February 2021.

Table 18

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	**£000**	**£000**	**£000**	**£000**
Budget Requirement (no savings)	17,368	21,778	24,680	27,280	29,734
Budget Resources	(17,888)	(16,562)	(16,458)	(16,898)	(17,351)
Budget Gap	**(517)**	**5,216**	**8,222**	**10,382**	**12,383**
Funding the budget gap:					
Cumulative gross savings needed		(3,150)	(6,300)	(9,450)	(12,400)
Planned use of reserves		(2,066)	(1,922)	(932)	17

Table 19

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	**£000**	**£000**	**£000**	**£000**
Opening Reserves Balance	(9,464)	(9,196)	(7,130)	(5,208)	(4,276)
Planned transfer (to)/from reserves	(517)	2,066	1,922	932	(17)
Forecast outturn P6	785				
Closing Reserves Balance	**(9,196)**	**(7,130)**	**(5,208)**	**(4,276)**	**(4,293)**

Table 20

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	**£000**	**£000**	**£000**	**£000**
Assumed annual service growth		750	750	750	750
Gross saving requirement		(3,150)	(3,150)	(3,150)	(2,950)
Net annual saving requirement		**(2,400)**	**(2,400)**	**(2,400)**	**(2,200)**

Approach to full update of the MTFS

59. Finance are continuing to review the MTFS model for 2021/22 and beyond in collaboration with the services across the council. It is vital that service areas input into the assumptions and modelling to ensure the MTFS is sufficiently robust and reflects the best estimates from the business. This will involve looking at all areas of the council's budgets, but with a particular focus on the key areas and specific risks outlined below:

a) **Earmarked Reserves:** The leadership team will undertake a review of all earmarked reserves to ensure that there a clear rational for continuing to ringfence this funding. This consideration will include how reserves can be used to support budget pressures in relation to business rates, council tax and commercial property. This will impact on the available balances to support the MTFS.

b) **Council Tax & Business Rates:** Finance will work with colleagues in revenues and benefits, planning and economic development to build up the assumptions for both tax streams by reviewing predictions for new build properties, council tax reduction scheme demand, reliefs and the business rates tax base.

c) **Payroll & pensions:** Estimates to be updated for future payroll growth and living wage impacts as well as future pension contribution rates. Given the value of council payroll costs the MTFS output is very sensitive to changes in the salary inflation assumptions, and sensitivity analysis will be carried out around.

d) **Income:** There are significant income streams that will continue to be reviewed with service managers to consider both historic levels and covid-19 impacts. These include car parks, commercial property rents, planning fees and events and leisure income.

e) As part of the budget process, a fees and charges schedule will be collated draw together information on the basis of charges and recoverability of related costs.

f) **Government Grants:** Assumptions about key grant income streams will be reviewed with service leads. Impacts from the Local Government Finance Settlement will be updated as information becomes available.

g) **Capital financing and Borrowing Costs:** The work to develop the future capital programme is ongoing and this will inform the budget requirement for both revenue contributions to the funding of the capital programme and borrowing levels. The level of external borrowing will be reviewed in line with council's cash flow forecast.

h) **Other key risks:** There are a number of other identified risks that need to be considered over the medium term.

- Specific identified cost pressures associated with leisure provision and recycling

- The insourcing of the Norse joint venture arrangements and set-up of Norwich City Services Limited will impact on contract costs, profit shares, support services requirements and borrowing costs. The financial impacts will be closely monitored and assumptions updated as required.

- The medium-term capital requirements for the asset portfolio and planned IT investment are continuing to be developed but are likely to involve significant investment during the course of the MTFS period. A review of the asset strategy and management plan will help to inform the financial requirements.

- Impacts of the planned government reforms to local government funding including the Fairer Funding Review and changes to the Business Rates system. It is difficult to forecast the impact of the fairer funding review on this council until government sets out the relative weightings of these indicators in the formula, and its damping (transitional) arrangements.

Budget Next Steps

60. Key next steps in preparing budget options and updating the MTFS are shown below:
    - Management continuing to develop and refine savings options, growth requirements and capital proposals - ongoing
    - Government's 1-year Comprehensive Spending Review – Late November
    - Draft budget options to Cabinet for consideration in December
    - Consultation period for the proposed budget options in December/January
    - Provisional Local Government Finance Settlement – Date to be confirmed (assuming December)
    - Budget Scrutiny, Cabinet and Council in February 2021

Integrated impact assessment

NORWICH City Council

Report author to complete	
Committee:	Cabinet
Committee date:	11 November 2020
Head of service:	Director of Resources
Report subject:	Q2 Budget Monitoring 2020/21and Medium Term Financial Strategy update
Date assessed:	03 November 2020
Description:	This is the integrated impact assessment for the Quarter two revenue and capital budget monitoring 2020/21 report

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The report shows that the council monitors its budgets, considers risks to achieving its budget objectives, reviews its balances position, and is therefore able to maintain its financial standing
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	

Health and well being	☒	☐	☐	
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

Risk management	☐	☒	☐	The report demonstrates that the council is aware of and monitors risks to the achievement of its financial strategy.

Recommendations from impact assessment
Positive
None
Negative
None
Neutral
None
Issues
The council should continue to monitor its budget performance in the context of the financial risk environment within which it operates.

Appendix 1

Revenue Budget Monitoring Summary Year: 2020/21 Period: 6 (September) ***Figures in £000s***

General Fund Summary

Current budget		Forecast outturn	Forecast variance
4,801	Business Services	5,620	819
333	Democratic Services	290	(43)
(14,400)	Finance	(21,131)	(6,731)
0	Human Resources	(78)	(78)
0	Procurement & Service Improvement	(0)	(0)
(9,266)	**Total Business Services**	**(15,299)**	**(6,033)**
0	Chief Executive	(9)	(9)
489	Strategy & Programme Management	409	(80)
489	**Total Chief Executive**	**400**	**(89)**
1,839	Communications & Culture	2,391	552
(94)	Customer Contact	(130)	(36)
0	IT Services	135	135
1,745	**Total Customers, Comms & Culture**	**2,396**	**650**
10,542	Citywide Services	10,634	92
1,560	Neighbourhood Housing	1,568	7
678	Neighbourhood Services	601	(77)
12,781	**Total Neighbourhoods**	**12,803**	**23**
(8,244)	City Development	(2,242)	6,002
0	Environmental Strategy	(13)	(13)
0	Executive Head of Regeneration &	(4)	(4)
1,479	Planning	1,878	398
1,015	Property Services	866	(149)
(5,749)	**Total Place**	**486**	**6,235**
0	**Total General Fund**	**785**	**785**

Housing Revenue Account Summary

Current budget		Forecast outturn	Forecast variance
13,899	Repairs & Maintenance	13,044	(855)
5,858	Rents, Rates, & Other Property Costs	5,379	(479)
13,224	General Management	12,963	(260)
4,949	Special Services	4,792	(157)
23,264	Depreciation & Impairment	23,282	19
202	Provision for Bad Debts	2,391	2,189
(57,545)	Dwelling Rents	(57,431)	113
(2,098)	Garage & Other Property Rents	(1,960)	139
(7,888)	Service Charges - General	(7,624)	264
(82)	Miscellaneous Income	(41)	41
6,631	Adjustments & Financing Items	6,631	0
(204)	Amenities shared by whole community	(204)	0
(210)	Interest Received	(80)	130
0	**Total Housing Revenue Account**	**1,142**	**1,142**

General Fund summary by type *Figures in £000s*

Current budget		Forecast outturn	Forecast variance
23,879	Employees	23,638	(241)
10,155	Premises	9,663	(493)
230	Transport	190	(40)
18,253	Supplies & Services	64,998	46,745
67,963	Housing Benefits & Business Rates Tariff	74,600	6,638
5,435	Capital Financing	2,593	(2,842)
1,300	Rev Contribs to Capital	1,000	(300)
(29,604)	Fees, charges and rental income	(22,203)	7,401
(88,365)	Government Grants	(144,419)	(56,054)
16,081	Recharge Expenditure	16,219	138
(25,326)	Recharge Income	(25,493)	(167)
0	**Total General Fund**	**785**	**785**

Housing Revenue Account summary by type

Current budget		Forecast outturn	Forecast variance
5,951	Employees	5,932	(19)
22,173	Premises	20,732	(1,441)
95	Transport	77	(18)
2,656	Supplies and Services	4,605	1,948
2	Third Party Payments	0	(2)
8,271	Recharge Expenditure	8,256	(14)
27,487	Capital Financing	27,505	19
(68,496)	Receipts	(67,826)	669
0	Government Grants	0	0
(287)	Recharge Income	(287)	0
2,148	Revenue Contribs to Capital	2,148	0
0	**Total Housing Revenue Account**	**1,142**	**1,142**

Appendix 2

Capital Budget Monitoring Summary Year: 2020/21
Period: 6 (September) *Figures in £000s*

GF Capital Expenditure Programme	Current Budget	Forecast Outturn	Variance
AA1000 Customer centre redesign	25	25	0
AH1000 City Hall heating system	315	0	(315)
AJ1000 City Hall Kitchens & Toilets	35	35	0
AL1000 City Hall chamber benches conservatio	44	0	(44)
AA1005 Mile Cross Depot Site	0	0	0
AA1009 Eaton Park path replacement	53	53	0
AB1009 Eaton Park changing room shower rep	17	17	0
AA1037 Earlham Cemetery gates refurbishmen	28	0	(28)
AB1037 Earlham Cemetery railings replacemer	142	45	(97)
AA1058 Norwich Parks tennis expansion	423	423	0
AA1064 Earlham Park toilet replacement	79	79	0
AA1079 Wensum Park Stone Wall	20	19	(1)
AA1184 Community Centres - Upgrades	0	0	0
AA1204 Traveller Site	18	0	(18)
AA1255 St John Maddermarket retaining wall	70	70	0
AA1432 4 Exchange Street emergency lighting	7	7	0
AA1632 2 Upper King Street roof and windows	29	0	(29)
AA1791 Old Meeting House fire detection syste	11	11	0
AA1911 Riverbank stabilisation (River Yare &	15	0	(15)
AA1912 Riverside Leisure Centre - Plant	22	0	(22)
AA1959 St Andrew's Hall refurbishment	280	280	0
AA5205 CCTV replacement	8	8	0
AA5206 IT Investment Fund	567	567	0
AB5206 Finance System	51	51	0
AC5206 HR System	11	11	0
AF5206 IT Transformation - Digital platform	200	200	0
AB1021 Motor Cycle Park	11	11	0
AD0000 Parks Demolition	0	0	0
AF0000 Riverside Footpath District Lighting	21	21	0
AF1856 St Giles Suicide prev measures	10	10	0
AV0000 Multi storey car parks structural lifecare	33	0	(33)
AA2013 NCSL Establishment	639	639	0
Total GF Capital Expenditure Programme	**3,182**	**2,582**	**(600)**

GF Capital Section 106/GNGP/CIL	Current Budget	Forecast Outturn	Variance
EY5201 Play Sector 3 & 4 improvements	6	0	(6)
FJ5201 St Georges open space and play	88	0	(88)
FK5201 Wensum Park Play Area -	62	0	(62)
FF5201 S.106 Bowthorpe To Clover Hill	68	12	(56)
FG5201 St Stephens Towers Public Realm	63	1	(62)
FL5201 Bunkers Hill - Entrance & path	59	25	(34)
ES5201 S106 Mile Cross Gardens Play	0	0	0
EV5201 S106 Castle Green Play	70	50	(20)
EX5201 Bowthorpe Southern park	5	5	0
AO5200 Yare - Wensum Green Infrastructure	95	28	(67)
AA5202 CIL GNGB Castle Gardens	150	100	(50)
AB5202 CIL GNGB Football Pitch	40	40	0
AD5202 CIL GNGB Riverside Walk	172	5	(167)
AE5202 GNGB IIF Marriott Sloughbottom	0	0	0
AG5202 UEA to Eaton boardwalk extension	29	2	(27)
AI5202 Earlham Millenium Green	10	6	(4)
AK5202 GNGP Bowthorpe Crossing	0	0	0
AM5202 GNGB Community Access Improveme	57	0	(57)
AN5202 GNGB Marriott's Way/Hellesdon Statio	36	36	0
AL5200 CIL Crowdfunding matched funding	12	12	0
AA5200 Co-CIL Nhood Ketts Heig	0	0	0
AB5200 CIL Nhood 20 Acre Wood	3	3	0
AD5200 CIL Nhood Community Enabling	6	5	(2)
ZZ8039 CIL Neighbourhood Projects	200	120	(80)
AW0000 Transforming Cities Fund	162	0	(162)
Total GF S106/GNGP/CIL Programme	**1,391**	**450**	**(941)**

GF Not Controlled By NCC	Current Budget	Forecast Outturn	Variance
AY5204 CCAG2 Wayfinding	30	0	(30)
AA5203 Cycle safety funding	0	0	0
AE1856 St Giles multi storey car park lighting up	104	100	(4)
AE5200 CIL Contribution Strategic	1,568	661	(907)
AK5200 CIL neighbourhood - Netherwood	28	15	(13)
AE5204 CCAG2 Fifers Lane/Ives Rd/Heyford	20	20	0
AP5204 CCAG2 Wayfinding	12	0	(12)
AA5207 Disabled Facilities Grant	1,250	760	(490)
AK0000 Private Sector Leasing – Empty homes	69	-	(69)
AQ0000 DFG Residents Contribution	0	0	0
AR0000 Strong & Well	0	0	0
AB5207 HIA - Housing Assistance	250	112	(138)
Total GF Not Controlled By NCC	**3,332**	**1,668**	**(1,664)**

GF Capital Asset Investment Programme	Current Budget	Forecast Outturn	Variance
AB1429 Asset Acquisition 6	42	42	0
AA2010 Asset Acquisition 11	5	5	0
ZZ7438 144A King Street	0	0	0
AB0000 Asset investment for income (other	25,000	0	(25,000)
Total GF Asset Investment Programme	**25,047**	**47**	**(25,000)**

GF Capital Expenditure Programme	Current Budget	Forecast Outturn	Variance
AA1916 Equity Investment	3,500	3,150	(350)
Total GF Financing For NRL	**3,500**	**3,150**	**(350)**

GF Capital Expenditure Programme	Current Budget	Forecast Outturn	Variance
AH0000 Capital contingency	110	110	0
Total GF Capital Contingency	**110**	**110**	**0**

Total General Fund Capital Programme	**36,563**	**8,007**	**(28,555)**

HRA Capital Expenditure Programme	Current Budget	Forecast Outturn	Variance
AG5206 Tenancy & Estate Management	767	629	(138)
AB5100 New Build Opportunities	8,498	2,663	(5,834)
AE521X Open Market Property Acquisitions	1,289	1,290	2
AE5100 Brazengate	-	-	0
AA5205 CCTV replacement	-	-	0
AD5100 New Build - Goldsmith Street	980	750	(230)
AJ5100 LANB - Northumberland Street	689	-	(689)
AI5100 LANB - Three Score Phase 3	1,490	1,490	0
AP5100 LANB Argyle Street	660	660	0
AO5100 Affordable Housing Opportunities - Oal	150	-	(150)
AB1005 Mile Cross Depot Site	180	360	180
5110 Electrical - Internal	3,126	3,126	0
5120 Whole House Improvements	1,332	1,032	(300)
5121 Kitchen Upgrades	1,435	1,035	(400)
5122 Bathroom Upgrades	2,050	1,550	(500)
5130 Boilers - Communal	3,177	984	(2,193)
5131 Boilers - Domestic	2,562	1,262	(1,300)
5140 Insulation	102	26	(76)
5141 Solar Thermal & Photovoltaic	564	564	0
5150 Windows - Programme	3,126	656	(2,470)
5151 Composite Doors	1,076	726	(350)
5160 Comm Safe - DES	676	737	60
5161 Estate Aesthetics	769	769	0
5163 HRA Shops	461	328	(133)
5171 Sheltered Housing Comm Facilities	113	113	0
5180 Planned Maint - Roofing	1,281	531	(750)
5181 Planned Maint - Structural	5,105	3,196	(1,909)
5182 Tower Block Regeneration	1,627	1,039	(588)
5183 Planned Maint - Lifts	154	154	0
5190 Dis Ad - Misc	717	517	(200)
5191 Dis Ad - Stairlifts	51	121	70
5192 Dis Ad - Comms	190	136	(54)
AM0000 Capital Grants to Housing	3,827	2,118	(1,709)
AA5100 Demolition & Site Maintenance	127	127	0
Total HRA Capital Programme	**48,348**	**28,689**	**(19,660)**

Report to	Cabinet	**Item**
	11 November 2020	6
Report of	Director of place	
Subject	Future Housing Commissioning	

KEY DECISION

Purpose

To consider next steps in relation to housing commissioning in particular progress with regards to future delivery options for social housing and the delivery of the three previously identified priority housing sites.

