

## **Cabinet**

**Date: Wednesday, 09 March 2022**

**Time: 17:30**

**Venue: Mancroft room, City Hall, St Peters Street, Norwich, NR2 1NH**

### **Committee members:**

### **Councillors:**

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

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## Agenda

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#### 1 Apologies

To receive apologies for absence.

#### 2 Declarations of interest

(Please note that it is the responsibility of individual members to declare an interest prior to the item if they arrive late for the meeting.)

#### 3 Public questions/petitions

To receive questions / petitions from the public which have been submitted in accordance with the council's constitution.

#### 4 Minutes

5 - 24

To approve the accuracy of the minutes of the cabinet meetings held on 9 February 2022 and 23 February 2022.

#### 5 2022 Refresh - Norwich Economic Strategy 2019-2024

25 - 58

**Purpose** - To consider the 2022 refresh of the Norwich Economic Strategy 2019-2024

#### 6 Procurement Strategy

59 - 76

**Purpose** - To consider the Procurement Strategy implementation plan.

#### 7 Strategic Asset Management Framework

77 - 110

**Purpose** - To consider the adoption of the Strategic Asset Management Framework.

#### 8 Adoption of Norfolk Green Infrastructure and Recreational Avoidance and Mitigation Strategy (GIRAMS)

111 - 124

**Purpose** - To adopt the Norfolk Green Infrastructure and Recreational Avoidance and Mitigation Strategy.

#### 9 Pay Policy Statement 2022-23 (Report to follow)

**Purpose** - To recommend to full council the adoption of the Pay Policy Statement 2022-23.

- |           |   |           |
|-----------|---|-----------|
| <b>10</b> | <b>Adjustment to the 2021-22 and 2022-23 HRA capital programmes</b>   | 125 - 130 |
|           | <b>Purpose</b> - To consider an adjustment to the 2021-22 and 2022-23 capital programmes.   |           |
| <b>11</b> | <b>The award of Home Improvement framework of contractors</b>   | 131 - 136 |
|           | <b>Purpose</b> - To consider delegating authority to award a contract for the home improvement framework of contractors.                |           |
| <b>12</b> | <b>Award to Domestic Gas Heating Upgrading Provision to Council Properties for Year 3 only</b>  | 137 - 142 |
|           | <b>Purpose</b> - To consider the award of the contract for the third year of the domestic gas heating upgrading for council properties. |           |
| <b>13</b> | <b>To award a contract for drains and water mains repairs (Report to follow)</b>  |           |
|           | <b>Purpose</b> - To consider awarding a contract for drains and water mains repairs.  |           |

#### **EXEMPT ITEMS:**

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

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

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

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Date of publication: **Tuesday, 01 March 2022**





**Cabinet**

**17.30 – 18:50**

**9 February 2022**

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

**Apologies** Councillor Davis

**Also present** Councillors Galvin and Councillor Wright

**1. Declarations of interest**

Councillors Harris, Kendrick, Oliver and Waters declared that they had been granted a dispensation as a council tenant, to take part in the discussion and vote on item 6, the council's 2022-23 budget and medium term financial strategy.

Councillor Harris declared a conflict of interest in items 10 and 13, Repairs and building maintenance service provided by Norwich Norse Building Ltd as a director and would withdraw from the meeting for the discussion and vote on those items. She also declared an other interest in items 9 and 12, as a director of Norwich Norse Building Ltd and a member of the Norwich City Services Ltd shareholder panel.

Councillor Kendrick declared an other interest as a director of NPS and a member of the Norwich City Services Ltd shareholder panel.

Councillor Oliver declared an other interest in items 9 and 12 as a non- executive director of Norwich City Services Ltd.

Councillor Waters declared an other interest in items 9 and 12 as a member of the Norwich City Services Ltd shareholder panel.

Councillor Galvin declared an other interest as a member of the Norwich City Services Ltd shareholder panel.

**2. Public Questions/Petitions**

Charlotte Chamberlain asked the cabinet member for climate change and digital inclusion the following question:

“With headlines suggesting energy bills could increase by as much as 50% when the price cap is raised in April, a lot of Norwich residents, including me, are worried about the impact on our finances. I’m part of a local group called Green New Deal Norwich which is looking at how we as a city can retrofit our homes to stop them leaking heat and transition away from reliance on gas. This needs to

happen across the country, but there is a serious shortage of investment, skills and awareness. Will the council commit funds to addressing this challenge in its upcoming Budget?"

Councillor Hampton, cabinet member for climate change and digital inclusion replied:

"We are aware of the challenge that rising energy bills represent for many. We continue to do all we can to improve housing and help residents access appropriate support and advice.

We have been awarded £3.1 million from central government to retrofit approximately 200 private-sector homes in the city with insulation and solar systems. Overall this will save residents £250,000 a year. We also utilise other external sources of funding including ECO, which helps private sector households access funding for loft and cavity wall insulation. Over 1,500 homes have benefited from this scheme.

We have invested £129m into our housing over the past six years. We have committed £18.5m to maintaining and improving the condition of existing housing.

All of this is an important part of our wider work supporting residents who face financial challenges. For example, our Council Tax Reduction Scheme offers those in most need a 100% reduction."

By way of a supplementary question Ms Chamberlain said that she welcomed that the council was addressing the retrofit challenge, but it would only be a fraction of what was needed. She asked whether the council would consider following the example of other councils, such as Manchester City Council, which had set up a task force specifically for retro fitting to help to meet the enormous challenge.

Councillor Hampton replied that the council was always happy to look at models from other councils, but the work was still largely reliant on government funding. The funding opportunities tended to be relatively small in scale and what was needed were long term, sustainable solutions, with central government playing its part.

### **3. Minutes**

**RESOLVED** to agree the accuracy of the minutes of meeting held on 12 January 2022.

### **4. Corporate Plan 2022-2026**

Councillor Waters, leader of the council presented the report. He reminded members that items 4 and 5 would be subject to debate at the full council meeting on 22 February and had already been considered by the scrutiny committee.

Councillor Beth Jones proposed the following amendment to the priority to 'Take action against domestic abuse, hate crime and anti-social behaviour and regulate activity so our communities are places where residents feel safe.'

Replace:

Review and update the Norwich Private Renters Charter to provide clarity on the standards that private landlords and agents must meet when providing private rented accommodation (with a delivery date of December 2024)

With:

Review and accelerate delivery of the Norwich Private Renters Charter (which provides clarity on the standards that private landlords and agents must meet when providing private rented accommodation) in line with improvement plan for regulatory services. (with a delivery date of ongoing from June 2022) and Review and update the Charter itself (with a delivery date of Charter updated by December 2024).

Councillor Waters continued to present the item. He commended the report which was clearly set out and well designed and had been strongly informed by the work of the Norwich 2040 Vision partnership.

It was a high level document and therefore did not contain all of the work being undertaken by the council. There were a series of technical appendices which set out the ambition of the council using Key Performance Indicators (KPIs) and timeframes for delivery of those. The Corporate Plan had to be flexible to take account of any changes happening throughout the year and the document would be amended as needed.

There had been some helpful input from the scrutiny committee and Councillor Waters invited the chair of scrutiny, to speak on the recommendations on page 18 of the agenda pack.

Councillor Wright, chair of the scrutiny committee, highlighted each of the recommendations at page 18 and also thanked Councillor Jones for her additional amendment which was an issue that he had also raised.

In response to a question from Councillor Galvin, the leader of the council said that any amendments to the budget and policy framework would need to be taken to budget council on 22 February 2022.

**RESOLVED to:**

1. Approve the following recommendations of the scrutiny committee:
  - a) Aim one – amend wording to ‘listen to communities and use their views in decision making
  - b) Aim two – amend wording to – ‘Work with partners to increase sustainable transport and improve air quality’.
  - c) Those KPIs that are ‘roll overs’ of existing targets due to upcoming reviews could be indicated as such for clarity.
2. Approve the recommendation to amend the action around the Private Renters Charter in aim 1 of the technical appendix to read:
  - a) Review and accelerate delivery of the Norwich Private Renters Charter (which provides clarity on the standards that private landlords and agents

must meet when providing private rented accommodation) in line with improvement plan for regulatory services. (with a delivery date of ongoing from June 2022)

- b) and Review and update the Charter itself (with a delivery date of Charter updated by December 2024).
- 3. Subject to the above amendments to recommend the Corporate Plan 2022-26 to Council for approval.
- 4. Agree to move reporting of progress against the Covid-19 Recovery Plan to an annual occurrence alongside the Corporate Plan annual progress report (as detailed on page 9 of the draft Corporate Plan under 'Annual review').

## **5. The council's 2022-23 budget and medium term financial strategy**

Councillor Kendrick, cabinet member for resources, presented the report. Setting a balanced budget would continue to be a challenge for the council over the next few years on the back of a decade of austerity and the impact of the Covid-19 pandemic. The short-term nature of the government settlement made it very difficult for medium term financial planning.

The budget proposed a range of savings alongside additional income and £2.1m to be taken from council reserves. An increase of 1.99% for council tax was recommended although the 100% council tax reduction would be retained for those on the lowest incomes.

The budget was one of investment which allowed for no cuts to services.

The leader of the council invited Councillor Harris, deputy leader and cabinet member for social housing, to speak to the Housing Revenue Account (HRA) elements of the report.

She said that the HRA was in a relatively stable position but there would be pressures in the future with competing priorities. The council wanted to continue to build good quality new homes and maintain and improve its existing stock. A housing delivery team was in place to drive forward a pipeline of new housing sites.

The issues surrounding health and safety compliance in council owned homes had been acknowledged and the council was working hard to rectify these. From the 1 April 2022, building repairs and maintenance services would be transferred to the council's wholly owned company, Norwich City Services Ltd, and the property services would be brought back to the council.

The HRA was forecast to make a £0.246m surplus and it was proposed to spend this, alongside £6.096m of reserves to fund capital investments in new social housing.

A 4.1% rent increase was proposed after careful consideration and discussion with the tenant involvement panel. There would continue to be help for those on low incomes.



Members thanked officers for their hard work on the report.

The leader of the council invited the chair of the scrutiny committee to present the recommendations of the scrutiny committee on the council's 2022-23 budget.

Councillor Wright, chair of the scrutiny committee highlighted the three recommendations:

- 1) Ensure there is political commitment to investing in renewable or green energy projects.
- 2) Where financially and legally viable, fit the lowest carbon emitting heating systems in council properties.
- 3) Ensure there is budget available to carry out any recommendations of the fly tipping and communal bins task and finish group.

The leader of the council indicated that he would like to take the recommendations forward with a change to recommendation one so that it read:

- 1) Ensure there is continued political commitment to investing in renewable or green energy projects.

**RESOLVED to:**

- a) Note the 2022/23 budget proposals and the Medium-Term Financial Strategy.
- b) Note the budget consultation process that was followed and consider, as part of finalising the 2022/23 budget proposals for Council, the feedback as outlined in Section 2, Appendix 2 (I).
- c) Note the Section 7 report of the chief financial officer on the robustness of the budget estimates, the adequacy of reserves, and the key financial risks to the council.
- d) Note that the Council Tax resolution for 2022/23, prepared in accordance with Sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011, will be calculated, and presented to Council for approval once Norfolk County Council and the Office of the Police and Crime Commissioner for Norfolk have agreed the precepts for the next financial year.
- e) Agree the amended recommendations of the scrutiny committee:
  - i. Ensure there is continued political commitment to investing in renewable or green energy projects.
  - ii. Where financially and legally viable, fit the lowest carbon emitting heating systems in council properties.

- iii. Ensure there is budget available to carry out any recommendations of the fly tipping and communal bins task and finish group

Recommend to Council to approve:

### **General Fund**

- i. The council's net revenue budget requirement as £17.713m for the financial year 2022/23 including the budget allocations to services shown in Section 2, Appendix 2 (C) and the savings and growth proposals set out in Section 2, appendices 2 (F) and 2 (G).
- ii. An increase to Norwich City Council's element of the council tax of 1.99%, meaning that the Band D council tax will be set at £280.21 (Section 2, paragraph 2.26) with the impact of the increase for all bands shown in Section 2, Appendix 2 (E).
- iii. The prudent minimum level of reserves for the council as £5.100m (Section 2, paragraph 2.53).
- iv. Setting aside the council's distribution of £0.675m from the Norfolk business Rates Pool into a new earmarked reserve to support future spend in line with the economic development objectives of the fund (Section 2, paragraph 2.6).
- v. Setting aside any 2021/22 underspend more than £0.426m into the business change earmarked reserve (Section 2, paragraph 2.5).
- vi. Delegation to the chief finance officer (S.151 Officer), in consultation with the portfolio holder for resources and the portfolio holder for social inclusion, the award of any new business rates reliefs announced by government using discretionary relief powers. The full cost of granting this relief will be compensated through a section 31 grant from Government.
- vii. Delegation to the chief financial officer in consultation with the portfolio holder for resources inclusion of any minor changes consequent on the publication of the final local government settlement or subsequent additional grant allocations.

### **Housing Revenue Account**

- viii. The proposed Housing Revenue Account gross expenditure budget of £70.364m and gross income budgets of £70.610m for 2022/23 (Section 3, paragraph 3.24).
- ix. The use of the estimated surplus of £0.246m along with a further £6.096m of HRA general reserves to make a revenue budget contribution of £6.342m towards funding the 2022/23 HRA capital programme (Section 3, paragraph 3.24).
- x. A 4.1% increase in dwelling rents for 2022/23, in accordance with the Secretary of State issued Direction on the Rent Standard 2019. This enables authorities to increase rent annually by up to CPI (Consumer Price Index) as

at the preceding September plus 1%. This will result in an average weekly rent increase of £3.30 for Norwich tenants (Section 3, paragraphs 3.30 to 3.35).

- xi. That garage rents increase by 3.1%, based on CPI in September 2021 (Section 3, paragraph 3.36).
- xii. That the setting of tenants' service charges is delegated to the executive director of community services in consultation with the portfolio holder for Social Housing after engagement with tenant representatives (Section 3, paragraph 3.37)
- xiii. The prudent minimum level of Housing Revenue Account reserves as £5.848m (Section 3, paragraph 3.56 and Table 3.4).
- xiv. The creation of an earmarked reserve to fund the costs associated with HRA service transformation linked to a programme of review and improvement detailed in Section 3, paragraphs 3.3 to 3.18. This reserve will be used to fund costs linked to the programme which are not delivering specific savings, for example project management and benchmarking with the release of funds being approved in accordance with paragraph 26 of the Council's Financial Regulations.

### **Capital and Commercial Strategy**

- xv. The proposed general fund capital programme 2022/23 to 2026/27 (2022/23: £29.347m; 5 years: £45.766m) and its method of funding as set out in Section 4, table 4.2, table 4.4 and Appendix 4 (B).
- xvi. Delegating to Cabinet, approval to include in the capital programme additional capital schemes funded wholly by grant where it meets the Council's aims (Cover report, paragraph 27).
- xvii. The proposed HRA capital programme 2022/23 to 2026/27 (2022/23: £38.860m; 5 years: £171.579m) and its method of funding as set out in Section 4, table 4.2, table 4.5 and Appendix 4 (B).
- xviii. The capital strategy, as required by CIPFA's Prudential Code.

### **Treasury Management Strategy**

- xix. The borrowing strategy 2022/23 through to 2026/27 (Section 5, paragraphs 5.27 to 5.29).
- xx. The capital and treasury prudential indicators and limits for 2022/23 through to 2026/27 contained within Section 5, paragraphs 5.18 to 5.25 and table 5.3, including the Authorised Borrowing Limit for the council.
- xxi. The Minimum Revenue Provision (MRP) policy statement described in paragraphs 5.37 to 5.41 and contained in Appendix 5 (Section 5)
- xxii. The (financial) Investment Strategy 2022/23 including changes to counterparty limits (Section 5, paragraphs 5.42 to 5.88).

## **Summary of key financial indicators**

xxiii. The indicators for 2022/23 through to 2025/26 contained in section 6.

### **6. Council Tax Reduction Scheme 2022-2023**

Councillor Kendrick, cabinet member for resources, presented the report. Norwich City Council was one of only a few local authorities in the country that was continuing with 100% council tax reduction scheme which would help those on the lowest wages.

Councillor Galvin asked what the practicalities were of the government announcement of £150 rebate on council tax. The executive director of corporate and commercial services replied that officers were working through the guidance and would develop an approach.

#### **RESOLVED to:**

1. Recommend that council, when reviewing the Council Tax Reduction Scheme for 2022/23, retains a maximum 100 per cent entitlement for working age CTRS recipients.
2. Recommend that council make the following changes to the council tax reduction scheme (CTRS) for 2022/23 by continuing with the 2021/22 scheme with the following annual modifications:
  - a) To increase the working age applicable amounts for allowances and premiums by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
  - b) To increase the level of income brackets used to decide non-dependent deductions and level of non-dependent deductions by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
  - c) To increase the level of income brackets used to decide entitlement to second adult reduction by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
  - d) To retain the maximum household capital limit of £16,000;
  - e) To add the option to recalculate entitlement when the council investigate fraud where the DWP have not revised DWP passported benefit entitlement.

### **7. The award of a concessionary contract for the delivery of tennis centre operations in Norwich**

Councillor Packer, cabinet member for health and wellbeing, presented the report. He said that the paper clearly identified the process followed and ensured that all procurement regulations had been met.

Councillor Wright asked members would be given the details once the delegated decision had been taken. The monitoring officer confirmed that a decision notice would be issued as part of the process.

In response to a question from Councillor Galvin on baselines being specified within the tender, the parks and open spaces manager said that the baselines would be taken from the current contract and new targets set with the provider.

**RESOLVED** to:

- 1) enter into a concessionary contract for the provision of tennis centre operations in Norwich; and
- 2) delegate the award of the contract to the most economically advantageous supplier to the Executive director of development and city services, in consultation with the portfolio holder for Health and Wellbeing

**8. Norwich City Services Ltd Business Plan 2022-2025**

(Councillor Oliver left the meeting for this item)

Councillor Kendrick, cabinet member for resources presented the report. From 1 April 2022, the company would cover both environmental services and building maintenance services. The Business Plan showed that objectives of the company which aligned with the council's corporate priorities.

He highlighted a typing error on page 232 of the agenda, under service performance risks – NCS should read NCSL.

**RESOLVED** to exclude the public for consideration of item \*11 under paragraph 3 of the Schedule 12A of the Local Government Act 1972 (as amended).

Following discussion, the public were readmitted to the meeting.

The chair of scrutiny outlined the following recommendations, put forward by the scrutiny committee:

- 1) To include biodiversity as one of NCSLs main objectives.
- 2) On the risk register - Company 9 risk – severe weather event – this should be expanded to take account of changes to work practices and schedules as a result of climate change by listing the effects of this.
- 3) To ask the board to benchmark the environmental standards of NCSL against other companies in the field.

Councillors Waters, leader of the council responded to each in turn.

Regarding biodiversity, this was one of the company's main objectives and a Biodiversity Strategy would be published by the council in June 2022. The work of the company tracked the council's Corporate Plan and priorities so this was already embedded in the company strategy.

The risk register was framed, in part, by the corporate risk register which was considered by cabinet on an annual basis. Risk elements could be adjusted as new factors came into play as the risk register was not a static document.

With regards to undertaking benchmarking work, the priority of the company was to achieve the objectives of the shareholder which included researching best practice. It was therefore felt that although the recommendations were valuable the work was already in hand.

Councillor Galvin commented that there appeared to be several vacancies at NCSL and asked for more detail around the terms and conditions of the staff. The managing director of NCSL replied that some vacancies were related to more challenging to recruit to roles, such as the climbing arborist. There had not been a benchmarking exercise undertaken regarding salaries but information from other local authorities was used. Going forward, the company was looking to undertake a job evaluation scheme.

**RESOLVED to:**

- 1) Endorse the NCLS business for 2022-25 on behalf of Norwich City Council as the shareholder;
- 2) Endorse the two new shareholder's objectives for NCSL as detailed below:
  - a) the company to return a 4% or 5% net profit by year 4 of each of the main council contracts which equates to a potential revenue stream of approximately £0.300m in 2024/25 and a further £0.500m in 2025/26 which will be incorporated into the 2023/24 MTFS refresh and NCSL business plan during 2023-26 if approved.
  - b) NCSL to develop a financial strategy options paper for the Shareholder (Quarter 3 2022/23) which will consider how the company can become financially independent and not rely on the Council to provide investment through the Council's capital programme for replacement of existing equipment required to deliver contracted services.
- 3) Note the recommendations of the scrutiny committee

(Councillor Oliver was readmitted to the meeting)

**9. Repairs and maintenance service provided by Norwich Norse Building Ltd**

(This report is contained in the supplementary agenda. Councillor Harris left the meeting for this item).

Councillor Waters, leader of the council, presented the report. The report related to a significant backlog of work which had been identified, alongside a strategy for undertaking the work.

There was an estimated timeframe of 9 months for the work to be completed and additional capacity would be required for that time period. The procurement criteria were outlined at paragraph 9 of the report.

**RESOLVED** to exclude the public for consideration of item \*12 under paragraph 3 of the Schedule 12A of the Local Government Act 1972 (as amended).

(Following discussion, the public were readmitted to the meeting).

In response to a question from Councillor Galvin on why resources were not brought in sooner, the leader of the council said that the issues had been fully explored, including by the council's scrutiny committee and had been thoroughly discussed already.

**RESOLVED** to delegate authority to the executive director for community services in consultation with the Leader of the Council to enter appropriate contract/s to address the backlog of repairs outstanding. The value of contracts not to exceed £3.8m in total and procurement methodology to follow Norwich City Council's contract procedures and Public Regulations 2015.

(Councillor Harris was readmitted to the meeting).

## **10. Exclusion of the public**

**RESOLVED** to exclude the public from the meeting during consideration of items \*11 to \*13 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

### **\*11 Norwich City Services Ltd Business Plan 2022-2025 – exempt appendix (para 3)**

Following discussion it was: -

**RESOLVED** to consider and note the exempt appendix

### **\*12 Repairs and maintenance service provided by Norwich Norse Building Ltd - exempt appendix (para 3)**

Following discussion, it was: -

**RESOLVED** to consider the exempt appendix

### **\*13 Exempt Minutes (Para 3)**

**RESOLVED** to agree the accuracy of the exempt minutes of meeting held on 12 January 2022.

CHAIR

**Extraordinary Cabinet****16.30 – 17:55****23 February 2022**

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

**Also present:** Councillor Galvin

**Apologies:** Councillors Davis and Stonard

**1. Declarations of interest**

Councillors Harris declared an other interest in item 2 (below) Q3 Corporate Assurance Report, as a director of the Norwich Preservation Trust, with regard to 16 Elm Hill, and the exempt appendix to this report, as a director of Norwich Norse Building Limited.

Councillor Jones declared an other interest in item 2 (below) Q3 Corporate Assurance Report, as a director of the Norwich Preservation Trust, with regard to 16 Elm Hill.

**2. Q3 Corporate Assurance Report**

(Councillors Harris and Jones had declared an interest in this item.)

Councillor Waters, leader of the council, (chair) introduced the appended report which provided an insight into the work of the authority and the key performance indicators of each of the three directorates and was a useful reference document to other councillors and members of the public.

During his presentation, the chair drew members' attention to the executive summary and that there had been a reduction in the number of indicators showing as red in this quarter. Members were also advised of the ongoing work in the council to identify risks associated with climate change. There was concern that forecast risks for the 2080s, particularly flooding and rising temperatures would have a disproportionate effect on people who were already disadvantaged.

The chair referred to Annex 2 and said that the unbudgeted grants received in 2021-22 had helped the council tackle the effects of Covid-19. The most recent of these grants was the Omicron Hospitality and Leisure Grant to support businesses affected by the variant, and he acknowledged that the government did not produce guidance



for implementation quickly but hoped that this funding would be fully utilised. The executive director of corporate and commercial services said that the finance team had received the guidance from government and were currently working through the details to ensure the greatest outreach and uptake of this grant.

The chair said that both he and the chief executive had attended regular meetings with the Norfolk Leaders and Public Health throughout the pandemic. It was crucial that the Director of Public Health continued to have access to data and that there was a framework in place to share local information with authorities should it be required from a further outbreak of Covid emergence of a new variant.

Referring to the risk register, the chair said that the Environment Act 2021 could require councils to provide a free collection service of garden waste. This was estimated to be at a cost to the council of around £2 million and would destabilise its budgets. The government was also proposing in its Elections Bill to require voters to produce photo identification. This would be an impediment to voters and something that the council should be aware of and include in the risk register.

The chair then referred to the appendices listing the key performance areas of the three directorates.

The chief executive commented that elections were a large annual corporate event and that risks were managed by mitigation. The requirement for voters to provide photo identification was a new risk. As Returning Officer, the chief executive said that he had engaged with the government to ask for further advice and guidance as it would not be without risk. He considered that the requirement was deemed unnecessary as the levels of prosecution for voter fraud were low. The chair and the cabinet member for resources expressed their concern about the introduction of voter identification which would discriminate against the most disadvantaged in society.

Councillor Galvin welcomed the inclusion of climate change on the risk register and that consideration of it should be built into every decision that the council made. She asked how actions would be captured and cross referenced throughout the council. The head of strategy, engagement and culture confirmed that this was a piece of work that the environmental strategy manager would be taking forward in the next few months to review actions across the authority and identify and address any gaps.

Councillor Kendrick, cabinet member for corporate resources presented the financial element of the report, as set out in paragraph 1.2 *Finance*. The General Fund underspend was £0.426m due to a number of pressures identified in services (as set out in the appendices to the report) and was being offset by reduced corporate financing costs (additional income from the government's sales, fees and charges scheme and reduction in the forecast contribution to the capital programme) and additional income, from multi-storey car parks and investment properties, which had not dropped as significantly as anticipated but were not yet back to pre-Covid levels. He also drew members' attention to the Housing Revenue Account (HRA), page 11 of the report (page 15 of the agenda pages) which contained an explanation for the HRA forecast underspend, and the Capital Programme, page 13 of the report (page 17 of the agenda papers) and the explanations for the forecast underspends of £7,634k General Fund and £14,493k HRA.

(Members had no questions on the exempt appendix (item \*11 on the agenda papers).)

**RESOLVED to:**

- (1) note progress on the key performance indicators for this quarter and the corporate risk register;
- (2) note the financial forecast for 2021/22 general fund, HRA and capital programme;
- (3) note the consequential balances of the general fund and HRA reserves;
- (4) amend the risk register to include the requirement for voters to produce photo identification under Risk 16, Elections;
- (5) approve an increase to the general fund capital programme of £0.004m in 2021/22 and £0.066m in 2022/23 to support the completion of the St Stephens Towers public realm project, wholly funded from Section 106 contributions;
- (6) approve the retrospective appropriation of 16 Elm Hill for non-housing use and transfer of the property from the HRA to the general fund.

**3. An Update on Health, Safety and Compliance in Council Homes and Buildings**

(This was a late report circulated with the supplementary agenda for this meeting.)

Councillor Harris, deputy leader and cabinet member for social housing, presented the report to update members on the progress in relation to the health, safety and compliance management in council homes and buildings. It was important to note that although the Regulator of Social Housing (RSH) had found that the council had breached the home standard, it had not considered it necessary to take enforcement action because it had confidence in the council's plans to improve services and return to full compliance. She thanked officers for the work that they had been doing.

The interim housing operations director said that this was the first of the quarterly reports in relation to compliance matters discussed last November. She confirmed the following progress had been made: Gas safety and lifts have remained fully compliant; fire risk assessments of all high-risk residential buildings have been completed, with some remedial work outstanding; good progress was being made on electrical testing and additional contractors were procured to increase capacity to accelerate the programme from March; additional contractors have been procured to carry out water hygiene testing commencing in February; and, additional contractors procured to inspect for asbestos and carry out remedial works if required. There was a clear priority to clarify data and provide information to provide assurance. This was currently managed by NPSN but would transfer to the new housing IT system. Fire risk assessments of low rise blocks were currently being reinspected. There had been three meetings with RSH who were confident that the council could implement

its compliance improvement plan. Officers were committed to consulting and sharing information about the process with tenants and leaseholders.

Councillor Galvin said that it was extremely important that information was shared with tenants and leaseholders. In reply to a question from Councillor Galvin, the chair said that efforts should be concentrated on achieving full compliance in accordance with the agreed timetable and the priority was to complete the work as speedily as possible. There had been exhaustive discussions at cabinet, council and scrutiny committee, as part of a transparent process, and there was an understanding of what needed to be done through the scoping work.

