



# NORWICH City Council

**Committee Name:** Cabinet

**Committee Date:** 23/02/2022

**Report Title:** Greater Norwich Joint Five-Year Infrastructure Investment Plan

**Portfolio:** Councillor Waters, Leader of the council

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

**Wards:** All wards

## OPEN PUBLIC ITEM

### Purpose

To consider the draft Greater Norwich Joint Five-Year Infrastructure Investment Plan 2022-2027.

### Recommendation:

It is recommended that Cabinet:

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. to 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<sup>nd</sup> 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.

## **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 corporate priorities.

This report addresses the following strategic actions in the Corporate Plan:

- Ensuring there is a range of cultural, leisure and social activities which are accessible to all.
- Maintaining a clean and sustainable city with a good local environment that people value.
- Continuing the sensitive regeneration of the city that retains its unique character and meets local needs.
- Mobilising activity and investment that promotes a growing, diverse, innovative and resilient economy.

This report helps to meet the policies in the adopted Joint Core Strategy strategic planning policy of the Council.

This report helps to meet objectives of the COVID-19 Recovery Plan that relate to:

- Business and the local economy
- Housing, regeneration and development
- Arts, culture and heritage

## Report Details

### Background

- 1 In 2013 the Greater Norwich authorities (Broadland District Council, Norwich City Council, South Norfolk Council and Norfolk County Council) together with the New Anglia Local Enterprise Partnership, signed a City Deal with Government. The City Deal agreed a strategic infrastructure programme which would be supported by access to reduced cost borrowing and the local authorities made a commitment to pool a significant proportion of Community Infrastructure Levy (CIL) income to form an Infrastructure Investment Fund (IIF).
- 2 The Greater Norwich Growth Board has responsibility for managing the IIF and assembling the Annual Growth Programme (AGP) from the [Joint Five-Year Infrastructure Investment Plan \(5YIIP\)](#).
- 3 Prior to the preparation of this 5YIIP, the [Greater Norwich Infrastructure Plan \(GNIP\)](#) was updated.
- 4 The GNIP identifies infrastructure priorities to the end of the Joint Core Strategy (2026) and details the progress of infrastructure delivery within the Greater Norwich area.

### Introduction

- 5 The projects identified within this 5YIIP (the Plan) are those currently considered to be a priority for delivery to assist in achieving the economic growth targets as set out in the Joint Core Strategy and the Greater Norwich City Deal. One of the key strands of the City Deal was the delivery of an infrastructure programme facilitated by a pooled funding arrangement between the authorities.
- 6 Income received from the CIL is pooled within the IIF, which is administered by the GNGB.
- 7 The new projects which have been recommended to receive IIF funding during the forthcoming financial year (the first of the planned five years) are proposed to be adopted as the 2022/23 Annual Growth Programme (AGP).
- 8 The Plan incorporates the updated position on infrastructure delivery, includes revised CIL income forecasts, provides updates on projects accepted within previous AGPs and outlines planned preparatory work for infrastructure schemes for future years.
- 9 Appendix A within the Plan details the projects which are being proposed within the 2022/23 Annual Growth programme. If agreed, they will receive IIF funding to support their delivery in the forthcoming financial year.
- 10 Appendix B within the Plan provides a financial overview and delivery timeframe of each project which has been allocated funding from the IIF since its establishment. This is referred to as the Full Growth Programme with all projects listed by their GP number. This is supported by a map showing the project

numbers coloured in accordance with its infrastructure thematic grouping added as Appendix C.

- 11 Appendix D within the Plan provides delivery updates for all projects that are still underway. The number of projects included within this section of the Plan has greatly increased in recent years. This section is now complemented by a map offering a more visual understanding of where the projects are located and how they support the Greater Norwich growth areas.

## 22/23 Annual Growth Programme (AGP)

- 12 In accordance with the agreed processes for the IIF, the Greater Norwich Growth Board met on 2 December 2021 to agree which projects are to be put forward as the proposed 2022/23 AGP. As a result, seven projects totalling £4,502,117 have been identified to be supported through the IIF.

