



Committee Name: Council Council

Committee Date: 20/07/2021 21/07/2021

Report Title: Adjustments to Capital Programme 2021-22

Portfolio:	Councillor Kendrick, corporate resources
Report from:	Executive director of corporate and commercial services
Wards:	All Wards
OPEN PUBLIC ITEM	

Purpose

To seek approval for adjustments to the capital programme to provide loan finance and share capital to Norwich Regeneration Ltd and to provide the necessary funding to proceed with the development of the Kings Arms Public House site at 100 Mile Cross Road.

Recommendation:

It is recommended to approve the following adjustments to the capital programme:

- (1) An increase to the General Fund capital programme of £2m in 2021/22 and £2m in 2022/23 to provide loan finance and share capital to Norwich Regeneration Ltd.
- (2) An increase to the HRA capital programme of £0.152m in 2022/23 and £0.006m in 2023/24 to provide the necessary funding to proceed with the development of the Kings Arms Public House site at 100 Mile Cross Road.

Policy Framework

The Council has three corporate priorities, which are:

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

This report meets the Great neighbourhoods, housing and environment corporate priority

This report helps to meet the Build and maintain a range of good quality affordable and social housing adopted policy of the council

Report Details

1. At its meeting of 7 July 2021, cabinet considered reports regarding NRL assurance and consideration of the Threescore phase 3 outline business case and the award of a contract for the development of former Kings Arms Public House site at 100 Mile Cross Road.
2. With regard to the report “NRL assurance and consideration of the Threescore phase 3 outline business case”, cabinet resolved:
 - (1) to recommend to council that provision for the necessary loan finance and share capital (currently estimated at up to £4.0m) be approved for inclusion in the capital programme £2m (2021/22) and £2m (2022/23); and,
 - (2) subject to council approval of (1) above to:
 - (a) delegate authority to the executive director of development and city services in consultation with the Portfolio Holder for Resources to dispose of land to NRL at the value set out in the exempt appendix (see para 6 of exempt appendix 3) to deliver the private housing element of the scheme;
 - (b) delegate authority to the executive director of development and city services in consultation with the portfolio holder for resources to appropriate land to the HRA to deliver the social housing element of the scheme (as set out in para 10 and 11 of exempt appendix 3); and
 - (c) delegate authority to the executive director of corporate and commercial services in consultation with the portfolio holder for resources to enter into a new loan facility agreement with NRL to fund approved shareholder investment.
3. With regard to the report “Award of a contract for the development of former Kings Arms Public House site at 100 Mile Cross Road“, cabinet resolved to:
 - (1) agree to award the contract (details contained in the exempt appendix to the cabinet report “Award of a contract for the development of former King’s Arms Public House site at 100 Mile Cross Road”)
 - (2) approve an increase in the overall project budget to cover an increase in project costs.
 - (3) recommend to council, an increase to the HRA capital programme of £0.158m (£0.152m 2022-23 and £0.006m 2023-24) to be funded from

£0.063m of Retained Right to Buy Receipts and £0.095m existing HRA balances.

4. Following the cabinet decision, the contract has now been awarded subject to approval of recommendation (2) above and no challenge being received during the standstill period. Assuming budget is approved and no challenge received details of the successful tenderer will be released shortly following council.

Consultation

5. Previous consultation took place as part of the planning and CPO (Compulsory Purchase Order) phases of the King's Arms site project. Consultation was not relevant to procurement of a construction contractor. Extensive consultation has also taken place in relation to the proposed development at Three Score, the application for reserved matters planning consent is expected to be submitted imminently.

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 2019-22 and Budget.

6. The financial implications of the council approving the recommendations are an increase to the capital programme of £2m in 2021/22, £2.152m in 2022/23 and £0.006m in 2023/24.
7. The proposed arrangements with Norwich Regeneration Ltd will comprise equity shares and loans to maintain a gearing ratio of not more than 75% debt. The loan interest rate will be 4.5% over base, currently 4.6%.

Legal

8. Full details of all legal implications are included in the reports to cabinet (Cabinet, 7 July 2021) "NRL assurance and consideration of the Three Score Phase 2 outline business case" and "Award of a contract for the development of former King's Arms Public House site at 100 Mile Cross Road" and the associated exempt appendix.

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	Neutral impact
Health, Social and Economic Impact	Positive impact – provision of high-quality new homes and affordable dwellings, one of which is a bungalow with a specification suitable for tenants with limited mobility
Crime and Disorder	Positive - Development of the former Kings Arms pub site removes a problem site and a focus of anti-social behaviour and fly tipping and Three Score Phase 3 scheme has been designed with a view to maximise surveillance of open spaces
Children and Adults Safeguarding	Neutral impact
Environmental Impact	Positive – delivery of 5 affordable homes at King’s Arms site designed to high environmental (fabric first) standards, with no requirement for fossil fuel heating in a sustainable location close to cycle and bus links. Environmental impact of Three Score site detailed within the cabinet report but likely to be considerably less than most other new homes currently being built in Norwich

Risk Management

9. Full details of risk management is covered in the reports to cabinet (Cabinet, 7 July 2021), “NRL assurance and consideration of the Three Score Phase 2 outline business case” and “Award of a contract for the development of former King’s Arms Public House site at 100 Mile Cross Road” and the associated exempt appendix

Other Options Considered

10. Full details of all options considered are included in the reports to cabinet (Cabinet, 7 July 2021), “NRL assurance and consideration of the Three Score Phase 2 outline business case” and “Award of a contract for the development of former King’s Arms Public House site at 100 Mile Cross Road” and the associated exempt appendix.

Reasons for the decision/recommendation

11. To provide the financial budget to take forward the development of two key sites within the city.

Tracking Information

Governance Check	Date Considered
Relevant Finance Officer	Hannah Simpson 09/07/21
Chief Finance Officer (or Deputy)	Hannah Simpson 09/07/21
Monitoring Officer (or Deputy)	Katrina Hulatt 09/07/21
Relevant Executive Director	Graham Nelson 09/07/21

Background papers:

[Cabinet Reports of 7 July 2021:](#)

NRL assurance and consideration of the Three Score Phase 2 outline business case

Award of a contract for the development of former King's Arms Public House site at 100 Mile Cross Road

Appendices:

None

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