**RESOLVED** to note the content of the report.

#### **4. Greater Norwich Joint Five-Year Infrastructure Investment Plan 2022/23 – Key decision**

Councillor Waters, leader of the council (chair) introduced and presented the report. The City Deal was agreed in 2013 and underpinned the agreement of Broadland District Council, South Norfolk Council and the city council to pool community infrastructure levy (CIL) income. Schemes were evaluated using sustainable methodology to balance social, economic and environmental elements. The Greater Norwich Growth Board administered the scheme. Infrastructure projects also included schools and the county council was also a partner, together with New Anglia Local Enterprise Partnership. Further information was available on the [Norwich Growth Board website](#) which contained a plotted map of the infrastructure projects carried out over the last 15 years. The board agreed projects collectively, subject to confirmation from the cabinets of each council. Members were advised that if the cabinet stepped back from an element of the plan, it would not go ahead. Norwich had benefited from the infrastructure projects. He drew members' attention to the list of projects set out in paragraph 12, the section on Long Stratton Bypass and the section on Neighbourhood Community Infrastructure Commitments and Spending. The investment programme was very good news to the city. The pooled CIL arrangement was a ground-breaking model.

Councillor Galvin referred to an earlier five year infrastructure plan that was used to finance the Northern Distributor Road which was contributing 6.1 per cent carbon emissions, and asked why public funding was still being used to fund roads instead of the developers. In reply to her question, the executive director of development and city services explained how the Long Stratton Bypass would be financed by government funding and a loan from the pooled CIL. The sale of housing from the development facilitated the funding to payback the CIL contribution under a separate legal agreement. The CIL funding was then circulated to bring forward another infrastructure scheme.

The chair said that he understood Councillor Galvin's concerns about air quality and said that that the Northern Distributor Road had improved air quality in the north of the city. In terms of policy on road use, central government would need to promote the conversion of vehicles to electricity and improve public transport, which should ameliorate the concerns about meeting carbon reduction targets.

**RESOLVED** to:

- (1) approve the draft [Greater Norwich Five Year Infrastructure Investment Plan 2022-27](#) ("the Plan");
- (2) approve the proposed 2022/23 Community Infrastructure Levy (CIL) allocations in the Annual Growth Programme (see paragraphs 12 to 16 of this report)
- (3) enter into a draft loan agreement for the draw-down of £6.733m through the Greater Norwich City Deal, to support the delivery of Long Stratton Bypass (see appendix E within the Plan), with authority for the Executive Director of Corporate and Commercial Services, in consultation with the portfolio holder for resources, to agree the terms of the agreement on behalf of the Council;
- (4) agree (subject to recommendation iii above) for the Greater Norwich Growth Board (GNGB) to be granted delegated authority to sign the final loan agreement together with their s151 officers, under the direction of Norfolk County Council as the Accountable Body (see paragraphs 20 to 25 of this report).
- (5) approve an adjustment to the 2022/23 general fund capital programme, in accordance with the delegation to Cabinet to approve capital schemes funded wholly by grant where it meets the Council's aims approved by Council on 22 February 2022, to include:
  - (a) £275,000 of neighbourhood community infrastructure levy funding and associated expenditure;
  - (b) £17,000 of additional CIL funding and associated expenditure for the UEA – Eaton riverside walk green infrastructure project that was approved by the Greater Norwich Infrastructure Delivery Board on 17 September 2021.

## 5. Town Deal Fund Programme Update

(Andrew Dernie, chair of Town Deal Board Norwich and head of IT Finance Operations, Aviva, attended the meeting for this item.)

The chair welcomed Andrew Dernie, chair of the Town Deal Board Norwich, and Sarah Collins, the Town Deal project manager, to the meeting and asked that it be put on record his appreciation for their contribution. All councillors had been given an opportunity to attend a briefing on the proposed revolving fund to unlock development. The Town Deal Norwich was proving to be one of the most successful in the country and highly regarded by government agencies in progressing this important investment in the city.

Andrew Dernie addressed the committee and reflected on the formation of the Norwich Town Deal, which had benefited from the partnership arrangements under the 2040 Vision and that the council's priorities were reflected in the five themes of the Town Deal. The Town Deal was able to move quickly and energise bringing a cross section of people together. It was the first Town Deal to submit business cases for regeneration, receive funding and complete a project. He also complimented the Town Deal project manager and her colleagues in city development services for their efficiency and support.

The executive director of development and city services explained the proposed use of a revolving fund, to bring forward sites for development by transferring ownership, had been difficult to formulate but was now considered as innovative funding and the model replicated. The King's Arms public house was the first site in the city to be developed under this funding model. Owners of sites were less likely to hold onto sites without development if they knew that the site could be compulsory purchased and developed. There was a risk that the fund would be diminished but the value to the community of providing houses and developing vacant sites was a key priority of the fund.

The Town Fund project manager said that the revolving fund was a good example of the Towns Fund helping the city. The key factor in business cases was to ensure that sites that blighted the community and were subject to antisocial behaviour were moved on for development. They would do everything that they could to ensure that funding was repaid but the benefit to the community was what was important.

Councillor Harris, deputy leader and cabinet member for social housing, said that she had visited the King's Arms site and it was exciting to see five new homes. The whole community would benefit from this scheme and she thanked the officers concerned. The development also demonstrated to owners of vacant sites that action would be taken.

(Members had no questions on the exempt appendix (item \*12 on the agenda papers).)

**RESOLVED to**

- (1) note the current position regarding the Towns Fund programme and governance arrangements in place for the programme;
- (2) delegate authority to the Executive Director of Development and City Services in consultation with the Leader of the Council, portfolio holder for resources, portfolio holder for sustainable and inclusive growth and the S151 officer, to negotiate and purchase sites using the revolving fund.

**6. Improving the Diversity of the Council's Workforce Update**

Councillor Waters, leader of the council, presented the report and said that improving the diversity of the council's workforce was one of the council's priorities and that it was proposed that further reporting against the workforce diversity action plan could be picked up in the annual progress report against the council's Corporate Plan and the annual refresh of the council's Equality Information Report.

The chief executive officer said that the cabinet had agreed an outline strategy and action plan to improve the diversity of the council's workforce last year because it lagged behind the community that it served and was not as representative as an organisation as it should be. He acknowledged that it would take time for results to show but he was determined that progress would be made. The council would be a richer organisation that brought together different perspectives and ideas. He referred to the actions that had been taken which included: increased reporting of protected characteristics; provision of unconscious bias training by e-learning for

officers and colleagues; a new equality, diversity and inclusion training programme on being inclusive for officers and managers; reviewing recruitment procedures with training for recruiting managers in April, improvement at short-list and offer stages, and looking at wording used in job descriptions and specifications, using software to check for unconscious bias and looking at alternative media to publicise jobs. There had been some progress as data showed that the ethnic diversity of the workforce had increased to 4.16 per cent in December 2021, compared to 3.1 per cent in December 2020.

Councillor Galvin suggested that socio-economic background data should be measured in the workforce data and that it intersected with other protected characteristics. The chief executive officer said the annual equality assessment had access to socio-economic data and it was possible to take Councillor Galvin's suggestion and consider how it could be incorporated. The chair said that the socio-economic background diversity of the workforce of the council had increased as joint ventures had been brought back into house.

**RESOLVED** to

- (1) note the progress made against the action plan to improve the workforce diversity profile;
- (2) agree the further reporting against the workforce diversity action plan is picked up in the annual progress report against the council's new Corporate Plan and in the annual refresh of the council's Equality Information report.

**7. The Award of a Contract for Loft and Cavity Wall Insulation to Council Owned Homes – Key decision**

Councillor Harris, deputy leader and cabinet member for social housing, presented the report. This was a big investment in council owned homes to improve energy efficiency, reduce the carbon footprint and utility bills. She fully supported the report and the procurement approach that was being proposed.

The building surveying section leader (NPS Norwich) said that the successful contractor had been the incumbent contractor for several years and worked to a good standard.

**RESOLVED** to approve the award for loft and cavity wall insulation work to 1<sup>st</sup> Choice Insulations Ltd, from 1 April 2022 to 31 March 2027 at an estimated value of £2,500.00 excluding VAT, over, five years (£500,00 per annum). The final award value will be within the existing allocated budget.

**8. The Award of a Contract for Sustainable Warmth Grant Delivery – Key Decision**

Councillor Hampton, cabinet member for climate change and digital inclusion, presented the report. The council had been awarded £3.1 million to provide insulation measures to 200 private sector homes in areas of low income and inefficient heating and was a socially just scheme. The scheme was expected to save 200,000 kg of CO2 per year and £250,000 in bill savings per year. Long term

government funding was needed to provide whole house retrofitting across the private sector, particularly as households faced the challenge of climate change and the rising cost of living, and also, the retention and training of contractors to implement the improvements. She thanked the affordable warmth officer for securing this funding. The council had approved the Capital Programme 2022-23 at budget council on 22 February 2022.

The affordable warmth officer confirmed that there was a realistic timescale for delivery of this scheme of 200 homes. In reply to a question from Councillor Galvin, she said that she did not know if there were plans in place to repeat this particular scheme but considered that the grant received was similar to that received by other councils.

**RESOLVED** to award a contract for the Sustainable Warmth Grant – retrofit insulation measures to E:on via the Fusion21 framework (The contract value will be up to a maximum of £3.1 million).

## **9. Renewal of Microsoft Enterprise Licences – Key decision**

Councillor Kendrick, cabinet member for resources presented the report. It was important that the licences were renewed for a further 3 years, particularly as all officers used Word and Excel.

The head of customers, IT and digital added that the licences were required for other software systems used in the council, telephony use through MS Teams and Sharepoint.

**RESOLVED** to enter a contract with Phoenix Software Limited for the renewal of the Microsoft licence agreement valued at £1.164 million based on current requirements as detailed in paragraph 12 (of the report).

CHAIR







**Committee Name: Cabinet**

**Committee Date: 09/03/2022**

**Report Title: 2022 Refresh - Norwich Economic Strategy  
2019-2024**

<b>Portfolio:</b>	Councillor Alan Waters, Leader of the Council
<b>Report from:</b>	Executive director of development and city services
<b>Wards:</b>	<b>All Wards</b>
<b>Open Public Item</b>	

### **Purpose**

To consider the 2022 refresh of the Norwich Economic Strategy 2019-2024 appended to this report.

### **Recommendation:**

To approve the adoption of the 2022 Refresh of the Norwich Economic Strategy 2019-2024.

### **Policy Framework**

The Council has three corporate priorities, which are:

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

This report, directly and indirectly, meets all three priorities. The 2022 Refresh of the Norwich Economic Strategy 2019-2024 seeks to update the economic strategy to ensure it meets corporate objectives and, in particular, provide updates to consider the economic impact of Covid on the city. The strategy sets out objectives and activity which the Council can take to promote inclusive growth in the City in line with the Covid-19 Recovery Plan.

## Report Details

1. On 12 June 2019, Cabinet adopted the Norwich Economic Strategy. Since that time, the local and national economy has been subject to significant shocks, driven by both the Covid-19 pandemic and the UK's withdrawal from the EU. As a result, it is now timely to review the Norwich Economic Strategy and consider how it can be refreshed in light of the prevailing economic conditions.
2. A robust evidence base is available to inform the 2022 Refresh of the economic strategy, based on an examination of the local economy via the 2021 Norwich local economic assessment - this document is a detailed analysis of the economic characteristics and performance of Norwich which acts as an evidence base to inform policy and priorities for the local economy. It is supported by the monthly economic barometers, feedback and dialogue with local businesses and a review of economic literature.
3. This assessment was further reinforced by an online public survey of Norwich businesses and other stakeholders. The refresh has also been informed and shaped by two staff workshops. The Leader of the council has been involved throughout the process. Key partners and stakeholders were also engaged via the Good Economy Commission.
4. The exercise prompted the view that the impact of the pandemic and of Brexit has been an exacerbation of existing inequalities and trends. The refresh of the 2019-24 strategy has resulted in a validation of the original four overarching objectives and associated priorities.
5. The document is based on the original 2019-24 economic strategy adopted by the council in 2019. The document has been annotated in the form of blue text boxes to denote where changes in economic conditions or the operating environment have taken place against the original economic strategy information.
6. Recognising the Council's declaration of a climate emergency, and the increasing focus given to climate change in the Council's recently adopted corporate plan, an additional objective has been added in relation to climate change. This objective has been developed to align with the Council's environmental strategy.
7. The 2022 refresh of the strategy has been developed in accordance with, and to reflect, the economic strand of the Norwich 2040 Vision work. The refreshed Norwich Economic Strategy 2019-2024 will be implemented in partnership with the private, public and third sectors. The current economic environment will present considerable challenges to its implementation. However, it is important that the document is adopted, and work undertaken to ensure that as opportunities arise they are exploited for the benefit of Norwich.
8. The economic strategy and the economic assessment have provided the underpinning evidence base to support and leverage external funding and investment; having already been used as the core plank in the development of the Towns' Fund Programme, City Vision, Transforming Cities, Pooled Business Rates and Norfolk Strategic Fund projects and investments in Norwich by CityFibre and Homes England.

9. It is intended that subject to agreement of the refresh, an action plan will be developed to support implementation of the strategy. The plans will be subject to a formal annual review and revised during the year where there are new opportunities and partnership activities. A review of progress, outputs and outcomes towards the key objective in the strategy is produced at the end of each financial year.

## **Consultation**

10. The refresh was informed by an online public survey of Norwich businesses and other stakeholders. The Refresh has also been shaped by two staff workshops. Key partners and stakeholders were also engaged via the Good Economy Commission.

## **Implications**

### **Financial and Resources**

11. Any decision to reduce or increase resources, both expenditure or income, must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.
12. There are no specific proposals in this report that would reduce or increase resources and the Council's 2022/23 budget and MTFS did not provide any specific resources for delivering activities that will be set out in the referenced action plan.
13. To the extent that additional funding is required to deliver those activities this will need to be identified either from partner resources, as approved draw down from reserves or from within existing resources. Future years' budget and Medium-Term Financial Strategies can also reflect the need for investment in this are provided that a balanced budget overall is maintained.

## **Legal**

14. There are no specific proposals in this report that have legal implications.

### **Statutory Considerations**

<b>Consideration</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	Positive – Improving the economic prospects of the city's residents through the refresh of the 2019-2024 Economic Strategy may contribute positively to equality of opportunity
Health, Social and Economic Impact	Positive – Improving the economic prospects of the city's residents through the refresh of the 2019-2024 Economic Strategy may contribute positively to resident's health and wellbeing.
Crime and Disorder	Neutral impact
Children and Adults Safeguarding	Neutral impact
Environmental Impact	Positive – Promoting the development of green technologies and better use of resources.

## **Risk Management**

No adverse risks or policy impacts have been identified as associated with this report. As previously stated an action plan will be developed following adoption to support implementation and further risk assessment will be undertaken as part of that action planning.

## **Other Options Considered**

15. The Council could continue to use the original Norwich Economic Strategy 2019-24 for the basis of its approach, however there is the risk that the strategy and associated actions would then become outdated due to the changing economic conditions

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

16. The 2022 refresh of the Norwich Economic Strategy 2019-2024 and the economic assessment provide the underpinning evidence base to support and leverage external funding and investment.

## **Background papers:**

N/A

## **Appendices:**

Appendix 1: 2022 Refresh of the Norwich Economic Strategy 2019-2024

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2022 Refresh of the Norwich  
Economic Strategy 2019-2024

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## Foreword

Three key drivers have influenced the need to refresh the Norwich Economic Development Strategy 2019-2024: the COVID-19 pandemic, the UK's withdrawal from the European Union and the greater salience of the challenge of climate change.

The format of the document highlights just how much has changed. Emerging developments show what the city council and its network of partners need to do to bend those trends in a positive direction to deliver a 'Good economy' that works for everyone. Those values animate the purpose of the Norwich 2040 Vision partnership. The successful £25 million Towns Deal in 2020, delivering eight projects built around skills, business space, employment, housing and investment is a product of strong collaboration. We also work with a network of cities across the UK to advocate for the importance of investment in urban economies.

The report is a candid assessment of the state of the Norwich economy – its urban core, the wider travel to work area it serves and its place within the Eastern region.

The final section sets out 'opportunities and priorities', built around five strategic objectives that will be regularly updated and monitored through the annual Norwich Local Economy Assessment.

I recall the observation of the Sociologist, Mike O'Donnell, when writing about 'communities': that "communities are made and remade in the fulcrum of economic activity". Today, there are dystopian economic trends that need to be tackled both at national and local levels, if communities are not to fail.

This economic strategy is framed around sustainable and inclusive economic growth based upon the principles of a circular economy as is the key to the future of Norwich and the wellbeing of all those who live and work in the city.

Cllr Alan Waters

Leader

Norwich City Council

## Summary

Throughout this document the blue text boxes indicate where conditions have changed since the 2019-24 Strategy was written.

The Norwich Economic Strategy 2022 refresh sits within Norwich City Council's suite of key policy and strategy documents, these include the new Corporate Plan and the C19 recovery plan.

### Diverse economy

The diversity of Norwich's economy is one of its greatest strengths, helping the city to remain stable during the worst of the recession. This ranges from high value knowledge-based enterprises, research and education, financial and professional services, healthcare, retail, creative and cultural industries and digital through to public sector services.

**The impact of COVID-19 pandemic has not been felt equally across business sectors – in particular the retail, leisure and hospitality sectors have been badly affected by loss of customer base (short term – lockdowns and long term - online shopping, remote/hybrid working), increased costs and staff shortages.**

**Every sector has been affected by Brexit because of the potential economic impacts (reduced investment and recession) and labour market issues (migrated workforces and skilled worker shortages). Norwich businesses that responded to our survey reported that, almost a year after Brexit, they were continuing to wrestle with new red tape ushered in by the UK-EU trade and co-operation agreement. Although the Brexit deal confirmed zero tariff and zero quota trading between the UK and the EU, the new arrangements require companies to comply with costly checks, customs controls and bureaucracy.**

### Low productivity

Although this diversity provides a solid foundation for growth, a number of significant and ongoing challenges exist around managing sustainable, inclusive economic growth. In particular, poorly paid and insecure employment in relatively low-skilled jobs in sectors which are likely to see significant contraction as technology replaces many roles. The productivity gap between Norwich and the UK as a whole must be tackled - low productivity translates into low wages and deprivation. Norwich is already trailing behind several of its statistical comparators on a number of economic indicators. It is imperative to reposition the city and remain competitive.



**COVID-10 has had extremely uneven and unequal effects. The employment situation of those in low-skilled/low pay jobs has been amplified - they are less likely to be able to work from home during the pandemic and the sectors they work in are the most affected.**

**The Resolution Foundation report that low paid workers have been more adversely affected by the Covid-19 crisis than higher paid workers. Low paid workers have been three times as likely as higher paid workers to experience a negative impact on their work: in March 2021, more than 21 per cent of workers in the bottom weekly pay quintile had either lost their job or lost hours and pay due to the crisis, or were furloughed, compared to just 7 per cent of those in the top earnings quintile. A decomposition of the impacts suggests that sector of work is by far the most important factor in explaining employment effects.**

**The impacts of the pandemic are highly gendered. It should be noted that women make up the majority of workers in the care sector, including in elder care, childcare and cleaning. Most of these jobs in the care sector cannot be undertaken remotely.**

**Interim local research findings commissioned by the Good Economy Commission demonstrate that women's economic participation has been particularly impacted. Women are more likely to be in low pay jobs and whereas full-time earnings for Norwich's resident males have risen by 23 per cent over the year, their female counterparts have seen a fall of almost 4 per cent in their earnings.**

## **Shifts in the labour market**

The labour market will see a significant shift as Artificial Intelligence (AI) and other technologies replace many traditional roles. New requirements, particularly those driven by a need for creative, technology-savvy employees will emerge.

Re-skilling will be particularly important as a significant proportion of those already in the labour market will still be working in 2034. The future workforce will need broad-based knowledge and a combination of interpersonal and cognitive skills in addition to the more specialised skills needed for specific occupations.

Unsurprisingly, many of the jobs likely to experience a fall in employment are low or medium-skilled in nature. However, it is unlikely that all low/medium-skilled jobs will suffer. It is possible that some jobs will be redesigned and employee skills upgraded to emphasise further product variety – already indicated by the return of artisan employment<sup>1</sup> in occupations like barbering, brewing and textiles. In some occupations, technology may augment human performance.

Technology and the need to mitigate against climate change will also generate occupations and industries which currently do not exist.

If Norwich is to seize these new opportunities, it must train and upskill both its current and its potential workforce.

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<sup>1</sup> NESTA: The future of Skills: employment in 2030

**The skills-based immigration system introduced in January 2021 means that employers in sectors such as adult social care, hospitality and construction are trying to recruit from the resident labour force, creating further impetus to increase skills and boost employment.**

**Training and workforce development are key to addressing current and future skills shortages and skills gaps. However, adult participation in learning is falling and is not distributed evenly across society. The poorest adults with the lowest qualifications are the least likely to access training (UK Parliament: Upskilling and retraining the adult workforce).**

**Recent government reports have emphasised the extent of skills shortages, particularly in technical areas, and the lack of responsiveness of the current system to labour market demand. This problem could be exacerbated by any increase in the pace of technological change, such as automation of particular jobs, or negative trade shocks to particular industries. Economic change following on from the pandemic could also lead to a shift in the demand for different types of skills.**

### **School attainment**

Norwich's future labour market should provide many opportunities for our young people - to enable them to do so the need to improve educational attainment in Norwich's state-funded high schools is paramount.

Currently the city has one of the weakest GCSE performances in the country. Norwich is ranked in the worse 10 per cent of local authorities in the country for social mobility.

Lancaster University research has shown that schools with 20 per cent or more of pupils from poor backgrounds see lower attainment for all children. Poverty and low educational attainment go hand in hand.

Improving poor performance in Norwich schools will enable the young people affected to benefit from economic opportunity via participation in the labour market – it will also ensure that the benefits of economic growth are shared across the city, with local people seeing the benefits in more jobs and improved incomes.

**The city's latest state high school performance is mixed with three of the schools achieving GCSE attainment above the national average and three well below average. However, it is more important to track trend data as the 2020 data is likely to be a glitch because of the unusual circumstances re lockdowns etc.**

### **Vibrant city centre**

Technology is driving significant change in our labour market and our built environment; one of the sectors currently most visibly impacted by this is retail. As digital shopping accelerates

to transform the retail sector, cities worldwide will potentially see a contraction in the retail footprint with a corresponding expansion of mixed use in the city centre.

Norwich, with its historic, cultural and visitor offer should be able to prosper in this changed environment, though this will require further investment and active management to find the balance between employment, housing, retail and leisure. Strong partnerships can drive footfall with events and a wider cultural and experiential offer, providing an environment where the city's specialist and independent retailers can flourish.

Current trends and the likely context of local government funding to the end of the decade suggest that the relationship between councils and arts/cultural institutions is changing; new ways of working are needed to support local arts and culture.

**Compared with 2019, Norwich's everyday environs - the shops and hospitality venues, leisure facilities and schools, public and private transport, the city centre and the urban fringe - are adapting to the changed circumstances and remain transformed.**

**Employment numbers in the city centre wards have fallen by 4,000 jobs since 2015. Over the same period, employment numbers have increased outside of the urban area, in the rural parts of the neighbouring local authority districts.**

**Perhaps the biggest impact of the pandemic has been to accelerate the trends that have long been on the horizon. Instead of a gradual evolution towards greater flexibility in workplaces and "experience-centric" high streets, these changes are happening now.**

**According to retail research company, Springboard, home working is the biggest factor affecting city centre vibrancy as people stay away from city centres and shop locally or at out-of-town locations.**

Shrinking car ownership, especially in urban areas is likely to increase demand for walking and cycling routes, public transport, car clubs and sharing schemes. This may also reduce the attractiveness of out-of-town shopping destinations, returning the emphasis to city centres and supporting Norwich's low carbon ambitions.

Loss of employment density has been partly driven by the economic downturn but has also been significantly affected by growth in the working age population and by key employee relocations to new, modern premises outside the city centre.

The city centre has a shortage of small to medium modern, flexible office accommodation suitable for growing businesses; this is a key challenge to overall city centre vitality.

## **Innovation**

Innovation is not just about technology. It is also about adopting new approaches and committing to innovation which is the best way to build on the city's strengths, to tackle the growth challenges and for new ways of meeting social challenges.

In practice this means harnessing the innovative talents of the city through the creation of new partnerships, approaches, spaces and ways of doing business to support new behaviours in the city – an example is the Sharing City initiative.

Ongoing austerity cuts have dramatically changed the landscape in terms of the availability of the level of public funding available. New solutions and partnerships are required to deliver quality new development opportunities for jobs, homes and skills.

Investing in infrastructure, unlocking growth; developing new homes, amenities and modern business accommodation will play a significant role in stimulating local labour markets and tackling worklessness.

Social enterprises and community organisations can play a key role in addressing the social and environmental challenges which Norwich faces. This could involve helping to address financial exclusion; food and fuel poverty; unmet housing need; providing social care and childcare; developing community transport: enhancing health and well-being and improving employability.

**Research by the OECD has shown that the pandemic has, to an extent, been a driver of innovation and that cities themselves have had to become sites of innovation over the past two years - in ways that were unthinkable prior to 2020.**

**The COVID-19 pandemic has accelerated several key developments in the workplace, which would have taken much longer without the unexpected disruption.**

## Climate change

As a city located in a low-lying area, Norwich is particularly vulnerable to the effects of climate change. However, with globally acknowledged expertise in environmental science at UEA and Norwich Research Park, Norwich has substantial scope to grow the low carbon sector, developing and facilitating investment in environmental industries.

A low carbon economy can deliver opportunities across a wide range of business sectors, not just to those seen as being in the ‘traditionally’ environmental technologies sector. Businesses can benefit from the low carbon economy in two ways: by diversifying into new low carbon products and by becoming more efficient in their current processes.

To develop a truly circular sustainable economy, we need to identify future demand and create relevant high value skilled jobs that preserve or restore environmental quality, e.g. those that reduce fossil fuel consumption. This may include jobs within the renewable energy, retrofitting, technology, electric vehicle and food production industries. LG Inform website estimates in Norwich that 2,328 green jobs will be required by 2030 and 5,604 by 2050.

Consideration should also be given to the prioritisation of procured sustainable services and goods, for example local food supplies and the provision of materials and labour that deliver climate change adaptation and mitigation.

The council will work with and support our local businesses and partners to engage with the low carbon revolution to become greener, more prosperous and resilient, thereby creating an economy which encourages local spend and a high quality of life, in an inclusive way that promotes equality and well-being.

Encouraging change in local and personal decision making and behaviours, as well as promoting how partnership working is successfully moving towards the city towards net zero, will be key to facilitating the critical collective approach required to address the impact of climate change on Norwich city's people, biodiversity and economy.

**Minimising and adapting to the effects of climate change is a priority for everyone.**

**Whilst this section focuses on climate change, it should be noted that it impacts on each of the Strategic Objectives outlined later in this document. Therefore, the environment and related considerations are not to be viewed separately, but instead intrinsically embedded within the overarching Norwich Economic Strategy, as well as other key council policies.**

**Norwich City Council has declared Climate and Ecological Emergencies and is committed to working with its residents, businesses and partners to make Norwich a truly liveable city. Taking action on climate change is a fundamental part of achieving the city's 2040 vision.**

**The council's Environmental Strategy 2020-2025 demonstrates how our response to climate change is reflected in our corporate priorities, and how working together we will achieve our sustainability objectives and deliver a stronger economic position.**

**Through the stimulation of local green investment to develop a net zero infrastructure, more energy efficient homes, greater green energy use and sustainable transport solutions can be achieved.**

**By adapting to the impact of climate change and protecting our biodiversity, we will create a healthier environment and improve quality of life; a shared place where we, businesses and nature can thrive.**

**We need to make better use of our resources - keeping them in use for as long as possible, to deliver their highest value for as long as possible – to transition a circular economy. This can be achieved by eradicating waste and pollution, recycling and designing more efficient systems, to make businesses stronger, reduce their environmental impact and increase profitability.**

## **Brexit**

Continuing uncertainty around the UK's exit from the European Union will undoubtedly deliver its own economic challenges not least that EU funding will shortly be replaced by the government's Shared Prosperity Fund.

Alongside this, a decade of recession and low growth has created significant pressures on government and correspondingly, local government budgets. At a local level, there are reduced resources available to support growth and fund infrastructure; delivering sustainable economic growth demands new financial models and effective working across the public sector and between the public and private sectors.