Recommendation

To:

1) instruct officers to take forward proposals that build in-house expertise, capacity and resilience in a housing delivery team as quickly as possible to ensure delivery of the priority social housing schemes; and

2) note the progress that has been made on the delivery of the three priority sites and agree the timetable set out for future delivery.

Corporate and service priorities

The report helps to meet the corporate priority Great neighbourhoods, housing and environment

Financial implications

The EELGA report considers the merits of various options for housing delivery. This includes some examination of the financial implication of each option. More detailed examination of financial implications of the recommendations will need to be done if recommendations are agreed.

Ward/s: All Wards

Cabinet member: Councillor Harris - Deputy leader and social housing

Councillor Stonard – Sustainable and inclusive growth

Contact officers

Graham Nelson, director of place	01603 989205

Background documents

None

Report

Background

1. Over the course of the past year Cabinet have considered a number of reports concerning the provision of future council housing.

2. In November 2019 Cabinet approved the Norwich council housing strategy 2020-2026 that stated our council housing ambition to:

   “provide good quality, well maintained affordable homes to meet local housing needs within a safe, clean and well cared for neighbourhood.

   We want to make a difference to peoples’ lives by promoting independent living and to build sustainable communities, where people take responsibility for their own lives and those of their families”.

   One of the primary goals of the strategy is to meet housing need through the delivery of new homes.

3. In March 2020 Cabinet agreed to instruct the Director of Place to take forward a review of the Council’s approach to the commissioning of housing development which includes:

   i) The development of a new approach to the commissioning of housing development taking full account of the Council’s resources, priorities and identified housing needs;

   ii) The identification of future pipeline of sites to be taken forward for development by NRL and by other means of delivery.

4. A new housing commissioning board was set-up, chaired by the head of housing, with officers from housing, city development, finance, planning and NPSN, to agree priorities and provide oversight for this work.

5. In July, Cabinet considered a further paper which outlined the extent of housing need in the City, identified a pipeline of sites which could be used to address this need, presented the results of an appraisal of the Housing Revenue Account (HRA) business plan in order to establish the financial envelope within which further building could take place; and looked at high level delivery options open to the Council in order to undertake this delivery.

6. In addition to noting the work that had been done to date on the financial appraisal and delivery options, cabinet agreed to next steps including:

   a) to procure specialist advice to assist determination of preferred delivery option; and

   b) approve budgets to take forward design work on three priority sites for future development, Mile Cross Depot, Three Score phase 3 and Argyle Street.

7. This report updates on both progress with delivery options and on the priority sites.

Progress on Delivery Options

8. The resolution of July cabinet led the Council to seek the assistance of the East of England Local Government Association (EELGA) to identify appropriate experts to advise the Council further in relation to delivery options. The work was commissioned in August, commenced during September and was completed in October. A final version of the report produced is attached as appendix A.

9. The report explains the background to the study and the approach that the consultant team used to prepare it. Acting on advice the EELGA team kept the report as brief and readable as possible and included an executive summary.

10. It is important to recognise the scope of the work conducted by EELGA. It did not seek to identify a single preferred option for the Council to develop all of its social housing in future. The brief recognised that there would be a need for different approaches to be taken on different sites. It was focussed on how the Council was going to be able to build capacity to deliver social housing at scale in the short term and then maintain this level of building going forward over the 10 year period established by the earlier financial modelling exercise.

11. As the report has already been summarised it is not further summarised here. However, there are two main conclusions that can be drawn out from the report: firstly, the resources that are needed to deliver at the scale envisaged; and secondly; the possible options for delivery. These are considered further in turn below.

<u>Resources necessary to deliver</u>

12. The EELGA report notes that the Council through both its current level of in-house expertise, and the expertise that has been built up in its wholly owned company Norwich Regeneration Ltd, is inadequately resourced to deliver social housing at the scale and pace envisaged.

13. This conclusion is considered to apply whatever delivery route is ultimately chosen for the housing. EELGA note at pg 17 of their report that a “key ‘learning lesson’ that may be taken from past Council experience is the need to fully and appropriately resource to assure deliver to quality, on time and to cost. This comment relates both to building an enhanced client-side capability and development team skills and capacity, noting the specific arrangement and cost will vary depending on the delivery option(s) ultimately adopted”.

14. Page 22 of the EELGA report draws attention to three particular skill sets “Taking proposals through planning process and the ability to obtain the necessary inputs from other professions from outline planning permission through to masterplanning for major sites; Surveyor skills to commission and evaluate site investigations; Clerk of works to oversee progress on-site to better control on-site quality and minimise defect.”

15. On page 23 it is noted that “Typically, the cost of a full function client function is taken to be up to 2% of the development costs. We would suggest that at a minimum an in-house team with a senior manager equivalent to an MD, a development officer to manage the pipeline, a technical officer with surveying

skills and admin will cost in the region of £250k pa for direct salary costs plus associated back-office function support costs."

16. Appendix 1 to the EELGA report provides peer group examples of best practice in pursuing housing delivery available from other Councils. This provides a helpful starting point in being able to learn from experience elsewhere about the size and structure of delivery teams and how to distinguish between commissioning and delivery teams.

Possible options for delivery

17. EELGA were asked to examine 4 different options for delivery.

    a. In house delivery;
    b. Delivery through a wholly owned company;
    c. Partnership with a Registered Provider; and
    d. Through a joint venture with a private developer.

18. The report summarise the performance of each of these options by looking at the degree of council control, financial cost, comparative risk and ability to move at pace. A summary of advantages, disadvantages and considerations are set out in para 4.6 of the report.

19. Arising from this analysis the report concludes that options c and d are set aside. With the other two options remaining on the table for further analysis. The Council will continue to work with RP's in a targeted manner and retains the option to revisit possible joint ventures for specific schemes if appropriate in due course. The report does not finally conclude on which of the two other otions should be followed and it notes that there are merits in both options which should be weighed by the Council. However, in summary the report concludes that the arguments for setting up a Wholly Owned Company are not strong, would create an additional layer of bureaucracy and cost in the short term and importantly would take time to set up.

Conclusions arising from the EELGA report

20. Officer's consider the EELGA report to be a robust and well considered piece of work.

21. Following consideration of the report it is suggested that the Council should build on its current approach of having seconded expertise from Norwich Regeneration Ltd into the Council in order to progress work on the delivery of the initial priority sites that have been identified. In particular by:

    a) looking to strengthen in-house expertise and build capacity and resilence so it is able to continue and accelerate the work that has been done to date. In-house expertise has been strengthened with the temporary seoncdment of staff from NRL but it is likely that this will need to be augmented through external recruitment of specialist and experienced construction staff. A key advantage of building the team in-house is the ability to build this team at pace; and

    b) leave decisions about whether to set up a new Wholly Owned Company until a later date until after this new team has been created and the merits of this can be properly assessed. Such a review is likely to take place following a start on site on the three key sites in Autumn 2021.

22. These conclusions are reflected in the recommendations arising from this report.

Progress on delivery of the priority sites

23. Following decisions made at July Cabinet officer's on secondment from NRL have been working with officers from across the Council to move forward on the priority sites. The work to date has concentrated on the most effective way to commission design services for each of the sites.

24. In order to maximise efficiencies of the work done to date at Rayne Park, design services on the next phase of Three Score are being procured via the joint venture arrangement with NPS Norwich, to commission them to provide design, cost management and employers agent role for the next phase of Three Score. To assist this NPS Norwich will sub-contract to Hamson Barron and Smith, a Norse subsidiary, in the same way as for Rayne Park. HBS are now working up a programme and starting designs for this next phase

25. This will allow an acceleration of design through to a submission of a reserved matters application to planning in Spring 2021.

26. In relation to Argyle Street and Mile Cross it has been considered appropriate to carry out separate tender exercises to provide the same services.

27. The tender for Argyle Street is currently live, with the submission deadline being 9 November. To date over 100 expressions of interest have been received and officers expect to be commencing assessment of the final bids prior to Cabinet meeting. Due to the level of interest it is possible that the period for assessment may need to be extended slightly which may result in a contract award and work commencing in December.

28. Officers are currently working on the tender documentation for the Mile Cross project and this is expected to go live shortly with a view to selecting a team by February. As the cost of this project will be above the key decision threshold the recommendation for this contract award will be reported to cabinet.

29. A separate procurement exercise will also be undertaken to award a contract for the ground works package that is required for the Mile Cross Deport project. This will provide information to inform the foundation strategy and help to de-risk the site.

30. Revised Project timelines are provided in the attached table overleaf.

31. Officers are also currently assessing the purchase of 2 acres of land at Hethersett, which could form a fourth development site. A business case is being prepared for approval to use the Opportunities Fund for this purchase, in line with the delegated authority approved by cabinet in December 2019 and Council in January 2020. If purchased development of this site is likely to commence in 2021 and will deliver approximately 40 dwellings by 2023.

Task	Responsibility	Three Score Ph 3	Argyle Street	Mile Cross Depot
Project Mandate Approved	Cabinet	July 2020	July 2020	July 2020
Project Brief Approved	Housing Commissioning Board / Asset & Investment Board	October 2020	October 2020	October 2020
Outline Business case Approved	Client PM / Delivery Director - HCB / A&IB approval	October 2020	November 2020	November 2020
Procurement of employers agent / design team	Delivery Director	October 2020	November 2020	January / February 2021
Initial design work completed RIBA Stage 1	Delivery Director – HCB / A&IB approval	December 2020	February 2021	April / May 2021
Community consultation completed	Delivery Director / Client PM	January 2021	February / March 2021	June 2021
Further design work RIBA Stage 2 / 3	Delivery Director - HCB / A&IB approval	February / March 2021	May / June 2021	July / August 2021
Planning application (full or reserved matters) submitted RIBA Stage 3	Delivery Director – HCB / A&IB approval	March 2021	June 2021	August 2021
Planning permission granted	Delivery Director - HCB / A&IB approval	June 2021	September 2021	November 2021
Appointment of contractor and full technical design work RIBA Stage 4	Delivery Director – HCB / A&IB / Cabinet approval	July 2021	September / October 2021	November 2021
Start on Site	Delivery Director	August 2021	October / November 2021	December 2021
Development Completed	Delivery Director	July 2023	October 2022	December 2024
Post Project review completed inc lessons learned	Delivery Director / Client PM / HCB / A&IB – allow for 12 months defects	July 2024	October 2023	December 2025

Integrated impact assessment

NORWICH City Council

Report author to complete	
Committee:	Cabinet
Committee date:	11 November 2020
Director / Head of service	Director of place
Report subject:	Future Housing Commissioning
Date assessed:	28 October 2020

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	This represents a prudent use of financial resources to meet corporate priorities. Building in-house capacity to deliver development schemes can be capitalised against projects within the HRA and will allow greater resilience for this work. The EELGA report shows this is the option that provides the best value for money, however further work on the financial implications of the options is required. Developing social housing through the HRA allows the use of retained RTB receipts, which mitigates the risk of paying these to central Government with punitive interest.
Other departments and services e.g. office facilities, customer contact	☐	☒	☐	The secondment of staff from NRL brings intital resource to drive delivery of the 3 identified projects and also provides a revenue to NRL to cover costs.
ICT services	☒	☐	☐	
Economic development	☐	☒	☐	The delivery of new affordable housing will provide employment opportunities, opportunities for local contractors and businesses and will generate local spending for the benefit of the wider economy. Providing more housing is important in supporting sustainable economic growth and prosperity.
Financial inclusion	☐	☒	☐	Providing additional social rented housing at enhanced environmental standards will advance financial inclusion by helping to improve housing affordability and reduce fuel poverty.

	Impact			
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☐	☒	☐	Building more council homes to meet changing needs will help provide accommodation for vulnerable adults and children.
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	The provision of sufficient and decent quality housing is essential to ensuring decent levels of health and well being.
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☐	☐	☐	

	Impact			
Natural and built environment	☐	☒	☐	Provision of high quality new homes at enhanced environmental standards will enhance the built environment. This report will help to drive delivery of the homes that are needed at pace.
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☐	☒	☐	Procurement of design and construction services will provide opportunities for local contractors and suppliers to bid. We would also seek opportunities for local apprenticeships and training to increase the social value of these contracts.
Energy and climate change	☐	☒	☐	There is opportunity for the new homes to be designed and built to a higher environmental standard than building regulations, which will bring benefits to both the environment and tenants, when compared with standard build types. The focus will be on reducing energy and water demands to help reduce fuel bills for residents and to assist the council with meeting the commitments to the climate change agenda. Officers are engaging across council departments to refine the specification for any new homes.
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	

	Impact			
Risk management	☐	☒	☐	There are risks with all developments around cost, quality and time but these will be carefully managed throughout delivery and minimised or mitigated wherever possible. The building of in-house capacity and resilience will enable a close scrutiny of these factors on the projects identified. The building of capacity will also allow a further pipeline of sites to be identified and worked up to ensure an on-going programme of delivery over the next decade, which will help mitigate the risk of paying over retained RTB receipts to central Government in future years. Sufficient budget will be required to ensure that the capacity within the team can be built and the right resources deployed going forward. This is mitigated by the costs being able to be capitalised against development projects and RTB receipts covering 30% of the costs.

Recommendations from impact assessment
Positive
Overall this report will build capacity within the council to enable the provision of more council homes, which will improve overall affordability of the housing stock. This represents a prudent use of financial resources to meet corporate priorities and will provide local employment opportunities.
Negative
Budget will be required to build the capacity within the council, with recommendations for the skills and roles required. This is mitigated by being able to capitalise costs and use retained RTB receipts to part fund.
Neutral
Issues
Further consideration required in the future as to the financial implications of the options and the need / benefits of setting up a wholly owned company once an in-house team has been establisehed.

East of England
Local Government Association

Improving the East

Housing Development: Delivery Options Review
Report by East of England LGA for Norwich City Council (Issued: 27.10.20)

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Housing Development - Delivery Options Review

Report by East of England LGA for Norwich City Council (Issued: 20.10.20)

1. Executive Summary:

Norwich City Council (NCC) is considering the options to take forward its ambitions for building new homes, specifically affordable housing. The Council already has a track record of developing sites and now wishes to accelerate delivery. It has identified the funding required to deliver up to 100 affordable homes a year together with three (3) sites which can provide some 260 units between them, with others under consideration.

East of England LGA ('EELGA') have been commissioned to provide an independent analysis of the four options the Council have identified for consideration in more depth, being:

- In house delivery
- Delivery through a wholly owned company
- Partnership with Registered Provider
- Joint Venture with a private developer

This Report is the outcome of this independent analysis. The views expressed here are based on a systematic evaluation of the current thinking within the Council, enhanced by background research together with the knowledge and experience within the EELGA team.