Project Name	Applicant	Amount of CIL requested	Total project size
Yellow Pedalway extension (airport to Broadland Northway)	County	1,600,000	1,900,000
Wensum Walkway	County	1,264,951	1,974,096
Broadland Country Park-Horsford Crossing	Broadland	100,666	100,666
Wherryman's Way Access Improvements	County	216,500	445,148
Wensum Lodge	County	1,090,000	1,254,000
Football Development Centre-Heartsease Open Academy	Norwich	150,000	480,000
Yare Boat Club	Broadland	80,000	271,000
<b>TOTAL</b>		<b>4,502,117</b>	<b>6,424,910</b>

- 13 In addition to the seven projects, it is proposed that Norfolk County Council's Childrens Services receive £2million to support the development of their Education capital programme within Greater Norwich. This new allocation will support development at Hethersett Academy. An update on all Education projects that have been allocated IIF can be found within the Plan.
- 14 Furthermore, it is proposed that a £6.733m loan is drawn down from the Public Loan Works Board, as agreed through the Greater Norwich City Deal, to support the delivery of Long Stratton Bypass. The requirement for a Long Stratton Bypass is associated with growth proposed at Long Stratton. The need for the scheme is clearly set out in the adopted Joint Core Strategy and agreement that it is a priority for City Deal funding is clearly set out in the agreed City Deal. The timing of drawdown is unknown at this stage but is expected to be required

within the 22/23 financial year. This would require a forecasted annual repayment of £348,215 to be paid from the IIF for 25 years. As a forecasted figure this amount is subject to change.

- 15 To support the proposed new loan draw-down, it is proposed that £350,000 is allocated from the IIF to the cash reserve held by the County Council (accountable body for the GNGB) which would cover one year's forecasted loan repayment for Long Stratton Bypass. This is a safeguard that was agreed by all partner s151 officers when the first City Deal loan was drawn down for the Broadland Northway. It limits the risk that the IIF will not be able to meet loan repayments required. It also ensures that the GNGB adheres to the borrowing requirements as detailed within CIL legislation.
- 16 Approximately £2m from the IIF is to be committed to projects that have a delivery programme spanning multiple years, some of which were agreed in previous AGPs. Updates on previously agreed projects are provided in Appendix D of the Plan.

### **Capital programme implications for projects in Norwich**

- 17 Of the seven new projects recommended, four are entirely or partly within the City Council's area. These are to be supported by £4,104,951 of CIL funding from the IIF. These are:
  - Yellow pedalway extension (airport to Broadland Northway)
  - Wensum walkway
  - Wensum Lodge
  - Football development centre – Heartsease open academy.
- 18 Further details of each project can be found within Appendix A of the Plan.
- 19 None of these projects will need to be included within the City Council's capital programme for 2022/23 because the funding will be held and spent by Norfolk County Council or, in the case of the Heartsease Football Development Centre, supplied directly to the Football Association. An extra £17,000 of CIL funding was agreed by the Greater Norwich Infrastructure Delivery Board on 17 September 2021 for the UEA – Eaton riverside walk green infrastructure project outside the annual growth programme to supplement the existing £30,000 budget. This sum does need to be incorporated into the capital programme for 2022/23.

### **Long Stratton Bypass**

- 20 The Plan also provides a delivery update for Long Stratton Bypass (LSBP), recommending the draw-down of £6.733m borrowing to support its delivery. This is to cover the local contribution, having already secured £26.2m of match funding from the Department for Transport.

- 21 Up to £10m of reduced cost borrowing was ringfenced to the LSBP within the Greater Norwich City Deal agreement which all partners signed with government in December 2013, a commitment which has been re-established in each version of this Plan.
- 22 The City Deal borrowing is to be drawn down by Norfolk County Council as the GNGBs Accountable body, and the draft legal loan agreement to support this is included within the Appendix E of the Plan.
- 23 The Plan provides financial information which supports the decision making to borrow through the City Deal agreement. It is therefore appropriate that the decision to borrow to support the delivery of LSBP is progressed alongside this Plan.
- 24 The draft legal agreement mirrors the terms as agreed by all partners in 2016 when City Deal borrowing was drawn down to support delivery of the Broadland Northway (previously known as the NDR). The agreement requires the commitment from all partners to allocate funding from the IIF to pay the interest and capital loan repayments for a period of 25 years. Using current interest rates, the forecasted annual repayment to be paid from the IIF is in the region of £348,000.
- 25 Subject to the agreement of the draft Plan by all Councils, it is proposed that when delivery of LSBP has progressed to the point that the loan monies are required the final legal loan agreement will return to a special meeting of the GNGB. Delegated authority is sought to sign the final legal loan agreement together with their s151 officers under the direction of Norfolk County Council as the Accountable Body. As agreed within the GNGB's signed Joint Working Agreement, a unanimous decision will be required from the GNGB board prior to the signing of the loan agreement and the draw down being actioned.