**Leaving the European Union will reduce the size of the British economy by about 4 per cent in the long run, with the pandemic cutting GDP by a further 2 per cent, according to the Office for Budget Responsibility's November 2021 forecasts.**

**According to a recent survey of Norwich employers most of the impacts of Brexit, so far, have been negative and include delays at customs, increased costs, increased "red tape" and documentation when importing/exporting, supply chain problems, staff shortages and staff retention. Legal firms noted that Brexit has increased the number of businesses seeking help and advice.**

## Strategic context

The 2019-2024 Norwich Economic Strategy provides a five-year framework for the development of the sustainable and inclusive growth of Norwich's economy. This document reviews and refreshes the 2019-2024 in the light of the twin shocks of the COVID-19 pandemic and Brexit.

Norwich City Council publishes its Local Economic Assessment (LEA) annually and this provides the primary evidence base for this strategy. The Norwich Economic Strategy sits within a suite of other key documents and strategies, including the Norwich 2040 Vision, the New Anglia Strategic Economic Plan and Industrial Strategy and the Government's Industrial Strategy.

Just as this strategy supports economic growth at regional and national levels; key to achieving sustainable and inclusive economic growth in Norwich will be securing the investment that the city needs alongside our partners and key stakeholders.

By aligning our resources to support the 2040 Vision, our shared commitment will help to attract and leverage investment in our future from government and the private sector and will allow the city to grasp further emerging opportunities as they become available.

## Norwich economic overview

**The economic overview analysis has been updated according to the findings of the 2021 Economic Assessment. Throughout this document the blue text boxes indicate where conditions have changed since the 2019-24 Strategy was written.**

This strategy is based on an in-depth understanding of the Norwich economy, based on the 2018 Norwich Local Economic Assessment and updated by the 2021 assessment and further supplemented by monthly Norwich Economic Barometers with additional in-depth research and analysis of the urban area, its key employment sectors and the challenges of low pay and re-



skilling the labour force as technology drives change. A summary of key findings is included within this chapter.

The city of Norwich is home to an estimated 117,000 jobs and more than 8,000 businesses - almost one-half of jobs are based in large companies and the city is one of the largest centres of employment in greater south-east England. Norwich contributes more than £3 billion per annum to the national economy.

**Employment numbers have fallen by 2 per cent since 2015 – business numbers have grown by 1 per cent.**

### **Population change and housing**

Norwich has a series of geographies that relate to its physical and economic footprint that do not neatly conform to its local authority area. Catchments for housing and labour often extend outside of cities and the Norwich local economic geography has long been recognised to expand beyond its institutional boundary. Further, these geographies change overtime as the local economy adapts, matures, and grows.

The built-up Norwich urban area extends beyond the Norwich City Council boundary, with extensive suburban areas on the western, northern and eastern sides. The population of the urban area is estimated to be 220,000; around 28 per cent of the urban population lives in Broadland and a further 7 per cent lives in South Norfolk.

Norwich is one of the fastest growing cities in the UK; since 2006 the population has increased at a stronger rate than for the UK as a whole. Norwich has a larger than average working age population and a lower than average older population. The median age of the population is seven years younger than at the national level. Note that Norwich bucks regional and national trends insomuch as the percentage of older people has remained the same, rather than grown, since 2006. Added to this, smaller household sizes mean that the number of households (and therefore the number and types of homes required) is likely to continue to increase. The Times listed Norwich as one of the best places to live in the UK in 2018.

### **Population change and jobs**

In 2000, the Norwich local authority area had the highest jobs density (1.24 jobs for every working age resident) of any local authority outside of five London boroughs; by 2016 it stood at 1.07. The reason for this is twofold; the working age population has increased by 12 per cent since 2000, while the number of jobs has grown by just 3 per cent.

**From 2015-2020, Norwich's working age population increased by 9 per cent, but the number of jobs (in both the local authority area and the built-up urban area) has fallen by 2 per cent. However, jobs growth has taken place in the two adjoining local authorities outside of the Norwich urban area (Broadland + 4 per cent and South Norfolk + 8 per cent).**

An ongoing trend has been a movement of jobs away from the Norwich local authority area to the urban fringe which has led to some hollowing-out of the city centre. Much of this has been brought about by the provision of high-quality office space in out-of-town business parks in the adjoining local authorities while the city centre lacks available grade A office space to attract employers.

In addition, the relaxation of planning regulations has forced the loss of employment land for more profitable residential use.

As always, young people and disadvantaged groups are being hit hardest in the labour market with low wages and a lack of good quality employment. Creating the conditions for sustainable growth and jobs must be the council's number one economic priority.

## **Earnings**

Earnings in Norwich are comparatively low - probably as a result of the city's relatively isolated location and large rural hinterland which means that there is less wage competition than in many other areas in the UK. Whilst it may be argued that this is a positive for employers, it should be noted that more money in workers' pockets means more spending and more economic activity overall.

The low median wage in Norwich has provided the impetus for a local Living Wage campaign – a wage that meets the real costs of essential goods and services.

Workplace earnings are higher than resident earnings in Norwich, this is probably the result of the high levels of in-commuting from the rest of Norfolk and, many high earners employed in managerial and director level occupations are likely to live outside of the Norwich local authority boundary. The gender pay gap is evident - female earnings are lower than male earnings across each of the reported areas.

The stagnation in real wages and its effect is noted in the deprivation section of this strategy.

## **Worklessness**

**Workplace earnings are higher than resident earnings in Norwich for females but vice versa for males. This is astonishing as historically the trend has been for workplace earnings (for both males and females), to be above resident earnings. It may be explained by extrapolating to the national level where earnings for full-time employees increased most in the lower paying occupations such as process plant and machine operatives and elementary occupations; skilled trades also saw a large increase. These occupations are more prevalent among male residents in the local authority area. The highest paying occupations had the smallest increases between 2020 and 2021. However, it should be noted that the gender pay gap is still marked with female earnings much lower than male earnings, reflecting the position nationally.**

A strong relationship exists between worklessness and social housing, not unexpectedly, given that lack of work and low incomes mean that owner occupation is virtually impossible for those who are low paid or unemployed. The Norwich local authority area has the lowest proportion of



owner-occupiers in England as a whole, outside of London and Manchester and the highest proportion of social housing of any district in the region.

The local authority's relatively low level of home ownership is a cause for concern for a number of reasons. There is a large literature on the potential benefits of home ownership most of which focuses on external benefits to the wider community e.g. lower crime rates, social trust etc. A house is a valuable asset; high collateral values give better access to credit and so raise consumption. Studies<sup>2</sup> have shown that there is a strong positive correlation between self-employment and home ownership which can provide new business collateral. Levels of self-employment in the local authority area are indeed lower than in average and it is likely that this can, in part, be linked to low levels of home-ownership.

Worklessness in the local authority area, measured by the percentage of working age people claiming out-of-work benefits, has fallen markedly since 2010. This corresponds with the change regionally and nationally.

Most of the reduction is in the JSA claimant count group which is likely to be caused by higher levels of employment (the UK's flexible labour market mean that jobs can be found (and lost) relatively quickly) and because JSA claimants are being moved onto Universal Credit as it is rolled out. Under Universal Credit a broader span of claimants are required to look for work than under Jobseeker's Allowance. A fall has also occurred in the lone parent group of claimants - at least in part due to a change in eligibility. Lone parents are now required to seek work and claim JSA when their children are younger than was previously the case. The percentage of ESA and Employment Support claimants has hardly changed over the same period

Worklessness of all types is particularly concentrated in a number of wards, with Mancroft and Mile Cross wards having the most intense concentrations on all measures.

## **Deprivation**

**Worklessness in the local authority area, measured by the percentage of working-age people claiming out-of-work benefits, began to increase in the months leading up to the pandemic and has continued to do so. The trend in Norwich has, historically, been higher than the national rate.**

**Compared to past trends, claimant count unemployment levels for young people (aged 18-24) in Norwich remain relatively low. Conversely since the onset of COVID-19 the rate for those aged 50+ is much higher in Norwich than at the national level, contrary to historical trends.**

The level of multiple deprivation in the Norwich local authority area creates a complex set of problems which result in large numbers of people being excluded from, or on the margins of, economic activity. Problems of poverty, poor health and low levels of skill sit alongside and contribute to mental health problems, substance abuse and teenage pregnancy. These problems result in poor prospects for children including low attainment and relatively high numbers of

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<sup>2</sup> [http://www.twri.org.uk/sites/default/files/twri/twri\\_housing\\_wealth\\_small\\_business.pdf](http://www.twri.org.uk/sites/default/files/twri/twri_housing_wealth_small_business.pdf)

children leaving school and classed as Not in Employment, Education or Training (NEET), contributing to a cycle of deprivation which is difficult to break.

The extent of deprivation in relation to education, skills and training is particularly severe, affecting more than one-third of local residents in the Norwich local authority area, placing it as the fourth worst district in England on this measure.

It should be noted that despite the sustained period of economic growth that took place before the downturn, net wages and income have stagnated, or indeed fallen, for a large proportion of the population while income inequalities have actually increased. The OECD reports that underemployment and involuntary part-time employment are far more prevalent in the UK now than before the 2008 recession. Coupled with low and falling levels of unionisation, employment growth has been at the expense of growth in real wages.

Recent research undertaken in Norwich revealed the impact of low wages and poor working practices on affected individuals and their families. Low pay has a detrimental impact on family life; parents feel they are failing their children and often have to work long hours to provide even basic necessities. Zero-hour contracts are used by employers to fit with the needs of their business and suit some workers, such as students and older, semi-retired workers who like their flexibility. However, workers who require fixed incomes struggle financially. There is a strong belief that zero-hour contracts should afford some of the same employee protection as permanent contracts such as, sick pay and compassionate leave, holiday pay and training.

**Exposure to COVID-19 infection is unequal. People in precarious, low paid, manual jobs in the caring, retail, and service sectors have been more exposed to COVID-19 as their face-to-face jobs cannot be done from home. National data shows that more than 30 per cent of low- income families with children increased their spending during 2020, while 40 per cent of high-income families with no children reduced theirs.**

**The economic effect of COVID-19 is unevenly distributed across the population. Even before the pandemic, extremely disturbing trends in health were emerging. Growing child poverty, homelessness and food poverty had led to an increase in infant mortality, mental health problems and stalling life expectancy, particularly for women in the poorest areas and cities - the same areas where ten years of austerity measures had hit the poorest groups the hardest.**

## **Qualifications and skills**

Norwich is home to a number of innovative businesses that are leaders in knowledge creation. However, most businesses use technology and business ideas that originate somewhere else. Therefore, a broad and deep skills base is needed to increase the city's ability not only to create knowledge, but also to understand and spread knowledge. Consequently, the skills available in

the labour market need to be the 'right' skills; if the supply of skills is not well matched to employer need there will be inefficiencies and lost opportunities for growth. From a social inclusion point of view the low or no skilled population may find it difficult to take advantage of both existing and future employment opportunities.

Norwich is home to two universities, the University of East Anglia, one of the UK's top universities ranked 12th by The Times Good University Guide 2017 and 14th by The Complete University Guide 2019 and the Norwich University of the Arts, awarded Gold under the Teaching Excellence Framework and ranked 10th in the UK for teaching quality by The Times and The Sunday Times Good University Guide 2018. The city is also home to City College Norwich, one of the largest Further Education/Higher Education (FE/HE) institutions in the country. It has been reported that Norwich's exceptional quality of life is a significant factor in the very high graduate retention rate (consistently around 40 per cent) and in staff retention – key employers report that investment in staff and their development in Norwich is retained; by comparison a large percentage of this type of investment is lost in other metropolitan areas.

However, despite the perceived quality of life and the richness of the local HE offer, more than one-third of Norwich residents are currently affected by a paucity of education, skills and training attainment. Although forecast data suggest that this will improve over the next decade, it is unlikely to catch up with the nearest university city, Cambridge, where almost three-quarters of the local population will be educated to degree level or above compared to just one-half of Norwich's population.

**Norwich is falling behind many of its statistical neighbours (including Exeter, Newcastle and York) in terms of the proportion of residents holding degree level qualifications and above.**

**Research from the New Economics Foundation (NEF) finds that only 6 per cent of workers were retraining for a new job pre-pandemic, providing new evidence to explain the UK's increasing skills shortage.**

### **Industrial structure**

Clusters of interacting sectors are well recognized as drivers for city competitiveness. Clusters foster innovation, promote knowledge diffusion and have the capacity to stimulate new start-ups and spinouts. Norwich boasts six key growth sectors employing an estimated 30,000 people and a substantial presence of knowledge intensive business services (KIBS). These **KIBS** are often innovation active and graduate intensive, and typically invest more in business research and development. In short, the KIBS and growth sectors create high value, high productivity employment and the potential to accelerate the city's economic competitiveness. Knowledge-intensive firms account for a higher share of the business<sup>3</sup> base in Norwich than is the case in the LEP area and regionally; their share of the business base has increased over the period 2012 to 2017.

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<sup>3</sup> The definition of businesses used in the strategy pertains to and includes private sector businesses, social and co-operative businesses

Norwich's growth sectors are **financial services** (growing in terms of GVA rather than numbers employed); **life science**; **advanced manufacturing**; **food & drink**; **digital** and **creative industries**. These have been identified<sup>4</sup> by GVA/Hatch research commissioned by Norwich City Council and based on statistical evidence. In addition, the **retail** sector is important given the number of people employed in the sector.

One of the largest sectors locally in terms of employment and share of the business base is **business and financial services**. The sector comprises a wide range of activities, including accountancy, legal, financial services and telecommunications and has been a driver of growth for the UK economy. Norwich is currently home to blue chip companies (Aviva, Handelsbanken, Marsh, Virgin Money, KPMG and Swiss Re) and a growing number of national and local companies with international reach (Validus ivc, Williams Lea, Alan Boswell Insurance, Grant Thornton, Mills and Reeve). These companies have shared service centres, contact centres and business process outsourcing centres, across a range of specialisms including sales and customer services, pensions and life administration, accountancy and finance and IT development and service support. The city has a strong legal sector, with many local firms operating at an international level.

This is a sector experiencing significant change; looking at the reasons behind this they include regulation, a shift in technology and customer expectations alongside an ageing population driving demand for retirement products for instance. FinTech companies are breaking the dominance of financial services' largest players in novel ways in areas including online lending, money transfer, and credit ratings. Changing customer needs and demographics are impacting on delivery channels, servicing, and technology. New channels are altering the way customers access financial services. The EEFM predicts that, over the coming decades, employment in financial services will decline but employment in professional services and business services will grow.

**Digital** is a small, albeit, growing key sector and has some overlap with the business and financial services sector. The cluster is characterised by a number of high performing home-grown businesses many of which are global players as well as micro start-ups and freelancers. The TechNation Report identifies Norwich as a fast growing and vibrant digital cluster and attributes the growth of digital tech businesses such as Proxama, Rainbird AI, Validus-IVC and Epos Now to its two leading universities and a steady supply of graduates. The sector overlaps and interlinks with the financial and insurance services and business services sector. The sector has real growth potential in its own right, but is also a driver for innovation, creativity and productivity across the broader business base. The vibrancy of the digital sector is also crucial to Norwich's creativity and cultural diversity, which, in turn, has a positive impact on the city's image and supports related industries in culture, leisure and tourism. The availability of digital infrastructure and access to superfast broadband is key to the growth and competitiveness of digital companies as is availability of a technically-specialised workforce.

Norwich has a concentration of **creative industries** and a thriving digital creative scene with a cluster of digital arts companies. A clear overlap exists with the digital sector and business

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<sup>4</sup> Using the East of England Forecasting Model industrial sectors which do not directly map to local sectors and have been used as a proxy.

services. The top subsectors contributing to growth in the sector were in the publishing of journals and periodicals and the publishing of newspapers. The EEFM forecasts that the arts and entertainment sector will continue to increase steadily over the coming decades while publishing and broadcasting will see a slight decline in employment.

Around 3 per cent of the workforce is employed in the **advanced manufacturing** sector in the local authority area; in Norwich the share has remained static over the period 2011 to 2016, as it has regionally and nationally. In the LEP area the sector employment share has seen a slight increase over the period. The advanced engineering and manufacturing sector's share of the business base in Norwich is relatively small. However, this masks its importance as a growing industry particularly the aviation related sub-sector centred on Norwich airport.

**Food and drink** production also makes a notable contribution to employment in this sector; the EEFM predicts that employment in food production will remain fairly stable in the coming decades.

Industry 4.0 or the fourth industrial revolution is characterised by the increasing digitisation and interconnectivity of products, value chains and business models. In other words, the real and virtual worlds are now beginning to merge in production. This current trend of automation and data exchange in manufacturing technologies includes cyber systems, the Internet of things and cloud computing. Digitalization will result in lower costs, improved production quality, flexibility and efficiency. Over the coming decades the EEFM expects employment in the manufacturing of transport equipment to remain stable but employment in the electronics subsector will decline. In other words whilst the sector will become more efficient and productive through the fourth industrial revolution it will continue to experience modest employment decline matched with an improvement in employee productivity.

**Health and life science** is focussed, in the main, on Norwich Research Park, the location for world class research, educational and training institutions including the John Innes Centre, Institute of Food Research, The Genome Analysis Centre, the University of East Anglia, and Norfolk and Norwich University Hospital with their associated infrastructure and specialist facilities. Three of the Biotechnology and Biological Science Research Council's eight strategic research institutes are located on the Norwich Research Park. This is reflected in the composition of the sector locally. The EEFM predicts that research and development activities will have modest growth but the health and social care sector is predicted to grow considerably, more than twice the rate for all industries. Growth in life sciences will realistically be much higher than is being implied here because as medtech and digital health activity increases much of this activity will be captured under digital or advanced manufacturing. That said to some degree this may be partially offset in the medium term as a consequence of the loss of EU funding for collaborative and other projects in the HE and research sectors.

Norwich's culture is a fundamental part of its identity and an essential element of the city's national and international reputation as a **tourist** destination. The city's cultural credentials are impressive – it has a vast array of unique heritage assets, five theatres, networks of artists and creative entrepreneurs and a wide-ranging programme of local, national and international events. Norwich is also the only city in England that has been awarded UNESCO City of Literature status. The tourism sector accounts for around one-tenth of all employees. More can be done to promote the city's creative and cultural assets to ensure that Norwich is able to compete with other major cities

as a cultural and creative hub. The positioning of the city as a major cultural player requires investment which would generate far greater returns to the city in terms of increased employment, independent business growth and tourism development. The Norwich Business Improvement District (BID) has committed to promote Norwich as a key visitor destination for cultural and leisure (including retail) tourism.

The **retail** sector has a large share of Norwich's business base and employment – reflecting the significance of Norwich's position as a top 20 UK retail centre and is part of the city's visitor offer. Norwich city centre is the focus for the city's retail sector. The city's somewhat isolated location means that, unlike cities in close proximity and therefore in competition with each other, it has been relatively protected from much of the effects of the current turmoil but is obviously still affected by the increase in online shopping, a global trend that will drive significant change in the sector going forwards. According to the East of England Forecasting Model, despite expected changes in the operating environment generally local employment in the sector is expected to continue to grow.

**As at the national level, the Retail, Hospitality and Leisure sectors have been badly impacted by the effects of the pandemic. The city's relatively isolated location has not acted as a buffer as it has in previous downturns.**

## **Enterprise**

Norwich is ranked 20/379 for overall competitiveness on the PWC Index. The economic dynamism of the city underpins the regional economy and as such its significance as an economic driver, attractor of investment and of skilled labour must not be underestimated. Enterprise plays a key role in creating a dynamic and flexible economy; however, labour productivity in Norwich is lower than at the national level. Economic growth in Norwich has been generated mainly by existing businesses and indigenous business formation rather than as a result of large inward investment. In the form of new entrants to the marketplace, enterprise enhances productivity by raising competitive pressures and maintaining a healthy level of business 'churn'.

The level of enterprise can be quantified by rates of business start-ups and closures and the overall stock of businesses. Important entrepreneurial activity also occurs within existing firms, for instance the launching of new products or through entering new markets – however, this activity is not so easily measured. Nevertheless, a recent report by MasterCard names Norwich as one of the top three UK cities that have shown significant strides in using latest technology to drive growth and innovation. Norwich has a smaller percentage of micro firms than average and a correspondingly bigger proportion of small, medium and large firms.

**The PwC Good Growth for Cities 2021 analysis reports that those cities that have to date showed most resilience to the economic impacts of the pandemic include Norwich. However, it should be noted that this analysis uses TTWA as a proxy for the city and so does not consider the loss of employment in the urban area and the growth of employment in the rural environs.**



## **Business start-ups, closures and survival rates**

Although Norwich's business start-up<sup>5</sup> rate has increased over the five-year period (2011-2016) growth has been considerably weaker than that seen regionally and nationally although it is comparable to growth in the New Anglia LEP area. The Norwich rate peaked in 2013 when it increased above the regional rate but it has gradually fallen since then.

In 2016 the rate of business "deaths" or closures in Norwich was also higher than average. Indeed, the number of business closures was greater than the number of start-ups, meaning that the number of businesses operating in Norwich has fallen. The business closure rate has increased markedly since 2014, more so than has taken place across the LEP area, regionally and nationally.

Business five-year survival rates in Norwich are roughly in line with the national average. It can be suggested that these turnover rates show the speed with which outdated business ideas are replaced by new ideas; they may also reflect a response to current economic conditions such as how the credit market is changing and how the demand for goods and services is changing i.e. the growth and decline of specific sectors.

Businesses in particular industries have a higher propensity to survive than others; businesses in the hotel & catering and in the retail sectors are much more likely to have ceased trading at the 5-year point than businesses in the health sector or the financial services sector, for example.

**Norwich's start-up business rate has fallen below regional and national rates having risen above the national rate in 2017.**

### **Turnover**

Norwich has a much higher percentage of companies with a turnover greater than £10 million than is seen across the LEP, regionally and nationally. This corroborates the earlier findings which show that Norwich has higher levels of larger firms and a correspondingly lower level of smaller firms.

### **Premises/employment land**

Norwich has been referred to by government as an example of "best practice" for planning for town centres and has the highest percentage of retailing in its centre of any major city in the country. This is the result of the long-term policy approach of promoting a vibrant city centre, investment in pedestrianisation and public realm and restricting out-of-town development.

However, there are a significant number of offices in the Norwich local authority area and in particular, the city centre, that are out-of-date and of poor quality – many of these are currently being converted to residential, predominantly to student housing. Improving the quality of existing office stock would also counter less sustainable patterns of extensive office development on the urban fringe and would ensure that the city centre commercial offer matches the exemplary public

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<sup>5</sup> Business registrations or "births" are a proxy measure for business start-ups. The full definition of the measure is new businesses registering for VAT and PAYE and some smaller businesses reaching the VAT threshold (£85,000) or running a PAYE scheme for the first time.

realm in the area. Much of the outdated office stock requires substantial refurbishment to bring it up to A grade standard.

The loss of employment land to other uses such as housing is an important consideration. Some small and medium sized firms, particularly those experiencing rapid growth in the digital sector, report difficulties in finding the right workspace. Small businesses, in particular, may be squeezed out of an area by housing due to the higher values it attracts. The Joint Core Strategy (JCS) therefore sets a target of 100,000 square metres of additional high quality office space in the city centre, to mainly be provided in mixed use developments with housing and other uses to make best use of valuable and accessible city centre sites. The city centre remains the most sustainable employment centre in the county and this has been supported by improvements to the public realm as part of an overall package of public transport, walking and cycling improvements.

The finite amount of employment land in the urban area (especially in the local authority area) needs to be protected – the mix of employment and residents has to be balanced if Norwich is to function as a modern urban centre. Recent monitoring has shown that there has been very little office development in the city centre whilst there has been an increase in general B1 office use on the urban fringe, mainly in Broadland. In view of the large stock of unimplemented B1 office consents at Broadland Business Park it is important that the market for further office development in the city, particularly in the city centre, is not further undermined by yet further supply of unconstrained B1 office floorspace in outer areas, such as north of the airport and at Rackheath.

The threat to the vibrancy of the city centre is further exacerbated by national policy - recent amendments to the General Permitted Development Order further complicate the situation - the permitted development to change the use of an office to residential uses. The stated aim in the JCS of increasing office development in the city centre is further threatened due to this amendment as there is little control over the loss of offices.

**The JCS is set to be replaced by the Greater Norwich Local Plan (GNLP) which does not give a target for new high quality office space. Instead, it seeks to promote more intensive use of land to meet identified needs for start-up and grow-on space for small and medium sized enterprises including the digital creative industries, technology, financial and cultural and leisure services clusters. It also sets out that the loss of existing office floorspace will be resisted. To protect office accommodation the GNLP has made and confirmed an Article 4 Direction for the city centre. This removes permitted development rights and would mean that full planning permission will be required to change the use of offices to residential. This would enable the Council to manage the loss of office and to allow us to consider all material planning considerations including the impact that the loss of individual offices will have upon our economy. The Article 4 Direction is expected to come into force on 29th July 2022.**

The growth of Norwich Research Park, which provides only for research-related uses, does not constitute a threat to the city centre as it provides for specialist office accommodation for research which will support the local economy



Land and premises are also required for other service-related uses, such as leisure and tourism. Employment land is protected through planning policies covering industrial estates and that there is a strategy in place in the JCS to ensure that there is an effective mix of uses in the city centre.

**The Norwich office market is in a fragile and vulnerable condition, and this is especially true in the city centre. It has under-performed comparator cities in recent years. It is also shrinking when the trend should be one of expansion.**

**Norwich City Council has received some of the highest levels of office to residential prior approval applications in the country. It is suggested that this has had a detrimental impact on the city's office market, reducing its size by 30 per cent, as well as providing poor quality and sub-standard housing.**

**Employment land in B2 and B8 use would be protected; however, following the introduction of Class E, light industrial could change to any other use within Class E (commercial, business and service use) without the need for consent. Permitted Development rights could potentially allow some light industrial uses to change to residential.**

## **Infrastructure and environment**

The city's infrastructure and environment is an integral part of the conditions for sustainable economic growth in Norwich - this includes transport, housing, communications and digital infrastructure, energy supply and resilience to issues arising as a result of climate change.

Capacity issues on the **road networks** in and around Norwich are well known. Commuting plays a highly significant role in the economy; more than half of Norwich's workforce commutes in from outside the city boundary every day. The majority of these in-commuters come from other parts of the Norfolk. Balancing public and private transport and peak commuting flows into the city requires an increasingly sophisticated approach to deliver the best outcome for workers and residents; car parking policy alongside **Park & Ride** services have been successful in managing the significant inflow of workers and visitors and keeping the city "open" as a visitor destination.

Greater Norwich has an integrated transportation strategy and ambitious funded plans for investment in transport infrastructure and services. The Transport for Norwich (TfN) strategy comprises of a package of multi modal policies and projects that seek to facilitate everyday travel for a growing city.

The overall aim is to support economic growth and development with targeted measures that enable travel by car whilst encouraging travel by bus, walking and cycling.

Building on the success of the Broadland Northway (formerly known as the Norwich Distributor Road NDR) the completion of the missing Western Norwich link across the Wensum river valley is being actively pursued. These new roads will help ensure faster and more reliable journey times by car to all parts of Greater Norwich, in particular Norwich Airport and key growth locations on the urban fringe at the University of East Anglia, Norwich Research Park, the Food Enterprise Zone, Norwich Airport and Broadland Business Park. Combined with the completion of the A11 dualling and the Norwich to London rail services taking 90mins will help to establish better national travel connections to Norwich.

**The City Council does not currently support the proposal for the Norwich Western Link by Norfolk County Council because it is part of a strategy which is not sufficiently ambitious in moving the city toward a sustainable future for transport in the absence of an agreed action plan or approved Local Cycling and Walking Infrastructure Plan and with a capital investment programme that devotes a higher proportion of funds to road building by comparison with schemes that support sustainable transport.**

Norwich's winning entry to the government's 2018 Transforming Cities fund seeks to give the city the transport network it needs for the 21st Century. The bid seeks to enhance the established Park and Ride bus services with a network of express buses extending across the Greater Norwich area connecting the city centre with the city growth locations. This will be implemented by 2023, using high quality buses that use clean energy to support cleaner air and encourage commuters to switch from the car and open up employment locations to all citizens.

An increasingly important feature of transport in the city is its accessibility for pedestrians and cyclists. This is critical to the functioning of the city centre and the quality of attraction for businesses and tourists. Since the Department for Transport awarded Norwich cycle ambition status in 2013 there has been significant investment in walking and cycling alongside major improvements to the public realm. Building on the success of the Pedalway cycle network that has seen levels of cycling double on most sections of the improved cycle routes implemented so far; as part of the Transforming Cities project a Walking and Cycling network for Greater Norwich will enable travel on foot and cycle along key urban growth corridors improving the liveability of Norwich's city neighbourhoods.