The EELGA team carried out interviews with Cabinet Members and senior Council officers, identifying both a degree of consensus about the strategic imperative to build affordable homes, but also some diversity of views about the preferred delivery option(s). The interviews were followed by a check and challenge workshop with the interviewees.

This Report goes on to appraise the four options in terms of the advantages and disadvantages and specific issues relating to each option, and also provides an evaluation matrix which scores each option as High, Medium or Low in terms of:

- degree of control the Council can exercise;
- financial cost (both set up and running costs);
- level of risk involved; and
- ability each option gives to move at pace.

On the basis of this analysis the Report proposes two options are set aside at this stage, being:

- Partnership with Registered Provider - the proposal to procure a preferred RP partner to develop out small sites is supported, but a greater role for RPs at this time is not.
- Joint Venture with a private developer – importantly, there was an antipathy towards this option from many interviewees. This option is costly, complex and time consuming to set-up and the benefits it can bring are more aligned to larger sites and less suited to the emphasis the Council places on delivering affordable housing.

Ultimately it for the Council to weigh the relative merits of the two remaining options and the Report provides observations to assist in coming to a final decision. In so doing, key considerations that are highlighted are:

In-house team

- A strong client in-house team is needed for all delivery options. We have suggested a minimum structure to provide the necessary skills for an in-house team, with options for a larger team with additional skills if the Council decides to manage the complete commissioning and development cycle directly. Indicative costs have been provided for a core team.
- The Council has an arrangement with Norwich Regeneration Limited (NRL), a wholly owned company, an arrangement that could continue to provide skills and expertise to an in-house team whilst it is developed and resourced.

Wholly Owned Company (WOC)

The Council already has a trading non-Teckal WOC in NRL and is considering whether to set up a sister company to NRL. This would be a Teckal company, referred to as DevCo in this Report. Considerations we have highlighted include:

- the Council could directly commission DevCo as a Teckal company to deliver affordable housing; and
- a DevCo may enable a more commercially driven Team, removed from some of the bureaucratic constraints of an in-house team; but
- there is nothing that DevCo could do that a suitably resourced in-house couldn't do;
- DevCo would involve increased set-up cost and complexity e.g. in terms of governance arrangements;
- DevCo would still need to procure a delivery partner given Teckal companies are subject to the same procurement rules as the Council; and
- we could find no examples of a WOC whose purpose main purpose was to deliver affordable housing, rather than mixed tenure or for private rental purposes.

The Report also comments on NRL as an existing WOC.

- NRL cannot be re-purposed to be directly commissioned to deliver affordable housing for the HRA because of its legal status as a Company Limited by Shares.
- NRL was set up to deliver mixed tenure and is ideally placed to take forward a pipeline of major sites on behalf of the Council.
- Setting up another WOC i.e. DevCo will not resolve the need to manage down the debt in NRL.
- Linked to this, setting up a WOC or enacting NewCo (being the existing, but currently dormant, company previously established by NCC for the purpose) to take on the PRS properties as a separate entity from DevCo to deliver affordable housing will also simply shift the problem.

In conclusion, we consider that the arguments for setting up a separate WOC in DevCo to deliver affordable housing on behalf of the HRA are not strong, but appreciate that the Council is able, and may want, to do this to create a separate wholly owned entity with potentially a more commercially driven culture.

2. Strategic Challenge / Opportunity:

Norwich City Council ('the Council' or 'NCC') wishes to build on its record of providing new housing, specifically affordable housing. To date some 191 homes have been built since 2012, funded by the Housing Revenue Account (HRA) or through developer S.106 agreements. Council led development has included the award-winning Goldsmith Street development.

The Council's housing ambitions were summarised in the new Housing Strategy for 2020/2026 (adopted in November 2019) with the aim to:

"provide good quality, well maintained affordable homes to meet local housing needs within a safe, clean and well cared for neighbourhood.

We want to make a difference to peoples' lives by promoting independent living and to build sustainable communities, where people take responsibility for their own lives and those of their families".

At present the delivery of new homes is falling well short of need, as evidenced in the Director of Place's Report to Cabinet dated 29th July this year. The strategic housing market assessment figures, together with City Deal commitments, reveal the need for some 17,074 homes to be built in Norwich over the period 2015 to 2036.

The Council currently has a retained housing stock of 14,000 properties. Right to Buy (RTB') sales are creating a replacement requirement of c. 140 properties pa and there are currently around 4,000 applicants on the Council's housing waiting list.

To help meet this housing challenge the Council has a number of advantages as a supplier to the market. For example, it has a number of wholly owned sites, either within the Housing Revenue Account or within its General Fund Account, that are suitable for development.

Three sites in particular have been identified that between them can provide some 260 units:

- Mile Cross depot site (approved at Cabinet in June 2020) - 156/200 homes
- Argyle Street, former housing site – 14 homes, and
- Three Score Phase3, adjacent to the Rayne Park development – 90 homes

Whilst these sites are not without certain site constraints and challenges, they provide the foundations of a pipeline of sites for development. Potentially, they can make a significant early contribution towards meeting local affordable housing needs.

In addition, the Council owns some larger strategic sites that could be brought forward over a longer time period to deliver up to 3,000 units, as well as a number of smaller sites with an individual capacity to deliver 5 - 20 units.

The Council has increased its housing development expertise, particularly within Norwich Regeneration Ltd ('NRL'), which it can utilise. NRL is a wholly owned limited company of the Council that was created in 2015 with the specific purpose of developing housing of mixed tenure within the City outside the constraints of the HRA. Noteworthy NRL has already produced outline business cases on behalf of the Council for the three sites identified above.

The Council has a strong commitment and focus from its Members in becoming an exemplar of sustainable housing delivery wherever practicable. This commitment is demonstrated, for example, by its wish to achieve very high environmental standards such as the internationally recognised Passivhaus Standard.

As well as developing its own sites the Council welcomes new opportunities to acquire land for development. The Council has carried out a significant amount of work, to determine how much funding is available to resource new housing. In summary, if total HRA borrowing is increased to £350m then this will fund some 75 units per year for 10 years. If the borrowing is increased to £414m then this is increased to 100 units per year (with debt repayment stretched beyond 30 years in both cases).

Having summarised the ambitions and resources that the Council possesses, The Director of Place has emphasised the need to ensure that these resources are optimised with effective and clearly defined delivery routes. To date, housing delivery has not been seamless and there have been issues concerning the best way to commission. Hence the Council's Cabinet has instructed that a number of options for housing delivery should be appraised.

These options are (quoting from the Cabinet paper):

- **In house delivery** – Maximises control but may bring operational complexities if attempt to engage in private house building. Would need to increase internal staffing capacity to deliver at scale.
- **Delivery through a wholly owned company** – Makes best use of current NRL resources, would need 'Teckal' exemption for delivery of council housing activities but would also be able to engage in private house building.
- **Partnership with RP** - May benefit from similar ethos in partner organisation. Could deliver efficiencies through use of established team. Carries some element of contract/relationship risk.
- **Through a joint venture with a private developer** – Likely to minimise cost (if contract right), cedes some control and flexibility, risk if partner is in financial difficulty.

3. East of England LGA ('EELGA'): Our Brief and Approach

3.1 Our Brief:

The Council has engaged EELGA to conduct an independent analysis of these options so that officers and ultimately Members can make an informed choice. It is noted that as part of its organisational approach the Council has already decided to appoint a Registered Provider ('RP') to develop out the smaller sites that the Council owns.

This analysis needs to be sensitive to the broader Council context in terms of its organisation and client-side arrangements for property matters. This includes the joint venture arrangements with the Norse Group and the changes being made to these.

It is understood that the Norwich Norse Environmental JV is to be replaced by a new Wholly Owned Company from 1/4/2021 and that the Norwich Norse Building JV will also be collapsed into this new entity on its expiry in April 2022. Finally, the third JV, Norfolk Property Services (Norwich) will also terminate in April 2022 and its functions will be brought in house.

These significant sourcing and organisational changes will affect the Council's client-side management arrangements and so will need to be taken into account. Appropriate client-side structures and management arrangements are being considered as part of proposals for a new senior management structure being implemented by the Chief Executive (to conclude April 2021) and ongoing work to prepare the transfer of services from the JVs with Norse to the Council's new WOC (Norwich City Services ltd).

3.2 Our Approach:

EELGA have been pleased to support Norwich City Council in the past and acquired a considerable bank of knowledge of the local context and issues affecting its organisation and people. We have gained additional insights through the joint venture review work we undertook in 2016 and the property capability and organisation review we undertook last year. This latter review touched on some of the pertinent commissioning issues the Council has now highlighted. Notwithstanding this wide-ranging background knowledge, we appreciate the need to focus on this new brief with a fresh pair of eyes.

Our approach, working in close collaboration with Council colleagues throughout, has been as follows:

1. **Information and document review**.
2. **Interviews with key stakeholders.** (See Appendix 2 for full list)
3. **Development of an Evaluation Matrix** by which the Council can compare the different approaches and appraise the options.
4. **'Check and Challenge' Workshop/Seminar** with key stakeholders (Members and officers) to test the provisional findings from the above work.
5. **Research of the key features, advantages and disadvantages** of each approach including assessing evidence, lessons learned and best practice from other parts of the country. As part of this we would explore the implications for the client-side function within the Council, since we feel that it is essential to have an appropriately sized and skilled intelligent client function in all scenarios, including in house delivery.
6. **Writing and delivering a high-level report** accompanied by a presentation summarising the options to help inform choices and decisions to be made by the Council.

Of note, in conducting our work and compiling this Report, we have relied upon data and other information provided to us by the Council – whilst we have conducted wider market and peer-group research, we have not independently verified the accuracy or completeness of the information provided to us by the Council.

Our work has only been impacted by the Covid-19 pandemic insofar as interviews and presentations have of necessity been conducted remotely rather than face-to-face as would conventionally have been the case.

Of more significance, we have had to be cognizant of the wider potential impact of the pandemic, for example in terms of the wider economic environment (e.g. buyer confidence) and development timescales. It is impossible to accurately predict the impact that the pandemic will have on the housing market, but this must be seen to have both potential opportunities and risks.

At the time of writing, the construction industry continues to work, and has done to a large extent throughout the pandemic, and the Government have ambitions to prioritise housebuilding for the future. Sales and prices appear to be holding up, with migration out of London and other big conurbations together pent up demand fuelling an uplift following the total lockdown period.

Looking to the future, as the Furlough scheme comes to an end the impact on certain sectors impacted by the restrictions imposed to control the spread of the Covid-19 virus means unemployment is expected to rise significantly, and with it the demand for affordable housing.

3.3 Our Team:

Cheryl Davenport – Project oversight (EELGA, Managing Director)
Dave Fergus – Project lead & commercial specialist (Talent Bank Associate)
Cecilia Tredget – Housing specialist and engagement expert (Talent Bank Associate)
Liz Bisset – Housing expert (Talent Bank Associate)

4. Options to Deliver Ambitions

4.1 Options Appraisal - Methodology:

This section describes the four (4) strategic delivery options which the Council is considering for taking forward its housing delivery ambitions. Each option is considered in terms of its advantages and disadvantages and any specific issues that present. Examples of successfully related peer group examples are set out in Appendix 1 to the Report. It is worth noting here that these options are not necessarily mutually exclusive and the Council may choose to deploy a combination of options, although a primary option is to be commended.

It should be borne in mind that there is an immediate priority to move to early delivery on the three sites identified in the paper to Cabinet on 29th July 2020, and a longer term need to put in place solutions to maintain a pipeline that continues to deliver new homes i.e. there may be an interim solution required to meet immediate business needs.

Having highlighted advantages, disadvantages and issues presenting, the options have been subject to a comparative appraisal by reference to an Evaluation Matrix. The purpose of so doing is to aid comparison and help rationalise a decision on the preferred option(s). The Evaluation Matrix is based upon a number of key decision-making criteria for the Council as we understand them to be; being ‘Degree of Control’, ‘Financial Cost’, ‘Comparative Risk’ and ‘Ability to move at Pace’

We would like to take this opportunity to thank all Members and Officers of the Council who we have engaged with – there was a uniform and noteworthy openness and support to the project.

4.2 Option #1: In house Delivery

Advantages

At its simplest a strong in-house team is able to be an effective client, with the right skills to develop a pipeline of potential sites, commission and monitor development delivered through a partnership arrangement with a different body.

The Housing Revenue Account is financially strong and can afford to build a strong client team with the skills to commission affordable housing, or mixed tenure if this is used to cross-subsidize the affordable housing. Of note, the HRA cannot be used to build a team to deliver mixed tenure for profit.

The exact range of skills and the specific capacity needed within an in-house team will depend on what is to be done and/or managed in-house, both in terms of commissioning and delivery. The Council will need to decide how much control of the development it wants to retain, given parts of the development process could be done in-house or by the commissioned developer.

As a starting point, the in-house client team will need to be led by a manager with sufficient breadth of understanding of the end to end development process to be able to commission and manage contracts for development, oversee the whole process and manage the team to whom work is delegated, including those with surveyor and clerk of works type roles.

Functions to be managed will include developing a pipeline of sites, commissioning site evaluations for their potential development, site appraisal to determine most advantageous development solution and related business case preparation, taking proposals through the planning process, contract specification and agent / contractor selection and management.

At present many of the skills needed have been seconded in from NRL, but this is not considered a sustainable solution. As mentioned above, the skills that need to be established for the in-house team will depend on the extent of its role. It should also be appreciated that there is a risk that without sufficient in-house skills the Council is reliant to too great an extent on the skills of an individual or partner organisation.

An HRA funded team could commission affordable housing directly. A broader in-house team with a focus on affordable housing, but part funded through the general fund could still work with other partners to meet affordable housing needs alongside other tenures.

The Council has set up a Housing Commissioning Board with a remit to take a strategic overview of sites, and to identify the levers and barriers to delivering at pace. However, this is not considered a substitute for an adequately resourced in-house client (delivery) team with a more hands-on role.

Disadvantages

The Council is starting from a position of needing to strengthen an in-house team, which will take time. It will be in competition for attracting talent and skills with Housing Associations and developers who tend to pay higher salaries, but whose employment terms and conditions can be less generous.

The Council's internal procedures, standing orders, and the constraints of legislation relating to public bodies can create a bureaucratic drag on the ability to move at pace. This is the other side of the coin when the Council wishes to exercise a high degree of control.

Other issues

The Council has delivered schemes to a high quality in the past, and has learnt from experience, gaining knowledge about what would be needed for the next phase. This next phase can be seen as building on that experience both good and bad.

From interviewees there was a general acknowledgement that there had not been sufficient permanent resources put into an in-house team, and that now was the time to build a team with the right skills. A start had been made by seconding in skilled resources from NRL, but this is not a long-term solution.

Other local authorities have built successful in-house client teams. Recruiting individuals who are sufficiently empowered to move at pace, with drive and a commercial focus, has been a key component elsewhere. A strong team will need to recruit individuals who understand the commercial housebuilding world in order to contract as an intelligent client. In-house teams acting as commissioners should in principle remain distinct from the delivery function.

4.3 Option #2: Delivery through a Wholly Owned Company (WOC)

Regulatory Framework:

The Council currently operates two housing investment companies; Norwich Regeneration Limited ('NRL') and Norwich City New Co Limited ('NewCo'). NRL was set up to develop council owned land for social housing, private sales and private rented sector (PRS) units for profit. Newco was set up to either lease or purchase PRS units from NRL to let to tenants at open market rent (to ultimately provide the Council with an ongoing income stream). To date no transactions have gone through Newco.

The Council is considering setting up a wholly owned 'Teckal company' with the primary intended purpose of delivering social housing for the HRA, referred to in this Report hereafter as 'DevCo'.

In essence, a "Teckal company' is the common name for a company which can benefit from direct contracts for works, services or supply from its controlling Contracting Authority (i.e. the Council in this case) without having to go through a competitive tender process.