### **Neighbourhood community infrastructure commitments and spending**

26. 15% of overall CIL receipts in Norwich City Council's area are retained within the district for allocation to community projects. This is called neighbourhood CIL. Based on process changes previously approved by Cabinet, Cabinet is provided annually with an indicative figure of expected costs to enable a budget to be set based on expected general allocations. Decisions on spending are made during the year by a cross-council board based on the scoring criteria that were previously agreed by Cabinet.

27. In 2021/22, £115,800 of neighbourhood CIL was available for new projects. Of this amount 90% is forecast to be spend by the end of 2021/22 on the following projects:

- The Feed Social Supermarket capital works
- Match funding Norwich Good Economy Commission skills project
- Matched funding pot for Pledge Norwich
- Reducing inequalities provision for staffing costs

28. Projects currently agreed and allocated from the CIL funds in previous years are monitored in the capital programme separately to this report.

29. As of 31 January 2022 there was £524,000 of neighbourhood CIL funding available to be allocated. Approval is sought to assign £275,000 into the capital programme for 2022/23 for a combination of projects that have already been identified and projects which present during the financial year where they meet the criteria (see table below).

<b>Project deliverables</b>	<b>Applicant</b>	<b>2022/23 expected spend</b>
Pledge Norwich - Ringfenced allocation of funding to match community-led projects up to £5,000 through a cabinet approved process.	Varied VCSE applicants	£25,000
Community conversations - Matched funding committed for 3 years against Housing Revenue Account funding to fund a post and a small pot of funding to undertake the cabinet approved Reducing Inequality Target Areas approach on place-based working.	Norwich City Council	£30,000
Parish Partnerships - Ringfenced allocation to match community initiatives which apply for County Council funding for road safety improvements.	Norfolk County Council	£20,000
Community skills development project - Continued support from 2021/22 approved allocation	Norwich Good Economy Commission	£10,000
Amount available for new projects submitted in 2022/23	Norwich City Council and external partners	£190,000
<b>Total</b>		<b>£275,000</b>

## Consultation

30. There has been no consultation on the content of the Plan but there has been consultation on some of the projects within the Annual Growth Programme. For example, the Wensum Walkway project is a key project in

the River Wensum Strategy that was consulted on by the City Council. Project sponsors are responsible for ensuring consultation takes place on individual projects.

## **Implications**

## **Financial and Resources**

31. The proposal to increase the 2022/23 capital programme by £275,000 would utilise the retained neighbourhood element of community infrastructure levy and the proposal to increase the budget of the UEA-Eaton green infrastructure project would utilise CIL from the IIF. The financial status of the IIF is explained in detail within the Plan.

## **Legal**

32. The pooling arrangements for CIL and the designation of an Accountable Body are set out in the Joint Working Agreement which was signed on 21 October 2015 and is supported by the Infrastructure Investment Fund Programme Governance, which is agreed by all partners.
33. The agreement commits Norfolk County Council, as the accountable body, to a certain amount of borrowing. As it was for the benefit for all parties, in signing the agreement the districts made a commitment that collectively their Community Infrastructure Levy proceeds would be made available to the County Council to meet any liabilities that arose. It is a legally binding collaborative arrangement that lasts until at least 31 March 2026. The initial term can be extended by agreement of all the parties, but otherwise (and subject to all liabilities having been met) it will automatically terminate.
34. Each district agreed to the use of a proportion of their future Community Infrastructure Levy revenues to establish the Infrastructure Investment Fund (held, invested and managed by the County Council) to support the delivery of GNGB priority infrastructure projects. The Fund can be used to repay any additional borrowing. In accordance with clause 3.8, districts are not required to contribute any other funds (e.g. general revenue or cash reserves).
35. Each year, the GNGB recommends a programme of projects, including any recommended draw down on borrowing. If the parties agree then a project schedule is entered into within 21 days. That schedule will become part of the agreement and sets out the liabilities in respect of factors such as overspend, delay, timeframes and milestones.
36. A party can withdraw from the agreement after 12 months written notice. However, its rights cease at that point and the agreement shall continue in full force in respect of (a) any liabilities which arise up to the date of withdrawal and (b) any loan related liabilities incurred. If the withdrawal is before 31 March 2026, the withdrawing district commits to the projects for which there is a project schedule agreed before their notice was served. Without prejudice to the obligation of the withdrawing district to