The funded plan for investment in transport will see a better-connected Norwich, unlocking key development sites for investment and ensuring future growth is sustainable.

In autumn 2016, a new £1.4billion franchise was awarded to Abellio to run **train services** which operate out of Norwich. The Department for Transport has awarded the company a nine-year contract to deliver transformational change for the region's train users, including:

- More than 1,040 state of the art carriages by 2020
- Journey times cut by 10 per cent
- At least four 90-minute services between London and Norwich each weekday
- 32,000 more seats by 2021 and free Wi-Fi for all passengers
- £1 billion contract for UK train manufacturer Bombardier to supply new trains

Ensuring that infrastructure enables growth whilst protecting quality of place and keeping pace with changes to the way we live and work driven by technology work enable growth is a real challenge, especially in an environment of very limited public sector funding.

Continuing to deliver the infrastructure necessary for sustainable economic growth will require new financial models and partnerships a wide range of stakeholders and private sector investors.

## Opportunities and Challenges

**Norwich was awarded £25m from the Towns' Fund at the end of 2020 from the Ministry of Housing, Communities and Local Government for eight key projects to help to deliver business space, employment, housing and investment.**

While the strategy is focused on challenges and actions within Norwich it also recognises that the economy operates across different spatial levels. As such, the approaches described in the strategy include partnership work required with neighbouring districts, the county and across the LEP area as well as with partner cities in the Key Cities and Fast Growth Cities groups. Realising the city's economic potential in a sustainable, fair way will require concerted efforts from a wide partnership of stakeholders. Specifically, there is a need to:

- support the continued growth of the knowledge economy, particularly low carbon innovations;
- improve productivity and ensure that new and existing companies can establish, develop and expand in Norwich;
- Maximise the growth opportunities arising from the low carbon, circular economy;
- improve educational attainment, raise workforce skills and address in-work poverty and insecure employment;
- connect people in local communities to economic opportunity;
- respond to the challenge of improving infrastructure and development of modern, high-quality workspace within a much-loved historic city;
- raise the profile of the city nationally and internationally and challenging local stereotypes that are holding back growth;
- improve the quality of life and opportunities for all sections of the community, to reduce inequalities, and ensure that talented, ambitious people can stay in Norwich to achieve their aspirations.

## **Strategic objectives and priorities for Norwich**

Sustainable and inclusive economic growth is key to the future of Norwich and the wellbeing of all those who live and work in the city. Through strong leadership and using its role in procurement, as an employer and landholder good growth sits at the heart of Norwich City Council's vision, its policy, its interventions and partnership activities.

### **Objective 1: Productivity and inclusive growth**

To lead, invest resources and leverage partnerships and external funding to drive the competitiveness of the city's economy and create the environment to increase productivity and growth that is distributed fairly across society and creates opportunities for all.

Priorities:

- Generate and sustain jobs by retaining and growing the existing business base.
- Stimulate jobs growth by increasing the pipeline of new businesses.
- Support initiatives to generate growth in knowledge intensive sectors and commercialisation of research and innovation.
- Collaborate with partners to ensure that policies support economic development and employment growth.
- Engage in place-shaping and use property and land assets to proactively support a dynamic business environment for incubation, growth and cluster development.

### **Objective 2: Skills and employment**

To ensure that local people have the skills and ambition to capture the opportunities of growth and to participate fully in the economic and cultural life of the city

Priorities:

- Lobby for affordable and accessible skills provision that will match the existing and future skills needs of the local economy.
- Support lifelong learning and skills provision that enables people to progress in the labour market and access new opportunities.
- Build strong relationships with and between education and businesses to stimulate aspiration and performance.
- Work with partners to ensure that highly skilled people are retained in the local economy.
- Promote the adoption, by all local employers, of a real living wage to provide people with sufficient resources to manage financially whilst training or developing new skills.

### **Objective 3: Infrastructure for business**

To develop the necessary physical infrastructure to unlock economic growth whilst maintaining and improving quality of life.

Priorities:

- Pursue improvements in next-generation digital and communications infrastructure for businesses.

- Contribute towards the development of an effective and sustainable transport infrastructure which supports planned growth.
- Provide timely and proportionate advice on planning to encourage businesses to locate and expand in Norwich.
- Work with developers to bring forward and maintain an attractive portfolio of employment sites and improve the supply of appropriate business premises, particularly in the city centre; ensuring that the urban core of the city continues to be a nationally significant cultural, retail, commercial and leisure destination.
- Ensure an adequate supply of affordable low carbon housing and that the overall housing mix is appropriate to the needs of the local area. Maximise the impact of housing and property development on economic growth, skills and apprenticeships.

#### **Objective 4: Profile and investment**

To raise the profile of Norwich as a high quality city to invest and do business in, and to work, live and visit.

Priorities:

- Promote a strong and coherent image of Norwich to a national and international audience.
- Work closely with partners to attract new business investments to create employment opportunities in targeted growth sectors
- Work with city centre partners to maintain and enhance the vibrancy of the city centre that is unique in its heritage and cultural tourism offer.

- Use policy tools to optimise mixed use of the city centre with a focus on high quality office, retail and leisure development and with residential and education development playing a complementary role.

### **Objective 5: Climate change**

**To respond to the impact of climate change to create stronger economic resilience and make sustainable living a more affordable option for everyone.**

#### **Priorities:**

- **Lobby for investment to support net zero infrastructure to achieve a low carbon economy that mitigates the impact of climate change and improves quality of life.**
- **Strengthen the city's digital infrastructure and deliver innovative ICT solutions to save energy and promote growth.**
- **Support the development of a circular economy, to eliminate waste and pollution, recycle and design sustainable systems, to make businesses stronger and increase profitability.**
- **Work with businesses and partners, promote the transition to a low carbon economy.**
- **Inform and promote strategies across Norwich's business community for increased resilience against the impact of climate change - to include building adaptations, making sustainable transport choices and supporting the growth of local supply chains.**

## Implementation and Monitoring Progress

The strategic objectives each represent a coherent area of activity, but in practice are populated by multiple partners and stakeholders; many concurrent interventions and initiatives at different geographical scales. Some of the drivers of these areas of activity are well advanced with fairly sophisticated management and delivery mechanisms, while others are still developing capacity.

Each year we will produce an action plan which detail new and additional activity taking place in the city to deliver jobs, homes, workspace, and infrastructure to improve economic performance. Action plans will be reviewed annually and a performance report will be published that progress towards the key objectives and priorities within the strategy. The Norwich Local Economic Assessment is updated on an annual basis and enables analysis of the success of the economic strategy against the full spectrum of economic indicators.

**Action Plans were not produced in 2020 or 2021 because of the ongoing effects of COVID-19. Going forward, an annual action plan for 2022 is being developed and will be added to throughout the year. A progress review of the action plan will be published at the end of each financial year.**

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## Glossary

**Business (enterprise)** – To be classed as a business in official statistics, an entity must be registered for VAT or PAYE. It includes private, public and third sector organisations, including social enterprises, unless specified otherwise.

**Gross Value Added (GVA)** - the value of goods and services produced in an area, industry or sector of an economy.

**Jobs density** – the number of jobs in an area divided by the resident population aged 16-64 in that area. For example, a job density of 1.0 would mean that there is one job for every resident aged 16-64.

**Knowledge intensive business services (KIBS)** - services and business operations heavily reliant on professional knowledge. They are mainly concerned with providing knowledge-intensive support for the business processes of other organisations.

**Knowledge intensive sectors** - High and medium tech manufacturing; high value added “knowledge intensive” market service industries such as finance and insurance and telecommunications; and business services; education and health.

**Labour productivity** - the amount of goods and services that a worker produces in a given amount of time, usually per hour.

**Median wage** - the wage in the middle of the earnings distribution. That is, one-half of workers earn below this level and one-half earn above this level. The median wage is substantially less than the average wage.

**Productivity** - Refers to the efficiency at which goods and services are produced by inputs (labour and capital) in the production process.

**Small to Medium Enterprise (SME)** – a business with fewer than 250 employees.





**Committee Name:** Cabinet  
**Committee Date:** 09/03/2022  
**Report Title:** Procurement strategy

**Portfolio:** Councillor Kendrick, cabinet member for resources

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

**Wards:** All Wards

**OPEN PUBLIC ITEM**

**Purpose**

To consider the Procurement Strategy implementation plan

**Recommendation:**

It is recommended that Cabinet notes the progress made in delivering the Procurement Strategy and the further actions identified in this report

**Policy Framework**

The Council has three corporate priorities, which are:

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

This report meets all corporate priorities

This report, in respect of procurement, addresses the Inclusive Economy strategic action to increase the impact of our assets and purchasing power on reducing inequality in the Corporate Plan, however all purchasing indirectly contributes to all the council priorities

This report, in respect of procurement, helps to meet Social Value in Procurement Policy of the Council

This report, in respect of procurement, helps to meet multiple objectives of the COVID-19 Recovery Plan

[View the Corporate Plan 2019-22]

[View the COVID-19 Recovery Plan]

## Background

1. The [Procurement and Contract Management Strategy 2021-24](#) was approved at the Cabinet meeting held 14 March 2021. The document was subsequently published on the council's website.
2. As the strategy covered a 4 year period Cabinet agreed they would review the progress made in implementing the strategy on an annual basis. The aim is to bring this strategy to fruition over the period of the four years.
3. This report is to appraise the members of the actions taken to date to move forward the delivery of the strategy and outline the next steps.

As a reminder, the vision for our procurement and contract management strategy is:

To procure and manage the supply of goods, services and works through the efficient selection and management of third-party relationships supporting the council and its wholly owned companies in the delivery of best value, innovative services and the achievement of its corporate priorities.

the five areas of focus identified in the strategy are:

- Providing an efficient and effective service
- Reducing commercial risk
- Working locally, ethically and sustainably
- Driving Value for Money
- Making procurement mainstream

## Context

4. The actions in delivering the strategy to date should be considered in the context of the procurement team's day to day activities, which from April 2021 has included providing procurement support to NCSL. The team also supports key projects such as the transferring of building services to NCSL, and integration NPS into Norwich City Council (Project Place Phase 2). Procurement activity has also been carried out to further the Towns Fund projects, such as contracts in respect of Carrow House and Townshend House. There has also been a refocus of priority in the team during the year to support the identified back log of jobs in the area of housing (such as voids and whole house improvements) and compliance work (such as water testing, electrical testing). We also support NRL in procuring contracts to deliver social and private sector housing..
5. The council has approx. 215 active contracts over £25,000 on the Contracts Register together with approx. 105 emerging contracts where the team are actively undertaking procurement activity on contract re-lets, variations or on newly identified needs. At the time of writing, there remains approx. 50 contracts to be awarded or varied to ensure NCSL can provide building services to residents from 1 April 2022: in other words, a 50% increase in the standard workload of the team.

6. To support the team, the Council has allocated additional resources with dedicated temporary contract officers for Towns Fund, Project Place and Housing Compliance, as well as the overall expansion of resources to undertake the day-to-day NCS support work. Management capacity within the team has been focused on recruiting and developing staff and supporting programme management.
7. The work set out above means this year has been one of the most challenging the team have faced, but they have consistently risen to the challenges presented. Members can be assured that each and every time we undertake a procurement activity, we consider the principles of the strategy.

### **Summary of key Achievements**

8. Some of the key achievements in delivering the procurement and contract management strategy over the past year are highlighted below:
  - We have commissioned SPS Consultancy to undertake an assessment of our current commissioning and spend (see further information below)
  - We have undertaken our first electronic signing of documents and are piloting electronic sealing
  - We have started a review of the procurement service to ensure that we have the right resources at the right level to support the team
  - We have agreed actions to improve contract management within the Council, that includes launching an accredited contract management training package that all staff can access
  - We have launched the Future Shape Norwich: Supplier Value Workstream, providing a forum for officers to discuss how to develop effective commissioning and contract management approaches
  - We have published the procurement plan on the Council's website, improving compliance with transparency requirements and improving potential supplier access to information about future council spend

### **Developing the Action Plan**

9. The procurement and contract management strategy is ambitious. It identified a wide range of actions for the Council to undertake to commission and manage services effectively. Early work to develop the implementation plan recognised the need to establish our current baseline across the organisation, to then prioritise the action plan.
10. Through the East of England Local Government Association we engaged consultants, SPS Consultancy, to assist. Their work has focused upon:

- a) a diagnostic review

Which would surface differences in perception on how contracting is managed at the Council, identifying areas of good practice and areas of concern while allowing us to work out what steps are required in supporting factors such as social value, the local economy and sustainability.

- b) procurement value financial analysis.

This would provide evidence for prioritising future actions and identifying gaps in what can be measured.

### **Diagnostic review**

- 11. In 2021, public sector contracting authorities were asked to complete a diagnostic tool, whereby a range of questions were posed and authorities were asked to benchmark themselves against the criteria for each question. The results were collated and then shared, highlighting how authorities evaluated themselves compared to national and regional averages. We have only recently received our results and are therefore still evaluating the outcomes from this. However, recognising this was an exercise focused on the procurement team, and it covered specific values that, whilst useful, did not fully reflect our own strategy, we felt it would be useful to undertake our own survey along similar lines
- 12. SPS came with experience of running these diagnostics within local authorities and had led the national exercise. They had a standard set of core values, although for our purposes additional criteria in terms of evaluating our performance in sustainability and social value were added, two key components of our strategy. In consequence of the work undertaken to support us, SPS are now looking at how such criteria can be adopted elsewhere.
- 13. A wide range of participants were invited to take part from across the Council and key partners including nplaw, NPS and NCSL. The final data set was shared and discussed with the consultants in February. This valuable information, which includes not only scores but respondent's comments, will be used to influence the shape and focus on next steps and allow benchmarking in the future. Having only recently received the results, we need to undertake further analysis to focus on priority areas. However, an initial high level review the areas coming up to prioritise are social value, sustainability and skills and knowledge.
- 14. The headline outcomes are attached at Appendix 2.

### **Procurement value financial analysis**

- 15. Data was extracted from the council's financial system for a period of two years from Nov 2019 and, together with the contract register, was interrogated by the consultants. The data has been analysed in a variety of ways, for example by value, invoice volume, supplier, type of spend, service area.
- 16. An initial review had been undertaken and a workshop with key officers has been held to further understand the output and the potential ways in which this data can be used.

17. To demonstrate the value of this data and how it has already influenced positive change or could be used in future for other services, two case studies are included in Appendix 3.

- a) Case Study 1 - Using spend analysis to support revision of the Contract Procedure Rules
- b) Case Study 2 - ICT procurement for the council and NCSL.

### **Strategy implementation plan**

18. The aim is to bring this strategy to fruition over the period of the four years with three phases, as set out in the Strategy. Actions have commenced in both Phase 1 – Building the infrastructure and Phase 2 – Embedding the Changes.

19. Appendix 1 provides an update on Phase 1 and 2, what we have done to date and next steps.

20. The procurement team are working to use the SPS diagnostic to prioritise the action plan, as well as the outcomes of the service review being used to identify key officers to take work forwards. As such, a more comprehensive action plan is being developed to support the strategy delivery.

### **Summary**

21. The foundation of intelligence gathering has been the focus of this first year of implementation and is the launch pad for the prioritisation of actions moving forward. The service has been resilient in supporting the Council through one of its most demanding years in terms of procurement activity, and in making progress towards delivery of its strategy.

### **Consultation**

22. Consultation was undertaken with officers and members on the drafting of the strategy and in undertaking the diagnostic tool. Local businesses, including the voluntary, community and social enterprise sector will be consulted to understand their priorities and what they want from us as a Council during the implementation phase. Officers will also be consulted during this phase for example on procedural changes. A diagnostic survey was undertaken with officers and partners.

### **Implications**

#### **Financial and Resources**

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

24. A £20,000 allocation from the Business Change Reserve was made to support delivery of the strategy. The SPS consultancy was funded from this resource.

25. The review of the procurement service to ensure we have the right level of resources at the right level, this has been supported through the allocation of additional funds in the 2022/23 budget.
26. The implementation of the strategy will be a tool for driving value for money and supporting the delivery of the Medium Term Financial Strategy.
27. Each service, works, goods requirement shall be subject to individual budget and award approval processes in line with Contract Procedures, Financial Regulations or other as appropriate.

## Legal

28. No legal implications are noted as the report is providing an update only.
29. It should however be noted that changes are expected to the Public Contracts Regulations 2015 shortly. This may require additional workstreams and resources to be allocated in order to review working practices and any changes to Contract Procedures/other procedures which may be required as a result.

## Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	The report itself does not impact these statutory considerations but we would consider impacts as we undertake actions associated with the strategy as well as individual procurement exercises
Health, Social and Economic Impact	The report itself does not impact these statutory considerations but we would consider impacts as we undertake actions associated with the strategy as well as individual procurement exercises
Crime and Disorder	The report itself does not impact these statutory considerations but we would consider impacts as we undertake actions associated with the strategy as well as individual procurement exercises
Children and Adults Safeguarding	The report itself does not impact these statutory considerations but we would consider impacts as we undertake actions associated with the strategy as well as individual procurement exercises
Environmental Impact	The report itself does not impact these statutory considerations but we would consider impacts as we undertake actions associated with the strategy as well as individual procurement exercises



## Risk Management

Risk	Consequence	Controls Required
The report itself does raise risks in respect of operational, financial, compliance, security, legal, political		We would consider risks as we undertake actions associated with the strategy as well as individual procurement exercises.
Non delivery of the strategy plan	Reputational risks to the council.	Reporting of progress to key officers.

## Other Options Considered

30. This report is to update members there are no options proposed

## Reasons for the decision/recommendation

31. This report is to update members, recommendation is for update to be noted

**Background papers:** [Procurement and Contract Management Strategy 2021-24](#)

## Appendices:

**Appendix 1 Implementation Plan Phase 1 and 2 update**

**Appendix 2 Diagnostic respondent scores against the value codes**

**Appendix 3**

**Case study 1** Using spend analysis to support revision of the Contract Procedure Rules

**Case Study 2** - ICT procurement for the council and NCSL.

## Contact Officer:

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## Appendix 1 Implementation Plan Phase 1 and 2 update

<b>PHASE 1 - BUILDING THE INFRASTRUCTURE</b>	
<b>A) The detailed analysis and classification of our third-party expenditure information</b>	
<b>Action taken</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>Consultants engaged to undertake a detailed procurement value financial analysis. Initial data received</li> <li>Officer workshop held to understand how this data can be utilised with a range of agreed actions to take forward</li> </ul>	<ul style="list-style-type: none"> <li>Deep dive into the procurement value financial analysis to understand what it is telling us and how we can work differently and more efficiently, focus effort on higher value contracts</li> <li>Delivery of actions identified in officer workshop</li> </ul>
<b>B) The integration of policies, processes and systems underpinning the commercial life cycle</b>	
<b>Action taken</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>Review of other local authorities Contract Procedures for best practice</li> <li>Review of Contract Procedures and in particular thresholds values for procurement routes</li> <li>Development of Contracts Register into a Procurement Plan</li> <li>Drafted a contract management framework including contract management planning and assurance framework</li> </ul>	<ul style="list-style-type: none"> <li>Review of procurement processes</li> <li>Review of templates/standardized documentation</li> <li>New procedures to be developed from increased thresholds to ensure Transparency Regulations are adhered to</li> <li>Develop a risk-based contract review process</li> <li>Agreement of contract management framework and launch contract management plan and assurance reviews</li> </ul>
<b>C) The development of skills and knowledge programmes for those involved in any aspect of the commercial life cycle</b>	
<b>Action taken</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>Discussing contract management training needs with consultants commissioned through EELGA</li> <li>Government Commercial College e-learning foundation course has been made available on e-learning portal</li> <li>See Phase 2 C)</li> </ul>	<ul style="list-style-type: none"> <li>Development and roll out of contract management training sessions</li> <li>Ensure all contracts have an identified and engaged, trained contract manager</li> </ul>
<b>D) The reaching out to local businesses, including the voluntary, community and social enterprise sector to understand their priorities and what they want from us as a Council</b>	
<b>Action taken</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>Initial discussion with consultants on facilitating a voluntary,</li> </ul>	<ul style="list-style-type: none"> <li>Development and holding of voluntary, community and social</li> </ul>

<p>community and social enterprise sector engagement session</p> <ul style="list-style-type: none"> <li>Attendance of Anchor Institution training session being put on by CLES and the Norwich Good Economy Commission</li> </ul>	<p>enterprise sector engagement session</p> <ul style="list-style-type: none"> <li>Understanding how procurement can be embedded into any Anchor Institute development</li> <li>Gain understanding of potential use of our e-tendering portal what opportunities there are to increase efficiencies in procurement process and may accessible to all sectors particularly voluntary, community and social enterprise sector</li> </ul>
<b>E) The piloting of a category review, refining processes and documenting lessons learned</b>	
<b>Action taken</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>Categories included on the Contract Register</li> <li>Financial analysis has identified categorisation of spend</li> <li>Workshops held with each head of service to understand their short, medium term procurement needs</li> <li>Proposed new team structure based on business partner model</li> <li>Attendance at appropriate external led workshops for example Crown Commercial IT frameworks</li> </ul>	<ul style="list-style-type: none"> <li>Identify further 'category management' knowledge bases</li> <li>Skills development of team. See Phase 2 C)</li> </ul>
<b>F) The creation of an ambitious cultural change management programme, which will include an analysis of the likely impact on different parts of the business, to underpin all of the above.</b>	
<b>Action taken</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>Corporate contract entered into with consultants with a strategic partner to help us to develop and design our culture, values, and behavioral framework</li> <li>Consultants engaged to undertake a diagnostic of value codes across council and partners</li> <li>Engaged in the National Procurement Strategy benchmarking exercise</li> </ul>	<ul style="list-style-type: none"> <li>Review the findings of the corporate culture review and both the national and council diagnostics where procurement culture doesn't align with strategy principles</li> <li>Identify actions to address priority areas of focus of commissioning activity</li> </ul>
<b>PHASE 2 – EMBEDDING THE CHANGES</b>	
<b>A) Refinement of our new policies, processes and systems to ensure that they are working correctly and delivering the intended results and outcomes</b>	
<b>Action taken</b>	<b>Next steps</b>
	<ul style="list-style-type: none"> <li>Produce a commissioning framework and associated</li> </ul>

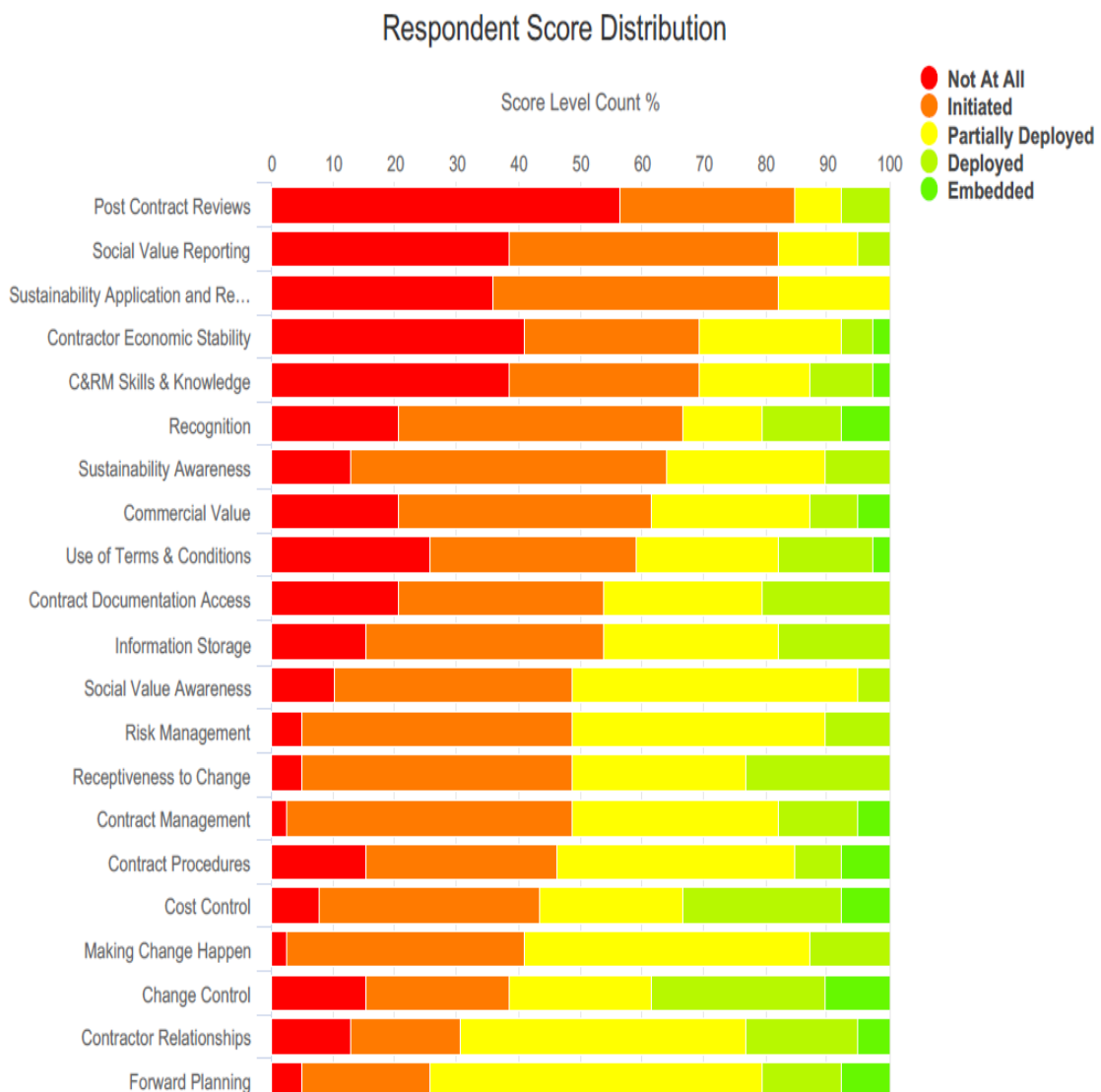
	<p>guidance</p> <ul style="list-style-type: none"> <li>• Develop risk identification and reporting at appropriate stages of procurement cycle</li> <li>• Roll out training to all Senior Officers /Contract managers See Phase 1 B)</li> <li>• Evaluate whether the procurement system can be used to improve process</li> </ul>
<b>B) Gaining internal stakeholder buy in to change</b>	
<b>Action taken</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>• Cross service area team set up to work on 'Future Shape Norwich - Driving Value from our supply chain' workstream</li> </ul>	<ul style="list-style-type: none"> <li>• New proposed Business Partner model in team to be embedded with directorates</li> </ul>
<b>C) Developing people skills and knowledge deployment to help individuals excel in their commissioning and contract &amp; relationship management activities</b>	
<b>Action taken</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>• Consultation commenced on revised procurement team structure, focus on a business partnering model to support the council and wholly owned companies commissioning in alignment with strategy principles and introduction of an apprenticeship role.</li> <li>• Discussion with nplaw to develop and provide modular training sessions in specific areas of Public Contract Regulations (PCR). First session scheduled on contract variations (Reg 72 of PCR)</li> <li>• Regular training at team meetings on areas for example <ul style="list-style-type: none"> <li>○ Council decisions Key, Executive etc</li> <li>○ Leaseholder consultation process</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Identify skills gap after team restructure</li> <li>• Develop training package for apprentice role and other members of team where is a skills gap</li> <li>• Recruit to vacant posts, ensuring capacity to deliver</li> <li>• Identify training providers (internal/external/mentoring)</li> <li>• Proposed Procurement Business Partner roles to engage with directorates</li> <li>• Following review of Contract Procures, internal processes develop and deploy training to wider organization</li> <li>• Further roll out of nplaw training modules to team</li> </ul>
<b>D) Introducing a marketing and communications plan to advance internal customer service capability and communicate effectively with our partners and suppliers</b>	
<b>Action taken</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>• Working with Web team to get Contracts Register published on council website, including emerging opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Review effectiveness of communication channels</li> <li>• <b>Include this as area for discussion in facilitated</b> voluntary, community and social enterprise sector engagement</li> </ul>

<ul style="list-style-type: none"> <li>• Use of twitter, LinkedIn and other social media to advertise opportunities</li> </ul>	session. See Phase 1 D)
<b>E) Building internal capacity and expertise for the future</b>	
<b>Action taken</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>• See Phase 2 C) in respect of procurement team structure</li> <li>• Pilot of electronic signing and sealing with Right to Buys</li> <li>• Piloting video training for rollout to NCSL new onboarding officers</li> </ul>	<ul style="list-style-type: none"> <li>• See Phase 1 C) in respect of review of e-tendering portal</li> <li>• Roll out of electronic signing and sealing, including review of appropriate level of authority</li> </ul>
<b>F) Agreeing a rolling programme of category reviews</b>	
<b>Action taken</b>	<b>Next steps</b>
	<ul style="list-style-type: none"> <li>• Build into proposed Business Partner roles discussions with directorates</li> </ul>
<b>G) Ongoing engagement with our sustainability and social value work</b>	
<b>Action taken</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>• Piloted social value in contract lets</li> <li>• Working with Eastern Procurement Ltd (EPL) – all EPL frameworks have social value and sustainability criteria and are predominantly local suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Develop toolkit and standard criteria to support service areas identify sustainability terms in tender evaluations, contracts and KPIs</li> <li>• Develop a mechanism to measure sustainability outcomes</li> <li>• Determine what constitutes 'local'</li> </ul>

## Appendix 2 Diagnostic respondent scores against the value codes

This diagram illustrates the overall outcomes from the SPS consultancy diagnostic review. Respondents were asked to evaluate how they felt the Council performed against each criteria. Those areas which scored weakest overall are at the top, and those which are strongest are at the bottom. Officers have access to the full range of results and are able to analyse these.