To achieve this status, the company concerned must meet two tests, being the Control Test and the Function Test. In practical terms, this means that:

- the Council must control all of the shares in the company and exercise effective day-to-day control over its affairs; in other words, the same as the relationship between the Council and one of its internal directorates (which is generally achieved through the governance structure); and
- the Company must be "inwardly and not outwardly focused" with at least 80% of its activity (turnover) being for its public sector owners

In this context, setting up a Teckal company would largely be a means to support new ways of working; including transformational changes which may otherwise be difficult to replicate within the wider Council organisation. For example, it can offer the chance for a dedicated focus on a service area, a chance for threats to become challenges to be met and/or an injection of expertise and knowledge from outside the organisation.

Of importance, NRL is not a Teckal company as it is a commercial trading company and it cannot be repurposed such that the Council could directly commission it to deliver social housing without going through a market led procurement process. It has been set up to deliver mixed tenure housing and is a business trading for profit.

Therefore, the Council is considering setting up an additional wholly owned Teckal company to develop Housing Revenue Account (HRA) owned land for social housing (DevCo).

The key question here is what would DevCo achieve that could not be achieved through an in-house team sharing the expertise from the existing WOC in the form of NRL? The following analysis is applied to setting up DevCo.

Advantages

The Council would be able to exercise a strong degree of influence but not direct control through the Board of Directors. The Company would be a separate legal entity at arms-length to the Council and the primary responsibility of the Board is towards the interests of the Company (not the Council). The Council would exercise this influence primarily in its capacity as shareholder through the Governance structure, for example in terms of using retained powers over key business matters including the appointment, dismissal and remuneration of Company directors, approval of the annual business plan and so forth.

Subject to the preparation and sign-off of an appropriate business case, the Council can set up DevCo without going through an OJEU procurement process and then directly commission it to deliver social housing. Of note, the Teckal company would still need to go through a procurement process for delivery given it is equally bound to follow Public Procurement Regulations as is the Council itself.

The arm-length status of a WOC means that it could be empowered to take a more commercial approach than an in-house team and may be able to more easily attract talent from the market (although the recruitment challenge remains in common with the in-house option). Further, it could be relieved of some, if not all, of the restrictions inherent with working within the main Council organisation.

DevCo would need to be set up as a Council wholly owned separate sister company to NRL i.e. not be a subsidiary of NRL or part of a trading group. The reason for this is that DevCo could not achieve the necessary Teckal compliant status if it were either a subsidiary of a non-Teckal company (i.e. NRL) or part of a group of companies including a non-Teckal company (e.g. NRL). In turn, DevCo would need to have its own Board of Directors and staff, but these could in principle be shared with NRL, building on expertise that is already in place.

Disadvantages

The Grant Thornton report commissioned by the Council ('Advice on Company Models – February 2020) advised that it is not necessary to set up a Teckal Company as the company would still need to procure a deliverer and all pre-contract work could be undertaken by an in-house team.

Setting up an additional company structure will inevitably incur costs and add complexity to delivery. A company structure is not a guarantee of business success. It is vulnerable to underperforming, for example if the company does not attract and retain staff and Board members with the right skills.

Because DevCo would be a WOC it is not permissible under law to transfer RTB receipts to fund the staff posts employed by the company as RTB receipts cannot be transferred in this way. However, it would be possible for the HRA to purchase housing delivered by the DevCo using a proportion of retained RTB receipts.

Other issues relating to NRL

The Council wants to move at pace on three sites that are ready for development the solution for this may be different from putting in place structures for the longer term which are resilient and have longevity.

The purpose for which NRL was set up is still relevant, and NRL is evidently seen within the Council as a significant asset in terms of the accumulated skills and experience now embedded with the company. If the Council still wants to develop mixed tenure sites in the future, including for affordable/social housing, then should the focus be on strengthening NRL and/or leveraging up its resources?

NRL could deliver the housing on these three sites but there are constraints to this. The Council could not simply transfer the sites to NRL and directly commission their delivery without going through some form of a procurement process.

NRL holds a net trading debt of c.£6 million. The options for either paying down this debt over time or considering it as a potential tax asset need to be seen as a separate business decision, developed through the NRL Business Plan, which we would consider is currently at an aspirational stage awaiting greater clarity of its scope and role.

In terms of business planning, we would commend that a 'whole system' approach be taken to understanding total organisational cost and return. Considering the performance of NRL in isolation does not provide a full financial picture. This is because it would not reflect the material financial benefit the Council derives from levying an interest premium on NRL debts or the contribution it derives from support service charges made to the Company (which in turn represent significant operating costs to the Company).

NRL has new governance arrangements which strengthen the NRL Board with the addition of two new Non-Executive Directors with commercial experience. This is a welcome addition, although their influence on the future of the Company is as yet unproven.

In the course of our research we did not identify peer group examples of a WOC exclusively delivering affordable housing. The peer group practice is for such vehicles to deliver either mixed tenure or to develop PRS assets and income exclusively.

4.4 Option #3: Partnership with a Registered Provider

Norwich City Council had well established relationships with locally based Registered Providers (RPs) to deliver affordable homes on smaller sites. There is an expectation that Housing Associations, will continue to deliver on smaller Council owned sites over the next 5 years, providing around 25 new affordable homes per annum at current activity levels.

Advantages

Many RPs come with the experience of managing well developed pipelines of new homes, most often a mix of affordable rent and shared ownership, but also some market housing for sale to cross subsidise building more affordable homes. This means they will have the established skills, experience and capacity to develop with a proven track record of delivery.

The Council has good working relationships with some RPs, who are considered to be trusted partners. Historically RPs have been the recipients of Right to Buy receipts which, if not spent, would have to be passed to the Government with interest. At a time when the Housing Revenue Account was severely constrained by a combination of a four-year rental freeze and a cap on borrowing, recycling RTB receipts through RPs enabled the Council to secure additional affordable housing for the city, sometimes at social rent, with the Council gaining nomination rights. RPs are generally considered to provide good quality homes across tenures.

In the short to medium term, it is likely that RPs will still be needed to develop on smaller sites and to recycle RTB receipts. In the longer term, the HRA is now in a financially healthier position and so may seek to recycle a greater proportion of receipts to replace its own stock.

Disadvantages

If the Council were to seek to establish a Partnership with an RP to deliver Council homes at scale this would require a different type of relationship whereby RPs developed Council homes, sharing both the risk and reward of development. It would require a contractual legal framework to be put in place to protect both parties' interest, typically as a Joint Venture (JV). In this sense it would be no different from contracting with any other delivery vehicle. It would be a contractual relationship, albeit with an organisation with a social purpose. The partnership would need to be of benefit to the RP as well as the Council, most likely either in the form of an income stream or new homes for them.

Some Councils have used the resources of an RP as an alternative to developing a strong well-resourced Council client team. While many RPs do have substantial in-house development teams these are not necessarily of a size that could easily take on an additional Council programme, deliver at pace and/or offer significant cost efficiency potential. RP based consortium development vehicles exist which some Councils have bought into, but again these tend to be an alternative to a strong in-house client team.

Other issues:

None of the people interviewed saw RPs in a leading developer role, or as providing an alternative client function. The views expressed coalesced around a view that the current approach to working with RPs was the right one, with a preference for working with RPs with locally based roots.

RPs are independent organisations governed through their Board who decide the strategic direction and priorities for the organisation. They are also heavily regulated by Government which can have a major influence on priorities within the organisation.

Although this has not been tested, it is debatable to what extent an RP would work to a Council agenda or would want the added burden of delivering homes for a partner in preference to delivering homes to add to their own portfolio.

4.5 Option #4: Joint Venture with a Private Developer

A housing delivery Joint Venture (JV) with a private developer typically involves the Council providing land and/or capital and the partner providing the commercial expertise from pre-application through site investigation to build out of a site and usually also capital funding. JVs are typical for mixed tenure sites of scale that generate a profit which can be shared between partners together with a degree of risk.

Advantages

A private developer would bring experience of delivery, sales and marketing, especially on larger schemes. This brings a commercial perspective to the development of sites. The sharing of both reward and risk in JVs provides an incentive to deliver at pace and to deliver the right product for the market. These considerations are less relevant for the delivery of social housing.

JVs can be legally structured to give each party equal control where schemes cannot go ahead without the agreement of both parties. This provides the Council with a greater degree of control through their appointed Directors, but this control is not direct. If the JV is structured so that there is no overall control the Council can use its RTB receipts for the development phase as costs are incurred.

The cost of the build when developing through a JV is potentially less than through procuring a developer partner through a more traditional route and reduces internal overheads. This outcome is a function of risk / reward sharing (noting the Council's risk appetite has not been tested in this regard) and deployment of market expertise together with the ability to operate a 'thin' client. JV partners can bring added value such as establishing a local office, local apprenticeships and a commitment to use local firms where possible.

Disadvantages

JVs are typically costly and complex to set up, often taking 12 to 18 months. There is a full procurement process required (often competitive dialogue based) in which both sides take separate advice to consider the legal agreements and this can take time and resources.

Market appetite to engage may be uncertain and the Council cannot simply self-select a preferred partner.

Once set up the degree of control or influence that the Council can have will be based on the contract and the purpose of any JV.

There remains a need for a strong client team with the requisite commercial and technical skills to manage the JV partner. Without this there is a risk that the JV will not work sufficiently to the equitable benefit of both partners.

As a business enterprise a JV is not a guarantee of success. In the extreme partners can go into administration as in the well-publicised case of Carillion, but even if they remain sound the JV can be competing with other priorities within the business. Further, other issues such as bearing the cost of specification variations and remediations can become contentious.

Issues

No-one interviewed saw JVs at scale as the Council's preferred solution. This view was undoubtedly coloured by the recent experience with Norse. JVs were also considered to have a natural life-cycle, delivering well at the beginning, but tailing off over time when focus shifted to other priorities. They were not seen as having longevity and possibly serving a shorter-term purpose.

There is a strong political drive to deliver social housing and the commercial nature of JVs is not aligned to this being the primary purpose for delivery. The commercial focus means that JVs are less well matched to smaller sites, which the Council may want in time to develop themselves, rather than through RPs as now.

4.6 Comparative Options Summary: Advantages, Disadvantages & Other Considerations

Feature	Option #1: In-House	Option #2: WOC	Option #3: Partner with RP	Option #4: JV Partnership
Advantages	• Simplest structure and common peer-group practice. • Sufficient HRA budget to support. • Greatest degree of control. • Can use RTB receipts directly.	• Can be more commercially orientated than in-house option. • Have skills in NRL, could leverage in creating sister company. • Strong influence through Board incl. Council nominees • No OJEU process to commission • Limited ability to develop profitable income streams from non-council sources (in line with Teckal rules).	• Trusted partner typically. • Experienced at managing pipelines. • Developed smaller NCC sites. • Can transfer RTB receipts to RP (for own stock). • Could be an alternative to larger in-house client function.	• Developer brings commercial skills and experience. • Legal structures can give 50:50 control. • Build costs can be lower. • Shared risk and reward. • Added value potential e.g. apprenticeships, local offices etc.
Disadvantages	• Would need to recruit skills and develop capacity. • Bureaucratic drag may work against commercial focus. • Using HRA not sufficient to replace stock lost through RTB.	• Would need to recruit skills and develop capacity. • Legal advice says not necessary • Would still need to resource up and procure delivery • Cost of set up and oversight/management. • Business success not guaranteed.	• If role changed to main developer would need to have a JV or similar • Cost and time to set up new legal partnership • Doesn't develop NCC in -house development expertise.	• Costly set up • Least direct control for NCC • Would still need strong in-house client team • Less flexibility to respond to changing circumstances e.g. C-19 pandemic. • Doesn't develop NCC in -house development expertise.

Feature	Option #1: • **In-House**	Option #2: • **WOC**	Option #3: • **Partner with RP**	Option #4: • **JV Partnership**
Considerations	• Builds on past experience of schemes • Other Local Authorities have built successful delivery arms. • Needs to have a genuine commercial orientation and edge (cultural challenge) • Second/share NRL skills	• Could treat identified ready sites separately from longer term aspirations • NRL can still deliver mixed tenure, and have strengthened governance • Not a solution to NRL debt. • No other examples of WOC to deliver exclusively for the HRA found.	• Not considered by NCC as potential lead developer • Has own governance structure and own drivers	• View of JVs impacted by Norse experience • Not well aligned with NCC values - social purpose

4.7 In-Common Issues:

Each of the four options above need to be considered against the backdrop of a number of in-common issues as detailed below:

Resourcing (Including Team Recruitment):

A key 'learning lesson' that may be taken from past Council experience is the need to fully and appropriately resource to assure deliver to quality, on time and to cost. This comment relates both to building an enhanced client-side capability and development team skills and capacity, noting the specific arrangement and cost will vary depending on the delivery option(s) ultimately adopted.

Of specific note, for both the In-House and WOC options, an in-common challenge is building a suitably skilled, competent and resourced team. Whilst it is perceived as being easier to recruit from the market to the WOC, the challenge to develop the company and bring in the right people and skills remains, which would take time under either option.

Governance & Oversight:

The Council has recently set up a Housing Commissioning Board (HCB) with a remit to take a strategic overview of sites, and to identify the levers and barriers to delivering at pace. This should prove to be a significant advantage as it provides a means the Council to support a joined-up approach including considering a development pipeline over time reflecting on the most appropriate option as funding opportunities as market conditions change, and a strategic forum to make recommendations to Members. The Commissioning Board is already considered to be working well and fulfilling its objectives. It is not however a substitute for an adequately resourced in-house client (delivery) team with a more hands-on role.

Above and beyond the HCB, there is a need for strong governance, effective oversight and client-side management of the chosen delivery arrangement(s) – this has been recognised by the Council and recent progress made in strengthening the governance of NRL is encouraging.

Right to Buy ('RTB')

At present the Council has a loss of c. 140 per annum through the RTB. Internal modelling shows an HRA financial capacity to deliver 75-100 homes a year. We would therefore conclude that other routes to increasing the flow of new Council homes are needed to supplement this, using other models under consideration.

In all models of delivery Council homes will be subject to the Right to Buy, although newer homes have a higher value and are therefore less likely to be bought by those on lower incomes.

The rule for the use of RTB receipts prohibit Councils transferring these funds to WOC in which the Council has a controlling interest, although they can be used to purchase properties from a WOC, but not up front before the build costs are incurred. This means effectively that there are no advantages to the ability to spend RTB receipts through setting up a WOC.

Robust business planning:

Robust business planning is critical to ensure delivery of the strategic imperative and full benefits realisation at an acceptable risk against the backdrop of uncertain market conditions (especially for NRL). In so doing, adopting a 'whole system' approach to organisational cost and benefit is commended. As an observation, as previously detailed, viewing the performance of NRL in isolation would not reflect a full financial picture given it omits the financial benefit the Council derives from levying an interest premium on NRL debts or the contribution derived from support service charges made to the Company.