make such payments, all parties would then negotiate a financial settlement in regard to the remaining debt payable by the withdrawing district that is fair and reasonable to all parties. If the parties cannot agree a financial settlement within 9 months, the dispute resolution procedure within the agreement is invoked.

37. The Long Stratton Bypass loan draw down is detained in the draft project schedule in appendix E of the Plan and will be subject to the joint borrowing agreement which will need to be signed by all partners. The recommendation is for delegated authority for final sign off to be granted to the GNGB together with each Distinct authority's s151 officer under the direction of Norfolk County Council as their Accountable Body. As agreed within the GNGBs signed Joint Working Agreement, a unanimous decision will be required from all GNGB partners prior to the draw down being actioned

### Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	No specific equality and diversity issues arise from the funding of the Growth Programme. Individual project issues are the responsibility of the project manager and sponsor.
Health, Social and Economic Impact	The funding of the Growth Programme is intended to contribute to the provision of infrastructure that support the development identified in the Joint Core Strategy. Individual project issues are the responsibility of the project manager and sponsor.
Crime and Disorder	No specific issues arise from the funding of the Growth Programme. Individual project issues are the responsibility of the project manager and sponsor.
Children and Adults Safeguarding	No specific issues arise from the funding of the Growth Programme. Individual project issues are the responsibility of the project manager and sponsor.

Consideration	Details of any implications and proposed measures to address:
Environmental Impact	Four of the seven projects in the AGP have as their main objective the provision of cycling and walking infrastructure. The environmental impact of the Long Stratton bypass is detailed in the documents associated with the planning application. Individual project issues are the responsibility of the project manager and sponsor.

## Risk Management

Risk	Consequence	Controls Required
In relation to the Long Stratton borrowing we have considered two main risk scenarios: 1) withdrawal from the GNGB; 2) insufficient CIL income due to either: i) the replacement of CIL with an alternative system for securing infrastructure funding from developers; or ii) a property market crash leading to a reduction in development activity.	<p>1) The financial consequence would be that the City Council (or any other withdrawing party) cannot escape liability for the projects it has committed to support, and any remaining debt will be subject to a negotiation. If that does not produce agreement dispute resolution measures can be used but this would lead to additional costs.</p> <p>2) Clause 3.8 in the agreement only requires payments from CIL revenues. The agreement does not directly deal with the replacement with an alternative system or property market crashes, but the collaboration though the GNGB allows early awareness, planning, support and working together to achieve mitigation, such as by not overcommitting to projects and for the County Council investing the Fund prudently.</p> <p>If legislative changes are minor, or represent a like for like change, then the parties are free to make variations to the agreement to incorporate that. If the market crashes and it is agreed as a group of Councils to undertake no more investment</p>	<p>The risk of allocating more CIL funding than is available is alleviated by the agreed monitoring and reporting processes that the GNGB adhere to. The Plan provides an annual financial update, any new allocations are only agreed when all existing commitments are considered. A cash reserve equal to one year's interest and loan repayment is also put aside to act as a safeguard against any unforeseeable financial events.</p> <p>The risks related to project cost and delivery remain with the project manager and sponsor. New projects are asked to sign an IIF funding offer letter to cover any additional project specific risks subject to specific conditions.</p>

	then the procedure described above to see existing projects through and then come to a financial settlement would arise.	
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## **Reasons for the decision/recommendation**

34. Cabinet is invited to approve the recommendations to ensure that the programme of infrastructure investments that are needed to support development in the Greater Norwich area can be provided using the funds that have been collected from developers through the community infrastructure levy.

**Background papers:** None

**Appendices:** None

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