SPS have identified to us that all authorities receive a wide range of results and there are some areas (such as post contract reviews) where the majority of authorities are weaker as this is not necessarily a high-value activity. Authorities need to consider their own situation and determine their own priorities for action. The outcomes are presently being considered and will be incorporated into how the procurement team prioritise actions in the procurement and contract management strategy.



## Appendix 3 – Case study 1 and 2

### Case Study 1: Using spend analysis to support revision of the Contract Procedure Rules

1. Within the Council, the current Contract Procedure Rules and associated processes can cause some frustration. Concern had been raised that the thresholds felt relatively low compared to other local authorities, and the benefits potentially gained through the expected, rigorous procedures could be outweighed by the additional work involved and the time taken.
2. Our current procedures require:
  - Where spend is predicted to be less than £25k, officers must obtain at least 3 quotes. Exemptions can be given but these must be authorised by the Business Relationship and Procurement Officer if greater than £5k.
  - Where spend is between £25k and the Public Contract Regulations (PCR) thresholds, an open tender exercise is required
  - Above the PCR thresholds, a route compliant with the PCR requirements must be followed
3. In order to evaluate our contract procedures, we first reviewed the levels used by our 14 most comparable authorities to evaluate the level of risk they accept and how Norwich City Council aligns.
  - 12 of the 14 authorities had a bottom limit where services were allowed to “get on and do” – there are no formal requirements except to seek value for money to the Council. This threshold ranged from £1k-£25k, with most authorities at £5-£10k.
  - We stop allowing 3 quotes at £25k. 11 other authorities had 3 quote limits; only one other set this at £25k; all other authorities allowed 3 quotes up to between £50-£100k
  - We require formal tenders at £25k. This is the lowest; 6 require tenders at £50k and 4 only require tenders at PCR thresholds.
  - In general, whilst our current approach is very simple compared to some, across the board, we are the most onerous in terms of the requirements we place when it comes to lower level (e.g. £100k and below) spend
4. Given this research, we then started to explore whether there was the potential to review our limits, and if so, what the values might be.
5. To support our evaluation, we looked at the results of the SPS diagnostic work on the Council’s spend. We were able to aggregate the levels of spend at different values to determine where the potential risk may lie, as follows:

Value of spend with supplier (2 years)	Number of suppliers	Number of invoices	Total spend at that threshold	% of total spend
<£5k	321	1,005	£404,091	<1%
5k-10k	64	455	£480,123	<1%

10k-25k	69	206	£1,053,460	2.2%
25k-50k	48	742	£1,751,558	3.6%
50-90k	37	796	£2,373,160	4.9%
>90k	63	3,071	£42,716,804	87.5%

Note: >£90k was used as a proxy for those contracts that are most likely to require the Council to undertake a procurement route compliant with the PCRs.

6. Clearly, we need to ensure that resources within both services and procurement are focused most on purchases with the 63 suppliers who account for nearly 90% of our total external spend – not just in terms of their initial commissioning, but also in terms of the ongoing management.
7. In contrast, 75% of our suppliers account for spend with whom we spend less than £25k. The financial risk associated with each individual supplier is relatively low to the Council. Enabling services to have more flexibility to seek the best purchasing route may enable them to progress more quickly and work more actively and directly with local suppliers rather than trying to search for potential suppliers to quote.
8. With this in mind, the following structure for the thresholds in the Contract Procedure Rules are being proposed:

	<b>Minimum Process</b>	<b>Procurement Option approval</b>	<b>Recommendation to award approval</b>	<b>Contract</b>
Up to £25k	Try to obtain value	Not required, however where spending >£5k a simple decision record is completed by the service manager setting out what has been purchased and gives the information we are required to produce on the contract register		Purchase Order
£25k to £100k	Min. 3 quotes, with option to use other processes	Head of Service	Head of Service	Based on standard terms and quote response (including terms attached to purchase order), can be formal contract
£100k to PCR	Min. 3 tenders, with option to use other processes	Head of Service	Head of Service	Formal Contract



PCR and above	Open, compliant process	Executive Director	Executive Director	Formal Contract
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9. This approach provides greater flexibility at lowest levels of spend. Nonetheless, throughout the process, we still expect services to ensure their decisions are subject to appropriate documentation and approval.
10. Further, the contract procedures are the minimum process services should comply with; services may find it preferable to use other options such as tenders or a framework where appropriate at lower levels of spend.
11. The Constitution delegates the Executive Director for Corporate and Commercial Services with authority to approve changes to the Contract Procedures. If agreed, we will be making necessary changes to the associated processes and documentation with the aim of bringing this into effect prior to 1 June 2022.

## **Case Study 2: ICT procurement for the council and NCSL**

This case study was provided by the ICT team to the Future Shape Norwich: Supplier Workstream, a group set up this year to share information and learning within the Council on commissioning and contract management. The NPS Norwich Transfer has provided the opportunity to evaluate supplier relationships, and through consolidating the number of ICT contracts, the Council can potentially secure better value and simplify their contract management arrangements. The data we have obtained from SPS enables us to look at how we can consolidate and aggregate spend across the Council on a wider basis, including a cross-service level, to improve outcomes for the Council.

### **Background**

The second phase of the Project Place programme comprises the return of NPS and NNB services and teams into the council and NCS respectively. This includes multiple requirements for ICT hardware and software to enable those teams to continue to deliver services on behalf of the council.

### **Approach**

Initially Norse (providers of IT services to NPS and NNB) were asked for a list of software and applications that they provided to those teams. In addition to this, they conducted a survey of the relevant users to ascertain their perspective of the IT provision and this resulted in another list being created. The combined total on both lists amounted to 79 different software elements.

Additional attributes for each of the items on the list was requested and confirmed over a period of time – these being:

- The number of installations
- Known costs – either per license or for a 'site' license
- Whether the software was installed on-premise or was remotely hosted, e.g. an external website
- How many members of staff used or claimed to use the software
- The use to which the software was put
- Was the software up to date and if not any effort and cost associated with bringing it up to date
- Was it part of a corporate Norse system or exclusively for the use of the NPSN/NNB teams

Working with Norse IT, the onboarding team for Project Place, representatives from both NPS and NNB as well as others with the council's IT Services teams the list was reduced by:

- 1) Rejecting all items that had not been used for some time, or confirmed by users as no longer necessary for their job
- 2) Understanding all items for which the use was simply an extension of existing council software installations, e.g. MS Office, Project, Visio, Adobe, Teams, Zoom, ArcGIS and AutoCAD software

- 3) Understanding all items for which there was an acceptable equivalent already in use at the council, only requiring an extension of an existing agreement instead of a new procurement, e.g. Profess, NBS Chorus

Aside from this activity, a strategic choice was made to review the additional modules that could be added onto the NEC Housing system already being built as a new housing management system for the council. The vast majority of the work delivered by the NNB teams was for the maintenance and upgrade of the council's own housing stock, so making the best use of the system already being developed to manage that stock and its tenancies, was a logical step. It was concluded that the extra modules should be bought and used to provide aligned systems and services for the NNB teams and, to an extent, NPSN teams too.

## **Outcome**

- Only 23 items remain on the list, mostly low-cost and not requiring significant procurement and installation effort
- Any additional investment was kept to an absolute minimum
- Reduced opportunity for additional complexity of the IT software estate
- Reduced the requirement for unnecessary procurement activity
- Focusing effort and time on absolutely necessary software evaluation, procurement and installation
- Reducing cost by pursuing only genuine software installations - initially identified by IT teams and users but subsequently with the onboarding team and operational managers within NNB and NPSN

A targeted and strategic use of the new housing management system to amalgamate and refine operational data, processing and decision making activity for the council's housing services into one system.





**Committee Name: Cabinet**

**Committee Date: 09/03/2022**

**Report Title: Strategic Asset Management Framework**

<b>Portfolio:</b>	Councilor Kendrick, Cabinet member for resources
<b>Report from:</b>	Executive director of development and city services
<b>Wards:</b>	<b>All Wards</b>
<b>Open Public Item</b>	

### **Purpose**

To consider the Strategic Asset Management Framework appended to this report.

### **Recommendation:**

To approve the adoption of the Strategic Asset Management Framework.

### **Policy Framework**

The Council has three corporate priorities, which are:

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

This report meets all three priorities. The Strategic Asset Management Framework seeks to ensure that our assets are aligned to the above to ensure we are clear how assets, individual and cumulatively, contribute to our strategic outcomes. The Framework also seeks to align with the Covid-19 Recovery Plan.

## Report Details

1. Property is a vital resource for the Council. We use it to deliver income to support front line services, promote economic growth and regeneration, deliver homes for those in need as well as providing vital infrastructure that allows communities to thrive. Our property also plays a key role in what makes Norwich a great place, particularly through our heritage and cultural assets as well as our high-quality parks and open spaces.
2. The council owns over 900 general fund assets and over 18,000 Housing Revenue Account (HRA) assets with a combined value in excess of £1bn. However, the council's does not have an up-to-date asset management strategy for general fund assets and work has been underway over the past 12 months to produce a replacement framework.
3. The Strategic Asset Management Framework (SAMF) has been compiled based on an extensive review of industry literature and guidance, in particular CIPFA and RICS guidance, a peer review to understand best practice from across the country, a review of challenges and opportunities within the external environment as well as internal strengths and weaknesses. The framework has also been informed and shaped by a series of 12 workshops with staff from across the council and at all levels of the organisation. Ensuring that the policy and strategy can meet the needs of service users and in turn our customers.
4. The framework is made up of three distinct elements:
  - a. Asset Management Policy
  - b. Asset Management Strategy
  - c. Asset Management Action Plan
5. The asset management policy sets the vision for our assets as well as our aims and objectives for property assets which are arranged around 6 key themes:
  - a. Supporting service delivery – ensuring our operational assets support an agile, collaborative, learning organisation and community assets maximise social value.
  - b. Improving environmental performance of property assets – to support the objectives of the environmental strategy and lead on mitigating against the impact of climate change.
  - c. Safeguarding heritage and culture, working with partners and the private sector to secure investment in the cities heritage assets.
  - d. Enabling economic growth – utilising property in selected schemes to address market failure and promote economic growth but recognising that the commercial portfolio must be operated on commercial terms to drive revenue income and support services.
  - e. Facilitating housing provision to meet needs – undertaking a review of property assets to deliver a pipeline of sites for new homes and adopting a sister document to sit alongside this framework to set out the strategy and action plan for existing housing stock.
  - f. Compliant and financially resilient management of assets – a golden thread in everything we do must be to manage assets to ensure they are compliant and financially sustainable into the future.

6. The asset management strategy sets the direction for change, providing a framework to challenge our assets by establishing the reasons for holding assets, the asset objectives, actions and performance. Assets are segmented into categories which represent the reasons why we hold assets. Objectives actions and performance criteria are outlined for each. This provides the basis for challenging assets, their performance and for making invest/divest decisions.
7. Finally, the asset management action plan details the key actions needed over the next 18 months to implement the strategy. These actions are arranged around a number of themes:
  - a. Improving the quality of data;
  - b. Ensuring compliance of assets;
  - c. Improving operations and procedures and setting out the short and medium-term financial strategy;
  - d. Establishing performance criteria and reviewing the strategic asset management framework; and
  - e. Developing secondary strategies such as the heritage investment strategy and property investment strategy.
8. Overall, the document aims to provide a clear direction of travel to inform and guide the future management of property assets and our change program.
9. The framework supports our wider Future Shape Norwich (FSN) change initiative and is a fundamental building block in the transformation of services and the management of assets.
10. The action plan will be a living document and will provide the basis for monitoring progress over the next 12-18 months. This progress will be monitored via the asset and investment board. Resources have been identified and secured as part of the budget planning process to ensure the implementation of the framework. The document will also be key to informing and guiding the objectives of property services staff when they join us in April 2022.

## **Consultation**

11. Consultation has been undertaken to inform the framework including numerous workshops with internal service areas to consider key policy themes. The framework aims to ensure that property meets service area needs for operational and community assets and in turn the needs customers.

## **Implications**

### **Financial and Resources**

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

13. Initial resourcing requirements to implement the action plan have been secured as part of the budget setting process. These are outlined in the resources section of the action plan and include £31k to undertake Energy Performance Certificates (EPC), £400k for energy improvement works to meet minimum energy efficiency standards in 2023 and £430k to improve data on assets. This will principally be focused on condition survey information and valuation information to allow informed asset decisions. The action plan commits to setting up a prioritisation of assets for review. The expenditure of these funds will be on those high priority assets to improve data which will lead to a better understanding of asset liabilities and valuation information to allow good decisions on asset retention, investment and disposal.
14. The prioritisation of assets for review will also be influenced by recent revisions to the prudential code which requires authorities with commercial investment properties and which have a need to borrow, to review options for exiting financial investments in their annual treasury management and investment strategies. This will require an annual appraisal of investment properties to inform decisions around whether to dispose and use the proceeds to pay down debt/reduce future borrowing or where evidence supports the retention of assets. In the short term, therefore, this may lead to a need to prioritise investment properties over others for the expenditure of the above-mentioned funds to improve asset data.
15. The longer-term delivery of the framework will have funding implications which will relate to specific proposals. The gathering of data in the initial stages of the action plan will inform future capital programming in the short and medium term as is set out in the action plan. The capital requirement for investment will also inform invest/divest decisions in due course.
16. Specific proposal to dispose of assets to raise capital would be the subject of future cabinet reports and proposals. Investment will be based on a business case assessment, lifetime costings and detailed review of system and resource requirements.

## Legal

17. There are no specific proposals in this report that have legal implications. However, the adoption of the framework will ensure that a strategy and action plan is in place to ensure we are meeting our legal obligations as a landowner.

## Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	Positive – proactive management will ensure buildings in a good condition to support key services and ensure buildings meeting access requirements and statutory obligations.



<b>Consideration</b>	<b>Details of any implications and proposed measures to address:</b>
Health, Social and Economic Impact	Positive – will ensure that property assets serve the needs of service areas and in turn service users particularly of community assets. The framework also sets a clear policy for supporting economic growth whilst ensuring we operate commercially to support front line services.
Crime and Disorder	Neutral impact
Children and Adults Safeguarding	Neutral impact
Environmental Impact	Positive – setting a framework to improve the environmental performance of assets and better use of assets to support habitat recovery.

## **Risk Management**

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
Insufficient resources to put action plan into place.	Failure to realise the improvements needed, possible legislative implications around compliance, financial implications in terms of reduced income/increased expenditure.	Resources have been scoped and are in place with budget secured. Human resource will be reviewed after the insourcing of property services as certain assumptions have been made at this stage and ahead of insourcing.
Failure to make progress implementing the action plan.	Failure to realise the improvements needed, possible legislative implications around compliance, financial implications in terms of reduced income/increased expenditure.	The action plan will be monitored on a regular basis via asset and investment board.

## **Other Options Considered**

18. Do nothing, adopting a project based, reactionary approach to asset management. This has been ruled out as it will not provide assurance that the council is meeting its obligations and a joined up approach is needed to consider, in particular, capital planning.

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

19. Setting out a clear policy for assets, understanding why we own them and how they contribute to corporate objectives, having a framework for challenging assets and an action plan for service transformation is the best way of maximising the use of our property assets.

## **Background papers:**

N/A

**Appendices:**

Appendix 1: Strategic Asset Management Framework

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**Norwich City Council**

**Strategic Asset Management Framework**

**Adopted XXXXX 2022**

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## 1. Foreword

The council holds an extensive portfolio of property assets which are diverse in nature. They range from properties which give Norwich its rich and diverse built heritage, operational assets, premises that provide solutions for new and emerging business sectors and a significant investment property portfolio in addition to the largest local authority housing stock of any district authority.

This Strategic Asset Management Framework (SAMF) demonstrates the link between the council's extensive property portfolio and the delivery of corporate objectives. It also establishes why we hold assets, how they align to the council's vision and objectives and what actions need to be taken to ensure our assets are performing effectively and efficiently.

A framework for managing our assets is of primary importance to ensure that we can utilise those properties to deliver the best outcomes for the city during a time of unprecedented uncertainty. This uncertainty stems in part from the country's exit from the European Union, but also from the coronavirus pandemic which has had a significant impact on local businesses and employment in the city. This combined with well over a decade of continuous cuts to local authority funding has only served to increase inequality and increase the need for affordable homes. There is also a need for our assets to be managed to ensure they can comply with a rapidly changing regulatory framework as well as a need to respond to the climate emergency.

Optimising the use of our property assets is key to our ability to respond to these challenges and our commitment to defend and rebuild local services during a time of funding cuts. Maximising the potential of our property assets is key to supporting the delivery of frontline services and therefore this document provides a framework to challenge all property assets to:

- ensure operational assets are fit for the future, enabling delivery of high-quality services to our customers,
- protect and realise investment in the city's most important heritage and cultural assets;
- address market failure to support economic and job growth;
- deliver a sustainable revenue source to support the delivery of front line services;
- maintain a pipeline of sites which can be utilised to build decent homes for all; and
- create places which enable communities to thrive.

The challenges facing local government are significant, however I believe that this framework and the decision to bring our property repair and maintenance services in house will set us on a course of continuous improvement and transformation of the council's property portfolio and will enable us to respond to many of these challenges to benefit Norwich and its residents.



Councillor Paul Kendrick  
Cabinet member for resources

DRAFT

## 2. Executive Summary

Property is a vital resource for the Council, we use it to deliver income to support front line services, promote economic growth and regeneration, deliver homes for those in need as well as providing vital infrastructure that allows communities to thrive. Our property also plays a key role in what makes Norwich a great place, particularly through our heritage and cultural assets as well as our high-quality parks and open spaces.

The council owns over 900 general fund assets and over 18,000 Housing Revenue Account (HRA) assets with a combined value in excess of £1bn. However, the ability to maintain our property portfolio is increasingly under threat and therefore we must challenge those assets which we hold. This involves not just considering if they are meeting corporate objectives but also if we are the best steward of some assets or if in working with partners, we can deliver better outcomes for the city.

This Strategic Asset Management Framework (SAMF) demonstrates the link between the council's extensive property portfolio and the delivery of corporate objectives. It also establishes why we hold assets, how they align to the council's vision and objectives and what actions need to be taken to ensure our assets are performing effectively and efficiently. The framework principally focuses on the non-residential portfolio. A sister document is to be adopted to set out the strategy and action plan for the council's significant housing portfolio.

The framework is made up of three distinct elements, asset management policy, strategy and action plan.

The asset management policy sets the vision for our assets as well as our aims and objectives for property assets which are arranged around 6 key themes as follows:

- Supporting service delivery – ensuring our operational assets support an agile, collaborative, learning organisation and community assets maximise social value.
- Improving environmental performance of property assets – to support the objectives of the environmental strategy and lead on mitigating against the impact of climate change.
- Safeguarding heritage and culture, working with partners and the private sector to secure investment in the cities heritage assets.
- Enabling economic growth – utilising property in selected schemes to address market failure and promote economic growth but recognising that the commercial portfolio must be operated on commercial terms to drive revenue income and support services.
- Facilitating housing provision to meet needs – undertaking a review of property assets to deliver a pipeline of sites for new homes and adopting a sister document to sit alongside this framework to set out the strategy and action plan for existing housing stock.
- Compliant and financially resilient management of assets – a golden thread in everything we do must be to manage assets to ensure they are compliant and financially sustainable into the future.

The asset management strategy sets the direction for change, providing a framework to challenge our assets by establishing the reasons for holding assets, the asset objectives, actions and performance. Assets are segmented into categories which represent the

reasons why we hold assets. Objectives actions and performance criteria are outlined for each. This provides the basis for challenging assets, their performance and for making invest/divest decisions.

Key to making informed decisions on assets and in managing their performance will be the availability of good quality data on our assets. This is vital to understanding our liabilities as landlords in terms of asset condition and energy performance. It will also be vital to inform a long-term action plan for our assets.

Currently there is a mixed picture in terms of the quality of data on our assets and for many assets good quality condition and energy performance information is lacking. As such the key focus over the next 12-18 months needs to be on improving the quality of that data. This will not only allow for informed asset reviews on individual assets but will also inform the medium to long term asset strategy going forward. Asset performance criteria for each segment of asset will be developed further once better-quality baseline data exists.

Finally, the asset management action plan details the key actions needed over the next 18 months to implement the strategy. These actions are arranged around a number of themes:

- Improving the quality of data;
- Ensuring compliance of assets;
- Improving operations and procedures and setting out the short and medium-term financial strategy;
- Establishing performance criteria and reviewing the strategic asset management framework; and
- Developing secondary strategies such as the heritage investment strategy and property investment strategy.

The action plan will be a living document and will provide the basis for monitoring progress over the next 12-18 months. It will be the basis for ensuring continuous improvement of property services to realise our vision to establish a sustainable property portfolio which is fit for the future and which:

- supports front line services;
- delivers financial resilience;
- enables economic growth and housing delivery;
- protects the city's heritage and cultural assets;
- drives forward environmental improvement of our assets; and
- creates places which enable communities to thrive ensuring Norwich is a fine city for all.



### 3. Background

#### 3.1 Strategic Context

Norwich City Council's administrative area has a population of over 140,000<sup>1</sup> and is a major regional service centre with a catchment of over a million residents. Norwich is one of the fastest growing cities in the UK and is one of six fast growth cities<sup>2</sup>. It is also in the top 10% of locations for overall competitiveness<sup>3</sup>. Norwich's success is in part due to its vibrant city centre with its unique heritage and cultural offer. However, the city also suffers from pockets of high deprivation with over 40% of its area being in the top 20% most deprived in the country<sup>4</sup>, the city is also in the lowest 10% in the UK for social mobility<sup>5</sup>. Therefore, the council increasingly works in partnership with numerous organisations to both ensure the continued economic prosperity of the city but also to help the most vulnerable. However, the external environment is increasingly challenging and the ability for the council to continue to offer valuable services to its residents is under threat. Cuts to local government financing, Brexit and covid have all put pressure on council resources. The council has responded proactively with an update of its Corporate Plan and in being one of the first councils to adopt a Covid-19 Recovery Plan.

The council has adopted a corporate plan which sets out a vision to make the city the best it can be. The corporate plan sets out five strategic aims which set out what we want to achieve for the city and our priority activities over the next four years. These five aims are:

- Aim 1 – People live independently and well in a diverse and safe city;
- Aim 2 – Norwich is a sustainable and healthy city;
- Aim 3 – Norwich has the infrastructure and housing it needs to be a successful city;
- Aim 4 – The city has an inclusive economy in which residents have equal opportunity to flourish
- Aim 5 – Norwich City Council is in good shape to serve the city.

Although this framework is cross-cutting and property assets have a role to play in achieving all the above aims, this framework is identified as a key activity to support delivery of aim 3 above.

The Corporate Plan sits alongside the Covid-19 Recovery Plan, which was published in June 2020. These two documents are the council's most important strategic documents; together they will guide our focus over the next few years.

The corporate plan was formed following the adoption of a vision for the city which sought to shape up an idea of what a future Norwich might look like. The city vision work involved significant resident and stakeholder engagement to identify consensus about what the strengths and challenges of Norwich were.

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<sup>1</sup> Population estimates - Office for National Statistics ([ons.gov.uk](https://ons.gov.uk))

<sup>2</sup> Fast Growth Cities — 2021 and beyond | Centre for Cities

<sup>3</sup> GVA Norwich Economic Analysis 2017

<sup>4</sup> English IMD explorer ([communities.gov.uk](https://communities.gov.uk))

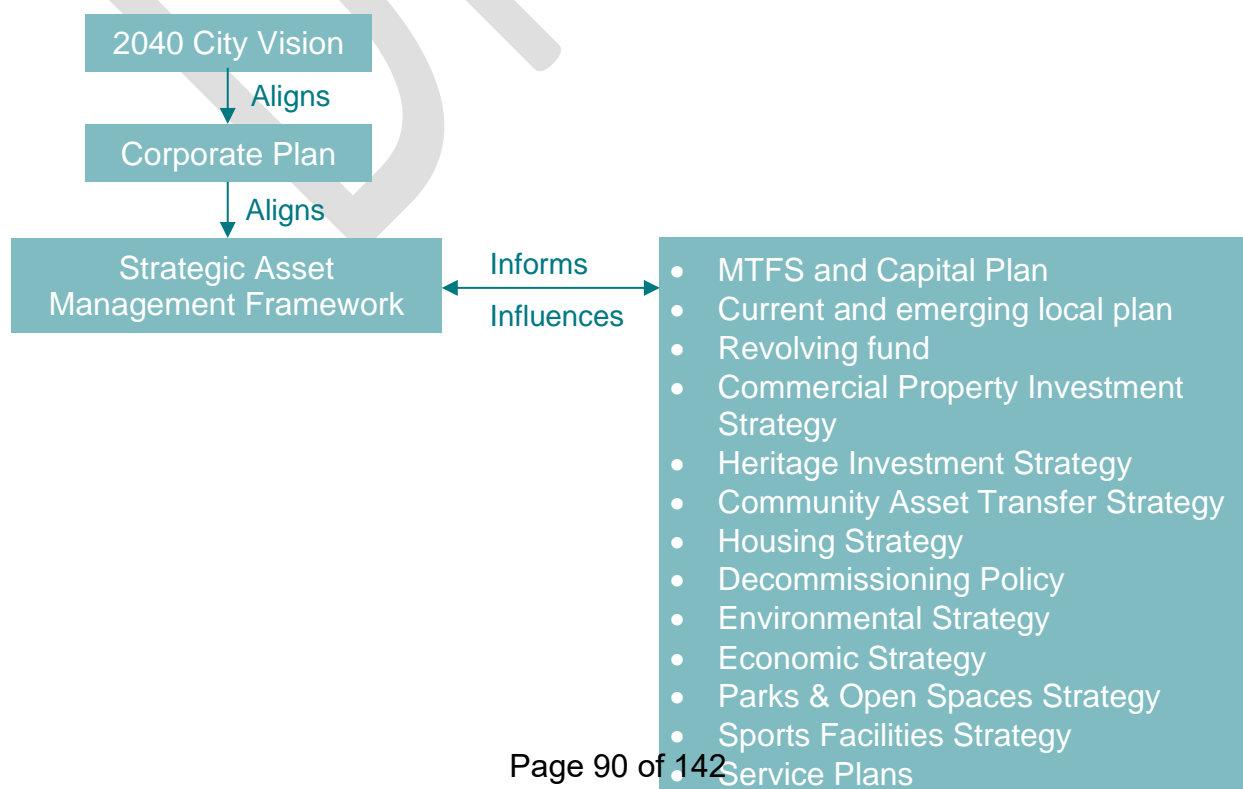
<sup>5</sup> Social Mobility Index

This has led to a vision based around five themes which paint a picture for the future of Norwich, to be:

- **A Creative City** – combining the best of modern and historic as a leading creative destination. Maximising the use of our heritage assets and celebrating our diverse neighbourhoods and communities. A leading centre for innovation, culture, education and invention.
- **A Fair City** – promoting independence, diversity, individuality, and community physical and mental wellbeing. Ensuring access to services for all and ensuring young are ambitious and able to realise their full potential whilst supporting lifelong learning and training to develop resilient communities. Delivering housing which is fit for the future and meets the changing needs of residents.
- **A Connected City** – delivering spaces and opportunities for people to come together and exchange ideas and delivering a great place for walking and cycling. A city at the forefront of digital connectivity and a place where people can exchange ideas and help shape the city.
- **A Liveable City** – supporting and promoting sustainable living with a great local environment which residents value. Protecting and maintaining our green and open spaces to improve biodiversity and air quality. Using our local resources effectively, developing an alternative approach to energy.
- **A Dynamic City** – with inclusive economic growth, increasing the number of multi-national businesses to complement the independent sector. Thriving universities providing knowledge and skills for the jobs of the future.