4.8 Evaluation Matrix:

Feature	Option #1: In-House	Option #2: WOC	Option #3: Partner with RP	Option #4: JV Partnership
Degree of Council Control	**High** • Direct employees with oversight provided by senior officers / Members in line with the Council's well-established and defined democratic framework.	**Medium** • Company would be 100% owned by the Council but operated at arms-length basis. • Governance through the Company Board, meaning strong influence but not direct control.	**Low to medium.** • Can specify required outputs if partner is procured. • Builds on existing relationship of trust but RPs have their own governance structures.	**Low to medium.** • Can specify required outputs. • Control is contractual and depends on way JV is structured (but unlikely to be more than 50:50).
Financial Cost (Baseline: In-House Option)	**Establishment:** • Simple, lowest cost option (i.e. Low) **NCC Internal / Governance:** • Minimal internal 'client' required but comparative operating cost disadvantage ref Single Status and fixed overheads (i.e. Low) **Housing Development (i.e. delivery):** • Makes fullest use of internal resources, but less likely to	**Establishment:** • Relatively straight-forward, additional cost and time e.g. preparing Business Case, establishing legal entity etc (i.e. Medium) **NCC Internal / Governance:** • Requires more NCC oversight resource. • Additional cost of company governance e.g. NED's and Chair (i.e. Medium) **Housing Development (i.e. delivery):** • Commercially orientated and flexible approach may result	**Establishment:** • Additional cost and time of establishing JV arrangement under contract (i.e. Medium) **NCC Internal / Governance:** • Requires NCC contract / relationship management resource. (i.e. Medium) **Housing Development (i.e. delivery):** • Leveraging up on existing RP skills and capacity may provide	**Establishment:** • Significant additional cost and time of establishing JV arrangement under contract (i.e. High) **NCC Internal / Governance:** • Requires dedicated and specialised NCC contract / relationship management resource (i.e. Medium to high) **Housing Development (i.e. delivery):** • Leveraging up on existing Partner skills and capacity can

	be lowest cost delivery option, especially on larger sites (i.e. Medium)	in marginal cost advantage (e.g. arising through quicker decision making and/or ability to engage in a more commercial manner with contractors) but ultimately this is restricted by the need to comply with Regulations as per In-house option e.g. procurement (i.e. Low to Medium).	modest cost advantage but value sharing will erode (i.e. Low to Medium)	provide cost advantage, especially on larger / mixed schemes. • Advantage less evident for smaller / less commercially attractive schemes (i.e. Low to Medium)
Comparative Risk: (See note below) (Baseline: In-House excl. Control aspect)	**Low to Medium.** • Dependent upon resourcing, competence and empowerment of the team.	**Medium.** • As per In-house option • Subject to additional risk of business failure and indirect control.	**Medium.** • RP are a proven delivery route, but they have their own drivers, which may not align with NCC's. • For RPs risk management is important for their financial viability scores	**Medium to higher:** • No guarantee of competence or longevity.
Ability to move at pace	**Medium to High:** • Quick to implement • Could advantageously leverage up on NRL in short to medium term. • Ultimate pace influenced by Council procedures slowing decisions down.	**Medium to High:** • Relatively quick to implement • Greater autonomy may increase pace although ultimately subject to same statutory restrictions as In-house e.g. re procurement.	**Medium:** • Would require formal partner selection process to operate at scale (i.e. initial delay) • Programme management and delivery capacity untested.	**Low to High (Phase Dependent):** • Would require extended formal partner selection process (i.e. significant initial delay) • Strong pace possible thereafter.

Note: Comparative Risk: Risk is multi-faceted, including aspects of quality, cost, delay, business failure, reputation damage and so forth. This section only highlights aspects of comparative risk which are considered of such significance in terms of deliverability as to warrant specific comment. The next phase of business planning should as a matter of course include more detailed consideration of risk in all its aspects together with its mitigation.

5. Our Observations:

The Cabinet has narrowed its options down to the four that we have described in the above sections.

Ultimately, it is not for EELGA to determine the preferred option(s) for the Council, that is a matter for political decision making.

That being said, on the basis of our knowledge and experience of each of these options, aligned with our understanding of what Norwich City Council wants to achieve, both corporately and within this specific strategic strand of work, we would propose setting aside further consideration at this stage of two of the options, being expanding the role of RPs to be the primary deliverer or setting up a joint venture with a developer.

5.1 Options proposed to be set aside:

Option #3: RPs as primary deliverers

Rationale: The Council has developed a successful model of working with RPs to develop smaller sites, delivering much needed affordable housing for the City, some of which has been at preferred social rents. This also enables the Council to utilise RTB receipts which might otherwise have to be paid back to Central Government with interest. There is no reason not to continue with this model.

At some point in the future, depending on the longer-term model of delivery finally adopted, the Council may be able to develop smaller sites directly itself, utilising RTB receipts, so that the housing is council stock not owned by RPs. Nevertheless, we think that the approach to procure a preferred RP partner for the next 5 years set out in the paper to Cabinet by the Director of Place is a sensible one. Selecting a preferred RP partner may also provide the Council with additional flexibility in the future should it wish to increase the amount of housing it develops, working in such partnership(s).

Option #4: Joint Venture (Commercial sector partnering)

Rationale: Joint ventures are typically set up to deliver a return on investment though the delivery of mixed tenure sites. They are most often used for programmes with large sites that will benefit from the combination of expertise and the cash investment that the developer brings. Successful JVs deliver a profit back to the Council which can be used to support other priorities. But this profit, and any risk, has to be shared between the Council and the development partner.

The Council already has a WOC (in NRL) that has been set up to deliver mixed tenure development. In our opinion, it would be preferable to concentrate on making the existing model work for Norwich, rather than embark on a costly and time-consuming process to secure a commercial sector development partner through a JV.

It is worth adding that at this point in time the impact on construction and house sales as a result of the pandemic is unknown, but if unemployment rises as expected then this could have a significant impact on housing market sales. The ability to flex tenures, as happened at Goldsmith Street, could potentially be more difficult through a JV than through NRL as a WOC.

Finally, and importantly, we did not come across a strong advocate within the Council for creating a new JV. Given the cost and complexity of both set up and management of this option, it is not really a viable option without the support of the organisation to make it a success at this point in time.

5.2 Options to take forward:

Option #1: An in-house team

Rationale: A strong in-house client team is needed whatever option is chosen to go forward. Norwich is no different from any other Council with aspirations to build homes in that they will need another developing organisation to construct for them. The exact range of skills needed will depend on what is done in house and what is done by a delivery vehicle. At a minimum an in-house client team should probably include skills & capacity in the following:

- A senior manager responsible for the team with a sufficient breadth of understanding of the end to end process of developing new homes to be able to both commission and manage contracts for development, able to oversee the whole process and delegate to others.
- The ability to develop a pipeline of sites, and to commission site evaluations for their potential for development.
- Contract management, including understanding different models of contracting, tendering or commissioning, contract management and evaluation.
- The ability to use and evaluate financial modelling tools for development options including appraisal of all costs and payback periods.
- Employers agent to represent the clients' interest pre and post contract where these skills are not present in-house (noting many Council's choose to buy this service in)

The Council will need to decide how much control of the development it wants to retain. There are a number of parts of the process that can either be done in house or by the commissioned developer. Developers prefer to have sites that have been through an appraisal process and have been de-risked to an extent by more extensive site evaluations, but this is a decision for the Council in terms of how much control (and risk) it wishes to retain over the product in the early stages. Skills which can sit either in the commissioning or the deliver side include:

- Taking proposals through planning process and the ability to obtain the necessary inputs from other professions from outline planning permission through to master-planning for major sites
- Surveyor skills to commission and evaluate site investigations
- Clerk of works to oversee progress on-site to better control on-site quality and minimise defect.

In the short term it is possible to continue to work within the current arrangement in which the Managing Director of NRL is seconded for 50% of his time to the City Council e.g. in terms of accelerating pace on the three specific development sites which the Council wishes to prioritise. If NCC retains and grows NRL with a fully developed and suitably ambitious supporting Business Plan to turn around its fortunes, as is our recommendation, then we would suggest NRL will presently require the full-time commitment of its MD.

In practical and pragmatic terms, we can foresee there being a transitionary period of (say) the next two years whereby the Council draws upon the skills and expertise of the staff of NRL to expedite progress on the three (3) identified sites and whilst a suitably skilled, competent and resourced in-house team is recruited and developed. In tandem with this, it is understood there is sufficient management capacity within NRL to continue to advance the work of stabilising and turning around the Company.

Typically, the cost of a full function client function is taken to be up to 2% of the development costs. We would suggest that at a minimum an in-house team with a senior manager equivalent to an MD, a development officer to manage the pipeline, a technical officer with surveying skills and admin will cost in the region of £250k pa for direct salary costs plus associated back-office function support costs.

Option #2: WOC

Rationale: We understand that the Council is thinking about the future of NRL, and whether as part of these considerations to set-up another WOC to take forward future affordable housing sites. On the basis of advice obtained by the Council, any such new WOC would need to be a distinctly separate company from NRL, although in nature it would be a 'sister' given the in-common ownership and primary operating purpose (being housing development).

Setting up a DevCo to deliver affordable housing

- It has been suggested to us that a new WOC, DevCo, could be used to focus on affordable housing for social rent and utilise some unspent RTB receipts. As a separate Teckal compliant company, DevCo would enable the Council to directly commission and purchase affordable housing. But this would not circumvent the need to procure a delivery partner prior to purchase under Public Procurement Regulation.
- There is a recognition that a WOC company must be staffed by skilled individuals, recruited for that purpose, and not Council officers fitting this in with their day jobs. It may be easier to attract and retain skilled individuals to a WOC operating with fewer constraints than an in-house team. It may be as a consequence that, operating at arms-length to the Council, a DevCo WOC could have a more commercially aligned culture and so it could take a more business-like approach to delivering affordable housing and be more agile, taking forward sites at a quicker pace.
- With RTB receipts accumulating, in the short term, we would suggest that the Council will get better value for money from commissioning the development of sites directly through a client team, possibly using the seconded expertise of NRL, in order to get a pipeline moving.

- To comment further on the view that a new WOC could be used to focus on affordable housing for social rent and utilise unspent RTB receipts, there are no advantages in terms of speed of allocation as RTB receipts cannot be used until costs have actually been incurred. This means they cannot be used for set up costs, or on the basis of a contract for work, and can only make payments for build costs once the development is underway.
- There is nothing that a DevCo WOC can achieve that could not be achieved through a suitably resourced and empowered in-house team (accepting that to achieve this status this presents an internal organisational challenge).

Retaining and Developing NRL:

- NRL cannot simply be re-purposed to meet the need to deliver affordable housing for the HRA – fundamentally speaking, it has a different legal status.
- NRL has been set up with the purpose of delivering mixed tenure homes. It has delivered sites that NCC are proud of, although in the process, largely down to a previous lack of skills and experience, costs, timing and market failures have historically contributed to NRL now having a large debt on its balance sheet. NCC have addressed these issues by recruiting two staff with a commercial sector background, who have made a significant impact in terms of stabilising the company and demonstrating their delivery capability. In tandem, Company governance has also been strengthened.
- We believe that NRL has the potential to meet its intended purpose i.e. continue as a successful WOC with an enhanced staff team with the right skills, and a strengthened Board with Non-Executive Directors with private sector experience.
- NRL is ideally placed to take forward for development a pipeline of major sites for mixed tenure, which can include affordable housing that the Council can purchase for affordable rent, ideally social rent.
- We believe that setting up another WOC would not resolve some of the organisational difficulties that have been evident in terms of past delivery – creating another WOC would in essence shift the problem to another delivery vehicle which cannot be fully integrated with NRL and for whom the Council is still responsible.
- In terms of NRL, it is better in our opinion to manage down net debt within NRL, explore its potential as a tax asset against which future profit can be absorbed until a loss free position is attained, at which point the Council could enjoy a dividend income stream. In considering the financial condition and contribution of NRL, we do commend taking a whole system cost approach, recognising the significant financial contribution the Council has, and continues to, enjoy through interest premium and support service charges.
- NewCo (currently a dormant company) has been described in the Grant Thornton report as a possible device to take on loss making PRS properties. This in our view simply transfers the problem. NewCo would need to purchase at market value and would still need to manage the properties. If the properties were sold to manage the debt there is little difference in terms of reputational risk of these being sold by an existing or a newly created WOC.

- We could find no examples of wholly owned Teckal companies whose main focus was to deliver affordable housing. In contrast there were many examples of similar sized councils whose client teams directly managed HRA contracts.

5.3 Concluding Remarks:

We are aware that the Council has identified three (3) priority sites for housing development, mainly for affordable housing, and another in the pipeline, and that there is a desire to move at pace to deliver these sites. The Housing Commissioning Board is already playing an important role in thinking strategically about pipelines and future delivery.

Having set aside the options to focus delivery through a Registered Provider or a Joint Venture with a developer we have gone on to carefully consider the two remaining options – that is to build an inhouse team or set up another WOC that is Teckal compliant.

Under either of these two scenarios NCC will need to build a specialist team to deliver its ambitions. NCC does not currently have the capacity to deliver and addressing this should be the priority. This being the case in the short to medium term the best and most straightforward option is to build the in-house team and start delivering against the priority sites.

Creating another WOC creates an additional layer of bureaucracy and cost in the short term and importantly would take time to set up. NCC has seconded expertise from NRL to help develop options for the sites in question which is a pragmatic approach. The focus should now be on delivering those schemes.

Over the medium term, the Council could consider the merits of setting up a WOC and transferring the team into it if this is more advantageous, but we would argue this should not be the starting point.

Appendices:

Appendix 1: Peer Group Examples from Elsewhere

Appendix 2: List of Interviews Held

Appendix 1: Peer Group Examples from Elsewhere

Option	Local Authority	Key Information	Key Points
	Norwich City	District 152,150 * stock holding 14,725	
In house delivery	Southwark Council	London Met Pop 244,866 stock holding 37,693	• Public commitment to build 11,000 new council homes by 2043 and 2,500 by 2022 • Currently considering 80 council owned sites including small garage sites and large-scale densification of council estates • In house team engages architects and other external consultants
	Dacorum Council	District Pop 154,763 stock holding 10,500	• Public commitment in 2013 to build 300 council houses by 2020 • Took completion of 300th home last week • Sites include units for sale to cross subsidise social rented units • Governance includes a New Build Project Board chaired by the Portfolio holder for Housing and made up of all relevant officers • In house team of 6 including Housing Development Manager, Project manager and 4 housing development officers. Also employ their own clerk of works. • Aim to help housing associations build 150 affordable homes per annum
Delivery through a wholly owned company	Oxford City Council	District Pop 152,450 stock holding 7,529	• Set up 2 Wholly Owned Companies in 2016 Oxford City Homes Ltd and Oxford City investment Ltd • Using Oxford City Homes Ltd to build 541 affordable homes and private development • In house development team of 10 sell services under SLA to OCH Ltd which remains a shell • Recently appointed a new MD of OCH Ltd – employed by council • Got off to slow start but now building social rented units

	Telford and Wrekin	Unitary Pop 174,781 not stock holding	• Set up a General Fund WOC in 2015 to build 425 homes on 8 sites • The WOC constructs, operates and maintains the homes in its branded organisation Nuplace https://www.nuplace.co.uk/info/1/about_nuplace
Partnership with RP	Brighton and Hove	Unitary Pop 279,652 stock holding 11,563	• 50:50 Partnership with Hyde Housing Association to build 1000 new homes • 50% at sub-market "living wage" rents
Through a joint venture with a private developer	Kings Lynn and West Norfolk	District Pop 151,811 stock transfer 2008	• Contract with Lovell house builder in 2013/14 to build 1000 homes • The partnership is based on a contract for the pre-site work/ planning then the other for construction. • Includes added value - local office and apprenticeships and a profit share and super profit share model • First contract for 600 homes. 360 sold and 15% affordable • Set up a RP (West Norfolk Housing Company) and this has 40 General Needs houses that they lease on block to Broadland HA • Small in-house client team
Mixed approaches	Central Bedfordshire Cambridge City	Unitary Pop 283,606 stock holding 5,196 after partial LSVT District Pop 136,810 stock	• Has a programme of developing HRA sites in-house, and a wholly owned company limited by shares to develop non-HRA owned sites. • Ability to create and retain stock with a wider range of tenures to meet needs not provided by the private sector or within the HRA. This includes market housing for sale, affordable rent, housing for older people, specialist housing, and homes to rent for large families. • Share expertise between the in-house team focused on delivering housing for the HRA and the wholly owned company. • Originally an in-house team that delivered exclusively for the HRA including schemes which benefitted from cross subsidy from market units.

		holding 7,074	• Now evolved to an in-house team that works through an Investment Partnership with Hill Residential, set up as an LLP with 50:50 representation on the IP Board. • The IP is a version of a Joint Venture. • Retained an experienced in-house client team, and benefit from the commercial expertise of their partner • The partnership has been used to develop major sites with a mix of affordable rent and other tenures.
	Essex Housing	County Pop 1,832,752 not stock holding	• Have been developing commercial and affordable housing for sale with an in-house team and SLAs with internal departments • Developing in partnership with other Essex district authorities • Overheads (staff, insurances, accommodation etc) £600k per annum but cap it at 2% of total development costs. Currently have 15 staff.

