

Report to Council
26 November 2013
Report of Deputy chief executive (operations)
Subject Bowthorpe Threescore infrastructure- inclusion in Capital Plan and Programme.

Item

11

Purpose

To consider the inclusion of the construction of the Threescore Infrastructure into the capital plan and the capital programme 2013/14 and 2014/15 to fully fund the infrastructure.

Recommendations

To approve the inclusion of £1,864,835 for the construction of the Threescore Infrastructure into the capital plan and the capital programme 2013/14 and 2014/15 to fully fund the infrastructure.

Corporate and service priorities

The report helps to meet the corporate priority “A prosperous city” and the service plan priority to stimulate jobs and economic growth.

Financial implications

The financial implications of the various recommendations are set out in the body of the report, demonstrating that risk factors and value for money considerations have been properly taken into account in arriving at the recommendations

Ward/s: Bowthorpe

Cabinet member: Councillor Arthur –leader

Contact officers

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Background documents

None

Report

Background

1. In September 2009 the council entered into a collaboration and investment agreement with the Homes and Communities Agency (HCA). This established a long term partnership between the Council and HCA and brought a total of £8m investment from HCA to Norwich.
2. The Partnership is based on a “self- financing” model, whereby the proceeds from development of the Threescore site at Bowthorpe will be reinvested into regeneration and housing schemes in Norwich. £2.5m of the total £8m HCA investment was earmarked as “Bowthorpe funding” in order to cover the cost of the professional fees and enabling infrastructure for the Threescore site.
3. The site at Threescore is the last remaining land parcel to be developed as part of the Bowthorpe area. The area of approximately 32 ha (79 acres) is owned by the council and outline planning permission was secured (in June 2013) for 1000 homes (33% affordable), community facilities, a care home, together with open space.
4. In January 2013, Cabinet resolved to enter into a partnership with Norfolk County Council, NPS and NorseCare to provide a housing with care and dementia care facility at Threescore, Bowthorpe. The Council supported an application by Norse Care for funding from the Care and Support Fund, administered by HCA. In July 2013, it was announced that £4.2m funding from the HCA’s Care and Support Fund had been allocated to the scheme on the Threescore site. The funding conditions require a start on site by the end of March 2014 and completion of the development by March 2015.
5. The most effective way of bringing forward the site for development will be to provide the road and other essential site infrastructure to serve the whole development. This will enable individual phases or parcels of land to be brought forward in a flexible manner. It will also enable the development of the Housing with Care and Dementia Care facility on part of the site.
6. In October 2013 Cabinet agreed to procure a contractor via the East Anglian Highways Alliance to deliver the infrastructure to serve the whole development, with infrastructure needed for the housing with care facility being completed before end of March 2015.
7. Cabinet also agreed to recommend that the Council be asked to agree the inclusion of the construction of the Threescore Infrastructure into its Capital Plan and the Capital Programme 2013/14 and 2014/15 to fully fund the infrastructure.
8. An infrastructure Strategy report by Pell Frischmann indicates that the cost of providing a fully serviced site is £3,721,337. There are some potential savings to be made if alternative approaches to drainage for part of the site are acceptable but also some additional costs for preliminary works eg. archaeology and further landscaping works required. The total costs of infrastructure provision could therefore be up to £4m.

9. The Norwich and HCA Strategic Partnership Business Plan includes £2,135,165 in the Strategic Priorities Fund budget to be made available to fund the infrastructure at Threescore. This leaves a gap of £1,864,835 which needs to be funded by other means.
10. It is suggested that the costs of the infrastructure in excess of available Partnership resources should be funded by the council in its own right. There may be opportunities for the Council to borrow at reduced rates of interest (through the Public Works Loan Board) via the New Anglia Local Enterprise Partnership. This is part of the City Deals proposal. The funds would be recoverable by the council through the proceeds of sale of the housing enabled by the infrastructure, though the timing of the proceeds would be subject to finalisation of the delivery strategy for the housing. Funding could be provided from a range of sources, including from capital receipts and contributions, and from internal and/or external borrowing. The revenue consequences of the funding would be dependent on these financing arrangements.
11. The Strategic Board of the Norwich and HCA Strategic Partnership has agreed in principle to a mechanism for these costs to be determined and recovered. This involves use of part of the £2.1m partnership funds to cover the borrowing costs and then the first receipts from development at Bowthorpe being used to repay the Council's investment in the infrastructure costs. Arrangements for the financing of the investment would be made by the Chief Finance Officer, under delegated powers, in accordance with the council's Treasury Management Strategy (as amended).
12. With any borrowing there is clearly a risk of any delay in constructing the housing adversely affecting the ability to repay any loan. However assuming a start is achieved on a phase of housing by 2015, it is likely that the loan plus borrowing costs could be repaid within the short to medium term depending on the rate of development.
13. The procurement process for a design and build contract will start in November 2013 and it is anticipated that a contractor will be appointed by January 2014. The Council will therefore need to make a commitment in the current financial year to fund the project in full. The infrastructure work should be complete during 2014/15. There is therefore a need to include the construction of the Threescore Infrastructure into the Council's Capital Plan and the Capital Programme 2013/14 and 2014/15 to ensure that the infrastructure can be fully funded.

Conclusion

14. The development of the Threescore site at Threescore Bowthorpe is a priority for the Council and HCA. Some HCA funding is available to provide infrastructure to serve the development but the balance needs to be provided by the Council. The investment will be repaid once housing sites are developed.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Council			
Committee date:	26 November 2013			
Head of service:	Andy Watt			
Report subject:	Bowthorpe Threescore infrastructure- inclusion in Capital Plan and Programme.			
Date assessed:	30 October 2013			
Description:	to seek Council approval to the inclusion of the construction of the Threescore Infrastructure into its Capital Plan and the Capital Programme 2013/14 and 2014/15 to fully fund the infrastructure			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Providing a fully serviced site is more likely to increase the values achieved from the development of the site in the long term
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The delivery of infrastructure will create jobs in construction- also linked to Building Futures in Norwich
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S17 crime and disorder act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The recommendation will guarantee the delivery of infrastructure to serve the housing with care facility.
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The recommendation will guarantee the delivery of infrastructure to serve the housing with care facility.
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The new infrastructure will improve transportation links
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The construction will involve inevitably waste and use of resources
Pollution	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The construction of the infrastructure will result in some pollution

Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The construction of the road will impact on climate change although it will enable a highly sustainable development
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are some risks associated with the timing of payback of loan funding depending on the delivery of housing. The Council will consider shortly how to advance the delivery of other housing on the site.
Recommendations from impact assessment				
Positive				
The proposed approach will guarantee delivery of the the housing with care facility and value for money based on the increased value of serviced land.				
Negative				
Neutral				
Issues				
There are some risks associated with the timing of payback of loan funding depending on the delivery of housing				