Our property assets play a significant role in contributing to this vision of the future as well as the strategic aims in the Corporate Plan. This framework seeks to ensure that our assets are aligned to the above to ensure we are clear how assets, individual and cumulatively, contribute to our strategic outcomes.

The SAMF is also informed and influenced by numerous other policy and strategy documents which will in turn influence those strategies, some of which will be updated following adoption of the SAMF.



## 3.2 Property Context

The council owns over 900 general fund assets and over 18,000 Housing Revenue Account (HRA) assets with a combined value in excess of £1bn (June 2021). Cumulatively these cost the council approximately £23.5m per annum and bring in a yearly income of £71.3m exclusive of service management costs involved in holding and managing those assets.

These assets include the councils affordable housing stock, garages and parking land associated with housing areas, investment properties, surface and multi-storey car parks, a market, operational assets, community centres, parks and open spaces, leisure and conference facilities, heritage assets and cemeteries.

### *General Fund*

For general fund assets the average capital expenditure is £1.8m per annum, although investment need is greater than this there being a maintenance backlog of approximately £21m compounded by an absence of up-to-date condition surveys on a large proportion of assets. There is insufficient capital receipt funding to pay for the backlog and borrowing to fund such capital expenditure is unlikely to be feasible due to the revenue impacts that would arise. As such the council will need to closely consider which assets it retains into the future with a view to disposing of assets in order to realise capital receipts which in turn can be used, at least in part, to ensure retained assets are financially sustainable and resilient.

In March 2020 the council updated its Commercial Property Investment Strategy. This set out the aims for commercial property investment and how this would meet corporate objectives, helping to drive sustainable income streams and build financial resilience. Changes to the public works loan board in Autumn 2020 have since prevented further investment in commercial property for yield. However, the council has a significant investment portfolio the bulk of which consists of properties held by the Council for a considerable period of time. Whilst the coronavirus pandemic has presented significant challenges this stock requires active management to ensure it is delivering income to help support front line services.

### *Housing Revenue Account*

Assets within the council's HRA have been valued at £809m (03/19) against borrowing of £206m (25%). Pre-coronavirus the proposed 2.7% rent increase enabled repayment within 25 years. Income for 20/21 was budgeted at £68.1m against expenditure of £61.4m. In contrast to the general fund, there is a better understanding of future investment needs within the HRA stock.

However, as the Housing Strategy highlights, much of the existing housing stock is reaching the end of its build life and therefore maintenance costs are increasing. The Housing Strategy therefore commits to the commissioning of a study of existing stock condition type and projected housing need into the future to ensure we can meet the needs of residents. The strategy identifies scope for redevelopment of existing housing areas, particularly where they are not meeting needs, efficiency standards or where houses are beyond their life and cost of repair/maintenance is excessive.

A further key strand in the Housing Strategy is the need for a pipeline of sites to ensure the delivery at pace of new homes for those in need and this framework is key to facilitating that process of assessing existing assets and groups of assets to help identify such a pipeline into the future.

The Housing Strategy is currently being reviewed and it is proposed that we will develop a sister document to outline the future strategy and action plan for existing housing assets. This will sit alongside and complement this asset management framework.

### **3.3 Operational Context**

Over the past ten years the management of our assets, their repair and maintenance as well as some environmental services have been outsourced as part of a joint venture arrangement. The council is in the process of bringing these services back in house in order to have greater flexibility and control over their delivery.

Norwich City Services Ltd is a new wholly owned company of Norwich City Council. In April 2021 environmental services such as street cleaning and management of parks & open spaces transferred to the new company and building services will be transferring in April 2022. The council's asset management functions will also be insourced direct to Norwich City Council as of April 2022 this will give the council greater control over the active management of assets to ensure they are meeting corporate objectives and citizen's needs.

### **3.4 Approach**

The SAMF has been compiled based on an extensive review of industry literature and guidance, in particular CIPFA and RICS guidance, a peer review to understand best practice from across the country, a review of challenges and opportunities within the external environment as well as internal strengths and weaknesses. The framework has also been informed and shaped by a series of 12 workshops with staff from across the council and at all levels of the organisation along with member workshops. Ensuring that the policy and strategy can meet the needs of service users and in turn our customers.

The framework is made up of three distinct elements:

- Asset Management Policy – this sets the vision for our assets as well as our aims and objectives for property assets which are arranged around 6 key themes.
- Asset Management Strategy – this sets the direction for change, sets out the reasons for holding assets by segmenting the portfolio, performance objectives and the asset challenge process.
- Asset Management Action Plan – sets out the key actions which will enable that change to be delivered.

## 4.0 Property Asset Management Policy

Property is a vital resource for the Council, we use it to deliver income to support front line services, promote economic growth and regeneration, deliver homes for those in need as well as providing vital infrastructure that allows communities to thrive. Our property also plays a key role in what makes Norwich a great place, particularly through our heritage and cultural assets as well as our high-quality parks and open spaces.

The ability to maintain our property portfolio is increasingly under threat and therefore we must challenge those assets which we hold. This involves not just considering if they are meeting corporate objectives but also if we are the best steward of some assets or if in working with partners, we can deliver better outcomes for the city. Indeed, the council already has a record of achieving this by working with partners such as the Norwich Historic Churches Trust and the Norwich Preservation Society to secure the future of some of our most important heritage buildings.

Fundamental to this framework is the need to ensure that those assets which we retain are sustainable into the future. Given the backlog of maintenance on some assets this will not happen overnight and will need careful management to realise capital receipts whilst minimising revenue reduction and investing in those assets we wish to retain.

### Our property vision

To establish a property portfolio which is fit for the future and which:

- supports front line services;
- delivers financial resilience;
- enables economic growth and housing delivery;
- protects the city's heritage and cultural assets;
- drives forward environmental improvement of our assets; and
- creates places which enable communities to thrive ensuring Norwich is a fine city for all.

### Our mission

To excel in property management, proactively challenging our assets to deliver the best for the City and its people.

This vision is underpinned by six policy themes which guide our strategy and management of property assets. These themes are outlined below.

## **4.1 Supporting Service Delivery**

It is essential that our property assets facilitate excellent service delivery which meets the needs of our customers. Our assets will achieve this in a number of ways:

- Ensuring our operational assets are fit for 21<sup>st</sup> Century local government service delivery. The council is moving to an agile, collaborative, learning organisation where employees feel empowered to succeed and take responsibility, where residents are at the heart of everything we do and where resources are aligned to deliver our corporate priorities. Our operational assets should facilitate this transition, stimulate innovation and engage employees to deliver high standards of customer satisfaction.
- Maximising social value. As part of our strategy we will develop ways to measure the social performance of our assets to ensure that they deliver value for money. We will also work with partners and enable communities where they are better placed to manage property and deliver services.
- Delivering a revenue stream from investment assets to support front line services.

## **4.2 Improving Environmental Performance**

We will manage our assets to reduce their carbon footprint and support habitat recovery. This will involve:

- Supporting the environmental strategy target for our operations to be carbon net zero by 2030. This will involve the ongoing review of our operational assets and exploring viable options to reduce energy consumption and minimise their carbon footprint.
- Increasing the energy efficiency of all our housing stock, developing a retrofitting strategy to improve performance. Our Housing Strategy already commits to all our stock meeting a SAP rating of C by 2025 and we will explore the ability to move towards carbon zero.
- Support the improvement of our investment portfolio to achieve ambitious minimum energy efficiency standards requiring SAP ratings of C by 2027 and B by 2030. Much of our investment stock is aging and also includes numerous heritage assets whereby improving their efficiency is both practically and financially challenging. The costs of upgrade will have a significant impact on decisions to invest, redevelop or dispose of assets. In some cases, the private sector or partner organisations may be better placed to realise investment needed in such stock. However, where it is retained, we will develop a strategy to ensure that stock can meet these ambitious targets and explore funding opportunities to ensure our stock is fit for the future.
- We will explore the ability to utilise surplus land which has limited development potential as habitat banks to support habitat recovery. Given the constrained nature of many sites in the Norwich area, developers may struggle to meet the emerging requirements in the Environment Bill and planning policy for biodiversity net gains on site. Habitat banks offer the ability for off-site compensatory nature recovery funded by the developer and provide significant potential for enhancing small pockets of land in the council's ownership.
- To develop new homes for the city that meet the Norwich Standard and seek to maximise energy efficiency throughout their life at construction, operational and decommissioning stages where viable to do so.

### **4.3 Safeguarding Heritage and Culture**

The council owns a diverse range of cultural and heritage assets which improve the quality of life of Norwich's citizens, promote business investment, boost tourism and contribute significantly to the city's vibrancy. We will seek to protect and be a good steward of the city's most important heritage and cultural assets ensuring they are in optimal viable use which maximises financial returns whilst conserving heritage significance.

Some heritage properties may drive a commercial return based on lifetime costing and therefore will be held as investment assets. Where a commercial return is not realised the property may be held as a stewardship property.

However, the council recognises that we will not always be the best steward of some assets and our partners may be better placed to manage them and access funds to ensure they are maintained and conserved for future generations.

Whilst some assets, such as the city wall, may well always require public sector stewardship, there is little reason to hold heritage assets which do not deliver wider benefits in meeting the council's corporate objectives or where such benefits would not still be delivered via private sector ownership.

Where heritage or cultural assets are being marketed for sale or long-lease, certain safeguards will be put in place in line with the Heritage Investment Strategy which will be updated following adoption of this framework.

### **4.4 Enabling Economic Growth**

We will use our assets to help drive economic growth and address market failure. We will do this by utilising our assets in combination with external partners, inward investment and grant funding to support the delivery of selected schemes which help to deliver the council's corporate objectives.

Recent examples of this include a number of projects being taken forward as part of the Towns Deal including a new digital hub to act as a centre for innovation in digital industries and a catalyst for economic growth.

The council has a significant commercial portfolio and the objective of that portfolio is to be let on commercial terms and drive a sustainable revenue. The income from this portfolio supports front line services and therefore subsidised terms will typically not be considered other than in exceptional circumstances.

The council has a legislative duty to provide markets, and these may be subsidised when considered against lifetime costs, albeit the Council will look for ways of minimising such subsidy whilst ensuring ongoing viable provision.

It is essential that our communities thrive and have necessary facilities including neighbourhood shops. Local shopping parades play a significant role in the social and economic vitality of our neighbourhoods, they provide access to services for the most vulnerable, support the local economy and small businesses and are centres for activity and building community links. There is however a need to evaluate which shops or parades

best support local needs, the extent to which they are subsidised and how best to manage these facilities to reduce vacancy rates, minimise subsidy and ensure that the provision of such facilities is sustainable into the future.

#### **4.5 Facilitating housing provision to meet needs**

The council's housing strategy sets out the council's ambitions for the management of its housing stock, it also sets out the challenges of meeting future housing need. Alongside the housing strategy and following adoption of this framework we will develop a sister document to outline the future strategy and action plan for existing housing assets. As part of this document we will:

- review our housing assets to ensure we have a full understanding of stock condition and that it is meeting the high bar of the Norwich standard;
- plan a program of improvements to existing stock to ensure our homes meet the needs of residents;
- outline a retrofitting program to improve the environmental performance of our stock;
- establish new procedures to ensure compliance with the emerging building safety legislation and provide assurance around compliance monitoring;
- develop a strategy for wise investment in existing stock, which will also identify areas which may not meet needs or be sustainable for future generations in order to prioritise areas which require some level of rejuvenation or regeneration;
- develop an appraisal model which will inform decisions on the retention, disposal or redevelopment of existing homes and housing areas. This will consider the condition of existing stock, future costs of repair and maintenance, statutory compliance, life expectancy, environmental performance, redevelopment potential, costs of redevelopment such as decommissioning and buy-back as well as the social performance of existing stock taking account of residents feelings and ambitions in relation to our communities.

As part of our wider review of assets we will review our land and property holdings to ensure we have a pipeline of sites which can facilitate delivery of new housing provision to meet the needs of the City.

The council will also review the extent to which its land holdings are being put to optimum use. We will continue our ongoing program of identifying land such as underused garage sites which could be put to better use and deliver new homes. The council has had significant success in recent years working with partners to deliver over 260 homes on small, underutilised sites. This is in addition to the delivery of a number of larger sites such as our sterling prize winning Goldsmith Street development and the Rayne Park development in Bowthorpe developed by Norwich Regeneration Limited. There is however scope to extend this program and challenge the ability of general fund assets to deliver much needed homes. The review will also assist in identifying a pipeline of sites for the councils wholly owned housing company Norwich Regeneration Limited.

#### **4.6 Compliant and financially resilient management of assets**

Management of our assets to ensure they are compliant and financially sustainable into the future will be a golden thread running through everything we do. This is key to our ability to maximise the use of our property assets in achieving our corporate objectives. This means:



- having strong governance structures in place to co-ordinate decisions on our assets and assess their performance.
- making decisions based on whole life costs including acquisition, operation, maintenance and disposal. This will consider the opportunity costs of selling assets and consider the net present value of investments.
- balancing revenue income against future capital investment in assets to ensure that such revenue income is sustainable over the lifetime of the asset.
- making decisions informed by up-to-date accurate information.
- a rolling program of condition survey on our assets to inform asset review and the capital program.
- up-to-date environmental information on our assets to inform capital programming and ensure that plans are in place to improve performance and meet increasingly demanding energy performance standards.
- assets managed based on a focused and defined set of performance standards.
- having a full understanding of our responsibilities as a landlord, ensuring that our stock is compliant with the latest legislation.
- ensuring assurance reporting is in place to monitor statutory compliance of our assets.
- developing and implementing a corporate landlord model.

We will also work to ensure that our assets are financially resilient, this will mean:

- seeking to maximise income and minimising costs of assets whilst ensuring our corporate objectives are achieved;
- enhancing portfolio value;
- securing inward investment and grant funding which enables us to achieve more with our assets;
- work in productive partnerships with the community sector and other public bodies through One Public Estate to seek to drive efficiencies in the operation and management of our assets as well as those of our partners;
- hold sinking funds to ensure we have the necessary financial reserves to be resilient in the face of unforeseen circumstances;
- recycling a proportion of general fund capital receipts for re-investment into existing general fund property assets unless there are exceptional reasons not to do so. The proportion to be reviewed and considered once additional asset data has been obtained.

## 5.0 Asset Management Strategy

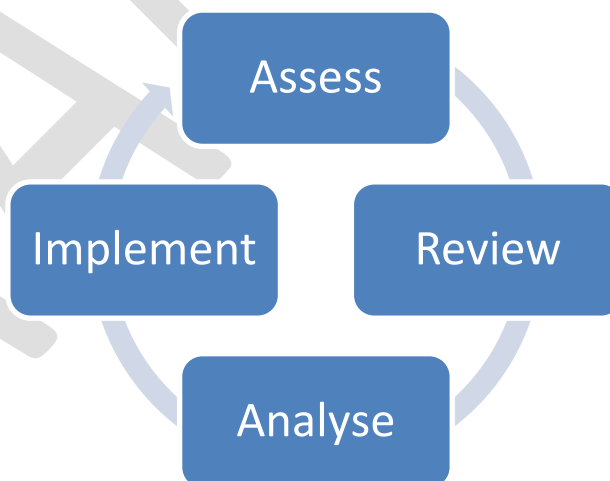
The strategy sets the direction for change, providing a framework to challenge our assets by establishing the reasons for holding assets, the asset objectives, actions and performance. This strategy focuses on the non-housing portfolio a sister document will be produced to manage the housing strategy and action plan.

### 5.1 Segmentation & Asset Challenge

Key to the strategy is an understanding of the reasons why we hold property assets. Segmentation of assets provides a response to this question, breaking down the asset base into the key reasons why we would want to hold assets based on delivery against our corporate objectives. For each segment we have defined criteria for segmentation, asset objectives and the actions we will take to ensure that the group of assets are delivering against those objectives. Performance objectives for each segment are also proposed. Each segment is illustrated on the following page. This identifies the key links between an asset segment and delivery of corporate priorities.

Segmentation provides a basis upon which to challenge an individual asset based on its performance and delivery against the objectives for that group. It provides the basis for the asset challenge process which will be a cyclical process of reviewing assets on a rolling program. This challenge process involves the following elements:

- Assess – why we hold the asset – alignment with corporate strategy and the SAMF
- Review – if the asset is performing ensuring we hold suitable data on that asset
- Analyse – options, opportunities and risks
- Implement – retain, invest, repurpose, re-gear, redevelop, dispose



Vision	Strategic Aims	Segmentation	Key Criteria for Segmentation	Asset Objectives
To make the city the best it can be	People live independently and well in a diverse and safe city	<b>Community</b> Assets which deliver direct services. Includes: Parks, Open Spaces, Cemeteries, Allotments, Community and Leisure Centres	<ul style="list-style-type: none"> <li>Land or property providing direct services to the local community.</li> </ul>	Deliver community facilities to support healthy lives, a great local environment and thriving communities.
	Norwich is a sustainable and healthy city	<b>Operational</b> <i>Supports all objectives</i> Non community operational assets Includes: Offices, Maintenance Depots.	<ul style="list-style-type: none"> <li>Offices or depots which are not community assets.</li> </ul>	Maintain efficient assets fit for the delivery of 21 <sup>st</sup> century local government services.
		<b>Regeneration / Redevelopment</b> Land and property with redevelopment potential	<ul style="list-style-type: none"> <li>Land designated for redevelopment in the local plan.</li> <li>Land not falling under other categories but where there is a viable business case for regeneration in the next 10 years or forms part of a wider land holding which has strategic redevelopment potential.</li> </ul>	Regenerate and develop the city to deliver new housing, jobs and support thriving communities.
	Norwich has the infrastructure and housing it needs to be a successful city	<b>HRA Neighbourhood Amenity Land</b> Land providing essential facilities to residential communities	<ul style="list-style-type: none"> <li>HRA land including open space, play areas, garages, stores, refuse storage, cycle storage, car parking areas, utilities infrastructure, other miscellaneous land.</li> </ul>	Provide safe, clean and well cared for neighbourhoods with community facilities which cater for the needs of the whole community.
	The city has an inclusive economy in which residents have equal opportunity to flourish	<b>Stewardship</b> Heritage properties which cannot drive commercial income and which are not operational.	<ul style="list-style-type: none"> <li>Only listed buildings or scheduled ancient monuments in Norwich.</li> <li>Exclude properties where there is evidence of similar private properties being successfully managed unless of outstanding civic importance.</li> <li>Exclude properties which do not require subsidy using whole life cost.</li> </ul>	Maintain and enhance the heritage of our fine city to bolster tourism, inward investment, and the quality of life of residents.
		<b>Economic Growth</b> Income generating commercial property which is subsidised based on a whole life costing model.	<ul style="list-style-type: none"> <li>Only a limited number of properties where there is an exceptional case demonstrating some form of market failure;</li> <li>The use of the building must clearly demonstrate it is delivering against corporate objectives, with delivery to be reviewed.</li> </ul>	Support the local economy, deliver inward investment and drive local economic and job growth.
	Norwich City Council is in good shape to serve the city	<b>HRA Shops</b> Neighbourhood shops or parades providing essential facilities to local neighbourhoods.	<ul style="list-style-type: none"> <li>Commercial neighbourhood shops or parades.</li> <li>Providing essential services to a neighbourhood.</li> <li>Exclude properties which do not require subsidy using whole life cost.</li> </ul>	Provide essential community facilities to ensure thriving neighbourhoods.
		<b>Legacy Investment</b> Non-operational income generating commercial property which is not economic growth or investment. Includes industrial units, phone masts, car parks.	<ul style="list-style-type: none"> <li>Legacy investment properties which are profitable based on whole life costing but do not meet the criteria for investment property</li> <li>May be awaiting capital expenditure where business plan exists to deliver income in short-medium term.</li> </ul>	Deliver income in the short-to-medium term for financial resilience in support of high-quality government services.
		<b>Investment</b> Recently acquired / upgraded investment property.	<ul style="list-style-type: none"> <li>Only investment properties purchased under the commercial property investment strategy or legacy investment properties which would meet the requirements of that strategy/any replacement.</li> </ul>	Maximise income for financial resilience in support of high-quality government services whilst minimising investment risk.
		<b>Disposal/ Surplus</b> Property identified for disposal, artefacts/small strips of highway land.	<ul style="list-style-type: none"> <li>Properties which fail to meet the criteria for the above categories and have been identified for disposal or surplus land which may be suitable for disposal or community asset transfer.</li> </ul>	Dispose to realise receipts to support the capital program, supporting the upkeep of retained assets.

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## 5.2 Asset Challenge

Asset disposal could be triggered for a number of reasons, through proactive review, due to poor performance, at request of a service area or due to an approach by a third party. The asset challenge framework on the following page provides a process whereby assets are sorted into relevant segments, performance is assessed, and decisions are made on the future of the asset. This could lead to one of the following outcomes:

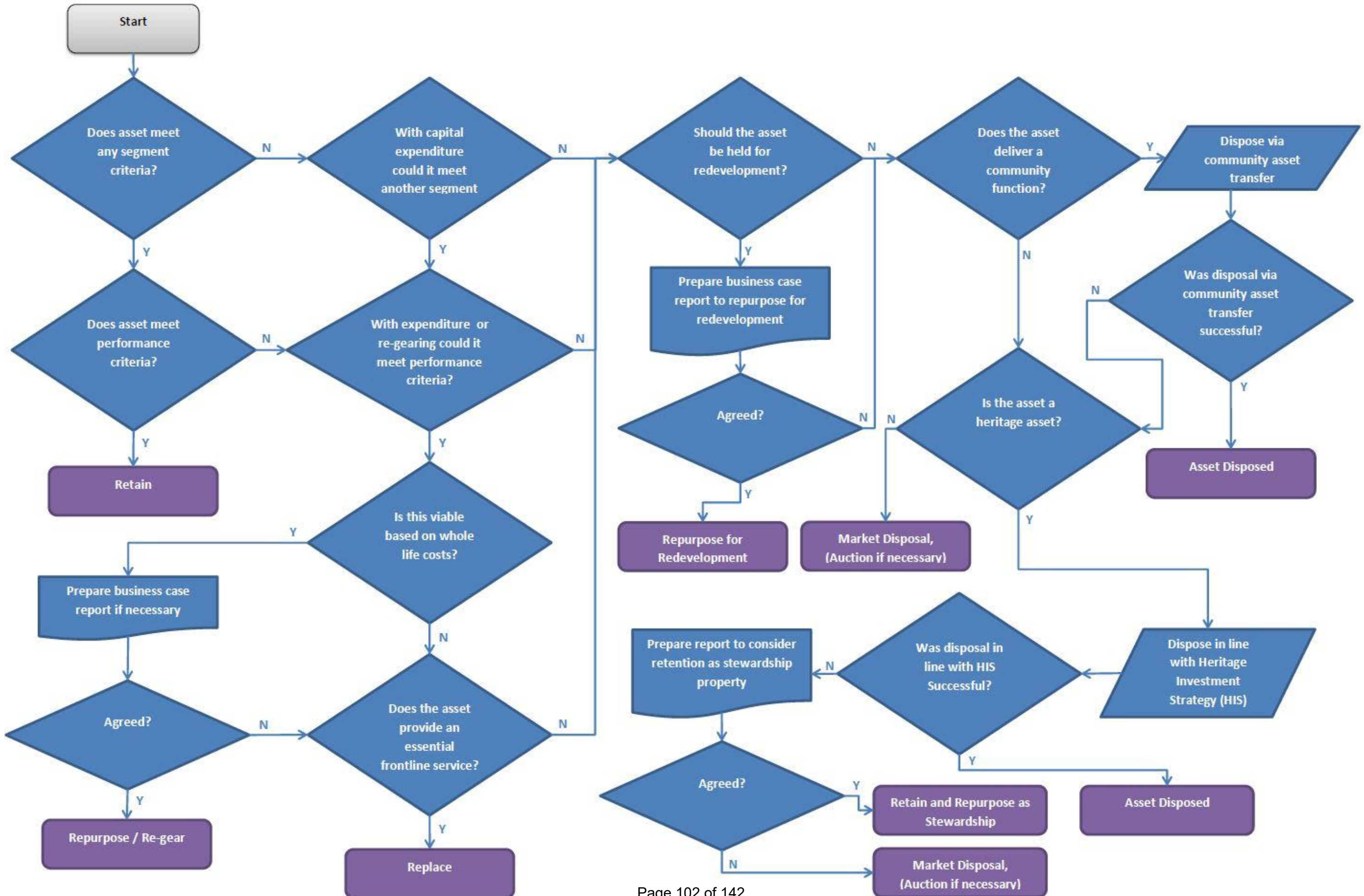
- Retain the asset if it meets segmentation and performance criteria.
- Repurpose the asset into another segment.
- Repurpose the asset for regeneration/redevelopment.
- Re-gear the asset seeking revisions to tenancy.
- Replace the asset where an operational asset is not performing.
- Dispose via community asset transfer.
- Dispose in line with the Heritage Investment Strategy.
- Retain as a stewardship property for heritage assets which have not been sold successfully and where there is an unwillingness to auction.
- Market disposal.

The challenge framework ensures that an asset which is underperforming in one segment but could perform well in another segment is not disposed of ahead of that repurposing question being addressed.

For example, a listed building in commercial use which is currently held for investment purposes but does not have a positive net present value based on a lifetime costing model would fail the performance criteria for an investment asset. If there is no viable model to improve its performance, the asset challenge model requires an assessment of whether the asset delivers a front-line service, if it should be repurposed (for example as a stewardship property in this case), if it provides a community function or if it should be disposed of in line with the criteria in the heritage investment strategy. Depending on the circumstances of the case there would be a number of likely outcomes for such an asset. One such outcome could be holding the property as a stewardship property if it is of important civic value and there is evidence of market failure, alternatively it may be disposed of if there is no good reason for the Council to continue to hold the asset.



## Asset Challenge Process



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### 5.3 Data & Performance

The segmentation and asset challenge process outlined above provides the basis upon which we will challenge assets in the future and make decisions relating to retention, replacement, repurposing, redevelopment or disposal.

Key to making informed decisions on assets and in managing their performance will be the availability of good quality data on our assets. This is vital to understanding our liabilities as landlords in terms of asset condition and energy performance. It will also be vital to inform a long-term action plan for our assets.

Currently there is a mixed picture in terms of the quality of data on our assets and for many assets good quality condition and energy performance information is lacking. As such the key focus over the next 12-18 months needs to be on improving the quality of that data. This will not only allow for informed asset reviews on individual assets but will also inform the medium to long term asset strategy going forward. For example, we know there is a maintenance backlog relating to our assets however the exact scale of the backlog will influence the level of capital which needs to be raised to invest in retained assets.

Data is also key to informing baseline information in order to establish asset performance criteria. Actions and performance output criteria are defined for each segment in the table on the following page. At this stage the performance criteria are indicative but have been proposed to enable some degree of benchmarking but also to ensure we can understand the value driven by our assets. Following the gathering of baseline data these will be refined via a review of this framework in 18 months-time. This will also include a capital strategy for assets and update on the action plan.