*Population figures 2019/20 estimates

Appendix 2: List of Interviews Held

Interviewee	Role
Members:	
Cllr Alan Waters	Leader
Cllr Gail Harris	Deputy Leader & Social Housing
Cllr Mike Stonard	Sustainable & Inclusive Growth
Cllr Paul Kendrick	Resources
Officers:	
Stephen Evans	CEX
Graham Nelson	Exec Director, Place
Bob Cronk	Director of Neighbourhoods
Dave Shaw	Managing Director, NRL
Lee Robson	Head of Neighbourhood Housing Services
Anna Scholes & Hannah Simpson	S151 / Strategic Finance Business Partner

Report to	Cabinet	**Item**
	11 November 2020	
Report of	Director of people and neighbourhoods	
Subject	The award of a contract to facilitate the Norwich Parks Tennis Expansion at Heigham Park and Lakenham Recreation Ground.	7

KEY DECISION

Purpose

To consider the award of a contract for the creation of all weather, porous macadam tennis courts, fencing, floodlighting and a controlled access system at Heigham Park (three courts) and Lakenham Recreation Ground (two courts).

Recommendation

To award the contract for the delivery of the Norwich parks tennis expansion project to Fosse Contracts Ltd.

Corporate and service priorities

The report helps to meet the corporate priority, people living well.

Financial implications

The costs arising from this decision will be met from a S106 commuted sum of £56,000, Community Infrastructure Levy funding of £103,000 and general fund capital programme funding of £262,000. The tender figure submitted by Fosse Contracts Ltd is £401,627.90 and is within the budget figure.

Ward/s: Multiple Wards

Cabinet member: Councillor Packer - Health and wellbeing

Contact officers

Simon Meek, Parks and open spaces manager	01603 989 479
Sara Flatt, Senior Building Surveyor, Major Works NPS Norwich	07971 762458

Report

Introduction

1. Norwich City Council provides tennis provision at Eaton Park, Waterloo Park and Harford Park through the Norwich parks tennis initiative.
2. Norwich parks tennis (NPT) enables management of the courts by a third party to deliver a sustainable and accessible model of tennis provision at no cost to the council.
3. NPT provides coaching to LTA standards for all ages and abilities including some free tennis; pays the council a fee to provide a sinking fund to cover the costs of annual maintenance and a schedule of resurfacing and relining to enable ongoing provision of high-quality courts in the future.
4. The grass courts at Heigham Park were closed due to the high cost of maintaining them as well as low usage. Community-based options for management of the original grass courts had been suggested but the proposals submitted were considered not to deliver the number of outcomes all weather courts delivered by Norwich Parks Tennis does. This includes:
   a) Accessible services – through the provision of affordable tennis where people are not socially or financially excluded by high membership fees or the cost of court hire; membership being £35 per household per year with no additional court costs (unless floodlights are required), contributing to reducing inequalities in the city.
   b) Safe and clean facilities – tennis being delivered by a Sport England Tennismark + accredited provider, which recognises venues that are safe to play at and provide an all year round tennis programme and the costs of regular maintenance and programmed refurbishments are covered.
   c) A prosperous and vibrant city - where more people from across the city will be able to access affordable leisure facilities, in the form of high-quality all-weather tennis courts, 365 days a year from 0800 until 2200 increasing use and public presence in the parks.
   d) Value for money services – with a commitment to ensuring the provision of efficient quality services to residents and visitors, whilst continuing to face challenging savings targets; by protecting and improving tennis provision through capital investment with partners. Norwich Parks Tennis generating a sinking fund to cover the annual maintenance costs and scheduled re-colouring and re-marking of Norwich Parks Tennis Courts across the city into the future.
   e) Improving health – by increasing the opportunity for people to play tennis that is affordable, that can be booked online by members or on a pay and play basis by visitors to the city or non-members. The focus being to promote tennis throughout the year for all age groups, both adults and children, through social play, internal competition, matches and to offer professional coaching to any members who want to improve their standard of play.
5. The existing courts at Lakenham are still in use but are very poor quality, the surface ponds badly, holds water and there is no floodlighting for extended hours of play.
6. The refurbishment of both sites will include the provision of floodlighting and appropriate fencing as well as a new all-weather playing surface. The new provision will ensure accessibility for all.
7. The courts will be managed via an online booking system which provides a member of NPT with access codes for the secure gates, on a pay and play

basis; and automated switching of the floodlights to endure they are not lit when the courts are not in use.

Procurement Process

8. The procurement exercise has been undertaken in accordance with Norwich City Council's contract procedures.

9. An open tender opportunity was advertised on the council's e-procurement portal and contracts finder in September 2020, the tender return date was 9th October 2020.

10. Suppliers have been evaluated against pre-determined criteria. The quality assessment carries a maximum of 40% of the marks, with up to 60% available for price. The supplier with the highest total score has been deemed the best value submission.

Tender Evaluation

11. Five tenders were received. The selection process required suppliers to answer four questions formulated to gain an insight into their business capability and culture. The responses given were evaluated against pre-determined criteria. This quality assessment carried a maximum of 30% of the marks. The lowest price was allocated 70% of the marks and the marks were deducted, pro-rata, with each increasing tender price.

12. The supplier with the highest cumulative score is deemed to be the best value submission, based on a combination of cost, capability and cultural fit. The results are as follows:

Contractor	Tender value score	Quality Score	Total
Supplier A	67	30	97.00
Supplier B	61.45	33	94.45
Supplier C	55.75	30	85.76
Supplier D	44.09	30	74.09
Supplier E	43.10	27	70.10

13. There was an arithmetical error in the tender submitted by supplier A and an omission error in the tender submitted by supplier B. When corrected tender figures are applied to the matrix the outcome is not changed, with Fosse Ltd retaining the highest score.

Integrated impact assessment	NORWICH City Council

Report author to complete	
Committee:	Cabinet
Committee date:	11 November 2020
Director / Head of service	Bob Cronk/Simon Meek
Report subject:	The award of a contract for creation of all weather, hard surface tennis courts, fencing, floodlighting and a controlled access system at Heigham Park (3 courts) and Lakenham Recreation Ground (2 courts).
Date assessed:	19/10/2020

	Impact			
Economic (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The procurement process ensures the Council achieves the best value for money. In comparison with previous tender returns for earlier phases of work it is competitively priced. Norwich Parks Tennis will generate a sinking fund to cover the annual maintenance costs and scheduled re-colouring and re-marking of Norwich Parks Tennis Courts across the city into the future.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☐	☒	☐	The provision of affordable tennis where people are not socially or financially excluded by high membership fees or the cost of court hire; membership currently £35 per household per year with no additional court costs (unless floodlights are required), contributing to reducing inequalities in the city. Free taster sessions so that there is no financial equipment so people can decide if they wish to join. Low cost Tennis for kids starter courses for example a 6 week coaching sessions including a branded t-shirt, a racket and a set of tennis balls for 24.99.

	Impact			
Social (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☐	☒	☐	As LTA Registered Venues the operator will be required to meet six safeguarding standards.
S17 crime and disorder act 1998	☐	☒	☐	The new provision has the potential to have a positive impact on crime and disorder through the provision of a new facility to use or through the increased presence in the park from 0600 to 2200 365 days a year.
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	Being physically active has physical and mental health benefits. NPT focus is to promote tennis throughout the year for all age groups, both adults and children, through social play, internal competition, matches and to offer professional coaching to any members who want to improve their standard of play. Events vary from free open days to competitions and include special promotions. Regular cardio tennis sessions.

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	NPT aims to make tennis easily accessible with low charges, professional organisation and engaging activities for the local community. Providing events in a fun, social atmosphere, people meet new people.
Eliminating discrimination & harassment	☐	☒	☐	Courts are wheelchair accessible and enable wheelchair tennis to be played.
Advancing equality of opportunity	☐	☒	☐	The provision of affordable tennis where people are not socially or financially excluded by high membership fees or the cost of court hire. Free taster sessions, so that people can decide if they wish to join without any financial outlay.
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☐	☐	☒	A potential increase in car use. The sites will have cycle racks installed and information provided to inform people where the nearest pedalway or public transport is.

	Impact			
Natural and built environment	☒	☐	☐	**Natural environment** Both sites had ecological assessments and arboricutural assessments as part of the planning application process. At Lakenham Rec hard courts already exist and there will be no impact. At Heigham Park there will be a low but not significant impact through a reduction in the area of fine turf. This will be mitigated by the fact that fine turf has low biodiversity value and requires chemicals to treat weeds, pests and diseases The area outside the courts (approximately 50% of the current area) will no longer be managed as fine turf and could be managed to increase biodiversity benefits in the park. The future use will be determined with the local community as part of the development of the Heigham Park management plan. **Built environment** At Lakenham Rec hard courts already exist and there will be no impact. At Heigham Park there will be a low but not significant impact. There already exists a high wire fence dividing the two banks of courts visible in the view down the path between the borders towards the pavilion. To mitigate the impact of the new courts and lighting the project has reduced fence heights at points where they do not need to be full height to minimise the visual impact; realigned the courts to maintain the vista to the pavilion; specified LED low light spill lamp fittings and will remove the existing utilitarian gate which forms part of the view towards the pavilion with a bespoke gate based around the sunflower entrance gates to the park.

	Impact			
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	There will be an increased use of electricity for the lighting. The electricity supply for the floodlighting is from renewable resources. The use of chemicals and twice weekly grass cutting with petrol lawn mowers to manage fine turf will stop.
(Please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☐	☒	☐	The council process for contract tender and award reduces risk associated with the contractor’s viability as a company and also ensures that all relevant safe systems of work and insurances etc are in place. The installation of quality facilities that generate a maintenance budget will prevent the degradation of the courts and reduce the risk of injury and increase the likelihood of any claims being settled in favour of the council.

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Report to	Cabinet	**Item**
	11 November 2020	8
Report of	Director of place	
Subject	Norwich Town Deal Bid	

KEY DECISION

Purpose

To consider the successful award of a £25million Town Deal for Norwich and whether to accept the heads of terms proposed.

Recommendation

To accept the Norwich Town Deal offer as detailed in the exempt appendix.

Corporate and service priorities

The report helps to meet the corporate priority Inclusive economy

Financial implications

The draft Heads of Terms offers a sum up to £25million subject to the successful completion of project assurance work. At this stage there is no formal funding commitment from the council, any funding to support the projects contained with the Towns' Fund bid is to be formalised during the project assurance work.

Ward/s: All Wards

Cabinet member: Councillor Waters - Leader

Contact officers

Ellen Tilney, Economic Development Manager	07715 236777
Graham Nelson, Director of Place	01603 989205

Background documents

None

Report

Background

1. The government launched the Towns' Fund prospectus in November 2019, inviting 101 towns to bid for up to £25million each to drive forward long term economic and productivity growth via the development of a Town Deals Investment Plan. For the purpose of the Town's Fund, the eligible area of Norwich was the built-up area as defined by the Office for National Statistics, available on the council's website here.

2. The council established the Town Deals Board in January 2020 as detailed at cabinet in March 2020. This met on a monthly basis to develop proposals in line with the key themes and requirements of the funding and Norwich's 2040 Vision.

3. Eligible areas were able to bid for the funding in one of three tranches. Norwich's bid was submitted to the Ministry of Housing, Communities and Local Government,(MHCLG), in the first tranche and was agreed at cabinet in July 2020. The detail of the bid is commercially sensitive, it consisted of eight projects grouped in two themes (skills and enterprise infrastructure and urban regeneration) and can be summarised as follows:

Skills and enterprise infrastructure This package of projects supports how we will grow the digital and creative economy and ensure our residents and businesses have the advanced skills in digital, construction and engineering they need to prosper.
• **Digital hub** – a new city centre workspace with start-up and grow on space for digital businesses.
• **The Halls** – investment to update and refurbish the venue including the development of a state-of-the-art making space for collaboration and high value cross sector partnerships between culture, digital and tech.
• **Digi-tech factory** – a new skills facility providing digital tech, engineering and design courses.
• **Advanced construction and engineering centre** – a new technological advanced training facility, supporting the application of digital technology to construction, manufacturing and engineering sectors.
Urban regeneration These projects offer opportunities for significant levels of housing growth and employment space creation to accommodate the needs of a growing city.
• **East Norwich** – investment to accelerate the development of a new high-quality urban quarter in east Norwich.
• **Revolving fund** – investment to unlock brownfield sites to deliver modern homes and workspaces for the growing economy.
• **Public realm** – investment to enhance the city centre public and urban spaces and improve connectivity and navigation.
• **Branding** – communicating what the city has to offer by developing a commercial proposition for Norwich as **the place** for business and a city to live, learn and invest in.

4. The results of the first tranche were announced by MHCLG. Norwich was one of only seven places that were successful and have been offered a town deal.

5. This resulted in the successful award of a £25million Town Deal to Norwich which represents a significant investment towards transformative regeneration and economic recovery in line with the objectives set out in the Norwich 2040 Vision and the council's Economic Strategy.

6. The acceptance of the offer by the council requires the chief executive to accept the heads of terms. The detail of the proposed heads of terms are set out in the exempt appendix.

7. The Town Deal Board would remain in place to oversee the delivery of the programme, there would also be the opportunity to add to the membership of the Board with specific expertise as required to support specific projects. Minutes, agendas and supporting research would be published on the Norwich City Council website see previous link.

8. A full-time programme manager and part-time administrator would be needed to oversee the programme. It is expected that this will be fully funded by the programme. An internal programme board would also be established to support programme management and the delivery of projects including finance, communications, engagement/consultation activities with designated projects leads reporting the progress of each project strand.

9. There would be a requirement to provide match funding/leverage against the Town's Fund monies for specific projects. Match funding would come from a number of different sources and would not be drawn solely from city council funds. The precise level of match funding to be contributed from city council would be fully determined during the project assurance stage and reported to cabinet for approval.

10. Within two months of the deal being signed the following information would be required to be provided:

    a) Details of the projects being taken forward (including for each project the capital/revenue split and the financial profile)
    b) Overall capital/revenue split and financial profile for the Town Deal
    c) The actions taken to address the conditions for selected projects
    d) Clarification of how engagement with local communities has specifically influenced decisions around Norwich's Town Deal proposals.

11. A business case must be completed for each of the projects within the Town Investment Plan within 12 months of accepting the funding offer. The Lead Council (Norwich City Council) would be expected to complete business case following its usual assurance processes and in partnership with the Town Deal Board (guidance on business case requirements would be provided in due course).

12. The Towns Deal Board met on 2 November to consider the proposed offer and agreed that the offer should be accepted, although in doing so, it was agreed that flexibility should be requested to allow grant monies to be moved between different projects to allow local control and efficiency of spend. Further updates on the progress of this process will be brought to cabinet along with the final details of any match funding requirements.