Norwich City Council – Property Asset Actions and Performance Objectives

Portfolio Segmentation	Key Criteria for Segmentation	Asset Objectives	Actions	Performance Output Indicators
<b>Community</b>	<ul style="list-style-type: none"> <li>Land or property providing direct services to the local community.</li> </ul>	Deliver community facilities to support healthy lives, a great local environment and thriving communities.	<ul style="list-style-type: none"> <li>Promote use</li> <li>Reduce liabilities (maintenance)</li> <li>Lower operating costs</li> <li>Consider community asset transfer</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction (% satisfied)</li> <li>Index of Multiple Deprivation Decile (% visitors from lowest)</li> <li>Reduce running costs (%)</li> <li>Reduce energy consumption (% kWh)</li> <li>% with condition surveys</li> <li>% good condition (sound, safe, only minor deterioration)</li> </ul>
<b>Operational</b> <i>Supports all objectives</i>	<ul style="list-style-type: none"> <li>Offices or depots which are not community.</li> </ul>	Maintain efficient assets fit for the delivery of 21 <sup>st</sup> century local government services.	<ul style="list-style-type: none"> <li>Lower operating costs</li> <li>Improve utilisation</li> <li>Reduce liabilities (maintenance)</li> <li>Consider shared use</li> </ul>	<ul style="list-style-type: none"> <li>Improve utilisation sqm/FTE</li> <li>Reduce cost/FTE (%)</li> <li>Reduce energy consumption (% kWh)</li> <li>% with condition surveys</li> <li>% good condition (sound, safe, only minor deterioration)</li> </ul>
<b>Regeneration / Redevelopment</b>	<ul style="list-style-type: none"> <li>Land designated for redevelopment in the local plan.</li> <li>Land not falling under other categories but where there is a viable business case for regeneration in the next 10 years or forms part of a wider land holding which has strategic redevelopment potential.</li> </ul>	Regenerate and develop the city to deliver new housing, jobs and support thriving communities.	<ul style="list-style-type: none"> <li>Minimise costs/maximise income whilst held for development</li> <li>Develop business plans/viability appraisal</li> <li>Secure planning permission</li> <li>Work with partners to bring forward regeneration</li> <li>Keep secure / consider demolition in the short-term to reduce revenue cost</li> </ul>	<ul style="list-style-type: none"> <li>Homes delivered per annum</li> <li>Site specific time frames, targets and budgets</li> <li>% schemes delivered on time in budget</li> </ul>
<b>HRA Neighbourhood Amenity</b>	<ul style="list-style-type: none"> <li>HRA land including open space, play areas, garages, stores, refuse storage, cycle storage, car parking areas, utilities infrastructure, other miscellaneous land.</li> </ul>	Provide safe, clean and well cared for neighbourhoods with community facilities which cater for the needs of the whole community.	<ul style="list-style-type: none"> <li>Improve neighbourhoods</li> <li>Improve utilisation</li> <li>Promote community adoption/management</li> <li>Assess potential (housing or habitat)</li> <li>Reduce liabilities</li> </ul>	<ul style="list-style-type: none"> <li>Land use – if delivering essential facilities</li> <li>Usage rates (local v non-local)</li> <li>Public opinion/surveys</li> </ul>
<b>Stewardship / Heritage &amp; Cultural</b>	<ul style="list-style-type: none"> <li>Only listed buildings or scheduled ancient monuments in Norwich.</li> <li>Exclude properties where there is evidence of similar private properties being successfully managed unless of outstanding civic importance.</li> <li>Exclude properties which do not require subsidy using whole life cost.</li> </ul>	Maintain and enhance the heritage of our fine city to bolster tourism, inward investment, and the quality of life of residents.	<ul style="list-style-type: none"> <li>Maintain in good condition, reducing long term liabilities</li> <li>Lower operating costs</li> <li>Work with partners to identify income streams / reduce subsidy</li> <li>Seek out grant funding to assist with capital expenditure</li> </ul>	<ul style="list-style-type: none"> <li>% with condition surveys</li> <li>% good condition (sound, safe, only minor deterioration)</li> <li>None on heritage at risk register</li> </ul>
<b>Economic Growth</b>	<ul style="list-style-type: none"> <li>Only a limited number of properties where there is an exceptional case demonstrating some form of market failure;</li> <li>The use of the building must clearly demonstrate it is delivering against corporate objectives, with delivery to be reviewed.</li> </ul>	Support the local economy, deliver inward investment and drive local economic and job growth.	<ul style="list-style-type: none"> <li>Monitor tenancy compliance with segmentation criteria</li> <li>Reduce subsidy over time</li> <li>Reduce liabilities (maintenance)</li> <li>Monitor delivery against corporate and project specific objectives</li> </ul>	<ul style="list-style-type: none"> <li>% with condition surveys</li> <li>% good condition (sound, safe, only minor deterioration)</li> <li>% meeting EPC requirements</li> <li>Asset specific objectives to demonstrate delivery of corporate objectives</li> </ul>
<b>HRA Shops</b>	<ul style="list-style-type: none"> <li>Commercial neighbourhood shops or parades.</li> <li>Providing essential services to a neighbourhood.</li> <li>Exclude properties which do not require subsidy using whole life cost.</li> </ul>	Provide essential community facilities to ensure thriving neighbourhoods.	<ul style="list-style-type: none"> <li>Improve neighbourhoods</li> <li>Minimise subsidy</li> <li>Minimise vacancy rates</li> <li>Promote uses which deliver community benefit</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction (% satisfied)</li> <li>Index of Multiple Deprivation Decile (% visitors from lowest)</li> <li>% with condition surveys</li> <li>% good condition (sound, safe, only minor deterioration)</li> <li>% vacancy rates</li> </ul>
<b>Legacy Investment</b>	<ul style="list-style-type: none"> <li>Legacy investment properties which are profitable based on whole life costing but do not meet the criteria for investment property</li> <li>May be awaiting capital expenditure where business plan exists to deliver income in short-medium term.</li> </ul>	Deliver income in the short-to-medium term for financial resilience in support of high-quality government services.	<ul style="list-style-type: none"> <li>Review whole life costs and develop business case for capital expenditure where viable (based on NPV).</li> <li>Increase tenancy strength</li> <li>Reduce voids</li> <li>Balance across sectors to reduce risk</li> </ul>	<ul style="list-style-type: none"> <li>% increase in income per annum</li> <li>% reduction in arrears per annum</li> <li>Maximum voids (%)</li> <li>% with condition surveys</li> <li>% good condition (sound, safe, only minor deterioration)</li> <li>% meeting EPC requirements</li> <li>Cost to income ratio</li> </ul>

<b>Investment</b>	<ul style="list-style-type: none"> <li>Only investment properties purchased under the commercial property investment strategy or legacy investment properties which would meet the requirements of that strategy/any replacement.</li> </ul>	<p>Maximise income for financial resilience in support of high-quality government services whilst minimising investment risk.</p>	<ul style="list-style-type: none"> <li>Reduce voids</li> <li>Monitor to ensure alignment with tenancy terms, yield, rate of return targets</li> <li>Monitor balance across sectors and locations to reduce risk</li> </ul>	<ul style="list-style-type: none"> <li>Minimum % rate of return (based whole life cost)</li> <li>Cost to income ratio (maximum)</li> <li>Rent collection rates (% collected)</li> <li>Maximum voids (%)</li> </ul>
<b>Disposal/ Surplus</b>	<ul style="list-style-type: none"> <li>Properties which fail to meet the criteria for the above categories and have been identified for disposal or surplus land which may be suitable for disposal or community asset transfer.</li> </ul>	<p>Dispose to realise receipts to support the capital program, supporting the upkeep of retained assets.</p>	<ul style="list-style-type: none"> <li>Actively seek to dispose or transfer to community.</li> </ul>	<ul style="list-style-type: none"> <li>Capital receipt target per annum over next five years (£)</li> <li>Total number of disposals per annum</li> </ul>

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## 6.0 Asset Management Action Plan

The action plan on the following page provides a focused plan of action for the next 18 months. This is split into five sections:

### *Data*

- ensuring we have good quality data in order to make educated decisions on both individual assets and to inform asset wide decisions such as the capital strategy.

### *Compliance*

- ensuring we have complete information on property compliance
- undertaking essential and immediate action required resulting from the findings of the data gathering exercise to ensure compliance

### *Operations*

- taking action to ensure that we are up-to-date with rent reviews and lease renewals to realise potential for increased income and bolster values.
- putting in place the correct procedures and governance to operate efficiently and effectively in the future.
- progressing high priority asset reviews which will inform, investment, repurposing, redevelopment and disposal decisions.
- establishing a short and medium-term financial strategy. Based on the data gathering exercise this will need to carefully balance asset disposal and investment against revenue loss and ability to drive greater revenue from our assets.
- putting in place measures to ensure future financial resilience such as sinking funds for assets.

### *Performance & Review*

- as outlined in the asset strategy, the data gathering exercises outlined in the action plan are essential to inform the formulation of asset performance criteria.
- these performance criteria will be established alongside a review of the SAMF and action plan in 12-18 months time.

### *Secondary Strategies*

- the asset management strategy has identified a number of existing strategies which will require an update on adoption of the SAMF. Of principal importance are the revision of the Heritage Investment Strategy and Commercial Property Investment Strategy.

--- Please see attached spreadsheet for action plan ---

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Norwich City Council Strategic Asset Management Framework Action Plan										
Ref.	Specific Key Actions	Comment	Baseline Data	Measurement of Success	Responsible Department	Attainable Financial / Resources	Key Drivers	Priority H/M/L	Impact H/M/L	Time-Based Delivery Timescale
<b>Data</b>										
Ai	<b>Establish baseline data</b>	Updated asset list, tenant/lease information, rent review, income. Understand requirements for EPC, condition survey and compliance information.	Existing NPSN reports and data	An up-to-date asset list	Property Team	Existing in house resource	Essential to inform other actions	H	M	Q4 21/22
Aii	<b>Prioritise assets</b> - for asset review	Develop a weighed matrix to prioritise assests based on factors such as lease expiry, known liabilities, redevelopment potential, yield etc.	Informed by Ai	A prioritised asset list	Property Team	Existing in house resource	Essential to inform other actions	H	M	Q1 22/23
Aiii	<b>Commission EPC's</b>	For all assets lacking an up-to-date EPC or with an EPC below SAP rating E	Informed by Ai	Complete EPC's on all assets	Property Team	External consultant £31k for initial EPC works - secured in budget	Legal - MEES Legislation, understand liabilities	H	M	Q4 21/22
Aiv	<b>Commission condition surveys</b>	For high priority assets identified via Aii	Informed by Ai/Aii	Fully condition survey for high priority assets	Property Team	External consultant - £430k 23/24 budget secured	Understand liabilities - financial resilience	H	M	Q1-Q4 22/23
Av	<b>Obtain red book valuations</b>	Focusing on priority assets and to inform asset review	Informed by Ai/Aii	RBV's on all priority assets	Property Team	External consultant - £430k 23/24 budget secured	Financial resilience	H	M	Q1-Q4 22/23
<b>Compliance</b>										
Bi	<b>Identify properties lacking compliance information</b>	FRA/EiCR/Loler/Gas Safety LGSR/Legionella/Asbestos	Informed by Ai	Assurance that such information exists/or is tenant responsibility	Property Team	1FTE for 6 Months - circa £60k compliance specialist working alongside in house resource working on Ai and Aii - from repairs reserve	Understanding liabilities - compliance	H	H	Q4 21/22
Bii	<b>Commission compliance reports</b>	For any assets lacking compliance information	Informed by Bi	Full compliance information	Property Team	External consultant - costs to be confirmed following Bi - from repairs/commercial property reserve as per 12/11/21 Cabinet approval	Understanding liabilities - compliance	H	H	Q4 21/22
Biii	<b>Undertake priority capital works</b>	Works needed for H&S reasons	Informed by Bi/Bii	All works signed off as compliant	Property Team	External consultant - costs to be confirmed following Bi - from repairs/commercial property reserve as per 12/11/21 Cabinet approval	Legal compliance	H	H	Q1-Q2 22/23
Biv	<b>Undertake energy efficiency improvements to retained assets</b>	Ensuring all assets meet minimum energy efficiency standards	Data from Aiii	MEES compliance	Property Team	£400k secured in 22/23 budget to undertake works.	Legislative	M	H	Q1-Q3 22/23
<b>Operations</b>										
Ci	<b>Undertake outstanding rent reviews</b>	There are a large number of outstanding rent reviews, whilst some relate to miscellaneous land or infrastructure some have potential to realise increased income.	Informed by Ai	Completion of all outstanding rent reviews	Property Team	Refine list of assets which have income potential through rent review - proposed to outsource reviews externally.	Financial resilience - income generation	M	M	Q3 22/23
Cii	<b>Renew leases for tenants holding over</b>	There are a large number of tenants holding over. Renewing leases has the potential to realise income and improve covenant strength improving capital value.	Informed by Ai	No tenants holding over unless asset review determines otherwise	Property Team	Property Team - internal post April 22	Financial resilience - income generation	M	M	Q3 22/23
Ciii	<b>Develop new processes procedures and templates for asset challenge and disposal</b>	Including committee templates, updated governance and assurance procedures.	Review existing procedures, delegations, governance	New procedures, templates and delegations in place	Property Team / Project Place	Property Team/Project Place pre April 22	Resilience with clear governance and procedures	H	H	Q2-Q3 22/23
Civ	<b>Implement new digital solution</b>	To include database, DMS and performance dashboard, integrated with finance system	Data migration or from raw data captured via Ai-Av	System live date	Property / IT&Digital / Project Place	Property Team/Project Place pre April 22	Improving efficiency - assurance	H	H	Q1-Q2 22/23
Cv	<b>Undertake asset reviews for high priority assets</b>	Using asset challenge & segmentation criteria.	Data from Ai-Av and procedures Ciii	All asset reviews undertaken	Property	Property Team - internal post April 22	Improving asset performance / realising capital strategy	M	H	Q2-Q3 22/23
Cvi	<b>Progress options appraisal of high priority development sites</b>	Initially a strategy for development of Three Score to facilitate housing pipeline and also a capital receipt	Existing site specific data	Adoption of Strategy	Property/Housin g Dev. Team	Property and some feasibility work from external consultants - 23/24 Budget secured	Delivering housing / realising capital strategy	M	M	Q1-Q2 22/23
Cvii	<b>Develop short-term capital strategy</b>	Capital strategy for asset disposal and capital expenditure on assets 2022-2023	Data from Ai-Av and Bvi	Capital strategy adopted by Cabinet	Property Team / Finance	Property Team working with Finance - internal post April 22	Financial resilience - Capital Strategy	M	H	Q2-Q3 22/23
Cviii	<b>Undertake asset reviews for medium priority assets</b>	Using asset challenge & segmentation criteria	Data from Ai-Av and procedures Biv	All asset reviews undertaken	Property	Property Team - internal post April 22	Improving asset performance / realising capital strategy	M	H	Q1 23/24
Cix	<b>Develop mid-term capital strategy</b>	5 - 10 year capital strategy to be established following wider review of assets	Data from Ai-Av and Bvi & Bix	Capital strategy adopted by Cabinet	Property Team / Finance	Property Team working with Finance - internal post April 22	Financial resilience - Capital Strategy	M	H	Q2 23/24
Cx	<b>Establish sinking funds for all asset segments</b>	Based on understanding of liabilities and asset reviews	Data from Ai-Av and Bvi & Bix	Funds established	Property Team / Finance	Property Team working with Finance - internal post April 22	Financial resilience	M	H	Q2 23/24
Cxi	<b>Undertake a utilities contract and energy audit</b>	Review of all contracts including utilities to realise savings. Also energy audit to review utilities payments over last 6 years - potential to realise refunds	Data from Ai	Completed audit - up to date utilities contracts	Property Team	Outsourced to a consultant. Costs to be confirmed following a high level review internally.	Financial resilience	L	L	Q4 22/23
<b>Performance &amp; Review</b>										
Di	<b>Establish key performance indicators for each asset group</b>	Using data attained from Ai-Av and informed by reporting functions of digital solution	Data from Ai-Av also informed by Biv	Adoption of performance indicators as part of updated SAMF	Property Team	Property Team - internal post April 22	To inform asset strategy, resilience, assurance & governance	M	M	Q2 23/24
Dii	<b>Undertake a review of the SAMF and action plan</b>	A short term 18 month review of the SAMF to enable key updates required based on data collection.	Informed by Ai-Av and Ci	Adoption of revised SAMF	Property Team	Property Team - internal post April 22	To define asset strategy and respond to internal and external factors	L	H	Q3 23/24
<b>Secondary Strategies</b>										
Ei	<b>Revise and update the Heritage Investment Strategy</b>	To ensure alignment and inform heritage asset disposal	Ai-Av and this SAMF	Adoption of Strategy	Property / Conservation	Property / Conservation - Internal	To ensure alignment with this strategy	M	M	Q4 22/23
Eii	<b>Revise and update the Commercial Property Investment Strategy</b>	To ensure alignment and inform performance criteria and hurdles for investment property	Ai-Av and this SAMF	Adoption of Strategy	Property Team	Property Team - internal post April 22	To ensure alignment with this strategy	M	M	Q4 22/23





**Committee Name:** Cabinet

**Committee Date:** 09/03/2022

**Report Title:** Adoption of Norfolk Green Infrastructure and Recreational Avoidance and Mitigation Strategy (GIRAMS)

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

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

**Wards:** All Wards

### **Purpose**

To ensure that the Council continues to meet its legal duty under the Conservation of Habitats and Species Regulations 2017, authority is sought for the adoption the Norfolk Green Infrastructure and Recreational Avoidance and Mitigation Strategy (GIRAMS) and the collection of related obligations from applications for residential development, and other relevant development proposals, in accordance with the GIRAMS evidence and Policy 3 of the Greater Norwich Local Plan (GNLP).

### **Recommendation:**

It is recommended that Cabinet

- adopts the Norfolk Green Infrastructure and Recreational Avoidance and Mitigation Strategy (GIRAMS) and approves the requirement for contributions from applicable planning applications for residential development and other relevant development proposals received from 31<sup>st</sup> March 2022, in line with the requirements of Policy 3 of the Greater Norwich Local Plan (GNLP)
- sets the level of contribution for 2022/23 at £185.93 and agrees that the level in future years can be set by the independent board
- appoints the cabinet member for inclusive and sustainable growth and head of planning and regulatory services to represent the City Council on the independent board, and
- agrees in principle the broad governance arrangements set out in paragraph 14, and delegates powers to the executive director of development and city services, in consultation with the cabinet member for inclusive and sustainable growth, to agree the detailed governance arrangements.

### **Policy Framework**

The Council's key corporate priorities are based around the following three themes:

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

This report contributes to meeting the corporate priorities Great neighbourhoods, housing and environment.

This report addresses 'Continue sensitive regeneration of the city that retains its unique character and meets local needs' objective in the Corporate Plan, in particular working to bring forward development in the city in accordance with the adopted development plan.

This report helps to meet Policy 3 in the emerging Greater Norwich Local Plan which is due for adoption by the Council and the other Greater Norwich authorities in late 2022.

This report helps to meet the Housing Regeneration and Development objective of the COVID-19 Recovery Plan, specifically to make progress on the Greater Norwich Local Plan to put in place a framework that will guide development.



## Introduction

1. In exercising their duties as a local authority, the Council has a legal duty to comply with the Conservation of Habitats and Species Regulations 2017. This requires the authority to assess the impacts of all plans and programmes (including Local Plans and Planning Applications) that may affect the protected features of any site protected under those regulations. Such sites are referred to as “habitat sites” in the National Planning Policy Framework (NPPF).
2. Where an adverse effect on the integrity of a habitat site cannot be ruled out, and where there are no alternative solutions, the plan or project can only proceed if compensatory measures are secured which obviate those adverse effects.
3. Recreational pressures from growth and the resultant impact on designated habitat sites is a cross boundary issue affecting all local plans in Norfolk including the Greater Norwich Local Plan (GNLP). Assessment work carried out in connection with the production of the Norfolk Strategic Planning Framework (NSPF) and as part of the GNLP has identified that residential, and other relevant accommodation e.g. tourist accommodation, will have a likely impact on designated habitat sites, and that this needs to be avoided as much as possible through local open space / green infrastructure provision, and also mitigated by a package of soft and hard mitigation measures at the habitat sites themselves.
4. Compensatory measures to mitigate the recreational impacts have been identified within the Norfolk Green Infrastructure and Recreational Avoidance and Mitigation Strategy (GIRAMS) which was commissioned on behalf of all Norfolk authorities given the cross-boundary nature of this issue, as part of the Duty to Cooperate. The requirement to seek tariff contributions (referred to below as the RAMS tariff) towards mitigation measures at designated habitat sites themselves and to provide appropriate contributions to green infrastructure are included within Policy 3 of the GNLP, which was approved by the Council for submission to the secretary of state for independent examination on 26 July 2021.
5. To ensure that the Council continues to meet its legal duty under the Conservation of Habitats and Species Regulations 2017, it is proposed that the Council adopts the GIRAMS and resolves to begin collecting obligations from applications for residential development, and other relevant development proposals in line with the requirements of Policy 3 of the GNLP. Without a relevant policy and mitigation strategy in place all local plans in Norfolk could face legal and soundness challenges and there is a possibility that Natural England could start to object to planning applications on the basis that there is no mitigation strategy in place to address the cumulative impacts of growth, thus potentially affecting housing delivery. Whilst some of the Norfolk authorities currently collect similar tariffs towards mitigation measures at

designated habitat sites, the intention is that all Norfolk authorities will collect the RAMS tariff from 31<sup>st</sup> March 2022.

6. A report on the GIRAMS and tariff will be considered by Sustainable Development Panel on 7<sup>th</sup> March. Any comments made by the Panel will be verbally reported to Cabinet on 9<sup>th</sup> March.

## **GIRAMS and tariff**

7. A commissioned survey by [Footprint Ecology](#) undertaken in 2016 collected visitor data from a range of habitat sites (or 'Natural 2000 sites') in Norfolk. This survey demonstrated that there would be an increase in recreational pressure on habitats sites resulting from housing and population growth across Norfolk. In recognition of this evidence, the Norfolk Strategic Planning Framework (NSPF), the latest version of which was endorsed by Norwich City Council on 14 April 2021, identified in agreement 28 that: 'In recognition of: a) the importance the Brecks, the Broads and the Area of Outstanding National Beauty, together with environmental assets which lie outside of these areas, brings to the county in relation to quality of life, health and wellbeing, economy, tourism and benefits to biodiversity; b) the pressure that development in Norfolk could place on these assets; and c) the importance of ecological connections between habitats Norfolk Planning Authorities will work together to complete and deliver the Norfolk Green Infrastructure and Recreational Impact Avoidance and Mitigation Strategy (GIRAMS) which will aid Local Plans in protecting and where appropriate enhancing the relevant assets'.
8. In complying with its duty under the Conservation of Habitats and Species Regulations 2017 the Council has also commissioned its own Habitat Regulations Assessment (HRA) as part of the production of the Greater Norwich Local Plan (GNLP). The GNLP HRA also concludes that residential, and other relevant accommodation e.g. tourist accommodation, will have a likely impact on habitat sites, and that this needs to be mitigated by a package of soft and hard mitigation that includes measures at the habitat sites themselves as set out in the GIRAMS. This conclusion is shared by Natural England.
9. As a consequence of the HRA's conclusion, Policy 3 of the submitted GNLP includes the following requirement:

All residential development will address the potential visitor pressure, caused by residents of the development, that would detrimentally impact on sites protected under the Habitats Regulations Directive through:

- the payment of a contribution towards the cost of mitigation measures at the protected sites (as determined under the Norfolk Green infrastructure and Recreational Impact Avoidance and Mitigation Strategy plus an allowance for inflation); and,
- the provision or enhancement of adequate green infrastructure, either on the development site or nearby, to provide for the informal recreational needs of the residents as an alternative to

visiting the protected sites. This will equate to a minimum of 2 hectares per 1,000 population and will reflect Natural England's Accessible Natural Greenspace Standard.

10. This policy was agreed individually by all the Greater Norwich authorities as part of the decision to submit the GNLP for independent examination. Norwich City Council Cabinet agreed to submit the GNLP at its meeting on [7 July 2021](#).
11. The Norfolk GIRAMS was completed in March 2021. This Strategy, included as a linked document [here](#), considered relevant baseline information across Norfolk, identified opportunities for improvement of the Green Infrastructure Network, and set out proposals for a Recreational Avoidance and Mitigation Strategy (RAMS).
12. The RAMS strategy comprises the delivery of a mitigation package costing just under £8m as set out in Table 10 of the GIRAMS document. The mitigation package is to be funded through developer contributions. At the time the strategy document was completed the cost per dwelling was calculated as £185.93 per dwelling. This figure was calculated by dividing the total cost of the mitigation package by the number of planned dwellings to 2038 that had not yet secured planning permission i.e. the number of dwellings on which developer contributions could be sought. After adoption, the tariff will be subject to an annual adjustment for inflation as set out in the GNLP policy.
13. An interim Statement of Common Ground (SOCG) has been agreed with Natural England as part of the submission of the GNLP for independent examination. This confirms agreement to bring forward procedures for the collection of a county wide tariff of £185.93 per dwelling (the RAMS tariff, evidenced in the GIRAMS).
14. At its meeting on 14<sup>th</sup> December the Norfolk Strategic Planning Member Forum agreed to endorse a county-wide SOCG between the Norfolk local authorities relating to the collection and implementation of the RAMS tariff. This is set out at Appendix 1. Members also agreed that a new independent board will be set up, made up of Members from all Norfolk local authorities and ecologists / planning officers from all Norfolk planning authorities, and a delivery officer employed to oversee the work. It was agreed that Norfolk County Council would act as host and full arrangements for this will be finalised once collection of the tariff is in operation.
15. The work programme being taken forward under the NSPF will also include a review of the GIRAMS and the mitigation package to ensure that it is as effective as possible. The intention is to complete the review of the GIRAMS within 18 months from adoption of the Norfolk wide SOCG to inform the delivery of specific mitigation projects.
16. Whilst these matters are being finalised the Greater Norwich partners will adopt the GIRAMS and implement the RAMS tariff as the best available evidence.

17. The residential development that the tariff will apply to is set out in paragraph 3.4.1 of the GIRAMS and comprises:
- all new residential development in current site allocations and windfall (excluding replacement dwellings and extensions);
  - houses in multiple occupancy;
  - student accommodation;
  - residential care homes and residential institutions (excluding nursing homes);
  - residential caravan sites / mobile homes / park homes; gypsies, travellers, and travelling showpeople plots; and
  - residential moorings, holiday caravans, touring pitches and campsites.
18. The strategy recommends adopting a similar approach to student accommodation as agreed by Natural England for the Essex Coast RAMS and suggest that the Norfolk LPAs apply the RAMS tariff on a 'per 2.5 student accommodation unit ratio'. This is based on guidance contained in the Housing Delivery Test Measurement Rule Book (MHCLG, July 2018).
19. The tariff (set at £185.93 per dwelling) will apply to planning applications for relevant development submitted from 31<sup>st</sup> March 2022 and will be payable upon commencement of development via a legal agreement to be submitted with the application, in accordance with an update to the local Validation Checklist.

### **Current position**

20. The emerging GNLP policy (policy 3), which has been agreed as being sound by Greater Norwich Authorities, sets out a specific requirement to make contributions towards the cost of mitigation measures at protected sites, as determined under the GIRAMS, and to secure the provision of adequate green infrastructure. This is to ensure that the Council meets its obligations under the Conservation of Habitats and Species Regulations 2017.
21. Obligations policies set out through a Local Plan would typically only come into force following its adoption. However, the Council's obligations under the Conservation of Habitats and Species Regulations 2017 also apply in the discharge of its responsibilities in granting planning permission for development. In this instance, compliance with the Council's legal duty supersedes such typical practice in this instance. As noted at paragraph 4 above non-compliance could mean that Natural England starts to object to planning applications which would impact on housing delivery.

### **Proposed action**

22. Taking account of the Council's approval of the GNLP policy in relation to requiring contributions to the RAMS tariff, in order to ensure that the Council continues to meet its legal duty under the Conservation of Habitats and Species Regulations 2017 it is proposed that the Council adopts the Norfolk GIRAMS and resolves to begin collecting the tariff from applications for residential development, and other relevant development proposals in accordance with the requirements of Policy 3 as set out in the recommendation of this report.

## **Consultation**

23. Cllr Stonard is the relevant portfolio holder for this report and sits on the Norfolk Strategic Planning Members' Forum where the GIRAMS has been discussed in detail.
24. The GIRAMS is an evidence document for the GNLP and as such was subject to public consultation as part of the Regulation 19 GNLP in early 2021.

## **Implications**

### **Financial and Resources**

25. Any decision to reduce or increase resources, both expenditure or income, must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.
26. There will be some additional costs to the authority related to the introduction of the RAMS tariff including for example the extra administrative burden on the Planning validation team, collection of the tariff and monitoring of commencement on sites and registering on the land charges system. The resources to monitor delivery are being considered as part of a review of the planning team and it is expected that other costs can largely be met within the existing resources of the Planning service. Costs associated with the implementation and programme management of the RAMS mitigation would be funded through the collection of the tariff contributions. Whilst there will be no direct ongoing financial implications because of the introduction of the tariff and operation of the governance arrangements, there will be a resource implication arising from member and officer attendance at Board and other relevant meetings.
27. The estimated costs from mitigation measures have been estimated at £8m for the period to 2038 (Table 10 in linked GIRAMS report). It is important that these costs are contained against the yield from the proposed levy and that accountability for meeting the cost of any adverse variance is made clear formally as part of the partnership arrangements. It is also suggested in the report that the levy will increase annually in line with inflation and the process for implementing these increases following approval will need to be determined.