Integrated impact assessment

NORWICH City Council

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

Report author to complete	
Committee:	Cabinet
Committee date:	11 November 2020
Director / Head of service	Director of Place
Report subject:	Norwich Town Deal Bid
Date assessed:	26 October 2020

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The Towns Fund represents a significant opportunity to attract £25million to support economic development and urban regeneration projects in line with the Norwich 2040 Vision and Norwich Economic Strategy.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☐	☒	☐	The opportunity to attract up to £25million will unlock the delivery of key objectives within the Norwich Economic Strategy and 2040 Vision. Funding to support additional programme management resource has also been included within the bid.
Financial inclusion	☐	☒	☐	It has not been possible to quantify the impact upon financial inclusion at this stage but several of the projects within the final Town Deal bid will contribution positively to economic inclusion, skills support and job creation.
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	

	Impact			
Human Rights Act 1998	X			
Health and well being		X		It is not possible at this stage to evaluate the impact of Towns Fund projects on Health & Wellbeing but those contained within the bid have all been designed to support a positive contribution to this agenda via increasing economic participation and opportunity to benefit from economic and jobs growth resulting from the projects funded via the Towns' Fund.
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	X			
Eliminating discrimination & harassment	X			
Advancing equality of opportunity		X		It is not possible at this stage to evaluate the impact of Towns Fund projects on equality but those contained within the bid have all been designed to support a positive contribution to equalities.
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	X			The Towns Fund bid does not include transportation projects due to the imminent announcement on the Transforming Cities bid and commencement of a significant range of transport projects within this programme

	Impact			
Natural and built environment	☐	☒	☐	It is not possible at this stage to evaluate the individual impact of Towns Fund projects on the natural and built environment but all of those included have been designed to support clean growth and regeneration of brownfield sites.
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☐	☒	☐	It is not possible at this stage to evaluate the impact of Towns Fund project on energy and climate change but all of the projects included within the bid have been developed to support clean growth and development of skills associated with a transition to a carbon zero economy.
(Please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	

Recommendations from impact assessment
Positive
The Norwich Town Deal bid represents a significant opportunity to attract substantial government investment in economic regeneration and skills infrastructure in Norwich in line with the Norwich 2040 Vision and the Norwich Economic Strategy. It is fully aligned with the New Anglia Economic Strategy and Local Industrial Strategy and will make a major contribution to delivering key priorities and outcomes outlined within these documents in partnership with a wide range of key stakeholders.
Negative
Neutral
Issues

Report to	Cabinet	**Item**
	11 November 2020	
Report of	Director of Place	9
Subject	Compulsory purchase of the Ailwyn Hall site, Lower Clarence Road	

KEY DECISION

Purpose

To consider the compulsory purchase of the Ailwyn Hall site on Lower Clarence Road.

Recommendation

To:

1) approve the making of a compulsory purchase order under section 17 of the Housing Act 1985 for the land edged red on Plan 1 to enable the delivery of social housing; and

2) delegate authority to the Director of Place in consultation with the deputy leader and portfolio holder for social housing to take all steps necessary to secure a confirmed compulsory purchase order including but not limited to:

    - the carrying out of land referencing including without limitation the service of notices under section 16 of the Local Government (Miscellaneous Provisions) Act 1976 and/or section 5A of the Acquisition of Land Act 1981.
    - the entry onto the Land and other land for the purpose of carrying out surveys
    - the completion of the statement of reasons
    - preparation of a draft Order, Order Map and Order Schedule (including any minor amendments to ensure that all interests required are included) the preparation of notices to owners, lessees and occupiers, site notices and any other notices required to be served or advertised in accordance with the Acquisition of Land Act 1981

3) delegate authority to the Director of Place in consultation with the deputy leader and portfolio holder for social housing to:

    a. make General Vesting Declarations (GVDs) under the Compulsory Purchase (Vesting Declarations) Act 1981 or to serve notices to treat and notices of entry following confirmation of the order;

    b. issue and serve any warrants to obtain possession of property acquired by the Council following the execution of a GVD or service of a notice of entry relating to the order if it is considered appropriate to do so;

c. to acquire third party interests in the land within the CPO either by agreement or compulsorily; and

d. to develop the scheme design further based on the enhanced environmental specifications proposed and to submit a planning application for the proposals

Corporate and service priorities

The report helps to meet the corporate priority Great neighbourhoods, Housing and Environment

Financial implications

The site acquisition and CPO costs would be covered within the affordable housing opportunity budget which is included within the existing budget and hence the base HRA business plan. Construction can be funded from existing HRA reserves and borrowing, with 30% of the build costs covered by retained one for one RTB receipts. The scheme has been included within the modelling of the proposed HRA capital ambition plan which remains sustainable over the 60 year planning period. The financial implications are covered in more detail in the exempt appendix.

Ward/s: Thorpe Hamlet

Cabinet member: Councillor Harris - Deputy leader and social housing

Councillor Stonard - Sustainable and inclusive growth

Contact officers

Tony Jones – City Growth and Development Coordinator	01603 989443
Gwyn Jones- City Growth and Development Manager	01603 989440

Background documents- None

Report

1. Following reports to Cabinet in October 2018 and September 2019, work has progressed on an initiative to expedite delivery of a number of stalled privately owned development sites in the City. The initiative aimed to bring forward development on the sites which had become eyesores and attracted anti-social behaviour. It sought to achieve regeneration and deliver much needed new housing.

2. As part of this initiative, in September 2019, Cabinet agreed to seek to acquire the site of the former Railway Social Club at Ailwyn Hall, Lower Clarence Road for development for social housing via the council's Housing Revenue Account (HRA). Specifically, Cabinet authorised the steps below :

   - To continue the dialogue with the landowner to seek to acquire the freehold interest by way of open market negotiation (acquisition in 2019/20 was to be funded from the affordable/social housing opportunities fund budget)
   - To bring back a further report to Cabinet with recommendations to use the Council's compulsory purchase powers in the event that open market acquisition could not be agreed within a reasonable period of time.
   - To agree to commission initial design work for the site so that a scheme could be agreed prior to serving any Compulsory Purchase Order (CPO). (This was to be funded through the 2019/20 site formation budget).
   - That budgetary provision for detailed design, acquisition and development as required would need to be approved for future years as part of the 2020/21 capital programme, in the context of work on other priorities. Costs were to be kept to the minimum necessary to progress the project to the next stage.
     Note- provision in budgets has subsequently been made for 2020/21.

3. The site which would form the order land in the CPO is shown on plan 1. The site is owned by Lower Clarence Road Investments Ltd, domiciled in Dubai and incorporated in the Bahamas. The owners are represented by Urban Spectrum, based in London.

Progress update on the negotiations to acquire the site by agreement.

4. Following identification of the Ailwyn Hall site as a priority, the Council made contact with the owner's representatives (via Essentia consultants) in order to open negotiations to acquire the site in early 2019. Avison Young were subsequently appointed as the council's professional advisors to provide commercial surveyors' advice on CPO and to negotiate with the landowner to seek to acquire the site by agreement. Avison Young carried out negotiations during 2019 and 2020 including meeting with the owner and with Urban Spectrum in early 2020 in order to further negotiations. A financial offer to purchase in line with the Compensation Code has been made, but has not been accepted by the

owner. Avison Young is continuing to seek to negotiate with the owner and his agents and these negotiations will continue alongside the formal compulsory purchase process.

5. Urban Spectrum submitted a pre-application proposal in August 2019 for student accommodation including 111 bed spaces. Planning services responded that the scale of the proposal was likely to have an unacceptable impact upon neighbouring residents and ran counter to policy on purpose-built student accommodation.

6. Nplaw continues to provide the legal advice required for CPO.

7. Due to the current Covid-19 pandemic, the Council is ensuring that it is fully considering the implications of making this CPO during this time of uncertainty and is following Government Guidance on Covid-19 in relation to compulsory purchase. Negotiations are on-going with the site's landowner and the Council's advisors are continuing to seek to acquire it by agreement. There is a risk of some delay to the process due to timing of inquiries but this will be kept under review and members will be updated, as appropriate.

Planning

8. The site is not covered by any specific site allocation, but lies adjacent to CC15 (Norwich Mail centre). The proposal to redevelop the site for housing complies with planning policy, specifically:

   a) The National Planning Policy Framework (NPPF) underlines the importance of creating high quality places and taking opportunities to improve the character and quality of areas and how they function (paragraphs 124 and 130). The 2018 revisions to the NPPF introduced a new section encouraging the effective use of land to provide new homes and meet other identified needs (section 11). In particular, substantial weight should be given to the use of brownfield land, opportunities to remediate degraded and derelict land and develop under-utilised land (paragraph 118 (c) and (d)). Local planning authorities are advised to take a proactive role and use their full range of powers (including CPO) to identify and bring forward land that may be suitable to meet development needs (paragraph 119).

   b) With regard to the Council's adopted development plan policies, the principle of redeveloping the site with housing is in accordance with Policy DM12, subject to consideration of the details and impacts of the proposal in relation to:

Joint Core Strategy for Broadland, Norwich and South Norfolk, 2011 amended 2014 (JCS):

- Policy 1 - Addressing climate change and protecting environmental assets
- Policy 2 - Promoting good design
- Policy 3 - Energy and water

- Policy 4 - Housing delivery
- Policy 5 - The economy
- Policy 8 - Culture, leisure and entertainment
- Policy 11- Norwich City Centre

Norwich Development Management Policies Local Plan 2014 (DMPLP):

- Policy DM1 Sustainable development principles for Norwich
- Policy DM2 Ensuring satisfactory living and working conditions
- Policy DM3 Delivering high quality design
- Policy DM5 Planning effectively for flood resilience
- Policy DM6 Protecting and enhancing the natural environment
- Policy DM8 Planning effectively for open space and recreation
- Policy DM9 Safeguarding Norwich's heritage
- Policy DM11 Protecting against environmental hazards
- Policy DM12 Ensuring well-planned housing development
- Policy DM22 Planning for and safeguarding community facilities
- Policy DM28 Encouraging sustainable travel
- Policy DM31 Car parking and servicing
- Policy DM32 Encouraging Car Free and Low Car Housing

9. The site has previously held planning consents for residential development which have not been implemented The planning history is as follows:
   - 06/00963/F Redevelopment of site with 2/5 storey building comprising 21 flats with associated parking and bicycle storage. Approved 21/04/08
   - 10/01560/ET Extension of time period for commencement of development for previous planning permission (App. No. 06/00963/F) 'Redevelopment of site with 2/5 storey building comprising 21 flats with associated parking and bicycle storage. Approved 15/03/11
   - 13/02029/D Details of Condition 2, 3, 4, 6, 7 and 8 of permission 10/01560/ET. Approved 17/02/14
   - 13/01941/F Demolition of Ailwyn Hall (Railway Social Club). Approved 17/01/14 – expired 17/01/17 (previously approved in 2007 and 2010 - 06/00962/C and 10/01556/C)

10. All pre-commencement conditions were discharged prior to expiry of the 2010 permission and a build contract was submitted alongside the 2013 demolition application. However, the building is largely still standing so it appears the demolition consent has not been implemented and it does not appear that any work has taken place on site to constitute implementation of the planning permission.

11. Following the September 2019 cabinet decision to proceed to acquire the site, Chaplin Farrant architects were appointed to produce an initial design for a new social housing scheme for the site. Three design options were presented, including versions with 3, 4 and 5 storeys and varying numbers of one-bedroom flats. The preferred option is an amended option 3 (three storeys) constructed to an enhanced fabric specification. The proposed layout is shown on plan 2.

12. The proposed scheme was submitted to the council's planners for an initial review to provide some assurance that the scheme, when designed in more detail, is likely to secure planning permission. Clearly the comments provided are made without prejudice to the formal planning process. Planning comments indicate:

    a) The layout responds well to the identified constraints and opportunities on the site and has raised no highways objection.
    b) Analysis has been undertaken to investigate how much of the amenity area to the rear will be in the shade, with the impact deemed acceptable for the preferred option of a 3 storey building.
    c) Surveys and assessments in relation to surface water flooding, trees / ecology and contamination will need to be prepared in due course for detailed consideration to be given to these impacts.
    d) Subject to consideration of these matters, the scheme prepared to date would, in principle, be considered favourably by officers.

Design and quality standards

13. The housing design includes a "fabric first" approach to reducing energy use, and to ensure properties will be compliant with emerging standards for low-carbon heating and hot water.

14. The enhanced specification (aimed at achieving an 'A' rated Energy Performance Certificate or as close as is practicable) includes the following upgrades beyond current Building Regulations
    - Increased insulation in the fabric throughout,
    - Reduced thermal bridging throughout,
    - Improved air tightness,
    - Mechanical ventilation / heat recovery
    - Additional Photovoltaics

15. Chaplin Farrant have worked with Clear Consulting to establish the preferred approach to providing heating and hot water in order to develop confidence in build costs at this feasibility stage. An enhanced fabric specification including the upgrades listed above can be delivered with a build cost uplift of 13% above Building Regulation standards. For comparison, achieving a Passivhaus standard would represent a 25% increase in build costs.

16. Further details of the financial appraisals are set out in the exempt Appendix

The CPO process

17. A CPO allows a public authority to acquire third party interests in land compulsorily. It must be progressed concurrently with a strategy to acquire the land voluntarily. A CPO is viewed as a serious interference with private property rights, is a complex process and should only be used following careful consideration of other options. Preparation of a CPO requires attention to detail and strict adherence to statutory

requirements. Making the Order does not give the Council the power to acquire the land – this power arises only when the Order is exercised after it is confirmed either by the Council, the Planning Inspectorate or by the Secretary of State.

18. Following making of the CPO, the Council must notify the affected persons that the CPO has been made and is to be submitted to the Secretary of State for confirmation and then submit the CPO for consideration. The council needs to prepare a Statement of Reasons to be submitted to the Secretary of State when the CPO is served.

19. There may also be other land interests and rights which need to be extinguished or overridden which will be included in the CPO if required. Affected persons have the opportunity to object to the Secretary of State. If no one objects, the Secretary of State is likely to invite the Council to confirm the CPO itself, following which, the Council has the power to exercise the CPO and acquire third party interests in land.

20. Where there are objections, the Secretary of State will appoint an inspector to examine the CPO, via written representations, a public hearing or a public inquiry into the CPO. The inspector's report will summarise the evidence and come to a view as to whether there is compelling case in the public interest for the confirmation of the CPO. Considering the nature of the case, the inspector is likely to constitute the decision maker, however in some cases the Secretary of State makes the decision in light of an inspector's recommendations.

21. If the CPO is not confirmed, the Council may have the option of bringing a judicial review to challenge the legality of the decision-making process. If and when the CPO is confirmed there is a 6-week window during which affected parties may bring a High Court challenge to the legality of the decision-making.

22. As per Government Guidance on the use of CPO, the Council has been and will continue to seek to reach a negotiated settlement. Implementation of a confirmed CPO will only arise where agreement cannot be reached on reasonable terms and in a reasonable timeframe. The authority given in this report assists the Council by making it clear to the land interests that the Council intends to deliver the scheme and is willing to secure and exercise a confirmed CPO, if required.

23. As part of the CPO process the Council needs to demonstrate that funding is in the place to acquire the land and property interests, as well as to complete the development of the site

Funding for the proposal

24. Funding for site acquisition is available through the council's Opportunities Fund. This fund was established in 2019 to allow the council to acquire land and property for social housing through the Housing Revenue Account (HRA).

The fund currently has £5.68m uncommitted for 2020/21, so more than sufficient to cover this.

25. Design and other fees will be funded through the council's Site Formation Budget (in the HRA). £50k is available in 2020/21. The development of the site is included in the council's Capital Ambition programme, which sets out the council's priorities for capital funding in advance of inclusion in the capital programme for future years, where specific budgetary provision can be made, as required.

Delivery of the scheme

26. Subject to Cabinet resolution, the architects will be commissioned to continue to progress the design in further detail and it is envisaged that a planning application will be submitted in December 2020 with determination likely in March 2021. Once the council has acquired the site there will be a period of further design development (post planning) prior to commencing work on site, in order to secure building regulations approval and to provide design details for construction purposes.

27. The council will shortly commence a process to determine the route to procurement of a contractor to develop the site. Procurement of a contractor will commence as soon as reasonably possible after the council takes possession of the site and design development is complete.

28. Assuming a public inquiry is held as set out in the timetable below, it is envisaged that work could commence on site in January 2022 with completion by summer 2023.