## Legal

28. Norwich City Council has a legal duty to comply with the Conservation of Habitats and Species Regulations 2017. This requires the authority to assess the impacts of all plans and programmes (including Local Plans and Planning Applications) that may affect the protected features of any site protected under those regulations.
29. Where an adverse effect on the integrity of a habitat site cannot be ruled out, and where there are no alternative solutions, the plan or project can only proceed if compensatory measures are secured which obviate those adverse effects. It is not possible to seek such payment of the tariff by planning condition so this will have to be secured by way of a legal agreement with the applicant/developer. The preferred route is by way of a planning obligation.
30. All planning obligations sought through development must meet the tests of contained in Regulation 122(2) of the Community Infrastructure Levy Regulations 2010. Namely that any obligation is:
  - a) necessary to make the development acceptable in planning terms;
  - b) directly related to the development; and,
  - c) fairly and reasonably related in scale and kind to the development.
31. Legal advice has been sought from Nplaw on whether the Council can legally commence collection of a tariff to mitigate the impact of new residential development on protected sites as required under the Habitats regulations, ahead of the adoption of the GNLP. The advice is that the Council has a legal duty to take into account the requirements of the Habitats Regulations when determining a planning application and to give it substantial weight, and they consider that there is no legal reason why such a payment cannot be requested in advance of the relevant GNLP policy being adopted.

## Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	There are not considered to be any individual equalities implications resulting from the adoption of the GIRAMS and implementation of the relevant section of Policy 3 of the GNLP. Wider equalities implications were considered through the equalities impact assessment that accompanied the GNLP.

<b>Consideration</b>	<b>Details of any implications and proposed measures to address:</b>
Health, Social and Economic Impact	The proposal will support healthy lifestyles and communities by enabling the implementation of GNLP policy 3 in particular the provision or enhancement of adequate green infrastructure to provide for informal recreational needs of residents as an alternative to visiting protected sites. The proposal is not considered to have any significant implications in terms of economic impact.
Crime and Disorder	The proposal is not considered to have any significant implications in terms of crime and disorder.
Children and Adults Safeguarding	N/a
Environmental Impact	The adoption of the GIRAMS is a key part of complying with the Council's duty under the Conservation of Habitats and Species Regulations 2017. The adoption of the GIRAMS and implementation of the relevant section of Policy 3 of the GNLP will ensure, beyond reasonable doubt, that the implementation of the Council's planning strategy does not have an adverse impact on habitat sites protected under the Conservation of Habitats and Species Regulations 2017 as a result of increased recreational pressure resulting from household and population growth.

### **Risk Management**

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
The risks of not adopting the GIRAMS and approving the tariff are set out above.	See paragraph 5 above and paras 32-33 below. This could result in challenge from Natural England for failing to apply the Habitats Regulations	

### **Other Options Considered**

32. The Council may choose to delay adoption of the Green Infrastructure and Recreational Avoidance and Mitigation Strategy (GIRAMS) and implement the related section of Policy 3 of the GNLP or choose not to adopt the GIRAMS.
33. The full implications of taking either of these other options would be related to the reasoning behind the decision. However both options would, in principle, present a material risk to the soundness of the GNLP and the legal robustness of decisions to approve planning applications for residential and other relevant types of development. The related section of Policy 3 is based on the GIRAMS and its evidence, and so any alternative approach to be considered would be dependent on

further work being undertaken to identify and evidence an appropriate alternative way forward. This would likely impact on the determination of relevant applications for planning permission.

**Reasons for the decision/recommendation**

34. For the reasons set out within the report, in particular at paragraphs 1 to 5 above, it is proposed that the Council adopts the Norfolk GIRAMS and resolves to begin collecting obligations from application for residential development, and other relevant development proposals in line with the relevant section of Policy 3 as set out in paragraph 9.

**Background papers: none**

**Appendix:1 (County-wide statement of common ground)**

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## **APPENDIX 1: Statement of common ground in relation to Norfolk Green Infrastructure and Recreational Impact Avoidance and Mitigation Strategy**

**Statement between:**

**Breckland District Council,  
Broadland District Council,  
Great Yarmouth Borough Council,  
South Norfolk Council,  
The Borough Council of King's Lynn and West Norfolk  
North Norfolk District Council  
Norwich City Council  
Broads Authority  
(together "The Norfolk LPAs"),  
and  
Natural England**

**On the Norfolk Green Infrastructure and Recreational Impact Avoidance and Mitigation Strategy ("the GIRAM Strategy"). The GIRAM Strategy is a strategic approach to ensure that there are no adverse effects caused to European sites across Norfolk by the proposed level of residential development, as detailed in the relevant local plans. It supports Local Planning Authorities (LPAs) in Norfolk in their statutory requirement to produce legally compliant Local Plans.**

**GIRAM Strategy Report dated March 2021 ("the Report") is an evidence base which informs The GIRAM Strategy.**

The Statement

### Background

Under the Conservation of Habitats and Species Regulations 2017 ("the Habitats Regulations") the Norfolk LPAs have a duty to test if new plans or project proposals could significantly harm the designated features of a European site, and to mitigate any likely significant effects.

Pursuant to this duty, Norfolk LPAs are working collaboratively to adopt and deliver a GIRAM Strategy to ensure that the cumulative (in-combination) impacts of additional visitors arising from additional qualifying developments<sup>1</sup> ("Qualifying Developments") to European sites will not result in any likely significant effects which cannot be mitigated.

The GIRAM Strategy is owned by the Norfolk LPAs.

Natural England in its role as statutory conservation adviser will support the Norfolk LPAs in their duty to produce Local Plans compliant with the Habitats Regulations, by providing advice about recreational pressure on, disturbance of, and appropriate

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<sup>1</sup> See Section 3.4.1.1 of the GIRAMS report

mitigation for European Sites in relation to the GIRAM Strategy generally and the action plans and tariff (below) specifically.

### The Interim Action Plan and Tariff

Pursuant to the GIRAM Strategy, the Norfolk LPAs have identified the nature of visitor pressures and put together an interim action plan of mitigation measures (“the Interim Action Plan”) intended to be finalised in due course (into “the Revised Action Plan”).

The cost of these mitigation measures has been calculated in accordance with a mitigation scenario outlined in Table 10 of the GIRAM Strategy Report dated October 2020 (“the Report”). The Report, one of a number of documents intended to inform the GIRAM Strategy as it evolves, currently forms the best available estimate of the cost of likely mitigation actions.

On the basis of the Report, each LPA has agreed to bring forward procedures for the collection of the county-wide tariff of £185.93 per new dwelling in each Qualifying Development (“the Tariff”).

Should mitigation measures be revised as a result of the Review (below), this will be reflected in an updated tariff. However, notwithstanding the potential for later revision, all Norfolk LPAs will adopt and start to apply this Tariff to all Qualifying Developments not later than 31 March 2022. All moneys collected before the completion of the Review and Revised Action Plan must be spent in accordance with Interim Action Plan and the Report.

### The Review and Revised Action Plan

Having established the Tariff on the basis of the Report and having implemented the Interim Action Plan, the LPAs are mindful that areas within the Interim Action Plan (governance, success factors and other process points including distribution, joint decision-making and prioritisation) still need to be finalised (into a “Revised Action Plan”). During this process, the LPAs, will individually collect the Tariff for qualifying developments. Tariff money spent should be recorded and evidenced.

In order to achieve the Revised Action Plan, all Norfolk LPAs commit to an early review of both the Interim Action Plan and the Tariff (“the Review”). The Review will be completed within 18 months from adoption of this Statement by the Norfolk LPAs.

The Review will consider all aspects of the GIRAM Strategy including recreational impact avoidance and mitigation measures as specified in Section 3 and Table 10 of the Report, and the associated revenue/capital funding of any revised GIRAM Strategy actions if deemed to be necessary.

Any revisions to the Tariff or Interim Action Plan should:

- a) be recommended in the Review and,
- b) must meet the following criteria: be evidence-led, legal, deliverable, and effective in that they materially mitigate the recreational pressures and disturbance impacts of the Qualifying Development in question in such a way

that there will be no likely significant effect on the integrity of European sites across the Norfolk.

More generally, the Norfolk LPAs accept that any revisions to the Interim Action Plan must be implemented in a manner which meets all legal requirements and delivers the objectives of the Habitats Regulations. To this end, the parties agree that the Revised Action Plan must be evidence-led, incorporate robust governance, a prioritisation of mitigation actions and clear success factors/measures.

The Revised Action Plan should also be accompanied by:

- A workable process model so it is clear to those Qualifying Developments subject to the charge precisely where their contributions have been applied, and how; and
- Policies and procedures to ensure resources are apportioned to maximise the effectiveness of the overall mitigation package over the life of the Action Plan.

Subject to resource provision, Natural England will support the LPAs by providing advice on any proposed amendments to the Revised Action Plan and accompanying documents, models and policies, as applicable.

Providing the above criteria are met and that the implementation of the Revised Action Plan does not conflict with any of the Partners' statutory responsibilities, either under the Habitats Regulations or any other legislation, all Norfolk LPAs commit to implementing any agreed revisions identified in the Review into a Revised Action Plan (subject to consultation with Natural England) as soon as is reasonably possible and no later than 6 months from the date of the Review.

#### Ongoing Monitoring and Adaptation

The mitigation delivered as a part of both the Interim and Revised Action Plans will be monitored by Norfolk LPAs and the outcomes fed into any subsequent review(s) of the Revised Action Plan and Tariff, to assess the effectiveness of the mitigation with any changes to the Revised Action Plan and Tariff. Natural England will provide a consultation response to any changes, subject to their resource provision, prior to finalisation.





**Committee Name: Cabinet**

**Committee Date: 09/03/2022**

**Report Title: Adjustment to the 2021/22 and 2022/23 HRA capital programmes**

<b>Portfolio:</b>	Councillor Harris, Deputy leader and cabinet member for social housing Councillor Kendrick, Cabinet member for resources
<b>Report from:</b>	Executive director of community services Executive director of corporate and commercial services
<b>Wards:</b>	<b>All Wards</b>
<b>OPEN PUBLIC ITEM</b>	

### **Purpose**

To consider an adjustment to the 2021/22 and 2022/23 HRA capital programmes.

### **Recommendation:**

To:

1. Approve the virement within the 2021/22 HRA capital programme as set out in paragraph 6.
2. Approve an increase of £0.855m to the 2022/23 HRA capital programme to incorporate the BEIS social housing decarbonisation grant.

### **Policy Framework**

The Council has three corporate priorities, which are:

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

This report meets the Healthy Organisation and Great Neighbourhoods, Housing and Environment corporate priorities.

This report addresses “Improve the quality and safety of private sector housing”

## strategic action in the Corporate Plan

This report helps to meet the housing, regeneration and development objective of the COVID-19 Recovery Plan

### Report Details

#### HRA Disabled Adaptations 2021/22

1. The home improvement team took over the technical oversight of disabled adaptations from the Norfolk Property Services Norwich joint venture in May 2021.
2. Being a team dedicated to providing adaptations in all tenures, they have been able to redistribute their resources to where there is the most need, which has allowed the council to reduce a backlog of people awaiting adaptations to their homes.
3. It is anticipated that by the end of the financial year, around 250 adaptations will have been completed.
4. As a result of the increased level of work that has taken place, the current forecast outturn for 2021/22 is £1.527m, which is £0.4m higher than the original budget.
5. The current forecast outturn for window upgrades anticipates an underspend of £2.040m in 2021/22. The budget originally included provision for the upgrade of communal windows within tower blocks, however this work will form part of a revised programme of works in the future, for which a specific budget will be requested at that time.
6. Cabinet are asked to approve a virement to transfer £0.4m from the window upgrade budget to the disabled adaptation budget, as set out in the table below:

Project	Current Budget	Forecast Outturn	Forecast Variance	Proposed Virement	Revised Budget
5150 Windows	2,900	860	(2,040)	400	2,500
5190 Disabled Adaptations	1,127	1,527	400	(400)	1,527
<b>Total</b>	<b>4,027</b>	<b>2,387</b>	<b>(1,640)</b>	<b>0</b>	<b>4,027</b>

#### Social Housing Decarbonisation Fund 2022/23

7. Following a bid in Autumn 2021, the Department for Business, Energy & Industrial Strategy (BEIS) awarded £0.855m of funding to the council in February 2022, along with a sustainable warmth grant for private sector housing.
8. Combined with a £0.350m existing budget within the approved 2022/23 HRA capital programme, the total funding of £1.205m will enable 45 homes that are of “Wimpey no-fines” concrete-based construction, to benefit from solid

wall insulation which will enable their energy efficiency rating to be increased to an EPC C rating.

9. The 45 properties have been identified as some of the worst performing homes in terms of energy efficiency, which would benefit strongly from insulation work. The work should deliver energy bill savings in the region of £8,000 a year (across all homes) and save over 3,000 kWh in energy.
10. The conditions of the funding require all works to be complete by 30<sup>th</sup> April 2023 with any remaining funding returned to the awarding body.
11. On 22<sup>nd</sup> February 2022, Council approved to delegate to Cabinet, to include in the capital programme, additional capital schemes funded wholly by grant where it meets the Council's aims.
12. In order to enable the works to commence as soon as possible, Cabinet are asked to approve an increase of £0.855m to the 2022/23 HRA capital programme funded entirely from the Decarbonisation grant provided by BEIS.

### **Consultation**

13. Regular engagement will be undertaken with residents in the targeted areas before and throughout grant delivery in a variety of ways, compliant with the processes set out in the grant funding and in line with industry best practice. This will include, in the first instance, letters to potentially eligible households, followed by visits in the community. At any time residents will be able to indicate their interest (or lack of). Any data sharing will be guided by a Data Sharing Agreement.
14. Portfolio holders for relevant wards have been informed and will be briefed before any works begin

### **Implications**

#### **Financial and Resources**

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

#### **HRA Disabled Adaptations 2021/22**

15. On 23<sup>rd</sup> February 2021, Council approved a Disabled Adaptation budget of £1.127m within the 2021/22 HRA capital programme.
16. The current forecast outturn is £1.527m in 2021/22 which is £0.4m higher than the existing budget.
17. The current forecast outturn for window upgrades anticipates an underspend of £2.040m for 2021/22. This underspend will not be included within any request to carry-forward underspent budget at the end of the 2021/22 financial year.

18. The proposed virement does not change the overall value of the HRA capital programme and therefore remains affordable within the 30-year HRA business plan.

#### Social Housing Decarbonisation Fund 2022/23

19. On 22<sup>nd</sup> February 2022, Council approved a Thermal Comfort budget of £0.350m within the 2022/23 HRA capital programme.
20. The addition of £0.855m to this budget will increase the overall available budget in 2022/23 to £1.205m.
21. As the additional budget is fully funded from the BEIS social housing decarbonisation fund it does not impact on the affordability demonstrated by the 30-year HRA business plan.

#### **Legal**

22. There are no direct legal implications arising from the report. A separate report will be presented to Cabinet in due course relating to the procurement of a contractor to deliver the social housing decarbonisation grant funded works.

#### **Statutory Considerations**

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	No statutory considerations affected
Health, Social and Economic Impact	SHDF: This work will have a positive impact as the scheme is focused on improving energy efficiency in the city, particularly in low income housing and/or households identified to be in fuel poverty.  <u>Disabled Adaptations:</u> This work has had a positive impact, the work provides adaptations to those assessed as needing them to enable them to continue living independently in their own homes.
Crime and Disorder	Neutral
Children and Adults Safeguarding	Neutral
Environmental Impact	SHDF: This work will improve the fabric of some of the worst performing homes in Norwich, considerably reducing carbon emissions from them.



## Risk Management

Risk	Consequence	Controls Required
Issues with installation impacting residents	Loss of reputation to council  Possible remedial works required	All installers will be Trustmark registered  Regular inspections by council staff will take place
Works not installed by scheme deadline	Loss of reputation to council	Acceptance of grant allows us to start contracting work

## Other Options Considered

23. Do nothing: The funding has been applied for and approved, if we do not complete the works then it will be lost and the low-income homes will not benefit from the savings. This option is not recommended.

24. Delay approval of grant funding: Delaying approval of funding risks the delivery of works before the grant deadline and may lead to the grant being withdrawn. This option is not recommended.

## Reasons for the decision/recommendation

25. This approach is recommended so that the grant can be accepted in a timely manner.

## Background papers:

**Appendices:** None

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**Committee Name: Cabinet**

**Committee Date: 09/03/2022**

**Report Title: The award of Home Improvement framework of contractors**

**Portfolio:** Councillor Jones, Cabinet member for safer, stronger neighbourhoods

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

**Wards:** All Wards

**OPEN PUBLIC ITEM**

**Purpose**

To consider delegating authority to award a contract for the home improvement framework of contractors

**Recommendation:**

To:

- a) Enter into a framework agreement for the provision of home improvement works
- b) Delegate the Executive Director for Community Services, in consultation with the Portfolio Holder for Safer, Stronger Neighbourhoods to award the contracts to the most economically advantageous suppliers

**Policy Framework**

The Council has three corporate priorities, which are:

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

This report meets the People living well & Great neighbourhoods, housing and environment corporate priority

## **Report Details**

1. The council has a statutory duty to offer Disabled Facilities Grants (DFG) to eligible residents. It also exercises its discretionary power to provide financial assistance to vulnerable homeowners to carry out minor repairs or to tackle hazardous conditions in their homes and aid discharge or prevent admission to hospital.
2. The proposed annual capital budget for this work is £1.782m in 2022/23. However, it is not anticipated that the spend over 4 years will exceed £4.7m
3. The council's home improvement team offers a 'home improvement agency' service to all applicants. This service organises the whole process from initial application through assessment, design of the works, organising the builders and ensures good quality and value for money.
4. Although DFG recipients can elect to use their own suppliers, a significant majority of recipients in Norwich elect to use the home improvement agency service, recognising the benefits of doing so.
5. The home improvement agency service is currently provided by a standing list of 12 suppliers, most of whom are local small and medium enterprises. The suppliers were selected as the result of a previous procurement process. This arrangement began on 1 July 2015 and was extended during the pandemic period.
6. The suppliers undertake work on private sector homes. Where grant recipients are resident in council owned properties, from 1 April this work will be undertaken by NCS with the option of using the local supplier framework for periods of high demand.
7. The contract will build a framework of suppliers working on a rota basis to an agreed schedule of rates. Selected suppliers will need to be able to provide all items on the schedule of rates.
8. The opportunity will be openly and competitively tendered. The returned tenders will be evaluated based on their quality to deliver the work. The current suppliers have expressed an intention to apply. Of these the majority are SMEs and based locally.
9. The new contract is proposed to commence by 1 June 2022 with a contract period of four years, consisting of an initial two-year term with the option to extend for a further two years.
10. The council will not be bound to always using a supplier from the standing list; covering eventualities where specialist works are required. Once formed, the contract framework, associated rotas, requests for quotes, the raising of requisition orders and the receipting of invoices will be administered by the home improvement team.

## **Procurement Process**

11. An open tender opportunity will be advertised on the councils E-procurement portal, In-Tend.

12. The majority of the works awarded through this framework will be from a pre-priced schedule of rates set by the council after carrying out market research.
13. Winning suppliers will be selected based on their quality, the criteria for which is specified in the tender.

### **Approval to award**

14. Approval to delegate the award is sought as the procurement timetable does not allow for a report to be brought to Cabinet identifying the winning suppliers in the time frame allowed. Therefore, Cabinet is requested to delegate the decision to award the contracts on the framework to the Executive director of community services in consultation with the Cabinet member for safer stronger neighbourhoods.

### **Financial and Resources**

15. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.
16. The approved 2022/23 General Fund capital programme includes budgets for the award of Disabled Facilities Grants and funding of Home Improvement Agency works to private sector residents as set out in the table below:

<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
1,782	1,440	1,440	1,440	<b>6,102</b>

17. The General Fund budgets are fully funded from the council's allocation of the Better Care Fund (BCF) which is awarded on an annual basis by Norfolk County Council.
18. The value of the BCF grant is determined on an annual basis therefore the value will be adjusted to reflect confirmed allocations upon confirmation, but the value has remained consistent over recent years.
19. The approved 2022/23 Housing Revenue Account (HRA) capital programme includes budgets for disabled adaptation works for council housing tenants as set out in the table below and are included within the HRA 30-year business plan:

<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
1,400	1,400	1,400	1,400	<b>5,600</b>

20. As indicated above, these budgets will fund work to be carried out by both NCSL and contracts awarded under the proposed framework agreement.

## Legal

21. The contract will use the JCT framework agreement 2016 and the procurement will comply with the Council's contract procedure.

## Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	The council's standard policy is included as part of the tender package
Health, Social and Economic Impact	This contract enables the Council's home improvement agency to operate effectively. This brings significant advantages to residents in that it can ensure that necessary home improvements to support residents live well in their homes is undertaken on a timely basis and to a good standard.
Crime and Disorder	Neutral
Children and Adults Safeguarding	The councils safeguarding policy statement is included as part of the tender package
Environmental Impact	Suppliers will be delivering energy efficient measures, such as modern efficient replacement boilers

## Risk Management

Risk	Consequence	Controls Required
Failure to procure this framework of suppliers will expose the council to the risk of failing to deliver Disabled Facilities Grants (DFG) and similar works.	Vulnerable households will not get the assistance they require to make their homes safe and suitable for them. The council will also fail in its duty to deliver the statutory DFG	The award of the contract will ensure the service continuity can continue and residents will receive the home improvements they need
Risk that a supplier fails to deliver works to the expected standard and time	Works are not undertaken to support residents on a timely basis or to standard expected	Throughout the contract period, suppliers are actively monitored on a site-by-site basis. Failure to produce work to the expected standard could result in a supplier being removed from the framework

## Other Options Considered

22. The procurement team, together with the home improvement team have conducted initial analysis to explore the requirement further and identified the following other options, none of which were recommended:

23. **Do nothing:** If we do nothing, then grant applicants will be required to undertake the procurement for works themselves, which could increase stress for residents, and lead to work not being undertaken to the required quality.
24. **In house provision:** Norwich City Council does not have any existing in-house resources.
25. **Delivery by NCS:** NCS will be beginning to deliver works in relation to social housing properties and does not have the capacity at present to absorb private sector work. There are also legal considerations that will need to be considered were NCS to undertake work on private sector properties. Whilst NCS develops its service, this private sector framework adds resilience through providing an alternative option to NCS for council housing in periods of peak demand.
26. **Identify a single supplier to award the contract to without competition:** This would be contrary to Contract Procedures as the value is approximately £4.7m. over the term of the contract
27. **Utilise an existing framework:** There is the potential to use other frameworks for this work. However, the existing contract established by the Council is particularly attractive to small and medium size local businesses, who are unlikely to enter wider, national scale frameworks.

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**Committee Name:** Cabinet

**Committee Date:** 09/03/2022

**Report Title:** Award to Domestic Gas Heating Upgrading Provision to Council Properties for Year 3 only.

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

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

**Wards:** All Wards

**OPEN PUBLIC ITEM**

**Purpose**

To consider the award of the contract for the third year of the domestic gas heating upgrading for council properties.

**Recommendation:**

To award the contract for year 3 of the domestic gas heating upgrading programme to Dodd Group Limited for an estimated minimum value of £2.27m as detailed in paragraphs [11 to 14 in Financial and Resources section.](#)

**Policy Framework**

The Council has three corporate priorities, which are:

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

This report meets the Good jobs and Good quality housing corporate priorities

This report addresses the Performance framework strategic action in the Corporate Plan

This report helps to meet the “housing, regeneration and development” objective of the COVID-19 Recovery Plan

## **Report Details**

### **Identification of need and background**

1. Norwich City Council has an investment programme in its housing stock to maintain and prolong the life of the property portfolio, and to ensure that the council meets the 'Norwich Standard' for the homes it provides.
2. The investment includes programmed replacement of gas boilers and distribution heating systems within council owned domestic dwellings.
3. The continued investment will have a substantial impact in improving the quality of the homes the council provides and on reducing the number of day-to-day repairs that will need to be carried out.
4. In February 2021, Cabinet considered the award of the contract for the second year of the domestic gas heating upgrades. This report identified that the programme would be split across two suppliers, namely PH Jones Limited and Dodd Group Limited to ensure that both suppliers had the capacity to perform the work on a timely basis and to the satisfactory standard.
5. Due to the various challenges PH Jones experienced in delivering the contract both the Council and PH Jones have mutually agreed to end the relationship. It has been noted that Dodd Group have performed well on their first year on the contract with the Council. As well as the planned upgrades of 367 properties, they have undertaken work on a further 215 properties on a reactive basis.

### **Proposal**

6. The contract was called off from an Eastern Procurement Limited (EPL) framework. The value of the award is varied on an annual basis according to the level of work required by the Council.
7. Due to the high performance achieved by Dodd Group in delivering their elements of the contract, the Council intends to award the full value of works for 2022/23 to Dodd Group. Dodd Group have demonstrated they are able to deliver significantly more work than their current contract with the Council and have confirmed to the Council that they are able to deliver the full allocation of works to 842 properties during the year.
8. Under the current arrangements, the contractor replaces both the boiler unit and the associated pipework. However, it has been identified that in many cases, pipework replacement is not necessary and therefore the Council intends that the future scope of the year 3 contract will be to replace the boilers, and only replace pipework and radiators where it is necessary to do so.
9. EPL have confirmed that this variation, and award to Dodd Group, is allowable under the contractual arrangements of the framework.

## **Consultation**

10. No leaseholder consultation is required.

## **Implications**

### **Financial and Resources**

11. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.
12. The Council has initially allocated a budget of £3,115,400 in the 2022-23 HRA Capital Programme for boiler upgrades.
13. The projected value for 2022/23 of the boiler replacement works only is £2,277,705 (excluding VAT). In addition, the Council will incur costs for replacing pipework and radiators where this is required; it is expected that this can be fully funded from the current budget allocation.
14. Resources not expended on replacing distribution pipework and radiators can be held in reserve whilst further investigations are undertaken as to how carbon emissions of domestic properties can be reduced.

## **Legal**

15. The contract will be subject to the EPL Heating Services framework contract and advice has been taken from EPL to ensure the Council's proposed arrangements are sound.
16. The contract adheres to the following regulations:
  - Gas Safety (Installation and Use) Regulations 1998 (GSIUR)
  - The Water Supply (Water Fittings) Regulations 1999 [any human rights issues]

## Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	Neutral
Health, Social and Economic Impact	<ul style="list-style-type: none"> <li>• These works ensure that the Norwich Standard for housing is upheld so that tenants can live in safe, well maintained homes that are fit for purpose.</li> <li>• Frameworks procured through Eastern Procurement Ltd, ensure that Norwich City Council achieves value for money.</li> </ul>
Crime and Disorder	Neutral
Children and Adults Safeguarding	The supplier must adhere to the councils Safeguarding Policy statement.
Environmental Impact	Neutral

## Risk Management

Risk	Consequence	Controls Required
Current outdated boilers that are older than those published in the Norwich Standard could fail.	Tenants could be left with no heating or hot water.	Replace the current boiler as required.
Current outdated systems could fail	Tenants could be left with no heating or hot water and pose a risk to property damage.	A full system survey is undertaken to establish the quality of the system or defects prior to any works taking place.
Failure of key contractor to deliver required works	Tenants are left with outdated systems that do not comply with our standards, are less efficient and pose a risk of breakdown	Dodd Group have demonstrated they are capable of delivering to the expected standards and timeframes of the contract and are capable of producing higher capacity. We will continue to monitor performance and supplier viability during the remaining contract term

## Other Options Considered

17. **In house provision:** The council does not have any existing in-house resources to undertake these works.

18. **NCS provision:** The service cannot be provided by NCS at this present time; NCS are presently gearing up for the provision of repairs and maintenance from 1 April 2023.

**19. Identify a single supplier to re-award the contract to without competition:**

This route would be contrary to Contract Procedures as the value is £2.27m for the remaining period of the contract.

- 20. Continue with the existing framework contract with EPL:** This is the recommended option. Dodd Group Limited have already been awarded the contract for half of the property programme and have performed consistently well and are in the position to take on the entire contract requirements needed to become the sole supplier.

**Reasons for the decision/recommendation**

21. To ensure the timely re-award of the contract enabling the delivery, by the single supplier, of Gas heating upgrading provision to council properties for the remaining year of the contract from 1 April 2022 to 31 March 2023.

**Background papers:**

None

**Appendices:**

None

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