29. Set out below is an indicative project programme- the precise timings will depend on whether there is a public inquiry or if agreement can be reached to acquire the site through a negotiated route. Date of inquiry/ decision are approximate as this will be determined by the Inspectorate/ Secretary of State, and may be subject to delay as a result of Covid-19.

Milestone	**Estimated Date**
Make and notify CPO	Dec 2020
Period of objections	Dec 2020-Jan 2021
Public inquiry (if required)	May 2021
Sec. of State or	Aug 2021
Inspector's decision	September 2021
Take possession	September 2021

The legal case for CPO

30. By virtue of section of s.17 of the Housing Act 1985 the Council has the power to acquire compulsorily, subject to confirmation by the Secretary of State, land for the erection of houses. Compulsory purchase powers should only be used where there is a compelling case in the public interest and where the Council has been unable to acquire the site through

negotiations within a reasonable timeframe or budget. The Council has already taken various steps to seek to see development undertaken or acquire the relevant land by private treaty and at this stage there is no certainty over whether the land can be acquired within a reasonable timeframe or budget, resulting in the Council choosing to exercise its compulsory purchase powers

31. The proposal for the council to acquire and develop the site will achieve the following key benefits:

Regeneration

- The site has been unused since around 2005. The scheme will bring the site into use and send a message to other owners in control of inactive sites that the council wishes to see these developed and is willing to use its CPO powers if necessary.

Delivering new social housing

- The Strategic Housing Market Assessment (SHMA) 2017 identified an annual need for 240 new affordable homes for rent. It should be noted that this does not generally cover the numbers lost annually through right to buy. The Ailwyn Hall site delivers a car-free development of one bedroom flats, (the category of highest need) in a sustainable location close to the city centre, bus, rail and cycle routes.

Options Appraisal

32. Other options were considered (as set out in September 2019 Cabinet report):

a) The council had previously considered the option of acquiring this and another site and selling them on to a registered provider who would develop the sites and cover the council's acquisition costs in full. No willing party could be identified who would enter into such an arrangement with the council.
b) The council could acquire the site, obtain planning consent and sell it on to a local developer or as serviced plots. Although this would be less costly for the council, there would be less control over the timeframe for delivery and the scheme would not deliver affordable housing.
c) The only realistic option for the council to achieve the development of the site for affordable housing within a reasonable timeframe is for the council to intervene and develop the site itself. The scheme proposed will provide new housing to higher environmental standards than required by current building regulations and therefore higher standards than are likely to be achieved by any developer delivering a market housing scheme.

Without the council's intervention it is probable that the site will remain derelict for years to come. A more detailed options appraisal of the 2 remaining options - do nothing and develop the site for social housing - is provided as part of the exempt appendix.

Equality Duties

33. No equalities assessment has been undertaken on the owner because it is a company.

34. The site is currently unoccupied and does not provide its owner with an income, and does not constitute a home. The Council considers that the owner and their agent have the capacity to understand and deal with the Council over a voluntary purchase and the CPO process and is not therefore disadvantaged by that process. Furthermore the council has offered to acquire the site on a basis which reflects the Statutory Compensation Code. The Code requires landowners to be put back in the position they were prior to the acquisition so far as money can. The Council will keep its duty under the Equality Act under review and report further as required.

Human Rights

35. Section 6 of the Human Rights Act 1998 prohibits public authorities from acting in a way that is incompatible with the European Convention on Human Rights. The Convention rights likely to be relevant to the CPO are:

    - First Protocol Article 1: Peaceful enjoyment of possessions.
      This right includes the right to peaceful enjoyment of property and is subject to the State's right to enforce such laws as it deems necessary to control the use of property in accordance with the general interest.
    - Article 6: Entitlement to a fair and public hearing in the determination of a person's civil and political rights. This includes property rights and can include opportunities to be heard in the consultation process.
    - Article 8: protects the right of the individual to respect for private and family life

36. The European Court has recognised that "regard must be had to the fair balance that has to be struck between the competing interests of the individual and of the community as a whole". Both public and private interests are to be taken into account in the exercise of the Council's powers and duties. Any interference with a Convention right must be necessary and proportionate.

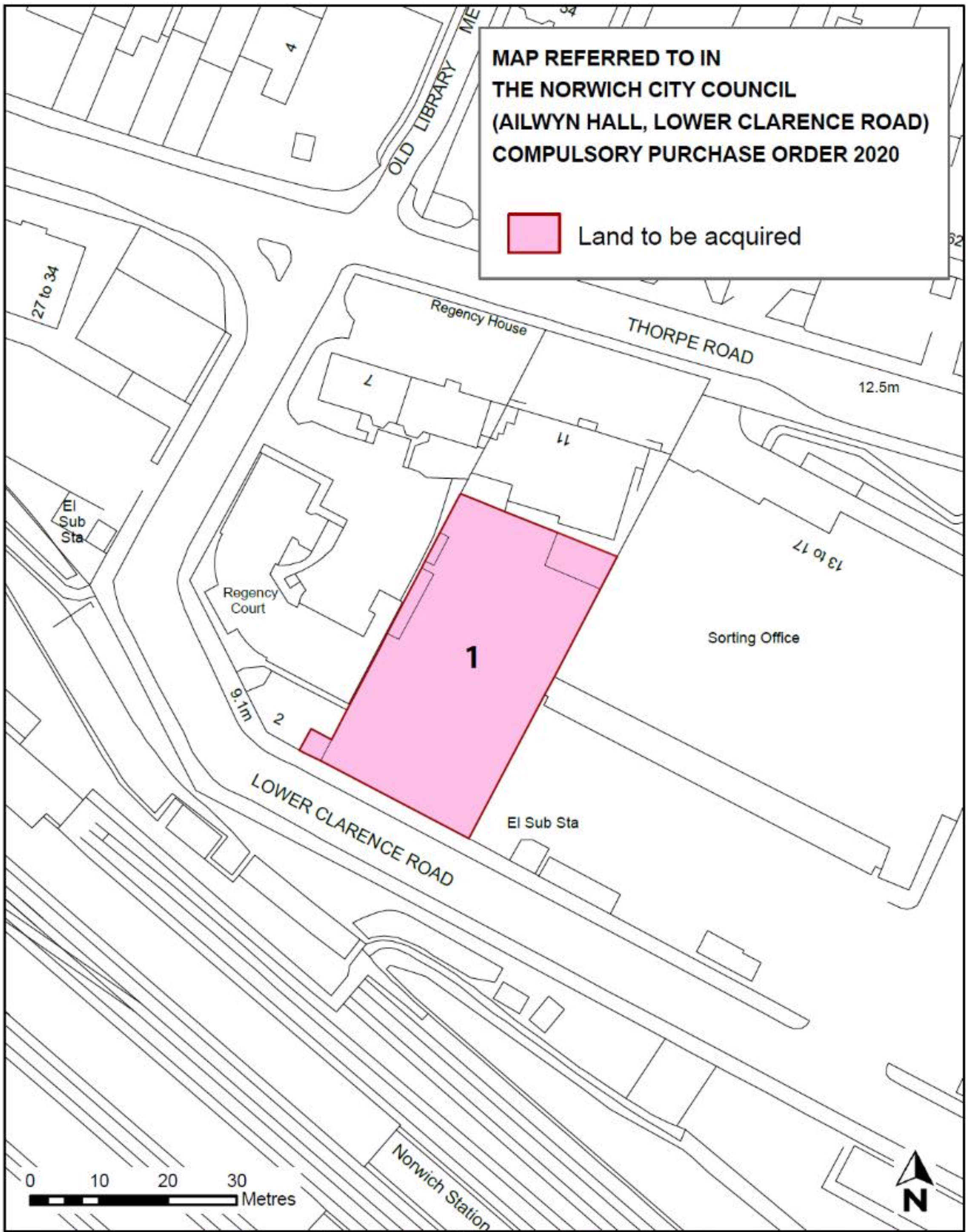
37. The Council must consider whether its actions would infringe the human rights of anyone affected by the making of the CPO. So, it must carefully consider the balance to be struck between individual rights and the wider public interest.

38. In this case it is considered that there is little interference with article 8, the order land being a vacant commercial site. With respect to article 1

the public interest is served by removing the amenity and environmental harm arising from the site and by its regeneration and development of the site with social housing to meet housing need. It is considered that these public benefits outweigh the necessary interference with the private rights and interests and in the absence of a voluntary acquisition creates a compelling case in the public interest for a CPO.

39. In addition, the individuals affected by the order have the right to object and have their objection heard at a public inquiry and, additionally, appropriate compensation will be available to those entitled to claim it under the relevant provisions of the CPO Statutory Compensation Code. These rights have been held by the courts as compliant with article 6.

40. Therefore, it is considered that in making the CPO the Council has struck a fair and proportionate balance between the interests of those whose Convention rights will be affected and the wider public interest



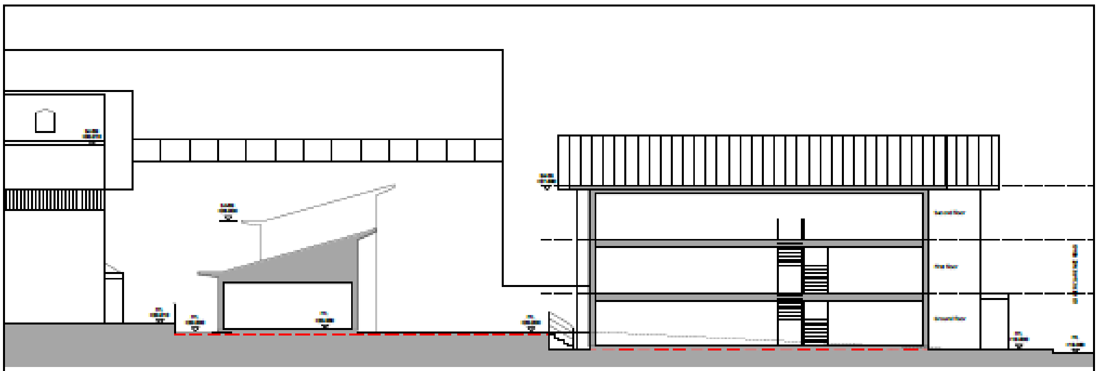
Drawn : DB	Date: 28 Oct 2020	Plotted scale 1:750 Paper size A4

THE COMMON SEAL OF NORWICH CITY COUNCIL
WAS HEREUNTO AFFIXED IN THE PRESENCE OF:

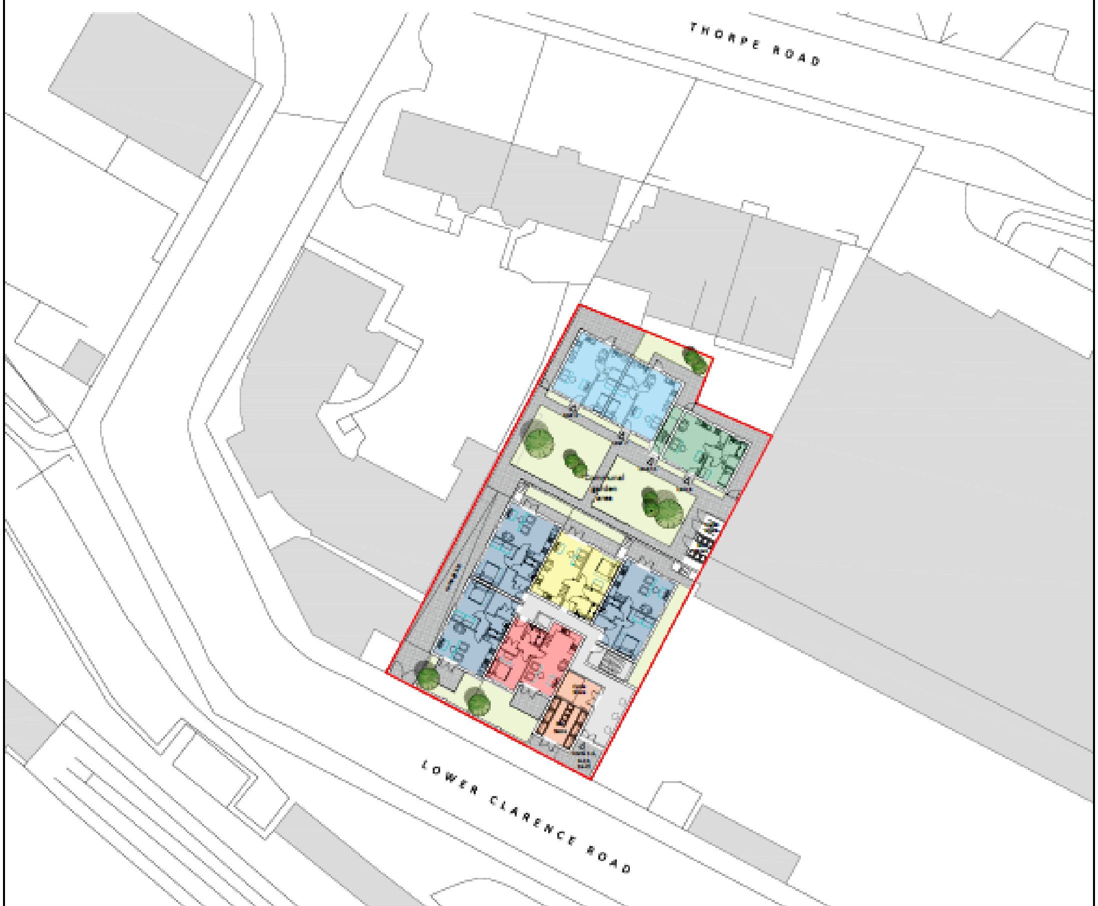
Authorised Signatory:

DATED THIS ....DAY OF 2020

Plan 2



Indicative section
1:100 @ A1



Site Plan
Scale 1:200 @ A1

FEASIBILITY	S2-FOR INFORMATION		6042
Norwich City Council	Option 3 (Site Plan & section)	A1	
Athelys Hall Site	LCRN-CF-ZZ-00-DR-A-1005	P3	
Lower Clarence Road, Norwich	WMC	MN	MN

Chaplin Farrant
Architects, Engineers and Cost Consultants

Perspective View Looking North West from Lower Clarence Road

CF
Chaplin
Farrant

Integrated impact assessment	NORWICH City Council

Report author to complete	
Committee:	Cabinet
Committee date:	11/11/2020
Director / Head of service	Andy Watt
Report subject:	Compulsory purchase of the Ailwyn Hall site, Lower Clarence Road
Date assessed:	27/10/2020

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☐	☒	There is a cost to the council's capital budgets in acquiring/ developing site, however this will assist with spending RRTB receipts.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☐	☒	☐	Regeneration of currently undeveloped site
Financial inclusion	☐	☒	☐	Provision of affordable housing
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	Development of derelict site will have a beneficial effect on local peoples' health and well being

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☐	☒	☐	Provision of affordable housing on site
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	Redevelopment will have minimal impact on transportation
Natural and built environment	☐	☒	☐	Regeneration of eyesore site
Waste minimisation & resource use	☐	☐	☒	Redevelopment will involve use of resources
Pollution	☐	☐	☒	Redevelopment could have an impact on pollution although this will be minimised through the development process
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	Redevelopment will have an impact on energy and climate change although this will be minimised through the development process. The proposed housing will be delivered to "fabric first" standards to minimise energy use.

	Impact			
(Please add an ‘x’ as appropriate)	Neutral	Positive	Negative	Comments
Risk management	☐	☐	☒	There are risks associated with the CPO process and the development process including the unknown of any site contamination

Recommendations from impact assessment
Positive
The report aims to achieve regeneration of a vacant stalled site in the City which will bring new affordable housing and improve the site which is currently unused.
Negative
There will be some negative impact as a consequence of development e.g. resource use although this will be minimised through the approach to development and through the planning process
Neutral
Issues